



NEWSLETTER ^{Weekly}

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. Prior approval for change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control.

SEBI has issued a circular clarifying the conditions under which share transfer or transmission in investment intermediaries does not constitute a change in control. For unlisted body corporate intermediaries, share transfer among immediate relatives or through transmission will not be considered a control change. However, for proprietary firms, any transfer or transmission of business/capital to another person will require prior approval and fresh registration. In partnership firms, inter-partner transfers are not considered control changes unless a new partner is introduced, in which case prior approval and fresh registration are required. The circular also stipulates that incoming shareholders must meet SEBI's fit and proper person criteria. These provisions aim to ensure proper regulatory oversight and investor protection in the securities market.

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

https://www.sebi.gov.in/legal/circulars/dec-2024/prior-approval-for-change-in-control-transfer-of-shareholdings-among-immediate-relatives-and-transmission-of-shareholdings-and-their-effect-on-change-in-control_90213.html

MINISTRY OF FINANCE

1. Auction for Sale (issue/re-issue) of (i) 'New GS 2031', (ii) '6.92% GS 2039' and (iii) '7.09% GS 2054'.

The Government of India (GoI) has announced the sale (issue / re-issue) of (i) "New Government Security 2031" for a notified amount of ₹10,000 crore (nominal) through yield based auction using multiple price method, (ii) "6.92% Government Security 2039" for a notified amount of ₹12,000 crore (nominal) through price based auction using multiple price method and (iii) "7.09% Government Security 2054" for a notified amount of ₹10,000 crore (nominal) through price based auction using multiple price method. GoI will have the option to retain additional subscription up to ₹2,000 crore against each security mentioned above. The auctions will be conducted by the Reserve Bank of India, Mumbai Office, Fort, Mumbai on December 27, 2024 (Friday). Up to 5% of the notified amount of the sale of the securities will be allotted to eligible individuals and institutions as per the Scheme for Non-Competitive Bidding Facility in the Auction of Government Securities.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2087417>

2. Government of India and Asian Development Bank sign \$500 million loan to support sustainable infrastructure projects aligned with the India's climate commitments.

The Government of India and the Asian Development Bank (ADB) signed a \$500 million loan to support green and sustainable infrastructure projects aligned with the country's climate commitments on 20th December 2024. The ADB loan, with a sovereign guarantee, will be extended to the India Infrastructure Finance Company Limited (IIFCL). The signatories to the Financing Environmentally Sustainable Growth in Infrastructure Project were Ms. Juhi Mukherjee Joint Secretary, Department of Economic Affairs, Ministry of Finance, for the Government of India, and Country Director Mio Oka for ADB.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2087416>

3. Ministry of Finance Year Ender 2024: Department of Expenditure.

The Department of Expenditure (DoE), Ministry of Finance, has consistently advanced fiscal governance and public welfare through innovative financial management and policy reforms. A pivotal achievement is the implementation of Direct Benefit Transfer (DBT) via the Public Financial Management System (PFMS). This initiative has supported the Digital India mission by enabling real-time, transparent fund transfers for over 1,206 schemes in FY 2024-25, processing transactions worth ₹2.23 lakh crore. Extensive integrations with 117 external systems and seamless interfaces with major banks have enhanced efficiency and accountability. In alignment with the 15th Finance Commission's recommendations, the DoE has strengthened state finances by facilitating additional borrowing capacities, performance-linked incentives, and grants for disaster recovery, healthcare, and regional development. For FY 2024-25, the net borrowing ceiling was set at ₹9.40 lakh crore, with an additional 0.5% of GSDP allocated for power sector reforms. These measures aim to boost operational efficiency and promote economic sustainability across States.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2088438>

4. RBI's monetary policy may have slowed demand: Finance Ministry.

Finance Ministry's latest economic review pares growth hopes for this year to around 6.5%, from a 6.5%-7% range projected earlier; puts onus on all stakeholders to demonstrate a "deeper commitment" to support growth. The Finance Ministry on Thursday (December 26, 2024) said the "combination of monetary policy stance and macroprudential measures by the central bank may have contributed to the demand slowdown" in the economy — remarks that come two days after a Reserve Bank of India (RBI) monthly bulletin article mooted urgent action to "excoriate inflation" so as to lend a stronger push for consumption and investments.

For more information, you can access the article here:

<https://www.thehindu.com/business/Economy/monetary-policy-stance-may-have-slowed-demand-finance-ministry/article69030517.ece>

MINISTRY OF CORPORATE AFFAIRS

1. Year End Review-2024: Ministry of Corporate Affairs.

The major initiatives and achievements of the Ministry of Corporate Affairs during the Year 2024.

Prime Minister's Internship Scheme - Pilot Project

- a. The Prime Minister's Internship Scheme in Top Companies has been announced in the Budget 2024 aiming to provide internship opportunities to one crore youth in top 500 companies over five years.
- b. Through this Scheme, youth will gain exposure to real-life business environment, across varied professions and employment opportunities.
- c. The interns will be provided with financial assistance of Rs. 5,000 per month, of which Rs. 4500 would be disbursed by the union government, and Rs. 500 per month would be paid by the company from its CSR funds.

Major Initiative Under Jan Vishwas

a. Recognition of Legal Heirship Certificate for Share Transmission

The legal heirship certificate has been officially recognized as a valid instrument for registering the transmission of shares. This important development, applicable to shares transferred to the IEPF by companies under Section 124(6) of the Companies Act, 2013, eliminates the need for a monetary threshold.

b. Achievements/performance of the Insolvency and Bankruptcy Code, 2016:

The IBC has introduced a new era of transparency and fairness in insolvency resolutions. It ensures equitable treatment of all stakeholders, with a clear and predictable resolution process.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2088711>

RESERVE BANK OF INDIA

1. Unified Payments Interface (UPI) access for Prepaid Payment Instruments (PPIs) through third-party applications.

Currently, UPI payments from / to a bank account can be carried out using the UPI application of that bank or of any third-party application provider. However, UPI payments from / to a PPI can only be carried out using the mobile application provided by the PPI issuer. As announced in the Statement on Development and Regulatory Policies dated April 05, 2024, it has been decided to enable UPI payments from / to full-KYC PPIs through third-party UPI applications. This will enable PPI holders to make / receive UPI payments through the mobile application of third-party UPI applications. The relevant provisions have been amended in Master Directions CO.DPSS.POLC.No.S-479/02.14.006/2021-22 dated August 27, 2021 on Prepaid Payment Instruments (MD-PPIs) (see Annex). This circular is issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12756&Mode=0>

2. Reporting Platform for transactions undertaken to hedge price risk of gold.

It has been decided to mandate reporting of transactions in gold derivatives undertaken by banks and their customers / constituents as under:

- a. Banks shall report all over-the-counter (OTC) transactions in gold derivatives undertaken by them in terms of the aforesaid regulations in domestic markets, International Financial Services Centre (IFSC) and outside India to the trade repository (TR) of Clearing Corporation of India Ltd. (CCIL) with effect from February 01, 2025.
- b. Banks shall report all OTC transactions in gold derivatives undertaken in terms of the aforesaid regulations by their eligible customers / constituents in domestic markets and IFSC to the TR with effect from February 01, 2025.
- c. Banks shall report all the aforesaid transactions undertaken by them or their eligible customers / constituents to the TR before 12:00 noon of the following business day.
- d. Banks shall report all amendments and unwinding of the transactions undertaken in accordance with the aforesaid regulations to the TR.
- e. The reporting formats shall be as indicated by CCIL with the prior approval of the Reserve Bank.

As a one-time measure, to ensure completeness of data, banks shall report all matured and outstanding OTC transactions in gold derivatives undertaken in terms of the aforesaid regulations by them in the domestic markets, IFSC and outside India and transactions undertaken by their eligible customers / constituents in domestic markets and IFSC from April 15, 2024 to the TR by February 28, 2025. Banks shall submit a quarterly report on transactions in gold derivative undertaken by them at exchanges in IFSC and overseas and by their eligible customers/constituents at exchanges in IFSC to the Reserve Bank in the format set out in the Annex within ten days of the succeeding quarter, commencing from the quarter ending December 31, 2024. These directions are issued under the powers vested in the Reserve

Bank of India under Section 45W of the Reserve Bank of India Act, 1934, Sections 10(4), 11(1) and 11(2) of the Foreign Exchange Management Act, 1999 and Section 35A of the Banking Regulation Act, 1949, and are without prejudice to permissions/ approvals, if any, required under any other law.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12757&Mode=0>

3. RBI Bulletin – December 2024.

The Reserve Bank of India has released its December 2024 Bulletin, which features the Bi-monthly Monetary Policy Statement from December 4-6, ten speeches, four articles, and current statistics. Key highlights include:

- a. State of the Economy: The global economy shows resilience with steady growth and moderating inflation. India is recovering from a slowdown, bolstered by strong festival activity and rural demand, with CPI inflation easing to 5.5% in November 2024 due to falling food prices.
- b. Government Finances 2024-25: A Half-Yearly Review: This article reviews the government's financial trends for H1 2024-25, noting buoyant revenue collections driven by income tax and GST, while capital expenditure remains slack. States experienced growth in tax revenues but a decline in non-tax revenues.
- c. Daily Reserves Maintenance Behaviour of Banks: The analysis indicates that changes in Cash Reserve Ratio (CRR) policies have improved banks' reserve management, reducing volatility and allowing better utilization of resources.
- d. Real Effective Exchange Rate (REER) and Trade Balance: This article explores the factors affecting REER and its asymmetric impact on India's trade balance, finding that depreciation of REER tends to improve trade balance more significantly than appreciation deteriorates it.

The views expressed in these articles are those of the authors and do not necessarily reflect the Reserve Bank's official stance.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59371

4. Premature redemption under Sovereign Gold Bond (SGB) Scheme – Redemption Price for premature redemption due on December 26, 2024 (Series XIII of SGB 2017-18).

In terms of GOI Notification F.No.4(25)-W&M/2017 dated October 06, 2017 (SGB 2017-18 Series XIII - Issue date December 26, 2017) 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 next due date of premature redemption of the above tranche shall be December 26, 2024. 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 December 26, 2024, shall be ₹7,573/- (Rupees Seven Thousand Five Hundred and Seventy-Three only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., December 20, December 23, and December 24, 2024.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59372

5. Report on Trend and Progress of Banking in India 2023-24.

The Reserve Bank of India has published the Report on Trend and Progress of Banking in India 2023-24, detailing the performance of the banking sector, including commercial banks, co-operative banks, and non-banking financial institutions for 2023-24 and the current fiscal year. Key highlights include robust credit growth contributing to the expansion of scheduled commercial banks' consolidated balance sheets, with a

capital to risk-weighted assets ratio (CRAR) of 16.8% as of September 2024. The report notes significant improvements in asset quality, with the gross non-performing assets (GNPA) ratio declining to a 13-year low of 2.5%. Profitability has risen for the sixth consecutive year, with a return on assets of 1.4% and return on equity at 14.6%. Additionally, urban co-operative banks have shown improved asset quality and profitability, while the non-banking financial companies (NBFC) sector experienced double-digit credit growth and an improved GNPA ratio of 3.4% by September 2024. However, the report also highlights a concerning rise in bank fraud cases, with 18,461 incidents reported in the first half of the fiscal year, involving a total amount of Rs 21,367 crore.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59379

6. Developments in India's Balance of Payments during the Second Quarter (July-September) of 2024-25.

Preliminary data from the Reserve Bank of India reveals that India's current account deficit (CAD) for the second quarter of 2024-25 (July-September) has slightly moderated to \$11.2 billion, or 1.2% of GDP, compared to \$11.3 billion (1.3% of GDP) in the same quarter of the previous year. The merchandise trade deficit widened to \$75.3 billion, up from \$64.5 billion, while net services receipts increased significantly to \$44.5 billion due to robust growth in service exports across various sectors, including computer and business services. Private remittances rose to \$31.9 billion, reflecting strong inflows from Indians working abroad. In the financial account, foreign direct investment recorded a net outflow of \$2.2 billion, contrasting with a smaller outflow last year, whereas foreign portfolio investment saw a substantial increase in net inflows to \$19.9 billion. Overall, there was an accretion of \$18.6 billion to foreign exchange reserves during this quarter, significantly higher than the previous year's figure of \$2.5 billion.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59395

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