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Info Capsule

BUDGET SESSION 2017: LOK SABHA PASSES MATERNITY BILL[1]

Women in India's organised sector workforce will get paid maternity leave of up to 26 weeks, up from the existing 12 weeks, under the Maternity Benefit (Amendment) Bill, 2016, that was passed in the Lok Sabha on 9th March, 2017. The law will help 1.8 million women in the organised sector, but over 90 per cent of the country's female workforce that is in the unorganised sector will not get the benefit.

It will be applicable to women working in Special Economic Zones too. The new law will apply to all establishments employing 10 or more people and the entitlement of 26 weeks' leave will be allowed for the first two surviving children of a woman. For the third child, the paid leave entitlement will be of 12 weeks. Of the 26 weeks of leave, a would-be mother can take eight weeks before the due date of delivery and the remaining after that.

In case the woman expects to become a mother for the third time or more, she can take a maximum of six weeks' leave before the delivery date.

The amended Bill extends paid maternity leave to women who adopt a child aged three months or less, as well as commissioning mothers who have a child through surrogacy. In both cases, the paid leave will be for 12 weeks. The 12-week leave will be calculated from the date the child is handed over to the adoptive parent or the commissioning mother.

For all the above cases, after a mother has exhausted her maximum maternity leave entitlement, she may work from home if the nature of work allows her to. The Bill states that employers must accommodate her request to do so on mutually agreeable terms.

Reserve Bank of India

GOLD MONETISATION SCHEME, 2015[2]

In exercise of the powers conferred on the Reserve Bank of India (RBI) under Section 35 A of the Banking Regulation Act, 1949 and in pursuance of the Central Government notification issued vide Office Memorandum F.No.20/6/2015-FT dated September 15, 2015 regarding "Gold Monetization Scheme (GMS)", the RBI being satisfied that it is in the public interest, so to do, hereby issues this Direction to all Scheduled Commercial Banks (excluding Regional Rural Banks).

GMS, which modifies the existing 'Gold Deposit Scheme' (GDS) and 'Gold Metal Loan Scheme (GML), is intended to mobilise gold held by households and institutions of the country and

[1] Available at: http://indianexpress.com/article/india/budget-session-2017-lok-sabha-passes-maternity-bill-4562603/

[2] Available at: https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10084

facilitate its use for productive purposes, and in the long run, to reduce country's reliance on the import of gold.

GOODS AND SERVICES TAX[3]

The rates under the Goods and Services Tax (GST) regime are unlikely to be out before April-end as the government wants to avoid any tax evasion attempt by companies.

Once the GST regime comes into effect, tax rates for 80,000 items will be revised and brought under the 5 percent, 12 percent, 18 percent and 28 percent bracket. Here, not only will the rate of excise and value-added tax be revised, but the rates will be different depending on which bracket a company operates in.

GOVT CRACKS DOWN ON P NOTE MISUSE[4]

Fears of P Notes (participatory notes) being misused have surfaced again despite the tightening of the framework in which they operate. According to government sources, around 600 P Note subscribers could be in violation of the framework issued by the Securities and Exchange Board of India (Sebi) in May last year.

Last year, Sebi had tightened the ´know your client´ and anti money laundering (AML) rules for P Notes, bringing them on a par with those for onshore investors. Besides, it had issued curbs on transferring P Notes from one foreign investor to another.

Sources said the government and Sebi had asked P Note issuers to probe noncompliance by 200 entities. Some of the instances of violation have been reported by overseas securities regulators, which are in a pact to share information of this kind. The nature of noncompliance includes lack of details on the end beneficiaries and not obeying the AML rules.

P Notes, or offshore derivatives instruments (ODIs), allow foreign investors to take exposure to Indian stocks without registering with Sebi. These instruments are issued by foreign portfolio investors (FPIs) registered with the regulator. Cracking down on noncompliance is tricky because the subscribers or end beneficiaries don´t come under the watch of the domestic regulatory authorities.

The misuse of the P Note route has become a talking point after the Supreme Court appointed Special Investigation Team on black money had highlighted that the route could be used for tax dodging and the round tripping of funds. The issue of further tightening the P Note norms was discussed in the latest Sebi board meeting, which took place on February 11.

Share of P Notes in foreign investors´ assets has come off from a peak of 55% to 7.1% at present

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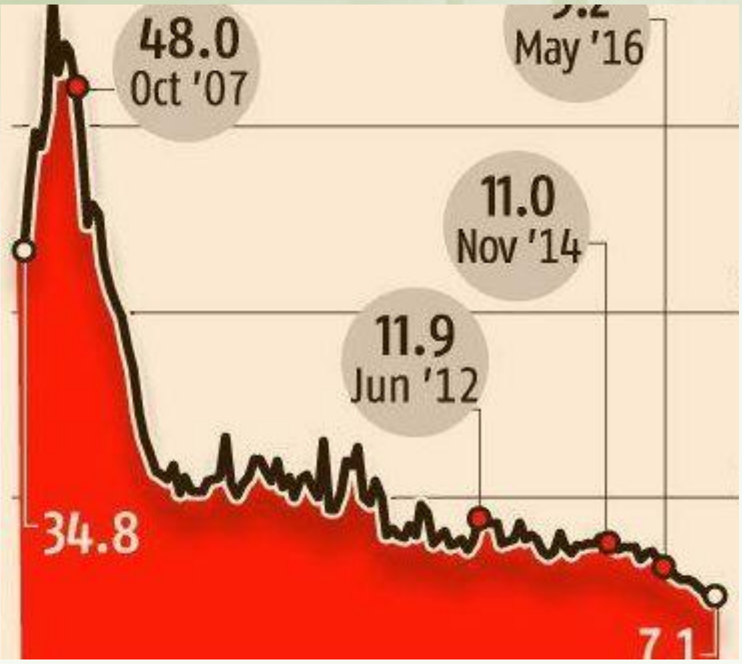
[3] Available at: http://www.moneycontrol.com/news/business/treat-us-like-banksgst-says-telecom-sector_8621861.html

[4] Available at: http://epaper.business-standard.com/bsepaper/svww_zoomart.php?Artname=20170310a_003101002&ileft=693&itop=212&zoomRatio=130&AN=20170310a_003101002

P-NOTES AS % OF TOTAL FPI ASSETS*



Source: Sebi

Notes: FPI: Foreign portfolio investor

*Notional value of P Notes on equity, debt and derivatives

Circles denote instances when Sebi tightened P Note norms

Team ICSI

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