

Info Capsule

Thursday
September 23, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Securities Laws & Capital Market**

LIC IPO: Centre could block Chinese investment in state-backed insurer's public offer - Report (September 23, 2021)

The Indian government could reportedly block Chinese investors from buying shares in the Life Insurance Corporation (LIC) of India's upcoming mega initial public offering due to the underscoring tensions between the two nations.

According to a report by Reuters, the Centre is planning to allow foreign investors to participate in the IPO that could help the government rake in a potential \$12.2 billion. However, the Centre could potentially discourage Chinese ownership of India's crown jewel.

The state-owned insurer enjoys more than a 60% share of India's life insurance market. The company's assets are valued at more than \$500 billion.

For details:

<https://zeenews.india.com/companies/lic-ipo-centre-could-block-chinese-investment-in-state-backed-insurer-s-public-offer-report-2396315.html>



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❖ **Direct Tax**

● **Notification No. 114 (September 20, 2021)**

The Central Government hereby specifies the pension fund, namely, the BCI IRR India Holdings Inc., as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before March 31, 2024 subject to the fulfilment of the certain conditions.

For details:

<https://incometaxindia.gov.in/communications/notification/notification-no-114-2021.pdf>

● **Notification No. 115 (September 20, 2021)**

The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Gujarat Electricity Regulatory Commission', Gandhinagar (PAN AAAAG0638C), a commission established by the state government of Gujarat, in respect of the certain specified income arising to the Commission subject to fulfilment of certain conditions.

For details:

<https://incometaxindia.gov.in/communications/notification/notification-no-115-2021.pdf>

❖ **Terminology for today**

White Knight

A white knight is a hostile takeover defense whereby a 'friendly' individual or company acquires a corporation at fair consideration when it is on the verge of being taken over by an 'unfriendly' bidder or acquirer. The unfriendly bidder is generally known as the "black knight."

❖ **Banking and Insurance**

• **Short of lending targets, banks seek priority sector tag for retail, infrastructure (September 23, 2021)**

Banks have reached out to the government seeking priority sector tag for retail trade and infrastructure. This comes as most lenders are struggling to meet their priority sector targets with premium on lending certificates rising by almost 200 basis points in the last one year. At present only, regional rural banks or RRBs are suppliers of priority sector lending credit.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/short-of-lending-targets-banks-seek-priority-sector-tag-for-retail-infrastructure/articleshow/86443931.cms>

• **Fresh troubles surface for Dhanlaxmi Bank (September 23, 2021)**

Problems seem to be never ending for Dhanlaxmi Bank, with major shareholders, including NRI Ravi Pillai, engaging in conflict with the Board of Directors. A shareholder and two others have approached the court against the board's decision of rejecting their candidature for the office of director, to be placed before members during the annual general meeting scheduled for September 29, 2021.

For details:

<https://www.financialexpress.com/industry/banking-finance/fresh-troubles-surface-for-dhanlaxmi-bank/2335870/>

• **Former CAG Vinod Rai fails to secure second term at IDFC (September 23, 2021)**

Vinod Rai, former Comptroller and Auditor General (CAG) whose name was proposed for the post of non-executive and non-independent director on the Board of Directors of IDFC, has failed to secure the place as 62.8% votes were cast against the resolution. The nomination for the position of non-executive director was for the period till May 22, 2023.

For details:

<https://www.financialexpress.com/industry/banking-finance/former-cag-vinod-rai-fails-to-secure-second-term-at-idfc/2335784/>

• **Axis Bank commits Rs. 30,000 cr till FY26 towards sustainable lending (September 23, 2021)**

The country's third largest private sector lender Axis Bank has committed Rs. 30,000 crore lending till fiscal year 2025-26 under its sustainable financing framework. These commitments are in line with the Sustainable Development Goals (SDGs), supporting India's commitments under the Paris Agreement. "As part of its commitments, the bank has set a target of incremental lending of Rs. 30,000 crore over the next 5 years, under wholesale banking towards pertinent sectors included in its Sustainable Financing Framework (SFF)".

For details:

https://www.business-standard.com/article/companies/axis-bank-commits-rs-30-000-cr-till-fy26-towards-sustainable-lending-121092200670_1.html

- **DICGC to pay depositors of 21 banks (September 23,2021)**

Deposit Insurance and Credit Guarantee Corporation (DICGC) has announced that it will pay up to Rs. 5 lakh to depositors of 21 co-operative banks, including scam-hit Punjab and Maharashtra Co-operative Bank, towards settlement of deposit insurance claim.

When the RBI sacked the board of PMC Bank with deposits of Rs. 10,727 crore in 2019, it initially slapped a deposit withdrawal restriction of Rs. 1,000 per account which was later increased to Rs. 50,000. About 78 per cent of the depositors have since been allowed to withdraw their deposits within the withdrawal limit of Rs. 50,000. While this limit was further enhanced to Rs. 1 lakh in June last year, many depositors who have bigger amounts parked in the bank are still not able to get their money back.

For details:

<https://indianexpress.com/article/business/banking-and-finance/dicgc-to-pay-depositors-of-21-banks-7528395/>

- ❖ ***Business and Economic News***

- **Single window system launched, to improve ease of doing business (September 23, 2021)**

The Government launched the much-awaited national single-window system for investors and businesses. The portal will integrate the existing clearance systems of the Centre and states.

The single-window portal will become a “one-stop-shop” for approvals and clearances. It will enable obtaining approvals as well as clearances needed by investors, entrepreneurs, and businesses in India.

For details:

https://www.business-standard.com/article/economy-policy/govt-launches-national-single-window-system-for-investors-businesses-121092201030_1.html

- **Sony comes to Zee Entertainment's rescue, signs term sheet for merger (September 23, 2021)**

Punit Goenka, MD and CEO of Zee Entertainment Enterprises (ZEE), has found his white knight in Sony Corp and set in motion a merger that will fend off the largest investor Invesco, which sought his removal from ZEE's board.

As part of the proposed merger, which the Board of Directors of ZEE has approved in-principle unanimously, will allow shareholders of Sony Pictures Networks India (SPN) –a step-down subsidiary of Japanese multinational conglomerate Sony Corp – to hold a majority stake in the merged entity.

For details:

<https://economictimes.indiatimes.com/industry/media/entertainment/sony-comes-to-zees-rescue-signs-term-sheet-for-merger-punit-goenka-to-remain-md-and-ceo-of-merged-entity/articleshow/86415933.cms>

❖ Market Watch

Stock Market Indices as on 23.09.2021	
S & P BSE Sensex	59885.36 (+958.03)
Nifty 50	17822.95 (+276.30)

Foreign Exchange Rates as on 22.09.2021 (https://www.geojit.com/currency-futures/rbi-reference-rate)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
73.58	86.30	100.56	0.67

Prepared by Directorate of Academics

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

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