

Info Capsule

Tuesday
February 16, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Banking and Insurance

RBI announces expert committee on primary urban cooperative banks, to be chaired by NS Vishwanathan (February 15, 2021)

The Reserve Bank of India (RBI) on February 15, 2021 announced the setting up of an expert committee on regulation of primary urban cooperative banks (UCBs). The eight-member committee will be chaired by former RBI deputy governor NS Vishwanathan.

For details:

<https://www.financialexpress.com/industry/banking-finance/rbi-announces-expert-committee-on-primary-urban-cooperative-banks-to-be-chaired-by-ns-vishwanathan/2195488/>
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51130



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(Under the jurisdiction of Ministry of Corporate Affairs)

❖ Securities Laws and Capital Markets

SEBI Order

- **Adjudication Order in respect of Praveen Kumar Jain in the matter of front-running by Manish Chaturvedi and Others (February 15, 2021)**

SEBI imposed a penalty of Rs. 35 lakh on Praveen Kumar Jain for facilitating a fraudulent scheme of front-running activities in the securities market and for failure to comply with the directions issued by SEBI.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-praveen-kumar-jain-in-the-matter-of-front-running-by-manish-chaturvedi-and-others_49164.html

News

- **Insider Trading: Securities Appellate Tribunal (SAT) stays SEBI's order barring Future Group's Kishore Biyani from markets (February 16, 2021)**

SAT has stayed “effective operation” of the SEBI order accusing Kishore Biyani of Future Group from insider trading charges for purchases of Future Retail shares made in March 2017. The tribunal has however directed Future Group’s promoters to deposit Rs. 11 crore as an “interim measure.” The case to be heard next on April 12, 2021.

For details:

<https://www.moneycontrol.com/news/business/insider-trading-sat-stays-sebis-order-barring-future-groups-kishore-biyani-from-markets-6518461.html>

❖ **Direct Tax**

• **Income Tax Department conducts searches in Mumbai (PIB Dated February 15, 2021)**

The Income Tax Department carried out search and survey operations on a group based in Mumbai on 08.02.2021. This group is mainly engaged in the business of manufacturing of Gutkha, Pan masala and allied substances, besides having operations in hospitality sector. The search and seizure action has led to detection of foreign assets lying with a company registered in tax-haven British Virgin Islands (BVI) with an office in Dubai and controlled and managed by the Chairman of the group. During the search action, various digital evidences and forensic analysis have yielded email communication, establishing control and management of the company with the promoter of the group searched. Further, it has been found that the group has availed bogus deduction under section 80IC of the Income-tax Act, 1961 to an extent of Rs. 398 crore, unaccounted production of pan masala of an amount of Rs. 247 crore at 2 factory premises and also falsely claimed deduction u/s 10AA of the Income-tax Act, 1961 of an amount of Rs. 63 crore in the Gandhi Dham unit.

During the search action, cash of Rs. 13 lakh has been seized and jewellery amounting to Rs. 7 crore was found and has been put under prohibitory orders. Thus, the search action has led to detection of unaccounted transactions of around Rs. 1500 crore, so far. Further investigations are in progress.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1698207>

• **Income Tax department in hunt for small evaders as deadline looms [February 16, 2021]**

Suddenly, there has been a surge in reopening of returns of small-time tax evaders, with income tax authorities deploying investigation units to search and survey suspect cases of tax evasion of up to Rs 50 lakh.

Cases are being reopened for assessment years 2015-16, 2016-17 and 2017-18 as no action will be possible beyond March 31 for these three years. Changes proposed in the budget confined reopening of tax assessment to three years from the earlier six years. However, assessment can be re-opened for up to 10 years if there is concrete evidence of concealed income of Rs 50 lakh and above.

<https://economictimes.indiatimes.com/news/economy/finance/i-t-department-in-hunt-for-small-evaders-as-deadline-looms/articleshow/80965995.cms>

❖ Terminology for today

Triangular Arbitrage

This is sometimes called cross-rate arbitrage. The basic idea is that between any three currencies there are only two independent exchange rates. For example, the dollar/yen exchange rate and the dollar/euro exchange rate determine the yen/euro exchange rate as: $\text{yen/euro} = \text{yen/dollar} \times \text{dollar/euro}$. If this weren't the case one could arbitrage by buying low and simultaneously selling high.

❖ Market Watch

Stock Market Indices as on 16.02.2021

S & P BSE Sensex	52104.17 (-49.96)
Nifty 50	15313.45 (-1.25)

Foreign Exchange Rates as on 15.02.2021 (<https://www.fbil.org.in/#/home>)

INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR / 1 JPY
72.5906	100.8835	88.124	.6907

Prepared by Directorate of Academics

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