



NEWSLETTER ^{Weekly}

Volume-CXXIX, Issue-IV, Dated: 28th April, 2025

SECURITIES AND EXCHANGE BOARD OF INDIA

1. Change in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in overnight schemes of Mutual Funds.

SEBI has modified the cut-off timings for determining the applicable Net Asset Value (NAV) for repurchase or redemption of units in mutual fund overnight schemes. This change, effective June 1, 2025, aims to facilitate the upstreaming of clients' funds by stock brokers and clearing members to clearing corporations in the form of pledged units of overnight schemes, as mandated by an earlier SEBI circular. Previously, a uniform cut-off time existed for liquid and overnight funds. Now, for overnight funds, applications received up to 3:00 PM will be processed using the NAV of the immediately preceding business day, while applications received after 3:00 PM will be processed using the next business day's NAV. For online applications in overnight schemes, a later cut-off time of 7:00 PM will be applicable. This revision follows recommendations from an industry working group and public consultation.

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

https://www.sebi.gov.in/legal/circulars/apr-2025/change-in-cut-off-timings-to-determine-applicable-nav-with-respect-to-repurchase-redemption-of-units-in-overnight-schemes-of-mutual-funds_93541.html

2. Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons, on account of declaration of financial results.

SEBI has extended the automated trading window closure mechanism to the immediate relatives of designated persons in listed companies to prevent insider trading during periods when unpublished price sensitive information (UPSI) is likely to be in their possession, particularly around the declaration of financial results. This builds upon the existing system that restricts trading by designated persons themselves. Stock exchanges and depositories are now required to implement systems to freeze the PANs of these immediate relatives at the security level during the trading window closure period. The implementation will be phased, starting with the top 500 companies by market capitalization on July 1, 2025, and extending to all remaining listed companies by October 1, 2025. Listed companies will be responsible for providing the details of their designated persons' immediate relatives to the designated depository, which will then share this information with the stock exchanges and other depositories. Depositories will also be required to submit quarterly reports to SEBI on the implementation.

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

https://www.sebi.gov.in/legal/circulars/apr-2025/trading-window-closure-period-under-clause-4-of-schedule-b-read-with-regulation-9-of-securities-and-exchange-board-of-india-prohibition-of-insider-trading-regulations-2015-pit-regulations-ext-_93504.html

MINISTRY OF FINANCE

1. CBIC introduces several trade facilitative measures relating to transshipment and air cargo.

Following the Budget Speech 2025-26, CBIC has introduced trade facilitative measures for air cargo and transshipment. Effective April 24, 2025, the transshipment permit fee is waived for all cargo movements between Customs areas. This aims to reduce delays caused by increasing trade volumes. Additionally, a

simplified procedure for the temporary import of Unit Load Devices (ULDs) outside Customs areas is now in effect. Air carriers or console agents can execute a Continuity Bond to take responsibility for re-exporting ULDs within a specified timeframe, aligning with international practices and offering an alternative to the importer's responsibility. These measures build upon existing facilitations like the 'All-India National Transshipment Bond' operational since 2022 and the online filing of transshipment applications on ICEGATE. These initiatives collectively aim to ease compliance and facilitate trade at air cargo complexes. Further details are available in Board Circular No. 15/2025-Customs dated April 25, 2025.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2124318>

2. India: Fastest-Growing Major Economy.

India is poised to lead the global economy once again, with the International Monetary Fund (IMF) projecting it to remain the fastest growing major economy over the next two years. According to the April 2025 edition of the IMF's World Economic Outlook, India's economy is expected to grow by 6.2 per cent in 2025 and 6.3 per cent in 2026, maintaining a solid lead over global and regional peers. The April 2025 edition of the WEO shows a downward revision in the 2025 forecast compared to the January 2025 update, reflecting the impact of heightened global trade tensions and growing uncertainty. Despite this slight moderation, the overall outlook remains strong. This consistency signals not only the strength of India's macroeconomic fundamentals but also its capacity to sustain momentum in a complex international environment. As the IMF reaffirms India's economic resilience, the country's role as a key driver of global growth continues to gain prominence.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2123826>

3. India's DBT: Boosting Welfare Efficiency.

India's Direct Benefit Transfer (DBT) system has helped the country achieve cumulative savings of ₹3.48 lakh crore by plugging leakages in welfare delivery, according to a new quantitative assessment by the BlueKraft Digital Foundation. The report also finds that subsidy allocations have been halved from 16 percent to 9 percent of total government expenditure since the implementation of DBT, reflecting a major improvement in the efficiency of public spending. The assessment evaluates data from 2009 to 2024 to examine the impact of DBT on budgetary efficiency, subsidy rationalisation, and social outcomes. It shows how the shift from paper-based disbursements to direct digital transfers has ensured that public funds reach the people they are meant for. One of the key features of DBT is the use of the JAM trinity, which stands for Jan Dhan bank accounts, Aadhaar unique ID numbers and mobile phones. This framework has enabled targeted and transparent transfers on a massive scale.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2123192>

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. NSE tightens mainboard migration rules for SME.

NSE tightens SME-to-mainboard migration norms from May 1. Companies must now have Rs 10 crore paid-up capital, Rs 100 crore market cap, 500 public shareholders, Rs 100 crore revenue, and 2 years of profit in 3. New rules aim to ensure quality amid booming SME IPO activity. If we plan to do away with provision of selling the corporate debtor in liquidation rules, we must look for a replacement within the IBC. According to its latest circular, the new eligibility criteria for migration requires the paid-up equity capital of such companies should not be less than Rs 10 crore and the average market capitalisation should be at least Rs 100 crore. In addition, it has also mandated that companies should be listed on its SME platform for at least 3

years; the number of public shareholders at least 500 on the date of application; while promoter and promoter group holding is required to be at least 20% at the time of making application to shift.

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

<https://www.financialexpress.com/market/nse-tightens-mainboard-migration-rules-for-sme-3821234/>

RESERVE BANK OF INDIA

1. Opening of and operation in deposit accounts of minors.

Reserve Bank of India has issued guidelines in the past to banks on opening of and operations in the deposit accounts of minors. A review of the existing guidelines has been made with a view to rationalise and harmonise the extant guidelines. Based on the review, the revised instructions on opening and operation in the deposit accounts of minors are given below:

- Minors of any age may be allowed to open and operate savings and term deposit accounts through his/her natural or legal guardian. They may also be allowed to open such accounts with mother as guardian in terms of RBI's Circular DBOD.Leg.BC.158/C.90(H)-76 dated December 29, 1976.
- Minors above such an age limit not less than 10 years and up to such amount and such terms as may be fixed by the banks keeping in view their risk management policy, may be allowed to open and operate savings/ term deposit accounts independently, if they so desire, and such terms shall be duly conveyed to the account holder.
- On attaining the age of majority, fresh operating instructions and specimen signature of the account holder shall be obtained and kept on record. Moreover, if the account is operated by the guardian, the balance shall be got confirmed. The banks shall take advance action, including communicating these requirements to minor account holders attaining the age of majority, to ensure fulfilment of these requirements.
- The banks are free to offer additional banking facilities like internet banking, ATM/ debit cards, cheque book facility, etc., to the minor account holders basis their risk management policy, product suitability and customer appropriateness.
- The banks shall ensure that accounts of minors, whether operated independently or through a guardian, are not allowed to be overdrawn and that these always remain in credit balance.
- The banks shall perform customer due diligence for opening of deposit accounts of minors and undertake ongoing due diligence, as per the provisions of Master Direction on Know Your Customer (KYC) Direction, 2016 dated February 25, 2016, as amended from time to time.

The above guidelines are issued under sections 35A and 56 of the Banking Regulation Act, 1949. Banks are advised to make new and/ or amend existing policies to align them with these guidelines, latest by July 01, 2025. In the meanwhile, existing policies may continue.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12835&Mode=0>

2. Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) – Review of haircuts on High Quality Liquid Assets (HQLA) and review of composition and run-off rates on certain categories of deposits.

Referring to circular DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 09, 2014 on 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' and associated guidelines. Reference is also invited to the draft circular on the subject

issued on July 25, 2024, inviting feedback from all stakeholders. The feedback received has been carefully analysed and it has been decided to issue final guidelines as under:

- A bank shall assign an additional 2.5 per cent run-off factor for retail deposits which are enabled with internet and mobile banking facilities (IMB)¹ i.e., stable retail deposits enabled with IMB shall have 7.5 per cent run-off factor and less stable deposits enabled with IMB shall have 12.5 per cent run-off factor (as against 5 and 10 per cent respectively, prescribed currently).
- Unsecured wholesale funding provided by non-financial small business customers (SBCs) shall be treated in accordance with the treatment of retail deposits as at (i) above.
- Level 1 HQLA in the form of Government securities shall be valued at an amount not greater than their current market value, adjusted for applicable haircuts in line with the margin requirements under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) as described in RBI circular FMOD.MAOG No.125/01.01.001/2017-18 dated June 06, 2018, as amended from time to time.
- In case a deposit, hitherto excluded from LCR computation (for instance, a non-callable fixed deposit), is contractually pledged as collateral to secure a credit facility or loan, such deposit shall be treated as callable for LCR purposes and provisions of Sl. No. 9 of annexure to the circular DBR.BP.BC.No.86/21.04.098/2015-16 dated March 23, 2016, shall apply.

Reference is also invited to Sl. No. 10 of annexure to circular DBR.BP.BC.No.86/21.04.098/2015-16 on 'Liquidity Risk Management & Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' dated March 23, 2016 which provides that deposits from entities such as Hindu Undivided Families (HUFs), partnerships, Association of Persons (AoPs), trusts etc., shall be treated as deposit from 'other legal entities (OLEs)' under unsecured wholesale funding category and shall attract run-off rate of 100 per cent, provided they are not treated as SBC for LCR purpose. Based on a review, it has now been decided that OLE category shall consist of all deposits and other funding from banks/insurance companies & financial institutions² and entities in the 'business of financial services'³. Thus, funding from non-financial entities such as trusts (educational/religious/charitable), Association of Persons (AoPs), partnerships, proprietorships, Limited Liability Partnerships and other incorporated entities etc., shall be categorised as funding from 'non-financial corporates' and attract a run-off rate of 40 per cent (as against 100 per cent currently prescribed⁴), unless the above entities are treated as SBCs under LCR framework. These amendments would help improve the liquidity resilience of banks in India and would further align the guidelines with global standards while ensuring that such an enhancement is done in a non-disruptive manner. Accordingly, the amendments to extant instructions in the circular dated June 09, 2014, *ibid* and circular DBR.BP.BC.No.86/21.04.098/2015-16 on 'Liquidity Risk Management & Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' dated March 23, 2016 are provided in Annex. This circular shall be applicable to all Commercial Banks (excluding Payments Banks, Regional Rural Banks and Local Area Banks).

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12836&Mode=0>

3. Circular - Migration to '.bank.in' domain.

Referring to para 4 of the Statement on Developmental and Regulatory Policies dated February 7, 2025, on "Enhancing Trust in the Financial Sector through '.bank.in' and '.fin.in' domains" wherein the introduction of exclusive Internet Domain, '.bank.in' for banks to combat the increased instances of fraud in digital payments was announced. This initiative is aimed at strengthening the cybersecurity framework and enhancing public confidence in digital banking and payment systems. It has now been decided to operationalise the '.bank.in' domain for banks through the Institute for Development and Research in Banking Technology (IDRBT), which has been authorised by National Internet Exchange of India (NIXI), under the aegis of the Ministry of Electronics and Information Technology (MeitY), to serve as the exclusive

registrar for this domain. Banks may contact IDRBT at sahyog@idrbt.ac.in to initiate the registration process. IDRBT shall guide the banks on various aspects related to application process and migration to new domain. All banks are advised to commence the migration of their existing domains to the '.bank.in' domain and complete the process at the earliest and in any case, not later than October 31, 2025.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12837&Mode=0>

4. Amendments to Directions - Compounding of Contraventions under FEMA, 1999.

Attention of Authorised Dealer (AD) Category - I banks is invited to the Guidelines for compounding of contraventions under FEMA, 1999, issued vide A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024. The provision contained at Paragraph 5.4.II.v of the aforesaid Circular, to link the Sum for which contravention is compounded ('compounding amount') payable to earlier compounding order, has been reviewed. In such cases, the applicant shall be deemed to have made a fresh application, and the compounding amount payable shall not be linked to the earlier compounding order. Accordingly, Paragraph 5.4.II.v of the A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024, stands deleted. Further, as per the instructions laid down in Part B of Annexure I to the aforesaid Circular, when making payment through electronic mode, applicants are required to send an email communication to the concerned office of the Reserve Bank to reconcile the application fee/compounding amount received against the compounding applications submitted. However, it has been observed that in some cases applicants do not make payment to the correct office of the Reserve Bank, and/or there is a delay in submitting the compounding application after making the application fee payment. These issues create difficulties in reconciling the received amounts and lead to delays in processing compounding applications. To address these challenges and improve turnaround time for processing compounding applications, it has been decided to include the following additional details in Part B of Annexure I of the above-referred circular:

- Mobile number of the applicant/ authorised representative.
- Office of the Reserve Bank (i.e., Central Office, Regional Office or FED CO Cell) to which the payment was made.
- Mode of submission of application (through PRAVAAH/ Physical).

The 'Directions on Compounding of Contraventions under FEMA, 1999' issued vide A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024, shall accordingly be updated to reflect the above changes. All AD Category-I banks and Authorised banks may bring the guidelines contained in this circular to the notice of their constituents.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12838&Mode=0>

5. Master Directions - Compounding of Contraventions under FEMA, 1999, dated April 22, 2025 (Updated as on April 24, 2025) (Supersedes Master Direction- Compounding of Contraventions under FEMA, 1999, (Updated as on May 24, 2022)).

The provisions of section 15 of Foreign Exchange Management Act, 1999 (42 of 1999) [hereinafter referred to as 'FEMA, 1999'], enable compounding of contraventions and, empowers the Reserve Bank to compound any contravention as defined under section 13 of the FEMA, 1999, except the contraventions under section 3 (a) of FEMA, 1999, on an application made by the person committing such contravention. Government of India vide Notification G.S.R. 566 (E). dated September 12, 2024, has notified the Foreign Exchange (Compounding Proceedings) Rules, 2024 in supersession of the Foreign Exchange (Compounding Proceedings) Rules, 2000. Instructions issued on "Compounding of Contraventions under FEMA, 1999" have been compiled in this Master Direction. The list of underlying circulars/ notifications which form the basis of this Master Direction is furnished in the Appendix. Further, in terms of Section 11 (2) of FEMA,

1999, the Reserve Bank may, for the purpose of ensuring the compliance with the provisions of the Act or of any rule, regulation, notification, direction or order made thereunder, direct any authorized person to furnish such information, in such manner, as it deems fit. Authorised Dealers are therefore, advised to take necessary steps to ensure that checks and balances are incorporated in systems relating to dealing with and reporting of foreign exchange transactions so that contraventions of provisions of FEMA, 1999, attributable to the Authorised Dealers do not occur. In this connection, it is reiterated that in terms of Section 11(3) of FEMA, 1999, the Reserve Bank may impose on the authorized person a penalty for contravening any direction given by the Reserve Bank under this Act or failing to file any return as directed by the Reserve Bank. All AD Category – I banks and Authorised banks may bring the guidelines contained in this circular to the notice of their constituents.

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

https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12839&Mode=0

6. Exports through warehouses in ‘Bharat Mart’ in UAE – relaxations.

Attention of Authorised Dealer Category – I banks (AD banks) is invited to Clause (a) of Sub regulation 1 of Regulation 9 of Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 {Notification No. FEMA 23(R)/2015-RB} and Para C.6 and C.13 of Master Direction – Export of Goods & Services. To facilitate export through warehouses in ‘Bharat Mart’, a multimodal logistics network based marketplace in United Arab Emirates (UAE) that will provide Indian traders, exporters, and manufacturers access to the markets in UAE as well as worldwide, it has been decided to provide the following relaxations:

- a. AD banks may allow exporters to realise and repatriate full export value of goods exported to ‘Bharat Mart’ within nine months from the date of sale of the goods from the warehouse.
- b. AD banks may allow the following without any pre-conditions, after verifying the reasonableness of the same:
 - Opening/hiring of a warehouse in ‘Bharat Mart’ by an Indian exporter with a valid Importer Exporter Code.
 - Remittances by the Indian exporter for initial as well as recurring expenses for setup and continuing business operations of its offices.

The above instructions shall come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12840&Mode=0>

7. Note Sorting Machines: Standards issued by the Bureau of Indian Standards -Revised Timeline for Implementation.

Reference is invited to our circular DCM (NPD) No. S2193/09.45.000/2024-25 dated October 30, 2024 on “Note Sorting Machines - Standards issued by the Bureau of Indian Standards”. In view of representations received from various banks citing implementation challenges, it has been decided to extend the timeline for implementation of the instructions by six months i.e., up to November 01, 2025. The banks shall however, endeavour to comply with the instructions at the earliest. All other provisions prescribed in the circular dated October 30, 2024, remain unchanged.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12841&Mode=0>

8. Amendments to Directions - Compounding of Contraventions under FEMA, 1999.

Attention of Authorised Dealer (AD) Category - I banks is invited to

- a. Directions for compounding of contraventions under FEMA, 1999, issued vide A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024 and
- b. Master Directions on compounding of contraventions under FEMA, 1999, dated April 22, 2025

On a review, it is decided that the following clause shall be inserted as Para 5.4.II.vi in aforementioned Master Directions.

“vi. Subject to satisfaction of the compounding authority, based on the nature of contravention, exceptional circumstances/ facts involved in case, and in wider public interest, the maximum compounding amount imposed may be capped at INR 2,00,000/- for contravention of each regulation/ rule (applied in a compounding application) with respect to contraventions under row 5 of the above computation matrix.”

The aforesaid Master Directions shall accordingly be updated to reflect the above change. All AD Category-I banks and Authorised banks may bring the guidelines contained in this circular to the notice of their constituents. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and/or without prejudice to permissions/approval, if any, required under any other law.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12842&Mode=0>

9. Amendments to Liquidity Coverage Ratio (LCR) Framework.

The Reserve Bank issued a draft circular on July 25, 2024 on ‘Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) – Review of Haircuts on High Quality Liquid Assets (HQLA) and Run-off Rates on Certain Categories of Deposits’. The draft circular proposed certain amendments to the LCR framework and invited comments from banks and stakeholders. The feedback received has been carefully examined and the final guidelines have been issued by the Reserve Bank today. With the issuance of these guidelines, a bank shall:

- assign additional run-off rates of 2.5 per cent to internet and mobile banking enabled retail and small business customer deposits.
- adjust the market value of Government Securities (Level 1 HQLA) with haircuts in line with margin requirements under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

In addition, the final guidelines also rationalise the composition of wholesale funding from ‘other legal entities’. Consequently, funding from non-financial entities like trusts (educational, charitable and religious), partnerships, LLPs, etc. shall attract a lower run-off rate of 40 per cent as against 100 per cent currently. The Reserve Bank has undertaken an impact analysis of the above measures based on data submitted by banks, as on December 31, 2024. It is estimated that the net impact of these measures will improve the LCR of banks, at the aggregate level, by around 6 percentage points as on that date. Further, all the banks would continue to meet the minimum regulatory LCR requirements comfortably. Reserve Bank is sanguine that these measures will enhance the liquidity resilience of banks in India, and further align the guidelines with the global standards in a non-disruptive manner. To give the banks adequate time to transition their systems to the new standards for LCR computation, the revised instructions shall become applicable w.e.f. April 01, 2026.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60260

10. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on April 23, 2025 (Series IV of SGB 2017-18 and Series II of SGB 2018-19).

In terms of GOI Notification F. No.4(25)-W&M/2017 dated October 06, 2017 (SGB 2017-18 Series IV-Issue date October 23, 2017) and GOI Notification F. No.4(22)-W&M/2018 dated October 08, 2018 (SGB 2018-19 Series II-Issue date October 23, 2018) 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 April 23, 2025. Further, the redemption price of SGB shall be based on the simple average of closing gold price 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 April 23, 2025, shall be ₹9,669/- (Rupees Nine Thousand Six Hundred and Sixty-nine only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., April 17, April 21, and April 22, 2025.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60272

11. RBI imposes monetary penalty on Mahindra & Mahindra Financial Services Limited.

The Reserve Bank of India (RBI) has, by an order dated April 21, 2025, imposed a monetary penalty of ₹71.30 lakh (Rupees Seventy One Lakh Thirty Thousand only) on Mahindra & Mahindra Financial Services Limited (the company) for non-compliance with certain provisions of the 'Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016' and 'Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016' issued by RBI. This penalty has been imposed in exercise of powers conferred on RBI under clause (b) of sub-section (1) of Section 58G read with clause (aa) of sub-section (5) of Section 58B 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, 2023. 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, inter alia, that the following charges against the company were sustained, warranting imposition of monetary penalty.

- i. The company did not disclose the processing fees and other charges in certain loan application forms;
- ii. The company did not furnish copies of loan agreements and did not convey details of the loans in the sanction letters to certain borrowers;
- iii. The company did not give a final chance to certain borrowers to repay the loans, before the sale / auction of vehicles; and
- iv. The company allotted multiple customer identification codes to certain customers, instead of a Unique Customer Identification Code (UCIC) for each individual customer.

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=60304

You may send your suggestions at niyati@asalegal.in

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