

FEMA CA. Manoj Shah, CA Atal Bhanja	
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Summary Information on few Compounding Orders issued after 1st March 2020

Sr. No.	Party Name	Nature of Contravention	Date of Order	Compounding Fees (Rs.)
1.	St. Mary's Edumanagement Services Private Limited	Contraventions under Rule 4 of NDI Rules, 2019 whereby investment from person resident in India cannot be received without making application to RBI as required.	14-02-2023	20,49,992
2.	Mohit Gambir	Contraventions under Rule 9 of NDI Rules read with regulation 4(3) of FEMA Notification No. 395 delay in reporting of transfer of shares.	15-02-2023	5,077
3.	Coolberg Beverages Private Limited	Contraventions under 3.1(I)(A) of FEMA Notification No. 395 read with Rule 5 of NDI Rules for receipt of foreign direct investment through mode other than permissible modes of payment.	15-02-2023	3,70,778

1. RBI NOTIFICATION NO. RBI/2022-23/181 DOR.ACC.REC.No.103/21.04.018/2022-23 DATED February 20, 2023

Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 – Disclosures for State Co-operative Banks and Central Co-operative Banks

- The Reserve Bank of India (Financial Statements-Presentation and Disclosures) Directions, 2021 ('Master Direction') are applicable to Commercial Banks and Primary Urban Co-operative Banks (UCBs). They harmonize the regulatory instructions on presentation and disclosure in financial statements across the banking sector.
- In consultation with the National Bank for Agriculture and Rural Development (NABARD), it has now been decided to make this Master Direction also applicable to State Cooperative Banks and Central Cooperative Banks (also referred to as 'District Central Co-operative Banks').

- The Master Direction shall apply to State and Central Cooperative Banks (together referred to as 'Rural Co-operative Banks' or 'RCBs') mutatis mutandis, unless explicitly specified otherwise, from the financial year ending March 31, 2023. Certain disclosure requirements specified in Annex III-A shall be applicable, to RCBs, from the financial year ending March 31, 2024.
- The Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 stands updated to reflect these changes.

2. RBI NOTIFICATION NO. RBI/2022-23/182 DOR.ACC.REC.No.104/21.07.001/2022-23 DATED February 20, 2023

Implementation of Indian Accounting Standards (Ind AS)

- Please refer to circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on the captioned subject read with paragraph 13 (iii) of Master Circular DOR.SIG.FIN.REC 1/26.03.001/2022-23 dated April 1, 2022 on Asset Reconstruction Companies.
- It has been observed that consequent to the implementation of Ind AS, some Asset Reconstruction Companies (ARCs) have been recognising management fees even though the said fee had not been realised for more than 180 days.
- To address the prudential concerns arising from continued recognition of unrealised income, it has been decided that ARCs preparing their financial statements as per Ind AS, shall reduce the following amounts from their net owned funds while calculating the Capital Adequacy Ratio and the amount available for payment of dividend:
 - a. Management fee recognised during the planning period¹ that remains unrealised beyond 180 days from the date of expiry of the planning period.
 - b. Management fee recognised after the expiry of the planning period that remains unrealised beyond 180 days of such recognition.
 - c. Any unrealised management fees, notwithstanding the period for which it has remained unrealised, where the net asset value of the Security Receipts has fallen below 50 per cent of the face value.

The amount reduced from net owned funds and amount available for payment of dividend shall be net of any specific expected credit loss allowances held on unrealised management fee referred to in sub-paragraphs (a), (b) and (c) and the tax implications thereon, if any.

- The Audit Committee of the Board (ACB) shall review the extent of unrealised management fee and satisfy itself on the recoverability of the same while finalising the financial statements. It shall be ensured that the management fee is computed strictly in accordance with extant regulations.
- ARCs shall disclose information on the ageing of the unrealised management fee recognised in their books in the format specified below as part of the Notes to Accounts in the annual financial statements:

	As at the end of Current Year	As at the end of Previous Year
Outstanding amount of unrealised management fee receivable		
1. Out of the above, amount outstanding for:		
(a) Amounts where the net asset value of the security receipts has fallen below 50 per cent of the face value		

(b) Other amounts unrealised for:		
(i) More than 180 days but upto 1 year		
(ii) More than 1 year but upto 3 years		
(iii) More than 3 years		
Allowances held for unrealised management fee		
Net unrealised management fee receivable		

- This circular is applicable to all ARCs preparing their financial statements as per Ind AS.

3. RBI NOTIFICATION NO. RBI/2022-23/184 DGBA.GBD.No.S1469/42-01-029/2022-2023 DATED March 16, 2023

Reporting and Accounting of Central Government transactions for March 2023

- Please refer to Circular DGBA.GBD.No.S1422/42-01-029/2021-2022 dated February 24, 2022 advising the procedure to be followed for reporting and accounting of Central Government transactions (including CBDT, CBIC, Departmentalized Ministries and Non-Civil Ministries) at the Receiving/Nodal/Focal Point branches of your bank for the Financial Year 2021-22.
- The Government of India has decided that the date of closure of residual transactions for the month of March 2023 be fixed as April 10, 2023. In view of the ensuing closing of Government accounts for the financial year 2022-23, receiving branches including those not situated locally, should adopt special arrangements such as courier service etc., for passing on challans/scrolls etc., to the Nodal/Focal Point branches so that all payments and collections made on behalf of Government towards the end of March are accounted for in the same financial year. These instructions regarding special messenger arrangements may please be informed to all branches concerned.
- As regards reporting of March 2023 transactions by Nodal/Focal Point branches in April 2023, the branches may be advised to follow the procedure as outlined in the Annex. To sum up, the nodal/Focal Point branches will be required to prepare separate set of scrolls, one pertaining to March 2023 residual transactions and another for April transactions during the first 10 days of April 2023. The Nodal/Focal Point branches should also ensure that the accounts for all transactions (revenues/tax collections/payments) are effected at the receiving branches up to March 31, 2023 in the accounts for the current financial year itself and are not mixed up with the transactions of April 2023. Also, while reporting transactions pertaining to March 2023 up to April 10, 2023, the transactions of April 2023 should not be mixed up with the residual transactions relating to March 2023.

4. RBI NOTIFICATION NO. RBI/2022-23/186 CO.DGBA.GBD.No.S1490/42-01-029/2022-2023 DATED March 21, 2023

Annual Closing of Government Accounts – Transactions of Central / State Governments – Special Measures for the Current Financial Year (2022-23)

- All government transactions done by agency banks for the Financial Year 2022-23 must be accounted for within the same financial year. Accordingly, the following arrangements are put in place to report and account for Government transactions for March 31, 2023.
- All agency banks should keep their designated branches open for over the counter transactions related to government transactions upto the normal working hours on March 31, 2023.

- Transactions through National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) System will continue upto 2400 hours as hitherto on March 31, 2023.
- Special clearing will be conducted for collection of government cheques on March 31, 2023 for which the Department of Payment and Settlement Systems (DPSS), RBI will issue necessary instructions.
- Regarding reporting of Central and State Government transactions to RBI, including uploading of GST/ TIN2.0/ e-receipts luggage files, the reporting window of March 31, 2023 will be kept open till 1200 hours noon on April 1, 2023.
- Agency banks may take note and give adequate publicity to the special arrangements made as above.