NEWSLETTER *Weekly*

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. Faster Rights Issue with a flexibility of allotment to specific investor(s).

SEBI has introduced a revised framework for rights issues, aimed at faster completion and increased flexibility. Effective April 7, 2025, rights issues must be completed within 23 working days from board approval. The new regulations, outlined in the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025, also specify that rights issues must remain open for subscription for a minimum of seven and a maximum of thirty days. Stock exchanges and depositories are tasked with developing an automated system for bid validation within six months. The circular also introduces amendments to existing master circulars, clarifying procedures for letter of offer disclosures, application forms, bid data correction, and fee payments. For convertible debt instruments requiring shareholder approval, timelines will be adjusted accordingly. These changes are designed to streamline the rights issue process, enhance efficiency, and protect investor interests.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/mar-2025/faster-rights-issue-with-a-flexibility-of-allotment-to-specific-investor-s-_92622.html

MINISTRY OF FINANCE

1. RBI and National Centre for Financial Education (NCFE) have Launched Nationwide Campaigns to Boost Financial Literacy.

RBI and National Centre for Financial Education (NCFE) have launched nationwide campaigns to boost Financial Literacy programmes in the country. With a view to promote Financial Literacy, various Financial Literacy programmes have been initiated which are as under:

i. Guidelines have been laid down for setting up Financial Literacy Centres (FLCs) by Lead Banks. The FLCs have been advised to conduct special camps for different target groups and banks have been regularly conducting special camps through FLCs;

ii. The multi-media, multilingual public awareness campaign, "RBI Kehta Hai" uses various mediums to promote financial literacy and educate the public on safe banking practices;

iii. Mass media campaigns are being organized to disseminate essential financial awareness messages to the general public covering all age groups;

iv. Recognizing the need to develop standardized content to meet the requirements of general audience for financial awareness on important banking aspects, RBI has developed Financial Awareness Messages (FAME) booklet wherein specific content has been prepared for various target groups including senior citizens; and

v. National Centre for Financial Education (NCFE) in collaboration with Centre for Financial Literacy (CFL) is regularly conducting Financial Education (FE) programmes targeting audience below 18 years and above 60 years.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2110411

2. **Overall Credit disbursement to Priority Sectors Jumps 85% from ₹23 Lakh Crores in 2019 to ₹42.7 Lakh Crores in 2024.**

   The overall credit disbursement to priority sectors including Agriculture, MSME and Social Infrastructure by banks in 2019 was ₹23,01,567 crores, which has risen to ₹42,73,161 crores in 2024, recording an increase of 85% over the six-year period. Within priority sector lending, the overall credit disbursement to the agriculture sector has seen steady and positive growth from 2019 to 2024. In 2019, the total disbursement to the sector was ₹8,86,791 crore, and by 2024, it has significantly increased to ₹18,27,666 crore (Data for Agriculture includes credit disbursement towards agriculture infrastructure by banks). The overall credit disbursement to the MSME sector has also increased steadily from ₹10,99,055 crore in 2019 to ₹21,73,679 crore in 2024.

   For more information, you can access the GOI press release here:
   https://pib.gov.in/PressReleasePage.aspx?PRID=2110409

3. **Total digital payment transactions grow by 46% from 8,839 crore in FY 2021-22 to 18,737 crore in FY 2023-24.**

   The "Incentive Scheme for the promotion of RuPay Debit Cards and low value BHIM-UPI transactions Person to merchant (P2M)" has significantly contributed to the growth of digital payments in the country. The total digital payment transactions have grown from 8,839 crore in FY 2021-22 to 18,737 crore in FY 2023-24, with a CAGR of 46%. This growth has been driven by Unified Payment Interface (UPI), which grew at a CAGR of 69%, increasing from 4,597 crore transactions in FY 2021-22 to 13,116 crore transactions in FY 2023-24. UPI has captured around 70% of total digital payment transactions in FY 2023-24. Further, the digital payment infrastructure (i.e. QR code and POS terminals), onboarding of new merchants, and the Third-Party App Providers (TPAPs) have also grown substantially during the scheme period.

   For more information, you can access the GOI press release here:
   https://pib.gov.in/PressReleasePage.aspx?PRID=2110407

4. **Digital Payment Transactions Surge with Over 18,000 Crore Transactions in 2024-25.**

   In order to prevent payment related frauds including UPI transaction frauds, various initiatives have been taken by the Government, Reserve Bank of India (RBI) and National Payments Corporation of India (NPCI) from time to time. These includes device binding between customer mobile number and the device, two factor authentication through PIN, daily transaction limit, limits and curbs on use cases etc. Additionally, NPCI provides a fraud monitoring solution to all the banks to generate alerts and decline transactions by using AI/ML based models. RBI and Banks have also been taking up awareness campaigns through short SMS, radio campaign, publicity on prevention of 'cyber-crime' etc.

   For more information, you can access the GOI press release here:
   https://pib.gov.in/PressReleasePage.aspx?PRID=2110405

5. **Government has taken several measures to increase credit access and finance for MSMEs.**

   In order to prevent payment related frauds including UPI transaction frauds, various initiatives have been taken by the Government, Reserve Bank of India (RBI) and National Payments Corporation of India (NPCI) from time to time. The Reserve Bank of India (RBI), as a regulator, provides an enabling framework for Regulated Entities (REs) to cater to the financing needs of various sectors of the economy within the prudential boundaries. Further, credit related matters of REs are largely deregulated and the same are governed by the Board approved loan policies of the REs framed under the ambit of relevant regulatory and statutory requirements and terms and conditions of the loan agreement between the borrower and the RE. Banks have been advised to furnish the MSME borrowers with an indicative checklist of documents required for processing the loan application at the time of applying for the loan. For loans up to ₹25 lakh to units in the Micro and Small Enterprises (MSE) borrowers, banks are advised that the timelines for credit decisions shall not be more than 14 working days. Various measures have been taken for increasing access to credit and finance for MSMEs.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2110404

6. **MSME Sector Sees Continued Growth as NPAs Decline Sharply Over the Past 5 Years.**

The total advances outstanding to MSME sector has consistently increased over the last five years. The gross NPAs and gross NPA ratio of MSME Sector have continuously decreased during the same period. Further, as per the provisional data of FY 2025 i.e. till 31.12.2024, furnished by RBI, both Gross NPAs and Gross NPA ratio of MSME Sector decline. Several measures have been taken over the past few years for resolution of stressed/NPA accounts which include the inter alia, the following:

i A comprehensive regulatory framework governing compromise settlements and technical write-offs covering all regulated entities is issued.

ii RBI inter alia provides for a comprehensive framework for transfer of stressed assets to eligible transferees viz. commercial banks, Non-Banking Financial Companies (NBFCs), All India Financial Institutions (AIFIs) and Asset Reconstruction Companies (ARCs). Further, to provide a level playing field, ARCs have been permitted to acquire loans where frauds have been detected.

iii Ministry of MSME vide its Gazette Notification (S O No. 1432(E)) dated 29.5.2015 notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' to provide a mechanism to address the stress in the accounts of MSMEs.

Banks have been advised to Formulate and implement Loan Policy and Loan Recovery Policy with the approval of the Board of Directors, Establish Recovery Cells at Head Office, fixing of recovery targets for various levels and close monitoring of recovery performance, Strengthen the information sharing mechanism among lenders etc.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2110403

7. **Ex-post facto approval granted to Memorandum of Understanding (MoU) signed by Ministries of Finance of India and the State of Qatar on 18.02.2025 for Financial and Economic Cooperation between the two countries.**

In a significant move towards strengthening bilateral cooperation, a Memorandum of Understanding (MoU) on financial and economic cooperation was signed between the Ministry of Finance (MoF) of the Republic of India and the Ministry of Finance of the State of Qatar on 18.02.2025 during the visit of HH Amir of the State of Qatar to India. The MoU was signed by Shri Baldeo Purushartha, Joint Secretary, Department of Economic Affairs, MoF, and Mr. Mohammed Hassan Jabir Al-Jabir, the Ambassador to the State of Qatar, on 5th March 2025, at New Delhi. The MoU aims to promote and develop mutual collaboration in the areas of economic policies, use of financing tools, public-private partnership framework and investment. This collaboration will institutionalize a commitment for expanding the mutually beneficial and multi-faceted bilateral relationship with Qatar. The MoU is expected to explore new and emerging sectors and avenues for investments in both the countries.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2110216

MINISTRY OF CORPORATE AFFAIRS

1. **Adequate provisions under the Companies Act, 2013 (Act) for strengthening corporate governance and transparency in the management of companies.**

The Companies Act, 2013 (Act) and Rules made there under contain adequate provisions for strengthening corporate governance and transparency in the management of companies, including large corporations. It provides for accountability for management of companies through key managerial personnel, Board of directors and shareholders. The Act & Rules require companies to maintain books of account, various returns and registers etc in the prescribed form and keep them at their registered offices. Compliances with applicable accounting standards has also been mandated under the Act. The companies are also required to forward notices for the general meetings along with explanatory statements as well as other attachments for information and decision making by the shareholders. Annual financial statements are also required to be forwarded to shareholders. In addition, the companies are required to file various documents, copies of resolutions, returns etc with the Registrar. The disclosures in the Board's report including on risk management, financial statements and annual returns have also been mandated to ensure that every relevant information is available to the stakeholders as well as in the Registry. Accordingly, whenever any irregularity in financials of the Companies is reported, regulatory action under Companies Act, 2013 is taken.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2110416

RESERVE BANK OF INDIA

1. **Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 12 Entries.**

Referring to Paragraph 51 of the RBI Master Direction on Know Your Customer dated February 25, 2016 as amended on November 06, 2024 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)." In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC/16017 dated March 12, 2025 wherein the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities enacted the amendments specified with strikethrough and/or underline in the entries on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban and arms embargo set out in paragraph 1of Security Council resolution 2734 (2024), and adopted under Chapter VII of the Charter of the United Nations.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12790&Mode=0

2. **Financial Action Task Force (FATF) High risk and other monitored jurisdictions – February 19-21, 2025.**

In its February 2025 public statement, the Financial Action Task Force (FATF) reiterated its call for enhanced vigilance regarding the Democratic People's Republic of Korea and Iran, based on a statement from February 2020. Myanmar remains on the list of high-risk jurisdictions, with countries advised to apply enhanced due diligence while ensuring humanitarian aid and legitimate transactions are not disrupted. The FATF also updated its list of jurisdictions under increased monitoring, adding Lao PDR and Nepal, while removing the Philippines. Other countries under increased monitoring include Algeria, Angola, Bulgaria, Burkina Faso, Cameroon, Côte d'Ivoire, Croatia, Democratic Republic of the Congo, Haiti, Kenya, Lebanon, Mali, Monaco, Mozambique, Namibia, Nigeria, South Africa, South Sudan, Syria, Tanzania, Venezuela, Vietnam, and Yemen. These updates reflect ongoing efforts to address strategic deficiencies in anti-money laundering and combating the financing of terrorism.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59947

3. **Invitation of applications for recognition of Self-Regulatory Organisation(s) for the Account Aggregator Ecosystem.**

The Reserve Bank of India has introduced a framework for recognizing a Self-Regulatory Organisation for the Account Aggregator ecosystem (SRO-AA), aiming to streamline the complex data exchange process among diverse regulated entities. This framework outlines the characteristics, responsibilities, and eligibility criteria for the SRO-AA, which will operate within the RBI's regulatory framework. The RBI invites applications for SRO-AA recognition through the PRAVAAH portal until June 15, 2025. The SRO-AA is intended to facilitate smoother adoption and stabilization of the Account Aggregator ecosystem by addressing operational issues such as dispute resolution and standardized agreements. The technical specifications will continue to be managed by Reserve Bank Information Technology Private Limited (ReBIT).

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59956

4. **Premature redemption under Sovereign Gold Bond (SGB) Scheme – Redemption Price for premature redemption due on March 17, 2025 (Series IV of SGB 2019-20).**

In terms of GOI Notification F.No.4 (7) – B (W&M)/2019 dated May 30, 2019 (SGB 2019-20 Series IV - Issue date September 17, 2019) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the due date of premature redemption of the above tranche shall be March 17, 2025. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on March 17, 2025, shall be ₹8,634/- (Rupees Eight Thousand Six Hundred and Thirty-Four only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., March 11, March 12, and March 13, 2025.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59975

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