



NEWSLETTER ^{Weekly}

Volume-CXVI, Issue-II, Dated: 11th March, 2024

RESERVE BANK OF INDIA

1. RBI approves Fincare Small Finance Bank Ltd. - AU Small Finance Bank Ltd. Amalgamation

The Reserve Bank of India (RBI) vide press release dated March 4, 2024 sanctioned the Scheme of Amalgamation of Fincare Small Finance Bank Ltd. with AU Small Finance Bank Ltd. The Scheme has been sanctioned in exercise of the powers contained in sub-section (4) of Section 44A of the Banking Regulation Act, 1949. The effective date of the amalgamation shall be April 01, 2024

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

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57445

2. Reserve Bank of India and Bank Indonesia Sign Memorandum of Understanding (MoU) to Promote Use of Local Currencies for Bilateral Transactions

The Reserve Bank of India (RBI) vide press release dated March 7, 2024 informed that RBI and the Bank Indonesia (BI) have signed a Memorandum of Understanding (MoU) in Mumbai for establishing a framework to promote the use of local currencies viz., the Indian Rupee (INR) and the Indonesian Rupiah (IDR) for cross-border transactions. The MoU on establishing a framework for cooperation in the area of cross-border transactions in local currencies between India and Indonesia, aims to promote the use of INR and IDR bilaterally. The MoU covers all current account transactions, permissible capital account transactions and any other economic and financial transactions as agreed upon by both countries. This framework would enable exporters and importers to invoice and pay in their respective domestic currencies, which in turn would enable the development of an INR-IDR foreign exchange market. Use of local currencies would optimise costs and settlement time for transactions.

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

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57467

3. Money Transfer Service Scheme - Submission of Statement on CIMS

The Reserve Bank of India (RBI) vide notification dated March 5, 2024 notified that with the launch of the Reserve Bank's next generation data warehouse viz., the Centralised Information Management System (CIMS), it has been decided that the reporting of the aforesaid statement will be done on CIMS portal (URL: <https://sankalan.rbi.org.in/>) with effect from the quarter-ending March 2024. The notification has a reference to the A.P. (DIR Series) Circular No. 70 dated May 19, 2016, wherein all Authorised Persons who are Indian Agents under the Money

Transfer Service Scheme (MTSS) were required to submit a quarterly statement (within 15 days from the close of the quarter to which it relates) on the quantum of remittances received through MTSS using the eXtensible Business Reporting Language (XBRL) platform.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12618&Mode=0>

4. Arrangements with Card Networks for issue of Credit Cards

The Reserve Bank of India (RBI) vide notification dated March 6, 2024 notified that on a review by RBI, it was observed that some arrangements existing between card networks and card issuers are not conducive to the availability of choice for customers. Therefore, RBI in the interest of payment system and public interest, to do so, hereby, directs as under:

- a. Card issuers shall not enter into any arrangement or agreement with card networks that restrain them from availing the services of other card networks.
- b. Card issuers shall provide an option to their eligible customers to choose from multiple card networks at the time of issue. For existing cardholders, this option may be provided at the time of the next renewal.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12619&Mode=0>

5. Amendment to the Master Direction - Credit Card and Debit Card - Issuance and Conduct Directions, 2022

The Reserve Bank of India (RBI) vide notification dated March 7, 2024 notified that it was necessary and expedient in the public interest to do so, hereby, amends certain provisions issued vide Master Direction DoR.AUT.REC.No.27/24/01/041/2022-23 dated April 21, 2022 on 'Credit Card and Debit Card - Issuance and Conduct Directions, 2022'. The amended provisions of the Master Direction are enclosed in the Annexed to the circular.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12620&Mode=0>

6. RBI - Occasional Papers - Vol. 44, No.1, 2023

The Reserve Bank of India (RBI) vide press release dated March 4, 2024 released a research journal containing contributions from its staff. This issue contains three articles and four book reviews. The Articles were written on the topics; (a) Harnessing Artificial Neural Network to Gauge the Systemic Risk Exposure of Banks in India; (b) Total Factor Productivity Growth in Indian Agriculture: Accounting for Land Quality; and (c) COVID-19 and Productivity Performance of MSMEs and Large Firms in India.

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

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57442

7. RBI Working Paper No. 01/2024: Pricing of Interdealer OTC Derivatives in a Limit Order Market

The Reserve Bank of India (RBI) vide press release dated March 5, 2024 released a working paper titled “Pricing of Interdealer OTC Derivatives in a Limit Order Market” under the Reserve Bank of India Working Paper Series. The paper examines the trading behaviour and prices in an interdealer market populated by traders of varying liquidity needs using interdealer trade-level data on Overnight Indexed Swaps (OIS) in India.

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

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57453

8. RBI Working Paper No. 02/2024: Drivers of Commercial Paper Rate Spread - An Empirical Assessment

The Reserve Bank of India (RBI) vide press release dated March 6, 2024 released a working paper titled “Drivers of Commercial Paper Rate Spread – An Empirical Assessment” under the Reserve Bank of India Working Paper Series. The paper analyses the major characteristics of the Indian Commercial Paper (CP) market in comparison with the CP markets across other major economies. The paper empirically investigates determinants of the CP rate spread over the T-Bill rate using daily data.

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

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57460

MINISTRY OF CORPORATE AFFAIRS

1. Indian Institute of Corporate Affairs Hosts Webinar on ‘Viksit Bharat: Corporate Governance for 2047

The Indian Institute of Corporate Affairs (IICA), an autonomous institution of the Ministry of Corporate Affairs (MCA), organised a webinar on ‘Viksit Bharat: Corporate Governance for 2047’ on March 7, 2024. The webinar witnessed interactive participation from around 300 participants comprising Independent Directors and corporate professionals, focusing on the future of corporate governance in India and its alignment with the Prime Minister's vision of achieving Developed Nation status by 2047.

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

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=2008034>

SECURITIES AND EXCHANGE BOARD OF INDIA

1. Public Notice in respect of SEBI ISO Settlement Scheme, 2024

The Securities and Exchange Board of India (SEBI) vide notification dated March 6, 2024 announced the introduction of a third Settlement Scheme aimed at resolving trading irregularities in the illiquid stock options segment of the Bombay Stock Exchange (BSE).

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

https://www.sebi.gov.in/media-and-notifications/public-notices/mar-2024/public-notice-in-respect-of-sebi-iso-settlement-scheme-2024_82087.html

2. Securities and Exchange Board of India (Grant of Reward to Informant under Recovery Proceedings) Guidelines, 2023

The Securities and Exchange Board of India (SEBI) has released SEBI (Grant of Reward to Informant under Recovery Proceedings) Guidelines, 2023. These guidelines aim to regulate grants and payment of rewards to informants who provide original Information on defaulters' assets with dues certified as 'Difficult to Recover'.

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

<https://www.sebi.gov.in/legal/guidelines/mar-2023/securities-and-exchange-board-of-india-grant-of-reward-to-informant-under-recovery-proceedings-guidelines-2023-68778.html>

3. Notification for List of goods notified under SCRA, 1956

The Securities and Exchange Board of India (SEBI) has issued a circular dated March 05, 2024. The circular addresses the list of goods notified under the Securities Contracts (Regulation) Act, 1956 (SCRA), impacting the Commodity Derivatives Segment. The circular introduces thirteen new goods and alloys for metals, expanding the list from ninety-one to one hundred and four.

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

<https://www.sebi.gov.in/legal/circulars/mar-2024/notification-for-list-of-goods-notified-under-scra-1956-82070.html>

MINISTRY OF FINANCE

1. Finance Minister Nirmala Sitharaman inaugurated one-day National Conference of Enforcement Chiefs of State and Central GST formations in New Delhi on 04.03.2024

Marking a crucial step in strengthening the enforcement mechanism in Goods and Services Tax (GST), the Department of Revenue under the Ministry of Finance organised a National Conference of Enforcement Chiefs of all State and Central Goods and Services Tax (GST) formations in New Delhi on 04.03.2024. The conference agenda promised a comprehensive deliberation on:

1. **Combating GST Evasion:** Examining current challenges and delving into successful methodologies employed by both State and Central enforcement authorities.
2. **Combating Fake Invoicing:** Addressing this primary form of GST evasion and strategising effective methods to combat it collaboratively.
3. **Sharing Best Practices:** Encouraging knowledge exchange through presentations by State and Central enforcement heads, showcasing their most successful strategies and innovative approaches for tackling tax evasion.
4. **Synergy:** Building deeper collaboration and fostering greater synergy between State and Central enforcement authorities, ensuring a unified and comprehensive approach.
5. **Leveraging Technology and Data:** Exploring the potential of advanced technological tools and data analytics to enhance the accuracy and efficiency of enforcement efforts.

6. **Balancing Ease of Doing Business:** Striking a crucial equilibrium between facilitating a smooth business environment and implementing effective, deterrent enforcement measures.

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

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=2008034>

2. **Government directs Repayment of '8.35% SBI RTS ISU GOI SPL Bond 2024**

The Ministry of Finance has directed the repayment of '8.35% SBI RTS ISU GOI SPL Bond 2024'. The outstanding balance of '8.35% SBI RTS ISU GOI SPL Bond 2024' is repayable at par on March 27, 2024. No interest will accrue thereon from the said date. Further, in the event of a holiday being declared on repayment day by any State Government under the provisions of Negotiable Instruments Act, 1881, the loans will be repaid by the paying offices in that State on the previous working day.

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

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=2008034>

3. **CBDT clarifies provisions under Finance Act 2023 relating to donations made by a trust/institution to another trust / institution for purposes of application of income**

The Central Board of Direct Taxes (CBDT), under the Ministry of Finance, has issued a comprehensive clarification regarding provisions under the Finance Act 2023 concerning donations made by trusts or institutions to other trusts or institutions. According to the circular, any trust or institution registered under sections 12AA or 12AB of the Income Tax Act 1961 is eligible for exemption from taxation, provided certain conditions are met. These conditions primarily emphasize that at least 85% of the income of the trust or institution should be applied towards charitable or religious purposes.

The Finance Act 2023 introduced amendments stating that donations made by a trust or institution, excluding those towards corpus, shall be considered as application for charitable or religious purposes only to the extent of 85% of such donations. This provision raised queries regarding the treatment of the remaining 15% of the donation amount – whether it would be taxable or eligible for accumulation. In response to these concerns, the CBDT has clarified that the balance 15% of donations to other trusts or institutions will not be taxable. The circular elaborates through illustrative examples, ensuring a clear understanding of the application of income in such cases. The circular further states that when a trust or institution donates to another trust or institution, 85% of the donation amount will be considered as application for charitable or religious purposes. Therefore, the entire donated amount, including the 15%, will be exempt from taxation under the respective regime. The clarification provided by the CBDT aims to streamline the taxation process and ensure transparency in the application of income for charitable purposes. By addressing the concerns raised by stakeholders, the CBDT reaffirms its commitment to promoting a robust regulatory framework that supports philanthropic endeavours while maintaining compliance with tax laws.

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

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=2008034>

4. Cabinet approves additional instalment of Dearness Allowance and Dearness Relief to Central Government employees and pensioners

The Union Cabinet chaired by Prime Minister Shri Narendra Modi approved to release an additional instalment of Dearness Allowance (DA) to Central Government employees and Dearness Relief (DR) to pensioners with effect from 01.01.2024 representing an increase of 4% over the existing rate of 46% of the Basic Pay/Pension, to compensate against price rise. The combined impact on the exchequer on account of both Dearness Allowance and Dearness Relief would be Rs.12, 868.72 crore per annum. This shall benefit about 49.18 lakh Central Government employees and 67.95 lakh pensioners. The increase is in accordance with the accepted formula, which is based on the recommendations of the 7th Central Pay Commission.

You may send your suggestions at kartikey@asalegal.in

Disclaimer:

The content in this mail is offered only as updates in Financial, Capital Market, Corporate etc. sectors. This mail should not be used as a substitute for obtaining legal advice from an attorney licensed or authorized to practice in your jurisdiction. Nothing in this mail is intended to create an attorney-client relationship and nothing posted constitutes legal advice.

DELHI

3, Birbal Road, Ground & First Floor,
Jangpura Extension, New Delhi 110014.
Phone: +91-11-43108998, 45661440,
43552440, +91-11-24327050-52,
9311052521

MUMBAI

404-405, 4th Floor, Magnum Opus,
Near Grand Hyatt,
Behind Mudra Group,
Santacruz (East),
Mumbai – 400 055.
Phone: +91-22-62368654, 26661979

BENGALURU

1007, A-Wing, 10th Floor,
Mittal Tower, M.G. Road,
Bengaluru – 560001.
Phone: +91-80-48536504

AHMEDABAD

Office No.10, Business Centre,
5th Floor, Kalapuram Complex,
Near Municipal Market,
C.G. Road, Navrangpura,
Ahmedabad-380009.
Phone: +91-079-66660888,
+91-9173660088