

# C S E E T

## COMMUNIQUE

(e-bulletin)

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# CSEET COMMUNIQUE (e-bulletin)

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*“Education is one thing no one can take away from you.”*

*~ Elin Nordegren*

**Dear Students,**

As I sit to pen the message for each one of you, the CSEET for November, 2022 session have been held and even so, the result for the same been declared. Extending my heartiest congratulations to the succeeding sailors, I wish all of you all the best as you place your steps on the next rung of the ladder and embark on your professional journey with hope, confidence, grit and passion.

For those with their boats still on this side, let me steer you clear of any negative thoughts looming. While it may be taking a little more time than expected, I assure you that this extra time spent in setting the course of your sail shall not only give you a better understanding of the waters but of your own self and areas of improvement - both of which I am sure shall strengthen your outlook towards the profession and its expectations from you.

If I were to give a word of advice from my own experience, it would definitely be to stay ahead and hold competence above complacency. A disciplined mind set and continuity in approach is what shall bring each one of you closer to your goals. The move may be tough but definitely not impossible. Set your goals and invest sincere endeavours to accomplish them. As Swami Vivekananda has aptly said "Arise awake and stop not until the goal is reached". Similarly, true professionalism lies in dedicated action and pure commitment till the goal is reached.

Friends, always remain motivated and eager to learn. As you progress on the voyage of academics, it would be a good trick to also develop the ability to live by the mantra of Learn, Unlearn and Relearn - since with the passage of time the knowledge acquired tends to be become obsolete due to changing economic, social, technological, ecological, media, political and legal dynamics. To put in summarily, there is no alternative to continuous learning.

As future Governance Professionals you have mammoth professional obligations on your shoulders. Whether it is safeguarding of stakeholders' interests, ensuring environmental sustainability, or partnering in economic stability - the need to be pervasive is unescapable. With your intelligence and wisdom you can create marvels and take the profession of Company Secretary to astral heights.

*So keep learning and keep growing!!*

Warm regards,

**(CS Devendra V. Deshpande)**

*President*

The Institute of Company Secretaries of India

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## Constitutional Bench\*

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### Introduction

All of the renowned cases in Indian legal history have been decided by Constitution benches. These cases have not only helped in better interpretation of law and statutes but has immensely contributed and continuous to contribute a great deal to Indian Jurisprudence. In order to decide any case "involving a substantial question of law as to the interpretation" of the Indian Constitution or "for the purpose of hearing any reference" made by the President of India pursuant to Article 143, the Supreme Court of India will convene benches composed of at least five judges as provided under Article 145(3) of the Constitution of India. A Constitution Bench may be established by the Chief Justice of India, who may also refer cases to it.

Constitution Benches are set up on an ad-hoc basis. It is only ever convened to make significant factual, legal, and/or constitutional interpretation decisions. It is also evident that, in the majority of cases, a Constitution Bench's ruling is unlikely to be changed or overturned for a very long time. This is because, in order to have a Constitution Bench ruling overturned, one must first persuade a subsequent five-judge Supreme Court bench that the previous ruling was incorrect, get the case referred to a larger bench of seven or more judges, and then persuade that larger bench of seven judges or more judges to overturn the original ruling.

### Legal Provisions

Article 143(1) talks about the power of President to consult Supreme Court

1. If at any time it appears to the President that a question of law or fact has arisen
2. If President thinks the issue is of such a nature and of such public importance that it is expedient to obtain the opinion of the Supreme Court.

President may refer the question to that Court for consideration and the Court may, after such hearing as it thinks fit, report to the President its opinion thereon.

Article 145(3) states that the minimum number of Judges who are to sit for the purpose of deciding any case involving a 'substantial question of law as to the interpretation of the Constitution of India or for the purpose of hearing any reference under Article 143 shall be five.

According to Article 145(5), no judgement or such opinion shall be delivered by the Supreme Court save with the concurrence of a majority of the Judges present at the hearing of the case, but nothing in this clause shall be deemed to prevent a Judge who does not concur from delivering a dissenting judgement or opinion.

The Supreme Court Rules, 2013 mandates Chief Justice of India (referred to as "the CJI") to constitute benches and allocate business to them. He/She must set-up a bench consisting of at least two judges (also known as a division bench) in order for each item to be heard. This results from the fact that he is the master of the roster.

*\*Snigdha Kashyap, Consultant, The ICSI.*

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In case of *State of Rajasthan vs. Prakash Chand and Others (1998) 1 SCC 1*, it was observed that the Chief Justice of the High Court is the master of the roster and there is no justification not to treat the Chief Justice of India, who is the Chief Justice of the Apex Court, to have the same power. If the same principles are not followed, the institution cannot function.

Order VI, Rule 2 of the SC Rules, 2013 provides that where in the course of the hearing of any cause, appeal or other proceeding, the bench considers that the matter should be dealt with by a larger bench, it shall refer the matter to the CJI, who shall thereupon constitute such a bench for the hearing of it.

The CJI may also constitute benches of three judges (also known as a full bench) or a constitution bench. However, this power is discretionary and is exercised upon the subjective satisfaction of the CJI.

### Important Cases decided by Constitutional Bench

#### Keshavananda Bharti Case or Fundamental Rights Case

***Kesavananda Bharati Sripadagalvaru vs. State of Kerala (24.04.1973 - SC) : AIR 1973 SC 1461***

Thirteen judge bench, largest Constitutional Bench India has ever witnessed was constituted to decide this case. It is the landmark case that changed the face of Indian Jurisprudence. The petitioner challenged the constitutional validity of the twenty fourth and twenty fifth amendments also, interpretation of Article 368 which provides Parliament unlimited and arbitrary power including the power to amend Part III and basic structure of the Constitution. Court held that Article 368 does not grant Parliament to make laws that amend the basic structure of the Indian Constitution. It observed

*“It destroys the supremacy of the Constitution by giving a blank charter to Parliament and to all the State Legislatures to defy and ignore the Constitution; it subordinates the Fundamental Rights to Directive Principles of State Policy, destroying thereby one of the foundations of the Constitution; it virtually abrogate the "manner and form" of amendment laid down in Article 368 by empowering the State Legislatures and the Parliament to take away important Fundamental Rights by an ordinary law passed by a simple majority; that it destroys by conclusiveness of the declaration the salient safeguard of judicial review and the right of enforcement of Fundamental Rights; and that, it enables the Legislatures, under the guise of giving effect to the Directive Principles, to take steps calculated to affect the position of religious, regional, linguistic, cultural and other minorities. An amendment must be confined in its scope to an alteration or improvement of that which is already contained in the Constitution and cannot change its basic structure, include new grants of power to the Federal Government, nor relinquish to the State those which already have been granted to it. Article 368 does not enable Parliament to alter the basic structure of frame-work of the constitution. Golak Nath's case is over-ruled”*

#### Current Scenario - Live- streaming of proceedings of Constitutional Bench

Under the leadership of 49<sup>th</sup> Chief Justice of India, U.U Lalit, India on 27<sup>th</sup> September 2022 for the very first time in its history saw live streaming of Supreme Court Proceedings of Constitutional Benches. All of the Supreme Court's judges unanimously agreed to live stream all Constitutional Bench proceedings starting on September 27 during a meeting of the whole court presided over by then Chief Justice of India, UU Lalit.

The decision was made after senior attorney Indira Jaising requested in a letter to the Chief Justice and her colleagues judges to give effect to the live-streaming of Supreme Court hearings on cases with public and constitutional significance. She was also one of the petitioners in infamous *Swapnil Tripathi Case*, 2018 asking for live streaming to be included in everyone's right to information freedom and access to justice.

***Swapnil Tripathi and Ors. vs. Supreme Court of India and Ors. (26.09.2018 - SC) : AIR 2018 SC 4806***

In this case, Petitioners have sought a declaration that Supreme Court case proceedings of "constitutional importance having an impact on the public at large or a large number of people" should be live streamed in a manner that is easily accessible for public viewing. The three judge bench held that live-streaming of court proceedings are important so as to enable administration of justice especially owing to the effect it has on public at large. It is important to re-emphasise the significance of live-streaming as an extension of the principle of open justice and open courts.

*“Live-streaming of proceedings is crucial to the dissemination of knowledge about judicial proceedings and granting full access to justice to the litigant. Access to justice can never be complete without the litigant being able to see, hear and understand the course of proceedings first hand. Apart from this, live-streaming is an important facet of a responsive judiciary which accepts and acknowledges that it is accountable to the concerns of those who seek justice.”*

#### Guidelines to live-streaming

In this case Court laid basic guidelines as to the operation of live-streaming of constitutional benches. They are as follows-

#### A. *Kind of matters to be live-streamed*

1. Proceedings involving the hearing of cases before the Supreme Court shall be live-streamed in the manner provided below:
  - a) Cases to be excluded from the purview of live-streaming are-
    - a. Matrimonial matters, including transfer petitions;
    - b. Cases involving sensitive issues as in the nature of sexual assault; and
    - c. Matters where children and juveniles are involved, like POCSO cases.
  - b) presiding judge of each courtroom shall have the discretion to disallow live-streaming for specific cases where, in his/her opinion, publicity would prejudice the interests of justice.
  - c) Where objections are filed by a litigant against live-streaming of a case on grounds of privacy, confidentiality, or the administration of justice, the final authority on live-streaming the case shall lie with the presiding judge.
2. In addition to live-streaming of courtroom proceedings, the following events may also be live-streamed in future subject to the provisions of the Rules:
  - a) Oath ceremonies of the Judges of the Supreme Court and farewell ceremony of the Supreme Court Judges; and
  - b) any event organized by the Supreme Court or by advocate associations affiliated to the Supreme Court or any other events.

## B. *Manner of live-streaming*

1. Live-streamed and archived videos of the broadcast shall be made available on the official website of the Supreme Court.
2. Live-streaming shall commence as soon as the judges arrive in the courtroom and shall continue till the Bench rises;
3. The presiding judge of the courtroom shall be provided with an appropriate device for directing the technical team to stop live-streaming, if the Bench deems it necessary in the interest of administration of justice;
4. Live-streaming of the proceedings should be carried out with a delay of two minutes;
5. Proceedings shall only be live-streamed during working hours of the court;
6. Courtroom proceedings will continue to be live-streamed unless the presiding judge orders the recording to be paused or suspended;
7. To give full effect to the process of live-streaming, advocates addressing the Bench, and judges addressing the Bar, must use microphones, while addressing the Court;
8. Recording of courtroom proceedings shall be done by the Registry with the technical support of National Informatics Centre or any other public/private agency authorised by the Supreme Court or the Ministry of Information and Technology; and
9. The portions of proceedings which are not broadcast online, on the direction of the presiding judge of the Bench shall not be made part of the official records and shall be placed separately as 'confidential records'.

## C. *Technical specifications for live-streaming*

1. Live-streaming shall be conducted by the Supreme Court with its own camera-persons or by an authorized agency. No person who is not authorized by the Supreme Court will be permitted to record any proceeding;
2. Cameras should be focused only on the judges and advocates pleading before the Bench in the matter being live-streamed;
3. Cameras shall not film the media and visitor's galleries;
4. Cameras may zoom in on the Bench when any judge is dictating an order or judgment or making any observation or enquiry to the advocate; and
5. The following communications shall not be filmed:
  - a) Discussions among the judges on the Bench;
  - b) Any judge giving instructions to the administrative staff of the courtroom;
  - c) Any staff member communicating any message to the judge or circulating any document to the judge;
  - d) Notes taken down by the judge during the court proceedings; and
  - e) Notes made by an advocate either on paper or in electronic form for assistance while making submissions to the court.

#### D. Archiving

1. The audio-visual recording of each day's proceedings shall be preserved in the Audio-Visual Unit of the Supreme Court Registry;
2. Archives of all broadcasts of courtroom proceedings which have been live-streamed should be made available on the website of the Supreme Court; and
3. Hard copies of the video footage of past proceedings may be made available.

#### E. Broadcast Room

1. The Registry will make one or more rooms or a hall available within the premises of the Supreme Court for the purpose of broadcasting the proceedings. Multiple screens along with the other necessary infrastructural facilities shall be installed, for enabling litigants, journalists, interns, visitors and lawyers to view the courtroom proceedings in the broadcast room(s). Special arrangements will be made for the differently abled.

The Supreme Court shall also, hold exclusive copyright over videos streamed online and archived with the Registry; and Re-use, capture, re-editing or redistribution, or creating derivative works or compiling of the broadcast or video footage, in any form, shall not be permitted

#### Conclusion

The majority of the time, it is obvious that a Constitution Bench's decision won't be changed or overturned for a very long period. There is a sense of finality associated with that judgement because the only way to have such a judgement overturned is to first persuade a subsequent five-judge SC bench that the previous position taken was incorrect, have the matter referred to a larger bench of seven judges, and then persuade that bench of seven judges to reverse the earlier Constitution Bench judgement. Also, looking at current scenario, it is a welcomed move on party of Supreme Court to live-stream the matters of Constitutional Bench of national importance.

#### References

- Constitutional Law of India by Dr.J.N.Pandey
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## 360° View of Monetary Policy\*

### Introduction

Economists view Monetary Policy as the first line of defense against economic slowdowns. Monetary Policy adjustments to interest rates and the money supply can play an important role in combatting economic slowdowns. Such adjustments can be made quickly, and monetary authorities devote considerable resources for monitoring and analyzing the economy. Monetary Policy can offset a downturn because lower interest rates reduce consumers' cost of borrowing to buy big-ticket items such as cars or houses. For firms, Monetary Policy can also reduce the cost of investment. For that reason, lower interest rates can increase spending by both households and firms, boosting the economy.

### Monetary Policy: Stabilizing Prices and Output

Monetary Policy has lived under many guises. However, it may appear, it generally boils down to adjusting the supply of money in the economy to achieve some combination of inflation and output stabilization.

Most economists would agree that in the long run, output—usually measured by Gross Domestic Product (GDP) is fixed, so any changes in the money supply only cause prices to change. But in the short run, because prices and wages usually do not adjust immediately, changes in the money supply can affect the actual production of goods and services. This is why Monetary Policy generally formulated by central banks of many developed nations is a meaningful policy tool for achieving both inflation and growth objectives.

**Monetary Policy (MP)** is the macroeconomic policy laid down by the central bank. It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity.

In a recession, for example, consumers stop spending as much as they used to; business production declines, leading firms lay off workers and stop investing in new capacity; and foreign appetite for the country's exports may also fall. In short, there is a decline in overall, or aggregate, demand to which government can respond with a policy that leans against the direction in which the economy is headed for. Monetary Policy is often that countercyclical tool of choice.

Such a countercyclical policy would lead to the desired expansion of output (and employment), but, because it entails an increase in the money supply, would also result in an increase in prices. As an economy gets closer to producing at full capacity, increasing demand will put pressure on input costs, including wages. Workers then use their increased income to buy more goods and services, further bidding up prices and wages and pushing generalized inflation upward—an outcome policymaker usually want to avoid.

*\*CA Sarika Verma, Assistant Director, The ICSI.*

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Since the late 1980s, inflation targeting has emerged as the leading framework for Monetary Policy. Central banks in Canada, the euro area, the United Kingdom, New Zealand, and elsewhere have introduced an explicit inflation target. Many low-income countries are also making a transition from targeting a monetary aggregate (a measure of the volume of money in circulation) to an inflation targeting framework.

Central banks conduct Monetary Policy by adjusting the supply of money, generally through open market operations. For instance, a central bank may reduce the amount of money by selling government bonds under a “sale and repurchase” agreement, thereby taking in money from commercial banks.

In response to the COVID-19 pandemic, central banks have taken unprecedented policy actions to ease Monetary Policy across the globe, to provide ample liquidity to core funding markets, and maintain the flow of credit. To mitigate stress in currency and local bond markets, many emerging market central banks used foreign exchange interventions and deployed, for the first time, asset purchases programs.

**According to the World Economic Outlook, October 2022: Countering the Cost-of-Living Crisis released by the International Monetary Fund on October 11, 2022** *inter-alia* stated that global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia’s invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

*Monetary Policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with Monetary Policy. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.*

### Monetary Policy of India

Under the Reserve Bank of India, Act, 1934 (as amended in 2016), RBI is entrusted with the responsibility of conducting Monetary Policy in India with the primary objective of maintaining price stability while keeping in mind the objective of growth. In May 2016, the RBI Act, 1934 was amended to provide a statutory basis for the implementation of the flexible inflation targeting framework.

### The Monetary Policy Framework

Under Section 45ZA, the Central Government, in consultation with the RBI, determines the inflation target in terms of the Consumer Price Index (CPI), once in five years and notifies it in the Official Gazette. Accordingly, on August 5, 2016, the Central Government notified in the Official Gazette 4 per cent Consumer Price Index (CPI) inflation as the target for the period from August 5, 2016 to March 31, 2021 with the upper tolerance limit of 6 per cent and the lower tolerance limit of 2 per cent. On March 31, 2021, the Central Government retained the inflation target and the tolerance band for the next 5-year period - April 1, 2021 to March 31, 2026. Section 45ZB of the RBI Act provides for the constitution of a six-member Monetary Policy Committee (MPC) to determine the policy rate required to achieve the inflation target.

## The Monetary Policy Committee Constitution

Section 45ZB of the amended RBI Act, 1934 provides for an empowered six-member Monetary Policy Committee (MPC) to be constituted by the Central Government by notification in the Official Gazette. The first such MPC was constituted on September 29, 2016.

*The Monetary Policy Committee shall consist of the following Members, namely:—*

(a)	<i>The Governor of the Bank— Chairperson, ex officio;</i>
(b)	<i>Deputy Governor of the Bank, in charge of Monetary Policy— Member, ex officio;</i>
(c)	<i>One officer of the Bank to be nominated by the Central Board— Member, ex officio; and</i>
(d)	<p><i>Three persons to be appointed by the Central Government— Members.</i></p>  <p>The meeting schedule is presented as a teal triangle with a list of dates in rounded rectangular boxes:</p> <ul style="list-style-type: none"> <li>April 6 - 8, 2022</li> <li>June 6 - 8, 2022</li> <li>August 2 - 4, 2022</li> <li>September 28 - 30, 2022</li> <li>December 5 - 7, 2022</li> <li>February 6 - 8, 2023</li> </ul>

- The MPC determines the policy repo rate required to achieve the inflation target.
- The MPC is required to meet at least four times in a year. The quorum for the meeting of the MPC is four members.
- Each member of the MPC has one vote, and in the event of an equality of votes, the Governor has a second or casting vote.
- Each Member of the Monetary Policy Committee writes a statement specifying the reasons for voting in favour of, or against the proposed resolution.

## Instruments of Monetary Policy

There are several direct and indirect instruments that are used for implementing Monetary Policy.

- **Repo Rate:** The interest rate at which the Reserve Bank provides liquidity under the Liquidity Adjustment Facility (LAF) to all LAF participants against the collateral of government and other approved securities.

- **Standing Deposit Facility (SDF) Rate:** The rate at which the Reserve Bank accepts uncollateralised deposits, on an overnight basis, from all LAF participants. The SDF is also a financial stability tool in addition to its role in liquidity management. The SDF rate is placed at 25 basis points below the policy repo rate. With introduction of SDF in April 2022, the SDF rate replaced the fixed reverse repo rate as the floor of the LAF corridor.
- **Marginal Standing Facility (MSF) Rate:** The penal rate at which banks can borrow, on an overnight basis, from the Reserve Bank by dipping into their Statutory Liquidity Ratio (SLR) portfolio up to a predefined limit (2 per cent). This provides a safety valve against unanticipated liquidity shocks to the banking system. The MSF rate is placed at 25 basis points above the policy repo rate.
- **Liquidity Adjustment Facility (LAF):** The LAF refers to the Reserve Bank's operations through which it injects/absorbs liquidity into/from the banking system. It consists of overnight as well as term repo/reverse repos (fixed as well as variable rates), SDF and MSF. Apart from LAF, instruments of liquidity management include outright Open Market Operations (OMOs), forex swaps and Market Stabilisation Scheme (MSS).
- **LAF Corridor:** The LAF corridor has the Marginal Standing Facility (MSF) rate as its upper bound (ceiling) and the Standing Deposit Facility (SDF) rate as the lower bound (floor), with the policy repo rate in the middle of the corridor.
- **Main Liquidity Management Tool:** A 14-day term repo/reverse repo auction operation at a variable rate conducted to coincide with the Cash Reserve Ratio (CRR) maintenance cycle is the main liquidity management tool for managing frictional liquidity requirements.
- **Fine Tuning Operations:** The main liquidity operation is supported by fine-tuning operations, overnight and/or longer tenor, to tide over any unanticipated liquidity changes during the reserve maintenance period. In addition, the Reserve Bank conducts, if needed, longer-term variable rate repo/reverse repo auctions of more than 14 days.
- **Reverse Repo Rate:** The interest rate at which the Reserve Bank absorbs liquidity from banks against the collateral of eligible government securities under the LAF. Following the introduction of SDF, the fixed rate reverse repo operations will be at the discretion of the RBI for purposes specified from time to time.
- **Bank Rate:** The rate at which the Reserve Bank is ready to buy or rediscount bills of exchange or other commercial papers. The Bank Rate acts as the penal rate charged on banks for shortfalls in meeting their reserve requirements (cash reserve ratio and statutory liquidity ratio). The Bank Rate is published under Section 49 of the RBI Act, 1934. This rate has been aligned with the MSF rate and, changes automatically as and when the MSF rate changes alongside policy repo rate changes.
- **Cash Reserve Ratio (CRR):** The average daily balance that a bank is required to maintain with the Reserve Bank as a per cent of its Net Demand and Time Liabilities (NDTL) as on the last Friday of the second preceding fortnight that the Reserve Bank may notify from time to time in the Official Gazette.

- **Statutory Liquidity Ratio (SLR):** Every bank shall maintain in India assets, the value of which shall not be less than such percentage of the total of its demand and time liabilities in India as on the last Friday of the second preceding fortnight, as the Reserve Bank may, by notification in the Official Gazette, specify from time to time and such assets shall be maintained as may be specified in such notification (typically in unencumbered government securities, cash and gold).
- **Open Market Operations (OMOs):** These include outright purchase/sale of government securities by the Reserve Bank for injection/absorption of durable liquidity in the banking system.

### The Monetary Policy Process

The Reserve Bank has notified Reserve Bank of India Monetary Policy Committee and Monetary Policy Process Regulations, 2016 which came into effect from August 01, 2016. In terms of Regulation 5 of Monetary Policy Process Regulations, 2016. the Monetary Policy Process consists of the following:

- Meeting schedule:** The schedule of Monetary Policy voting/decision meetings for the entire fiscal year is announced in advance.
- Meeting notice:** Ordinarily, not less than fifteen days' notice is given to members for meetings of the Committee. Should it be found necessary to convene an emergency meeting, 24 hours' notice is given to every member to enable him/her to attend, with technology enabled arrangements for even shorter notice period for meetings.
- Meeting duration:** The duration of Monetary Policy meetings is as decided by the Committee. The policy resolution is publicly released after the conclusion of the MPC meeting keeping in view the functioning and timing of financial markets.
- The MPC Resolution:** The Bank publishes, after the conclusion of every meeting of the MPC, the resolution adopted by the said Committee. The resolution includes the MPC's decision on the policy repo rate.
- Minutes of the MPC meeting:** On the 14th day after every meeting of the MPC, the minutes of the proceedings of the MPC are published which include: (a) the resolution adopted by the MPC; (b) the voting of each member on the resolution; and (c) short written statements of individual members justifying the vote, consistent with the provisions of Section 45ZL of the RBI Act. Minutes shall be released at 5 pm on the 14th day from the date of the policy day (or next earliest working day, if a holiday in Mumbai).
- The Monetary Policy Report:** Once in every six months, the Reserve Bank publishes the Monetary Policy Report containing the following elements:
  - Explanation of inflation dynamics in the last six months and the near term inflation outlook;
  - Projections of inflation and growth and the balance of risks;
  - An assessment of the state of the economy, covering the real economy, financial markets and stability, fiscal situation, and the external sector, which may entail a bearing on Monetary Policy decisions;
  - An updated review of the operating procedure of Monetary Policy; and
  - An assessment of projection performance.

### Latest Monetary Policy Measures by RBI

The Reserve Bank of India (RBI) on August 05, 2022 and September 30, 2022, increased the repo rate by 50 basis points to bring it at 5.40% and 5.90% respectively. In September 2022 fourth time the central bank has increased the repo rate since May 2022 to achieve the twin targets of keeping a stubbornly high inflation in check and supporting a depreciating rupee. Central banks across the world have taken similar measures to battle high levels of inflation caused by the continuation of the Russia-Ukraine war. Please refer below exhibit for repo rates:

<i>Date</i>	<i>Rate (%)</i>	<i>Change (%)</i>
30- Sept- 22	5.9	0.5
05-Aug-22	5.4	0.5
08-Jun-22	4.9	0.5
May-22	4.4	0.4
09-Oct-20	4.0	0.0
06-Aug-20	4.0	0.0
22-May-20	4.0	0.4
27-Mar-20	4.4	0.75

### Key Highlights of Monetary Policy Report September 2022

#### *On Indian economy:*

- Economic activity remains stable
- RBI sees inflation elevated at 6% in 2H FY23
- Real GDP growth 13.5%, above pre-pandemic levels
- RBI retains India's FY23 GDP growth at 7.2%. GDP Growth forecast for FY24 is 6.7%
- India's debt to GDP, net international investment position to GDP ratio and debt service ratio declined, imparts greater resilience from external shocks
- Bank credit growth has accelerated to 14% against 7.9% a year ago

#### *On GDP growth:*

- RBI lowers India's FY23 Real GDP growth from 7.2% to 7%. Q2 at 6.3%, Q3 is project to be at 4.6%, Q4 at 4.6% while Q1 FY24 real GDP Growth is projected to be at 7.3%.

#### *On Inflation:*

- RBI's CPI inflation forecasted retained at 6.7% for FY23. Inflation for Q2 is projected at 7.1%, Q3 at 6.5%, Q4 is project to be at 5.8% with risk evenly balanced.
- CPI remains elevated and above the upper tolerance band target. Recent correction in commodities including crude oil prices, if sustained, can ease pressure.

**On Currency:**

- RBI remains watchful and focussed on maintaining stability of Indian Rupee.
- US dollar appreciated by 14.5%, the INR depreciated in an orderly manner by 7.4%. INR fared much better compared to advanced currencies and its peers.
- INR has fared much better than many global currencies.
- RBI has no fixed exchange rate in mind
- Adequacy of forex reserves to be kept in mind

**On Forex Reserves:**

- Forex Reserve now stands at 537.5 Billion. 66% of the decline in reserve is due to valuation changes arising from appreciating USD and higher US bond Yields.
- In view of moderation in surplus liquidity, RBI decided to merge 28 day VRRR with 14 day VRRR. Only 14 day VRRR auction will be conducted.

**On CAD and FPI's:**

- Current account deficit for 1st quarter of FY23 is pegged at 2.8% of GDP with trade deficit at 8.1% of GDP.
- India's import growth is decelerating compared to export growth.
- FDI Improved to \$18.9 Billion in April to July from \$13.1 Billion last year.
- FPI has returned with \$7.5 Billion after an outflow of 9 consecutive months
- India's other external ratios have fared better than other developing countries
- External debt to GDP is lowest amongst growing economies
- Expected loss-based approach to be used for Banks
- Framework for securitization for stressed assets to be proposed

**Monetary Policy Assumptions**

Monetary Policy assumptions are based on the established policy framework in each country. In most cases, this implies a nonaccommodative stance over the business cycle: official interest rates will increase when economic indicators suggest that inflation will rise above its acceptable rate or range; they will decrease when indicators suggest inflation will not exceed the acceptable rate or range, that output growth is below its potential rate, and that the margin of slack in the economy is significant.

According to the World Economic Outlook, October 2022 India's' Monetary Policy projections are consistent with achieving the Reserve Bank of India's inflation target over the medium term, despite a recent uptick in inflation that exceeded the upper target band.

**Conclusion**

Good Monetary Policy gives stability of the country currency, promoting an environment that supports full employment. It brings economic prosperity and welfare of the people of the nation by maintaining a stable macroeconomic environment. As a result, Monetary Policy helps to smooth the business cycle in a manner that is consistent with the inflation target.

**References:**

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## Current Affairs\*

- **G-20 Summit at Indonesia (November 16, 2022)**

Prime Minister Shri Narendra Modi visited Bali, Indonesia from November 14-16 to attend the 17th G20 Summit at the invitation of the President of Indonesia, H.E. Mr. Joko Widodo.

During the Bali Summit, G20 Leaders deliberated extensively upon key issues of global concern under the Summit theme of "Recover Together, Recover Stronger". Three working sessions will be held as part of the G20 Summit Agenda - food and energy security; health; and digital transformation.

The leaders promised to take coordinated action to address food security challenges and applauded the Black Sea grains initiative. They also agreed to pursue efforts to limit the global temperature increase to 1.5 degrees Celsius - confirming they stand by the temperature goal from the 2015 Paris Agreement on climate change.

In his address on Digital Transformation, PM Modi highlighted the role of India in global Financial Inclusion. Leaders recognised the importance of digital transformation in reaching the sustainable development goals.

Leaders across the world expressed their continuous commitment to promoting a healthy and sustainable recovery which builds towards achieving and sustaining universal health coverage. They welcomed the establishment of a new financial intermediary fund for pandemic prevention, preparedness and response (the 'Pandemic Fund') hosted by the World Bank.

On the sidelines of the Summit, Prime Minister Narendra Modi hold bilateral meetings with his counterparts.

*For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1875485>*

- **India embarked on new initiatives in renewable energy: Environment Minister (November 15, 2022)**

India has embarked on new initiatives in renewable energy, e-mobility, ethanol blended fuels and green hydrogen as an alternate energy source, said Union minister for Environment, Forest and Climate Change, Bhupender Yadav.

Delivering India's National Statement at COP27, the minister said India submitted its long-term low emissions growth strategy in a year after Prime Minister Narendra Modi's announcement of net zero emissions target by 2070 at Glasgow. "The strategy indicates low carbon pathways in key economic sectors."

*\*Mahesh Airan, Assistant Director, The ICSI.*

*Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.*

He further added that India is undertaking arduous efforts despite having less than 4% contribution to the world's cumulative emissions and one-third of global average annual per capita emissions. At the centre of India's vision of a safe planet is the mantra - Lifestyle for Environment, that PM Modi set forth in the National Statement at COP 26.

*For details:*

<https://www.livemint.com/news/india/india-has-embarked-on-new-initiatives-in-renewable-energy-environment-minister-11668512087502.html>

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1876119>

- **Former Bureaucrat CV Ananda Bose Appointed West Bengal Governor (November 17, 2022)**

Former bureaucrat CV Ananda Bose has been appointed Governor of West Bengal. Manipur Governor La Ganesan had been holding the additional charge of West Bengal since July after the former Governor, Jagdeep Dhankhar, became India's Vice President.

Mr Bose is the recipient of the Jawaharlal Nehru Fellowship. He is also the first ever Fellow of the Lal Bahadur Shastri National Academy of Administration in Mussoorie, which trains top civil service officers. A prolific writer and columnist, Mr Bose has published 40 books in English, Malayalam and Hindi including novels, short stories, poems and essays.

Mr Bose was chairman of a working group that prepared the development agenda for Prime Minister Narendra Modi's government. His concept of "affordable housing for all" was adopted by the government.

*For details:*

<https://www.ndtv.com/india-news/former-bureaucrat-dr-cv-ananda-bose-appointed-west-bengal-governor-3530397>

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## Sample Questions

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### ***Paper 1 : Business Communication***

1. “Dear Sir/Madam” in a letter is:
  - a. Attention line
  - b. Subject heading
  - c. Main Body
  - d. Salutation
2. A Litigant is:
  - a. A formal legal document
  - b. A party to a case
  - c. Authority given to take some action
  - d. Principal amount
3. Which of the following spellings is correct ?
  - a. acomodate
  - b. accomodate
  - c. acommodate
  - d. accommodate
4. Which of the following are not the skills required for better comprehension?
  - a. Logical ability
  - b. Inference power
  - c. Less attention
  - d. Vocabulary power
5. The words a or an and the are called \_\_\_\_\_.
  - a. Verbs
  - b. Adjectives
  - c. Preposition
  - d. Articles

## Paper : 2 Legal Aptitude and Logical Reasoning

6. In a certain manner, Historical fiction and Book are related. What relates to Pens In a similar manner?
- Ballpoint
  - Notebook
  - Writer
  - Purchaser
7. Arrange the given words in a meaningful sequence.
1. Police Authorities 2. Punishment 3. Crime Committed 4. Judicial Authority  
5. Judgement
- 1, 2, 3, 4, 5
  - 3, 1, 4, 5, 2
  - 1, 4, 2, 5, 3
  - 1, 3, 4, 5, 2
8. Article 14 does not encompass:
- Equality before Law
  - Equal protection laws
  - Protection against arbitrary action
  - Protection of life and liberty
9. The literal meaning of the word “wager” is a \_\_\_\_.
- Wages
  - bet
  - synonym of pages
  - war
10. Which section provides that where there is no provision made in Articles of Association of the company for appointment of first directors then the subscribers to the memorandum who are individuals shall be deemed to be the first directors of the company until the directors are duly appointed by the member?
- 149
  - 150
  - 151
  - 152

**Paper 3 : Economic and Business Environment**

11. The Law of Demand governs the relationship between the \_\_\_\_\_ and the \_\_\_\_\_.
- Desire and Price.
  - Desire and Ability.
  - Quantity demanded and Desire.
  - Quantity demanded and Price.
12. In which of the following case / cases, the law of demand is not applicable?
- Giffen goods
  - Articles of snob appeal
  - Speculation
  - All of the above
13. \_\_\_\_\_ is Gross Domestic Product (GDP) plus net factor income from abroad.
- Net Domestic Product
  - Gross National Product
  - Net National Product
  - Gross Domestic Product
14. Which of the following committees recommended for opening up of the insurance sector to private players?
- Kumarmangalam Birla Committee
  - Malhotra Committee
  - N.L. Mitra Committee
  - Kothari Committee
15. Pradhan Mantri Kaushal Kendra is the initiative of which of the following ministries of the Government of India?
- Ministry of Human Resource Development.
  - Ministry of Agriculture
  - Ministry of Skill Development and Entrepreneurship
  - Ministry of Corporate Affairs

## Paper 4 : Current Affairs

16. Who among the following will be honored with Satyajit Ray Lifetime Achievement Award 2022 at the 53rd edition of the International Film Festival of India?
  - a. Quentin Tarantino
  - b. Carlos Saura
  - c. Christopher Nolan
  - d. David Fincher
17. Who among the following has been appointed as Governor of West Bengal?
  - a. B. D. Mishra
  - b. Dr. CV Ananda Bose
  - c. Kalraj Mishra
  - d. Phagu Chauhan
18. Aruna Miller has become the first Indian-American to hold the office of Lt. Governor of which US State?
  - a. Florida
  - b. Georgia
  - c. Maryland
  - d. Alaska
19. Which among the following organisation has released the 'State of the Global Climate 2022' Report?
  - a. Food and Agriculture Organisation
  - b. World Meteorological Organisation
  - c. International Maritime Organisation
  - d. UNEP
20. What is the theme of India's G20 Presidency in 2023?
  - a. One Earth One Family One Future
  - b. One World Sustainable World
  - c. Recover Together, Recover Stronger
  - d. Building Consensus for Fair and Sustainable Development

**Answer Key:**

Q.NO.	ANS
1	d
2	b
3	d
4	c
5	d
6	a
7	b
8	d
9	b
10	d
11	d
12	d
13	b
14	b
15	c
16	b
17	b
18	c
19	b
20	a

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## Motto

सत्यं वद। धर्मं चर।

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"To be a global leader in promoting good corporate governance"

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"To develop high calibre professionals facilitating good corporate governance"



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