STIFFER PENALTY FOR FALSE FILINGS

Appeal against CCI fines only after depositing 25%

MCA notifies rules under amended competition law

SURABHI
New Delhi, May 20

THE GOVERNMENT HAS made it mandatory to deposit 25% of the fine imposed by the Competition Commission of India (CCI), prior to filing an appeal against its order, before the National Company Law Appellate Tribunal.

Also, submission of false statements will attract higher penalty of ₹5 crore, versus ₹1 crore earlier. These and few other provisions under the Competition Amendment Act 2023 have been notified by the ministry of corporate affairs.

The Act, which was passed by Parliament in the Budget session, took effect on April 11, and the new rules, on May 18.

With the latest set of provisions, India's competition law is now equipped to deal with hub-and-spoke cartels, or anti-competitive arrangements, where businesses collude to distort market with the help of a common agent operating at a different level.

- Submission of false statements to attract ₹5 crore penalty
- With new rules, India's competition law now equipped to deal with hub-and-spoke cartels
- However, provisions relating to the deal value threshold (DVT) have not been issued
- The Act, passed by Parliament in the Budget session, took effect on April 11

However, provisions relating to the deal value threshold (DVT), the new criterion for regulation of merges and acquisitions (combinations), have not been notified. The amended Act provides for stiffer penalties based on global turnover of an enterprise, rather than the turnover of the goods and services that are the subject matter of the contravention. However, this also has not been notified yet. The DVT has been introduced in the Act, in recognition of the fact that the existing 'assets & turnover' criteria may not suffice to preempt competition infractions in the digital space via M&As.

Under the new amendments, the scope of anti-competitive agreements has been widened to include agreements other than vertical and horizontal agreements, which are anti-competitive in nature such as hub-and-spoke cartels.

Action against key competitive law violations like abuse of dominance and anti-competitive arrangements will be subject to a limitation period of three years of the date of cause of action.

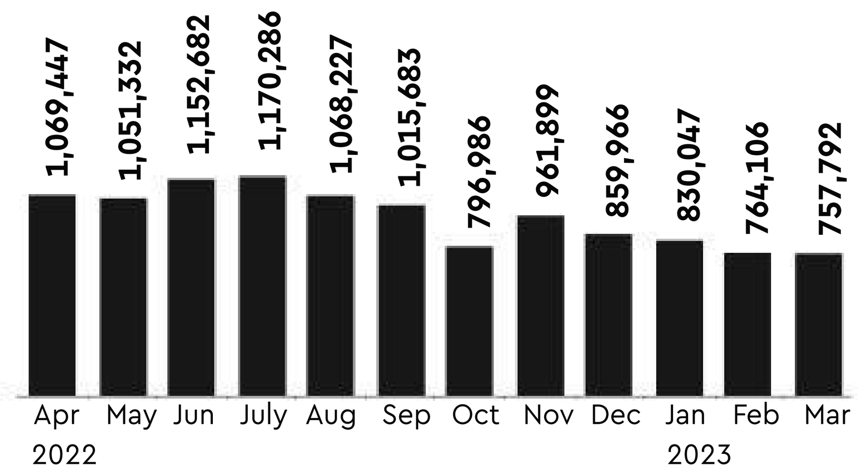
Rachit Sharma, DGM, Taxmann, noted that the inclusion of the mandatory requirement of a deposit of 25% of the amount levied by CCI prior to filing an appeal before the NCLT would discourage unnecessary appeals is likely to bring changes in the way the appeal process is approached. It may have a significant impact on the efficiency of the competition law cases in India.

GR Bhatia, Partner, Luthra and Luthra Law Offices India, said the provisions are a welcome step, and added that parties should implement competition law compliance programmes in order to steer away from the CCI's scrutiny.

EPFO members lowest in March

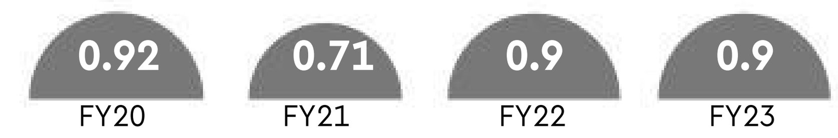
EPFO PAYROLL DATA FOR MARCH

New members



Average monthly new addition

(million)



Source: EPFO

SURABHI
New Delhi, May 20

NEW MEMBERS IN the Employees' Provident Fund Organisation (EPFO) declined to its lowest level in FY2022—23 in the month of March at 0.75 million. This was the fourth consecutive month of decline in first-time entrants to the scheme since November 2022 although was a marginal dip from 0.76 million first-time entrants to the scheme in February 2023.

The data, which is used as a high-frequency measure for formal sector job creation in the economy, may, however, be revised as has been the case with previous months as well. However, new entrants into the scheme have been below the 1 million mark after September 2022, when they totalled 1.01 million. In all, about 10.8 million first-time entrants joined the EPFO in FY23, which was the same as in FY22. The average monthly new addition to the EPFO was 0.9 million in FY23, the same as in the previous fiscal. Before this, new monthly additions had averaged 0.71 million in FY21, while it was 0.92 million in FY20.

According to the provisional payroll data of EPFO released on Saturday, the EPFO added 1.34 million net members in March 2023 of which about 1.01 million workers joined the social security scheme after switching jobs and opted to transfer their accumulations instead of applying for final settlement.

During FY22-23, around 13.9 million net members have been added by EPFO with an increase of 13.22% compared to the last FY21-22 when 12.2 million members were added.

Among the newly joined members, the highest enrolment is registered in the age group of 18-21 years with 0.23 million members, followed by the age group of 22-25 years with 0.19 million members.

"The age groups of 18-25 years constitute 56.6% of total new members added during the month," said statement, adding that this age-wise comparison of payroll data indicates that the majority of the members joining organised sector workforce of the country are first-time job seekers. Enrolment of net female members was 0.25 million in March 2023, which was around 19.21% of the net member addition for the month.

Mandatory drug testing at state labs: Govt

PRESS TRUST OF INDIA
New Delhi, May 20

AMID QUALITY ISSUES being raised globally for the cough syrups exported by Indian firms, the Centre is actively considering a proposal of testing drugs at government laboratories before they are dispatched to other countries. The apex drug regulatory authority, the Central Drugs Standard Control Organisation (CDSCO) has proposed testing the drugs at government labs before exporting, official sources said.

According to the proposal, exporters will have to produce the certificate of analysis of the batches issued by authorised laboratories after which only the Directorate General of Foreign Trade (DGFT) will clear the release of the consignment for export. The analysis of the sample from the export consignment is proposed to be tested at Indian Pharmacopoeia Commission, Central Drugs Standard Control Organisation (CDSCO) labs viz, L (Chandigarh), CDL (Kolkata), CDTL (Chennai), CDTL (Hyderabad), CDTL (Mumbai), (Guwahati) and NABL-accredited drug testing labs of states. "The CDSCO has submitted that some intervention from the government was necessary to stop the low-quality cough syrups from entering the global supply chain from India," an official said.

References have been received over quality issues coming across globally for the cough syrups exported by Indian firms. References and reports have also been noted where cough syrups produced by Indian manufacturers and exported have failed quality control testing abroad, an official source said.

"The Government of India has proactively identified such units and has initiated enforcement action in coordination with the states. Certain plants have been shut down, licences cancelled and punitive action under the Indian laws also has been taken on a case to case basis," the official source stated.

L&T Finance to expand SME finance business

FE BUREAU
Mumbai, May 20

L&T FINANCE IS planning to expand its small and medium-sized enterprises (SME) finance business to over 50 cities in the June quarter.

The SME finance business, which was launched as a pilot in Mumbai and Pune during 2021-22 (April-March), has risen steadily in 2022-23, the company said in a press release.

The company plans to expand to 50 cities including Patna, Bhubaneswar, and Visakhapatnam. In addition to this, the company would also be working towards increasing its direct channel offerings – through its direct-to-customer (D2C) application—the PLANET application. This product from L&T Finance primarily caters to small businesses and practicing professionals like doctors, chartered accountants etc. It disburses loans of up to ₹50,00,000.

Engineering exports to Russia soar 11x

PRESS TRUST OF INDIA
Kolkata, May 20

EXPORTS OF ENGINEERING goods to Russia jumped 11 times in April this year to $133.6 million as compared to year-ago month while the US and China markets continued to soften, the engineering export promotion council said on Saturday. Engineering exports to the CIS country were $11.7 million in April 2022.

The value of engineering exports to the US was $1.4 billion in April 2023, down 24.9% compared to $1.86 billion in the year-ago month. Shipments to China too continued with the declining trend and fell 15.5% to $183.3 million in April 2023 as compared to $216.9 million in the same month last year. However, exports to Oman more than doubled during the month to $153.9 million over the corresponding month of April 2022. Out of 25 top destinations for Indian engineering goods, as many as 15 saw positive year-on-year growth during the month under review while 10 countries witnessed a regrowth.

The top 25 countries, including the US, Germany, the UK, France, Indonesia and Singapore, contribute about 76% of the total engineering exports from India. Engineering exports from India continued to decline in 2023-24 as April 2023 saw a 7.15% drop to $8.99 billion as against $9.68 billion in April 2022. Drop in shipment to North America, the EU and ASEAN region led to a decline in overall engineering exports.

Commenting on the latest export data, EEPC India chairman Arun Kumar Garodia stated that the decline in exports was caused due to demand slowdown in almost all regions barring Latin America, WANA, parts of Europe and Oceania. WANA region comprises 19 countries, including Bahrain, Kuwait, Oman, Qatar, Iraq, UAE, Saudi Arabia, Egypt, Sudan, Algeria, Morocco, Tunisia, Syria, Jordan, Israel, Lebanon, Yemen, Libya and South Sudan.

"Significant export decline was not in North America as the US is currently going through a banking crisis and a debt ceiling crisis. Its imports have come down in the last few months. Exports to the EU have been impacted by the ongoing Ukraine-Russia crisis and the withdrawal of the GSP benefits," Garodia said in a release.

"South Asia situations remain grim as Bangladesh's economy suffers from the lowering global demand and Nepal and Sri Lanka reel under the debt crisis," he added.

Engineering products that witnessed positive growth are copper and products, industrial boilers, IC engines, pumps and valves and other construction machinery.