

# Info Capsule

Thursday  
March 04, 2021

**President :** CS Nagendra D. Rao

**Vice President :** CS Devendra V. Deshpande

## ❖ **NCLT/NCLAT News**

**NCLAT circular regarding the creation of Group in WhatsApp for sharing of VC links for hearing of matters is restricted/barred due to new guidelines. (March 03, 2021)**

It is notified for the information of the Ld. Advocates/Parties-in-person/Authorized Representatives that the creation of Group in WhatsApp for sharing of VC links for hearing of their matters is restricted/barred due to new guidelines or regulations issued by Government of India pertaining to Social Media Apps and OTT Platforms.

In these circumstances, the VC links shall be shared w.e.f. March 04, 2021 through registered Email ids as well as by SMS on registered mobile numbers of the Ld. Advocates/Parties-in-person/Authorized Representatives.

*For details:*

<https://nclat.nic.in/Useradmin/upload/1739571386603f7d98be08>



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

### **SEBI Circular**

#### • **Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse**

SEBI has decided that code of conduct and institutional mechanism for prevention of fraud or market abuse will be applicable to market infrastructure institutions (MIIs) - exchanges, clearing corporations and depositories on lines of insider trading norms. Now, MIIs will have to formulate a code of conduct to regulate, monitor and report trading by their designated persons and immediate relative of designated persons towards achieving compliance with the PIT (Prohibition of Insider Trading) Regulations.

*For details:*

[https://www.sebi.gov.in/legal/circulars/mar-2021/code-of-conduct-and-institutional-mechanism-for-prevention-of-fraud-or-market-abuse\\_49374.html](https://www.sebi.gov.in/legal/circulars/mar-2021/code-of-conduct-and-institutional-mechanism-for-prevention-of-fraud-or-market-abuse_49374.html)

### **SEBI Order**

#### • **In the matter of Sahara India Financial Corporation Limited (March 04, 2021)**

SEBI imposed a penalty on Sahara India Financial Corporation Ltd by cancelling its certificate of registration as a sub-broker citing its failure to fulfil the 'fit and proper' criteria. As per report of Designated Authority appointed to enquire the matter, it is determined that Sahara India Financial (noticee) is not a "fit and proper person" to continue as a sub-broker in the securities market considering the antecedents of Subrata Roy Sahara and the various judicial pronouncements against him and other group companies of Sahara.

*For details:*

[https://www.sebi.gov.in/enforcement/orders/mar-2021/order-in-the-matter-of-sahara-india-financial-corporation-limited\\_49381.html](https://www.sebi.gov.in/enforcement/orders/mar-2021/order-in-the-matter-of-sahara-india-financial-corporation-limited_49381.html)

## ❖ **Direct Tax**

### **Residential status of certain individuals under Income-tax Act, 1961 (Circular No. 2 Dated March 3, 2021)**

Section 6 of the Income-tax Act, 1961 (the Act) contains provisions relating to determination of residency of a person. The status of an individual, as to whether he is resident in India or a non-resident or not ordinarily resident, is dependent, inter-alia, on the period for which the person is in India during a previous year or years preceding the previous year.

The Board has received various representations requesting for relaxation in determination of residential status for previous year 2020-21 for individuals who had come on a visit to India during the previous year 2019-20 and intended to leave India but could not do so due to suspension of international flights. The matter has been examined by the Board and following facts have emerged:

1. Short stay will not result into Indian residency
2. Possibilities of dual non-residency in case of general relaxation
3. Tie breaker rule as per Double Taxation Avoidance Agreement (DTAA)
4. Employment income taxable only subject to conditions as per DTAA
5. Credit for the taxes paid in other country
6. International Experience

Thus, it can be seen that OECD as well as most of the countries have clarified that in view of the provisions of the domestic income tax law read with the DTAAs, there does not appear a possibility of the double taxation of the income for PY 2020-21. The possibility of double taxation does not exist as per the provisions of the Income-tax Act, 1961 read with the DTAAs. However, in order to understand the possible situations in which a particular taxpayer is facing double taxation due to the forced stay in India, it would be in the fitness of things to obtain relevant information from such individuals. After understanding the possible situations of double taxation, the Board shall examine that,

- i. whether any relaxation is required to be provided in this matter; and
- ii. if required, then whether general relaxation can be provided for a class of individuals or specific relaxation is required to be provided in individual cases.

Therefore, if any individual is facing double taxation even after taking into consideration the relief provided by the respective DTAAs, he may furnish the information in Form -NR annexed to this circular by 31st March, 2021. This form shall be submitted electronically to the Principal Chief Commissioner of Income-tax (International Taxation).

*For details: <https://www.incometaxindia.gov.in/communications/circular/residency-circular-02-of-2021.pdf>*

## ❖ **Banking and Insurance**

### **Government to hold at least 26% in DFI, offer guarantees (March 04, 2021)**

The government will hold at least 26% stake in the proposed development financial institution (DFI) that will be set up with authorised share capital of ₹1 lakh crore, officials aware of the development told ET. The government is likely to have full ownership of the DFI to start with but over time may offer up to 74% stake to domestic and foreign financial institutions, multilateral lenders and sovereign wealth funds.

For details:

[https://economictimes.indiatimes.com/industry/banking/finance/govt-to-hold-at-least-26-in-dfi-offer-guarantees/articleshow/81321231.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/govt-to-hold-at-least-26-in-dfi-offer-guarantees/articleshow/81321231.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

## ❖ **Terminology for today**

### **Bonded inventory**

An arrangement by which a supplier holds specified amount of inventory for a downstream customer. The inventory is segregated either physically or electronically so that the customer is guaranteed that the agreed upon inventory is available. This arrangement is attractive for a retailer who does not have storage space but wants the assurance of having sufficient inventory. In a sense, this is the reverse of consignment inventory.

## ❖ **Market Watch**

<b>Stock Market Indices as on 04.03.2021</b>	
S & P BSE Sensex	50846.08 (-598.57)
Nifty 50	15080.75 (-164.85)

<b>Foreign Exchange Rates as on 03.03.2021</b>			
<i>(https://www.fbil.org.in/#/home)</i>			
<b>INR / 1 USD</b>	<b>INR / 1 GBP</b>	<b>INR / 1 EUR</b>	<b>INR / 1 JPY</b>
73.0662	101.8747	88.28	.6837

### **Prepared by Directorate of Academics**

For any suggestions, please write to [academics@icsi.edu](mailto:academics@icsi.edu), or call at 01204082269

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