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NEWSLETTER Weekly

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. **Modification in the regulatory framework for Online Bond Platform Providers (OBPPs) including measures for promoting ease of doing business.**

   SEBI has modified the regulatory framework for Online Bond Platform Providers (OBPPs) to promote ease of doing business. The revised framework permits OBPPs to offer products, securities or services regulated by IFSCA and bonds issued under Section 54EC of the Income Tax Act, 1961 or Section 85 of the Income-tax Act, 2025, alongside existing permitted products. IFSCA-regulated offerings must comply with applicable FEMA requirements and be clearly labelled as international or overseas instruments. For 54EC bonds, OBPPs must provide specified disclosures, including eligible issuers, lock-in period, investment limits, non-transferability, tax features and applicable listing exemptions, and disclose that grievance redressal lies with the issuer rather than SEBI. The compliance officer requirement is also modified, requiring appointment under the SEBI (Stock Brokers) Regulations, 2026 and the prescribed NISM-Series-III-A certification. The modifications to Chapter XXI of the SEBI NCS Master Circular dated October 15, 2025 take effect immediately. All other provisions remain unchanged.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/aug-2026/modification-in-the-regulatory-framework-for-online-bond-platform-providers-obpps-including-measures-for-promoting-ease-of-doing-business_103647.html

2. **Framework for Calculation of Net Distributable Cash Flows for InvITs.**

   SEBI has amended the framework for calculating Net Distributable Cash Flows (NDCF) for Infrastructure Investment Trusts (InvITs) under Para 3.19 of Chapter 3 of the Master Circular dated July 11, 2025. Payments towards major maintenance expenses for road projects, to the extent funded by external debt, may now be added back in NDCF calculations at both HoldCo/SPV and Trust levels, subject to specified conditions. The changes require unitholder approval under Regulation 22(5), project-wise disclosures, disclosure of proposed major maintenance borrowings and expenses, and information on their impact on future distributions and growth. A statutory auditor must certify that the expenses comply with concession-agreement requirements and were funded through external borrowing. Note 4 has also been amended to permit distribution of surplus cash arising from such debt-funded major maintenance payments, subject to conditions, while Note 6 retains restrictions on distributing cash flows through external debt except as specified. InvITs must separately disclose major maintenance borrowings in their Net Borrowing Ratio, NDCF statements, financial reports and debt maturity profiles. The circular takes effect immediately.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/aug-2026/framework-for-calculation-of-net-distributable-cash-flows-for-invits_103644.html

3. **Review of Inclusion of Historical Scenarios in Stress Testing for Commodity Derivatives Segment.**

   SEBI, through Circular No. HO/47/16/14(1)2026-MRD-POD1/I/18580/2026 dated August 12, 2026, has modified the Z-score threshold used for standardized stress testing of the Commodity Derivatives Segment. Under paragraph 22 of Annexure O of the SEBI Master Circular for Commodity Derivatives Segment dated August 4, 2023, price movements corresponding to a Z-score of 10 were earlier prescribed to replace extreme price movements beyond that threshold in peak historical returns of all commodities. Based on stakeholder representations, the recommendation of the Risk Management Review Committee (RMRC), public comments received, and with the objective of facilitating Ease of Doing Business, SEBI has revised the threshold from a Z-score of 10 to 5. The mean and sigma of returns over the applicable Margin Period of Risk (MPOR) across 15 years will continue to be used for calculating the Z-score. The revised provision applies with immediate effect. The circular has been issued under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/aug-2026/review-of-inclusion-of-historical-scenarios-in-stress-testing-for-commodity-derivatives-segment_103521.html

4. **Amendment to SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 ("ILMDS Regulations").**

SEBI, through Circular No. HO/17/11/24(1)2026-DDHS-POD1/I/18526/2026 dated August 11, 2026, amended operational aspects of the framework for municipal debt securities under the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015. For privately placed municipal debt securities, the face value may be Rs. 1 lakh or Rs. 10,000; securities with Rs. 10,000 face value must have fixed maturity and no structured obligations, while the trading lot must equal the face value. A two-step escrow mechanism is specified for pooled finance vehicles/SPVs under the Pooled Finance Development Fund Scheme, requiring constituent municipalities to maintain specified accounts and the SPV to maintain Interest Payment and Sinking Fund Accounts, including one year's interest obligation in the former. Credit enhancement may include additional cash collateral, state government programme equity, State Finance Commission devolutions, credit guarantees and other appropriate structures. SEBI also relaxed financial-result timelines from 45 to 60 days for half-yearly unaudited results and from 60 to 90 days for annual audited results. The circular applies with immediate effect and is issued under Section 11(1) of the SEBI Act, 1992 read with Regulation 29 of the ILMDS Regulations.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/aug-2026/amendment-to-sebi-issue-and-listing-of-municipal-debt-securities-regulations-2015-ilmds-regulations-_103488.html

MINISTRY OF FINANCE

1. **PSB Confluence on 17-18 August to Bring Together Leadership of Public Sector Banks and Financial Institutions for Action-Oriented Dialogue.**

The Department of Financial Services (DFS), Ministry of Finance, is set to host PSB Confluence, a two-day ideation conclave scheduled to be held on 17-18 August, in New Delhi, bringing together the leadership of Public Sector Banks (PSBs) and Public Financial Institutions (PFIs). The event aims to foster collaborative dialogue, exchange best practices, and chart out actionable, time-bound strategies with a strong focus on people-centric outcomes. The event will be graced by the presence of the Union Minister of Finance & Corporate Affairs, Smt. Nirmala Sitharaman, and Minister of State for Finance Shri Pankaj Chaudhary. The PSB Confluence will serve as a platform for participating institutions to brainstorm on identified themes, share proven practices, and discuss practical initiatives that can be adopted across the banking ecosystem. Deliberations at the conclave will be organised around different thematic tracks, each coordinated by a designated group of institutions. The thematic tracks will focus on Deposit Mobilization, Banking for Youth, Supporting the Investment Cycle, supporting Global Capability Centres, Agriculture & Horticulture Value Chain Infrastructure, Re-imagining the Credit Card Business, and Priority Sector Lending.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2297338&reg=48&lang=1

2. **DFS Highlights Mechanism for Timely Redressal of Insurance Policyholders' Grievances.**

As insurance adoption accelerates across India, navigating the customer Grievance Redressal Mechanism has become a vital skill for policyholders. To ensure financial security, a clear understanding of the established regulatory grievance channels and recent customer statistics is critical for every policyholder. The Insurance

Regulatory and Development Authority of India (IRDAI) mandates a strict, time-bound process for resolving policyholder issues. Customers facing unfair claim rejections, delays, mis-selling or other service-related issues are advised to follow this defined escalation path:

Insurer level: The Grievance Redressal Officer (GRO) of the insurer is the nodal officer for dealing with grievances. Every office of the insurer is mandated to designate one of its officials as Grievance Redressal Officer. Policyholder Protection, Grievance Redressal and Claims Monitoring Committee (PPGR & CM Committee), constituted by every insurer is the Board-level Committee for ensuring efficient and effective redressal of grievances. Every grievance received either through a digital interface, direct correspondence or the call centre of the insurer is registered in the Complaints Management System (CMS) of the insurer. The Complaints Management Systems of insurers and the Bima Bharosa Portal are integrated. Insurers must acknowledge the complaint immediately and provide a resolution within 14 days.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2299382&reg=48&lang=1

3. **DRI uncovers large-scale illegal use of SAFTA agreement in areca imports.**

The Directorate of Revenue Intelligence (DRI), in a month-long intelligence-led operation, has dismantled a major network involved in importing South-East Asian areca nuts into India by falsely declaring them as Bangladeshi origin and fraudulently availing concessional duty benefits under the South Asian Free Trade Area (SAFTA). The investigation has so far revealed a potential revenue loss of more than Rs. 2,500 crores. Nine persons have been arrested in connection with the case. The import of areca nuts into India attracts a Basic Customs Duty (BCD) of 100%. However, eligible imports of areca nuts made under SAFTA agreement are fully exempt from customs duty. The areca nuts originating from Bangladesh are entitled to exemption under SAFTA if imports meet the prescribed Rules of Origin criterion. Intelligence gathered and developed by DRI indicated that certain syndicates were fraudulently claiming the SAFTA benefits on a very large scale on imports of areca nuts. While they were importing areca nuts originating and sourced from Indonesia, Thailand, Malaysia and other South-East Asian countries, they were mis-declaring the country of origin of areca nuts imported into India as Bangladesh.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2300102&reg=48&lang=1

MINISTRY OF CORPORATE AFFAIRS

1. **National Company Law Tribunal (NCLT) Launches e-Inspection and e-Certified Copy Services.**

The National Company Law Tribunal (NCLT) today launched its e-Inspection and e-Certified Copy Services. Hon'ble President, NCLT, Justice Anupinder Singh Grewal, inaugurated the services through video conferencing, marking another step towards making the Tribunal's Registry more accessible and technology-enabled. Speaking on the occasion, Justice Grewal said that the two services are intended to provide advocates, litigants and other stakeholders with convenient and faster access to judicial records and certified copies. The services form part of the Tribunal's broader digital transformation, including the revamped NCLT website and the ongoing e-Courts 2.0 initiative. The Hon'ble NCLT President also highlighted the measures undertaken to improve case management and reduce pendency. The NCLT has adopted a data-driven mechanism to monitor pendency across Benches. Based on the data so collated, workload was reviewed and redistributed, Special Benches were constituted wherever required, and efforts were made to maximise the available Court time. These measures contributed to the approval of 78 resolution plans during April–June 2026, the highest first-quarter performance since the enactment of the Insolvency and Bankruptcy Code, involving approximately ₹5,517.66 crore. The NCLT has also issued detailed guidelines on registration and listing of cases, in consultation with the Bar, to ensure optimum utilisation of limited judicial resources.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2298542&reg=48&lang=1

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. **IBBI flags misuse of insolvency process to evade tax, conceal assets.**

   The Insolvency and Bankruptcy Board of India (IBBI) has flagged the misuse of the insolvency process by companies seeking to evade taxes, conceal assets and avoid regulatory or criminal action, saying the bankruptcy framework is in some cases being used for purposes other than rescuing distressed businesses. In a recent discussion paper, the insolvency regulator said law enforcement agencies have identified instances where the Insolvency and Bankruptcy Code (IBC) has allegedly been invoked with malicious intent. Such cases include companies using insolvency proceedings to settle private debts, facilitate undisclosed mergers or combinations without regulatory scrutiny, and shield assets from enforcement action. The IBBI has proposed putting greater responsibility on insolvency professionals to identify and report such cases. Since insolvency professionals take control of the affairs and financial records of companies undergoing the corporate insolvency resolution process (CIRP), the regulator believes they are well placed to detect early signs of fraud or misuse. Under the proposed framework, insolvency professionals would be required to actively examine transactions and circumstances for indications of malicious or fraudulent intent and report suspicious cases to the adjudicating authority for appropriate action.

   For more information, you can access the article here:
   https://www.newindianexpress.com/business/2026/Aug/16/ibbi-flags-misuse-of-insolvency-process-to-evade-tax-conceal-assets

2. **IBC Moratorium Applies Only to Corporate Debtor, Not Subsidiaries, Managers or Directors: Supreme Court.**

   The Supreme Court has held that the moratorium imposed under Section 14 of the Insolvency and Bankruptcy Code (IBC) during the Corporate Insolvency Resolution Process (CIRP) operates only against the corporate debtor and cannot extend to its subsidiary companies, managers, directors, personal guarantors or other respondents. A Bench of Justices Vikram Nath and Sandeep Mehta set aside the National Consumer Disputes Redressal Commission's (NCDRC) January 20, 2025 order, which had rejected an application filed by Tejas S Shah, Amisha T Shah and others seeking continuation of consumer proceedings against the remaining respondents, including Mantri Developers Pvt. Ltd. The consumer complaint was filed in connection with residential apartments booked by the appellants in the 'Mantri Manyata Energia' project. They said possession of the apartments was to be handed over on or before December 31, 2018. However, despite substantial payment of the sale consideration and repeated assurances regarding completion of the project, possession was not delivered within the stipulated time. During the pendency of the consumer complaint, the National Company Law Tribunal (NCLT), Bengaluru Bench, in 2024 admitted an application under Section 9 of the IBC against Respondent No.1, Mantri Technology Constellations Private Limited, now known as Buoyant Technology Constellations Private Limited. The NCLT consequently initiated CIRP against the company and imposed a moratorium under Section 14 of the IBC. Section 14 of the IBC provides that once the insolvency process has begun and a moratorium is declared, the continuation of pending suits and proceedings against the corporate debtor, including execution proceedings, comes to an automatic halt. The object of the moratorium is to preserve the assets of the corporate debtor during the insolvency resolution process and facilitate an orderly resolution.

   For more information, you can access the article here:
   https://lawbeat.in/amp/supreme-court-judgments/ibc-moratorium-applies-only-to-corporate-debtor-not-subsidiaries-managers-or-directors-supreme-court-1622809

RESERVE BANK OF INDIA

1. **RBI invites comments on the Draft "Reserve Bank of India (Interest Rates on Loans and Advances) Directions, 2026".**

   In pursuance of the announcement made in the Statement on Developmental and Regulatory Policies dated August 05, 2026, the Reserve Bank of India has today issued the Draft Reserve Bank of India (Interest Rates on Loans and Advances) Directions, 2026 for public comments. The Reserve Bank has issued various instructions from time to time on interest rates on loans and advances for regulated entities (REs), with the objectives of ensuring effective monetary policy transmission, appropriate pricing of credit risk, and fair and non-discriminatory treatment of borrowers. At present, regulatory framework on interest rate on advances are applicable for Commercial Banks (including Small Finance Banks and Local Area Banks), covering, inter alia, instructions on internal and external benchmark-based lending frameworks for floating rate loans and determination of spreads over such benchmarks. Regulatory instructions on interest rates on loans and advances extended by other REs (i.e., Non-Banking Financial Companies, All India Financial Institutions, Regional Rural Banks, Urban Cooperative Banks, and Rural Cooperative Banks) are largely with regard to conduct related aspects. Further, with respect to Commercial Banks, divergent practices have been observed in certain aspects, including determination of MCLR (internal benchmark) and its components. In addition, the extant guidelines contain very limited regulatory instructions regarding fixed rate loans. Accordingly, it is proposed to issue harmonised Directions for all REs, prescribing a broad, principles-based framework for the determination of interest rates on both fixed rate and floating rate loans, commensurate with the nature, complexity, and scale of the operations of the REs. For the purpose of public consultation / feedback, a draft Direction applicable to all REs is being issued. Upon examination of the feedback received, final Directions will be issued separately for each category of RE.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63355

2. **RBI imposes monetary penalty on Valuefin India Credit Services Private Limited.**

The Reserve Bank of India (RBI) has, by an order dated August 11, 2026, imposed a monetary penalty of ₹1.80 lakh (Rupees One Lakh and Eighty Thousand only) on Valuefin India Credit Services Private Limited (the company), for non-compliance with certain directions issued by RBI on 'Acquisition of Shareholding or Control'. 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 RBI Act, 1934. The correspondence between RBI and the company, pertaining to post-facto approval for acquisition of shareholding / control of more than 26 per cent of the paid-up equity capital of the company by new investors, revealed non-compliance with RBI directions. Based on the same, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for its failure to comply with 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 had failed to obtain prior written permission of RBI for change in shareholding in excess of 26 per cent of its paid-up equity capital. This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered 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 information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63362

3. **RBI imposes monetary penalty on Muthoot MCred Limited.**

The Reserve Bank of India (RBI) has, by an order dated August 14, 2026, imposed a monetary penalty of ₹3.10 lakh (Rupees Three Lakh Ten Thousand only) on Muthoot MCred Limited (Formerly Known as Muthoottu Mini Financiers Limited) (the company) for non-compliance with certain provisions of the directions issued by RBI on 'Asset Classification'. 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 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 its failure to comply with the said directions. After considering the company's reply to the notice, additional submissions made by it 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 upgraded certain loan accounts which were 'non-performing assets' as 'Standard', without repayment of entire arrears of interest and principal pertaining to all the credit facilities. 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 information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63372

4. **Reserve Bank of India imposes monetary penalty on IndusInd Bank Limited.**

The Reserve Bank of India (RBI) has, by an order dated August 14, 2026, imposed a monetary penalty of ₹59.20 lakh (Rupees Fifty-Nine lakh twenty thousand only) on IndusInd Bank Limited (the bank) for non-compliance with certain provisions of directions issued by RBI on 'Interest Rate on Deposits' and 'Securitisation of Standard Assets'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949. The Statutory Inspection for Supervisory Evaluation 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 the provisions of 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 failure to comply with the said provisions of RBI 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 that the following charges against the bank were sustained, warranting imposition of monetary penalty:

(i) The bank paid interest on deposits held in certain current accounts; and

(ii) The bank undertook activities in the nature of 'Synthetic Securitisation'.

The 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 information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63374

5. **Forex inflows via FCNR(B) Deposits, External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings (OFCBs) under Reserve Bank's Swap facility.**

RBI had introduced a special USD-INR Forex Swap facility covering FCNR(B) deposits, ECBs and OFCB inflows on June 08, 2026. The position of forex inflows as reported by Authorised Dealer Banks till August 13, 2026 under the above facility is given below:

Type	Amount (USD million)
FCNR(B) Deposits	52,300
OFCBs	2,805
ECBs	1,741
Total	56,846

Based on the encouraging response to the Swap Facility for FCNR(B) deposits and the resultant forex inflows, it has been decided that the Swap facility for FCNR(B) deposits will be available only for deposits mobilized till August 31, 2026. The Swaps under this facility i.e. FCNR(B) deposits, may be availed with RBI till September 11, 2026. The Scheme for ECBs and OFCBs will continue to be open till December 31, 2026, as hitherto.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63378

MINISTRY OF LAW AND JUSTICE

1. **Revamped India Code Portal Launched With AI Powered and Multilingual Legal Search.**

Union Minister of State (Independent Charge) for Law and Justice Shri Arjun Ram Meghwal launched the revamped India Code Portal at Kartavya Bhavan 2, New Delhi, marking a significant step towards making legislative information easier to locate, understand and use. The upgraded platform is designed to provide citizens, advocates, judges, researchers, government departments and other users with quicker and more convenient access to the Constitution, Central and State Acts, Rules, Regulations and other legislative material. The revamped portal introduces several modern features, including AI-assisted search, semantic search and speech-based search, enabling users to locate relevant legal provisions through more natural and user-friendly methods. Improved navigation allows users to move more easily between an Act, its amendments and related subordinate legislation. The platform also provides access to legislative history, amendments and linked laws, while integration with the e-Gazette system is intended to improve access to official legislative documents. Another important feature is the proposed AI-assisted multilingual access, covering the 22 languages listed in the Eighth Schedule of the Constitution. This is aimed at making legal information more accessible to citizens who may not be comfortable using English. The Government has sought to transform India Code from a conventional online collection of legislation into a more interconnected digital gateway to law. Features such as QR-enabled access, improved document viewing, and a structured feedback mechanism are intended to make the portal more practical for everyday users. The initiative reflects the principle that access to law is closely connected with access to justice. Making legislation easier to find and navigate can assist citizens in understanding their legal rights and obligations and can also support legal professionals and public authorities in locating authentic legislative material. From a legal perspective, the revamped portal can strengthen transparency, accessibility, and reliability of legislative information by providing a central digital platform for accessing updated laws and related materials. Linking up primary legislation with subordinate legislation and amendment history can also make legal research more efficient. For advocates, researchers and government officials, improved search and cross-linking facilities may reduce the time required to identify applicable provisions and trace changes in legislation. For citizens, multilingual and speech-enabled features could make legal information more approachable. The modernisation of the India Code Portal represents an important move towards technology-enabled access to justice and citizen-centric governance. By combining authentic legislative content with AI-assisted search, multilingual capabilities and improved connectivity between related laws, the platform aims to reduce the gap between citizens and legal information. The success of the initiative will ultimately depend on the accuracy and timely updating of legislative content, continued technological improvements, and effective use of the platform by citizens and legal stakeholders. Overall, the revamped portal has the potential to become a more accessible and efficient digital resource for understanding and accessing the law across India.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleasePage.aspx?PRID=2299217&reg=48&lang=2

2. **Government Steps Up Mediation and ADR Efforts to Reduce Courts Litigation.**

The Government is strengthening the use of Alternative Dispute Resolution (ADR) mechanisms, particularly mediation, as a means of resolving disputes in a more cooperative, cost-effective and less adversarial manner. The initiative seeks to encourage parties to settle disputes without undergoing lengthy conventional court proceedings. A key legal mechanism is Section 12A of the Commercial Courts Act, 2015, which requires parties involved in specified commercial disputes to first attempt Pre-Institution Mediation and Settlement (PIMS) before filing a suit, except where urgent interim relief is required. The framework provides disputing parties with an opportunity to reach a negotiated settlement at an early stage. Mediation conducted through authorities established under the Legal Services Authorities Act, 1987 is intended to prevent matters capable of settlement from unnecessarily entering the litigation process. The Mediation Act, 2023 provides a broader statutory foundation for mediation in India, with particular emphasis on institutional mediation. The legislation provides for the Mediation Council of India under Section 31, with responsibilities including promoting mediation and recognizing mediation service providers. The Act also recognizes community mediation under Section 43, enabling disputes affecting peace and harmony within communities or localities to be addressed through mediation. The Government has been working with High Courts, NALSA and other stakeholders to increase public awareness and improve the professional capacity of mediators. NALSA has supported the expansion of ADR and mediation centres, mediator training, pre-litigation settlement, and community-based dispute resolution. The Mediation and Conciliation Project Committee (MCPC) of the Supreme Court also plays an important role in training lawyers as mediators, with financial support provided through NALSA. Advanced commercial mediation training programmes have further been conducted to equip judges, lawyers, and experienced professionals with specialised skills for handling complex commercial disputes. As of March 2026, the country had 452 ADR Centres and 1,394 Mediation Centres functioning across different jurisdictions. The mediation network includes 4,681 Judicial Officers, 10,124 Lawyers and 753 other trained mediators. The growing emphasis on mediation represents a shift from a purely litigation-based approach towards consensual and settlement-oriented dispute resolution. Mediation allows parties to retain greater control over the outcome, preserve commercial or personal relationships, and potentially reduce litigation costs and delays. The statutory recognition of pre-litigation, institutional, and community mediation also provides a broader legal framework for resolving disputes at different stages and levels. The Government's continued investment in mediation infrastructure, legal awareness and mediator training reflects an effort to make settlement a practical first option wherever disputes are capable of consensual resolution. With the Mediation Act, 2023 providing a national framework and institutions such as NALSA and MCPC strengthening implementation, mediation is emerging as an important component of India's justice-delivery system. A stronger ADR ecosystem can help reduce avoidable litigation, improve access to justice, and enable courts to devote greater attention to matters that genuinely require judicial determination.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleasePage.aspx?PRID=2298890&reg=48&lang=2

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