

Info Capsule

Monday
March 08, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ International Business News

International Women's Day : Bridging the Gender Gap in STEM Careers (March 8, 2021)

Few fields have had a significant impact on the human race as of STEM (Science, Technology, Engineering, and Mathematics). Science and technology have led to a great leap for humankind. However, the discourse of STEM has been largely male-dominated with the contribution of women relegated to the background. A McKinsey report has highlighted that bridging the gender gap in STEM can increase the contribution to the global economy by \$12-\$28 trillion.

For more details:

<https://www.financialexpress.com/education-2/international-womens-day-bridging-the-gender-gap-in-stem-careers/2208428/>



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 Corporate Affairs

- The MCA has notified the commencement date of clause (i) of Section 23 of the Companies (Amendment) Act, 2017 (March 05, 2021)

The MCA has notified March 05, 2021 as the commencement date of clause (i) of Section 23 of the Companies (Amendment) Act, 2017 which seeks to amend Section 92 of the Companies Act, 2013 pertaining to Annual Return. The amended section empowered the Central Government to prescribe abridged form of annual return for "One Person Company, small company and such other class or classes of companies as may be prescribed".

Further, amendments related to omission of details to be mentioned in the Annual Return w.r.t. the Indebtedness of the companies and certain details regarding Foreign Institutional Investors related to their names, addresses, countries of incorporation, registration and percentage of shareholding held by them has also been enforced.

For details:

http://www.mca.gov.in/Ministry/pdf/CommencementNotification_05032021.pdf

- The Companies (Management and Administration) Amendment Rules, 2021 (March 05, 2021)

The MCA vide notification dated March 05, 2021 has notified Abridged Annual Return Form MGT- 7A for One Person Company and Small Company which is applicable from the financial year 2020-21. Further MCA has done away with annexing extract of Annual Return in the Board's Report and certain explanations related to Agency, cut-off date, cyber security, electronic voting system etc., are also reinstated in E-voting Rules.

For details:

http://www.mca.gov.in/Ministry/pdf/CompaniesMgmtAdminAmndtRules_05032021.pdf

- The Companies (Incorporation) Third Amendment Rules, 2021 (March 05, 2021)**
 The MCA vide notification dated March 05, 2021 has notified The Companies (Incorporation) Third Amendment Rules, 2021 which has revised Form INC-35 (AGILE PRO) to include the option to perform Aadhaar authentication for GSTIN registration at the time of incorporation of Companies.
For details:
http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporation3rdAmndtRules_05032021.pdf

❖ **Banking and Insurance**

- Fraudulent loans cannot be sold to bad bank: RBI (March 08, 2021)**
 The RBI has said that loans classified as fraud should not be sold to the proposed national asset reconstruction company (NARC) to be set up by public sector banks. This would mean that a big chunk of sticky loans would continue to remain on the books of banks. Nearly Rs. 1.9 lakh crore of bank loans had been classified as fraudulent as of March 2020, according to the RBI's annual report. Although the sanctions pertained to earlier years, half of these loans were classified as frauds in FY20 itself.
For details:
<https://economictimes.indiatimes.com/industry/banking/finance/banking/fraudulent-loans-cannot-be-sold-to-bad-bank-rbi/articleshow/81386668.cms>
- Insurance : Better resolution of policyholders' complaints (March 08, 2021)**
 In order to improve the working of the insurance ombudsman mechanism, the government has amended the Insurance Ombudsman Rules, 2017 to facilitate resolution of complaints regarding deficiencies in insurance services in a timely, cost-effective and impartial manner. Policyholders can make complaints electronically and track their status online, insurance brokers have been brought within the ambit of the ombudsman and the scope of complaints to ombudsman widened from only disputes earlier to deficiencies in service on the part of insurers, agents, brokers and other intermediaries. The Ombudsman mechanism has been renamed as the Council for Insurance Ombudsmen.
For details:
<https://www.financialexpress.com/money/insurance/insurance-better-resolution-of-policyholders-complaints/2207441/>

❖ **Market Watch**

Stock Market Indices as on 08.03.2021	
S & P BSE Sensex	50441.07 (+35.75)
Nifty 50	14956.20 (+18.10)

Foreign Exchange Rates as on 05.03.2021 <i>(https://www.fbil.org.in/#/home)</i>			
INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR / 1 JPY
72.7572	101.0103	86.9885	.6727

❖ **Securities and Capital Markets**

SEBI Circulars

- **Guidelines for votes cast by Mutual Funds (March 5, 2021)**

SEBI has prescribed guidelines for votes cast by Mutual Funds to further improve transparency as well as encourage Mutual Funds/AMCs to diligently exercise their voting rights in best interest of the unitholders. Mutual funds including their passive investment schemes like Index Funds, Exchange Traded Funds (ETFs), will be required to cast votes compulsorily in respect of resolutions for corporate governance, related party transactions, changes to capital structure etc. In case of the Mutual Funds having no economic interest on the day of voting, it may be exempted from compulsorily casting of votes.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/circular-on-guidelines-for-votes-cast-by-mutual-funds_49405.html

- **Circular on Mutual Funds (March 4, 2021)**

SEBI vide its circular decided to modify and implement the various provisions related to Mutual Fund which inter-alia covers cumulative gross exposure limit for mutual fund schemes; Investment Pattern; Go Green Initiatives; Filing of Annual Information Return (AIR) by Mutual Funds; Investment in securities by employees of AMC(s) and Trustees of Mutual Funds; Disclosure of performance of mutual fund schemes; Undertaking from Trustees for new Scheme Offer Document; Key Personnel of the AMC; Updation of Scheme Information Document (SID) and Key Information Memorandum (KIM); Disclosures of Votes Cast by Mutual Funds; Dividend Distribution Procedure for Mutual Funds; Postal Ballot; Reporting the quarterly details of transactions of dealing in securities by Trustees; Timelines for issuance of Consolidated Account Statement (CAS); Auditor of a Mutual Fund; Applicability of Exit Load etc.

SEBI has also prescribed the procedure for change in control of AMCs and provides that no change in the control of an AMC, directly or indirectly, can be made unless prior approval of the trustees and the SEBI is obtained. In addition to this, it is provided that comments from the SEBI are required before bringing change in fundamental attribute of any scheme.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/circular-on-mutual-funds_49393.html

❖ **Business & Economic News**

Cabinet to decide on tax waiver, HQ for new DFI (March 8, 2021)

The Union Cabinet will soon decide on offering tax waiver to the proposed development financial institution (DFI) in the initial years of its operation as well as its headquarters. The RBI is keen that the DFI is based in Mumbai as it believes that India Infrastructure Finance Company (IIFCL), which will be subsumed into it, is seen to be facing pressure from the finance ministry due to its location in the capital.

For details:

<https://timesofindia.indiatimes.com/business/india-business/cabinet-to-decide-on-tax-waiver-hq-for-new-dfi/articleshow/81384212.cms>

❖ **Terminology for today**

Pyramiding

Pyramiding is a method of leveraging the hiked up margin to increase the position size with the appraisal in the margin obtained by utilising the unrealised profits from the increment in the value of current holdings of the same security. The investor who uses pyramiding uses the increased unrealised value of the current holdings to buy more of the same security. This is usually a slow method of increasing one's position size as opposed to purchasing securities on cash as the margin increments allow for smaller purchases.

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082269

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