

Info Capsule

Wednesday
January 12, 2022

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Securities Laws & Capital Markets

SEBI puts in place framework for operationalising gold exchange (January 10, 2022)

Capital markets regulator SEBI came out with a framework for operationalising the gold exchange, wherein the yellow metal will be traded in the form of electronic gold receipts (EGRs). The stock exchange desirous of trading in EGRs may apply to SEBI for approval of trading in the new segment, the regulator said in a circular. The bourses can launch contracts with different denomination for trading or conversion of EGR into gold. Under the new framework, the entire transaction has been divided into three tranches— creation of EGR; trading of EGR on stock exchange and conversion of EGR into physical gold. A common interface will be developed by depositories, which will be made accessible to all the entities — vault managers, depositories, stock exchanges and clearing corporations. The new framework will come into force with immediate effect.

For details:

<https://www.moneycontrol.com/news/business/markets/sebi-puts-in-place-framework-for-operationalising-gold-exchange-7920661.html>



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भारतीय कम्पनी सचिव संस्थान
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(Under the jurisdiction of Ministry of Corporate Affairs)



❖ Direct Tax

Extension of timelines for filing of Income-tax returns and various reports of audit for the Assessment Year 2021-22 (Circular No. 01 Dated 11th January, 2022)

On consideration of difficulties reported by the taxpayers and other stakeholders due to COVID and in electronic filing of various reports of audit under the provisions of the Income-tax Act, 1961 (Act), the Central Board of Direct Taxes (CBDT), provides relaxation in respect of the following compliances:

S. No.	Particulars	Further Extended Due Date
1.	The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, in the case of assessee referred in clause (a) of Explanation 2 to sub-section (1) of section 139 of the Act	15 th February, 2022
2.	The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, in the case of assessee referred in clause (aa) of Explanation 2 to sub-section (1) of section 139 of the Act.	15 th February, 2022
3.	The due date of furnishing of Report from an Accountant by persons entering into international transaction or specified domestic transaction under section 92E of the Act for the Previous Year 2020-21	15 th February, 2022
4.	The due date of furnishing of Return of Income for the Assessment Year 2021-22, which was 31 st October 2021 under sub-section (1) of section 139 of the Act	15 th March, 2022
5.	The due date of furnishing of Return of Income for the Assessment Year 2021-22, which was 30 th November 2021 under sub-section (1) of section 139 of the Act	15 th March, 2022

For details:

<https://www.incometaxindia.gov.in/communications/circular/circular-no-1-2022.pdf>

❖ *Banking and Insurance*

RBI Working Paper No. 01/2022: Stock Price Reaction on the Announcement of Basel Implementation: Evidence from Indian Banks (January 11, 2022)

Reserve Bank of India placed on its website a Working Paper titled “Stock Price Reaction on the Announcement of Basel Implementation: Evidence from Indian Banks” under the Reserve Bank of India Working Paper Series.

The study evaluates the market reaction of different policy decisions taken by the Reserve Bank of India (RBI) to bring in major reforms in the Indian banking industry after the financial liberalisation to align its domestic regulations with global Basel capital adequacy norms. These announcements are some of the important decisions that have brought in critical changes in the operations of Indian commercial banks; therefore, it is imperative to understand how the market perceives the implementation of Basel recommendations. Event studies are used to examine the short-run effect of regulations. Using the same methodology, the study reveals that the Indian banks were initially not prepared to raise the capital to 9 per cent, which resulted in the market overreacting to the Basel I announcement, and pessimistic sentiments were observed in terms of abnormal returns and cumulative returns.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53083

❖ *Terminology for today*

Broad Money

Broad money is a category for measuring the amount of money circulating in an economy. It is defined as the most inclusive method of calculating a given country's money supply, and includes narrow money along with other assets that can be easily converted into cash to buy goods and services.

❖ *Market Watch*

Stock Market Indices as on 12.01.2022	
S & P BSE Sensex	61150.04 (+533.15)
Nifty 50	18212.35 (+156.60)

Foreign Exchange Rates as on 11.01.2022 <i>(https://www.fbil.org.in/#/home)</i>			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
73.78	83.71	100.36	0.64

❖ **Business and Economic News**

• **NCLAT disposes of DoT petition against Videocon resolution plan (January 11, 2022)**

The National Company Law Appellate Tribunal (NCLAT) on January 11, 2022 disposed of a petition filed by the Department of Telecommunications challenging the Rs 2,962-crore takeover bid by Anil Agarwal's Twin Star Technologies for Videocon Industries.

A two-member bench observed that the appellate tribunal earlier this month had already set aside the June 8 order passed by the Mumbai bench of the National Company Law Tribunal (NCLT) approving Twin Star's bid and remanded the matter back to the Committee of Creditors (CoC) of Videocon.

For details:

https://www.business-standard.com/article/companies/nclat-disposes-of-dot-petition-against-videocon-resolution-plan-122011101506_1.html

• **Hyd firm gets to own Choksi co after insolvency resolution (January 11, 2022)**

Ace Urban Developers Private Limited now owns AP Gems and Jewellery Park Private Limited, floated in 2001 in Hyderabad which was later owned by absconding gems trader Mehul Choksi. It has gone into the hands of Ace Developers through corporate insolvency resolution process (CIRP) initiated and concluded by NCLT, Hyderabad.

For details:

<https://timesofindia.indiatimes.com/business/india-business/hyd-firm-gets-to-own-choksi-co-after-insolvency-resolution/articleshow/88821995.cms>

❖ **Competition Law**

• **CCI approves acquisition of shares in Sutherland Global Holdings Inc. by Coral Blue Investment Pte. Ltd. (January 11, 2022)**

The Competition Commission of India (CCI) approves acquisition of shares in Sutherland Global Holdings Inc. by Coral Blue Investment Pte. Ltd. The proposed combination pertains to the acquisition of Series C Preferred Stock convertible to common stock of Sutherland Global Holdings Inc. (Sutherland) in two tranches by the Coral Blue Investment Pte Ltd. (GIC Investor) subject to the fulfilment of relevant conditions.

GIC Investor is wholly-owned by GIC Blue Holdings Pte. Ltd., an entity which is in turn wholly-owned by GIC (Ventures) Private Limited. GIC Investor is a special purpose vehicle organized as a private limited company in Singapore. It is part of a group of investment holding companies managed by (i) GIC Special Investments Private Limited, which is wholly-owned by GIC Private Limited and (ii) the Integrated Strategies Group of GIC.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1789125>

❖ **Pronouncement**

January 11, 2022	<i>Samruddhi Co-operative Housing Society Ltd. (Appellant) Vs. Mumbai Mahalaxmi Construction Pvt. Ltd (Respondent)</i>	Supreme Court of India Civil Appeal No 4000 of 2019
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Builder's Failure to Obtain Occupation Certificate is a 'Deficiency in Service' Under Consumer Protection Act**Brief Fact:**

The complaint was filed by the appellant (a co-operative housing society) for refund of the excess taxes and charges paid the appellant to the municipal authorities, due to the alleged deficiency of service of the respondent. By the impugned order, the NCDRC dismissed the complaint on the ground that it was barred by limitation and that it was not maintainable since it was in the nature of a recovery proceeding and not a consumer dispute. The appeal arises from a judgment and order of the National Consumer Disputes Redressal Commission dated 3rd December 2018.

Judgement

Hon'ble Supreme Court observed that Section 2(1)(d) of the Consumer Protection Act defines a 'consumer' as a person that avails of any service for a consideration. A 'deficiency' is defined under Section 2(1)(g) as the shortcoming or inadequacy in the quality of service that is required to be maintained by law. In its decisions in *Wing Commander Arifur Rahman Khan & Others v. DLF Southern Homes Private Limited & Others (2020) 16 SCC 512* and *Pioneer Urban Land Infrastructure Limited v. Govindan Raghavan (2019) 5 SCC 725*, this Court has held that the failure to obtain an occupancy certificate or abide by contractual obligations amounts to a deficiency in service. In *Treaty Construction v. Ruby Tower Cooperative Housing Society Ltd. (2019) 8 SCC 157*, the Court also considered the question of awarding compensation for not obtaining the certificate. In that case, the Court declined to award damages as there was no cogent basis for holding the appellant liable for compensation, and assessing the quantum of compensation or assessing the loss to the members of the respondent society.

In the present case, the respondent was responsible for transferring the title to the flats to the society along with the occupancy certificate. The failure of the respondent to obtain the occupation certificate is a deficiency in service for which the respondent is liable. Thus, the members of the appellant society are well within their rights as 'consumers' to pray for compensation as a recompense for the consequent liability (such as payment of higher taxes and water charges by the owners) arising from the lack of an occupancy certificate.

For details:

https://www.livelaw.in/pdf_upload/samruddhi-co-operative-housing-society-ltd-vs-mumbai-mahalaxmi-construction-pvt-ltd-2022-livelaw-sc-36-407398.pdf

Prepared by Directorate of Academics

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