CHANDHIOK & MAHAJAN
ADVOCATES AND SOLICITORS

COVID-19: CONSOLIDATED LIST OF REGULATORY RELAXATIONS AND UPDATES

Note: The content of this update is based on the information available on the official websites of: (a) Ministry of Corporate Affairs ("**MCA**"); (b) Securities and Exchange Board of India ("**SEBI**"); (c) Reserve Bank of India ("**RBI**"); and (d) Ministry of Labour and Employment, till 28 March 2020.

I. MCA

Update #1- MCA, under its News & Important Updates section, considering the need to take precautionary steps to overcome the outbreak of the COVID-19, came out with a notice to in-principle relax the requirement of holding Board meetings with physical presence of directors under Section 173 (2) of the Companies Act, 2013, read with Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014, for approval of the annual financial statements, Board's report, etc. Such meetings may till 30 June 2020 be held through video conferencing or other audio-visual means by duly ensuring compliance of Rule 3 of the said Companies (Meetings of Board and its Powers) Rules, 2014.

Update #2- Further to the above Update #1, MCA has amended Companies (Meetings of Board and its Powers) Rules, 2014, vide its notification dated 19 March 2020 and has inserted sub rule (2) with respect to holding board meeting through video conferencing or other audio-visual means for restricted matters specified in Rule 4 (1), i.e:

1. the approval of the annual financial statements;
2. the approval of the Board's report;
3. the approval of the prospectus;
4. the Audit Committee Meetings for consideration of financial statement including consolidated financial statement if any, to be approved by the board under sub-section (1) of section 134 of the Act; and
5. the approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.

even when the quorum is not present through physical presence of directors, up-to 30 June 2020.

Update #3- MCA has deployed a simple web form for companies/LLPs to confirm their readiness to deal with the COVID-19 threat and to generate greater awareness and confidence on our state of readiness. The web form named CAR (Company Affirmation of Readiness towards COVID-19) should be filed by an authorized signatory of Companies & LLPs. Further, MCA under its News & Important Updates section, notified that CAR is a simple web form with minimum fields and which can be filed from anywhere. There is no requirement of Digital Signature Certificate and does not involve payment of any fee. Companies/LLPs have been advised to use the service w.e.f 23 March 2020 onwards at the earliest convenience. As such no penalty or enforcement related action is applicable. Stakeholders may at their convenience file this form. It is purely voluntary as part of our contribution towards joining the movement to fight against the spread of the disease.

Update #4- MCA vide its General Circular no. 10/2020 dated 23 March 2020 notified clarification on spending Corporate Social Responsibility ("**CSR**") funds for COVID-19. Keeping in view the spread of COVID-19 in India, its declaration as pandemic by the World Health Organisation and, decision of Government of India to treat this as a notified disaster, MCA clarified that spending of CSR funds for COVID-19 is eligible CSR activity.
Further, MCA has also clarified that funds may be spent for various activities related to COVID-19 under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013, relating to promotion of health care, including preventive health care, sanitation and disaster management. Further, as per General Circular no. 21/2014 dated 18 June 2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose.

Update #5- MCA vide its Office Memorandum (eF. No. CSR-05/1/2020-CSR-MCA) dated 28 March 2020 has notified clarification on contribution to "PM CARES Fund" as eligible CSR activity under item no. (viii) of the Schedule VII of Companies Act, 2013.

Item no. (viii) of the Schedule VII of the Companies Act, 2013, which enumerates activities that may be undertaken by companies in discharge of their CSR obligations, inter alia provides that contribution to any fund set up by the Central Government for socio-economic development and relief qualifies as CSR expenditure. The PM CARES Fund has been set up to provide relief to those affected by any kind of emergency or distress situation. Accordingly, it is clarified that any contribution made to the PM CARES Fund shall qualify as CSR expenditure under the Companies Act, 2013.

Update #6- MCA vide General Circular no. 11/ 2020 dated 24 March 2020 in order to support and enable Companies and Limited Liability Partnerships ("**LLPs**") in India to focus on taking necessary measures to address the COVID-19 threat, including the economic disruptions caused by it, the following measures have been implemented and the following relaxations have been made by MCA to reduce their compliance burden and other risks:

1. No additional fees shall be charged for late filing during a moratorium period from 01 April to 30 September 2020 in respect of any document, return, statement etc., required to be filed in the MCA21 Registry, irrespective of its due date, which will not only reduce the compliance burden, including financial burden of companies/ LLPs at large, but also enable long-standing non-compliant companies/ LLPs to make a 'fresh start'.

2. The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in Section 173 of the Companies Act, 2013 (120 days) stands extended by a period of 60 days till next two quarters i.e., till 30 September 2020. Accordingly, as a one-time relaxation the gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters, instead of 120 days as required in the Companies Act, 2013.

3. The Companies (Auditor's Report) Order, 2020, shall be made applicable from the financial year 2020-2021 instead of being applicable from the financial year 2019-2020 as notified earlier.

4. For the financial year 2019-20, if the Independent Directors ("**IDs**") of a company have not been able to hold at least one meeting without the attendance of Non-independent directors and members of management, the same shall not be viewed as a violation under Schedule IV to the Companies Act, 2013. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.
   Note: SEBI has not given any relaxation, till yet, on holding of separate ID meeting as required under Regulation 25(3) of SEBI (Listing Obligation and Disclosure Requirements), 2015.

5. Requirement under Section 73(2)(c) of the Companies Act, 2013, to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30 April 2020 shall be allowed to be complied with till 30 June 2020.

6. Requirement under Rule 18 of the Companies (Share Capital & Debentures) Rules, 2014, to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30 April 2020 may be complied with till 30th June 2020.

7. Newly incorporated companies are required to file a declaration for Commencement of Business within 180 days of incorporation under Section 10A of the Companies Act, 2013. An additional period of 180 more days has been allowed for this compliance.

8. Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the Companies Act, 2013, shall not be treated as a non-compliance for the financial year 2019-20.

Update #7- MCA, under its News & Important Updates section, informed that in view of present total lockdown imposed on transport and people movement by the Government, availability of MCA21 Voice and Ticketing Helpdesk services have been severely impacted. The same would not be available till further notice. Further, View Public Document (VPD) requests would be disabled till 31 March 2020. Stakeholders have been requested to plan accordingly.

II. SEBI

Update #8 – SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated 19 March 2020 ("**Circular**") (to come into force with immediate effect), has notified relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") due to the COVID -19 pandemic.

The timelines for certain filings as required under the provisions of the SEBI LODR are extended, as follows:

A. Extension of timeline for filings:

S. No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020		
		Frequency	Due within	Due Date	Extended Date	Period of relaxation
1.	Regulation 7(3) relating to compliance certificate on share transfer facility	Half yearly	One month of the end of each half of the financial year	30 April 2020	31 May 2020	1 month
2.	Regulation 13(3) relating to Statement of Investor complaints	Quarterly	21 days from the end of each quarter	21 April 2020	15 May 2020	3 weeks (approx)
3.	Regulation 24A read with circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 relating to Secretarial Compliance report	Yearly	60 days from the end of the financial year	30 May 2020	30 June 2020	1 month
4.	Regulation 27(2) relating to Corporate Governance report	Quarterly	15 days from the end of the quarter	15 April 2020	15 May 2020	1 month
5.	Regulation 31 relating to Shareholding Pattern	Quarterly	21 days from the end of the quarter	21 April 2020	15 May 2020	3 weeks (approx)

S. No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020		
		Frequency	Due within	Due Date	Extended Date	Period of relaxation
6.	Regulation 33 relating to Financial Results	Quarterly/Annual	(i) 45 days from the end of the quarter for quarterly results. (ii) 60 days from the end of Financial Year for Annual Financial Results	(i) 15 May 2020 (ii) 30 May 2020	(i) 30 June 2020 (ii) 30 June 2020	(i) 45 days (ii) 1 month

B. Relaxation of time gap between two board / Audit Committee meetings:

Regulatory Provision	Relaxation
Regulation 17(2): The board of directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.	The board of directors and Audit Committee of the listed entity are exempted from observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between the period December 1, 2019 and June 30, 2020. However, the board of directors / Audit Committee shall ensure that they meet at least four times a year, as stipulated under Regulations 17(2) and 18(2)(a) of the SEBI LODR.
Regulation 18(2)(a): The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.	

Update #9- SEBI vide its circular no. SEBI/HO/DDHS/ON/P/2020/41 dated 23 March 2020 ("**Circular**") (to come into force with immediate effect), has notified continuation of the relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") due to the COVID -19 pandemic as mentioned in Update #8 above.

In continuation to the circular mentioned under Update #8 above, it has been clarified with regards to certain timelines for listed entities and grant relaxations to listed entities which have listed their Non-Convertible Debentures ("**NCDs**"), Non-Convertible Redeemable Preference Shares ("**NCRPS**"), Municipal Debt Securities ("**MDS**") and Commercial Papers ("**CPs**").

A. Extension of timeline for issuance and filings for issuers who have listed /propose to list their NCDs / NCRPS / CPs

Earlier, as per the SEBI circular no. CIR/IMD/DF/18/2013 dated 29 October 2013, companies proposing to make public issue of debt securities are required to give the audited financials in the offer document, which are not older than 6 months from the date of prospectus. However, compliant listed entities are allowed to disclose unaudited financials with limited review report, instead of audited financials, for the stub period.

Further, as per SEBI circular no. SEBI/HO/DDHS/CIR/P/2019/115 dated 22 October 2019 and SEBI/HO/DDHS/CIR/P/2019/167 dated 24 December 2019, for issuers, which intend to list their CPs, has to submit its latest audited financials which should not be older than 6 months, however are allowed to file unaudited financial with limited review for the stub period in the current financial year.

In order to enable issuers who, intend/propose to list their NCD/NCRPS/CPs, it has been decided to grant the following relaxations in timelines:

Particulars	Available audited financials	Date for issuance	Extended date for issuance	Period of relaxation
Cutoff date for issuance of NCDs/NCRPS/CPs	As on 30 September 2020	On or before 31 March 2020	On or before 30 May 2020	60 days

B. Extension of timeline for filings under SEBI (LODR) Regulation 2015.

The timelines for certain filings as required under the provisions of the SEBI LODR and aforesaid circulars are extended, as follows:

S. No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020		
		Frequency	Due within	Due Date	Extended Date	Period of relaxation
1.	Large Corporate-Initial Disclosure and Annual Disclosure (SEBI Circular HO/DDHS/CIR/P/2018/144 dated November 26, 2018	Yearly	Initial Disclosure- within 30 days from the beginning of Financial year	30 April 2020	30 June 2020	60 days

S. No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020		
		Frequency	Due within	Due Date	Extended Date	Period of relaxation
			Annual Disclosure- within 45 days from the end of Financial year	15 May 2020	30 June 2020	45 days
NCDs / NCRPS						
2.	Regulation 52 (1) and (2) relating to Financial Results	Half yearly/ Yearly	45 days from the end of the Half Year 60 days from the end of Financial Year for Annual Financial Results	15 May 2020 30 May 2020	30 June 2020 30 June 2020	45 days 30 days
3.	Common obligations prescribed under Chapter-III of SEBI (LODR) Regulations, 2015	Timelines as prescribed in SEBI circular no. SEBI/HO/CD/CMD1/CIR/P/2020/38 dated 19 March 2020				
CPs						
4.	Financial Results	Half yearly/ Yearly	45 days from the end of the Half Year 60 days from the end of Financial Year for Annual Financial Results	15 May 2020 30 May 2020	30 June 2020 30 June 2020	45 days 30 days

C. Extension of timeline for filings prescribed for Issuers of Municipal Debt Securities

The timelines for certain filings as required under the provisions of the ILDM Regulations and SEBI circular nos. CIR/IMD/DF1/60/2017 dated 19 June 2017 and SEBI/HO/DDHS/CIR/P/134/2019 dated 13 November 2019 are extended, as follows:

S. No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020		
		Frequency	Due within	Due Date	Extended Date	Period of relaxation
1.	Investor Grievance Report as per Municipal Bond	Half yearly	within 30 working days from end of Half Year		30 June 2020	45 days
2.	Financial Results	Half yearly	60 days from the end of Financial Year for Annual Financial Results	30 May 2020	30 June 2020	30 days
3.	Accounts maintained by Issuers under ILDM Regulations	Quarterly	45 days from end of quarter	15 May 2020	30 June 2020	45 days

Update #10- SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated 26 March 2020 ("**Circular**") (to come into force with immediate effect), has notified further relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") and the SEBI circular dated 22 January 2020 relating to Standard Operating Procedure due to the COVID -19 pandemic.

The Circular grants following further relaxations from SEBI LODR:

A. Filings

S. No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020		
		Frequency	Due within	Due Date	Extended Date	Period of relaxation
a.	Regulation 40(9) relating to Certificate from Practicing Company Secretary on timely issue of share certificates	Half yearly	1 month of the end of each half of the financial year	30 April 2020	31 May 2020	1 month
b.	Regulation 44(5) relating to holding of AGM by top 100 listed entities by market capitalization for FY 19-20	Annual	Within a period of 5 months from the date of	31 August 2020	30 September 2020	1 month

S. No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020		
		Frequency	Due within	Due Date	Extended Date	Period of relaxation
			closing of the financial year			

B. <u>Conduct of Committee meetings –Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee</u>

S. No.	Regulation	Requirement	Frequency	Due date	Extended Date	Period of relaxation
a.	Regulation 19(3A)	The nomination and remuneration committee shall meet at least once in a year	Yearly	31 March 2020	30 June 2020	3 months
b.	Regulation 20(3A)	The Stakeholders Relationship committee shall meet at least once in a year				
c.	Regulation 21(3A)	The Risk Management Committee shall meet at least once in a year.				

C. <u>Relaxation w.r.t SEBI circular on Standard Operating Procedure dated 22 January 2020</u>

SEBI also relaxed the implementation of the Standard Operating Procedure ("**SoP**") (issued vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated 22 January 2020) on imposition of fines and other enforcement actions for non-compliances with provisions of the SEBI LODR, the effective date of operation of which is for compliance periods ending on or after 31 March 2020. The said circular dated 22 January 2020 shall now come into force with effect from compliance periods ending on or after 30 June 2020. It may be noted that the SoP circular dated 03 May 2018 would be applicable till such date.

D. <u>Publication of advertisements in the newspaper</u>

SEBI has decided to exempt publication of advertisements in newspapers as required under Regulation 47 of the SEBI LODR, such as notice of the board meeting, financial results etc. till 15 May 2020.

Update #11- SEBI vide its circular no. SEBI/HO/DDHS/CIR/P/2020/42 dated 23 March 2020 (to come into force with immediate effect) notified relaxation from compliance to Real Estate Investment Trusts ("**REITs**") and Infrastructure Investment Trusts ("**InvITs**") due to the COVID -19 virus pandemic.

SEBI has extended the due date for regulatory filings and compliances for REIT and InvIT for the period ending 31 March 2020 by 1 month over and above the timelines, prescribed under SEBI (Infrastructure Investment Trusts) Regulations, 2014, and SEBI (Real estate Investment Trusts) Regulations, 2014, and circulars issued thereunder.

Update #12- SEBI vide its circular no. SEBI/HO/CFD/DCR1/CIR/P/2020/49 dated 27 March 2020 notified Relaxation from compliance with certain provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST Regulations**"), due to the COVID-19 pandemic.

The disclosure filings under Regulations 30(1), 30(2) and 31(4) of the SAST Regulations, require the shareholders to compile, collate, and disseminate information of their consolidated shareholding as on 31 March 2020 to the company and the stock exchanges within 7 working days from the end of the financial year. These report as per the 2020 calendar are required to be filed by 15 April 2020.

Due to the spread of the COVID-19 pandemic, SEBI has extended the due date of filing disclosures, in terms of Regulations 30(1), 30(2) and 31(4) of the SAST Regulations for the financial year ending 31 March 2020 to 01 June 2020.

Update #13- SEBI vide its circular no. SEBI/HO/IMD/DF3/CIR/P/2020/47 dated 23 March 2020 notified relaxation in compliance with requirements pertaining to Mutual Funds. SEBI has granted the following relaxations specified in SEBI (Mutual Funds) Regulations, 1996, and circulars issued thereunder:

1. All schemes (NFO) where observation letter was issued by SEBI and yet to be launched shall have a validity period of 1 year from the date of SEBI letter. All new schemes (NFO) where final observation letter will be issued shall have validity period of 1 year from the date of SEBI letter.
2. The timeline for the disclosures has been extended as below:

S. No.	Regulation / Circular and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020	
		Frequency	Due within	Due Date	Extended Date
1.	Half yearly disclosures of unaudited financial results as required under Regulation 59 of SEBI (Mutual Funds) Regulations, 1996	Half yearly	One month from the close of half year, i.e 31 March 2020.	30 April 2020	31 May 2020

S. No.	Regulation / Circular and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending 31 March 2020	
		Frequency	Due within	Due Date	Extended Date
2.	Disclosure of commission paid to distributors as required under Point 2 (a) of SEBI circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated 18 March 2016	Yearly	Within ten days from the half year end i.e 31 March 2020.	10 April 2020	10 May 2020
3.	Yearly disclosure of investor complaints with respect to Mutual Funds as required under Point 4 (b) of SEBI circular No. Cir/IMD/DF/2/2010 dated 13 May 2010	Yearly	Within 2 months of the close of the financial year i.e 31 March 2020.	31 May 2020	30 June 2020

The effective date of implementation of certain policy initiatives have been extended as under:

S. No.	Circular Name	Particulars	Due Date	Extended Date
1.	Risk management framework for liquid and overnight funds and norms governing investment in short term deposits dated 20 September 2019	Liquid funds shall hold at least 20% of its net assets in liquid assets.	01 April 2020	01 May 2020
2.	Review of investment norms for mutual funds for investment in Debt and Money Market Instruments dated 01 October 2019	Existing open-ended mutual fund schemes shall comply with the revised limits for sector exposure.	01 April 2020	01 May 2020
3.	Review of investment norms for mutual funds for investment in Debt and Money Market Instruments dated 01 October 2019	Maximum investment in unlisted NCDs as % of the debt portfolio of the scheme.	15% - 31 March 2020	15% - 30 April 2020
4.	Valuation of money market and debt securities dated 24 September 2019	Amortization based valuation shall be dispensed with and irrespective of residual maturity, all money market and debt securities shall be valued in terms of paragraph 1.1.2.2 of the Circular	01 April 2020	01 May 2020

III. RBI

Update #14 – RBI vide its press release 2019-2020/2130 dated 27 March 2020 notified the statement that sets out various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. Few highlights of the said press release are as below:

Regulation and Supervision

(1) **Moratorium on Term Loans-** All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) ("**Lending Institutions**") have been permitted to allow a moratorium of 3 months on payment of instalments in respect of all term loans outstanding as on 01 March 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by 3 months.

(2) **Deferment of Interest on Working Capital Facilities -** In respect of working capital facilities sanctioned in the form of cash credit/overdraft, Lending Institutions have been permitted to allow a deferment of 3 months on payment of interest in respect of all such facilities outstanding as on 01 March 2020. The accumulated interest for the period will be paid after the expiry of the deferment period.

In respect of paragraphs (1) and (2) above, the moratorium/deferment has been provided specifically to enable the borrowers to tide over the economic fallout from COVID-19. Hence, the same will not be treated as change in terms and conditions of loan agreements due to financial difficulty of the borrowers and, consequently, will not result in asset classification downgrade. The Lending Institutions may accordingly put in place a Board approved policy in this regard.

(3) **Easing of Working Capital Financing** - In respect of working capital facilities sanctioned in the form of cash credit/overdraft, Lending Institutions may recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. Such changes in credit terms permitted to the borrowers to specifically tide over the economic fallout from COVID-19 will not be treated as concessions granted due to financial difficulties of the borrower, and consequently, will not result in asset classification downgrade.

In respect of paragraphs (1), (2) and (3), the rescheduling of payments will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("**CICs**") by the Lending Institutions. CICs shall ensure that the actions taken by Lending Institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries.

Update #15- In regards to the aforesaid measures mentioned in Update #14 above, RBI vide its circular no. RBI/2019-20/186 dated 27 March 2020 notified detailed instructions regarding the COVID-19 – Regulatory Package (to come into force with immediate effect) which are as provided below:

(i) **Rescheduling of Payments - Term Loans and Working Capital Facilities**

- In respect of all term loans, all lending institutions in India are permitted to grant a moratorium of 3 months on payment of all instalments falling due between 01 March 2020 and 31 May 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by 3 months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.
  Note: Instalments will include the following payments falling due from 01 March 2020 to 31 May 2020: (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments; (iv) credit card dues.

- In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**") lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from 01 March 2020 up-to 31 May 2020. The accumulated accrued interest shall be recovered immediately after the completion of this period.

(ii) **Easing of Working Capital Financing**

- In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout, lending institutions may recalculate the drawing power by reducing the margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to 31 May 2020 and shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of such economic fallout.

(iii) **Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)**

- As the moratorium/deferment/recalculation is being provided specifically to enable borrowers to tide over the economic fallout, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annex to the RBI (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 07 June 2019. Consequently, such measure shall not result in asset classification downgrade.

- The asset classification of term loans shall be determined on the basis of the revised due dates and the revised repayment schedule. Similarly, working capital facilities, the SMA and the out of order status shall be evaluated considering the application accumulated interest immediately after the completion of the deferment period as well as the revised terms.

- For the purpose of supervisory reporting and reporting to Credit Information Companies ("**CICs**") by the lending institutions, the rescheduling of payments, including interest, will not qualify as a default. CICs shall ensure that the actions taken by lending institutions pursuant to the above-mentioned announcements by RBI do not adversely impact the credit history of the beneficiaries.

(iv) **Other Conditions**

- Lending institutions shall frame Board approved polices for providing the above-mentioned reliefs to all eligible borrowers, *inter alia*, including the objective criteria for considering reliefs as detailed under paragraph (ii) above and disclosed in public domain.

- Wherever the exposure of a lending institution to a borrower is INR 5 crores or above as on -01 March 2020, the bank shall develop a Management Information System on the reliefs provided to its borrowers which shall *inter alia* include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

IV. MINISTRY OF LABOUR AND EMPLOYMENT

Update #16 - The Ministry of Labour and Employment vide notification dated 20 March 2020 has issued an advisory to the employers of public and private establishments to not terminate the employees/workers or reduce their wages, particularly of the workers who are engaged on a casual or contractual basis. If any employee/worker takes leave, he should be deemed to be on duty without any consequential deduction in wages.

The advisory further stated that "if the place of employment is to be made non-operational due to the COVID-19, the employees of such unit will be deemed to be on duty". This means that if any establishment is closed due to a positive case of COVID-19 virus in the premises then the employees will be considered to be 'on duty' and not on leave.

Update #17- In furtherance of the announcement made by Hon'ble Finance Minister of India, Smt. Nirmala Sitharaman, on 26 March 2020, to deal with the economic distress caused due to the COVID-19 pandemic and consequent lockdown announced by the Hon'ble Prime Minister of India, the Ministry of Labour and Employment vide notification dated 27 March 2020 (to be published in the Official Gazette) has notified the Employees' Provident Funds (Amendment)

Scheme, 2020 which amends the Employees' Provident Scheme, 1952 ("**EPF Scheme**"). The said notification provides for insertion of provision in the EPF Scheme, to provide advance to the EPF members in the situation emerging due to COVID-19 pandemic.

The amendment made to the EPF Scheme has been highlighted in RED below:

Provision	**Amendment (in RED)**
Paragraph 68L (*Grant of advances in abnormal conditions*)- Insertion of sub-clause (3) in Paragraph 68L.	(1) The Commissioner or where so authorised by the Commissioner, any officer subordinate to him may, on an application from a member whose property, movable or immovable, has been damaged by a calamity of exceptional nature, such as floods, earthquakes or riots, authorise payment to him from the provident fund account, a non-refundable advance of rupees five thousand or fifty per cent of his own total contribution including interest there on standing to his credit on the date of such authorisation, whichever is less, to meet any unforeseen expenditure: (2) No advance under sub-paragraph (1) shall be paid unless— (i) the State Government has declared that the calamity has affected the general public in the area; (ii) the member produces a certificate from an appropriate authority to the effect that his property (movable or immovable) has been damaged as a result of the calamity; (iii) the application for advance is made within a period of 4 months from the date of declaration referred to in sub-para (i). (3) The Commissioner or, where so authorised by the Commissioner, any officer subordinate to him, may, on an application from any member of this Scheme employed in any establishment or factory located in an area declared as affected by outbreak of any epidemic or pandemic by the appropriate Government, permit a non-refundable advance from the provident fund account of such member not exceeding the basic wages and dearness allowance of that member for three months or up to seventy-five percent of the amount standing to his credit in the Fund, whichever is less.