

Info Capsule

Friday
October 08, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Indirect Tax

Goods and Services Tax

- **Government of India releases ₹40,000 crore to States/ UTs with Legislature in-lieu of GST compensation shortfall (October 07, 2021)**

The Ministry of Finance released an amount of ₹40,000 crore to the States and UTs with Legislature under the back-to-back loan facility to meet the shortfall in GST Compensation. Earlier on July 15, 2021 an amount of ₹75,000 crore was released to the States & UTs with legislature. With the current release, the total amount released in the current financial year as back to back loan in-lieu of GST compensation has reached to ₹,15,000 crore. This release is in addition to normal GST compensation being released every 2 months out of actual cess collection.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1761749>



THE INSTITUTE OF
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भारतीय कम्पनी सचिव संस्थान

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(Under the jurisdiction of Ministry of Corporate Affairs)



❖ Securities Laws & Capital Market

Press Release

- **SEBI issues Directions to NCDEX regarding trading in Mustard Seed contracts (October 8, 2021)**

SEBI has issued direction to National Commodity & Derivatives Exchange Limited (NCDEX), in respect of trading in Mustard Seed contracts that no new Mustard Seed contract shall be launched till further orders. Further, it is directed that in respect of running contracts, no new position will be allowed to be taken. Only squaring up of position will be allowed. These directions will be implemented with immediate effect.

For details:

https://www.sebi.gov.in/media/press-releases/oct-2021/sebi-issues-directions-to-ncdex-regarding-trading-in-mustard-seed-contracts_53182.html

SEBI News

- **BPCL Privatisation: SEBI unlikely to exempt open offers for Petronet, IGL (October 07, 2021)**

India's capital market regulator is unlikely to give exemption to the company acquiring BPCL from making mandatory open offers for Petronet LNG Ltd and Indraprastha Gas- share purchases which will be countered by other promoters of the two firms such as GAIL to save from going private, officials said. Bharat Petroleum Corporation Ltd (BPCL) holds 12.5% of the shareholding in India's largest liquefied natural gas importer, Petronet, and a 22.5% stake in city gas retailer, IGL. It is a promoter of both the listed companies and holds board positions.

For details:

https://www.business-standard.com/article/companies/bpcl-privatisation-sebi-unlikely-to-exempt-open-offers-for-petronet-igl-121100700686_1.html

- **Resolution of SEBI-CERC dispute to open gate for power market reforms: Govt (October 08, 2021)**

Resolution of the jurisdiction issue between market regulator SEBI and electricity regulator CERC, will further deepen the power market and pave the way for the introduction of longer duration delivery-based contracts on exchanges, the Power Ministry said. On October 6, the long-pending matter between SEBI and CERC regarding regulatory jurisdiction of Electricity Derivatives has finally got resolved with the Supreme Court favourably disposing of the matter in terms of the agreement reached upon by the SEBI and the CERC, the ministry said.

For details:

https://www.business-standard.com/article/economy-policy/resolution-of-sebi-cerc-jurisdiction-issue-to-deepen-power-market-govt-121100700755_1.html

- **SEBI cancels registration certificate of Celebrus Commodities (October 07, 2021)**

Capital markets regulator SEBI cancelled the registration certificate of Celebrus Commodities Ltd for allegedly allowing its clients to trade in illegal contracts on National Spot Exchange Ltd (NSEL) and failing to fulfill the "fit and proper" criteria. The market regulator in an order stated that "the Noticee, by providing a platform for taking exposure to paired contracts has exposed its clients to the risk involved in trading a product that did not have regulatory approval, thereby raising doubts on the competence of the Noticee to act as a registered securities market intermediary".

For details:

https://www.business-standard.com/article/companies/sebi-cancels-registration-certificate-of-celebrus-commodities-121100701128_1.html

❖ ***Insolvency and Bankruptcy***

Setback for Invesco: NCLAT gives Zee more time to file reply (October 8, 2021)

Invesco Developing Market Funds, a key shareholder of Zee Entertainment Enterprises (ZEEL), suffered a setback with the National Company Law Appellate Tribunal (NCLAT) setting aside the October 5 order of NCLT Mumbai asking the media firm to file a counter reply by October 7.

The order comes as a major relief for ZEEL, which had sought more time from the NCLT to file a counter reply in the matter where Invesco has sought directions from the adjudicating authority to the media firm for convening the extraordinary general meeting (EGM) of the company (EGM).

In its order, the NCLAT said that it was an error on the part of NCLT not to grant ZEEL reasonable and sufficient time for filing the reply.

For details:

<https://www.financialexpress.com/industry/setback-for-invesco-nclat-gives-zee-more-time-to-file-reply/2346035/>

❖ **Banking and Insurance**

- **Banks need to accelerate green lending for sustainable growth: SBI chief (October 07, 2021)**

Banks have always been the backbone of India's economic growth and as the country pivots to sustainable growth, the banking sector will have to accelerate green lending, said SBI Chairman Dinesh Khara on October 07, 2021. He added that there is a growing need to sensitise India's financial sector to the importance and benefits of green finance.

For details:

https://www.business-standard.com/article/finance/banks-need-to-accelerate-green-lending-for-sustainable-growth-sbi-chief-121100701142_1.html

- **ICICI Bank executes Secured Overnight Financing Rate (SOFR) linked transactions (October 07, 2021)**

ICICI Bank announced that it has executed its first term loan and cross-currency swap derivative transactions linked to Secured Overnight Financing Rate (SOFR). The transactions were carried out with a corporate client through the Bank's International offices. These transactions indicate the Bank's preparedness towards a smooth transition from USD LIBOR (London Interbank Offered Rate) to transactions linked to Alternative Reference Rates (ARR). In January 2021, the Bank had executed its first interbank money market transaction linked to SOFR, which has been identified as the replacement for USD LIBOR.

For details:

<https://www.livemint.com/industry/banking/icici-bank-executes-secured-overnight-financing-rate-sofr-linked-transactions-11633592998785.html>

- **Q2 disbursements by some banks rise but overall loan growth muted (October 07, 2021)**

Ahead of the monetary policy statement on October 8, recent data suggest that credit disbursements by banks and NBFCs have made a comeback in the second quarter of the fiscal, although retail credit continues to drive growth. Bankers and experts suggest that credit demand, especially for the retail segment, will continue to be robust in the coming months due to the festival season and end-of-year travelling plans, though depending on a possible third Covid wave.

For details:

<https://www.thehindubusinessline.com/data-stories/data-focus/q2-disbursements-by-some-banks-rise-but-overall-loan-growth-muted/article36884196.ece>

- **Monetary Policy Report – October 2021 (October 08, 2021)**

The Reserve Bank of India's Governor Shaktikanta Das announced that the Monetary Policy Committee (MPC) has unanimously decided to keep the repo rate unchanged for the eighth consecutive time. Repo rate has been maintained at 4 per cent, and reverse repo rate at 3.35% in October policy. Moreover, RBI MPC has lowered the FY22 inflation forecast to 5.3% from earlier estimate of 5.7%.

For details:

<https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=20647>

- ❖ **Business and Economic News**

- **India's economy to grow by 8.3% this fiscal year, says World Bank (October 08, 2021)**

India's economy is expected to grow by 8.3% this fiscal year, according to the World Bank, whereas the RBI, in the monetary policy review in June, lowered its projection of real GDP growth for FY22 from 10.5% to 9.5%.

The Bank's Regional Economic Update released on Thursday said that after the "deadly second wave" of Covid-19 in India "the pace of vaccination, which is increasing, will determine economic prospects this year and beyond".

For details:

<https://www.businessinsider.in/india/news/indias-economy-to-grow-by-8-3-this-fiscal-year-says-world-bank/articleshow/86858226.cms>

- **India – Unemployment Rate falls sharply in September (October 07, 2021)**

India's unemployment rate fell sharply in September to 6.86% against 8.32% in August as 8.5 million additional jobs were created last month with the majority of them created in rural India with construction activity picking up pace, reports *The Economic Times*, citing data from the Centre for Monitoring Indian Economy. The data showed that the creation of additional jobs pushed up India's employment rate to 37.87% in September as compared to 37.15% in August. Further, the employment rate in rural India jumped by 0.85% to 39.53% in September against 38.68% in August while in urban India this grew to 34.62% compared with 34.15% in August.

For details:

<https://www2.staffingindustry.com/row/Editorial/Daily-News/India-Unemployment-rate-falls-sharply-in-September-The-Economic-Times-59294>

- **Review of Foreign Direct Investment (FDI) Policy on Telecom Sector (October 06, 2021)**

The Government of India vide Press Note No. 4 (2021 Series) has reviewed the extant FDI policy on Telecom sector and has made the following amendment under the Consolidated FDI Policy Circular of 2020, as amended from time to time (FDI Policy):

FDI Policy is amended to be read as under:

TELECOM SERVICES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
<p>Telecom Services (including Telecom Infrastructure Providers Category-I)</p> <p>All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, Unified Access Services, Unified license (Access services), Unified License, National/International Long Distance, Commercial V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS), all types of ISP licenses, Voice Mail/Audiotex/UMS, Resale of IPLC, Mobile Number Portability services, Infrastructure Provider Category-I (providing dark fibre, right of way, duct space, tower), Other Service Providers and such other services as may be permitted by the Department of Telecommunications (DoT).</p>	100%	Automatic

Other Conditions: The licensing, security and any other terms and conditions as specified by Department of Telecommunications from time to time, shall be observed by licensee/entities providing services as referred in Para 5.2.14.1 above, as well as investors

For details:

<https://dpiit.gov.in/whats-new/press-note-4-2021>

❖ Terminology for today

Nash equilibrium

Nash equilibrium is a concept within game theory where the optimal outcome of a game is where there is no incentive to deviate from the initial strategy. More specifically, the Nash equilibrium is a concept of game theory where the optimal outcome of a game is one where no player has an incentive to deviate from their chosen strategy after considering an opponent's choice.

❖ Market Watch

Stock Market Indices as on 08.10.2021

S & P BSE Sensex	60059.06 (+381.23)
Nifty 50	17895.20 (+104.85)

Foreign Exchange Rates as on 07.10.2021

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

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
74.71	86.34	101.61	0.67

Prepared by Directorate of Academics

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