

Info Capsule

Wednesday
March 24, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Business and Economic News**

Lok Sabha Passes Finance Bill 2021 (March 24, 2021)

The Lok Sabha passed the Finance Bill, 2021 to give effect to the financial proposals of the Central Government for the financial year 2021-2022.

Apart from the Finance Act, the Bill also proposes to amend the Income Tax Act, 1961; Life Insurance Corporation Act, 1956; the Securities Contracts (Regulation) Act, 1956; the SEBI Act, 1992; etc.

For details:

<https://www.livelaw.in/news-updates/lok-sabha-passes-finance-bill-2021-171605>



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भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

❖ **Ministry of Corporate Affairs**

Extending deadline of Companies Fresh Start Scheme and LLP Settlement Scheme (March 23, 2021)

Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Rajya Sabha stated that both the schemes i.e., Companies Fresh Start Scheme (CFSS) and the LLP Settlement Scheme (LSS) have ended on 31.12.2020. A sufficient period of time of 09 months was accorded in the schemes to companies and LLPs to make good their defaults and accordingly, further extension of the scheme was not found necessary. Therefore, no such proposal is under consideration of the Ministry in this regard.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706926>

❖ **Litigation News**

“At some point, we have to ensure e-filing of cases replaces physical filing” : Justice DY Chandrachud (March 24, 2021)

Chairperson of the e-committee, Supreme Court judge, Justice DY Chandrachud stated that electronic filing of cases will have to eventually take over physical filing at some point of time. While the shift to e-filing will begin slowly, eventually there will have to be a cut-off date when physical filing "in paper form" won't be accepted. In this regard, he highlighted that a committee has been set up to formulate a standard operating procedure for the digitisation of court records.

For details:

<https://www.barandbench.com/news/litigation/e-filing-of-cases-replaces-physical-filing-justice-dy-chandrachud-e-sewa-kendra>

❖ ***Insolvency & Bankruptcy News***

Court/Tribunal can Condone Delay under Section 5 of the Limitation Act even in the absence of a formal Application: Supreme Court (March 23, 2021)

The Supreme Court held that there is no bar to exercise by the Court/Tribunal of its discretion to condone delay under Section 5 of the Limitation Act, 1963, in the absence of a formal application. However, the Court can always insist that an application or an affidavit showing cause for the delay be filed, the bench comprising Justices Indira Banerjee and Hemant Gupta observed.

For details:<https://www.livelaw.in/top-stories/limitation-condone-delay-without-formal-application-supreme-court-171620>

❖ ***Securities Laws and Capital Markets***

Press Release

- **SEBI advises registered entities including MIIs to comply with TRAI's TCCCP Regulations, 2018 (March 23, 2021)**

SEBI has advised to all registered entities including MIIs (which use bulk SMS for providing their services to the investors) to ensure strict compliance with the Telecom Regulatory Authority of India's (TRAI) Telecom Commercial Communications Customer Preference Regulations, 2018 (TCCCP Regulations).

TRAI had notified TCCCP Regulations in July 2018 to, inter alia, curb the problem of unsolicited commercial communication. The effective implementation of these new regulations will help to protect investors and the general public from unsolicited and often misleading messages.

For details:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-advises-registered-entities-including-miis-to-comply-with-trai-s-tcccp-regulations-2018_49619.html

Rules

- **SEBI (Annual Report) Rules, 2021 (March 23, 2021)**

Ministry of Finance has notified the SEBI (Annual Report) Rules, 2021. SEBI will follow a new format for its annual report as part of efforts to have a "true and full account" of its activities, policies and programmes during a financial year, according to the notification. As per new Rules, Sources of income and expenditure would be part of the annual report as against the existing provision of presenting annual account statements separately.

The new format comprises 13 chapters on different topics, including equity markets, commodity derivatives markets, fund management activity (Mutual Funds, Alternative Investment Funds, Collective Investment Schemes, Real Estate Investment Trusts and Infrastructure Investment Trusts) and corporate governance and corporate restructuring.

For details:

https://www.sebi.gov.in/legal/rules/mar-2021/sebi-annual-report-rules-2021_49611.html

SEBI Circular

- **Review of Delivery Default Norms (March 23, 2021)**

Consequent upon the representations received from market participants in the commodity derivatives segment for standardisation of delivery default norms, among others, SEBI in consultation with clearing corporations came out with delivery default norms, which will be effective from the first trading day of May 2021.

SEBI came out with a new penal structure for commodity derivatives segment in the event of delivery default. As per the SEBI circular, clearing corporation, having commodity derivatives segment, should have an appropriate deterrent mechanism in place against intentional or wilful delivery default and ensure adequate compensation to the non-defaulting counterparty.

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616492485210.pdf#page=3&zoom=page-width,-16,510

SEBI Adjudication Orders

- **In the matter of Prakash Constrowell Ltd. (March 23, 2021)**

SEBI imposed a penalty of Rs. 1 lakh on Setubandhan Infrastructure Ltd. (erstwhile, Prakash Constrowell Limited) for violating the provisions of Regulation 7 (2)(b) of PIT Regulations 2015 for making delayed disclosures to the stock exchange (BSE) w.r.t trades of one of its erstwhile directors to the exchanges.

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616497205483_3.pdf#page=1&zoom=page-width,-15,842

- **In the matter of KGN Enterprise Limited, Polytex India Limited and Gemstone India Limited (March 23, 2021)**

SEBI imposed a penalty of Rs. 10 lakh each on four individual alleging that they have used the connected / Trading entities namely to trade in the three scrips i.e. KGN, Ploytex and Gemstone violated the Regulations 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), (b), (e) and (g) of Prohibition of Fraudulent and Unfair Trade Practices (PFUTP) Regulations and section 12A (a), (b) and (c) of the SEBI Act, 1992.

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616500203761_1.pdf#page=1&zoom=page-width,-15,868

❖ **Direct Tax**

Clarifications on provisions of the Direct Tax Vivad se Vishwas Act, 2020 (Circular No. 4 Dated March 23, 2021)

FAQ No.70 of circular 21/2020 clarified eligibility for search case under Vivad se Vishwas that if the assessment order has been framed in the case of a taxpayer under section 143(3)/ 144 of the Income Tax Act, 1961 based on the search executed in some other taxpayer's case, it is to be considered as a 'search case' under Vivad se Vishwas.

In order to remove any uncertainty in this regard, it is hereby further clarified that a 'search case' means an assessment or reassessment made under sections 143(3)/ 144/ 147/ 153A/ 153C/ 158BC of the Income Tax Act, 1961 in the case of a person referred to in section 153A or section 153C or section 158BC or section 158BD of the Income Tax Act, 1961 on the basis of search initiated under section 132, or requisition made under section 132A of the Income Tax Act, 1961. The FAQ no. 70 of circular 21/2020 stands modified to this extent.

For details: https://incometaxindia.gov.in/communications/circular/circular_4_2021.pdf

❖ **International Arbitration**

Government files appeal against \$1.2-billion Cairn arbitration verdict (March 23, 2021)

India filed an appeal against the Cairn Energy arbitration verdict at The Hague on Monday night, challenging the \$1.2-billion award on grounds of sovereignty and tax avoidance by the UK oil major.

Based on the appeal, New Delhi will seek a stay on enforcement of the award filed by Cairn in a lower Dutch court and will also contest the enforcement in at least eight other jurisdictions, including the UK, Canada, the US, and France.

Finance Minister Smt. Nirmala Sitharaman said recently it was the government's "duty" to appeal in cases where the nation's sovereign authority to tax is questioned.

For details: https://www.business-standard.com/article/companies/india-appeals-against-cairn-arbitration-order-121032301272_1.html#:~:text=%E2%80%9CIndia%20has%20appealed%20against%20the,s

[121032301272_1.html#:~:text=%E2%80%9CIndia%20has%20appealed%20against%20the,s](https://www.business-standard.com/article/companies/india-appeals-against-cairn-arbitration-order-121032301272_1.html#:~:text=%E2%80%9CIndia%20has%20appealed%20against%20the,s)
[ource%20confirmed%20to%20](https://www.business-standard.com/article/companies/india-appeals-against-cairn-arbitration-order-121032301272_1.html#:~:text=%E2%80%9CIndia%20has%20appealed%20against%20the,s)

❖ **Terminology for today**

Corners

A corner occurs when a person buys up a substantial volume of a security knowing that other market participants will be forced to buy from him at a higher price. An example of this would be when the other market participants hold short positions in the security which must be settled. A similar practice is the "abusive squeeze" where a person takes advantage of a shortage in an asset by controlling the demand side and creating artificial prices.

❖ **Banking and Insurance**

• **Master Direction - Amalgamation of Urban Cooperative Banks, Directions, 2020 (March 23, 2021)**

The Reserve Bank of India (RBI) has issued Master Direction - Amalgamation of Urban Cooperative Banks, Directions, 2020 for amalgamation of Primary (Urban) Co-operative Banks in specified circumstances. RBI has discretionary powers to approve the voluntary amalgamation of UCBs under the provisions of Section 44A read with Section 56 of the Banking Regulation Act, 1949 as amended vide Banking Regulation (Amendment) Act, 2020 (39 of 2020).

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12043&Mode=0>

• **Dispensing with physical signatures on proposal forms (March 23, 2021)**

Life Insurers are allowed to obtain the customer's consent through electronic means, i.e., without requiring wet signature on the proposal form, for the business solicited by Individual Agents and Insurance Intermediaries, under all products, till 30th September 2021.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4412&flag=1

❖ **Market Watch**

Stock Market Indices as on 24.03.2021

S & P BSE Sensex	49180.31 (-871.13)
Nifty 50	14549.40 (-265.35)

Foreign Exchange Rates as on 23.03.2021

(<https://www.fbil.org.in/#/home>)

INR / 1 USD	INR / 1GBP	INR / 1 EUR	INR/ 1 JPY
72.2928	100.0099	86.2169	.6648

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082116

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