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**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: **Investment Law**

Semester-II (Batch: 2013-14)

End Term LL.M. Examination: May-June 2014

Date: 30th May, 2014

Duration: 3 hours

Max. Marks: 70

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- **Bare Act is not allowed. Only Approved Regulations are allowed.**

Part A - Answer all Questions

Marks

Q.1 Write a short note on any 5 of the following:

(5x5=
25)

- (a) Industrial Policy 1991
- (b) FII
- (c) FDI
- (d) FCEB
- (e) Import Export Code
- (f) FIPB
- (g) Non Resident Account

Part B - Answer all Questions

Q.2 Indian companies, currently reeling under the pressure of widening current account deficit, depreciating rupee and higher interest costs, now also have FCCB's to worry about. India went competitive on FCCBs in the 2004-07 times when stocks value got reduced very low for many number of companies. This is now reaching a redemption zone, and hurting. A recent example of a company unable to service its FCCBs, is that of Suzlon, which completed its Corporate Debt Restructuring (CDR) when it defaulted on FCCBs (maturity due was in Oct 2012) worth of \$221 million. Further, it still has FCCBs obligations worth of USD 90 million due in July 2014 and USD 175 million due in April 2016 on its books. On the basis of these facts comment on the following:

(09)

- (a) Explain the problem arising with respect to FCCBs in India
- (b) What are the reasons for this kind of situation, and mention the measures to be taken by regulators in order to avoid this crisis.
- (c) Advise what the companies can do in situation like that of Suzlon.

Q.3 Answer any 3 questions:

(09)

- (a) Mr. Madan had resided in India during the Financial Year 1999-2000 for less than 183 days. He again came to India on 1st May, 2000 for Higher studies and Business and stayed up to 15th July, 2001. Under the Foreign Exchange Management Act, 1999 state;
 - (i) If Mr. Madan can be considered as 'Person Resident in India' during the Financial year 2000-2001 and
 - (ii) Is citizenship relevant for determining such a status?
- (b) Mr. Madanesh of Nagpur wants to travel to Nepal and for this purpose proposes to draw Foreign Exchange. Specify.

- (i) Can Mr. Madanesh draw any Foreign Exchange for his journey?
- (ii) What are the purposes for which Foreign Exchange drawal are not allowed for Current Account Transaction?
- (c) Examine whether the following branches can be considered as a 'Person Resident in India' under Foreign Exchange Management Act, 1999:
- (i) Kartar Limited, a company incorporated in India established a branch at London on 1st January, 2003.
- (ii) M/s Lal & Lal, a foreign company, established a branch at New Delhi on 1st January, 2003. The branch at New Delhi controls a branch at Colombo.
- (d) Mr. Paranto is an exporter of goods and services. Explain briefly his duties under Foreign Exchange Management Act, 1999 with regard to the following:
- (i) Furnishing of information relating to such exports.
- (ii) Realisation and Repatriation of foreign exchange on such exports.
- Q.4 Differentiate between any 3 of the following: (06)
- (a) ADR & GDR
- (b) FII & FDI
- (c) FCCB & FCEB
- (d) NRI & PIO
- Q.5 State, with reasons in brief, whether the following statements are true or false (Any 3): (06)
- (a) The proceeds of ECB can be utilized to purchase land for hospital establishment.
- (b) A foreign company interested in starting poultry farm in India has to take permission from RBI.
- (c) Indian bank can take a loan from international bank under approval route only.
- (d) ECB is always unsecured.
- Q.6 The Securities and Exchange Board of India has recently issued a new set of regulations, called the FPI Regulations, that will govern all foreign investors (be it institutional or non-institutional) who invest or propose to invest in the Indian capital markets. Examine the objectives behind taking this regulatory step and write briefly the salient features of this regulation. (09)
- Or**
- Write a note on various Options available to NRIs for Investment in India.
- Q.7 Critically examine any 3 of the following: (06)
- (a) An Indian wants to make Public Offer in USA and not interested to list its securities over there.
- (b) A limited two way fungibility scheme has been put in place by the Government of India for ADR/GDR.
- (c) A company interested in advertising the production and finding partner for Joint Venture for distribution in India can operate through Liaison Office.
- (d) Indian Depository Receipts are required to comply with the Regulations of SEBI, RBI and the Foreign Country Government's Restrictions where company is registered.
