

Info Capsule

Monday
January 31, 2022

President : CS Devendra V. Deshpande

Vice President : CS Manish Gupta

Govt appoints V Anantha Nageswaran as new Chief Economic Adviser (January 28, 2022).

The announcement came days ahead of the presentation of the 2022 Union Budget on February 1 and the tabling of the 2021-22 Economic Survey on January 31.

Nageswaran, an academic and former executive with Credit Suisse Group AG and Julius Baer Group, replaces Krishnamurthy Subramanian as the new Chief Economic Adviser to the Finance Minister. Subramanian recently stepped down from his position as the CEA after the completion of his three-year tenure.

For details:

<https://www.moneycontrol.com/news/business/announcements/v-anantha-nageswaran-appointed-indias-new-chief-economic-adviser-7998371.html>



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❖ Key Highlights of Economic Survey 2022

Strong Revenue : The survey pointed out that revenues have witnessed a strong revival in FY22. This means that the government has fiscal room to provide support if necessary. High Foreign Reserves, Foreign Direct Investment (FDI) and rising exports have provided a buffer against liquidity tampering.

GDP Estimates : The Economic Survey projected an 8-8.5 per cent gross domestic product (GDP) growth rate for the Indian economy in the 2022-23 fiscal year beginning on April 1.

This compares to 9.2 per cent GDP expansion projected by the National Statistical Office (NSO) for ongoing financial year. It also noted that the GDP growth rate contracted by 7.3 per cent in 2020-21.

Agriculture : Agriculture and allied sectors remained the silver lining during the Covid-19 pandemic and are expected to grow by 3.9 per cent in 2021-22 after growing 3.6 per cent in the previous year.

Services Sector : The Covid-19 pandemic has hit the services sector the hardest. This sector is projected to grow by 8.2 per cent this financial year following the previous fiscal's 8.4 per cent contraction.

Industrial sector : The growth of the industrial sector has been estimated at 11.2 per cent in FY22.

Consumption : Total consumption is estimated to have grown by 7.0 per cent in 2021-22 with significant contributions in the form of government spending.

Air India Privatisation : The Economic Survey has highlighted that privatisation of Air India was a significant step in terms of boosting the privatisation drive and gathering disinvestment proceeds.

Increase in Capital Spending : According to the Economic Survey, there can be a sharp increase in capital spending by the government as a demand and supply-enhancing measure.

For details:

<https://www.indiatoday.in/business/budget-2022/story/economic-survey-2022-highlights-8-key-points-you-need-to-know-1906739-2022-01-31>

❖ **Securities Laws & Capital Markets**

SEBI News

- **Flipkart-backed PhonePe approaches SEBI for mutual fund license (January 28, 2022)**

Fintech major PhonePe, which is backed by e-commerce giant Flipkart, has become latest entity to apply for mutual fund (MF) license from market regulator Securities and Exchange Board of India (SEBI). In last year-and-a-half, several entities have applied for MF license and shown interest in entering the Rs. 37 lakh crore MF industry. Several portfolio management service (PMS) providers have also applied for MF license.

For details:

<https://www.moneycontrol.com/news/business/personal-finance/flipkart-backed-phonepe-approaches-sebi-for-mutual-fund-licence-7999321.html>

- **SEBI advises MFs to stop investing in international stocks (January 31, 2022)**

The Securities and Exchange Board of India (SEBI) has advised mutual funds investing in overseas securities to stop further investments in foreign stocks to avoid breach of industry-wide overseas limits. Mutual funds can make overseas investments up to \$1 billion per mutual fund, with the overall industry limit of \$7 billion, according to a SEBI circular of 3 June 2021. The suspension is likely to be temporary and could be revoked once the limits are enhanced by the regulator.

For details:

<https://www.livemint.com/mutual-fund/mf-news/sebi-advises-mfs-investing-outside-india-to-halt-flows-from-next-week-11643452534929.html>

- **Nine entities settle case of alleged AIF rules violations with SEBI (January 28, 2022)**

As many as nine entities, including PenBrook Capital Advisors and Peninsula Brookfield Trustee, settled with SEBI a case pertaining to alleged violations of alternative investment funds rules after paying Rs 85 lakh towards settlement charges. The settlement order comes after the entities approached SEBI to settle the case in the matter of Peninsula Brookfield India Real Estate Fund, AIF. The adjudication proceedings initiated against the nine entities under the show cause notice issued in March 2021 have been disposed of, SEBI said in the order.

For details:

https://www.business-standard.com/article/markets/nine-entities-settle-case-of-alleged-aif-rules-violations-with-sebi-122012801989_1.html

❖ *Insolvency and Bankruptcy*

DHFL: NCLAT sets aside NCLT order that directed to consider Wadhwan's second offer (January 30, 2022)

The National Company Law Appellate Tribunal (NCLAT) has set aside an earlier order of the Mumbai bench of the NCLT, which had directed the administrator of the debt-ridden DHFL to put the second settlement proposal by erstwhile promoter Kapil Wadhwan before its lenders for consideration. The appellate tribunal observed that NCLT has passed directions to consider the second proposal from Wadhwan, despite the fact that the Committee of Creditors (CoC) of DHFL had already by an overwhelming majority approved the Piramal Capital & Housing Finance's resolution plan and the administrator had applied before it for its approval.

Citing a recent judgement passed by the Supreme Court in the case of Ebix Singapore, the NCLAT said "there was no scope for negotiations between the parties once the CoC has approved the resolution plan".

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/dhfl-nclat-sets-aside-nclt-order-that-directed-to-consider-wadhwan-second-offer/articleshow/89219602.cms>

❖ *Direct Tax*

Notification No. 11(Dated 27th January, 2022)

The Central Government notifies, for the purpose of clause (46) of section 10 of the Income tax Act, 1961, "West Bengal Electricity Regulatory Commission" a commission constituted by the state government of West Bengal, in respect of certain specified income arising to the Commission subject to fulfillment of certain condition.

For details:

<https://www.incometaxindia.gov.in/communications/notification/notification-11-2022-new.pdf>

❖ *Market Watch*

Stock Market Indices as on 31.01.2022

S & P BSE Sensex	58014.17 (+813.94)
Nifty 50	17339.85 (+237.90)

Foreign Exchange Rates as on 28.01.2022

(<https://www.fbil.org.in/#/home>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
75.00	83.59	100.46	0.65

❖ **Ethics and Governance News**

- **PTC India board asks risk management committee to look into corporate governance issues at PFS (Jan 28, 2022)**

PTC India, the leading provider of power trading solutions in India on Friday said its board has directed its risk management committee to look into corporate governance issues at PTC India Financial Services (PFS), which was rocked by resignations of three independent directors earlier this month. The three independent directors - Kamlesh Shivji Vikamsey, Santosh B Nayar and Thomas Mathew had resigned en masse from the board of PFS citing corporate governance issues. Subsequently, an independent director of PTC India, Rakesh Kacker, had also resigned.

For details:

<https://economictimes.indiatimes.com/industry/energy/power/ptc-india-board-asks-risk-management-committee-to-look-into-corporate-governance-issues-at-pfs/articleshow/89186461.cms>

- **Facing Governance Issues, BharatPe Orders Independent Internal Audit (Jan 29, 2022)**

Amid growing concerns over governance issues, fintech company BharatPe announced on Saturday that an independent audit of its internal process and systems is being conducted. The development comes just days after its founder Ashneer Grover took voluntary leave till March-end. Mr Grover had taken the decision to proceed on leave on December 19, after an audio clip had exposed a huge fight between him and the Kotak Mahindra Bank.

For details:

<https://www.ndtv.com/business/facing-governance-issues-bharatpe-orders-independent-internal-audit-2736686>

❖ **Terminology for today**

Guanxi

Guanxi (pronounced *gwan' CHē*) is a Chinese term meaning relationships; in business, it is commonly referred to as networks or connections used to open doors for new business and facilitate deals. A person who has a lot of *guanxi* will be in a better position to generate business than someone who lacks it.

Prepared by Directorate of Academics

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