NEWSLETTER *Weekly*

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SECURITITES AND EXCHANGE BOARD OF INDIA

1. **Extension of timelines for compliance with certain provisions of Circular dated January 02, 2026**

   The Securities and Exchange Board of India (SEBI), Through Its Circular Dated June 11, 2026, Has Extended the Timelines for Merchant Bankers to Comply with Certain Provisions Introduced Under the SEBI (Merchant Bankers) (Amendment) Regulations, 2025 and the Operational Framework Prescribed in The January 2, 2026 Circular. The Extension Follows Industry Representations Citing Practical Difficulties in Establishing Separate Business Units (Sbus) And Requesting Alignment of Enhanced Net Worth Requirements with the Close of the Financial Year. Consequently, Deadlines for Transferring Activities to Sbus and Complying with Related Operational Requirements Have Been Extended from July 3, 2026 to December 31, 2026. Similarly, Phase I And Phase II Compliance Timelines for Revised Net Worth and Liquid Net Worth Requirements Have Been Shifted to March 31, 2027 and March 31, 2028, respectively. The Deadline for Merchant Bankers to Intimate SEBI Regarding Their Categorisation Has Also Been Extended to March 31, 2027.

   For more info:
   https://www.sebi.gov.in/legal/circulars/jun-2026/extension-of-timelines-for-compliance-with-certain-provisions-of-circular-dated-january-02-2026_102083.html

MINISTRY OF FINANCE

1. **The issue of credit availability in the State across various sectors and the implementation of Central government schemes were discussed.**

   Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman met Shri Suvendu Adhikari, Chief Minister of West Bengal, in New Delhi. The issue of credit availability in the State across various sectors and the implementation of Central government schemes were discussed. The Union Finance Minister said that, in close coordination with the State Government, a renewed saturation drive of flagship schemes such as Pradhan Mantri MUDRA Yojana, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana and PM SVANidhi will be undertaken to cover every eligible beneficiary under these schemes.

   Upon the request of the Chief Minister, Smt. Sitharaman stated that roundtable meetings will be held in all regions of West Bengal with Public Sector Banks and leading Industry Bodies and MSME associations to expand credit availability. The objective would be to help the State contribute to India's growth journey in industrial development, expanding entrepreneurial opportunities, and employment generation. The Union Finance Minister also mentioned that the performance of West Bengal Gramin Bank will be reviewed, with a focus on strengthening financial inclusion and expanding access to formal credit in the rural areas of the State. Smt. Sitharaman assured support for the processing of eligible proposals from West Bengal under the Special Assistance to States for Capital Investment scheme (SASCI) to strengthen capital infrastructure across the State. She further urged the State Government to expedite the implementation of reforms identified under the reform-linked component of the SASCI Scheme.

   For more information:
   https://www.pib.gov.in/PressReleasePage.aspx?PRID=2270476&reg=3&lang=1

2. **ECLGS 5.0 Achieves a Major Milestone, Guarantee Issuance Crosses 1 Lakh Mark, with total amount of guarantees more than ₹48,000 Crore.**

   The Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 was approved by Union Cabinet on 05.05.2026. As on June 9, 2026, the total number of guarantees issued under the scheme has officially crossed the 1 lakh mark, reaching a total of 1,06,549 with total amount of guarantees at ₹48,484.26 Crore, demonstrating the extensive scale of credit protection being extended to lenders. Out of the total coverage, 96% of the guarantees issued by number and 86% of the total guaranteed amount belong to the MSME sector. Large participation by Public Sector Banks, accounting for 96% of guarantees, has ensured the quick acceptance of the scheme.

   By providing 100% and 90% guarantee coverage to MSME and non-MSME sectors respectively, it has encouraged financial institutions to extend credit aggressively, ensuring that liquidity flows to the sectors that need it most. The scheme aims to infuse additional credit of ₹ 2,55,000 crore to existing borrower to tide over the liquidity challenges arising due to West Asia crisis.

   The following interventions has also contributed to the scheme's widespread acceptance:

   - Wide Institutional Participation: The scheme leverages a diverse network of lenders, including PSU Banks, Private Sector Banks, Regional Rural Banks (RRBs), Small Finance Banks (SFBs), and NBFCs, ensuring broad geographical and sectoral reach.

   - Consistent efforts of Member Lending Institutions (MLIs) to contact the customers through website, emails, SMS, etc to avail the scheme benefits.

   - DFS facilitated Outreach Programmes at nine locations through SLBCs with participation of NCGTC and PSB Alliance Team along with stakeholders like State MSME and commerce department, banks, industry associations and enterprises. Phase 2 of the outreach programme is under active consideration.

   For more information:
   https://www.pib.gov.in/PressReleasePage.aspx?PRID=2271251&reg=3&lang=1

3. **Government Extends Validity of Credit Guarantee Scheme for Microfinance Institutions-2.0 (CGSMFI-2.0), Increases Loan Limits under the scheme.**

   The Government of India has approved extension in validity of the Credit Guarantee Scheme for Microfinance Institutions-2.0 (CGSMFI-2.0) upto 31.8.2026 or till guarantees for an amount of ₹20,000 crore are issued, whichever is earlier. The Government of India has also approved increase in maximum loan amount capped to Large Sized NBFC-MFIs/MFIs from ₹300 crores to ₹1000 crores under the overall ceiling of 20% of Assets under Management (AUM).

   Impact: Extension in validity and increase in maximum loan amount capped to Large Sized NBFC-MFIs/MFIs is expected to result in better utilisation of the scheme and facilitate increased credit flow to the MFI sector.

   Background: Central Government introduced CGSMFI-2.0 scheme on March 20, 2026. The scheme aims to provide guarantee cover to Banks/ FIs through National Credit Guarantee Trustee Company Limited (NCGTC) against expected losses on the financial assistance extended by them to Non-Banking Financial Company-Microfinance Institutions (NBFC-MFIs) and MFIs for on lending to small borrowers. As on date, loans totalling to ₹770 crore have been sanctioned under the scheme.

   For more information:
   https://www.pib.gov.in/PressReleasePage.aspx?PRID=2271200&reg=3&lang=1

4. **CBDT organises outreach webinar on "Decoding the new Income-tax Act, 2025: International Tax and Transfer Pricing Aspects".**

   Income Tax Department and PwC India, organised a webinar titled **"Decoding the new** Income-tax Act, 2025 - International Tax and Transfer Pricing Aspects" on transitioning into the new Income-tax Act, 2025 and new Income-tax Rules, 2026 on 9th June 2026.

   The webinar had over 1,100 participants from 16 overseas jurisdictions viz USA, UK, Australia, China, Singapore, Cyprus, Japan, Mauritius, Qatar, UAE etc and served as an important platform for mutual dialogue and knowledge sharing on the evolving taxation framework in India.

   The Department was represented by Ms. Monica Bhatia, Pr. Chief Commissioner of Income Tax (International Taxation), Shri Raman Chopra, Chief Commissioner of Income Tax (International Taxation) and Dr Anjula Jain, Commissioner of Income Tax (International Taxation)-2, New Delhi and PwC India was represented by senior partners.

   Addressing the participants, Ms. Monica Bhatia, highlighted the collective efforts of the Department and stakeholders which ensured the smooth transition to the new Income-tax Act, 2025. She also elaborated upon the growing importance of cross-border transfer pricing mechanisms, international cooperation, and India's expanding role in the global taxation ecosystem. Further, she spoke about the success and relevance of Advance Pricing Agreements and emphasized the importance of Safe Harbour provisions in ensuring certainty and ease of compliance for taxpayers.

   For more information:
   https://www.pib.gov.in/PressReleasePage.aspx?PRID=2271989&reg=3&lang=1

5. **India and Nepal Launch Cross-Border Remittance Mechanism to Strengthen Bilateral Financial Connectivity**

   In a major boost to digital financial connectivity and neighbourhood cooperation, India and Nepal officially launched a peer-to-peer (P2P) cross-border remittance mechanism on June 6, 2026. The newly operationalized system establishes a direct link between India's Unified Payments Interface (UPI) and Nepal's National Payments Interface (NPI). This integration enables citizens of both nations to make seamless, real-time, and secure instant money transfers directly via mobile banking applications and digital wallets.

   The UPI-NPI linkage represents a major advancement in financial inclusion, fostering stronger economic and digital ties between India and Nepal. This aligns perfectly with regional goals for accessible, safe, and affordable cross-border payments, reinforcing longstanding social and economic bonds.

   Driving Economic and Digital Integration: The technical integration was executed via collaboration between NPCI International Payments Limited (NIPL), the international arm of the National Payments Corporation of India—and the Nepal Clearing House Limited (NCHL).

   For more information:
   https://www.pib.gov.in/PressReleasePage.aspx?PRID=2271613&reg=3&lang=1

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. **There must be a "universal CIIRP" with a "default-neutral initiation rule". This proposal does away with regulatory status and replaces it with a threshold based on financial exposure.**

   The outline of India's Insolvency and Bankruptcy Code (IBC) has long been demarcated by an innate stiffness between the inevitability to preserve distraught companies and the necessity to safeguard the interests of creditors. This contradiction is often cited as the 'Chakravyuha Challenge'— a structural paradox by which the economy eases a company's entry into the system but forms formidable formal fences when it wishes to exit.

From the Sick Industrial Companies Act, which demonstrated a debtor-in-possession model and had been plagued by promoter misuse, to the creditor-in-control model of the IBC, the historical flight of such laws reflects an incessant effort to improve the balance. Though the IBC aimed at providing time-bound resolutions, it has fallen short due to protracted litigation and procedural lapses. In light of this, the 2026 Amendment to the IBC presents the Creditor-Initiated Insolvency Resolution Process (CIIRP), a hybrid apparatus attempting to espouse debtor-in-possession topographies with the creditor-in-control model.

For more information:
https://www.thehindu.com/opinion/op-ed/towards-a-fair-efficient-insolvency-regime/article71102204.ece

2. **NCLT declares Congress' Naseer Ahmed insolvent over ₹1,455 cr loan default**

In a major setback for Congress MLC Naseer Ahmed, the National Company Law Tribunal (NCLT) has declared him insolvent over default on bank loans and interest totalling Rs 1,454.71 crore. The order puts his Legislative Council membership and voting rights at risk. The case relates to a garments limited, where Naseer Ahmed was Managing Director and his wife Ayesha Naseer and son Avez Ahmed were directors. The company had taken loans from SBI, Canara Bank, and IDBI Bank, with Naseer, his wife, and son standing as personal guarantors.

After the company incurred losses, it failed to repay dues. Despite recovery efforts, the banks were unable to recover the money and classified the loans as Non-Performing Assets (NPA). They then initiated loan recovery proceedings before the NCLT. In 2019, resolution and recovery proceedings were initiated under the Insolvency and Bankruptcy Code (IBC), along with the process to attach the company's assets. During the resolution process, Naseer and his family submitted a proposal to pay Rs 791 crore to the banks.

For more information:
https://www.business-standard.com/india-news/nclt-declares-congress-naseer-ahmed-insolvent-over-1-455-cr-loan-default-126061300091_1.html

3. **What happens when IBC-linked stocks face market restrictions.**

Then a listed company faces insolvency proceedings, its stock may face tighter trading rules on the exchanges. According to the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), such curbs are meant to safeguard investors and maintain market integrity when a stock shows higher trading risk.

Reliance Infrastructure's latest plea to review these restrictions has brought that concern into focus, as it raises the question of whether rules meant to protect investors can also make it harder for them to sell their shares.

What triggered the debate, Anil Ambani's Reliance Infrastructure Limited (RInfra) on Sunday submitted a formal representation to the Securities and Exchange Board of India (Sebi), NSE, and BSE, seeking a review of the Additional Surveillance Measure (ASM) framework linked to the Insolvency and Bankruptcy Code (IBC). The company has argued that the trading curbs have affected liquidity, price discovery, and more than 700,000 public shareholders.

For more information:
https://www.business-standard.com/companies/news/reliance-infrastructure-asm-trading-curbs-ibc-shareholder-liquidity-126060900494_1.html

RESERVE BANK OF INDIA

1. **RBI imposes monetary penalty on The Amravati Merchants Sahakari Bank Ltd., Amravati, Maharashtra**

The Reserve Bank of India (RBl) has, by an order dated June 4, 2026, imposed a monetary penalty of ₹50,000/- (Rupees Fifty Thousand only) on The Amravati Merchants Sahakari Bank Ltd., Amravati, Maharashtra (the bank) for non-compliance with certain directions issued by RBI on 'Loans and Advances to Directors, their Relatives, and Firms / Concerns in which they are Interested'. This penalty has been imposed in exercise of powers conferred on RBI, under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2025. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found, inter alia, that the following charge against the bank was sustained, warranting imposition of monetary penalty:

The bank had sanctioned certain director related loans.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62892

2. **RBI imposes monetary penalty on The Karnal Central Cooperative Bank Limited, Haryana**

The Reserve Bank of India (RBI) has, by an order dated June 3, 2026, imposed a monetary penalty of ₹3 lakh (Rupees Three Lakh only) on The Karnal Central Cooperative Bank Limited, Haryana (the bank) for non-compliance with certain directions issued by RBI on 'Know Your Customer (KYC)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by National Bank for Agriculture and Rural Development (NABARD) with reference to its financial position as on March 31, 2025. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found, inter alia, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank had failed to:

i. put in place a system of periodic review of risk categorisation of accounts; and

ii. put in place a robust software for effective identification and reporting of suspicious transactions.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62894

3. **Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption of SGB 2019-20 Series VII due on June 10, 2026**

In terms of GOI notification F.No.4(7)-B(W&M)/2019 dated September 30, 2019 (SGB 2019-20 Series-VII-Issue date December 10, 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 June 10, 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 June 10, 2026, shall be **₹15,275/- (Rupees Fifteen Thousand Two Hundred and Seventy Five only)** per unit of SGB based on the simple average of closing price of gold for the three business days i.e., June 05, June 08, and June 09, 2026.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62898

4. **Reserve Money and Money Supply for the fortnight ended May 31, 2026**

The Reserve Bank has today released data on Reserve Money and Money Supply for the fortnight ended May 31, 2026.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62904

5. **RBI releases data on ECB / FCCB / RDB for April 2026**

The Reserve Bank of India has today released the data on External Commercial Borrowings (ECB), Foreign Currency Convertible Bonds (FCCB) and Rupee Denominated Bonds (RDB) both, through Automatic Route and Approval Route, for the month of April 2026.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62915

6. **Shri Sanjay Lohiya, Secretary, Department of Financial Services, nominated on RBI Central Board**

The Central Government has nominated Shri Sanjay Lohiya, Secretary, Department of Financial Services, Ministry of Finance, Government of India as a Director on the Central Board of Reserve Bank of India vice Shri Nagaraju Maddirala. The nomination of Shri Sanjay Lohiya is effective from June 11, 2026 and until further orders.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62916

7. **RBI imposes monetary penalty on IIFL Samasta Finance Limited**

The Reserve Bank of India (RBI) has, by an order dated June 5, 2026, imposed a monetary penalty of ₹3.90 lakh (Rupees Three Lakh Ninety Thousand only) on IIFL Samasta Finance Limited (the company) for non-compliance with certain provisions of 'Reserve Bank of India (Know Your Customer (KYC)) Directions' and 'Reserve Bank of India (Fraud Risk Management in NBFCs) Directions'. This penalty has been imposed in exercise of powers conferred on RBI under section 58G(1)(b) read with section 58B(5)(aa) of the Reserve Bank of India Act, 1934.

The statutory inspection of the company was conducted by RBI with reference to its financial position as on March 31, 2025. Based on the supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for failure to comply with the said directions.

After considering the company's reply to the notice and oral submissions made during the personal hearing, RBI found that the following charges against the company were sustained, warranting imposition of monetary penalty:

i. The company failed to put in place a robust software for effective identification and reporting of suspicious transactions; and,

ii. The company failed to disclose correct details of frauds reported for the financial year 2024-25 in the Financial Statement - Notes to Accounts.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the company with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62922

8. **RBI imposes monetary penalty on Repco Home Finance Limited**

The Reserve Bank of India (RBI) has, by an order dated June 05, 2026, imposed a monetary penalty of ₹70,000/- (Rupees Seventy thousand only) on Repco Home Finance Limited (the company) for non-compliance with certain directions issued by RBI on 'Fair Practice Code'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of section 52A of the National Housing Bank Act, 1987.

The statutory inspection of the company was conducted by National Housing Bank with reference to its financial position as on March 31, 2025. Based on the supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for failure to comply with the said directions.

After considering the company's reply to the notice and oral submissions made during the personal hearing, RBI found that the following charge against the company was sustained, warranting imposition of monetary penalty:

The company failed to disclose the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers in the application forms and in the sanction letters.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the company with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62924

9. **Directions under Section 35 A read with Section 56 of the Banking Regulation Act, 1949 – Mogaveera Co-operative Bank Ltd., Bombay**

It is hereby notified for information of the public that in exercise of powers vested in it under sub section (1) of Section 35 A read with Section 56 of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) vide Directive Ref. No. CO.DOS.SED.No.1887/12-22-144/2026-2027 dated June 11, 2026, has issued certain Directions to **Mogaveera Co-operative Bank Ltd., Bombay**, ("the bank"), whereby, as from the close of business on **June 12, 2026**, the bank shall not, without prior approval of RBI in writing, grant or renew any loans and advances, make any investment, incur any liability including borrowal of funds and acceptance of fresh deposits, disburse or agree to disburse any payment whether in discharge of its liabilities and obligations or otherwise, enter into any compromise or arrangement and sell, transfer or otherwise dispose of any of its properties or assets except as notified in the RBI Directions dated **June 11, 2026**, a copy of which has been directed to be displayed on the bank's website / premises for perusal by interested members of the public. Considering the bank's present liquidity position, the bank has been directed to permit withdrawal of **a sum not exceeding ₹1,00,000 (Rupees One Lakh Only)** from savings bank or current accounts or any other account of a depositor but is allowed to set off loans against deposits subject to the conditions stated in the above RBI Directions. The bank may incur expenditure in respect of certain essential items such as salaries of employees, rent, electricity bills, etc., as specified in the said Directions.

RBI continuously engaged with the Board and Senior Management of the bank for improvement in its functioning. However, lack of concrete efforts by the bank to address the supervisory concerns and to protect the interest of depositors of the bank, necessitated issuance of these Directions.

The eligible depositors would be entitled to receive deposit insurance claim amount of their deposits up to a monetary ceiling of ₹5,00,000/- (Rupees five lakh only) in the same capacity and in the same right, from the Deposit Insurance and Credit Guarantee Corporation (DICGC), as applicable under the provisions of the DICGC Act, 1961, based on submission of willingness by the depositors concerned and after due verification. The depositors may contact the bank officials for further information. Details may also be accessed on the DICGC website: www.dicgc.org.in.

The issue of the above Directions by the RBI should not *per se* be construed as cancellation of the banking license by RBI. The bank will continue to undertake banking business subject to restrictions specified in the said Directions till its financial position improves. The RBI continues to monitor the position of the bank and will take necessary actions including modifications of these Directions, as warranted, depending upon circumstances and in the interest of the depositors.

These Directions shall remain in force for **a period of six months** from the close of business on **June 12, 2026**, and are subject to review.

For more info:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=62926

You may send your suggestions at niyati@asalegal.in

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