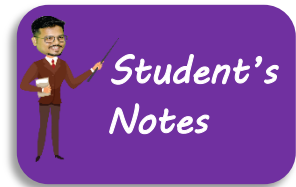


Relevant Amendments for CA-Final Corporate & Economic Laws for Nov.2021 Exam

Companies Act, 2013

No	Sec	Old Penalty	New Penalty
1	165	Rs.5000/- to Rs.25,000/- each day for every day after the first during which the contravention continues	Rs.2,000/- per day for each day after the first during which such violation continues maximum upto Rs.25 lacs
2	167	a) Imprisonment upto 1 year or" b) Fine Rs.1 lac to Rs.5 lacs or c) Both	Fine Rs.1 lac to Rs.5 lacs (No imprisonment)
3	172	For Company/Officer in default Fine Rs.50,000 /- to Rs. Rs.5 lacs	For Company Minimum Rs.50,000 /- In Case of Continuing failure additional Rs.500/- per day. Maximum Rs.3 lacs For officer in default Minimum Rs.50,000 /- In Case of Continuing failure additional Rs.500/- each day. Maximum Rs.1 lac
4	177, 178	For Company Fine Rs. 1 lac to Rs. 5 lacs Officer in Default Imprisonment up to 1 yr. Or Fine Rs.25000/- to Rs. 1 lac Or Both	Company Fine Rs. 5 lacs Officer in default Fine Rs. 1 lac
5	184	Director in Default Imprisonment upto 1 yr. or Fine up to Rs. 1 lac Or Both	Director in Default Fine Rs. 1 lac
6	187	Company Fine Rs.25,000/- to Rs.25 lacs Every Officer in Default Imprisonment upto 6 months Or Fine Rs.25,000/- to Rs. 1 lac Or Both	Company Fine Rs. 5 lacs Every Officer in Default Rs.50,000/-
7	188	in case of listed company imprisonment up to 1 year or Fine Rs.25,000 to Rs.5 lacs or Both In case of other company Fine Rs.25,000/- to Rs.5 lacs	Listed Company Fine Rs. 25 lacs In case of other company Rs.25,000/- to Rs.5 lacs

8	204	For company or any officer of the company or the company secretary in practice. Fine Rs. 1 lac to Rs.5 lacs	For company or any officer of the company or the company secretary in practice. Fine Rs. 2 lacs
9	232	Company Fine Rs. 1 lac to Rs.25 lacs Officer in Default Imprisonment upto 1 year Fine 1 lac upto 3 lacs or Both	Company & Officer in Default Fine Minimum Rs.20,000 Continuing One Rs.1,000 per day Maximum up to Rs. 3 lacs
10	242	Company Fine Rs.1 lakh to Rs.25 lacs Every officer of the company who is in default Imprisonment up to 6 months or fine Rs.25,000/- to Rs.1 lac both	Company Fine Rs.1 lakh to Rs.25 lacs Every officer in default Fine Rs.25,000/- to Rs.1 lac
11	243	Imprisonment upto 6 months or Fine upto Rs.25 lacs or Both	Fine upto Rs.25 lacs
12	247	Fine: Rs. 25,000/- to Rs.1 lac	Fine: Rs.50,000/-
13	284	Punishable Imprisonment upto 6 months or Fine upto Rs.50,000/- , or Both.	Sub section 2. Company Liquidator may make an application to the Tribunal for necessary directions. Sub section 3 Tribunal shall, by an order, direct the person required: - to assist or cooperate with company liquidator in discharging his functions and duties.
14	302	Punishable Imprisonment upto 6 months or Fine upto Rs.50,000/- , or Both.	Sub section 2. Company Liquidator may make an application to the Tribunal for necessary directions. Sub section 3 Tribunal shall, by an order, direct the person required: - to assist or cooperate with company liquidator in discharging his functions and duties.
15	302(4)	If the Company Liquidator makes a default in forwarding a copy of the order: Company liquidator shall be punishable with	
		Fine upto Rs.5000/- per day during which default continues.	No Penalty Now
16	347	Imprisonment upto 6 months or	Fine Rs.50,000/-



		Fine upto Rs.50,000/- or Both	
17	392	Company Fine Rs.1 lac to Rs.3 lacs In case of continuing offence additional fine upto Rs.50,000/- per day Every officer of foreign co. who is in Default Imprisonment upto 6 months or Fine Rs.25,000/- to Rs.5 lacs or both	Company Fine Rs.1 lac to Rs.3 lacs In case of continuing offence additional fine upto Rs.50,000/- per day Every officer of foreign co. who is in Default Fine Rs.25,000/- to Rs.5 lacs
18	450	Fine upto Rs.10,000/-, and in case of contravention is continuing one, additional fine upto Rs.1,000/- per day for every day after the first during which the contravention continues.	Fine Fine Rs.10,000/- and in case of contravention is continuing one, additional fine upto Rs.1,000/- per day for every day after the first during which the contravention continues, subject to maximum Rs.2 lacs. In case of officer in Default Fine Rs.10,0000/- and in case of contravention is continuing one, additional fine upto Rs.1,000/- per day for every day after the first during which the contravention continues, subject to maximum Rs.50,000/-.

Amendment No. 1
Sec.165 (6) -Number of Directorship

In section 165 of the principal Act, for sub-section (6), the following sub-section shall be substituted, namely:—

(6) If a person accepts an appointment as a director in violation of this section, he shall be liable to a penalty of two thousand rupees for each day after the first during which such violation continues, subject to a maximum of two lakh rupees."

Effect

<u>If a person accepts an appointment as a director</u>	
a) In more than 20 companies or b) in more than 10 public companies at same time.	
Fine	
Earlier	Now
<u>Rs.5000/- to Rs.25,000/- each day for every day after the first during which the contravention continues.</u>	<u>Rs.2,000/- per day for each day after the first during which such violation continues maximum upto Rs.25 lacs</u>

Amendment No. 2
Sec.167(2) Vacation of Office of Director

Amendment in Punishment

In section 167 of the principal Act, in sub-section (2), —

- a) the words" with imprisonment for a term which may extend to 1 yr. or" shall be omitted;
- b) for the words" five lakh rupees, or with both", the words" five lakh rupees" shall be substituted.

Implication

If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in sec. 167(1)

Punishment	
Earlier	Now
d) Imprisonment upto 1 year or" e) Fine Rs.1 lac to Rs.5 lacs or f) Both	Fine Rs.1 lac to Rs.5 lacs (No imprisonment)

Amendment No. 3
Sec.172 -Penalty

For section 172 of the principal Act, the following section shall be substituted, namely: —

"172. If a company is in default in complying with any of the provisions of this Chapter and for which no specific penalty or punishment is provided therein, the company and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees, and in case of continuing failure, with a further penalty of five hundred rupees for each day during which such failure continues, subject to a maximum of three lakh rupees in case of a company and one lakh rupees in case of an officer who is in default."

Implication

If a company is in default in complying with any of the provisions of this Chapter (Sec.149 to Sec.172) & for which no specific penalty or punishment is provided therein.

Punishment	
Earlier	Now
<p style="text-align: center;"><u>For Company/Officer in default</u> Fine Rs.50,000 /- to Rs. Rs.5 lacs</p>	<p style="text-align: center;"><u>For Company</u> Minimum Rs.50,000 /- In Case of Continuing failure additional Rs.500/- per day. Maximum Rs.3 lacs</p> <p style="text-align: center;"><u>For officer in default</u> Minimum Rs.50,000 /- In Case of Continuing failure additional Rs.500/- each day. Maximum Rs.1 lac</p>

Amendment No. 4
Sec.178(8) Nomination and Remuneration Committee and Stakeholders Relationship Committee

Amendment

In section 178 of the principal Act, in sub-section (8), for the words "punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both", the words "liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of one lakh rupees" shall be substituted.

Implication

In case of any contravention of the provisions of <u>section 177</u> and Section 178	
Punishment	
Earlier	Now
<p><u>For Company</u> Fine Rs. 1 lac to Rs. 5 lacs</p> <p><u>Officer in Default</u> Imprisonment upto 1 yr. or Fine Rs.25000/- to Rs. 1 lac Or Both</p>	<p><u>Company</u> Fine Rs. 5 lacs</p> <p><u>Officer in default</u> Fine Rs. 1 lac</p>

Amendment No. 5
Sec.184 (4) Disclosure of Interest by Director

Amendment

In section 184 of the principal Act, in sub- section (4), for the words" punishable with imprisonment for a term which may extend to one year or with fine which may extend to one lakh rupees, or with both", the words "liable to a penalty of one lakh rupees" shall be substituted.

Implication

In case director contravene the provisions of section 184(1) and (2) i.e Non-disclosure of Interest	
Punishable with	
Earlier	Now
<p><u>Director in Default</u> Imprisonment upto 1 yr. or Fine up to Rs. 1 lac Or Both</p>	<p>Fine Rs. 1 lac</p>

Amendment No. 6
Sec.187 (4) Investments of Company to be Held in its Own Name

Amendment

In section 187 of the principal Act, for sub-section (4), the following sub-section shall be substituted, namely: —

Amendments for Nov. 2021

"(4) If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees."

Implication

If a company is in default in complying with the provisions of Section 187	
Liable to	
Earlier	Now
<p>Company Fine Rs.25,000/- to Rs.25 lacs</p> <p><u>Every Officer in Default</u> Imprisonment upto 6 months Or Fine Rs.25,000/- to Rs. 1 lac Or Both</p>	<p>Company Fine Rs. 5 lacs</p> <p><u>Every Officer in Default</u> Rs.50,000/-</p>

Amendment No. 7

Sec.188 (5) Related Party Transactions

In section 188 of the principal Act, in sub-section (5), —

- in clause (i), for the words "punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both", the words "liable to a penalty of twenty- five lakh rupees" shall be substituted;
- in clause (ii), for the words "punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees", the words "liable to a penalty of five lakh rupees" shall be substituted.

Implication

Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of section 188.	
Such Director or employee shall be liable to	
Earlier	Now
<p><u>in case of listed company</u> imprisonment up to 1 year or Fine Rs.25,000 to Rs.5 lacs or Both</p> <p><u>In case of other company</u> Fine Rs.25,000/- to Rs.5 lacs</p>	<p><u>Listed Company</u> Fine Rs. 25 lacs</p> <p><u>In case of other company</u> Rs.25,000/- to Rs.5 lacs</p>

Amendment No. 8

Sec.204(4) Secretarial Audit for Bigger Companies.

In section 204 of the principal Act, in sub-section (4), for the words" punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees", the words" liable to a penalty of two lakh rupees" shall be substituted.

Implication

If a company or any officer of the company or the company secretary in practice, contravenes the provisions of section 204.

Such Director or employee shall be liable to	
Earlier	Now
<u>For company or any officer of the company or the company secretary in practice.</u> Fine Rs. 1 lac to Rs.5 lacs	<u>For company or any officer of the company or the company secretary in practice.</u> Fine Rs. 2 lacs

Amendment No. 9
Sec.232 (8) Merger and Amalgamation of Companies.

In section 232 of the principal Act, for sub-section (8), the following sub-section section 232. shall be substituted, namely: —

"(8) If a company fails to comply with sub-section (5), the company and every officer of the company who is in default shall be liable to a penalty of twenty thousand rupees, and where the failure is a continuing one, with a further penalty of one thousand rupees for each day after the first during which such failure continues, subject to a maximum of three lakh rupees.

Implication

If a transferor company or a transferee company contravenes the provisions of this section.	
Earlier	Now
<u>Company</u> Fine Rs. 1 lac to Rs.25 lacs	<u>Company & Officer in Default</u> Fine Minimum Rs.20,000 Continuing One Rs.1,000 per day Maximum up to Rs. 3 lacs
<u>Officer in Default</u> Imprisonment upto 1 year Fine 1 lac upto 3 lacs or Both	

Amendment No. 10
Sec.242(8) Powers of Tribunal

In section 242 of the principal Act, in sub-section (8), —

- (a) the words "with imprisonment for a term which may extend to six months or" shall be omitted;
- (b) for the words "one lakh rupees, or with both", the words "one lakh rupees" shall be substituted.

Implication

If a company contravenes the provisions of sub-section (5) i.e. any alteration in the MOA/AOA of the company, which is inconsistent with the order made by tribunal under sub section 1	
Liable to	
Earlier	Now
<u>Company</u> <u>Fine</u> Rs.1 lakh to Rs.25 lacs	<u>Company</u> <u>Fine</u> Rs.1 lakh to Rs.25 lacs
<u>Every officer of the company who is in default</u> <u>Imprisonment</u> up to 6 months or <u>fine</u> Rs.25,000/- to Rs.1 lac <u>both</u>	<u>Every officer in default</u> <u>Fine</u> Rs.25,000/- to Rs.1 lac

Amendment No. 11

Sec.243(2) Consequence of Termination or Modification of Certain Agreements

In section 243 of the principal Act, in sub-section (2),— (a) the words "with imprisonment for a term which may extend to six months or" shall be omitted; (b) for the words "five lakh rupees, or with both", the words "five lakh rupees" shall be substituted.

Implication

If any person knowingly acts as a MD / Director / Manager of a company in contravention of clause (b) of sub-section (1) or sub-section (1A)

Such person and every other director of the company who is knowingly a party to such contravention **shall be punishable with**

Earlier	Now
<p><u>Imprisonment</u> upto 6 months or <u>Fine</u> upto Rs.25 lacs or <u>Both</u></p>	<p><u>Fine</u> upto Rs.25 lacs</p>

Amendment No. 12

Sec.284(2) Promoters, Directors, etc., to Cooperate with Company Liquidator.

In section 284 of the principal Act, for sub-section (2), the following sub-sections shall be substituted, namely: —

"(2) If any person required to assist or cooperate with the Company Liquidator under sub-section (1) does not assist or cooperate, the Company Liquidator may make an application to the Tribunal for necessary directions.

(3) On receiving an application under sub-section (2), the Tribunal shall, by an order, direct the person required to assist or cooperate with the Company Liquidator to comply with the instructions of the Company Liquidator and to cooperate with him in discharging his functions and duties."

Implication

The promoters, directors, officers, and employees or person associated with company do not assist or cooperate with the company liquidator in discharge his functions or duties

Consequences

Earlier	Now
<p><u>Punishable</u> <u>Imprisonment</u> upto 6 months or <u>Fine</u> upto Rs.50,000/- , or <u>Both.</u></p>	<p><u>Sub section 2.</u> Company Liquidator may make an application to the Tribunal for necessary directions.</p> <p><u>Sub section 3</u> Tribunal shall, by an order, direct the person required: - to assist or cooperate with company liquidator in discharging his functions and duties.</p>

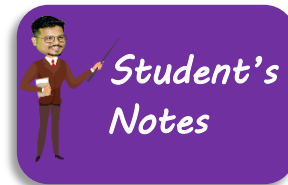
Amendment No. 13

Sec.302(3) Dissolution of Company by Tribunal.

In section 302 of the principal Act, —

i. for sub-section (3), the following sub-section shall be **substituted**, namely: —

"(3) The Tribunal shall, within a period of 30 days from the date of the order, —



- a) forward a copy of the order to the Registrar who shall record in the register relating to the company a minute of the dissolution of the company; and
- b) direct the Company Liquidator to forward a copy of the order to the Registrar who shall record in the register relating to the company a minute of the dissolution of the company.";

Implications

Earlier	Now
<u>On order for dissolution made by tribunal</u>	<u>On order for dissolution made by tribunal</u>
a) <u>Company liquidator</u> shall, within a period of 30 days from the date of the order, <u>forward a copy of order</u> (for dissolution of the company) <u>to registrar</u> who shall record a minute of the dissolution of the company in the register relating to the company	<u>Tribunal shall</u> , Within period of 30 days of order, a) <u>Forward a copy</u> of order to the registrar b) <u>Direct to the company liquidator to forward a copy to the registrar</u> who shall record a minute of the dissolution of the company in the register relating to the company

ii. sub-section (4) shall be omitted

Implications

If the Company Liquidator makes a default in forwarding a copy of the order <u>Company liquidator shall be punishable with</u>	
Earlier	Now
<u>Fine</u> upto Rs.5000/- per day during which default continues.	

Amendment No. 14

Sec.347 (4) Disposal of Books and Papers of Company.

In section 347 of the principal Act, in sub-section (4),—

- a) the words "with imprisonment for a term which may extend to six months or" shall be omitted;
- b) for the words "fifty thousand rupees, or with both", the words" fifty thousand rupees" shall be substituted.

Effect

If any person acts in contravention of any rule framed by CG regarding destruction of books, he shall be punishable with	
Earlier	Now
<u>Imprisonment</u> upto 6 months or <u>Fine</u> upto Rs.50,000/- or Both	Fine Rs.50,000/-

Amendment No. 15

Sec.356(2) Powers of Tribunal to Declare Dissolution of Company Void.

In section 356 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely: —

Amendments for Nov. 2021

"(2) The Tribunal shall—

- a) forward a copy of the order, within thirty days from the date thereof, to the Registrar who shall record the same; and
- b) direct the Company Liquidator or the person on whose application the order was made, to file a certified copy of the order, within thirty days from the date thereof or such further period as allowed by the Tribunal, with the Registrar who shall record the same."

Implications

Earlier	Now
<p>a) company liquidator or the person who makes an application (to declare dissolution void) shall file certified copy of order of tribunal declaring dissolution void with registrar.</p> <p>b) Such copy shall be filed within 30 days from the date of order or within such further time as the tribunal may allow.</p> <p>c) on failure co. liquidator or such applicant shall be punishable with fine upto Rs.10000/- per day during which such default continues.</p>	<p><u>On declaration of Dissolution Void tribunal shall, within 30 days of order</u></p> <p>a) <u>forward a copy</u> of order declaring dissolution void to the registrar who shall record the same</p> <p>b) <u>Direct the company liquidator or to the applicant</u> to file a certified copy of order to the registrar who shall record the same</p>

Amendment No. 16

Sec.392- Punishment for Contravention by foreign company

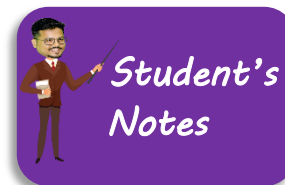
In section 392 of the principal Act,—

- a) the words "with imprisonment for a term which may extend to six months or" shall be omitted;
- b) for the words "five lakh rupees, or with both", the words "five lakh rupees" shall be substituted.

Implications

if a foreign company contravenes the provisions of Chapter XXII -Companies Incorporated Outside India (Sec.397 to Sec.393A)

Company shall be punishable with	
Earlier	Now
<p><u>Company</u> <u>Fine</u> Rs.1 lac to Rs.3 lacs In case of continuing offence additional fine upto Rs.50,000/- per day</p> <p><u>Every officer of foreign co. who is in Default</u> <u>Imprisonment</u> upto 6 months or <u>Fine</u> Rs.25,000/- to Rs.5 lacs or both</p>	<p><u>Company</u> <u>Fine</u> Rs.1 lac to Rs.3 lacs In case of continuing offence additional fine upto Rs.50,000/- per day</p> <p><u>Every officer of foreign co. who is in Default</u> <u>Fine</u> Rs.25,000/- to Rs.5 lacs</p>



Amendment No. 17

Sec.450 Punishment Where No Specific Penalty or Punishment is Provided.

In section 450 of the principal Act, for the words "punishable with fine which may extend to ten thousand rupees, and where the contravention is continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the contravention continues", the words "liable to a penalty of ten thousand rupees, and in case of continuing contravention, with a further penalty of one thousand rupees for each day after the first during which the contravention continues, subject to a maximum of two lakh rupees in case of a company and fifty thousand rupees in case of an officer who is in default or any other person" shall be substituted.

Implications

If a company or any officer of a company or any other person contravenes any of the provisions of this Act or the rules made thereunder and for which no penalty or punishment is provided elsewhere in this Act,

the company and every officer of the company who is in default or such other person shall be liable to a penalty

Earlier	Now
<p><u>Fine</u> upto Rs.10,000/-, and <u>in case of contravention is continuing one</u>, additional fine upto Rs.1,000/- per day for every day after the first during which the contravention continues.</p>	<p><u>Fine</u> Fine Rs.10,000/- and <u>in case of contravention is continuing one</u>, additional fine upto Rs.1,000/- per day for every day after the first during which the contravention continues, <u>subject to maximum Rs.2 lacs.</u></p> <p><u>In case of officer in Default</u> Fine Rs.10,0000/- and <u>in case of contravention is continuing one</u>, additional fine upto Rs.1,000/- per day for every day after the first during which the contravention continues, <u>subject to maximum Rs.50,000/-.</u></p>

Amendment No. 18 & 19

Sec.379 & Sec.393A (both are related to each other)

Section 379- Application of Act to Foreign Companies.

In section 379 of the principal Act, in sub-section (1), the proviso shall be omitted.

Omitted provision

Provided that the Central Government may, by Order published in the Official Gazette, exempt any class of foreign companies, specified in the Order, from any of the provisions of sections 380 to 386 and sections 392 and 393 and a copy of every such Order shall, as soon as may be after it is made, be laid before both Houses of Parliament.

Section 393A- New section inserted.

Exemptions under Chapter - XXII Companies Incorporated Outside India

The Central Government may, by notification, exempt any class of-

- a. foreign companies;
- b. companies incorporated or to be incorporated outside India, whether the company has or has not established, or when formed may or may not establish, a place of business in India,

as may be specified in the notification, from any of the provisions of this Chapter and a copy of every such notification shall, as soon as may be after it is made, be laid before both Houses of Parliament.

Amendment No. 20

Sec.435(1) Establishment of Special Courts

In section 435 of the principal Act, in sub-section (1), for the words "offences under this Act, by notification", the words and figures "offences under this Act, except under section 452, by notification" shall be substituted.

Implications

Earlier	Now
The Central Government may, for the purpose of providing speedy trial of any offences under this act, establish or designate as many Special Courts as may be necessary.	Offence under section 452 i.e., punishment for wrongful withholding of property, will be excluded from the applicability of section 435 i.e. establishment of the Special Court.

Amendment No. 21

Sec.446B - Penalties for OPC or small companies.

Original provision

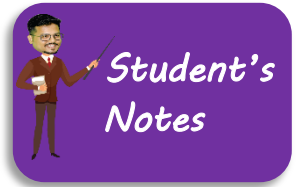
Notwithstanding anything contained in this Act, if a One Person Company or a small company fails to comply with the provisions of sub-section (5) of section 92, sub-section (2) of section 117 or sub-section (3) of section 137, such company and officer in default of such company shall be liable to a penalty which shall not be more than one half of the penalty specified in such sections.

Substituted provision

'446B. Notwithstanding anything contained in this Act, if penalty is payable for non-compliance of any of the provisions of this Act by a One Person Company, small company, start-up company or Producer Company, or by any of its officer in default, or any other person in respect of such company, then such company, its officer in default or any other person, as the case may be, shall be liable to a penalty which shall not be more than one-half of the penalty specified in such provisions subject to a maximum of two lakh rupees in case of a company and one lakh rupees in case of an officer who is in default or any other person, as the case may be.

Explanation. —For the purposes of this section, —

- a) "Producer Company" means a company as defined in clause (I) of section 378A;
- b) "start-up company" means a private company incorporated under this Act or under the Companies Act, 1956 and recognised as start-up in accordance with the notification issued by the Central Government in the Department for Promotion of Industry and Internal Trade.



Implications

Amendment No. 22
Sec.454(3) - Adjudication of Penalties

In section 454 of the principal Act, in sub-section (3), the following proviso shall be inserted, namely:— "Provided that in case the default relates to non-compliance of subsection (4) of section 92 or sub-section (1) or sub-section (2) of section 137 and such default has been rectified either prior to, or within thirty days of, the issue of the notice by the adjudicating officer, no penalty shall be imposed in this regard and all proceedings under this section in respect of such default shall be deemed to be concluded."

Implications

No monetary penalty shall be imposed by the adjudicating officer, when the default relates to non-compliance of section 92(4) [Annual Return] or section 137(1) or (2) [Filing of Financial Statements has been rectified either prior to, or within 30 days of, the issue of the notice by the adjudicating officer.

Amendment No.23
Sec.247- Valuation of registered valuers

In section 247 of the principal Act, in sub-section (3), for the words "punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees", the words "liable to a penalty of fifty thousand rupees" shall be substituted.

Implications

If a valuer contravenes the provisions of this section or the rules made thereunder Such valuer shall be punishable with:	
Earlier	Now
Fine: Rs. 25,000/- to Rs.1 lac	Fine: Rs.50,000/-

Amendment No. 24
Sec.149 + Sec.197

Amendment related to remuneration to NED/ Independent Director in case of loss or inadequate profit

- In section 149 of the principal Act, in sub-section (9),** the following proviso shall be inserted, namely: — "Provided that if a company has no profits or its profits are inadequate, an independent director may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V."

Implications

Amendments for Nov. 2021

NED including an independent director, may receive remuneration exclusive of sitting fees u/s 197 (5), if a company has no profits or inadequate profits in accordance with Schedule V of the Act.

2. **In section 197 of the principal Act**, in sub-section (3), after the words "whole-time director or manager," the words "or any other non-executive director, including an independent director" shall be inserted.

Implications

Companies will now be able to pay remuneration to Non-Executive Directors and Independent Directors in case of loss or inadequate profits under Schedule V as applicable to Executive Directors earlier.

Limit of yearly remuneration payable to NED/Independent Director

Where the effective capital (in rupees) is	Limit of yearly remuneration payable shall not exceed (in Rupees) in case of a managerial person	<u>Limit of yearly remuneration payable shall not exceed (in rupees) in case of other director</u>
Negative or less than 5 crores.	60 lakhs	12 lakhs
5 crores and above but less than 100 crores.	84 lakhs	17 lakhs
100 crores and above but less than 250 crores.	120 lakhs	24 lakhs
250 crores and above.	120 lakhs plus 0.01% of the effective capital in excess of Rs.250 crores:	24 Lakhs plus 0.01% of the effective capital in excess of Rs.250 crores:"

Securities and Exchange Board of India Act, 1992

Through Finance Act, 2021 w.e.f 1st April, 2021, in section 12, the below provision has been added after 1(B)

(1C) No person shall sponsor or cause to be sponsored or carry on or cause to be carried on the activity of an alternative investment fund or a business trust as defined in clause (13A) of section 2 of the Income-tax Act, 1961, unless a certificate of registration is granted by the Board in accordance with the regulations made under this Act.

Implications

Foreign Exchange Management Act, 1999

In the Principal Regulations, in regulation 4, for sub-regulation (ea.), the following shall be **substituted**, namely:-

"(ea) re-export of leased aircraft/helicopter and/or engines/auxiliary power units (APUs), either completely or in partially knocked down condition repossessed by overseas lessor and duly de- registered by the Directorate General of Civil Aviation

(DGCA) on the request of Irrevocable Deregistration and Export Request Authorization (IDERA) holder under 'Cape Town Convention' or any other termination or cancellation of the lease agreement between the lessor and lessee subject to permission by DGCA/Ministry of Civil Aviation for such export/s."

Implications

Export of Goods/software without furnishing the Declaration	
Earlier	Now
re-export of leased aircraft/helicopter and/or engines/auxiliary power units (APUs), repossessed by overseas lessor and duly de- registered by the Directorate General of Civil Aviation (DGCA) on the request of Irrevocable Deregistration and Export Request Authorization (IDERA) holder under 'Cape Town Convention' or any other termination or cancellation of the lease agreement between the lessor and lessee subject to permission by DGCA/Ministry of Civil Aviation for such export/s."	re-export of leased aircraft/helicopter and/or engines/auxiliary power units (APUs), <u>either completely or in partially knocked down condition</u> repossessed by overseas lessor and duly de- registered by the Directorate General of Civil Aviation (DGCA) on the request of Irrevocable Deregistration and Export Request Authorization (IDERA) holder under 'Cape Town Convention' or any other termination or cancellation of the lease agreement between the lessor and lessee subject to permission by DGCA/Ministry of Civil Aviation for such export/s."

Prevention of Money Laundering Act, 2002

Amendment No. 1

Vide Notification G.S.R. 798(E) [F. NO. P-12011/14/2020-ES CELL-DOR], Dated 28-12- 2020,in exercise of the powers conferred by sub-clause (iv) of clause (sa) of sub-section (1) of section 2 of the Prevention of Money-laundering Act, 2002 , the Central Government hereby rescinds the notification of the Government of India, Ministry of Finance, Department of Revenue, No. 8/2017, dated 15 November, 2017, published in the Gazette of India, Part II, Section 3, Sub-section (ii), extraordinary, vide GSR 1423 (E) dated the 16 November 2017, except as respects things done or omitted to done before such recession and notifies the "Real Estate Agents", as a person engaged in providing services in relation to sale or purchase of real estate and having annual turnover of Rupees twenty lakhs or above, as "persons carrying on designated businesses or professions.

Implications

Amendment No. 2

Vide Notification G.S.R. 799(E) [F. NO. P-12011/14/2020-ES CELL-DOR], Dated 28-12- 2020, in exercise of the powers conferred by sub-clause (iv) of clause (sa) of

Amendments for Nov. 2021

sub-section (1) of section 2 of the Prevention of Money-laundering Act, 2002 , the Central Government hereby notifies the dealers in precious metals, precious stones as persons carrying on designated businesses or professions - if they engage in any cash transactions with a customer equal to or above Rupees ten lakhs, carried out in a single operation or in several operations that appear to be linked.

Amendment No.3

Vide Notification G.S.R. 59(E) [F. NO. P-12011/24/2017-ES CELL-DOR-PART(1)], Dated **28-1-2021**, in exercise of the powers conferred by sub-section (1) of section 11A of the Prevention of Money-laundering Act, 2002 , the Central Government on being satisfied that the reporting entities mentioned below comply with standards of privacy and security under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016) and it is necessary and expedient to do so, and after consultation with the Unique Identification Authority of India established under sub-section (1) of section 11 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and the regulatory authority, namely the Reserve Bank of India, hereby notifies the reporting entity specified below to undertake Aadhaar authentication service of the Unique Identification Authority of India under section 11A of the Prevention of Money-laundering Act, 2002, namely:—
"National Payments Corporation of India."

THE FOREIGN CONTRIBUTION (REGULATION) ACT, 2010.

Amendments in the Foreign Contribution (Regulation) Rules, 2011, through Foreign Contribution (Regulation) (Amendment) Rules, 2020.

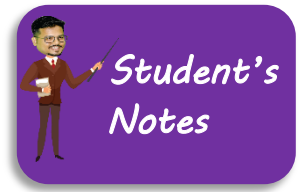
Amendment no.1

Rule 3 - Guidelines for declaration of an organisation to be of a political nature, not being a political party.

[Sec.3- Prohibitions on acceptance of Foreign Contribution]

Rule 3 : Guidelines for declaration of an organisation to be of a political nature, not being a political party.

1. The Central Government may specify any organisation as organisation of political nature on one or more of the following grounds: -
 - i) organisation having avowed political objectives in its Memorandum of Association or bylaws;
 - ii) any Trade Union whose objectives include activities for promoting political goals
 - iii) any voluntary action group with objectives of a political nature or which participates in political activities;
 - iv) front or mass organisations like Students Unions, Workers' Unions, Youth Forums and Women's wing of a political party;
 - v) organisation of farmers, workers, students, youth based on caste, community, religion, language or otherwise, which is not directly aligned to any political party, but whose objectives, as stated in the Memorandum of Association, or activities gathered through other material evidence, include steps towards advancement of Political interests of such groups;



- vi) any organisation, by whatever name called, which habitually engages itself in or employs common methods of political action like 'bandh' or 'hartal', 'rasta roko', 'rail roko' or 'jail bhara' in support of public causes.
- 2. The organisations specified under clauses (v) and (vi) of sub-rule (1) shall be considered to be of political nature, if they participate in active politics or party politics, as the case may be.

Amendment No.2
Rule 4 : Speculative Activities
(Already done in class But need to provide in this notes as it is in RTP)

Rule 4: Speculative activities. –

- 1. The following activities shall be treated as speculative activities: -
 - a) any activity or investment that was an element of risk of appreciation or depreciation of the original investment, linked to market forces, including investment in mutual funds or in shares;
 - b) participation in any scheme that promises high returns like investment in chits or land or similar assets not directly linked to the declared aims and objectives of the organisation or association.
- 2. A debt-based secure investment shall not be treated as speculative investment.
- 3. Every association shall maintain a separate register of investments.
- 4. Every register of investments maintained under sub-rule (3) shall be submitted for audit.

Amendment No.3
Rule 5- Administrative Expenses
[Section 8 - Restriction to utilise FC for Administrative purpose]
(Already done in class But need to provide in this notes as it is in RTP)

Administrative expenses.

The following shall constitute administrative expenses:-

- a. salaries, wages, travel expenses or any remuneration realised by the Members of the Executive Committee or Governing Council of the person;
- b. all expenses towards hiring of personnel for management of the activities of the person and salaries, wages or any kind of remuneration paid, including cost of travel, to such personnel;
- c. all expenses related to consumables like electricity and water charges, telephone charges, postal charges, repairs to premise(s) from where the organisation or Association is functioning, stationery and printing charges transport and travel charges by the Members of the Executive Committee or Governing Council and expenditure on office equipment;
- d. cost of accounting for and administering funds;
- e. expenses towards running and maintenance of vehicles;
- f. cost of writing and filing reports;
- g. legal and professional charges; and
- h. rent of premises, repairs to premises and expenses on other utilities;

Provided that the expenditure incurred on salaries or remuneration of personnel engaged in training or for collection or analysis of field data of an association primarily engaged in research or training shall not be counted towards administrative expenses:

Provided further that the expenses incurred directly in furtherance of the stated objectives of the welfare oriented organisation shall be excluded from the

Amendments for Nov. 2021

administrative expenses such as salaries to doctors of hospital, salaries to teachers of school etc.

Amendment No.4

Rule 6 - Intimation of Foreign Contribution from relatives.

[Section 4 : Situations where section 3 shall not apply]

(Already done in class But need to provide in this notes as it is in RTP)

Rule 6 - Intimation of receiving foreign contribution from relatives.

Any person receiving foreign contribution in excess of one lakh rupees or equivalent thereto in a financial year from any of his relatives shall inform the Central Government regarding the details of the foreign contribution received by him in electronic form in Form FC-1 within thirty days from the date of receipt of such contribution.

Amendment No.5

Rule 6A - Intimation of Foreign Contribution from relatives.

[Section 4: Situations where section 3 shall not apply]

(Already done in class But need to provide in this notes as it is in RTP)

When articles gifted for personal use do not amount to foreign contribution. –

Any article gifted to a person for his personal use whose market value in India on the date of such gift does not exceed Rs.1 lac, shall not be a foreign contribution within the meaning of sub-clause (i) of clause (h) of sub-section (1) of section (2)].

Amendment No.6

Rule 7: Receiving Foreign Hospitality

Section 6 : Restriction on acceptance of foreign hospitality

(Already done in class But need to provide in this notes as it is in RTP)

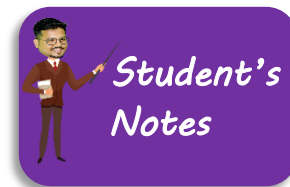
Receiving foreign hospitality by specified categories of persons. –

- (1) Any person belonging to any of the categories specified in section 6 who wishes to avail of foreign hospitality shall apply [to the Central Government in electronic form] in Form FC-2 for prior permission to accept such foreign hospitality.
- (2) Every application for acceptance of foreign hospitality shall be accompanied by an invitation letter from the host or the host country, as the case may be, and administrative clearance of the Ministry or department concerned in case of visits sponsored by a Ministry or department of the Government.
- (3) The application for grant of permission to accept foreign hospitality must reach the appropriate authority ordinarily two weeks before the proposed date of onward journey.
- (4) In case of emergent medical aid needed on account of sudden illness during a visit abroad, the acceptance of foreign hospitality shall be required to be intimated to the Central Government within [one month] of such receipt giving full details including the source, approximate value in Indian Rupees, and the purpose for which and the manner in which it was utilised.

Provided that no such intimation is required if the value of such hospitality in emergent medical aid is upto Rs.1 lac. or equivalent thereto.

Amendment No.7

Rule 8: Action in respect of article, currency or security received in contravention of the Act.



- (1) The Central Government may issue a prohibitory order for contravention of the Act in respect of any article, currency or securities.
- (2) The prohibitory order issued under sub-rule (1) shall be served on the person concerned in the following manner:-
 - (a) by delivering or tendering it to that person or to his duly authorised agent; or
 - (b) by sending it to him by 'registered post with acknowledgement due' or 'speed post' to the address of his last known place of residence or the place where he carries on, or is known to have last carried on, business or the place where he personally works for gain or is known to have last worked for gain and, in case the person is an organisation or an association, to the last known address of the office of such organisation or association; or
 - (c) if it cannot be served in any of the manner aforesaid, by affixing, it on the outer door or some other conspicuous part of the premises in which that person resides or carries on, or is known to have last carried on, business or personally works for gain or is known to have last worked personally for gain and, in case the person is an organisation or an association, on the outer door or some other conspicuous part of the premises in which the office of that organisation or association is located, or is known to have been last located, and the written report whereof should be witnessed by at least two persons.

Amendment No.8

Rule 9 - Application for obtaining 'registration' or 'prior permission' to receive foreign contribution.

[Sec.11 - Registration of certain persons with Central Government.]

Rule 9 : Application for obtaining 'registration' or 'prior permission' to receive foreign contribution. –

- (1)(a.) An application for certificate of registration by a person under sub - section (1) of section 11, for acceptance of foreign contribution shall be made [in electronic form] in Form FC-3A [with an affidavit executed by each office bearer and key functionary and member in Proforma 'AA' appended to these rules] and an application for obtaining prior permission by a person under sub-section (2) of section 11, for acceptance of foreign contribution, shall be made [in electronic form] in Form FC-3B [with an affidavit executed by each office bearer and key functionary and member in Proforma 'AA' appended to these rules].
- b) The applicant shall upload the signed or digitally signed application along with scanned documents as specified by the Central Government from time to time;
- d) Any person making an application for registration under clause (a) of sub - rule (1) shall have an FCRA Account.
- e) The person may open one or more accounts in one or more banks for the purpose of utilising the foreign contribution after it has been received and, in all such cases, intimation [in electronic form] in form [FC-6D]] shall be furnished to the Secretary, Ministry of Home Affairs, New Delhi within fifteen days of the opening of any account.
- f) A person seeking registration under clause (b) of sub -section (4) of section 12 of the Act shall meet the following conditions, namely: -

i.) it shall be in existence for three years and have spent a minimum amount of rupees fifteen lakh on its core activities for the benefit of society during the last three financial years:

Provided that the Central Government, in exceptional cases or in cases where a person is controlled by the Central Government or a State Government may waive the conditions;

ii.) if the person wants inclusion of its existing capital investment in assets like land, building, other permanent structures, vehicles, equipment in the computation of its spending during last three years, then the chief functionary shall give an undertaking that the assets shall be vested henceforth with the person till the validity of the certificate and they shall be utilised only for the activities covered under the Act and the rules made thereunder and shall not be diverted for any other purpose till the validity of its certificate of registration remains valid.

1A) Every application seeking registration under clause (a) of sub -rule (1), made before the commencement of these rules but not disposed of, shall be considered after furnishing the details of FCRA Account.

2)(a) [* * *]

b) Any person making an application for obtaining prior permission under clause (a) of sub-rule (1) shall have an FCRA Account.]

d) person seeking prior permission under this rule may open one or more accounts in one or more banks for the purpose of utilising the foreign contribution after it has been received and in all such cases intimation [[in electronic form] in form [FC-6D]] shall be furnished to the Secretary, Ministry of Home Affairs, New Delhi within fifteen days of the opening of any account.

f) A person seeking prior permission for receipt of specific amount from a specific donor for carrying out specific activities or projects mentioned in clause (c) of sub -section (4) of section 12 of the Act shall meet the following criteria, namely: -

i.) submit a specific commitment letter from the donor indicating the amount of foreign contribution and the purpose for which it is proposed to be given;

ii.) for the Indian recipient persons and foreign donor organisations having common members, prior permission shall be granted to the person subject to it satisfying the following conditions, namely: -

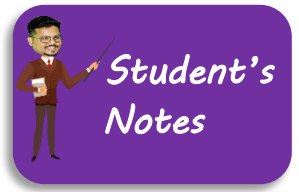
A) the chief functionary of the recipient person shall not be a part of the donor organisation;

B) seventy-five per cent. of the office-bearers or members of the governing body of the person shall not be members or employees of the foreign donor organisation;

C) in case of foreign donor organisation being a single individual that individual shall not be the chief functionary or office bearer of the recipient person; and

D) in case of a single foreign donor, seventy-five per cent. of the office bearers or members of the governing body of the recipient person shall not be the family members or close relatives of the donor.

2A) Every application for obtaining prior permission under clause (a) of sub-rule (1) made before the commencement of these rules but not disposed of, shall be considered after furnishing the details of FCRA Account.



- 3)(a) No person shall prefer a second application for registration or prior permission within a period of six months after submitting an application either for the grant of prior permission for the same project or for registration.
- 4)(a) An application made for the grant of prior permission shall be accompanied by a fee of rupees five thousand only, which shall be paid through the payment gateway specified by the Central Government.
- (b) An application made for the grant of registration shall be accompanied by a fee of rupees ten thousand only, which shall be paid through the payment gateway specified by the Central Government.
- (c) The fee may be revised by the Central Government from time to time. [***]
- 5) Notwithstanding anything contained in sub -rules (1) to (4), every application made for registration or prior permission under the Foreign Contribution (Regulation) Act, 1976 (49 of 1976) but not disposed of before the date of commencement of these rules shall be deemed to be an application for registration or prior permission, as the case may be, under these rules, subject to the condition that the applicant furnishes the prescribed fees for such registration or prior permission, as the case may be.

Amendment No.9

Rule 9A - Application for obtaining 'registration' or 'prior permission' to receive foreign contribution.

Rule 9A: Permission for receipt of foreign contribution in application for obtaining prior permission. –

If the value of foreign contribution on the date of final disposal of an application for obtaining prior permission under clause (a) of sub -rule (1) of rule 9 is over rupees one crore, the Central Government may permit receipt of foreign contribution in such instalments, as it may deem fit:

Provided that the second and subsequent instalment shall be released after submission of proof of utilisation of seventy five per cent. of the foreign contribution received in the previous instalment and after field inquiry of the utilisation of foreign contribution.

Amendment No.10

Rule 10 : Validity of certificate

(Already done in class But need to provide in this notes as it is in RTP)

Rule 10 : Validity of certificate. –

- 1) Every certificate or registration granted to a person under the Act shall be valid for a period of five years from the date of its issue.
- 2) The validity of certificate surrendered under section 14A of the Act shall be deemed to have expired on the date of acceptance of the request by the Central Government.

Amendment No.11

Rule 11 - Maintenance of accounts.

(Already done in class But need to provide in this notes as it is in RTP)

Rule 11: Maintenance of accounts.

Every person who has been granted registration or prior permission under section 12 shall maintain a separate set of accounts and records, exclusively, for the foreign contribution received and utilized

Amendment No.12

Rule 12- Renewal of registration certificate

(Already done in class But need to provide in this notes as it is in RTP)

Rule 12 Renewal of registration certificate. –

- (1) Every certificate of registration issued to a person shall be liable to be renewed after the expiry of five years from the date of its issue on proper application.
- (2) An application for renewal of the certificate of registration shall be made to the Central Government in electronic before in Form FC-3C accompanied with an affidavit executed by each office bearer, key functionary and member in Proforma 'AA' appended to these rules within six months from the date of expiry of the certificate of registration.
- 2A) Every person seeking renewal of the certificate of registration under section 16 of the Act shall open an FCRA Account and mention details of the account in his application for renewal of registration.
- 2B) Every application for renewal of the certificate of registration made under sub-rule (2) before commencement of these rules, but not disposed of, shall be considered after furnishing the details of FCRA Account.

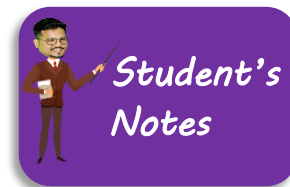
[* * *]

- (4) An application made for renewal of the certificate of registration shall be accompanied by a fee of rupees five thousand only, which shall be paid through payment gateway specified by the Central Government.
- (5) No person whose certificate of registration has ceased to exist shall either receive or utilise the foreign contribution until the certificate is renewed.
- (6) If no application for renewal of registration is received or the application is not accompanied by requisite fee before the expiry of the validity of the certificate of registration, the validity of the certificate of registration shall be deemed to have ceased from the date of completion of the period of five years from the date of the grant of certificate of registration.

Note 1: A certificate of registration granted on the 1st January, 2012 shall be valid till the 31st December, 2016 and a request for renewal of certificate of registration shall be submitted in electronic form accompanied by requisite fee after the 30th June, 2016 and within the 31st December, 2016.

Note 2: If no application is received or is not accompanied by renewal fee, the validity of the certificate of registration issued on the 1st January 2012 shall be deemed to have ceased after the 31st December, 2016 and the applicant shall neither receive nor utilise the foreign contribution until the certificate of registration is renewed.

- 6A) The amount of foreign contribution lying unutilised in the FCRA Account and utilisation account of a person whose certificate of registration is deemed to have ceased under sub-rule (6) and assets, if any, created out of the foreign contribution, shall vest with the prescribed authority under the Act until the certificate is renewed or fresh registration is granted by the Central Government.
- (7) If the validity of the certificate of registration of a person has ceased in accordance with the provisions of these rules, a fresh request for the grant of a certificate of registration may be made by the person to the Central Government as per the provisions of rule 9.



- (8) In case a person provides sufficient grounds, in writing, explaining the reasons for not submitting the certificate of registration for renewal within the stipulated time, his application may be accepted for consideration along with the requisite fee [and with late fee of Rs.5000/- (Five Thousand rupees only)], but not later than [one year] after the expiry of the original certificate of registration.

Amendment No.13

Rule 13 - Declaration of receipt of foreign contribution *(Already done in class But need to provide in this notes as it is in RTP)*

Rule 13 : Declaration of receipt of foreign contribution. –

- a) A person who has been granted a certificate of registration or prior permission shall place the audited statement of accounts on receipts and utilisation of the foreign contribution, including income and expenditure statement, receipt and payment account and balance sheet for every financial year beginning on the first day of April within nine months of the closure of the financial year on its official website or on the website as specified by the Central Government.
- b) A person receiving foreign contribution in a quarter of the financial year shall place details of foreign contribution received on its official website or on the website as specified by the Central Government within fifteen days following the last day of the quarter in which it has been received clearly indicating the details of donors, amount received and date of receipt.

Amendment No.14

Rule14 - Extent of amount that can be utilised in case of suspension of the certificate of registration.

(Already done in class But need to provide in this notes as it is in RTP)

Rule14 : Extent of amount that can be utilised in case of suspension of the certificate of registration.

The unspent amount that can be utilized in case of suspension of a certificate of registration may be as under -

- a) In case the certificate of registration is suspend under sub-section (1) of section 13 of the Act, up to twenty-five per cent of the unutilised amount may be spent, with the prior approval of the Central Government, for the declared aims and objects for which the foreign contribution was received.
- b) The remaining seventy-five per cent of the unutilised foreign contribution shall be utilised only after revocation of suspension of the certificate of registration.

Amendment No.15

Rule 15 : Custody of foreign contribution in respect of a person whose certificate has been cancelled..

(Already done in class But need to provide in this notes as it is in RTP)

If the certificate of registration of a person who has opened an FCRA Account under section 17 is cancelled, the amount of foreign contribution lying unutilised in that Account shall vest with the prescribed authority under the Act.

Amendment No.16

Rule 15A – Surrender of certificate of registration.

Rule 15A. Voluntary surrender of certificate.

Amendments for Nov. 2021

Every person who has been granted certificate of registration under section 12 of the Act may make an application in electronic form in Form FC-7 for surrender of the certificate of registration in terms of section 14A of the Act.

Amendment No.17

Rule 16-Reporting by banks of receipt of foreign contribution. *(Already done in class But need to provide in this notes as it is in RTP)*

The bank shall report to the Central Government within forty-eight hours any transaction in respect of receipt or utilisation of any foreign contribution by any person whether or not such person is registered or granted prior permission under the Act.

Amendment no.18

Rule 17 - Intimation of foreign contribution by the recipient.

Rule 17 - Intimation of foreign contribution by the recipient. –

- 1) Every person who receives foreign contribution under the Act, shall submit a signed or digitally signed report [in electronic form] in Form FC-4 with scanned copies of income and expenditure statement, receipt and payment account and balance sheet for every financial year beginning on the 1st day of April within nine months of the closure of the financial year.
- 2) The annual return in Form [FC-4] shall reflect the foreign contribution received in the exclusive bank account and include the details in respect of the funds transferred to other bank accounts for utilisation.
- 3) If the foreign contribution relates only to articles, the intimation shall be submitted in Form [FC-1].
- 4) If the foreign contribution relates to foreign securities, the intimation shall be submitted in Form [FC-1].
- 5) Every report submitted under sub-rules (2) to (4) shall be duly certified by a chartered accountant.
- 6) Every such return in Form [FC-4] shall also be accompanied by a copy of statement of account from the bank where the exclusive foreign contribution account is maintained by the person, duly certified by an officer of such bank.
- 7) The accounting statements referred to above in the preceding sub-rule shall be preserved by the person for a period of six years.
- 8) A 'Nil' report shall be furnished even if no foreign contribution is received during a financial year.

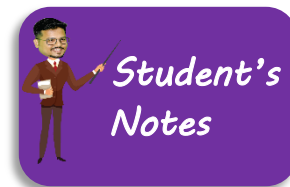
Provided that where foreign contribution has not been received or utilised during a financial year, it shall not be required to enclose certificate from Chartered Accountant or income and expenditure statement or receipt and payment account or balance sheet with Form FC-4.

Amendment No.19

Rule 17A-Change of designated bank account, name, address, aims, objectives or Key members of the association.

A person who has been granted a certificate of registration under section 12 or prior permission under section 11 of the Act shall intimate in electronic form within fifteen days, of any change in the following, namely: -

- i} name of the association or its address within the State for which registration/prior permission has been granted under the Act [in Form FC-6A;



- ii} its nature, aims and objects and registration with local/relevant authorities [in Form FC- 6B;
- iii} bank and/or branch of the bank and/or designated foreign contribution account number [in Form FC-6C]; [***]
- iiia} bank and/or branch of the bank for the purpose of utilising the foreign contribution after it has been received in Form FC-6D; and
- iv} office bearers or key functionaries or members mentioned in the application for grant of registration or prior permission or renewal of registration, as the case may be, in Form FC-6E.

Provided that the change shall be effective only after final approval by the Central Government

Amendment No.20

Rule 18 -Foreign contribution received by a candidate for election

Foreign contribution received by a candidate for election, referred to in section 21, shall be furnished in Form [FC-1] [in electronic form] within forty-five days from the date on which he is duly nominated as a candidate for election.

Amendment No.21

Rule 19 - Limit to which a judicial officer, not below the rank of an Assistant Sessions Judge may make adjudication or order confiscation

An officer referred in clause (b) of sub-section (1) of section 29 may adjudge confiscation in relation to any article or currency seized under section 25, if the value of such article or the amount of such currency seized does not exceed Rs.10,000,000/- (Ten Lakh only).

Amendment No.22

Rule 20 - Revision

An application for revision of an order passed by the competent authority under section 32 of the Act shall be made to the Secretary, Ministry of Home Affairs, Government of India, New Delhi on a plain paper and it shall be accompanied by a fee of rupees three thousand only, which shall be paid through the payment gateway specified by the Central Government.]

Amendment No.23

Rule 21 - Compounding of offence.

An application for compounding of an offence under section 41 may be made to the Secretary, Ministry of Home Affairs, New Delhi in electronic form and shall be accompanied by fee of rupees three thousand only, which shall be paid through the payment gateway specified by the Central Government.

Amendment No.24

Rule 22- Returns by the Investigating Agency to the Central Government.

The Central Bureau of Investigation or any other Government investigating agency that conducts any investigation under the Act shall furnish reports to the Central Government on a quarterly basis, indicating the status of each case that was entrusted to it, including information regarding the case number, date of registration, date of filing charge sheet, court before which it has been filed, progress of trial, date of judgment and the conclusion of each case.

Amendment No.25

Rule 23- Authority to whom an application or intimation to be sent.

Any information or intimation about political or speculative activities of a person as mentioned in rule 3 or rule 4, shall be furnished to the Secretary to the Government of India in the Ministry of Home Affairs, New Delhi. Such information or intimation shall be sent by registered post [or in electronic form].

Amendment No.26

Rule 24- Omitted

~~Rule 24 of the Foreign Contribution (Regulation) Rules, 2011 prescribes procedure for transferring foreign contribution to other registered or unregistered persons~~

Insolvency & Bankruptcy Code, 2016

Amendment No.1

Sec.4 : Application of part II of code.

Application of this Part II of the Code After the given proviso in the said section, the following proviso shall be inserted, namely:—

“Provided further that the Central Government may, by notification, specify such minimum amount of default of higher value, which shall not be more than one crore rupees, for matters relating to the prepackaged insolvency resolution process of corporate debtors under Chapter III-A.”.

Amendment No.2

Sec.5 : Definitions

Definitions covered under this part of the Code.

- i. after clause (2), the following clause shall be inserted, namely: —
‘(2A) “base resolution plan” means a resolution plan provided by the corporate debtor under clause (c) of sub-section (4) of section 54A;’;
- ii. in clause (5), in sub-clause (b), after the words “corporate insolvency resolution process”, the words “or the pre-packaged insolvency resolution process, as the case may be,” shall be inserted;
- iii. in clause (11), after the words “corporate insolvency resolution process”, the words “or prepackaged insolvency resolution process, as the case may be” shall be inserted;
- iv. in clause (15), after the words, “process period”, the words “or by the corporate debtor during the pre-packaged insolvency resolution process period, as the case may be,” shall be inserted;
- v. in clause (19), after the words “for the purposes of”, the words and figures “Chapter VI and” shall be inserted;
- vi. after clause (23), the following clauses shall be inserted, namely: —
(23A) “preliminary information memorandum” means a memorandum submitted by the corporate debtor under clause (b) of sub-section (1) of section 54G;
(23B) “pre-packaged insolvency commencement date” means the date of admission of an application for initiating the pre-packaged insolvency resolution process by the Adjudicating Authority under clause (a) of sub-section (4) of section 54C;

(23C) “pre-packaged insolvency resolution process costs” means—

- (d) the amount of any interim finance and the costs incurred in raising such finance;
- (e) the fees payable to any person acting as a resolution professional and any expenses incurred by him for conducting the pre-packaged insolvency resolution process during the prepackaged insolvency resolution process period, subject to sub-section (6) of section 54F;
- (f) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern pursuant to an order under sub-section (2) of section 54J;
- (g) any costs incurred at the expense of the Government to facilitate the pre- packaged insolvency resolution process; and
- (h) any other costs as may be specified;

(23D) “pre-packaged insolvency resolution process period” means the period beginning from the pre-packaged insolvency commencement date and ending on the date on which an order under sub-section (1) of section 54L, or sub- section (1) of section 54N, or sub-section (2) of section 54-O, as the case may be, is passed by the Adjudicating Authority;’;

- vii. in clause (25), after the words, brackets and figures “of sub-section (2) of section 25”, the words, figures and letter “or pursuant to section 54K, as the case may be” shall be inserted;
- viii. in clause (27), after the words “corporate insolvency resolution process”, the words “or the prepackaged insolvency resolution process (PPIRP), as the case may be,” shall be inserted.

Amendment No.3
Section 11- Persons not entitled to make application.

- i. in clause (a), after the words “corporate insolvency resolution process”, the words “or a prepackaged insolvency resolution process” shall be inserted;
- ii. after clause (a), the following clause shall be inserted, namely:—
 “(aa) a financial creditor or an operational creditor of a corporate debtor undergoing a prepackaged insolvency resolution process; or”;
- iii. after clause (b), the following clause shall be inserted, namely:—
 “(ba) a corporate debtor in respect of whom a resolution plan has been approved under Chapter III-A, twelve months preceding the date of making of the application; or”.

Amendment No.4
Section 11A (new inserted)

- 1) Where an application filed under section 54C is pending, the Adjudicating Authority shall pass applications under section an order to admit or reject such application, before 54C and under considering any application filed under section 7 or section 7 or section 9 or section 10 during the pendency of such section 9 or application under section 54C, in respect of the same section 10. corporate debtor.
- 2) Where an application under section 54C is filed within fourteen days of filing of any application under section 7 or section 9 or section 10, which is pending, in respect of the same corporate debtor, then, notwithstanding anything contained in sections 7, 9 and 10, the Adjudicating Authority shall first dispose of the application under section 54C.

Amendments for Nov. 2021

- 3) Where an application under section 54C is filed after fourteen days of the filing of any application under section 7 or section 9 or section 10, in respect of the same corporate debtor, the Adjudicating Authority shall first dispose of the application under sections 7, 9 or 10.
- 4) The provisions of this section shall not apply where an application under section 7 or section 9 or section 10 is filed and pending as on the date of the commencement of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021.”.

Amendment No.5

Section 33- initiation of liquidation

In section 33 of the principal Act, which deals with the initiation of liquidation, in sub- section (3), after the words, “approved by the Adjudicating Authority”, the words, figures, brackets and letter “under section 31 or under sub-section (1) of section 54L,” shall be inserted.

Amendment No.6

Section 34- Appointment of liquidator and fee to be paid.

In section 34 of the principal Act, in sub-section (1), after the words and figures, “under Chapter II”, the words, figures and letter “or for the pre-packaged insolvency resolution process under Chapter III-A” shall be inserted.

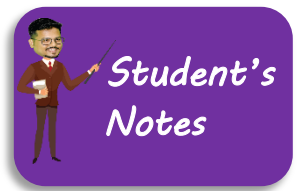
CHAPTER III-A

PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS

Amendment No.7

Sec.54A: Corporate debtors eligible for pre-packaged insolvency resolution process.

- 1) An application for initiating pre-packaged insolvency resolution process may be made in respect of a corporate debtor classified as a micro, small or medium enterprise under sub- section (1) of section 7 of the Micro, Small and Medium Enterprises Development 27 of 2006. Act, 2006.
- 2) Without prejudice to sub-section (1), an application for initiating pre-packaged insolvency resolution process may be made in respect of a corporate debtor, who commits a default referred to in section 4, subject to the following conditions, that—
 - a) it has not undergone pre-packaged insolvency resolution process or completed corporate insolvency resolution process, as the case may be, during the period of three years preceding the initiation date;
 - b) it is not undergoing a corporate insolvency resolution process;
 - c) no order requiring it to be liquidated is passed under section 33;
 - d) it is eligible to submit a resolution plan under section 29A;
 - e) the financial creditors of the corporate debtor, not being its related parties, representing such number and such manner as may be specified, have proposed the name of the insolvency professional to be appointed as resolution professional for conducting the pre- packaged insolvency resolution process of the corporate debtor, and the financial creditors of the corporate debtor, not being its related parties, representing not less than sixty -six per cent. in value of the financial debt due to such creditors, have approved such proposal in such form as may be specified:



Provided that where a corporate debtor does not have any financial creditors, not being its related parties, the proposal and approval under this clause shall be provided by such persons as may be specified;

- f) the majority of the directors or partners of the corporate debtor, as the case may be, have made a declaration, in such form as may be specified, stating, inter alia, —
 - i. that the corporate debtor shall file an application for initiating pre-packaged insolvency resolution process within a definite time period not exceeding ninety days;
 - ii. that the pre-packaged insolvency resolution process is not being initiated to defraud any person; and
 - iii. the name of the insolvency professional proposed and approved to be appointed as resolution professional under clause (e);
 - g) the members of the corporate debtor have passed a special resolution, or at least three - fourth of the total number of partners, as the case may be, of the corporate debtor have passed a resolution, approving the filing of an application for initiating pre-packaged insolvency resolution process.
- 3) The corporate debtor shall obtain an approval from its financial creditors, not being its related parties, representing not less than sixty-six per cent. in value of the financial debt due to such creditors, for the filing of an application for initiating pre-packaged insolvency resolution process, in such form as may be specified:**
- Provided that where a corporate debtor does not have any financial creditors, not being its related parties, the approval under this sub-section shall be provided by such persons as may be specified.
- 4) Prior to seeking approval from financial creditors under sub-section (3), the corporate debtor shall provide such financial creditors with —**
- a) the declaration referred to in clause (f) of sub-section (2);
 - b) the special resolution or resolution referred to in clause (g) of sub-section (2);
 - c) a base resolution plan which conforms to the requirements referred to in section 54K, and such other conditions as may be specified; and
 - d) such other information and documents as may be specified.

Amendment No.8
Sec.54B: Duties of resolution professional before initiation of pre-packaged insolvency resolution process.

- 1) The insolvency professional, proposed to be appointed as the resolution professional, shall have the following duties commencing from the date of the approval under clause (e) of sub-section (2) of section 54A, namely:—**
 - a) prepare a report in such form as may be specified, confirming whether the corporate debtor meets the requirements of section 54A, and the base resolution plan conforms to the requirements referred to in clause (c) of sub-section (4) of section 54A;
 - b) file such reports and other documents, with the Board, as may be specified; and
 - c) perform such other duties as may be specified.
- 2) The duties of the insolvency professional under sub-section (1) shall cease, if, -**
 - a) the corporate debtor fails to file an application for initiating pre-packaged insolvency resolution process within the time period as stated under the declaration referred to in clause (f) of subsection (2) of section 54A; or

Amendments for Nov. 2021

- b) the application for initiating pre-packaged insolvency resolution process is admitted or rejected by the Adjudicating Authority, as the case may be.
- 3) The fees payable to the insolvency professional in relation to the duties performed under sub-section (1) shall be determined and borne in such manner as may be specified and such fees shall form part of the prepackaged insolvency resolution process costs, if the application for initiation of pre-packaged insolvency resolution process is admitted.

Amendment No.9

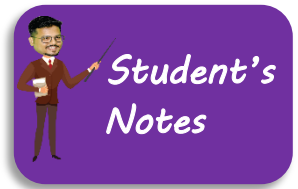
Sec.54C: Application to initiate pre-packaged insolvency resolution process.

- 1) Where a corporate debtor meets the requirements of section 54A, a corporate applicant thereof may file an application with the Adjudicating insolvency Authority for initiating pre- packaged insolvency resolution resolution process.
- 2) The application under sub-section (1) shall be filed in such form, containing such particulars, in such manner and accompanied with such fee as may be prescribed.
- 3) The corporate applicant shall, along with the application, furnish—
- a) the declaration, special resolution or resolution, as the case may be, and the approval of financial creditors for initiating pre-packaged insolvency resolution process in terms of section 54A;
 - b) the name and written consent, in such form as may be specified, of the insolvency professional proposed to be appointed as resolution professional, as approved under clause (e) of sub-section (2) of section 54A, and his report as referred to in clause (a) of sub-section (1) of section 54B;
 - c) a declaration regarding the existence of any transactions of the corporate debtor that may be within the scope of provisions in respect of avoidance of transactions under Chapter II or fraudulent or wrongful trading under Chapter VI, in such form as may be specified;
 - d) information relating to books of account of the corporate debtor and such other documents relating to such period as may be specified.
- 4) The Adjudicating Authority shall, within a period of fourteen days of the receipt of the application, by an order,—
- a) admit the application, if it is complete; or
 - b) reject the application, if it is incomplete:
- Provided that the Adjudicating Authority shall, before rejecting an application, give notice to the applicant to rectify the defect in the application within seven days from the date of receipt of such notice from the Adjudicating Authority.
- 5) The pre-packaged insolvency resolution process shall commence from the date of admission of the application under clause (a) of sub-section (4).

Amendment No.10

Sec.54D: Time-limit for completion of pre-packaged insolvency resolution process.

- 1) The pre-packaged insolvency resolution process shall be completed within a period of one hundred and twenty days from the pre-packaged insolvency commencement date.
- 2) Without prejudice to sub-section (1), the resolution professional shall submit the resolution plan, as approved by the committee of creditors, to the Adjudicating Authority under sub-section (4) or subsection (12), as the case



may be, of section 54K, within a period of ninety days from the pre-packaged insolvency commencement date.

- 3) Where no resolution plan is approved by the committee of creditors within the time period referred to in sub-section (2), the resolution professional shall, on the day after the expiry of such time period, file an application with the Adjudicating Authority for termination of the pre-packaged insolvency resolution process in such form and manner as may be specified.

Amendment No.11

Sec.54E: Declaration of moratorium and public announcement during pre-packaged insolvency resolution process

- 1) The Adjudicating Authority shall, on the pre-packaged insolvency commencement date, along with the order of admission under section 54C —
 - a) declare a moratorium for the purposes referred to in sub-section (1) read with sub-section (3) of section 14, which shall, mutatis mutandis apply, to the proceedings under this Chapter;
 - b) appoint a resolution professional —
 - i. as named in the application, if no disciplinary proceeding is pending against him; or
 - ii. based on the recommendation made by the Board, if any disciplinary proceeding is pending against the insolvency professional named in the application.
 - c) cause a public announcement of the initiation of the pre-packaged insolvency resolution process to be made by the resolution professional, in such form and manner as may be specified, immediately after his appointment.
- 2) The order of moratorium shall have effect from the date of such order till the date on which the prepackaged insolvency resolution process period comes to an end.

Amendment No.12

Sec.54F: Duties and powers of resolution professional during pre-packaged insolvency resolution process.

- 1) The resolution professional shall conduct the pre-packaged insolvency resolution process of a corporate debtor during the pre-packaged insolvency resolution process period.
- 2) The resolution professional shall perform the following duties, namely:—
 - a. confirm the list of claims submitted by the corporate debtor under section 54G, in such manner as may be specified;
 - b. inform creditors regarding their claims as confirmed under clause (a), in such manner as may be specified;
 - c. maintain an updated list of claims, in such manner as may be specified;
 - d. monitor management of the affairs of the corporate debtor;
 - e. inform the committee of creditors in the event of breach of any of the obligations of the Board of Directors or partners, as the case may be, of the corporate debtor, under the provisions of this Chapter and the rules and regulations made thereunder;
 - f. constitute the committee of creditors and convene and attend all its meetings;

- g. prepare the information memorandum on the basis of the preliminary information memorandum submitted under section 54G and any other relevant information, in such form and manner as may be specified;
 - h. file applications for avoidance of transactions under Chapter III or fraudulent or wrongful trading under Chapter VI, if any; and
 - i. such other duties as may be specified.
- 3) The resolution professional shall exercise the following powers, namely:—
- a) access all books of accounts, records and information available with the corporate debtor;
 - b) access the electronic records of the corporate debtor from an information utility having financial information of the corporate debtor;
 - c) access the books of accounts, records and other relevant documents of the corporate debtor available with Government authorities, statutory auditors, accountants and such other persons as may be specified;
 - d) attend meetings of members, Board of Directors and committee of directors, or partners, as the case may be, of the corporate debtor;
 - e) appoint accountants, legal or other professionals in such manner as may be specified;
 - f) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor and the existence of any transactions that may be within the scope of provisions relating to avoidance of transactions under Chapter III or fraudulent or wrongful trading under Chapter VI, including information relating to —
 - i. business operations for the previous two years from the date of pre-packaged insolvency commencement date;
 - ii. financial and operational payments for the previous two years from the date of prepackaged insolvency commencement date;
 - iii. list of assets and liabilities as on the initiation date; and
 - iv. such other matters as may be specified;
 - g) take such other actions in such manner as may be specified.
- 4) From the date of appointment of the resolution professional, the financial institutions maintaining accounts of the corporate debtor shall furnish all information relating to the corporate debtor available with them to the resolution professional, as and when required by him.
- 5) The personnel of the corporate debtor, its promoters and any other person associated with the management of the corporate debtor shall extend all assistance and cooperation to the resolution professional as may be required by him to perform his duties and exercise his powers, and for such purposes, the provisions of sub-sections (2) and (3) of section 19 shall, mutatis mutandis apply, in relation to the proceedings under this Chapter.
- 6) The fees of the resolution professional and any expenses incurred by him for conducting the prepackaged insolvency resolution process shall be determined in such manner as may be specified:
 Provided that the committee of creditors may impose limits and conditions on such fees and expenses:
 Provided further that the fees and expenses for the period prior to the constitution of the committee of creditors shall be subject to ratification by it.
- 7) The fees and expenses referred to in sub-section (6) shall be borne in such manner as may be specified.

Amendments for Nov. 2021

on the list of claims confirmed under clause (a) of sub-section (2) of section 54F:

Provided that the composition of the committee of creditors shall be altered on the basis of the updated list of claims, in such manner as may be specified, and any such alteration shall not affect the validity of any past decision of the committee of creditors.

- 2) The first meeting of the committee of creditors shall be held within seven days of the constitution of the committee of creditors.
- 3) Provisions of section 21, except sub-section (1) thereof, shall, mutatis mutandis apply, in relation to the committee of creditors under this Chapter: Provided that for the purposes of this sub-section, references to the “resolution professional” under subsections (9) and (10) of section 21, shall be construed as references to “corporate debtor or the resolution professional”.

Amendment No.16

Sec.54J: Vesting management of corporate debtor with resolution professional

- 1) Where the committee of creditors, at any time during the pre-packaged insolvency resolution corporate process, by a vote of not less than sixty-six per cent. of the voting shares, resolves to vest the management of the corporate debtor with the resolution professional, the resolution professional shall make an application for this purpose to the Adjudicating Authority, in such form and manner as may be specified.
- 2) On an application made under sub-section (1), if the Adjudicating Authority is of the opinion that during the pre-packaged insolvency resolution process—
 - a) the affairs of the corporate debtor have been conducted in a fraudulent manner; or
 - b) there has been gross mismanagement of the affairs of the corporate debtor, it shall pass an order vesting the management of the corporate debtor with the resolution professional.
- 3) Notwithstanding anything to the contrary contained in this Chapter, the provisions of —
 - a) sub-sections (2) and (2A) of section 14;
 - b) section 17;
 - c) clauses (e) to (g) of section 18;
 - d) sections 19 and 20;
 - e) sub-section (1) of section 25;
 - f) clauses (a) to (c) and clause (k) of sub-section (2) of section 25; and
 - g) section 28,

shall, mutatis mutandis apply, to the proceedings under this Chapter, from the date of the order under subsection (2), until the pre-packaged insolvency resolution process period comes to an end.

Amendment No.17

Sec.54K : Consideration and approval of resolution plan

- 1) The corporate debtor shall submit the base resolution plan, referred to in clause (c) of sub-section (4) of section 54A, to the resolution professional within two days of the pre- packaged insolvency commencement date, and the resolution professional shall present it to the committee of creditors.
- 2) The committee of creditors may provide the corporate debtor an opportunity to revise the base resolution plan prior to its approval under sub-section (4) or

professional shall file an application for termination of the pre-packaged insolvency resolution process in such form and manner as may be specified.

13) The approval of the resolution plan under sub-section (4) or sub-section (12), as the case may be, by the committee of creditors, shall be by a vote of not less than sixty-six per cent. of the voting shares, after considering its feasibility and viability, the manner of distribution proposed, taking into account the order of priority amongst creditors as laid down in sub-section (1) of section 53, including the priority and value of the security interest of a secured creditor and such other requirements as may be specified.

14) While considering the feasibility and viability of a resolution plan, where the resolution plan submitted by the corporate debtor provides for impairment of any claims owed by the corporate debtor, the committee of creditors may require the promoters of the corporate debtor to dilute their shareholding or voting or control rights in the corporate debtor:

Provided that where the resolution plan does not provide for such dilution, the committee of creditors shall, prior to the approval of such resolution plan under sub-section (4) or sub-section (12), as the case may be, record reasons for its approval.

15) The resolution professional shall submit the resolution plan as approved by the committee of creditors under sub-section (4) or sub-section (12), as the case may be, to the Adjudicating Authority.

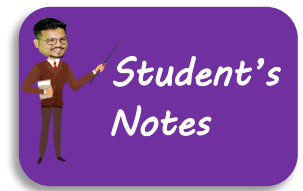
Explanation I.—For the removal of doubts, it is hereby clarified that, the corporate debtor being a resolution applicant under clause (25) of section 5, may submit the base resolution plan either individually or jointly with any other person.

Explanation II.—For the purposes of sub-sections (4) and (14), claims shall be considered to be impaired where the resolution plan does not provide for the full payment of the confirmed claims as per the updated list of claims maintained by the resolution professional.

Amendment No.18

Sec.54L : Approval of resolution plan

- 1)** If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (4) or sub-section (12) of section 54K, as the case may be, subject to the conditions provided therein, meets the requirements as referred to in sub-section (2) of section 30, it shall, within thirty days of the receipt of such resolution plan, by order approve the resolution plan:
- 2)** Provided that the Adjudicating Authority shall, before passing an order for approval of a resolution plan under this sub-section, satisfy itself that the resolution plan has provisions for its effective implementation.
- 3)** The order of approval under sub-section (1) shall have such effect as provided under sub-sections (1), (3) and (4) of section 31, which shall, mutatis mutandis apply, to the proceedings under this Chapter.
- 4)** Where the Adjudicating Authority is satisfied that the resolution plan does not conform to the requirements referred to in sub-section (1), it may, within thirty days of the receipt of such resolution plan, by an order, reject the resolution plan and pass an order under section 54N.
- 5)** Notwithstanding anything to the contrary contained in this section, where the Adjudicating Authority has passed an order under sub-section (2) of section 54J and the resolution plan approved by the committee of creditors under



sub-section (4) or subsection (12), as the case may be, of section 54K, does not result in the change in the management or control of the corporate debtor to a person who was not a promoter or in the management or control of the corporate debtor, the Adjudicating Authority shall pass an order —

- a) rejecting such resolution plan;
- b) terminating the pre-packaged insolvency resolution process and passing a liquidation order in respect of the corporate debtor as referred to in subclauses (i), (ii) and (iii) of clause (b) of sub-section (1) of section 33; and
- c) declaring that the pre-packaged insolvency resolution process costs, if any, shall be included as part of the liquidation costs for the purposes of liquidation of the corporate debtor.

Amendment No.19

Sec.54M: Appeal against order under section 54L

54M. Any appeal from an order approving the resolution plan under sub-section (1) of section 54L, shall be on the grounds laid down in sub-section (3) of section 61.

Amendment No.20

Sec.54N: Termination of pre-packaged insolvency resolution process.

- 1) Where the resolution professional files an application with the Adjudicating Authority,—
 - a) under the proviso to sub-section (12) of section 54K; or
 - b) under sub-section (3) of section 54D, the Adjudicating Authority shall, within thirty days of the date of such application, by an order, —
 - i. terminate the pre-packaged insolvency resolution process; and
 - ii. provide for the manner of continuation of proceedings initiated for avoidance of transactions under Chapter III or proceedings initiated under section 66 and section 67A, if any.
- 2) Where the resolution professional, at any time after the pre-packaged insolvency commencement date, but before the approval of resolution plan under subsection (4) or sub - section (12), as the case may be, of section 54K, intimates the Adjudicating Authority of the decision of the committee of creditors, approved by a vote of sixty-six per cent. of the voting shares, to terminate the pre-packaged insolvency resolution process, the Adjudicating Authority shall pass an order under sub-section (1).
- 3) Where the Adjudicating Authority passes an order under sub-section (1), the corporate debtor shall bear the pre-packaged insolvency resolution process costs, if any.
- 4) Notwithstanding anything to the contrary contained in this section, where the Adjudicating Authority has passed an order under sub-section (2) of section 54J and the pre-packaged insolvency resolution process is required to be terminated under sub-section (1), the Adjudicating Authority shall pass an order —
 - a) of liquidation in respect of the corporate debtor as referred to in subclauses (i), (ii) and (iii) of clause (b) of sub-section (1) of section 33; and
 - b) declare that the pre-packaged insolvency resolution process costs, if any, shall be included as part of the liquidation costs for the purposes of liquidation of the corporate debtor.

Amendment No.21

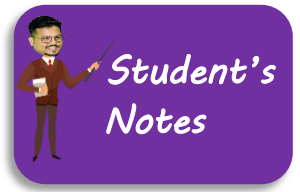
Sec.54 O: Initiation of corporate insolvency resolution process.

- 1) The committee of creditors, at any time after the pre-packaged insolvency commencement date but before the approval of resolution plan under sub-section (4) or sub-section (12), as the case may be, of section 54K, by a vote of 66% of the voting shares, may resolve to initiate a corporate insolvency resolution process in respect of the corporate debtor, if such corporate debtor is eligible for corporate insolvency resolution process under Chapter II.
- 2) Notwithstanding anything to the contrary contained in Chapter II, where the resolution professional intimates the Adjudicating Authority of the decision of the committee of creditors under sub-section (1), the Adjudicating Authority shall, within thirty days of the date of such intimation, pass an order to —
 - a) terminate the pre-packaged insolvency resolution process and initiate corporate insolvency resolution process under Chapter II in respect of the corporate debtor;
 - b) appoint the resolution professional referred to in under clause (b) of sub-section (1) of section 54E as the interim resolution professional, subject to submission of written consent by such resolution professional to the Adjudicating Authority in such form as may be specified; and
 - c) declare that the pre-packaged insolvency resolution process costs, if any, shall be included as part of insolvency resolution process costs for the purposes of the corporate insolvency resolution process of the corporate debtor.
- 3) Where the resolution professional fails to submit written consent under clause (b) of sub-section (2), the Adjudicating Authority shall appoint an interim resolution professional by making a reference to the Board for recommendation, in the manner as provided under section 16.
- 4) Where the Adjudicating Authority passes an order under sub-section (2) —
 - a) such order shall be deemed to be an order of admission of an application under section 7 and shall have the same effect;
 - b) the corporate insolvency resolution process shall commence from the date of such order;
 - c) the proceedings initiated for avoidance of transactions under Chapter III or proceedings initiated under section 66 and section 67A, if any, shall continue during the corporate insolvency resolution process;
 - d) for the purposes of sections 43, 46 and 50, references to “insolvency commencement date” shall mean “pre-packaged insolvency commencement date”; and
 - e) in computing the relevant time or the period for avoidable transactions, the time-period for the duration of the pre-packaged insolvency resolution process shall also be included, notwithstanding anything to the contrary contained in sections 43, 46 and 50.

Amendment No.22

Sec.54P : Application of provisions of Chapters II, III, VI, and VII to this Chapter

- 1) Save as provided under this Chapter, sections 24, 25A, 26, 27, 28, 29A, 32A, 43 to 51, and the provisions of Chapters VI and VII of this VI, and VII to Part shall, mutatis mutandis apply, to the pre-packaged insolvency resolution process, subject to the following, namely:—



- a) reference to “members of the suspended Board of Directors or the partners” under clause of sub-section (3) of section 24 shall be construed as reference to “members of the Board of Directors or the partners, unless an order has been passed by the Adjudicating Authority under section 54J”;
 - b) reference to “clause (j) of sub-section (2) of section 25” under section 26 shall be construed as reference to “clause (h) of sub-section (2) of section 54F”;
 - c) reference to “section 16” under section 27 shall be construed as reference to “section 54E”;
 - d) reference to “resolution professional” in sub-sections (1) and (4) of section 28 shall be construed as “corporate debtor”;
 - e) reference to “section 31” under sub-section (3) of section 61 shall be construed as reference to “sub-section (1) of section 54L”;
 - f) reference to “section 14” in sub-sections (1) and (2) of section 74 shall be construed as reference to “clause (a) of sub-section (1) of section 54E”;
 - g) reference to “section 31” in sub-section (3) of section 74 shall be construed as reference to “sub-section (1) of section 54L”.
- 2) Without prejudice to the provisions of this Chapter and unless the context otherwise requires, where the provisions of Chapters II, III, VI and VII are applied to the proceedings under this Chapter, references to —
- a) “insolvency commencement date” shall be construed as references to “pre-packaged insolvency commencement date”;
 - b) “resolution professional” or “interim resolution professional”, as the case may be, shall be construed as references to the resolution professional appointed under this Chapter;
 - c) “corporate insolvency resolution process” shall be construed as references to “pre-packaged insolvency resolution process”; and
 - d) “insolvency resolution process period” shall be construed as references to “pre-packaged insolvency resolution process period.”.

Vide Notification S.O. 4638 (E) [F. NO. 30/33/2020-INSOLVENCY], dated 22-12-2020 In exercise of the powers conferred by section 10A of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Central Government hereby extended the period of suspension of insolvency proceedings by further period of 3 months from the 25th December, 2020, for the purposes of the said section.

Vide MCA Notification S.O.1543(E) dated 9th April, 2021, in exercise of the powers conferred by the second proviso to section 4 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), as amended by the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021, the Central Government hereby specifies Rs.10 lacs as the minimum amount of default for the matters relating to the pre-packaged insolvency resolution process of corporate debtor under Chapter III -A of the Code.