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20th July 2026

RBI AMENDS CREDIT FACILITIES DIRECTIONS ACROSS BANKS, NBFCS, AIFIS AND UCBS TO CLARIFY PROJECT FINANCING AND POWER TRANSMISSION NORMS

The Reserve Bank of India ("RBI"), through five parallel Amendment Directions dated July 15, 2026, has amended the Credit Facilities Directions applicable to Commercial Banks, Small Finance Banks ("SFBs"), Non-Banking Financial Companies ("NBFCs"), All India Financial Institutions ("AIFIs") and Urban Cooperative Banks ("UCBs"). The amendments clarify the treatment of multi-unit project financing and the right of way requirement for transmission infrastructure linked to electricity generation projects.

ANALYSIS

- The amendments were issued as: the Commercial Banks (Fifth Amendment) Directions, 2026 (RBI/2026-27/181); the Small Finance Banks (Fourth Amendment) Directions, 2026 (RBI/2026-27/182); the NBFC (Second Amendment) Directions, 2026 (RBI/2026-27/183); the AIFI (Second Amendment) Directions, 2026 (RBI/2026-27/184); and the Urban Cooperative Banks (Second Amendment) Directions, 2026 (RBI/2026-27/185) all dated July 15, 2026 and effective immediately.

- Commercial Banks, SFBs and UCBs have been amended in exercise of powers under sections 21 and 35A (and, for UCBs, additionally section 56) of the Banking Regulation Act, 1949; NBFCs under sections 45JA, 45L and 45M of the RBI Act, 1934 read with the National Housing Bank Act, 1987 and the Factoring Regulation Act, 2011; and AIFIs under section 45L of the RBI Act, 1934.

- A new Explanation has been inserted permitting a bank/NBFC/AIFI to, at its discretion, finance independent viable units of a larger project as separate projects with their own financial closure, provided each unit is appraised ex-ante for standalone viability.

- A second new Explanation clarifies that for electricity generation projects where the scope covers both generation and transmission (evacuation infrastructure), the right of way requirement for the transmission component may be determined in accordance with the relevant sub-paragraph (3) of the base Directions.
- The paragraph numbering into which these Explanations are inserted differs across the five sets of Directions, reflecting the differing structure of each base Direction: paragraphs 78 and 80 (Commercial Banks and SFBs), paragraphs 70 and 72 (NBFCs), paragraphs 39 and 41 (AIFIs), and paragraphs 67 and 69 (UCBs).

KEY TAKEAWAYS

- RBI has harmonised project-financing flexibility across every category of credit-facility-granting regulated entity banks, SFBs, NBFCs, AIFIs and UCBs through simultaneous, identically worded amendments.
- Lenders now have explicit discretion to treat independently viable units within a larger project as standalone financings with separate financial closure, subject to ex-ante standalone viability appraisal.
- The clarification on right of way for transmission (evacuation) infrastructure tied to generation projects addresses a recurring bottleneck in appraising integrated power projects.
- All amendments are effective immediately, with no transition period specified.
- The notification is attached here in:

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RBI CONSOLIDATES REGULATORY FRAMEWORK FOR SPECIAL RUPEE VOSTRO ACCOUNTS (SRVAS), SUPERSEDING FIVE PRIOR CIRCULARS

The RBI has consolidated the regulatory framework for Special Rupee Vostro Accounts ("SRVAs") by bringing together instructions issued between July 2022 and October 2025 into a single circular dated July 17, 2026. The consolidated circular supersedes the five earlier circulars on international trade settlement in Indian Rupees (INR) and rationalises the framework governing the opening, funding, use, investment and reporting of SRVAs by Authorised Dealer ("AD") Category-I banks.

ANALYSIS

- The consolidated circular A.P. (DIR Series) Circular No. 19 dated July 17, 2026 (RBI/2026-27/203) supersedes A.P. (DIR Series) Circular No. 10 dated July 11, 2022, Circular No. 08 dated November 17, 2023, Circular No. 11 dated June 11, 2024, A.P. (DIR Series) Circular No. 08 dated August 05, 2025, and A.P. (DIR Series) Circular No. 14 dated October 03, 2025.
- AD banks in India may open SRVAs of their own branch outside India, or of a bank resident outside India, under Regulation 7(1) of the Foreign Exchange Management (Deposit) Regulations, 2016 without the separate RBI approval process previously required, that approval-process requirement having been withdrawn with effect from the August 2025 circular and now subsumed into the consolidated framework.
- SRVA settlement is confirmed as an additional arrangement for invoicing, payment and settlement of exports and imports in INR; all permissible current and capital account transactions under FEMA may also be routed through the SRVA.
- AD banks maintaining an SRVA are permitted to open an additional current account for the exporter/importer, used exclusively for settlement of export/import transactions.
- SRVAs may be funded through inward remittances, transfers from other repatriable INR accounts, and proceeds from permissible current and capital account transactions under FEMA.

- Investment of SRVA balances in debt instruments continues to be governed by the Master Direction – Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025, as amended.
- Documentation and reporting of cross-border transactions through the SRVA remain governed by extant FEMA guidelines, and details of SRVAs held by overseas correspondent banks are to be periodically updated in the 'SRVA Directory' published by FEDAI.
- The circular is issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999, and takes effect with immediate effect; it is signed by Shri N. Senthil Kumar, Chief General Manager, Foreign Exchange Department.

KEY TAKEAWAYS

- RBI has streamlined SRVA compliance into a single circular, superseding five separate issuances made between July 2022 and October 2025.
- AD banks can open SRVAs without a distinct RBI approval process, consistent with the liberalisation introduced in August 2025 and now folded into the consolidated instructions.
- Permitted use of SRVA balances extends beyond trade settlement to cover all permissible current and capital account transactions under FEMA, and supports an additional current account for exporters/importers.
- A centralised, FEDAI-maintained SRVA Directory is intended to improve transparency around overseas correspondent banking relationships using the SRVA mechanism.
- The notification is attached here in:

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SEBI EXTENDS STANDING INSTRUCTION FACILITY FOR SWPs AND STPs TO MUTUAL FUND UNITS HELD IN DEMAT FORM

The Securities and Exchange Board of India ("SEBI"), through its Circular No. HO/47/14/13(2)2026-MRD-POD2/I/16590/2026 dated July 17, 2026, has extended the facility of creating standing instructions for Systematic Withdrawal Plans ("SWPs") and Systematic Transfer Plans ("STPs") to mutual fund units held in demat form. The framework, which was previously available only for units held in statement of account (SOA) form, aims to facilitate ease of doing business for investors by enabling automated withdrawal and transfer instructions through the depository system.

ANALYSIS

- SEBI has directed Depositories, Recognized Stock Exchanges, Registrar and Transfer Agents ("RTAs"), Depository Participants ("DPs"), Mutual Funds, Asset Management Companies ("AMCs") and AMFI to implement the framework for standing instructions relating to SWPs and STPs for mutual fund units held in demat form.
- Prior to this circular, investors holding mutual fund units in demat form could not create standing instructions for periodic withdrawals or transfers. SEBI has now permitted this facility after considering representations received from Depositories, the recommendations of a SEBI Working Group and the Secondary Market Advisory Committee.
- The implementation shall be carried out in two phases:
    - Phase I: Introduction of Unit-based SWP/STP, enabling investors to create standing instructions for redemption of a fixed number of mutual fund units at specified intervals for withdrawal or transfer into another scheme of the same mutual fund.
    - Phase II: Introduction of Amount-based SWP/STP, enabling standing instructions for redemption of a fixed monetary amount at specified intervals or for investment into another scheme of the same mutual fund.

- Depositories have been designated as the nodal facilitators for implementation of the framework. They are required to:
  - Implement Phase I by January 31, 2027;
  - Implement Phase II by April 30, 2027;
  - Jointly publish a standard operational framework by October 31, 2026;
  - Amend their bye-laws, rules and regulations wherever necessary;
  - Carry out requisite system changes; and
  - Disseminate the provisions of the circular on their websites.
- The circular has been issued under Section 11(1) of the SEBI Act, 1992, read with Section 26(3) of the Depositories Act, 1996 and Regulation 97 of the SEBI (Depositories and Participants) Regulations, 2018, and comes into force with immediate effect.

KEY TAKEAWAYS

- Investors holding mutual fund units in demat form will now be able to create standing instructions for SWPs and STPs, bringing parity with investors holding units in statement of account form.
- The implementation will be phased, beginning with Unit-based SWPs/STPs followed by Amount-based SWPs/STPs, allowing market infrastructure institutions adequate time to operationalise the framework.
- Depositories have been entrusted with a central role in implementing the framework, including publication of operational standards, regulatory amendments and technology upgrades.
- The framework is expected to enhance investor convenience, improve automation of mutual fund transactions and promote greater participation in dematerialised mutual fund holdings.
- The circular has come into effect immediately, while the operational milestones for implementation extend through April 30, 2027.
- The notification is attached here in:

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NCLAT HOLDS IBC MORATORIUM DOES NOT PROTECT ALLEGED PROCEEDS OF CRIME FROM PMLA ACTION

The National Company Law Appellate Tribunal ("NCLAT"), Principal Bench, in Value Wise Consultancy Private Limited v. Deputy Director, Directorate of Enforcement & Ors., has held that the moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 ("IBC") does not bar proceedings initiated by the Enforcement Directorate ("ED") under the Prevention of Money Laundering Act, 2002 ("PMLA") in respect of assets alleged to constitute proceeds of crime. The Tribunal clarified that the IBC and the PMLA operate in distinct statutory spheres and that insolvency proceedings cannot be used to shield assets derived from criminal activity.

ANALYSIS

- The appeals arose from actions taken by the Enforcement Directorate during the Corporate Insolvency Resolution Process ("CIRP") of Siddhi Vinayak Logistics Limited, including the withdrawal of approximately Rs. 2.29 crore from the corporate debtor's bank account, attachment of its vehicles and issuance of directions restraining customers from releasing payments to the corporate debtor.
- The liquidator challenged the ED's actions on the ground that they violated the moratorium imposed under Section 14 of the IBC and the restrictions applicable during liquidation under Section 33(5) of the IBC.
- The NCLAT dismissed the appeals and held that the IBC and the PMLA serve different legislative objectives. While the IBC is intended to facilitate insolvency resolution and maximise the value of the corporate debtor's legitimate assets for stakeholders, the PMLA is a penal statute enacted to identify, attach, retain and confiscate proceeds of crime.
- The Tribunal held that the protection afforded by the moratorium under Section 14 of the IBC, and the restrictions contained in Section 33(5) during liquidation, do not extend to assets alleged to be proceeds of crime. Consequently, proceedings initiated by the Enforcement Directorate under the PMLA may continue notwithstanding the commencement of CIRP or liquidation.

- Relying upon the Supreme Court's decision in Embassy Property Developments Pvt. Ltd. v. State of Karnataka, the NCLAT reiterated that the jurisdiction of the National Company Law Tribunal ("NCLT") under Section 60(5) of the IBC is not unlimited and cannot be invoked to adjudicate disputes falling exclusively within the domain of another special statute.
- Accordingly, the Tribunal held that challenges to attachment orders, notices issued under Section 50 of the PMLA, or retention of assets by the Enforcement Directorate must be pursued before the authorities, Special Court or appellate forums specifically constituted under the PMLA, and not before the NCLT or NCLAT under the IBC.

KEY TAKEAWAYS

- The NCLAT has reaffirmed that the IBC and the PMLA operate in separate and independent fields, with each statute serving distinct legislative purposes.
- The moratorium under Section 14 of the IBC does not protect assets alleged to constitute proceeds of crime from attachment, retention or confiscation under the PMLA.
- Insolvency proceedings cannot be used as a mechanism to defeat or suspend criminal and public law proceedings initiated under the PMLA.
- The jurisdiction of the NCLT under Section 60(5) of the IBC remains limited and does not extend to adjudicating the legality of actions taken by the Enforcement Directorate under the PMLA.
- Insolvency professionals, liquidators and resolution professionals seeking relief against PMLA measures must pursue the remedies available under the PMLA framework, including proceedings before the designated authorities, Special Court and appellate forums constituted under that statute.
- The notification is attached here in :

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