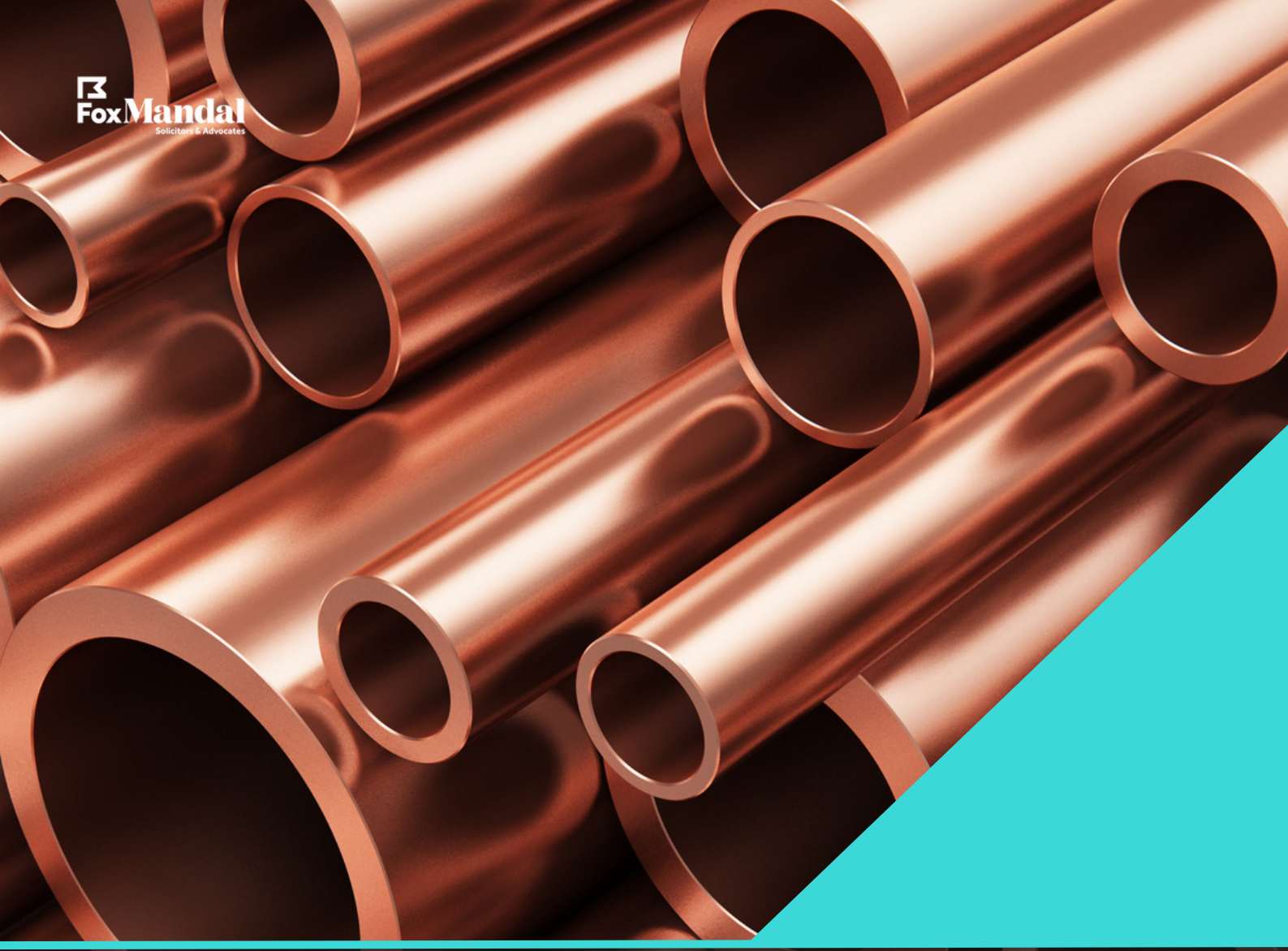


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INFORM: Infrastructure Projects & Finance

NOVEMBER 2023

We bring you the latest updates on the dynamic intersection of infrastructure projects with banking and finance. Join us to navigate the evolving landscape of infrastructure curated to empower you with strategic intelligence.

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3. Review of Instructions on Bulk Deposits for Regional Rural Banks (RRBs)
4. Credit Information Companies and Credit Institutions Enhance Customer Service
5. Compensation Framework Established for Delayed Credit Information Updation
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1. IIFCL Greenlights Rs 8,800 Cr Loans to Bolster Civil Aviation Infrastructure
2. Public Sector Banks Poised to Enhance Loan Risk Assessments
3. SEBI Asks Civic Bodies to Finance Infrastructure via Bonds
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5. Currency Flow Drops to a Ten-Year Low

NOTIFICATIONS/CIRCULARS



RBI Releases Non-Banking Financial Company Scale Based Regulation Directions, 2023

In the past, non-banking financial companies (NBFCs) were categorized into two groups: Systemically Important and Non-Systemically Important. In October 2022, the RBI implemented a new classification system that categorized NBFCs into four layers: Base, Middle, Upper, and Top.

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Non-Callable Deposits - Master Direction on Interest Rate on Deposits

The Reserve Bank of India (RBI) has recently issued new directions regarding interest rates on domestic term deposits vide circular bearing reference number RBI/2023-24/74 DOR.SPE. REC. No. 51/13.03.000/2023-24, dated 26 October 2023.

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Review of Instructions on Bulk Deposits for Regional Rural Banks (RRBs)

To optimize the bulk deposit threshold for Regional Rural Banks, the term "Bulk Deposit" in the context of Regional Rural Banks has been amended to denote singular rupee term deposits amounting to one crore rupees or more.

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Credit Information Companies and Credit Institutions Enhance Customer Service

The Reserve Bank of India has issued directions vide circular bearing reference number RBI/2023-24/73 DoR.FIN.REC.49/20.16.003/2023-24 to CICs to improve the grievance redressal mechanism and customer service within the Banking sector.

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Compensation Framework Established for Delayed Credit Information Updation

The RBI has introduced a compensation framework vide circular bearing reference number RBI/2023-24/72 DoR.FIN.REC.48/20.16.003/2023-24 dated 26 October, 2023 in line with the Statement on Developmental and Regulatory Policies. This framework aims to benefit consumers and ensure that resolutions are provided in a timely manner.

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SOP Implemented to Tackle Inflated Billing for Free Ash Transport

These SOPs apply to vendors engaged by Thermal Power Plants (TPPs) and contractors /concessionaires conducting supply through Memorandum of Understanding (MOU) with TPPs.

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RBI Slaps Record-Breaking Penalty on ICICI Bank and Kotak Mahindra Bank for Norm Violations

RBI issued an order imposing a record-breaking monetary penalty of approximately Rs. 12.2 crore on ICICI Bank and a monetary penalty of ₹3.95 crore on Kotak Mahindra Bank Limited.

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>>> CASE LAWS



Determination of Unreasonably Low Bid as Non-Responsive Prejudicial to Public Interest in Strategic Projects: Forfeiture of Bid Security Valid

The High Court of Himachal Pradesh on October 7, 2023, dismissed a writ petition in the matter of ABCI Infrastructure Pvt. Ltd. v. Union of India and Ors. [MANU/HP/1842/2023], holding that the petitioner's contention of bid manipulation by the system was unsustainable and the forfeiture of bid security was valid.

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Compensation for Prolongation of Contract: Reservation of Right Essential

The High Court of Delhi on 9 October, 2023 in the case of Ircon International Limited v. Delhi Metro Rail Corporation [OMP (COMM) 165 of 2023], held that where the Contractor has not reserved its right to receive compensation for prolongation of contract while seeking extension of time (EOT), it cannot later claim compensation.

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Weighted Average Principle to be Used Where the Shareholding of a Captive Generating Plant Changes

The SC in the case of Dakshin Gujarat Vij Co. Ltd. v. Gayatri Shakti Paper & Board Ltd., held that in case the shareholding of a captive user of a CGP with more than one user changes, the weighted average principle should be used to calculate the electricity consumption of each captive user.

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Judicial Review on Tender Conditions to be Restrictive

The High Court of Allahabad in the case of M/S Jai Hanuman Construction Jagdish Saran v. State of U.P. and Ors. reiterated that judicial review can be exercised only if the conditions are absolutely arbitrary or unreasonable and no bidder can claim a fundamental right to carry on business with the government.

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No Stamp Duty on Instruments Executed by or on Behalf of the Government

The Delhi High Court held on October 12, 2023, in the case of M/s SVK Infrastructures v. Delhi Tourism and Transportation Development Corporation Ltd, that no stamp duty is chargeable on instruments executed by, on behalf of or in favour of the Government. Hence, unstamped work order could be relied upon to invoke arbitration.

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Power of Debarment Not to be Exercised Arbitrarily

The High Court of Delhi held on October 20, 2023, held in the case of Highways Engineering Consultant v. National Highways and Infrastructure Development Corporation Limited (NHIDCL) and Ors., that the action of debarring and blacklisting the petitioner in a contract that has otherwise been duly performed by the Petitioner to the satisfaction of Respondent was arbitrary.

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>>> QUICK READS



IIFCL Greenlights Rs 8,800 Cr Loans to Bolster Civil Aviation Infrastructure

The India Infrastructure Finance Company Limited (IIFCL) has granted loans totaling Rs 8,800 crore to support the growth and development of airports and civil aviation infrastructure in India. The company is a significant contributor to airport financing in India, having provided support for airport projects totaling approximately Rs 74,000 crore.

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Public Sector Banks Poised to Enhance Loan Risk Assessments

The Reserve Bank of India has raised concerns about signs of stress in the retail loan segment, prompting the government to request state-run banks to enhance their loan risk assessment parameters. Additionally, it has requested their attention towards acquiring high-quality current and savings accounts.



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SEBI Asks Civic Bodies to Finance Infrastructure via Bonds

Securities and Exchange Board of India (SEBI) has been conducting outreach programs to encourage civic bodies to consider raising funds for their infrastructural projects through bonds and pooled finance.

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RBI Cautions Banks Regarding Unsecured Personal Loans, Urges Heightened Surveillance

Banks and NBFCs should prioritise enhancing their internal surveillance mechanisms, addressing any potential risks, and implementing appropriate safeguards in their own best interests.

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Currency Flow Drops to a Ten-Year Low

Currency in Circulation (CIC) declines in the first half of financial year, marking unprecedented H1 decrease in a decade. During the first half of the previous two financial years, the CIC experienced an increase of Rs 33,357 crore in FY23 and Rs 84,978 crore in FY22. This year, there has been a significant decline primarily due to the withdrawal of Rs 2000 banknotes, which was announced on May 19, 2023.

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Key Contact:



Chandrasekaran R., Partner
M: +91 94443 98172
E: r.chandrasekaran@foxmandal.in
To see the complete profile, click here.

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