

Info Capsule

Thursday
August 06, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ Latest @ ICSI

Important decisions taken by the Council of the ICSI at its meeting held on 30th July, 2020

The council has approved the partial revision for conducting of CS Executive Entrance Test (CSEET). The first CSEET is scheduled to be held through remote proctored mode on Saturday 29th August 2020. The details of the technical requirements/specifications along with the procedural methodology are available on ICSI website weblink :

[https://www.icsi.edu/media/webmodules/Conducting_1stCSEET_29082020_through_RemoteProctoredMode.pdf]

The council approved the proposed Amendments to the Company Secretaries (Procedure of Investigations of Professional and other Misconduct and Conduct of cases) Rules, 2007 ('the Rules') for making provision for Disciplinary proceedings through electronic or other audio visual mode.

https://www.icsi.edu/media/webmodules/Important_decisions%20taken_Council_ICSI_meeting_held_300720.pdf



**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)

❖ Securities Laws

SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2020 (August 5, 2020)

SEBI has amended the provisions of Regulation 42 of the SEBI (LODR) Regulations, 2015, which, inter alia, provides that the listed entity shall intimate the record date for the events to all the stock exchange(s) where it is listed or where stock derivatives are available on the stock of the listed entity or where listed entity's stock form part of an index on which derivatives are available.

<http://egazette.nic.in/WriteReadData/2020/220864.pdf>

SEBI INTERIM EX-PARTE ORDER (August 4, 2020)

SEBI under the urgent preventive circumstances issued an interim ex-parte order which, inter alia, directed Fortune script Services Private Limited and its Directors to cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.

https://www.sebi.gov.in/enforcement/orders/aug-2020/interim-order-in-the-matter-of-fortune-services-private-limited_47264.html

❖ RBI Monetary Policy August, 2020

Based upon the deliberations of the Monetary Policy Committee (MPC) held on 4th, 5th and 6th August, 2020, Shaktikanta Das, the Governor of Reserve Bank of India (RBI) has announced that the policy repo rate will remain unchanged at 4 percent and continue with the accommodative stance of monetary policy as long as necessary to revive growth, mitigate the impact of COVID-19, while ensuring that inflation remains within the target going forward.

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR148264164EE91494224AADAD206AADB905F.PDF>

❖ **Banking & Insurance**

● **Extension of moratorium and restructuring of loan could pose risk to lenders: ICRA**

According to the ratings firm ICRA, any further extension of moratorium on loan would be detrimental for banks and adversely impact their outlook. The Reserve Bank is expected to make public its regulatory stance moratorium on loan repayment when it releases its vote on policy action on August 6, 2020, Thursday.

Many industry leaders including HDFC Chairman, Deepak Parekh have publicly called for discontinuing any further extension of moratorium imposed after the nationwide lockdown imposed in March following the concerns of COVID-19, which led to contraction of economic activity.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/extension-of-moratorium-and-restructuring-of-loan-could-pose-risk-to-lenders-icra/articleshow/77376381.cms>

● **Bad loans sold to ARCs: Banks may have to increase provision for Security Receipts**

Banks may face a new dilemma. They may need to raise the provisioning not just for expected bad loans, but also for the NPAs they have sold to Asset Reconstruction Companies (ARCs). Data compiled from the FY20 annual reports suggest that many banks have provided about 20 per cent of the book value of the security receipts (SRs) they hold against bad loans sold to ARCs. While this is in line with the regulatory requirements, according to bankers, many lenders may look to increase the provisions as there are now growing concerns over the expected fall in the valuation of the distressed assets as the Covid pandemic rages.

<https://www.thehindubusinessline.com/money-and-banking/banks-may-have-to-increase-provision-for-security-receipts/article32279329.ece>

● **Large masses of humanity at risk in developing nations: Bhanu Baweja of UBS Investment Bank**

In an interview with Malini Bhupta, the Chief Strategist of UBS Investment Bank, Bhanu Baweja opined that the Corona pandemic will transform several industries forever and the big will only get bigger as smaller companies just don't have the cash buffer.

<https://www.financialexpress.com/industry/banking-finance/large-masses-of-humanity-at-risk-in-developing-nations-bhanu-baweja-of-ubs-investment-bank/2046206/>

● **RBI firm on no bank licence to India Inc**

The Reserve Bank of India (RBI) has stuck to its traditional stand of restricting large corporates from promoting banks. In informal discussions with the government in the context of the new privatization policy that is in the planning stage, the RBI has communicated its stand on the matter, sources familiar with the developments said.

https://www.business-standard.com/article/finance/no-bank-licence-to-india-inc-rbi-sees-threat-to-financial-stability-120080600026_1.html

● **Now Life Insurance Policies can be received and cancelled online**

In a recent circular, the IRDAI stated that in the wake of the emerging situation of Covid19 Global Pandemic and taking into account the feedback received from the Life Insurers who have expressed difficulties in printing and dispatch of policy documents, the regulator has allowed an exemption from the requirement to issue policy document, copy of proposal form in physical form. Now, the IRDAI has allowed insurers to issue the policy document on email and the insured can even get it cancelled within the free-look period.

<https://www.financialexpress.com/money/insurance/now-receive-and-cancel-life-insurance-policies-online-irdai-allows-insurers-to-send-policy-document-on-e-mail/2045274/>

❖ **Market Watch**

Capital Market	
S & P BSE Sensex	38025.45 (+362.12)
Nifty 50	11200.15 (+98.50)

Reference Rate			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
74.89 (-0.01%)	88.17 (+0.17%)	97.80 (-0.04%)	0.71 (+0.05%)

❖ **Direct Tax**

The Central Board of Direct Tax chief asked taxmen to compute tax demand for all Assesseees by Aug 31, 2020 and dispose of pending appeals

With tepid collections proving to be a challenge in meeting tax revenue goals, The CBDT Chairman has set monthly targets for field formations for disposing of appeals and asked them to compute taxes for all assesseees by August-end.

<https://www.livemint.com/politics/policy/compute-tax-demand-for-all-assesseees-by-aug-31-dispose-of-pending-appeals-cbdt-chief-to-taxmen-11596346184247.html>

❖ **Business and Economic News**

- The Appointments Committee of the Cabinet has approved the extension of term of appointment of Shri Ajay Tyagi (HP:1984) as Chairman, Securities and Exchange Board of India (SEBI) by a further period of 18 months w.e.f 01.09.2020 up to 28.02.2022 or until further orders, whichever is earlier.

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-chairman-ajay-tyagis-term-extended-by-18-months/articleshow/77374523.cms>

- Pradhan Mantri Garib Kalyan Anna Yojana Phase-I : April 2020 to June 2020 - States/UTs distributed 93.5 % of allocated food grains for the period April-June 2020 among NFSA beneficiaries

<https://pib.nic.in/PressReleasePage.aspx?PRID=1643542>

- The finance ministry has said the drastic reduction in the number of cases chosen for scrutiny was a reflection of the tax authority's evolution from an enforcement agency to one focused on tax payer services. Data tweeted by the department showed that it chose only 0.25% of all the returns filed in 2018-19 for scrutiny compared with 0.55% examined in 2017-18.

<https://www.livemint.com/>

❖ **Pronouncement**

- NCLAT in the matter of *Ricoh India Ltd.* wherein the Appellant questioned the Resolution Professional over acceptance of two Resolution Plans that had been submitted after the expiry of deadline for submission of Resolution Plan, without obtaining any CoC resolution to extend the deadline and issuing notice for inviting EoI from other potential resolution applicants.

NCLAT observed that in the exercise of commercial wisdom, CoC was not authorized to approve the arbitrary and illegal conduct of corporate insolvency resolution process and held that illegal exercise of power by the Resolution Professional in conducting CIRP cannot be treated as an exercise of power for maximization of value under Commercial Wisdom. The CoC is directed to take a decision afresh in the light of the directions given above for consideration on the Resolution Plans already submitted within the stipulated timeline.

<https://nclat.nic.in/Useradmin/upload/9710818165f2a9a5f966eb.pdf>

Prepared by Directorate of Academics

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

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