

Info Capsule

Wednesday
December 15, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Ministry of Finance**

Over 32.11 crore loans of Rs. 17 lakh crore with disbursement of Rs. 16.50 lakh crore extended under Pradhan Mantri Mudra Yojana (December 14, 2021)

As per data uploaded by Member Lending Institutions (MLIs) on Mudra portal, as on 26.11.2021, over 32.11 crore loans involving a sanctioned amount of Rs. 17 lakh crore with disbursement of Rs. 16.50 lakh crore have been extended under Pradhan Mantri Mudra Yojana (PMMY), since its inception in April, 2015. This was stated by Union Minister of State for Finance Dr Bhagwat Kisanrao Karad in a written reply to a question in Rajya Sabha.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1781403>



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Company Secretaries of India**
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
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(Under the jurisdiction of Ministry of Corporate Affairs)



❖ **Ministry of Corporate Affairs**

Clarification of holding of Annual General Meeting (AGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) (December 14, 2021)

With reference to Ministry's General Circular No. 20/ 2020 dated May 05, 2020, General Circular No. 02/ 2021 dated January 13, 2021 and General Circular No. 19/ 2021 dated December 08, 2021, the MCA has allowed the companies who are proposing to organize AGMs in 2022 for the Financial Year ended /ending any time before/ on 31.03.2022 through VC or OAVM as per the respective due dates by 30th June, 2022 in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No. 20/ 2020 dated May 05, 2020.

Further, the MCA has clarified that this Circular shall not be construed as conferring any extension of time for holding of AGMs by the companies under the Companies Act, 2013 and the companies which have not adhered to the relevant timelines shall be liable to legal action under the appropriate provisions of the Act.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252FsmI3Qxz3XlO4y8gLsakgg%253D%253D&type=open>

❖ **Terminology for today**

Equivalent Annual Cost – EAC

Equivalent annual cost (EAC) is the annual cost of owning, operating, and maintaining an asset over its entire life. Firms often use EAC for capital budgeting decisions, as it allows a company to compare the cost-effectiveness of various assets with unequal lifespans.

❖ **Securities Laws & Capital Markets**

SEBI Circular

- **Clarifications with respect to Circular dated November 03, 2021, on 'Common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination' (December 14, 2021)**

SEBI, vide its Circular dated November 03, 2021, has laid down the common and simplified norms for processing investor's service request by Registrars to an Issue and Share Transfer Agents (RTAs) and norms for furnishing PAN, KYC details and Nomination. Based on the representations received from the Registrars Association of India (RAIN), SEBI has provided clarity on certain provisions and on the applicability of the aforementioned circular. The said clarifications are given in Annexure to this circular.

For details:

https://www.sebi.gov.in/legal/circulars/dec-2021/clarifications-with-respect-to-circular-dated-november-03-2021-on-common-and-simplified-norms-for-processing-investor-s-service-request-by-rtas-and-norms-for-furnishing-pan-kyc-details-_54602.html

Press Release

- **SEBI constitutes 'Advisory Committee for Leveraging Regulatory and Technology Solutions (ALeRTS)' (December 14, 2021)**

In order to guide SEBI in its pursuit to enhance technological capabilities and explore appropriate technology solutions for early detection of market anomalies, SEBI has constituted an 'Advisory Committee for Leveraging Regulatory and Technology Solutions (ALeRTS)' headed by Ms. Madhabi Puri Buch, Ex-Whole Time Member, SEBI, and comprising experts from various technology domains as members.

For details:

https://www.sebi.gov.in/media/press-releases/dec-2021/sebi-constitutes-advisory-committee-for-leveraging-regulatory-and-technology-solutions-alerts-_54605.html

❖ **International Business News**

India's exports likely to touch record \$400 billion this fiscal: Piyush Goyal (December 14, 2021)

Commerce and Industry Minister Piyush Goyal on Tuesday, December 14, 2021 said India's merchandise export is set to touch an all-time high of \$400 billion during the current financial year, driven by sharp uptick in shipments. As per a preliminary trade data, India's merchandise exports in April-November 2021 was at \$262.46 billion, an increase of 50.71 per cent over \$174.15 billion in the same period of the previous financial year.

For details:

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-exports-likely-to-touch-record-400-billion-this-fiscal-piyush-goyal/articleshow/88278781.cms>

❖ ***Insolvency and Bankruptcy***

- **Company law tribunal can't compel parties to settle dispute in insolvency proceedings under IBC, says SC (December 14, 2021)**

In a significant verdict, the Supreme Court on December 14, 2021 held that the National Company Law Tribunal (NCLT) cannot compel a party to settle a dispute under the Insolvency and Bankruptcy Code (IBC) as it is empowered "only to verify whether a default has occurred or not". The top court referred to the provisions of the IBC and said that the NCLT and its appellate body, NCLAT, had only two options available to either allow or reject the insolvency proceedings against the firm.

A bench comprising Justices Shri D Y Chandrachud and Shri A S Bopanna set aside the verdicts of NCLT and NCLAT which had asked the company to try to settle the claims of homebuyers within a time frame and had dismissed the pleas for initiation of insolvency proceedings against Bharath Hi Tech Builders Pvt. Ltd.

For details:

<https://economictimes.indiatimes.com/news/india/company-law-tribunal-cant-compel-parties-to-settle-dispute-in-insolvency-proceedings-under-ibc-says-sc/articleshow/88283767.cms>

- **PSUs with high liabilities may face IBC-based closure (December 15, 2021)**

The government has unveiled a new public sector companies' policy for non-strategic sectors so that the department of public enterprises (DPE) can drive the privatization or closure of state-run firms. In cases where the liabilities are "exorbitantly high", the government has indicated its willingness to go for the Insolvency and Bankruptcy Code (IBC) route as well.

The norms stipulate that the entire process of closure should be completed within nine months of approval by the Cabinet Committee on Economic Affairs (CCEA).

For details:

<https://timesofindia.indiatimes.com/business/india-business/psus-with-high-liabilities-may-face-ibc-based-closure/articleshow/88289170.cms>

❖ Banking and Insurance

PCA Framework for NBFCs (December 14, 2021)

The Reserve Bank of India on December 14, 2021 has issued the Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs). It may be recalled that the revised Prompt Corrective Action (PCA) Framework for Scheduled Commercial Banks (SCBs) was issued on November 02, 2021. NBFCs have been growing in size and have substantial inter-connectedness with other segments of the financial system. Accordingly, a PCA Framework for NBFCs has also been put in place to further strengthen the supervisory tools applicable to NBFCs. This shall apply to: All Deposit Taking NBFCs [Excluding Government Companies]; All Non-Deposit Taking NBFCs in Middle, Upper and Top Layers [Excluding - (i) NBFCs not accepting/not intending to accept public funds; (ii) Government Companies, (iii) Primary Dealers and (iv) Housing Finance Companies]. The PCA Framework for NBFCs shall come into effect from October 01, 2022, based on the financial position of NBFCs on or after March 31, 2022. A separate circular would be issued in due course with regard to applicability of PCA Framework to Government NBFCs.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52717

❖ Market Watch

| Stock Market Indices as on 15.12.2021 | | Foreign Exchange Rates as on 14.12.2021 (https://www.geojit.com/currency-futures/rbi-reference-rate.aspx) | | | |
|--|--------------------|--|-------------|-------------|------------|
| S & P BSE Sensex | 57788.03 (-329.06) | INR / 1 USD | INR / 1 EUR | INR / 1 GBP | INR/ 1 JPY |
| Nifty 50 | 17221.40 (-103.5) | 75.64 | 85.38 | 100.12 | 0.66 |

Prepared by Directorate of Academics

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