

Info Capsule

Tuesday
May 10, 2022

President : CS Devendra V. Deshpande

Vice President : CS Manish Gupta

Banking and Insurance

Analysts go cautious on NBFCs after irregularities come up (May 10, 2022)

A shadow of doubt has been cast over the NBFC sector after recent disclosures of irregularities in some accounts, particularly post the Covid-led restructuring. On May 09, 2022, Can Fin Homes, the NBFC arm of Canara Bank disclosed that it had unearthed 37 accounts with fake income-tax returns and declared them as fraud and Non-Performing Assets (NPAs). Though the company clarified that the total amount impacted was less than Rs. 4 crore, the fact that Canara Bank had sent a team to support Can Fin Homes in risk, audit and general admin after this discovery has raised eyebrows.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/analysts-go-cautious-on-nbfc-after-irregularities-come-up/articleshow/91451847.cms>



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)



❖ Direct Tax

Guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961 [Circular No. 9 Dated May 9, 2022]

The Ministry of Finance (MoF) on May 09, 2022 has issued the Guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961 to provide for exemption to wholly owned subsidiaries of Abu Dhabi Investment Authority (ADIA), sovereign wealth funds (SWF) and pension funds (PF) on their income in the nature of dividend, interest and long-term capital gains arising from investment made in infrastructure in India, during the period beginning with April 01, 2020 and ending on March 31, 2024 subject to fulfilment of certain conditions.

Certain Provisions of the Finance Act has been amended to incentivise infrastructure investments by specified persons in India.

The guidelines are provided under the following headings:

- Transfer of investment within 3 years by the specified person or AIF/ domestic Company/NBFC
- Eligible infrastructure entity carrying on other businesses as well
- Violation of 50 %, 75 % or 90 % condition as per item (c), (d) or (e) of sub-clause (iii) of clause (23FE) of section 10 of the Act
- Violation of one or more conditions in clause (23FE) of section 10 of the Act or rules thereunder or under the notification exempting the specified person under the said clause.
- Computation of the capital gains arising to the specified person on account of the transfer of their holding in domestic company or non-banking finance company
- Secondary investment in infrastructure companies
- Tax audit
- Quarterly statement of investments

For details:

<https://incometaxindia.gov.in/communications/circular/circular-9-2022.pdf>

❖ **International Business News**

Oman eyes PTA with India; to boost India's trade ties with Gulf after UAE CEPA (May 09, 2022)

Qais Mohamed Al Yousef Oman's Minister of Commerce & Industry & Investment Promotion will visit India this week eyeing to push the Preferential Trade Agreement (PTA) close on the heels of India-UAE CEPA (Comprehensive Economic Partnership Agreement) opening up opportunities for India in the resource rich Gulf region.

For details:

<https://economictimes.indiatimes.com/news/economy/foreign-trade/oman-eyes-pta-with-india-to-boost-indias-trade-ties-with-gulf-after-uae-cepa/articleshow/91450700.cms>

❖ **Consumer Protection**

Shri Piyush Goyal emphasises balance between need to protect consumers, and preventing harassment of entrepreneurs (May 9, 2022)

Shri Piyush Goyal, Union Minister of Consumer Affairs, Food and Public Distribution, Textiles, and Commerce & Industry has sought effective implementation of laws to protect consumer interests without harassment of businesses.

Delivering his inaugural address at the 'National Workshop on legal Metrology Act, 2009', Shri Goyal suggested a pragmatic approach to decriminalize laws and urged states to support the initiative to balance the interest of consumers with the need to simplify laws so that businesses, particularly the small enterprises, are not put to undue hardship.

"It's our collective responsibility to ensure that the consumers do not face injustice while at the same time understanding the responsibility towards businessmen so that they can work peacefully," the minister said.

He said that the focus should be mainly on differentiating between mens rea and bona fide cases. Talking about the statistics, Shri Goyal said that 97% of cases of first offenses were booked by the State Government on limited sections while no second offense was booked under the same sections.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1823947>

❖ **Terminology for today**

Sustainable Stock Exchanges Initiative (SSE)

The SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI. The SSE's mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policymakers and relevant international organizations, can enhance performance on ESG (environmental, social and corporate governance) issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals.

❖ **Business and Economic News**

- **No Vicarious Liability for Cheque Dishonour merely because a person was a Partner or stood guarantor for loan : Supreme Court (May 6, 2022)**

The Supreme Court held that a person cannot be convicted for the offence of dishonour of cheque under Section 138 of the Negotiable Instruments Act, 1881 (NI Act) merely because he was a partner of the firm which had taken the loan or that he stood as a guarantor for such a loan.

Vicarious liability under Section 141 of the NI Act cannot be fastened upon a person merely because the civil liability under the Partnership Act falls upon the partner.

The Partnership Act, 1932 creates civil liability. Further, the guarantor's liability under the Indian Contract Act, 1872 is a civil liability. The appellant may have civil liability and may also be liable under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. However, vicarious liability in the criminal law in terms of Section 141 of the NI Act cannot be fastened because of the civil liability.

For details:

<https://www.livelaw.in/top-stories/section-138-ni-act-no-vicarious-liability-for-cheque-dishonour-merely-beacuse-a-person-was-a-partner-or-stood-guarantor-for-loan-supreme-court-198669>

❖ **Market Watch**

Stock Market Indices as on 10.05.2022	
S & P BSE Sensex	54364.85 (-105.82)
Nifty 50	16240.05 (-61.80)

Foreign Exchange Rates as on 09.05.2022 (https://www.geojit.com/currency-futures)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
76.71	80.87	94.57	0.59

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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

VISION
"To be a global leader in promoting good corporate governance"

ICSI Motto
सत्यं वद। धर्मं चर।
speak the truth; abide by the law

MISSION
"To develop high calibre professionals facilitating good corporate governance"

Connect with ICSI

www.icsi.edu | [f](#) [t](#) [in](#) [v](#) [i](#) | Online Helpdesk : <http://support.icsi.edu>