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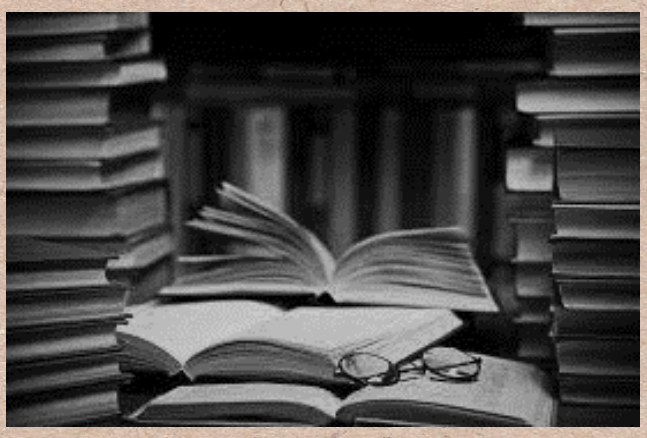
Nemo Debet Esse Judex in Propria Sua Causa: 'No man can be judge in his own case'



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INDEX

SEBI NOTIFIES THE SEBI (ALTERNATIVE INVESTMENT FUNDS) (SECOND AMENDMENT) REGULATIONS, 2024

Securities Exchange Board of India ("**SEBI**"), *vide* its notification dated April 25, 2024, has notified the SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2024 ("**AIF Amended Regulations**"), thereby amending the SEBI (Alternative Investment Funds) Regulations, 2012 ("**AIF Regulations**"), with an aim to provide: (a) ease of doing business and flexibility to Category I and II Alternative Investment Funds ("**AIFs**") to create encumbrance on their equity holdings in investee companies to facilitate raising of debt by such investee companies; and (b) additional flexibility to AIFs and their investors to deal with unliquidated investments of their schemes.

(a) Framework for Category I and II AIFs for creating encumbrance on equity holdings in investee companies:

Through the AIF Amended Regulations, provisos to Regulations 16(1)(c) and 17(c) of the AIF Regulations have been inserted. These provisos state that Category I and II AIFs may create encumbrances on the equity of their investee companies, which are engaged in the business of development, operation, or management of projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government. However, the creation of encumbrances is allowed only for the purpose of borrowing by such investee company and subject to such conditions as may be specified by SEBI from time to time.

In this regard, SEBI, *vide* its circular dated April 26, 2024 ("**AIF Encumbrance on Equity Holdings Circular**"), has laid down the following framework for creation of encumbrance on equity holdings in investee companies:

(i) Existing schemes of Category I or II AIFs who have not on-boarded any investors prior to April 25, 2024, are permitted to create such encumbrances as specified above, subject to explicit disclosure in this regard and disclosure of associated risks in their Private Placement Memorandum ("**PPM**").

(ii) Encumbrances created before April 25, 2024 may continue if such encumbrance were created after making an explicit disclosure in the PPM of the scheme. In the event, such encumbrances are created without making an explicit disclosure in the PPM, consent from all investors in the AIF scheme is required to be obtained by October 24, 2024 or else the encumbrances must be removed by January 24, 2025. Further, encumbrances created otherwise than as stated in this AIF Encumbrance on Equity Holdings Circular should be removed latest by October 24, 2024.

(iii) Borrowings against encumbered equity must be utilized only for the purpose of development, operation, or management of the investee company, and must not be utilised otherwise, including to invest in another company, and such terms must be incorporated in the investment agreement entered into between the AIFs and the investee company.

(iv) The duration of the encumbered equity investments should not exceed the residual tenure of the scheme of the Category I or II AIFs.

(v) Any Category I or II AIFs with more than 50% foreign investment or with foreign sponsor/ manager or with persons other than resident Indian citizens as external

members in its investment committee which is set up to approve its decisions must comply with Reserve Bank of India's ("**RBI**") Master Direction on 'Foreign Investments in India' dated January 4, 2018, as though the AIF is a person resident outside India.

(vi) In case of default by the borrower investee company, Category I or II AIFs shall ensure that the fund or its investors are not liable beyond the encumbered equity by the AIF of the investee company.

(vii) AIFs are barred from extending any form of guarantee for investee companies.

(viii) Category I or II AIFs are prohibited from creating encumbrance on their investments in foreign investee companies.

Managers of AIFs are to adopt and adhere to the implementation standards formulated by the Standard Setting Forum ("**SFA**"), and the trustee/ sponsor of AIFs, as the case may be, are required to ensure that the 'Compliance Test Report' prepared by the manager in terms of the Master Circular for AIFs dated July 31, 2023 ("**Master Circular for AIFs**"), includes compliance with the provisions of AIF Encumbrance on Equity Holdings Circular.

(b) Enhanced flexibility to AIFs and their investors in managing unliquidated investments:

Regulation 29(9) of the AIF Regulations provides that during the liquidation period of a scheme, AIFs may distribute investments of a scheme which are not sold due to lack of liquidity, in-specie to the investors or enter into the dissolution period, after obtaining approval of at least 75% percent of the investors by value of their investment in the AIF scheme, in the manner and subject to conditions specified by SEBI from time to time. In the absence of consent of unit holders for exercising the options set out above during the liquidation period, such investments of the AIF scheme are to be dealt with in the manner specified by SEBI from time to time.

SEBI, *vide* its circular dated April 26, 2024 ("**AIF Unliquidated Investments Circular**"), has now laid down the following conditions in this regard:

(i) Dissolution period: The AIF Amended Regulations introduces a dissolution period following the expiry of the liquidation period of the scheme, allowing AIFs to liquidate unliquidated investments. Prior to seeking the requisite investor consent, the AIF/manager must arrange a bid for a minimum of 25% of the value of its unliquidated investments. Details pertaining to the proposed tenure of the dissolution period, details of unliquidated investments, value recognition of the unliquidated investments for reporting to performance benchmarking agencies, etc., and an indicative range of bid value, along with the valuation of the unliquidated investments carried out by 2 independent valuers are required to be disclosed to investors prior to seeking their consent. Further, the AIF/manager must intimate SEBI about obtaining the investor consent and the investors' decision to enter into dissolution period, prior to the expiry of the liquidation period. If the AIF scheme fails to sell the unliquidated investments during the dissolution period, such investments shall be mandatorily distributed in-specie to the investors, and no further extension or liquidation period shall be available to these schemes after the expiry of dissolution period.

(ii) Mandatory in-specie distribution: During the liquidation period, if AIF fails to obtain requisite investor consent for entering into dissolution period or in-specie distribution, then the unliquidated investments shall be mandatorily distributed to investors in-specie, without the requirement of obtaining consent of 75% of the investors by value of their investment in the AIF scheme. The value of such investments distributed in-specie is recognized at INR 1 for capturing the track record of the manager and for reporting to performance benchmarking agencies.

(iii) One-time flexibility for expired liquidation period: Schemes of AIF whose liquidation period has expired or shall expire on or before July 24, 2024 *(i.e., within 3 months of notification of the AIF Amended Regulations*), shall be granted a fresh liquidation period till April 24, 2025. AIF schemes with pending investor complaints with respect to non-receipt of funds/securities, must resolve them before availing the fresh liquidation period. However, the fresh liquidation period shall be available only from the date of resolution of the complaint till April 24, 2025.

(iv) Responsibility for compliance: AIF managers, trustees, and key management personnel are responsible for compliance with the procedure prescribed under AIF Unliquidated Investments Circular. AIF managers must submit compliance reports on the SEBI Intermediary Portal (*www.siportal.sebi.gov.in*) in the format as specified therein. Further, the AIF trustee/ sponsor, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager in terms chapter 15 of the Master Circular for AIFs, includes compliance with the provisions of AIF Unliquidated Investments Circular.

(v) Discontinuation of the option of launching liquidation scheme: Any liquidation scheme launched by an AIF prior to April 25, 2024 (*i.e., the date of notification of AIF Amended Regulations*) shall continue to be governed by the circular of SEBI dated June 21, 2023 on 'Modalities for launching Liquidation Scheme and for distributing the investments of AIFs in-specie', till such schemes are wound up.

To read the notification click here, to read the AIF Encumbrance on Equity Holdings Circular click here & to read the AIF Unliquidated Investments Circular click here

SEBI NOTIFIES REGULATIONS FOR ADMINISTRATION AND SUPERVISION OF INVESTMENT ADVISORS AND RESEARCH ANALYSTS

SEBI, *vide* its notification dated April 26, 2024, has notified the Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2024 ("**IA Regulations 2024**") and the Securities and Exchange Board of India (Research Analysts) (Amendment) Regulations, 2024 ("**RA Regulations 2024**"), thereby further amending the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 ("**IA Regulations**") and Securities and Exchange Board of India (Research Analysts) Regulations, 2014 ("**RA Regulations**"), respectively.

IA Regulations and RA Regulations previously provided that SEBI may recognise body or body corporate for regulating investment advisers ("**IAs**") and research analysts ("**RAs**"), as applicable. SEBI may now recognize a body or body corporate for the purpose of administration and supervision of IAs or RAs to such extent and on such terms and conditions as may be specified by SEBI.

Further, the IAs and RAs who wish to make an application for registration must enlist themselves with such body or body corporate so recognised by SEBI. However, existing IAs/RAs shall be deemed to be enlisted with such body or body corporate from the date of recognition of such body or body corporate. Further the applicant whose application is received before the date of recognition of the body or body corporate and who is granted the certificate after the date of recognition of such body or body corporate shall also be deemed to be enlisted with such a body or body corporate. A clause has been added that SEBI may specify that no person shall act as an IA or RA unless such a person is enlisted with the recognized body or body corporate and in such an event, the provisions of the respective regulation and the specified provisions of the bye-laws or articles of such a body or body corporate shall apply to the IA or RA, as the case may be.

Additionally, Second Schedule to the RA Regulations has been substituted by the RA Regulations 2024, which contains the revised fees payable: (a) for application; (b) for registration; and (c) payable every 5 years from the date of grant of registration certificate.

Both the IA Regulations 2024 and the RA Regulations 2024 shall come into force on the 90th day from the date of their publication in the official gazette.

To read the IA Regulations 2024 click here & to read the RA Regulations 2024 click here

SEBI INTRODUCES A STANDARD REPORTING FORMAT FOR PRIVATE PLACEMENT MEMORANDUM AUDIT REPORT FOR AIFs

SEBI, *vide* its circular dated April 18, 2024, has addressed the standardization of PPMs audit reports for AIFs.

Regulation 28 of the SEBI (AIF) Regulations, 2012 and Clause 2.4 of Master Circular for AIFs, mandates AIFs to carry out an annual audit of compliance with the terms of the PPM. Further, Clause 2.4.2 of the Master Circular for AIFs requires AIFs to submit annual PPM audit reports to the trustee or board of directors or designated partners of the AIFs, board of directors or designated partners of the manager, and SEBI, within a period of 6 months from the end of the financial year.

With an aim to ensure uniform compliance standards and to facilitate compliance reporting for AIFs, SEBI has introduced a standard reporting format for PPM audit reports. This format is applicable to various categories of AIFs and has been prepared in consultation with the pilot SFA for AIFs.

The AIF associations are required to assist all the AIFs in understanding the reporting requirements and in clarifying or resolving any issues that may arise in connection with reporting to ensure accurate and timely reporting. Additionally, the AIFs should submit PPM audit reports to SEBI online on the SEBI Intermediary Portal (SI Portal) as per the aforesaid format. The reporting requirement

shall be applicable for PPM audit reports that are to be filed for the financial year ending March 31, 2024, onwards.

To read the circular click here

SEBI RELAXES INTIMATION RULES FOR CHANGES IN THE TERMS OF PRIVATE PLACEMENT MEMORANDUM OF AIFs THROUGH MERCHANT BANKERS

SEBI, *vide* its circular dated April 29, 2024, based on the feedback received from the market participants has relaxed the requirement of intimating changes in the terms of the PPM of AIFs through merchant bankers and SEBI has identified that certain changes in the terms of the PPM may be filed directly with SEBI rather than through a merchant banker, thereby facilitating ease of doing business and rationalising the cost of compliance for AIFs. Para 2.5.3 of the Master Circular for AIFs mandated the intimation with respect to any change in the terms of PPM to be submitted to SEBI through a merchant banker, along with a due diligence certificate from the merchant banker in the format specified by SEBI.

The said circular lists out in Annexure A thereto, the changes in the terms of the PPM that are to be filed directly with SEBI. Further, as per the circular, Large Value Fund for Accredited Investors ("**LVFs**") are exempted from the requirement of intimating any changes in the terms of PPM through a merchant banker. LVFs may directly file any changes in the terms of the PPM with SEBI, along with a duly signed and stamped undertaking by the chief executive officer of the manager of AIFs (*or the person holding equivalent role or position depending on the legal structure of the manager*) and compliance officer of the manager of AIFs (*in the format set out in Annexure B to the circular*).

To read the circular click here

FOREIGN DIRECT INVESTMENT IN SPACE SECTOR LIBERALIZED

The Union Cabinet, *vide* its press release dated February 21, 2024, had announced an amendment in the Foreign Direct Investment ("**FDI**") policy relating to the space sector, aligned with the vision and strategy of the Indian Space Policy – 2023. Subsequently, Ministry of Commerce and Industry, *vide* Press Note No. 1 (2024 series) dated March 4, 2024, had notified the amendment to the FDI policy. The said amendment was to take effect from the date of publication of the Foreign Exchange Management notification. The said notifications have been covered in the earlier edition of Legalaxy.

Ministry of Finance, *vide* its notification dated April 16, 2024, has notified the amendment in the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, wherein, serial number 12 (*Space Sector*) of Schedule I is amended in line with the Press Note No. 1 (2024 series).

Earlier, FDI was permitted in establishment and operation of satellites only through the government route. However, post-amendment,

(a) FDI in: (i) satellites-manufacturing and operation; (ii) satellite data products; and (iii) ground segment and user segment, has been permitted up to 74% under the automatic route and beyond 74% under the government route;

(b) FDI in: (i) launch vehicles and associated systems or sub-systems; and (ii) creation of spaceports for launching and receiving spacecraft, has been permitted up to 49% under the automatic route and beyond 49% under the government route; and

(c) FDI in the manufacturing of components and systems or sub-systems for satellites, ground segment and user segment, has been permitted up to 100% under the automatic route.

The investee entity shall be subject to sectoral guidelines as issued by the Department of Space from time to time.

To read the notification click here

RBI NOTIFIES GUIDELINES ON KEY FACTS STATEMENT FOR LOANS AND ADVANCES

RBI, *vide* its circular dated April 15, 2024 ("**KFS Circular**"), has notified the guidelines on Key Facts Statement ("**KFS**") for loans and advances, to enhance transparency and reduce information asymmetry on financial products being offered by different Regulated Entities ("**REs**"), thereby empowering borrowers to make an informed financial decision. The harmonised instructions will be applicable in cases of all retail and Micro Small and Medium Enterprises ("**MSME**") term loan products extended by all REs.

The KFS Circular provides for the following key points:

(a) requires all REs to provide a KFS, as per the standardised format annexed to the KFS Circular, to all prospective borrowers, to aid them in taking an informed view before executing any loan contract;

(b) the KFS is required to be written in a language understood by the prospective borrowers, with the content of the KFS being explained to the borrower and an acknowledgement being obtained regarding their understanding of the KFS;

(c) KFS is to be provided with a unique proposal number and shall have a validity period of at least 3 working days for loans having tenor of 7 days or more, and a validity period of 1 working day for loans having tenor of less than 7 days and consequently the provision at paragraph 8 of the 'Guidelines on Digital Lending' relating to mandatory minimum number of days for post-sanction cooling-off period, shall also stand partially modified to be a period so determined, not being less than 1 day;

(d) the KFS shall also include a computation sheet of Annual Percentage Rate ("**APR**") (*which would include the charges which are levied by the RE*), and the amortisation schedule of the loan over the loan tenor;

(e) all charges recovered from borrowers by the REs on behalf of third-party service providers, such as insurance charges, legal charges, etc., shall also form part of the APR and shall be disclosed separately;

(f) any fees, charges not mentioned in the KFS cannot be levied by the REs to the borrower at any stage during the term of the loan, without explicit consent from the borrower;

(g) KFS shall also be included as a summary box to be exhibited as part of the loan agreement;

(h) credit card receivables are exempted from the provisions contained under the KFS Circular; and

(i) all new retail and MSME term loans sanctioned on or after October 1, 2024, including fresh loans to existing customers, are required to comply with the provisions contained under the KFS Circular without any exception.

To read the KFS Circular click here

RBI PROVIDES THE MODE OF PAYMENT FOR PURCHASE/SUBSCRIPTION OF EQUITY SHARES OF AN INDIAN COMPANY LISTED ON AN INTERNATIONAL EXCHANGE

RBI, *vide* its notification dated April 19, 2024, has notified the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024 ("**MPR Amendment Regulations**"), to further amend the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 ("**Principal MPR Regulations**").

The MPR Amendment Regulations have amended the Principal MPR Regulations by inserting a new Schedule XI (*Purchase or subscription of equity shares of companies incorporated in India on international exchanges scheme by permissible holder*). The Schedule enumerates upon the mode of payment by providing that the amount of consideration for purchase/subscription of equity shares of an Indian company listed on an international exchange shall be paid, (a) through banking channels to a foreign currency account of the Indian company held in accordance with the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015, as amended from time to time; or (b) as inward remittance from abroad through banking channels to a bank account in India. On the other hand, towards remittance of sale proceeds, the Schedule iterates that sale proceeds (*net of taxes*) of the equity shares may be remitted outside India or may be credited to the bank account of the permissible holder maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

The MPR Amendment Regulations have also amended Regulation 4 of the Principal MPR Regulations to enhance the scope of Form LEC (FII). Form LEC (FII) is used by Authorised Dealer Category I banks ("**AD Bank**") to report a purchase/transfer of equity instruments by Foreign Portfolio Investments ("**FPIs**") on the stock exchanges in India to the RBI. By way of the amendment, the scope of this Form has been enhanced to, in addition of the above, obligate an investee Indian company, through an AD Bank, to report to the RBI, in Form LEC (FII) the purchase/subscription of equity shares (*where such purchase/subscription is classified as FPI under the rules*) by permissible holder, other than transfers between permissible holders on an international exchange.

To read the notification click here

FUNDS RAISED THROUGH INTERNATIONAL EXCHANGES, PENDING UTILISATION OR REPATRIATION TO INDIA, CAN BE PARKED IN FOREIGN CURRENCY ACCOUNTS

RBI, *vide* its notification dated April 19, 2024, has notified the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024 ("**FCA Amendment Regulations**"), to further amend the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 ("**Principal FCA Regulations**").

The FCA Amendment Regulations have amended Regulation 5(F)(1) of the Principal FCA Regulations, thereby allowing funds, which are pending their utilisation or repatriation to India, and which are raised through External Commercial Borrowings (ECB), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or through direct listing of equity shares of companies incorporated in India on international exchanges (*subject to compliance with the conditions in regard to raising the above*), to be held in foreign currency accounts with a bank outside India. Through this amendment, the scope of the Principal FCA Regulations has been increased to include funds raised through direct listing of equity shares of companies incorporated in India on international exchanges.

To read the notification click here

RBI NOTIFIES FAIR PRACTICE CODE FOR LENDERS

RBI, in 2003, had issued 'Guidelines on Fair Practices Code for Lenders' to various REs which *inter-alia*, advocates fairness and transparency in charging of interest by the lenders, while providing adequate freedom to REs as regards their loan pricing policy.

RBI, *vide* its notification dated April 29, 2024, has issued directions to various REs such as all Commercial Banks (*including Small Finance Banks, Local Area Banks and Regional Rural Banks*) excluding Payments Banks, Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Co-operative Banks and Non-Banking Financial Companies (*including Microfinance Institutions and Housing Finance Companies*) to review their practices regarding mode of disbursal of loans, application of interest and other charges, and take corrective action, including system level

changes, as may be necessary to refrain from non-standard practices of charging interest which are not in consonance with the spirit of fairness and transparency while dealing with customers.

This has been done in light of several unfair practices observed by RBI in the course of onsite examination of REs for the period ended March 31, 2023. The lenders have been directed to follow certain standards which are as under: (a) charging interest from the date of actual disbursement of the funds to the customer and not from the date of sanction of loan or date of execution of loan agreement; (b) in the case of loans being disbursed by cheque, interest should be charged from the date the cheque is handed over to the customer and not from the date of the cheque; (c) in the case of disbursal or repayment of loans during the course of the month, interest should be charged only for the period for which the loan was outstanding and not for the entire month; and (d) charging interest on the instalment(s) being collected in advance and not on the full loan amount.

REs are also being encouraged to use online account transfers in lieu of cheques being issued in a few cases for loan disbursal.

To read the notification click here

RBI NOTIFIES TRANSITION PLAN FOR SMALL FINANCE BANKS TO ASCEND TO UNIVERSAL BANKS

RBI, *vide* its notification dated April 26, 2024, has released instructions for Small Finance Banks ("**SFBs**") to voluntarily convert to Universal Banks, with immediate effect. According to the notification, SFBs seeking to transition into Universal Banks must meet the following eligibility criteria:

(a) scheduled status with a satisfactory track record of performance for a minimum period of 5 years;
(b) shares of the bank should have been listed on a recognised stock exchange;
(c) having a minimum net worth of INR 1,000 crores as at the end of the previous quarter (*audited*);
(d) meeting the prescribed Capital to Risk-Weighted Assets Ratio (CRAR) requirements for SFBs;
(e) having a net profit in the last 2 financial years; and
(f) having gross non-performing assets and net non-performing assets of less than or equal to 3 % and 1% respectively in the last 2 financial years.

Additionally, RBI has outlined the conditions regarding shareholding patterns during such transition:

(a) There is no mandatory requirement for an eligible SFB to have an identified promoter. However, the existing promoters of the eligible SFB, if any, shall continue as the promoters on transition to Universal Bank;
(b) Addition of new promoters or change in promoters shall not be permitted for an eligible SFB while transitioning to Universal Bank;

(c) There shall be no new mandatory lock-in requirement of minimum shareholding for existing promoters in the transitioned Universal Bank;
(d) There shall be no change to the promoter shareholding dilution plan already approved by RBI; and
(e) The eligible SFBs having diversified loan portfolio will be preferred.

Furthermore, the eligible SFB shall also be required to furnish a detailed rationale for such transition. The application for transition from SFB to Universal Bank shall be assessed in accordance with the Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector dated August 1, 2016 (*as applicable*), and RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 and on transition the said bank would be subjected to all the norms including Non-Operative Financial Holding Company (NOFHC) structure (*as applicable*) as per the said guidelines. The eligible SFB may submit its application for transition to Universal Bank in Form III in terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, along with other requisite documents, to the Department of Regulation, Reserve Bank of India, Central Office, Mumbai.

To read the notification click here

FSSAI ISSUES ADVISORY FOR CATEGORIZATION OF 'HEALTH DRINKS / ENERGY DRINKS'

Food Safety and Standards Authority of India ("**FSSAI**"), *vide* its advisory dated March 28, 2024, has issued an advisory regarding categorization of 'health drinks / energy drinks' on e-commerce websites. All e-commerce food business operators are advised to remove/de-link such drinks/beverages falling under the purview of Food Safety and Standards Act, 2006 ("**FSS Act**") from the category of 'Health Drinks / Energy Drinks' on their website and place them in the appropriate category as provided under the FSS Act. This is to enhance clarity and transparency regarding the nature and functional properties of a product, allowing consumers to make informed choices without any misleading information.

This advisory has been issued since certain food products licensed under 'Proprietary Food' with the nearest category - Dairy Based Beverage Mix or Cereal Based Beverage Mix or Malt Based Beverage were being sold in the e-commerce website under the category 'Health Drink', 'Energy Drink', etc. "Energy" drinks is permitted to be used on the products licensed under FCS 14.1.4.1 & 14.1.4.2 (*carbonated & non-carbonated water based flavoured drinks*), standardized under sub-regulation 2.10.6 (2) (*caffeinated Beverage*) of the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011. Further, 'Health Drink' is not defined/standardized under the FSS Act or rules/regulations made thereunder.

To read the advisory click here

CENTRAL GOVERNMENT EXPANDS THE LIST OF DESIGNATED TRADES UNDER THE APPRENTICESHIP RULES, 1992

Ministry of Skill Development and Entrepreneurship, *vide* its notification dated April 19, 2024, has notified the Apprenticeship (Amendment) Rules, 2024, thereby expanding the list of designated trades along with corresponding apprenticeship training durations, minimum qualifications and rebates under Schedule I of the Apprenticeship Rules, 1992.

One of the key objectives of apprenticeship is to provide industry-related training to Industrial Training Institute (ITI) graduate. By way of this amendment, apprentices shall be given rebate as per the approved trade applicable to them, for instance, earlier all fitters in Group No. 1 had a rebate of 1 year which is now divided into 7 different categories. Now, apprentices falling under following categories: (a) fitter (*integrated steel plant*) under Flexi Memorandum of Understanding Scheme; (b) broad based basic training in production and manufacturing sector under Centre of Excellence Scheme and Advanced Module of Centre of Excellence Scheme in Advanced Welding; (c) broad based basic training in fabrication (*fitting and welding*) sector under Centre of Excellence Scheme and Advanced Module of Centre of Excellence Scheme in Structural Welding; (d) automotive body repairing technician under Flexi Memorandum of Understanding Scheme; (e) tool and die maker (*dies and moulds*); and (f) tool and die maker (*press tools, jigs and fixtures*), have a rebate of 6 months as opposed to 1 year, i.e., such apprentice has to undergo 1 year and 6 months of apprenticeship training.

The certain designated trades of the following groups in Schedule I have been amended: Group No. 1 (*Machine Shop Trades Group*), Group No. 3 (*Metal Working Trades Group*), Group No. 4 (*Electrical Trades Group*), Group No. 5 (*Building and Furniture Trades Group*), Group No. 7 (*Precision Machining Trades Group*), Group No. 9 (*Refrigeration and Air-Conditioning Trades Group*), Group No. 10 (*Heat Engines Trades Group*), Group No. 12 (*Construction Trades Group*), Group No. 19 (*Cutting and Tailoring Trades Group*), Group No. 23 (*Electronics Trades Group*), Group No. 25 (*Iron and Steel Trades Group*), Group No. 26 (*Beautician Trades Group*), Group No. 29 (*Computer Trades Group*), Group No. 30 (*Hi-Tech Trades Group*), Group No. 31 (*Multi Skill Trades Group*), Group No. 32 (*Informal Sector Trades Group*), and Group No. 35 (*Centre Of Excellence Trades Group*).

To read the notification click here

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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.

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