



LEGAL UPDATE

MARCH 2020 - PART I

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I. MINISTRY OF CORPORATE AFFAIRS (MCA)

1. Extension of the last date for filing of Form NFRA-2

MCA vide [Circular dated March 05, 2020](#) has extended the last date for filing of Form NFRA-2 for the financial year 2018-19 to 150 days from the date of deployment of the form on the website of National Financial Reporting Authority (NFRA) i.e. till May 07, 2020.

2. Clarification on prosecution filed or internal adjudication proceedings initiated against independent directors (ID) and non-executive director (NED)

MCA vide [Circular dated March 02, 2020](#) has issued clarification that the prosecution proceedings against the ID and NED shall not be initiated unless there is strong evidence of their complicity in frauds committed by the companies.

The whole-time director (WTD) and the key managerial personnel (KMP) would be liable for default committed by a company. In the absence of KMP, the director who have expressly given their consent for incurring liability in e-form GNL-3 filed with the registrar would be liable. However, in cases where the penal provision in the Act hold a specific director or officer or any other person accountable for the default in such cases, action should be initiated only against such director.

The filing of information/records with the registry, maintenance of statutory registers or minutes of meeting or compliance is not the responsibility of ID or NED unless specific requirement is provided. Therefore, serving notice to the company during inquiry, inspection, investigation, etc., shall be on the concerned officer of the company. In case, lapse is attributable to the decisions taken by the Board or its Committees, all care must be taken to ensure that civil or criminal proceedings are not unnecessarily initiated against the IDs or the NEDs unless sufficient evidence exists to the contrary.

3. Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020

MCA vide [Notification dated February 28, 2020](#) has amended the Companies (Appointment and Qualification of Directors) Rules, 2014. The Amendment Rules have come into force on February 28, 2020 i.e. on the date of its publication in the Official Gazette. The key amendment are as follows:

- 1) Rule 6: With the Amendment Rules coming into force, every person appointed as an IDs within 5 months of December 1, 2019, i.e. by April 30, 2020, has to make an application online to the institute for inclusion of his name in the data bank for a period of 1 year or 5 years or for his life-time. Earlier, at the time of introduction of requirement of registration in databank, the Rules specified that the application for inclusion of name in databank had to be done within 3 months of December 1, 2020. Accordingly, the timeline for compliance has been relaxed from February 28, 2020 to April 30, 2020.
- 2) Rule 4: Sub Rule 4 provides for a proficiency test that has to be passed by every such person who has included their name in the data bank of directors. However,

an exemption from this test was provided to persons who have served as a key managerial person/director for a period of minimum 10 years in a listed company or any unlisted company having a paid-up share capital of Rs. 10 crore or more do not have to pass the proficiency self-assessment test. Through the amendment, it is further added that any person who has served as a KMP/director for a period of minimum 10 years in any body corporate listed on a recognized stock exchange is not required to pass the test.

II. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. Format of the Annual Disclosure to be made by an entity identified as a Large Corporate

Bombay Stock Exchange (BSE) vide [Circular dated March 03, 2020](#) has directed the Companies identified as large corporates to file Annual Disclosure as mentioned in Annexure B1 of SEBI Circular dated November 26, 2018 with regard to fund raising by the issuance of debt securities, within 45 days of the end of Financial Year. Further, the Exchange has introduced a facility through the Corporate Announcements Module of the Listing Centre for filing of Annual Disclosure to be made by an entity identified as a Large Corporate. The listed entities which are not identified as large corporates must submit a confirmation in this regard to the Exchange in the mode as specified above.

2. SEBI launches mobile application for lodging investor grievances

SEBI vide [Press Release dated March 05, 2020](#) has launched a Mobile Application for the convenience of investors to lodge their grievances in SEBI Complaints Redress System (SCORES). SCORES is a platform designed to help investors to lodge their complaints online with SEBI, pertaining to securities market, against listed companies, SEBI registered intermediaries and SEBI recognized Market Infrastructure Institutions. The App has all the features of SCORES which is presently available electronically where investors have to lodge their complaints by using internet medium. Investors can, not only file their grievances but also track the status of their complaint redressal. Connectivity to the SEBI Toll Free Helpline number has also been provided from the App for any clarifications/help that investors may require. The Mobile App “SEBI SCORES” is available on both iOS and Android platforms.

III. LABOUR

1. Revision of Dearness Allowance for Employees in Engineering Industry

Uttarakhand Labour Department vide [Notification No. 614/4-01/07 dated February 07, 2020](#), has revised the Dearness Allowance (DA) for the employees employed in the **Engineering Industry** for a period from **February 01, 2020 to July 31, 2020**.

- 2. Revision of Consumer Price Index by State Government of Madhya Pradesh**
Labour Department of Madhya Pradesh vide [Notification 10112/361 dated February 26, 2020](#), has revised the Consumer Price Index from October 2019 to December 2019 for Indore and Bhopal.

- 3. Amendments to the Tamil Nadu Catering Establishments Rules, 1959**
Governor of Tamil Nadu vide [Notification No. SRO A-11/2020 dated March 04, 2020](#), hereby makes the following amendments to the Tamil Nadu Catering Establishments Rules, 1959, namely:
Every employer shall maintain –
 - (a) Register of person employed in Form XIX;
 - (b) Register of Employment in Form XX;
 - (c) Register of Wages in Form XXI; and (iv) a Register of Leave and Social Security Benefits in Form XXII.The registers referred above shall be maintained either electronically or manually.

- 4. Revision of Consumer Price Index by State Government of Kerala**
Department of Economics and Statistics vide [Notification No. P3.Pdl.1/2020/DES dated March 05, 2020](#), hereby notified the Consumer Price Index Numbers for Agricultural Labourers and Industrial Workers for the month of January 2020.

- 5. Revision of Consumer Price Index by State Government of Kerala**
Department of Economics and Statistics vide [Notification No. P3.Pdl.1/2020/DES dated March 05, 2020](#), hereby notified the Consumer Price Index Numbers for Agricultural Labourers and Industrial Workers for the month of January 2020.

- 6. Provision of Maternity Benefit Act, 1961 now apply to the Private Educational Institutions**
Labour and Skills Department vide [Notification No. 35/2020/LBR dated March 06, 2020](#), has declared that all the provisions of Maternity Benefit Act shall apply to the private educational institutions including unaided schools inclusive of teachers in the State of Kerala.

- 7. Karnataka Factories (Amendment) Rules, 2019**
Government of Karnataka vide [Notification No ID 40 KABANI 2018 \(P-3\) dated March 07, 2020](#), has amended the Karnataka Factories Rules, 1969, A licence granted or renewed under Rule 5 shall be valid for a period of ten years or more but not exceeding fifteen years at a time, on the payment of specified fees for each year. The draft of the following rules was published in [Gazette Notification dated September 16, 2019](#).

- 8. Tripura Ease of Compliance to Maintain Registers under various Labour Laws Rules, 2019**
Labour Department of State of Tripura vide [Notification No. N. E. 930 dated March 04, 2020](#), has notified the Tripura Ease of Compliance to Maintain Registers under various Labour Laws Rules, 2019, Now the employer shall maintain the combine

register either electronically or manually. The draft of the following rules was published in [Gazette Notification dated September 12, 2019](#).

IV. FOOD SAFETY

1. SOP & Checklist for issuance of RUCO sticker to Food Business Operators

FSSAI vide notification reference to [order No.-1-2/Stds/O&F/Notification \(11\)/FSSAI-2018 Dated January 30 2019](#), has conveyed the directions that the Food Business Operators whose consumption of edible oils for frying is more than 50 litres per day would maintain the usage records and would dispose of Used Cooking Oil(UCO) to agencies authorized by the Food Safety and Standard Authority of India.

Further FSSAI vide notification [File No. stds/O&I/Notification\(1 1\)/ FSSAI-2018 Dated February 25 2020](#) has launched RUCO sticker and developed an SOP & Checklist for the issue of RUCO sticker to Food Business Operators and Food Service Establishments who are RUCO compliant. The sticker will be awarded to FBOs and Food Service Establishments by respective Food Safety Departments of States /UTs by verifying the requirements given in the checklist. After the award of RUCO Sticker by States/UTs to FBOs, the sticker is required to be displayed by FBOs at prominent places of their Food.

2. Directions to re-operationalisation the Food Safety and Standards (Licensing and Registration of Food Business) Amendment Regulations, 2020

Food Safety and Standards Authority of India (FSSAI) vide [Notification dated March 02, 2020](#), hereby gives direction to re-operationalise the Food Safety and Standards (Licensing and Registration of Food Business) Regulations with effect from February 16, 2020. This regulation contains amendments in respect of the following:

- Licensing and Registration of E-Commerce food business operator.
- Documents to be enclosed for new application for license to State/Central Licensing Authority for restaurant.
- Conditions of license for restaurant.
- General requirements on Hygienic and sanitary practices to be followed by all food business operators applying for license.
- Establish a small slaughterhouse.
- Relating to good hygienic and manufacturing.
- Practices to be followed by licensed food business operators engaged in catering or food service operations.

3. Adulteration in Vegetable Oils – reg

FSSAI vide [File No. Std/SP-15/T\(Surveillance\)/Standards/FSSAI Dated March 4 2020](#), has advised to carry out enforcement activities to collect samples of mustard oil of various brands available in markets and get them tested including for presence of oryzanol. In case of adulteration, appropriate action may be taken against the defaulters under the FSS Act, Rules and Regulations.

4. Termination of facility of filing FSSAI Registration applications through Common Service Centers

FSSAI vide [File No. 10\(3\)2016/CSC/Enf/FSSAI Dated March 4 2020](#), has informed that the agreement signed between FSSAI with CSC e-Governance Services India Ltd. (CSC) to facilitate Food Business Operators (FBOs) in applying Registration Certificates through Common Service Centers will come to an end on 31st March 2020. Meanwhile to enable FBOs make online payment of License/Registration fee, a provision has been made in the online Food Licensing and Registration System (FLRS) with effect from 8th November 2019. The FBOs can directly make online application for FSSAI Registration Certificates by visiting FLRS website with URL: <https://foodlicensing.fssai.gov.in> and submitting requisite fee online thereon.

It is hereby intimated that FSSAI has stopped the facility of filing of new applications for Registration Certificates through Common Service Centers (CSC) with effect from 01st March 2020. However, the CSC Executives shall provide the printouts of Registration Certificates to FBOs against already applied applications.

V. ENVIRONMENT

1. Assam PCB directs all industrial unit to obtain prior consent to operate and establish

The Assam Pollution Control Board (PCB) vide [Notification dated February 21, 2020](#), notifies all existing, ongoing, upcoming and proposed industrial units or processes or establishments to obtain prior “Consent to establish” and “Consent to operate” from the Pollution Control Board. The followings are units, to whom this notice is concerned: -

- i. Industries
- ii. Nursing home, Clinic, Diagnostic center, Dental Clinic
- iii. Hotel, Restaurant, Dhaba, Marriage Hall, Bakery.
- iv. Automobile Servicing Stations.
- v. Infrastructure Development Project.

The “Consent to establish” and “Consent to operate” from the PCB must be obtained in accordance with the Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act, 1981 and Rules within 30 days from the issues of this notice that is by March 22, 2020. In case of failure to do so, necessary actions will be initiated against the unit as per the provisions of pollution control Acts and Rules.

VI. MUNICIPAL

1. BBMP Outdoor Signage and Public Messaging Byelaws 2018

Bruhat Bengaluru Mahanagara Palike (BBMP) vide [Notification September 06, 2019](#) has issued the BBMP outdoor signage and public messaging byelaws 2018. The byelaws include key provisions which are as below

- a. Content to be displayed on Signage i.e., name, trademark, if any, building number, building name, address and shall be used only for communicating on-premise use or activity
- b. Sign Dimensions
- c. Free Standing Designs
- d. Projecting Signs
- e. Window Signs
- f. Wall signs
- g. Roof Signs
- h. Vehicle signs
- i. Sponsored advertisement
- j. Prohibited Sign
- k. Display Prohibitions
- l. Parking lot signs
- m. Property Indention signs
- n. Real estate Signs
- o. Approval process

VII. TAX

1. Transfer of securities not chargeable under capital gain tax

Central Board of Direct Taxes (CBDT) vide [Notification 16/2020](#) has notified certain securities and the transfer of which will not be chargeable under capital gain tax.

2. Clarification on provisions of the Direct Tax Vivad se Vishwas Bill, 2020

CBDT vide [Circular No. 7/2020](#) has provided FAQ's on Vivad se Vishwas Bill, 2020.

3. Deduction of income-tax from the payment of income under the head "Salaries"

CBDT vide [F.No.275/192/20 19-IT\(B\) dated March 05, 2020](#) has issued Corrigendum to [Circular No. 4/2020 dated January 16, 2020](#) pertaining to deduction of income-tax from the payment of income under the head "Salaries" under Section 192 of the Income-tax Act, 1961.

VIII. HEALTHCARE

1. Revised guidance list of Laboratories to be considered for conducting Performance Evaluation of In-Vitro Diagnostics:

Central Licensing Authority and State Licensing Authority issued [vide notification dated February 24, 2020](#) a list of laboratories for conducting Performance Evaluation for the respective In-vitro Diagnostics. As per the proviso of Clause (h), Paragraph (ii), part II of the Fourth Schedule of Medical Devices Rules 2017, for grant of licence to manufacture or import Class B, Class C or Class D In-vitro Diagnostic Medical Devices, a copy of Performance Evaluation Report is required to be submitted.

2. Amendment of Drugs and Cosmetics Rules, 1945:

Ministry of Health and Family Welfare has drafted rules to amend the Drugs and Cosmetics Rules, 1945 [vide notification dated March 11, 2020](#). Following are the amendments brought in by the notification:

- In Part XB heading, for the words “Blood Banks”, the words “Blood Centres” shall be substituted. In rule 122EA, rule 122F, rule 122G, rule 122I and rule 122P; in Schedule A, in Form 26G, Form 27C and Form 28C; in Schedule F, in Part XII B for the words “Blood Bank”, the words “Blood Centre” wherever they occur shall be substituted.
- In rule 122EA, in sub-rule (1), Following shall be substituted for clause (d):
(d) ‘Blood Centre’ is an authorized premises in an organization or institution as the case may be, for carrying out all or any of the operations including collection, apheresis, processing, storage and distribution of blood drawn from donors or received from another licensed Blood Centre and for preparation, storage and distribution of blood components.
- The operation of Blood Centre or processing or both of whole human blood for components shall be conducted under the active direction and personal supervision of competent technical staff consisting of at least one person who is whole time employee and who is Medical Officer, and possessing qualification as mentioned in the new condition (i) under rule 122G, sub-rule (1) as mentioned in the link above.
- The Blood Centre Technician(s) and Technical supervisor (where blood components are manufactured) should possess qualifications as mentioned in the link above.

Blood Donation Camps - Blood Centre organizing blood donation camps shall have whole time or part time counseling staff (Counselor or Medical Social Worker) possessing qualifications as mentioned in the above link.

Criteria for blood donation in Part XIIB has been substituted with the following key changes:

1. Age – Minimum age 18 years and Maximum age 65 years
2. Donation interval - For whole blood donation, once in three months (90 days) for males and four months (120 days) for females.
3. Whole Blood Volume Collected and weight of donor:
 - i) 350ml - 45 kg
 - ii) 450ml - more than 55kg

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