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NEWSLETTER

August 2024

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DISPATCH OF CONSOLIDATED ACCOUNT STATEMENT (CAS) FOR ALL SECURITIES ASSETS[1]

To promote the use of digital technology, protect the interests of investors and to better streamline regulatory compliances, SEBI *vide* circular dated July 01, 2024 has decided that email would be the default mode of communication of all Consolidated Account Statements ("**CAS**") by depositories, Mutual Fund – Registrar and Transfer Agents ("**MF-RTAs**") and holding statement by Depositories Participant ("**DP**") for all securities assets. To incorporate the above change, the head 'Statement of Account' in Annexure 3 of SEBI Master Circular on Depositories dated October 06, 2023, was modified. The above-mentioned stakeholders were directed to accordingly make changes to any of their byelaws, rules, regulations, dispatch system to reflect the change in communication.

The Master Direction says that CAS shall be sent to all investors who have registered email addresses with their Depositories and AMCs/MF-RTAs via email. Furthermore, if a transaction takes place in any demat account of any investor, their CAS should be sent to them on monthly basis. In case no transaction occurs, the CAS should be sent on a half-yearly basis. Every DP is now required to send, on a yearly basis, at least one annual statement of holding with respect to accounts where no transactions have taken place and have a nil balance, even when the account has been in such a state for a period of one year. With respect to accounts that become a zero balance during the year, they are not entitled to receive a transaction statement for the time their balance remains zero. Even then, an annual statement of holding has to be sent through email. However, in all of the above situations the Beneficiary Owner ("**BO**") shall have the option of receiving the statements in physical form.

Annexure 3 of the Master Circular was modified to say that in case the balance in an account becomes nil during the year, the DP must send one holding statement annually and as and when there takes place a transaction in the account, the DP shall send the transaction statement. Additionally, the DP shall issue the demat statements under its verified digital signature in accordance with the Information Technology Act, 2000. In any case wherein the DP cannot provide the same in electronic form, they shall forward the same in physical form.

The circular has been given an effective date from August 01, 2024.

SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) (AMENDMENT) REGULATIONS, 2024[2]

Previously, Clause 9(c) of the Seventh Schedule limited mutual fund schemes from investing more than 25 percent of their net assets in the listed securities of the sponsor's group companies. Following the 2024 regulatory amendment, an exception has been introduced. This allows equity-oriented exchange traded funds and index funds to make such investments, subject to conditions specified by the Board.

The notification was effective from July 02, 2024 when it was published in the Official Gazette.

[1] SEBI/HO/MRD-PoD2/CIR/P/2024/93

[2] SEBI/LAD-NRO/GN/2024/188

REDUCTION IN DENOMINATION OF DEBT SECURITIES AND NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (MODIFICATION TO CHAPTER V OF THE MASTER CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER DATED MAY 22, 2024)[3]

Responding to the market demands of lowering ticket sizes of debt securities, the Securities and Exchange Board of India, with a view to increase participation of non-institutional investors in the corporate bond making scheme and to increase liquidity, has decided to amend certain paragraphs in Chapter V (Denomination of issuance and trading of Non-convertible Securities) of the Master Circular.

An issuer may now issue any debt security or non-convertible redeemable preference share on private placement basis at a face value of Rs. Ten Thousand, subject to certain restrictions. There has to be at least one appointed merchant banker and such a debt security or non-convertible redeemable preference share shall be an interest/dividend bearing security paying coupon at regular intervals with a fixed maturity and without any structured obligations. It has also permitted certain credit enhancements like guaranteed bonds, partially guaranteed bonds, Standby Letter of Credit backed securities and more. The Credit Rating Agencies shall be liable to verify the information to ensure that the support is unconditional, irrevocable and legally enforceable till all the obligations have been paid off and that the support provider has a lower probability of default compared to the issuer.

Trading lot of listed debt security issued on private placement basis, non-convertible redeemable preference share issued on private placement basis, that are being traded on a stock exchange or over the counter basis, will be equal to the face value. The issuer may now also raise funds through tranche placement memorandum or key information document at a face value at Rs. Ten Thousand subject to at least one merchant banker being appointed to carry out due diligence in respect of such issuances with respect to a shelf placement memorandum or General Information Document which is valid as on the effective date of the circular.

The above changes are applicable to all kinds of debt securities and non-convertible preference shares, on private placement basis, even the ones that are proposed to be listed after the coming into effect of this circular.

EASE OF DOING BUSINESS – STREAMLINING OF PRUDENTIAL NORM FOR PASSIVE SCHEMES REGARDING EXPOSURE TO SECURITIES OF GROUP COMPANIES OF THE SPONSOR OF MUTUAL FUNDS[4]

To enhance the ease of doing business for Mutual Funds and pursuant to public consultations, opinions of the working group and the Mutual Funds Advisory Committee ("**MFAC**"), the Securities and Exchange Board of India ("**SEBI**") has amended the Mutual Find Regulations *vide* Notification SEBI/LAD-NRO/GN/2024/188 dated July 02, 2024, to streamline the norms applicable to investments by passively managed Mutual Fund schemes in the group companies of their sponsors.

The amendments made now entails that a Mutual Fund cannot invest an amount exceeding 25% of the net assets of the scheme in the listed securities of group companies of the sponsor, except the investments being made by the equity-oriented exchange traded funds ("**ETFs**") and Index Funds and subject to conditions imposed by SEBI. Accordingly, Equity Oriented ETFs and Index Funds which are based on widely non bespoke indices can now make an investment not exceeding 35% of the net asset value of the scheme and also in correlation with the weightage of the constituents of the underlying index in the group company's sponsor. Indices that are tracked passive funds or that act as a primary benchmark for actively managed funds having AUM of Rs. 20,000 crore and above shall be widely tracked and non-bespoke indices. The above criterion shall be updated half yearly on March 31 and September 30.

Any passive scheme that is based on underlying indexes shall be rebalanced within 30 days from the date of this circular. In any case wherein the period mentioned in cannot be adhered to, a justification in writings, needs to be submitted to the investment committee of the asset management company. The investment committee can, using its discretion increase the delay for up to a period of 60 days in accordance with the day the rebalancing was supposed to be completed. In any case wherein the rebalancing of the portfolios has not been completed within the 30 days plus the extension period, the asset management committee is prohibited from launching any new schemes and not levy any exit load, if any on the exiting investors of such schemes till the time the non-compliance has been rectified.

SECURITIES AND EXCHANGE BOARD OF INDIA (ALTERNATIVE INVESTMENT FUNDS) (THIRD AMENDMENT) REGULATIONS, 2024[5]

The Securities and Exchange Board of India ("**SEBI**") has introduced the Securities and Exchange Board of India

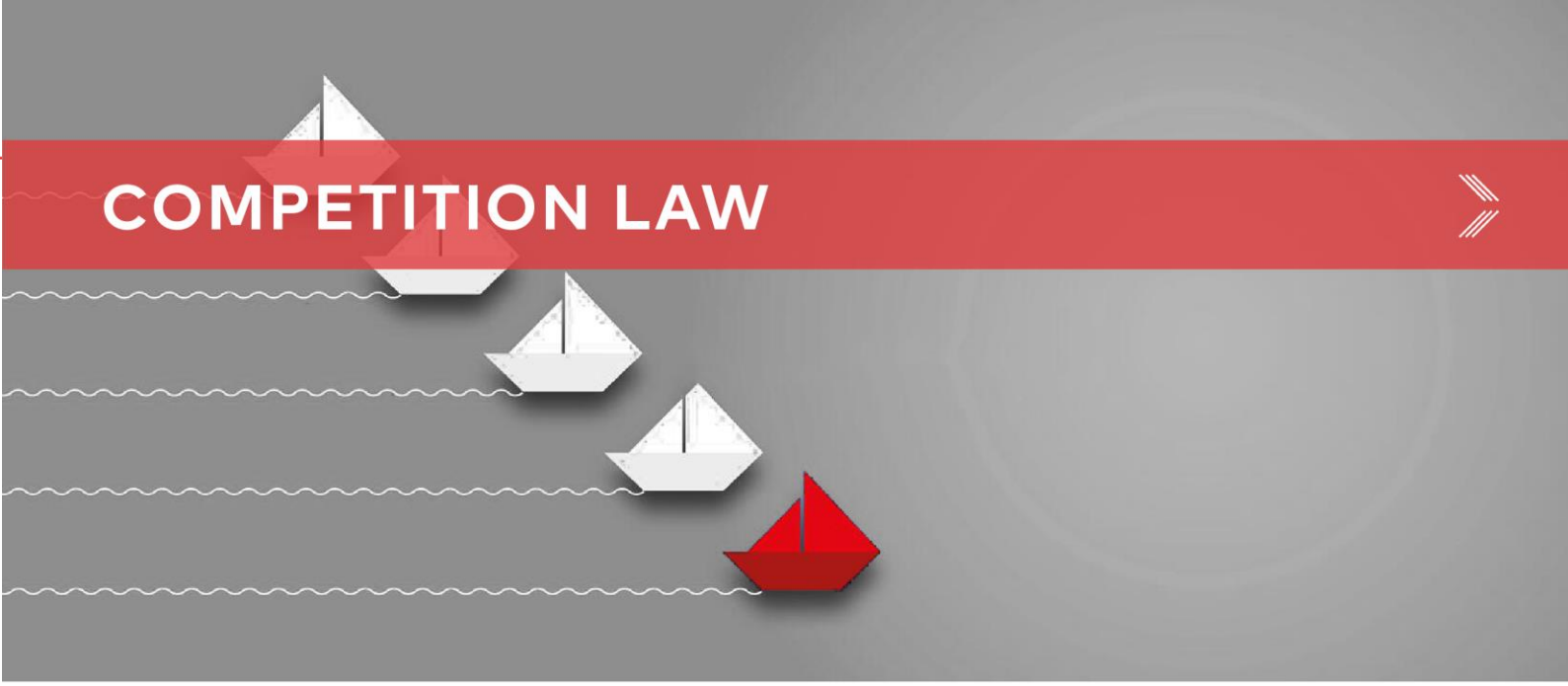
[3] SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/94
[4] SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/098
[5] SEBI/LAD-NRO/GN/2024/194

(Alternative Investment Funds) (Third Amendment) Regulations, 2024, marking a pivotal update in the regulatory framework for Alternative Investment Funds ("**AIFs**") in India. This amendment aims to refine the operation, registration, and investment conditions of AIFs, with a special emphasis on the newly introduced category of "migrated venture capital fund."

This category caters to funds previously registered under the Venture Capital Funds Regulations, 1996, and subsequently registered under this regulation as a sub-category of Venture Capital Fund under Category I – Alternative Investment Fund, facilitating a structured transition into the AIF framework. Some of the specificities in the eligibility criteria focussed on the applicant having a certificate of registration as a Venture Capital Fund, be a fit and proper person with no pending investor complaint, and permissible threshold of investment scheme.

The regulation also sets forth restrictions on private placements and outlines investment conditions for migrated venture capital funds to protect investor interests. It provides guidelines for the registration process and comprehensive reporting requirements to enhance transparency and regulatory oversight. By way of this regulation, SEBI reinforces the prohibition on public solicitations, ensuring fundraising activities comply with regulatory standards.

The abovementioned amendment shall be effective upon its publication in the Official Gazette.



The following are the main highlights in the Competition Law space for the month of July 2024:

NCLAT DISMISSES APPEAL FILED BY TOYFORT AGAINST CCI

The National Company Law Appellate Tribunal (**NCLAT)** in its judgement dated July 2, 2024, upheld the order and judgement passed by the Competition Commission of India (**CCI**) in a matter involving allegations of cartelisation in submission of tenders for soil testing in the State of Uttar Pradesh.

M/s Toyfort (**Appellant**) appealed CCI's order that found the Appellant in contravention of Sections 3(3)(c) and 3(3)(d) read with Section 3(1) of the Competition Act, 2002 (**Act**). The appeal was made on the grounds that the CCI failed to appreciate that the investigation by the Director General did not conclusively prove or indicate how the participation of the Appellant contributed to bid rigging and further failed to appreciate that the bids of the Appellant were nothing but a commercial misadventure. Furthermore, the Appellant argued that the CCI erroneously computed the penalty that was imposed.

Based on the evidence on record, the NCLAT upheld CCI's order which held the Appellant guilty under Section 3(3)(c) and 3(3)(d) read with section 3(1) and the order passed under Section 27(a) regarding cease-and-desist. Further, the NCLAT modified the penalty by reducing it to 3% of average annual turnover of last three years instead of 5% which was imposed by the CCI under Section 27(b) of the Act.

NCLAT REDUCES PENALTY IMPOSED ON GODREJ AND BOYCE MANUFACTURING LTD.

The NCLAT, in an order dated April 5, 2024, disposed the appeal filed by Godrej and Boyce Manufacturing Ltd. (**Godrej)** and its officials.

The appeal was made against the monetary penalty imposed by CCI, praying for either a waiver on the interest to be paid on the penalty amount or a reduction in the 4% penalty imposed on Godrej's turnover for each year of the continuance of the cartel.

The NCLAT held that Godrej had no bargaining power and was running in losses. It relied on its earlier decision wherein the penalty on Godrej's co-accused, Geep Industries (India) Pvt. Ltd. (**Geep)** was reduced. It held that both Godrej and Geep were small players in the market for dry cell batteries and were similarly placed.

The NCLAT hence reduced the penalty imposed on Godrej to 2% of the annual turnover instead of 4% as levied by CCI. Furthermore, it clarified that the penalty was reduced owing to the peculiar facts of the case and it cannot be treated as precedent.

CCI DISMISSES COMPLAINT ALLEGING CARTELISATION AND ABUSE OF DOMINANCE AGAINST ICF CHENNAI

The CCI addressed a complaint filed by XYZ against PCMM, Integral Coach Factory (**ICF**) and others (collectively referred to as **OPs**) alleging contravention of Sections 3 and 4 of the Act.

The informant stated that there existed a pattern which was suggestive of cartel behavior with respect to the bidders of a tender for acquisition of coach sets in trains. As per the informant, certain OPs consistently maintained lowest bid positions for almost six to seven years. It stated that the ICF had misused its dominant position by imposing a restrictive eligibility criterion for the tender, thereby facilitating cartel behavior.

The CCI in its order dated July 12, 2024, dismissed the complaint on the grounds that apart from minor

discrepancies in price there is no sufficient evidence suggesting cartelisation. It held that mere price parallelism is not sufficient to arrive at a finding of cartelisation without there being evidence of any plus factors in support of parallel pricing. It held that ICF is a consumer and has the freedom of specifying its requirements. The CCI held that no *prima facie* case of contravention of the Act can be made out against the OPs.

CCI APPROVES THE PROPOSED COMBINATION OF THE HOTEL BUSINESS OF ITC AND ITC HOTELS

On April 22, 2024, CCI received a notice under Section 6(2) of the Act from ITC Hotels Limited (**ITC Hotels**) for a proposed combination of the hotels business of ITC Limited (**ITC**) to ITC Hotels.

The proposed combination intended to demerge all of ITC's business, undertakings, activities, operations and properties of ITC related to the hotel business, to ITC's wholly owned newly incorporated subsidiary, ITC Hotels. It was further proposed that after the combination, the shares of ITC Hotels will be listed and around 40 percent shareholding will continue to be held by ITC and around 60 percent shareholding will be held by ITC's shareholders directly, in proportion to their shareholding in ITC.

The CCI found that there exist certain horizontal overlaps in the four- and five-star hotel segment as well as a vertical interface in travel related businesses. However, the CCI held that the proposed combination is essentially an internal restructuring and would not likely result in any significant change in control or operational dynamics, thereby mitigating competition concerns in any plausible markets. Based on the material provided and the assessment under Section 20(4) of the Act, the CCI concluded that the acquisition would not impact competition. Consequently, the CCI approved the combination under Section 31(1) of the Act via its order dated May 28, 2024.

CCI APPROVES PROPOSED COMBINATION BETWEEN SHINHAN BANK AND HDFC CREDILA

On April 16, 2024, CCI received a Notice under Section 6(2) of the Act from Shinhan Bank (**Acquirer**), for the proposed acquisition of a stake in HDFC Credila Financial Services Limited (**Target**). The Acquirer intended to acquire 10.39% of the shareholding on a fully diluted basis.

The CCI found that there exist certain horizontal overlaps between the Acquirer and the Target in the market for provisions of loans and lending services in India and distribution/referral of insurance products and services in India. However, the CCI found that various other players were present in the market who would continue to pose competitive restraints on the Acquirer and the Target.

Based on the material provided and the assessment under Section 20(4) of the Act, the CCI concluded that the acquisition would not impact competition. Consequently, the CCI approved the combination under Section 31(1) of the Act via its order dated May 28, 2024.

CCI APPROVES THE PROPOSED COMBINATION OF GREENKO AND SIKKIM URJA

On April 5, 2024, the CCI received a notice under Section 6(2) of the Act from Greenko Energies Private Limited (**Acquirer**) for a proposed combination with Sikkim Urja Limited (**Sikkim Urja**) in which the Acquirer indirectly holds 34.3% equity stake on a fully diluted basis.

The proposed combination intended to acquire additional equity shares in Sikkim Urja, wherein, the Acquirer would purchase the entire 60.08% equity stake in Sikkim Urja held by Sikkim Power Investment Corporation Limited (**SPICL)**, a wholly owned public undertaking of the Government of Sikkim (**GoS**); and a 5.62% equity stake in Sikkim Urja held by PTC India Limited (**PTC**).

The CCI found that there exist certain horizontal overlaps and vertical linkages in activities of power generation and transmission. However, the CCI saw the transaction being limited to change in control, thereby not impacting competition dynamics of the power generation sector. Based on the material provided and the assessment under Section 20(4) of the Act, the CCI concluded that the acquisition would not impact competition. Consequently, the CCI approved the combination under Section 31(1) of the Act via its order dated May 7, 2024.

EMPLOYMENT LAW

KARNATAKA GOVERNMENT RELEASES DRAFT BILL TO REGULATE SOCIAL SECURITY AND WELFARE OF GIG WORKERS

The Labour Department, Government of Karnataka *vide* public notice dated June 29, 2024, released the Draft Karnataka Platform-Based Gig Workers (Social Security and Welfare) Bill, 2024.

The bill aims to enhance social security for gig workers by creating the Karnataka Gig Worker's Social Security and Welfare Fund and establishing the Gig Workers Welfare Board. It requires aggregators, who connect buyers with gig workers, to provide written notice and valid reasons before terminating a worker, with a mandatory 14 (Fourteen)day notice period. Aggregators must also make weekly payments and explain any deductions. Workers will have the right to refuse a specified number of gigs per week for reasonable causes without facing penalties. The bill includes provisions for worker and aggregator registration, transparent work assignments, fair contracts, and a grievance redressal mechanism. It also establishes a Central Transaction Information Management System for tracking payments and welfare fees and outlines penalties for non-compliance. Feedback on the draft is invited by July 10, 2024, and should be directed to the Principal Secretary and Labour Commissioner in Bangalore.

JHARKHAND DEPARTMENT OF LABOUR, EMPLOYMENT, TRAINING AND SKILL DEVELOPMENT NOTIFIES DRAFT JHARKHAND PLATFORM BASED GIG WORKERS (REGISTRATION AND WELFARE) ACT, 2024

The Department of Labour, Employment, Training and Skill Development, Government of Jharkhand *vide* notification dated July 1, 2024, has introduced a draft bill aimed at enhancing social security and protections for platform-based gig workers and is seeking public feedback on its proposals.

This bill targets platforms, aggregators, and gig workers operating in Jharkhand. Platforms are digital service providers, aggregators manage these platforms (e.g., Uber India Technology Private Limited), and gig workers perform tasks via these platforms. The bill covers a range of services including ridesharing, food delivery, logistics, and professional services. Key provisions include mandatory weekly payments to gig workers, detailed invoicing for any deductions, adherence to occupational health standards, and clear, comprehensible contract terms in multiple languages. Aggregators must notify workers of contract changes 14 (Fourteen) days in advance and cannot terminate contracts without similar notice. Workers will have a single registration ID for use across various platforms, managed through a state government portal. Aggregators must also disclose how platform algorithms operate and ensure non-discriminatory practices. A Gig Workers' Welfare Board will oversee registration, social security, and welfare measures, with one-third of its members being women. The board will also manage a welfare fund, sourced from aggregator fees and other contributions. Dispute resolution mechanisms include internal committees for larger aggregators, arbitration, and access to labour courts under the Industrial Disputes Act, 1947. This bill aims to improve worker rights, safety, and administrative transparency in the gig economy.

GOVERNMENT OF TAMIL NADU NOTIFIES VARIOUS AMENDMENTS TO THE TAMIL NADU SHOPS AND ESTABLISHMENTS ACT

The Labour Welfare and Skill Development Department, Government of Tamil Nadu *vide* notification dated July 2, 2024, amended the Tamil Nadu Shops and Establishments Rules, 1948 revamping the process for registration of an establishment.

Both new and existing establishments are required to use this portal for submission. The new rules require establishments to apply for registration online using Form-Y,

with a fee of INR100 (Rupees One Hundred) through the Labour Department's web portal. It mandates that the inspector issue a registration certificate online in Form-Z within 24 (Twenty Four) hours of application and maintain a register of establishments in Form-ZA. Rule 2C obliges existing establishments, as of the Tamil Nadu Shops and Establishments (Amendment) Act, 2018, to submit their details online using Form-ZB. Additionally, Rule 2D allows for the online application and issuance of amendments to registration certificates, ensuring that updated certificates are also issued within 24 (Twenty Four) hours.

The application process necessitates providing information about the entity's constitution, the name of the employer, and the total number of employees, including those employed on a contract basis. This streamlined process is intended to ensure compliance with the updated requirements for facility provisions and registration procedures.

EPFO HAS ANNOUNCED ENHANCEMENT OF DEARNESS ALLOWANCE

The Employees' Provident Fund Organisation through its notification dated July 4, 2024 has announced a 4% (Four Percent) increase in dearness allowance, raising it to 50% (Fifty Percent) effective from January 1, 2024. Following this adjustment, several allowances will see an enhancement of 25% (Twenty Five Percent) over the existing rates, effective from the same date. These allowances include tough location allowance, conveyance allowance, special allowance for children of women with disabilities, children education allowance, house rent allowance, hotel accommodation, reimbursement of city travel charges, reimbursement of food charges or daily allowance, and split duty allowance. Additionally, deputation (duty) allowance will also be adjusted accordingly.

GOVERNMENT OF KARNATAKA SPECIFIES TIME LIMIT FOR AN EMPLOYER TO OBTAIN A VALID INSURANCE POLICY UNDER THE KARNATAKA COMPULSORY GRATUITY INSURANCE RULES, 2024

The Labour Department, Government of Karnataka, *vide* corrigendum dated July 4, 2024, has revised the time limit for existing establishments to obtain a valid insurance policy under the Karnataka Compulsory Gratuity Insurance Rules, 2024. The new deadline is extended from 60 (Sixty) days to 6 (Six) months. This change applies only to existing establishments, while new establishments must still secure the policy within thirty days of the rules taking effect.

GOVERNMENT OF UTTAR PRADESH REVISES THE MINIMUM RATE OF WAGES FOR AGRICULTURAL EMPLOYMENT

The Labour Department, Government of Uttar Pradesh, *vide* notification dated July 9, 2024, revised the minimum wages for agricultural workers.

The new rates are set at INR 6,162 (Rupees Six Thousand One Hundred Sixty Two) per month or INR 237 (Rupees Two Hundred Thirty Seven) per day across the state. These rates apply to various agricultural tasks including cultivation, harvesting, and farm operations, as well as forestry, dairy farming, livestock raising, beekeeping, and poultry farming. Employers may pay these wages in cash or a combination of cash and kind, with the total value meeting or exceeding the minimum wage. For hourly work, wages must be no less than 1/6 of the daily rate. The revised minimum wage also applies to young workers, ensuring they are paid the same rate as adults. Workers currently earning more than the new minimum will continue to receive their existing higher wages. The new rates will be effective from April 1, 2024.

LOCK-IN PERIOD IN EMPLOYMENT CONTRACTS DOES NOT VIOLATE FUNDAMENTAL RIGHTS – DELHI HIGH COURT

The Delhi High Court *vide* judgement dated July 11, 2024 upheld the legality of reasonable lock-in periods in employment contracts, affirming that such clauses do not infringe upon fundamental rights.

The ruling, delivered by Justice Pratibha M Singh, confirms that disputes arising from these lock-in periods are subject to arbitration. The case involved Lily Packers Pvt. Ltd., which had a 3 (Three) year lock-in period in its employment agreement with Vaishnavi Vijay Umak, who left the company prematurely. The company sought arbitration after she did not return from leave and raised concerns about breaches of confidentiality and intellectual property. The court ruled that while negative covenants prohibiting employees from competing post-employment are unenforceable, lock-in periods during the term of employment are valid and do not violate Article 19 of the Constitution of India. The court has affirmed that lock-in periods in employment contracts are essential for maintaining the stability and strength of an employer organization. These clauses, particularly common at executive levels, help ensure continuity and reduce employee turnover, contributing to the overall health and stability of the employer institution. The court also emphasized that such disputes are arbitrable under the Arbitration and Conciliation Act, 1996, and that the arbitration process would address the validity and enforcement of these contractual clauses.

GOVERNMENT OF WEST BENGAL NOTIFIES MINIMUM WAGES FOR SCHEDULED EMPLOYMENT UNDER THE MINIMUM WAGES ACT, 1948

The Labour Commissionerate, Statistics Section, Government of West Bengal through circular dated July 16, 2024, announced updated minimum wage rates effective from July 1, 2024 to December 31, 2024.

The notification applies to employees in specified scheduled employments across 2 (Two) zones: Zone A (including Municipal Corporations, Municipalities, and Thermal Power Plant areas) and Zone B (the rest of West Bengal). The wage calculation method requires dividing the monthly rate by 26 (Twenty Six) to get the daily rate and multiplying this by 6 (Six) for the weekly rate. The new wage rates cover unskilled to highly skilled workers in sectors such as manufacturing, automobile repair, beverage production, confectionery, and establishments under the West Bengal Shops & Establishments Act, 1963.

GOVERNMENT OF ODISHA REVISES MINIMUM WAGES FOR VARIOUS SCHEDULED EMPLOYMENT UNDER THE MINIMUM WAGES ACT, 1948

The Labour and ESI Department, Government of Odisha, through notifications No.1367 and 1368 dated July 18, 2024 has revised the minimum wage rates for various employment categories.

The revised daily wage rates are INR 450 (Rupees Four Hundred Fifty) for unskilled workers (up from INR 352 (Rupees Three Hundred Fifty Two)), Rs. 500 for semi-skilled workers (up from INR 392 (Rupees Three Hundred Ninety Two)), INR 550 (Rupees Five Hundred Fifty) for skilled workers (up from INR 442 (Rupees Four Hundred Forty Two)), and INR 600 (Rupees Six Hundred) for highly skilled workers (up from INR 502 (Rupees Five Hundred Two)). In addition to these base wages, workers will receive a variable dearness allowance adjusted semi-annually, on April 1st and October 1st, linked to the All-India Consumer Price Index Number ("**CPI**") for industrial workers. The variable dearness allowance will be calculated at INR 2.60 (Rupees Two and Paise Sixty) per point rise in the index (base 2016-100).

The key points of the revised wage structure include that the minimum wage rates are comprehensive, covering basic pay, cost of living allowances, and essential commodities. These rates also include wages for the weekly day of rest. The updated wages apply to contractor employees as well. Disabled individuals will earn the same as their peers in respective job categories, and there will be no gender discrimination in wage payments. Adult employees are expected to work eight hours a day, excluding a half-hour rest period. The notification defines work categories as follows: unskilled (simple tasks requiring minimal skill), semi-skilled (tasks needing some skill and supervision), skilled (tasks needing experience or training), and highly skilled (tasks requiring high competence and responsibility).

GOVERNMENT OF PUNJAB NOTIFIES MINIMUM WAGES FOR SCHEDULED EMPLOYMENT UNDER THE MINIMUM WAGES ACT, 1948

The Labour Commissioner, Punjab *vide* notification dated July 18, 2024, updated the minimum wage rates based on a new CPI series, using 2016 as the base year instead of 2001. This adjustment aims to better reflect current economic conditions and cost of living. For the period from September 2023 to February 2024, the average CPI is 396.03, derived from the old CPI series. Consequently, the minimum monthly wage for unskilled workers will increase to INR 10,899.82 (Rupees Ten Thousand Eight Hundred Ninety Nine and Paise Eighty Two), effective from March 1, 2024, aligning wages with inflation and rising living costs.

The notification details revised wage rates across various categories including unskilled, semi-skilled, skilled, and highly skilled workers. It also specifies wage rates for staff categories A to D, covering employees in government departments, local authorities, boards, corporations, and related agencies. These rates are outlined on a monthly, daily, and hourly basis, ensuring transparency and equity in different employment contexts.

GOVERNMENT OF MAHARASHTRA NOTIFIES THE MAHARASHTRA SHOPS AND ESTABLISHMENTS (REGULATION OF EMPLOYMENT AND CONDITIONS OF SERVICE) (AMENDMENT) RULES, 2024

The Industries, Energy, Labour and Mining Department, Government of Maharashtra vide notification dated July 22, 2024, has introduced amendments to the Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) (Amendment) Rules, 2018.

The amendment introduces the requirement for establishments to include an insurance certificate in various forms and schedule under the Maharashtra Shops and Establishments Act, 2017. The amendment mandates the inclusion of insurance certificate details in Forms A, D, F, and R, and requires copies of the insurance certificate to be appended in the relevant parts of the Schedule. The inclusion of insurance certificate for establishments provide safeguard to the employees and risk mitigation for the establishment.

THE RESERVE BANK OF INDIA ("RBI") RELEASES MASTER DIRECTIONS ON CYBER RESILIENCE AND DIGITAL PAYMENT SECURITY CONTROLS FOR NON-BANK PAYMENT SYSTEM OPERATORS ("PSO DIRECTIONS")

RBI in exercise of its powers conferred under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (PSS Act) on July 30, 2024, issued Master Directions on Cyber Resilience and Payment Security Controls for non-bank Payment System Operators, targeting cyber resilience and digital payment security controls for non-bank Payment System Operators ("**PSOs**"). These guidelines, aim to fortify the security framework of digital payment systems by mandating stringent governance and baseline security measures.

Key Highlights:

(i) The PSO's must ensure that entities not regulated under these directions (like payment gateways, third party service providers etc.) in their digital payment ecosystem also comply with the PSO Directions through mutual agreements.

(ii) PSO Directions aim to improve safety and security of the payment systems operated by PSOs by providing a framework for overall information security preparedness with an emphasis on cyber resilience.

(iii) The Board of Directors (Board) of the PSO shall be responsible for ensuring adequate oversight over information security risks, including cyber risk and cyber resilience.

(iv) The PSO shall maintain a record of all the key roles, information assets (applications, data, infrastructure, personnel, services, etc.), critical functions, processes and third-party service providers, and classify and document their levels of usage, criticality and business value.

(v) The PSO shall implement a multi-tier application architecture, while developing digital payment products and services. Additionally, the PSO shall obtain the source code of all critical applications procured from third-party vendors. In case obtaining source code is not possible, there shall be an escrow arrangement for the source code to ensure continuity of services.

(vi) The PSO shall put in place measures to protect its network and systems from external threats which *inter alia* includes a security operations centre, automated mechanisms, anti-malware solutions.

(vii) The PSO shall put in place the following measures to protect its network and systems from external threats.

- (a) The PSO shall ensure that all its applications are subjected to rigorous security testing.
- (b) The PSO storing card (debit / credit / prepaid) data shall adhere to PCI-DSS guidelines and obtain PCI-DSS certification.
- (c) The PSO shall put in place a comprehensive data leak prevention policy for confidentiality, integrity, availability and protection of business and customer information.
- (d) The PSO shall put in place a Board approved incident response mechanism.
- (e) Unusual incidents like cyber-attacks, outage of critical system / infrastructure, internal fraud, settlement delay, etc., shall be reported to RBI.
- (f) The PSO shall develop a BCP based on different cyber threat scenarios.

(viii) The PSO subscribing to cloud services shall put in place a cloud operation policy (as a part of board approved Information Security Policy). Multi-tenancy environments shall be protected against data integrity and confidentiality risks, and against co-mingling of data.

RBI has adopted a phased implementation approach which will allow for a smooth transition, enabling PSOs to gradually strengthen their systems in line with the new requirements.

The detailed guidelines under the said Master Directions can be accessed below.

Source

RBI RELEASED DRAFT FOR AADHAAR ENABLED PAYMENT SYSTEM

RBI exercising its powers under Section 18, read with Section 10(2), of the Payment and Settlement Systems (PSS) Act, 2007 (Act 51 of 2007), has released a draft directions for industry feedback aimed at strengthening the Aadhaar Enabled Payment System (AePS). The comments on the draft directions can be sent until August 31, 2024. To safeguard bank customers and bolster confidence in the safety and security of the system, RBI has outlined measures to streamline the onboarding process for AePS touchpoint operators and enforce ongoing due diligence. This move comes in response to the increasing incidents of fraud perpetrated through AePS, primarily due to identity theft and the compromise of customer credentials.

Important Definitions:

(i) The **Aadhaar Enabled Payment System** (AePS) refers to a payment mechanism where transactions are authenticated through an Aadhaar number, either *via* biometrics or an OTP. It supports fundamental banking functions such as cash withdrawals, balance inquiries, mini statements, cash deposits, and fund transfers.

(ii) An **Acquiring Bank** is the financial institution responsible for onboarding AePS touchpoint operators.

(iii) An **AePS touchpoint** is a terminal set up by acquiring banks to facilitate AePS transactions, using Aadhaar-based biometric or OTP authentication.

(iv) The **AePS Touchpoint Operator** is the individual onboarded by the acquiring bank who operates the AePS touchpoint.

Onboarding of AePS touchpoint operators:

(i) A thorough due diligence must be conducted by acquiring bank of all AePS touchpoint operators it onboards, following the Customer Due Diligence procedures outlined in Part-I, Chapter-VI of the Master Direction – Know Your Customer Direction, 2016

(ii) The acquiring bank must regularly monitor AePS touchpoint operators and set transaction limits based on their risk profile. If an operator has not conducted any financial transactions for 6 (six) months, their KYC information must be updated before further transactions are allowed. Additionally, NPCI and acquiring banks to ensure that each AePS touchpoint operator should be onboarded by only one acquiring bank.

Due Diligence: The acquiring bank is required to continuously oversee the activities of AePS touchpoint operators. It is essential to establish transaction limits for these operators based on their specific risk profiles.

Finally, all system participants are required to comply with the rules and regulations governing AePS operations, as issued by NPCI in this regard.

***DSK View:**. These new directions aim to enhance security in the Aadhaar Enabled Payment System (AePS) by enforcing stringent onboarding and monitoring protocols for AePS touchpoint operators. Moving forward, acquiring banks must conduct thorough due diligence and regular monitoring of these operators, implementing transaction limits based on risk profiles. This initiative is expected to reduce fraud in AePS transactions by ensuring better oversight and compliance with established regulations.*

Source

RBI RELEASED DRAFT FRAMEWORK ON ALTERNATIVE AUTHENTICATION MECHANISMS FOR DIGITAL PAYMENT TRANSACTIONS

RBI exercising its powers under Section 18, read with Section 10(2), of the Payment and Settlement Systems (PSS) Act, 2007 (Act 51 of 2007), has released draft for industry feedback pertaining to Framework on Alternative Authentication Mechanisms for Digital Payment Transactions in order to provide principles for all the participants in payment chain pertaining to various forms of authentication. The comments on the draft directions can be sent on or prior to September 15, 2024. The framework is applicable on all Payment System Providers and Payment System Participants.

The principles provided under the said directions are given

below:

(i) All the digital payment transactions shall be authenticated with additional factor(s) of authentication (AFA), unless exempted.

(ii) One of the factors in all digital payment transactions shall be generated after initiation of payment, is specific to the transaction and cannot be reused i.e. it should be dynamically created. To clarify, factors of authentication are broadly categorised as below:

  (a) Something the user knows (such as password, passphrase, PIN);
  (b) Something the user has (such as card hardware or software token); and
  (c) Something the user is (such as fingerprint or any other form of biometrics).

(iii) Based on the risk profile of the customer, Issuer may choose the appropriate AFA for a transaction.

(iv) Customer shall be alerted in real time for all the applicable digital transactions.

(v) A consent from the customer is required before enabling any new AFA. Customer should also have an option of deregistering using new factor of authentication.

(vi) Issuer shall be liable for the process and technology involved in the authentication process of a digital transaction and therefore, it shall ensure the robustness and integrity of the authentication before deploying the same.

(vii) An exclusivity agreement with any Payment/Technology Service Provider which restricts the Issuer's ability to deploy alternative AFA solution is prohibited.

(viii) Issuer/ Token Service Providers shall align their devices in line with RBI directions on "Tokenisation – Card Transactions" dated January 8, 2019.

Exemptions: Small value card transactions for values upto INR 5000/- (Indian Rupees Five Thousand) per transaction in contactless mode at Point of Sale (PoS) terminals and recurring transactions in respect of subscription to mutual funds, insurance premium or credit card bill payments amounting upto INR 1,00,000/- (Indian Rupees One Lakh) among others are exempted from this framework.

DSK View:. *The proposed framework by the RBI is crucial in enhancing the security and trust in digital payment transactions by mandating robust authentication mechanisms, thus reducing fraud risks. As digital payments grow, implementing these measures ensures consumer protection and compliance within the payment ecosystem. Going forward, a proper implementation from all stakeholders of these guidelines is essential for seamless integration and adherence to these standards, ultimately fostering a safer digital payment environment.*

The detailed draft framework can be accessed below.

Source

AMENDMENT IN DOMESTIC MONEY TRANSFER FRAMEWORK BY THE RBI

The Domestic Money Transfer framework (DMT Framework), introduced in 2011, has been revised by RBI *vide* circular dated July 24, 2024 to reflect advancements in banking and payment systems. According to RBI, the need for the same arose due to increase in the availability of banking outlets, developments in payment systems for funds transfers, and ease in fulfilling KYC requirements etc.

The following changes have been introduced by the RBI:

(i) For Cash Pay-out Services, remitting banks must now record the beneficiary's name and address.

(ii) For Cash Pay-in Services:

  (a) remitting banks and Business Correspondents (BCs) are required to register remitters using a verified cell phone number and a self-certified Officially Valid Document (OVD) per the updated Master Direction – Know Your Customer.
  (b) Each transaction must be validated with an Additional Factor of Authentication (AFA), and compliance with the Income Tax Act, 1961, regarding cash deposits is mandatory.
  (c) Remitter details must be included in IMPS/NEFT transaction messages, with an identifier for cash-based remittances.
  (d) **Card-to-Card transfers are now excluded from the DMT Framework and will follow separate guidelines.**

Note: Other instructions from the DMT Framework, including transaction limits, remain applicable. These changes, issued under Section 18 and Section 10 (2) of the Payment and Settlement Systems Act, 2007, will be effective from November 1, 2024.

DSK View:. *The revised DMT Framework reflects the RBI's effort to enhance transparency, security, and compliance in the money transfer process. These stringent registration and validation processes have been introduced by the RBI in order*

to curb fraudulent activities and ensure the integrity of the financial system.

Source

RBI ANNOUNCES TEST PHASE FOR ITS FIFTH COHORT UNDER REGULATORY SANDBOX

RBI has announced the commencement of the test phase for the Fifth Cohort (Theme Neutral) under the Regulatory Sandbox, starting August 2024. Out of twenty-two applications, five entities have been selected to test their innovative financial solutions:

Connectingdot Consultancy Private Limited: This solution predicts loan defaults with high accuracy, categorizing loan portfolios into high, medium, and low-risk categories. It also provides reasons for defaults and recommends risk mitigation strategies to lenders.

Epifi Technologies Private Limited: This solution enables the digital opening of NRE/NRO accounts for NRIs through video KYC and identity validations, aiming to reduce costs, turnaround time, and the need for physical documentation.

Finagg Technologies Private Limited: This blockchain-based solution facilitates deep tier vendor financing for MSMEs, which are part of the procurement supply chain of large enterprises commonly referred to as "**anchors**". This solution helps to convert receivables from anchors into blockchain based tokens, which MSMEs can redeem for credit, aiming to provide easy and affordable credit access.

Indian Banks' Digital Infrastructure Company (IBDIC) Private Limited: Similar to Finagg, this deep tier financing solution uses blockchain and smart contracts to help MSMEs in a supply chain access affordable finance.

Signzy Technologies Private Limited: This solution offers an unassisted video KYC process, allowing users to complete KYC independently, reducing time, increasing success rates, lowering customer drop-offs, and ensuring a seamless experience for both customers and regulated entities.

Source

FINANCIAL ACTION TASK FORCE HIGH RISK AND OTHER MONITORED JURISDICTIONS

The Financial Action Task Force (FATF) vide '**High-Risk Jurisdictions subject to a Call for Action' – June 2024**, called the members to refer to the February 2020 statement on high-risk jurisdictions, specifically the Democratic People's Republic of Korea (DPRK) and Iran. Additionally, Myanmar remains on **the list of high-risk jurisdictions, requiring enhanced due diligence** since October 2022. When applying these measures, countries must ensure that humanitarian aid, legitimate nonprofit activities, and remittances are not disrupted.

FATF has also identified Monaco and Venezuela as jurisdictions under increased monitoring due to strategic deficiencies in countering money laundering and terrorist financing, adding them to the list in June 2024. Conversely, Jamaica and Türkiye have been removed from this list after FATF's review. This is part of ongoing efforts to identify and engage with jurisdictions with strategic anti-money laundering (AML) and counter-financing of terrorism (CFT) weaknesses.

DSK View:. *The FATF has updated the existing list of jurisdictions which are constantly being monitored in order to keep Indian organisations abreast with information regarding countries which are currently risky to do business with. This is an attempt to help Indian businesses take informed decisions when making any business decisions with regards to the mentioned jurisdictions.*

Source

RBI AND ASEAN COUNTRIES TO CREATE A PLATFORM TO FACILITATE INSTANTANEOUS CROSS-BORDER RETAIL PAYMENTS

RBI has engaged in bilateral collaborations to link India's Unified Payment Interface (UPI) and Fast Payment Systems (FPS) with those of other countries, benefiting cross-border payment systems. However, to expand globally, RBI has joined Project Nexus, an international initiative by the Bank for International Settlements (BIS). Nexus aims to connect FPS of four ASEAN countries (Malaysia, Philippines, Singapore, and Thailand) with India as a founding member. An agreement was signed on June 30, 2024, in Basel, Switzerland, between BIS and central banks of the founding nations. Nexus will enhance cross-border trade payments, making them more efficient, fast, and cost-effective, with potential future expansion to additional countries.

Source

NPCI INTERNATIONAL PARTNERS WITH NETWORK INTERNATIONAL TO ENABLE UPI QR PAYMENT ACCEPTANCE ACROSS ITS MERCHANTS IN THE UAE

NPCI International Payments Limited (NIPL) has partnered with Network International to enable QR code-based Unified Payments Interface (UPI) payments at Network's point-of-sale (POS) terminals in the UAE. This partnership aims to provide seamless and secure transactions for Indian tourists and Non-Resident Indians (NRIs) across a vast merchant network, including over 200,000 (Two Lakh) POS terminals across 60,000+ merchants in various sectors like retail,

hospitality, transport, and supermarkets. UPI acceptance will be gradually introduced in major establishments such as Dubai Mall and Mall of the Emirates.

With the number of Indian tourists traveling to the Gulf Cooperation Council (GCC) countries expected to reach 9.8 million in 2024, and the UAE anticipating 5.29 million arrivals from India, this initiative will facilitate safe and convenient cross-border payments for Indian bank account holders using UPI in the UAE. Additionally, this will allow Indian tourists and NRIs with Indian bank accounts to use UPI for payments across Network's POS terminals in the UAE.

Source

RBI PROVIDES CROSS-BORDER PAYMENT LICENSES TO ADYEN, BILLDESK AND AMAZON-PAY

RBI has granted the cross-border Payment Aggregator (PA-CB) license to three entities: BillDesk, Amazon Pay, and Adyen. This license authorizes these companies to operate as payment aggregators specifically in the export-import domain.

The PA-CB license enables these payment companies to facilitate seamless cross-border payment services, particularly in the import sector. This is crucial in India's rapidly growing international trade market, where efficient and secure payment solutions are essential for merchants engaged in global transactions. By obtaining this license, these companies can offer innovative and accessible payment solutions, supporting a more inclusive payment ecosystem aligned with RBI's objectives.

Source

FSSAI MANDATES BOLD NUTRITION LABELS TO ENHANCE CONSUMER AWARENESS

The Food Safety and Standards Authority of India (FSSAI) on July 6, 2024 has announced a significant amendment to the Food Safety and Standards (Labelling and Display) Regulations, 2020. This decision was taken during the 44th meeting of the Food Authority with an objective to improve the nutritional transparency of packaged foods and empower consumers to make more informed and healthier choices.

New Labelling Requirements

The amendment introduces mandatory labelling changes that will require the nutritional information for salt, sugar, and saturated fat to be displayed in bold letters and a larger font size on packaged food items. This design will make it easier for consumers to quickly assess the nutritional content of the food they are buying, enhancing their ability to make healthier decisions.

According to a communiqué from the Health Ministry, "The amendment aims to empower consumers to better understand the nutritional value of the product they are consuming and make healthier decisions." The updated regulations will ensure that information regarding per serve percentage contribution of total sugar, total saturated fat, and sodium to the Recommended Dietary Allowances (RDAs) is prominently displayed on food labels.

Regulatory Framework

The amendment modifies Regulation 2 (v) and 5(3) of the Food Safety and Standards (Labelling and Display) Regulations, 2020. Regulation 2 (v) specifies the requirements for mentioning serving sizes, while Regulation 5(3) mandates the inclusion of nutritional information on food product labels. These regulations collectively aim to provide consumers with clear and accessible information about the nutritional content of the products they consume.

Addressing Misleading Claims

With addition to the new labelling requirements, FSSAI is trying to address the misleading claims in the food industry. The regulator has issued several advisories to prevent deceptive practices. For instance, FSSAI directed e-commerce websites to remove the term 'health drink' from product descriptions, as it is not defined or standardized under the Food Safety and Standards Act, 2006, or its associated regulations.

FSSAI has also mandated all Food Business Operators (FBOs) to eliminate claims of '100% fruit juices' from labels and advertisements of reconstituted fruit juices. Additionally, FSSAI has instructed FBOs to avoid using the term 'wheat flour' or 'refined wheat flour' unless it accurately reflects the product's content. This directive aims to prevent misleading representations and ensure that consumers are accurately informed about the content of packaged food.

Impact and Objectives

The primary goal of these amendments and advisories is to enhance the transparency and accuracy of nutritional information on food labels. By implementing these measures, FSSAI seeks to:

1. **Improve Consumer Awareness:** Clear and prominent labelling will help consumers make more informed decisions regarding their food choices, potentially leading to healthier dietary habits.

2. **Combat Misleading Claims:** By addressing and correcting misleading product claims, FSSAI aims to protect consumers from deceptive marketing practices and ensure that food products meet regulatory standards.

3. **Encourage Healthier Choices:** With better visibility of key nutritional information, consumers will be more equipped to choose products that align with their dietary needs and health goals.

4. **Promote Public Health and Combat Non-Communicable Diseases (NCDs)**: Along with empowering consumers to make healthier choices, the amendment will contribute to efforts to combat the rise of NCDs and promote overall public health and well-being. The prioritization of clear and distinguishable labelling requirements aligns with global efforts to address NCDs, reinforcing the commitment to improving dietary habits and reducing health risks associated with poor nutrition.

However, it is important to consider the potential impact on food companies. Implementing these new labelling requirements may lead to increased costs for manufacturers. Companies will need to invest in updated packaging designs to accommodate the larger font sizes and bold lettering mandated by the new regulations. This could involve retooling production lines, revising artwork, and possibly incurring additional expenses for regulatory compliance and quality control.

DSK View: *The recent amendment by the FSSAI to the Food Safety and Standards (Labelling and Display) Regulations marks a significant advancement in improving nutritional transparency and safeguarding consumer interests in the country. Despite the costs associated with it, by mandating bold and easily readable nutritional labels, this amendment is set to enhance consumer awareness and facilitate healthier food choices. The FSSAI's ongoing efforts to tackle misleading claims and uphold regulatory standards will be vital in fostering a more transparent and health-conscious food market in India. Additionally, these measures align with global efforts to combat non-communicable diseases (NCDs), contributing to better public health outcomes.*

MEDIA & ENTERTAINMENT

SAREGAMA SUES EMAMI IN DELHI HIGH COURT OVER UNLICENSED USE OF 'UDI JAB JAB ZULFEIN' SONG FOR ADVERTISING EMAMI'S SHAMPOOS

Saregama India Limited ("**Saregama**") has filed a suit in the Delhi High Court ("**Delhi HC**") to prevent Emami Limited ("**Emami**") from using the song "Udi Jab Jab Zulfein" to promote its product "Emami Kesh King Anti Hairfall Shampoo" without requisite licenses/permissions.

Saregama has claimed that they were assigned the rights to the literary, musical, and sound recording works of the film "Naya Daur" through an agreement dated October 17, 1955 from BR Films Pvt. Ltd, which granted them exclusive rights under Section 14(a) of the Copyright Act, 1957, to reproduce or create sound recordings of these works, which they claimed Emami violated by using the song in an advertisement. Saregama filed the action shortly after finding the violation in June 2024. Emami, on the other hand, has claimed that the said agreement only gave Saregama the sound recording rights, which expired 60 years after the film's release on August 15, 1957, pursuant to Sections 26 and 27 of the Copyright Act, 1957, and thus expired on August 15, 2017. Emami also claimed that a letter dated May 31, 2007, from BR Films Private Limited did not constitute an assignment agreement, and hence Saregama could not claim ownership of the music. Emami offered to deposit ₹10 lakhs with the court as proof of good faith and desire to pay the rightful owner. Saregama charges around ₹40-50 Lacs annually for such licences, however, Emami contested this amount.

Emami has been asked to deposit an amount of ₹10 lakhs with the Delhi HC registry within two weeks as an interim solution. Saregama has been instructed to submit documentation, together with an affidavit, regarding the amounts charged by it for licences of a similar character, as in this case.

SUPREME COURT ESTABLISHES GUIDELINES FOR PORTRAYAL OF PERSONS WITH DISABILITIES IN VARIOUS FORMS OF MEDIA

The Supreme Court ("SC") in its ruling in *Nipun Malhotra v. Sony Pictures Films India Private Ltd* (Civil Appeal No. 7230 of 2024) laid down guidelines for ensuring the sensitive portrayal of Persons with Disabilities by Creators on Visual and Electronic Media.

The SC differentiated between 'disability humour' and 'disabling humour'. Disabling humours disparages persons with disability, on the other hand 'disability humour' challenges the conventional idea about disability.

While referring to its judgment in *Vikash Kumar v. UPSC* (Civil Appeal No. 273 of 2021), the SC stated that films could use negative language about disabilities if it served a greater positive message, and this would not be a breach of Article 19(2). However, if such language worsens social exclusion without a constructive purpose, it must be managed carefully. This portrayal is harmful not only to individuals but also to societal attitudes toward such groups.

The petitioner challenged the film Aankh Micholi by Sony Pictures for its alleged insensitive portrayal of disabled individuals, arguing that the lack of representation of people with disabilities on the advisory panel (established under Section 5(1) of the Cinematograph Act) hinders sensitivity in the certification process (under Section 5(4)). The Court ruled that (1) the Central Board of Film Certification (CBFC) must ensure it has adequate guidelines for content involving disabilities; (2) it cannot mandate Sony Pictures to produce an awareness film as it would violate free speech rights; and (3) current rules under the Cinematograph Act and certification rules provide sufficient provisions for including subject matter experts on boards and advisory panels.

Guidelines for the sensitive portrayal of people with disabilities (PwDs) include avoiding outdated and demeaning terms like "cripple" and "spastic," and not portraying disabilities in a way that overlooks societal barriers or personalizes impairment with terms like "suffering" or "victim". Creators should research medical conditions accurately to prevent misinformation and stereotypes, and media should show PwDs' diverse experiences, including both challenges and achievements. The Convention on the Rights of PwDs emphasizes consulting disability advocacy groups to ensure sensitive portrayals, aligning with the media's responsibility to balance freedom of speech with respect for dignity.

PUNJAB AND HARYANA HIGH COURT GRANTS RELIEF TO SHEHNAAZ GILL, DETERMINING THAT A MEMORANDUM OF UNDERSTANDING (MOU) SIGNED BY HER, IN RELATION TO THE SIGNING SERVICES RENDERED BY HER FOR A SONG "VEHEM", WITH SIMRAN MUSIC INDUSTRIES IS PRIMA FACIE UNFAIR

The Punjab and Haryana High Court ("Court") has upheld the ruling of the lower court that singer Shehnaaz Gill ("Respondent") cannot be compelled to work exclusively for the music company she signed a contract with in 2019. The Court found the contract terms to be "unfair" and indicative of a lack of balanced bargaining power between the parties. This decision comes in response to a revision petition challenging a 2023 order from the Additional District Judge in Mohali, which had allowed the Respondent to appeal a prior ruling dismissing her request for an injunction. The Respondent was seeking to have her agreement with Simran Music Industries ("Appellant") declared void and unenforceable, along with a permanent injunction to prevent the Appellants from making ownership claims over her work, defaming her, or threatening third parties who collaborate with her. According to the Respondent the Appellant pressured her to sign a 'Memorandum of Understanding' regarding a future working relationship. The Respondent claims that she signed it under duress and later discovered the Appellants were asserting her exclusivity to them, which hindered her opportunities. Her initial application for a temporary injunction was denied by the trial court, which stated it could not determine the validity of the agreement. The appellate court, however, found that the trial court had failed to recognize the harm caused by the Appellant's emails to third parties, which damaged the Respondent's reputation and hindered her ability to secure contracts, resulting in significant and irreparable harm. In defence, the Appellant argued that their emails were intended to inform third parties of the Respondent's breach of trust and that they had opted for mediation to avoid litigation. The Court emphasized that contracts should reflect equality and balanced bargaining power, noting that the weaker party often has no choice but to accept unfair terms. The Court highlighted that the agreement was deemed unfair due to the evident imbalance in bargaining power, leading to the conclusion that it was unlikely to be valid or binding. Consequently, the Court found no merit in the review petition and dismissed it, reinforcing the Respondent's position and the importance of fairness and equality in contractual relationships.

CENTRAL GOVERNMENT PLANS TO INTRODUCE TIGHTER REGULATIONS FOR DIABETES AND ONCOLOGY MEDICATION ADVERTISEMENTS TO AVOID MISLEADING CLAIMS

The Central Government is considering implementation of stricter regulations with respect to advertisements for anti-diabetes, sex hormones, and oncology drugs. Such regulations would require prior approval of such advertisements to prevent misleading claims. Proposed amendments to the Drugs and Cosmetics Rules, 1945, would include regulations on advertising medicines containing 'Schedule G' drugs, which are critical medications that necessitate medical supervision. The Central Government has issued a draft notification inviting public feedback over a 45-day period, and the rules will be finalized after reviewing any comments received. Currently, drugs falling under Schedule H, Schedule H1, and Schedule X categories cannot be advertised without prior government approval, and the Central Government now seeks to extend similar controls to advertisements of Schedule G drugs.

THE DELHI HIGH COURT DECLINED TO GRANT AN INTERIM STAY RESTRICTING THE RELEASE OF THE NETFLIX SERIES "TRIBHUVAN MISHRA CA TOPPER"

In *ICAI v. Netflix Entertainment Services India LLP* ("Netflix"), the Delhi High Court ("Court") denied an interim injunction sought by the Institute of Chartered Accountants of India (ICAI) and several chartered accountants ("Plaintiffs") to prevent the release of the Netflix series Tribhuvan Mishra CA Topper. The Plaintiffs argued that the trailer portrayed the chartered accountancy profession in a derogatory manner, alleging it included inappropriate references that could defame the profession. Judge Navin Chawla reviewed the trailer and concluded that it did not contain any derogatory content related to chartered accountancy. The Court emphasized that artistic expression, even in commercial contexts, should not be suppressed due to an overly sensitive interpretation. Netflix defended the series as being fictional and stated that it would include disclaimers to clarify that the series does not reference any real individuals or profession. The Court found no *prima facie* case for the Plaintiffs and thus refused to grant the injunction.

PIL FILED IN MADRAS HIGH COURT FOR INTRODUCING REGULATIONS TO GOVERN YOUTUBE IN LINE WITH INDIAN LAWS AND SOCIAL NORMS

A Public Interest Litigation (PIL) has been filed in the Madras High Court ("Court") urging the regulation of YouTube

content to ensure adherence to Indian laws and social norms. The petition, submitted by Advocate V. Parthiban ("Petitioner"), calls for the establishment of a regulatory or advisory committee to oversee the platform. The Petitioner argued that YouTube's insufficient content moderation allows harmful material to remain accessible until reported, potentially causing significant public harm. He stressed that while YouTube operates with fewer restrictions in countries like the USA, India necessitates stricter controls to prevent content that may offend religious sentiments or impact personal lives. The Petitioner also raised concerns about child exploitation on YouTube and the risks of media trials that could prejudice legal investigations and damage reputations. He contended that unrestricted content could lead to severe consequences for innocent individuals and public figures. The Petitioner urged the Court to implement a regulatory framework to manage YouTube content and protect against such abuses. Subsequently, the Court has issued notices to the Central and the Tamil Nadu State Government for filing their responses.

SNOOP DOGG IS BEING SUED FOR COPYRIGHT INFRINGEMENT OVER THE ALLEGED UNAUTHORIZED USE OF TWO BACKING TRACKS ON HIS ALBUM *B.O.D.R*.

Snoop Dogg ("Respondent") is facing a copyright infringement lawsuit from veteran studio musician Trevor Lawrence Jr. ("Petitioner"), who claims that the Respondent used two of his backing tracks on the Respondent's 2022 album "BODR" without proper licensing or compensation. The Petitioner alleges he created the tracks "on spec" and allowed the Respondent to experiment with them in the studio but made it clear that an upfront fee and ongoing royalties would be required for commercial release. Despite this, the Petitioner asserts that the Respondent used his material in the songs "Pop Pop" and "Get This Dick" without finalizing a licensing deal. The lawsuit, which also names Death Row Records, highlights industry practices surrounding the use of backing tracks and references a previous case involving Tracy Chapman and Nicki Minaj, where a judge ruled that artists can experiment in the studio but must secure licensing before release. The Petitioner claims he provided the Respondent access to the tracks in 2020 and specified licensing terms, but after the songs were released, he received no formal offer or compensation. The lawsuit also notes that the songs were included in a lucrative NFT sale, generating significant profits without the Petitioner's authorization. He is seeking damages and a permanent injunction against further infringement.

VERIZON SUED BY RECORD LABELS FOR ALLEGEDLY PROFITING FROM PIRACY

Three major record labels, Universal Music Group, Warner Music Group, and Sony Music Entertainment, have filed a lawsuit against Verizon, alleging that the telecom giant has facilitated widespread copyright infringement among its internet subscribers. The lawsuit claims that Verizon ignored multiple warnings about piracy on its network, effectively establishing a "safe haven" for illegal activities. The labels argue that Verizon has deliberately chosen not to address complaints from copyright holders, prioritizing profits over its legal responsibilities. The lawsuit states that Verizon has been informed of "hundreds of thousands" of instances of illegal file-sharing but has failed to take action, allowing the company to continue profiting from these infringing accounts. If the court rules in favor of the labels, Verizon could face damages exceeding $2.5 billion for infringing over 17,000 songs, including tracks from renowned artists like The Beatles, Michael Jackson, Beyoncé, and Katy Perry. This case reflects a growing trend of record labels holding internet service providers accountable for piracy, following a previous instance where Cox Communications was hit with a $1 billion verdict for similar issues, although that verdict was later overturned on appeal. The lawsuit accuses Verizon of both contributory and vicarious infringement, claiming that the company either encouraged or profited from illegal downloads that it could have prevented. Verizon has not yet responded to the lawsuit.

MINISTRY OF CORPORATE AFFAIRS ("MCA")

MIGRATION OF FORM BEN-2 AND FORM MGT-6 FROM V2 VERSION TO V3 VERSION

The MCA, on July 4, 2024, *vide* its General Circular No. 04/2024 *(accessible here)*, informed the stakeholders that e-Forms MGT-6 (*Form of return to be filed with the Registrar under section 89*) and BEN-2 (*Return to the Registrar in respect of declaration under section 90*) will be launched on MCA-21 Version 3.0 ("**V3 Portal**") with effect from July 15, 2024. The aforesaid e-Forms were not made available on MCA-21 Version-2 ("**V2 Portal**") with effect from July 4, 2024 till July 14, 2024.

In consideration of the above migration, the MCA allowed an additional period of 15 (fifteen) days to the stakeholders for making the filings without levying any additional fees for cases wherein the filing of the aforementioned e-Forms fall within the period between July 4, 2024 and July 14, 2024.

EXTENSION GRANTED FOR FILING OF THE FORM PAS-7

The MCA, on July 6, 2024, *vide* its General Circular No. 05/2024 *(accessible here)*, has informed the stakeholders that web-form PAS-7 (Details of pending share warrants) has now been deployed on MCA-21.

As per Rule 9(2)(a) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, every public company, which had issued share warrants prior to the commencement of the Companies Act, 2013 ("**Act**") and had not converted such warrants into shares, had to inform the jurisdictional Registrar of Companies about the details of such share warrants in Form PAS-7 within a period of 3 (three) months from the commencement of the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023 (i.e., October 27, 2024). In light of the above, the MCA has now prescribed the web-form PAS-7, which can be filed by the stakeholders till August 5, 2024 without payment of additional fees.

AMENDMENT ORDER TO AMEND THE SPECIFIED COMPANIES (FURNISHING OF INFORMATION ABOUT PAYMENT TO MICRO AND SMALL ENTERPRISE SUPPLIERS) ORDER, 2019

The MCA, on July 15, 2024, *vide* its Notification No. S.O. 2751(E) *(accessible here)*, has passed an order to amend the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019, as stated below:

(i) Specified companies which are having outstanding payment due to any micro or small enterprises for more than 45 (forty five) days from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006, will be required to report the following additional details in the MSME Form-1:

  (a) amounts paid after 45 days;
  (b) amounts paid within 45 days *(i)* through TReDS, and *(ii)* other mode of payments;
  (c) amounts outstanding for 45 days or less than 45 days;
  (d) amounts outstanding for more than 45 days;
  (e) reason for delay in payment of amount/outstanding amount; and

(ii) The above details are to be furnished as an attachment in the form of an excel to Form MSME-1.

INTRODUCTION OF NEW FORM MGT-6

The MCA, on July 15, 2024, *vide* its Notification No. G.S.R. 403 *(accessible here)*, has notified Companies (Management and Administration) Amendment Rules, 2024 which provides for the new form MGT-6, key changes in respect of which are stated below:

(i) Form MGT-6 is now a web-based form;
(ii) A new PAN verification process has been introduced wherein the PAN/Passport Number of the beneficial owner ("**BO**") is to be mentioned and verified in the form; and
(iii) In respect of the details to be provided for the beneficial owner, it appears from the details sought in the new form that the beneficial owner can only be a natural person which diverts from the existing legal position wherein beneficial owner reporting have also been done for artificial persons. In this regard, appropriate clarifications are expected from MCA to address the practical and legal issues in filing of the new form.

INTRODUCTION OF NEW FORM BEN-2

The MCA, on July 15, 2024, *vide* its Notification No. G.S.R. 404(E) *(accessible here)*, has amended the Companies (Significant Beneficial Owners) Rules, 2018 through the Companies (Significant Beneficial Owners) Amendment Rules, 2024 which provides for the new form BEN-2, key changes in respect of which are stated below:

(i) Form BEN-2 is now a web-based form; and
(ii) The new Form BEN-2 provides for the 3 (three) new purposes for filing of the form being: ***(a)*** for change in particulars of existing Significant Beneficial Ownership under Section 90 of the Act, ***(b)*** for change of existing Significant Beneficial Ownership under Section 90 of the Act, and ***(c)*** change of the existing holding reporting company. The foregoing purposes (a) and (b) formed part of the same purpose '*change in significant beneficial ownership under section 90*' in the earlier Form BEN-2.

AMENDMENT TO THE NIDHI RULES, 2014

The MCA, on July 16, 2024, *vide* its Notification No. G.S.R. 413(E) *(accessible here)*, has amended the Nidhi Rules, 2014 through the Nidhi (Amendment) Rules, 2024 to state that a company shall not use the words "Nidhi Limited" in its name unless it is declared as such under sub-section (1) of section 406 of the Act.

The MCA also notified the Companies (Incorporation) Amendment Rules, 2024 to give effect to the above.

AMENDMENT OF THE COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) RULES, 2014

The MCA, on July 16, 2024, *vide* its Notification No. G.S.R. 413(E) *(accessible here)*, has amended the Companies (Appointment and Qualification of Directors) Rules, 2014 through the Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024 which shall be effective from August 1, 2024, to provide for the following to streamline the KYC process for directors:

(i) Personal mobile numbers and email addresses of directors can be updated in e-form DIR-3 KYC by September 30 of the financial year; and
(ii) Additional updates to personal mobile numbers or email addresses of directors during the same financial year will require submitting e-form DIR-3 KYC with a fee of Rs. 500 (Rupees five hundred).

RELAXATION FOR THE FILINGS UNDER INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (ACCOUNTING, AUDIT, TRANSFER AND REFUND) RULES, 2016

The MCA, on July 16, 2024, *vide* its General Circular No. 06/2024 *(accessible here)* has informed the stakeholders that, in light of the transition from the V2 Portal to the V3 Portal and in order to provide an opportunity to meet compliances, the additional fees on Forms IEPF-1, IEPF-1A, IEPF-2, IEPF-4 and e-verification of claims filed in e-Form IEPF-5 has been waived till August 16, 2024.

Further, a one-time relaxation for filing of e-verification (for the verification report in respect of the claims received by the company) with the Investor Education and Protection Fund Authority has also been granted till August 16, 2024.

AMENDMENT OF THE INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (ACCOUNTING, AUDIT, TRANSFER AND REFUND) RULES, 2016

The MCA, on July 16, 2024, *vide* its Notification No. G.S.R. 414(E) *(accessible here)*, has amended the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 through the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2024 as stated below:

(i) The letters and figures "IEPF-3" have been replaced with "IEPF-4" wherever they occur. Similarly, "IEPF-7" has been substituted with "IEPF-1", as the Form IEPF-3 has been merged with Form IEPF-4 and Form IEPF-7 has been merged with Form IEPF-1;

(ii) The directives to deposit the amounts, to be deposited with Investor Education and Protection Fund (IEPF), into the specified Punjab National Bank account of IEPF has been replaced with online transfer to the IEPF;

(iii) Forms IEPF-3 and IEPF-7 have been omitted; and

(iv) New forms IEPF-1, IEPF-1A, IEPF-2, IEPF-4 and IEPF-5 have been notified.

MERGER OF IEPF FORMS ALONG WITH CHANGE IN PAYMENT PROCESS

The MCA, on July 17, 2024, *vide* its General Circular No. 07/2024 (accessible here) has informed the stakeholders that, to ease the compliance burden and simplify the filings in respect of the relevant amounts to be transferred to the IEPF, the MCA has decided to merge the Form IEPF-3 with Form IEPF-4 and Form IEPF-7 with Form IEPF-1. The merged Forms will be made STP ('*straight through process*'). Further, the amounts to be transferred to IEPF will be required to be transferred online through V3 Portal through the 'pay miscellaneous fees' service after selecting 'Investor Education and Protection Fund'.

ONLINE SUBMISSION OF FORM A2: REMOVAL OF LIMITS OF AMOUNT OF REMITTANCE

The Reserve Bank of India ("**RBI**"), *vide* Circular bearing reference RBI/2024-25/46 – A.P. (DIR Series) Circular No. 12 dated July 03, 2024, with a view to better facilitate ease of doing business, has decided to allow all Authorised Dealer Category-I banks and Authorised Dealer Category-II entities to clear remittances basis submission of Form A2 in either online or offline mode. However, the restrictions in place under Section 10(5) of the Foreign Exchange and Management Act, 1999 and the Master Direction titled 'Know Your Customer (KYC) Direction, 2016.

DSK View: *Previously, certain remittances under the Liberalised Remittance Scheme that didn't require documentation, could be made using only Form A2. Also, online submissions were limited to transactions up to USD 25,000 for individuals and USD 100,000 for corporates. The circular has been issued in order to improve ease of doing business.*

REMITTANCES TO INTERNATIONAL FINANCIAL SERVICES CENTRES (IFSCS) UNDER THE LIBERALISED REMITTANCE SCHEME (LRS)

The RBI *vide* circular bearing reference RBI/2024-25/49 – A.P. (DIR Series) Circular No. 15 dated July 10, 2024, has decided to allow remittances for all purposes permitted under the Liberalised Remittance Scheme ("**LRS**") to International Financial Services Centres ("**IFSCs**").

Earlier, LRS to IFSCs was permitted only if it was a:

(i) payment of educational fees to foreign organizations/institutes; and
(ii) investment in IFSCs in securities (excluding securities which have been issued by companies that were not present in IFSCs).

Individuals are required to open foreign currency accounts in IFSCs in order to undertake the above.

Authorised Persons are now permitted to facilitate remittances for all legal purposes under the LRS for availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and for all current or capital account transactions, in any other foreign jurisdiction through a foreign currency account held in IFSCs.

DSK View: *This change by the RBI would allow residents to take advantage of the facilities provided by IFSC to make a wider range of international investments and payments. Residents will now be able to invest overseas through a foreign currency account. At the same time, this would amplify the utility of GIFT IFSC while also aligning it with its global peers.*

RBI ISSUES MASTER DIRECTIONS ON FRAUD RISK MANAGEMENT IN COMMERCIAL BANKS AND AIFIS

The RBI *vide* Circular No. RBI/DOS/2024-25/118 DOS.CO.FMG.SEC.No.5/23.04.001/2024-25, dated July 15, 2024 issued Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions ("**AIFIs**") ("**Master Directions**").

The Master Directions aims at enhancing the framework for prevention and early detection of frauds to Law Enforcement Agencies ("**LEAs**") and the RBI. Given below are the salient features of the new directions issued by RBI:

(a) banks are required to formulate a Board approved policy on fraud risk management.
(b) banks are required to set up a committee for monitoring and following up on cases of frauds.
(c) banks should create a framework for early detection of frauds by way of early warning signals and red flagging of accounts and also conduct

external or internal audits for investigations into such accounts.

(d) Banks should report incidents of frauds immediately to LEAs, RBI and other relevant authorities.

DSK View: *By placing a strong emphasis on early detection, strict reporting, and strong governance structures, the Master Directions attempt to provide a more robust defence to the banking sector against fraud while trying to preserve the integrity of the financial system.*

RBI ISSUES MASTER DIRECTIONS ON FRAUD RISK MANAGEMENT IN NBFCS (INCLUDING HOUSING FINANCE COMPANIES)

RBI *vide* Circular No. RBI/DOS/2024-25/120 DOS.CO.FMG.SEC.No.7/23.04.001/2024-25, dated July 15, 2024, issued Master Directions on Fraud Risk Management in Non-Banking Financial Companies ("**NBFCs**") and Housing Finance Companies ("**HFCs**") ("**Master Directions NBFCs**").

These Master Directions NBFCs aim at enhancing the framework for prevention and early detection of frauds to LEAs, RBI and National Housing Bank ("**NHB**").

Given below are the salient features of the new directions issued by RBI:

(a) NBFCs to constitute a board committee to be known as 'Special Committee of the Board for Monitoring and Follow-up of cases of Frauds' and formulate a board approved policy on fraud risk management;

(b) banks to create a framework for early detection of frauds;

(c) NBFCs to monitor activities in credit facility/loan account/other financial transactions and remain alert on activities which could potentially turn out to be fraudulent;.

(d) Banks to report instances of theft, burglary, dacoity, etc. to the Fraud Monitoring Group, Department of Supervision, RBI, not later than seven days from their occurrence.

DSK View: *The Master Directions places a strong emphasis on early detection, strict reporting, and strong governance structures. This will not only help promote better fraud risk management systems but will help to reduce compliance burden on regulated entities.*

RBI ISSUES MASTER DIRECTION ON OVERSEAS INVESTMENT

The RBI *vide* Circular No. RBI/FED/2024-25/121 FED Master Direction No.15/2024-25, dated July 24, 2024 issued Master Direction on Overseas Investment to Authorised Dealer Category I – Banks ("**OI Master Directions**").

As per the OI Master Direction, persons resident in India may invest or transfer any investment or financial commitment outside India under general permission/automatic route subject to the provisions contained in the Foreign Exchange Management (Overseas Investment) Rules, 2022 ("**OI Rules**"). Furthermore, any financial commitment by an Indian entity exceeding USD 1 billion in a financial year requires prior approval from the Reserve Bank, even if within the automatic route limit.

The Master Direction *inter alia* provides for the following:

(a) Acquisition of equity capital by way of rights issue and issuance of bonus shares has been made permissible. The acquisition of equity capital through exercise of such rights is required to be reported in Form FC.

(b) Acquisition of a foreign entity through bidding or tender procedure has been made permissible.

(c) Mode of payment and pricing guidelines for OI would be as per OI Rules.

(d) Overseas Direct Investment ("**ODI**") in Start-ups.

(e) Delay in filing/submitting the requisite form/return/document by person resident in India. Such person is required to file/submit the requisite form/return/ document, *etc.* and pay the Late Submission Fee through the designated AD bank

(f) Specific provisions on financial commitments by Indian entity, OI by residents, acquisition or transfer of immovable property and other operational instructions to AD banks.

DSK View: *This Master Direction marks a significant milestone in simplifying and enhancing the framework for foreign exchange transactions.*

MASTER DIRECTION ON TREATMENT OF WILFUL DEFAULTERS AND LARGE DEFAULTERS

The RBI *vide* Notification No. RBI/Dor/2024-25/122 DoR.FIN.REC.No. 31/20.16.003/2024-25 issued the Reserve Bank of India (Treatment of Wilful Defaulters and Large Defaulters) Directions, 2024 ("**Master Directions Wilful Defaulters**") on July 30, 2024, consolidating all provisions relating to the treatment of wilful defaulters and large defaulters.

Key Highlights:

(i) **Applicability and compliance**
- lenders, including banks, asset reconstruction companies ("**ARCs**"), and credit information companies ("**CICs**");
- ARCs and CICs are required to adhere to the reporting requirements specified in Chapter III;
- lenders restricted from providing further finance to wilful defaulters
- provisioning concerning large defaulters apply to all entities regulated by the RBI, irrespective of whether they meet the 'lender' definition outlined in the Directions.

(ii) **Definition and Thresholds**:
- A **"wilful defaulter"** is defined as a borrower or guarantor who defaults on payment obligations despite having the capacity to pay, with an outstanding amount of ₹25 lakh or more.
- A **"large defaulter"** is classified as having an outstanding amount of ₹1 crore and above, and where legal action has been initiated or the account is classified as doubtful or a loss.

(iii) **Examination of Non-Performing Assets ("NPAs")**:
- Banks and Non-Banking Financial Companies ("**NBFCs**") are mandated to scrutinize all NPA accounts with outstanding amounts of ₹25 lakh and above for wilful defaults.
- examination to be completed within 6 (six) months of the account being classified as an NPA.

(iv) **Structured Identification Process**:
- **Identification Committee**: to assesses borrower's history and check for any intentional default.
- **Review Committee**: to make final classification decision.

(v) **Reporting Requirements of Wilful Defaulters and Large Defaulters**:
- RBI regulated entities to report information on large defaulters to CICs monthly;
- details of suit-filed and non-suit filed accounts (for accounts classified as doubtful or loss);
- For calculating the threshold of ₹1 crore, the unapplied interest, if any, shall also be included;
- For suit-filed accounts, threshold should include amount for which suits have been filed;
- Lender's responsible for ensuring correct reporting, accuracy of information;
- Settlement cases to be reported and monitored;
- Defaulted loans sold to other lenders or ARCs to be tracked and managed appropriately;
- Accounts resolved under the Insolvency and Bankruptcy Code ("**IBC**") or other resolution frameworks to also be covered.

(vi) **Penalties and Restrictions**:
- No additional credit facilities permitted to wilful defaulters or associated entities for 1 (one) year after removal from the list.
- No credit facilities for new ventures to a wilful defaulter or any entity associated with it for a period of 5 (five) years after remove from the list.
- Wilful defaulters or any entity with which a wilful defaulter is associated not eligible for restructuring of credit facility.

(vii) **Preventive Measures and Role of Auditors**
- Lenders to ensure robust credit appraisal systems and monitor the end-use of funds by scrutinizing quarterly progress reports, regular inspection of borrowers' assets, periodic audits, etc.
- Auditors to also be responsible and any negligence should be reported by lenders to the National Financial Reporting Authority ("**NFRA**") or the Institute of Chartered Accountants of India ("**ICAI**").

The (draft) Master Directions Wilful Defaulters, was earlier released for comments from stakeholders and members of the public in September 2023. RBI has now issued the final directions post comments from all parties. The Master Directions Wilful Defaulters will come into effect 90 (ninety) days from placing it on the website of the RBI.

DSK View: *The RBI's Master Direction on Wilful and Large Defaulters introduces rigorous reporting and scrutiny standards for all regulated lenders, aiming to enhance accountability and transparency. Responsibility on regulated entities include auditors, ensures another level of regulation to try and ensure defaults and frauds are picked up earlier than later. A clear definition with thresholds, strict penalties and other guidelines lenders as to how and when to begin outlining certain NPAs, may ensure that lenders are better equipped to pick and avoid deliberate defaults and improve credit discipline.*

RBI ISSUES DRAFT FRAMEWORK ON AADHAAR ENABLED PAYMENT SYSTEM (AEPS) – DUE DILIGENCE OF TOUCHPOINT OPERATORS

The Reserve Bank of India (RBI) announced in its February 8, 2024, Statement on Developmental and Regulatory Policies that it would streamline the onboarding process for Aadhaar Enabled Payment System (AePS) Touchpoint Operators. To enhance the security of AePS, the RBI has now released draft directions on the due diligence required for AePS Touchpoint Operators. The objective is to protect bank customers from fraud, maintain trust in the system, and ensure the safety and security of Aadhaar-based payment transactions. The draft directions will mandate stricter vetting and monitoring of operators to prevent fraud and bolster the integrity of AePS.

DSK View: *Fraud is an unavoidable offshoot of the rapid digitalisation and with rising cases involving unsuspecting customers, RBI's is constantly looking at ways to ensure digitalisation continues at its pace while providing a secure and safe experience to customers. The draft directions aim to enhance the security of AePS for digital payments. By streamlining the onboarding process and implementing rigorous due diligence for AePS Touchpoint Operators, the RBI aims to protect customers and ensure the system's reliability.*

RBI'S ALTERNATIVE AUTHENTICATION MECHANISMS FOR DIGITAL PAYMENT TRANSACTIONS

RBI released the draft "*Framework on Alternative Authentication Mechanisms for Digital Payment Transactions*," ("**Draft Framework**").

The Draft Framework aims to enable the digital payments ecosystem with the capability to adopt alternative mechanisms, thereby providing a wider range of authentication options for Payment System Operators and users.

DSK View: *Previously, RBI used to emphasize the importance of Additional Factor of Authentication (AFA) for digital transactions, with SMS-based One-Time Password (OTP) being the most commonly adopted method. However, with technological advancement, RBI seems to have taken note of more viable methods. Diverse authentication options will likely lead to a more resilient and user-friendly digital payments environment.*

MASTER DIRECTIONS ON CYBER RESILIENCE AND DIGITAL PAYMENT SECURITY CONTROLS FOR NON-BANK PAYMENT SYSTEM OPERATORS (PSOS)

The RBI *vide* notification No. RBI/DPSS/2024-25/123 CO.DPSS.OVRST.No.S447/06-26-002/2024-25, dated July 30, 2024 issued the Master Directions on Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators ("**Master Directions Cyber Resilience**").

Some key has features of the Master Directions Cyber Resilience are given below:

(a) directions on Cyber Resilience and Payment Security Controls specifically for authorized non-bank Payment System Operators (PSOs);
(b) emphasis on implementation of robust governance mechanisms to identify, assess, monitor, and manage information systems and cyber security risks
(c) setting baseline security measures to try and ensure system resiliency and safe execution of digital payment transactions

In case of any conflict with existing measures for payments via cards, mobile banking, etc. and the Master Directions Cyber Resilience, the Master Directions Cyber Resilience will prevail.

DSK View: *The RBI had issued draft guidelines on June 2, 2023, inviting feedback from stakeholders. The Master Directions Cyber Resilience represents a proactive measure to fortify the digital payment infrastructure against cyber threats. A robust governance and security protocol for non-bank payment system operators may be necessary to ensure a secure digital payment experience and mitigate cyber risks and maintain continued confidence of the consumer. RBI has consistently been working towards enhancing the security of payment systems against both existing and emerging cyber threats, in order to aim to reduce speed-breakers in India's digitalisation journey.*

SEBI

REDUCTION IN DENOMINATION OF DEBT SECURITIES AND NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (MODIFICATION TO CHAPTER V OF THE MASTER CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER DATED MAY 22, 2024)

The Securities and Exchange Board of India ("**SEBI**"), *vide* circular bearing no. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/94 dated July 03, 2024, has issued amendments to certain provisions of Chapter V (Denomination of issuance and trading of Non-convertible Securities) of the Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 ("**Master Circular NCS**").

Post the amendments, issuers are now permitted to issue debt securities / non-convertible redeemable preference

shares (on private placement basis) at a minimum face value of Rs. 10,000/- (Rupees Ten Thousand). The face value has been reduced from Rs.1,00,000/- (Rupees One Lakh). However, the reduced face value is subject to certain restrictions including:

- appointment of at least one merchant banker for such issuances;
- such issuances bearing interest/dividend and having fixed maturity.

DSK View: *The Master Circular NCS has been issued amid demands from stakeholders for lowering ticket sizes of debt securities. This may likely result in an increased participation from non-institutional investors in the corporate bond making scheme and to increase much-needed liquidity in the bond market.*

AMENDMENT – ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES REGULATIONS, 2021

The SEBI notified amendments to the SEBI (Listing of Non-Convertible Securities) Regulations, 2021 on July 8, 2024 ("**Amendments NCS Regulations**").

Given below are salient features of the Amendments NCS Regulations:

(a) Regulation 23(6) - amended to include a provision to instruct the issuer to fix a record date for payment of interest, dividend, and payment of redemption or repayment amount or other purposes specified by SEBI.

(b) Regulation 40 - amended and substituted to incorporate provisions for submission of a due diligence certificate by the debenture trustee (including provision of formats for secured and unsecured debentures).

(c) Schedule IV - amended to include a format of the due diligence certificate to be issued by the debenture trustee at the time of filing of draft offer document and listing application by issuer.

DSK View: *Increased accountability and transparency are the cornerstones to SEBI's intent to issue the Amendment NCS Regulations.*

SPORTS AND GAMING

SPORTS

IOC DEFENDS CONTROVERSIAL DECISION TO ALLOW BOXERS WITH FAILED GENDER TESTS TO COMPETE IN PARIS 2024 OLYMPICS

The International Olympic Committee (IOC) has defended its decision to allow two boxers, Imane Khelif from Algeria and Lin Yu-ting from Chinese Taipei, to compete in the women's boxing events at the Paris 2024 Olympics, despite both having failed testosterone and gender eligibility tests during the 2023 world championships. The International Boxing Association (IBA) had disqualified them based on DNA assessments indicating they possessed XY chromosomes. The IOC clarified that it is following the less stringent gender eligibility standards used during the Tokyo 2020 Games, as the IBA is no longer overseeing Olympic boxing due to governance issues.

IOC spokesperson Mark Adams emphasized that all athletes competing in the women's category meet the eligibility criteria and are recognized as women on their identification documents. Concerns have been raised about the fairness of allowing these athletes to compete, particularly given that individuals who have undergone male puberty may have physical advantages. Adams acknowledged the complexities of gender eligibility in sports, stating that regulations should be determined by individual sports federations rather than the IOC. The decision has sparked controversy, with critics questioning the implications for fairness in women's sports.

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WBD AND TBS FILE LAWSUIT AGAINST NBA OVER DISPUTED BROADCASTING RIGHTS

TBS and Warner Bros. Discovery (WBD) have filed a lawsuit against the NBA, NBA Media Ventures, and NBA Properties in a New York court, following a dispute over broadcasting rights. The lawsuit revolves around WBD's claim that it lawfully invoked a matching clause to counter an offer from Amazon for broadcasting NBA games from 2025-26 to 2035-36. The NBA, however, contends that WBD did not adequately match the terms of Amazon's offer.

The legal complaint is sealed, so specific allegations remain undisclosed. The core issue is the interpretation of what constitutes a "matching" offer in sports broadcasting, a topic that has previously led to legal disputes. NBA spokesperson Mike Bass stated that the league would respond to the complaint and may seek its dismissal, potentially even countersuing depending on the claims presented.

WBD argues that the NBA's rejection of their matching offer was unjustified, emphasizing their commitment to providing fans with flexible viewing options through their platforms, including TNT and Max. The lawsuit may also involve arbitration, as indicated by the contract's provisions, which could keep the case out of public court.

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CANADA'S OLYMPIC SOCCER TEAM LOSES APPEAL IN DRONE SPYING SCANDAL, FACES SIX-POINT DEDUCTION

The Canadian women's soccer team has lost its appeal against a six-point deduction at the Paris 2024 Olympics due to a drone spying scandal. The Court of Arbitration for Sport (CAS) dismissed Canada's appeal, upholding the sanctions imposed by FIFA. The controversy began when Canada was caught using a drone to spy on the training sessions of their opponent New Zealand before their opening match. As a result, FIFA deducted six points from Canada, fined the Canadian Soccer Association $313,000, and banned head

coach Bev Priestman and two other staff members from soccer activities for one year.

Canada argued that the sanctions were disproportionate and that the drone footage was not used to gain an unfair advantage. However, CAS rejected these arguments, stating that the sanctions were within FIFA's discretion and that the use of the drone was a clear violation of the rules.

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GAMING

BOMBAY HIGH COURT REFUSES TO QUASH FIR ON ONLINE POKER WEBSITE NATURAL8 INDIA, SAYS ALLEGATIONS OF BOTS, MANIPULATION SHOULD BE INVESTIGATED

The Bombay High Court's Goa bench has denied a motion to quash an FIR against Kunal Patni and Sonia Madan Jain, directors of the online poker platform Natural8 India. The FIR, filed in February, accuses Patni, Jain, and Gamoski Networks (the parent company) of enabling game manipulation, misappropriation of funds, and violations of the Indian Penal Code (IPC) and the Goa Public Gambling Act, including charges of cheating and criminal breach of trust. The Court determined that the absence of player complaints does not preclude investigation, particularly in light of allegations involving game rigging and the use of bots. The defence argued that the allegations are unsubstantiated and intended to harass. Natural8 India, which commenced operations in September 2023 under a license from the global Natural8 brand, may be in breach of FEMA regulations due to its facilitation of international players. The global Natural8, owned by the GGPoker group, is a prominent online gaming operator with various international licenses and affiliations, including with the World Series of Poker (WSOP).

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A GROUP OF 70 VIDEO GAME STUDIOS AND ESPORTS COMPANIES HAVE SOUGHT A COMPREHENSIVE VIDEO GAMES-FOCUSSED POLICY IN LINE WITH GLOBAL BEST PRACTICES

A coalition of 70 video game studios and esports companies, including Dot9 Games, Outlier Games, and SuperGaming, has petitioned the Prime Minister's Office (PMO) and the Information and Broadcasting Ministry for a distinct policy separating video games from real-money games (RMG). The letter, dated July 8, 2024 requests that video games be regulated separately to align with global standards and reduce confusion, particularly following recent GST amendments.

The industry advocates for the Information and Broadcasting (I&B) Ministry to oversee video games, propose the creation of an AVGC-XR (Animation, Visual Effects, Gaming, Comics, and Extended Reality) wing, and seek clearer regulatory frameworks to facilitate growth. They argue that the current lack of differentiation and high GST rates on video games, coupled with the misapplication of gambling regulations, are hampering development and deterring international investment.

Among other recommendations, the studios propose a reduction in GST for video games to 12%, tax incentives for investment, and better regulatory clarity. They stress that India's video game market, growing rapidly, requires a tailored approach rather than stringent regulations that could stifle its potential.

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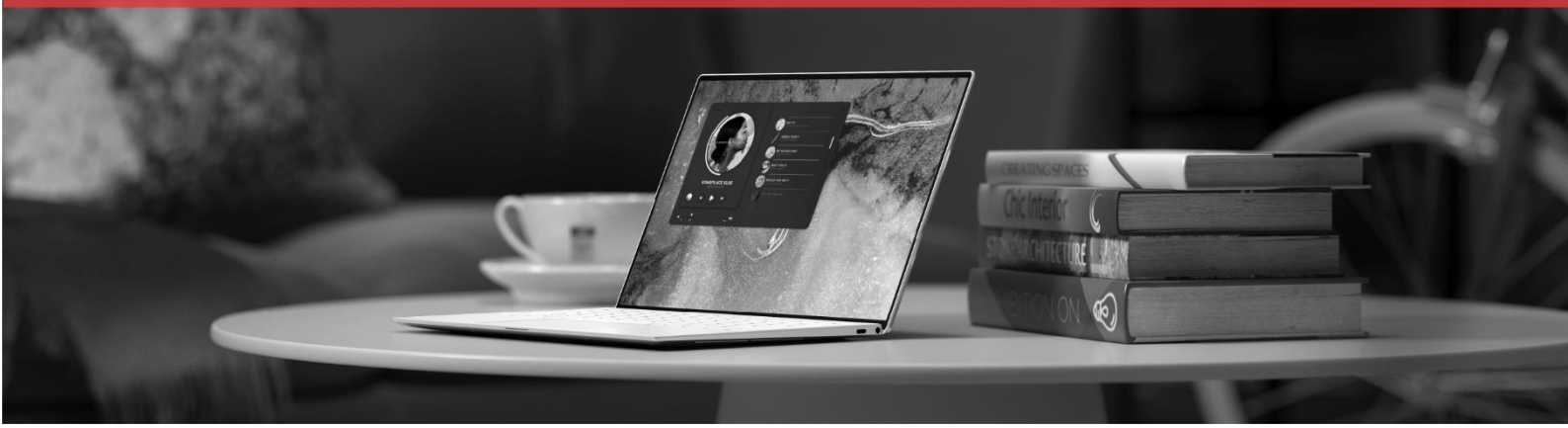

TELECOMMUNICATIONS

DEPARTMENT OF TELECOMMUNICATIONS NOTIFIES THE DRAFT RIGHT OF WAY OF RULES, 2024

On July 09, 2024, the Department of Telecommunications ("**DoT**") notified the Draft Right of Way Rules, 2024 ("**Draft Rules**") (accessible *here*) pertaining to the right of way to establish telecommunications networks on public and private property. The Draft Rules were notified under the new Telecommunication Act, 2023 ("**Telecom Act**")(accessible *here*), the draft rules open for public consultation and feedback for a period of 30 days.

The Draft Rules allow for telecommunication infrastructure including but not limited to mobile towers, poles, common ducts, underground telecommunications network etc. and the installation thereof on public and private property. The Draft Rules requires facility providers seeking right of way to submit detailed applications through the portal notified by the Central Government to the relevant authorities, along with supporting documentation. In the case of private property, the facility provider has to enter into a mutual agreement with the owner of the private property, upon failure of which the facility provider shall have the right to submit a request if such right of way is deemed necessary.

The Draft Rules necessitate for facility providers who have been granted the right of way to minimize public inconvenience and ensure public safety. Furthermore, in case of any damage being caused to the property, the facility provider is required to restore the property to its prior state or pay compensation.

DOT ISSUES DRAFT RULES FOR ADJUDICATIONS AND APPEALS FOR BREACHES OF THE TELECOMMUNICATIONS ACT, 2023

On July 18, 2024, the DoT notified the Draft Telecommunications (Adjudication and Appeal) Rules, 2024 ("**Draft Adjudication Rules**") (accessible *here*) to facilitate appeals and investigations into breaches in respect of the Telecom Act.

The Draft Adjudication Rules made in exercise of Section 33, 35 36 ad 37, *inter alia*, allow for adjudicating officer to initiate *suo moto* proceedings upon breach of the terms and conditions of the authorization granted under the Telecom Act pursuant to his/her own assessment or a complaint. Furthermore, the Draft Adjudication Rules permit any person, including the adjudicating officer, to file a complaint before the adjudicating officer in the format prescribed by the Central Government, along with the requisite fees. Notably, the Draft Adjudication Rules allow authorized entities or assignees to submit a voluntary undertaking disclosing a breach or contravention they may have committed, either before or after the initiation of an inquiry by the adjudication officer, and the measures taken or proposed to mitigate such breach or contravention. Upon acceptance of the voluntary undertaking, subject to the discretion of the adjudication officer, no proceedings or actions shall be instituted.

Under the Draft Adjudication Rules, authorized entities and their assignees can also appeal against the decision of the adjudicating officer within 30 days by stating the grounds of objection to the appeals committee, the appeals committee is required to resolve the appeal within 60 days. Additionally, the decision of the appeals committee can be further appealed to the Telecom Disputes Settlement and Appellate Tribunal or any civil court.

DATA PRIVACY

SUPREME COURT STAYS MADRAS HC'S RIGHT TO BE FORGOTTEN DIRECTIVE

On July 24, 2024, the Supreme Court of India ("**SC**") *vide* an order (accessible here) stayed the directions dated February 27, 2024 issued by Madras High Court ("**MHC**") (accessible here) in relation to removal of references of the petitioner's identity from a 2011 judgement uploaded on India Kanoon, a popular law search engine and reporter.

The petitioner's plea for the removal of references from the 2011 Judgement was rejected by the lower court. The petitioner appealed the decision of the lower court to the MHC claiming that, in light of him being acquitted of all charges, the personal information/date of the petitioner should be removed from the publicly accessible record of the case as uploaded on India Kanoon. The petitioner's plea was in exercise of his right to privacy and right to be forgotten under Article 21 (*Right to Life and Personal Liberty*) of the Indian Constitution, in this regard, the petitioner relied on the judgement delivered in *Justice K.S. Puttaswamy vs Union of India*, wherein the right to privacy was recognized as a part of the right to life.

The MHC, in this regard, observed that the petitioner, in the present case, was not seeking to exercise any statutory protection but rather the exercise of discretion by the Court for enforcement of his fundamental right of erasure. The Court observed that the '*Right to be forgotten*', or rather the '*Right to be remembered well*', cannot be denied to a person if the facts and circumstances so commend it.

Pertinently, the MHC in its judgement referenced Section 12(3) of the upcoming Digital Personal Data Protection Act, 2023 ("**DPDPA**") which allows for the erasure of personal data subject to there being specified purpose or compliance dictating the requirement of retention of such data. The MHC in this regard, held that although the High Court functions as a court of records and thus are required to preserve the documents in their original form, in no case is the sanctity of an original record tarnished by moderating the public reflection of such record to protect the privacy of an individual.

An SC bench comprising of Chief Justice of India DY Chandrachud, Justice JB Pardiwala, and Justice Manoj Mishra, while adjudicating the appeal filed by India Kanoon impugning the MHC decision, issued notice and put a stay on the impugned order of the MHC. The SC shall now examine whether the '*Right to be forgotten*' includes within its purview the removal of court verdicts from public domains/records.

FINTECH

RESERVE BANK OF INDIA TIGHTENS KYC NORMS FOR DOMESTIC MONEY TRANSFER

On July 24, 2024, the Reserve Bank of India ("**RBI**") revised the framework for 'Domestic Money Transfer to amend the requirements for 'Cash Pay-out Service' and 'Cash Pay in Service'("**Revised Framework**") (*accessible here*) including but not limited to increased know-your-customer requirement ("**KYC**") for domestic money transfers with the goal of strengthening security and accountability in cash transactions.

The Revised Framework and the changes thereunder will come into effect from November 01, 2024.

Under the Revised Framework, specifically for 'Cash Pay-Out Services' remitting banks will be required to keep detailed records of beneficiaries' names and addresses, thereby enhancing traceability and minimizing the risk of misuse.

Furthermore, under 'Cash Pay-in Service' the revised framework requires every transaction by a remitter to be validated through additional factor of authentication. Additionally, remitting banks and business correspondents are required to register the remitter based on their verified cell phone number and self-certified official valid document, such as a passport, AADHAR, or voter ID, as mandated under the Master Directions – KYC Direction, 2016 (accessible here). The Revised Framework also requires for every remitter bank to conform to the provisions of the Income Tax Act, 1961 and the rules / regulations framed thereunder. Additionally, remitter banks are required to include remitter details as part of the IMPS / NEFT transaction message, the transaction message shall also include an identifier to allow for identification of the fund transfer as a cash-based remittance.

MASTER DIRECTIONS ON CYBER RESILIENCE AND DIGITAL PAYMENT SECURITY CONTROLS FOR NON-BANK PAYMENT SYSTEM OPERATORS

On June 20, 2023, in exercise of the powers conferred under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007(accessible here), the RBI introduced the RBI (Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators) Master Directions, 2024 ("**Master Directions**")(accessible here), aimed at bolstering the security of digital payment systems in the country. These directions provide a structured framework for Payment System Operators ("**PSOs**") to effectively identify, assess, monitor, and manage cybersecurity risks.

The salient feature of the Master Directions, *inter alia* include the following:

1. The Master Directions legislate for governance controls as well as risk management and monitoring mechanisms to be implemented by the PSOs. PSOs are required to ensure adequate oversight over information security risks. In this regard, PSOs are provided with the liberty to delegate primary oversight to a subcommittee headed by a duly qualified member. Furthermore, PSOs are required to formulate a board approved information security policy and prepare a cyber crisis management plan;

2. The Master Directions require PSOs to put in place certain baseline information security measures/controls, including but not limited to record of key roles/information assets, policies/procedures addressing access management and network security measures to protect PSOs from external threats;

3. PSOs are also required to ensure that all applications are subjected to rigorous security testing. Additionally, in cases wherein the source code of the application is not owned by the PSO it is required to obtain a certificate from the vendor stating that the application is *inter alia* free of vulnerabilities;

4. The Master Directions prescribes digital payment and security measures/control, including but not limited to masking important information such as bank account number/card number, when sending SMS/e-mail alerts; and

5. PSOs providing/facilitating/processing mobile payments are required to implement additional security and risk mitigation practices such as device binding to ensure that the mobile application is free from anomalies.

The RBI has set compliance deadlines for large PSOs by April 01, 2025, and for medium PSOs by April 01, 2026, and small PSOs by April 01, 2028, thus, allowing for a gradual and manageable transition based on the size of the operations.

DSK Legal

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DSK Legal Knowledge Center

Contact Details for any queries: knowledge.management@dsklegal.com

Mumbai

1701, One World Centre,
Floor 17, Tower 2B,
841, Senapati Bapat Marg,
Mumbai - 400013.
Tel +91 22 6658 8000

Mumbai

C-16, Dhanraj Mahal,
3rd Floor,
Apollo Bunder, Colaba,
Mumbai - 400001.
Tel +91 22 6152 6000

Bengaluru

201, 2nd floor, Prestige Loka,
7/1 & 7/7, Brunton Road,
Craig Park Layout, Ashok Nagar,
Bengaluru - 560025.
Tel +91 80 6954 8770

New Delhi

Max House, Level 5,
Okhla Industrial Area, Phase 3,
New Delhi - 110020.
Tel +91 11 4661 6666

Pune

Ground Floor, 1 Modibaug,
Ganesh Khind Road, Shivajinagar,
Pune - 411016.
Tel +91 20 6684 7600

contactus@dsklegal.com
DSK Legal
www.dsklegal.com

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