



**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)

INFO CAPSULE

Series - 6

(151-200)



Motto

सत्यं वद। धर्मं चर।

“Speak the truth and abide by the law”

From the President

“When learning is purposeful, creativity blossoms. When creativity blossoms, thinking emanates. When thinking emanates, knowledge is fully lit. When knowledge is fully lit, economy flourishes.”

~ A.P.J. Abdul Kalam

Dear Readers,

The words above find much more credibility while coming from the Missile Man and former President of India and are, needless to say, equitably relevant in the modern times as well. While it is clearly understandable at a lot many levels that knowledge has no substitute and the more we gain, more we are in a position to reconnoiter new things, comprehend latest developments taking place across the globe; gaining intellect requires continuous and determined efforts on all our parts.

What is even more significant for a professional is the need to stay well conversant with the recent developments so as to face the surmounting professional challenges with greater panache and ease. And yet, for seeking knowledge, some of the most important traits required are that of patience and perseverance.

Given the growing intricacies and competition in the altering dynamics of businesses, not to mention the unprecedented challenges facing global and national economies, as professionals playing interwoven roles in the corporate arena, it is more than imperative that an astuteness is developed regarding the developments pertaining to the areas being dealt with.

Understanding and realizing these very needs of the governance professionals, the Institute of Company Secretaries of India had launched the Info Capsule comprising the developments in various arenas on a daily basis. Furthermore, it was a well thought decision to collate these and roll out series assembling developments in a certain period within the covers of a single publication. With the objective of continuous academic development of its stakeholders, the institute is pleased to publish the sixth combined edition of the Info Capsule as a contribution to the edifice of wisdom.

I extol the efforts of the Directorate of Academics for their unrelenting efforts in bringing out the Info Capsule on daily basis as well as the **Info Capsule (Series-6)**.

I hope that both the individual and collated documents shall fulfil their intended purposes.

I wish all the readers a happy reading!!!!

With warm regards,

(CS Nagendra D. Rao)

President

ICSI



Content

S.No.	Topic	Page No.
1.	Latest @ ICSI	1
2.	Ministry of Corporate Affairs	5
3.	Securities Laws and Capital Markets	17
4.	NCLT/NCLAT	51
5.	Insolvency, Bankruptcy and Corporate Restructuring	53
6.	Direct Tax	58
7.	Indirect Tax	66
8.	Arbitration Law	83
9.	Banking and Insurance	85
10.	Competition and Economic Laws	106
11.	Intellectual Property Laws	107
12.	Labour Law	108
13.	Ministry of Commerce & Industry	109
14.	International Business	110

15.	Recognition for Company Secretaries	114
16.	Business and Economic News	115
17.	Pronouncements	132
18.	Terminologies	143
19.	Market Watch - Graph (Feb 02 - April 14, 2021)	151

Disclaimer : Although due care and diligence have been taken in preparation and uploading this Info Capsule Series, the Institute shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents of this series. Anyone wishing to act on the basis of the material contained herein should do so after cross checking with the original source.

Latest @ ICSI

Info Capsule Series 6

- **Press Release : The ICSI welcomes the Union Budget 2021 (February 01, 2021)**

The ICSI welcomes Budget 2021, unveiled by the Hon'ble Finance Minister Smt. Nirmala Sitharaman on February 01, 2021.

Giving his insight on the Budget, CS Nagendra D. Rao, the President, ICSI, said "Highlighting on the revival of the Indian Economy post Covid-19 pandemic, the reform measures of Budget 2021, focussing on the six pillars of the economy *vis a vis*, Health and Wellbeing, Physical & Financial Capital and Infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and R&D, Minimum Government and Maximum Governance are perfectly aligned with the Government's AtmaNirbhar Bharat initiative".

For details:

https://www.icsi.edu/media/webmodules/ICSI_welcomes_Union_Budget_2021.pdf

- **Revised Guidance Notes on Meetings of the Board of Directors and General Meetings (January 29, 2021)**

The ICSI has released Revised Guidance Notes on Meetings of the Board of Directors and General Meetings amended upto December 31, 2020 and the same are available on the website for reference of all stakeholders.

For details:

https://www.icsi.edu/media/webmodules/GN_on_Meetings_of_BOD_3122020.pdf

https://www.icsi.edu/media/webmodules/GN_on_General_Meetings_31122020.pdf

- **E-Book on Union Budget 2021-22 (February 12, 2021)**

The ICSI has released e-Book on Union Budget 2021-22 covering the views of the thought leaders, regulators, senior members of the Institute and industry leaders along with sector specific analysis of budget announcements etc. The same is available on the website for reference of all the stakeholders.

For details:

https://www.icsi.edu/media/webmodules/eBook_on_Union_Budget_2021_22.pdf

- **Webinar on "Constitutional Validity of Search, Seizure and Arrest in GST - Cautions and Precautions" (February 18, 2021)**

With the objective to discuss at length the constitutional validity of Search, Seizure and Arrest under GST law for an efficient tax administration and the implications of these provisions on the taxpayers, the Indirect Taxes Committee of PHD Chamber is organizing a Webinar on "Constitutional Validity of Search, Seizure and Arrest in GST - Cautions and Precautions" on Friday, February 19, 2021 from 02.00 pm to 05.00 pm. Members of the ICSI will be awarded "2 CPE (Unstructured)".

For details:

https://www.icsi.edu/media/webmodules/Webinar_on_Constitutional_Vality_of_Search_Seizure_and_Arrest_in_GST_Cautions.pdf

- **Samadhan Diwas (On the spot Online grievances redressal mechanism for the trainees and trainers) (February 26, 2021)**

The ICSI in its endeavour to provide the best of services to its stakeholders, trainees and trainers, introduces Samadhan Diwas for providing on the spot solution of the grievances of the trainees and trainers on Second Wednesday of every month at 03:00 pm to 05:00 pm.

For details:

https://www.icsi.edu/media/webmodules/ICSI_Poster_Samadhaan_final.pdf

- **ICSI Annual Progress Report 2020 (March 02, 2021)**

The ICSI has published its Annual Progress Report for the year 2020 and the same is available on its website for reference of all stakeholders.

For details:

https://www.icsi.edu/media/webmodules/ICSI_AR_with_flyer.pdf

- **University Grants Commission recognizes Company Secretary Qualification as equivalent to Post Graduate Degree (March 15, 2021)**

The University Grants Commission has recognized Company Secretary Qualification as equivalent to Post Graduate Degree based on representations submitted by the ICSI, to pursue Ph.D. in relevant disciplines.

For details:

https://www.icsi.edu/media/webmodules/letter_for_CS.pdf

https://www.icsi.edu/media/webmodules/PR_University%20Grants%20Commission%20recognizes%20Company%20Secretary%20Course%20as%20equivalent%20to%20Post%20Graduate%20Degree.pdf

- **Report of First ICSI Samadhan Diwas held on Wednesday, March 10, 2021 (March 16, 2021)**

The ICSI has successfully organized First Samadhan Diwas on Wednesday, March 10, 2021. Total no. of 43 students enrolled for participating in the first Samadhan Diwas organised by the Directorate of training, out of which 39 students got instant solutions to their pending issues related to Training. Samadhan Diwas will be held on every Second Wednesday of every month. The next Samadhan Diwas will be held on April 14, 2021. Pre-registration is mandatory for participating in the Samadhan Diwas.

For details:

https://www.icsi.edu/media/webmodules/Report_of_1st_SamadhanDiwas.pdf

- **Webinar on QRMP Scheme; Dynamic QR Code; Compulsory Quoting of HSN/SAC for Supply of Goods & Services - Issues and Way Forward (March 22, 2021)**

The Indirect Taxes Committee of PHD Chamber is organizing a Webinar on QRMP Scheme; Dynamic QR Code; Compulsory Quoting of HSN/SAC for Supply of Goods & Services - Issues and Way Forward on Friday, March 26, 2021 from 10.30 am to 01.30 pm. Members of the ICSI will be awarded 2 credit hours.

For details

https://www.icsi.edu/media/webmodules/Webinar_on_QRMP_Scheme_Dynamic_QR_Code;_Compulsory_Quoting_of_HSN_SAC_for_Supply_of_Goods_&_Services_Issues_and_Way_Forward.pdf

- **Extension of time for obtaining the Mandatory CPE Credits (March 27, 2021)**

Considering the difficulties posed by the pandemic and in order to facilitate the members in fulfilling the mandatory requirement of CPE Credits for the year commencing April 01, 2020 to March 31, 2021, the ICSI has extended the last date for obtaining the mandatory CPE credits by the members till June 30, 2021.

For details:

https://www.icsi.edu/media/webmodules/Extension_of_Time_for_obtaining_Mandatory_CPE_Credits.pdf

- **Payment of Annual Membership & Certificate of Practice Fee for the Year 2021- 2022 (April 05, 2021)**

The Annual Membership Fee and Certificate of Practice Fee for the year 2021-22 has become due for payment w.e.f. April 01, 2021. The last date for the payment will be June 30, 2021.

For details:

https://www.icsi.edu/media/webmodules/PAYMENT_OF_ANNUAL_MEMBERSHIP_AND_CERTIFICATE_OF_PRACTICE_FEE_FOR_THE_YEAR_2021_2022.pdf

- **Important Decisions taken by the Council of the ICSI at its meeting held during March 26-27, 2021 (April 09, 2021)**

Several important decisions were taken by the Council of the ICSI at its meeting held during March 26-27, 2021 such as: allowing 10th passed students to provisionally register to CS Executive Entrance Test (CSEET), extension for obtaining mandatory CPE credits for the FY 2020-21 by the members as per ICSI (Continuous Professional Education) Guidelines, 2019 upto June 30, 2021, introduction of "ICSI Award for Best PCS Firm", introduction of Employee Company Secretaries Identification Number (eCSIN) Amnesty Scheme, 2021 etc.

For details:

https://www.icsi.edu/media/webmodules/Important_decisions_taken_by_the_Council_of_the_ICSI_at_its_meeting_heldduring_26th_&_27th_March_2021.pdf

- **Registration for Samadhan Diwas (April 09, 2021)**

The ICSI in its endeavour to provide on the spot solution of the grievances of the trainees and trainers is organising Samadhan Diwas on Thursday April 15, 2021 from 3:00 to 5:00 P.M.

For details:

https://www.icsi.edu/media/webmodules/ICSI_Poster_Samadhaan_final.pdf

Ministry of Corporate Affairs

Info Capsule Series 6

- **The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2021 (February 01, 2021)**

The MCA vide notification dated February 01, 2021 has amended Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, allowing scheme of merger or amalgamation under section 233 of the Companies Act, 2013 (fast track mergers through relatively simpler procedure) between any of the following class of companies, namely:- (i) two or more start-up companies; or (ii) one or more start-up company with one or more small company.

For details:

<http://egazette.nic.in/WriteReadData/2021/224868.pdf>

- **The Companies (Specification of Definitions Details) Amendment Rules, 2021 (February 01, 2021)**

The MCA has eased the Compliance requirement of Small companies by revising their definition under Companies Act, 2013 by increasing their thresholds for paid up capital from “not exceeding Rs. 50 Lakhs” to “not exceeding Rs. 2 Crore” and turnover from “not exceeding Rs. 2 Crore” to “not exceeding Rs. 20 Crore”.

For details:

<http://egazette.nic.in/WriteReadData/2021/224862.pdf>

- **The Companies (Incorporation) Second Amendment Rules, 2021 (February 01, 2021)**

The MCA vide notification dated February 01, 2021 has issued the Companies (Incorporation) Second Amendment Rules, 2021 for notifying the Amendments as announced in the Budget 2021, for OPCs. Amendment has been introduced w.r.t. Allowing non-resident Indians to incorporate OPCs in India, Reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days, Thresholds limit of Paid-up share capital exceeding Rs. 50 lakhs and turnover exceeding Rs. 2 crores for compulsory conversion of OPC into Public/Private Company has been removed, Conversion of OPC into any other type of company at any time has been allowed etc.

For details:

http://www.mca.gov.in/Ministry/pdf/SecondAmndtRules_02022021.pdf

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

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

For details:

https://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, eConsultation, 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>

- **Press Release: Ministry of Corporate Affairs (February 09, 2021)**

Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs stated in a written reply to the questions in Rajya Sabha on February 09, 2021 that:

- (i) **Incorporation of Companies in current fiscal increased 21% as compared to corresponding period in previous fiscal.**

The number of companies incorporated from April, 2020 till December, 2020 (COVID-19 period) in the Financial Year 2020-21 (till December 31, 2020) compared to corresponding period from April, 2019 to December, 2019 in the Financial Year 2019-20 (till December 31, 2019) has actually increased by about 21%.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1696539>

- (ii) **4,73,131 number of Indian Companies and 1,065 number of Foreign Companies have been benefited by availing the Companies Fresh Start Scheme (CFSS), 2020.**

As per records available with the MCA, 4,73,131 number of Indian Companies and 1,065 number of Foreign Companies have been benefited by availing the Companies Fresh Start Scheme (CFSS), 2020 for filing their pending documents.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1696531>

- **The MCA notified the commencement date for Section 52 and Section 66 of the Companies (Amendment) Act, 2020 (February 11, 2021)**

The MCA has appointed February 11, 2021 as the commencement date of section 52 and Section 66 of the Companies (Amendment) Act, 2020 which is related to the insertion of new Chapter in the Companies Act, 2013 pertaining to Producer Companies and amendments under Section 465 of the Companies Act, 2013 related to Repealing of certain enactments and savings respectively.

For details:

<http://egazette.nic.in/WriteReadData/2021/225115.pdf>

- **The Producer Companies Rules, 2021 (February 11, 2021)**

The MCA on February 11, 2021 notified the Producer Companies Rules, 2021. The new rules define the term 'cooperative society' for the purpose of this rule. It also specifies the rules applicable for the purpose of change of place of registered office of a Producer Company from one State to another and Investment of general reserves.

For details:

<http://egazette.nic.in/WriteReadData/2021/225116.pdf>

- **The Companies (Share Capital and Debentures) Amendment Rules, 2021 (February 11, 2021)**

The MCA on February 11, 2021 has notified the Companies (Share Capital and Debentures) Amendment Rules, 2021 which seeks to insert a new Rule 12A in the Companies (Share Capital and Debentures) Rules, 2014 pertaining to period for notice under sub-clause (i) of clause (a) of section 62(1) of the Companies Act, 2013. This Amendment prescribes that for the purposes of sub clause (i) of clause (a) of Section 62(1) of the Companies Act, 2013, the time period within which the offer related to further issue of shares to existing shareholders shall be made for acceptance shall be not less than seven days from the date of offer.

For details:

<http://egazette.nic.in/WriteReadData/2021/225109.pdf>

- **Call for Research Proposals under "Funding Research and Studies, Workshops and Conference, Etc." under the plan scheme "Corporate Data Management" (February 17, 2021)**

The MCA has invited research proposals under the scheme "Funding Research and Studies, Workshops and Conferences etc." with the objective of extracting knowledge from the extensive data available with MCA. This will eventually enable to form policy and facilitate decision making in a market driven economy in areas related, inter alia, to corporate growth and corporate functioning in the overall macro-economic perspective. The detailed guidelines for funding "Research and Studies, Workshops and Conferences etc." can be accessed at:

http://www.mca21.gov.in/Ministry/pdf/GuidelinesCDM_30_072018.pdf

Research Proposals received in prescribed format on or before February 26, 2021 will be considered. Proposals, queries, clarifications etc. may be mailed at cdm.research@mca.gov.in or rajen.km@gov.in.

For details:

http://www.mca.gov.in/Ministry/pdf/ResearchProposalNotice_16022021.pdf

- **MCA update (February 18, 2021)**

Stakeholders are hereby informed that the Central Government, in Ministry of Corporate Affairs, under section 67(1) of LLP Act, 2008 will be extending Subsections (1) to (11) of section 90, Sub-sections (1) and (2) of section 164, Sub-sections (1) and (3) to (6) of section 165, Sub-section (1) to (3) of section 167, Sub-section (5) of section 206, sub-section (3) of section 207, Sub-sections (1) to (3) of section 252 and Sub-sections (1) to (4) of Section 439 of the Companies Act, 2013 to Limited Liability Partnerships with modification and adaptation soon. Accordingly, Limited Liability Partnerships, Partners and Designated partners thereof are advised to take note of the same for appropriate action.

For details:

<http://www.mca.gov.in/>

- **The Companies (Specification of definitions details) Second Amendment Rules, 2021 (February 19, 2021)**

The MCA vide the Companies (Specification of definitions details) Second Amendment Rules, 2021 dated February 19, 2021 brings in a new rule 2A which has prescribed the class of companies not to be considered as listed companies for the purposes of the proviso to clause (52) of section 2 of the Companies Act, 2013, namely:

- a) Public companies which have not listed their equity shares on a recognized stock exchange but have listed their -
 - (i) non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or
 - (ii) non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or
 - (iii) both categories of (i) and (ii) above.
- b) Private companies which have listed their nonconvertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
- c) Public companies which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on a stock exchange in a jurisdiction as specified in section 23(3) of the Companies Act, 2013.

For details:

https://www.mca.gov.in/Ministry/pdf/CompaniesSpecification2ndAmndtRules_19022021.pdf

- **MCA & CBIC sign MoU for exchange of data for enhancing Ease of Doing Business in India and improve overall regulatory enforcement (February 25, 2021)**

The Ministry of Corporate Affairs (MCA) and Central Board of Indirect Taxes and Customs (CBIC), Ministry of Finance, signed a Memorandum of Understanding (MOU) for data exchange between the two organisations. The MoU will facilitate the sharing of data and information between MCA and CBIC on an automatic and regular basis. It will enable sharing of specific information such as details of Bill of Entry (Imports), Shipping Bill (Exports) Summary from CBIC and financial statements filed with the Registrar by corporates, returns of allotment of shares. The MoU will ensure that both MCA and CBIC have seamless linkage for regulatory purposes. In addition to regular exchange of data, MCA and CBIC will also exchange with each other, on request, any information available in their respective databases, for the purpose of carrying out scrutiny, inspection, investigation and prosecution.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1700715>

- **MCA advises investors to verify status of Nidhi companies before investment (February 25, 2021)**

Under the amended Companies Act, 2013 and the Nidhi Rules, 2014, companies need to get themselves updated (those companies which were earlier declared as Nidhi company under the Companies Act, 1956) or declared as Nidhi company (those companies which were incorporated as Nidhi company after 01.04.2014) by applying to the MCA in form NDH-4. While examining the applications in form NDH-4, it has been observed by the Central Government that these companies have not been complying with the provisions of the rules in-toto. This has resulted in rejection of applications filed by the companies for declaration since they have not been found fit to be declared as Nidhi Company. Investors are advised to verify the antecedents / status of a Nidhi Company especially their declaration of their status as Nidhi Company by the Central Government before becoming its member and investing their hard earned money in such companies.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1700679>

- **Call for Research Proposals under "Funding Research and Studies, Workshops and Conferences, Etc." under the plan scheme "Corporate Data Management"- timeline extension (February 26, 2021)**

The MCA has extended the timeline for submission of research proposals under the scheme "Funding Research and Studies, Workshops and Conferences etc." till March 05, 2021. The objective of research proposals under the scheme "Funding Research and Studies, Workshops and Conferences etc." is extracting knowledge from the extensive data available with MCA, which will eventually enable to form policy and facilitate decision making in a market driven economy in areas related, inter alia, to corporate growth and corporate functioning in the overall macro-economic perspective.

For details:

http://www.mca.gov.in/Ministry/pdf/NoticeFundingResearch_26022021.pdf

- **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:

https://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

- **3,82,875 number of Companies struck off in three years up to financial year 2020 (March 09, 2021)**

Based on non-filing of Financial Statements (FS) consecutively for two years or more, "Shell Companies" were identified and after following due process of law as provided under Section 248 of the Companies Act, 2013 read with the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016, there are 3,82,875 number of Companies were struck off during the last three years up to financial year ended 2020. Further, no companies have been struck off during 2020-21 as stated by Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Rajya Sabha.

For details: <https://pib.gov.in/PressReleasePage.aspx?PRID=1703455>

- **CSR expenditure by all companies in Aspirational Districts from 2017-20 (March 15, 2021)**

In a written reply to a question in Lok Sabha, Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs have stated that all data related to CSR filed by companies in the MCA21 registry, including Aspirational District-wise, is available in public domain and can be accessed at www.csr.gov.in. As per filings made by the Companies in the MCA-21 registry, the CSR spent by all companies in the Aspirational Districts for the financial years 2017-18, 2018-19 and 2019-20 is given below:

Aspirational Districts (INR Cr.)	FY 2017-18	FY 2018-19	FY 2019-20
	232.80	307.51	104.04

(Data upto 30.09.2020) (Source: National CSR Data Portal)

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1704876>

- **324 companies filed for bankruptcy between 2018 to 2020 (March 16, 2021)**

Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Rajya Sabha stated that as per data provided by the National Company Law Tribunal (NCLT), 149 in the year 2018, 103 in the year 2019 and 72 in the year 2020 making a total of 324 companies have filed for bankruptcy during the aforesaid three years period. As reported, the data provided by the NCLT 8,330 applications in the year 2018, 12,091 in the year 2019 and 5,282 in the year 2020 were filed under the IBC. Therefore, it appears that number of applications have not increased over the last three years.

For details: <https://pib.gov.in/PressReleasePage.aspx?PRID=1705144>

- **The MCA notified the commencement date of sections 32 & 40 of the Companies (Amendment) Act, 2020 (March 18, 2021)**

The MCA has appointed March 18, 2021 as the commencement date of section 32 & 40 of the Companies (Amendment) Act, 2020 for implementation of changes brought in the Section 149(9) and Section 197(3) of the Companies Act, 2013 which is related to the Remuneration of the Independent Director in case of absence or inadequate profits & inclusion of Non-Executive Director and Independent Director within the scope of remuneration payable following Schedule V in the event of absence or inadequate profits respectively.

For details: <https://www.egazette.nic.in/WriteReadData/2021/225990.pdf>

- **The MCA notified amendments pertaining to Remuneration in Schedule V of the Companies Act, 2013 (March 18, 2021)**

The MCA vide notification dated March 18, 2021 has amended Schedule V of the Companies Act, 2013 by inserting the provisions w.r.t. the maximum limit of remuneration payable by companies to other directors (non-executive director or an independent director). Earlier the limit was only for managerial person.

For details: <http://www.egazette.nic.in/WriteReadData/2021/225997.pdf>

- **Establishment of Central Scrutiny Centre (CSC) (March 18, 2021)**

The Central Government vide notification dated March 18, 2021 hereby has established a Central Scrutiny Centre (CSC) for carrying out scrutiny of Straight Through Processes (STP) e-forms filed by the companies under the Companies Act, 2013 and the rules made thereunder which shall come into force from March 23, 2021.

- The CSC shall function under the administrative control of the e-governance Cell of the Ministry of Corporate Affairs. o It shall carry out scrutiny of the aforesaid forms and forward findings thereon, wherever required, to the concerned jurisdictional Registrar of Companies for further necessary action under the provisions of the Companies Act, 2013 and the rules made thereunder.
- It shall be located at the Indian Institute of Corporate Affairs (IICA), Plot No. 6, 7, 8, Sector 5, IMT Manesar, District Gurgaon (Haryana), Pin Code- 122050.

For details : <http://www.egazette.nic.in/WriteReadData/2021/225985.pdf>

- **Bankrupt Companies after lockdown was imposed due to COVID-19 pandemic (March 22, 2021)**

Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Lok Sabha stated that as per information from Insolvency and Bankruptcy Board of India (IBBI), details for the period from April 01, 2020 to December 31, 2020 of the number of companies declared bankrupt in the country after the lockdown was imposed due to COVID-19 pandemic is as under: i. 283 firms were admitted into corporate insolvency resolution process (CIRP). ii. 76 CIRPs ended in resolution, 128 CIRPs were closed due to withdrawal/appeal or settlement and 189 CIRPs ended in liquidation. iii. 30 corporate persons were dissolved/ sold as a going concern/undergone compromise or arrangement under section 230 of Companies Act, 2013 under liquidation process. Further, 59 corporate persons were dissolved under voluntary liquidation process.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706640>

- **Sanction for prosecution accorded in 366 cases in violation of CSR provisions (March 22, 2021)**

Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Lok Sabha stated that all CSR related defaults are compoundable. So far, sanction for prosecution has been accorded in 366 cases. Of these, 148 applications for compounding have been made and 75 cases have been compounded.

Giving more information, it is stated that as per input provided by the Indian Institute of Corporate Affairs (IICA), following studies have been conducted: o Formative research on Corporate Social Responsibility (CSR) implementation under Section 135 of Companies Act, 2013: Coverage and emerging issues; and o Study on CSR expenditure in 100 tribal and backwards districts of the country.

For details : <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706638>

- **SFIO investigating 20; RDs investigating 38 cases in misuse of corporate structure/ fraud Financial Year 2020-21 (March 22, 2021)**

The MCA has ordered for investigation and assigned to Serious Fraud Investigation office (SFIO) and Regional Directors (RDs) in the cases where there are allegations of misuse of corporate structure/ fraud, this was stated by Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Lok Sabha.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706636>

- **1,38,051 new companies registered from April 2020 to February 2021 (March 22, 2021)**

The Minister of State for Finance & Corporate Affairs Shri Anurag Singh Thakur said that 1,38,051 new companies registered in the current Financial Year from April 2020 to February 2021 while 10,113 of Companies have been struck off by invoking the provisions of section 248 of the Companies Act, 2013 from April 2020 to February 2021.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706635>

- **Extending deadline of Companies Fresh Start Scheme and LLP Settlement Scheme (March 23, 2021)**

Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Rajya Sabha stated that both the schemes i.e., Companies Fresh Start Scheme (CFSS) and the LLP Settlement Scheme (LSS) have ended on 31.12.2020. A sufficient period of time of 09 months was accorded in the schemes to companies and LLPs to make good their defaults and accordingly, further extension of the scheme was not found necessary. Therefore, no such proposal is under consideration of the Ministry in this regard.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706926>

- **MCA News**

MCA portal will not be available between 8:00AM to 6:00PM on March 27, 2021 due to planned quarterly maintenance activity. Stakeholders may plan accordingly.

For details: <http://www.mca.gov.in/>

- **The Companies (Accounts) Amendment Rules, 2021 (March 24, 2021)**

The MCA vide notification dated March 24, 2021 has notified that for the financial year commencing on or after the 1st day of April, 2021, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. Further, it also specified that Board Report should contain the following additional information's namely:-

“(xi) the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.

(xii) the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.”

For details: http://www.mca.gov.in/Ministry/pdf/AccountsAmendmentRules_24032021.pdf

- **The Companies (Audit and Auditors) Amendment Rules, 2021 (March 24, 2021)**

The MCA vide notification dated March 24, 2021 has broaden the scope of reporting by the Auditors by adding more reporting requirements in the Audit Report.

For details: http://www.mca.gov.in/Ministry/pdf/AuditAuditorsAmendmentRules_24032021.pdf

- **Amendments to Schedule III of the Companies Act, 2013 (March 24, 2021)**

The MCA has notified amendment in schedule III of the Companies Act, 2013 w.r.t. Disclosure of Shareholding of Promoters, Trade Payable ageing schedule etc., w.e.f. April 01, 2021.

For details:

http://www.mca.gov.in/Ministry/pdf/ScheduleIIIAmendmentNotification_24032021.pdf

- **The MCA notified commencement date for Section 23 and 45 of the Companies (Amendment) Act, 2020 (March 24, 2020)**

The MCA has appointed March 24, 2021 as the commencement date for Section 23 and 45 of the Companies (Amendment) Act, 2020. Section 23 seeks to amend Section 124(7) of the Companies Act, 2013 related to imposition of penalty in case of non-compliance of Section 124 which deals with the provision of Unpaid Dividend Account. Further, Section 45 seeks to amend Section 247(3) of the Companies Act, 2013 which deals with imposition of penalty on valuer for contravention of the provisions of section 247 or the rules made thereunder.

For details: http://www.mca.gov.in/Ministry/pdf/CommencementNotification_24032021.pdf

- **Finance Minister Smt. Nirmala Sitharaman launches Central Scrutiny Centre and IEPFA's Mobile App to leverage digital solutions to achieve Prime Minister's vision of 'Digitally empowered India' (March 25, 2021)**

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman virtually launched Central Scrutiny Centre (CSC) and Investor Education and Protection Fund Authority's (IEPFA) Mobile App – two tech-enabled initiatives by Ministry of Corporate Affairs. These initiatives leverage to strengthen the Prime Minister's vision of 'Digitally Empowered India'. Announcing the launch of new initiatives, Smt. Nirmala Sitharaman said, "Digital India is a campaign launched by the Government of India in order to ensure that the Government's services are made available to citizens electronically by making the country digitally empowered in the field of technology. These two initiatives would create a new corporate and investor friendly ecosystem. Going forward, MCA would bring in more tech-enabled services for ease of doing business and ease of living for the people."

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1707511>

- **MCA Update**

"E-form INC-6" revised as per the Companies (Incorporation) Second Amendment Rules, 2021 is now available for filing. Stakeholders may please take note and plan accordingly.

For details: <http://www.mca.gov.in/MinistryV2/companyformsdownload.html>

"CSR-1 Form related to registration of Entities for undertaking CSR Activities" is now available for filing as eForm. Stakeholders may please take note and plan accordingly.

For details: <http://www.mca.gov.in/MinistryV2/companyformsdownload.html>

- **The Companies (Audit and Auditors) Second Amendment Rules, 2021 (April 01, 2021)**

The MCA vide the notification dated April 01, 2021 has amended rule 11, clause (g) of the Companies (Audit and Auditors) Rules, 2014 which has earlier mandated that the Auditor has to report in his Audit report starting from April 01, 2021 that whether the Company is maintaining its books of account in a Accounting Software which has a feature of recording audit trail (edit log) facility or not. This requirement is now made applicable from the financial years commencing on or after April 01, 2022.

For details: http://www.mca.gov.in/Ministry/pdf/AuditAuditorsAmendmentRules_01042021.pdf

- **The Companies (Accounts) Second Amendment Rules, 2021 (April 01, 2021)**

The MCA vide notification dated April 01, 2021 has deferred the applicability of mandatory use of Accounting Software having features of recording audit trail of each and every transaction to financial year commencing from April 01, 2022 instead of April 01, 2021 as notified earlier.

For details: http://www.mca.gov.in/Ministry/pdf/AccountsAmendmentRules_01042021.pdf

- **MCA registers 1.55 lakh company incorporations in FY 2020-21, an increase of 27% year-on-year and 42,186 Limited Liability Partnerships got incorporated in FY 2020- 21, an increase of 17% year-on-year (April 01, 2021)**

During the Financial Year 2020-21, Ministry of Corporate Affairs (MCA) registered more than 1.55 Lakh company incorporations as compared to 1.22 Lakh companies during FY 2019-20, an increase of about 27%. Similarly, 42,186 Limited Liability Partnerships (LLPs) got incorporated as against 36,176 last year, an increase of about 17%. The increase is significant considering the unprecedented situation faced by the country due to COVID-19 pandemic.

As part of Government of India's drive for Ease of Doing Business, the MCA has taken many initiatives thereby saving as many procedures, time and cost for starting a business in India. The Central Registration Centre (CRC) continued to function even during the lockdown to enable stakeholders to incorporate Companies and LLPs.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1709056>

Securities Laws & Capital Markets

Info Capsule Series 6

SEBI Circular

- **Revision of Monthly Cumulative Report (MCR) (January 29, 2021)**

SEBI has modified MCR format pursuant to introduction of a new scheme category and to bring transparency in reporting of segregated portfolios, from January 2021 onwards. Under the modified MCR, Asset Management Companies (AMCs) will have to disclose about the number of segregated portfolios created as well as net assets under management (AUM) in such segregated portfolios.

For details:

https://www.sebi.gov.in/legal/circulars/jan-2021/circular-on-revision-of-monthly-cumulative-report_48927.html

SEBI News

- **Budget 2021-Finance Minister Nirmala Sitharaman proposes unified Securities Market Code; gold exchanges to be set up (February 1, 2021)**

Finance Minister Nirmala Sitharaman, in her budget speech proposed to consolidate the provisions of the SEBI Act 1992, Depositories Act 1996, Securities Contracts (Regulation) Act, 1956, and Government Securities Act, 2007 into a unified Securities Market Code. The finance minister also proposed the creation of gold exchanges in the country. For this purpose, SEBI will be notified as the regulator. The FM also proposed to introduce an investor charter as a right for investors in all financial products for investor protection.

For details:

<https://www.moneycontrol.com/news/business/budget-2021-fm-nirmala-sitharamanproposes-unified-securities-market-code-gold-exchanges-to-be-set-up-6425071.html>

SEBI Circulars

- **Setting up of Limited Purpose Clearing Corporation (LPCC) by Asset Management Companies (AMCs) of Mutual Funds (February 2, 2021)**

SEBI released guidelines for setting up of Limited Purpose Clearing Corporation (LPCC) by asset management companies, making it obligatory for them to contribute towards the share capital of such entities. The LPCC is an entity established to undertake the activity of clearing and settlement of repo transactions in corporate debt securities. Accordingly, it has been decided that AMCs shall contribute INR 150 crore towards share capital of LPCC in proportion to the Asset Under Management (AUM) of open ended debt oriented mutual fund schemes (excluding overnight, gilt fund and gilt fund with 10 year constant duration but including conservative hybrid schemes) managed by them.

For details:

https://www.sebi.gov.in/legal/circulars/feb-2021/setting-up-of-limited-purpose-clearing-corporation-lpcc-by-asset-management-companies-amcs-of-mutual-funds_48982.html

- **Revised Framework for Innovation Sandbox (February 2, 2021)**

In order to encourage innovation and make it even more convenient for participation in the Innovation Sandbox, the objective and eligibility criteria of the Innovation Sandbox has been revised with graded entry norms. Innovation Sandbox facilitates access to an environment (testing facilities and test data) provided by Enabling Organizations like Stock Exchanges, Depositories and Qualified Registrar and Share Transfer Agents (QRTAs) wherein innovators (hereinafter referred to as Sandbox Applicants) would be testing their innovations in isolation from the live market and would be used for offline testing of the proposed solution of the applicant.

For details:

https://www.sebi.gov.in/legal/circulars/feb-2021/revised-framework-for-innovation-sandbox_48983.html

News

- **Delhi high court freezes Rs 25,000 crore Future-RIL deal (February 2, 2021)**

In a relief to Amazon, the Delhi high court on Tuesday said it is of the "clear view" that the emergency award (EA) by the Singapore International Arbitration Centre (SIAC) is enforceable in India. It has asked Future Group to not proceed with the Rs 24,731 crore deal with Reliance Industries (RIL) till it pronounces a final order. The court said it is "satisfied that immediate orders are necessary to protect the rights of the petitioner (Amazon)."

For details:

<https://timesofindia.indiatimes.com/business/india-business/delhi-hc-orders-status-quo-on-future-reliance-deal/articleshow/80655845.cms>

- **SC orders Franklin Templeton to pay Rs 9,122 crore to unit holders (February 2, 2021)**

The Supreme Court on Tuesday directed Franklin Templeton Mutual Fund to pay Rs 9,122 crore among unitholders of six mutual fund schemes that were shut down by the company abruptly. The apex court has asked the amount be disbursed among the unit holders in proportion to the respective interests in the assets of the scheme.

For details:

<https://timesofindia.indiatimes.com/business/india-business/sc-orders-franklintempleton-to-pay-rs-9122-crore-to-unit-holders/articleshow/80652767.cms>

- **Investors richer by Rs. 10.5 trn after Budget; Sensex crosses 50K-mark again (February 2, 2021)**

The benchmark indices notched record closing highs on Tuesday as the buying frenzy triggered by the Budget continued for the second day. The Sensex even pierced the historic 50,000 mark in intra-day trade for the second time after January 21. The index rallied as much as 1,554 points before giving up some gains.

For details:

https://www.business-standard.com/article/markets/investors-richer-by-rs-10-5-trn-after-budget-sensex-crosses-50k-mark-again-121020202108_1.html

SEBI Orders

- **Final Order in the matter of Future Retail Limited (February 3, 2021)**

SEBI has barred Kishore Biyani, CEO of Future Group, his brother Anil Biyani and a few entities from accessing the securities market for a year for alleged insider trading between March and April 2017. SEBI case against the Biyanis, Future Corporate Resources Pvt. Ltd., a Future group company and other related entities, pertains to insider trading in the shares of Future Retail based on unpublished price sensitive information in 2017 when a few companies of the Future group were being restructured.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/final-order-in-the-matter-of-future-retail-limited_49001.html

<https://indianexpress.com/article/business/kishore-biyani-future-group-sebi-7173652/>

- **Adjudication Order in the matter of GDR issue (2008) of Beckons Industries Limited (February 3, 2021)**

SEBI imposed a penalty of Rs. 11.8 crore on Beckons Industries Ltd and its ex-directors in a matter pertaining to manipulation in the issuance of global depository receipts (GDRs). Beckons issued GDRs worth USD 5 million in July 2008, with the objective of establishing a subsidiary in the UAE.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-beckons-industries-ltd-in-the-matter-of-gdr-issue-2008-of-beckons-industries-limited_48994.html

News

- **Future Group challenges court order blocking its Reliance deal in dispute with Amazon (February 4, 2021)**

Future Retail Ltd (FRL) challenged a Delhi High Court ruling that had ordered the company to halt the sale of its retail assets to Reliance Retail Ventures Ltd (RRVL), a unit of Reliance Industries. The ruling issued by a single judge was challenged in the same court before a two-judge bench. FRL, which runs Big Bazaar, EasyDay and Central, said if the deal to sell its retail and logistics assets to Reliance doesn't take place, the company will be forced to go into liquidation.

For details:

<https://economictimes.indiatimes.com/industry/services/retail/future-group-to-challenge-court-order-blocking-its-reliance-deal-in-dispute-with-amazon-says-source/articleshow/80662716.cms>

SEBI Orders

- **Adjudication Order in respect of 6 entities in the matter of Birla Pacific Medspa Limited (February 4, 2021)**

SEBI imposed a total penalty of Rs 1.2 crore on six entities for diverting proceeds from IPO funds of Birla Pacific Medspa Ltd (BPML) as well as for indulging in manipulative trading and thereby violated the provisions of Regulations 3(a),(b),(c) & (d) and 4(1), 4(2)(a) & (e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-6-entities-in-the-matter-of-birla-pacific-medspa-limited_49015.html

- **Order in the Matter of Acropetal Technologies Ltd. (February 4, 2021)**

SEBI has barred Acropetal Technologies Ltd. and D. Ravi Kumar, its Chairman and MD, from accessing the securities market for a period of two years for consciously avoided paying dividend to the shareholders. Further, the Chairman and MD is also restrained from holding any position of Director or KMP in any listed company or any intermediary registered with SEBI, or associating himself with any listed public company or a public company which intends to raise money from the public for a period of two years.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/order-in-the-matter-of-acropetal-technologies-ltd-_49017.html

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

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

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>

SEBI Orders

- **Adjudication Order in respect of 12 entities in the matter of Shri Ram Real Estate & Business Solutions Limited (February 8, 2021)**

SEBI imposed a penalty of Rs. 40 lakh on Shri Ram Real Estate & Business Solutions Ltd. and its directors for illegally mobilizing money from investors without obtaining registration from SEBI as required under the provisions of section 12(1B) of the SEBI Act, 1992 and Regulation 3 of SEBI (Collective Investment Schemes) Regulations, 1999.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-12-entities-in-the-matter-of-shri-ram-real-estate-and-business-solutions-limited-_49048.html

- **Interim Order in respect of Capitalaim Financial Advisory Private Limited and its Directors (February 8, 2021)**

SEBI barred Capitalaim Financial Advisory Pvt. Ltd. and its past and present directors from accessing securities market for allegedly selling services to clients without consideration of their financial position, investment objective and risk profiling. Further, Capitalaim and its present directors are directed to cease and desist from acting as an investment advisor and immediately

withdraw and remove all advertisements, representations and communications in relation to its investment advisory activity or any other activity in the securities market.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/interim-order-in-respect-of-capitalaim-financial-advisory-private-limited-and-its-directors_49049.html

- **Settlement Order in respect of National Insurance Company Limited in the matter of Axis Bank Limited (February 5, 2021)**

National Insurance Company Limited has settled with SEBI for making delayed disclosures as required under Regulation 7(2)(a) of the SEBI (Prohibition of Insider Trading), 2015, in respect of change in their shareholding in the Axis Bank Limited. National Insurance Company Limited 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 Rs. 74.93 lakh towards the settlement charges.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/settlement-order-in-respect-of-national-insurance-company-limited-_49045.html

SEBI Circular

- **Revised disclosure formats under Regulation 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015 (February 09, 2021)**

SEBI has revised the disclosure formats (Forms B to D) which were specified in the SEBI circular dated May 11, 2015 and September 16, 2015 under Regulation 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'). In light of amendments to the PIT Regulations effecting the inclusion of member of the promoter group, and designated person in place of employee, the relevant disclosure formats have been suitably revised. Under the new format, details of securities held upon becoming a member of the promoter group of a listed company and immediate relatives of such persons need to be disclosed, besides, any change in shareholding also needs to be disclosed.

For details :

https://www.sebi.gov.in/legal/circulars/feb-2021/revised-disclosure-formats-under-regulation-7-of-sebi-prohibition-of-insider-trading-regulations-2015_49068.html

SEBI Orders

- **Adjudication Orders in respect of Ambuja Electro Castings Limited; Ambuja Flour Mills Limited and Blue Heavens Agro Industries Limited on failure to obtain SCORES authentication (February 09, 2021)**

SEBI has imposed a penalty on the following three entities/noticee(s) which had failed to obtain the SCORES authentication and also failed to redress investor grievances.

Name of Entity/Noticee	Penalty imposed (in Rs.)	Imposition of Penalty under
Ambuja Electro Castings Limited	1,00,000	Sections 15C and 15HB of the SEBI Act, 1992
Ambuja Flour Mills Limited	1,00,000	
Blue Heavens Agro Industries Limited	1,00,000	

For details: <https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes>

- **Settlement Order in respect of Interglobe Aviation Ltd. (February 09, 2020)**

Interglobe Aviation, parent of India's largest airline Indigo, has settled a case with the Securities and Exchange Board of India (SEBI) for alleged violation of corporate governance norms by paying Rs 2.10 crore as settlement charges. The SEBI said pending adjudication proceedings, Interglobe Aviation proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of fact and conclusions of law, through a consent order.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/interglobe-aviation-settles-case-with-sebi-amid-promoters-feud/articleshow/80772591.cms>

https://www.sebi.gov.in/enforcement/orders/feb-2021/settlement-order-in-the-matter-of-interglobe-aviation-limited_49067.html

News

- **Bourses, depositories to sell demat, trading accounts of Karvy Stock Broking (February 10, 2020)**

For the first time in India, stock exchanges and depositories have decided to sell the assets of a stockbroker to settle the dues the broker owed clients. After consulting with Central Depository Services and stock exchanges, National Securities Depository Ltd (NSDL) has invited bids to sell demat and trading accounts of Karvy Stock Broking. Karvy held 7.23 lakh demat accounts with a custody value of a whopping Rs 2.84 lakh crore as on January 31, 2021.

The funds raised from the bidding shall be utilised for settlement of claims of investors of Karvy, after recovering the outstanding dues of market infrastructure institutions (MIIs)," said NSDL

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/bourses-depositories-to-sell-demat-trading-accounts-of-karvy-stock-broking/articleshow/80757916.cms>

- **SEBI imposes market ban on entities, individuals for GDR manipulation (February 09, 2021)**

SEBI has barred two entities and five individuals for indulging in fraudulent trading activities with respect to GDR issuance by Soma Textiles & Industries Ltd.

Soma Textiles & Industries Ltd "is hereby restrained from accessing the securities market directly or indirectly for a period of 3 years from the date of this order.

For details:

<https://www.livemint.com/news/india/sebi-imposes-market-ban-on-entities-individuals-for-gdr-manipulation-11612872512364.html>

- **SEBI Orders Adjudication Order in respect of three entities in the matter of NSE Co-location (February 10, 2021)**

SEBI imposed a penalty of Rs 1 crore on National Stock Exchange (NSE) for its alleged failure to comply with the Stock Exchange and Clearing Corporation Regulations in the co-location case. SEBI has also imposed a penalty of Rs 25 lakh each on its two former MD and CEO, as it held that they were vicariously liable for the acts committed by the stock exchange.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-three-entities-in-the-matter-of-nse-co-location_49079.html

- **Adjudication Order in the matter of Birla Pacific Medspa Ltd. in respect of four entities (February 10, 2021)**

SEBI imposed a penalty of Rs. 20 lakh each on four entities for allegedly transferring IPO funds from Birla Pacific Medspa Ltd. to various entities for siphoning off and therefore violated Regulations 3(a), (b), (c), (d) and 4(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-the-matter-of-birla-pacific-medspa-ltd-in-respect-of-four-entities_49083.html

SEBI News

- **SEBI plans to introduce framework to compensate investors for technical glitches (February 10, 2021)**

SEBI is considering a proposal to introduce a framework to ascertain the incidents of technical glitches whereby compensation would be given to investors. Besides, the regulator is also looking to devise a methodology and calculation of compensation.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-plans-to-introduceframework-to-compensate-investors-for-technical-glitches/articleshow/80789204.cms>

SEBI Reports

- **Extension of timeline for submission of public comments on the consultation Paper 'Introduction of provisions relating to appointment / reappointment of persons who fail to get elected as Whole-time directors / Managing Directors at the general meeting of a listed entity' (February 12, 2021)**

SEBI has extended the timeline for submission of comments on a consultation paper 'Introduction of provisions relating to appointment / re-appointment of persons who fail to get elected as Whole-time directors / Managing Directors at the general meeting of a listed entity' to February 26, 2021 which was placed on the SEBI's website.

For details:

<https://www.sebi.gov.in/reports-and-statistics/reports/feb-2021/extension-of-timeline-for-submission-of-public-comments-on-introduction-of-provisions-relating-to-appointment-re>

*appointment-of-persons-who-fail-to-get-elected-as-whole-time-directors-managing-di-
_49144.html*

SEBI News

- **Price rigging down, Insider Trading up (February 15, 2021)**

SEBI detects 119 cases of insider trading in 2019 and 2020, the higher than the number of cases detected by SEBI in any of the previous years since its inception. The highest number of insider trading cases SEBI detected was 34 in 2016-17, which has jumped to 70 in 2018-19.

For details:

<https://www.thehindubusinessline.com/markets/stock-markets/price-rigging-down-insider-trading-up/article33836372.ece>

- **SEBI mulls cybersecurity fusion centre for securities market (February 14, 2021)**

Markets regulator SEBI is in the process of setting up a cybersecurity fusion centre, a move aimed at detecting cyber threats faster and resolve such incidents efficiently and effectively. In its annual report for 2019-20, SEBI noted that cyber-attacks and threats attempt to compromise the confidentiality, integrity and availability of the computer systems, networks and databases in the markets ecosystem.

For details:

<https://www.moneycontrol.com/news/india/sebi-mulls-cybersecurity-fusion-centre-forsecurities-market-6508241.html>

- **Over 10 Indian start-ups may mop up at least \$10 billion in IPO rush (February 15, 2021)**

Over 10 Indian start-ups with total valuations of \$84 billion (some are planning fresh fund-raising) are bracing to launch initial public offerings (IPOs) in the next 36 months. While the size of their IPOs is under discussion, estimates are that they would together raise a minimum of over \$8-10 billion during the initial listing.

For details:

https://www.business-standard.com/article/companies/over-10-indian-start-ups-maymop-up-at-least-10-billion-in-ipo-rush-121021500003_1.html
https://www.businessstandard.com/article/companies/over-10-indian-start-ups-may-mop-up-at-least-10-billion-in-ipo-rush-121021500003_1.html

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-groupskishore-biyani-from-markets-6518461.html>

Settlement Orders

- **Settlement Orders in respect of Axis Bank Limited and United India Insurance Company Limited in the matter of Axis Bank Limited (February 15, 2021)**

Axis Bank Ltd. and its promoter United India Insurance Company Ltd. have settled with SEBI cases of alleged disclosure lapses and have paid more than Rs. 51.5 lakh as total settlement amount as per two settlement orders. The matter pertained to delay in making disclosures as required under Regulations 7(2)(a) and 7(2)(b) of the SEBI (Prohibition of Insider Trading), 2015, in respect of trading in the shares of the Axis Bank Ltd. by United India Insurance Company Ltd. a promoter entity of the Axis Bank Ltd.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/settlement-order-in-respect-of-united-india-insurance-company-limited-in-the-matter-of-axis-bank-limited_49167.html

https://www.sebi.gov.in/enforcement/orders/feb-2021/settlement-order-in-respect-of-axis-bank-limited-in-the-matter-of-axis-bank-limited_49168.html

- **SEBI Board Meeting (February 17, 2021)**

The SEBI Board met on February 17, 2021 where it, inter-alia, took the following decisions: Minimum Public Offer (MPO) requirements for large issuers relaxed Presently, in terms of Securities Contracts (Regulation) Rules, 1957 (SCRR), issuers with post issue market capital of at least Rs. 4,000 crores or more, are required to offer to public at least 10% of its post issue market capital ('Minimum Public Offer' - MPO). Further, such issuers are also required to achieve a minimum public shareholding (MPS) of at least 25% within three years from the date of listing. The Board has decided to recommend changes in the SCRR, for issuers with post issue market capital exceeding Rs.1,00,000 crores, the requirement of MPO be reduced from 10% of post issue market capital (existing provision) to Rs.10,000 crores + 5% of the incremental amount beyond Rs.1,00,000 crores. These issuers shall be required to achieve at least 10% public shareholding in two years and at least 25% Public Shareholding within five years from the date of listing.

Amendment to SEBI (Portfolio Managers) Regulations, 2020, SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014 The Board approved amendment to SEBI (Portfolio Managers) Regulations, 2020 (PMS Regulations), SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014 to recognise the Post Graduate Program in Securities Market of not less than one year offered by NISM as eligible qualification for Portfolio

Managers, Investment Advisers and Research Analysts. The Board also approved amendment to PMS Regulations with respect to NISM certification requirements.

Repeal of the SEBI (Underwriters) Regulations, 1993 and amendments to the SEBI (Merchant Bankers) Regulations, 1992 and the SEBI (Stock Brokers) Regulations, 1992 The Board approved repealing of SEBI (Underwriters) Regulations, 1993 and amendment to SEBI (Merchant Bankers) Regulations, 1993 and SEBI (Stock Brokers) Regulations, 1992 to incorporate provisions related to net-worth, maintenance of records and other regulatory compliances for the underwriting activities. The respective regulations shall permit Merchant Bankers and Stock Brokers to carry out underwriting activities. Therefore, there is no need of having separate regulation for underwriting activities.

Merger of SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006 with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 The Board noted the proposal contained in the memorandum towards the objective of improving ease of doing business and providing a consolidated view to users of Regulations. Accordingly, the Board approved merger of SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006 with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

For details:

https://www.sebi.gov.in/media/press-releases/feb-2021/sebi-board-meeting_49194.html

SEBI News

- **SEBI eases listing rules for large IPOs, paving way for LIC's mega float (February 18, 2021)**

SEBI eased the listing norms for large companies, apparently paving the way for the much-awaited mega float of Life Insurance Corporation (LIC). The regulator said large companies can now divest a minimum 5 per cent in the IPO, instead of 10 per cent. Further, they will get five years, instead of three, to raise the public float to 25 per cent.

For details:

https://www.business-standard.com/article/markets/sebi-eases-listing-rulesfor-large-ipos-paving-way-for-lic-s-mega-float-121021701260_1.html

- **FM addresses SEBI; calls for timely implementation of Budget announcements (February 17, 2021)**

Finance Minister Nirmala Sitharaman appreciated the measures taken by SEBI, especially to deal with the COVID situation, and emphasised the need for timely implementation of announcements related to the capital market made in the Union Budget 2021-22. The minister addressed the board of SEBI in the national capital on Wednesday for the first time after the presentation of the Budget on February 1.

For details:

https://www.business-standard.com/article/economy-policy/fm-addressessebi-calls-for-timely-implementation-of-budget-announcements-121021701253_1.html

- **SEBI News SEBI wants promoters to sell crypto before IPO (February 22, 2021)**

Holding cryptocurrency may become a hindrance for promoters looking to raise money through an initial public offering (IPO). The SEBI wants promoters of such companies to sell off any

cryptocurrency they have before raising funds, said several people with direct knowledge of the matter.

For details:

<https://economictimes.indiatimes.com/markets/ipos/fpos/sebi-wants-promoters-to-sellcrypto-before-ipo/articleshow/81143765.cms>

- **SEBI eases listing rules for large IPOs, Bitcoin hits record (February 18, 2021)**

SEBI eased the listing norms for large companies, apparently paving the way for the much awaited mega float of Life Insurance Corporation (LIC). The regulator said large companies can now divest a minimum 5 per cent in the IPO, instead of 10 per cent. Further, they will get five years, instead of three, to raise the public float to 25 per cent.

For details:

https://www.business-standard.com/article/economy-policy/top-headlines-sebi-easeslisting-rules-for-large-ipos-bitcoin-hits-record-121021800151_1.html

SEBI Adjudication Order

- **In the matter of Alchemist Infra Realty Limited (February 22, 2021)**

SEBI imposed a penalty of Rs. 1 crore on Alchemist Infra Realty Ltd. and on its four present and past directors for engaging in the fund mobilising activity from public through investment contracts by sponsoring collective investment schemes without obtaining registration from SEBI as mandated under Section 12(1B) of the SEBI Act, 1992 read with Regulation 3 of the CIS Regulations, 1999.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-alchemist-infra-realty-limited-mr-brij-mohan-mahajan-mr-balvir-singh-mr-chandra-sekhar-chauhan-and-mr-narayan-madhav-kumar-in-the-matter-of-alchemist-infra-realty-_49218.html

SAT Order

- **SAT stays SEBI's order against HDFC Bank in BRH Wealth Kreators case (February 19, 2021)**

The Securities Appellate Tribunal (SAT) has stayed a SEBI order which imposed a fine of Rs 1 crore on HDFC Bank for invoking securities pledged by stock broker BRH Wealth Kreators, till further orders. SEBI had imposed the fine and also directed the bank to transfer Rs 158.68 crore along with 7 per cent interest per annum into an escrow account till the issue of settlement of clients' securities is reconciled.

For details:

http://sat.gov.in/english/pdf/E2021_JO202183_1.PDF

SEBI Circular

- **Pre-Expiry Margin on commodities under Alternate Risk Management Framework (February 23, 2021)**

SEBI has tightened the margin norms for the commodity derivatives market. The move is a fallout of oil prices slipping into negative territory in the futures market last year. SEBI vide this circular has provided that with effect from April 01, 2021 the pre-expiry margins shall be imposed on cash settled contracts wherein the underlying commodity is deemed susceptible to possibility of near

zero and/or negative prices as identified by exchange/CC under ARMF circular. In case of these contracts, pre-expiry margins shall be levied during the last five trading days prior to expiry date, wherein they shall increase by 5% every day.

For details:

https://www.sebi.gov.in/legal/circulars/feb-2021/pre-expiry-margin-on-commodities-under-alternate-risk-management-framework_49229.html

SEBI News

- **RIL gets SEBI approval to hive off O2C business into independent subsidiary (February 24, 2021)**

Mukesh Ambani-controlled Reliance Industries Limited (RIL), which has proposed hiving off its oil to chemicals (O2C) business into an independent subsidiary, said it had received an approval from SEBI and stock exchanges to create this subsidiary. The company now requires the approval of equity shareholders and creditors, regulatory authorities, and the income-tax authority, besides the National Company Law Tribunals (NCLTs) in Mumbai and Ahmedabad. RIL said the approval process had commenced and was expected to be completed by the second quarter of the 2021-22 financial year.

For details:

https://www.business-standard.com/article/companies/rilgets-sebi-approval-to-hive-off-o2c-business-into-independentsubsidiary-121022300512_1.html

SEBI Press Release

- **SEBI seeks report from NSE on “Trading Halt” (February 24, 2021)**

SEBI has advised NSE to carry out a detailed root cause analysis of the “trading halt” witnessed at NSE and also explain the reasons for trading not migrating to the disaster recovery site. SEBI has asked NSE to submit its report at the earliest. The traders could not see price updates on NSE’s trading terminals and on the stock exchange’s website after 11:40 am on Wednesday. Eventually, the stock exchange informed the market participants that its operations were affected due to problems in the telecom links.

For details:

https://www.sebi.gov.in/media/press-releases/feb-2021/sebi-seeks-report-from-nse-on-trading-halt-_49264.html

Consultation Paper

- **Consultation Paper on Introduction of concept of “Accredited Investors” in Indian Securities Market (February 24, 2021)**

The SEBI has placed a consultation paper for public comments on the proposal to introduce the concept of “Accredited Investors” in the Indian securities market, latest by March 18, 2021 in the prescribed format. The investors are typically termed as Accredited Investors or Qualified Investors or Professional Investors who have an understanding of various financial products and the risks and returns associated with them and therefore, are able to take informed decisions regarding their investments, is recognized by many securities and financial market regulators around the globe.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2021/consultation-paper-on-introduction-of-the-concept-of-accredited-investors_49269.html

- **SEBI guidelines related to Environmental, Social and Corporate Governance (ESG) soon (February 25, 2021)**

SEBI's Chairman Mr. Ajay Tyagi in his speech at SEBI-NISM conference on "Behavior of Securities Market-Sighting of Black Swan" on February 25, 2021 said that 'with a view to meeting the increasing investor demand for ESG related information, SEBI is in active discussions with various stakeholders to bring in greater granularity in disclosures by listed companies in the ESG space so that investors can make well informed investment decisions. We are expecting to issue the relevant guidelines soon. The proposed guidelines are aimed at achieving much higher level of transparency and accountability from listed entities in the ESG arena.'

For full speech, please refer:

https://www.sebi.gov.in/media/speeches/feb-2021/chairman-s-speech-dated-february-25-2021-on-behavior-of-securities-market-sighting-of-black-swan-at-sebi-nism-conference_49271.html

SEBI Circular

- **Extension of facility for conducting meeting(s) of unitholders of REITs and InvITs through Video Conferencing (VC) or through other audio-visual means (OAVM) (February 26, 2021)**

Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) can conduct annual meetings of their unitholders (which becomes due in the calendar year 2021) through video conferencing (VC) and other audio-visual means (OAVM) till December 31, 2021. For meetings other than annual meeting of unitholders, the facility can be used up to June 30, 2021.

For details:

https://www.sebi.gov.in/legal/circulars/feb-2021/extension-of-facility-for-conducting-meeting-s-of-unitholders-of-reits-and-invits-through-video-conferencing-vc-or-through-other-audio-visual-means-oavm-_49307.html

SEBI Order

- **Adjudication Order in the matter of PMC Fincorp Ltd. (February 26, 2021)**

SEBI imposed a total penalty of Rs. 80 lakh on eight entities for indulging in fraudulent trading activities in the scrip of PMC Fincorp Ltd. in violation of Section 12A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a), (e) of PFUTP Regulations. It was alleged that they were artificially created the demand for shares with a view to cause artificial increase in price.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-8-entities-in-the-matter-of-pmc-fincorp-limited_49316.html

Master Circular

- **Master Circular on Surveillance of Securities Market (March 01, 2021)**

In order to enable the users to have an access to all the applicable circulars at one place, the Master Circular on Surveillance of Securities Market has been prepared. This Master Circular is a

compilation of the circulars issued by Integrated Surveillance Department, which are operational as on date of this circular.

For details:

https://www.sebi.gov.in/legal/master-circulars/mar-2021/master-circular-on-surveillance-of-securities-market_49354.html

SEBI Report

- **Consultation Paper on Review of Regulatory Provisions Related to Independent Directors (IDs) (March 01, 2021)**

SEBI has issued a Consultation Paper on “Review of Regulatory Provisions related to Independent Directors” seeking views from the public latest by April 01, 2021. The Consultation Paper, inter-alia, has proposed the following: 1. Appointment/re-appointment/removal of IDs shall be subject to the dual approval system, taken through a single voting process and meeting following two thresholds: -

- i. Approval of shareholders
 - ii. Approval of ‘majority of the minority’ (simple majority) shareholders. (Minority’ shareholders would mean shareholders, other than the promoter and promoter group)
2. Independent Directors shall be appointed on the board only with prior approval of the shareholders at a general meeting.
 3. SEBI has further proposed to tighten the process of selection of ID by the nomination and remuneration committee. The nomination and remuneration committees can use the services of external agencies to identifying suitable candidates as IDs.
 4. If an ID resigns from the board of a company stating reasons such as preoccupation, other commitments or personal reasons, there will be a mandatory cooling-off period of 1 year before the ID can join another board.
 5. Considering the importance of the Audit Committee with regard to related party transactions and financial matters, it is proposed that audit committee shall comprise of 2/3rd IDs and 1/3rd Non-Executive Directors (NEDs) who are not related to the promoter, including nominee directors, if any.
 6. Whether ESOPs with a long vesting period of 5 years, be permitted for IDs, in place of profit linked commission and what should be the maximum limit of remuneration through ESOPs.

For details :

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-issues-consultation-paper-on-review-of-regulatory-provisions-related-to-independent-directors-_49337.html

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

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

- **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

- **SEBI Circular Amendments to provisions in SEBI Circular dated September 16, 2016 on Unique Client Code (UCC) and mandatory requirement of Permanent Account Number (PAN) (March 8, 2021)**

SEBI has modified certain provisions of SEBI circular dated September 16, 2016 in order to rationalize the compliance requirement of collecting and maintaining copies of PAN of clients by members of the exchanges having commodity derivatives segment and enhance the use of e-PAN. The amendment provides that it shall be mandatory for the members of the exchanges having commodity derivatives segment to use Unique Client Code (UCC) for all clients transacting on the commodity derivative segment. In the Union budget 2020, launch of instant PAN facility was announced and subsequently, Income Tax (IT) department launched the facility of e-PAN which is generated instantly through Aadhaar-based e-KYC.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/amendments-to-provisions-in-sebi-circular-dated-september-16-2016-on-unique-client-code-ucc-and-mandatory-requirement-of-permanent-account-number-pan-_49417.html

SEBI News

- **New Demat accounts jump to a record high in FY 21 (March 09, 2021)**

According to SEBI data, new dematerialized or demat account additions rose to an all-time high of 10.7 million between April 2020 and January, 2021. This is an increase of more than double the new accounts opened in FY20 at 4.7 million. Around 4 million new accounts were added, each, in FY19 and FY18. Smooth and easy access to stock markets because of technology, such as e-KYC and Aadhaar e-signing helped the retail investor community grow, said experts.

For details:

<https://www.livemint.com/news/india/new-demat-accounts-jump-to-a-record-high-in-fy21-11615229292551.html>

SEBI Circular

- **Rollout of Legal Entity Template (March 10, 2021)**

SEBI has directed the Registered Intermediaries (RI) to upload 'Know Your Customer' records pertaining to accounts of legal entities (LEs) opened on or after April 1, 2021, onto the Central KYC Registry (CKYCR). RIs have already been uploading the KYC records pertaining to all individual accounts opened on or after August 01, 2016, onto CKYCR in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. As the CKYCR is now fully operational for individual customers, it has been decided to extend the CKYCR to Legal Entities. The provisions of this circular are not applicable to Foreign Portfolio Investors (FPIs).

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/rollout-of-legal-entity-template_49461.html

- **Review of norms regarding investment in debt instruments with special features, and the valuation of perpetual bonds (March 10, 2021)**

SEBI issues framework for Mutual Funds investments in debt instruments with special features viz. subordination or convertible to equity upon trigger of a pre-specified event for loss absorption. Putting in place restrictions on the exposure of mutual funds to debt instruments with special

features, it has been decided that a mutual fund under all its schemes will not be permitted to own more than 10% of such instruments issued by a single issuer. Presently, there are no specified investment limits for such instruments. Also, additional Tier I bonds and Tier 2 bonds issued under Basel III framework may come under debt instruments having special features.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/review-of-norms-regarding-investment-in-debt-instruments-with-special-features-and-the-valuation-of-perpetual-bonds_49463.html

SEBI News

- **SEBI forms expert group to examine feasibility of SPACs (March 11, 2021)**

SEBI has formed a group of experts to examine the feasibility of introducing Special Purpose Acquisition Companies (SPACs) like structures in India. The group, formed under SEBI's Primary Market Advisory Committee (PMAC), has been asked to submit its report at the earliest. SEBI wants to explore the potential of SPACs while at the same time building adequate checks and balances in regulatory framework to take care of the associated risks. SPACs are formed to raise capital in an Initial Public Offering (IPO) with the purpose of using the proceeds to identify and merge with a target company.

For details :

https://www.business-standard.com/article/markets/sebi-forms-expert-group-to-examine-feasibility-of-spacs-121031100726_1.html

News

- **Finance Ministry asks SEBI to withdraw AT1 rule (May 13, 2021)**

The Finance Ministry has asked the markets regulator to withdraw a rule that sought to treat banks' additional tier 1 (AT1) bonds as having 100-year maturity, making investments in them one of the riskiest, as the government feared a sell-off in these securities would make it tougher for banks to raise capital. SEBI's circular dated 10th March 2021 generated apprehension in the mutual fund industry that the changes would result in a revaluation of such bonds, leading to a spike in yields. While AT1 bonds have no fixed maturity, banks have the option, but no obligation, to buy them back at specified dates. Mutual funds have treated these dates, typically not more than 10 years, as maturity dates. Treating them as 100-year bonds would make them way riskier as longer-term bonds carry greater interest rate risk.

For detail:

<https://www.livemint.com/mutual-fund/mf-news/finance-ministry-asks-sebi-to-withdraw-circular-on-at1-bonds-11615527337514.html>

- **SEBI Adjudication Order**

In the matter of United Textiles Ltd. (March 15, 2021)

SEBI imposed a penalty of Rs. 1 lakh on Chhotalal Ramjibhai Bhandari (Noticee) for not making disclosures as required under regulations 29(1) r/w regulation 29(3) of SEBI (SAST) Regulations, 2011, to the exchange where securities of the Target Company were listed and to the Target Company within 2 working days from the date of change in shareholding. It was observed that Noticee acquired shares of Target Company through off market transfer and as a result his shareholding in the Target Company increased to 5.01% from 4.37% (i.e. more than 5 %).

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-the-matter-of-united-textiles-ltd-_49507.html

News

- **SEBI approves IPO application requests via Paytm (March 15, 2021)**

UPI handle SEBI has approved IPO application requests via Paytm UPI handle. This will help enable fast and seamless applications for the IPO. This will benefit Paytm UPI handle users to invest in capital markets across any stockbroker and aims to encourage digital users to apply for IPO and build a strong wealth portfolio. Paytm payment Bank Ltd. has also entered into a partnership with Paytm Money to enable payment mandates for IPO applications.

For details:

<https://www.livemint.com/companies/news/sebi-approves-ipo-application-requests-viapaytm-upi-handle-11615809648683.html>

- **LRS limit comes in way of listing plans via SPAC**

LRS limit comes in way of listing plans via SPAC Many unicorn promoters in India are looking at SPACs for a Nasdaq listing. Since the deal will involve allotment of a foreign company's (the SPAC's) shares to the start-up's promoters, RBI's \$250,000 limit on outward remittances under the Liberalised Remittance Scheme (LRS) may become a hindrance.

For details:

<https://economictimes.indiatimes.com/markets/ipos/fpos/lrs-limit-comes-in-way-of-listing-plans-via-spac/articleshow/81521561.cms?from=mdr>

SEBI Circular

- **Streamlining the process of IPOs with UPI in ASBA and redressal of investor grievances (March 16, 2021)**

SEBI has proposed to streamline the IPO process with Unified Payment Interface (UPI) in Application Supported by Blocked Amount (ASBA) for Retail Individual Investors and redressal of investor grievances. The circular inter-alia provides that the Lead Manager is the nodal entity for any issues arising out of a public issuance process and the timelines, processes and compensation policy should form part of the agreements signed among the intermediaries. Lead Managers should ensure adherence of timelines, processes and compensation policy by intermediaries. Further, Self-Certified Syndicate Banks (SCSBs) should send SMS alerts for mandate block and unblock to ensure timely information to investors. For ease of doing business, sponsor banks should host a web portal for intermediaries from the date of IPO opening till the date of listing. The provisions of this circular would come into force for IPOs opening on/after May 01, 2021.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/streamlining-the-process-of-ipos-with-upi-in-asba-and-redressal-of-investors-grievances_49522.html

SEBI Adjudication Orders

- **In respect of 6 entities in the matter of Aroma Enterprises (India) Ltd. (March 16, 2021)**

SEBI imposed a total penalty of Rs. 53 lakh on six entities for failure to make disclosure within the prescribed timeframe under the provisions of regulations 30(2) r/w 30(3) of SAST Regulations, 2011 and 7(1A) of SAST Regulations, 1997. Further, they were failed to make public announcement for the acquisition of shares in the company in four different occasions under the provisions of regulation 11(2) of SAST Regulations, 1997.

For details :

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-6-entities-in-the-matter-of-aroma-enterprises-india-ltd_49517.html

- **In respect of Kanchan Kitchen Aid Pvt., Ltd., in the matter of Kanchan International Ltd. (March 16, 2021)**

SEBI imposed a penalty of Rs. 5 lakh on Kanchan Kitchen Aid Pvt. Ltd. for failure to produce the documents as sought by the SEBI Investigating Authority and thereby violated the provisions of Section 11(3) and 11C(3) of SEBI Act for not complying with the summons.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-kanchan-kitchen-aid-pvt-ltd-in-the-matter-of-kanchan-international-ltd-_49516.html

News

- **Cabinet clears Bill on setting up DFI with capital infusion of Rs. 20,000 crores**

The Cabinet has cleared a Bill to set up a government-owned development finance institution (DFI) with initial paid-up capital of Rs. 20,000 crore so that it can leverage around Rs. 3 trillion from the markets in a few years to provide long-term funds to infrastructure projects as well as for development needs of the country. To put it in perspective, Rs. 3 trillion constitutes slightly less than 3 % of the Rs. 111 trillion to be spent on over 7,000 projects in the National Infrastructure Pipeline from 2019-20 to 2024-25. Besides, the government will give Rs. 5,000 crore as grant to the institution.

For details:

https://www.business-standard.com/article/economy-policy/cabinet-clears-bill-onsetting-up-dfi-with-capital-infusion-of-rs-20-000-cr-121031600900_1.html

- **SEBI Notifications (March 16, 2021)**

1. SEBI (Portfolio Managers) (Amendment) Regulations, 2021
2. SEBI (Investment Advisers) (Second Amendment) Regulations, 2021
3. SEBI (Research Analysts) (Amendment) Regulations, 2021

SEBI approved amendment to SEBI (Portfolio Managers) Regulations, 2020 (PMS Regulations), SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014 to recognise the Post Graduate Program in Securities Market of not less than one year offered by National Institute of Securities Markets (NISM) as eligible qualification for Portfolio Managers, Investment Advisers and Research Analysts. SEBI also approved amendment to PMS Regulations with

respect to NISM certification requirements and provides that a fresh NISM certification shall be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with the certification requirements.

For details:

<http://egazette.nic.in/WriteReadData/2021/225950.pdf>

<http://egazette.nic.in/WriteReadData/2021/225949.pdf>

<http://egazette.nic.in/WriteReadData/2021/225947.pdf>

SEBI Adjudication Order

- **In the matter of Prakash Constrowell Ltd. (March 17, 2021)**

SEBI imposed a penalty of Rs. 1 lakh on Mr. T. G. Krishnan for alleged violations of Clause 1 of Schedule A read with Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations 2015. It was observed that he has failed in his responsibility to make prompt disclosure of Unpublished Price Sensitive Information (UPSI) to the exchange.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-mr-t-g-krishnan-in-the-matter-of-prakash-constrowell-ltd-_49529.html

SEBI News

- **Six shut schemes of Franklin Templeton Mutual Fund generate ₹15,272 crore (March 17, 2021)**

Franklin Templeton Mutual Fund has said its six shut schemes have received ₹15,272 crore from maturities, coupons and pre-payments since closing down in April 2020. The fund house had shut six debt mutual fund schemes on April 23 last year, citing redemption pressures and lack of liquidity in the bond market.

For details:

<https://www.livemint.com/mutual-fund/mf-news/six-shut-schemes-offfranklin-templeton-mutual-fund-generate-rs15-272-crore-11615962341220.html>

- **NSE co-location case: ED investigation likely to conclude next month (March 18, 2021)**

The Enforcement Directorate (ED) has expedited the money laundering probe in the National Stock Exchange (NSE) Co-location (Co-lo) case after the government recently sought a detailed report from the federal agency. The report is expected to be finalised within a month. The move comes at a time when the finance ministry is keeping a close watch on the exchange's recent trading glitch – one of its worst outages – that jeopardised the interests of many market participants.

For details:

https://www.business-standard.com/article/economy-policy/nse-colocation-case-ed-investigation-likely-to-conclude-next-month-121031800051_1.html

SEBI Orders

- **Adjudication Order in the matter of Visu International Ltd. (March 18, 2021)**

SEBI imposed a penalty of Rs.1.65 crore on Visu International Ltd. (Company) and three individuals for fraudulent trading activities with respect to Global Depository Receipt (GDR) issued by the Company back in 2006. It was alleged that the company had a premeditated plan to provide

financial assistance by means of pledge of entire GDR subscription proceeds for the purpose of ensuring the issuance and subscription of its GDRs.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-4-entities-in-the-matter-of-visu-international-ltd-_49545.html

- **Interim Order in the matter of M/s Profit Money Advisor (March 18, 2021)**

SEBI barred M/s Profit Money Advisor (PMA) and its proprietor from the securities market for carrying out unauthorised investment advisory activities. Further, PMA and its proprietor have been directed to cease and desist from acting as an investment advisor. It was observed that PMA was acting as an investment adviser without a certificate of registration from the SEBI and thereby violated SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and SEBI (Investment Advisers) Regulations, 2013.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/interim-order-in-the-matter-of-m-s-profit-money-advisor-proprietor-shri-prateek-singh-_49543.html

SEBI Adjudication Orders

- **In the matter of Supreme Tex Mart Limited (March 18, 2021)**

SEBI imposed a penalty of Rs. 8 lakh on Mr. Neelesh Kumar Radheshyam Lahoti for alleged violations of providing incorrect information to the Investigating Authority (IA) of SEBI which hampered the process of investigation and thus violated the provisions of Section 11C(2) read with Section 11C(3) of the SEBI Act, 1992.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-the-matter-of-supreme-texmart-limited-_49580.html

- **In the matter of Prakash Constrowell Ltd. (March 19, 2021)**

SEBI imposed a penalty of Rs. 1 lakh on Vyoman Tradelink India Private Limited for failure to disclose the release of pledged shares and subsequent change in its shareholding to the company (Prakash Constrowell Ltd.) and both the exchanges (BSE & NSE) and thereby had violated Regulations 29(2) read with 29(3) & 29(4) of SAST Regulations 2011.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-vyoman-tradelink-india-pvt-ltd-in-the-matter-of-prakash-constrowell-ltd-_49572.html

SEBI Final Order

- **In the matter of Ruchi Soya Industries Ltd. (March 19, 2021)**

SEBI directed seven entities to disgorge a total of Rs 5.75 crore of ill-gotten gains made through alleged fraudulent trade practices in the shares of Ruchi Soya Industries in 2012. SEBI had issued show cause notice in 2017 to these seven entities alleging that some of these entities contributed to the price rise in the shares of Ruchi Soya Industries during the last 30 minutes of trading at NSE cash market on September 27, 2012 in order to influence the settlement price for the futures contracts of Ruchi Soya expiring on the same day.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/final-order-in-the-matter-of-ruchi-soya-industries-ltd-_49577.html

Press Releases

- **Trading halt at NSE on February 24, 2021 (March 22, 2021)**

NSE presented its detailed Root Cause Analysis (RCA) before SEBI Technical Advisory Committee (TAC) on March 22, 2021 with regard to the Trading halt at NSE on February 24, 2021. SEBI, after due deliberation, inter alia decided that Market Infrastructure institutions (MIs) should declare any disruption in critical systems as a disaster within 30 minutes of an incident and take measures to restore operations, including from disaster recovery (DR) sites, within 45 minutes. Earlier, the deadline was two hours for both actions. MIs shall study the feasibility of intra-day shifting from Primary Site to DR site with a notice of 45 minutes from SEBI. Also, MIs shall prepare a comprehensive testing plan and build sufficient redundancy in its systems in order to mitigate the impact of any unforeseen technical glitch and to ensure the failure of any sub-system of MIs would not impact other critical systems of MIs and continuous functioning of the securities market. SEBI has issued various measures with a view to further strengthening the systems to ensure faster restoration of operations in case of any Disaster/ Technical Glitch. Also, SEBI has advised the Governing Board of NSE to determine why the NSE management failed to shift NSE's operations from Primary site to DR site within the time frame specified by SEBI and Fix individual responsibilities for the same.

For details:

https://www.sebi.gov.in/media/press-releases/mar-2021/trading-halt-at-nse-on-february-24-2021_49603.html

SEBI Circulars

- **Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIs) (March 22, 2021)**

The SEBI has modified framework for Business Continuity Plan (BCP) and Disaster Recovery Site (DRS) for Stock Exchanges, Depositories and Clearing Corporations which was prescribed in March, 2019 in view of advancement in technology and improved automation of processes. SEBI Circular covers configuration of DRS/NS with Primary Data Centres, DR drills Testing, BCP- DR Policy Document etc.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/guidelines-for-business-continuity-plan-bcp-and-disaster-recovery-dr-of-market-infrastructure-institutions-miis-_49601.html

- **Clarification on the valuation of bonds issued under Basel III framework (March 23, 2021)**

In a relief for mutual funds, the SEBI eased the implementation of the valuation rule for perpetual bonds, which includes additional tier-1 (AT-1 and tier- II) bonds. SEBI recently issued a circular stating that such bonds should be valued as if their maturity is 100 years which created apprehension in the mutual fund industry that the changes would result in a revaluation of such bonds leading to a spike in yields. Amending its earlier circular, SEBI has now said that the deemed residual maturity of Basel-III additional tier-1 bonds will be 10 years till 31st March 2022. This will be raised to 20 years during 1st April 2022 to 30th September 2022 and then to 30 years from 1st

October 2022 to 31st March 2023. The deemed residual maturity of AT-1 bonds will become 100 years, starting April 2023.

For details:

<https://www.livemint.com/mutual-fund/mf-news/sebi-eases-valuation-rule-for-perpetualbonds-11616435862128.html>

Press Release

- **SEBI advises registered entities including MIs to comply with TRAI's TCCCP Regulations, 2018 (March 23, 2021)**

SEBI has advised to all registered entities including MIs (which use bulk SMS for providing their services to the investors) to ensure strict compliance with the Telecom Regulatory Authority of India's (TRAI) Telecom Commercial Communications Customer Preference Regulations, 2018 (TCCCP Regulations). TRAI had notified TCCCP Regulations in July 2018 to, inter alia, curb the problem of unsolicited commercial communication. The effective implementation of these new regulations will help to protect investors and the general public from unsolicited and often misleading messages.

For details:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-advises-registered-entities-including-miis-to-comply-with-trai-s-tcccp-regulations-2018_49619.html

Rules

- **SEBI (Annual Report) Rules, 2021 (March 23, 2021)**

Ministry of Finance has notified the SEBI (Annual Report) Rules, 2021. SEBI will follow a new format for its annual report as part of efforts to have a "true and full account" of its activities, policies and programmes during a financial year, according to the notification. As per new Rules, Sources of income and expenditure would be part of the annual report as against the existing provision of presenting annual account statements separately. The new format comprises 13 chapters on different topics, including equity markets, commodity derivatives markets, fund management activity (Mutual Funds, Alternative Investment Funds, Collective Investment Schemes, Real Estate Investment Trusts and Infrastructure Investment Trusts) and corporate governance and corporate restructuring.

For details:

https://www.sebi.gov.in/legal/rules/mar-2021/sebi-annual-report-rules-2021_49611.html

SEBI Circular

- **Review of Delivery Default Norms (March 23, 2021)**

Consequent upon the representations received from market participants in the commodity derivatives segment for standardisation of delivery default norms, among others, SEBI in consultation with clearing corporations came out with delivery default norms, which will be effective from the first trading day of May 2021. SEBI came out with a new penal structure for commodity derivatives segment in the event of delivery default. As per the SEBI circular, clearing corporation, having commodity derivatives segment, should have an appropriate deterrent mechanism in place against intentional or wilful delivery default and ensure adequate compensation to the nondefaulting counterparty.

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616492485210.pdf#page=3&zoom=page-width,-16,510

SEBI Adjudication Orders

- **In the matter of Prakash Constrowell Ltd. (March 23, 2021)**

SEBI imposed a penalty of Rs. 1 lakh on Setubandhan Infrastructure Ltd. (erstwhile, Prakash Constrowell Limited) for violating the provisions of Regulation 7 (2)(b) of PIT Regulations 2015 for making delayed disclosures to the stock exchange (BSE) w.r.t trades of one of its erstwhile directors to the exchanges.

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616497205483_3.pdf#page=1&zoom=page-width,-15,842

- **In the matter of KGN Enterprise Limited, Polytex India Limited and Gemstone India Limited (March 23, 2021)**

SEBI imposed a penalty of Rs. 10 lakh each on four individual alleging that they have used the connected / Trading entities namely to trade in the three scrips i.e. KGN, Ploytex and Gemstone violated the Regulations 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), (b), (e) and (g) of Prohibition of Fraudulent and Unfair Trade Practices (PFUTP) Regulations and section 12A (a), (b) and (c) of the SEBI Act, 1992.

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616500203761_1.pdf#page=1&zoom=page-width,-15,868

SEBI Orders

- **In the matter of Gujarat Arth Ltd. (March 24, 2021)**

SEBI imposed a penalty of ₹1.3 crore on Basant Malpani (Noticee) for disclosure lapses and indulging in manipulative trading activities in the shares of Gujarat Arth Ltd. (GAL). It was alleged that the promoters and persons acting in concert (PACs) of GAL including the noticee were instrumental in issuing misleading corporate announcements and financial results regarding acquisition of business of Poonam Industries, preferential/ right issue, which did not materialise and which lured investors, leading to creation of artificial volumes. Further, the Noticee failed to make the required disclosures under Takeover and Insider Trading Regulations.

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616592865771.pdf#page=1&zoom=page-width,-16,825

- **In the matter of Dwitiya Trading Limited (DTL) (March 24, 2021)**

SEBI imposed a penalty of ₹12 lakhs on 12 promoters for not making disclosure to the company and stock exchanges under regulation 13(4A) of the PIT Regulations, 1992 about the decrease of Shareholding i.e. voting rights by more than 1% during the period March 2013 to June 2013 due to preferential allotment of shares to the non-promoters in DTL

For details:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/mar-2021/1616583604015_1.pdf#page=1&zoom=page-width,-15,842

SEBI News

- **SEBI orders attachment of bank, demat, MF accounts of Rana Kapoor (March 24, 2021)**

SEBI ordered attachment of bank accounts as well as share and mutual fund holdings of Rana Kapoor, former MD and CEO of Yes Bank, to recover dues of over ₹1 crore. The decision has been taken after Kapoor failed to pay the fine imposed on him. SEBI, in September 2020, had levied a fine of ₹1 crore on Kapoor for not making disclosures regarding a transaction of Morgan Credit, which was an unlisted promoter entity of Yes Bank.

For details:

<https://www.livemint.com/companies/people/sebi-orders-attachment-of-bank-demat-mfaccounts-of-rana-kapoor-11616596560355.html>

- **SEBI seeks ‘discretion’ in prosecutions**

SEBI will be seeking ‘discretionary powers’ with regard to the ‘prosecution law’. The SEBI will take its proposal on discretionary powers for discussion in its board and then prepare a proposal to be put up to the government for amending the SEBI Act, 1992. Discretionary power in this regard is akin to being your own master to decide whom to prosecute and whom to let go. The Section 24 of SEBI Act, 1992 specifies violations and cases wherein criminal prosecution should be initiated. Though currently SEBI uses its ‘discretion’ on various matters, the Act has no specific mention of ‘discretionary powers’. As a consequence, complaints have piled up against SEBI for inconsistencies in dealing with cases.

For details:

<https://business-journal.in/market-news/sebi-seeks-discretion-in-prosecutions-businessjournal/>

SEBI Press Release

- **SEBI Board Meeting (March 25, 2021)**

The SEBI Board met on March 25, 2021 where it, inter-alia, took the following decisions:

Review of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI Board approved several amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which inter-alia covers the requirement for formulation of dividend distribution policy to the top 1,000 listed companies on the basis of market capitalisation; in case of board meeting held for more than one day, financial results must be disclosed by the listed entities within 30 minutes of end of the board meeting for the day on which the financial results are considered; the timelines for submission of periodic reports viz. statement of investor complaints, corporate governance report and shareholding pattern will be harmonized to 21 days from the end of each quarter; the requirement to constitute the Risk Management Committee (RMC) has been extended to the top 1,000 listed entities by market capitalisation from the existing top 500 listed entities etc.

Review of SEBI (Delisting of Equity Shares) Regulations, 2009

SEBI Board has approved several amendments to the SEBI (Delisting of Equity Shares) Regulations, 2009 to make the delisting process more transparent and efficient which inter-alia covers that promoter/acquirer will be required to disclose their intention to delist the company by making an initial public announcement; the committee of independent directors will be required to provide their reasoned recommendations on the proposal for delisting; timelines for completion of various activities forming part of delisting process have been introduced / revised to make the process more efficient etc.

Review of framework of Innovators Growth platform (IGP) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

The SEBI Board has approved the various changes to the framework for listing on the Innovators Growth Platform with an objective to make the platform more accessible to companies in view of the evolving start-up ecosystem. It inter-alia decided to reduce the period of holding of 25% of pre-issue capital of the issuer company by eligible investors to one year from the current requirement of two years.

Business Responsibility and Sustainability Reporting by listed entities

New requirements for sustainability reporting by listed entities have been introduced by SEBI. The new reporting called the Business Responsibility and Sustainability Report (BRSR) will replace the existing Business Responsibility Report (BRR). The BRSR will be applicable to the top 1000 listed entities (by market capitalization), for reporting on a voluntary basis for FY 2021 - 22 and on a mandatory basis from FY 2022 - 23.

Amendment to SEBI (Alternative Investment Funds) Regulations, 2012

The SEBI Board approved the amendments in SEBI (Alternative Investment Funds) Regulations, 2012 which inter-alia covers the removal of restricted activities or sectors from the definition of Venture Capital Undertaking to provide flexibility to Venture Capital Funds registered under Category I Alternative Investment Funds (AIFs) in making investments; providing the definition of 'startup'; allow AIFs, including Fund of AIFs, to simultaneously invest in units of other AIFs; prescribe a Code of Conduct for AIF etc.

Review of regulatory framework for reclassification of promoter/ promoter group entities

SEBI Board approved the proposal to rationalise the existing framework pertaining to reclassification of promoter/ promoter group entities. It has also been decided to reduce the time gap between the date of board meeting and shareholders meeting for consideration of reclassification request, to a minimum of one month and a maximum of three months from the existing requirement of minimum period of three months and maximum six months. The Board also approved the amendment to the SEBI (Portfolio Managers) Regulations, 2020, mandating Portfolio Managers to obtain prior approval of SEBI for change in control. Also, it has approved proposal for intermediaries to pay fees only through online payment gateway and doing away with physical mode of payment to encourage digital payment.

For details:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-board-meeting_49648.html

SEBI Circulars

- **Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 - Directions to Stock Exchanges, Depositories and all registered intermediaries (March 25, 2021)** The SEBI has issued circular to all Intermediaries registered with SEBI under Section 12 of the SEBI Act, 1992 for strict compliance of procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) as issued by Government of India vide order dated February 02, 2021.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/combating-financing-of-terrorism-cft-under-unlawful-activities-prevention-act-1967-directions-to-stock-exchanges-depositaries-and-all-registered-intermediaries_49645.html

- **Prior Approval for Change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control (March 25, 2021)**

SEBI vide its circular provided clarity on change in control criteria for market intermediaries and requirement for seeking its prior approval. With regard to unlisted body corporate intermediary, transfer of shareholding among immediate relatives would not be construed as change in control. In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and is hence a change in control. For transfer of ownership interest in case of partnership firm with more than two partners, inter-se transfer amongst the partners would not be construed to be change in control. However, if a new partner is inducted in the firm, it would be considered as a change in control, requiring fresh registration and prior approval of SEBI.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/prior-approval-for-change-in-control-transfer-of-shareholdings-among-immediate-relatives-and-transmission-of-shareholdings-and-their-effect-on-change-in-control_49663.html

SEBI Circular

- **Transfer of business by SEBI registered intermediaries to other legal entity (March 26, 2021)**

The SEBI vide its circular clarified on new registration framework for registered intermediaries transferring business to other legal entity. It is clarified that the transferee will obtain fresh registration from SEBI in the same capacity before the transfer of business if it is not registered with SEBI in the same capacity. SEBI will issue new registration number to transferee different from transferor's registration number in case Business is transferred through regulatory process or non-regulatory process as prescribed in the circular.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/transfer-of-business-by-sebi-registered-intermediaries-to-other-legal-entity_49678.html

SEBI Orders

- **In the matter of GDR Issue by Aqua Logistics Limited (March 26, 2021)**

SEBI has imposed a penalty of Rs. 20 Lakhs on Mr. Mukesh Chauradiya (Noticee) under Section 15HA of the SEBI Act, 1992 for violation of the provisions of Section 12A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations. It was alleged that

subscription to the GDR was obtained through a loan agreement as well as a pledge agreement and therefore, it was alleged that the GDR issuance was done through a fraudulent arrangement.

For details:

https://www.sebi.gov.in/enforcement/orders/mar2021/adjudication-order-in-respect-of-shri-mukeshchauradiya-in-the-matter-of-aqua-logisticslimited_49670.html

- **In the matter of B C Power Controls Ltd. (March 26, 2021)**

SEBI imposed a penalty of Rs. 3 Lakh on Silvertoss Shoppers Pvt. Ltd. (Noticee- 1) and Rs. 1 lakh (Noticee-2) on Shri Kamlesh Shantilalji Jain, a non-promoter shareholder(s) for not making required disclosure under SAST Regulations within specified time to the stock exchange and company for increase in their aggregate shareholding who acquired the shares of BC Power during the specified period and therefore violating the SAST Regulations.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-silvertoss-shoppers-pvt-ltd-and-shri-kamlesh-shantilalji-jain-in-the-matter-of-b-c-power-controls-ltd-_49683.html

SEBI Circular

- **Guidelines pertaining to Surrender of FPI Registration (March 30, 2021)**

SEBI has revised the guidelines for surrendering Foreign Portfolio Investors (FPIs) Registration, in an attempt to have uniform market practice. It is provided that while making an application to SEBI for seeking No Objection Certificate (NOC) for surrender, Designated Depository Participants (DDPs) must confirm that the accounts held by the FPI have NIL balance. Besides, the Custodial Participant (CP) code of the FPI is also blocked. Further, DDP must ensure that there are no dues pending towards the SEBI and no legal actions are pending against the FPI.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/circular-on-guidelines-pertaining-to-surrender-of-fpi-registration_49687.html

SEBI Orders

- **In the matter of ASE Capital Markets Ltd. (March 30, 2021)**

SEBI has imposed a penalty of Rs. 2.5 Lakhs on ASE Capital Markets Ltd. (Noticee/ACML) for Non-Settlement of funds and securities of both active and inactive clients; client funding; failure to update data to the exchange under enhanced supervision; Non-uploading of KYC documents to KRA and therefore, violated the various SEBI provisions.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-ase-capital-markets-ltd_49691.html

- **In respect of Ozone Projects Pvt. Ltd. (March 30, 2021)**

SEBI imposed a penalty of Rs. 2 Lakh on Ozone Projects Pvt. Ltd. for delayed submission of financial results for the half year ended March 31, 2019 within the stipulated time; delayed in finalizing its results and not filing the results with the stock exchange thereby violated the provisions of Regulation 52(1), 52(4) and 52(5) of LODR Regulations.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-respect-of-ozone-projects-pvt-ltd-in-the-matter-of-delayed-submission-non-submission-of-financial-results-for-financial-year-ended-march-31-2019_49692.html

- **SEBI in News Order Based Surveillance Measure : Persistent Noise Creators (March 26, 2021)**

In order to further strengthen the order level surveillance mechanism, the SEBI and the exchanges have decided to come up an additional order based surveillance measure to deter persistent noise creators i.e. excessive order modifications/ cancellations with an intent to avoid execution. If the daily trading activity at the client/proprietary account is violated the parameters laid down, the account will be disabled for a duration between 15 minutes to two hours, depending on the extent of the violation. The new rules come into force on April 5 and the first surveillance action on such Persistent Noise Creators shall be on May 05, 2021 based on 20 trading days window.

For details:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20210326-55>

SEBI Circular

- **Reduction in unblocking/refund of application money (March 31, 2021)**

SEBI has reduced the timelines for refund of investors' money to 4 working days in case of non-receipt of minimum subscription and the issuer failing to obtain listing or trading permission from the stock exchanges. The timelines have been reduced after taking into consideration that Application Supported by Blocked Amount (ASBA) has been mandated for all applicants in public issues, the application money is not transferred but only blocked in the account of the investor and is debited only upon allotment and unblocked if there is no/part allotment.

At present, in case of non-receipt of minimum subscription, the issuer is mandated to refund all the application money within 15 days from the closure of the issue. If the issuer fails to obtain listing or trading permission from the stock exchanges where the securities were to be listed, it shall refund the entire money received within 7 days of receipt of intimation from the exchanges rejecting the application. These timelines have now been reduced to four days.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/reduction-in-unblocking-refund-of-application-money_49722.html

- **SEBI Regulations SEBI (Underwriters) (Repeal) Regulations, 2021 (March 31, 2021)**

The SEBI vide gazette notification dated March 30, 2021 has made the SEBI (Underwriters) (Repeal) Regulations, 2021 to repeal the SEBI (Underwriters) Regulations, 1993. These Regulations shall come into force on the date of their publication in the Official Gazette i.e March 30, 2021. On and from the commencement of these regulations, the SEBI (Underwriters) Regulations, 1993 shall stand repealed and the certificate of registration granted to any person under it shall deemed to be surrendered.

For details: <http://egazette.nic.in/WriteReadData/2021/226263.pdf>

- **SEBI (Merchant Bankers) (Amendment) Regulations, 2021 (March 31, 2021)**

SEBI vide gazette notification dated March 30, 2021 has amended SEBI (Merchant Bankers) Regulations, 1992. The amendments inter-alia covers the insertion of new definitions of

‘underwriter’ and ‘underwriting’; insertion of new regulations 22A on Agreement with clients and 22B General responsibilities of a merchant banker as an underwriter etc.

For details: <http://egazette.nic.in/WriteReadData/2021/226277.pdf>

- **SEBI (Stock Brokers) (Amendment) Regulations, 2021 (March 31, 2021)**

SEBI vide gazette notification dated March 30, 2021 has amended SEBI (Stock Brokers) Regulations, 1992. The amendments inter-alia covers the insertion of new definitions of ‘underwriter’, ‘underwriting’ and ‘issue’ and insertion of new sub-regulations under Regulation 17 with regard to relation to an underwriter being a body corporate; not being a body corporate; Agreement with clients; General responsibilities of a Stock Broker as an underwriter etc.

For details: <http://egazette.nic.in/WriteReadData/2021/226285.pdf>

- **SEBI Orders In the matter of Swastika Investmart Limited (March 31, 2021)**

SEBI has imposed a penalty of Rs. 10 Lakhs on Swastika Investmart Limited (Broker) for creating multiple terminal IDs which were used as backup IDs whereas only single terminal ID is allowed as per SEBI (Stock Brokers) Regulations, 1992. Also, the currency derivative terminals allotted to the Noticee were being operated by users who did not hold requisite certification therefore, violated SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007.

For details:

https://www.sebi.gov.in/enforcement/orders/mar-2021/adjudication-order-in-the-matter-of-swastika-investmart-limited_49724.html

- **Amendment in Securities and Exchange Board of India Act, 1992 (April 01, 2021)**

Securities and Exchange Board of India Act, 1992 has been amended in light of the Finance Act, 2021. Section 12(1C) has been inserted in the Act which states that ‘No person shall sponsor or cause to be sponsored or carry on or cause to be carried on the activity of an alternative investment fund or a business trust as defined in clause (13A) of section 2 of the Income-tax Act, 1961, unless a certificate of registration is granted by the Board in accordance with the regulations made under this Act’.

For details:

https://www.sebi.gov.in/legal/acts/apr-2021/securities-and-exchange-board-of-india-act-1992-as-amended-by-the-finance-act-2021-13-of-2021-w-e-f-april-1-2021-_49751.html

- **Amendments in Securities Contracts (Regulation) Act, 1956 (April 01, 2021)**

Securities Contracts (Regulation) Act, 1956 has been amended in light of the Finance Act, 2021. The amendments inter-alia cover the insertion of definition of ‘pooled investment vehicle’ under Section 2 (da); modification of definition of ‘securities’ under Section 2 (h)(i); insertion of ‘units or any other instrument issued by any pooled investment vehicle’ as section 2 (h)(ida); and insertion of Special provisions related to pooled investment vehicle as Section 30B.

For details:

https://www.sebi.gov.in/legal/acts/apr-2021/securities-contracts-regulation-act-1956-as-amended-by-the-finance-act-2021-13-of-2021-w-e-f-april-1-2021-_49750.html

SEBI Circular

- **Setting up of Limited Purpose Clearing Corporation (LPCC) by Asset Management Companies (AMCs) of Mutual Fund (April 06, 2021)**

SEBI has modified the paragraph 4 of circular dated February 02, 2021 on the subject which states that the contribution from AMCs shall be in proportion to the Average AUM of open ended debt oriented mutual fund schemes (excluding overnight, gilt fund and gilt fund with 10-year constant duration but including conservative hybrid schemes) managed by them for the Financial Year (FY) 2019-20. As per latest circular, the contribution of AMCs will be based on average AUM of debt oriented schemes for the financial year 2020-21.

For details:

https://www.sebi.gov.in/legal/acts/apr-2021/securities-contracts-regulation-act-1956-as-amended-by-the-finance-act-2021-13-of-2021-w-e-f-april-1-2021-_49750.html

SEBI News

- **Chairman's Speech at 14th CII Corporate Governance Summit (April 06, 2021)**

Mr. Ajay Tyagi, Chairman, SEBI addressed at 14th CII Corporate Governance Summit held on April 06, 2021 over the virtual platform. Some of the key highlights of the speech inter-alia covers:

- Adequate level of disclosures, risk assessment and sound digital infrastructure and high standards of data protection and cyber-security as critical issues since the onset of COVID - 19.
- Steps taken by SEBI to improve the ease of compliance by promoters covering review of regulatory framework for re-classification of promoter / promoter group
- Revamp of rights issue process to make fund raising easier and review of framework of Innovators Growth Platform to make the platform more accessible to the start-ups and new age entrepreneurs.
- The underlying idea for separation of the roles of Chairperson of the Board and MD / CEO of a listed company is to provide a better and more balanced governance structure by enabling more effective supervision of the management and not to weaken the position of promoter.
- Improvement in gender diversity at the board level, however, the representation of women in key board committees such as the audit committee and nomination and remuneration committee remains quite low.

For details:

https://www.sebi.gov.in/media/speeches/apr-2021/chairman-s-speech-dated-april-06-2021-at-14th-cii-corporate-governance-summit_49762.html

SEBI Circular

- **Regulatory reporting by AIFs (April 07, 2021)**

SEBI has rationalised the reporting requirements for alternative investment funds in order to provide ease of compliance for such entities. Alternative Investment Funds (AIFs) will have to submit report on their activities on a quarterly basis. The report has to be submitted in the format as prescribed in the circular within 10 days from the end of a quarter and the new requirement will

be effective from the quarter ending December 31, 2021. Further, Category-III AIFs have to submit a report on leverage undertaken, on a quarterly basis, in revised formats. Also, any changes in terms of private placement memorandum and in the documents of the fund/scheme shall be intimated to investors and SEBI on a consolidated basis, within 1 month of the end of each financial year. Such intimation shall specifically mention the changes carried-out in the private placement memorandum and the documents of the fund/scheme, along with the relevant pages of revised sections/clauses.

For details:

https://www.sebi.gov.in/legal/circulars/apr-2021/circular-on-regulatory-reporting-by-aifs_49788.html

SEBI in News

- **SEBI imposes Rs. 25 crore penalty on Ambani brothers and others (April 08, 2021)**

SEBI has imposed a total penalty of Rs. 25 crore on current and former promoters of Reliance Industries Ltd (RIL), including Mukesh Ambani, Anil Ambani, their mother, spouses and children, other family members and entities linked to them for alleged violation of takeover rules. In January 2000, RIL had issued Rs. 12 crore equity shares to 38 allottee entities. The allotment was made consequent to the exercise of the option on warrants attached with non-convertible secured redeemable debentures (NCD) issued in the year 1994. The regulator alleged that the 6.83 per cent stake, which was acquired by RIL's promoters together with persons acting in concert (PACs) in 2000, was in excess of the ceiling of 5 per cent prescribed in the takeover code.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-imposes-rs-25-cr-penalty-on-ambani-brothers-and-others/articleshow/81961191.cms>

SEBI News

- **Mukesh Ambani to appeal against SEBI penalty (April 08, 2021)**

Reliance Industries Chairman Mukesh Ambani will appeal against the fine imposed by market regulator SEBI over alleged irregularities in a two decade-old share issue in the company, the firm said on Thursday. Reliance Industries Ltd (RIL) had issued debentures with convertible warrants in 1994 and allotted equity shares against the warrants in 2000. This was when Dhirubhai Ambani was heading the undivided company.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/mukesh-ambani-to-appeal-against-sebi-penalty/articleshow/81971147.cms>

SEBI Press Release

- **SEBI cautions investors against impersonation (April 12, 2021)**

SEBI cautioned investors against fraudsters who are sending emails impersonating employees of SEBI/posing as officials /posing as official communication channels of SEBI and offer to help investors to resolve their complaints. Often, investors are made to part with money in the name of processing fee, other fees, etc. SEBI has advised investors to inform the local police or cyber-crime authority about such frauds immediately.

For details:

https://www.sebi.gov.in/media/press-releases/apr-2021/sebi-cautions-investors-against-impersonation_49823.html

SEBI Circular

- **Reporting Formats for Mutual Funds (April 12, 2021)**

SEBI has revised the formats for the reports to be submitted by Asset Management Companies (AMCs) to trustees, by AMCs to SEBI and by trustees to the SEBI on the basis of consultation from the industry.

SEBI has discontinued the submission of Compliance Certificate by an AMC on a bi-monthly basis and halfyearly basis to the trustees. The contents of both these reports have been suitably incorporated in the Quarterly Report by AMC to Trustees. The AMC shall submit quarterly reports to the trustees on its activities and the compliance with MF Regulations in the format as prescribed in this circular by 21st calendar day of succeeding month for the quarters ending March, June, September and December.

Complete Compliance Test Report (CTR) shall be submitted by AMC to SEBI instead of exceptional reporting on quarterly basis by 21st calendar day of succeeding month for the quarters ending March, June, September and December in the prescribed format. Further, Half Yearly Trustee Report by Trustees to SEBI has also been revised and prescribed in this circular.

For details :

https://www.sebi.gov.in/legal/circulars/apr-2021/circular-on-reporting-formats-for-mutual-funds_49813.html

Adjudication Order

- **SEBI penalizes Yes Bank in bonds case (April 12, 2021)**

SEBI imposed a fine of ₹25 crore on Yes Bank in the additional tier 1 bonds (AT1) mis-selling case. It has also penalized former head of the bank's private wealth management team Vivek Kanwar with a fine of ₹1 crore, and two other former executives, Ashish Nasa and Jasjit Singh Banga, with a fine of ₹50 lakh each.

It was observed that the noticees had facilitated selling of AT1 bonds of Yes Bank from institutional investors to individual investors. It was alleged that during the process of selling bonds, individual investors weren't informed about all the risks involved in subscription of AT1 bonds.

SEBI found that Yes Bank had misrepresented the product as a 'Super FD' and 'as safe as an FD'. The term sheet was also not shared with many investors and no confirmation was taken from the customers on their understanding of the product's features and the risks associated with the bond.

For details :

<https://www.livemint.com/market/stock-market-news/sebi-fines-yes-bank-25-crore-for-fraudulent-sale-of-riskier-bonds-11618237750930.html>

NCLT / NCLAT

Info Capsule Series 6

- **Government to strengthen the framework of NCLT : Finance Minister (February 01, 2021)**

Honb'le Finance Minister Nirmala Sitharaman while presenting Union Budget for 2021-22 said that “to ensure faster resolution of cases, NCLT framework will be strengthened, e-courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced”.

For details:

<https://economictimes.indiatimes.com/news/economy/policy/government-to-strengthen-heframework-of-nclt-financeminister/articleshow/80634701.cms>

- **NCLT Benches to resume physical hearing from March 01, 2021 (February 23, 2021)**

All NCLT Benches have decided to resume regular physical hearing w.e.f. March 01, 2021. However, some specified benches shall continue to attend the matters through Video Conferencing. In case, if any counsel/ representative of party expresses difficulty in physical hearing, he/ she may be permitted for virtual hearing.

For details:

<https://nclt.gov.in/sites/default/files/January2021/circulars/NCLT-%20Physical%20hearing%20order%20dated%2023.2.2021.pdf>

- **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-inperson/Authorized Representatives.

For details:

<https://nclat.nic.in/Useradmin/upload/1739571386603f7d98be08c.pdf>

Insolvency, Bankruptcy & Corporate Restructuring

Info Capsule Series 6

- Retail investors hold around Rs 1,000 crore in bankrupt listed companies (February 04, 2021)**

Retail investors, hoping for a turnaround in listed companies mired in bankruptcy proceedings, hold significant stakes in these entities, reveals a Business Standard analysis. A study of 115 companies undergoing proceedings under the Insolvency and Bankruptcy Code (IBC) shows that retail investors hold stakes in a majority of them. There are nearly 7,500 individual shareholders per company on a median basis, holding a nominal share capital of up to Rs 1 lakh for the full sample.

For details:

https://www.business-standard.com/article/markets/retail-investors-hold-around-rs-1-000-crore-of-bankrupt-listed-companies-121020400245_1.html#:~:text=Retail%20investors%20hold%20around%20Rs%201%2C000%20crore%20in%20bankrupt%20listed%20companies,-Sachin%20P%20Mampatta&text=A%20study%20of%20115%20companies,in%20a%20majority%20of%20them

- IBC set to resume; relief for key worst-affected sectors on the cards (February 15, 2021)**

The central government is contemplating lifting the blanket suspension of the Insolvency and Bankruptcy Code (IBC) to accelerate resolving stressed assets. It may also consider giving relief to some of the worst-affected sectors. Fresh proceedings under the IBC are suspended till March 24, 2021. "We are exploring two options — one, removing the suspension and allowing the resolution process in view of the rise in the number of fresh cases of default this fiscal year; second, bringing in some provisions to the IBC to exclusively deal with distressed sectors.

For details:

https://www.business-standard.com/article/companies/ibc-set-to-resume-relief-for-keyworst-affected-sectors-on-the-cards-121021400962_1.html

- **Person Ineligible u/s 29A IBC to Submit Resolution Plan Cannot Propose Scheme of Compromise & Arrangement u/s 230 Companies Act 2013: Supreme Court (March 15, 2021)**

The Supreme Court held that a person who is ineligible under Section 29A of the Insolvency Bankruptcy Code to submit a resolution plan, cannot propose a scheme of compromise and arrangement under Section 230 of the Companies Act, 2013.

For details:

<https://www.livelaw.in/top-stories/29a-ibc-ineligible-compromise-companiesact-supreme-court-171196>

<https://www.livelaw.in/tags/Insolvency-And-Bankruptcy-Code>

- **Year-long IBC suspension to be lifted 'after March 24', hints MCA (March 17, 2021)**

The Ministry for Corporate Affairs has hinted that the suspension of the Insolvency and Bankruptcy Code (IBC) is likely to be revoked after March 24. This has been conveyed in a written submission by the Ministry to the Standing Committee on Finance headed by Jayant Sinha. This submission came along with the note on allocation and utilisation of funds for the Insolvency and Bankruptcy Board of India (IBBI), which is the insolvency regulator.

For details:

<https://www.thehindubusinessline.com/economy/policy/yearlong-ibc-suspension-to-be-liftedafter-march-24-hintsmca/article34093755.ece>

<https://www.thehindubusinessline.com/economy/policy/year-long-ibc-suspension-to-be-lifted-after-march-24-hints-mca/article34093755.ece>

- **Release of publication “Handbook on Ethics for Insolvency Professionals: Ethical and Regulatory Framework”. (March 19, 2021)**

1. The Handbook prepared by the Insolvency and Bankruptcy Board of India in association with British High Commission is based on inputs on the best practices followed by the Insolvency Practitioners in the United Kingdom and aims to stimulate the highest standards of ethics and professionalism among the Insolvency Professionals. This Handbook serves as a ready reckoner and a tool to assist the insolvency professionals and other stakeholders in the insolvency ecosystem, for imbibing and practising an ethical code of conduct.
2. The Handbook details several aspects of professional ethics, including conflict of interest, independence, impartiality, objectivity and timelines, etc. in a comprehensive manner, and is expected to serve as an important knowledge product for development and percolation of standards of professional and ethical conduct for IPs enabling proactive compliances with utmost care and diligence.
3. The Handbook is in line with the ground realities of the Indian insolvency ecosystem and is expected to serve as a practical guide for IPs in discharging of their duties ethically and effectively.

For details:

<https://ibbi.gov.in/uploads/press/b680882d6d4906830b6d1282f69f8ddc.pdf>

<https://www.ibbi.gov.in/uploads/whatsnew/0ab3ccba77975afcd9eb7ac679154de8.pdf>

- **Court/Tribunal can Condone Delay under Section 5 of the Limitation Act even in the absence of a formal Application: Supreme Court (March 23, 2021)**

The Supreme Court held that there is no bar to exercise by the Court/Tribunal of its discretion to condone delay under Section 5 of the Limitation Act, 1963, in the absence of a formal application. However, the Court can always insist that an application or an affidavit showing cause for the delay be filed, the bench comprising Justices Indira Banerjee and Hemant Gupta observed.

For details:

<https://www.livelaw.in/top-stories/limitation-condone-delay-without-formalapplication-supreme-court-171620>

- **Hon'ble President of India Promulgates IBC Amendment Ordinance to Allow Pre-Packaged Insolvency Process for MSMEs (April 04, 2021)**

The Hon'ble President has promulgated Insolvency and Bankruptcy Code (Amendment) Ordinance 2021 to allow pre-packaged insolvency resolution process for corporate debtors classified as micro, small or medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. The Ordinance amends the Insolvency and Bankruptcy Code 2016 to allow the Central Government to notify such pre-packaged process for defaults up to Rupees One Crores. It may be noted that the Centre had suspended the initiation of fresh insolvency process on March 24 last year in the wake of the COVID-19 pandemic. This suspension, which was extended from time to time, ended on March 24 this year.

A separate chapter, Chapter IIIA, has been inserted in the principal Act to deal with pre-packaged insolvency resolution process. The corporate debtor shall obtain an approval from its financial creditors, not being its related parties, representing not less than sixty-six per cent for the filing of an application for initiating pre-packaged insolvency resolution process.

The pre-packaged insolvency resolution process shall be completed within a period of one hundred and twenty days from the pre-packaged insolvency commencement date.

For details:

<https://livelaw.in/news-updates/centrepromulgates-ibc-amendment-ordinance-pre-packagedinsolvency-process-msmes-172102> www.egazette.nic.in/WriteReadData/2021/226365.pdf

- **Insolvency & Bankruptcy The Insolvency and Bankruptcy Board of India (Prepackaged Insolvency Resolution Process) Regulations, 2021 (April 09, 2021)**

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 promulgated on April 04, 2021 provides for pre-packaged insolvency resolution process (PPIRP) for corporate debtors classified as micro, small and medium enterprises. The Insolvency and Bankruptcy Board of India notified the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021 (PPIRP Regulations) to enable operationalisation of PPIRP.

The PPIRP Regulations detail the Forms that stakeholders are required to use, and the manner of carrying out various tasks by them as part of the PPIRP. These provide details and manner relating to:

- a. Eligibility to act as resolution professional, and his terms of appointment;
- b. Eligibility of registered valuers and other professionals;
- c. Identification and selection of authorised representative;
- d. Public announcement and claims of stakeholders;
- e. Information memorandum;
- f. Meetings of the creditors and committee of creditors;
- g. Invitation for resolution plans;
- h. Competition between the base resolution plan and the best resolution plan;
- i. Evaluation and consideration of resolution plans;
- j. Vesting management of corporate debtor with resolution professional;
- k. Termination of PPIRP.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1710738>

<https://ibbi.gov.in/uploads/legalframework/2021-04-10-182311-5ngd9-0dd40b82af7a770d5e89c0d9e37bdb45.pdf>

- **The Insolvency and Bankruptcy (Prepackaged Insolvency Resolution Process) Rules, 2021 (April 09, 2021)**

The MCA has notified the Insolvency and Bankruptcy (Prepackaged Insolvency Resolution Process) Rules, 2021. These Rules shall be applicable to matters relating to the prepackaged insolvency resolution process.

For details :

<https://ibbi.gov.in/uploads/legalframework/f75906d8657a51f214785c697d9bb296.pdf>

- **NLIU becomes first IBBI approved university to offer Graduate Insolvency Program**

The National Law Institute University (NLIU) had submitted the Expression of Interest to the Insolvency and Bankruptcy Board of India (IBBI) for the conduct of the Graduate Insolvency Program (GIP) on 15 January, 2021. A month later, the IBBI formally approved NLIU for conducting the Graduate Insolvency Program (GIP) from the academic session 2021-2022. NLIU is the first University approved by the IBBI to offer the Graduate Insolvency Program. The intake for the twoyear Graduate Insolvency Program will be forty seats.

For details:

<https://www.barandbench.com/apprentice-lawyer/nliu-becomes-first-ibbi-approved-university-to-offer-graduate-insolvency-program>

- **Insolvency board setting up two portals for sale of distressed assets (April 15, 2021)**

The Insolvency and Bankruptcy Board of India (IBBI) is setting up two online platforms for selling distressed assets under the Insolvency and Bankruptcy Code, opening up markets for soured debt involving resolution plans, interim finance and liquidation assets.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/insolvency-board-setting-up-two-portals-for-sale-of-distressed-assets/articleshow/82059629.cms>

Direct Tax

Info Capsule Series 6

- **Notification No. 5 / 2021 under section 138 for sharing of information with "Chief Executive Officer, Center for eGovernance, Govt. of Karnataka" [Dated February 11, 2021]**

The Central Government hereby specifies "Chief Executive Officer, Center for e-Governance, Government of Karnataka" for the purpose of section 138(1)(a)(ii) in connection with sharing of information regarding Income tax assesses for identifying the eligible beneficiaries for implementing social security / public welfare schemes with the help of Entitlement Management System.

For details:

https://www.incometaxindia.gov.in/communications/notification/notification_5_2021.pdf

- **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.

For details

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

- **Faceless Assessment (1st Amendment) Scheme, 2021 (Notification No. 6, Dated February 17, 2021)**

The CBDT vide Notification No. 6/2021, dated February 17, 2021, has notified the 'Faceless Assessment (1st Amendment) Scheme, 2021' which seeks to amend Faceless Assessment Scheme, 2019 ("Scheme"), by way of which certain amendments in Para 2 of the Scheme (i.e., definitions), Para 11 of the Scheme (i.e., No personal appearance in the Centres or Units) and substituted Para 5 of the Scheme (i.e., Procedure for assessment).

For details :

https://www.incometaxindia.gov.in/communications/notification/notification_6_2021.pdf

- **New procedure of faceless assessment under Faceless Assessment Scheme, 2019 (Notification No. 7 Dated February 17, 2021)**

The CBDT vide Notification No. 7/2021, dated February 17, 2021 amended Notification No. 62/2019 September 12, 2019 to provide for new procedure of faceless assessment under Faceless Assessment Scheme, 2019 ("Scheme").

For details :

https://www.incometaxindia.gov.in/communications/notification/notification_7_2021.pdf

- **Deadline for filing declaration under 'Vivad Se Vishwas' scheme extended [Notification No. 9 Dated February 26, 2021]**

The Central Board of Direct Taxes (CBDT) vide its Notification No. 9 further extended the due date for filing declaration under the 'Vivad Se Vishwas' (VSV) scheme till 31 March, 2021. Further, the date for payment without additional amount under VSV extended to 30th April, 2021.

For details:

https://incometaxindia.gov.in/communications/notification/notification_9_2021.pdf

- **CBDT extends various limitation dates [Notification No. 10 Dated February 27, 2021]**

- i. The date for passing of assessment or reassessment orders under the Income Tax Act, 1961, that are getting time barred on 31st March, 2021 due to extension of limitation date by the notification dated 31st December, 2020 has been extended to 30th April, 2021.
- ii. The date for passing assessment or reassessment orders (not covered by (i) above), that are getting time barred on 31st March, 2021, as per time limit specified in section 153 / 153B of the Income-tax Act, has been extended by 6 months i.e. to 30th September, 2021.
- iii. Date for passing of penalty orders extended to 30th June, 2021. iv. Date for issue of notice & passing of orders by Adjudicating Authority under the Benami Act extended to 30th September, 2021.

For details:

<http://egazette.nic.in/WriteReadData/2021/225559.pdf>

- **Cross-border payments for use of software not taxable as royalty : SC (March 02, 2021)**

The Supreme Court on March 02, 2021 held that Indian companies need not deduct tax for the amount they pay foreign manufacturers and suppliers for use or re-sale of computer software through end-user licence agreements (EULA). In a relief for Indian buyers, a three-judge Bench led by Justice Rohinton F. Nariman said the consideration paid by them for use or sale of computer software cannot be considered a payment of “royalty for the use of copyright in the computer software”.

For details:

<https://www.thehindubusinessline.com/news/cross-borderpayments-for-use-of-software-not-taxable-as-royaltysc/article33973907.ece>

- **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 DTAA's, 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 DTAA's. 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,
- whether any relaxation is required to be provided in this matter; and
 - 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 DTAA's, 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/residencycircular-02-of-2021.pdf>

- **Circular under section 10 of the Direct Tax Vivad se Vishwas Act, 2020 (Circular No. 3 Dated March 4, 2021)**

Vivad se Vishwas Act, 2020 provides that the designated authority 'DA' shall pass a determination order within 15 days from the date of receipt of the declaration and also required to pass another order for full and final settlement of the tax arrear. Representations have been received from the field authorities that under the Income-tax Act, 1961 'the Act', there is no provision available to the Assessing Officer to give effect to the order passed by the DA under Direct Tax Vivad se Vishwas Act, 2020. Accordingly, it is hereby clarified that where the DA has passed orders under Direct Tax Vivad se Vishwas Act, 2020, the Assessing Officer shall pass consequential order under the Act.

For details:

https://www.incometaxindia.gov.in/communications/circular/circular_3_2021.pdf

- **CBDT Notifies Rule 3B Prescribing Computation of Perquisite for Annual Accretion in PF and Other Funds u/s 17(2)(viia) for excess contribution by Employer Over Rs. 7,50,000 [Notification No. 11 Dated March 5, 2021]**

Finance Act, 2020 has amended the provisions of section 17(2)(vii) of the Income tax Act to provide that the amount or the aggregate amounts of any contribution made by the employer in respect of the assessee, to the account of an assessee in a recognised provident fund; in the scheme referred to in sub-section (1) of section 80CCD (NPS); and in an approved superannuation fund shall be treated as a perquisite, to the extent it exceeds Rs. 7,50,000 in a previous year.

Further, Finance Act, 2020 has inserted a new sub-clause (viia) in section 17(2) so as to provide that annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) may also be treated as perquisite to the extent it relates to the contribution referred to in the said new sub-clause (vii), which is included in total income and shall be computed in the prescribed manner.

The manner of computation of such annual accretion in the provident and other welfare funds specifying the method of computation of perquisite u/s 17(2)(viiia) is now notified by this Notification 11 of 2021.

For details:

https://incometaxindia.gov.in/communications/notification/notification_no_11_2021.pdf

- **Notification No. 12 / 2021 (March 09, 2021)**

The Central Government hereby approves M/s Bennett University, Greater Noida, Uttar Pradesh (PAN : AAAJB13B8A) under the category of 'University, College or other institution' for Scientific Research and Research in Social Science and Statistical Research for the purposes of clauses (ii) and (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962. This Notification shall be deemed to have been applied for the assessment year 2020-2021 and shall apply with respect to the assessment years 2021-2022, 2022-2023, 2023-2024, 2024-2025.

For details: https://incometaxindia.gov.in/communications/notification/notification_12_2021.pdf

- **CBDT notifies Amendment to Rule 10V for Computation of Remuneration payable to Fund Managers (Notification No. 13 Dated March 9, 2021)**

The Board notified the Income-tax (2nd Amendment) Rules, 2021 which seeks to further amend rule 10V of the Income-tax Rules, 1962. Sub-rule (12) of Rule 10V provides for the amount of remuneration to be paid by the fund to a fund manager. Second provision of the said sub-rule provides that the fund may seek Board's approval in case where the amount of remuneration is lower than the amount so prescribed. In the Income-tax Rules, 1962, in rule 10V, in sub-rule (12), after the second proviso and before the Explanation, the two provisos shall be inserted. Firstly, "Provided also that the provisions of sub-rules (3) to (12) of rule 10VA shall, mutatis mutandis, apply to the application made under the second proviso as they apply to application made under sub- rule (2) of the said rule," Secondly, "Provided also that the provisions of sub-rule (3) of rule 10VA shall not apply to an application made under the second proviso, if it is for the previous year beginning on the 1st day of April, 2021, and made on or before the 1st day of February, 2021."

For details: https://incometaxindia.gov.in/communications/notification/notification_no_13.pdf

- **CBDT notifies Amendment in FORM NO. 12BA under Income Tax Rules, 1962 (Notification No. 15 Dated March 11, 2021)**

The Central Board of Direct Taxes (CBDT) notified the amendment in FORM NO. 12BA under Income-tax Rules, 1962. The notification amended Form 12BA which is a detailed statement showing particulars of perquisites, other fringe benefits or amenities and profits in lieu of salary with value thereof.

For details:

https://www.incometaxindia.gov.in/communications/notification/notification_15_2021.pdf

- **CBDT amends Income Tax Rules to set up Taxpayer Data Collection (Notification No. 16 Dated March 12, 2021)**

The Central Board of Direct Taxes (CBDT) amended the Income Tax Rules to set up taxpayer data collection. The change brought out by the Income Tax (4th Amendment) Rules, 2021, is effective from 12th March, 2021. The sub-rule 5A inserted for the purposes of pre-filling the return of income, a statement of a financial transaction relating to capital gains on transfer of listed securities or units of mutual funds, dividend income, and interest income. The idea is to get information about large transactions by the taxpayer that will be used in preparing pre-filled income tax return.

For details:

https://incometaxindia.gov.in/communications/notification/notification_16_2021.pdf

- **Clarifications on provisions of the Direct Tax Vivad se Vishwas Act, 2020 (Circular No. 4 Dated March 23, 2021)**

FAQ No.70 of circular 21/2020 clarified eligibility for search case under Vivad se Vishwas that if the assessment order has been framed in the case of a taxpayer under section 143(3)/ 144 of the Income Tax Act, 1961 based on the search executed in some other taxpayer's case, it is to be considered as a 'search case' under Vivad se Vishwas. In order to remove any uncertainty in this regard, it is hereby further clarified that a 'search case' means an assessment or reassessment made under sections 143(3)/ 144/ 147/ 153A/ 153C/ 158BC of the Income Tax Act, 1961 in the case of a person referred to in section 153A or section 153C or section 158BC or section 158BD of the Income Tax Act, 1961 on the basis of search initiated under section 132, or requisition made under section 132A of the Income Tax Act, 1961. The FAQ no. 70 of circular 21/2020 stands modified to this extent.

For details: https://incometaxindia.gov.in/communications/circular/circular_4_2021.pdf

- **Tax Audit Report - Form 3CD - Applicability of Clause 30C and Clause 44 extended by one more year i.e. will be applicable for the Financials year 2022-23 [Circular No. 5 Dated March 25, 2021]**

Section 44AB of the Income-tax Act, 1961 ('the Act') read with rule 6G of the Income-tax Rules, 1962 ('the Rules') requires specified persons to furnish the Tax Audit Report along with the prescribed particulars in Form No. 3CD. The existing Form No. 3CD was amended vide notification dated 20th July, 2018 with effect from 20th August, 2018. However, the reporting under clause 30C (impermissible avoidance arrangement) and clause 44 (Break-up of total expenditure of entities registered or not registered under the GST) of the Tax Audit Report was kept in abeyance till 31st March, 2019 vide Circular No. 6/2018 dated 17.08.2018, which was subsequently extended to 31st March, 2020 vide Circular No. 9/2019. Vide circular no. 10/2020 dated 24.04.2020, it was further extended to 31st March, 2021. In view of the prevailing situation due to COVID-19 pandemic across the country, it has been decided by the Board that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till 31st March, 2022.

For details: https://incometaxindia.gov.in/communications/circular/circular_no_5_2021.pdf

- **CBDT notifies New Income Tax Rules & Forms for Trust & NPOs (Notification No. 19 Dated March 26, 2021)**

CBDT issues Notification no. 19/2021 dated 26/03/2021 pertaining to procedure for registration of fund/ trust/charitable institutions etc. Notification - a. Substitutes Rule 2C -Application for the purpose of grant of approval of a fund or trust or institution or university or any hospital or other medical institution under clause (i) or clause (ii) or clause (iii) or clause (iv) of first proviso to clause (23C) of Section 10 b. Amends Rule 5C, Inserts Rule 5CA Intimation under Fifth Proviso to sub-section (1) of section 35, c. Amends Rule 5F, Substitutes Rule 11AA - Requirement for approval of institution of fund under clause (vi) of sub-section (5) of section 80G d. Substitutes Rule 17A - Application for registration of charitable or religious trusts etc. e. Inserts Rule 18AB - Furnishing of Statement of particulars and certificate under clause (viii) and clause (ix) of sub-section (5) of section 80G or under sub-section (1A) of section 35 and Substitutes/Inserts/Amends various Forms.

For details: https://incometaxindia.gov.in/communications/notification/notification_19_2021.pdf

- **Faceless Appeal (Amendment) Scheme, 2021 (Notification No. 26 Dated March 31, 2021)**

“National Faceless Assessment Centre” shall mean the National e-Assessment Centre set up under the scheme notified under sub-section (3A) of section 143 of the Act or the National Faceless Assessment Centre referred to in section 144B of the Act, as the case may be. In this regard, for the expression “National e-Assessment Centre”, wherever it occurs, the expression “National Faceless Assessment Centre” shall be substituted.

For details: <http://egazette.nic.in/WriteReadData/2021/226320.pdf>

- **Extension of Time for Intimation of Aadhaar and Certain Other Time Limits (PIB Dated March 31, 2021)**

The extended last date for intimating Aadhaar number under the Income-tax Act, 1961 (the Act) for the purposes of linking Aadhaar with PAN is 31st March, 2021. Keeping in view the difficulties faced by the taxpayers due to wake of the on-going COVID-19 pandemic, the Central Government has issued notification extending the last date for the intimation of Aadhaar number and linking thereof with PAN to 30th June, 2021. The said notification also extended time-limits for issue of notice under section 148 of the Act, passing of consequential order for direction issued by the Dispute Resolution Panel (DRP) and processing of equalisation levy statements to 30th April, 2021.

For details:

<http://egazette.nic.in/WriteReadData/2021/226312.pdf>

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1708786>

- **Income-tax (7th Amendment) Rules, 2021 (Notification No. 21 Dated March 31, 2021)**

The Central Board of Direct Taxes has notified Income Tax Return Forms (ITR Forms) for the Assessment Year 2021-22 vide Notification no.21/2021. Keeping in view the ongoing crisis due to COVID pandemic and to facilitate the taxpayers, no significant change have been made to the ITR Forms in comparison to the last year's ITR Forms. Only the bare minimum change necessitated due to amendments in the Income-tax Act, 1961 have been made.

ITR 1 (Sahaj)- For Individuals having income upto Rs. 50 lakh and who receives income from salary, one house property / other sources (interest etc.).

ITR-2 - For Individuals and HUFs not having income from business or profession (and not eligible for filing Sahaj).

ITR-3 - For Individuals and HUFs having income from business or profession.

ITR 4 (Sugam) - For Individuals, Hindu Undivided Families (HUFs) and firms (other than Limited Liability Partnerships (LLPs) having total income upto Rs. 50 lakh and income from business and profession computed under the presumptive taxation provisions.

ITR-5 - For Persons other than individual, HUF and companies i.e. partnership firm, LLP etc. ITR-6 - For Companies

ITR-7 - For Trusts, political parties, charitable institutions etc.

For details: <http://egazette.nic.in/WriteReadData/2021/226336.pdf>

- **CBDT authorizes DIT (CPC) & CIT (Exemption), Bengaluru under Rule 2C, 5CA, 11AA & 17A (Notification No. 30 Dated April 01, 2021)**

The Central Board of Direct Taxes hereby authorizes the Director of Income Tax (Centralized Processing Centre), Bengaluru and Commissioner of Income-Tax (Exemption), Bengaluru, for the following purposes, namely 1. for receiving applications for provisional registration or registration or provisional approval or approval or intimation in Form 10A 2. for passing order granting provisional registration or registration or provisional approval or approval in Form 10AC 3. for issuing Unique Registration Number (URN) to the applicants 4. for cancelling the approval granted in Form 10AC and Unique Registration Number (URN)

For details: <http://egazette.nic.in/WriteReadData/2021/226349.pdf>

- **New reporting requirements in Form 3CD & Revision (Notification No. 28 Dated April 01, 2021)**

CBDT has vide Notification No. 28 inserted new clauses in Form 3CD (Tax Audit Report) and also notified that Tax Audit Report under Rule 6G can be revised if there is payment by Assessee after furnishing of report which necessitates recalculation of disallowance under section 40 or section 43B of the Income tax Act, 1961.

For details: <http://egazette.nic.in/WriteReadData/2021/226351.pdf>

Indirect Tax

Info Capsule Series 6

Goods and Services Tax

- **GST Revenue collection for January 2021 almost touches Rs. 1.20 lakh crore (January 31, 2021)**

The GST revenues during January 2021 are the highest since introduction of GST and has almost touched the Rs. 1.2 lakh crore mark, exceeding the last month's record collection of Rs. 1.15 lakh crore. GST revenues above Rs. 1 lakh crore for a stretch of last four months and a steep increasing trend over this period are clear indicators of rapid economic recovery post pandemic. The government has settled Rs. 24,531 crore to CGST and Rs. 19,371 crore to SGST from IGST as regular settlement.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1693779>

Customs

- **Notification to prescribe effective rate of BCD on IT and Electronic items - Notification No. 03/2021 - Customs (February 01, 2021)**

This notification seeks to further amend notification No. 57/2017-Customs dated June 30, 2017 so as to prescribe effective rate of Basic Customs Duty (BCD) of 2.5% on IT/Electronics items with effect from April 01, 2021.

For details:

<https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs03-2021.pdf>

- **Exemption to medical devices imported by international organizations and diplomatic missions from the levy of Health Cess - Notification No. 06/2021 - Customs (February 01, 2021)**

This notification seeks to further amend notification No. 08/2020-Customs dated February 02, 2020 so as to exempt the medical devices imported by international organizations and diplomatic missions, from the levy of Health Cess. This notification shall come into force on February 02, 2021.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs06-2021.pdf>

- **Notification to prescribe effective rate of Agriculture Infrastructure and Development Cess - Notification No. 11/2021 - Customs (February 01, 2021)**

This notification seeks to prescribe effective rate of Agriculture Infrastructure and Development Cess for specified goods.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs11-2021.pdf>

- **Notification to prescribe effective rate of BCD - Notification No. 02/2021 - Customs (February 01, 2021)**

This notification seeks to further amend notification No. 50/2017-Customs dated June 30, 2017 so as to prescribe effective rate of Basic Customs Duty (BCD).

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs02-2021.pdf>

- **BCD exemption withdrawn on specified parts of transformers - Notification No. 04/2021 - Customs (February 01, 2021)**

This notification seeks to further amend notification No. 25/99-Customs dated February 28, 1999 so as to withdraw Basic Custom Duty exemption on the specified parts of transformers.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs04-2021.pdf>

- **Notification to exempt temporary imports of costumes and props for film making - Notification No. 08/2021 - Customs (February 01, 2021)**

This notification seeks to further amend notification No. 153/94-Customs dated July 13, 1994 so as to include temporary imports of costumes and props for film-making in the goods exempted.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs08-2021.pdf>

Goods and Services Tax

- **Payment of Tax by Fixed Sum Method under QRMP scheme (February 03, 2021)**

With effect from January 01, 2021, following two options are available to the Taxpayers who are under Quarterly Returns and Monthly Payment of Tax (QRMP) Scheme for tax payment for first 02 months of a quarter: a. Fixed Sum Method: Portal can generate a pre-filled challan in Form GST PMT-06 based on his past record. b. Self-Assessment Method: The Tax due is to be paid on actual supplies after deducting the Input Tax Credit available.

For details:

<https://www.gst.gov.in/newsandupdates/read/447>

Customs

Systemic improvements regarding modification in the Bond (B-17) Execution process - Circular No. 03/2021 - Customs (February 03, 2021)

In case of EOU/EHTP/STP, a single all-purpose bond was notified vide notification no. 06/98-C.E. (N.T.), dated March 02, 1998. This bond is called B-17(General Surety/Security). CBIC has clarified that in case of B-17 bond executed by EOU/STP/EHTPs in capacity of Proprietorship or partnership firm, surety cannot be given by Proprietor/ partner himself. Such sureties must be given by an independent legal entity other than the Proprietor/ Partner of the concerned Proprietorship/ Partnership EOU firm.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-03-2021.pdf>

• **Goods and Services Tax - Compliance Calendar for the month of February, 2021**

S. No.	Return	Description	Month(s) Period	Revised Due Date
1.	GSTR - 7	Details of TDS deducted, amount of TDS paid and payable and any refund of TDS claimed	January, 2021	February 10, 2021
2.	GSTR - 8	Details of Tax collected at Source	January, 2021	February 10, 2021
3.	GSTR - 1 (Monthly)	Details of outward supplies (Aggregate Turnover greater than 1.5 Crores and up to 5 Crores)	January, 2021	February 11, 2021
4.	GSTR - 6	Input Service Distributor	January, 2021	February 13, 2021
5.	GSTR - 2B	Auto-drafted Input Tax Credit Statement	January, 2021	February 14, 2021
6.	GSTR - 5	Details of outward taxable supplies and tax payable by Non Resident Taxable person(monthly)	January, 2021	February 20, 2021
7.	GSTR - 5A	Details of outward taxable supplies and tax payable by OIDAR(monthly)	January, 2021	February 20, 2021
8.	GSTR - 3B*	Aggregate Annual Turnover above Rs. 5 Crores in preceding F.Y.	January, 2021	February 20, 2021
		Group A States: Aggregate Annual Turnover up to Rs. 5 Crores in preceding F.Y.	January, 2021	February 22, 2021
		Group B States: Aggregate Annual Turnover up to Rs. 5 Crores	January, 2021	February 24, 2021
9.	GST - PMT 06	Challan for deposit of GST	January, 2021	February 25, 2021
10.	GSTR - 9 & 9A	Annual Return	F.Y. 2019 - 20	February 28, 2021
11.	GSTR - 9C	Reconciliation Statement	F.Y. 2019 - 20	February 28, 2021

***GSTR - 3B: Group A States:** Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh.

Union Territories: Daman & Diu and Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep.

Group B States: Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi.

Goods and Services Tax

- **Standard Operating Procedure (SOP) for implementation of the provision of suspension of registrations under sub-rule (2A) of rule 21A of CGST Rules, 2017 (Circular No. 145/01/2021)(February 11, 2021)**

Sub-rule (2A) of rule 21A of the Central Goods and Services Tax Rules, 2017 provides for immediate suspension of registration of a person, as a measure to safeguard the interest of revenue, on observance of such discrepancies /anomalies which indicate violation of the provisions of Act and rules made thereunder; and that continuation of such registration poses immediate threat to revenue. The taxpayers, whose registrations are suspended under the above provisions, would be required to furnish reply to the jurisdictional tax officer within thirty days from the receipt of such notice / intimation, explaining the discrepancies/anomalies, if any, and shall furnish the details of compliances made or/and the reasons as to why their registration should not be cancelled.

For details:

https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_145_12_2020.pdf

- **QRMP & IFF - Answers to Frequently Asked Questions (February 11, 2021)**

Quarterly Return, Monthly Payment of Taxes (QRMP) Scheme is a scheme to simplify compliance for small taxpayers. Under this scheme, taxpayers having an aggregate turnover at PAN level up to Rs. 5 crore can opt for quarterly GSTR-1 and GSTR-3B filing. Payment can be made in the first two months by a simple challan in FORM GST PMT-06. Invoice Furnishing Facility (IFF) is an optional facility made available as per Rule-59(2) of the CGST Rules, 2017. This is provided for those quarterly taxpayers who want to pass on input tax credit (ITC) to their recipients (buyers/customers) in first two months of a quarter. Since IFF is an optional facility, it poses no additional compliance burden. It is a facility for those quarterly filers who intend to pass ITC to their recipients in first two months of the quarter. It may be noted that since IFF is an optional facility, IFF for a month will expire after the due date of 13th of next month, and cannot be filed after this date.

For details:

https://tutorial.gst.gov.in/downloads/news/faq_on_qrmp_iff.pdf

Goods and Services Tax

- **GST Council may take up rationalizing tax rates, slab merger in next meet (February 19, 2021)**

The Goods and Services Tax (GST) Council meeting in March will likely take up rationalising tax rates and mergers of multiple slabs to bring them close to being revenue-neutral and make the indirect tax regime simpler. The meeting, whose date is yet to be set, will come at a time when the 15th Finance Commission has recommended merging the 12 and 18 per cent tax rates.

For details:

https://www.business-standard.com/article/economy-policy/gst-council-may-take-up-rationalising-tax-rates-slab-merger-in-next-meet-121021900069_1.html

Customs

- **Extension of Board's Circular for sanction of pending IGST refund claims where the records have not been transmitted to ICEGATE due to GSTR-1 and GSTR-3B mismatch error - Circular No. 04/2021 - Customs (February 16, 2021)**

The IGST refunds relatable to the Shipping Bills filed after March 31, 2019 having mismatch error between GSTR-1 and GSTR-3B could not be processed and are held up on above account. There was a need to extend the facility as provided vide above Circular No. 12/2018-Cus dated May 29, 2018 and 25/2019 - Cus dated August 27, 2019 in respect of the Shipping Bills filed after March 31, 2019 as well. The CBIC has decided that the solution provided in the Circular 12/2018-Customs read with Circular No. 25/2019-Customs would be applicable mutatis mutandis for the Shipping Bills filed during the financial year 2019- 20 and 2020-21 i.e. in respect of all Shipping Bills filed/ to be filed upto March 31, 2021.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-04-2021.pdf>

- **IGST refunds on exports-extension in SB005 alternate mechanism - Circular No. 05/2021 - Customs (February 17, 2021)**

The exporter may avail the facility of correction of Invoice mis-match errors (error code SB-005) in respect of all past shipping bills, irrespective of its date of filling, by following the procedure as provided in the above Circulars, subject to payment of Rs. 1,000/- as fee towards such rendering of service by Customs Officers for correlation and verification of the claim. Necessary amendments have been made in the Levy of Fee (Customs Documents) Regulations, 1970 vide Notification No.17/2021 dated February 17, 2021.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-05-2021.pdf>

- **Goods and Services Tax GST Compensation shortfall released to States reaches Rs. 1 lakh crore (February 20, 2021)**

The Ministry of Finance, Department of Expenditure has on Friday, February 19, 2021, released the 17th weekly instalment of Rs.5,000 crore to the States to meet the GST compensation shortfall. Out of this, an amount of Rs. 4,730.41 crore has been released to 23 States and an amount of Rs. 269.59 crore has been released to the 3 Union Territories (UT) with Legislative Assembly (Delhi, Jammu & Kashmir & Puducherry) who are members of the GST Council. The remaining 5 States, Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim do not have a gap in revenue on account of GST implementation. It is to be noted that the Government of India had set up a special borrowing window in October, 2020 to meet the estimated shortfall of Rs. 1.10 lakh crore in revenue arising on account of implementation of GST. The borrowings were being done through this

window by the Government of India on behalf of the States and UTs. 17 rounds of borrowings have been completed so far starting from October 23, 2020. Till now, 91 percent of the total estimated GST compensation shortfall has been released to the States & UTs with Legislative Assembly. Out of this, an amount of Rs. 91,460.34 crore has been released to the States and an amount of Rs. 8,539.66 crore has been released to the 3 UTs with Legislative Assembly.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1699562>

- **Adding petrol and diesel to GST regime could bring down prices: FM Nirmala Sitharaman (February 21, 2021)**

Amid an outcry over record high petrol and diesel prices, Union Finance Minister Nirmala Sitharaman on Saturday, February 20, 2021 said that the Centre and state governments will have to together work out a mechanism to bring retail rates to reasonable levels.

For details:

<https://www.timesnownews.com/auto/features/article/adding-petrol-and-diesel-to-gst-regime-could-bring-down-prices-nirmala-sitharaman/723049>

Goods and Services Tax

- **GSTN issues Advisory on Reconciliation Statement (GSTR -9C) (February 22, 2021)**

Reconciliation statement to be filed in Form GSTR-9C requires the tax rate wise declaration of transactions for the concerned financial year. In the said form, tax amount pertaining to tax rates 1%, 1.5% and 7.5% in section III (table 9 and 11) and section V may be made in row/ under label 'Others' of the said tables, wherever applicable.

For details:

<https://www.gst.gov.in/newsandupdates/read/453>

Customs

- **Policy and Guidelines for setting up of Inland Container Depots (ICDs), Container Freight Stations (CFSs) and Air Freight Stations (AFSS) - Circular No. 06/2021 - Customs (February 22, 2021)**

The Inter-Ministerial Committee (IMC) would be held on quarterly basis as per the following schedule-

<i>Quarter</i>	<i>Cut-off date for receipt of application</i>	<i>Receipt of comments from IMC and Customs formations</i>	<i>Date of issuance of Meeting Notice</i>	<i>Date of Meeting</i>
January - March	By 30 th of preceding November	By 20 th of preceding December	By 25 th of preceding December	2 nd Tuesday of January
April-June	By 28 th of preceding February	By 20 th of preceding March	By 25 th of preceding March	2 nd Tuesday of April
July-September	By 31 st of preceding May	By 20 th of preceding June	By 25 th of preceding June	2 nd Tuesday of July
October-December	By 31 st of preceding August	By 20 th of preceding September	By 25 th of preceding September	2 nd Tuesday of October

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-06-2021.pdf>

- **Clarification regarding payment of AIDC by EOU under various situations Circular No. 07/2021 - Customs (February 22, 2021)**

Finance Bill, 2021 (15 of 2021) dated February 01, 2021, vide clause 115 has imposed a duty of customs, to be called Agriculture Infrastructure and Development Cess (AIDC), on the import of goods specified in the First Schedule to the Customs Tariff Act, 1975 at the rate not exceeding the rate of customs duty as specified in the said Schedule, for the purposes of financing the agriculture infrastructure and other development expenditure.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-07-2021.pdf>

Goods and Services Tax

- **Clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C invoices (Circular No. 146/02/2021, dated February 23, 2021)**

Notification No. 14/2020-Central Tax, dated March 21, 2020 had been issued which requires Dynamic QR Code on B2C invoice issued by taxpayers having aggregate turnover more than Rs. 500 crores, w.e.f. December 01, 2020. This notification is applicable to a tax invoice issued to an unregistered person by a registered person (B2C invoice) whose annual aggregate turnover exceeds Rs. 500 Crores in any of the financial years from 2017- 18 onwards. The provisions of the notification shall apply to each supplier/registered person separately, if such person is liable to issue invoices with Dynamic QR Code for B2C supplies as per the said notification.

For details:

https://www.cbic.gov.in/resources/htdocs-cbec/gst/Circular_Refund_146.pdf

- **CBIC specifies Class of persons exempt from Aadhaar Authentication (Notification No. 03/2021 - Central Tax, dated February 23, 2021)**

This notification seeks to notify persons to whom provisions of subsection (6B) or sub-section (6C) of section 25 of CGST Act will not apply. This section shall not apply to a person who is not a citizen of India; or a Department or establishment of the Central Government or State Government; or a local authority; or a statutory body; or a Public Sector Undertaking; or a person applying for registration under the provisions of sub-section (9) of section 25 of the said Act.

For details:

<https://www.cbic.gov.in/resources/htdocs-cbec/gst/notfctn-03-central-tax-english-2021.pdf>

- **GSTN issues advisory on Annual Return (GSTR -9C) (February 24, 2021)**

The taxpayers are advised to ensure that values are reported upto two decimal places in the GSTR-9 offline utility. The error “Error! Invalid Summary payload” after uploading the JSON created from the Offline Utility of GSTR-9 is reported due to reporting values upto three decimal places instead of two decimals.

For details:

<https://www.gst.gov.in/newsandupdates/read/454>

Customs

- **Extension in ADD on imports of Glazed/Unglazed Porcelain/Vitrified tiles in polished or unpolished finish with less than 3% water absorption - Notification No. 09/2021 - Customs (ADD)(February 25, 2021)**

This notification seeks to amend notification no 29/2017-Customs (ADD) dated June 14, 2017 so as to extend the said notification up to June 28, 2021. As per Customs Tariff Act, 1975 and in pursuance of rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 in the matter of continuation of Anti-Dumping Duty (ADD) on imports of “Glazed/Unglazed Porcelain/Vitrified tiles in polished or unpolished finish with less than 3% water absorption” falling under headings 6907 or 6914 of the First Schedule to the Customs Tariff Act, originating in or exported from China PR.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd09-2021.pdf;jsessionid=CFE1611488A5CB8190E4C217DCCD04A3>

- **Notification to extend the levy of Anti-Dumping duty on Melamine originating in or exported from China PR (People’s Republic of China) up to and inclusive of March 31, 2021- Notification No. 10/2021 - Customs (ADD)(February 25, 2021)**

This notification seeks to extend the levy of Anti-Dumping duty on Melamine originating in or exported from China PR, up to and inclusive of March 31, 2021

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd10-2021.pdf;jsessionid=E2E6EEB4E13AF68AE08F307EBEDD6FAC>

Goods and Services Tax

- **Due date for furnishing of Annual Returns for the financial year 2019-20 extended further to March 31, 2021 - Notification No. 4/2021 - Central Tax (February 28, 2021)**

The due date for furnishing of the Annual returns (GSTR-9 and GSTR-9C) specified under section 44 of the CGST Act read with rule 80 of the CGST rules for the financial year 2019- 20 was earlier extended from December 31, 2020 to February 28, 2021 vide Notification No. 95/2020- Central Tax dated December 30, 2020. In view of the difficulties expressed by the taxpayers in meeting this time limit, Government has decided to further extend the due date for furnishing of GSTR-9 and GSTR-9C for the financial year 2019-20 to March 31, 2021.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-04-central-tax-english-2021.pdf;jsessionid=F3780C94B5D8B29ED0E5A9136E48F672>

• **Goods and Services Tax - Compliance Calendar for the month of March, 2021**

S. No.	Return	Description	Month(s) Period	Revised Due Date
1.	GSTR - 7	Details of TDS deducted, amount of TDS paid and payable and any refund of TDS claimed	February, 2021	March 10, 2021
2.	GSTR - 8	Details of Tax collected at Source	February, 2021	March 10, 2021
3.	GSTR - 1 (Monthly)	Details of outward supplies (Aggregate Turnover greater than 1.5 Crores and up to 5 Crores)	February, 2021	March 11, 2021
4.	GSTR - 6	Input Service Distributor	February, 2021	March 13, 2021
5.	GSTR - 2B	Auto-drafted Input Tax Credit Statement	February, 2021	March 14, 2021
6.	GSTR - 5	Details of outward taxable supplies and tax payable by Non Resident Taxable person(monthly)	February, 2021	March 20, 2021
7.	GSTR - 5A	Details of outward taxable supplies and tax payable by OIDAR(monthly)	February, 2021	March 20, 2021
8.	GSTR - 3B*	Aggregate Annual Turnover above Rs. 5 Crores in preceding F.Y.	February, 2021	March 20, 2021
		Group A States: Aggregate Annual Turnover up to Rs. 5 Crores in preceding F.Y.	February, 2021	March 22, 2021
		Group B States: Aggregate Annual Turnover up to Rs. 5 Crores	February, 2021	March 24, 2021
9.	GST - PMT 06	Challan for deposit of GST	February, 2021	March 25, 2021
10.	GSTR - 9	Annual Return	F.Y. 2019 - 20	March 31, 2021
11.	GSTR - 9C	Reconciliation Statement	F.Y. 2019 - 20	March 31, 2021

*** GSTR - 3B : Group A States:** Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh.

Union Territories : Daman & Diu and Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep.

Group B States : Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi.

- **GST e-invoicing mandatory for the taxpayers having aggregate turnover exceeding Rs. 50 Crores from April 01, 2021- Notification No. 5/2021 - Central Tax (March 08, 2021)**

This notification seeks to implement e-invoicing for the taxpayers having aggregate turnover exceeding Rs. 50 Cr from April 01, 2021. This will be the third phase of e-invoicing roll out, which was rolled out for entities with Rs. 500 crore and more aggregate turnover from October 1, 2020 and was later extended to entities with aggregate turnover Rs. 100 crore and above from January 1, 2021.

For details:

<https://www.cbic.gov.in/resources/htdocs-cbec/gst/notfctn-05-central-tax-english-2021.pdf;jsessionid=A7A1B1B35FF171162C631A01524D05B6>

- **GSTIN not mandatory for MSME Udyam registration (March 08, 2021)**

The Ministry of Micro, Small, and Medium Enterprises (MSME) notified that GSTIN is not mandatory for MSME Udyam Registration. The government has earlier provided that PAN and GSTIN is mandatory with effect from March 31, 2021 for MSME Udyam Registration has now relaxed the condition and provided that the exemption from the requirement of having GSTIN shall be as per the provisions of the Central Goods and Services Tax Act, 2017.

For details:

<https://www.taxscan.in/gst-gstin-not-mandatory-for-msme-udyam-registration-notifiescentral-govt/104232/>

- **Clarification on Refund related issues - Circular No. 147/03/2021 - GST (March 12, 2021)**

There is no restriction under 3rd proviso to Rule 89(1) of CGST Rules, 2017 on recipient of deemed export supply, claiming refund of tax paid on such deemed export supply, on availment of ITC on the tax paid on such supply. Therefore, the para 41 of Circular No. 125/44/2019- GST dated November 18, 2019 is modified to remove the restriction of non-availment of ITC by the recipient of deemed export supplies on the invoices, for which refund has been claimed by such recipient.

For details:

https://www.cbic.gov.in/resources/htdocs-cbec/gst/Circular_Refund_147.pdf

- **Supreme Court issues notice on PIL seeking system to track GST paid by Facebook, Amazon, Google, Twitter, others (March 17, 2021)**

The Supreme Court of India issued notice on a PIL seeking directions to the Centre to have a mechanism to track total GST paid on the OIDAR (Online Information and Database Access or Retrieval Services) services used by Non NTOR (Non-Taxable Online Recipient) Indian recipients under reverse charge basis.

For details: <https://www.indialegallive.com/constitutional-law-news/supreme-court-news/gstfacebook-amazon-google-twitter-oidar/>

- **Taxpayers are free to utilise Input Tax Credit available in their credit ledger as permissible by law to discharge their GST due for March month (March 21, 2021)**

Unconfirmed reports had appeared in certain sections of the media that some GST officers are using unauthorised communication means asking taxpayers to discharge 'maximum tax liability' in 'cash' in order to ensure that targets for revenue collection from GST for the financial year are met. It is clarified that neither the Government nor CBIC have issued any such instructions to their field formations. As such, taxpayers are free to utilise the Input Tax Credit available in their credit ledger, as permissible in law, to discharge their GST dues for the month of March, 2021 - the last month of this financial year.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706393>

- **Goods and Services Tax GSTN issues advisory on opting-in for Composition Scheme for Financial year 2021-22 (March 24, 2021)**

The eligible registered taxpayers, who want to opt-in for composition scheme for the FY 2021- 22, need to file FORM GST CMP-02 application, on or before March 31, 2021, post login on GST portal. Once Form GST CMP-02 application is filed, the composition scheme will be available to the taxpayer, w.e.f. April 01, 2021. The taxpayers already opted in for composition scheme earlier are not required to opt in again for FY 2021-2022.

For details: <https://www.gst.gov.in/newsandupdates/read/458>

Customs

Common Customs Electronic Portal - Notification No. 33/2021 - Customs (NT)(March 29, 2021)

CBIC notified the common portal accessible through uniform resource locator (URL) <https://www.icegate.gov.in> as the Common Customs Electronic Portal for facilitating registration, filing of bills of entry, shipping bills, other documents and forms prescribed under the Customs Act, 1962.

For details:

<https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt33-2021.pdf>

- **Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Amendment Regulations, 2021 - Notification No. 34/2021 - Customs (NT)(March 29, 2021)**

CBIC made regulations to amend the Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018. The amended regulations is called the Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Amendment Regulations, 2021.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt34-2021.pdf>

- **Bill of Entry (Forms) Amendment Regulations, 2021 - Notification No. 35/2021 - Customs (NT)(March 29, 2021)**

These regulations are called the Bill of Entry (Forms) Amendment Regulations, 2021. They shall come into force on the date of their publication in the Official Gazette. In case of a customs port (other than inland container depot and air freight station) at which goods are to be cleared for home consumption or warehousing, the authorised person shall file the bill of entry before the end of the day (including holidays) preceding the day on which the vessel carrying the goods arrives at the customs port: Provided that the authorised person shall file the bill of entry before the end of the day (including holidays) of said arrival of the vessel where the goods are consigned from any of the countries mentioned below:- (i) Bangladesh ; (ii) Maldives ; (iii) Myanmar ; (iv) Pakistan ; (v) Sri Lanka.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt35-2021.pdf>

- **Clarifications on the legislative changes in Section 46 of Customs Act, 1962 - Circular No. 08/2021 - Customs (March 29, 2021)**

Amendments in Section 46 of the Customs Act, 1962 introduced through the Finance Act, 2021 facilitates pre-arrival processing and assessment of Bills of Entry (BE) by mandating their advance filing thus leading to significant decrease in the Customs clearance time. The amended Section 46 requires an importer to file a BE before the end of the day (including holidays) preceding the day of arrival of the vessel/aircraft/vehicle carrying the imported goods at a Customs port/station at which such goods are to be cleared for home consumption or warehousing. The BE can now be filed anytime from 30 days prior to the expected arrival of the aircraft or vessel or vehicle up to the end of day preceding the day of such arrival.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-08-2021.pdf>

Goods and Services Tax

- **Goods and Services Tax CBIC notified the waiver of penalty for non-compliance of capturing dynamic QR code in GST Invoice - Notification No. 06/2021 - Central Tax (March 30, 2021)**

CBIC has further extended the waiver of penalty on non-implementation of dynamic Quick Response (QR) code by registered persons having aggregate turnover exceeding Rs. 500 crore till June 30, 2021.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-06-central-tax-english-2021.pdf>

- **Centre releases Rs. 30,000 Crore as GST Compensation (March 30, 2021)**

The Central Government has released GST Compensation of Rs. 30,000 crore to States as part compensation admissible for FY 2020-21 on March 27, 2021. The total amount of compensation released so far for the year 2020-21 is Rs. 70,000 crore. As per the decision of GST Council, back to back loan of Rs. 1,10,208 crore has also been released in lieu of shortfall in release of GST Compensation for FY 2020-21.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1708583>

Customs

- **Extension of BCD and IGST exemption benefit for EOUs till March 31, 2022 - Notification No. 19/2021 - Customs (March 30, 2021)**

CBIC has notified the extension of Basic Customs Duty (BCD) and IGST exemption benefit for Export Oriented Units till March 31, 2022. The Central Government, being satisfied that it is necessary for the public interest, amended notification No. 52/2003-Customs, dated March 31, 2003.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs19-2021.pdf>

Goods and Services

- **Tax Filing GSTR-1 (Q) for Jan-Mar 2021 under QRMP Scheme (March 31, 2021)**

The taxpayers under QRMP scheme have a facility to file Invoice Furnishing Facility (IFF) in first two months of the quarter and file Form GSTR-1 in third month of the quarter. As IFF is an optional facility it cannot be filed after the end date (13th of the month succeeding the IFF period).

For details: <https://www.gst.gov.in/newsandupdates/read/459>

- Six digit HSN code in GST made mandatory (April 01, 2021)**

It has been made mandatory for a GST taxpayer having aggregate turnover of more than Rs 5 crore in the preceding financial year, to furnish 6 digits HSN Code (Harmonised System of Nomenclature Code). This comes into effect from April 1, 2021.

For details:

<https://economictimes.indiatimes.com/small-biz/gst/six-digit-hsn-code-in-gst-made-mandatory-from-april-1/articleshow/81780235.cms>

- Goods and Services Tax - Compliance Calendar for the month of April, 2021**

S. No.	Return	Description	Month(s) Period	Revised Due Date
1.	GSTR - 7	Details of TDS deducted, amount of TDS paid and payable and any refund of TDS claimed	March, 2021	April 10, 2021
2.	GSTR - 8	Details of Tax collected at Source	March, 2021	April 10, 2021
3.	GSTR - 1 (Monthly)	Details of outward supplies (Aggregate Turnover greater than 1.5 Crores and up to 5 Crores)	March, 2021	April 11, 2021
4.	GSTR - 1 (Quarterly)	Quarterly return for registered persons with aggregate turnover upto Rs. 1.50 Crores	January - March, 2021	April 13, 2021
5.	GSTR - 6	Input Service Distributor	March, 2021	April 13, 2021
6.	GSTR - 2B	B Auto-drafted Input Tax Credit Statement	March, 2021	April 14, 2021
7.	GST CMP 08	Quarterly return for Composition Dealers	January - March, 2021	April 18, 2021
8.	GSTR - 5	Details of outward taxable supplies and tax payable by Non Resident Taxable person (monthly)	March, 2021	April 20, 2021
9.	GSTR - 5A	Details of outward taxable supplies and tax payable by OIDAR (monthly)	March, 2021	April 20, 2021
10.	GSTR - 3B*	Aggregate Annual Turnover above Rs. 5 Crores in preceding F.Y.	March, 2021	April 20, 2021

		Group A States: Aggregate Annual Turnover up to Rs. 5 Crores in preceding F.Y	March, 2021	April 22, 2021
		Group B States: Aggregate Annual Turnover up to Rs. 5 Crores	March, 2021	April 24, 2021

***GST - 3B :** Group A States: Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh.

Union Territories: Daman & Diu and Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep.

Group B States: Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi.

Arbitration Law

Info Capsule Series 6

- **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

- **The Arbitration and Conciliation (Amendment) Act, 2021 (Dated March 11, 2021)**

‘The Arbitration and Conciliation (Amendment) Act, 2021’ received the assent of President on March 11, 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 act 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 will now be through Regulations. Hon’ble President of India promulgated the ordinance earlier on this matter on November 4, 2020.

For details:

<http://egazette.nic.in/WriteReadData/2021/225832.pdf>

- **Government files appeal against \$1.2-billion Cairn arbitration verdict (March 23, 2021)**

India filed an appeal against the Cairn Energy arbitration verdict at The Hague on Monday night, challenging the \$1.2-billion award on grounds of sovereignty and tax avoidance by the UK oil major. Based on the appeal, New Delhi will seek a stay on enforcement of the award filed by Cairn in a lower Dutch court and will also contest the enforcement in at least eight other jurisdictions, including the UK, Canada, the US, and France. Finance Minister Smt. Nirmala Sitharaman said recently it was the government’s “duty” to appeal in cases where the nation’s sovereign authority to tax is questioned.

For details:

https://www.business-standard.com/article/companies/india-appeals-against-cairn-arbitration-order-121032301272_1.html#:~:text=%E2%80%9CIndia%20has%20appealed%20against%20the,source%20confirmed%20to%20

Banking & Insurance

Info Capsule Series 6

- **UPI records 2.3 billion transactions worth Rs. 4.2 trillion in January 2021: NITI Aayog CEO (February 04, 2021)**

UPI recorded 2.3 billion transactions worth Rs. 4.3 trillion in January, 2021. On a year on year basis, UPIs transaction value jumped 76.5 % while transaction value jumped nearly 100%. Took UPI 3 years to cross 1 billion transactions a month.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/upi-records2-3-billion-transactions-worth-rs-4-2-trillion-in-january-2021-niti-aayogceo/articleshow/80679876.cms>

- **Monetary Policy Statement, 2020-21 Resolution of the Monetary Policy Committee (MPC) February 3-5, 2021 (February 05, 2021)**

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting on February 5, 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 - at least during the current financial year and into the next financial year - to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51077

- **Statement on Developmental and Regulatory Policies (February 05, 2021)**

The Reserve Bank of India has issued the Statement on Developmental and Regulatory Policies on February 05, 2021. This Statement sets out various developmental and regulatory policy measures on (i) liquidity management and support to targeted sectors; (ii) regulation and supervision (iii) deepening financial markets; (iv) upgrading payment and settlement systems and (v) consumer protection.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51078

- **Consolidated Regulations (February 04, 2021)**

For the benefit of regulated entities, the Insurance Regulatory and Development Authority of India (IRDAI) has consolidated all the regulations pertaining to the respective subjects (e.g. Health, TPA, Advt. etc.) and placed at one place.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4133&flag=1

- **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 Rs.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-billrbi-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.

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

- **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=text&utm_campaign=cppst

- **RBI releases Annual Report of Ombudsman Schemes, 2019-20 (February 08, 2021)**

The Reserve Bank of India (RBI) has released the Annual Return of the “Ombudsman Schemes of the Reserve Bank for the year 2019-20”. The Banking Ombudsman Scheme (BOS) was first notified by the Reserve Bank in 1995 under Section 35 A of the Banking Regulation Act, 1949. It is administered by the Reserve Bank through 22 Offices of Banking Ombudsman (OBOs) covering all states and union territories. The Annual Report covers the activities under the Banking Ombudsman Scheme (BOS), the Ombudsman Scheme for Non-Banking Financial Companies (OSNBFC) and the Ombudsman Scheme for Digital Transactions (OSDT); the developments in the area of consumer protection and the way forward.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51095

- **Report of the Working Group on Index Linked products (February 08, 2021)**

The Insurance Regulatory and Development Authority of India (IRDAI) had constituted a working group on Index Linked products where the terms of reference include, amongst others, to examine the need for index-linked products in India and other related aspects. The Working group has submitted its report with recommendations in line with the stated terms of reference. The report of the working group is placed on the website to seek the valuable inputs of all the stakeholders on or before 08/03/2021.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4367&flag=1

- **Modified guidelines on product filing in health insurance business (February 08, 2021)**

The Insurance Regulatory and Development Authority of India (IRDAI) had issued guidelines related to specify the File and Use Procedure in respect of various categories of individual Products or Add-ons or Riders of Health Insurance Business on July 22, 2020. Now IRDAI has issued modified guidelines on product filing in health insurance business.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4368&flag=1

- **Issuance of digital insurance policies by insurance companies via Digilocker (February 09, 2021)**

Digilocker is an initiative under the Digital India program by the Government of India where citizens can get authentic documents/ certificate in digital format from original issuers of these certificates. It aims at eliminating or minimising the use of physical documents and will enhance effectiveness of service delivery, making these hassle free and friendly for the citizens. In order to promote the adoption of Digilocker in the insurance sector, the Authority advises all insurers to enable their IT systems to interact with Digilocker facility to enable policyholders to use digilocker for preserving all their policy documents.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4371&flag=1

- **RBI announces expert committee on primary urban cooperative banks, to be chaired by NS Vishwanathan (February 16, 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

- **Margin for Derivative Contracts (February 15, 2021)**

The Reserve Bank of India had invited Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 on October 23, 2020. Accordingly, directions are being issued to allow posting and collection of margin for permitted derivative contracts between a person resident in India and a person resident outside India.

For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12028&Mode=0>

- **RBI releases Draft Reserve Bank of India (Credit Derivatives) Directions, 2021 under Section 45 W of the RBI Act, 1934 (February 16, 2021)**

The Reserve Bank of India has released the Draft Reserve Bank of India (Credit Derivatives) Directions, 2021 on February 16, 2021. Comments on the Draft Directions are invited from banks, market participants and other interested parties by March 15, 2021.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51138

- **Finance Minister addresses the Central Board of Directors of Reserve Bank of India (February 16, 2021)**

The 587th meeting of the Central Board of Directors of Reserve Bank of India was held under the Chairmanship of Shri Shaktikanta Das, Governor, through video conferencing. Smt. Nirmala Sitharaman, Hon'ble Union Minister of Finance & Corporate Affairs, addressed the Directors of the Central Board. The Hon'ble Finance Minister in her address outlined the thinking behind the Union Budget 2021-22 and the priorities of the Government. Complimenting the Finance Minister on the Budget, the Board members made various suggestions for consideration of the Government.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51136

- **Budget plan to privatise two PSBs: Centre may have to tweak the 'nationalisation' laws (February 17, 2021)**

The Centre may have to amend at least two banking laws to take forward its Budget announcement of privatisation of two public sector lenders. While the Centre is yet to decide on the two public sector banks it will privatise in 2021-22, multiple sources said it is clear that the government will have to bring changes to what are popularly known as bank nationalisation laws – the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

For details:

<https://www.thehindubusinessline.com/news/centre-may-have-to-tweak-the-nationalisation-laws/article33854252.ece#>

- **Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 (February 17, 2021)**

The Reserve Bank of India has issued the Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 on February 17, 2021. The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Bank to regulate the financial system to the advantage of the country and to prevent the affairs of any Housing Finance Company (HFCs) from being conducted in a manner detrimental to the interest of investors and depositors or in any manner prejudicial to the interest of such HFCs.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12030&Mode=0>

- **Master Direction on Digital Payment Security Controls (February 18, 2021)** Reserve Bank of India has placed on its website the “Master Direction on Digital Payment Security Controls”. The Master Direction provides necessary guidelines for the Regulated Entities (Scheduled Commercial Banks, Small Finance Banks, Payment Banks and Credit Card issuing NBFCs) to set up a robust governance structure and implement common minimum standards of security controls for digital payment products and services. The guidelines are technology and platform agnostic and shall create an enhanced and enabling environment for customers to use digital payment products in a more safe and secure manner.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51155

- **All MPC members batted for Accommodative Policy Stance (February 23, 2021)**

The six members of the Reserve Bank of India (RBI) Monetary Policy Committee (MPC) were unanimous on the need to continue with an accommodative monetary policy well into the next fiscal year as recovery is still nascent and there's little to show on the investment revival front despite easy money as per the minutes of the latest meeting. The MPC, at its February 3- 5, 2021 meeting, voted unanimously to keep the repo rate at 4%, and maintain the accommodative monetary policy stance to help in the revival of the economy in a durable manner.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/all-mpc-members-batted-for-accommodative-policy-stance/articleshow/81162597.cms?from=mdr>

- **Amazon-ICICI Bank-Axis Bank ready with NUE plan to rival UPI (February 24, 2021)**

Amazon is set to partner ICICI Bank, Axis Bank and Visa to create a national payments network to capitalise on India's fast-growing digital payment ecosystem that is dominated by the National Payments Corporation of India (NPCI).

For details:

https://economictimes.indiatimes.com/tech/tech-bytes/amazon-icici-bank-axis-bank-ready-with-nue-plan-to-rival-npci-upi/articleshow/81181363.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Centre lifts embargo on private banks to engage in government-related business (February 24, 2021)**

Ramping up its efforts to boost privatisation, the Centre on February 24, 2021 lifted the embargo on private sector banks for the conduct of government-related banking transactions. Before this, only a few private banks were permitted to engage in government businesses such as taxes and other revenue payment facilities, pension payments, small savings schemes, etc.

For details: <https://indianexpress.com/article/business/banking-and-finance/centre-lifts-embargo-on-private-banks-to-engage-in-government-businesses-7203079/>

- **Bad bank will be a new ARC set up by PSBs: Shaktikanta Das (February 26, 2021)**

Central Bank Governor Shaktikanta Das on February 25, 2021 said the proposed bad bank, considered crucial in helping to extract the capital stuck in soured loans, will be a new Asset Reconstruction Company (ARC) set up by public sector lenders to take over bad assets. Further, he stated that the new entity will in no way jeopardise the functioning of existing ARCs.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/bad-bankwill-be-a-new-arc-set-up-by-psbs-rbi-governor-shaktikantadas/articleshow/81220091.cms>

- **Guidelines on Standard Personal Accident Insurance Product (February 25, 2021)**

The Insurance Regulatory and Development Authority of India (IRDAI) on February 25, 2021 has issued Guidelines on Standard Personal Accident Insurance Product. The insurance market is having a wide variety of personal accident insurance products. Each product has unique features and the insuring public may find it a challenge to choose an appropriate product. Therefore, with the objective of having a standard product with common coverage and policy wordings across the industry, the Authority has decided to mandate all general and health insurers to offer the standard personal accident insurance product.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4381&flag=1

- **41st SAARC FINANCE Governors' Group Meeting and SAARCFINANCE Governors' Symposium, March 01-02, 2021 (March 02, 2021)**

Shri Shaktikanta Das, Governor, Reserve Bank of India chaired the 41st Meeting of the SAARCFINANCE Governors' Group in virtual format on March 1, 2021. In his opening remarks, Governor Shri Das expressed optimism about the overall COVID-19 situation following the roll-out of the vaccines and complimented all the SAARC central banks for their efforts in combating the pandemic. He also emphasized the importance of effective, creative and prudent use of technology by central bankers, especially in the areas of Big Data, Digital Currencies, Reg-Tech, Sup-Tech and cyber security.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51210

- **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 Rs.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

- **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/fraudulentloans-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-ofpolicyholders-complaints/2207441/>

- **Reserve Bank loosens grip on yields at auction to leave traders guessing (March 9, 2021)**

Rising yields at India's latest government bond auction are signaling the central bank may be reluctantly accepting higher borrowing costs amid a global rout. The Reserve Bank of India sold some of 10-year debt at 6.22 per cent on March 05, 2021, compared with about 6 per cent in previous auctions. That's after a spike in U.S. Treasury yields and oil prices pushed borrowing costs higher globally.

For details:

https://www.business-standard.com/article/finance/reserve-bank-loosens-grip-on-yieldsat-auction-to-leave-traders-guessing-121030900185_1.html

- **Banks write-off Rs 1.15 lakh crore in 9 months of FY21: Anurag Singh Thakur (March 08, 2021)**

Banks have written off bad loans to the tune of Rs 1.15 lakh crore during the first threequarters of the current fiscal, the Lok Sabha was informed on March 08, 2021. As per RBI guidelines and policy approved by bank Boards, non-performing loans, including those in respect of which full provisioning has been made on completion of four years, are removed from the balance-sheet of the bank concerned by way of write-off, Minister of State for Finance Anurag Singh Thakur said in a written reply to the Lok Sabha.

For details:

https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-write-off-rs-1-15-lakh-crore-in-9-months-of-fy21-anurag-singh-thakur/articleshow/81397727.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Consolidated Regulations (March 08, 2021)**

For the benefit of regulated entities, the Insurance Regulatory and Development Authority of India (IRDAI), has consolidated all the regulations pertaining to the respective subjects (e.g. Health, TPA, Advt. etc.) and made available at one place.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4133&flag=1

- **Cyber security critical for digital banking success: SBI official (March 10, 2021)**

Cyber security is critical for the success of digital banking and banks should create the infrastructure to win customers' trust for all such transactions, a senior SBI official said on March 10, 2021. Digital banking or Figital is here to stay and is the future but it is equally important to safeguard the interests of all stakeholders, State Bank of India (SBI) Deputy Managing Director and Chief Digital Officer Ravindra Pandey said at a webinar.

For details:

https://economictimes.indiatimes.com/industry/banking/finance/banking/cyber-security-critical-for-digital-banking-success-sbi-official/articleshow/81435520.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Bank gets a new executive director after a year (March 10, 2021)**

The government has appointed Ishraq Ali Khan as the Executive Director (ED) at Uco Bank filling long vacuum at the top management. In similar exercise, the government has appointed A B Vijayakumar as ED in Bank of Maharashtra along with 12 other Chief General Managers /General Managers as EDs in Various Public Sector Banks.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/uco-bankgets-a-new-executive-director-after-a-year/articleshow/81434285.cms>

- **IDBI Bank out of PCA framework (March 11, 2021)**

The Reserve Bank of India (RBI) has taken out IDBI Bank from the Prompt Corrective Action (PCA) framework, subject to certain conditions and continuous monitoring. The bank was put under PCA framework in May 2017, slapping curbs on expansion, investments and lending.

For details:

<https://indianexpress.com/article/business/banking-and-finance/idbi-bank-out-of-pca-framework-7222964/>

- **Bank branches closed for next 4 days; SBI, other PSU banks may get hit as unions strike on March 15-16 (March 12, 2021)**

Bank branches may remain closed for the next four days, including a two-day weekend holiday, and a two-day planned strike beginning from March 15, 2021. The United Forum of Bank Unions (UFBU), an umbrella body of nine unions, will go on a two-day strike on March 15 and 16, 2021, to protest against the proposed privatisation of two state-owned banks. Starting tomorrow, banks are scheduled to be closed on March 13, 2021 (second Saturday) and March 14, 2021 (Sunday). Due to this, bank services are likely to be impacted for the next four days. However, ATM, mobile and internet banking will remain functional.

For details:

<https://www.financialexpress.com/industry/banking-finance/psu-bank-branches-closed-for-next-4-days-sbi-others-may-get-hit-as-unions-strike-on-march-15-16/2211115/>

- **RBI rejects Yes Bank's ARC plan, cites conflict of interest (March 15, 2021)**

The Reserve Bank of India (RBI) has rejected Yes Bank Ltd.'s application to set up an Asset Reconstruction Company (ARC) to warehouse bad loans citing a conflict of interest. Yes Bank sought approval to launch the ARC in September and was expected to operationalize it within six months of securing clearance.

For details:

<https://www.livemint.com/industry/banking/rbi-rejects-yes-bank-s-proposal-to-set-up-arc-11615722649056.html>

- **Rising retail loans help bank credit grow 6.6%; deposits surge 12% (March 15, 2021)**

Bank credit rose by 6.63 % to Rs 107.75 lakh crore and deposits grew by 12.06 % to Rs. 149.34 lakh crore in the fortnight ended February 26, as per Reserve Bank of India (RBI) data.

For details:

<https://indianexpress.com/article/business/banking-and-finance/rising-retail-loans-help-bank-credit-grow-6-6-deposits-surge-12-7228533/>

- **Not all windows closed for cryptocurrencies (March 15, 2021)**

Union Minister for Finance, Nirmala Sitharaman might not shut all doors for cryptocurrencies as the cabinet is formulating a note to decide on the next steps.

For details:

<https://bfsi.economictimes.indiatimes.com/news/fintech/not-all-windows-closed-for-cryptocurrencies-says-nirmala-sitharaman/81504654>

Extension of Cheque Truncation System (CTS) across all bank branches in the country (March 15, 2021)

To leverage the availability of CTS and provide uniform customer experience irrespective of location of her/his bank branch, it has been decided to extend CTS across all bank branches in the country. To facilitate this, banks shall have to ensure that all their branches participate in image-based CTS under respective grids by September 30, 2021. They are free to adopt a model of their choice, like deploying suitable infrastructure in every branch or following a hub & spoke model, etc. and concerned banks shall coordinate with the respective Regional Offices of RBI to operationalise this.

For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12039&Mode=0>

- **Banks put up Rs. 5,140 crore of NPAs for sale in Q4 FY 21 (March 17, 2021)**

Banks have put up Non-Performing Assets (NPAs) worth at least Rs. 5,140 crore for the sale to asset reconstruction companies (ARCs) during the current quarter as resolutions for some large assets failed and stress spilled into the retail segment throughout FY21.

For details:

<https://www.financialexpress.com/industry/banking-finance/banks-put-up-rs-5140-crore-of-npas-for-sale-in-q4fy21/2214143/>

- **Permission for new private banks to participate in govt. business will be based on RBI guidelines (March 16, 2021)**

Finance Minister Nirmala Sitharaman on March 16, 2021 said in Parliament that permission to new private banks for conducting government-related business will be given under the RBI guidelines.

For details: <https://indianexpress.com/article/business/banking-and-finance/permission-for-new-private-banks-to-participate-in-government-business-will-be-based-on-rbi-guidelines-finance-minister-nirmala-sitharaman-7231024/>

- **More banks likely to join RBI's list of 'Systemically Important Banks' (March 18, 2021)**

The Reserve Bank of India's (RBI's) list of "Systemically Important Banks" may widen, given the changes in the pecking order after the merger of state-run players. As on date, only State Bank of India (SBI), ICICI Bank, and HDFC Bank figure in the central bank's classification of Domestic Systemically Important Banks (D-SIBs). "The pecking order (of banks) by asset size has changed after the Centre went in for the merger of four sets of state-run banks.

For details: [https://www.business-standard.com/article/finance/more-banks-likely-to-join-rbi-s-list-of-systemically-important-banks-](https://www.business-standard.com/article/finance/more-banks-likely-to-join-rbi-s-list-of-systemically-important-banks-121031800089_1.html#:~:text=As%20on%20date%2C%20only%20State,banks%20(D%2DSIBs))

[121031800089_1.html#:~:text=As%20on%20date%2C%20only%20State,banks%20\(D%2DSIBs\)](https://www.business-standard.com/article/finance/more-banks-likely-to-join-rbi-s-list-of-systemically-important-banks-121031800089_1.html#:~:text=As%20on%20date%2C%20only%20State,banks%20(D%2DSIBs))

- **Neo bank – the new disruptor on the block (March 17, 2021)**

Neo banks are digital and operate online, and they do not have any physical branches. They are usually mobile-first, leveraging technology to minimise operating costs and offer a customer-friendly interface. The characteristics of neo-banks include convenience, cost-effectiveness, various banking and financial functionalities under one umbrella, and personalisation.

For details:

<https://www.thehindubusinessline.com/opinion/neo-bank-the-new-disruptor-on-theblock/article34093484.ece>

- **Digital lending : Government blocks 27 fraud lending apps offering instant credit online (March 21, 2021)**

The Ministry of Electronics and Information Technology (MeitY) had received a request from the Ministry of Home Affairs for blocking 27 loan lending apps and after due process, MeitY blocked those 27 apps under Section 69A of the Information Technology Act, 2000.

For details:

<https://www.financialexpress.com/industry/banking-finance/digital-lendinggovernment-blocks-27-fraud-lending-apps-offering-instant-credit-online/2217349/>

- **Bond vigilantes may undermine revival, unsettle markets : RBI (March 20, 2021)**

With bond yields rising the world over, the Reserve Bank of India (RBI) has warned against bond vigilantes, stating they could undermine the recovery, unsettle financial markets and trigger capital outflows from emerging markets.

For details:

<https://indianexpress.com/article/business/banking-and-finance/bond-vigilantes-may-undermine-revival-unsettle-mkts-rbi-7236537/>

- **No interest on interest lockdown loan moratorium, rules SC; refuses to extend relief (March 23, 2021)**

The Supreme Court of India today ruled in favour of waiving compound interest, i.e., interest on interest during the six-month moratorium announced by the Reserve Bank of India last year. The apex court said that banks will not charge compound interest or penal interest on any amount during the moratorium period for all borrowers.

For details:

<https://www.financialexpress.com/industry/banking-finance/no-interest-on-interestlockdown-loan-moratorium-rules-sc-refuses-to-extend-relief/2218344/>

- **Issuance of Electronic Policies (March 23, 2021)**

In the wake of continuing situation of Covid19 Global Pandemic with all public health measures in place such as hand hygiene and social distancing, and on the basis of feedback received from the Life Insurers expressing difficulties in printing, handling and dispatch of policy documents and the desirability of adopting total digital means of doing business in the interests of policyholders and other stakeholders, the IRDAI has decided to allow another six months i.e. up to September 30, 2021 to issue Policy document to the proposer on their registered email ids.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4416&flag=1

- **RBI sets up 5-member panel to screen new bank licences (March 23, 2021)**

The Reserve Bank of India (RBI) has set up a five-member committee, headed by former RBI Deputy Governor, for evaluating applications for universal banks and small finance banks.

For details:

<https://indianexpress.com/article/business/banking-and-finance/rbi-sets-up-5-member-panel-to-screen-new-bank-licences-7240437/>

National Bank for Financing Infrastructure and Development Bill 2021 introduced in the Lok Sabha (March 23, 2021)

The National Bank for Financing Infrastructure and Development (NaBFID) Bill 2021 introduced in the Lok Sabha says the proposed Development Finance Institution (DFI) will get government guarantee support and direct access to liquidity from the Reserve Bank of India, which would help fund about 7,000 infrastructure projects.

For details:

<https://www.telegraphindia.com/business/national-bank-for-financing-infrastructureand-development-bill-2021-introduced-in-the-lok-sabha/cid/1810339>

- **Master Direction - Amalgamation of Urban Cooperative Banks, Directions, 2020 (March 23, 2021)**

The Reserve Bank of India (RBI) has issued Master Direction - Amalgamation of Urban Cooperative Banks, Directions, 2020 for amalgamation of Primary (Urban) Co-operative Banks in specified circumstances. RBI has discretionary powers to approve the voluntary amalgamation of UCBs under the provisions of Section 44A read with Section 56 of the Banking Regulation Act, 1949 as amended vide Banking Regulation (Amendment) Act, 2020 (39 of 2020).

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12043&Mode=0>

- **Dispensing with physical signatures on proposal forms (March 23, 2021)**

Life Insurers are allowed to obtain the customer's consent through electronic means, i.e., without requiring wet signature on the proposal form, for the business solicited by Individual Agents and Insurance Intermediaries, under all products, till 30th September 2021.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4412&flag=1

- **PSB privatisation: RBI foresees four kinds of banks, in talks with govt. (March 26, 2021)**

Reserve Bank of India (RBI) governor Shaktikanta Das on March 25, 2021 said he foresees four categories of banks functioning in India in the current decade. Governor Das said that the central bank is in discussion with the government on the privatisation of two banks. He was speaking at the Times Network India Economic Conclave 2021. Among the four categories, the first set of banks will be dominated by a few large Indian banks with domestic and international presence. Next, there will be several mid-sized banks with an economy-wide presence. The third set would encompass smaller private sector banks, small finance banks (SFBs), regional rural banks and co-operative banks, which may specifically cater to the credit requirements of small borrowers. The fourth segment would consist of digital players who may act as service providers directly to customers or through banks as their agents or associates.

For details:

<https://www.financialexpress.com/industry/banking-finance/psb-privatisation-rbi-foresees-four-kinds-of-banks-in-talks-with-govt/2220448/>

- **Tata-Mistry Case : Supreme Court rules in favour of Tata Group, junks appeals by Mistry (March 26, 2021)**

The Supreme Court on March 26, 2021 ruled in favour of the Tata Group in the Tata-Mistry case, setting aside the December 2019 order of National Company Law Appellate Tribunal (NCLAT) which had reinstated Cyrus Mistry as the Chairperson of Tata Sons Limited. The apex court said the decision to remove Cyrus Mistry as executive chairman of Tata Sons in 2016 was right.

For details:

<https://www.timesnownews.com/business-economy/companies/article/tata-mistry-casesupreme-court-rules-in-favour-of-tata-group-junks-appeals-by-mistry/737475>

- **RBI extends timeline for processing of recurring online transactions (March 31, 2021)**

The Reserve Bank of India (RBI) extended the deadline for processing recurring online transactions to September 30, 2021, from March 31, 2021. Banks and payment gateways had sought additional time to comply with the RBI directive on automatic recurring payment.

For details:

https://timesofindia.indiatimes.com/business/india-business/rbi-extends-timeline-for-processing-of-recurring-online-transactions/articleshow/81777428.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **RTGS, NEFT money transfer facilities extended beyond banks (April 7, 2021)**

Reserve Bank of India on April 7, 2021 extended the National Electronic Funds Transfer (NEFT) and real-time gross settlement (RTGS) facilities to digital payments intermediaries. Till now, only banks were allowed to use RTGS and NEFT payments facility. RBI also kept interest rates unchanged and maintained an accommodative stance. The Monetary Policy Committee (MPC) kept its estimate for economic growth unchanged at 10.5 per cent for the current fiscal.

For details:

<https://www.livemint.com/industry/banking/rtgs-neft-money-transfer-facilities-extendedbeyond-banks-11617771581551.html>

- **Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package (April 7, 2021)**

The Hon'ble Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters on March 23, 2021. All lending institutions shall immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the Supreme Court's judgement. In order to ensure that the above judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association (IBA) in consultation with other industry participants/bodies, which shall be adopted by all lending institutions.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12071&Mode=0>

- **Priority Sector Lending (PSL) - Increase in limits for bank lending against Negotiable Warehouse Receipts (NWRs) / electronic Negotiable Warehouse Receipts (eNWRs) (April 7, 2021)**

With a view to ensure greater flow of credit to the farmers against pledge/hypothecation of agricultural produce, and to encourage use of NWR/eNWR issued by regulated warehouses as a preferred instrument for availing such finance by the farmers, it has been decided to enhance the PSL limit for loans against NWRs/eNWRs from `50 lakh to `75 lakh per borrower. The PSL limit backed by the warehouse receipts other than NWR/eNWR will continue to be ₹50 lakh per borrower.

For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12068&Mode=0>

- **Monetary policy: Soon, you can withdraw cash from digital wallets (April 8, 2021)**

The Reserve Bank of India (RBI) on April 07, 2021 proposed to make interoperability mandatory for digital payments firms. It also allowed users to withdraw cash from ewallets and fintech companies to process RTGS and NEFT transactions.

For details:

https://www.business-standard.com/article/finance/monetary-policy-soon-you-can-withdraw-cash-from-digital-wallets-121040800034_1.html

- **Draft Guidelines on Trade Credit Insurance (April 7, 2021)**

Based on the recommendations of the IRDAI Working Group on revisiting Guidelines on Trade Credit Insurance which were placed on IRDAI website on 21st May, 2020 and comments of various stakeholders received thereafter, draft guidelines on Trade Credit Insurance have been proposed. Considering the significant impact, the proposed guidelines may have on many of the stakeholders involved in trade related transactions, it has been decided by the Authority to place these draft guidelines for seeking their valuable comments and inputs. The IRDAI has invited all the interested parties to submit their views and comments on the draft guidelines in the specified format by 28th April, 2021.

For details:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4438&flag=1

- **Enhancement of limit of maximum balance per customer at end of the day from ₹1 lakh to ₹2 lakh - Payments Banks (PBs) (April 8, 2021)**

The Payment Banks (PBs) were restricted to hold a maximum balance of ₹1 lakh per individual customer at the end of the day. Considering the progress made by PBs in furthering financial inclusion and with the objective of giving more flexibility to the PBs, it has been decided to enhance the limit of maximum balance at the end of the day from ₹1 lakh to ₹2 lakh per individual customer of PBs with immediate effect.

For details: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12074&Mode=0>

- **NBFCs to face fresh challenges due to Covid surge: Analysts (April 9, 2021)**

India's Non-Banking Financial Companies (NBFCs) face renewed asset quality and liquidity risks as the country battles a fresh surge in coronavirus infections, analysts said. There could be a fall in securitisation volumes, as was seen in H1FY21, affecting non-bank lenders adversely.

For details:

<https://www.financialexpress.com/industry/bankingfinance/nbfc-to-face-fresh-challenges-due-to-covid-surgeanalysts/2229634/>

- **Privatisation of two public sector banks on meeting agenda next week (April 9, 2021)**

Senior officials of the Niti Aayog, the Reserve Bank of India (RBI), and the finance ministry's financial services and economic affairs departments are set to meet on April 14 to discuss the potential candidates for privatisation. Four to five PSBs have been suggested by the Niti Aayog and they will be discussed in the meeting.

For details:

https://www.business-standard.com/article/finance/privatisation-of-two-public-sector-banks-on-meeting-agenda-next-week-121040900077_1.html

- **Punjab National Bank launches digital initiative PNB@Ease (April 13, 2021)**

Punjab National Bank (PNB) has launched a digital initiative PNB@Ease under which every transaction undertaken by a bank branch will be initiated and authorised by customers themselves. The service can range from savings accounts opening to availing various loans and more, without visiting a branch or help from the bank employees.

For details:

<https://www.livemint.com/industry/banking/punjab-national-bank-launchesdigital-initiative-pnbease-11618272108888.html>

- **Bank credit rise 5.56%; deposits 11.4% in FY21 (April 12, 2021)**

As per the data released by Reserve Bank of India the Bank credit grew 5.56 per cent to Rs. 109.51 lakh crore, while deposits rose 11.4 per cent to Rs. 151.13 lakh crore in the financial year ended March 31, 2021.

For details:

https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-creditrise-5-56-deposits-11-4-infy21/articleshow/82036254.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **RTGS to remain unavailable for 14-hr on Sunday due to technical upgrade (April 12, 2021)**

The RTGS for high-value transactions will remain unavailable for 14 hours from midnight of Saturday (April 17, 2021) due technical upgrade to further improve the disaster recovery time of the system, the RBI said in a statement. The popular National Electronic Funds Transfer or NEFT for fund transfers of up to Rs. 2 lakh will continue to be operational as usual during this period.

For details:

<https://www.financialexpress.com/industry/banking-finance/rtps-to-remainunavailable-for-14-hr-on-sunday-due-to-technical-upgrade/2231798/>

- **General insurance : No differential rates for similar risks, says IRDAI (April 12, 2021)**

In order to protect the interest of policyholders, Insurance Regulatory and Development Authority of India (IRDAI) has issued draft regulations for the designing and pricing of general insurance products. The non-life insurance products will be classified into retail and commercial products on the basis of who buys them or on the basis of sum insured as specified by the regulator. The retail and commercial products shall be distinguished from one another with a suitable name change or prefix or suffix as the case may be and need to have a separate Unique Identification Number (UIN).

For details:

<https://www.financialexpress.com/money/insurance/general-insurance-nodifferential-rates-for-similar-risks-irdai/2230257/>

- **RBI to make first purchase of bonds worth Rs. 25, 000 crore under G-SAP 1.0 (April 15, 2021)**

Under G-SAP 1.0, which will be for 2021-22, RBI will commit "upfront to a specific amount of open market purchases of government securities with a view to enabling a stable and orderly evolution of the yield curve. The Reserve Bank of India (RBI) will purchase bonds worths `25,000 as part of its security acquisition programme (G-SAP 1.0), under which it will buy bonds worth 1 lakh crore from the secondary market in three months to June 30, 2021 (Q1 of the current financial year).

For details:

<https://www.hindustantimes.com/business/rbi-to-make-first-purchase-of-bonds-worths-rs25-000-crore-under-g-sap-1-0-today-101618455597720.html>

- **Rajya Sabha passes bill to hike FDI in insurance sector to 74% (March 18, 2021)**

The Bill to hike the foreign direct investment (FDI) limit in the insurance sector to 74% provides adequate safeguards so that control, ownership, and money collected from policyholders stays within the country. The decision to increase the FDI limit from the current 49% was taken after the sector's regulator Insurance Regulatory and Development Authority of India (IRDAI) held detailed consultations with stakeholders.

For details:

https://www.businessstandard.com/article/economypolicy/fm-promises-safeguardsrajya-sabha-passes-bill-to-hikefdi-in-insurance121031801435_1.html

Competition & Economic Laws

Info Capsule Series 6

- **Hon'ble Finance Minister Smt. Nirmala Sitharaman inaugurates Competition Commission of India's South Regional Office in Chennai (February 26, 2021)**

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman virtually inaugurated the Competition Commission of India's (CCI) Regional Office (South) in Chennai. The Chennai Office of CCI will act as an office to facilitate enforcement, investigation, advocacy function in coordination with Delhi office. This regional office will cater to the requirements of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Telangana and the Union Territories Puducherry and Lakshadweep.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1701025>

- **CCI orders antitrust probe against WhatsApp's new privacy policy (March 25, 2021)**

The Competition Commission of India (CCI) on March 24, 2021 ordered a probe into the updated privacy policy of WhatsApp for breaching the antitrust law. CCI said that with no fear of erosion of its userbase, Facebook-owned WhatsApp was in a position to compromise quality in terms of protection of individualised data.

For details:

https://www.business-standard.com/article/technology/cci-orders-antitrust-probe-against-whatsapp-s-new-privacy-policy-121032401620_1.html#:~:text=The%20Competition%20Commission%20of%20India

Intellectual Property Rights Law



Info Capsule Series 6

- Copyright registration is not compulsory to sue for infringement : Bombay High Court (March 23, 2021)

Copyright registration is not mandatory to claim reliefs under the Copyright act, the Bombay High Court recently ruled, holding that an earlier decision of a coordinate bench in the case of Dhiraj Dharamdas Dewani vs. Sonal Info Systems Pvt. Ltd. & Ors. was per incuriam (*Sanjay Soya Pvt. Ltd. vs. Narayani Trading Company*).

For details:

<https://www.barandbench.com/news/litigation/copyright-registration-is-not-compulsory-to-sue-for-infringement-bombay-high-court-read-judgment>

Labour Law

Info Capsule Series 6

- **As Wistron restarts ops, Shettar has a word of advice for employees (March 11, 2021)**

Taiwanese iPhone contract manufacturer Wistron has re-opened its facility at Narasapura in Kolar district, nearly three months after violent protests rocked the facility over delayed payments and longer work hours. Additional Chief Secretary, Industries and Commerce Department, said the officers should frequently visit industrial units and advise the management and staff on the facilities as well as resolve issues, if any.

For details:

<https://www.newindianexpress.com/states/karnataka/2021/mar/11/as-wistronrestarts-ops-shettar-has-a-word-of-advice-for-employees-2275015.html>

Ministry of Commerce & Industry

Info Capsule Series 6

- **National Startup Awards 2021: Applications open till February 15, 2021 (February 09, 2021)**

The National Startup Awards 2021, instituted by DPIIT, Ministry of Commerce, Govt. of India, seek to recognize and reward outstanding startups and ecosystem enablers. A grand total of 49 areas classified into 15 broad sectors means everyone gets a shot at the spotlight. A cash prize of `5 lakh shall be awarded to one winning Startup in each of the subsectors. Exceptional incubators and accelerators will also be awarded ₹15 lakh each.

For details:

https://www.icsi.edu/media/web_modules/Entrepreneurs.pdf

<https://www.startupindia.gov.in/awards>

International Business News

Info Capsule Series 6

- **World Bank push to revive Silk Industry of Jammu and Kashmir (February 21, 2021)**

To boost silk production in Jammu and Kashmir, the World Bank-funded Jhelum Tawi Flood Recovery Project (JTFRP) has spent over Rs 12 crore to infuse new lease of life in the sick silk factory in Srinagar. JTFRP under World Bank assisted project is constructing Showroom-cuminterpretation center of the composite market for the whole chain of wool activity at Bemina Srinagar.

For details:

<https://www.indiablooms.com/finance-details/13407/worldbank-push-to-revive-silkindustry-of-jammu-andkashmir.html>

- **How Asia Can Unleash Private Investment for Its Infrastructure (March 03, 2021)**

Asian governments are scrambling to reboot their battered economies, following the COVID19 pandemic. The key to generating a return to high levels of economic growth is a substantial increase in infrastructure investment. The Asian Development Bank (ADB) has estimated that developing Asian economies need \$1.7 trillion a year in climate-adjusted infrastructure investment in transportation, power, water and sanitation and telecommunications. Prior to the pandemic, only about two-thirds of that huge financing requirement was being met, overwhelmingly with government spending.

For details:

<https://www.brinknews.com/how-asia-can-unleash-private-investment-for-its-infrastructure/>

- **G20 significant economies have consented to raise International Monetary Fund (March 5, 2021)**

G20 significant economies have consented to raise International Monetary Fund holds with another allotment of the asset's own unique drawing rights (SDRs) money, the IMF's head said on Tuesday, March 02, 2021, in a possible lift for loaning to helpless nations.

For details:

<https://neighborwebsj.com/uncategorized/4247260/g20-significant-economies-haveconsented-to-raise-internationalmonetary-fund/>

- **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 details:

<https://www.financialexpress.com/education-2/internationalwomens-day-bridging-thegender-gap-in-stemcareers/2208428/>

- **BBIN (Bangladesh, Bhutan, India and Nepal) countries in South Asia can be economic growth pole of sub-region: World Bank India head (March 09, 2021)**

Improvement in connectivity between Bangladesh and India, alongside Bhutan and Nepal, has the potential to make the sub-region an economic growth pole for South Asia and can add substantially to their gross domestic product (GDP), World Bank India Head Junaid Ahmad said on Tuesday, March 09, 2021.

For details:

<https://economictimes.indiatimes.com/news/economy/finance/bbin-countries-in-southasia-can-be-economic-growth-pole-of-sub-region-world-bank-indiahead/articleshow/81414946.cms>

- **Germany's New Financial Market Integrity Strengthening Act (March 10, 2021)**

The Financial Market Integrity Strengthening Act includes a large number of innovations aimed at strengthening confidence in the German financial market by placing more comprehensive obligations on auditors when auditing companies of public interest. In addition to optimizing balance sheet control and further regulating the auditing of financial statements, the innovations also affect corporate governance at companies.

For details:

<https://www.lexology.com/library/detail.aspx?g=453f766a-f857-410b-a1c7-b4b5651a3d3c>

- **Indian SMBs share a greater positive outlook than the World (March 31, 2021)**

As India approaches a new financial year 2021-22, a C2FO worldwide survey of more than 6,700 leaders of small to mid-sized businesses (SMBs) found surprising alignment in terms of access to liquidity, the cost of borrowing and their outlooks for the future. It is heartening to note that IMF has pegged India to be the fastest growing economy in the world for the forthcoming two financial years, with a projected growth of 11.5 percent in 2021 and 6.8 percent in 2022.

For details:

<https://www.aninews.in/news/business/indian-smbs-share-a-greater-positive-outlook-than-the-world20210331112949/>

- **World Bank raises India's growth projection to 10% in FY22 (April 1, 2021)**

The World Bank on Wednesday, March 31st, 2021 upgraded its gross domestic product (GDP) forecast for the Indian economy to 10% within a band of 2.5 percentage points from 5.4% estimated in October last year, highlighting uncertainty about the second wave of coronavirus infections, the trajectory of the vaccination drive and its resultant impact on the contact-intensive sectors in the economy.

For details:

<https://www.livemint.com/news/india/world-bank-projects-10-gdp-growth-for-india-in-fy22-11617197809305.html>

- **India blessed to have Serum Institute : World Bank President David Malpass (April 6, 2021)**

World Bank President David Malpass has said that with the Serum Institute, India is blessed to have a major manufacturer of global vaccines and he is encouraged by the country's ramping up of its domestic vaccination programme. Malpass made the comments on Monday, April 5th, 2021 during a media roundtable ahead of the spring meeting of the International Monetary Fund and World Bank.

For details:

https://www.business-standard.com/article/current-affairs/india-blessed-to-have-serum-institute-world-bank-president-david-malpass-121040600098_1.html#:~:text=World%20Bank%20President%20David%20Malpass%20has%20said%20that%20with%20the,of%20its%20domestic%20vaccination%20programme

- **Indian Market sees ₹2.74 lakh crore worth FPI inflows during FY 21 (April 6, 2021)**

The Finance Ministry on Tuesday, April 6, 2021 said India witnessed strong Foreign Portfolio Investment (FPI) inflows into the equity markets to the tune of ₹2,74,034 crore during 2020-21. This reflects steadfast confidence of foreign investors in the fundamentals of the Indian economy.

For details:

<https://www.livemint.com/news/india/indian-market-sees-rs-2-74-lakh-cr-worth-fpi-inflows-during-fy21-11617692846380.html>

- **International Business IL&FS sells environ biz to Everstone arm, to pare ₹1,200 cr debt (April 7, 2021)**

Bankrupt Infrastructure Leasing & Financial Services (IL&FS) has sold the entire stake in the waste management arm IL&FS Environmental Infrastructure & Services (IEISL) and its subsidiaries to EverEnviro Resource Management (EverEnviro), an arm of the PE major Everstone Group, the companies said in separate statements.

For details:

<https://www.livemint.com/companies/news/ilfs-sells-environ-biz-to-everstone-arm-to-para-rs-1-200-cr-debt-11617815261844.html>

- **Bangladesh launches first Green Bond (April 12, 2021)**

Bangladesh has approved its first green bond, to finance environmentally-friendly projects including renewables. The near-\$12 million instrument has been floated by NGO the SAJIDA Foundation, which is owned by the Renata Ltd pharmaceuticals and animal health business spun out of the local branch of U.S. giant Pfizer in 1993.

For details: <https://www.pv-magazine.com/2021/04/12/bangladesh-launches-first-green-bond/>

- **‘Huge potential for India, NATO to collaborate,’ says NATO Secretary General (April 14, 2021)**

There is huge potential for the North Atlantic Treaty Organisation (NATO) to work with India. It has been stated that without getting integrated in military operations, there are many ways for cooperation as the two share similar values for a “rules-based international world order” which are now being threatened.

For details:

<https://www.thehindu.com/news/national/raisina-dialogue-huge-potential-for-india-nato-to-collaborate-says-nato-secretary-general/article34314397.ece>

Recognition for Company Secretaries

Info Capsule Series 6

- **Pension Fund Regulatory and Development Authority (Employees' Service) (Amendment) Regulations, 2021 (March 24, 2021)**

According to the Amendment Regulations, the Qualification for Executive Director in PFRDA is as under – “MBA/MMS with specialisation in Finance / CA / CS / CFA / CWA / LLB / Post-Graduation in Economics, Finance or any other discipline which in the opinion of the Authority is useful, from a recognised University / Institution with a minimum of 20 years of post-qualification experience in dealing with issues relating to Pension / Insurance / Financial Sector or special knowledge / experience of law, investigation, Finance, Economics, Accountancy, Administration or any other discipline considered useful to the Authority.”

For details: <http://egazette.nic.in/WriteReadData/2021/226075.pdf>

Business and Economic News

Info Capsule Series 6

- **RIL's unit to sell Marcellus shale assets for \$250 million (Feb 4, 2021)**

Reliance Industries Ltd (RIL) units will sell its interest in certain upstream assets in the Marcellus shale in the United States for \$250 million in cash to Northern Oil and Gas Inc. The assets, currently operated by various affiliates of EQT Corp, will be sold for the cash consideration and warrants, that will allow for the purchase of 3.25 million common shares of NOG at an exercise price of \$14 per common share over the next seven years.

For details :

<https://timesofindia.indiatimes.com/business/india-business/rilsunit-to-sell-marcellus-shaleassets-for-250-million/articleshow/80681466.cms>

- **New Bill set to amend the Electricity Act, end licence raj in power supply (February 05, 2021)**

The Centre is ready with a Bill to amend the Electricity Act, 2003 to set the ball rolling on abolition of power “distribution licence” and allow any company to supply electricity to an area, after necessary regulatory approval. The move will also end the monopoly of existing power distribution companies (discoms), which are mostly state-owned entities. It also implies that all areas will be thrown open to private discoms. The amended terms as part of the Electricity Bill, 2021, will be tabled in the ongoing session of Parliament.

For details:

https://www.business-standard.com/article/economy-policy/bill-to-amend-the-electricity-act-ready-end-licence-raj-in-power-121020500026_1.html

- **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>

- **Aditya Mittal appointed ArcelorMittal CEO; father to be executive chairman (February 12, 2021)**

ArcelorMittal, one of world's biggest steel producers, announced that Aditya Mittal would take over as chief executive officer (CEO) from his father, Lakshmi Mittal, who would take on the mantle of executive chairman. Aditya Mittal, 45, was previously the president and chief financial officer (CFO) of the company, and CEO of its European arm. Lakshmi Mittal, who founded the company in 1976, will continue to lead the board of directors and work together with the CEO and management team, while Aditya will run the company's day-to-day affairs.

For details:

https://www.business-standard.com/article/companies/aditya-mittal-appointedarcelormittalceo-father-to-be-executive-chairman-121021101036_1.html

- **Future-Reliance deal 'illegal and arbitrary' : Amazon tells Supreme Court (February 11, 2021)**

Amazon approached the Supreme Court against Future Group's \$3.4 billion retail assets sale to Reliance Industries. The E-commerce giant termed a Delhi High Court judgment revoking a previous single judge decision blocking the deal "illegal" and "arbitrary", reported Reuters. The Delhi High Court had stayed an order on status quo of the deal and ruling that statutory authorities cannot be restrained from acting in accordance with the law. The order is, however, an interim one and the next hearing is on February 26, 2021.

For details:

<https://www.livemint.com/news/india/futurereliance-deal-illegal-and-arbitrary-amazontells-supreme-court-11613042230540.html>

- **Budget 2021-22 proposal on digital tax likely to land up in court (February 11, 2021)**

The central government's clarification on the 2% equalisation levy on foreign digital operators in the Budget, which considerably expands the scope of the levy, might be challenged in court, with several companies contemplating filing a writ petition in the coming few weeks.

For details:

https://www.business-standard.com/budget/article/budget-2021-22-proposal-on-digitaltax-likely-to-land-up-in-court-121021200053_1.html

- **ICAI, ICSI advise members not to use social media to troll Government (February 14, 2021)**

Stop using social media to troll the government and stop sending inappropriate emails to elected representatives or be ready to face the music - this is the new diktat of Institute of Chartered Accountants (ICAI) and Institute of Company Secretaries (ICSI) to members. The development comes after several chartered accountants and company secretaries trolled the online handles of various government departments including the Ministry of Corporate Affairs (MCA) and the Finance Ministry all January. Their primary demand was extension of timeline for various regulatory filings pertaining to Goods and Services Tax (GST), statutory audits etc. Also, the government came out with some one-time amnesty schemes like the Companies Fresh Start Scheme (CFSS) and LLP Settlement schemes. Due to covid-19 and prevailing lockdowns, some of the companies could not avail these schemes and professionals wanted the timeline to be extended.

For details:

<https://economictimes.indiatimes.com/news/politics-and-nation/icai-icsi-advise-members-not-to-use-social-media-to-troll-government/articleshow/80913587.cms?from=mdr>

- **Bharti looks to make Digital unit a parallel company to Airtel (February 15, 2021)**

Bharti Airtel, which has housed all its digital assets under Airtel Digital unit, is discussing making it a parallel entity to the telco, opening up the option of monetising a separate asset in the future.. The new structure could remove telecom regulatory overhang over Airtel Digital, which could even be listed in two-three years.

For details:

<https://telecom.economictimes.indiatimes.com/news/bharti-looks-to-make-digital-unit-a-parallel-company-to-airtel/80917616>

- **Supreme Court asks Centre to inform on steps being taken to regulate OTT platforms (February 16, 2021)**

The Supreme Court was not convinced with the Centre's submission that it is "contemplating" regulations for over-the-top (OTT) platforms like Amazon Prime Video, Netflix, Hotstar, etc. The top court has now asked the government to inform in definitive terms as to what it proposes to do to regulate OTT platforms.

For details:

<https://www.businesstoday.in/current/economy-politics/sc-asks-centre-to-inform-on-steps-being-taken-to-regulate-ott-platforms/story/431448.html>

- **Amazon to make devices in Chennai, cut China sourcing (February 17, 2021)**

Amazon India said it will start local manufacturing of its devices here, reducing its dependence on China. This would give a leg up to the government's Make-in-India push. The e-commerce major will work with Foxconn's subsidiary Cloud Network Technology in Chennai to make its Fire TV Stick (which helps streaming on smart TVs).

For details:

<https://timesofindia.indiatimes.com/business/india-business/amazon-to-make-devices-in-chennai-cut-china-sourcing/articleshow/81016732.cms>

- **Bitcoin trade may attract I-T, GST; taxes to be paid in this fiscal year (February 17, 2021)**

Ahead of the cryptocurrency Bill, the government is likely to levy both Income-tax (IT) and Goods and Services Tax (GST) on gains and trading of bitcoins or cryptocurrencies, said a senior finance ministry official privy to the development. A circular will be released soon, he added. "Bitcoins will be categorised as financial services attracting 18 per cent GST on fee commission collected under this segment".

For details:

https://www.business-standard.com/article/economy-policy/bitcoin-trade-may-attract-i-t-gst-taxes-to-be-paid-in-this-fiscal-year-121021700010_1.html

- **15 States complete ease of doing business reforms (PIB Dated February 17, 2021)**

The number of States successfully completing the "Ease of Doing Business" (EoDB) reforms has increased to 15. Three more States namely, Gujarat, Uttar Pradesh and Uttarakhand have reported completion of "Ease of Doing Business" reforms stipulated by the Department of Expenditure. The ease of doing business is an important indicator of the investment friendly business climate in the country. Improvements in the EoDB will enable faster future growth of the state economy. Therefore, the government of India had in May 2020, decided to link grant of additional borrowing permissions to States who undertake the reforms to facilitate ease of doing business.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1698600>

- **Board of Bharti Airtel constitutes Committee to evaluate biz reorganisation (February 18, 2021)**

The Board of Bharti Airtel at its meeting held on February 17, 2021 has constituted a 'Special Committee of Directors' to consider and evaluate in detail, various options (or combination thereof) for reorganisation of businesses and shareholding structure of the Company and its various subsidiaries to achieve required flexibility and sharper focus on digital and non-telecom businesses of the Company to enable any unlocking of enhanced value for its stakeholders.

For details:

https://www.business-standard.com/article/news-cm/board-of-bharti-airtel-constitutes-committee-to-evaluate-biz-reorganisation-121021800228_1.html

- **Cabinet approves over Rs 12,000-crore PLI scheme for telecom sector (February 18, 2021)**

Following the launch of a production-linked incentive (PLI) scheme for manufacturing, India launched the scheme for telecommunications (telecom) and networking products, with an outlay of Rs. 12,195 crore over five years. The Cabinet approved PLI for manufacturing telecom equipment, including core transmission equipment, 4G/5G next-generation radio access network and wireless equipment, access and customer premises equipment, Internet of Things-access devices, other wireless equipment, and enterprise equipment like switches, routers, etc. The scheme will be operational from April 1 this year.

For details:

https://www.business-standard.com/article/economy-policy/cabinetapproves-over-rs-12-000-crore-pli-scheme-for-telecom-sector-121021800053_1.html

- **Piramal group gets RBI approval for debt-ridden DHFL's acquisition (February 19, 2021)**

The Reserve Bank of India has cleared Rs. 34,250 crore acquisition of Diwan Housing Finance Corporation (DHFL) by the Piramal Group. The Ajay Piramal-led group had outbid US-based asset management firm Oaktree last month. Piramal plans to merge DHFL with its financial services business as soon as the National Company Law Tribunal (NCLT) approves the transaction.

For details :

https://www.business-standard.com/article/companies/rbi-approves-dhfl-resolutionplan-from-piramal-capital-and-housing-finance-121021800586_1.html

- **Tribunals Reforms Bill proposes amendments to ten laws; seeks to replace appellate authorities with High Courts (February 19, 2021)**

The Central government on February 13 introduced the Tribunals Reforms (Rationalisation and Conditions of Service) Bill, 2021 in the Lok Sabha. The Bill contemplates significant amendments to ten statutes by doing away with the appellate authorities under various Acts and granting the right to hear appeals to High Courts.

For details:

<https://www.barandbench.com/news/litigation/tribunals-reforms-bill-replace-appellateauthorities-high-court>

- **China FDI proposals for up to 25% equity may get automatic approval (February 24, 2021)**

The government is looking at easing restrictions for Chinese foreign direct investment (FDI) by allowing companies from the bordering country to invest up to 25 per cent in a company through automatic route. This is being discussed only for non-sensitive sectors such as manufacturing, automobile, services and technology.

For details :

https://www.business-standard.com/article/economy-policy/automatic-approval-likelyfor-china-fdi-proposals-up-to-25-equity-121022400084_1.html

- **Government eyes Rs 6,200 crore in AGR dues from Airtel, Vodafone, Idea by March 31 (February 24, 2021)**

Bharti Airtel and Vodafone Idea may have to shell out around Rs 2,600 crore and Rs 3,650 crore, respectively, of their adjusted gross revenues (AGR) before March 31. This is because the Department of Telecommunications (DoT) is of the view that the companies have to pay 10 per cent of the outstanding dues on the day of the Supreme Court judgment on September 1, 2020, when it gave the telecom firms 10 years to pay their AGR dues.

For details:

https://www.business-standard.com/article/companies/govt-eyes-rs-6-200-crore-in-agrdues-from-airtel-voda-idea-by-march-31-121022400087_1.html

- **NSE Semi-Annual Review: Tata Consumer Products replaces GAIL in NIFTY 50; 24 stocks get replaced in Nifty 500 (February 24, 2021)**

In a semi-annual review, Index Maintenance Sub-Committee (Equity) has decided to make some replacement among stocks in various indices as part of its periodic review. In Nifty 50, GAIL (India) was replaced by Tata Consumer Products. While in Nifty Next 50 index, Bank of Baroda, Container Corporation of India, General Insurance Corporation of India, Hindustan Zinc, Oracle Financial Services Software, Power Finance Corporation, and Tata Consumer Products were replaced by Adani Enterprises, Apollo Hospital Enterprise, GAIL (India), Jubilant FoodWorks, MRF, Vedanta, and Yes Bank. It is to be noted that the aforesaid changes will be effective from March 31, 2021

For details:

<https://www.dsij.in/DSIJArticleDetail/ArtMID/10163/ArticleID/17179/NSE-semi-annualreview-Tata-Consumer-Products-replaces-GAIL-in-Nifty-50-24-stocks-get-replaced-in-Nifty500>

- **Government announces New Social Media Rules to curb its misuse (February 26, 2021)**

The Centre notified new stricter guidelines for social media intermediaries that will make it mandatory for platforms such as WhatsApp to aid in identifying the “originator” of “unlawful” messages. It will also require the likes of Twitter, Facebook and YouTube to take down such messages within a specific time-frame, set up grievance redressal mechanisms as well as assist government agencies in investigation

For details:

<https://www.thehindu.com/news/national/govt-announcesnew-social-mediारules/article33931290.ece>

- **Spectrum auction: Telcos place bids worth Rs. 77,000 crore on Day 1 (March 2, 2021)**

The Centre is likely to garner revenues beyond its muted expectation from 4G spectrum auction which began on, but the mop-up would be a fraction of the Rs 3.92-trillion worth of airwaves put up for sale. Coming five years after the 2016 auctions, the much-awaited 4G spectrum bidding, where Reliance Jio emerged as the most active participant, has assured the government revenues of more than Rs 77,000 crore in four rounds on day one itself.

For details:

https://www.business-standard.com/article/economy-policy/spectrum-auction-telcos-place-bids-worth-rs-77-000-crore-on-day-1-121030200051_1.html

- **EPFO liquidates equity outlay, retains 8.5% payout for FY21 (March 5, 2021)**

Amid falling interest rate, the Employees Provident Fund Organisation (EPFO) has managed to hold on to 8.5% rate for the current financial year, providing relief to its nearly five crore active subscribers. Many will be hit hard by the government's move to tax returns if contributions top Rs 2.5 Lakh annually.

For details:

<https://timesofindia.indiatimes.com/business/india-business/epfo-liquidates-equityoutlay-retains-8-5-payout-for-fy21/articleshow/81340061.cms>

- **Banks may seek extension of freeze on NCLT proceedings (March 5, 2021)**

Bankers are worried that there will be a flood of applications at the National Company Law Tribunal (NCLT) after the government suspension of insolvency proceedings ends on March 25 this year. Some resolution cases like Future Retail could get derailed if operational creditors initiate insolvency proceedings. A section of bankers feels that the government can use the leeway under the amendment and extend the suspension up to June, 2021.

For details:

<https://timesofindia.indiatimes.com/business/india-business/banks-may-seek-extensionof-freeze-on-nclt-proceedings/articleshow/81338008.cms>

- **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-taxwaiver-hq-for-new-dfi/articleshow/81384212.cms>

- **Supreme Court to end extended limitation period given to litigants for filing appeals (March 08, 2021)**

The Supreme Court has decided to end the extended limitation period granted to litigants for filing appeals. A Bench led by Chief Justice of India (CJI) S.A. Bobde, on March 23 last year, invoked its extraordinary powers under Article 142 of the Constitution to extend the limitation period of appeals from courts or tribunals due to the pandemic. The limitation period was extended with effect from March 15, 2020. In an order issued on March 08, 2021, the Bench ended this arrangement, keeping in mind the improved situation in the country and the fact that courts have started functioning.

For details:

<https://www.thehindu.com/news/national/supreme-court-to-end-extended-limitation-period-given-to-litigants-for-filing-appeals/article34021247.ece>

- **Delhi HC : NCLT, NCLAT may regulate their own system for virtual hearing (March 09, 2021)**

The Delhi High Court on hearing the petition filed by advocate Deepak Khosla seeking provision of open or virtual links for attending hearings in the NCLT and NCLAT directed that the National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) may regulate their own procedure for virtual hearing platforms so long as it is ensured that if any particular party requests for a link, the same is considered in a fair, transparent and non-arbitrary manner.

For details:

<https://www.indialegallive.com/constitutional-lawnews/courts-news/delhi-hc-nclt-nclat-may-regulate-theirown-system-for-virtual-hearing/>

- **OECD raises GDP growth forecast for FY22 to 12.6% (March 10, 2021)**

The Organisation for Economic Co-operation and Development (OECD) raised India's GDP growth forecast to 12.6% for 2021-22, supported by strong fiscal and quasi-fiscal measures. The OECD also estimated GDP to contract by 7.4% in the current fiscal year, slower than the earlier projection of an 8% decline. For FY22, it had earlier estimated the economy to grow by 7.9%.

For details:

<https://timesofindia.indiatimes.com/business/india-business/oecd-raises-gdp-growthforecast-for-fy22-to-12-6/articleshow/81421765.cms>

- **PwC Global CEO Survey: Record level of optimism, 76% of CEOs predict global economy recovery in 2021 (March 11, 2021)**

One year after COVID-19 was declared a pandemic, CEOs are voicing record levels of optimism in global economic recovery, with 76% of global business leaders predicting an improvement in global GDP in 2021, according to PwC's 24th Annual Global CEO Survey. After a year of uncertainties and economic difficulties during which they had to rethink their activity, the CEOs are very confident in economic growth. Although the health crisis remains the top threat, the percentage of optimistic respondents in this edition of the CEO Survey is the highest it has been in recent years.

For details:

<http://business-review.eu/business/pwc-global-ceo-survey-record-level-of-optimism-76-of-ceos-predict-global-economy-recovery-in-2021-217939>

- **Digital currencies & tokenisation a reality but unlikely to replace money (March 12, 2021)**

Digital currencies and tokenisation of assets are a reality and may be a dominant factor in the future, but that doesn't necessarily mean that Bitcoin could replace fiat currency as a medium of exchange. "DBS launched the first bank-sponsored digital exchange in December, which lets you tokenise assets and securities."

For details:

https://economictimes.indiatimes.com/news/economy/finance/digital-currencies-tokenisation-a-reality-but-unlikely-to-replace-money-piyush-gupta-ceo-of-dbs/articleshow/81459120.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **NITI Aayog submits first list of about 12 PSUs for privatisation (March 12, 2021)**

The government has kicked off its privatisation drive, with the NITI Aayog, a body headed by the prime minister, submitting its first list of about 12 public sector undertakings (PSUs) to be privatised. The organisation has submitted the list comprising PSUs in strategic sectors, which will be considered by the Department of Investment and Public Asset Management (DIPAM), and the Core Group of Secretaries on Divestment (CGD), headed by the cabinet secretary.

For details:

https://www.business-standard.com/article/economy-policy/niti-aayog-submits-firstlist-of-about-12-psus-for-privatisation-121031200061_1.html

- **Asset monetisation target for states may be set at Rs 3 trillion (March 15, 2021)**

The national asset monetisation pipeline may set a target of Rs 3 trillion for states to monetise their assets over the next four to five years. States are being nudged by the central government and the NITI Aayog, and are being made aware of models they can use to monetise assets. They are toll-operate-transfer, operate-maintain-transfer, infrastructure (infra) investment trusts, and real estate investment trusts.

For details:

https://www.business-standard.com/article/economy-policy/asset-monetisation-target-for-states-may-be-set-at-rs-3-trillion-121031500021_1.html#:~:text=The%20national%20asset%20monetisation%20pipeline,can%20use%20to%20monetise%20assets

- **Government should earmark 10% of CSR for skill development: L&T's A M Naik (March 15, 2021)**

A M Naik, group chairman of Larsen and Toubro (L&T) and also chairman of National Skill Development Corporation (NSDC), acknowledges realising Prime Minister Narendra Modi's vision of making India the skill capital of the world will not be easy. But he is undeterred by the challenge.

For details:

https://www.business-standard.com/article/companies/govt-should-earmark-10-of-csr-for-skill-development-l-t-s-a-m-naik-121031500016_1.html#:~:text=%C2%ABBack-,Govt%20should%

- **Business and Economic News DPIIT likely to release India's draft e-commerce policy this month (March 17, 2021)**

The Department for Promotion of Industry and Internal Trade (DPIIT) is likely to release a new draft of the proposed e-commerce policy by this month.

For details:

https://economictimes.indiatimes.com/industry/services/retail/dpiit-likely-to-release-draft-ecommerce-policy-this-month/articleshow/81537102.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Private sector DFIs may get 5-year tax holiday (March 18, 2021)**

The government will provide a five-year income tax holiday to private sector Development Finance Institutions (DFIs) to build a robust system for funding infrastructure. They will join a state-owned DFI that's being set up. The government will move an amendment to the income tax act to provide for the tax holiday when the Finance Bill is taken up for passage in Parliament, a senior government official told ET.

For details :

https://economictimes.indiatimes.com/news/economy/policy/private-sector-dfis-may-get-5-year-tax-holiday/articleshow/81560133.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **India's Vehicle Recall Policy Levies Up To Rs. 1-Crore Penalty For Defects (March 18, 2021)**

A recall of more than 6 lakh two-wheelers, 1 lakh plus four-wheelers and over 3 lakh threewheelers and quadricycles will attract a penalty of up to Rs. 1 crore, according to the Central Motor Vehicles (Fifth Amendment) Rules, 2021 notified by the Ministry of Road Transport and Highways. For a recall of 1-6,000 two-wheelers, a manufacturer will have to pay up to Rs. 10 lakh, the policy will come in to effect from April 1, 2021.

For details:

<https://www.bloomberquint.com/business/indias-vehicle-recall-policy-levies-up-to-rs-1-crore-penalty-for-defects>

- **Government announces details of vehicle scrappage policy (March 19, 2021)**

Union minister for road transport and highways Shri Nitin Gadkari announced the details for the country's long-awaited vehicle scrapping policy in Parliament, explaining that the absence of a fitness certificate will mean an automatic cancellation of registration for commercial vehicles that turn 15, and that the registration of a private vehicle will be for 20 years, with renewal requiring proof of fitness. The minister added that the government plans to incentivise owners of old vehicles to scrap these through registered scrap centres. The policy also recommends the mandatory scrapping of all government vehicles over 15 years old, applies only to four-wheeled vehicles.

For details: <https://www.hindustantimes.com/india-news/govt-to-provide-taxincentives-against-vehicle-scrappage-gadkari-101616057294684.html>

- **DFI bond subscribers to get tax reimbursement from Centre's Rs 5K crore grant (March 19, 2021)**

The government-owned development finance institution (DFI) will not issue tax-free bonds, but subscribers will get reimbursement for the taxes paid from a Rs 5,000-crore grant from the Centre.

For details:

https://www.business-standard.com/article/economy-policy/dfi-bond-subscribers-toget-tax-reimbursement-from-centre-s-rs-5k-cr-grant-121031900047_1.html

- **MCA21 Version 3.0 : Government's automated system to keep an eye on firms (March 19, 2021)**

Financial ratios of companies such as debt to turnover, inventory to turnover, or loan to assets will soon come under closer government scrutiny through an automated system under the soon-to-be-launched portal MCA21 Version 3.0. The central scrutiny centre being set up by the government will pull up companies if it detects any suspicious activity based on a list of parameters that are being finalised by the Ministry of Corporate Affairs (MCA).

For details:

https://www.business-standard.com/article/economy-policy/mca21-version3-0-govt-s-automated-system-to-keep-an-eye-on-firms-121031801693_1.html

- **In relief for Amazon, Delhi HC puts Future-Reliance deal on hold (March 19, 2021)**

In a win for e-commerce firm Amazon, the Delhi High Court upheld the Emergency Award passed against the \$3.4-billion Future-Reliance deal. The order, passed by a single-judge Bench of Justice J R Midha, will restrain Future Retail from going ahead with the deal. The court also imposed a penalty of Rs 20 lakh on Future and the money will go to the Prime Minister's Relief Fund.

For details :

https://www.business-standard.com/article/companies/delhi-high-courtputs-3-4-billion-future-retail-reliance-deal-on-hold-121031900061_1.html

- **GAIL set to kick off asset monetisation in oil sector by end of 2021-22 (March 22, 2021)**

The first oil-sector infrastructure investment trust (InvIT) is expected to be floated by GAIL (India) by the end of 2021-22. According to a top petroleum ministry official, Indian Oil Corporation (IOCL), Hindustan Petroleum Corporation (HPCL), and GAIL (India) will be going for three separate InvITs as part of the central government's asset monetisation plan. GAIL (India) will be the first to float the InvIT.

For details :

https://www.business-standard.com/article/companies/gail-set-to-kickoff-asset-monetisation-in-oil-sector-by-end-of-2021-22-121032200019_1.html

- **Govt. considers blocking IP addresses of cryptocurrency exchanges (March 22, 2021)**

The government is considering the blocking of internet protocol (IP) addresses of companies/exchanges on which trading in cryptocurrencies is happening. Two months ago, the government had said it intended to bring a Bill to ban private cryptocurrencies and introduce India's own digital currency in line with what China and other countries had done.

For details :

https://www.business-standard.com/article/markets/govt-considersblocking-ip-addresses-of-cryptocurrency-exchanges-121032200021_1.html

- **India proposes alpha-numeric hash to track WhatsApp chat (March 23, 2021)**

The government has proposed that WhatsApp assign an alpha-numeric hash to every message sent through its platform as a solution to break the deadlock over traceability on the messaging app. The hash can travel with the message and in case of any unlawful activity, the originator of the message can be traced without breaking the app's encryption.

For details:

https://economictimes.indiatimes.com/tech/technology/govt-proposes-alpha-numeric-hash-to-track-whatsapp-chat/articleshow/81638939.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Lok Sabha Passes Finance Bill 2021 (March 24, 2021)**

The Lok Sabha passed the Finance Bill, 2021 to give effect to the financial proposals of the Central Government for the financial year 2021-2022. Apart from the Finance Act, the Bill also proposes to amend the Income Tax Act, 1961; Life Insurance Corporation Act, 1956; the Securities Contracts (Regulation) Act, 1956; the SEBI Act, 1992; etc.

For details: <https://www.livelaw.in/newsupdates/lok-sabha-passesfinance-bill-2021-171605>

- **Ralf Speth, ex-CEO of JLR, to take over as TVS Motor Chairman in 2023 (March 25, 2021)**

Venu Srinivasan, who built TVS Motor Company, since 1980, into one among the top five global manufacturers of two- wheelers and three-wheelers, has decided to step down as chairman in January 2023. He will be replaced by Ralf Speth, former chief executive officer of Jaguar Land Rover.

For details:

https://www.business-standard.com/article/companies/ralf-speth-ex-ceo-of-jlr-to-takeover-as-tvs-motor-chairman-in-2023-121032401375_1.html

- **Government seeks disclosure of crypto transactions, holdings (March 26, 2021)**

The MCA has asked all companies in the country to mandatorily disclose any dealings in cryptocurrency or virtual currency in their balance sheets. This is a major step towards regulating crypto assets in India and is expected to bring in a lot of transparency in reporting or filing of crypto investments. The companies have to disclose profit or loss on transactions involving cryptocurrency or virtual currency, the amount of holding, and details of deposits or advances from any person for the purpose of trading or investing in cryptocurrency or virtual currency, according to the latest amendments to the Schedule III of the Companies Act, 2013.

For details:

<https://www.livemint.com/news/india/govt-asks-companies-to-disclose-crypto-transactions-and-holdings-11616669640449.html>

- **Government extends current foreign trade policy till September 30, 2021 (March 31, 2021)**

The government extended the existing foreign trade policy (FTP) for six more months. The current policy will now be valid up to September 30, 2021 instead of March 31, 2021 stated the Ministry of Commerce and Industry in a notification. FTP provides guidelines to enhance exports to push economic growth and create jobs.

For details:

<https://www.businesstoday.in/current/economy-politics/govt-extends-current-foreigntrade-policy-till-sept-30/story/435360.html>

- **Cabinet okays Rs 10,900 crore PLI for food processing units under 4 buckets (April 01, 2021)**

The Union Cabinet approved the much-anticipated production-linked incentive scheme for the food processing sector, paving the way for a rapid expansion of Indian packaged food majors. With an approved outlay of Rs 10,900 crore, the scheme aims to boost local production and export of food items in four categories, apart from special support for innovative items and small and medium enterprises (SMEs) in the sector.

For details:

https://www.business-standard.com/article/economy-policy/cabinet-okays-rs-10-900-crpli-for-food-processing-units-under-4-buckets-121033100982_1.html

- **Hon'ble President of India promulgated the Tribunals Reforms (Rationalisation and Conditions of Service) Ordinance, 2021(April 4, 2021)**

The President of India has promulgated the Tribunals Reforms (Rationalisation and Conditions of Service) Ordinance, 2021, by which the appellate authorities under nine Acts have been done away with and the right to hear appeals under the statute has been conferred to High Courts.

Details of Laws under which various authorities have been replaced with High Court:

- Cinematograph Act, 1952
- Copyright Act, 1957
- Customs Act, 1962
- Patents Act, 1970
- Trade Marks Act, 1999
- Geographical Indications of Goods (Registration and Protection) Act, 1999
- Protection of Plant Varieties and Farmers' Rights Act, 2001
- Control of National Highways (Land and Traffic) Act, 2002
- Airports Authority of India Act, 1994

The ordinance also amended the Finance Act, 2017 by substituting section 184 of the said act. This section provides for Qualifications, appointment, etc., of Chairperson and Members of Tribunal. The said amendment ordinance empowered Central Government to make rules to provide for the qualifications, appointment, salaries and allowances, resignation, removal and the other conditions of service of the Chairperson and Members of the Tribunal under the said act.

For details:

www.egazette.nic.in/WriteReadData/2021/226364.pdf

- **Byju's acquires Aakash Educational Services in nearly \$1-billion deal (April 6, 2021)**

Byju's is acquiring tutorial chain Aakash Educational Services Ltd. (AESL) in a cash and stock deal estimated at \$950 million, sealing its largest buyout. India's most-valued edtech startup snagged coding tutor WhiteHatJr in a \$300-million deal amid the pandemic last year. Byju's buyout of AESL is also among the largest acquisitions by an Indian startup – bigger than Snapdeal's purchase of Freecharge for \$400 million in 2015 and Flipkart's acquisition of Myntra for an estimated \$330 million in 2014.

For details:

<https://economictimes.indiatimes.com/tech/startups/byjus-to-acquire-aakasheducational-services-in-700-million-deal/articleshow/81910598.cms?from=mdr>

- **Justice NV Ramana appointed as next Chief Justice of India, to take oath on April 24 (April 6, 2021)**

President Ram Nath Kovind on April 06, 2021 appointed Justice NV Ramana as the next Chief Justice of India. He will take oath on April 24, 2021. Ramana will succeed Justice Sharad Arvind Bobde. Last month, CJI Bobde had recommended senior-most judge Justice Ramana as his successor and the 48th Chief Justice of India. Bobde will retire on April 23.

For details:

<https://www.financialexpress.com/india-news/justice-nv-ramana-appointed-as-next-chief-justice-of-india-to-take-oath-on-april-24/2227762/>

- **Coffee Day stares at bankruptcy as asset sale fails to make headway (April 8, 2021)**

The lenders to Coffee Day Enterprises Ltd (CDEL), which owns and operates a café chain, are considering sending the company to the National Company Law Tribunal (NCLT) for debt resolution after the firm announced that it had defaulted on its loans in the March 2021 quarter. According to an exchange filing, for the March quarter, CDEL's outstanding debt was Rs 280 crore. Attributing the delay in debt servicing to a liquidity crisis, the company said its total indebtedness was Rs 518 crore.

For details:

https://www.business-standard.com/article/companies/coffee-day-stares-atbankruptcy-as-asset-sale-fails-to-make-headway-121040800119_1.html

- **India Inc must build digital ethics into its business model: Deloitte, BCIC (April 8, 2021)**

Indian companies must consider a “digital ethics framework” in order to ensure a holistic view of ethics, and govern the digitalisation journey of their business, a paper by Deloitte Touche Tohmatsu India LLP (DTTILLP) and Bangalore Chamber of Commerce (BCIC) said. An accelerated pace of digital transition, consumption of goods and services via app-based interface, and proliferation of data bring numerous risks such as biased decisionmaking processes being transferred to machines or algorithms. These biases can be a threat to the reputation and trust towards stakeholders, as well as cause operational risks.

For details:

https://www.business-standard.com/article/companies/india-inc-must-build-digital-ethicsinto-its-business-model-deloitte-bcic-121040801141_1.html

- **Govt to earmark nearly Rs 1,000 crore to support fabless start-ups (April 9, 2021)**

The Ministry of Electronics and Information Technology (MeitY) is finalising a plan to earmark close to Rs 1,000 crore to back fabless start-ups in the country. Fabless companies are those that design microchips, while the bigger ones contract out the production of the chips.

For details:

https://www.business-standard.com/article/companies/govt-to-earmark-nearly-rs-1-000-crore-to-support-fabless-start-ups-121040801754_1.html#:~:text=The%20Ministry%20of%20Electronics%20and,the%20production%20of%20the%20chips

- **Future-RIL deal: Amazon challenges Delhi HC order in Supreme Court (April 09, 2021)**

Amazon.com Inc. has challenged a Delhi high court division bench order that allowed Kishore Biyani’s Future Group to proceed with an asset sale deal with Mukesh Ambani’s Reliance Industries Ltd (RIL). In its plea in the Supreme Court, Amazon termed the division bench’s 22 March order as “illegal”, “random”, inequitable and unfair, requesting the apex court to prevent Amazon from suffering “irreparable” damage in its business in India.

For details:

<https://www.livemint.com/news/india/amazon-moves-supreme-court-against-delhihc-s-order-on-future-ril-deal-11617876435890.html>

- **Supreme Court upholds NCDRC order directing NCR-based builder to refund Rs 1.9 crore to homebuyer (April 14, 2021)**

The Supreme Court has upheld the National Consumer Disputes Redressal Commission's order passed against a real estate company to refund Rs 1.19 crore to a home buyer along with simple interest of 9 % instead of 10 % per annum earlier. "The decision of the NCDRC is based on pure findings of fact. Despite receiving an amount of Rs 1.19 crores from the respondent, the appellant put up a case that there was no flat buyer's agreement. This has been disbelieved. The appellant failed to deliver possession within the contractual period. There is no error in the findings on the basis of which a refund of consideration has been directed," as per the Supreme Court order.

For details:

<https://www.moneycontrol.com/news/business/real-estate/supreme-court-upholdsncdrc-order-directing-ncr-based-builder-to-refund-rs-1-9-crore-to-homebuyer6766051.html>

- **IFC to invest \$100 million in JC Flowers India fund to help resolve NPAs**

The World Bank Group entity International Finance Corporation (IFC) is partnering with JC Flowers to help domestic lenders resolve their distressed assets and free up capital for new lending apart from allowing mid-sized firms to preserve jobs and avoid insolvency amid the raging pandemic. Under the project, which is an expansion of IFC's distressed asset recovery programme in India, the lender will invest up to USD 100 million in the JC Flowers India opportunities fund on meeting certain conditions, with an initial commitment of USD 40 million.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/ifc-to-invest-100-million-in-jc-flowers-india-fund-to-help-resolve-npas/articleshow/82070293.cms>

Pronouncements

Info Capsule Series 6

February 03, 2021	Phoenix Arc Pvt. Ltd.(Appellant) vs. Ketulbhai Ramubhai Patel (Respondent)	The Supreme Court
-------------------	--	-------------------

Creditor will not become 'financial creditor' under IBC, in case a corporate debtor has only offered security by pledging shares, without any undertaking to discharge the borrower's liability.

Fact of the case

Appellant company was the assignee of a loan of Rs 40 crores advanced by a creditor to the parent company of the corporate debtor. As a security to that loan, the corporate debtor had executed a pledge agreement with the creditor, pledging certain shareholdings in another company. The question to be considered is whether the appellant can be a "financial creditor" solely on the basis of this pledge agreement ?

The Appellant, argued that the Appellant is a "financial creditor" by virtue of Section 5(8)(i) of the IBC, Code 2016 which mentions liability arising out of 'guarantee or indemnity'. The Respondent, submitted that the appellant is not a creditor as it has no right of recovery of any debt from the corporate debtor and has a limited right of enforcing and realising the value of its security in the shape of the shares held by the corporate debtor in its subsidiary. The pledge is not, in any manner, a guarantee under the Contract Act, 1872.

Judgment

The Supreme Court noted that the pledge agreement in the instant case did not amount to a 'guarantee' as defined under Section 126 of the Contract Act, 1872, since it did not contain an undertaking by the corporate debtor to discharge the liability of the borrower. Thus, it is held that a corporate debtor has only offered security by pledging shares, without undertaking to discharge the borrower's liability, then the creditor in such a case will not become 'financial creditor' as defined under the Insolvency and Bankruptcy Code(IBC). The appellant at best will be secured creditor but shall not be a financial creditor.

For details:

https://main.sci.gov.in/supremecourt/2019/20381/20381_2019_37_1501_25825_Judgement_03-Feb-2021.pdf

January 12, 2021	<i>M/s Podaran Foods India (P) Ltd. (Appellant) vs. State of Kerala (Respondent)</i>	Kerala High Court
------------------	--	-------------------

The Kerala High Court explained the modalities of detention of vehicles and seizure of goods in transit under GST Facts of the case:

The Appellant filed the writ petitions challenging detention orders passed under the CGST Act when the scheme of the Act clearly indicated that the writ court was not to be ordinarily approached in detention cases where effective alternative remedies by way of provisional clearance, and appeal thereafter, were provided against alleged arbitrary/illegal detention orders. The goods and the vehicles were detained by the respondents on the ground that there was only one common invoice (for 22 packages) that was generated in respect of the two consignments, and when compared with the number of packages that were contained in each of the vehicles, there was a shortage of packages in both the vehicles. It was also found that the petitioner had not complied with the procedure prescribed under Rule 55 (5) of the CGST Rules while transporting goods in semiknocked down (SKD) or completely knocked down (CKD) condition or in batches or lots.

Judgment:

Kerala High Court explained the provision when the seizure of the goods or the vehicle can be exercised in a case where there seems a doubt of evasion in taxes. The consignee can choose to make the stipulated payments as per the notice, after which the notice would be concretized in the form of another order and the proceedings closed. But if the consignee wishes to challenge the detention/seizure, he can furnish security in the form of a bank guarantee covering the prescribed sum and get his goods/vehicle released provisionally, and then make his representation. Further, when it comes to making an appeal in the High Court, it was clearly specified that only after the consignee is given an opportunity to be heard and his objections considered can the concerned authority issue an order. If aggrieved, the consignee can approach the relevant authority under the legislation in appeal, but cannot approach the High Court at this stage. Hence, it was decided that detention and seizure of goods and vehicles is a reasonable restriction on the exercise of free trade and movement, but shouldn't be exercised strictly only in order to prevent possible tax evasion. The Court opined that the need for strict construction of detention laws was "what is at stake is a constitutional right, fundamental or otherwise, of a citizen".

For details:

https://services.ecourts.gov.in/ecourtindiaHC/cases/s_orderdate.php?state_cd=4&dist_cd=1&court_code=1&stateNm=Kerala

February 09, 2021	<i>Del Small Ice Cream Manufacturers Welfare's Association (Appellant) vs. Union of India (Respondent)</i>	Delhi High Court
-------------------	--	------------------

Decision of exclusion of ice cream from the benefits of the Composition Scheme to be reconsidered

Facts of the case:

The appellant, Del Small Ice Cream Manufacturers Welfare's Association claiming to represent the interest of more than 50 small scale ice cream manufacturing units operating in Delhi, has filed the petition impugning the decision dated June 18, 2017 of the GST Council, in the exercise of powers under Section 10(2)(e) of the CGST Act, 2017, of exclusion of ice cream from the benefits of Composition Scheme under Section 10 of the CGST Act. The appellant contended that the said exclusion is in violation of the spirit of Articles 14 and 19 of the Constitution of India and against the principles of natural justice. The Appellant also contended that ice cream cannot be clubbed with sin goods like Pan masala and Tobacco.

Judgment:

Delhi High Court was of the view that the only direction which can be issued in this petition is, to direct the GST Council to reconsider the exclusion of small scale manufactures of ice cream from the benefit of Section 10(1) of the CGST Act, including on the aforesaid two parameters i.e. the components used in the ice cream and the GST payable thereon and other similar goods having similar tax effect continuing to enjoy the benefit. The court directed the GST Council to take up the aspect in its next meeting and to take a decision thereon at the earliest, keeping in view that the ice cream season has just begun, and preferably within three months.

For details:

http://164.100.69.66/jupload/dhc/RSE/judgement/11-02-2021/RSE09022021CW52522019_180604.pdf

February 15, 2021	<i>Union of India, Ministry of Corporate Affairs (Appellant) vs. Delhi Gymkhana Club Ltd. & Ors. (Respondents)</i>	NCLAT
-------------------	--	-------

NCLAT has suspended the general committee of the Delhi Gymkhana Club and directed the Central Government to appoint an administrator to manage the affairs of the club in the interim.

Fact of the Case

This petition was moved by the Central Government challenging an order by the principal Bench of the NCLT. In its order dated June 26, 2020, the NCLT had, while refusing to suspend the entire general committee of the Delhi Gymkhana Club, asked the Centre to appoint two members to the managing committee instead. Aggrieved by the order, the Union Government had, in its plea before the NCLAT, said that appointing two members to the general committee did not give it "effective and efficacious remedy to stem the rot" present in the Gymkhana Club.

Judgment

The NCLAT observed that by restricting membership to select few and conferring benefits on chosen members is perpetuating apartheid in violation of Constitutional goals of social justice and equality. In this regard, it upheld the NCLT's prima facie finding that the affairs of the Delhi Gymkhana Club were being conducted in a manner prejudicial to public interest, and, therefore, stayed the acceptance of new membership or fees and disposal of waitlist applications at the Club. Further, the NCLAT has suspended General committee and appointed Administrator to be nominated by the Union of India to manage the affairs of the Club and also direct that acceptance of new membership or fee or any enhancement thereof till disposal of wait list applications be kept on hold till disposal of the Company Petition.

For details:

<https://nclat.nic.in/Useradmin/upload/435878437602a1a9a5667f.pdf>

March 01, 2021	A. Navinchandra Steels Private Limited (Appellant) vs. SREI Equipment Finance Limited & Ors. (Respondents)	The Supreme Court of India
----------------	--	----------------------------

Insolvency Proceedings are maintainable even if there is pending Winding Up petition against the Corporate Debtor.

Fact of the case

In this appeal, the appellant's contention was that post admission of a winding up petition, no petition under Section 7 of the IBC can be filed. According to it the effect of Section 446 of the Companies Act, 1956 (which is equivalent to Section 279 of the Companies Act, 2013) is that no suit or other legal proceeding can be initiated once there is admission of a winding up petition.

Judgment

The Supreme Court observed that the IBC is a special statute dealing with revival of companies that are in the red, winding up only being resorted to in case all attempts of revival fail vis-à-vis the Companies Act, which is a general statute dealing with companies, including companies that are in the red, the IBC is not only a special statute which must prevail in the event of conflict, but has a non-obstante clause contained in Section 238, which makes it even clearer that in case of conflict, the provisions of the IBC will prevail.

A petition either under Section 7 or Section 9 of the IBC is an independent proceeding which is unaffected by winding up proceedings that may be filed qua the same company. It is, thus, not possible to accede to the argument of the Appellant that given Section 446 of the Companies Act, 1956 / Section 279 of the Companies Act, 2013, once a winding up petition is admitted, the winding up petition should trump any subsequent attempt at revival of the company through Section 7 or Section 9 petition filed under the IBC. For all these reasons, therefore, the present appeal is dismissed.

For details:

https://main.sci.gov.in/supremecourt/2020/27013/27013_2020_33_1504_26551_Judgement_01-Mar-2021.pdf

March 05, 2021	<i>Piyush Dilipbhai Shah & Ors. (Appellants) vs. Syngenta India Limited (Respondent)</i>	NCLAT
----------------	--	-------

Section 66(1) of the Companies Act, 2013 permit the Company to reduce its share capital in any manner subject to compliance of prescribed procedural requirements

Fact of the case

In this case the Respondent Company was converted into a Public Company and its shares were listed on Bombay Stock Exchange (BSE). However, subsequently its shares were delisted and after delisting, its shares have public shareholders comprising of 11,81,036 shares, which comes to 3.59% of total paid up share capital of the company. Appellants herein are the minority/non-promotor shareholders of the Respondent Company. Further, the Respondent Company intend to reduce its equity-share capital under Section 66 of the Companies Act, 2013 thereby extinguishing all the non-promotor shareholding. The Appellants submitted that the Respondent Company is making good profits and therefore the reduction of share capital especially extinguishing the public shares of the Company is unjustified.

The Respondent submitted that Section 66(1) of the Companies Act, 2013 expressly permit the Company to reduce its share capital in any manner including by way of selective reduction subject to compliance of prescribed procedural requirements. Further, it is submitted that it is a settled principle of law that reduction of share capital of a Company is a matter of domestic concern and commercial wisdom of the Company and while reducing the share capital, the Company can decide to extinguish the some of its shares without dealing with the same manner as with all other shares of the same class

Judgment

The NCLAT has observed that w.r.t. the contention of the Appellants, that the Company adopted a selective method for the reduction of the share capital is concerned, Section 66(1) of the Companies Act, 2013 permits the Company to reduce the share capital in any manner and held that the reduction of the share capital is in accordance with law but it is unfair and unjust depriving the fruits of the company to its shareholders. So to protect the economic interest of public shareholders/non-Promotor shareholders, the company is directed to revalue the shares by a registered/independent valuers and pay the fair price arrived at by the valuer based on the latest audited accounts of the Company.

For details: <https://nclat.nic.in/Useradmin/upload/1975208842604210cdf2f59.pdf>

March 08, 2021	BA Continuum India Pvt. Ltd. (Appellant) vs. Union of India and others (Respondent)	Bombay High Court
----------------	---	-------------------

Telephone & E-mails cannot substitute personal hearing

Facts of the case:

The Appellant is a company incorporated under the Companies Act, 1956. It is engaged in the business of providing information technology and information technology enabled services to customers located outside India. The Appellant requested for personal hearing post-filing of reply. Due to technical glitches on the GSTN portal, the appellant was initially not able to file its replies on the portal.

Judgment:

The Bombay High Court while remanding the matter to the original GST authority for a fresh decision ruled that the Telephone and Emails can not replace personal hearing. The expression ‘opportunity of being heard’ is not an expression of empty formality. It is a part of the well-recognized principle of audi alteram partem which forms the fulcrum of natural justice and is central to fair procedure. The principle is that no one should be condemned unheard. When the law requires that no application for refund shall be rejected without giving an applicant an opportunity of being heard, the same cannot be substituted by telephonic conversations and exchange of e-mails. This is more so in the case of a claim for refund where no time-limit is fixed vis-a-vis rejection of claim. Under sub-section (7) of section 54 of CGST Act, 2017, a time-limit of 60 days is prescribed for making of an order allowing claim of refund; but that period of 60 days would commence from the date of receipt of the application complete in all respects without there being a corresponding provision for rejection of application not complete in all respects. Admittedly in this case, no hearing was granted to the petitioner. Impugned orders, therefore, would be in violation of the proviso to sub-rule (3) of rule 92 of the CGST Rules and also in violation of the principles of natural justice.

For details

<https://bombayhighcourt.nic.in/generatenewauth.php?bhcpair=cGF0aD0uL3dyaXRlcmVhZGRhdGEvZGF0YS9qdWRnZW1lbmRzLzlwMjEvJmZuYW1lPUYyNTYwMDAwMzI2NDIwMjBfNi5wZGYmc21mbGFnPU4mcmp1ZGRhdGU9JnVwbG9hZGR0PTA4LzAzLzlwMjEmc3Bhc3NwaHJhc2U9MTEwMzIxMTYzNTA4>

March 15, 2021	Shri Tek Chand v/s ITO	ITAT Chandigarh Bench
----------------	------------------------	-----------------------

The Income Tax Appellate Tribunal (ITAT), Chandigarh bench, while granting relief to a 70-year old taxpayer, quashed re-assessment under Section 148 of the Income Tax Act, 1961 since the same was passed mechanically without application of mind.

Fact of the Case

The Assessing Officer (A.O.), on the basis of the information that the assessee (Shri Tek Chand aged 70 year old, Farmer) deposited cash amounting to Rs. 125,00,000 in his saving bank account during the period relevant to the A.Y. under consideration, was of the view that the aforesaid amount escaped assessment within the meaning of Section 147 of the Income Tax Act, 1961 as the assessee had not filed his return of income. The A.O. after obtaining the approval of the Principal CIT, Karnal issued notice under section 148 of the Income Tax Act, 1961. Since, the assessee had not filed the return of income, the A.O. made the addition of Rs. 125,00,000.

Though this was challenged before the CIT (A), Karnal, the submissions of the appellant were turned down by citing the ruling of the Supreme Court in *Raymond Woolen Mills Ltd. vs. ITO and other* (1999) 236 ITR 34, wherein it was held that in determining whether commencement of reassessment proceedings was valid, it has only to be seen whether there was, prima facie, some material on the basis of which the department could reopen the case. In the appeal preferred against the aforesaid order of the CIT(A), vide additional grounds challenged the jurisdiction of the Assessing Officer assumed under section 148 of the Income Tax Act, 1961 was challenged alleging that the proceeding was initiated on borrowed satisfaction, without applying his own mind.

The Income Tax Appellate Tribunal 'ITAT' found that the approval granted by the Principal CIT read as "Yes, satisfied, it is a fit case for issue of notice under section 148". This according to the ITAT was a mechanical way of recording sanction, with no application of mind. This ratio was substantiated by citing an extract from the case of *CIT Jabalpur Vs. S. Goyanka Lime & Chemical Ltd.* [(2015) 56 Taxmann.com 390], decided by the High Court of M.P following the decision in *Arjun Singh Vs. ADIT* (2000) 246 ITR 363 (M.P).

ITAT further observed that the decision in *Goyenka Lime & chemical Ltd.* was upheld by the Supreme Court and held, "that where Joint Commissioner recorded satisfaction in a mechanical manner and without application of mind to accord sanction for issuing notice under section 148, reopening of assessment was invalid."

Judgements

The Income Tax Appellate Tribunal held that the reopening under section 148 of the Income Tax Act, 1961 on the basis of mechanical approval without applying the mind by the Principal CIT was not valid, wherefore; the reopening of assessment by issuing notice under Section 148 of the Income Tax Act, 1961 was quashed.

For details:

<https://itat.gov.in/files/uploads/categoryImage/1615892708-TEK%20CHAND-255-CHD2020.pdf>

March 17, 2021	Navneet R. Jhanwar (Appellants) vs. State Tax Officer & others (Respondents)	Jammu and Kashmir High Court
----------------	--	------------------------------

Show Cause Notice (SCN) to be served before denying GST Refund

Facts of the case:

The Appellant having become entitled to refund of excess tax paid in terms of Section 54 of the CGST Act, submitted a refund claim before the respondent authority in FORM-GST-RFD06. The Respondent instead of directing the refund issued a Show Cause Notice (SCN) calling upon the appellant to show cause as to why his refund claim to the extent of the amount claimed should not be rejected or the amount erroneously refunded should not be recovered for the reason that the claim for refund is belated having been filed after the expiry of two years from the relevant date, as per explanation in Section 54(1) of the CGST Act and that in the instant case the period had expired in April 2020. The appellant replied to the SCN and explained the delay. The explanation on delay by the appellant was accepted and accordingly, the application of the petitioner for refund was processed by respondent. Respondent, however, without serving further show cause notice upon the appellant, determined the claim for refund and in terms of the order impugned dated December 2, 2020 rejected the same being not tenable in law.

Judgment:

The Jammu and Kashmir High Court quashed the order rejecting the refund and remitted the matter back to the Authority for fresh consideration. The Court was of the view that the appellant has invited their attention to Section 54 of the Act and Rule 92 of the Central Goods and Service Tax Rules, 2017, wherein it is specifically provided that no order rejecting the claim of refund shall be passed unless the person claiming refund is given an opportunity of being heard.

For details : <https://indiankanoon.org/doc/199334456/?type=print>

March 24, 2021	Accelyst Solutions Pvt. Ltd. (Appellant) vs. Freecharge Payment Technologies Pvt. Ltd. (Respondent)	NCLAT
----------------	---	-------

The Tribunal would not sit in Appeal over the commercial wisdom of the parties who proposed and approved the scheme if the scheme is otherwise in accordance with statutory requirements.

Fact of the case

Accelyst Solutions Pvt. Ltd. (Petitioner / Transferor Company) and Freecharge Payment Technologies Pvt. Ltd. (Respondent / Transferee Company) under Sections 230 to 232 of the Companies Act, 2013 submitted a scheme for amalgamation of the Transferor Company into Transferee Company. The NCLT, Delhi has approved the scheme of amalgamation with Appointed date October 07, 2017 vide order dated October 22, 2019. The NCLT, Mumbai has also approved the scheme vide impugned order but modified the Appointed date from October 07, 2017 to April 01, 2018 on the ground that considerable time has lapsed from the Appointed date as mentioned in

scheme and the Board Resolution of the Scheme is dated March 27, 2018 and Valuation Report is dated March 22, 2018. Being aggrieved with this order, the Appellant has filed this appeal.

Judgment

The NCLAT observed that, while exercising its power in sanctioning a scheme of amalgamation, the Court/Tribunal has to examine as to whether the provision of statute have been complied with. The Court/Tribunal would have no further jurisdiction to sit in Appeal over the commercial wisdom of shareholders of the Company. Hence, the jurisdiction exercised by the NCLT Mumbai to modify the Appointed date in the given facts of this case was unwarranted. Thus, the impugned order so far as the modification of Appointed date is concerned was set aside and the date which was approved by the shareholder of the Appellant company was fixed.

For details: <https://nclat.nic.in/Useradmin/upload/1672237953605b2a6c535b9.pdf>

April 06, 2021	IN THE MATTER OF : Ambuja Cements Limited (Appellant)	NCLAT
----------------	---	-------

Fact of the case

A scheme of Merger of 'DIRK India Pvt. Ltd.' (Amalgamating Company/Transferor Company) with the Appellant Company (Amalgamated Company/Transferee Company) under Section 230 of the Companies Act, 2013 was approved by the Board of Directors. The present appeal arises against the order passed by the NCLT, Ahmedabad Bench, whereby the Learned NCLT did not allow dispensation of the meeting of the Equity Shareholders and Creditors of the Appellant Company due to the reason that it has large number of shareholders and creditors and none of them have filed their consent and no objection towards the scheme of merger/amalgamation.

Judgment

The NCLAT observed that as the Appellant Company (Transferee Company) is a 100% holding of its Subsidiary Company (Transferor Company). Therefore, there is no issuance of any new shares, there is no reorganisation of share capital of the Appellant Company and no arrangement wherein shareholders have to compromise with creditors of the Transferor Company.

Further, the net worth of the Appellant Company is highly positive in compare to the net worth of the Transferor Company. Further, as held by the Hon'ble Supreme Court that a Coordinate Bench of a court cannot pronounce Judgement contrary to declaration of law by another Bench. In the Present case, the NCLT Ahmedabad Bench erred in not following its own order passed in 'Vodafone Idea Ltd.', wherein similar facts are involved. Hence, in view of the forgoing reasons the order of the NCLT, Ahmedabad bench is set aside. Accordingly, the meetings of the Equity shareholder, Secured and Unsecured Creditors of the Appellant Company has been dispensed with and the matter is remanded back to the NCLT for further Consideration.

For details: <https://nclat.nic.in/Useradmin/upload/1986087591606c486f83fc9.pdf>

April 08, 2021	Jayamma Xavier (Petitioner) vs. Registrar of Firms (Respondent)	Kerala High Court
----------------	---	-------------------

LLP cannot be disqualified from entering into a partnership with an individual or other person.

Fact of the Case

A partnership deed was executed between an individual and an LLP. Registrar of Firms refused registration of the partnership firm on the ground that a LLP cannot be a partner of a firm. This was challenged before the Kerala High Court contending that the LLP is liable to be treated as a person and there cannot be any objection for registering a partnership with an LLP which is a person.

The Respondent has submitted that some of the provisions of the Limited Liability Partnership Act, 2008 are inconsistent with that of the Indian Partnership Act, 1932, pertaining to the liability. According to the respondent, Section 25, 26 and 49 of the Indian Partnership Act, 1932 makes the partners to be jointly and severally liable with all the other partners and also severally liable for the acts of the firm, of which such person is a partner. At the same time, it is stated that under Section 28 of the LLP Act, 2008 the provisions regarding the liability of the partnership firm are restricted to the contents to the LLP agreement i.e., under the LLP Act, the liability of the partner is restricted only to the extent provided in the agreement; such a provision runs contrary to Section 25 and 49 of the Indian Partnership Act. It is also pointed out that under LLP foreign investment is permissible whereas it is not permissible under the Partnership Act.

Issues

The question to be considered is whether LLP can be treated as a person which can be permitted to form a partnership with an individual?

Judgment

The Kerala High Court observed that the partnership deed was executed between an individual and an LLP which is a body corporate having a legal entity and coming within the definition of “person”. The individual liability of the partners of LLP would not be relevant when the LLP itself would have liability independent of the liability of the partners. Therefore, the difference in the provisions under the Partnership Act relating to liability of the firm or the individual partners would not stand in the way of constitution of a partnership with an LLP. Hence, LLP cannot have a disqualification from entering into a partnership with an individual or other person.

For details: https://www.livelaw.in/pdf_upload/jayammaxavierllp-391685.pdf

March 22, 2021	<i>Sesh Nath Singh(Appellant) Vs. Baidyabati Sheoraphuli Co-operative Bank Ltd. (Respondent)</i>	<i>Supreme Court of India [CA 9198 OF 2019], LL 2021 SC 177</i>
----------------	--	---

Section 14 Limitation Act Applies To Application under Section 7 IBC & Court/Tribunal Can Condone Delay under Section 5 Limitation Act Even In the Absence of A Formal Application :

Fact of the Case:

In this case, the National Company Law Appellate Tribunal rejected the contention raised by Corporate Debtor that since the account of the Corporate Debtor had been declared NPA on 31st March, 2013 and since the application under Section 7 of IBC had been filed on 27th August, 2018, after almost five years and five months from the date of accrual of the cause of action, the application filed by financial creditor is barred by limitation. The NCLAT held that, the applicant, the financial creditor, had bona fide, within the period of limitation, initiated proceedings against the Corporate Debtor under the SARFAESI Act and was thus entitled to exclusion of time under Section 14(2) of the Limitation Act. The NCLAT, after exclusion of the period of about three years and six months till the date of the interim order of the High Court, during which the Financial Creditor had been proceeding under SARFAESI Act, found that the application of the Financial Creditor, under Section 7 of IBC, was within limitation.

Judgement

In this case Hon'ble Supreme Court observed that in our considered view, keeping in mind the scope and ambit of proceedings under the IBC before the NCLT/NCLAT, the expression 'Court' in Section 14(2) would be deemed to be any forum for a civil proceeding including any Tribunal or any forum under the SARFAESI Act. In any case, Section 5 and Section 14 of the Limitation Act are not mutually exclusive. Even in a case where Section 14 does not strictly apply, the principles of Section 14 can be invoked to grant relief to an applicant under Section 5 of the Limitation Act by purposively construing 'sufficient cause'.

It is well settled that omission to refer to the correct section of a statute does not vitiate an order. At the cost of repetition it is reiterated that delay can be condoned irrespective of whether there is any formal application, if there are sufficient materials on record disclosing sufficient cause for the delay.

For details: <https://www.livelaw.in/top-stories/section-14-limitation-act-applies-to>

Terminologies

Info Capsule Series 6

- **Activity Driver**

The best single quantitative measure of the frequency and intensity of the demands placed on an activity by cost objects or other activities. It's used to assign activity costs to cost objects or to other activities.

- **Activist Investors**

Investors who are actively pursuing governance changes at a corporation, including, without limitation, individual investors without outspoken personal beliefs, and social impact funds.

- **Adoption Curve**

A graph showing the rate at which a new piece of technology is bought by people for the first time. It is based on the idea that certain people are more open for adaptation than others.

- **Agile Project Management**

Agile project management is an iterative and incremental approach to delivering projects. The approach focuses on breaking down the project into small cycles, known as 'iterations.' These iterations are then prioritized in terms of urgency or importance. There are multiple frameworks associated with agile implementation, Scrum being one of the most popular ones.

- **Asset Monetization Asset**

Monetization involves creation of new sources of revenue by unlocking of value of hitherto unutilized or underutilized public assets. Internationally, it is recognized that public assets are a significant resource for all economies. Monetizing these assets that Government's control, including Public corporations, is widely held to be a very important but inadequately explored public finance option for managing public resources.

- **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.

- **Bear Raid**

The practice, in the stock market, of attempting to push the price of a stock lower by selling in large numbers and often spreading unfavourable rumours about the company concerned.

- **Bimetallism**

Bimetallism is a monetary standard in which the value of the monetary unit can be expressed either with a certain amount of gold or with a certain amount of silver: the ratio between the two metals is fixed by law.

- **Blackout Period**

A period of time during which insiders are restricted from trading in company stock. Blackout periods are designed to protect executives from unintentionally violating insider trading laws and are specified on a company-by-company basis in a company's insider trading policy. Blackout periods typically occur between the time when material information is known (such as quarterly earnings, a new product launch, or acquisition) and the time when it is released to the public. Trades within the blackout period are prohibited, and trades outside the blackout period (during the "trading window") commonly require approval in advance by the general counsel's office.

- **Blended Value**

A conceptual framework viewing the value a company creates as unified and holistic rather than as separate elements (environmental, social, financial, etc).

- **Blockage Discount**

An amount or percentage deducted from the current market price of a publicly traded stock to reflect the decrease in the per share value of a block of stock that is of a size that could not be sold in a reasonable period of time given normal trading volume.

- **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.

- **BOSCARD**

This method details and considers the background, objectives, scope, constraints, assumptions, risks, and deliverables of new projects.

- **Brand Activism**

Business efforts to promote, impede, or direct social, political, economic, and/or environmental reform or stasis with the desire to promote or impede improvements in society

- **Carbon Neutral**

Achieving net zero carbon emissions by balancing carbon emitted with an equivalent amount sequestered or offset, or buying enough carbon credits to make up the difference.

- **Cluster Strategy**

A Corporate Social Responsibility strategy in which a company chooses two or more clusters or issues to support that match the organization's core values.

- **Community Development Financial Institution (CDFI)**

A specialized community based financial institution with a primary mission to promote economic development by providing financial products and services to people and communities underserved by traditional financial institutions, particularly in low income areas.

- **Confidential Information Memorandum (CIM)**

A description of the business including its history, products, markets, management, facilities, competition, financial statements, product literature, and a review of its key investment considerations and growth potential. This document is used to market a business to potential buyers.

- **Consular Invoice**

Consular Invoice is a document, which is required by some foreign countries, that describes a shipment of goods and declares certain information such as the identities of the consignor and consignee, along with the value of the shipment. Consular Invoices are certified by a consular official of the foreign country, and are used by the country's customs officials to verify the value, quantity, and nature of the shipment.

- **Consular Statement**

A document required by some foreign countries, describing a shipment of goods and showing information such as the consignor, consignee, and value of shipment. Certified by a consular official of the foreign country, it is used by the country's officials.

- **Content Management System (CMS)**

Content Management System (CMS) is a computer program or software application used to create, modify, store and manage digital content.

- **Continuous Tender Panel (CTP)**

A method of Euronote distribution which combines a dominant note placing role of the arranger with competitive bidding by facility underwriters against a margin, usually related to LIBOR ['strike offered yield']. The strike offered yield is set by the arranger. The members of the underwriting group may obtain protection to be allocated a quantity of notes in proportion to their underwriting commitment

- **Corners**

A corner occurs when a person buys up a substantial volume of a security knowing that other market participants will be forced to buy from him at a higher price. An example of this would be when the other market participants hold short positions in the security which must be settled. A similar practice is the “abusive squeeze” where a person takes advantage of a shortage in an asset by controlling the demand side and creating artificial prices.

- **Critical Assumption**

A high-risk assumption that needs to be proven true in order for a potential solution to be a success. Also referred to as a LOFA: Leap of Faith Assumption.

- **Crowd Sourcing**

Obtaining services, ideas or content by inviting contributions from a large group of people, especially an online community. It’s often used to raise funds for start-up companies and charities.

- **Data Flow**

Diagram (DFD) An analysis model that illustrates processes that occur, along with the flows of data to and from those processes

- **Dawn Raid**

A dawn raid is a strategy used by corporates to gain a substantial share in a target company, usually as part of a hostile takeover bid. The corporate planning the dawn raid instructs brokers to buy shares in the target company at the start of trading for the day

- **Dollar cost averaging**

Investing the same amount of money at regular intervals over an extended period of time, regardless of the share price. By investing a fixed amount, you purchase more shares when prices are low, and fewer shares when prices are high. This may reduce your overall average cost of investing.

- **Ethical Congruence**

A situation where one's decision is consistent with, aligns with, the applicable set(s) of values. Under these circumstances, a choice to take some action will harmonize with the decision-maker's values. The organizational state where values, behaviors and perceptions are aligned.

- **Free Cash**

Flows to the Firm This is the cash flow available for distribution among all the securities holders of an organization (i.e. debt holders, equity holders, etc.). The standard definition is $EBIT \times (1 - \text{Tax Rate}) + \text{Depreciation \& Amortization} \pm \text{Changes in Working Capital} - \text{Capital Expenditure}$.

- **Garnishment**

A legal process whereby a debtor's personal property is seized in order to satisfy a debt or court award.

- **Grandfather Clause**

A grandfather clause is an exemption that allows persons or entities to continue with activities or operations that were approved before the implementation of new rules, regulations, or laws. Such allowances can be permanent, temporary, or instituted with limits. Example, Registration of eligible persons as Insolvency Professionals for limited period was allowed till the introduction of Limited Insolvency Examination, when the Insolvency and Bankruptcy Code 2016 was enacted.

- **Inherent probability**

The chance that something might happen if no controls or other mitigating factors were in place (or failed in their entirety).

- **Normalized Financial Statements**

Financial statements adjusted for non-operating assets and liabilities and/or for nonrecurring, non-economic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

- **Pure Expectations Theory**

The idea that long-term interest rates predict what short-term rates will do in the future. So when the market expects short-term rates to fall, we expect to see lower long-term rates.

- **Performance-Based Budgeting**

A performance budget is an integrated annual performance plan and budget that shows the relationship between program funding levels and expected results. It indicates that a goal or a set of goals should be achieved at a given level of spending

- **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.

- **Re-appropriations (Union Budget Terminology)**

Appropriation means keeping aside funds for a specific purpose - fund allocation by the Legislature to meet the expenditure of various government departments as Grants. Reappropriation is to transfer money approved to one department (detailed head) to another.

- **Reserve Bank of India PCA Framework for Commercial Banks**

The Reserve Bank has specified certain regulatory trigger points, as a part of prompt corrective action (PCA) Framework, in terms of three parameters, i.e. capital to risk weighted assets ratio (CRAR), net non-performing assets (NPA) and Return on Assets (RoA), for initiation of certain structured and discretionary actions in respect of banks hitting such trigger points. The PCA framework is applicable only to commercial banks and not extended to co-operative banks, Non-Banking Financial Companies (NBFCs) and FMs. For example, IDBI Bank had been under the PCA framework of RBI since 2017 but now it has taken IDBI Bank out of PCA framework after the bank improved its finances.

- **Residual Probability**

The probability of the risk crystallising, taking into account the controls, monitoring and assurance processes in place. Also referred to as the mitigated probability

- **Special Purpose Acquisition Company (SPAC)**

A special purpose acquisition company (SPAC) is a company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company. Also known as "blank cheque companies"

- **Strategic Risk**

Profile The current and prospective risk to earnings or capital raising from adverse business decisions, improperly implemented decisions, or lack of responsiveness to industry changes.

- **Swiss Challenge**

A Swiss Challenge is a method of bidding, often used in public projects, in which an interested party initiates a proposal for a contract or the bid for a project. The government then puts the details of the project out in the public and invites proposals from others interested in executing it. On the receipt of these bids, the original contractor gets an opportunity to match the best bid.

- **Tracking Error and Information Ratio**

Tracking error is a risk measure that focuses on a portfolio's projected range of performance relative to its targeted benchmark. The information ratio is a risk adjusted measure that assesses performance based on excess returns relative to volatility of returns around the benchmark.

- **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.

- **Triple Bottom Line**

A phrase first coined by John Elkington in 1994, it describes the separate financial, social and environmental 'bottom lines' of companies. In principle it is designed for companies to value their social and environmental profits and losses, as well as the financial ones.

- **Universal Banking**

When Banks and Financial Institutions are allowed to undertake all types of activities related to banking like acceptance of deposits, granting of advances, investment, issue of credit cards, project finance, venture capital finance, foreign exchange business, insurance etc. it is called Universal Banking.

- **Waterfall Model**

Waterfall model is a traditional project management approach to the project lifecycle. The model works in a similar pattern like a 'waterfall'. The project development takes place systematically, from one phase to another in a downward fashion. Each phase has to be completed before moving on to the next phase and there is no overlapping of the phases, making it difficult to make any amendments.

Market Watch

Info Capsule Series 6

Stock Market Indices

S & P BSE Sensex

(February 02 - April 14, 2021)



Stock Market Indices

Nifty 50

(February 02 - April 14, 2021)



Foreign Exchange Rates

USD

(February 02 - April 14, 2021)



Foreign Exchange Rates

EURO

(February 02 - April 14, 2021)



Foreign Exchange Rates

JAPANESE YEN

(February 02 - April 14, 2021)



Foreign Exchange Rates

GBP

(February 02 - April 14, 2021)



Motto

सत्यं वद। धर्मं चर।

इष्टवर्गं तेन तृप्यते. अविवेकं तेन तेन विद्वत्.

Vision

"To be a global leader in promoting good corporate governance"

Mission

"To develop high calibre professionals facilitating good corporate governance"



**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)

Headquarters

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003

tel 011- 4534 1000 fax +91-11-2462 6727

email info@icsi.edu website www.icsi.edu