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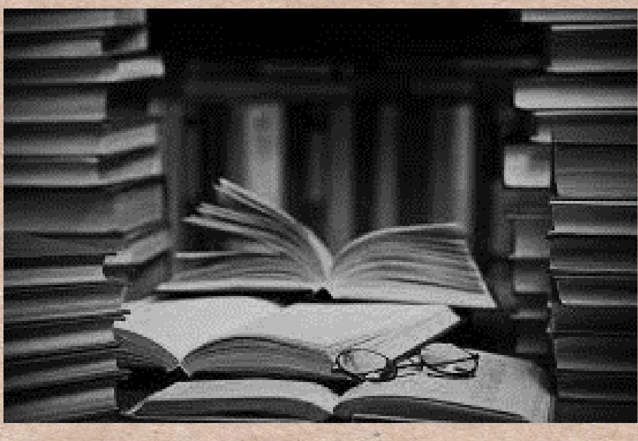
Mala fide: "describing an act performed fraudulently or dishonestly"



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SEBI UPDATES

SEBI LAYS DOWN GUIDELINES FOR WINDING UP OF AIFs AND RETENTION OF PROCEEDS

Securities and Exchange Board of India ("**SEBI**"), *vide* its circular dated June 16, 2026, has issued guidelines for winding up of Alternative Investment Funds ("**AIFs**") and erstwhile Venture Capital Funds ("**VCFs**") with respect to retention of investor proceeds.

Pursuant to amendments made to the SEBI (AIF) Regulations, 2012 ("**AIF Regulations**") notified on April 18, 2026, AIFs were provided with certain flexibility with respect to winding up of their schemes and surrender of registration. Regulation 29 of the AIF Regulations stipulates that assets of an AIF or scheme are required to be liquidated within the liquidation period and the proceeds therefrom distributed to investors after satisfying all liabilities.

SEBI has now laid down the conditions and modalities for retention of proceeds beyond the permissible fund life, the process for obtaining 'Inoperative Fund' status, and surrender of registration by AIFs. The key highlights of the circular are as follows:

(a) <u>Retention of proceeds beyond permissible fund life</u>: AIFs/ schemes of AIF have been permitted to retain liquidation proceeds beyond the permissible fund life in specific circumstances, including pending or anticipated litigation, potential tax liabilities or residual operational expenses linked to winding up. Where retention is based on anticipated liabilities, approval from at least 75% of investors by value is required, along with clear disclosure of the amount and proposed retention period. Further, where monies are retained for meeting residual winding up related operational expenses, the time period for such retention shall not exceed 3 years from the end of the permissible fund life.

(b) <u>Application for 'Inoperative Fund' status</u>: An AIF having one or more schemes with retained monies and intending to surrender its registration, or an AIF intending to continue its registration solely in anticipation of a favourable outcome of a pending litigation, may apply to SEBI for 'Inoperative Fund' status in the prescribed format. Such funds are prohibited from launching new schemes or charging management fees and shall apply for surrender of its certificate of registration only after the liabilities are satisfied and the retained monies are distributed to investors in all its schemes.

(c) <u>Annual status report</u>: AIFs having schemes with retained monies and AIFs tagged as 'Inoperative Funds' have been mandated to submit to SEBI and to the investors of the relevant scheme(s), an annual status report on retained monies and outstanding liabilities on SEBI intermediary portal within a period of 30 calendar days from the end of March of every financial year.

(d) <u>Applicability to erstwhile VCFs</u>: The facility of retention of proceeds beyond permissible fund life and the 'Inoperative Fund' framework shall also apply to VCFs registered under the erstwhile SEBI (VCF) Regulations, 1996, on the same terms as applicable to AIFs.

To read the circular *click here*

KEY HIGHLIGHTS OF THE 214TH SEBI BOARD MEETING

SEBI, at its board meeting held on June 19, 2026, has, *inter alia*, approved some crucial proposals/ decisions as specified in its press release no. 33/2026 ("**Press Release**") relating to transmission of securities, buy-backs, mutual funds, AIFs, securitisation and municipal debt securities. Some of the relevant amendments approved are as under:

(a) Transmission of Securities – Faster and Simpler Process: SEBI approved measures to make transmission of securities quicker, simpler and more cost-effective, including (i) introduction of a new category for small-value claims; (ii) doubling of the monetary limits for simplified documentation; (iii) removal of the mandatory requirement to obtain probate of a Will; (iv) introduction of additional modes for verification of death certificates issued in foreign jurisdictions; and (v) introduction of a combined affidavit-cum-no-objection certificate;

(b) Open-Market Buy-Backs – Stock Exchange Route Reintroduced: In view of the revised taxation framework, SEBI approved amendments to the SEBI (Buy-back of Securities) Regulations, 2018 to reintroduce open-market buy-backs through stock exchanges with effect from August 1, 2026. The revised framework provides that (i) the buy-back must be completed within 66 working days, with at least 40% of the earmarked funds being utilised during the first half of the buy-back period; (ii) the requirement for a separate trading window and disclosure of the company's identity as purchaser on the trading screen will be dispensed with; (iii) securities of the company held by its promoters and their associates will remain frozen at the ISIN level during the buy-back period; and (iv) appointment of a merchant banker will be discretionary;

(c) Mutual Funds – Intraday Borrowing Permitted: SEBI approved amendments to the SEBI (Mutual Funds) Regulations, 2026 permitting mutual funds to undertake intraday borrowing, subject to prescribed safeguards, to bridge timing mismatches arising from (i) pay-in and pay-out settlements within asset classes; (ii) foreign exchange settlements; and (iii) mark-to-market payments on derivative positions;

(d) AIF Launches – GARUDA Mechanism Introduced: SEBI approved the Green-Channel: AIF Rollout Upon Document Acknowledgement ("**GARUDA**") mechanism through amendments to the AIF Regulations. Under the revised framework, (i) the timeline for launch of new AIF schemes involving non-accredited investors will be reduced to 10 working days; (ii) accredited-investor-only schemes and Angel Funds will be exempted from filing their private placement memorandum through a merchant banker; and (iii) such schemes may be launched immediately upon grant of SEBI registration or filing of the private placement memorandum with SEBI, as applicable;

(e) Securitisation Framework – Alignment with Reserve Bank of India ("**RBI**") Norms: SEBI approved amendments to the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 to align the framework with the RBI's securitisation norms. The proposed amendments include (i) permitting single-asset securitisation transactions by RBI-regulated entities; (ii) prescribing disclosure and reporting obligations for servicers; (iii) aligning governance requirements relating to the constitution of the board of trustees of a Special Purpose Distinct Entity where the originator is RBI-regulated; (iv) clarifying that an originator and a Special Purpose Distinct Entity belonging to the same group may undertake a securitisation transaction; and (v) empowering SEBI to appoint a new trustee while suspending or cancelling the registration of the existing trustee;

(f) Municipal Debt Securities – Wider Fund-Raising and Retail Participation: SEBI approved amendments to the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 to support the development of the municipal debt market. The amendments will (i) permit municipalities to raise funds for refinancing existing debt relating to specified projects, subject to prescribed disclosures; (ii) allow two or more municipalities to raise funds through a pooled finance vehicle; (iii) introduce measures to encourage retail participation in municipal debt securities; and (iv) extend timelines for post-issue event-based compliances;

To read the Press Release click here

RBI & IFSC UPDATES

RBI LIBERALISES FOREIGN PORTFOLIO INVESTMENT FOR ALL INDIVIDUAL PERSONS RESIDENT OUTSIDE INDIA

RBI, *vide* its notification dated June 12, 2026, has liberalised the Foreign Portfolio Investment ("**FPI**") framework under Schedule III of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("**NDI Rules**") wherein individual person(s) resident outside India are allowed to invest in equity instruments of a listed Indian company on a recognised stock exchange in India, which was previously restricted to Non-Resident Indians ("**NRIs**") and Overseas Citizens of India ("**OCIs**"). In light of this, necessary amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 ("**Amended Payment and Reporting Regulations**") have been notified *vide* notification dated June 13, 2026. Additionally, RBI *vide* circular dated June 15, 2026, operationalised the aforesaid amendment ("**RBI June 15 Circular**").

The key highlights of the RBI June 15 Circular and Amended Payment and Reporting Regulations are as follows:

(a) All Category-I Authorised Dealer ("**AD**") banks are permitted to open a repatriable INR account for an individual person resident outside India ("**PROI**") in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016 ("**Deposit Regulations**"), to facilitate investments under Schedule III of the NDI Rules.

(b) Reporting of transactions and monitoring of investment limits for such investors shall be undertaken in the same manner as is presently followed for investments by NRIs and OCIs.

(c) Any reclassification of investments made under Schedule III by an individual PROI from FPI to Foreign Direct Investment ("**FDI**"), shall be undertaken in accordance with the framework prescribed by RBI for Foreign Portfolio Investors in terms of A.P. (DIR Series) Circular No. 19 dated November 11, 2024.

(d) The Amended Payment and Reporting Regulations have revised the mode of payment and remittance of sale proceeds under Schedule III and have also revised the mode of payment and remittance of sale proceeds under Schedule XI.

To read RBI June 15 Circular click here & to read the Amended Payment and Reporting Regulations click here

IFSCA AMENDS CIRCULAR ON PERMISSIBLE TRANSACTIONS THROUGH SNRR ACCOUNTS OF IFSC UNITS

IFSCA, *vide* its circular dated June 19, 2026, has amended Clause 3 of the circular titled 'Permissible transactions through the Special Non-Resident Rupee accounts of IFSC units – Amendment' dated January 29, 2025 ("**SNRR Circular**"). The amendment has been necessitated in view of the amendment made on June 19, 2026 to the circular titled 'Exempting certain entities/ activities from the applicability of the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022' dated November 18, 2024.

By way of background, an amendment to the regulations notified on January 14, 2025 permits a unit set up in an IFSC to open a Special Non-Resident Rupee ("**SNRR**") account with an authorised dealer in India (*outside IFSC*) for its business-related transactions outside IFSC. The substituted Clause 3 of the SNRR Circular now clarifies the following in relation to such SNRR accounts:

(a) a financial institution may transact or receive monetary consideration (*i.e. funds, fees, amounts, etc.*) emanating from business-related transactions outside IFSC through the said SNRR account, subject to the condition that the amount so received shall be remitted to the account maintained by such financial institution with an IFSC Banking Unit in a specified foreign currency within 30 working days from the date of its receipt in the SNRR account; and

(b) the aforesaid requirement of remittance shall not be applicable on amounts credited to such SNRR account for meeting administrative expenses.

To read the SNRR Circular click here

RBI AMENDS CROSS-BORDER MERGER REGULATIONS TO BROADEN SCOPE OF COMPETENT AUTHORITY

RBI, *vide* its notification dated May 29, 2026, has introduced amendments to the Foreign Exchange Management (Cross Border Merger) Regulations, 2018, broadening the scope of authorities competent to approve merger and amalgamation schemes, thereby harmonising the Foreign Exchange Management Act, 1999 ("**FEMA**") framework governing cross-border mergers with the Companies Act, 2013 ("**Companies Act**").

Earlier, only the National Company Law Tribunal was mentioned as the sanctioning authority under the regulation. A new definition of 'Competent Authority' has been inserted to mean any authority empowered under the Companies Act or any subordinate legislation made thereunder to approve a scheme of merger or amalgamation.

To read the notification click here

RBI AMENDS THE EXPORT REGULATIONS TO REDUCE THE PERIOD FOR REALISATION OF EXPORT PROCEEDS

RBI, *vide* its notification dated June 5, 2026, has amended the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, to reduce the period available for realization and repatriation of export proceeds.

The amount representing the full export value of goods/ software/ services exported shall be realised and repatriated to India within 9 months (*previously 15 months*) from the date of export.

Further, for exports undertaken by units in Special Economic Zones/ Status Holder exporter/ Export Oriented Units and units in Electronics Hardware Technology Parks, Software Technology Parks and Bio-Technology Parks, full export value shall be realised and repatriated to India within 9 months (*previously 15 months*) from the export date.

To read the notification click here

RBI PERMITS BANK LENDING TO REITs AND REVISES FRAMEWORK FOR LENDING TO InvITs

RBI, *vide* its notification dated June 10, 2026, has introduced the RBI (Commercial Banks – Credit Facilities) Third Amendment Directions, 2026 ("**Credit Facility Notification**"), to introduce a comprehensive framework for commercial banks lending to Real Estate Investment Trusts ("**REITs**") registered with and regulated by SEBI, and to revise the existing framework applicable to Infrastructure Investment Trusts ("**InvITs**") registered with and regulated by SEBI.

Consequential amendments have also been made through (a) RBI (Commercial Banks – Concentration Risk Management) Third Amendment Directions, 2026 ("**Concentration Risk Management Notification**"), to prescribe concentration limits for banks' exposure to REITs and (b) RBI (Commercial Banks – Prudential Norms on Capital Adequacy) Eighth Amendment Directions, 2026 ("**Prudential Norms Notification**"), to prescribe the applicable risk weights for bank exposures to REITs.

The key amendments include:

(a) Eligible REITs and InvITs – Only Listed and Cash-Generating Trusts: Banks may lend only to listed REITs/ InvITs, having at least 80% of their underlying assets generating positive operational cash flows for at least 1 year.

(b) Lending Policy – Prior Board Approval Required: Lending is subject to a board-approved policy covering, *inter-alia*, appraisal mechanisms, sanctioning conditions, underwriting norms, debt service coverage requirements and monitoring mechanisms.

(c) End-Use Monitoring – No Funding of Financially Stressed SPVs: Banks must monitor end-use and ensure that funds are not used to support special purpose vehicle ("**SPVs**") with existing loans facing financial difficulty. Financing for acquisition of stakes in SPVs, holding companies or other entities must comply with RBI's acquisition-financing conditions.

(d) Governing Documents – Borrowing and Enforcement Must Be Permitted: Lending banks must ensure that the legal framework governing a REIT/ InvIT does not restrict its borrowing capacity or impair the bank's security enforcement and lender rights. Where the REIT/ InvIT is constituted as a trust, the trust deed must expressly permit the proposed borrowing.

(e) SPV Refinancing – Permitted Only for Completed Projects: In case of REITs, banks may refinance existing SPV credit facilities only in relation to completed projects that have received a Completion Certificate (CC), Occupancy Certificate (OC) or equivalent certification. In case of InvITs, banks may refinance existing SPV credit facilities only in relation to completed projects that have achieved commencement of commercial operations.

(f) Repayment Structure – Bullet and Balloon Repayments Prohibited: Bank loans to REITs/ InvITs shall not have bullet or balloon repayment structures, although repayment schedules may be aligned with projected cash flows. This restriction does not apply to bank exposures to a REIT/ InvIT through investments in bonds, debentures or commercial paper.

(g) Leverage and Exposure – Aggregate Bank Funding Capped at 49%: Leverage must remain within the SEBI-prescribed ceiling or any lower limit fixed by the bank. Aggregate exposure of all banks to a REIT or InvIT, including its SPVs and holding companies, cannot exceed 49% of its asset value or any lower bank-prescribed threshold.

(h) Security Cover – Loans Must Be Fully Secured: Bank financing to REITs/ InvITs is required to be fully secured, including through charge over underlying immovable property, assignment of rental cash flows and receivables, pledge of equity interests in SPVs and other enforceable security interests. Loan documentation must also provide enhanced lender protections, including escrow arrangements and restrictions on additional indebtedness.

(i) Concentration Limit – REIT Exposure Capped at 10% of Eligible Capital: Banks must prescribe internal limits for aggregate exposure to the real estate sector and sub-limits for categories of real estate exposures. The sub-limit for aggregate exposure to REITs shall be subject to prudential ceiling of 10% of the bank's eligible capital base.

(j) Risk Weights – Higher Capital Charge for Specified Exposures: Exposure of banks to REITs will attract a risk weight of 100% and where such exposures qualify as capital market exposures, a higher risk weight of 125%. Lending to REITs undertaken by overseas branches of Indian banks will attract a risk weight of 150%.

The notifications will come into force on October 1, 2026, or on an earlier date if adopted by a bank in their entirety. Existing non-compliant loans to InvITs may continue until maturity but cannot be renewed, reviewed or enhanced unless brought into compliance with the revised framework.

To read the Credit Facility Notification click here, to read the Concentration Risk Management Notification click here & to read the Prudential Norms Notification click here

RBI LIBERALISES THE FRAMEWORK GOVERNING SNRR ACCOUNTS

RBI, *vide* its notification dated June 18, 2026 has notified the Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026, thereby liberalising the regulatory framework governing SNRR accounts under the Deposit Regulations.

The key amendments include:

(a) Eligibility Expanded – Any Person Resident Outside India May Open an SNRR Account: Earlier, only a PROI having a business interest in India could open an SNRR account. Pursuant to the amendment, any PROI may open, hold and maintain an SNRR account with an authorised dealer in India or its branch outside India, including a branch located in an IFSC in India, for undertaking permissible current and capital account transactions with persons resident in India in accordance with the provisions of FEMA and the rules and regulations framed thereunder, and for undertaking any bona fide transaction with PROI.

(b) Operational Conditions Relaxed – Existing Account Restrictions and Business-Linkage Requirements Removed: The amendment deletes certain existing provisions relating to SNRR accounts, including requirements pertaining to nomenclature of the account, restrictions requiring debits and credits to be specific or incidental to the underlying business, maintenance of balances commensurate with business operations and other related operational conditions, thereby simplifying the framework governing such accounts.

(c) Account Transfers Permitted – NRO Funds May Be Transferred to NRE and SNRR Accounts: The amendment expressly permits transfers from Non-Resident Ordinary (NRO) accounts to Non-Resident External (NRE) accounts and SNRR accounts, subject to the limits and conditions specified under the Foreign Exchange Management (Remittance of Assets) Regulations, 2016.

(d) PROI-to-PROI Transactions – Banks May Act on the Account Holder's Mandate and Stated Purpose: Transactions between PROI involving SNRR accounts, which may not otherwise be subject to compliance under FEMA or the rules and regulations framed thereunder, may now be undertaken by authorised dealer banks based on instructions or mandate from the account holder specifying the underlying purpose of the transfer.

To read the notification [click here]

RBI EXEMPTS CERTAIN NBFCS FROM REGISTRATION AND RESERVE FUND REQUIREMENTS

RBI, *vide* its notification dated June 30, 2026, has exempted certain Non-Banking Financial Companies ("**NBFCs**") from the applicability of Sections 45IA and 45IC of the RBI Act, 1934.

Section 45IA requires NBFCs to obtain a certificate of registration from RBI and maintain the prescribed net owned fund for carrying on the business of a NBFC. Section 45IC requires NBFCs to transfer at least 20% of their net profits each year to a statutory reserve fund.

The key conditions for availing the exemption include:

(a) The NBFC shall operate without public funds and without customer interface as its conscious and long-term business model and the board of directors shall pass a resolution at the beginning of each financial year confirming the same;

(b) The asset size shall be less than INR 1,000 crores, as per the last audited balance sheet; and

(c) The NBFC shall disclose in the Notes to Accounts to the financial statements that it is an Unregistered Type I NBFC, together with the status of public funds and customer interface.

To read the notification [click here]

CORPORATE UPDATES

MCA NOTIFICATION ON REGISTERED VALUERS RULES (2026 AMENDMENT)

Ministry of Corporate Affairs ("**MCA**"), *vide* its notification dated June 3, 2026, has notified the Companies (Registered Valuers and Valuation) Amendment Rules, 2026. The amendment modifies the existing Companies (Registered Valuers and Valuation) Rules, 2017 ("**Valuation Rules**") framed under the Companies Act. The amendment primarily focuses on strengthening the eligibility and financial requirements for organisations that function as Registered Valuer Organisations ("**RVOs**") in India.

RVOs are bodies that regulate and support registered valuers, who are professionals responsible for valuing assets such as companies, land, buildings, plant and machinery, securities and other financial or physical assets in a regulated manner. The amendment modifies Rule 12(1)(i) of the Valuation Rules, which prescribes the conditions for an organisation to be recognised as an RVO.

<u>Key changes introduced are</u>:

(a) Minimum paid-up capital requirement of INR 25,00,000.

(b) To qualify as an RVO, an organisation must:
- (i) be registered under Section 25 of the Companies Act, 1956 or Section 8 of the Companies Act.
- (ii) have the sole objective of dealing with matters related to the regulation of valuers of one or more asset classes.
- (iii) maintain bye-laws that comply with requirements specified in Annexure III of the Valuation Rules.

(c) The amendment also provides a transition period of up to March 31, 2028 for existing RVOs that do not satisfy the minimum paid-up share capital requirement of INR 25,00,000 on the date the amendment comes into force.

To read the notification <u>click here</u>

LABOUR UPDATES

CENTRAL GOVERNMENT NOTIFIES EMPLOYEES' DEPOSIT LINKED INSURANCE SCHEME, 2026

Ministry of Labour and Employment ("**MoLE**"), *vide* its notification dated June 29, 2026, has notified the Employees' Deposit Linked Insurance Scheme, 2026 ("**2026 EDLI Scheme**") under the Code on Social Security, 2020 ("**SS Code**"), replacing the Employees' Deposit-Linked Insurance Scheme, 1976 ("**1976 EDLI Scheme**").

Key highlights of the 2026 EDLI Scheme include:

(a) Applicability – Establishments Covered under Chapter III of the SS Code: The scheme applies to establishments covered under Chapter III of the SS Code.

(b) Employer and Fund Administration – Contributions, Compliance and Governance Framework Prescribed: The scheme prescribes employer contributions, electronic payment procedures, employer compliance obligations, fund administration, investment, audit, budgeting, and valuation of the Insurance Fund.

(c) Assurance Benefit – Nominees Protected upon Death of a PF Member: It provides an assurance benefit to the nominees of employees who die while being Provident Fund ("**PF**") members, linked to the employee's average PF balance.

(d) Benefit Limits – Minimum INR 50,000 and Maximum INR 1,00,000: The maximum assurance benefit is INR 1,00,000, while a minimum benefit of INR 50,000 is guaranteed irrespective of the average PF balance.

(e) Transition and Alignment – Existing Assets Transferred and Administration Linked to the 2026 PF Scheme: The scheme also transfers the assets of the 1976 EDLI Scheme to the new Insurance Fund and aligns its administration with the Employees' Provident Funds Scheme, 2026 ("**2026 PF Scheme**").

To read the 2026 EDLI Scheme click here

CENTRAL GOVERNMENT NOTIFIES EMPLOYEES' PROVIDENT FUNDS SCHEME, 2026

MoLE, *vide* its notification dated June 29, 2026, has notified the Employees' Pension Scheme, 2026 ("**2026 Pension Scheme**") under the SS Code, replacing the Employees' Pension Scheme, 1995.

The 2026 Pension Scheme consolidates the statutory framework relating to pension benefits for eligible employees and lays down detailed provisions governing enrolment, employer obligations, administration of the Pension Fund, processing of pension claims and maintenance of statutory records. It also safeguards employees' pension entitlements by ensuring that eligible members are not denied pension benefits merely due to an employer's default in complying with its statutory contribution obligations.

The key highlights of the 2026 Pension Scheme include the following:

(a) Employee Protection – Pension Benefits Not Affected by Employer Default: It ensures that eligible employees continue to receive pension benefits even where the employer fails to fulfil its statutory contribution obligations, while preserving the employer's liability under the 2026 Pension Scheme.

(b) Claim Settlement – 20-Day Timeline with 12% Interest for Unjustified Delay: Introduces defined timelines for settlement of pension claims, requiring complete claims to be disposed of within 20 days, and provides for payment of interest at 12% per annum for delays attributable to the Commissioner without sufficient justification.

(c) Employer Compliance – Employee Records, Statutory Registers and Reporting Mandatory: Requires employers to submit prescribed employee information, maintain statutory registers and records (*including in electronic form*), and comply with directions issued by the Central Board for effective implementation of the 2026 Pension Scheme.

(d) Exempted Establishments – Equivalent or Superior Pension Benefits Required: Prescribes the procedure for grant of exemptions to establishments operating under pension schemes providing equivalent or superior benefits, along with the mechanism for transfer of pension fund accumulations between exempted and statutory pension funds.

To read the 2026 Pension Scheme click here

CENTRAL GOVERNMENT NOTIFIES EMPLOYEES' PENSION SCHEME, 2026

MoLE, *vide* its notification dated June 29, 2026, has notified the 2026 PF Scheme under the SS Code, replacing the Employees' Provident Funds Scheme, 1952.

The 2026 PF Scheme consolidates the legal framework governing PF contributions, administration of exempted establishments, maintenance of member accounts, transfer of accumulations and employer compliance obligations. It also prescribes detailed provisions for administration of exempted PF trusts, including conditions for grant, renewal and cancellation of exemptions, constitution of Boards of Trustees and transfer of PF accumulations.

The key highlights of the 2026 PF Scheme include the following:

(a) Exempted PF Trusts – Comprehensive Framework for Grant, Renewal, Surrender and Cancellation of Exemptions: Provides a comprehensive framework for the grant, renewal, surrender and cancellation of exemptions to establishments maintaining recognised PF trusts, subject to prescribed conditions and regulatory oversight.

(b) Board of Trustees – Balanced Representation of Employers and Employees: Prescribes the composition, eligibility, tenure and functioning of the Board of Trustees for exempted establishments, ensuring balanced representation of employers and employees.

(c) PF Contributions – 12% Statutory Rate Retained with 10% Rate for Notified Establishments: Retains the statutory PF contribution rate of 12% of wages each by the employer and employee, while continuing the 10% contribution rate for notified categories of establishments. The Scheme also recognises voluntary PF contributions by employees beyond the statutory limit.

(d) Deposit Timeline and Compliance – Contributions and Charges Payable Within 15 Days: Mandates employers to deposit both employer and employee PF contributions, along with applicable administrative charges, within 15 days of the close of every month, including in respect of contract labour, and prescribes procedures for transfer of PF accumulations and maintenance of member records.

To read the 2026 PF Scheme click here

BIHAR REPEALS THE BIHAR SHOPS AND ESTABLISHMENTS ACT, 2025

Government of Bihar, *vide* its notification dated June 1, 2026 (*Gazette No. 557*), has promulgated the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) (Repeal) Ordinance, 2026, with immediate effect, repealing the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2025.

The repeal has been undertaken to eliminate the overlap between the State legislation and the provisions of the Occupational Safety, Health and Working Conditions Code, 2020 ("**OSHWC Code**"), which came into force on November 21, 2025, and to facilitate a simplified regulatory framework for establishments in the State of Bihar.

Importantly, the ordinance contains a saving clause, clarifying that any proceedings or actions initiated under the repealed Act shall continue as if the Act had not been repealed. Accordingly, employers operating in Bihar should now primarily look to the applicable provisions of the OSHWC Code and the rules framed thereunder for compliance relating to employment and conditions of service.

To read the notification visit here

RAJASTHAN NOTIFIES THE OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS (RAJASTHAN) RULES, 2026

Government of Rajasthan, *vide* its notification dated June 30, 2026, has notified the Rajasthan Occupational Safety, Health and Working Conditions Rules, 2026 ("**Rajasthan OSH Rules**") under the OSHWC Code, prescribing a comprehensive framework governing workplace safety, health, welfare and working conditions.

The Rajasthan OSH Rules lay down detailed provisions which specifies/ mandates:

(a) Safety Officers – Qualifications, Duties and Responsibilities Prescribed: appointment, qualifications, duties and responsibilities of Safety Officers in factories and building and other construction establishments.

(b) Staffing Requirements – Minimum Number of Safety Officers Linked to Workforce Strength: minimum number of Safety Officers to be appointed based on the number of workers employed in an establishment.

(c) Employer Support – Facilities, Equipment and Information to Be Provided to Safety Officers: employers to provide adequate facilities, equipment and information to Safety Officers for effective discharge of their duties.

(d) Working Time – Rules on Weekly Holidays, Compensatory Leave and Overtime Wages: provisions governing working hours, weekly holidays, compensatory holidays and overtime wages, including payment of overtime at twice the ordinary rate of wages.

(e) Weekly Hours – Ordinary Working Time Capped at 48 Hours: reaffirms that no worker shall ordinarily be required or permitted to work for more than 48 hours in a week, subject to the applicable provisions of the Rajasthan OSH Rules.

(f) Statutory Records – Prescribed Registers, Notices and Records Mandatory: requires employers to maintain prescribed registers, records and statutory notices in the prescribed forms and manner.

(g) Workplace Compliance – Comprehensive Safety, Health and Welfare Framework Introduced: introduces a comprehensive compliance framework covering occupational safety, health, welfare measures and working conditions for establishments operating in Rajasthan.

To read the Rajasthan OSH Rules visit here

ANDHRA PRADESH NOTIFIES THE CODE ON WAGES (ANDHRA PRADESH) RULES, 2026

Labour, Factories, Boilers & Insurance Medical Services Department, Andhra Pradesh Government, *vide* its notification dated June 29, 2026, has notified the Code on Wages (Andhra Pradesh) Rules, 2026 ("**AP Rules**") under the Code on Wages, 2019 ("**Wages Code**").

The AP Rules supersede the Andhra Pradesh Payment of Wages Rules, 1937 and the Andhra Pradesh Minimum Wages Rules, 1960. The AP Rules establish the procedural framework for implementation of the Wages Code across the State, including provisions relating to minimum wages, payment of wages, bonus, claim adjudication, maintenance of records and statutory compliances.

The AP Rules lay down detailed provisions in respect of the following:

(a) Minimum Wages – Procedure for Fixation and Revision Prescribed: prescribes the procedure for fixation and revision of minimum wages, including constitution of the State Advisory Board and classification of occupations based on skill levels.

(b) Claims and Appeals – Uniform Forms and Timelines Introduced: introduces a uniform framework for filing wage-related claims and appeals under Sections 45 and 49 of the Wages Code, including prescribed forms and timelines.

(c) Statutory Records – Wage and Employment Registers to Be Preserved for Five Years: mandates employers to maintain statutory employee register, register of wages, overtime, advances, fines and deductions, and attendance register-cum-muster roll, either electronically or in physical form, and preserve such records for 5 years.

(d) Wage Slips – Mandatory Issuance on or Before Payment of Wages: requires employers to issue wage slips to employees, either electronically or in physical form, on or before payment of wages.

(e) Standardised Forms – Compliance Documentation Streamlined Across the State: prescribes standardised statutory forms relating to employee records, wage claims, appeals, composition of offences, nominations, notices and attendance registers, thereby streamlining compliance under the Wages Code.

To read the AP Rules click here

OTHER UPDATES

MINISTRY OF HOME AFFAIRS TIGHTENS FCRA COMPLIANCE FRAMEWORK FOR NGOs RECEIVING FOREIGN CONTRIBUTIONS

Ministry of Home Affairs, *vide* its notification dated June 22, 2026, has amended the Foreign Contribution (Regulation) Rules, 2011 ("**Principal Rules**") by notifying the Foreign Contribution (Regulation) Amendment Rules, 2026 ("**Foreign Contribution Amendment Rules**") to introduce stringent compliance requirements for Non-Governmental Organizations ("**NGOs**") and associations receiving foreign funding in India from foreign sources. The key highlights of the Foreign Contribution Amendment Rules are as follows:

(a) Registration linked to specific purpose(s) and geographical location(s): The Foreign Contribution Amendment Rules mandates that every association shall in its application for registration mention: (i) the purpose(s) for which registration is sought, chosen only from the list of purposes specified in the schedule (i.e., *religious, cultural, economic, educational or social*) and; (ii) the States/Union Territories in which the association proposes to undertake the activities. Associations already registered before the Foreign Contribution Amendment Rules coming into force, have been provided a period of 1 year from the amendment for declaring the purpose(s) and States/Union Territories for which it seeks to retain its registration.

(b) Definition of key functionary expanded: The definition of 'key functionary' has been expanded to include within its ambit directors of a company, partners in a firm, trustees and even the karta of a Hindu undivided family. An association having foreign nationals as its key functionaries (*except those of Indian origins*) shall ordinarily not be considered eligible for grant of registration or prior permission under the Foreign Contribution (Regulation) Act, 2010 ("**FCRA**"), except in certain cases or circumstances with such conditions, which the central government, may, by order, specify in this regard.

(c) Compulsory utilization of foreign contribution for reasonable activity: An association shall be deemed to have undertaken reasonable activity in its chosen field for the benefit of society if it has utilized foreign contribution of not less than INR 10 lakhs in the last 2 financial years for such purpose(s), in relation to cancellation and renewal of registration under the FCRA.

(d) Utilization of previous funds before receiving further installments: An association seeking release of a second or any subsequent instalment of foreign contribution shall submit an application in form FC-3BB as prescribed. Such subsequent installment shall be released only upon utilization of at least 75% of the foreign contribution received in the previous instalment and after field inquiry of such utilization.

(e) Enhanced Transparency: The Foreign Contribution Amendment Rules have introduced additional forms, while also amending existing forms to require more granular disclosures and documentation. These amendments are intended to strengthen regulatory oversight, enhance transparency and accountability in the receipt and utilisation of foreign contributions, and facilitate more effective monitoring of compliance under the FCRA.

To read the Foreign Contribution Amendment Rules click here

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