



# NEWSLETTER <sup>Weekly</sup>

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## RESERVE BANK OF INDIA

### **1. Monitoring of Availability of Cash in ATMs**

The Reserve Bank of India vide its circular DCM (RMMT) No.S153/11.01.01/2021-22 dated 10.08.2021 has issued a direction that the Banks shall strengthen their mechanism to monitor the availability of cash in ATMs and ensure timely replenishment to avoid cash-outs. The RBI will start imposing penalties on banks in case the ATMs remain out-of-cash for a total period of 10 hours in a month from October 1, 2021, onwards. The quantum of penalty is Rs. 10,000 per ATM as provided under the Scheme of Penalty for non-replenishment of ATMs.

Notification can be accessed from:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT843D0A5750BF454FA89C07C15976BFE29C.PDF>

### **2. Extension of relaxation in regards to Marginal Standing Facility (MSF) and Maintenance of Statutory Liquidity Ration (SLR)**

The Reserve Bank of India vide its circular DOR.RET.REC.36/12.01.001/2021-22 dated 09.08.2021, in exercise of the power conferred to it under Section 24 of the Banking Regulation Act, had extended the relaxations that were given to the banks in regards to availability of funds under MFS by dipping the SLR up to an additional one per cent of their net demand and time liabilities (NDTL). This relaxation is aimed to provide comfort to banks on their liquidity requirements and also to enable them to meet their Liquidity Coverage Ratio (LCR) requirements. This relaxation is provided for a further period of three months i.e. upto 31.12.2021.

Notification can be accessed from:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/MSFA7C93499E3BD4C82856FB9BF79B97FDF.PDF>

## MINISTRY OF LAW AND JUSTICE

### **1. The Limited Liability Partnership (Amendment) Act, 2021**

The Parliament has passed The Limited Liability Partnership Act, 2021, which was assented thereto by the president on 13<sup>th</sup> August 2021. By the virtue of this act, the government has decriminalized certain offences and imposes monetary penalty. The act further empowers the central government to establish special courts for ensuring speedy trial of offences under the Act. The act also strengthens the punishments in case of non-compliance of the Tribunal's order and punishments in case of fraud.

Notification can be accessed here: <https://egazette.nic.in/WriteReadData/2021/228987.pdf>

## **2. The Taxation Law (Amendment) Act, 2021**

The act amends the Section 9 of the Income Tax Act which imposes tax liability on the income earned from the sale of shares of a foreign company on a retrospective basis. This act aims to nullify this retrospective basis of taxation. The act lays down certain conditions which need to be fulfilled so as to nullify this tax liability.

Notification can be accessed here: <https://egazette.nic.in/WriteReadData/2021/228986.pdf>

### **INSOLVENCY AND BANKRUPTCY CODE**

#### **The Insolvency and Bankruptcy Code (Amendment) Act, 2021**

The act proposes a “pre-packaged insolvency resolution mechanism” for micro, small and medium enterprises. The pre-packaged insolvency resolution mechanism is an alternative method of providing a corporate rescue plan for MSMEs. Under this framework, a debtor initiates and participates in the resolution proceedings with lenders through an informal process. Once the promoters of the company and the secured creditors agree on a resolution plan, they can approach the National Company Law Tribunal for approval.

Notification can be accessed here: <https://egazette.nic.in/WriteReadData/2021/228942.pdf>

### **SECURITIES EXCHANGE BOARD OF INDIA**

#### **Securities And Exchange Board Of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2021**

The amendment has defined the concept of ‘debt fund’ and ‘investable fund’. The amendment also clarifies that un-invested portion of the investable funds and divestment proceeds pending distribution to investors may be invested in liquid mutual funds or bank deposits or other liquid assets of higher quality such as Treasury bills, Triparty Repo Dealing and Settlement, Commercial Papers, Certificates of Deposits, etc. till the deployment of funds as per the investment objective or the distribution of the funds to investors as per the terms of the fund documents.

Notification can be accessed here: <https://egazette.nic.in/WriteReadData/2021/228971.pdf>

### **MINISTRY OF FINANCE**

#### **1. The Foreign Exchange Management (Nondebt Instruments) (Amendment) Rules, 2021**

The Central Government, in exercise of the powers conferred by clauses (aa) and (ab) of sub-section (2) of section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999), vide notification dated 06.08.2021 made the Foreign Exchange Management (Nondebt Instruments) (Amendment) Rules, 2021 further to amend the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

Notification can be accessed from here:

<https://egazette.nic.in/WriteReadData/2021/228847.pdf>

## 2. The Income tax Amendment (22nd Amendment), Rules, 2021

The Central Board of Direct Taxes, in exercise of the powers conferred by clause (4D) of section 10 and sub-section (1A) of section 115AD, read with section 295 of the Income-tax Act, 1961 (43 of 1961), vide notification dated 09.08.2021 made the Income tax Amendment (22nd Amendment), Rules, 2021 further to amend the Income-tax Rules, 1962.

Notification can be accessed from here:

<https://egazette.nic.in/WriteReadData/2021/228848.pdf>

## 3. The Income tax (23rd Amendment), Rules, 2021

The Central Board of Direct Taxes, in exercise of the powers conferred by sub-section (2D) of section 115JB read with section 295 of the Income-tax Act, 1961 (43 of 1961), vide notification dated 10.08.2021 made the Income tax (23rd Amendment), Rules, 2021 further to amend the Income-tax Rules, 1962.

Notification can be accessed from here:

<https://egazette.nic.in/WriteReadData/2021/228881.pdf>

***You may send your suggestions at [radha@asalegal.in](mailto:radha@asalegal.in)***

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#### **DELHI**

3, Birbal Road, Ground & First Floor,  
Jangpura Extension, New Delhi 110014.  
Phone: +91-11-43108998, 45661440,  
43552440, +91-11-24327050-52,  
9311052521

#### **MUMBAI**

305, 3<sup>rd</sup> Floor, Magnum Opus,  
Near Grand Hyatt,  
Behind Mudra Group,  
Santacruz (East),  
Mumbai – 400 055.  
Phone: +91-22-62368654, 26661979

#### **BENGALURU**

1007, A-Wing, 10<sup>th</sup> Floor,  
Mittal Tower, M.G. Road,  
Bengaluru – 560001.  
Phone: +91-80-48536504

#### **AHMEDABAD**

Office No.10, Business Centre,  
5<sup>th</sup> Floor, Kalapurnam Complex,  
Near Municipal Market,  
C.G. Road, Navrangpura,  
Ahmedabad-380009.  
Phone: +91-079-66660888,  
+91-9173660088