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RESERVE BANK OF INDIA

FOREIGN EXCHANGE MANAGEMENT (MANNER OF RECEIPT AND PAYMENT) (AMENDMENT) REGULATIONS, 2019

RBI vide its *Notification dated November 13, 2019* has provided for the following amendments in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016 (“**Principal Regulations**”):-

1. Short title and commencement

- (i) These Regulations may be called the Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2019.
- (ii) They shall come into effect from the date of their publication in the Official Gazette.

2. In the Principal Regulations:

(i) in regulation 2, after clause (iv), the following new clause shall be inserted, namely, :-

“(a) ‘SNRR account’ means a Special Non- Resident Rupee account referred to in sub. regulation (4) of regulation 5 of Foreign Exchange Management (Deposit) Regulations, 2016.”

(ii) in regulation 4,

(a) in sub. regulation (1), for clause (ii), the following shall be substituted, namely:

“by debit to FCNR/ NRE/ SNRR account maintained by a person resident

outside India (overseas buyer) with an Authorised Dealer or an Authorised Bank in India, as specified in Foreign Exchange Management (Deposits) Regulations, 2016;”

(b) after sub. regulation (2), the following new sub. regulation shall be inserted, namely:

“(i) Payment may also be received in rupees by a person resident in India from SNRR Account of person resident outside India after ensuring that the underlying transactions are in conformity with the provisions of the Foreign Exchange Management Act, 1999 and the rules, regulations and directions issued thereunder.”

(iii) in regulation 6,

(a) in sub. regulation (2), after clause (iii), the following new clauses shall be inserted, namely:

“(b) by credit to SNRR account maintained by a person resident outside India (overseas seller) with an Authorised Dealer or an Authorised Bank in India for imports into India, as specified in Foreign Exchange Management (Deposit) Regulations, 2016.

(c) in rupees to SNRR account of the person resident outside India after ensuring that the underlying transactions are in conformity with the provisions of the Foreign Exchange Management Act, 1999 and the rules, regulations and directions issued thereunder.”

FOREIGN EXCHANGE MANAGEMENT (DEPOSIT) (THIRD AMENDMENT)
REGULATIONS, 2019

RBI vide its *Notification dated November 13, 2019* has provided for the following amendments in the Foreign Exchange Management (Deposit) Regulations, 2016 (“**Principal Regulations**”), namely:-

1. Short title and commencement.

- (i) These regulations shall be called the Foreign Exchange Management (Deposit) (Third Amendment) Regulations, 2019.
- (ii) They shall come into force with effect from the date of their publication in the Official Gazette.

2. In the Principal Regulation, in SCHEDULE 4,

- (a) for paragraph 1, the following shall be substituted, namely, :-

“A. Any person resident outside India, having a business interest in India, may open Special Non-Resident Rupee Account (SNRR account) with an authorised dealer for the purpose of putting through bona fide transactions in rupees, not involving any violation of the provisions of the Act, rules and regulations made thereunder. The business interest, apart from generic business interest, shall include the following INR transactions, namely, :-

i. Investments made in India in accordance with Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated October 17, 2019 and Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide notification no. FEMA 396/2019-RB dated October 17, 2019, as applicable, as amended from time to time;

ii. Import of goods and services in accordance with Section 5 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No.

G.S.R. 381(E) dated May 3, 2000, viz., Foreign Exchange Management (Current Account Transaction) Rules, 2000, as amended from time to time;

iii. Export of goods and services in accordance with Section 7 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May 3, 2000, viz., Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time, and further read with *FEMA Notification No.23(R)/2015-RB dated January 12, 2016*, as amended from time to time;

iv. Trade credit transactions and lending under External Commercial Borrowings (ECB) framework in accordance with Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time; and

v. Business related transactions outside International Financial Service Centre (IFSC) by IFSC units at GIFT city like administrative expenses in INR outside IFSC, INR amount from sale of scrap, government incentives in INR, etc. The account will be maintained with bank in India (outside IFSC).”

(b) for paragraph 2, the following shall be substituted, namely, :-

“B. The SNRR account shall carry the nomenclature of the specific business for which it is in operation. Indian bank may, at its discretion, maintain separate SNRR Account for each category of transactions or a single SNRR Account for a person resident outside India engaged in multiple categories of transactions provided it is able to identify/ segregate and account them category-wise.”

(c) in paragraphs 3,5 and 6, for the word ‘should’, the word ‘shall’ shall be substituted.

(d) for in paragraph 8, the following shall be substituted, namely, :-

“i. The tenure of the SNRR account shall be concurrent to the tenure of the contract / period of operation / the business of the account holder and in no case shall exceed seven years. Approval of the Reserve Bank shall be obtained in cases requiring renewal:

Provided the restriction of seven years shall not be applicable to SNRR accounts opened for the purposes stated at sub. paragraphs i to v of paragraph 1 of this schedule.”

(e) for paragraph 13, the following shall be substituted, namely, :-

“i. The amount due/ payable to non-resident nominee from the account of a deceased account holder, shall be credited to NRO/NRE account of the nominee with an authorised dealer/ authorised bank in India or by remittance through normal banking channels.”

MINISTRY OF CORPORATE AFFAIRS

MCA vide its *Notification dated November 15, 2019* has provided with the following amendments called the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019.

These rules shall apply to such financial service providers or categories of financial service providers, as may be notified by the Central Government under section 227, from time to time, for the purpose of their insolvency and liquidation proceedings under these rules.

**NOTIFICATION FROM PERSONAL GUARANTOR TO CORPORATE DEBTOR
(2019)**

MCA vide a *Notification dated November 15, 2019* has provided for the following rules which may be called Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtors) Rules, 2019

(1) clause (e) of section 2 mentions partnership firms and individuals

(2) section 78 (except with regard to fresh start process) Section 78 shall apply to matters relating to fresh start, insolvency and bankruptcy of individuals and partnership firms where the amount of the default is not less than one thousand rupees: Provided that the Central Government may, by notification, specify the minimum amount of default of higher value which shall not be more than one lakh rupees; and section 79 mentions all the relevant definitions.

(3) sections 94 to 187 [both inclusive]; The chapters mentioned in Part III of Insolvency and Bankruptcy Code, 2016 ("IBC") are made applicable from the 1st day of December, 2019 as per the notification by the MCA dated November 15, 2019. Below are the chapters mentioned in Part III of the IBC;

1. Chapter III (Insolvency Resolution Process) contains sections 94 to 120

2. Chapter IV (Bankruptcy Order for Individuals and Partnership Firms) contains sections 120 to 148

3. Chapter V (Administration and Distribution of the estate of the bankrupt) contains sections 149 178

4. Chapter VI (Adjudicating Authority for Individuals and Partnership firms contains sections 179 to 187)

(4) clause (g) to clause (i) of sub-section (2) of section 239 includes the persons who shall be relative under clause (ii) of the Explanation to sub-section (1) of section 79;

(5) clause (m) to clause (zc) of sub-section (2) of section 239;

(6) clause (zn) to clause (zs) of sub-section (2) of section 240; and

(7) section 249.

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Warm Regards,

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