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INFORM: Infrastructure Projects & Finance

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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.

>>> HIGHLIGHTS

CASE LAWS:

1. Forfeiture of Earnest Money Deposit by Bank is Not Limited to Extent of Damage Suffered
2. Mere Denial of Transaction Will Not Annul the Lawful Discharge of Payment Through Cheque
3. Lookout Circular to be Issued Only in Exceptional Circumstances
4. Assessing Officer Must be Part of Inspection Team in Electricity Theft Cases

NOTIFICATIONS/CIRCULARS:

1. Changes in Liquidation Process to Benefit Creditors
2. IBBI Regulations on Bankruptcy Process for Personal Guarantors to Corporate Debtors Amended
3. IBBI Amendment on Voluntary Liquidation Process
4. IBBI Regulations Amended to Streamline Corporate Insolvency Resolution Process
5. Indian Bank Branches in Gift-IFSC Permitted to Engage in Trading on India International Bullion Exchange (IIBX)
6. Ceiling on Remuneration of Non-Executive Director Revised to 30 Lakhs
7. RBI Streamlines the Procedure for Banks and NBFCs to File Supervisory Returns
8. RBI Issues Draft Disclosure Framework on Climate-Related Financial Risks, 2024
9. Deemed Approval Provision Added to Revamped DPRs for Road Construction

QUICK READS:

1. VISA and Mastercard to Suspend Card-based Commercial Payments on Communication from RBI
2. Paytm Payments Bank Replaced as Acquirer Bank at 247 Toll Plazas
3. Finance Ministry Considers Changes to SARFESI Act and DRT to Expedite Debt Recovery
4. Voluntary Mediation Proposed to be Included Under Insolvency Law by Expert Panel
5. Charge on Assets by Secured Creditors to Take Precedence Over Tax Authorities

>>> CASE LAWS



Forfeiture of Earnest Money Deposit by Bank is Not Limited to Extent of Damage Suffered

The Hon'ble Supreme Court of India, in the case of Authorised Officer, Central Bank of India v. Shanmugavelu, [2024 INSC 80] held on February 2, 2024, that banks can cause the forfeiture of the entire amount of the earnest money deposit and not restrict it to the extent of the damage or loss suffered by it due to a default on repayment of the loan by the borrower.

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Mere Denial of Transaction Will Not Annul the Lawful Discharge of Payment Through Cheque

The High Court of Karnataka in the case of G E Ramesh v. B P Umashankar, [CRIMINAL APPEAL No.1197 OF 2013 (A)] held on February 9, 2024, that the mere denial of a transaction will not annul the evidence of the lawful issuance of a cheque.

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Lookout Circular to be Issued Only in Exceptional Circumstances

The High Court of Delhi, in the case of Shalini Khanna v. Union of India, [2024 DHC 960], held on February 6, 2023, that the issuance of a Lookout Circular should be done only in exceptional circumstances and cannot be resorted to in every case of bank loan default.

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Assessing Officer Must be Part of Inspection Team in Electricity Theft Cases

The Hon'ble High Court of Calcutta, in the case of Umashankar Gupta v. CESC Limited and Others, 2024 SCC OnLine Cal 1522, held on February 13, 2024, that the Assessing Officer-IV under the Electricity Act, 2003, is required to be a part of the inspection team to personally assess if any offense has been committed.

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>>> NOTIFICATIONS/CIRCULARS



Changes in Liquidation Process to Benefit Creditors

With the objective of facilitating a smoother process for liquidation, ensuring accountability, and bolstering the confidence of stakeholders in the liquidation process, the Insolvency and Bankruptcy Board of India (IBBI) has introduced changes in the liquidation process. The same was implemented through the IBBI (Liquidation Process) (Amendment) Regulations, 2024, which were notified on February 12, 2024.

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IBBI Regulations on Bankruptcy Process for Personal Guarantors to Corporate Debtors Amended

The IBBI has, on January 31, 2024, amended the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 and Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019.

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IBBI Amends Regulations on Voluntary Liquidation Process

The Insolvency and Bankruptcy Board of India (IBBI) has, on January 31, 2024, amended the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 vide notification No IBBI/2023-24/GN/REG109, to streamline the process of voluntary liquidation of corporate persons.

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IBBI Regulations Amended to Streamline Corporate Insolvency Resolution Process

The Insolvency and Bankruptcy Board of India (IBBI) on February 15, 2024, amended the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, vide notification No. IBBI/2023-24/GN/REG113, to streamline the corporate insolvency resolution process.

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Indian Bank Branches in Gift-IFSC Permitted to Engage in Trading on IIBX

The Reserve Bank of India (RBI) on June 7, 2022, issued guidelines to allow Branches of Indian Banks operating in GIFT-IFSC to act as Professional Clearing Member (PCM) of India International Bullion Exchange IFSC Limited (IIBX), provided they meet all regulatory requirements and abide by the rules in place to guarantee responsible operations and risk management.

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Ceiling on Remuneration of Non-Executive Director Revised to 30 Lakhs

On April 26, 2021, the Reserve Bank of India (RBI) issued guidelines regarding the appointment, age, tenure and remuneration of non-executive directors (NEDs), /MD&CEO/Whole time Directors (WTDs), and the Chair and meetings of the Board of the bank, in order to address a few operational aspects of a Discussion Paper titled "Governance in Commercial Banks in India".

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RBI Streamlines the Procedure for Banks and NBFCs to File Supervisory Returns

On August 10, 2023, the RBI issued a Statement on Developmental and Regulatory Policies, with respect to (i) Regulatory framework for Financial Benchmark Administrators; (ii) Regulation and Supervision of IDFs and Interest Rate Reset of EMI; (iii) Conversational and Small UPI Payments; (iv) Public Tech Platform by the RBIH to enhance credit delivery by improving data flow among lenders using open APIs and standards.

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RBI Issues Draft Disclosure Framework on Climate-Related Financial Risks, 2024

On July 27, 2022, the Reserve Bank of India (RBI) had issued a Discussion Paper on Climate Risk and Sustainable Finance, which had thoroughly outlined the sources of climate risk and the potential impact on renewable energies.

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Deemed Approval Provision Added to Revamped DPRs for Road Construction

The MoRTH has issued a circular to include the provision of 'Deemed Approval' in the schedule of approval of reports in the document for request for proposal (RFP) for the appointment of Consultancy Services.

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>>> QUICK READS



VISA and Mastercard to Suspend Card-based Commercial Payments on Communication from RBI

On February 8, 2024, Visa Inc. acknowledged a communication from the Reserve Bank of India (RBI) to suspend its card-based commercial payments. Subsequently, it issued a message to its partners to suspend all Business Payment Service Provider (BPSP) transactions until further notice.

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Paytm Payments Bank Replaced as Acquirer Bank at 247 Toll Plazas

This move by NHAI follows the Reserve Bank of India's (RBI) order on January 31, 2024, vide Press Release No. 2023-2024/1774, to Paytm Payments Bank to stop all basic payment services from February 29, 2024, including further deposits, credit transactions or top-ups of FASTag.

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Finance Ministry Considers Changes to SARFESI Act and DRT to Expedite Debt Recovery

On February 17, 2024, the Finance Ministry held a meeting to consider amendments to the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act, 2002 and Debt Recover Tribunal (DRT) to ensure speedy debt recovery.

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Voluntary Mediation Proposed to be Included Under Insolvency Law by Expert Panel

An expert panel has proposed implementing voluntary mediation as a method for resolving disputes under the insolvency law. The mediation framework within IBC will function as a self-contained blueprint within the Insolvency and Bankruptcy Code, 2016, with independent infrastructure to guarantee the achievement of IBC's objectives.

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Charge on Assets by Secured Creditors to Take Precedence Over Tax Authorities

The Ministry of Corporate Affairs proposes to amend the Insolvency and Bankruptcy Code (IBC), 2016, to place the charge of secured creditors on the assets of the Corporate Debtor above the tax authorities in the hierarchy of the creditors. The definition of 'secured creditors' will be amended to exclude statutory dues to the government, including tax dues.

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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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