NEWSLETTER Weekly

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. **Acceptance of digitally signed Power of Attorney from FPIs.**

   SEBI, through Circular No. HO/19/34/14(8)2026-AFD-POD2/ I/19251/2026 dated August 20, 2026, has permitted Foreign Portfolio Investors (FPIs) to submit a digitally signed Power of Attorney (PoA) to Custodians in accordance with the Information Technology Act, 2000. The measure modifies Para 9(B)(iv) of Part B of the FPI Master Circular and forms part of SEBI's efforts to digitalise and streamline the FPI onboarding process. The existing FPI KYC framework had specified a PoA given by an FPI to Custodians specifying the address as a document for proof of address, with the PoA duly notarized, apostilled or consularised. The revised provision also permits such PoA to be executed using a digital signature in accordance with the Information Technology Act, 2000. SEBI stated that this eliminates the need for notarisation, apostillisation or consularisation of the PoA, thereby reducing the time required for FPI onboarding and improving ease of doing business. The circular takes effect from August 20, 2026 and has been issued under Section 11(1) of the SEBI Act, 1992 read with Regulation 44 of the SEBI (Foreign Portfolio Investors) Regulations, 2019. The change builds on SEBI's earlier digitalisation measures for FPI registration and KYC requirements.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/aug-2026/acceptance-of-digitally-signed-power-of-attorney-from-fpis_103824.html

2. **Enabling sharing of information by KYC Registration Agencies (KRAs) with entities regulated by International Financial Services Centres Authority.**

   SEBI, through Circular No. HO/38/15/(7)2026-MIRSD-POD/I/19255/2026 dated August 20, 2026, has specified the International Financial Services Centres Authority (IFSCA) under Regulation 16A(1) of the Securities and Exchange Board of India (KYC Registration Agency) Regulations, 2011, enabling interoperability and sharing of information between SEBI-registered KYC Registration Agencies (KRAs) and entities regulated by IFSCA. Under Regulation 16A(2), the SEBI KRA Regulations will apply to entities accessing the KRA system for undertaking KYC of clients engaging them for financial services. Such entities must follow SEBI's Master Circular on Know Your Client (KYC) norms for securities market dated October 12, 2023, as amended. For clients registered as Foreign Portfolio Investors (FPIs), they must also follow the Data Security guidelines specified in the FPI Master Circular dated May 30, 2024, as amended. The circular takes effect immediately and has been issued under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 16A(1) of the SEBI KRA Regulations.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/aug-2026/enabling-sharing-of-information-by-kyc-registration-agencies-kras-with-entities-regulated-by-international-financial-services-centres-authority_103823.html

MINISTRY OF FINANCE

1. **DGGI unearths clandestine pan masala and tobacco manufacturing network in Uttar Pradesh; 27 undeclared pouch-packing machines seized, evasion of about ₹185 crore detected.**

   The Lucknow Zonal Unit of DGGI has busted a clandestine manufacturing operation for pan masala, scented jarda and gutkha spread across six premises in Chitrakoot and Banda districts of Uttar Pradesh. Acting on specific intelligence developed by the Unit, officers started coordinated searches around midnight on 18.08.2026 at these premises, which are connected with two firms, one engaged in the manufacture of pan masala and allied products and the other in trading. The searches led to detection of 27 undeclared pouch-packing machines comprising 6 machines for scented jarda, 9 for pan masala and 12 for dohara/desi gutkha. Mixing, areca nut crushing, and drying machines were also found. The operation also resulted in the seizure of 15,50,922 pouches of finished goods, comprising pan masala, chewing tobacco, scented jarda and sugandhit supari. Raw material and packing material seized includes 32.9 MT of areca nut and cut areca nut, 2.8 MT of tobacco, 8.4 MT of packing material, pouches and laminates, 470 kg of katha powder, 850 kg of glycerine, 545 kg of essence and 256 kg of unpacked pan masala. Evasion of GST, HSNS Cess and Central Excise duty of approximately ₹185 crore has been detected so far. Evidence indicates that the operation was run through a network of unregistered premises using undeclared machinery, and the finished goods were cleared clandestinely without payment of applicable GST, HSNS Cess and Central Excise duty.

   For more information, you can access the GOI press release here:
   https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2301875&reg=3&lang=1

2. **India and ADB sign $230 million loan to modernise water supply and sanitation in Chennai.**

   The Government of India and the Asian Development Bank (ADB) today signed a $230 million loan to modernise and expand Chennai's water supply and sanitation infrastructure. The Government of India's engagement with ADB for the finalisation of the loan was done under the guidance of Shri Baldeo Purushartha, Joint Secretary (ADB & Japan), Department of Economic Affairs (DEA), Ministry of Finance. Accordingly, the loan documents were signed by Shri Saurabh Singh, Deputy Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India, and Ms. Mio Oka, Country Director, India Resident Mission on behalf of the ADB. The Chennai Climate-Resilient Water Security and Sewerage Project will improve access to safe and reliable water supply and better sanitation services across Chennai. It will also help strengthen the city's resilience to climate change, improve public health and quality of life, and support a more efficient and financially sustainable urban water system. ADB's latest investment builds on earlier projects in the city to expand access to safe and equitable water and waste management services, in line with the Government of India's flagship urban development interventions, such as the Atal Mission for Rejuvenation and Urban Transformation 2.0 and the Urban Challenge Fund.

   For more information, you can access the GOI press release here:
   https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2301883&reg=3&lang=1

3. **Regional Rural Banks (RRBs) Record Strong Growth in Credit Delivery during FY 2025–26.**

   During FY 2025–26, Regional Rural Banks (RRBs) have continued to strengthen their role in promoting rural economic development and financial inclusion by expanding credit delivery and maintaining a strong focus on Priority Sector Lending (PSL). While gross loans outstanding of

RRBs increased by 10.3%, from ₹5,24,163 crore in FY 2024–25 to ₹5,78,349 crore in FY 2025–26, the performance of RRBs under the Reserve Bank of India's Priority Sector Lending framework remained strong during the year. The average achievement against the overall PSL prescribed target of 75% reached 91.7% of Adjusted Net Bank Credit (ANBC). Almost all RRBs achieved the overall PSL target, reflecting the RRBs' robust focus on supporting priority sectors and advancing financial inclusion. Agriculture and allied activities remained the largest component of the RRB credit portfolio, with outstanding credit of ₹3.78 lakh crore, constituting 77% of total Priority Sector Lending. Farm credit accounted for nearly 98% of agricultural lending, thereby supporting crop cultivation, allied agricultural activities and investment in the rural economy. Credit to the MSME sector stood at ₹66,978 crore (13.6% of total PSL), reaffirming the pivotal role of RRBs in supporting rural entrepreneurship and employment generation. Over 95% of MSME lending was directed towards micro enterprises, reflecting the RRBs' focus on financing first-generation entrepreneurs, self-employed individuals, artisans, and small business units in rural and semi-urban areas.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2300842&reg=3&lang=1

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. **India's private credit market set for stronger growth as insolvency reforms reshape lending strategies: Report.**

   India's private credit market is likely to expand further as banks and NBFCs continue to leave funding gaps in specialised segments, but investors are expected to become increasingly selective about collateral quality, contractual protections and their ability to influence insolvency outcomes, according to an EY research report. The report said that recent changes to the Insolvency and Bankruptcy Code (IBC) could shift private credit strategies away from relying primarily on security towards stronger documentation, structural protections and voting influence. India's private credit market remains relatively small at an estimated $25-30 billion as of March 2025, compared with around $1.4 trillion in the US. However, the Indian market has developed rapidly following periods of stress in the banking and NBFC sectors, with private credit funds increasingly providing refinancing, promoter financing, special-situation funding and financing for real estate and infrastructure. Unlike the US, where private credit has become deeply integrated into mainstream capital markets and increasingly uses semi-liquid structures, India's market is dominated by closed-ended Category II AIFs. These funds are primarily backed by institutional investors, high-net-worth individuals and family offices, with limited leverage and fixed tenures.

   For more information, you can access the article here:
   https://www.aninews.in/news/business/indias-private-credit-market-set-for-stronger-growth-as-insolvency-reforms-reshape-lending-strategies-report20260823102848/

2. **Supreme Court dismisses Reliance Communications, lenders' petitions against bank guarantee invocation.**

   The Supreme Court on Thursday dismissed a batch of petitions filed by Reliance Communications (RCom) and its four lenders challenging the department of telecommunications' invocation of about ₹800 crore bank guarantee (BG) furnished by them in a case related to Anil Ambani firm's insolvency proceedings. A bench comprising justices PS Narasimha and Alok Aradhe, while refusing to stay the department's move said that the lenders-State Bank of India, Punjab National Bank, Canara Bank and Yes Bank-should have approached the high court rather than coming directly to the apex court. The DoT's invocation notices of August 14 seek to invoke bank guarantee of ₹249.29 crore by State Bank of India (SBI), ₹281.44 crore by Yes Bank, ₹157.07 crore by Canara Bank and ₹114.09 crore by Punjab National Bank (PNB). The lenders argued that the apex court's February judgment on transfer of spectrum as an asset of the debt-laden company couldn't be the basis of invocation of their BGs. Stating that the invocation of BGs by the department was illegal, arbitrary, ultra vires and without jurisdiction and liable to be quashed, the banks told the apex court that its February judgment only dealt with whether spectrum can be transferred as an asset in the insolvency proceedings but was silent on the BG part. "The judgement does not adjudicate upon liability of surety. The judgement is thus wholly irrelevant to the power sought to be exercised, and a decision founded upon an irrelevant consideration (by the DoT) is liable to be set aside," said the counsel for four lenders. The BGs were furnished specially in relation to the spectrum and the DoT, despite having already lodged its claim in the corporate insolvency resolution process (CIRP) in the capacity of an operational creditor, has not sought to invoke it, said the petitions filed through counsel Angad Baxi. "DoT simultaneously cannot seek to jump the gun by invoking the BG for recovery of the very underlying pre-CIRP dues, thereby seeking to obtain a payment outside and ahead of the CIRP process," Baxi added.

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. **Minutes of the Monetary Policy Committee Meeting, August 3 to 5, 2026.**

The 62nd meeting of the Monetary Policy Committee (MPC), held from August 3–5, 2026 under Section 45ZL of the Reserve Bank of India Act, 1934, unanimously decided to maintain the policy repo rate at 5.25%, with the Standing Deposit Facility rate at 5.00%, and the Marginal Standing Facility and Bank Rate at 5.50%, while retaining a neutral policy stance. The MPC noted India's resilient domestic demand, investment activity, services-sector momentum and export performance, but highlighted risks arising from global geopolitical tensions, volatile energy prices, trade-policy uncertainty, an uneven monsoon and El Niño conditions. Real GDP growth for 2026–27 was projected at 6.7%, while CPI inflation was projected at 5.0%, with inflation expected to peak at 5.9% in Q3 before moderating. The Committee considered the prevailing inflationary pressures to be predominantly supply-side, driven by food and fuel prices, with limited evidence of broad-based or demand-driven inflation; accordingly, it preferred to maintain policy flexibility and adopt a data-dependent approach. The next MPC meeting is scheduled for October 5–7, 2026.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63403

2. **624th Meeting of Central Board of the Reserve Bank of India.**

The 624th meeting of the Central Board of Directors of Reserve Bank of India was held today in Chennai under the Chairmanship of Shri Sanjay Malhotra, Governor. The Board in its meeting reviewed the current economic situation, global and domestic challenges including risks to the economic outlook. The Board also reviewed various areas of operations of the Reserve Bank including the functioning of its Committees and the Ombudsman Scheme. Deputy Governors Shri Swaminathan J., Dr. Poonam Gupta, Shri Shirish Chandra Murmu, Shri Rohit Jain and other Directors of the Central Board viz. Smt. Revathy Iyer, Prof. Sachin Chaturvedi, Shri Anand Gopal Mahindra and Shri Somanath Sreedhara Panicker attended the meeting.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63419

3. **RBI imposes monetary penalty on Shri Ram Finance Corporation Private Limited.**

The Reserve Bank of India (RBI) has, by an order dated August 19, 2026, imposed a monetary penalty of ₹8.10 lakh (Rupees Eight Lakh Ten Thousand only) on Shri Ram Finance Corporation Private Limited (the company) for non-compliance with certain provisions of the directions issued by RBI on 'Governance' and the 'Reserve Bank of India (Know Your Customer (KYC)) 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, additional submissions made by it 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 take prior written permission of the RBI while appointing a director resulting in change in management, on account of change in more than 30 per cent of its directors, excluding independent directors;

ii. The company failed to put in place a system to categorize its customers as low, medium and high- risk category; and,

iii. The company failed to upload KYC records of certain customers onto Central KYC Records Registry within the prescribed timeline.

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=63422

4. **RBI imposes monetary penalty on Progfin Private Limited.**

The Reserve Bank of India (RBI) has, by an order dated August 19, 2026, imposed a monetary penalty of ₹2.70 lakh (Rupees Two lakh seventy thousand only) on Progfin Private Limited (the company) for non-compliance with certain provisions of the 'Reserve Bank of India (Know Your Customer (KYC)) Directions'. This penalty has been imposed in exercise of powers conferred on RBI under section 58(G)(1)(b) read with section 58(B)(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 charge against the company was sustained, warranting imposition of monetary penalty: The company failed to put in place a system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months. 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 company with its customers. Further, imposition of 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=63421

5. **Data on 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, ECB and OFCB inflows on June 08, 2026. As already announced vide Press Release dated August 14, 2026, the Scheme is open till August 31, 2026 for FCNR(B) deposits, and up to December 31, 2026 for ECBs and OFCBs. The position of forex inflows as reported by Authorised Dealer Banks till August 21, 2026 under the above facility is given below:

Type	**Amount (USD million)**
FCNR(B) Deposits	65,397
OFCBs	4,860
ECBs	2,591
Total	72,848

For more information, you can access the RBI press release here:
https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63426

MINISTRY OF LAW AND JUSTICE

1. **Supreme Court forms high powered Enquiry Committee on protest related violence.**

In a significant development concerning police accountability, public order and the constitutional right to peaceful protest, the Supreme Court of India has constituted a High-Powered Enquiry Committee (HPEC) to examine allegations arising from student protests connected with NEET-UG. The Committee will be headed by Justice (Retd.) R. Subhash Reddy, former Judge of the Supreme Court of India. Its members include Justice Ravi Shankar Jha, Justice Shalinder Kaur, former CBI Director Rishi Kumar Shukla and retired DGP Dr. L.R. Bishnoi, bringing together judicial, investigative and policing expertise. The HPEC will examine allegations concerning the use of excessive or disproportionate force against protestors, including the use of pellet guns, electric batons, lathi charges and tear gas. Particular attention is expected to be given to allegations of grievous injuries and the proportionality of police action during protests and public assemblies.

The Committee will also consider issues relating to police accountability, including the identification of officers during crowd-control operations, as well as allegations concerning the surveillance and monitoring of protestors and their implications for constitutional rights relating to privacy and peaceful assembly. The Supreme Court has further directed priority consideration of allegations involving targeted violence, harassment and molestation of female protestors, along with the assessment of serious injuries allegedly caused to protestors. The scope of the enquiry is not confined to allegations against law-enforcement authorities. The HPEC will also examine allegations of violence by protestors against police and security personnel, injuries sustained by officers, and damage caused to public and private property. The Court has additionally raised important questions regarding the use of Section 163 of the Bharatiya Nagarik Suraksha Sanhita, 2023, particularly to ensure that prohibitory orders are not used routinely to prevent peaceful assembly without a genuine and proportionate public-order justification. Concerns relating to the application of Section 152 of the Bharatiya Nyaya Sanhita, 2023 have also been identified, with an emphasis on ensuring that statutory powers are not exercised in a manner that unnecessarily restricts constitutionally protected speech and peaceful dissent. Importantly, the Supreme Court has clarified that the HPEC's work will not be a one-time exercise. The Committee will undertake a continuous and periodic assessment of the identified issues and submit interim findings to the Court, enabling further directions or remedial measures where necessary. The Court has also made it clear that the constitution of the Committee will not prevent police or security authorities from initiating appropriate administrative or disciplinary action against officers found to have violated applicable rules. The constitution of the High-Powered Enquiry Committee represents a significant step towards an independent examination of the events surrounding the protests. The enquiry seeks to address allegations from all sides—including claims of excessive force against protestors, violence against police personnel and damage to public and private property. The larger constitutional importance of the exercise lies in finding an appropriate balance between the State's duty to maintain public order and its obligation to protect the fundamental right to peaceful protest and dissent. The findings of the HPEC may therefore have wider implications for future policing practices, crowd-control measures, accountability mechanisms and the protection of constitutional freedoms in India. Ultimately, the enquiry underscores that public order must be maintained through lawful and proportionate means, while the exercise of constitutional freedoms must remain subject to accountability and respect for the rights and safety of all concerned.

For more information, you can access the article here:
https://www.thehindu.com/news/national/supreme-court-forms-high-powered-enquiry-committee-to-investigate-violence-during-student-protests/article71368872.ece

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