



NEWSLETTER ^{Weekly}

Volume-CXLI, Issue-IV, Dated: 27th April, 2026

SECURITIES AND EXCHANGE BOARD OF INDIA

1. **Framework for net settlement of funds for transactions done by Foreign Portfolio Investors (FPIs) in cash market.**

The Securities and Exchange Board of India issued a circular dated April 24, 2026 introducing a framework permitting net settlement of funds for Foreign Portfolio Investors (FPIs) in the cash market. Previously, FPIs were required to settle transactions on a gross basis due to restrictions on intra-day trading, leading to higher liquidity needs, increased funding costs, and operational inefficiencies. Based on industry representations, SEBI allowed netting of funds for “outright transactions,” defined as either only purchase or only sale in a security within a settlement cycle. Transactions involving both buy and sell positions will continue to be settled on a gross basis. The circular clarifies that securities settlement remains gross between FPIs and custodians, and statutory levies like STT and stamp duty remain unchanged. Implementation standards will be developed by relevant stakeholders, and entities must update systems by December 31, 2026. The measure aims to improve efficiency and reduce funding costs.

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

https://www.sebi.gov.in/legal/circulars/apr-2026/framework-for-net-settlement-of-funds-for-transactions-done-by-foreign-portfolio-investors-fpis-in-cash-market_101090.html

MINISTRY OF FINANCE

1. **DGGI Ahmedabad Zonal Unit officials apprehend mastermind of the biggest GST refund fraud of around ₹1,825 crore at IGI Delhi airport.**

Mr. Kapil Chugh the mastermind of GST refund fraud wanted in many other economic criminal cases was arrested by the DGGI, AZU, Ahmedabad, on 19th April 2026 from IGI Airport upon returning from Dubai. Mr. Kapil Chugh had evaded investigation and did not respond to multiple summons (22 in all) issued by DGGI, AZU, Ahmedabad and never joined investigations. He had fled to Dubai after committing GST refund fraud amounting to approximately ₹1,825 crore across multiple jurisdictions. Investigation conducted in the instant case has revealed that Mr. Kapil Chugh, along with his associate Mr. Vipin Sharma, devised and operated a well-structured arrangement for fraudulent availment of Input Tax Credit (ITC) and subsequent encashment through refund claims on account of zero-rated supplies. Mr. Kapil Chugh emerges as the key mastermind and habitual economic offender who controlled the entire network through dummy firms, employees and close associates. The entities were created using borrowed KYC documents and were found to be non-functional or lacking infrastructure, manpower and genuine business activity at the declared premises. The dummy proprietors/directors were merely name lenders and were compensated with fixed monthly cash payments. All operational activities including GST registration, invoice generation, banking operations, filing of returns and submission of refund claims were handled centrally by the masterminds.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2253888®=3&lang=1>

2. **Income Tax Department’s outreach programme spotlights key features of new Income Tax Act, 2025.**

The Commissioner of Income Tax (Exemptions), Delhi, organized an outreach programme in New Delhi today to promote financial literacy and create awareness about the newly introduced Income Tax Act, 2025, with particular focus on provisions relating to educational institutions and charitable trusts. The programme

witnessed participation from representatives of more than 80 schools from across the Delhi–NCR region, along with trustees and functionaries associated with educational institutions. The event was graced by Ms. Pallavi Agarwal, Principal Chief Commissioner of Income Tax (Exemptions). Addressing the gathering, she highlighted the key features of the Income Tax Act, 2025 and emphasized that the new legislation seeks to simplify procedures, reduce ambiguities and promote transparency through streamlined and technology-driven processes aligned with the Government’s vision of "Viksit Bharat 2047". As part of the outreach programmed, to encourage engagement among students, an inter-school quiz competition titled “Tax Your Brain – Income Tax Quiz” was organized for students of Classes IX to XII. Students from participating schools took part in the quiz with enthusiasm across multiple rounds. The winning teams were felicitated and presented with awards and Certificates of Merit. All participants were appreciated for their enthusiasm and knowledge. The initiative reflects the Income Tax Department’s continued commitment to proactive stakeholder engagement, dissemination of tax reforms and the promotion of an efficient, transparent and taxpayer-friendly tax administration epitomizing the principle of Saral Kanun Shishak Bharat.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2254206®=3&lang=1>

3. India and Bhutan hold 7th Joint Group of Customs (JGC) meeting in Munnar, Keralam, on 20th-21st April 2026.

The 7th Joint Group of Customs (JGC) Meeting between India and Bhutan was held on 20th–21st April 2026 in Munnar, Kerala. The meeting was co-chaired by Mr. Yogendra Garg, Special Secretary and Member (Customs), Central Board of Indirect Taxes and Customs (CBIC), Government of India, and Mr. Sonam Jamtsho, Director General, Department of Revenue and Customs, Ministry of Finance, Royal Government of Bhutan. India and Bhutan share close and longstanding trade relations, with India being Bhutan’s largest trading partner, accounting for nearly 80% of Bhutan’s total trade. Bilateral trade between the two countries exceeded \$1.9 billion in FY 2024–25, registering a growth of over 46% compared to the previous financial year. As part of the institutional framework for bilateral engagement, the JGC meetings serve as an important platform for addressing issues related to customs cooperation, trade facilitation, and border management. Given Bhutan’s landlocked geography, trade through land customs stations holds particular importance. Currently, there are 10 notified land customs stations along the India–Bhutan border, located in the states of West Bengal (6) and Assam (4). During the meeting, both sides held detailed discussions on a range of priority areas, including Coordinated Border Management (CBM); Memorandum of Understanding (MoU) on pre-arrival exchange of customs data; strengthening of anti-smuggling mechanisms through intelligence sharing and enforcement cooperation; digitization of customs processes; and facilitation of transit cargo movement under the Electronic Cargo Tracking System (ECTS). The meeting also discussed and reviewed issues like improvement of border infrastructure, enhancing trade facilitation and harmonization & streamlining of customs procedures.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2254164®=3&lang=1>

4. Atal Pension Yojana (APY) Crosses Historic Milestone: Total Gross Enrolments Surpass 9 Crore.

The Atal Pension Yojana (APY), a flagship social security scheme of the Government of India administered by the Pension Fund Regulatory and Development Authority (PFRDA), has achieved a historic milestone by surpassing total gross enrolments of 9 crore subscribers on 21st April, 2026. In a further testament to the scheme’s growing outreach and impact, gross enrolments during the Financial Year 2025–26 have crossed 1.35 crore subscribers, marking the highest-ever enrolments recorded in a single financial year since the inception of the scheme. Launched on May 9, 2015, with the vision of establishing a universal social security system for all Indians, APY is a voluntary, contributory pension scheme primarily focused on the poor, the underprivileged, and workers in the unorganized sector. Over the past decade, the scheme has witnessed remarkable growth, driven by sustained efforts of Banks (PSBs/RRBs/Private Banks/SFBs/Co-operative banks), SLBCs/UTLBCs/LDMs, the Department of Posts (DoP) and continuous support from the Government of India. PFRDA has played a proactive role in expanding the scheme’s footprint across all

states and districts in the country, through extensive outreach initiatives, capacity-building programs, multilingual awareness materials, media campaigns, and regular performance reviews.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2254487®=3&lang=1>

MINISTRY OF CORPORATE AFFAIRS

1. MCA expands eligibility criteria of the Prime Minister Internship Scheme (PMIS) to include final-year graduate and post graduate students.

In a significant step towards strengthening youth employability and industry readiness, the Ministry of Corporate Affairs (MCA) has expanded the eligibility criteria of the pilot phase of the Prime Minister Internship Scheme (PMIS) to include final-year students of graduate and postgraduate programmes. This is expected to unlock early access to structured internship opportunities in top companies across India for students, enabling them to gain hands-on industry exposure before completing their formal education. The decision has been formalized in consultation with the Department of Higher Education, Ministry of Education.

New Changes

- Final-year undergraduate and postgraduate students are now eligible to apply under PMIS
- Applicants must continue to meet the existing eligibility criteria under the scheme
- Students are required to submit a No Objection Certificate (NOC) from their respective educational institutions during the application process
- The NOC must confirm that participation in the internship will not interfere with academic requirements
- Authorized signatories include Heads of Department, Deans, Principals, or Training & Placement Officers

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2254498®=3&lang=1>

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. IBC Is Not a Recovery Tool: Supreme Court Halts Insolvency Proceedings Against Solvent Company, Directs Decree-Holder to Pursue Execution.

"Initiation of CIRP is nothing more than the use of the IBC as a recovery mechanism. We will term it as an abuse of the process," On April 23, 2026, the Supreme Court of India delivered a significant ruling, setting aside the NCLAT's order directing admission of a Section 7 petition under the Insolvency and Bankruptcy Code, 2016, filed by a decree-holder money lender against a solvent and functioning corporate debtor. The Court held that invoking the insolvency process as a substitute for execution of a civil court decree amounts to an abuse of the IBC and restored the NCLT's order dismissing the Section 7 application. The respondent, a money lender, had advanced two loans to the appellant company in 2010 and, after cheque dishonour and subsequent compromise proceedings, obtained a final money decree of Rs. 4,38,00,617/- with 24% per annum interest from the Delhi High Court on January 11, 2018. The decree was affirmed in appeal and the appellant's Special Leave Petition was dismissed by the Supreme Court on October 22, 2021. Rather than proceeding to execute the decree, the respondent filed a Section 7 petition under the IBC before the NCLT barely two months after the SLP dismissal. The NCLT dismissed the petition, finding it to be a misuse of the insolvency process against a solvent company, but the NCLAT reversed that order and directed admission of

the petition. The appellant is a running company with revenues of approximately Rs. 35 crores, profits of Rs. 8 crores, and 95 employees challenged the NCLAT's direction before the Supreme Court.

For more information, you can access the article here:

https://lawyerenews.com/legal_detail/ibc-is-not-a-recovery-tool-supreme-court-halts-insolvency-proceedings-against-solvent-company-directs-decree-holder-to-pursue-execution#:~:text=By:%20Admin,dismissing%20the%20Section%207%20application.

2. IBC Amendment Act 2026: Architecture of a new insolvency order - What changes and how to structure around it.

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 is the most structurally significant reform to Indian insolvency law since the Code's enactment in 2016. Passed by the Lok Sabha on March 30 and the Rajya Sabha on April 1, 2026, the Act introduces an entirely new resolution track, legislatively extinguishes certain judicial doctrines, recalibrates the balance between secured and statutory creditors and lays the groundwork for India's first comprehensive cross-border and group insolvency framework. For practitioners advising distressed assets, leveraged acquisitions, secured lending, and restructuring, the amendments require an immediate rethink of standard transaction architectures. Part I of this article examines the reforms to admission mechanics, the new creditor-initiated resolution process, the correction of the government dues priority anomaly and the codification of the clean slate principle. Part II addresses guarantor assets, liquidation reforms, withdrawal restrictions and transactional implications across client categories. The Act's direction of travel is unmistakable: India's insolvency regime has shifted decisively toward creditors at every stage. Counterparties and debtors who have relied on procedural latitude or judicial discretion to buy time should expect a materially tighter environment.

For more information, you can access the article here:

<https://www.barandbench.com/view-point/ibc-amendment-act-2026-architecture-of-a-new-insolvency-order-what-changes-and-how-to-structure-around-it-part-i>

RESERVE BANK OF INDIA

1. Digital Payments – E-mandate Framework, 2026.

The Reserve Bank of India (RBI) has issued the Digital Payments – E-mandate Framework, 2026, consolidating prior circulars under the Payment and Settlement Systems Act, 2007, to govern recurring transactions via cards, PPI, or UPI for all payment system providers and participants. Key features include one-time e-mandate registration with additional factor authentication (AFA), options for fixed/variable amounts (capped by RBI), validity periods with modification/revocation facilities, and pre-transaction notifications (24 hours prior, except FASTag/NCMC) detailing merchant, amount, and opt-out options via AFA. Subsequent transactions require post-notifications, with limits allowing AFA-free processing up to ₹15,000 (or ₹1 lakh for insurance, mutual funds, credit card bills), no customer charges, mandatory dispute redressal, and acquirer oversight of merchant compliance; existing mandates map to reissued cards, effective immediately.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13374&Mode=0>

2. Finances of Foreign Direct Investment Companies, 2024-25.

The Reserve Bank released the data relating to financial performance of non-government non-financial (NGNF) foreign direct investment (FDI) companies in India during 2024-25 (<https://data.rbi.org.in/#/dbie/reports/Statistics/Corporate%20Sector/Finances%20of%20FDI%20Companies>) based on audited annual accounts of 3,100 companies, which reported in the Indian Accounting Standards (Ind-AS) format for three accounting years from 2022-23 to 2024-25. Their economic sector classification is based on their principal business activity, as reported in MGT-7 form of the Ministry of Corporate Affairs,

Government of India, which is the primary source of these data. The paid-up capital (PUC) of these companies amounted to ₹5,96,425 crore, which accounted for 51.9 per cent of the total PUC of FDI companies that had reported in the 2024-25 round of the Reserve Bank's annual census of foreign liabilities and assets of Indian direct investment companies. Companies with direct investment from Singapore, USA and Mauritius accounted for more than half of the sample companies; Japan, Netherland and the United Kingdom were other major direct investment sources in India. Majority of the sample companies belonged to manufacturing and services sectors, within services sector more than one third of companies belong to information and communication industries.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62601

3. RBI issues Draft Master Direction on Prepaid Payment Instruments (PPIs), 2026.

As a part of its continued efforts to develop a conducive framework for long term growth of Prepaid Payment Instruments (PPIs) with enhanced security of transactions, a comprehensive review of guidelines on PPIs has been undertaken by the Reserve Bank. Accordingly, RBI today released the draft Master Direction on Prepaid Payment Instruments. The comments / feedback on the draft Direction may be submitted by the regulated entities and members of public / other stakeholders on or before May 22, 2026 through the 'Connect 2 Regulate' section on the website by following the corresponding hyperlink provided against each document in the page where they are hosted.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62602

4. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption of SGB 2018-19 Series-II due on April 23, 2026.

In terms of GOI notification F.No.4(22)-B(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 on April 23, 2026. Further, the redemption price of SGB shall be based on simple average of closing price of gold of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on April 23, 2026, shall be ₹15,219/- (Rupees Fifteen Thousand Two Hundred and Nineteen Only) per unit of SGB based on the simple average of closing price of gold for the three business days i.e., April 20, April 21, and April 22, 2026.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62603

5. Reserve Bank of India imposes monetary penalty on Bandhan Bank Limited.

The Reserve Bank of India (RBI) has, by an order dated April 21, 2026 imposed a monetary penalty of ₹41.80 lakh (Rupees Forty One Lakh Eighty Thousand only) on Bandhan Bank Limited (the bank) for contravention of the provisions of section 20(1)(b)(iii) of the Banking Regulation Act, 1949 (BR Act) and non-compliance with certain directions issued by RBI on 'Know Your Customer'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of section 47 A (1) (c) read with section 46 (4) of the BR Act. 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 BR Act, RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said RBI directions. After considering the bank's reply to the notice and oral submissions

made during the personal hearing, RBI found, inter alia, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

- i. The bank failed to carry out periodic review of risk categorisation of certain categories of accounts, and
- ii. The bank had sanctioned director related loans.

The action is based on deficiencies in statutory and 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 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=62618

6. RBI imposes monetary penalty on Muthoot Housing Finance Company Limited.

The Reserve Bank of India (RBI) has, by an order dated April 21, 2026, imposed a monetary penalty of ₹80,000/- (Rupees Eighty Thousand only) on Muthoot Housing Finance Company Limited (the company) for non-compliance with certain directions issued by RBI on 'Fair Practice Code'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 52A of the National Housing Bank Act, 1987. The statutory inspection of the company was conducted by National Housing Bank with reference to its financial position as on March 31, 2025. Based on the supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for its 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, inter alia, that the following charge against the company was sustained, warranting imposition of monetary penalty: The company failed to disclose the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers in the application forms and in the sanction letters. This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the company with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62617

7. RBI cancels the Licence of Paytm Payments Bank Limited.

The Reserve Bank of India (RBI) has, vide order dated April 24, 2026, cancelled the banking licence issued to Paytm Payments Bank Limited under Section 22(4) of the Banking Regulation Act, 1949 ('BR Act') effective from close of business on April 24, 2026. Consequently, Paytm Payments Bank Limited is prohibited from conducting the business of 'banking' as defined in Section 5(b) or any additional business specified under Section 6 of the Banking Regulation Act, 1949 with immediate effect. RBI will make an application for winding up of the bank before the High Court. Paytm Payments Bank Limited has enough liquidity to repay its entire deposit liability upon winding up of the bank. The Reserve Bank cancelled the license of the Paytm Payments Bank Limited as:

- i. The affairs of the bank were conducted in a manner detrimental to the interest of the bank and its depositors. Thus, the bank is not complying with Section 22 (3) (b) of the BR Act.
- ii. The general character of the management of the bank is prejudicial to the interest of depositors as also the public interest. Thus, the bank is not complying with provisions of Section 22 (3) (c) of the BR Act.

- iii. No useful purpose or public interest would be served by allowing the bank to continue as envisaged in Section 22 (3) (e) of the BR Act.
- iv. The bank failed to comply with the conditions stipulated in the Payments Bank license issued to it, thereby violating the provisions of Section 22 (3)(g) of the BR Act.

Previously, the bank was directed to stop onboarding of new customers with effect from March 11, 2022. Thereafter, on January 31, 2024 and February 16, 2024, certain business restrictions were also imposed on the bank which, inter alia, disallowed any further deposits/credits/ top-ups in existing customer accounts, prepaid instruments, wallets, etc.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62621

You may send your suggestions at niyati@asalegal.in

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