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**Steps taken by the Indian Government to Curtail COVID-19 Outbreak**

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1. In Order No.40-3/2020-DM-I(A) dated March 24, 2020, the Government of India("GOI") imposed a nationwide shut down to curtail the spread of COVID-19 epidemic in the country. The order issued specific guidelines on the measures to be strictly implemented by all ministries and departments of the GOI, and the State and Union Territory Governments and Authorities to contain the outbreak. The order was effective for a period of 21 days from March 25, 2020 to April 14, 2020.
2. In continuation of the previous lockdown of 21 days w.e.f. March 25, 2020, the Ministry of Home Affairs vide order no. 40-3/2020-DM-I(A) dated 15<sup>th</sup> April 2020 revised the guidelines extending the lockdown till 3<sup>rd</sup> May 2020.
3. In the second extended lockdown, select additional activities became functional from 20<sup>th</sup> April 2020 based on strict compliance of the guidelines for which the State/Union Territories/District Administrations were required to ensure preparatory arrangements with regard to social distancing in offices, workplaces, factories and establishments. The revised guidelines did not apply to containment zones demarcated by the State/UT/District Administrations. If any new area was to be included in the category of a containment zone, the activities allowed in that area till the time of its categorization as a containment zone were to be suspended except for those activities as were specifically permitted under the guidelines of Ministry of Health and Family Welfare (MoHFW), Government of India.
4. In the exercise of powers under section 6(2)(i) of the Disaster Management Act, 2005, NDMA issued an order no. **1-29/2020-PP dt. 01.05.2020** directing the Chairperson, NEC that lockdown measures be continued to be implemented in all parts of the country for a further period of 2 weeks w.e.f. **04.05.2020 to 17.05.2020**.
5. The Chairperson, National Executive Committee in the exercise of powers conferred under Section 10(2)(I) issued guidelines to all

Ministries/Government Departments, State/UTs Government and Authorities for strict implementation of revised guidelines.

6. Closures and Exceptions- The Guidelines accompanying the order include a comprehensive list of activities which are now permitted and the activities which are not permitted for a period of two weeks with effect from 4<sup>th</sup> May, 2020, as given below:

<b>Activities not Permitted</b>	<b>Activities permitted</b>
<ul style="list-style-type: none"> <li>• All travelling through air (domestic and international), road, metro and railways, inter-state buses for public transport</li> </ul>	<ul style="list-style-type: none"> <li>• Medical Reasons</li> <li>• Air ambulance</li> <li>• Security purposes</li> <li>• Activities permitted by MHA with restrictions</li> <li>• Standard Operating Protocols (SOP) on transit arrangement for foreign nationals in India and release of quarantine persons.</li> <li>• SOP on movement of stranded labour, pilgrims, tourist, student and other persons by trains.</li> </ul>
<ul style="list-style-type: none"> <li>• Hospitality Services</li> </ul>	<ul style="list-style-type: none"> <li>• Facilities used for Housing, health/police/government officials/healthcare workers, stranded persons including tourists and those used for quarantine facilities.</li> </ul>
<ul style="list-style-type: none"> <li>• Educational, Training, research, coaching institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Private offices with 33% strength with remaining working from home</li> </ul>
<ul style="list-style-type: none"> <li>• Social, political, sports, entertainment, religious functions/gatherings</li> </ul>	<ul style="list-style-type: none"> <li>• Hospitals and all medical establishments including manufacturing and distribution units in public and private sectors</li> <li>• Nursing Homes, dispensaries, chemists, research labs carrying out COVID-19 related research, Veterinary Hospitals</li> </ul>

	<ul style="list-style-type: none"> <li>• Construction of medical/health infrastructure</li> </ul>
	<ul style="list-style-type: none"> <li>• All government offices to function with officers of the level of Deputy Secretary and above to the extent of 100% strength. The remaining staff will attend upto 33% as per requirement</li> <li>• Defense, police forces, Security Services, Health and Family Welfare, Prisons, Home Guards, Fire and Emergency Services, Disaster management and related services, NIC, Customs, FCI, NCC, NYK and Municipal services.</li> </ul>
	<ul style="list-style-type: none"> <li>• Standalone (single) shops, neighborhood shops and shops in residential complexes in urban areas providing essential and non-essential commodities</li> <li>• E-commerce activities only essentials commodities</li> </ul>
	<ul style="list-style-type: none"> <li>• All industrial and construction activities are permitted in rural areas.</li> <li>• Industrial Activities in urban areas: <ul style="list-style-type: none"> <li>a) Special Economic Zones (SEZs) and Export Oriented Units (EoUs), industrial estates and industrial townships, Manufacturing units of essential commodities like drugs, pharmaceuticals, medical devices, their raw material and intermediates</li> <li>b) Production units which require continuous process, their supply chain</li> <li>c) Manufacturing of IT hardware</li> </ul> </li> </ul>

	d) Jute Industry with staggered shifts and social distancing e) Manufacturing units of packaging material • Construction activities in urban areas: Only in situ construction and construction of renewable energy projects is allowed
	• All agricultural and related activities to be functional
	• Marriage related gathering with a maximum of 50 people following social distancing norms • Congregation of a maximum of 20 persons is allowed for funerals, here also social distancing norms have to be maintained

7. **Containment Zone:** MOHFW defines the containment zone as a specific geographical area where positive cases of coronavirus are found. Strict movement restrictions are put in place in such areas to prevent further spread of the virus. The zones are conceived to map the local transmission of the disease and prevent the contagion from spreading. Following are the activities in these areas:

- (i) Strict perimeter control
- (ii) Establishment of clear entry and exit points
- (iii) Movement of persons only for essential services
- (iv) No unchecked influx of people and transport
- (v) Recording of details of people moving in and out.

8. **Civil/ Criminal Liability for Violation of Lockdown Measures- As per** the guidelines any person violating these measures will be liable to be proceeded against as per the provisions of Section 51 to 60 of the Disaster Management Act 2005 besides legal action under Section 188 of the Indian Penal Code and other legal provisions as applicable

9. **Ongoing noteworthy developments to Address business disruptions and provide relief to businesses:** On March 24, 2020 Finance Minister announced a slew of relief measures for tax payers and businesses and indicated the newly formed Economic Task Force is working on a fiscal package to shield the economy against the rapidly spreading pandemic. Among the relief measures (i) the minimum threshold to trigger corporate insolvency proceedings is being increased from INR 1 lakh to INR 1 crore

and companies with a turnover of less than INR 5 crores will not have to pay any interest, penalty, or late fee for filing late returns (which is a major relief for SMEs facing financial distress from economic crisis caused by the outbreak); (ii) for tax payers, due date for filing tax returns are extended to June 30<sup>th</sup>, 2020 and interest rate on delayed income tax returns and TDS deposits lowered to 9% from 12% and 18% respectively; (iii) for companies, deadlines for filing returns towards the month of March, April and May are also extended to June 30, 2020; & (iv) various mandatory requirements for company compliances (such as quarterly board meetings and MCA 21 registry filings are being relaxed during the crisis period).

### **Directions issued by various Ministries/Departments During COVID-19 for Companies in INDIA**

With the spread of Corona Virus in India the Indian Government and various ministries have introduced several advisories and measures for companies doing business in India and facing challenges during this pandemic. These are as given below:

- a) Ministry of Corporate Affairs (MCA) vide its general circular no. : 1/2020 dated 24<sup>th</sup> March 2020 issued special measures for Companies and Limited Liability Partnership (LLPs) to reduce compliance burden and other risk. The key features of the circular are given as below:
  - No additional fees shall be charged for late filing during a moratorium period from 01<sup>st</sup> April to 30<sup>th</sup> September 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date.
  - The mandatory requirement of holding meetings of the Board of the Companies within the intervals provided in section 173 of the Companies Act, 2013 (CA13) (120 days) stands extended by a period of 60 days till next two quarters i.e., till 30<sup>th</sup> September. 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 CA-13.
  - 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 notified earlier.
  - As per Para VII (1) of Schedule IV to the CA-13, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent directors and members of

management. For the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. 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.

- Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30th June 2020.
  - 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 30th April 2020, may be complied with till 30th June 2020.
  - 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 CA-13 shall not be treated as a non-compliance for the financial year 2019-20.
- b) The ministry of corporate affairs (MCA) announced that funds spent on measures to tackle the Covid-19 outbreak including PM CARES Fund' and State Disaster Management Authority will be counted towards the corporate social responsibility (CSR) activity of companies, in MCA a circular. The circular clarified that the broad based items as per Schedule 7 of the CSR policy, which deals with the activities that constitute CSR activity, may be interpreted liberally for this purpose.
- c) The labour ministry through notification dated March 28 2020 amending the Employees' Provident Fund Scheme 1952 has allowed over 6 crore subscribers of retirement fund body EPFO to withdraw an amount not exceeding their three months basic pay and dearness allowance from their EPF account in view of the lockdown to fight COVID-19.
- d) The Securities and Exchange Board of India (SEBI), has relaxed compliance norms for companies and said the top 100 companies by market capitalization can hold their annual general meetings (AGMs) a month later than the usual stipulated August 31. There is also a relaxation in regulation relating certificate from a practicing Company Secretary on timely issue of share certificates by a month to 31<sup>st</sup> May. The yearly meeting of the nomination and regulation committee, stakeholders relationship committee, and the risk management committee can also be held by June 30 instead of March 31 as stipulated earlier. SEBI eased the deadline for public traded companies to file their earning reports, among other steps, to help them cope with curbs imposed by the government to contain the spread of the coronavirus pandemic. Companies which had

45 days from the end of the quarter to file their quarterly earnings, will now get an extra 45 days. Also, annual audited figures, which needed to be filed in 60 days have now be extended by a month. The deadline to file both has been extended till June 30.

- e) There has been relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and certain SEBI Circulars due to COVID-19 virus pandemic. (Details as per circular dated March 23, 2020, circular no.SEBI/HO/DDHS/ON/P/2020/41).
- f) The Ministry of Labour and Employment, Government of India, in their letter dated March 20, 2020 has advised all the employers of the public and private establishments not to terminate their employees during this time, particularly casual or contractual workers from job or reduce their wages. If any worker takes leave, he should be deemed to be on duty without any consequential deduction in wages for this period. Further, if the place of employment is to be made non-operational due to COVID-19, the employees of such unit will be deemed to be on duty.
- g) MCA vide general circular no. 14/2020 and general circular no. 17/2020 provided clarification on passing of ordinary and special resolution for companies under the Companies Act 2013. MCA allows listed companies or companies with 1,000 shareholders or more which are required to provide e-voting facility under the Companies Act, 2013 to conduct EGM through VC/ OAVM and e-Voting. For other companies, a highly simplified mechanism for voting through registered emails has been put in place for easy compliance. This framework allows the companies to hold shareholders' EGMs through VC/ OAVM without compromising on the other requirements of law. As an additional check, all companies using this option are required to maintain a recorded transcript of the entire proceedings in safe custody, and public companies are also required to host this transcript on their website for greater transparency. Further, all resolutions passed through this framework will be required to filed with the RoC within 60 days, so that such resolutions may be viewed publicly. Other safeguards have also been included in the Circular to ensure transparency, accountability and protection of interests of investors.