

# Info Capsule

Monday  
February 08, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

## ❖ Business News

### ₹1,000-cr Startup India Seed Fund from April 1 (February 7, 2021)

Start-ups and incubators can apply online for support under the 1,000-crore Startup India Seed Fund Scheme (SISFS) which would become operational from April 1, as reported.

For details:

<https://www.thehindubusinessline.com/news/national/1000-cr-startup-india-seed-fund-from-april-1/article33776209.ece>



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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(Under the jurisdiction of Ministry of Corporate Affairs)

## ❖ Ministry of Corporate Affairs

### • MCA Update - Informational Messages for Stakeholders (February 06, 2021)

The MCA has released important informational messages related to DSC, Login, Challan, Pre-Scrutiny/Form Upload and the same are available on the website for reference of all stakeholders.

For details:

[http://www.mca.gov.in/Ministry/pdf/FilingRelatedInformationalMessages\\_02022021.pdf](http://www.mca.gov.in/Ministry/pdf/FilingRelatedInformationalMessages_02022021.pdf)

### • MCA21 Version 3.0 to be launched in Fiscal 2021-22 (February 05, 2021)

During the fiscal 2021-22, the MCA will launch data analytics driven MCA 21 Version 3.0. This Version is envisioned to transform the corporate regulatory environment in India. The key components of MCA 21 to be launched are e-Scrutiny, e-Adjudication, e-Consultation, Compliance Management System and MCA Lab. Additionally, MCA21 Version 3.0 will have a cognitive chat bot enabled helpdesk, mobile apps, interactive user dashboards, enhanced user experience using UI/UX technologies, and seamless data dissemination through APIs.

This Project is a technology-driven forward looking project, envisioned to strengthen enforcement, promote Ease of Doing Business, enhance user experience, facilitate seamless integration and data exchange among Regulators.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1695473>

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

### **SEBI Circular**

- **Master Circular for Depositories (February 5, 2021)**

SEBI has issued Master Circular which is a compilation of the relevant circulars/communications pertaining to Depositories issued by SEBI up to October 31, 2020 and shall come into force from the date of its issue. This Master Circular shall supersede previous Master Circular dated October 25, 2019.

*For details : [https://www.sebi.gov.in/legal/master-circulars/feb-2021/master-circular-for-depositories\\_49029.html](https://www.sebi.gov.in/legal/master-circulars/feb-2021/master-circular-for-depositories_49029.html)*

### **SEBI Notification**

- **SEBI (Mutual Funds) (Amendment) Regulations, 2021 (February 4, 2021)**

SEBI vide its notification dated February 4, 2021, amends the provisions of SEBI (Mutual funds) Regulations, 1996, which shall come into force on 30th day from the date of their publication in the Official Gazette. SEBI has, inter-alia, notified easier profitability criteria for becoming a mutual fund sponsor where, sponsors that are not fulfilling profitability criteria at the time of making an application would also be considered eligible to sponsor a mutual fund subject to having a net worth of not less than Rs. 100 crore for the purpose of contribution towards the net-worth of the Asset Management Company (AMC).

*For details: <http://egazette.nic.in/WriteReadData/2021/224939.pdf>*

### **SEBI Order**

- **Settlement Order in respect of Mr. Deepak Parekh in the matter of non-compliance with the erstwhile listing agreement (February 5, 2021)**

HDFC Ltd's Chairman Deepak Parekh has settled with SEBI a matter of non-compliance of the provisions of Clause 49(l) (D) (ii) of the erstwhile listing agreement. Mr. Deepak Parekh filed an application for settlement proposing to settle the defaults without admitting or denying the findings of fact and conclusions of law, through a settlement order and remitted a sum of ₹9.37 lakh towards the settlement charges.

*For details: [https://www.sebi.gov.in/enforcement/orders/feb-2021/summary-settlement-order-in-respect-of-mr-deepak-parekh-the-matter-of-non-compliance-with-the-erstwhile-listing-agreement\\_49028.html](https://www.sebi.gov.in/enforcement/orders/feb-2021/summary-settlement-order-in-respect-of-mr-deepak-parekh-the-matter-of-non-compliance-with-the-erstwhile-listing-agreement_49028.html)*

### **SEBI News**

- **Kishore Biyani moves SAT against SEBI order banning him from capital market (February 6, 2021)**

Future Group founder Kishore Biyani, his brother Anil Biyani and Future Corporate Resources Limited (FCRL) have moved the Securities Appellate Tribunal (SAT) against the SEBI order banning them from the capital market for one year. On February 3, SEBI had banned the Biyani brothers and FCRL from accessing the securities market for one year for indulging in alleged insider trading activity in the shares of Future Retail Ltd.

*For details:*

*<https://economictimes.indiatimes.com/markets/stocks/news/kishore-biyani-moves-sat-against-sebi-order-banning-him-from-capital-market/articleshow/80724654.cms>*

## ❖ **Banking and Insurance**

- **Loans and advances to directors, their relatives, and firms / concerns in which they are interested(February 05, 2021)**

The Banking Regulation Act, 1949 has been amended by the Banking Regulation (Amendment) Act, 2020 notified for the Primary (Urban) Co-operative Banks (UCBs) on September 29, 2020 and deemed to have been effective from June 29, 2020. Consequently, section 20 of the principal Act has become applicable to UCBs. Keeping in view the above, the extant directions on the subject issued to UCBs have been reviewed and revised.

*For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12019&Mode=0>*

- **Credit to MSME Entrepreneurs (February 05, 2021)**

The Scheduled Commercial Banks are allowed to deduct the amount equivalent to credit disbursed to 'New MSME borrowers' from their Net Demand and Time Liabilities (NDTL) for calculation of the Cash Reserve Ratio (CRR). For the purpose of this exemption, 'New MSME borrowers' shall be defined as those MSME borrowers who have not availed any credit facilities from the banking system as on January 1, 2021. This exemption will be available only up to ₹25 lakh per borrower disbursed up to the fortnight ending October 1, 2021, for a period of one year from the date of origination of the loan or the tenure of the loan, whichever is earlier.

*For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12022&Mode=0>*

- **Cryptocurrency and Regulation of Official Digital Currency Bill, 2021 and Legal Framework ahead (February 07, 2021)**

A dubious concern in the banking finance sector in India today is the debate over according legal status to crypto/virtual currencies ("CCs"). The Reserve Bank of India ("RBI"), vide a notification ("Notification"), directed all entities regulated by RBI not to deal in CCs or provide any services for facilitating any person in dealing or settling with CCs. As the blockchain enthusiasts, the crypto-exchanges and individuals holding CCs, across the globe watched in approbation, in March 2020, the Supreme Court of India ("SC Case"), quashed the Notification, holding that the restrictions imposed by the Notification were disproportionate to the concerns raised by the RBI and therefore unsustainable. However, it was also held that RBI has inherent powers to regulate the dealing and trading of CCs in the interest of the banking system, monetary stability and sound economic growth. While this development was emblematic of optimism amongst industry players in India, the quashing of Notification had only brought CCs into a grey area and one could not have elided that RBI and legislators will be oblivion to any activity relating to CCs in future.

*For details:*

*<https://www.livelaw.in/columns/parliament-cryptocurrency-digital-currency-crypto-bill-rbi-sebi-169508>*

- **Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR) (February 05, 2021)**

In view of the ongoing stress on account of COVID-19, Reserve bank of India has decided to defer the implementation of NSFR guidelines by a further period of six months. Accordingly, the NSFR Guidelines shall come into effect from October 1, 2021.

*For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12025&Mode=0>*

- **DFI likely to be set up with IIFCL's paid-up capital of Rs 10,000 crore (February 8, 2021)**

A new government-owned development finance institution (DFI) is likely to be set up with India Infrastructure Finance Company's (IIFCL's) paid-up capital of Rs 10,000 crore and an equivalent amount from budgetary support. It may have a lower minimum capital adequacy ratio of 9 per cent, compared to 12-15 per cent for non-banking financial companies.

The Reserve Bank of India (RBI) Act and the Banking Regulation Act may be amended to set up the DFI for enabling it access to a line of credit, according to the draft Cabinet note, said sources.

*For details: [https://www.business-standard.com/article/finance/dfi-likely-to-be-set-up-with-iifcl-s-paid-up-capital-of-rs-10-000-crore-121020800018\\_1.html](https://www.business-standard.com/article/finance/dfi-likely-to-be-set-up-with-iifcl-s-paid-up-capital-of-rs-10-000-crore-121020800018_1.html)*

- **Government to work with RBI for execution of bank privatisation plan: Nirmala Sitharaman (February 8, 2021)**

Finance Minister Nirmala Sitharaman on Sunday said the government will work with the Reserve Bank for execution of the bank privatisation plan announced in the budget. Speaking to reporters in the financial capital, Sitharaman also said that the government has no plan to form any bank investment company to house the government stakes in banks.

In the union budget presented last week, Sitharaman had announced the privatisation of two banks as part of its disinvestment plan. Bank unions have opposed the move.

*For details : [https://economictimes.indiatimes.com/news/economy/policy/govt-to-work-with-rbi-for-execution-of-bank-privatisation-plan-sitharaman/articleshow/80734931.cms?utm\\_source=contentofinterest&utm\\_medium=txt&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/economy/policy/govt-to-work-with-rbi-for-execution-of-bank-privatisation-plan-sitharaman/articleshow/80734931.cms?utm_source=contentofinterest&utm_medium=txt&utm_campaign=cppst)*

## ❖ Terminology for today

### BACKROOM COSTS

Indirect costs that do not add direct value to a product and may or may not be necessary to support its production. Examples are matching supplier material receipts to their invoices to make sure that they are being paid accurately; sending invoices to customers; matching computer inventory records to actual inventory; accounting for product costs at each station on a production routing; keeping track of hazardous materials receipt, control, and proper disposal; tracking customer warranty issues; operation of the computer systems that control the production process, etc.

## ❖ Arbitration Law

### The Arbitration and Conciliation (Amendment) Bill, 2021 (Dated February 4, 2021)

'The Arbitration and Conciliation (Amendment) Bill, 2021' was introduced in the Lok Sabha on the February 04, 2021 with an objective to ensure that all the stakeholder parties get an opportunity to seek unconditional stay of enforcement of arbitral awards, where the underlying arbitration agreement or contract or making of the arbitral award are induced by fraud or corruption. Amendments in the bill inter-alia include amendments to Section 43J of principal Act, which prescribes qualification, experience and norms for accreditation of arbitrators, is substituted with the following section.

#### 43J The qualifications, experience and norms for accreditation of arbitrators shall be such as may be specified by the Regulations.

Accordingly, the qualifications for appointment as arbitrators, which were earlier prescribed in the principal Act, will now be through Regulations.

Hon'ble President of India promulgated the Arbitration and Conciliation (Amendment) Ordinance, 2020 earlier on this matter on November 4, 2020. The said ordinance shall stand repealed after passing this Bill through due legislative process.

For details:

[www.egazette.nic.in/WriteReadData/2021/224958.pdf](http://www.egazette.nic.in/WriteReadData/2021/224958.pdf)

## ❖ Market Watch

Stock Market Indices as on 08.02.2021	
S & P BSE Sensex	51348.77 (+617.14)
Nifty 50	15115.80 (+191.55)

Foreign Exchange Rates as on 05.02.2021 ( <a href="https://www.fbil.org.in/#/home">https://www.fbil.org.in/#/home</a> )			
INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR / 1 JPY
72.8986	99.7258	87.1979	.6907

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