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Info Capsule

MINISTRY OF FOOD PROCESSING INDUSTRY ESTABLISHES GST FACILITATION CELL TO GUIDE INDUSTRY ABOUT GST REGIME[1]

The Ministry of Food Processing Industries has established a four member GST Facilitation Cell at its office to guide the industry about the new tax regime. The members of the GST Facilitation Cell can be accessed through Toll Free No 1800111175 or on #AskonGSTFPI. Further details can be accessed from http://www.mofpi.nic.in

The ministry has created a GST cell for the purpose of implementation and facilitating the rollout of GST with immediate effect. The GST facilitation cell will provide all possible support for the rollout of the levy to the major industry and business associations related to MoFPI. This cell will serve as the first point of contact to address any issue being faced by any sector related to the ministry. The GST cell will be equipped with the complete knowledge of the relevant GST Act, rules, rate structure etc.

The cell will be headed by Shri Bijaya Kumar Behera, Economic Advisor and Shri G Srinivasan, senior marketing officer, Shri S N Ahmed, Assistant Director, Shri Bikram Nath, Assistant Director as its Members.

The Ministry is in the process of organising several programmes for the industry to sensitise associates about GST, and has also planned to conduct seminars to disseminate information about the new tax regime.

Press Information Bureau has also created a special webpage on GST http://pib.nic.in/gst which will be a one stop platform for all information on the new tax regime. It contains press releases issued till date on the Goods and Services Tax (GST) in both Hindi and English languages. The webpage also contains various presentations, FAQs etc. on GST.

MONITORING AND REVIEW OF RATINGS BY CREDIT RATING AGENCIES (CRAS)[2]

SEBI vide its circular dated June 30, 2017 issued clarifications in respect of monitoring mechanism, disclosure norms and timelines are being brought to the attention of CRAs for compliance. SEBI has come to notice that there have been incidents where Credit Rating Agencies have not taken knowledge of information regarding delays in servicing debt obligations by the Issuer, even though the information has already been discounted by the market.

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[1] Available at: http://pib.nic.in/newsite/erelease.aspx
[2] Available at: http://www.sebi.gov.in/legal/circulars/jun-2017/monitoring-and-review-of-ratings-by-credit-rating-agencies-cras-_35220.html

SEBI has directed the CRAs:

- The CRAs are required to track the servicing of debt obligations for each instrument rated by them, ISIN wise, and look for potential deterioration in financial which might lead to defaults/delays, particularly before/around the due date(s) for servicing of debt obligations.
- CRAs shall carry out a review of the ratings upon the "occurrence of or announcement/news of material events" including financial results, any significant decline in share/bond prices of the issuer or group companies if it is not in line with the overall market movement and any attachment or prohibitory orders against the company.
- CRAs shall seek a "No Default Statement" from the issuer at the end of each month.
- In the rating actions, disclosure report by CRAs shall include key financial indicators and ratios for the issuer for the last and current financial year, in tabular form, as well as any other significant information relevant to the issuer and its sector.
- CRAs shall take appropriate rating action depending upon the severity of information risk of the issuer, if the issuer does not share information sought by the CRA within seven days of seeking such information from the issuer, even after repeated reminders from the CRA.
- CRAs shall to accept an appeal from the issuer with regard to review of rating within five working days.
- In case rating is not accepted by the issuer within a month of communication of rating by the CRA to the Issuer, the same shall be disclosed as 'Non Accepted Rating' on the CRA's website.

SPECIFICATIONS RELATED TO INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISINS) FOR DEBT SECURITIES ISSUED UNDER THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008[3]

SEBI vide its circular dated June 30, 2017 issued circular on International Securities Identification Number (ISINs) for debt securities issued under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

A ISINs code uniquely identifies a security, which is alphanumeric and has 12 characters in total, are used for uniquely identifying securities such as bonds, stocks, warrants and commercial papers.

In this direction, SEBI has specify the following conditions in case of private placement of debt securities:

a) A maximum number of 17 (ISINs) maturing in any financial year shall be allowed. Additionally 12 ISINs shall also be available for the issuance of the capital gains tax debt securities by the authorized issuers under section 54EC of the Income Tax Act 1961 on private placement basis.

b) Out of 17 ISINs maturing in a financial year, the bifurcation of ISINs shall be made

[3] Available at: http://www.sebi.gov.in/legal/circulars/jun-2017/specifications-related-to-international-securities-identification-number-isins-for-debt-securities-issued-under-the-sebi-issue-and-listing-of-debt-securities-regulations-2008_35215.html

c) A maximum of 12 ISINs maturing per financial year shall be allowed only for plain vanilla debt securities and a maximum of 5 ISINs (i.e. for structured debt securities such as debt securities with call and/or put option, etc.) maturing per financial year shall be allowed only for structured products/market linked debt.

d) Exemptions from applicability of ISINs :

- Tier II bonds issued by Housing Finance Companies (HFCs), with the maturity period not less than five years and Tier II bonds issued by the standalone Primary dealers, with minimum maturity of five years;
- Tier II bonds issued by Non-Systemically Important Non-Deposit taking Non-Banking Financial Company;
- Subordinated debt issued by insurance companies, which is either perpetual or the maturity period of which is not less than ten years for life, general and reinsurance companies and seven years for health insurance companies;
- Additional Tier 1 bonds, which are perpetual, issued by banks under Basel III norms and Tier II bonds, having minimum maturity period of five years, issued by banks under the Basel III norms ;
- Bonds issued by banks to raise resources for lending to long term infrastructure subsectors and affordable housing, which have a minimum maturity of seven years;
- Perpetual debt instrument issued by Systemically Important Non-Deposit taking Non-Banking Financial Companies.

e) An issuer shall within fifteen working days from the end of every half year, submit a statement relating to ISINs, to the recognized stock exchange, where its debt securities are listed, as well as to the depository containing data in the format as prescribed by SEBI. In case there is any modification in terms or structure of the issue viz. change in terms of payment, change in interest pay-out frequency etc., and the issuer shall, forthwith, inform the same to the depository.

f) Upon receipt of the information by the Issuer Company, the same information shall be uploaded on its website by stock exchange and depositary.

Team ICSI