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# DAILY UPDATE

4th – 5th July 2022

By Legitquest, LQ Global Services Pvt. Ltd.

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# RECENT UPDATES

## 1. RESERVE BANK OF INDIA

### 1.1 NEWS

July 4, 2022

#### ➤ RBI penalizes two private sector lenders<sup>1</sup>

- The Reserve Bank of India (RBI) on Monday said it has penalized private sector lenders **Kotak Mahindra Bank**<sup>2</sup> and **Indusind Bank**<sup>3</sup> for failing to comply with regulatory guidelines.
- The banking regulator has imposed a penalty of ₹1.05 on Kotak Mahindra Bank for contravention of provisions of sub-section (2) of Section 26A of the Banking Regulation Act, read with paragraph 3 of The Depositor Education and Awareness Fund Scheme.
- It said the bank failed to adhere to the customer due diligence procedure in accounts opened using OTP based e-KYC as in some accounts the aggregate of credits in a fiscal year in deposits taken together surpassed ₹2 lakh threshold.

#### ➤ RBI approves HDFC Bank's merger with parent HDFC<sup>4</sup>

- India's largest private lender HDFC Bank on Monday said the Reserve Bank of India (RBI) has approved its proposed merger with parent and mortgage lender Housing Development Finance Corp Ltd (HDFC).
- The merger, HDFC Bank said, is subject to various statutory and regulatory approvals, including approvals from the Competition Commission of India, the National Company Law Tribunal, other applicable authorities and the respective shareholders and creditors of the companies involved.
- Currently, HDFC Bank is in the home loan business in conjunction with HDFC. As per the arrangement, HDFC Bank sells home loans, while HDFC approves and disburses. HDFC Bank gets a sourcing fee for the transactions and has the option to purchase up to 70% of the fully-disbursed loans.

<sup>1</sup> <https://www.livemint.com/industry/banking/rbi-penalizes-two-private-sector-lenders-11656955529830.html>

<sup>2</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR474F83B8FCB2C5348738F699F5CD78AC102.PDF>

<sup>3</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR4739BAC4A130626451D86940FCFFCCE2D62.PDF>

<sup>4</sup> <https://www.livemint.com/industry/banking/rbi-approves-hdfc-bank-s-merger-with-parent-hdfc-11656954645107.html>

➤ **RBI launches next round of survey of manufacturing companies**<sup>5</sup>

- The Reserve Bank on Monday said it has launched the next round of its **Order Books, Inventories and Capacity Utilisation Survey (OBICUS)**<sup>6</sup> of manufacturing companies, results of which provide valuable inputs for monetary policy formulation.
- The information collected in the survey includes quantitative data on new orders received during the reference quarter, backlog of orders at the beginning of the quarter, pending orders at the end of the quarter, and total inventories with a breakup between finished goods, among others.
- The RBI has also launched the 2021-22 round of its **Survey on International Trade in Banking Services (ITBS)**<sup>7</sup>. The survey, conducted annually since 2006-07, provides information on financial services rendered by branches/ subsidiaries/joint ventures of Indian banks operating abroad and branches/subsidiaries of foreign banks operating in India.

**July 5, 2022**

➤ **RBI move on lending rate to spur NBFC-MFIs profitability: Crisil**<sup>8</sup>

- Enhanced flexibility to set lending rates for microfinance borrowers will be one of the drivers of revival in profitability for non-banking financial company-microfinance institutions (NBFC-MFIs) this fiscal, rating agency Crisil Ratings said on Monday.
- This emanates from the Reserve Bank of India's removal of the interest margin cap on lending rate under its new regulatory framework for microfinanciers. The other factors that will support an improvement in profitability include reduction in credit cost and increase in permissible household income limit according to the new framework, the agency said in a release.
- The new regulatory guidelines also focus on the assessment of household income of the borrower, besides credit assessment. The robustness of the income assessment framework and related policies that NBFC-MFIs will implement in the revised dispensation will remain monitorable, the rating agency said.

<sup>5</sup> <https://www.businesstoday.in/industry/banks/story/rbi-launches-next-round-of-survey-of-manufacturing-companies-340282-2022-07-04>

<sup>6</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR46854C434F9C6CA474FB89E6F3AE2A97593.PDF>

<sup>7</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR675ITBS83687CA0FF3C4915B0E82AF8C6E8734D.PDF>

<sup>8</sup> <https://www.financialexpress.com/industry/banking-finance/rbi-move-on-lending-rate-to-spur-nbfc-mfis-profitability-crisil/2582624/>

➤ [RBI imposes monetary penalty on The Palani Co-operative Urban Bank Limited \(No.A.331\), Palani, Dindigul District, Tamil Nadu](#)<sup>9</sup>

- The Reserve Bank of India (RBI) has imposed, by an order dated June 27, 2022, a monetary penalty of ₹2.00 lakh (Rupees two lakh only) on The Palani Co-operative Urban Bank Limited (No.A.331) for non-adherence to / violation of directions issued under Exposure Norms and Statutory / Other Restrictions – UCBs. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949 (AACCS), taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.
- This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.
- The inspection report of the bank based on its financial position as on March 31, 2020, revealed inter alia, violation / non-compliance with directions issued under Exposure Norms and Statutory / Other Restrictions – UCBs. Based on the same a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the directions.

➤ [Auction of Government of India Dated Securities](#)<sup>10</sup>

Government of India (GOI) has announced the sale (re-issue) of **four** dated securities for a notified amount of **₹33,000** crore as per the following details:

Sr No	Security	Date of Repayment	Notified Amount (₹ crore)	GoI specific Notification	Auction Date	Settlement Date
1	6.69% GS 2024	June 27, 2024	4,000	<a href="#">F.No.4(3)-B(W&amp;M)/2022 dated July 04, 2022</a>	July 08, 2022 (Friday)	July 11, 2022 (Monday)
2	7.10% GS 2029	Apr 18, 2029	7,000			
3	6.54% GS 2032	Jan 17, 2032	13,000			
4	6.95% GS 2061	Dec 16, 2061	9,000			
	Total		33,000			

2. GoI will have the option to retain additional subscription up to ₹2,000 crore against each security mentioned above.

3. The securities will be sold through Reserve Bank of India Mumbai Office, Fort, Mumbai – 400001. The sale will be subject to the terms and conditions spelt out in the ‘Specific Notification’ mentioned above and the [General Notification F.No.4\(2\)–W&M/2018, dated March 27, 2018](#).

<sup>9</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR4672935EDF9C55B42868A2273268B5F14CE.PDF>

<sup>10</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR46907611E3357824313AAD55B0DAFD801DA.PDF>

➤ **RBI imposes monetary penalty on Dhakuria Cooperative Bank Ltd., Kolkata, West Bengal**<sup>11</sup>

- The Reserve Bank of India (RBI) has imposed, by an order dated June 29, 2022, a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on the Dhakuria Cooperative Bank Limited, Kolkata, West Bengal (the bank) for contravention of/ non-adherence with the directions issued by RBI to Urban Cooperative Bank on (i) ‘Exposure Norms and Statutory / Other Restrictions – UCBs’ and (ii) [Know Your Customer \(KYC\)](#) Direction.
- This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.
- This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers

➤ **RBI imposes monetary penalty on Balangir District Central Cooperative Bank Limited, Balangir, Odisha**<sup>12</sup>

- The Reserve Bank of India (RBI) has imposed, by an order dated June 29, 2022, a monetary penalty of ₹1.00 lakh (Rupees One lakh only) on Balangir District Central Cooperative Bank Limited, Balangir, Odisha (the bank) for contravention of/ non-adherence with the provisions of Section 9 of the Banking Regulation Act, 1949 and the directions issued by RBI in this regard (Disposal of Non-banking Assets).
- This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.
- This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

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<sup>11</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR472C35CAE30B17F4D4788ACC18CAFDE1D2C.PDF>

<sup>12</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR4716521CD45FE20438DA1B5176BA83EF785.PDF>

➤ **RBI imposes monetary penalty on Nav Jeevan Co-operative Bank Ltd., Ulhasnagar**<sup>13</sup>

- The Reserve Bank of India (RBI) has imposed, by an order dated June 27, 2022, a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on Nav Jeevan Co-operative Bank Ltd., Ulhasnagar (the bank) for contravention of/non-compliance with the directions issued by RBI on Exposure Norms and Statutory / Other Restrictions - UCBs.
- This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46(4)(i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.
- The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

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<sup>13</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR46947607AB29ADB4C66ACA1EC70D0D4E514.PDF>

➤ Money Market Operations as on July 04, 2022<sup>14</sup>

(Amount in ₹ crore, Rate in Per cent)			
<b>MONEY MARKETS<sup>@</sup></b>			
	<b>Volume (One Leg)</b>	<b>Weighted Average Rate</b>	<b>Range</b>
<b>A. Overnight Segment (I+II+III+IV)</b>	580,519.69	4.68	0.01-6.65
I. Call Money	16,932.34	4.72	3.00-4.95
II. Triparty Repo	393,745.75	4.67	4.25-4.75
III. Market Repo	169,746.60	4.72	0.01-4.85
IV. Repo in Corporate Bond	95.00	6.65	6.65-6.65
<b>B. Term Segment</b>			
I. Notice Money**	410.92	4.39	3.50-4.90
II. Term Money <sup>@@</sup>	412.10	-	4.20-5.10
III. Triparty Repo	0.00	-	-
IV. Market Repo	2,108.57	4.93	4.50-5.15
V. Repo in Corporate Bond	0.00	-	-

<sup>14</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR676308E6564CBB34E3C8E6BF365DF1BC544.PDF>



- **Requirement for obtaining prior approval in case of takeover / acquisition of control of non-bank PSOs and sale / transfer of payment system activity of non-bank PSO**<sup>15</sup>
- A reference is invited to Reserve Bank of India (RBI) instructions contained in paragraph 5.10 of [Master Directions on Prepaid Payment Instruments dated August 27, 2021](#), paragraph 5.2 of [Guidelines on Regulation of Payment Aggregators and Payment Gateways dated March 17, 2020](#) and paragraph 3.1 of Annex-A to [White Label ATM Guidelines dated June 20, 2012](#).
  - The operations of non-bank PSOs (authorised to operate any Payment System) have been reviewed and they shall require prior approval of RBI in the following cases –
    - a. Takeover / Acquisition of control, which may / may not result in change of management.
    - b. Sale / Transfer of payment activity to an entity not authorised for undertaking similar activity.

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<sup>15</sup> <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/PRIORRBID1C481FD486A4D559B61EFD20DD0140F.PDF>

## 2. MINISTRY OF CORPORATE AFFAIRS

### 2.1 NOTIFICATION

**July 5, 2022**

➤ **Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022**<sup>16</sup>

- In exercise of the powers conferred by sub-sections (1), (2) and (4) of section 248 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 (see notification).

➤ **Companies (Incorporation) Second Amendment Rules, 2022**<sup>17</sup>

- In exercise of the powers conferred under section 3, section 4, sub-sections (5) and (6) of section 5, section 6, sub-section (1) and (2) of section 7, sub-sections (1) and (2) of section 8, sub-sections (2), (3), (4) and (5) of section 12, sub-sections (3), (4) and proviso to sub-section (5) of section 13, sub-section (2) of section 14, sub-section (1) of section 17, sub-sections (1) and (2) of section 20 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Incorporation) Rules, 2014 (see notification).

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<sup>16</sup> <https://www.mca.gov.in/bin/dms/getdocument?mds=KNpMyWkuqITXNzgkqUs0Hg%253D%253D&type=open>

<sup>17</sup> <https://www.mca.gov.in/bin/dms/getdocument?mds=bcxsyZryNUR31CtqZ3vXtQ%253D%253D&type=open>

### **3. MINISTRY OF COMMUNICATIONS**

#### **3.1 CIRCULAR**

**July 4, 2022**

➤ **Standard Operating Procedure for Implementation of Central Government notification prohibiting import of mobile phones with duplicate fake and non-genuine International Mobile Equipment Identity**<sup>18</sup>

- A Standard Operating Procedure (Version 1.0) was issued vide Department of Telecommunication' letter no. 13-11/2014/S-II dated 29<sup>th</sup> May 2015 for “Implementation of Central Government notification prohibiting import of mobile phones with duplicate, fake and non-genuine International Mobile Equipment Identity”.
- The SOP version 1.0 has been modified appropriately due to operationalization of new system i.e. Indian Counterfeited Device Restriction (ICDR) system w.e.f. 28.01.2020 and the SOP (Version 1.1) for “Implementation of Central Government notification prohibiting import of mobile phones with duplicate, fake and non-genuine International Mobile Equipment Identity” is attached herewith at Annexure- I (see circular) for kind information and necessary action please.

### **4. MINISTRY OF FINANCE**

#### **4.2 PRESS RELEASE**

**July 4, 2022**

➤ **Income Tax Department conducts searches in Chhattisgarh**<sup>19</sup>

- Income Tax Department carried out search and seizure operations on 30.06.2022 on a group engaged in business of coal transportation and other allied activities. The premises of a senior government officer was also covered in the search action. In all, the search operation covered more than 30 premises spread over Raipur, Bhilai, Raigarh, Korba, Bilaspur, Surajpur etc.
- During the course of the search operation, numerous incriminating documents, loose sheets and digital evidences have been found and seized. The modus-operandi followed by the group includes unfair regular collection on coal transportation throughout the State of Chhattisgarh leading to generation of huge unaccounted income.

<sup>18</sup> <https://dot.gov.in/sites/default/files/2022%2007%2004%20SOP-IMEI%20UDS.pdf>

<sup>19</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1839143>

➤ **Auction for Sale (re-issue) of (i) ‘6.69% GS 2024’, (ii) ‘7.10% GS 2029’, (iii) ‘6.54% GS 2032’ and (iv) ‘6.95% GS 2061’<sup>20</sup>**

- The Government of India (GoI) has announced the Sale (**re-issue**) of
  - (i) **‘6.69% Government Security 2024’** for a notified amount of **Rs 4,000 crore** (nominal) through **price based auction** using uniform price method;
  - (ii) **‘7.10% Government Security 2029’** for a notified amount of **Rs 7,000 crore** (nominal) through **price based auction** using uniform price method;
  - (iii) **‘6.54% Government Security, 2032’** for a notified amount of **Rs 13,000 crore** (nominal) through **price based auction** using uniform price method; and
  - (iv) **‘6.95% Government Security 2061’** for a notified amount of **Rs 9,000 crore** (nominal) through **price based auction** using multiple price method.
- GoI will have the option to retain additional subscription up to **Rs 2,000 crore** against each security mentioned above. The auctions will be conducted by the Reserve Bank of India, Mumbai Office, Fort, Mumbai on **July 08, 2022 (Friday)**.
- Both competitive and non-competitive bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system on **July 08, 2022**. The non-competitive bids should be submitted between **10.30 a.m.** and **11.00 a.m.** and the competitive bids should be submitted between **10.30 a.m.** and **11.30 a.m.**

## **5. MINISTRY OF ELECTRONICS & INFORMATION TECHNOLOGY**

### **5.1 NEWS**

**July 5, 2022**

➤ **Centre seeks more information on chip expertise from Vedanta-Foxconn JV: Report<sup>21</sup>**

- The Centre has sought more information from Vedanta and Foxconn Technology Group about their plan on manufacturing and fabrication of semiconductors, according to a report by The Economic Times.
- The Ministry for Electronics & Information Technology (MeitY) has reportedly sought the additional information to ensure that Vedanta-Foxconn’s joint venture has “appropriate technical know-how” or the necessary expertise to build a whole semiconductor ecosystem.
- In February, the government said that it had received investment offers for semiconductor and display fabrication plants totalling Rs 1.53 lakh crore from numerous businesses.

<sup>20</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1839158>

<sup>21</sup> <https://www.deccanherald.com/business/centre-seeks-more-information-on-chip-expertise-from-vedanta-foxconn-jv-report-1124014.html>

➤ **Digital India Week flagged off with Digital Mela & a Bouquet of launches in august presence of Prime Minister Shri Narendra Modi**<sup>22</sup>

- Celebrations of Digital India Week kick-started on 4th July 2022 by the Hon'ble Prime Minister Shri Narendra Modi Ji in the presence of Chief Minister of Gujarat Shri Bhupendra Patel Ji, Hon'ble Minister of Electronics & IT, Shri Ashwini Vaishnaw Ji and Hon'ble Minister of State for Electronics & IT, Shri Rajeev Chandrasekhar Ji and several other dignitaries.
- The Digital Mela that showcased over 200 stalls on digital solutions and emerging technologies were visited by the Hon'ble PM. Around 1500 beneficiaries of Digital India initiatives from across the country participated in the event. Some of the beneficiaries got the opportunity to interact and share their experiences with the Prime Minister.
- A video highlighting the achievements of Digital India and the road ahead for digital transformation was shown at the august gathering. The Prime Minister launched several Digital India initiatives, namely, *India Stack: indiastack.global*, *MyScheme: Service Discovery Platform*, *MeriPehchaan: National Single Sign On (NSSO)*, *Digital India Bhashini: Bhasha Daan*, *Digital India GENESIS* and unveiled an eBook '*Catalyzing New India's Techade*'. The first cohort of 30 institutions supported under the *Chips to Startup (C2S) Programme* was also announced.

## **6. MINISTRY OF LABOUR & EMPLOYMENT**

[No latest updates]

<sup>22</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1839227>

## **7. MINISTRY OF LAW & JUSTICE**

### **7.1 PRESS RELEASE**

**July 4, 2022**

➤ **Department of Legal Affairs participates in event to showcase digital initiatives that have been undertaken for enhancing e-Gov and digital solutions**<sup>23</sup>

- The Hon'ble Prime Minister today Inaugurated the Digital India Week, a Digital Expo – Digital Mela at Gandhinagar, Gujarat organized by the Ministry of Electronics and information Technology (MeitY) with the arching theme 'Digital India: Catalyzing New India's Techade' a digital transformation journey for showcasing India's Technological prowess to the world.
- The Department of Legal Affairs, Ministry of Law and Justice under the guidance of Minister of Law & Justice, Shri Kiren Rijiju and Minister of State for Law & Justice Prof. S.P. Singh Baghel participated in the Digital India Week from July 4 to July 6, 2022 to showcase the digital initiatives that have been undertaken for enhancing e-Gov and digital solutions.
- The department has started using the e-office and digitised all litigation records of active cases in a time-bound manner. This has helped in making the process for virtual hearings of government litigation cases more efficient. This is a significant step towards achieving the goal of a "Digital India".

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<sup>23</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1839208>