

A STUDY OF THE IMPACT OF COVID-19 ON INDIAN FINANCIAL MARKET AND LEGAL CHALLENGES

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Abstract

The deadly Covid-19 pandemic has brought dramatic changes in the life-style of individuals, legislations and policies of the governments, health infrastructure and more importantly, in the Financial Market of the country. This paper will deal with all such changes and evaluate the commercial and legal impact of these events on capital market transactions in the times when global economic concerns, as well as India-specific concerns such as the winding up of Franklin Templeton schemes and other similar pressures on Indian industries are at its peak. The author will also try to highlight the key commercial and regulatory considerations introduced worldwide for the betterment of financial markets. Further, analysis is done of the list of relaxations given by the SBI & RBI to the listed firms. Lastly, an attempt will also be made to summarily analyse recent “*SEBI Report on Social Stock Exchange*” for the improvement of Stock Market post Covid-19.

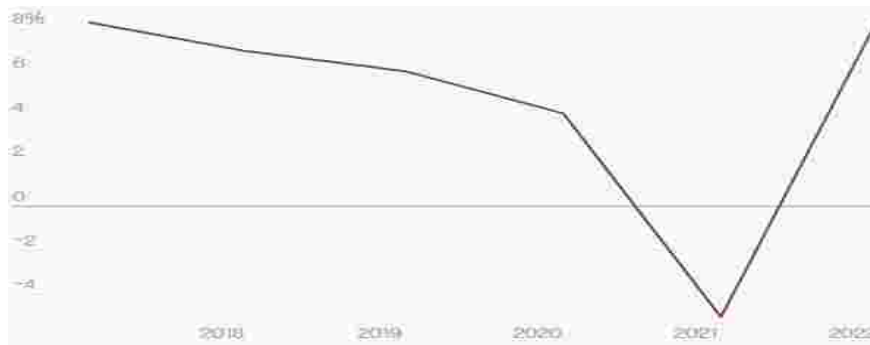
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I. Introduction

ONE OF the most dangerous terms of 2020 that we have heard the most is “COVID-19”. The colloquial meaning of this phrase is ‘corona’ disease. The term ‘Corona’ is not new to most of the literates as physics students of Intermediate standards have learnt Corona charge as an electrical discharge which is brought on by the ionization of a fluid. However, this phrase was completely stranger to scholars of other disciplines, more specifically to the experts of financial markets. The corona virus or for convenience, the COVID-19 disease, has brought in one of the most challenging financial crises in the world that humankind has ever experienced. Not only India, even major economies of the world are dangling like never before. It has disrupted supply-chains, including that of India. India’s economy, in contrast to what was anticipated, has been seen crumbling, especially the equities market. As per one report of CRISIL, a credit

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rating agency, India will see a long-lasting damage of around 10 per cent.¹ In the chart attached-below, it is explicit that India's GDP is expected to rebound after the financial year 2022.



Source : Ministry of Statistics and Programme Implementation
S&P Global Ratings' GDP estimates for financial year 2021&2022

An economy like India, where the majority of population is still dependent upon agriculture as its major source of employment, and where the population of the nation exceeds that of many nations taken together, it is thought to be natural to be reliant on imports to fulfil the consumer requirements. A lot has been said about the demographic dividend of India, and its empowered and superbly capable youth.² A nation this big has enormous demands to fulfil the needs of its population. But, we are stuck in a strange paradox where on one hand there is strangely excessive rate of unemployment³ and poor economic growth and now, on the other hand the attack of COVID-19, lockdown and its incidental results- less investment etc.

India's Past Experience of Market Crises

It is a fact that migration of living beings carries the disease from one place to another as its companion. In the past, many a times the world has battled disastrous pandemics of lower and higher strengths than this. To name some, the Plague of 1885, Bombay Plague in 1890s, Spanish flu in 1918-1919, HIV-AIDS infections from 1981 till today, deadly attack of SARS virus in 2002-03, swine flu in 2009-10, Ebola in 2014-16, India's Nipah Virus attack in 2018

¹ CRISIL, "Minus five India GDP growth outlook for fiscal 2021", 10 (May, 2020), available at: <https://www.crisil.com/content/dam/crisil/our-analysis/reports/Research/documents/2020/05/minus-five.pdf> (last visited on August 13, 2020).

² Wharton, University of Pennsylvania, "India's Demographic Dividend: Asset or Liability? (January 2013)", available at: <https://knowledge.wharton.upenn.edu/article/indias-demographic-dividend-asset-or-liability> (last visited on August 13, 2020).

³ Raj Kishan and Sanchit Kumar, "Unemployment and Poverty Paradox in India" 2 *Journal on Contemporary Issues of Law*, (November 2016), available at: <http://aditi.du.ac.in/uploads/econtent/Unemployment-and-Poverty-Paradox-in-India-Raj-Sanchit.pdf>. (last visited on August 14, 2020).

etc. Notwithstanding that the modern world is equipped with higher advanced technologies and discoveries, such outbreaks are not uncommon. Today, COVID-19 has not only prejudiced human's health across the globe, it has also brought severe turbulence in the global-economic-environment. Besides health emergencies, many natural calamities of severe impact like-Australia's Catastrophic BushFires in 2019, Wildfires in Amazon rainforest in 2019, Earthquake, Tsunami and Cyclone attack at various places within and outside India, Flash Floods across globe, etc.-have also had regressive effect in world's or more specifically India's financial market which had brought down its economy to standstill. Further, India is also not new to instances of severe financial crises which occur very occasionally in Indian Stock Market. These high and low magnitudes of crises have always made global impact and brought the economic activities and credit flows in many economies to a standstill. Most economists more often predict the country's economy's strength of battling crises on the basis of the country's endurance during past pandemics. India, even before its independence, has always been opportunistic in taking reformative steps during periods of crisis.

In 1918, when the whole world was hit by Spanish Influenza/Flu with a serious impact on around 50-70 million people across the world, it had killed around 10-15 million people in India alone.⁴ As per one version, Indian economy had then suffered from one of its worst crises with growth contracting by 10% and inflation rising by 25% in 1918.⁵ But, the moves like-increment in government's expenditure, introducing insurance schemes and the overhauling of out-dated banking regulations *inter alia* -saved the economy at its best. Similarly, in 1991-92 crises, the then government gave leeway to the private sector and relieved them from a myriad of regulations and restrictions, thereby deregulating the financial markets, reducing import tariffs. The government also set up various reformative committees, established regulatory and investigative authorities for the financial market, and paved the way for the economy to higher foreign investments. In 1997-98, when India was imposed with economic sanctions followed by the nuclear test conducted by India and when the Asian financial crisis prompted large-scale divestment of state-run assets to increase revenues, the government came up with another set of changes in the financial system that later changed the fate of India's Finance Market.

⁴ Census of India, 1921, available at: https://www.censusindia.gov.in/Census_And_You/old_report/Census_1921.aspx (last visited on August 14, 2020).

⁵ Amol Agarwal, "How India's Banks Navigated The Last Global Pandemic" *Bloombergquint*, June 19, 2020, available at: <https://www.bloombergquint.com/coronavirus-outbreak/how-indias-banks-navigated-the-last-global-pandemic> (last visited on August 14, 2020).

Similarly, during a financial crunch of 2014, just after the Federal Reserve's taper tantrum, government authorities had started working on an inflation-targeting regime for RBI and an asset quality review that made disclosure of India's bad loans more transparent. The then government introduced a nationwide sales tax, a new insolvency code, GST, reducing corporate tax rates and started the biggest sale of state assets.

II. Measures Taken for Protecting Capital Market amid COVID-19

The pandemic has slowed down the entire world and consequently the economic activities have also taken a hit. The economic slowdown is one of the worst that the world has seen.⁶ Various nations have attempted to devise ways to lessen the impact of the lockdown on their economies. In the wide range of policy reforms that can be noticed across the globe, India stands apart in laying down its economic policy⁷ for the foreseeable future and for times to come.

Wherefore in the light of a challenging and dismal situation of country's financial status, the government thought it appropriate to introduce some temporary measures in strictest compliances of myriad of statutes, so that the financial sector is able to save itself from being screwy, and does not have to lead to breakdown along with lockdown. Given the past experiences that the country has had in introducing legal changes amid crisis, it can be expected that this time also, a looming economic crisis triggered by the COVID-19 will bring a similar opportunity for India to enact sweeping reforms in ailing sectors and attract more foreign investments.

Therefore, in response to the increasing pandemic, the government has given relaxations of various natures from certain regulatory compliances enlisted under the country's most strictest of the laws *viz.* Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 [“SEBI (LODR) Regulations,

⁶ World Bank, “The Global Economic Outlook During the Covid-19 Pandemic: A Changed World” (June 8, 2020), *available at*: <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world> (last visited on August 14, 2020).

⁷ PRS Legislative Research, “Summary of Announcements: Atma Nirbhar Bharat Abhiyaan” (May 20, 2020), *available at*: https://www.prsindia.org/sites/default/files/parliament_or_policy_pdfs/Summary%20of%20Aatma%20Nirbhar%20Bharat%20Abhiyaan.pdf (last visited on August 14, 2020).

2015”], Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [“SEBI (SAST) Regulations, 2011”], and the Insolvency and Bankruptcy Code, 2016 (“IBC”) etc.

Key Measures Taken by SEBI

COVID-19 pandemic has caused widespread business disruption. To prevent the market related hardships in these challenging times, SEBI has in total issued more than 75 circulars introducing relaxations in compliance requirements and regulatory provisions relating to various provisions and extending various timelines. All listed entities and non-listed entities are required to adhere to certain compliance requirements specified by SEBI. These specifications are provided in distinct rules, circulars and regulations released by SEBI from time to time.

1. SEBI has relaxed the norms in respect of the timelines for activities of the Depository Participants (“DPs”), RTAs, Issuers, KYC Registration Agencies (“KRAs”), Stock Brokers. SEBI has also provided for certain relaxations in the timelines of some compliance requirements relating to DPs, RTAs, issuers, KRAs, and stock brokers.⁸
2. SEBI has also reduced burden on registrars to issue and share transfer agents (“RTAs”) by extending different time-periods required for completion of different activities⁹
3. It has also reduced compliances’ burden on trading members and clearing members by extending the due dates of many regulatory filings and compliances required by them to complete.¹⁰ Further, any delay in submission of the reports by trading and clearing members would not attract any penal provisions.¹¹
4. SEBI vide its Circular dated March 27, 2020, has provided reliefs with respect to the disclosure filings required by SEBI (SAST) Regulations, 2011,¹² that require the

⁸ SEBI Circular dated April 16, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-time-period-for-certain-activities-carried-out-by-depository-participants-rtas-issuers-kras-stock-brokers_46524.html (last visited on August 29, 2020).

⁹ SEBI Circular dated April 13, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-adherence-to-prescribed-timelines-issued-by-sebi-due-to-covid-19_46511.html (last visited on August 29, 2020).

¹⁰ SEBI Circular dated April 16, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-timelines-for-compliance-with-regulatory-requirements-by-trading-members-clearing-members_46523.html (last visited on August 30, 2020).

¹¹ SEBI Circular dated April 21, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-timelines-for-compliance-with-regulatory-requirements-by-trading-members-clearing-members_46539.html (last visited on August 30, 2020).

¹² Regulations 30(1), 30(2) and 31(4) of the SEBI (SAST) Regulations, 2011.

shareholders to compile, collate, and disseminate information of their consolidated shareholding to the company and the stock exchanges within seven working days from the end of the financial year.¹³

5. On 22nd Jan, 2020, SEBI through its Circular¹⁴ issued the SOP on imposition of fines and other enforcement actions for non-compliances with provisions of LODR. The operation of this SOP has been suspended for the time being.
6. SEBI has further issued relaxations and clarifications in respect of certain compliances, required under SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR ") to the listed entities. The key features of the Circular dated April 17, 2020¹⁵ have been outlined herein:
 - The minimum prior intimation to stock exchanges under Regulation 29, LODR of a minimum of 5 days for a board meeting where financial results are to be considered, has now been reduced to 2 days (whether or not working days) for board meetings that would be held until July 31, 2020;
 - Delay by listed companies in informing stock exchanges, beyond the stipulated time period of 2 days from receipt of information, regarding loss of share certificates and issue of duplicate certificates would now not attract specified penal provisions for intimations that were made between March 1, 2020 and May 31, 2020;
 - Digital signature certifications can/may be used for authentication of any filing and, or submissions made to the stock exchanges under the LODR till June 30, 2020;
 - Entities consisting of listed non-convertible debentures and/or non-convertible-redeemable preference shares shall be exempted from requirement of publishing advertisements in newspapers relating to its half yearly and annual financial results under Regulation 52(8), LODR until May 15, 2020.

¹³ SEBI Circular dated March 27, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/mar-2020/relaxation-from-compliance-with-certain-provisions-of-the-sast-regulations-2011-due-to-the-covid-19-pandemic_46442.html (last visited on August 30, 2020).

¹⁴ SEBI Circular dated January 22, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/jan-2020/non-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-and-the-standard-operating-procedure-for-suspension-and-revocation-of-trading-of-_45752.html (last visited on August 30, 2020).

¹⁵ SEBI Circular dated April 17, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/apr-2020/additional-relaxations-clarifications-in-relation-to-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-due-to-the-covid-19-_46525.html (last visited on August 30, 2020).

7. In regard to the holding of AGM, SEBI through its Circular dated April 23, 2020,¹⁶ relaxed the requirements of holding AGM by the top 100 listed entities (in terms of market capitalization) while allowing companies whose financial year ended on December 31, 2019, to hold its AGM within a period of 9 months (which was 5 months, earlier) from the closure of the FY i.e. up to September 30, 2020.
8. The Bye-Back Regulations of 2018 restricts companies from raising further capital for next one year from the expiry of the buyback period, except while in discharge of their subsisting obligations.¹⁷ The SEBI, through a Circular dated April 23, 2020; reduced the said period to 6 months, so as to bring it in line with section 68(8), Companies Act, 2013. This relaxation will remain in effect till December 31, 2020.
9. For regulations related to Rights Issue, SEBI vide its Circular¹⁸ dated April 21, 2020, introduced temporary relaxations for companies undertaking a Rights issue. These leeway are granted in respect of- minimum subscriptions, minimum threshold for filing draft letter of offer with SEBI if the issue size for a Rights issue is up to 25 crore, in contrast to the existing minimum threshold of 10 crore, and the eligibility conditions for companies undertaking a fast-track rights issue. Thus, for new regulations for undertaking a Rights issue, the criteria for minimum subscription have now been reduced to 75% from the earlier existing requirement of 90%.
10. SEBI has also granted relaxations from the strictest provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (“ICDR Regulations”) as far as the provisions of public issues (both initial and further public offerings) and rights issues are concerned. These relaxations are granted vide three separate SEBI circulars two of them dated on April 21, 2020, and one on May 6, 2020.¹⁹ They essentially relate to the validity of the SEBI observations, the requirement to file a fresh draft offer document in case of change in issue size and certain conditions applicable to rights issues. Normally, as per ICDR Regulations, the observations issued by the SEBI on the draft offer document (in the case of public issues) and the draft letter of offer (in the case

¹⁶ SEBI Circular dated April 23, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-relation-to-regulation-44-5-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-on-holding-of-annual-general-meeting-agm-by-top-100-listed-entitie-_46552.html (last visited on August 30, 2020).

¹⁷ SEBI (Buy-back of Securities) Regulations, 2018, regulation 24(i)(f).

¹⁸ SEBI Circular dated April 21, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/apr-2020/relaxations-from-certain-provisions-of-the-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018-in-respect-of-rights-issue_46537.html (last visited on August 30, 2020).

¹⁹ SEBI Circular dated May 6, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/may-2020/relaxations-relating-to-procedural-matters-issues-and-listing_46652.html (last visited on August 19, 2020).

of rights issues) are valid for a period of 12 months. That means, in normal circumstances, where a public or rights issue must open within 12 months of the date of the SEBI observations, else a re-filing of the draft offer document is needed, which results in payment of additional fees and delays the timeline, on the other, after the relaxation from this requirement, the SEBI circular has reduced deal timelines and ease the compliance requirements for fund-raising from the capital markets. Based on the representations from concerned stakeholders, SEBI has further extended the deadline pertaining to Rights Issues opening up to December 31, 2020.²⁰

11. As per ICDR regulations, in the event any specified material changes occur after the initial filing, including any increase or decrease in the fresh issue size by more than 20%, a fresh filing of the draft offer document with the SEBI is needed.²¹ In the same connection, SEBI has granted relaxations and now an issuer has been permitted to increase or decrease the fresh issue size by up to 50% (instead of 20%) without triggering the requirement to re-file the draft offer document, subject to the certain conditions.
12. Additional relaxations with respect to the eligibility requirements for a company undertaking a fast track rights issue²² are also granted by SEBI.
13. Relaxation of timelines for compliances with regulatory requirements by Depositories as well as the DPs.²³
14. Based on representations from listed entities, chartered accountant firms, and industry bodies or associations, SEBI has also extended the deadline for preparation, finalisation and submission of financial results for listed entities as prescribed in IODR²⁴ until July 31 from the earlier June 30.

Thus, the regulatory, governing and judicial bodies have significantly relaxed some of the most important compliance requirements, which indeed, were the crying need of an hour considering the current economic and health conundrum rampant all around. With such fundamental relaxations, a silver-lining can be expected that will help India's almost crippled economy in recuperating, in times to come.

²⁰ SEBI Circular dated July 24, 2020.

²¹ ICDR Regulations of 2018, schedule XVI.

²² A fast-track rights issue means that the issuer can launch an offering without a SEBI review process. This reduces the timeline and the following eligibility conditions for a fast-track rights issue have been relaxed.

²³ SEBI Circular dated April 24, 2020, *available at*: <https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-timelines-for-compliance-with-regulatory-requirements-by-depository-and-depository-participants-46557.html> (last visited on August 19, 2020).

²⁴ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regulations 33 and 52.

Measures Taken by Ministry of Corporate Affairs

1. Corporate Social Responsibility²⁵: As expected, the Ministry of Corporate Affairs (“MCA”) has allowed the spending of CSR funds for COVID-19 and making contributions to the PM-CARES Fund as an eligible CSR activity under Item no. (viii) of the Schedule VII of the Companies Act, 2013.²⁶
2. The CSR fund may be spent for twelve activities related to COVID-19 mentioned in Schedule VII of the Companies Act, 2013 one of which also include promotion of healthcare i.e., preventive health care and disaster management.
3. MCA has also introduced a voluntary FORM CAR (Companies Affirmation of Readiness towards COVID-19) which is meant to assess the companies’ compliances with COVID-19 related measures, one such being, implementation of the Work from Home Rule.²⁷
4. The threshold of default as mentioned in section 4 of IBC, 2016 has been raised by MCA from the existing threshold of Rs. one lakh to Rs. one crore.²⁸ This will prevent triggering of insolvency proceedings against companies.
5. A new regulation namely, 40C in the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2020 has been inserted. This new provision provides that the period of lockdown imposed by the Central Government in the wake of COVID-19 outbreak shall not be counted for the purposes of the timeline for any activity that could not be completed due to such lockdown, in relation to a corporate insolvency resolution process.²⁹
6. To mitigate the losses incurred by MSMEs especially, MCA has suspended the operation of sections 7, 8, and 10 of Insolvency and Bankruptcy Code, 2016 as a result of which a plethora of insolvency petitions that would have been filed inevitably against MSMEs otherwise, have been prevented.

²⁵ See, the Companies Act, 2013 (Act no.18 of 2013), s. 135.

²⁶ MCA General Circular dated March 23, 2020, *available at*: https://www.mca.gov.in/Ministry/pdf/Covid_23032020.pdf (last visited on August 19, 2020).

²⁷ Ministry of Corporate Affairs, Government of India, “Company Affirmation of Readiness towards COVID-19”, *available at*: http://www.mca.gov.in/Ministry/pdf/Car_22032020.pdf (last visited on August 19, 2020).

²⁸ MCA Notification March 24, 2020, *available at*: <https://www.ibbi.gov.in/uploads/legalframework/48bf32150f5d6b30477b74f652964edc.pdf> (last visited on August 19, 2020).

²⁹ IBBI Notification dated March 27, 2020, *available at*: <https://ibbi.gov.in/uploads/whatsnew/be2e7697e91a349bc55033b58d249cef.pdf> (last visited on August 19, 2020).

7. MCA has introduced ‘Companies Fresh Start Scheme, 2020’ & revision of ‘LLP Settlement Scheme, 2020’ on March 30, 2020.³⁰ A detailed Circular³¹ was released thereby providing an opportunity to companies and LLPs to make good any filing related defaults, irrespective of the duration of default, in order to allow companies and LLPs to make a fresh start as a fully compliant entity.
8. MCA has issued a Circular on 24th March 2020, wherein several important relief measures were taken to support and enable Companies and LLPs to reduce their compliance burdens as follows:-³²
- “No additional fees shall be charged for late filing during a moratorium period from April 01 to September 30, 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date, which will not only reduce the compliance burden, including financial burden of companies/ LLPs at large, but also enable long-standing noncompliant companies/ LLPs to make a fresh start.”³³
 - The mandatory requirement³⁴ of holding meetings of the Board of the companies within the intervals of 120 days stands extended by a period of 60 days till next two quarters i.e., till September 30, 2020.
 - To ease the burden on companies & their auditors for the financial year 2019-20 significantly, the Companies (Auditor's Report) Order 2020 has been made applicable from the FY 2020-2021 instead of being applicable from the FY 2019-2020 notified earlier.
 - For FY 2019-20, if Independent Directors of a company have failed to hold meetings as prescribed³⁵, the same shall not be viewed as a violation.
 - The compulsory requirement to create deposit repayment reserve of 20% of deposits maturing during the FY 2020-21 before April 30, 2020,³⁶ shall be allowed to be complied with till June 30, 2020.

³⁰ MCA Press Release dated March 30, 2020, *available at*: http://www.mca.gov.in/Ministry/pdf/Press_30032020.pdf (last visited on August 19, 2020).

³¹ MCA Circular dated March 30, 2020, *available at*: http://www.mca.gov.in/Ministry/pdf/Circular12_30032020.pdf (last visited on August 19, 2020).

³² MCA Circular dated March 24, 2020, *available at*: http://www.mca.gov.in/Ministry/pdf/Circular_25032020.pdf (last visited on August 19, 2020).

³³ *Ibid.*

³⁴ The Companies Act, 2013 (Act no.18 of 2013), s. 173.

³⁵ The Companies Act, 2013, para VII (1) of schedule IV.

³⁶ The Companies Act, 2013, s. 73(2)(c).

- The compulsory requirement to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before April 30, 2020,³⁷ is allowed to be complied with till June 30, 2020.
 - While any newly incorporated companies are supposed to file a declaration for Commencement of Business within 180 days of its incorporation,³⁸ but the MCA has provided an additional period of 180 days for this compliance.
 - Another requirement of the Companies to have the minimum residency of at least one director in India for a period of at least 182 days,³⁹ have also been relaxed and failure of this shall not be treated as a non-compliance for the FY 2019-20.
9. Furthermore, the MCA vide its notice dated March 18, 2020, followed by the Companies (Meeting of Board and its Powers) Amendment Rules, 2020 dated March 19, 2020, has inserted a new sub-rule under Rule 4 of the existing Companies (Meeting of Board and its Powers) Rules, 2014. This insertion provides relaxations in holding board meetings with physical presence of directors under section 173(2) read with rule 4, Companies (Meeting of Board and its Powers) Rules, 2014, for board meetings, approval of annual financial statements, etc.⁴⁰ As a result, such meetings could be held through video conferences or any other audio-visual means starting from March 19, 2020 till June 30, 2020,⁴¹ However, MCA has later brought in a second amendment to the 2014 rules and extended this time-limit from June 30 to September 30, meaning thereby, Board meetings may be held through video conferencing/ other audio visual means till September 30, 2020.⁴²
10. NCLAT vide its Order dated March 30, 2020⁴³ has extended all interim orders under IBC, the Companies Act, the Competition Act, till the next dates of hearing, which may be notified later. Besides, it also ordered that the period of lockdown shall be excluded for the

³⁷ Companies (Share Capital & Debentures) Rules, 2014, rule 18.

³⁸ The Companies Act, 2013, s. 10A.

³⁹ The Companies Act, 2013, s. 149(3).

⁴⁰ The Companies Act, 2013, s. 173(2) r/w the Companies (Meetings of Board and its Powers) Rules, 2014, rule 3: every Company can hold a Board Meeting through video-conferencing or other audio-visual means, which are capable of recording and recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time.

⁴¹ MCA Notice dated March 18, 2020, *available at*: http://www.mca.gov.in/Ministry/pdf/Meeting_18032020.pdf and Companies (Meeting of Board and its Powers) Amendment Rules, 2020 dated March 19, 2020, *available at*: http://www.mca.gov.in/Ministry/pdf/Rules_19032020.pdf (last visited on August 23, 2020).

⁴² Companies (Meetings of Board and its Powers) Second Amendment Rules, 2020, dated June 23, 2020, *available at*: <http://egazette.nic.in/WriteReadData/2020/220117.pdf> (last visited on August 23, 2020).

⁴³ NCLAT Order dated March 30, 2020, *available at*: <https://nclat.nic.in/Useradmin/upload/7281701495e81d18e254d0.pdf> (last visited on August 23, 2020).

purpose of counting of the period for Resolution Process under section 12 of IBC initiated or pending before any Bench of the NCLT or NCLAT.

The various relaxations provided by the MCA have enabled companies to focus on restarting their business activities without worrying about the hefty penalties due to delay in compliances or disclosure, which are inevitable in such a current scenario.

Measures Taken by Ministry of Finance

Though there are many steps taken by the Ministry of Finance in these challenging days which will make a huge impact on the country's economic wheels, one amongst them which carries higher weightage needs to be contemplated in depth. On May 12, 2020 the Prime Minister, Mr. Narendra Modi, announced a special economic package of **Rupees 20 lakh crores** (equivalent to 10% of India's GDP) with the aim of making the country independent against the tough competition in the global supply chain and to help in empowering the poor, labourers, migrants who have been adversely affected by COVID-19. Following this announcement, the Finance Minister, Ms. Nirmala Sitharaman, through five press conferences, announced the detailed measures under the economic package.⁴⁴

Apart from the infusions through the regular annual budget, this infusion is the single biggest infusion in the economy ever. Though there have been economic reforms in the past, those economic reforms were more in the nature of policy reforms. The 1991 economic reforms were aimed at fiscal adjustments and raising additional income for the Government of India through various sources.⁴⁵ Other big and small economic reforms have been made in the year after 1991 to strengthen the economy in a world of liberalization, privatisation and globalisation. The *Atma Nirbhar Bharat Mission* has been a different kind of measure, where the aim has been to introduce policy reforms through infusion of liquidity into the economy. Another difference is the targeted delivery of funds to specific sectors to effect their revival and promote them to increase opportunities for employment. Though the infusion might be the single biggest infusion, the reforms are specific in contrast to broad based reforms as that of 1991.

⁴⁴ Legislative Research, "Summary of Announcements: Aatma Nirbhar Bharat Abhiyaan" (May 20, 2020), available at: <https://www.prsindia.org/report-summaries/summary-announcements-aatma-nirbhar-bharat-abhiyaan> (last visited on August 24, 2020).

⁴⁵ Editorial, "Sparing the Poor" *The Hindu*, July 25, 1991, available at: <https://www.thehindu.com/opinion/editorial/Sparing-the-poor/article14504906.ece> (last visited on August 23, 2020).

With this *Atma Nirbhar Bharat Mission*, the government has identified five different areas where policy adjustment and monetary infusion were needed and accordingly the infusion was categorised into 5 tranches that were aimed at 5 different sectors. The scheme can be categorised in the following broad categories where infusion has been made:⁴⁶

1. Part-I: Businesses including MSMEs
2. Part-II: Poor, including migrants and farmers
3. Part-III: Agriculture
4. Part-IV: New Horizons of Growth
5. Part-V: Government Reforms and Enablers

Part-I: Businesses including MSMEs

Businesses have been one of the most severely hit sectors during the lockdown. Whereas the large industrial scale level businesses have at least survived to fight the challenges before them, the Micro, Small and Medium Enterprises (MSMEs) have seen the worst ever phase of economic shrink. All in all, the livelihoods of those associated with the businesses have been imperilled at some level or the other. To cover for the losses so incurred and to relax the mandatory norms for compulsory payments of various nature including taxes, the government chose to infuse a total of Rupees 5,94,550 Crores into this sector.

The reforms under this head have made provisions for Collateral Free Automatic Loans, Subordinate Debts and Equity Infusion. Furthermore, the Investment – Turnover definition of MSMEs has been expanded so that more businesses can avail themselves of these benefits. Other measures include some direct and indirect taxation measures, infusion in Employees Provident Fund schemes, and other liquidity facilities for various entities.

The reform in this part that concerns us is the limiting of global tenders. Government recognised that Indian MSMEs and other businesses have often faced unfair competition from foreign companies. Therefore, the government chose to decide the *lower limit of the Government procurement tender at Rupees 200 Crores*. That is no tenders below 200 crores will be given to a foreign company. For that necessary amendments to legislation will be carried

⁴⁶ *Ibid.*

out in due course of time. Further discussion on this measure will be carried out in assessing the impact on international trade.⁴⁷ Some of the states have also started to modify their tendering schemes to incorporate this measure.⁴⁸

Part-II: Poor, including migrants and farmers

Throughout the lockdown, traumatic and heart-rending stories about the poor of the nation have captured the attention of the media and through it ours, unlike ever before.⁴⁹ This part of the scheme aims at providing food grains to poor through public distribution system, development of affordable rental housing complex for migrant workers, special credit for street vendors, boosting the housing sector, development of jobs by utilising CAMPA fund⁵⁰ created under Compensatory Afforestation Fund Act, 2016, additional emergency working capital fund for farmers, and concessional credit to farmers through Kisan Credit Cards.

Part-III: Agriculture

As has been pointed out earlier also, agriculture still remains the biggest employer of masses in our nation. This is one of the sectors in which the export of produce exceeds that of import.⁵¹ The higher export in this sector is due to the volume of goods produced. It is also noticeable that the goods that are exported are non-perishable goods. There are very limited perishables that are exported. It is one of those sectors that have a considerable share in the international trade. At the same time the problems associated with this sector also seems to surpass those of any other sector. Low level of income for farmers, improper supply chains, lacking infrastructure for storage of produce, and non-transition from traditional systems of farming are one of the most problematic features.

The reforms under this head are targeted to level these disparities. Provisions for development of post-harvest infrastructure, formalization of Micro Food Enterprises through cluster based exports, filling gaps in fisheries value chain, exploring new areas for expansion of farming,

⁴⁷ As per the latest information, the General Financial Rules have been amended to incorporate this policy.

⁴⁸ Delhi Government being the first to implement the scheme.

⁴⁹ Ranjit J Pattnaik, "An Unending Horror Tale that Mocks India's Growth Story" *The billion press*, May 23, 2020, available at: <https://www.thebillionpress.org/articles/2020/05/23/unending-horror-tale-mocks-india%E2%80%99s-growth-story> (last visited on August 23, 2020).

⁵⁰ Compensatory Afforestation Fund Management and Planning Authority.

⁵¹ Import and Export from Agricultural Sector (July 03, 2019), Press Information Bureau, Government of India, available at: <https://pib.gov.in/newsite/PrintRelease.aspx?relid=191170> (last visited on August 23, 2020).

preventing distress sale from farmers at rates considerably lower than Minimum Support Price are few measures that have been taken under this head.

Part-IV: New Horizons of Growth

The reforms in this category relate to the field of mining, defence, aviation, and power generation among other things. These reforms need to be discussed in detail in the analysis while assessing whether they come in contravention of the principles of international trade. The government has resolved to put the investment proposals through Fast Track Investment Clearance. Steps are to be taken to make the states investment friendly. It has been noticed that the industrial infrastructure has not been upgraded in a long time. This has slowed down the output and the same needs to be remodelled to match the universal standards. Furthermore, the coal and mineral sector has been opened up for investment to make the country self-reliant in coal production. It must be noted that Coal India is the largest producer of coal in the world and still the need to import coal for domestic usage has not gone down. This situation needs urgent intervention by opening up the sector to investments from private entities.

One of the most important reforms has been made in the defence sector. This time the government has decided to ban imports of certain weapons/ platforms with year-wise timelines. But, at the same time the government has raised the percentage of FDI in Defence Investments to 74% from 49%.

Part-V: Government Reforms and Enablers

Under this head providing additional assistance has strengthened the reforms that have been thought of under the previous heads. Important policy decisions regarding health sector, education boosting businesses and implementing technology-driven systems in diverse sectors. One of the most important features of this tranche of funds is its aim to increase India's rank on the Ease of Doing Business Rankings. This measure seems to show the inclination of the government in inviting private players to invest in all sectors except for those in which investment is specifically limited as a policy decision.

III. Is Covid-19 Alone Responsible?

Indeed, the collapse of one thing always has a drastic domino effect on the other things/events lined up next. The deterioration of industries and asset classes of various ranges, collapse of big companies, delisting of huge corporate entities, winding up of companies or its schemes, overall world economic growth, imposition of worldwide trade barriers etc., are some of the factors which are collectively responsible for bringing economic crisis in India this time. In addition to all these, the onset of COVID-19 has served exponentially to compound these problems. It would not be wrong to say that one factor has been complimentary to another. Let's see some of the other factors which have created problems for Indian Finance Market.

Franklin Templeton Fiasco

One of the most recent victims of the on-going pandemic has been Franklin Templeton India, an American based premier global investment management organization having its operation in India for over 25 years. On account of the adversities faced by economic crises, Franklin Templeton India has decided to wind-up six of its debt schemes on April 23, 2020 so as to preserve value for its unit holders and provide its investors a smooth, orderly and equitable exit opportunity.⁵² It is true, that Mutual funds are relatively far more secured option for investors as it involves separate schemes of different investment strategies and underlying assets, but this time, the supervening effect of COVID-19 has created such redemption strains and corresponding dearth of money flows, that the mutual fund industry also has been seen bouncing back.

Winding up of Schemes is not *per se* illegal or unlawful. Like any legal and regulatory processes, SEBI regulations also provide detailed procedures for initiating withdrawal of schemes.⁵³ As per the provisions, a scheme of a mutual fund may be wound up in three broad situations:-

- (a) On the happening of an event which, in the opinion of the trustees, requires the scheme to be wound up because of market conditions; or
- (b) If 75% of the unit holders of a scheme pass a resolution that the scheme be wound up; or
- (c) If SEBI so directs in the interest of unit holders.

⁵² Notice published by Franklin templeton India dated April 23, 2020, available at: <https://www.franklintempletonindia.com/downloadsServlet/pdf/notice-of-winding-up-final-230420-k81f8151> (last visited on August 26, 2020).

⁵³ Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, regulation 39(2(a)).

Few years ago, SEBI had ordered Sahara group to wind-up its mutual fund schemes as it was no longer able to carry out business properly. This was done by invoking the clause (c) of the above regulation.

The case of Franklin Templeton traces its genesis since the default of IL&FS in mid-2018 where it has invested and which led to a spike in market rates and dip in investor's confidence in lending money to non-banking institutions. Further, Franklin received the major setback with the fall back of Vodafone-Idea, as the latter failed to pay the huge debts to Franklin, resulting in writing off by Franklin. In its bad taste, Franklin invested in poor performing companies like Yes bank and others, leading the increment in loss exponentially. Moreover, since the outbreak of Covid-19, there have been unprecedented levels of redemption in the bond market, apart from significantly reduced liquidity. Thus, due to the unavailability of buyers to buy its securities, continuous demands of investors for redemption and in the absence of sufficient market liquidity, Franklin was left with no choice but to wind up its six mutual fund schemes. A lesson which can be learnt here is that winding up of Franklin's schemes have given a huge setback for the investors, and it essentially signifies their loss of confidence in the capital market.

Suggestions

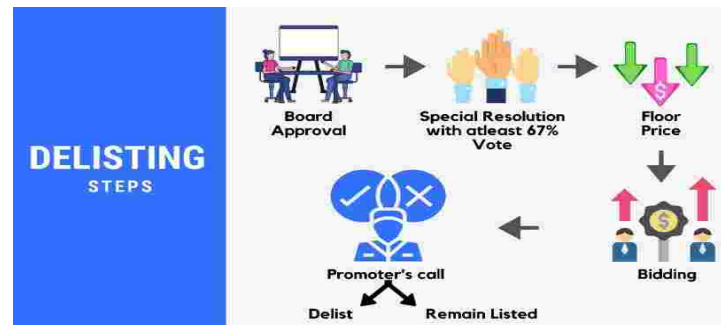
By and large, the message has reached all of us that COVID-19 pandemic will continue to stay here for a longer period than expected and it will keep impacting asset classes and industries. Even though, several decent measures have been taken by Indian government as well as key regulators and have introduced varying measures to preserve the economic situation of the country. The government and regulators should endeavour to gain confidence of existing and prospective investors despite the economy's poor performance. It should be the priority of the government to mitigate the loss of investor value and confidence to the extent possible. The US Treasury had established a program in 2008 named 'Troubled Assets Relief Program'. The objective of this program was to stabilise the capital market through a multi-pronged approach, including capital infusion in the market. This move, as per the later reports, has revived the US economy during its rough patch. Likewise, India should also adopt a similar comprehensive policy to tide over these times.

Delisting of Entities

Back to our childhood memories, there was a tricky question that was asked many times as to which came first: the chicken or the egg? Now, a similar question can be seen in Financial terminology as to which is responsible for bringing crises: corporate entities’ antics or the world economic growth as a whole? In this portion, the author will deal with the nuances involved in the delisting of the company during the times of economic upheaval.

A country’s financial market faces higher challenges when instead of adapting to reformation; the company starts delisting or stepping backward from the market.

Before moving in a slight depth, let us first understand the meaning of ‘Listing and Delisting of a Company. In a simplest sense, the listing of a company means when a company wishes to issue its share to the public to raise capital for the business, it is required to fulfil the registration compliances necessitated by SEBI and with the Stock Exchange Market and once it is done and its shares are made publicly available for trading. This whole process would then be termed as the listing of the company. The reverse of this is called ‘Delisting’, wherein the company’s stocks no longer trades on Stock markets. The complete process of delisting of a company is represented pictorially below.



Pictorial representation of Delisting of an entity from Stock Market

Usually, there are two ways of delisting the entity from the stock market: Voluntarily and Involuntarily. Involuntarily delisting, as understood from the phrase, is done under compulsion by regulators or higher authorities or the government/court and not by the Board of Directors (BOD) and shareholders. Voluntary delisting, on the other hand, is essentially a strategic move by a listed company’s BOD to make the company private by purchasing its securities.⁵⁴

⁵⁴ Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the “SEBI Delisting Regulations”).

Vedanta fiasco

Vedanta Ltd. is a mining company registered in India, with its main operations in iron ore, gold and aluminium mines. Vedanta, after observing poor demand for metals and incurring the loss of Rs12,521 crore since late 2019, has decided to delist its shares from Indian stock market. Since a sizable amount of public and economic interests are involved in any listed entities, the voluntary delisting of Vedanta has added fuel to the fire amid the crisis. But, as widely accepted, delisting has never been an easiest task for any company. Most of the times, it has been seen that directors of companies become opportunistic specifically when the market is dangling. In Vedanta's case also, its promoters portrays opportunistic behaviour by announcing the delisting of his company during the objectionable time of COVID-19 pandemic.

There exists a serious drawback in delisting regulation of SEBI. Whenever a recession hits, corporations resorting to delisting always try to superordinate and oppress its minority shareholders. In the instant matter, the Vedanta has offered a price which is less than even half of the fifty-two week high of Rs.180 to the shareholders. Vedanta's BOD is using the diminished stock price (due to the pandemic) as a veil to overshadow the intrinsic value of the company. Such opportunistic attempts by promoters raise serious concern about the protection of minority shareholders' interest.

Suggestions

During such a prevalent situation across the country, it would not surprise, if a few companies' promoters move ahead with delisting plans owing to the slump in the stock market valuations of companies, thereby creating a power imbalance between the promoters and public shareholders in the delisting process. Hence, the existing SEBI delisting regulations need to be re-evaluated so that shareholders and more specifically minority shareholders can claim a fair and equitable price on their shareholding. Also, sudden announcements of delisting an entity are prejudicial to the interests of those shareholders who expect a return for their being in long association with the company. A proper checks and balances are needed in the present regulations to ensure the judicial delisting of the company keeping in mind shareholders' interests more particularly during crises time like this. For this, SEBI can change the method of pricing mechanism not solely based on the book-value but also on the intrinsic-value of the stock. This will ensure that the existing market situation is also well-counted while calculating

market value and as a result the shareholders will no more be compelled to bid/accept lower values for their stakes.

Additionally, SEBI should introduce in its Delisting regulations some additional disclosure requirements by the Board of Directors such as disclosure of board recommendations, declaration stating greater standards of due diligence, opinions of independent advisors and the like measures. This will give investors a better understanding and clarity of the process and will ensure that shareholders know better than to accept the lowest book value offer price.

IV. Anti-China Wave

As the reports stating Chinese government's move to regulate Chinese investments and China's imposition of national security law surfaced, a large number of foreign portfolio investors who were initially located in China and Hong Kong, are planning to move their assets to other countries viz. India, Japan, Singapore etc. Also, China's nonchalant attitude in terms of its mishandling the COVID-19 disease, many countries and countrymen have shown disaffection towards Chinese products and Chinese investments. As a result, many businesses of China, barring some monopolistic businesses like pharmaceutical and technology have received backlash globally. The famous 'Byte Dance' Company has also contemplated moving its TikTok headquarters out of China amid severe hatred concerns shown by countries against China.⁵⁵ FPI Investors who invest in India through Hong Kong-based pooling vehicles, have also started developing contingency plans to withdraw their establishments from Hong Kong more profusely after the announcement of new Security law of China. Now, if Investors move to India, the foreign investment anyhow, will increase and even if, the investors move to Japan, then also the investments in India would be governed by the new tax treaty that India and Japan has signed recently and this will give many advantages to India's Financial Market. According to Tax experts, FPIs could more likely prefer to look at setting up offices in Japan through a multi-layered structure as it gives them blanket exemption from indirect transfer of shares and also provides equal footing on capital gains under India-Japan tax treaty.

⁵⁵ Yasheen Ahmed, "Byte Dance may move Tik Tok headquarters out of China amid severe app scrutiny", *India Today*, July 11, 2020, available at: <https://www.indiatoday.in/technology/news/story/bytedance-may-move-tiktok-headquarters-out-of-china-amid-severe-app-scrutiny-1699440-2020-07-11> (last visited on August 20, 2020).

Thus, it can be established that holistically, the anti-china sentiment, will essentially favor India's financial Market. The government should be more focused in terms of labor, Environment and Market laws for attracting all those foreign investors who are willing to establish their operation apart from China.

V. Way Forward

SEBI Working Group Report On Social Stock Exchange

In June, 2020 the SEBI Working Group released its report about the launch of Social Stock Exchange (SSE). The Mr. Ishaat Hussain led committee was constituted by SEBI in September, 2019. The concept of SSE will surely be the new beginning in India's finance market. As per one report, India faces an annual financing gap of \$565 billion in meeting its Sustainable Development Goals by 2030.⁵⁶ It means, something phenomenal is needed in meeting this deadline. A complete overhaul of the existing stock market's capacity may be one such step to start with. The SSE, as a concept would permit the listing of organisations working for social welfare objectives, for-profit organisations, non-profit organisations, social enterprises and voluntary organisations etc. With this, all of them can then raise capital as equity, debt, grants, or performance-linked payments.

In a brief, the committee has laid down the urgent need of constituting SSE, its objectives, nature along with the process to measure and report social investment. Interestingly, the report devotes a certain portion for the applicability of SSE during the COVID-19 pandemic in particular. Keeping in mind the unprecedented benefits involved in bringing SSE, it is suggested to incorporate SSE as it is described in the report. By allowing private players, who are concerned about the welfare of society, the country will see the infusion of capital as well as growth of poor sectors where the government has continually failed to have a look upon viz. Health Sector, Education, Village development, agriculture, employment etc. Amid the unique challenges posed by the Covid-19 pandemic, such incentives from voluntary organisations are very much needed. The SSE, if brought in, will reinvigorate the social sector in India and will

⁵⁶ Brookings India, "The Promise of Impact Investing in India" (July, 2019), *available at*: <https://www.brookings.edu/wp-content/uploads/2019/07/The-promise-of-impact-investing-in-India.pdf> (last visited on August 20, 2020).

also encourage trading in equities issued by profit-making entities with the help of tax incentives and various governance practices.⁵⁷

Future Measures: Disclosures of Material Information

Almost every country in the world, be it the United States or countries in European Union, have taken some or other concrete steps to assess the impact of coronavirus on their health as well as the finance sector. SEBI's counterpart in the United States i.e., the U.S. Securities and Exchange Commission on April 8, 2020, has instructed all public companies to 'provide as much information as is practicable regarding their current financial and operating status, as well as their future operational and financial planning'.⁵⁸ On similar lines, the European Securities and Market Authority has also invoked 'Market Abuse Regulation' to require issuers to disclose all significant information concerning the impacts of COVID-19 on their company's fundamentals, prospects, financial situation or a qualitative and quantitative assessment of business activities.⁵⁹

Considering the far-reaching impact on country's economy, regulators like SEBI and RBI, in exercise of their annual audit responsibilities⁶⁰ and without any motive to take actions, have also sought details from rating agencies on the quantum of companies that have either been downgraded or where outlook has been termed negative due to COVID-19 pandemic.⁶¹ On May 20, 2020, SEBI issued advisory to the listed entities to publish significant information about their business, supply chain, liquidity position, assets, demand and supply, capital and

⁵⁷ Rongeeet Poddar, "SEBI Working Group Report on Social Stock Exchange", *India Corp Law Blog*, June 5, 2020, available at: <https://indiacorplaw.in/2020/06/sebi-working-group-report-on-social-stock-exchange.html> (last visited on August 20, 2020).

⁵⁸ U.S. Securities and Exchange Commission, "Public Statement- The Importance of Disclosure – For Investors, Markets and Our Fight Against COVID-19" (April, 2020), available at: <https://www.sec.gov/news/public-statement/statement-clayton-hinman> (last visited on August 20, 2020).

⁵⁹ European Securities and Markets Authority, "COVID-19 Recommendations To Financial Market Participants" (July, 2020), available at: <https://www.esma.europa.eu/about-esma/covid-19> (last visited on August 29, 2020).

⁶⁰ SEBI Listing Obligations and Disclosure Regulations, 2015, regulations 4 and 30.

⁶¹ Saloni Shukla, "SEBI, RBI seek info on rating cost' COVID-19-related changes in stance" *Economic times*, July 24, 2020, available at: https://economictimes.indiatimes.com/articleshow/77135611.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst (last visited on August 20, 2020).

financial resources, performance, and financial status along with the measures taken by them to curb the impact of COVID-19.⁶²

The primary objectives behind collating this information are two-folds: [A] Information about company's overall health and its ability to perform in future will help regulators to determine further best policy action for tackling Covid-19; [B] Making information available in the public domain not only benefits the government in drafting policies to form a way forward, but also benefits the investors, individuals, and institutions alike with more transparency. Notwithstanding the above-mentioned, such information also carries the potential to affect instruments' market price, to make a fictitious market, and to violate other provisions of law. Pursuant to this advisory, several companies like Tata and D-Mart have released their respective statements publicly. The impact of the outbreak has been severe on Tata's non-food industries.⁶³ For D-mart, less impact was observed as it was able to continue its operations after being classified as essential service provider, but still, its April revenue saw a decline by 45%.⁶⁴

Interestingly, the aforesaid advisory *inter alia* provides for disclosures regarding future actions that will be taken by the Companies, in addition to its current developments. Technically speaking, asking information concerning future obligations is not covered in the LORD, which typically requires disclosure of information limited to the facts only and hence, SEBI is seeing overreaching its boundaries in collating information. It seems that SEBI was inspired by its counterparts at the United States and European Union, as the U.S. Securities and Exchange Commission and European Securities and Market Authority have also asked companies registered in their respective jurisdictions to make forward-looking disclosures dealing with future operating conditions and strategies to be followed.

VI. Conclusion

India's past experience post-economic crises have always been very fruitful. By amending existing norms, regulations and laws, the government and its instrumentalities are doing its part

⁶² SEBI Circular dated May, 2020, *available at*: https://www.sebi.gov.in/legal/circulars/may-2020/advisory-on-disclosure-of-material-impact-of-covid-19-pandemic-on-listed-entities-under-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_46688.html (last visited on August 20, 2020).

⁶³ Letter dated June 2, 2020 published by Tata Motors Ltd, *available at*: <https://www.bseindia.com/xml-data/corpfiling/AttachLive/6b8da7e1-3c85-412f-aa15-46017bc6ac01.pdf> (last visited on August 20, 2020).

⁶⁴ Editorial, "Companies disclose financial impact of coronavirus lockdown", *Business Today*, May 27, 2020 *available at*: <https://www.businesstoday.in/current/corporate/after-sebi-push-companies-report-financial-impact-of-coronavirus-lockdown/story/405086.html> (last visited on August 20, 2020).

perfectly. The government's \$266 billion Covid-19 package focuses more on indirect measures viz. providing access to credit and infusion of equity, that will essentially provide reliefs to many sectors. Indian banks have consistently performed poorly since the last half-decades and therefore, the government should focus on increasing its expenditure and target it towards productive activities on a war-like footing. Furthermore, one critical issue that the financial market faces is about financial illiteracy. In 2014-15, Standard & Poor conducted a Global FinLit Survey had found that India had the worst financial literacy rates among major emerging economies. The government should attempt to find better ways to ensure that investors get financial literacy as is sufficient for investing and divesting the funds. However, the problem is not limited to India.

In these testing times some immediate action is needed to protect investors' interest and therefore, the government should change the out-dated norms which have created legal pitfalls so far. There is an even more urgent need for SSEs due to the serious damage caused by COVID-19, particularly upon the poor person and large swathes of the informal sector. The proposed Social Stock Exchange can be envisaged as one of the possible solutions to this crying problem, as this may unlock large pools of funding and enable commercial capital to partner with social capital.