

Info Capsule

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THE INSTITUTE OF
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IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)



President: CS Devendra V. Deshpande

Vice President: CS Manish Gupta

❖ Ministry of Finance

Cabinet approves enhancement in the corpus of Emergency Credit Line Guarantee Scheme for increasing the limit of admissible guarantees (August 17, 2022)

The Union Cabinet, chaired by the Prime Minister, Shri Narendra Modi has approved the enhancement in the limit of Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 50,000 crore from Rs. 4.5 Lakh crore to Rs. 5 Lakh crore, with the additional amount being earmarked exclusively for enterprises in hospitality and related sectors. The increase has been done on account of the severe disruptions caused by COVID-19 pandemic on hospitality and related enterprises.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1852529>

❖ Securities Laws & Capital Markets

SEBI Circular

Guidelines for overseas investment by Alternative Investment Funds (AIFs) / Venture Capital Funds (VCFs) (August 17, 2022)

In terms of Regulation 12(ba) of erstwhile SEBI (Venture Capital Funds) Regulations 1996 and Regulation 15(1)(a) of SEBI (Alternative Investment Funds) Regulations, 2012, AIFs/VCFs may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and SEBI from time to time. SEBI vide this circular has issued Guidelines for overseas investment by AIFs /VCFs. It is specified that AIFs/VCFs shall file an application to SEBI for allocation of overseas investment limit in the format specified at Annexure A to this circular.

For details:

https://www.sebi.gov.in/legal/circulars/aug-2022/guidelines-for-overseas-investment-by-alternative-investment-funds-aifs-venture-capital-funds-vcfs-_62020.html

❖ Terminology for today

Depreciation Recapture

Depreciation recapture is the gain realized by the sale of depreciable capital property that must be reported as ordinary income for tax purposes. Depreciation recapture is assessed when the sale price of an asset exceeds the tax basis or adjusted cost basis. The difference between these figures is thus "recaptured" by reporting it as ordinary income.

❖ **Direct Tax**

Income-tax (25th Amendment) Rules, 2022 (August 17, 2022)

The Central Board of Direct Taxes makes the Income-tax (25th Amendment) Rules, 2022 further to amend the Income tax Rules, 1962 as per which for rule 17, the following rule shall be substituted:

“17. Exercise of option etc. under Explanation 3 to the third proviso to clause (23C) of section 10 or section 11– The option to be exercised in accordance with the provisions of the Explanation to sub-section (1) of section 11 of the Act in respect of income of any previous year relevant to the assessment year beginning on or after the 1st day of April, 2016 shall be in Form No. 9A and shall be furnished before the expiry of the time allowed under section 139(1) of the Income tax Act, 1961 for furnishing the return of income of the relevant assessment year.

For details:

<https://egazette.nic.in/WriteReadData/2022/238126.pdf>

❖ **Indirect Tax**

Customs

- **Guidelines for launching of Prosecution in relation to offences punishable under the Customs Act, 1962 (Circular No. 12/2022 – Customs dated August 16, 2022)**

CBIC has raised the monetary thresholds for prosecution and arrest for customs offences. There will be no prosecution against foreign nationals and NRIs (normally visiting India for travel/business trips etc.) on detection of non-declaration of foreign currency, if it is legally acquired. The threshold for prosecution involving baggage has been increased to Rs. 50,00,000/-.

For details:

<https://taxinformation.cbic.gov.in/view-pdf/1003117/ENG/Circulars>

- **Revised Guidelines for Arrest and Bail in relation to offences punishable under Customs Act, 1962 (Circular No. 13/2022 – Customs dated August 16, 2022)**

CBIC has clarified that arrest in respect of an offence, should be effected only in exceptional situations which may include:

- a) Cases involving unauthorised importation in baggage/ cases under Transfer of Residence Rules, where the market value of the goods involved is Rs. 50,00,000/- or more;
- b) Cases of outright smuggling of high value goods such as precious metal, restricted items or prohibited items or goods notified under section 123 of the Customs Act, 1962 or offence involving foreign currency where the value of offending goods is Rs. 50,00,000/- or more;

For details:

<https://taxinformation.cbic.gov.in/view-pdf/1003118/ENG/Circulars>

❖ **Business and Economic News**

• **CCPA penalises 'Flipkart' for selling sub-standard Pressure Cookers to consumers; to pay penalty of ₹ 1 Lakh (August 17, 2022)**

The Central Consumer Protection Authority (CCPA) passed an order on violation of consumer rights by e-commerce platform 'Flipkart' for allowing sale of domestic pressure cookers in violation to mandatory standards. Headed by Chief Commissioner Mrs. Nidhi Khare, the CCPA has directed Flipkart to notify consumers of all 598 pressure cookers sold on its platform, recall the pressure cookers and reimburse their prices to the consumers and submit a compliance report of the same within 45 days. The company has also been directed to pay a penalty of ₹1,00,000 for allowing sale of such pressure cookers on its e-commerce platform and violating rights of consumers.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1852508>

• **Freebies, welfare schemes must be differentiated, says Supreme Court (August 18, 2022)**

Continuing with its hearing on the freebies matter, the Supreme Court on August 17, 2022 observed that the difference between what can be termed freebies or welfare measures needs to be determined. The matter will be heard again on August 21, 2022. The court said that the term freebies should not be confused with welfare measures. A bench of judges heard the plea seeking directions to political parties to not promise and distribute freebies to voters.

For details:

https://www.business-standard.com/article/current-affairs/freebies-welfare-schemes-must-be-differentiated-says-supreme-court-122081800046_1.html

❖ **Technology and Automation**

• **Google adds AI language understanding to Alphabet's helper robots (August 17, 2022)**

Google's parent company Alphabet is bringing together two of its most ambitious research projects -- robotics and AI language understanding -- to make a "helper robot" that can understand natural language commands. According to The Verge, since 2019, Alphabet has been developing robots that can carry out simple tasks like fetching drinks and cleaning surfaces.

For details:

https://www.business-standard.com/article/technology/google-adds-ai-language-understanding-to-alphabet-s-helper-robots-122081700261_1.html

❖ **Mediation Law**

Pre-institution mediation under Section 12A of Commercial Courts Act mandatory: Supreme Court (August 17, 2022)

In a significant ruling in the case of *Patil Automation Pvt Ltd and Ors. vs Rakhija Engineers Pvt. Ltd.*, the Supreme Court of India on Wednesday, August 17, 2022 held that pre-institution mediation under Section 12A of the Commercial Courts Act, 2015 is mandatory in nature and suits not adhering to it will be liable to be rejected under Order VII Rule 11 of the Code of Civil Procedure, 1908.

However, the Court clarified that this ruling will come into effect from August 20, 2022, so that concerned stakeholders are sufficiently informed.

Further, the apex court directed that in case complaints have been already rejected and no steps have been taken within the period of limitation, the matter cannot be reopened on the basis of this declaration.

"It is important that the courts also adapt to the changing times. At least when the parliament has decided to move ahead, it becomes the court's duty not to greet it with undue scepticism. It becomes necessary to fulfil the intention of the parliament by realising the true role of judiciary," the Supreme Court stated.

For details:

<https://www.barandbench.com/news/litigation/pre-institution-mediation-under-section-12a-commercial-courts-act-mandatory-supreme-court>

❖ **Market Watch**

Stock Market Indices as on 18.08.2022	
S & P BSE Sensex	60298.00 (+37.87)
Nifty 50	17956.50 (+12.25)

Foreign Exchange Rates as on 17.08.2022 (https://www.geojit.com/currency-futures)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
79.25	80.50	95.59	0.59

Prepared by Directorate of Academics

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

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