

## **Insights and Commentary from Dentons**

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# CORPORATE LEGAL DEVELOPEMENTS

## NEWSLETTER FEBRUARY 2023

Weekly Insights & Updates

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### MCA

#### MCA extends due dates amid technical glitches on Version 3.0 portal: allows filing of 46 company forms without additional fee

**February 07, 2023:** The Ministry of Corporate Affairs (“MCA”) [vide its circular no. 03/2023](#) has extended time for filing of 45 company e-Forms and PAS-03 in MCA 21 Version 3.0 without additional fee.

- MCA has decided to allow stakeholders an additional extension of **15 days** to file 45 company forms and PAS-03 without additional fees, due to changes in the filing process in MCA 21 Version 3.0, including a new process of user registration.

As MCA 21 Version 3.0 is in the process of stabilization of 45 forms launched with effect from January 23, 2023, this extension of timeline by **15 days** is in addition to the earlier extension of timeline by **15 days** announced *vide* MCA’s [circular No. 01/2023](#) dated January 09, 2023.

Furthermore, Form PAS-03, which are due for filing between January 20, 2023, and February 06, 2023, can be filed without paying additional fees for a period of 15 days, in view of the fact that the same was closed for filing in Version-2 on January 20, 2023, and launched in Version-3 on January 23, 2023.

[Link Here](#)

### RBI

#### RBI releases Statement on Developmental and Regulatory Policy measures

**February 08, 2023:** The Reserve Bank of India (“RBI”) *vide* its press release 2022-2023/1681, has released its statement which sets out various developmental and regulatory policy measures relating to (i) Financial Markets; (ii) Regulation; (iii) Payment and Settlement Systems; and (iv) Currency Management.

#### (i) Financial Markets:

A. Introduction of Securities Lending and Borrowing in Government Securities: The

system is expected to facilitate wider participation in the securities lending market by providing investors an avenue to deploy idle securities and enhance portfolio returns. Draft Directions will be issued separately for stakeholder comments.

## **(ii) Regulation:**

**A. Recovery of Penal Charges on Loans:** The extant regulatory guidelines on levy of penal interest have been reviewed in the above context. It has been decided that any penalty levied by the Regulated Entities (REs) to borrowers, for delay/default in servicing of the loan or any other non-compliance of material terms and conditions of loan contract by the borrower shall be in the form of 'penal charges' in a reasonable and transparent manner and shall not be levied in the form of 'penal interest' that is added to the rate of interest being charged on the advances. Further, there shall be no capitalisation of penal charges (i.e., the same shall be recovered separately and shall not be added to the principal outstanding). However, in case of any deterioration in credit risk profile of the borrower, REs shall be free to alter the credit risk premium under extant guidelines on the interest rate.

Draft guidelines to the above effect shall be placed on the RBI website shortly, for comments from stakeholders.

**B. Regulatory Initiatives on Climate Risk and Sustainable Finance:** RBI recognised that climate change can translate into climate-related financial risks for Regulated Entities (REs) which in turn, can have broader financial stability implications. Based on analysis of the feedback received by stakeholders on the "Discussion Paper on Climate Risk and Sustainable Finance" issued by RBI on [July 27, 2022](#), (to prepare a strategy based on global best practices on mitigating the adverse impacts of climate change), RBI has been decided to issue the following guidelines for REs:

- (a) Broad framework for acceptance of Green Deposits;
- (b) Disclosure framework on Climate-related Financial Risks; and
- (c) Guidance on Climate Scenario Analysis and Stress Testing.

The said guidelines will be issued in a phased manner by RBI, for which RBI shall have a dedicated webpage in order to consolidate all instructions, press releases, publications, speeches, and related RBI communication on climate risk and sustainable finance.

## **(iii) Payment and Settlement Systems:**

**A. Expanding the scope of the Trade Receivables Discounting System (TReDS) for facilitating the financing of trade receivables of MSMEs:**

To provide further impetus to TReDS platforms, their scope of activity is proposed to be expanded as stated below:

- (a) Insurance facility will now be permitted to participate in TReDS as a "fourth participant", apart from the MSME sellers, buyers, and financiers to encourage financing / discounting of payables of buyers irrespective of their credit ratings.
- (b) All entities / institutions eligible to undertake factoring business under the Factoring Regulation Act will be permitted to participate as financiers in TReDS.
- (c) Secondary market operations will now be enabled on TReDS platforms to allow financiers to offload their existing portfolio to other financiers within the same TReDS platform, if required.

**B. Extending Unified Payments Interface (UPI) for Inbound Travelers to India:**

RBI has recently made an enhancement to provide UPI access to non-resident Indians who have international mobile numbers linked to their NRE / NRO accounts.

RBI has now proposed to permit all inbound travelers to India also to access UPI for their merchant payments (P2M) while they are in India. To start with, this facility will be extended to travelers from the G-20 countries, arriving at select international airports. Going forward, this facility will be enabled across all other entry points in the country. Necessary operational instructions will be issued shortly.

## **(iv) Currency Management:**

**A. QR Code-based Coin Vending Machine - Pilot project:**

To improve distribution of coins among members of the public, RBI is preparing a pilot project on

QR Code-based Coin Vending Machine (QCVM) in collaboration with a few leading banks. The QCVM is a cashless coin dispensation machine which would dispense coins against debit to the customer's bank account using UPI.

Unlike cash-based traditional Coin Vending Machine, the QCVM would eliminate the need for physical tendering of banknotes and their authentication. Customers will also have the option to withdraw coins in the required quantity and denominations in QCVMs.

The pilot project is planned to be initially rolled out at 19 locations in 12 cities across the country. QCVMs are intended to be installed at public places such as railway stations, shopping malls, and marketplaces to enhance ease and accessibility. Based on the learnings from the pilot tests, guidelines would be issued to banks to promote better distribution of coins using QCVMs.

[Link here.](#)

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