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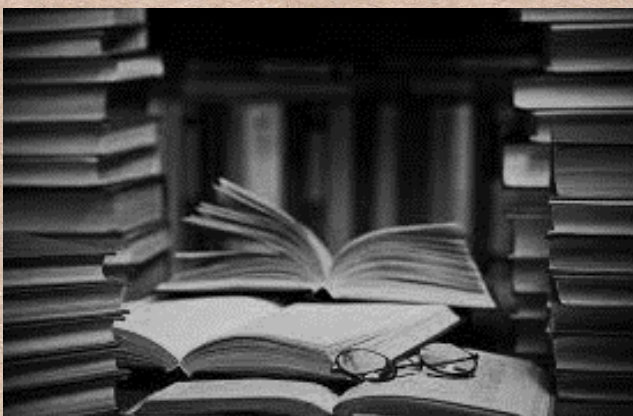


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## SEBI UPDATES

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### SEBI INTRODUCES FAST-TRACK MECHANISM FOR PROCESSING OF PPMs OF AIFs

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Securities and Exchange Board of India ("SEBI"), *vide* its circular dated April 30, 2026, has introduced a fast-track mechanism for the processing of private placement memorandums ("PPMs") filed by alternative investment funds ("AIFs") with SEBI, as an ease of doing business measure. The fast-track mechanism is applicable to angel funds and AIF schemes other than large value funds for accredited investors ("LVFs") (hereinafter collectively referred to as "Non-LVF Schemes"), including PPMs of Non-LVF Schemes pending with SEBI.

The key highlights of the circular are as follows:

- (a) Launch of scheme/ circulation of PPM: Under the fast-track mechanism, AIFs may proceed with launch of Non-LVF Schemes and circulate the PPM to investors for soliciting funds after 30 days of filing the application with SEBI, unless otherwise advised by SEBI. In case of first scheme of an AIF, the launch may proceed from the date of grant of SEBI registration or after 30 days of filing the application with SEBI, whichever is later. Any comments provided by SEBI during the period of 30 days shall be complied by the merchant banker ("MB") and/or the AIF prior to launch of scheme or circulation of PPM.
- (b) Timeline for first close: The first close of the scheme shall be declared not later than 12 months from the date on which the AIF becomes eligible to launch its scheme.
- (c) Responsibility: The MB and the investment manager ("IM") of the AIF are jointly responsible for ensuring the accuracy and completeness of all disclosures made in the PPMs and declarations submitted by Non-LVF Schemes.
- (d) Filing requirements: The PPM of the Non-LVF Scheme shall be filed on SEBI intermediary portal along with the following documents, in addition to payment of the applicable scheme fee:
  - (i) duly signed MB due diligence certificate;
  - (ii) duly signed fit and proper declarations with respect to the AIF, sponsor, IM of the AIF as specified in Schedule II of the SEBI (Intermediaries) Regulations, 2008;
  - (iii) sponsor/IM declarations with respect to minimum continuing interest commitment in AIF/scheme; and
  - (iv) copies of PANs of AIF, its scheme (*if available*), sponsor, IM, trustee, directors/ partners of sponsor, IM & trustee, key investment team members.
- (e) Mandatory disclaimer in PPMs: Every Non-LVF Scheme PPM shall include a disclaimer confirming that:
  - (i) the MB has independently exercised due diligence regarding the information in the PPM;

- (ii) filing of the PPM with SEBI shall not be construed as its approval by SEBI. SEBI does not assume any responsibility for the accuracy of disclosures or the capability of the IM; and
- (iii) the IM and MB are responsible for ensuring that the PPM is true, accurate and compliant with the SEBI (AIF) Regulations, 2012 and other applicable laws.

To read the circular [click here](#)



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## SEBI MODIFIES NORMS FOR NOMINATION IN DEMAT ACCOUNTS AND MUTUAL FUND FOLIOS

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SEBI, *vide* its circular dated May 29, 2026, has modified the nomination framework for demat accounts and mutual fund folios to enhance the ease of investor on-boarding and ease the nomination process to prevent generation of unclaimed assets.

Investors have been mandated to provide nomination for all single accounts/ folios opened on or after the date of implementation of the circular, unless declaration form for 'opt-out' is submitted in the prescribed format. For jointly held demat account/ folios, nomination has been made optional. Investors can provide up to 3 nominees, with an option to submit the nomination either online or offline. For online nomination, validation shall be through digital signatures, Aadhar-based e-sign, or two factor authentication, and offline nomination can be completed with a wet signature or thumb expression.

While the name of the nominee, nature of relationship of the nominee with the investor, and date of birth in case of minor nominee are mandatory details required to be captured in the nomination form, providing contact details like mobile number, e-mail address of nominee and percentage share of each nominee is optional.

Investors may opt-out, change or cancel nominations any number of times, with regulated entities providing an acknowledgement for each and every instance of nomination/ subsequent change by the investor.

Regulated entities are required to display nomination status in periodic account/ holding statements, either by mentioning the nominee(s) or indicating whether nomination has been provided. Further, for accounts/ folios without nomination (*including those where investors have opted out*), regulated entities shall: (a) send bi-annual e-mail and SMS communications encouraging investors to provide nominations; and (b) display pop-up messages on the benefits of nomination on the investor's first login of the day.

The circular shall come into effect from September 1, 2026, and supersedes all the earlier circulars issued by SEBI with respect to nomination for demat accounts and mutual fund folio.

To read the circular [click here](#)



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## RBI & IFSC UPDATES

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### RBI REVISES FRAMEWORK FOR OUTWARD REMITTANCE SERVICES FACILITATED THROUGH THIRD-PARTY PLATFORMS

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Reserve Bank of India ("RBI"), *vide* its circular dated May 13, 2026, has revised the operating framework applicable to outward remittance services facilitated by non-bank entities through Authorised Dealer Category-I banks ("AD Banks"), thereby amending the Master Direction - Miscellaneous dated January 1, 2016.

The key highlights of the circular are as follows:

- (a) The circular dispenses with the requirement of obtaining prior approval from RBI for tie-up arrangements between AD Banks and non-bank entities facilitating outward remittance services for non-trade current account transactions through online modes such as websites, online platforms, software applications, mobile applications or other interfaces.
- (b) AD Banks shall remain solely responsible for ensuring compliance of transactions with the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and applicable Know Your Customer (KYC) guidelines.
- (c) Customers remitting funds online or through any other interface of the third party must be provided with details including: (i) the name and authorization status of the AD Bank; (ii) the foreign exchange rate quoted by the AD Bank along with timestamp and transaction validity; (iii) break-up of exchange rate, including interbank rate, mark-up, service charges and other charges; (iv) the exact foreign exchange amount receivable by the beneficiary and the expected timeline for credit; and (v) grievance redressal contact details and timelines for dispute resolution.
- (d) AD Banks shall publicly disclose on their websites the details of all third-party entities with whom they have arrangements for online remittance services, including their respective roles and grievance redressal contact details. AD Banks are also required to disclose their customer data storage policies.
- (e) AD Banks and third-party entities shall enter into an agreement specifying the provisions relating to: (i) rights and obligations of parties; (ii) data handling, confidentiality and privacy; (iii) dispute resolution mechanisms; (iv) audit and information-sharing rights; (v) scope of engagement and permitted activated; (vi) compliance with applicable laws; (vi) risk mitigation frameworks; (vii) refund policies, and (viii) internal controls for FEMA compliance.
- (f) AD Banks shall establish internal policies focusing on customer protection, transparency, cybersecurity compliance and data privacy safeguards, including compliance with the Digital Personal Data Protection Act, 2023 and applicable RBI cybersecurity standards. Further, third party shall have a publicly accessible comprehensive privacy policy compliant with applicable laws.

- (g) AD Banks shall ensure that customer funds remain protected from insolvency risks and the remitter funds do not flow into the accounts of the third-party entities in India. Further, remittances are permitted only where funds originate from the remitter's bank account and are credited directly to the beneficiary's bank account.
- (h) In case the third-party entity facilitating the remittance is a person resident outside India, such entity must be appropriately licensed by the relevant foreign regulator. AD Banks are also required to undertake enhanced due diligence in relation to jurisdictions identified under Financial Action Task Force ("FATF") statements circulated by RBI from time to time.
- (i) The circular also extends certain transparency, customer protection and grievance redressal requirements to arrangements involving doorstep delivery of forex cards or foreign currency notes facilitated through third-party online platforms.

To read the circular [click here](#)



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## IFSCA INTRODUCES TRUST AND COMPANY SERVICES PROVIDER FRAMEWORK UNDER TECHFIN AND ANCILLARY SERVICES REGULATIONS, 2025

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International Financial Services Centres Authority ("IFSCA"), *vide* its notification dated May 5, 2026, has amended the IFSCA (TechFin and Ancillary Services) Regulations, 2025 ("TechFin Regulations") by notifying the IFSCA (TechFin and Ancillary Services) (Amendment) Regulations, 2026 ("TechFin Amendment Regulations"). The TechFin Amendment Regulations establish a regulatory framework for trust and company services providers ("TCSPs") in International Financial Services Centres ("IFSCs") and specifies the permissible services that TCSPs may undertake for leasing activities permitted by IFSCA.

The key highlights of the TechFin Amendment Regulations are as follows:

- (a) **Definition:** TCSP is defined as an entity registered as a techfin and ancillary services provider under the TechFin Regulations to undertake TCSP services for leasing activities permitted by IFSCA.
- (b) **Permissible services (Fifth Schedule):** TCSP may undertake the following services for leasing activities: (i) acting as agent for setting up trusts, companies, limited liability partnerships or any other body corporate; (ii) acting as, or arranging for another person to act as, a trustee, a director, company secretary, or nominee shareholder, a partner or designated partner, or an equivalent person in case of any other body corporate; (iii) providing a registered office, business address, or correspondence and administrative address, and (iv) any other services permitted by IFSCA.
- (c) **Registration:** An entity desirous of undertaking TCSP services shall obtain a certificate of registration from IFSCA prior to commencing operations in IFSC. The application shall be made in accordance with the TechFin Regulations, and the applicant must submit a

declaration confirming that it shall maintain an arm's length relationship between its TCSP activities and any other services it undertakes. An existing techfin and ancillary services provider that intends to offer TCSP services is required to seek separate approval from IFSCA.

- (d) Legal form and eligibility: The applicant shall be incorporated in IFSC as a company, limited liability partnership, or any other form permitted by IFSCA. All promoters or partners of the applicant entity must be from jurisdictions not identified by FATF as 'high-risk jurisdictions subject to call for action'.
- (e) Fit and proper requirements: The TCSP and its principal officer, compliance officer, directors, partners, designated partners and controlling shareholders must satisfy the 'fit and proper person' criteria under Regulation 7 of the TechFin Regulations at all times.
- (f) Governance and control: Every TCSP shall constitute a governing body responsible for formulating a governance framework commensurate with the scale, nature, complexity and risk profile of its activities. It must establish an internal audit or independent review mechanism to assess, *inter alia*, the adequacy of its governance and control framework, the effectiveness of its anti-money laundering/ countering of terrorist financing/ KYC systems and procedures, the accuracy and completeness of client and entity records and adherence to regulatory approvals and service scope.
- (g) Record-keeping:
- (i) The TCSP shall maintain accurate and up-to-date records (*physical or electronic*) for (I) each legal person or arrangement administered, (II) details of directors, trustees, protectors, partners and nominee shareholders, (III) trust deeds, constitutional documents, shareholders' agreements and similar instruments, and (IV) services provided, service agreements and duration of engagement.
  - (ii) Such records must be readily accessible for inspection by IFSCA or any government authority, must be retained for at least 5 years after client relationship ends (*or longer as required by law*) and protected with appropriate data security and confidentiality safeguards.
  - (iii) The TCSP shall implement internal policies, procedures and controls for effective segregation of duties and operate TCSP services as a distinct and adequately resourced line of business.
- (h) Appointment of principal officer and compliance officer: Every TCSP shall appoint a principal officer and a compliance officer who are based in IFSC, are full-time employees of the TCSP and hold a professional or post-graduate qualification in finance, law, commerce or a related field. The principal officer must have at least 5 years of post-qualification experience in financial services activities. A compliance officer appointed under any other applicable law may be re-designated as the compliance officer for TCSP business, provided the minimum requirements are met.
- (i) Eligible service recipients: TCSPs may provide services to non-resident service recipients from jurisdictions not identified by FATF as 'high-risk jurisdictions subject to call for action'. However, special purpose vehicles (SPV) incorporated in the IFSC may receive TCSP services

even if such services are undertaken at the request of, or for the benefit of, an Indian resident, provided the SPV remains the primary service recipient.

- (j) Reporting requirements: TCSPs shall furnish information relating to their operations to IFSCA in such manner, interval, and form as may be specified. All financial reporting shall be denominated in US Dollars, unless directed otherwise.
- (k) Professional indemnity insurance: Every TCSP shall maintain professional indemnity insurance cover commensurate with the scale and risk profile of its business, to protect against claims arising from negligence, errors, omissions, or breach of duty.
- (l) Conflict of interest framework: Every TCSP shall identify and disclose conflicts of interest arising in the course of its business, and maintain a documented conflict management policy.

To read the TechFin Amendment Regulations [click here](#)



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## IFSCA CLARIFIES SCOPE OF IMPLEMENTATION SERVICES BY INVESTMENT ADVISERS IN IFSC

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IFSCA, *vide* its circular dated May 12, 2026, has clarified the scope of implementation services provided by investment advisors ("IAs") under the IFSCA (Capital Market Intermediaries) Regulations, 2015 ("CMI Regulations"). CMI Regulations permit an IA registered with IFSCA to provide implementation services to its advisory clients in securities market, subject to adequate disclosure of any potential conflict of interest, and the fees charged for such implementation services, to its clients.

It has been clarified that 'implementation services' shall mean services provided for the purpose of executing or giving effect to the investment advice rendered by the IA.

Further, an IA providing implementation services shall do so through the following means/channels, depending on the nature of the financial product involved:

- (a) Financial products listed on stock exchanges in foreign jurisdictions, through a global access provider or an introducing broker in the IFSC;
- (b) Financial products listed on a recognised stock exchange in the IFSC, through a member of such recognised stock exchange; and
- (c) Unlisted financial products, by entering into formal arrangements with platforms and/or asset management companies regulated by a financial sector regulator in a foreign jurisdiction.

To read the circular [click here](#)



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## IFSCA ADVISES FINANCIAL INSTITUTIONS TO AWAIT FURTHER INSTRUCTIONS ON FLA FAQs

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IFSCA, *vide* its circular dated May 1, 2026, advised all financial institutions (“**FIs**”) operating in the IFSC that question numbers 43 to 45 of the frequently asked questions on the annual return on foreign liabilities and assets (“**FLA Return**”) issued under FEMA (“**FLA FAQs**”), by RBI and updated as on March 25, 2026, are presently under discussion with RBI.

Questions 43 to 45 of the FLA FAQs address the applicability of the FLA Return filing requirement to entities operating from IFSC at Gujarat International Finance Tec-City (“**GIFT City**”). The questions are as follows:

- (a) Question 43 clarifies that an IFSCA-registered entity operating from GIFT City that has received foreign investment or holds overseas investment is required to file the FLA Return.
- (b) Question 44 clarifies that a foreign entity establishing a subsidiary in IFSC would be treated as having made a foreign direct investment (“**FDI**”) and the subsidiary would be required to file FLA Return.
- (c) Question 45 states that where an Indian entity (Entity A) invests in another entity (Entity B) incorporated under the Companies Act, 2013 (“**Companies Act**”) but located in IFSC at GIFT City, such investment is to be treated as FDI for Entity B and as overseas direct investment for Entity A, with both entities being required to file the FLA Return accordingly.

In view of the above, FIs have been directed to refrain from taking any action on questions 43 to 45 of the FLA FAQs, and to await further instructions from IFSCA in this regard.

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



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## CORPORATE UPDATES

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### MCA ENABLES CSR FUNDING THROUGH SOCIAL STOCK EXCHANGE INSTRUMENTS

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Ministry of Corporate Affairs ("MCA"), *vide* its 2 notifications dated May 27, 2026, has introduced a significant reform to the Corporate Social Responsibility ("CSR") framework by allowing companies to channel a portion of their CSR expenditure through subscriptions to Zero Coupon Zero Principal ("ZCZP") instruments listed on the Social Stock Exchange ("SSE"). This reform has been implemented through 2 parallel changes. First, the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026 ("**Amended CSR Rules**") introduce a mechanism for CSR implementation through ZCZP instruments. Second, Schedule VII of the Companies Act has been amended to expressly recognize subscriptions to such instruments as an eligible CSR activity. ZCZP is an instrument declared as a security, issued by eligible Not-for-Profit Organisations ("NPOs") registered on the SSE.

#### Overview of the key changes:

- (a) Schedule VII of the Companies Act has been amended to expressly permit companies to use CSR funds for subscription to ZCZP instruments listed on the SSE.
- (b) The Amended CSR Rules lays down the framework for implementation of CSR activities through ZCZP instruments. The key conditions include:
  - (i) Subscription to ZCZP instruments shall not exceed 10% of its total CSR expenditure for the relevant financial year.
  - (ii) Exemption from undertaking impact assessment in respect of projects funded through such instruments.
  - (iii) The issuing NPO must utilize the funds for projects within 3 succeeding financial years from the date of issuance.
  - (iv) Upon termination of listing of the instrument, any unspent amount must be transferred to a fund specified under Schedule VII and the NPO is required to submit a compliance report to SEBI.

Additionally, except sub-rules (5) and (6), all the existing provisions relating to CSR implementation through eligible entities under Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 will continue to apply to projects funded through ZCZP instruments.

By permitting companies to deploy a portion of their CSR funds through ZCZP instruments, the amendment creates a new channel for supporting social impact initiatives while simultaneously enabling eligible NPOs to access a wider and more sustainable source of funding.

To read notification 1 [click here](#) & to read notification 2 [click here](#)



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## LABOUR UPDATES

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### INTEREST RATE PRESCRIBED FOR DELAYED CONTRIBUTIONS UNDER SS CODE

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Ministry of Labour and Employment ("MoLE"), *vide* its notification dated May 8, 2026, has prescribed the rate of interest applicable on delayed payment of contributions and other amounts payable under the Code on Social Security, 2020 ("SS Code").

Pursuant to this notification, the Central Government has clarified that any employer who fails to remit contributions or other dues under the SS Code within the prescribed time shall be liable to pay simple interest at the rate of 12% per annum, calculated from the date on which such amount became due until the date of actual payment.

To read the notification [click here](#)



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### CEILING ON CONTINUOUS WORKING HOURS NOTIFIED UNDER OSH CODE

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MoLE, *vide* its notification dated May 13, 2026, has prescribed limits on continuous working hours under Section 25(1)(b) of the Occupational Safety, Health and Working Conditions Code, 2020 ("OSH Code"). The notification stipulates that no worker shall be required or allowed to work continuously for more than 5 hours without an interval for rest.

Accordingly, employers governed by the OSH Code are under a statutory obligation to ensure that workers are provided an interval of rest of at least 30 minutes after a maximum of 5 hours of continuous work.

To read the notification [click here](#)



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### WAGE CEILING CLARIFICATION – ESI COVERAGE CONTINUES UNTIL END OF CONTRIBUTION CYCLE

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MoLE, *vide* its notification dated May 8, 2026, has clarified that employees who are covered under the Employees' State Insurance ("ESI") scheme and subsequently receive wages exceeding the prescribed wage ceiling during a contribution period (1 April – 30 September or 1 October – 31 March, as the case may be) shall continue to be treated as employees under the scheme until the end of that contribution period.

Accordingly, employers must continue to remit ESI contributions in respect of such employees, and the employees shall remain entitled to ESI benefits for the remainder of the contribution period, notwithstanding the wage increase beyond the statutory threshold.

To read the notification [click here](#)



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## WORKER RE-SKILLING FUND CONSTITUTED UNDER IR CODE

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MoLE, *vide* its notification dated May 8, 2026, has constituted a fund to be called as the Worker Re-skilling Fund under the Industrial Relations Code, 2020 ("IR Code").

The Worker Re-skilling Fund is intended to support the re-skilling of workers who are retrenched, enabling them to enhance their employability and facilitate their transition to alternative employment. The notification gives effect to the statutory framework under the IR Code by formally establishing the fund.

To read the notification [click here](#)



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## ESI HOSPITALS NOW OPEN TO NON-ESI BENEFICIARIES

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MoLE, *vide* its notification dated May 8, 2026, has notified the Other Beneficiaries and Members of Their Families Medical Facilities Scheme, 2026 under the SS Code.

The scheme extends medical treatment and attendance facilities at under-utilised ESI hospitals to beneficiaries and their family members registered under Central Government schemes other than the ESI scheme. The notification clarifies that the user charges collected from such beneficiaries shall form part of the ESI fund. Concerned hospitals are mandated to maintain separate electronic registers and records of the beneficiaries availing medical treatment and the user charges collected from them.

The scheme seeks to facilitate optimal utilisation of available healthcare infrastructure under the ESI framework, while broadening access to medical facilities for non-ESI beneficiaries.

To read the notification [click here](#)



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## HARYANA LABOUR WELFARE BOARD REVISES LWF CONTRIBUTION CEILING

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Haryana Labour Welfare Board, *vide* its notification dated May 8, 2026, has revised the maximum monthly contribution ceiling under the Labour Welfare Fund ("LWF"), effective retrospectively from January 1, 2026.

Following the revision, the employees shall continue to contribute to the LWF 0.2% of monthly salary, wages, or remuneration, subject to a revised maximum ceiling of INR 35/- per month (*previously INR 34/-*). Employers continue to remain liable to contribute twice the amount contributed by the employee.

Further, the notification provides that the contribution ceiling shall be indexed to the consumer price index effective from January 1 of each year.

To read the notification [click here](#)



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## HARYANA GOVERNMENT EXEMPTS OSH CODE-REGISTERED ESTABLISHMENTS FROM DUPLICATE REGISTRATION REQUIREMENTS UNDER THE SHOPS AND COMMERCIAL ESTABLISHMENTS ACT

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Haryana Government, *vide* its notification dated May 4, 2026, has granted an exemption to establishments registered under Section 3 of the OSH Code to obtain separate registration or furnish intimation of business commencement under Sections 13 and 13A of the Haryana Shops and Commercial Establishments Act, 1958.

The exemption will apply to establishments situated in Haryana that secure registration under the OSH Code following the finalisation of the Haryana Rules framed thereunder. The measure is intended to streamline compliance by eliminating duplicative registration requirements.

However, the notification expressly clarifies that exempted establishments must continue to comply with all other applicable provisions of the Haryana Shops and Commercial Establishments Act, 1958, insofar as such provisions are not inconsistent with the OSH Code.

To read the notification [click here](#)



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## OTHER UPDATES

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### DPIIT ISSUES REVISED SOP FOR PROCESSING FDI PROPOSALS

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Department for Promotion of Industry and Internal Trade ("DPIIT"), Ministry of Commerce & Industry, *vide* its notification dated May 4, 2026, has issued a revised Standard Operating Procedure ("Revised SOP") for the processing of FDI proposals.

The Revised SOP updates the framework governing FDI applications requiring prior Government approval under the Consolidated FDI Policy dated October 15, 2020 ("FDI Policy"), and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time.

The key features of the Revised SOP are set out below:

- (a) Online and Paperless Filing: All FDI proposals requiring Government approval must be filed online through the Foreign Investment Facilitation/ National Single Window System portal. A significant feature of the Revised SOP is that the filing process has been made completely paperless, and applicants are required to digitally upload the FDI application along with relevant documents (*more specifically detailed in Annexure-I of the Revised SOP*) with disclosures relating to ownership structure, beneficial ownership, downstream investments, sanctions, etc.
- (b) Procedure for Processing of Applications: Upon receipt of the proposal, DPIIT shall identify the concerned administrative ministry or department ("**Competent Authority**") and assign the proposal to it within the timelines prescribed under Annexure-V of the Revised SOP, and simultaneously circulate each proposal online to (i) RBI for comments under FEMA and the rules and regulations framed thereunder; (ii) Ministry of Home Affairs ("**MHA**"), for proposals requiring security clearance; and (iii) Ministry of External Affairs, which shall provide comments/ clearance for investments from countries sharing a land border with India. Further, for proposals involving total foreign equity inflow above the limit prescribed under Para 4.1.5 of Chapter 4 of the FDI Policy, the Competent Authority shall place the matter before the Cabinet Committee on Economic Affairs within the prescribed timeline, and its decision shall thereafter be conveyed to the applicant.
- (c) Proposals requiring clearance from MHA: The following categories of proposals shall mandatorily require security clearance from MHA, as per the extant FDI Policy: (i) investments in broadcasting, telecommunications, space, private security agencies, defence, civil aviation, mining and mineral separation of titanium-bearing minerals and ores, its value addition and integrated activities; and (ii) applications falling under the purview of Press Note 2 of 2026 dated March 15, 2026 ("**Press Note 2**"), and the Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2026 dated May 1, 2026.
- (d) Processing Timelines: The Revised SOP prescribes that FDI proposals must be processed by the Competent Authority within a cumulative period of 12 weeks. An extra 2 weeks are allocated to DPIIT for proposals that are either recommended for rejection or where

additional conditions are proposed. The prescribed timelines do not include delays attributable to applicants, such as time taken to rectify deficiencies or provide additional information requested by the Competent Authority.

- (e) Closure, Rejection and Withdrawal: The Competent Authority must review applications within 1 week of filing. Incomplete applications may be closed after prescribed reminders, without prejudice to the applicant's right to re-apply. Prior concurrence of DPIIT is mandatory before rejecting a proposal or imposing any additional conditions, except for conditions relating to compounding under FEMA or compliance with applicable laws or court orders. Applicants have also been allowed to withdraw pending proposals.
- (f) Guidelines for Investments from Countries Sharing Land Border with India: The Revised SOP integrates the guidelines introduced through Press Note 2 relating to investments originating from land border countries ("LBCs"). Under Paragraph 3.1.1(d) of the FDI Policy, any investment involving direct or indirect ownership by entities linked to LBCs must be reported, even in cases where prior government approval is not otherwise mandated. In addition, the SOP establishes reporting requirements tied to beneficial ownership thresholds, as defined under Section 2(fa) of the Prevention of Money Laundering Act, 2002 and Rule 9(3) of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Such disclosures are required to be made before the inward remittance of funds or the execution of the relevant transaction, in cases which do not involve foreign capital inward remittances. An expedited 60 days approval mechanism for certain LBC-linked investments in strategic sectors, including electronics manufacturing, advanced battery components, semiconductors, rare earth processing and heavy electrical equipment has been introduced, however this fast-track process is subject to specific conditions, notably that aggregate LBC shareholding must not exceed 49% of the capital or voting rights of the Indian investee entity, and that majority ownership and control must remain with resident Indian citizens and/or Indian entities owned and controlled by resident Indian citizens.
- (g) Compounding of Contraventions: The Revised SOP additionally states that contraventions of FDI regulations are subject to penal provisions and may be compounded in accordance with Section 15 of FEMA, the Foreign Exchange (Compounding Proceedings) Rules, 2000 and the RBI master directions on compounding of contraventions under FEMA.

To read the Revised SOP [click here](#)



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