



NEWSLETTER ^{Weekly}

Volume-CXXXVIII, Issue-IV, Dated: 27th January, 2026

SECURITIES AND EXCHANGE BOARD OF INDIA

1. Securities and Exchange Board of India (Mutual Funds) Regulations, 2026.

The Securities and Exchange Board of India notified the Securities and Exchange Board of India (Mutual Funds) Regulations, 2026, effective from 1 April 2026, replacing the existing framework with a comprehensive, principle-based regime. The regulations overhaul registration, eligibility, governance, and net worth norms for sponsors, trustees, asset management companies, and custodians, while strengthening trustee oversight, conflict-of-interest controls, disclosures, valuation standards, and investor grievance mechanisms. A new regime for Specialized Investment Funds is introduced with higher risk disclosures and minimum investment thresholds, alongside a differentiated “Mutual Fund Lite” framework tailored for passive products with proportionate compliance. Detailed provisions govern scheme launch, advertisements, listing, winding up, investments, borrowing limits, NAV computation, payouts, stress testing, and market abuse deterrence. The rules also enhance accountability through fit-and-proper criteria, whistleblower mechanisms, independent oversight, and time-bound disclosures. Overall, the regulations aim to modernize mutual fund regulation, improve transparency and risk management, protect unitholders, and support orderly market growth and innovation.

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

https://www.sebi.gov.in/legal/regulations/jan-2026/securities-and-exchange-board-of-india-mutual-funds-regulations-2026_99173.html

2. Master Circular for Framework on Social Stock Exchange.

The Securities and Exchange Board of India issued a Master Circular on 19 January 2026 consolidating the entire regulatory framework governing the Social Stock Exchange (SSE). The circular compiles all earlier directions, circulars, and instructions issued under the SEBI (ICDR) Regulations, 2018 and the SEBI (LODR) Regulations, 2015, with the objective of providing stakeholders a single, comprehensive reference point. Upon issuance, the circulars listed in the appendix stand rescinded to the extent they relate to the SSE framework. However, SEBI has expressly protected past actions, applications, rights, obligations, liabilities, penalties, and proceedings undertaken under the rescinded circulars, deeming them valid and enforceable under the corresponding provisions of the Master Circular. Pending applications are also treated as filed under the new framework. The Master Circular has been issued under Section 11(1) of the SEBI Act, 1992 to protect investor interests and promote orderly development and regulation of the securities market.

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

<https://www.sebi.gov.in/legal/master-circulars/jan-2026/master-circular-for-framework-on-social-stock-exchange-99166.html>

MINISTRY OF FINANCE

1. Cabinet approves equity support to Small Industries Development Bank of India.

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi has approved the equity support of Rs.5,000 crore to Small Industries Development Bank of India (SIDBI). The equity capital of Rs.5000 crore

shall be infused into SIDBI by the Department of Financial Services (DFS) in three tranches of Rs.3,000 crore in Financial year 2025-26 at the book value of Rs.568.65/- as on 31.03.2025 and Rs.1,000 crore each in Financial Year 2026-27 and Financial year 2027-28 at the book value as on 31st March of the respective previous financial year. Post equity capital infusion of Rs.5000 crore, number of MSMEs to be provided financial assistance is expected to increase from 76.26 lakh at the end of Financial Year 2025 to 102 lakhs (approximately 25.74 lakh new MSME beneficiaries will be added) by the end of Financial Year 2028. As per latest data (as on 30.09.2025) available from official website of M/o MSME, 3016 crore employment is generated by 6.90 crore MSMEs (i.e. employment generation of 4.37 persons per MSME). Considering this average, employment generation is estimated to be 1.12 crore with the expected addition of 25.74 lakh new MSME beneficiaries by the end of Financial Year 2027-28. With a focus on directed credit and anticipated growth in that portfolio over the next five years, the risk-weighted assets on SIDBI's balance sheet are expected to rise significantly. This increase will necessitate higher capital to sustain the same level of Capital to Risk-weighted Assets Ratio (CRAR). The digital and digitally-enabled collateral-free credit products being developed by SIDBI, aimed at boosting credit flow, along with the venture debt being offered to start-ups, will further escalate the risk-weighted assets, requiring even more capital to meet healthy CRAR. A healthy CRAR, well above the mandated level, is a key to protect credit rating. SIDBI will benefit from an infusion of additional share capital by maintaining a healthy CRAR. This infusion of additional capital would enable SIDBI to generate resources at fair interest rates, thereby increasing the flow of credit to Micro, Small & Medium Enterprises (MSMEs) at competitive cost. The proposed equity infusion in staggered or phased manner will enable SIDBI to maintain CRAR above 10.50% under high stress scenario and above 14.50% under Pillar 1 and Pillar 2 over next three years.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2216724®=3&lang=1>

2. Central Government approves the Wage Revision as well as Pension Revision for the employees and pensioners of PSGICs, NABARD and RBI.

In a series of measures taken for boosting the morale of the serving employees as well as to ensure the social security of pensioners in the financial sector, the Central Government has approved the wage revision for Public Sector General Insurance companies (PSGICs) and National Bank for Agriculture and Rural Development (NABARD). Additionally, it has approved pension revision for retirees of Reserve Bank of India (RBI) and NABARD. The decision reflects the Government's continued commitment and emphasis on social security and the financial well-being of pensioners, in recognition of their long and dedicated professional service. Wage revision: The wage revision for the employees of PSGICs will be effective from 01.08.2022. The overall hike in wage bill shall be 12.41% with an increase of 14% on existing Basic pay and Dearness allowance. A total of 43,247 PSGIC employees will benefit from this revision. The revision also incorporates an enhancement in NPS contribution from 10% to 14% for a better future of employees who had joined after 01.04.2010. Family Pension Revision: Family pension has been revised at the uniform rate of 30% from the date of publication in the official gazette, which will benefit 14,615 family pensioners out of a total of 15,582 existing family pensioners as a gesture of appreciation for their valuable contribution to the organisation. Financial Implication: The total outgo will be to the tune of Rs 8170.30 crore i.e. Rs 5822.68 crore towards the arrears of wage revision, Rs 250.15 crore for NPS and Rs 2097.47 for family pension. The PSGICs include National Insurance Company Ltd. (NICL), New India Assurance Company Ltd. (NIACL), Oriental Insurance Company Ltd. (OICL), United India Insurance Company Ltd. (UIICL), General Insurance Corporation of India (GIC), and Agricultural Insurance Company Ltd. (AICIL). Pay revision: Effective from 1st November, 2022, the hike in pay and allowances is about 20 percent for all Group 'A', 'B' and 'C' employees in NABARD. It would benefit around 3800 serving and former employees. Pension Revision: Basic pension/family pension to retirees of NABARD, who were originally recruited by NABARD and retired before 1st November, 2017, have now been brought on par with that of ex-RBI NABARD retirees. Financial Implication: The pay revision entails an additional annual wage bill of around Rs.170 crore and total payment of arrears amounting to around Rs. 510 crores. Whereas, pension revision, would result in a one-time arrear payment of Rs. 50.82 crore as well as an additional Rs. 3.55 crore outgo in pension payments every month to 269 pensioners and 457 family pensioners in NABARD. Pension revision: The Government has approved the revision of pension and family pension to the retirees of the

Reserve Bank of India (RBI). The decision has been taken in line with the Government's commitment to ensuring fair, adequate and sustainable retirement benefits for senior citizens and dependents. Under the approved revision, pension and family pension shall be enhanced by 10 per cent on basic pension plus dearness relief, with effect from 1st November, 2022. This would result in an effective enhancement of basic pension by a factor of 1.43 for all retirees, leading to a substantial improvement in their monthly pension. The revision will benefit a total of 30,769 beneficiaries, comprising 22,580 pensioners and 8,189 family pensioners. Financial Implication: The total financial implication is estimated at ₹2,696.82 crore, which includes a one-time expenditure of ₹2,485.02 crore towards arrears and a recurring annual expenditure of ₹211.80 crore.

From the above measures, a total of approx. 46,322 employees, 23,570 pensioners and 23,260 family pensioners will benefit. This measure will provide meaningful relief to the employees of PSGICs and NABARD, and to pensioners/family pensioners of RBI and NABARD, by enabling them to better absorb the cost of living while maintaining a dignified standard of living and social status post-retirement. The Government remains committed to strengthening institutions that play a pivotal role in the country's inclusive and sustainable economic growth.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2217553®=3&lang=1>

RESERVE BANK OF INDIA

1. Interest Subvention for Pre- and Post- Shipment Export Credit under Export Promotion Mission (EPM) – Niryat Prothsahan.

The Government of India has announced the captioned Scheme under the EPM on a pilot basis. The operational instructions for implementation of the Scheme, as notified by the Directorate General of Foreign Trade vide Trade Notice No. 20/2025-26 dated January 2, 2026, read with Trade Notice No. 22/2025-26 dated January 16, 2026, are enclosed. In terms of the above instructions, eligible lending institutions shall extend the benefit of interest subvention to eligible exporters strictly in accordance with the provisions of the Scheme, and subject to compliance with the extant regulatory instructions issued by the Reserve Bank. The eligible lending institutions shall ensure that interest subvention is extended only in respect of eligible export credit, and that claims are submitted in accordance with the operational instructions and procedures as may be prescribed from time to time.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13279&Mode=0>

2. Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026.

Referring to Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025 dated November 28, 2025. Pursuant to the enactment of the Banking Laws (Amendment) Act, 2025, the Banking Regulation (Companies) Amendment Rules, 2025 and the Reserve Bank of India Scheduled Banks' (Amendment) Regulations 2025 have been published in the Gazette of India dated December 10, 2025 and January 15, 2026 respectively. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and pursuant to Section 42 of the Reserve Bank of India Act, 1934 and Sections 18 and 24 of Banking Regulation Act, 1949, as amended from time to time, and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified. These Directions shall be called the Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026. The provisions shall come into force with immediate effect.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13281&Mode=0>

3. Reserve Bank of India (Payments Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026.

Referring to Reserve Bank of India (Payments Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025 dated November 28, 2025. Pursuant to the enactment of the Banking Laws (Amendment) Act, 2025, the Banking Regulation (Companies) Amendment Rules, 2025 and the Reserve Bank of India Scheduled Banks' (Amendment) Regulations 2025 have been published in the Gazette of India dated December 10, 2025 and January 15, 2026 respectively. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and pursuant to Section 42 of the Reserve Bank of India Act, 1934 and Sections 18 and 24 of Banking Regulation Act, 1949, as amended from time to time, and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified. These Directions shall be called the Reserve Bank of India (Payments Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026. The provisions shall come into force with immediate effect.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13283&Mode=0>

4. RBI Issues Amendment Directions on Priority Sector Lending - Targets and Classification.

The Reserve Bank of India has today issued the Reserve Bank of India (Priority Sector Lending – Targets and Classification) (Amendment) Directions, 2026. These amendment directions modify certain provisions of the Master Directions - Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2025. These amendments have been carried out to (i) align with certain regulatory changes that have been notified separately, (ii) notify the inclusion of the National Cooperative Development Corporation (NCDC) as an eligible entity under the on-lending provisions of the PSL framework subject to certain specified conditions, and (iii) update references relating to certain existing instructions apart from providing clarification on some existing provisions. The amended Directions shall come into effect from the date specified therein.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62063

5. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption of 2019-20 Series-VIII due on January 21, 2026.

In terms of GOI notification F.No.4(7)-B(W&M)/2019 dated September 30, 2019 (SGB 2019-20 Series-VIII-Issue date January 21, 2020) 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 on January 21, 2026. Further, the redemption price of SGB shall be based on simple average of closing price of gold 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 January 21, 2026, shall be ₹14,432/- (Rupees Fourteen Thousand Four Hundred and Thirty-Two only) per unit of SGB based on the simple average of closing price of gold for the three business days i.e., January 16, 2026, January 19, 2026, and January 20, 2026.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62070

6. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption of 2018-19 Series-V due on January 22, 2026.

In terms of GOI notification F.No.4(22)-B(W&M)/2018 dated October 08, 2018 (SGB 2018-19 Series-V- Issue date January 22, 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 next due date of premature redemption of the above tranche shall be on January 22, 2026. Further, the redemption price of SGB shall be based on simple average of closing price of gold 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 January 22, 2026, shall be ₹14,853/- (Rupees Fourteen Thousand Eight Hundred and Fifty-Three only) per unit of SGB based on the simple average of closing price of gold for the three business days i.e., January 19, 2026, January 20, 2026, and January 21, 2026.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62079

7. State Finances: A Study of Budgets of 2025-26.

The Reserve Bank of India (RBI) released the Report 'State Finances: A Study of Budgets of 2025-26'. The theme of this year's Report is 'Demographic Transition in India - Implications for State Finances'. It provides a comprehensive assessment of the finances of State governments for 2025-26 against the backdrop of actual and revised/provisional accounts for 2023-24 and 2024-25, respectively.

Highlights:

1. States' consolidated gross fiscal deficit increased to 3.3 per cent of gross domestic product (GDP) in 2024-25, after remaining below 3.0 per cent during the previous three years. The deficit exceeding 3 per cent mainly reflects 50-year interest free loans from the Centre under Special Assistance to States for Capital Investment, which is over and above the normal net borrowing ceiling of the States. In 2025-26, States have budgeted a gross fiscal deficit of 3.3 per cent of GDP.
2. The thrust on capital expenditure was sustained as capital expenditure remained steady at 2.7 per cent of GDP in 2023-24 and 2024-25 and is budgeted at 3.2 per cent of GDP in 2025-26.
3. The consolidated outstanding liabilities of States remained elevated in the post-pandemic period with a budget estimate of 29.2 per cent of GDP at end-March 2026.
4. Indian States are at different stages of demographic transition, which increasingly shape their finances. Youthful States have a wider window of opportunity due to an expanding working-age population and stronger revenue mobilisation, which can be harnessed through higher investment in human capital. In contrast, ageing States face a narrowing window, with fiscal pressures arising from shrinking tax bases and rising committed expenditure, calling for higher revenue capacity and reforms in healthcare, pensions and workforce policies. Intermediate States need to balance growth priorities with early preparation for ageing.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62098

You may send your suggestions at niyati@asalegal.in

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