

Info Capsule

Monday
August 02, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Ministry of Corporate Affairs

Clarification on spending of CSR funds for COVID-19 vaccination (July 30, 2021)

In continuation to General Circular No. 10/2020 dated March 23, 2020 wherein it was clarified that spending of CSR funds for COVID-19 is an eligible CSR activity, the MCA has further clarified that spending of CSR funds for COVID-19 vaccination for persons other than the employees and their families, is an eligible CSR activity under item no. (i) of Schedule VII of the Companies Act, 2013 relating to promotion of health care including preventive health care and item no. (xii) relating to disaster management.

The companies may undertake the aforesaid activity subject to fulfillment of Companies (CSR Policy) Rules, 2014 and the circulars related to CSR issued by the MCA from time to time.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mcs=HbDqXuiLTcYlShFfT8wcuA%253D%253D&type=open>



THE INSTITUTE OF
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भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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(Under the jurisdiction of Ministry of Corporate Affairs)

❖ Securities Laws & Capital Markets

SEBI Notification

• Securities Contracts (Regulation) (Second Amendment) Rules, 2021 (July 30, 2021)

Ministry of Finance (MoF) has notified the Securities Contracts (Regulation) (Second Amendment) Rules, 2021 which shall come into force on the date of their publication in the Official Gazette. Sub-rule (6) has been inserted in Rule 19A which provides that 'Notwithstanding anything contained in sub-rules (1) to (5), the Central Government may, in the public interest, exempt any listed public sector company from any or all of the provisions of this rule'.

Vide this amendment, the Central Government, has been empowered to exempt any listed public sector company from any or all of the provisions of Rule 19A sub-rules (1) to (5) of Securities Contracts (Regulation) Rules, 1957 which prescribed that a listed entity shall maintain public shareholding of at least 25%.

For details:

<https://egazette.nic.in/WriteReadData/2021/228626.pdf>

SEBI Circulars

• Relaxation in timelines for compliance with regulatory requirements (July 30, 2021)

In view of the prevailing situation due to Covid-19 pandemic and representation received from Stock Exchanges, SEBI has extended the timelines for compliance with the various regulatory requirements such as submission of Internal Audit Report, System Audit Report, uploading of KYC application form etc. by the Trading Members / Clearing Members / KYC Registration Agencies till September 30, 2021. The SEBI has also extended timelines till December 31 to operate the trading terminals from designated alternate locations.

For details:

https://www.sebi.gov.in/legal/circulars/jul-2021/relaxation-in-timelines-for-compliance-with-regulatory-requirements_51497.html

- **Deployment of unclaimed redemption and dividend amounts and Instant Access Facility in Overnight Funds (July 30, 2021)**

The Instant Access Facility (IAF) would now be permitted in overnight funds along with liquid schemes of mutual funds. The change has been brought into effect by the SEBI by partially modifying its circular related to IAF issued in May, 2017. SEBI vide this circular provided that "MFs (All Mutual Funds)/ AMCs (Asset Management Companies) can offer IAF only in Overnight and Liquid Schemes of the MF. IAF facilitates credit of redemption proceeds in the bank account of the investor on the same day of redemption request. In addition to this, unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, would be permitted for investment in a separate plan of only overnight scheme from December 1, 2021.

For details:

https://www.sebi.gov.in/legal/circulars/jul-2021/deployment-of-unclaimed-redemption-and-dividend-amounts-and-instant-access-facility-in-overnight-funds_51513.html

- **Intra-day Net Asset Value (NAV) for transactions in units of Exchange Traded Funds directly with Asset Management Companies (July 30, 2021)**

The SEBI had prescribed the guidelines pertaining to applicability of 'closing NAV of the day' in respect of transactions in units of mutual fund schemes. In view of the feedback of the industry and recommendations of the Mutual Fund Advisory Committee, for transactions in units of Exchange Traded Funds (ETFs) by authorised participants and large investors directly with Asset Management Companies (AMCs), SEBI has clarified that "intra-day NAV, based on executed price at which securities representing the underlying index or underlying commodity(ies) are purchased/sold, shall be applicable".

For details:

https://www.sebi.gov.in/legal/circulars/jul-2021/circular-on-intra-day-net-asset-value-nav-for-transactions-in-units-of-exchange-traded-funds-directly-with-asset-management-companies_51520.html

SEBI News

- **IndiaTech proposes key changes in SR shareholding rules to SEBI (August 02, 2021)**

IndiaTech, an industry association that represents startup founders and investors, has suggested to the SEBI that the net-worth requirement for shareholders with superior voting rights should be determined individually and not as part of the promoter group.

For details:

<https://economictimes.indiatimes.com/tech/startups/indiatech-proposes-key-changes-in-sr-shareholding-rules-to-sebi/articleshow/84959083.cms>

- **NSE seeks SEBI's go-ahead for IPO amid mounting pressure from shareholders (August 02, 2021)**

The National Stock Exchange (NSE) has once again set the ball rolling on its initial public offering (IPO). The country's largest bourse has written to markets regulator Securities and Exchange Board of India (SEBI), asking whether it can once again file the draft red herring prospectus (DRHP) to go public. The move comes amid mounting pressure from shareholders, many of whom are waiting to liquidate their holding for over a decade.

For details:

https://www.business-standard.com/article/markets/nse-seeks-sebi-s-go-ahead-for-ipo-amid-mounting-pressure-from-shareholders-121080100950_1.html

❖ Indirect Tax

Goods and Services Tax

- **Provisions of Section 110 and 111 of the Finance Act, 2021 made applicable - Notification No. 29/2021- Central Tax (July 30, 2021)**

This notification seeks to notify section 110 and 111 of the Finance Act, 2021 w.e.f. 01.08.2021. Section 110 omits section 35(5) of CGST Act, 2017 which means GST Audit (GSTR-9C) by CA / CMA is no longer required and Section 111 substitutes section 44 (Annual Return) of CGST Act, 2017.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-29-central-tax-english-2021.pdf>

- **Central Goods and Services Tax (Sixth Amendment) Rules, 2021 - Notification No. 30/2021- Central Tax (July 30, 2021)**

This notification seeks to amend Rule 80 of the CGST Rules, 2017 and notify Form GSTR-9 and GSTR - 9C for FY 2020-21. Rule 80 provides for exemption from GSTR - 9C to taxpayers having Annual Aggregate Turnover (AATO) upto Rs. 5 crores.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-30-central-tax-english-2021.pdf>

- **Exemption to taxpayers having Annual Aggregate Turnover (AATO) upto Rs. 2 crores from the requirement of furnishing annual return - Notification No. 31/2021- Central Tax (July 30, 2021)**

This notification seeks to exempt the registered person whose aggregate turnover in the financial year 2020-21 is up to two crore rupees, from filing annual return for the said financial year. This notification came into force from August 01, 2021.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-31-central-tax-english-2021.pdf>

❖ Market Watch

Stock Market Indices as on 02.08.2021

S & P BSE Sensex	52950.63 (+363.79)
Nifty 50	15885.15 (+122.10)

Foreign Exchange Rates as on 30.07.2021

(<https://www.geojit.com/currency-futures/rbi-reference-rate>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
74.12	88.00	103.39	0.68

❖ **Direct Tax**

Income-tax (21st Amendment) Rules, 2021 [Notification No. 83 Dated July 29, 2021]

The Central Board of Direct Taxes (CBDT) on July 29, 2021 has issued the Income-tax (21st Amendment) Rules, 2021 to further amend the Income-tax Act, 1961 as follows:

Rule 131 provides for omission of certain Rules and saving clause under the Act.

Rule 132 provides for electronic furnishing of any forms, returns, statements, reports, orders etc. in two ways:

- Under digital signature in cases where, the return of income is required to be furnished under digital signature; or
- Through electronic verification code in other cases.

Further, The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems) with the approval of Board shall be responsible for the following:

1. Specify the forms, returns, statements, reports, orders, which are to be furnished electronically;
2. Lay down the data structure, standards and procedure of furnishing and verification of such forms, returns, statements, reports, orders, including modification in format, if required, to make it compatible for furnishing electronically; and
3. Formulation and implementation of appropriate security, archival and retrieval policies in relation to the said Forms, returns, statements, reports, orders.

For details :

https://www.incometaxindia.gov.in/communications/notification/notification_83_2021.pdf

❖ **International Business**

Hitachi 'imagining' India as global hub for new age tech solutions, expects India operations to drive growth globally (August 01, 2021)

Japanese conglomerate Hitachi is "imagining" India as a global hub in terms of new age technologies and solutions which will drive its businesses in the country as well as global markets, a top company official has said.

The company, which has augmented its capacities through a concerted approach in India, is now looking at the country to be a hub in many new segments, including technology, artificial intelligence, energy storage and fast charging or environmentally friendly solutions, according to Hitachi India Managing Director Bharat Kaushal.

For details:

<https://telecom.economictimes.indiatimes.com/news/hitachi-imagining-india-as-global-hub-for-new-age-tech-solutions-expects-india-operations-to-drive-growth-globally/84943015>

❖ **Banking & Insurance**

• **RBI's new rules on interchange fee, 24/7 bulk clearing facility functional (August 01, 2021)**

The Reserve Bank of India's new directions on raising interchange fee and making available the facility of bulk clearing round the clock have become effective from August 01, 2021 onwards. The RBI in June raised the interchange fee for financial transactions from Rs. 15 to Rs. 17, while for non-financial transactions the increase was done from Rs. 5 to Rs. 6. These new rates have become applicable from August 1, 2021, as per the RBI's direction.

For details:

<https://www.financialexpress.com/industry/banking-finance/rbis-new-rules-on-interchange-fee-24-7-bulk-clearing-facility-functional/2302012/>

• **UPI logs record 3 bn transactions in July, riding on digital payments (August 02, 2021)**

Unified Payments Interface (UPI), the flagship payments platform of the National Payments Corporation of India (NPCI), made a record in volume and value of transactions in July as digital payments rise in the pandemic. UPI processed a record 3.24 billion transactions in July up 15.7 per cent from June when it processed 2.8 billion transactions. In value terms, in July, the platform processed transactions worth Rs. 6.06 trillion, up 10.76 per cent from June.

For details:

https://www.business-standard.com/article/economy-policy/upi-logs-record-3-bn-transactions-in-july-riding-on-digital-payments-121080100211_1.html

❖ **Terminology for today**

Average Treatment Effect

The Average Treatment Effect (ATE) measures the difference in the mean (average) outcome between the individuals or other units (e.g., classrooms, schools) assigned to the treatment and those assigned to the control. For example, in a study of the effects of a preschool reading intervention, the ATE would be the difference in average reading scores for children who received the intervention (treatment group) and the average reading scores for those who did not (control group).

Prepared by Directorate of Academics

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

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