

Info Capsule

Tuesday
April 19, 2022

President : CS Devendra V. Deshpande

Vice President : CS Manish Gupta

❖ Ministry of Corporate Affairs

MCA registers highest ever 1.67 lakh companies in FY 2021-22 (April 18, 2022)

During the Financial Year 2021-22, Ministry of Corporate Affairs (MCA) registered more than 1.67 Lakh company incorporations as compared to 1.55 Lakh companies during FY 2020-21.

The increase is significant considering that number of companies incorporated during Financial Year 2020-21 were the highest in any of the previous years. The incorporations during FY 2021-22 are 8% more than the incorporations during FY 2020-21. While MCA had registered 1.24 lakh companies during FY 2018-19 and 1.22 lakh companies in 2019-20 respectively, it had registered 1.55 Lakh companies during FY 2020-21. As part of Government of India's drive for Ease of Doing Business (EoDB), the MCA has taken many initiatives thereby saving as many procedures, time and cost for starting a business in India.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1817773>



THE INSTITUTE OF
Company Secretaries of India
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 Finance

Auction for Sale (Re-issue) of (i) '5.74% GS 2026', (ii) 'GoI Floating Rate Bond 2034', and (iii) '6.67%GS 2035' (iv) '6.99% GS 2051' (April 18, 2022)

The Government of India (GoI) has announced the Sale (re-issue) of (i) "5.74% Government Security, 2026" for a notified amount of Rs 9,000 crore (nominal) through price based auction using uniform price method; (ii) "GoI Floating Rate Bonds, 2034" for a notified amount of Rs 4,000 crore (nominal) through price based auction using uniform price method; (iii) "6.67% Government Security 2035" for a notified amount of Rs 10,000 crore (nominal) through price based auction using uniform price method and (iv) "6.99% Government Security 2051" for a notified amount of Rs 9,000 crore (nominal) through price based auction using multiple price method. GoI will have the option to retain additional subscription up to Rs 2,000 crore against each security mentioned above.

The auctions will be conducted by the Reserve Bank of India, Mumbai Office, Fort, Mumbai on Friday i.e. April 22, 2022.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1817855>

❖ Technology and Automation

Indian renewable sector highly leveraged due to global opportunities: S&P (April 18, 2022)

Global credit rating agency S&P Global Ratings on Monday, April 18, 2022 said the Indian renewable energy sector will be highly leveraged owing to the growth opportunities. In its new report "India Renewables: Growth Trumps Deleveraging" S&P Global Ratings said the multi-decade growth opportunities for renewable energy in India will result in persistently high leverage across the sector.

For details:

<https://www.business-standard.com/article/companies/growth-opportunities-will-result-indian-renewable-companies-highly-leveraged-s-p-global-ratings->

❖ *Securities Laws & Capital Markets*

Press Release

- **SEBI issues operational guidelines for “Security and Covenant Monitoring using Distributed Ledger Technology (DLT)” (April 18, 2022)**

In order to strengthen the process of security creation and monitoring of security created, asset cover and covenants of the non-convertible securities, SEBI vide circular dated August 13, 2021 had specified the manner of recording of charges by Issuers and manner of monitoring by Debenture Trustees (DTs), Credit Rating Agencies, etc. and responsibilities thereof. Accordingly, with effect from April 01, 2022, the recording of asset details (and their verification), allotment, listing and payment of interest or redemption shall be available in the DLT system. Operational guidelines in this regard have been issued vide SEBI circular dated March 29, 2022. To ensure uniqueness of the assets of the issuer offered as security, appropriate validation/ duplicate checks based on parameters identified for each asset type have been put in place in the system. The said system is applicable to all the issuers proposing to issue non-convertible securities on or after April 01, 2022 and they shall record the details in the system before activation of ISIN.

For details:

https://www.sebi.gov.in/media/press-releases/apr-2022/sebi-issues-operational-guidelines-for-security-and-covenant-monitoring-using-distributed-ledger-technology-dlt_58133.html

❖ *Terminology for today*

Quadrix

Quadrix is a stock rating system that uses over 90 variables in seven major categories to determine the value of a stock. The Quadrix system is produced and maintained by Horizon Publishing Company. The seven major categories are momentum, quality, value, financial strength, earnings estimates, performance, and reversion.

❖ *Market Watch*

Stock Market Indices as on 19.04.2022

S & P BSE Sensex	56463.15 (-703.59)
Nifty 50	16958.65 (-215.00)

Foreign Exchange Rates as on 18.04.2022

(<https://www.geojit.com/currency-futures>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
76.05	82.21	99.26	0.60

❖ **Banking and Insurance**

● **Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) (April 18, 2022)**

In terms of the circular DOR.BP.BC.No.65/21.04.098/2019-20 dated April 17, 2020, the assets allowed as Level 1 High Quality Liquid Assets (HQLAs) for the purpose of computing the LCR, inter alia, include (a) Government securities in excess of the mandatory SLR requirement and (b) within the mandatory SLR requirement, Government securities to the extent allowed under (i) Marginal Standing Facility (MSF) and (ii) Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) [15 per cent of the banks' Net Demand and Time Liabilities (NDTL)]. Since MSF has been reduced to 2 per cent from 3 per cent of NDTL from January 1, 2022, the total HQLA carve out from the mandatory SLR, which can be reckoned for meeting LCR requirement, has reduced to 17 per cent of NDTL (2 per cent MSF plus 15 per cent FALLCR) from 18 per cent.

On a review, it has been decided to permit banks to reckon Government securities as Level 1 HQLA under FALLCR within the mandatory SLR requirement up to 16 per cent of their NDTL. Accordingly, the total HQLA carve out from the mandatory SLR, which can be reckoned for meeting LCR requirement will be 18 per cent of NDTL (2 per cent MSF plus 16 per cent FALLCR).

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12291&Mode=0>

● **External benchmarks to further boost monetary transmission: RBI report (April 19, 2022)**

The transmission of the Monetary Policy to banks' lending and deposit rates has notably improved since October 2019, facilitated by introduction of the External Benchmark Linked Lending Rate (EBLR) system, the Reserve Bank of India (RBI) said in a report published as part of its bulletin for April 2022. The earlier internal benchmark-based lending rate regimes suffered from a multitude of issues, such as arbitrariness in calculation of the Base Rate/Marginal Cost of funds-based Lending Rate (MCLR) and spreads and long reset clauses, which inhibited efficient monetary transmission.

For details:

<https://www.financialexpress.com/industry/banking-finance/external-benchmarks-to-further-boost-monetary-transmission-rbi-report/2495577/>

❖ **IFSCA**

Addition to the list of Financial Products under IFSCA Act, 2019 (April 12, 2022)

Section 3(1)(d) defines "Financial Product" for the purpose of IFSCA Act, 2019. Now, IFSCA by notification dated April 12, 2022 has added the below in the list of "Financial Product" as provided under the said sub-section:

(a) any piece of mobile equipment, whether or not powered or self-propelled, purpose designed built and used for ground handling, servicing or field maintenance of aircraft on the ramp area of an airport and includes any piece of ground support equipment specified as such by IATA from time to time; and

(b) equipment used for providing services necessary for ramp handling including activities as specified in Schedule –I of the Notification number F. No. AAI/OPS/707/GHR-2018 dated 26th October, 2018 issued by Airports Authority of India, published in the Gazette of India, Extraordinary, Part III, Section 4, dated the 30th October, 2018, as amended from time to time.

The aforementioned equipment shall collectively be referred to as the "Aircraft Ground Support Equipment".

For details: <https://egazette.nic.in/WriteReadData/2022/235125.pdf>

❖ **Ministry of Law and Justice**

• **The Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022 (April 18, 2022)**

The Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022 received the assent of the President on the 18th April, 2022. The Act amended the Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Company Secretaries Act, 1980.

For details: <https://egazette.nic.in/WriteReadData/2022/235187.pdf>

• **Criminal Procedure (Identification) Act, 2022 (April 18, 2022)**

Criminal Procedure (Identification) Act, 2022 received the assent of the President on the 18th April, 2022. The Criminal Procedure (Identification) Act, 2022 to authorise government agency for taking measurements of convicts and other persons for the purposes of identification and investigation in criminal matters and to preserve records and for matters connected therewith and incidental thereto.

For details: <https://egazette.nic.in/WriteReadData/2022/235184.pdf>

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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