

Info Capsule

Friday
June 04, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Ministry of Corporate Affairs

Union Minister of State for Finance and Corporate Affairs Shri Anurag Singh Thakur launches IEPFA's 6 modules of short films titled "Hisab Ki Kitaab" (June 03, 2021)

Union Minister of State for Finance and Corporate Affairs Shri Anurag Singh Thakur launched the six modules of short films of Investor Education & Protection Fund Authority (IEPFA) titled "Hisaab Ki Kitaab" on June 03, 2021.

"Hisaab ki kitab" is a series of 6 short films, developed by CSC eGov as a part of their training tool. There are 6 short films/ modules of 5 minutes duration each. The various modules highlight the importance of budget, saving, importance of Insurance schemes, various social security schemes of the government etc. The modules also interestingly portray the consequences of a common man falling prey to the schemes and how they should protect themselves from Ponzi schemes. These short films will be used by IEPFA and its partnering organisation for Investor Awareness Programs across the country. During the launch a trivia of all the 6 modules was showcased.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1724103>



**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)

❖ Securities Laws and Capital Markets

SEBI Press Release

- **SEBI signs MoU with CSSF, Luxembourg (June 03, 2021)**

The Securities and Exchange Board of India (SEBI) and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) have entered into a bilateral Memorandum of Understanding (MoU) for mutual co-operation and technical assistance. The MoU took effect on June 02, 2021. The objective of this MoU is to strengthen cross border co-operation in the area of securities regulation. This will facilitate mutual assistance, contribute towards efficient performance of the supervisory functions, and enable effective enforcement of laws and regulations governing the securities markets.

For details:

https://www.sebi.gov.in/media/press-releases/jun-2021/sebi-signs-mou-with-cssf-luxembourg_50411.html

SEBI Circular

- **Enhancement of Overseas Investment limits for Mutual Funds (June 03, 2021)**

Based on the representations received from Mutual Fund industry, the SEBI has enhanced the overseas investment limits for Mutual Fund. The overseas investment limit for an individual mutual fund house has been raised to \$1 billion, per mutual fund from \$600 million, at present. However, the overall industry limit of US \$ 7 billion remained unchanged.

Mutual Funds can make investments in overseas Exchange Traded Fund (ETF(s)) subject to a maximum of US \$ 300 million per Mutual Fund which is higher than the current limit of \$200 million. The overall industry limit stayed at US \$ 1 billion.

For details:

https://www.sebi.gov.in/legal/circulars/jun-2021/circular-on-enhancement-of-overseas-investment-limits_50415.html

❖ **Banking and Insurance**

• **Niti Aayog submits names of PSU banks to be privatised to Core Group of Secys on Disinvestment (June 3, 2021)**

Government think tank Niti Aayog has submitted to the Core Group of Secretaries on Disinvestment the finalised names of PSU banks to be privatised in the current fiscal as part of the disinvestment process, a senior government official said. Niti Aayog has been entrusted with the task of selection of names of two public sector banks and one general insurance company for the privatisation as announced in the Budget 2021-22. Niti Aayog has submitted the names (of PSU banks) to the Core Group of Secretaries on Disinvestment.

For details:

<https://www.financialexpress.com/industry/banking-finance/niti-aayog-submits-names-of-psu-banks-to-be-privatised-to-core-group-of-secys-on-disinvestment/2264403/>

• **Monetary Policy Statement, 2021-22 Resolution of the Monetary Policy Committee (MPC) June 2-4, 2021 (June 04, 2021)**

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting held on June 4, 2021 decided to:

- keep the policy Repo Rate under the Liquidity Adjustment Facility (LAF) unchanged at 4.0 per cent.

Consequently, the Reverse Repo Rate under the LAF remains unchanged at 3.35 per cent and the Marginal Standing Facility (MSF) rate and the Bank Rate at 4.25 per cent.

- The MPC also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51683

❖ *Legal News*

Cabinet approves Model Tenancy Act for circulation to States, UTs (June 2, 2021)

The Union Cabinet on Wednesday, June 2, 2021 approved the Model Tenancy Act to be sent to the States and Union Territories to enact legislation or amend laws on rental properties. The meeting was chaired by Prime Minister Narendra Modi.

“It will help overhaul the legal framework with respect to rental housing across the country, which would help spur its overall growth...It will enable creation of adequate rental housing stock for all the income groups thereby addressing the issue of homelessness,” a government statement said.

Among the provisions in the model Act is a cap of two months rent on the security deposit to be paid by tenants for residential properties and six months rent for non-residential spaces and appointment of a rent authority to settle disputes in each district. The Act also makes it mandatory for there to be a written agreement between the property owner and the tenant.

For details:

<https://www.thehindu.com/news/national/cabinet-approves-model-tenancy-act-for-circulation-to-states-uts/article34708533.ece>

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1723636>

❖ *Market Watch*

Stock Market Indices as on 04.06.2021

S & P BSE Sensex	52100.05 (-132.38)
Nifty 50	15670.25 (-20.10)

Foreign Exchange Rates as on 03.06.2021

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

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
72.91	89.00	103.23	0.66

❖ **Labour Laws**

Draft Rules on Code of Social Security, 2020 (June 3, 2021)

On June 3, 2021, Ministry of Labour and Employment published the Code on Social Security (Employee's Compensation) (Central) Rules, 2021. The purpose of these rules is to supersede Employee's Compensation Rules, 1924, Employee's Compensation (Transfer of Money) Rules, 1935 and Employee's Compensation (Venue of Proceedings) Rules, 1996 made by the Central Government and repealed by which is repealed by the provisions of the Code on Social Security, 2020.

The purpose of these rules is provide beneficial measures to Labours which inter-alia includes rate of Interest on delayed compensation, mode of transferring money, manner for application for claim or settlement, rules on International compensation, venue for proceedings etc.

Objections and suggestions, if any, may be addressed to Shri Rahul Bhagat, Director, Ministry of Labour and Employment, Room No.302, Shram Shakti Bhawan, Rafi Marg, New Delhi-110001 or by e-mail – rahul.bhagat@ips.gov.in before the expiry of the period specified in the rules.

For details:

<https://egazette.nic.in/WriteReadData/2021/227359.pdf>

❖ **Business and Economic News**

Mr. Justice M. M. Kumar, former Chief Justice of J&K High Court, joins as Member, NHRC, India (June 02, 2021).

Mr. Justice M.M. Kumar, former Chief Justice of Jammu and Kashmir High Court today joined as a Member of the National Human Rights Commission, NHRC, India.

He also served as the Chairman, Company Law Board and also as the founder President of National Company Law Tribunal on the abolition of the Company Law Board.

He has made significant contribution in the setting up of the Chandigarh Judicial Academy and the Rajiv Gandhi National Law University Patiala.

For details:

<https://nhrc.nic.in/media/press-release/mr-justice-mm-kumar-former-chief-justice-jk-high-court-joins-member-nhrc-india>

❖ Pronouncement

May 21, 2021	Lalit Kumar Jain (Petitioner(S)) Vs. Union of India & Ors. (Respondent(S))	The Supreme Court
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The Supreme Court upholds IBC provisions to Personal Guarantors or Corporate Debtors

Fact of the Case

Petitions has been filed to challenge the validity of notification dated November 15, 2019 (“the impugned notification”), which enabled financial institutions to initiate insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 against the promoters in their capacity as personal guarantors of the defaulting corporate debtor.

The common question which arises in all these cases concerns the legality and validity of the impugned notification dated November 15, 2019.

The main argument advanced by the writ petitioners is that the impugned notification is an exercise of excessive delegation. It is contended that the Central Government has no authority – legislative or statutory – to impose conditions on the enforcement of the IBC Code, 2016. It is further contended as a corollary, that the enforcement of Sections 78, 79, 94-187 etc. in terms of the impugned notification of the Code only in relation to personal guarantors is ultra vires the powers granted to the Central Government.

Judgment

The Supreme Court held that approval of a resolution plan does not ipso facto discharge a personal guarantor (of a corporate debtor) of her or his liabilities under the contract of guarantee. As held by this court, the release or discharge of a principal borrower from the debt owed by it to its creditor, by an involuntary process, i.e. by operation of law, or due to liquidation or insolvency proceeding, does not absolve the surety/guarantor of his or her liability, which arises out of an independent contract.

Therefore, it is held that the impugned notification is legal and valid. It is also held that approval of a resolution plan relating to a corporate debtor does not operate so as to discharge the liabilities of personal guarantors (to corporate debtors).

For details:

https://main.sci.gov.in/supremecourt/2020/26016/26016_2020_37_1501_28029_Judgement_21-May-2021.pdf

Prepared by Directorate of Academics

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

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