



NEWSLETTER ^{Weekly}

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MINISTRY OF CORPORATE AFFAIRS

1. MCA seeks easing of CSR rules, funds for MCA21, NCLT

The Ministry of Corporate Affairs has proposed a few key changes in corporate social responsibility (CSR) rules, including a hike in the cap for “administrative expenses” incurred by the companies under CSR function to 10% from 5% now. As part of a set of recommendations made to the finance ministry ahead of the Budget 2024-25, the MCA also sought longer timeline for completion of projects taken up under CSR. The MCA has also proposed strengthening of the National Company Law Tribunal (NCLT) infrastructure and revamp of the MCA21 portal. The MCA’s proposal also aligns with its target to increase the member strength at NCLT from current 47 to the sanctioned strength of 63. In the Interim Budget 2024-25, the MCA was allocated Rs 667.06 Crore, which was lower than the budgeted expenditure of Rs 756.19 Crore outlined in 2023-24.

RESERVE BANK OF INDIA

1. Withdrawal of Circulars – Internal Review

The Reserve Bank of India (RBI) vide notification dated July 12th 2024 notified that after an internal review of circulars, it has been decided to remove obsolete instructions and to rationalize and simplify the existing guidelines.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12701&Mode=0>

2. Basel III Capital Regulations - Eligible Credit Rating Agencies (ECAI)

The Reserve Bank of India (RBI) vide notification dated July 10th 2024 banks are hereby permitted to use the ratings of the CRA for risk weighting their claims for capital adequacy purposes, subject to the following:

- (i) In respect of fresh rating mandates, rating may be obtained from the CRA for bank loans not exceeding Rs. 250 crore.
- (ii) In respect of fresh rating mandates, rating may be obtained from the CRA for bank loans not exceeding Rs. 250 crore.

Provided that in case of existing ratings assigned to working capital facilities exceeding Rs. 250 crore, the CRA shall undertake rating surveillance only till the next renewal of such facility by the banks.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12700&Mode=0>

3. Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)

The Reserve Bank of India (RBI) vide notification dated July 10th 2024 notified that it has been decided that Authorised Persons may facilitate remittances for all permissible purposes under LRS to IFSCs for:

- (i) Availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and
- (ii) All current or capital account transactions, in any other foreign jurisdiction (other than IFSCs) through an FCA held in IFSCs.

For these permissible purposes, resident individuals can open Foreign Currency Account (FCA) in IFSCs.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12699&Mode=0>

4. Export-Import Bank of India's GOI-supported Line of Credit of USD 2.50 mn to the Government of Co-operative Republic of Guyana, for installation of Solar Photo Voltaic Power Plant at Cheddi Jagan International Airport

The Reserve Bank of India (RBI) vide notification dated July 08th 2024 notified that Export-Import Bank of India (Exim Bank) has entered into an agreement dated February 29, 2024 with the Government of the Co-operative Republic of Guyana (GO-GUY), for making available to the latter, Government of India supported Line of Credit (LoC) of USD 2.50 mn (USD Two Million Five Hundred Thousand Only) for installation of Solar Photo Voltaic Power Plant at Cheddi Jagan International Airport in Guyana. The Agreement under the LoC is effective from June 24, 2024. Under the LoC, the last date for disbursement will be 48 months after scheduled completion date of the project

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12698&Mode=0>

5. Financial Inclusion Index for March 2024

The Reserve Bank of India (RBI) vide press release dated July 09th 2024 in consultation with the concerned stakeholders including the Government, RBI had constructed a composite Financial Inclusion Index (FI-Index) to capture the extent of financial inclusion across the country, which was first published in August 2021 for the FY ending March 2021.

The FI-Index for the year ending March 2024 has since been prepared. The value of the Index for March 2024 stands at 64.2 vis-à-vis 60.1 in March 2023, with growth witnessed across all sub-indices. Improvement in FI-Index is mainly contributed by Usage dimension, reflecting deepening of financial inclusion.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58259

6. Conference of Statutory Auditors and Chief Financial Officers of Commercial Banks and All India Financial Institutions

The Reserve Bank of India (RBI) vide press release dated July 09th 2024 informed regarding conference for the Statutory Auditors and Chief Financial Officers (CFOs) of Commercial Banks and All India Financial Institutions. The theme of the Conference was 'Shared Vision, Shared Responsibility: Advancing Assurance in Banking Supervision'.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58260

7. Measuring Productivity at the Industry Level-The India KLEMS Database

The Reserve Bank of India (RBI) vide press release dated July 08th 2024 placed on its website an update on "Measuring Productivity at the Industry Level-The India KLEMS [Capital (K), Labour (L), Energy (E), Material (M) and Services (S)] Database" comprising the Data Manual 2024 and time-series data on productivity for 27 industries covering the period 1980-81 to 2022-23. The database, which has KLEMS data for an additional year, i.e., 2022-23, is expected to aid the analysis of productivity trends in India at disaggregated industry levels.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58246

SECURITIES AND EXCHANGE BOARD OF INDIA

1. Master Circular on Surveillance of Securities Market

The Securities and Exchange Board of India (SEBI) vide master circular dated July 09th 2024 addressed all recognized stock exchanges, depositories, listed companies, market intermediaries registered with SEBI under Section 12 of the SEBI Act, 1992, and fiduciaries as per SEBI (Prohibition of Insider Trading) Regulations, 2015. This comprehensive document consolidates and updates previous circulars to provide a streamlined, unified reference for the surveillance of the securities market.

For more information, you can access the SEBI master circular here:

<https://www.sebi.gov.in/legal/master-circulars/jul-2024/master-circular-on-surveillance-of-securities-market-84680.html>

2. Ease of doing business - Streamlining of prudential norm for passive schemes regarding exposure to securities of group companies of the sponsor of Mutual Funds

The Securities and Exchange Board of India (SEBI) issued a circular dated July 09th 2024 to streamline prudential norms for passive mutual fund schemes regarding their exposure to securities of group companies of the sponsor. This comes after a working group reviewed the current regulatory framework and recommended measures to promote ease of doing business for mutual funds. The SEBI (Mutual Fund) Regulations, 1996, have been amended to reflect these changes.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/jul-2024/ease-of-doing-business-streamlining-of-prudential-norm-for-passive-schemes-regarding-exposure-to-securities-of-group-companies-of-the-sponsor-of-mutual-funds-84633.html>

3. Information to be filed by schemes of AIFs availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs

The Securities and Exchange Board of India (SEBI) issued a circular dated July 09th 2024 addressed Alternative Investment Funds (AIFs) regarding their dissolution and additional liquidation periods, and in-specie distribution of assets. It outlines regulations allowing AIF schemes flexibility in opting for dissolution periods for unliquidated investments. AIFs must submit an information memorandum to SEBI via a merchant banker before their liquidation period expires, detailing scheme specifics and investor approvals. Additionally, AIFs intending to extend their liquidation period must comply with specified conditions and submit requisite information to SEBI. The circular emphasizes compliance responsibilities on AIF managers, trustees, and key personnel to ensure adherence to regulatory frameworks and investor protection measures.

For more information, you can access the SEBI circular here:

https://www.sebi.gov.in/legal/circulars/jul-2024/information-to-be-filed-by-schemes-of-aifs-availing-dissolution-period-additional-liquidation-period-and-conditions-for-in-specie-distribution-of-assets-of-aifs_84676.html

4. Recognition of BSE Limited as Research Analyst Administration and Supervisory Body (RAASB) and Investment Adviser Administration and Supervisory Body (IAASB)

The Securities and Exchange Board of India (SEBI) vide circular dated July 12th 2024 has granted BSE Limited recognition as both the Research Analyst Administration and Supervisory Body (RAASB) and the Investment Adviser Administration and Supervisory Body (IAASB). This recognition, effective from July 25, 2024, marks a significant step in ensuring the effective administration and supervision of Research Analysts (RAs) and Investment Advisers (IAs) in India.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/jul-2024/recognition-of-bse-limited-as-research-analyst-administration-and-supervisory-body-raasb-and-investment-adviser-administration-and-supervisory-body-iaasb-84748.html>

You may send your suggestions at kartikey@asalegal.in

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