



### Corporate Affairs relief measures announced by Honorable Finance Minister under AatmNirbhar Bharat campaign to support Indian economy in fight against Covid-19.

Honourable Finance Minister Nirmala Sitharaman has released the fifth and final tranche of INR 20 lakh crore stimulus package on Sunday 17.05.2020.

Finance Minister in her announcement of the fifth tranche of measures to address the economic situation in the country amid COVID-19, outlined structural reforms with focus on areas of Business during COVID, Decriminalization of Company Act, Ease of doing business, Policy related to Public Sector Units.

- **Major relief to MSMEs:**

In a major relief to the MSMEs, Finance Minister announced a substantial hike in the minimum threshold to initiate insolvency proceedings. The threshold which was earlier ₹one lakh has now been increased to ₹ **one crore** which will insulate a large

number of MSMEs in the country from insolvency proceedings against them.

- **No Fresh Insolvency will proceed against any company up to next 1 year:**

FM announced that no fresh insolvency proceedings will be initiated against any company up to the next one year and COVID-19 related debts will not be considered as default payments for proceedings under the Insolvency and Bankruptcy Code.

- **Decriminalization of Companies Act, 2013:**

Speaking over, decriminalization of Companies Act, FM said, violation involving minor technical and procedural default e.g. CSR reporting, inadequacies in board reports, filing defaults and delay in holding AGMs etc. will not be accounted which in turn will help to de-clog the criminal courts and NCLT. Finance Minister highlighted that, the improvement in rankings in starting a business and in terms of insolvency

resolutions have together contributed to an overall improvement in India's ranking in Ease of Doing Business.

- **Listing of securities:**

To further help the Companies with raising resources, Finance Minister said that the government will allow direct listing of securities by Indian public companies in permissible foreign jurisdictions. In addition, private companies which list non-convertible debentures (NCDs) on stock exchanges will not be regarded as listed companies.

- **New policies for Public Sector Enterprise:**

In view to requirement of coherent policies to make self-reliant India Finance Minister said that Public Sector Units or Enterprises will be privatized and all sectors are open to the private sector now.

Government will announce new policies related to public sector undertakings (PSUs) soon that will define strategic sectors which will have not more than four PSUs. List of strategic sectors requiring presence of PSEs in public interest will be notified. In strategic sectors, at least one enterprise will remain in the public sector, but private sector will also be allowed.

FM added further that in those sectors only one to four public sector enterprises (PSEs) will be present, in order to minimize wasteful administrative costs, the number of enterprises in strategic sectors will ordinarily be only one to four.

Others will be privatized/merged/brought under holding companies

- **Ease of doing business:**

- i. Majority of the compoundable offences sections to be shifted to internal adjudication mechanism (IAM) and powers of RD for compounding enhanced (58 sections to be dealt with under IAM as compared to 18 earlier).
- ii. 7 compoundable offences altogether dropped and 5 to be dealt with under alternative framework.
- iii. Lower penalties for all defaults for Small Companies, One-person Companies, Producer Companies & Start Ups.
- iv. Government included provisions of Part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013.
- v. Power to create additional/ specialized benches for NCLT

Sources: Press Release Finance Minister Speech dated 17.05.2020

[Link to Press release](#)

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