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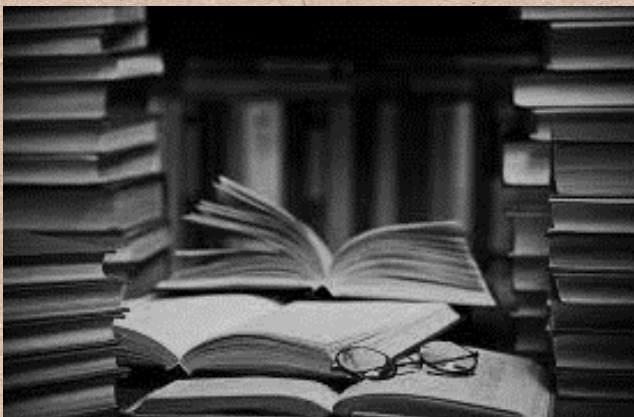
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Mutatis Mutandis: 'The necessary changes having been made'



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INDEX[🏠]

- SEBI introduces guidelines for AIFs on holding investments in dematerialised form and custodian appointments
- SEBI supersedes framework for short selling
- SEBI's continuous endeavour for ease of doing investment by investor – facility of voluntary freezing/blocking of trading accounts by clients
- SEBI further extends the deadline for implementation of the LODR amendment - response to market rumours
- Rules enabling certain public companies to list their equity shares directly on international bourses
- RBI issues master directions on commercial papers and NCDs
- RBI notifies comprehensive guidelines on measures covering classification of accounts and deposits as inoperative accounts and unclaimed deposit
- RBI notifies the credit investment concentration norms for NBFCs
- Pharmaceutical products receive new good manufacturing practices
- Karnataka Government notifies the Karnataka Compulsory Gratuity Insurance Rules, 2024
- Mineral (Auction) Amendment Rules, 2024: an aid to the mineral auction
- Mineral Conservation and Development (Amendment) Rules, 2024: ease in mineral exploration and extraction
- CDSCO streamlines medical devices approval through NSWS
- Electricity (Amendment) Rules, 2024 notified by Ministry of Power
- Central Government notifies April 1, 2024 as the date for enforcement of Biological Diversity (Amendment) Act, 2023
- Ministry of New and Renewable Energy notified modes for implementation of incentive scheme for green hydrogen production
- Maharashtra Government increases muscle power of the city civil court
- Maharashtra Stamp Duty Amnesty Scheme, 2023 - timelines extended
- Ministry of Education notifies the accessibility code for educational institutions

SEBI INTRODUCES GUIDELINES FOR AIFs ON HOLDING INVESTMENTS IN DEMATERIALIZED FORM AND CUSTODIAN APPOINTMENTS

On January 5, 2024, the Securities and Exchange Board of India ("SEBI") had notified the SEBI (Alternative Investment Funds) (Amendment) Regulations, 2024 ("AIF Amendment Regulations"), which mandated Alternative Investment Funds ("AIFs") to hold their investments in dematerialised form and required sponsors or managers of AIFs to appoint a custodian registered with SEBI for safekeeping of the securities of the AIFs.

SEBI, *vide* its circular dated January 12, 2024, has now issued guidelines for AIFs with respect to holding their investments in dematerialised form and appointment of custodian.

The said guidelines specify the following:

- (a) Holding investments of AIFs in dematerialised form: Any investment made by AIFs on or after October 1, 2024, shall be held in dematerialised form only. Further, investments made by AIFs prior to October 1, 2024, would be exempt from the requirement of being held in dematerialised form except where: (i) the investee company of AIFs have been mandated under applicable law to facilitate dematerialisation of its securities; or (ii) AIFs, on their own, or along with other SEBI registered intermediaries/entities which are mandated to hold their investments in dematerialised form, exercises control over the investee company. Such investments are required to be held in dematerialized form by AIFs on or before January 31, 2025.
- (b) Appointment of custodian for AIFs: The AIF Amendment Regulations have extended the mandate of appointment of custodians to schemes of Category I and II AIFs with corpus less than or equal to INR 500 crores (*previously only Category III AIFs and Category I and II AIFs with a corpus exceeding INR 500 crores were required to appoint a custodian*). The sponsors or managers of AIFs shall be required to appoint a custodian prior to the date of first investment of the scheme. Further, custodians of AIFs that are associates of their manager or sponsor, can only act as a custodian under certain specified conditions set out under the AIF Amendment Regulations. Managers of AIFs are to ensure that these specified conditions are met on or before January 31, 2025.
- (c) Reporting of investments of AIFs under custody: The pilot Standard Setting Forum for AIFs (SFA), in consultation with SEBI, shall formulate implementation standards for reporting AIFs' investments data under custody with the custodian. Such standards shall lay down the format and modalities of reporting of data by the AIFs' manager to the custodian and subsequently, by the custodian to SEBI. The standards are to be published on websites of the industry associations forming part of the SFA, i.e., Indian Venture and Alternate Capital Association (IVCA), PE VC CFO Association and Trustee Association of India, within 60 days of issuance of the circular.

SEBI SUPERSEDES FRAMEWORK FOR SHORT SELLING

SEBI, *vide* its master circular for Stock Exchanges and Clearing Corporations dated October 16, 2023, had notified broad framework for short selling which has been superseded by circular issued by SEBI dated January 5, 2024, in so far as it related to the framework for short selling (*short selling means selling a stock which the seller does not own at the time of trade*).

Under the new framework, SEBI has imposed an obligation on the institutional investors to make disclosures of their intent to short sell while placing the order and the retail investors are required to make such disclosure by the end of the trading hour. These disclosures shall be collated by the brokers and shall be reported to the Stock Exchange scrip-wise. Other regulations of the circular are: (a) short selling shall not be permitted in the Indian securities market and all investors would be required to mandatorily honour their obligation of delivering the securities at the time of settlement; (b) no institutional investor shall be allowed to do day trading, i.e., square-off their transactions intra-day; (c) a scheme for securities lending and borrowing (SLB) shall be put in place to provide the necessary impetus to short sell; and (d) the securities traded in F&O segment shall be eligible for short selling.

To read the master circular [click here](#) & to read the circular [click here](#)



SEBI'S CONTINUOUS ENDEAVOUR FOR EASE OF DOING INVESTMENT BY INVESTOR – FACILITY OF VOLUNTARY FREEZING/BLOCKING OF TRADING ACCOUNTS BY CLIENTS

SEBI, *vide* its circular dated January 12, 2024, has, *inter alia*, stated that the Brokers' Industry Standard Forum shall lay down a framework for trading members to provide the facility of voluntary freezing/blocking the online access of trading account to their clients on account of suspicious activities on or before April 1, 2024, under the aegis of stock exchanges, in consultation with SEBI by considering the guidelines stipulated by SEBI in the aforesaid circular. The stock exchanges shall ensure that the guidelines so issued shall be implemented by trading members with effect from July 1, 2024 and a compliance report to this effect shall be submitted to SEBI by stock exchanges latest by August 31, 2024.

The said framework shall, *inter alia*, contain necessary guidelines with respect to the following:

- (a) detailed policy for voluntary freezing/blocking the online access of the trading account of the client (mode of communication/ request to the Trading Member for voluntary blocking of trading accounts, issue of acknowledgment and the definite time period within which the account shall be frozen/blocked);
- (b) action to be taken by the Trading Member pursuant to the receipt of request for freezing/blocking of the trading account;
- (c) process for re-enabling the client for trading/transfers; and

- (d) intimation to be provided by the trading member to the clients with respect to introduction of the facility to block the trading accounts.

To read the circular [click here](#)



SEBI FURTHER EXTENDS THE DEADLINE FOR IMPLEMENTATION OF THE LODR AMENDMENT – RESPONSE TO MARKET RUMOURS

SEBI, *vide* its notification dated June 14, 2023, had made amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) wherein provisos under Regulation 30(11) of the LODR, *inter alia*, required top 100 listed entities and top 250 listed entities by market capitalization to mandatorily verify and confirm, deny or clarify market rumours effective from October 1, 2023 and April 1, 2024, respectively (“**Effective Date**”), which was also covered in our [earlier edition of Legalaxy](#). SEBI, *vide* its circular dated September 30, 2023, had extended the Effective Date of the amendment to February 1, 2024 for the top 100 listed entities by market capitalization and to August 1, 2024 for the top 250 listed entities by market capitalization, which was also covered in our [earlier edition of Legalaxy](#).

Considering the fact that industry standards are under finalization and certain amendments to the LODR are required for implementation of the aforesaid amendment, SEBI has decided to further extend the timeline for Effective Date of implementation of the amendment for top 100 listed entities by market capitalization to June 1, 2024 and for top 250 listed entities by market capitalization to December 1, 2024.

To read the circular [click here](#)



RULES ENABLING CERTAIN PUBLIC COMPANIES TO LIST THEIR EQUITY SHARES DIRECTLY ON INTERNATIONAL BOURSES

Ministry of Corporate Affairs (“MCA”), *vide* its notification dated October 30, 2023, had notified Section 5 of the Companies (Amendment) Act, 2020, which amended Section 23 (*Public offer and private placement*) of the Companies Act, 2013 (“**Companies Act**”), thereby enabling certain public companies to issue such class of securities for the purpose of listing on permitted stock exchanges in permissible foreign jurisdiction or such other jurisdiction as may be prescribed in the rules which were not notified at that time. In this regard, please refer to our [earlier edition of Legalaxy](#).

MCA, *vide* its notification dated January 24, 2024, has notified the Companies (Listing of equity shares in permissible jurisdiction) Rules, 2024 (“**Listing Rules**”) from the date of its publication in the official gazette, i.e., January 24, 2024, which, *inter alia*, states the following:

(a) **Applicability:** (i) Unlisted public companies (*which do not fall under Rule 5 of the Listing Rules (see point (b) below) and which has no partly-paid up shares*); and (ii) listed public companies, so far as they are in accordance with regulations framed or directions issued in this regard by SEBI or International Financial Services Centre Authority, each of which issues their securities for the purposes of listing on permissible jurisdictions currently International Financial Services Centre in India on permitted stock exchanges, i.e., India International Exchange and NSE International Exchange as prescribed in the first schedule of the Listing Rules; (b) **In-eligible companies:** Rule 5 of the Listing Rules provides negative list of companies which includes a company: (i) registered under Section 8 of the Companies Act (*non-profit organization/ having charitable object*); (ii) declared as Nidhi under Section 406 of the Companies Act; (iii) limited by guarantee having share capital; (iv) having outstanding deposit accepted from public as per the Companies Act; (v) having a negative net-worth; (vi) has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holder or any other secured creditor (*unless the company has made good the default and a period of 2 years had lapsed since the date of making good the default*); (vii) has made any application for winding-up under the Companies Act or for resolution or winding-up under the Insolvency and Bankruptcy Code, 2016 and such any proceeding is pending; and (viii) has defaulted in filing of an annual return under Section 92 or financial statement under Section 137 of the Companies Act within the specified period; (c) **Post listing compliances** *inter alia* includes: (i) filing of prospectus in e-form LEAP-1 as prescribed in second schedule of the Listing Rules with the registrar of companies within a period of 7 days after the same has been finalized and filed in the permitted exchange; (ii) comply with the Indian Accounting Standards in preparation of their financial statements in addition to any other accounting standard as required by the securities regulator concerned or stock exchange concerned for preparing and filing financial statements; (iii) in case unlisted public company also intends to get its equity shares listed on the recognized stock exchanges of India shall also be in compliance with such conditions as may be specified by SEBI; and (iv) comply with the Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme made by the Central Government in the Ministry of Finance ("**MoF**").

In this regard, MoF, *vide* its notification dated January 24, 2024, has also notified the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2024 ("**NDI Amendment Rules**"). The key amendments in the NDI Amendment Rules are as follows:

(a) the definition of 'listed Indian company' has been amended to include an Indian company which has any of its equity or debt instruments listed on an international exchange; (b) a new Chapter X titled 'Investment by Permissible Holder in Equity Shares of Public Companies Incorporated in India and Listed on International Exchanges' has been introduced by way of which any permissible holder can purchase or sell equity shares of a public Indian company which is listed or to be listed on an international exchange under the 'Direct Listing of Equity Shares of Companies Incorporated in India on International Exchange Scheme' as mentioned in the newly inserted Schedule XI of the NDI Amendment Rules; (c) provides for the eligibility criteria for issuing/ offering equity shares in accordance with the NDI Amendment Rules; (d) provides for the conditions subject to which a public company can issue equity shares or offer equity shares of the existing shareholders, which includes that: (i) the issue/ offer should be a permissible one and such shares should be listed on any of the specified international exchange; (ii) the issue/ offer of equity shares of existing shareholders shall be subject to prohibited activities and sectoral caps; and (iii) the equity shares should be in dematerialized form and rank *pari-passu* with equity shares listed on a recognized stock exchange in India; (e) defines a permissible holder to mean a holder of equity shares of the company which

are listed on international exchange, including its beneficial owner. Further, the holder, who is a citizen of a country which shares land border with India, or an entity incorporated in such a country, or an entity whose beneficial owner is from such a country, is allowed to hold equity shares of such public Indian company only upon receiving the approval of the Central Government; (f) provides for the obligations of a company to comply with all laws relating to the issuance of equity shares in India; (g) provides for stipulations relating to voting rights of the holders of such equity shares; and (h) provides that the equity shares shall be issued at a price not less than the price applicable to a corresponding mode of issuance of such equity shares to domestic investors.

To read the MCA notification [click here](#) & to read the MoF notification [click here](#)



RBI ISSUES MASTER DIRECTIONS ON COMMERCIAL PAPERS AND NCDs

Reserve Bank of India ("RBI"), vide its notification dated January 3, 2024, has notified the Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024 ("**Master Directions**"). These Master Directions supersede the existing RBI guidelines on the issuance of commercial papers ("**CPs**") and non-convertible debentures ("**NCDs**") with a maturity of less than 1 year. The framework which previously governed the issuances of CPs and NCDs was fragmented across various RBI directions, and the new Master Directions, which shall come into force from April 1, 2024, aim to consolidate the entire framework governing issuances of CPs and NCDs in India.

The key points notified through the Master Directions are as follows:

- (a) the eligible issuers of CPs and NCDs shall be entities including companies, Non-Banking Financial Companies ("**NBFCs**") (*including Housing Finance Companies*), Infrastructure Investment Trust, Real Estate Investment Trust, cooperative societies and limited liability partnerships meeting a minimum net worth of INR 100 crores and other body corporates having a minimum net worth of INR 100 crores provided that they are statutorily permitted to incur debt or issue debt instruments in India;
- (b) all residents are entitled to invest in CPs and NCDs, while non-residents can participate within the bounds set by the Foreign Exchange Management Act, 1999 and its associated regulations;
- (c) both residents and non-residents are prohibited from investing in CPs and NCDs issued by related parties, whether in the primary markets or the secondary markets;
- (d) specific guidelines notified for primary issuance of CPs and NCDs which include: (i) issuance of CPs and NCDs in dematerialised form, which are to be held with a depository registered with SEBI; (ii) issuance of CPs and NCDs in minimum denomination of INR 5 lakhs and in multiples of INR 5 lakhs thereafter; (iii) tenor of the CPs not being less than 7 days or more than 1 year, while the tenor of the NCDs not being less than 90 days or more than 1 year; (iv) issuance of CPs and NCDs with options (*call/put*) not being permitted; (v) issuance of CPs and NCDs at discount/ coupon rate; and (vi) total subscription by all individuals, including Hindu Undivided Families, in any primary issuance of CPs or NCDs not exceeding 25% of the total amount issued;
- (e) funds raised through such CPs and NCDs shall ordinarily be used to finance current assets and operating expenses, and where these funds are used for any other purpose, the exact/specific purpose of use shall be disclosed in the offer document;
- (f) the minimum credit rating, assigned by a credit rating agency for the issuance of CPs and NCDs shall

be 'A3' as per rating symbol and definition prescribed by SEBI; (g) for issuance of CPs and NCDs in the secondary market, all transactions are required to be executed only in the OTC market or recognized stock exchanges recognised by RBI for such purpose; (h) provides guidelines for buyback of CPs and NCDs; (i) provides specific reporting requirements for primary issuances, secondary market transactions, buybacks, and in instances of default; (j) provides for the roles and responsibilities of specific individuals, including the issuing and paying agent, debenture trustee and the credit rating agency; and (k) provides for a list of minimum disclosures that are required to be made in the offer documents by issuers of CPs and NCDs.

To read the notification [click here](#)



RBI NOTIFIES COMPREHENSIVE GUIDELINES ON MEASURES COVERING CLASSIFICATION OF ACCOUNTS AND DEPOSITS AS INOPERATIVE ACCOUNTS AND UNCLAIMED DEPOSITS

RBI, *vide* its notification dated January 1, 2024, has notified comprehensive guidelines pertaining to the classification of accounts and deposits as inoperative and unclaimed, respectively. The guidelines aim to serve as a mechanism to support bank account holders and to reduce the volume of unclaimed deposits within the banking system, facilitating the return of such deposits to their rightful owners/claimants. These guidelines are applicable to all commercial banks, including Regional Rural Banks, and all co-operative banks.

Some important guidelines include:

- (a) Banks have to conduct an annual review of accounts where no customer-induced transactions have occurred for a period exceeding 1 year.
- (b) Banks to notify account/deposit holders in writing, either through letters, e-mails, or SMS (if *the e-mail and mobile number are registered with the bank*), if there has been no operation in their accounts/deposits within the last 1 year.
- (c) If a response is received from the account holder providing reasons for not operating the account, the banks will maintain the classification of the account as operative for an additional year. The account holder is to be advised to operate the account within this 1-year extended period. If the account holder does not activate the account during the extended period, the banks are to reclassify the account as an inoperative account after the expiry of the extended period.
- (d) Banks shall conduct periodic special drives to locate the whereabouts of customers, their nominees, or legal heirs in connection with inoperative accounts or unclaimed deposits. To classify an account as 'inoperative', only customer-induced transactions, and not bank-induced transactions, will be taken into consideration.
- (e) Banks shall offer the option to update KYC for the activation of inoperative accounts/unclaimed deposits at all branches, including non-home branches.

- (f) Banks are prohibited from levying penal charges for non-maintenance of minimum balances in any account classified as an inoperative account. Additionally, there shall be no charges for activating inoperative accounts.
- (g) Banks are required to furnish information on the procedure for activating inoperative accounts/ unclaimed deposits and for claiming balances, both on their websites and at their branches.

To read the notification [click here](#)



RBI NOTIFIES THE CREDIT INVESTMENT CONCENTRATION NORMS FOR NBFCs

RBI, *vide* its notification dated January 15, 2024, has decided to review and revise the existing concentration norms for NBFCs to ensure a uniform and consistent approach in their computation.

Some of the important provisions are:

- (a) Regulation of NBFC Middle Layer ("NBFC-ML")
The calculation of aggregate exposure to a counterparty, encompassing both on and off-balance sheet exposures, follows the methodology outlined for capital computation in the master directions on NBFC and master directions on housing finance company. Going forward, the exposures of NBFC-ML will also be offset with the credit risk transfer instruments listed below:
 - (i) Cash margin/ caution money/ security deposit held as collateral on behalf of the borrower against the advances for which right to set off is available;
 - (ii) Central Government guaranteed claims which attract 0% risk weight for capital computation;
 - (iii) State Government guaranteed claims which attract 20% risk weight for capital computation; and
 - (iv) Guarantees issued under the Credit Guarantee Schemes of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) and individual schemes under National Credit Guarantee Trustee Company Ltd. (NCGTC).

Provided that to be eligible as a credit risk transfer instrument, guarantees shall be direct, explicit, irrevocable and unconditional.

Disclosure:

The computation of exposure limit for disclosure requirements shall be reckoned as per this notification.

- (b) Regulations for NBFC Base Layer ("NBFC-BL")
NBFC-BL is required to establish an internal policy, approved by the board, outlining credit/ investment concentration limits for both individual borrowers/parties and groups of

borrowers/parties. The computation of exposure shall align with the methodology employed for NBFC-ML.

(c) Regulations for NBFC Upper Layer (“NBFC-UL”)

To be eligible as a credit risk transfer instrument, guarantees shall be direct, explicit, irrevocable and unconditional.

To read the notification [click here](#)



PHARMACEUTICAL PRODUCTS RECEIVE NEW GOOD MANUFACTURING PRACTICES

Department of Health and Family Welfare, Ministry of Health and Family Welfare, *vide* its notification dated December 28, 2023 (*published on e-gazette on January 5, 2024*), has notified the Drugs (Amendment) Rules, 2023 thereby replacing the Schedule M of the Drug and Cosmetics Rules, 1945 which deals with the Good Manufacturing Practices and Requirements of Premises, Plant and Equipment for Pharmaceutical Products. The amendments include the replacement of the term “Good Manufacturing Practices” in Rules 74, 76, 78 of the Drug Rules, 1945 with “Good Manufacturing Practices and Requirements of Premises, Plant and Equipment for Pharmaceutical Products”.

The revised Schedule M introduces a pharmaceutical quality system (PQS), quality risk management (QRM), product quality review (PQR), sanitation and hygiene, and specific guidelines for the qualification and validation of equipment. It also mandates a computerised storage system for all drug products. It has been provided by the amendment rules that all complaints and other information concerning potentially defective products shall be carefully reviewed according to the written procedures and corrective action shall be taken. The amendment rules also mandate the manufacturers to have a system to recall from the market, products known or suspected to be defective. In addition to this, a formal change control system shall be established to evaluate all changes that may affect the production and control of the product.

Specific requirements have been included for: (a) manufacture of sterile products, parenteral preparations (*small volume injectables and large volume parenterals*) and sterile ophthalmic preparations; (b) manufacturing of pharmaceutical products containing hazardous substances such as sex hormones, steroids (*anabolic, androgenic*) or cytotoxic substances; (c) manufacture of biological products; (d) radiopharmaceutical products; (e) phytopharmaceuticals; (f) manufacture of investigational pharmaceutical products for clinical trials in humans; (g) manufacture of oral solid dosage forms (*tablets and capsules*); (h) manufacture of oral liquids (*syrups, elixirs, emulsions and suspensions*); (i) manufacture of topical products, i.e., external preparations (*creams, ointments, pastes, mulsions, lotions, solutions, dusting powders and identical products*); (j) manufacture of metered-dose – inhalers (MDI); and (k) manufacture of active pharmaceutical ingredients (API).

The amendment rules shall come into force for implementation as under:

Category of manufacturers [Based on turnover (INR)]	Time line for implementation
Large manufacturers (Turnover > 250 crores)	6 months from the date of publication of the amendment rules.
Small and Medium manufacturers (Turnover ≤ 250 crores)	12 months from the date of publication of the amendment rules.

To read the notification [click here](#)



KARNATAKA GOVERNMENT NOTIFIES THE KARNATAKA COMPULSORY GRATUITY INSURANCE RULES, 2024

Karnataka Government, *vide* its notification dated January 10, 2024, has notified the Karnataka Compulsory Gratuity Insurance Rules, 2024. The rules are applicable to: (a) any establishment falling under the Payment of Gratuity Act, 1972 ("PGA") for the first time after January 10, 2024 ("New Employer"); and (b) any establishment already subject to PGA before January 10, 2024 ("Existing Employer"). The rules mandates obtaining insurance covering the establishment's gratuity liability within: (a) 30 days from these rules becoming applicable to a New Employer; or (b) 60 days from the date of commencement of these rules, i.e., January 10, 2024 for an Existing Employer. Unless the employer is opting out of the insurance by continuing with an approved gratuity fund or establishing an approved gratuity fund, they must submit Form-I (*prescribed in the rules*) to register with the Controlling Authority within 30 days from obtaining insurance and provide employee details using Form-III at registration and any time information changes (*e.g., new hires, policy updates*).

Existing Employers can opt out of obtaining insurance if they already have an approved gratuity fund covering all employee liabilities under PGA. New Employers can establish an approved gratuity fund instead of obtaining insurance cover if such employer employs 500 or more people. In both scenarios, the employer is required to make an application in Form II within the deadline for obtaining insurance. In relation to this, Rule 7 prescribes certain conditions which the gratuity trust registered by the employer must adhere to. It is clarified by the rules that the employer, gratuity trust and the insurance company are jointly and severally responsible for fulfilment of their liabilities under PGA.

To read the notification [click here](#)



MINERAL (AUCTION) AMENDMENT RULES, 2024: AN AID TO THE MINERAL AUCTION

Ministry of Mines, *vide* its notification dated January 21, 2024, has notified the Mineral (Auction) Amendment Rules, 2024, which would be an aid to the bidders for mineral auctions as there has been ample regulatory developments for ensuring a just, fair, and transparent mineral auction.

Some of the key changes introduced by the amendment are:

- (a) Submission of only 1 bid in an auction of a mineral block is permissible for the bidder and affiliates of a bidder are barred from submitting a bid in the same auction where such bidder has submitted the bid. If the bidder or the affiliate contravenes it, the bids submitted by them would be rejected.
- (b) The upfront payment by the successful bidder for mineral block is capped at INR 500 crores.
- (c) The State Government by the way of an auction (*the mode of auction is provided as an online electronic auction platform*) can directly grant exploration licences with respect to an area within the State, in respect to the minerals (*apatite, diamond, gold, graphite, silver, potash, etc.*) as specified in the seventh schedule of the Mines and Minerals (Development and Regulation) Act, 1957 and thereby the licence holder would be able to explore the mineral mines before the actual leasing of the mining leases. Further, the performance security for exploration licence has been prescribed as INR 1 crore (*for area less than/ equal to 500 square kilometres*) and INR 2 crores (*for area more than 500 square kilometres but less than/ equal to 1,000 square kilometres*).
- (d) State Governments would specify in the tender document, the maximum percentage share, i.e., the ceiling price (*ceiling price should not be less than 25%*) of the auction premium which would be payable by the future lessee auctioned pursuant to the prospecting operations which are undertaken under the exploration licence being auctioned.
- (e) A detailed procedure pertaining to bidding for the exploration licence, grant of the exploration license, payment to the holder of exploration license and auction for mining lease pursuant to exploration license.

To read the notification [click here](#)



MINERAL CONSERVATION AND DEVELOPMENT (AMENDMENT) RULES, 2024: EASE IN MINERAL EXPLORATION AND EXTRACTION

Ministry of Mines, *vide* its notification dated January 21, 2024, has notified the Mineral Conservation and Development (Amendment) Rules, 2024 for an improvement and enhancement of the mineral exploration and extraction. The rules are applicable to all minerals except: (a) petroleum and natural gas; (b) coal, lignite and sand for stowing; and (c) minor minerals.

The changes made by the said amendment rules, *inter-alia*, includes: (a) submission of a scheme of reconnaissance or prospecting or both by: (i) every holder of a reconnaissance permit/ prospecting license; or (ii) the preferred bidder selected for grant of composite license/ exploration license, within a period of 90 days from the date of execution of the permit or license or issuance of letter of intent to the Controller General or the authorized officer; (b) for the exploration license, a modified scheme of reconnaissance or prospecting or both shall be submitted to the Controller General or the

authorized officer after 3 years from the date of execution of the license; (c) submission of half-yearly report (*previously yearly report*) along with Form B for reporting the operations by: (i) the holder of a reconnaissance permit/ prospecting licence/ composite licence/ exploration licence; and (ii) every authorised agency under the rules, to the authorised officer/agency and the State Government; and (d) submission of a geological report to the State Government and to the Controller General or the authorised officer of the Indian Bureau of Mines within 3 months of the completion of the operations for which licence has been granted, or from the date of expiry of the exploration licence (*whichever is earlier*).

To read the notification [click here](#)



CDSKO STREAMLINES MEDICAL DEVICES APPROVAL THROUGH NSWS

Central Drugs Standard Control Organization ("CDSKO"), *vide* its notice dated January 1, 2024, has streamlined the application process for obtaining approvals, licences, registrations, and clearances necessary for conducting business in the medical devices industry. The applications will now be facilitated through National Single Window System portal ("NSWS") and is independent from the existing portals like SUGAM and cdscomdonline.

Initially, with effect from January 1, 2024, the following 3 activities will be made live on NSWS:

- (a) Application for grant of Certificate of Registration of a Notified Body - Form MD-01.
- (b) Application for a licence to manufacture medical devices for the purpose of clinical investigations, test, evaluation, examination, demonstration or training - Form MD-12.
- (c) Application for Licence to Import Medical Devices for the purposes of clinical investigations, tests, evaluation, demonstration or training - Form MD-16.

The existing cdscomdonline portal for the abovementioned activities will be disabled with effect from January 15, 2024 and all the stakeholders have been requested to submit application related to the above 3 activities only through [NSWS](#).

To read the notice [click here](#)



ELECTRICITY (AMENDMENT) RULES, 2024 NOTIFIED BY MINISTRY OF POWER

Ministry of Power ("MoP"), *vide* its notification dated January 10, 2024, has notified the Electricity (Amendment) Rules, 2024 ("Notification No. 1") in exercise of the powers conferred under Section 176 of the Electricity Act, 2003 ("Electricity Act") for amending the Electricity Rules, 2005 ("Electricity Rules") with respect to the dedicated transmission lines, open access charges, and tariff reflectivity aligns, with an aim of enhancing efficiency in the transmission as well as distribution of power.

Notification No. 1 has made the following changes to the Electricity Rules:

- (a) Rule 21 (*dedicated transmission lines*) has been inserted to the Electricity Rules, according to which generating companies, or a person setting up captive generating plants, energy storage systems, or consumers with specific loads of at least 25MW (*in case of interstate transmission system*) or 10 MW (*for intra-state transmission system*) are exempted from obtaining a license for establishing, operating or maintaining their dedicated transmission lines to connect to the grid, under the Electricity Act, provided such company/person/consumer complies with the regulations, technical standards, guidelines and procedures issues under the Electricity Act.
- (b) Rule 22 (*open access charges*) has been inserted to the Electricity Rules, according to which:
 - (i) a formula has been introduced for computing wheeling charges. As per the new formula, wheeling charges would be obtained by dividing the annual revenue requirement towards wheeling by the energy wheeled during the year; (ii) charges for using state transmission utility network by the consumer availing short-term access or temporary - General Network Access ("GNA") are capped at 110% of the charges levied on the consumers using the state transmission utility network on long-term basis or on GNA basis; and (iii) additional surcharge levied on any open access consumer shall not be more than the per unit fixed cost of power purchase of the distribution licensee concerned. Further, a linear reduction over 4 years have been provided. MoP, *vide* its notification dated January 17, 2024, has notified the Electricity (Second Amendment) Rules, 2024 ("**Notification No. 2**") and has inserted a proviso to the formula for computation of wheeling charges under Rule 22 of the Electricity Rules which states that the Central Regulatory Commission may determine wheeling charges at different voltage levels, separately, in accordance with the said formula.
- (c) Rule 23 (*tariff reflectivity and gap handling*) has been inserted to the Electricity Rules, according to which tariffs shall be cost-reflective and there shall be no gap between approved annual revenue requirement and estimated annual revenue from approved tariff except under natural calamity conditions. However, if any such gap is created, then in such case, the said gap is capped to 3% of the approved annual revenue requirement and such gap along with the carrying cost at the base rate of late payment surcharge (*as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022*) shall be liquidated in maximum of 7 number of equal yearly instalments, starting from the next financial year.

To read the Notification No. 1 [click here](#) & to read the Notification No. 2 [click here](#)



CENTRAL GOVERNMENT NOTIFIES APRIL 1, 2024 AS THE DATE FOR ENFORCEMENT OF BIOLOGICAL DIVERSITY (AMENDMENT) ACT, 2023

The Ministry of Law and Justice, *vide* its notification dated August 3, 2023, had published the Biological Diversity (Amendment) Act, 2023 ("**Biological Amendment**"), with an aim to ensure the conservation, sustainable utilisation and fair and equitable sharing of the benefits arising out of

utilisation of biological resources and to give effect to the Nagoya Protocol of which India is a party to.

The Biological Amendment highlights the following important changes:

(a) The National Biodiversity Authority (“NBA”) has been authorised by way of an amendment to provide clearance to, *inter alia*, organisations incorporated or registered in India which are controlled by a foreigner, in order to obtain biological resources for research and commercial utilisation; (b) a provision has been inserted to provide that anyone who wishes to use biological resources but does not need permission from NBA must first notify the relevant State Biodiversity Board (“SBB”) of such intention to use biological resources; (c) AYUSH practitioners have been added to the list of entities who are not required to provide prior intimation to the SBB for using biological resources for research and commercial purpose; (d) NBA, with the approval of the Central Government, has been authorised to make regulations to provide access to biological resources and traditional knowledge associated with the same, along with determining what would constitute to be a fair and equitable sharing of the benefits that arise from such biological resources and traditional knowledge; and (e) a stipulation has been added to direct the state governments to constitute Biodiversity Management Committees (BMC) in rural areas as well as urban areas for promoting preservation of habitats and for chronicling knowledge relating to biological diversity.

The Ministry of Environment, Forest and Climate Change, *vide* its notification dated January 19, 2024, and in exercise of the powers conferred to it under sub-section (2) of Section 1 of the Biological Amendment, has appointed April 1, 2024, as the effective date for the enforcement of the Biological Amendment.

To read the Biological Amendment [click here](#) & to read the notification [click here](#)



MINISTRY OF NEW AND RENEWABLE ENERGY NOTIFIED MODES FOR IMPLEMENTATION OF INCENTIVE SCHEME FOR GREEN HYDROGEN PRODUCTION

Ministry of New and Renewable Energy (“MNRE”), *vide* its notification dated January 16, 2024, has notified the 2 modes identified for the implementation of the ‘Incentive Scheme for Green Hydrogen Production’, i.e., Mode A for green ammonia production and supply and Mode B for green hydrogen production and supply.

- (a) **Mode 1:** Bidding on least incentive demanded over the 3-year period, through a competitive selection process.
- (b) **Mode 2:** Aggregation of demand and calling for bids for production and supply of Green Hydrogen and its derivatives at the lowest cost through a competitive selection process. Mode 2 can be of following types:

- (i) **Mode 2A:** The implementation agency/agencies shall aggregate demand and call for bids for production and supply of Green Ammonia at the lowest cost through a competitive selection process with the incentive being fixed.
- (ii) **Mode 2B:** The implementation agency/agencies shall aggregate demand and call for bids for production and supply of Green Hydrogen at the lowest cost for a single refinery or multiple refineries, as decided by the Implementing Agency, through a competitive selection process with the incentive being fixed.

The scheme under Mode 2A will be implemented by MNRE through Solar Energy Corporation of India Limited. Whereas, the scheme under Mode 2B will be implemented by the Oil & Gas companies and Centre for High Technology.

This regulation also provides for the qualifications required for obtaining incentives and guiding principles under both the modes.

To read notification on Mode 2A [click here](#) & to read notification on Mode 2B [click here](#)



MAHARASHTRA GOVERNMENT INCREASES MUSCLE POWER OF THE CITY CIVIL COURT

The State Government of Maharashtra ("**Maharashtra Government**"), *vide* its notification dated November 20, 2023 ("**Notification No. 1**"), had increased the pecuniary jurisdiction of the Bombay City Civil Court ("**City Civil Court**") to receive, try and dispose of all suits and other proceedings of a civil nature of value not exceeding INR 10 crores (*previously INR 1 crore*), except certain suits or proceedings e.g., Admiralty Suits, Testamentary Suits, Parsi Suits and Intellectual Property Rights Suits which are cognizable by the Bombay High Court or by the small cause court as stated in Section 3 of the Bombay City Civil Court Act, 1948 ("**Principal Act**") by way of the Bombay City Civil Court (Amendment) Act, 2023 ("**Amendment Act**"). In other words, in order to reduce the work load of the Bombay High Court, the Amendment Act has, *inter alia*, increased the pecuniary jurisdiction of the City Civil Court.

Maharashtra Government, *vide* its notification no. CCS-2923/Cr 1/D-19 published in Central Section (Division), Extra Ordinary (Gazette Type) in Part 4-B (Section) published on January 19, 2024 ("**Notification No. 2**"), has notified January 28, 2024, as the effective date of the Amendment Act ("**Effective Date**") and accordingly all suits and proceedings cognizable by the City Civil Court under Section 3 of the Principal Act and pending in the Bombay High Court on the Effective Date shall stand transferred to the City Civil Court.

To read the Notification No. 1 [click here](#) &

to read Notification No. 2 visit here <https://egazete.mahaonline.gov.in/Forms/GazetteSearch.aspx>



MAHARASHTRA STAMP DUTY AMNESTY SCHEME, 2023 – TIMELINES EXTENDED

The Revenue and Forests Department of Maharashtra, *vide* its notification no. Mudrank-2023/C.R.No.342/M-1(Policy) published in Central Section (Division), Extra Ordinary (Gazette Type) in Part 4-B (Section) published on February 2, 2024 (“**Amnesty Scheme Amendment Order**”), has amended the Maharashtra Stamp Duty Amnesty Scheme-2023 dated December 7, 2023 (“**Amnesty Scheme**”) covered in our [previous edition of Legalaxy](#). The Amnesty Scheme Amendment Order has amended and extended the period of implementation of the Amnesty Scheme. The new time for implementation of phase I is December 1, 2023 till February 29, 2024 (*earlier December 1, 2023 till January 31, 2024*) and phase II is March 1, 2024 to March 31, 2024 (*earlier February 1, 2024 till March 31, 2024*).

To read the order visit here <https://egazete.mahaonline.gov.in/Forms/GazetteSearch.aspx>



MINISTRY OF EDUCATION NOTIFIES THE ACCESSIBILITY CODE FOR EDUCATIONAL INSTITUTIONS

The Department of School Education and Literacy, Ministry of Education, *vide* its notification dated January 10, 2024, has notified the Accessibility Code for Educational Institutions (“**Code**”) in line with the National Educational Policy, 2020, and Goal-4 of SDG (Sustainable Development Goal), 2030, of providing inclusive and equitable education to all by the year 2030 in a phased manner in line with the National Educational Policy, 2020, implementation framework.

The said Code examines the physical barriers and information and communication barriers of access to school facilities for children with disabilities. It also focuses on identifying obstacles and barriers in the physical infrastructure (indoor and outdoor facilities) and in the communication and learning ecosystem of educational institutions and offers cost effective solutions for the same. Further, the Code provides in-detail cross disabilities and child friendly standards with cost effective solutions for existing buildings, as well as all-encompassing elements to make new buildings compliant with national accessibility standards.

These physical accessibility standards in the Code are referred from the National Building Code, 2016, Harmonized Guidelines and Space Standards for Persons with Disabilities, 2016, and Indian Roads Congress, Guidelines for Pedestrian Facilities, ‘IRC 103: 2012’.

To read the notification [click here](#)



Contributors:

Krishna Kishore Partner	Yatin Narang Associate Partner	Navya Shukla Associate	Saksham Kumar Associate	Neel Mehta Associate
Sakshi Solanki Associate	Regan D'Mello Associate	Pritika Shetty Associate	Ishita Jha Associate	

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We hope you like our publication. We look forward to your suggestions. Please feel free to contact us at mumbai@vaishlaw.com.

NEW DELHI

1st, 9th and 11th Floor, Mohan Dev Bldg., 13 Tolstoy Marg, New Delhi - 110001, India.

Phone: +91-11-42492525

Fax: +91-11-23320484

delhi@vaishlaw.com

MUMBAI

106, Peninsula Centre, Dr. S.S. Rao Road, Parel, Mumbai - 400012, India.

Phone: +91-22-42134101

Fax: +91-22-42134102

mumbai@vaishlaw.com

BENGALURU

105-106, Raheja Chambers, #12, Museum Road, Bengaluru - 560001, India.

Phone: +91-80-40903584

Fax: +91-80-40903584

bangalore@vaishlaw.com