

Info Capsule

Monday
September 14, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ Direct Tax

Notification No. 73/2020 Dated September 10, 2020

The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'District Mineral Foundation Trust' in respect of the certain specified income arising to that Authority subject to certain conditions.

https://www.incometaxindia.gov.in/communications/notification/notificati on_73_2020.pdf

❖ Indirect Tax

Goods and Services Tax updates

E-Invoicing : Simplification of GST invoicing process

The government's intention while implementing the e-invoicing system is to improve 'Ease of Doing Business' and reduce compliance. Data once provided would be used to complete all compliances and would not have to be resubmitted multiple times and at multiple intervals. With this intention, the government has linked e-invoicing and e-waybill, which is slated to act as a feeding mechanism for monthly compliances.

<https://www.gst.gov.in/newsandupda tes/read/399>



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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 & Capital Market

Consultation Paper on Review of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (September 11, 2020)

With the objective to strengthen corporate governance practices and disclosure requirements, ease compliance burden on listed entities, harmonize with the Companies Act, 2013 and maintain consistency within the LODR Regulations, SEBI has issued consultation paper to seek public comments/views on the proposed amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 latest by October 11, 2020.

https://www.sebi.gov.in/reports-and-statistics/reports/sep-2020/consultation-paper-on-review-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_47543.html

SEBI Circulars

• **Asset Allocation of Multi Cap Funds (September 11, 2020)**

In order to diversify the underlying investments of Multi Cap Funds across the large, mid and small cap companies and be true to label, SEBI has partially modified the scheme characteristics of Multi Cap Fund requiring *Mutual Funds to invest minimum 25% each in equity & equity related instruments of Large, Mid and Small cap companies*. All the existing Multi Cap Funds shall ensure compliance with the above provisions within one month from the date of publishing the next list of stocks by AMFI, i.e. January 2021.

https://www.sebi.gov.in/legal/circulars/sep-2020/circular-on-asset-allocation-of-multi-cap-funds_47542.html

SEBI Press Release (September 13, 2020)

• **Clarification pursuant to Circular dated September 11, 2020 - Regarding Asset Allocation of Multi Cap Schemes of Mutual Funds**

SEBI has clarified that Mutual Funds have many options to meet with the requirements of the circular, based on the preference of their unit holders. Apart from rebalancing their portfolio in the Multi Cap schemes, they could inter-alia facilitate switch to other schemes by unit holders, merge their Multi Cap scheme with their Large Cap scheme or convert their Multi Cap scheme to another scheme category, for instance Large cum Mid Cap scheme. SEBI is conscious of market stability and therefore has given time to the Mutual Funds till January 31, 2021 to achieve compliance with the circular, through its preferred route of which rebalancing of the portfolio is only one such route.

https://www.sebi.gov.in/media/press-releases/sep-2020/clarification-pursuant-to-circular-dated-september-11-2020-regarding-asset-allocation-of-multi-cap-schemes-of-mutual-funds_47546.html

SEBI Interim Order (September 07, 2020)

• Krishnamurthy G., by way of interim ex-parte order, is directed 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 and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly. In the instant case, Krishnamurthy was soliciting and inducing the investors to deal in securities market on the basis of investment advice, stock tips etc., *prima facie*, without having the requisite registration/certification as mandated under the Investment Advisers Regulations.

https://www.sebi.gov.in/enforcement/orders/sep-2020/order-in-respect-of-mr-krishnamurthy-g_47544.html

SEBI in News

• **SEBI's mandate for Multi-Cap funds to create pressure on Nifty50 Stocks (September 13, 2020)**

The SEBI's new norms for multi-cap funds have injected steroids in the small and mid-cap categories as it mandates that these funds must invest at least 25 percent equity each in large, mid and small-cap stocks. This mandate will create overall pressure on the Nifty50 stocks.

<https://www.moneycontrol.com/news/business/markets/sebis-mandate-for-multi-cap-funds-to-create-pressure-on-nifty50-stocks-5831561.html>

❖ **Banking and Insurance**

• **Compliance functions in banks and Role of Chief Compliance Officer (CCO)**

As part of robust compliance system, banks are required, inter-alia, to have an effective compliance culture, independent corporate compliance function and a strong compliance risk management programme at bank and group level. Such an independent compliance function is required to be headed by a designated Chief Compliance Officer (CCO) selected through a suitable process with an appropriate 'fit and proper' evaluation/selection criterion to manage compliance risk effectively.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11962&Mode=0>

• **UCO Bank yet to undertake Asset Quality Study, cites SC order for delay**

State-owned UCO Bank has not been able to make an analytical study of its asset quality even after the end of the loan repayment moratorium period on August 31, heeding a Supreme Court directive that no accounts shall be downgraded for now. On September 3, in a relief to stressed borrowers who are facing hardship due to adverse impact of the COVID-19 pandemic, the top court had said that accounts which were not declared as non-performing assets till August 31 this year, shall not be declared NPA till further orders.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/uco-bank-yet-to-undertake-asset-quality-study-cites-sc-order-for-delay/articleshow/78088864.cms>

• **SBI Card to enrol 'delinquent' customers in restructuring plans : MD**

SBI Card is in the process of enrolling "delinquent" customers, who did not repay after the end of moratorium, in the RBI restructuring scheme or its own repayment plan to provide them more time for repayments, a top company official said. Due to the moratorium, a number of customers had not been paying for the first three months and the company treated them as standard accounts in line with the entire industry. However, since then, as the first moratorium ended, SBI Card made it a customer-led enrolment in the second moratorium in which a lot of customers did not enrol.

<https://www.financialexpress.com/industry/banking-finance/sbi-card-to-enrol-delinquent-customers-in-restructuring-plans-md/2082154/>

• **IRDAI may increase timelines of two COVID Specific Policies — Corona Rakshak, Corona Kavach**

With steady rise in the number of Covid-19 cases in India and huge demand for the pandemic-specific policies — Corona Rakshak and Corona Kavach — the insurance regulator is looking to further increase the timelines of both the policies. Currently, insurance companies are allowed to sell those policies only for 3.5 months, 6.5 months and 9.5 months.

<https://www.financialexpress.com/money/insurance/rising-demand-irdai-may-increase-timelines-of-two-covid-specific-policies-corona-rakshak-corona-kavach/2081113/>

• **LG Manoj Sinha launches health insurance scheme for residents of J-K**

Jammu and Kashmir Lieutenant Governor Manoj Sinha announced a universal health insurance scheme, on the lines of the Centre's Ayushman Bharat, to cover the entire population of the Union territory at an annual expenditure of Rs 123 crore. The scheme will provide health insurance cover free of cost to all residents and shall include the serving and retired employees and their families as well.

<https://www.financialexpress.com/money/insurance/lg-manoj-sinha-launches-health-insurance-scheme-for-residents-of-j-k/2081070/>

❖ **Ministry of Finance**

• **₹30,000 cr Special Liquidity Scheme under Atmanirbhar Bharat package : Finance Ministry**

The Union Ministry of Finance informed that an amount of ₹30,000 crore Special Liquidity Scheme has been progressed for non-banking, housing finance companies and Monetary Financial Institutions as part of the Atmanirbhar Bharat package

<https://www.livemint.com/news/india/rs-30-000-cr-special-liquidity-scheme-under-atmanirbhar-bharat-package-finance-ministry-11599991768080.html>

❖ **Market Watch**

Capital Market	
S & P BSE Sensex	38756.63 (-97.92)
Nifty 50	11440.05 (-24.40)

Reference Rate			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
73.33 (-0.12%)	86.81 (+0.30%)	94.78 (-0.48%)	0.69 (-0.16%)

❖ **Business and Economic News**

- Revenue to disinvestment: Government short of finances as it tries to fix economy.
https://www.business-standard.com/article/economic-revival/revenue-to-disinvestment-govt-short-of-finances-as-it-tries-to-fix-economy-120091000421_1.html
- The Central Board of Direct Taxes (CBDT) has deployed two-third of its workforce to deal with the faceless assessment scheme.
https://www.business-standard.com/article/economy-policy/cbdt-deploys-two--of-its-workforce-for-faceless-assessment-scheme-120091300594_1.html
- RBI seeks exemption from Data Protection Law
<https://www.hindustantimes.com/india-news/rbi-seeks-exemption-from-data-protection-law/story-kwQzNs614s0C56VK6HTCJP.html>

❖ **Pronouncements**

- In the matter of *M/s. Mohindera Chemicals Private Limited vs. Registrar of Companies, NCT of Delhi & Haryana & Ors.*, the present appeal has been filed claiming that the name of the Appellant Company was wrongly struck off by RoC from the Register of Companies with effect from August 8, 2018 due to non-filing of the Balance Sheets of the company. The Appellant argued that merely, because the Balance Sheet remained to be filed, the RoC presumed that the company is not functional and the name got struck off.
It is stated that if the name is not restored the Appellant will seriously suffer as there are huge outstanding dues which the company has to receive and the debtors are ready to pay but are unable to pay because the name is struck off. NCLAT held that Appellant Company has been functional as can be seen from the content of the submitted Balance Sheets and directed the RoC to restore the name of the company in the Register of Companies subject to the specified conditions.
<https://nclat.nic.in/Useradmin/upload/3736092315f59f9a3d6c47.pdf>
- Securities Appellate Tribunal (SAT) has set aside a SEBI order, which imposed a penalty of Rs. 7 lakh on National Highways Authority of India (NHAI/Appellant) for violation of Regulation 52(1) of LODR Regulations for the delay in filing financial results within 45 days from the end of the half financial year. SAT opine that the imposition of such penalty was harsh and excessive thus the imposition of Rs.7 lakhs upon the Appellant could not be sustained and was substituted with a warning with a further condition that in the event the Appellant violates Regulation 52 of the LODR Regulations in future it will be open to the SEBI (Respondent) to initiate proceedings under the Act/LODR Regulations and proceed in accordance with law.(August 27,2020)
http://sat.gov.in/english/pdf/E2020_JO2020232_2.PDF

Prepared by Directorate of Academics

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

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