Recent developments in India's corporate & commercial laws

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Monthly Newsletter
February 2026

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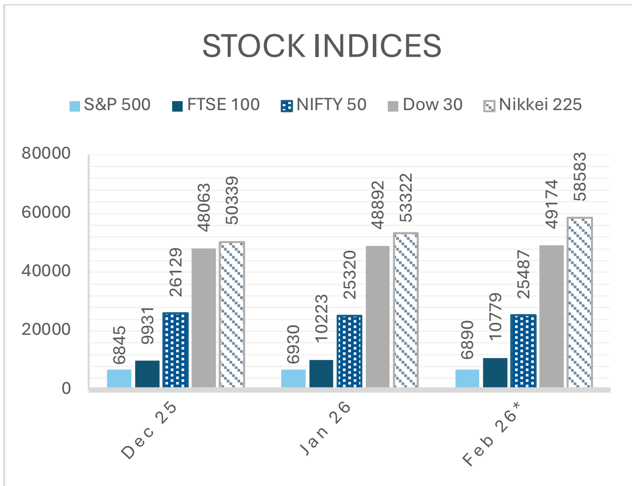
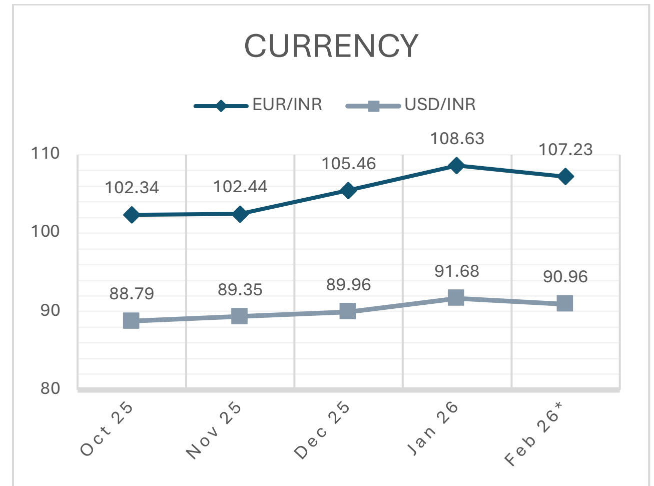
Indian economy | February 2026

Snapshot of key indicators

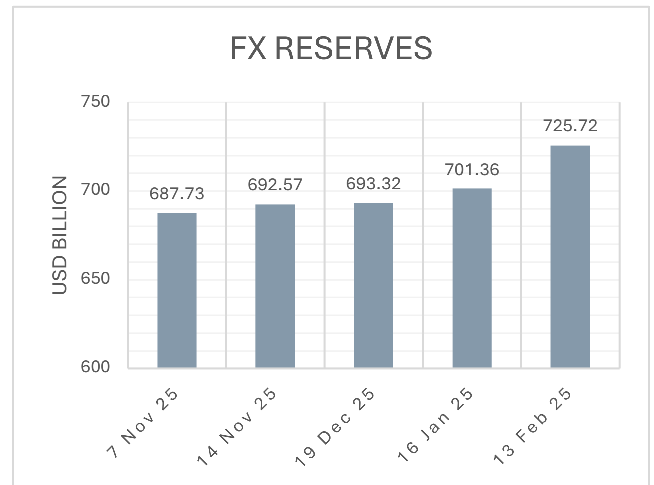


Source: S&P Dow Jones, FTSE Russel, NSE, and Nikkei

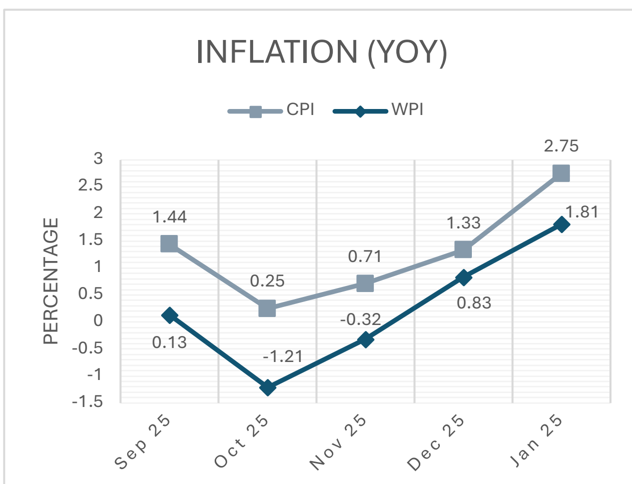


Source: Reserve Bank of India

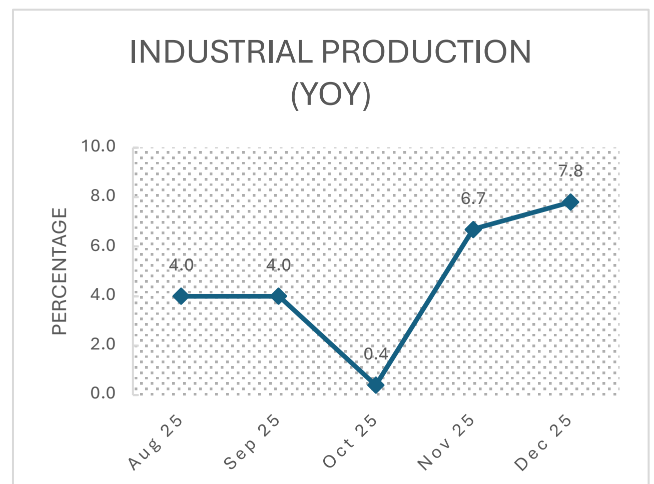
Source: Ministry of Commerce and Industry



Source: Reserve Bank of India



Source: Ministry of Statistics and Programme Implementation



Source: Ministry of Statistics and Programme Implementation

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* As per the latest available data for February 2026

RBI shifts to a principle-based regime for cross-border guarantees

FEMA (Guarantees) Regulations, 2026

The Reserve Bank of India (**RBI**) has notified the Foreign Exchange Management (Guarantees) Regulations, 2026 (**2026 Regulations**), replacing the erstwhile framework of 2000. The new regulations introduce a modernised regime intended to facilitate legitimate cross-border business while strengthening transparency, accountability, and supervisory oversight.

Cross-border guarantees are a critical tool in international commerce, enabling Indian entities to support overseas obligations, secure financing, and participate in global trade and infrastructure arrangements. However, such guarantees also create contingent foreign exchange exposures that can have macroeconomic implications. Despite significant growth in cross-border transactions over the last 2 decades, the erstwhile framework under the Foreign Exchange Management Act, 1999 (**FEMA**) had remained largely static for over two decades, prohibiting guarantees involving non-residents unless expressly permitted by the RBI or under specific categories. This resulted in transaction delays, interpretational uncertainty, and fragmented compliance obligations spread across multiple FEMA instruments and Master Directions. The 2026 Regulations introduce a consolidated framework aligned with the eligibility of the underlying transaction rather than rigid transaction-specific approvals.

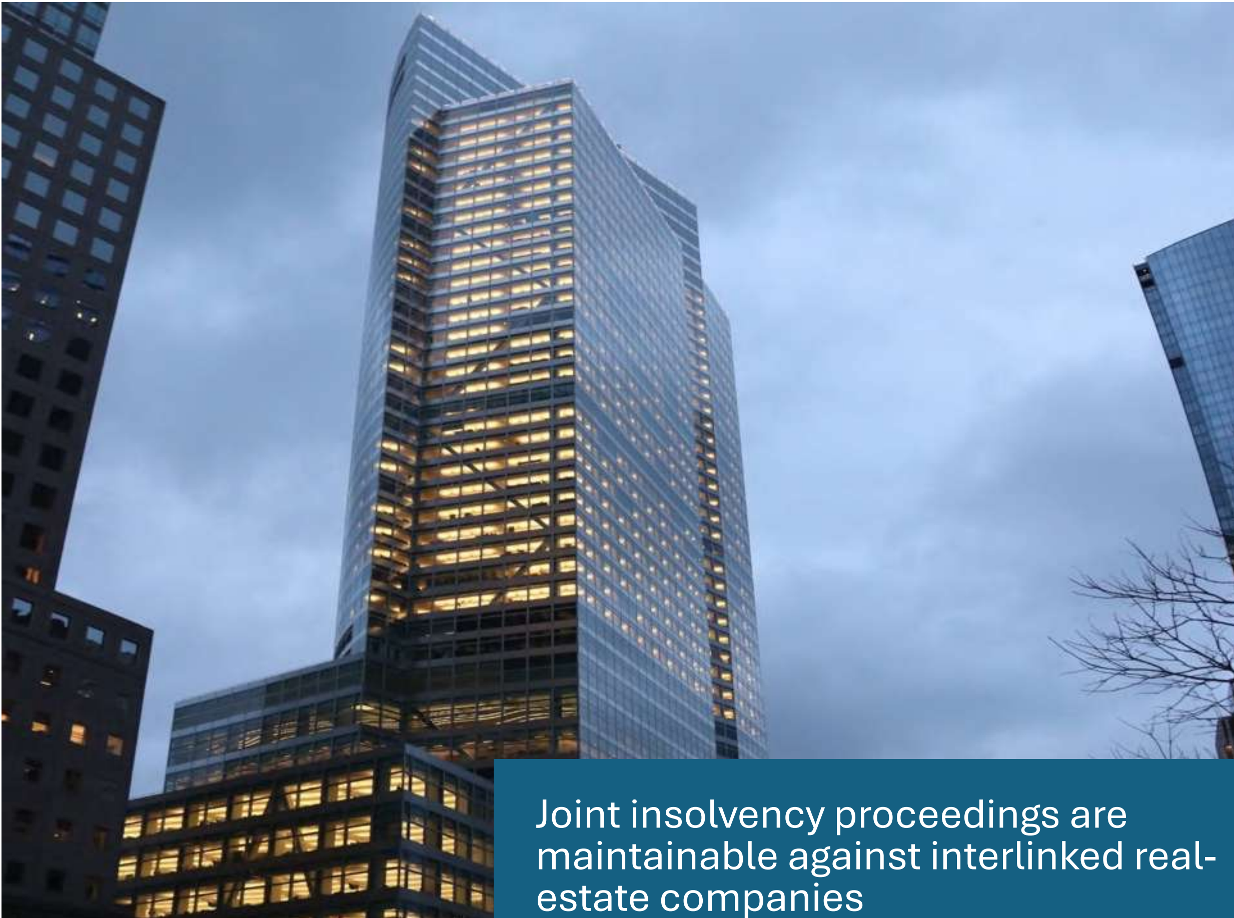
Key changes

- Shift from approval-based to principle-based regime: Cross-border guarantees are now generally permitted without prior RBI approval if the underlying transaction is FEMA-compliant and the parties satisfy prescribed eligibility conditions. This is a huge shift from the earlier restrictive approach.
- Unified treatment of guarantee structures: The term 'guarantee' now expressly covers counter-guarantees and obligations relating to a portfolio of liabilities, bringing complex financing and structured arrangements within a single regulatory framework.
- Automatic route for residents acting as surety or principal debtor: Residents may participate in cross-border guarantees provided the underlying transaction is not prohibited and the parties are eligible to lend to or borrow from each other under the FEMA Borrowing and Lending Regulations, 2018, subject to specified exceptions. Broadening access to the automatic route reduces procedural barriers and transaction timelines, which is particularly beneficial for financing arrangements requiring timely credit support.
- Explicit coverage of inbound guarantees: The framework now expressly addresses guarantees issued by non-residents in favour of Indian parties, an area previously governed indirectly through other FEMA provisions, aligning the regime with contemporary global financing practices.
- Resident creditors permitted to obtain guarantees: Indian residents acting as creditors may arrange guarantees even where both the principal debtor and surety are non-residents.
- Targeted exemptions to avoid regulatory overlap: Certain guarantees, such as those issued by overseas branches of authorised dealer banks, Indian Financial System Centre (**IFSC**) units, or those governed by overseas investment regulations, are excluded to preserve consistency across FEMA frameworks.
- Comprehensive quarterly reporting framework (Form GRN): All guarantee lifecycle events, including issuance, modification, invocation, and closure, must be reported periodically to authorised dealer banks, which in turn report to the RBI. This improves regulatory visibility while allowing transactions to proceed without prior approvals.
- Clear allocation of reporting responsibility: Depending on the structure, the reporting obligation lies with the resident surety, principal debtor, or creditor, ensuring each transaction has an identifiable reporting entity.
- Introduction of late submission fee mechanism: A structured penalty regime now applies to delayed reporting, replacing *ad hoc* regularisation practices and enabling self-compliance without resorting to compounding proceedings.
- Framework consolidation across FEMA Directions: Guarantee-related provisions scattered across multiple Master Directions have been streamlined, reducing duplication and interpretational complexity, and simplifying compliance management for corporates, banks, and financial institutions.

The 2026 Regulations represent a significant recalibration of India's approach to cross-border guarantees, with a 2-fold policy objective – to ease genuine cross-border commercial activity by expanding the automatic route and to strengthen *ex post* monitoring through structured reporting and clearly assigned accountability – aimed at balancing ease of doing business with systemic risk management. The emphasis on post-transaction transparency through comprehensive reporting, defined accountability, and measurable penalties suggests a shift from *ex ante* control to risk-based supervision. If implemented effectively, the framework has the potential to enhance India's attractiveness as a destination for cross-border financing and investment, while preserving safeguards against misuse.

While the 2026 Regulations significantly enhance regulatory clarity and predictability for cross-border transactions, certain areas of concern remain:

- Significant compliance obligations, particularly in relation to reporting and documentation, entails a need to carefully assess the permissibility of the underlying transaction and borrowing-lending eligibility before issuing or obtaining guarantees, which typically requires complex legal analysis.
- Interpretational issues such as determining eligibility under borrowing and lending regulations, particularly for hybrid or multi-party transactions, treatment of legacy guarantees, modifications to pre-existing arrangements, and the coordination among multiple parties for reporting purposes.
- Administrative burdens on smaller entities unfamiliar with FEMA reporting systems through the imposition of strict timelines and a penalty framework for delayed reporting.
- Need for further regulatory guidance or FAQs to ensure uniform implementation.



Joint insolvency proceedings are maintainable against interlinked real-estate companies

Satinder Singh Bhasin v. Col. Gautam Mullick

The Supreme Court recently held that insolvency proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 (**Code**) can be validly initiated through a single application against multiple corporate entities where they are intrinsically connected in a real-estate project.[1]

A group of allottees sought initiation of CIRP against two companies involved in developing a commercial complex after alleging failure to deliver possession and non-payment of assured returns. The National Company Law Tribunal (**NCLT**) admitted the petition, finding financial debt and default, and holding that 103 allottees satisfied the threshold requirement. The National Company Law Appellate Tribunal (**NCLAT**) affirmed. Former directors challenged this before the Supreme Court, arguing that separate companies could not be jointly proceeded against, that the number of allottees fell below the statutory threshold after settlements, and that construction stood completed.

The Court rejected all contentions and endorsed the permissibility of joint insolvency proceedings where multiple corporate entities function as a composite enterprise in relation to a single project, reinforcing the emerging jurisprudence on group or consolidated insolvency under the Code.

On facts, both companies were closely interlinked in the project – sharing management, contractual roles, communications, and financial dealings – and were jointly answerable to allottees, justifying a consolidated insolvency process.

The Court also reaffirmed that the relevant date for determining the numerical threshold is the date of filing, and subsequent settlements or withdrawals do not affect maintainability.

Official inspection and regulatory material showed the project remained incomplete, and possession could not legally be delivered without statutory approvals and tripartite sublease deeds, establishing default.

Importantly, the ruling signals that corporate structuring through separate legal entities will not shield related companies from collective insolvency where their operations are intertwined.

Accordingly, all appeals were dismissed, and the admission of insolvency against both companies was upheld, strengthening creditor remedies in complex real estate projects and clarifying that interconnected developers may face unified insolvency proceedings to ensure value maximisation and effective resolution.

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[1] Satinder Singh Bhasin v. Col. Gautam Mullick, 2026 INSC 104

RBI introduces 'high quality' infrastructure lending by NBFCs

RBI (NBFC – Concentration Risk Management) Amendment Directions, 2026

India's infrastructure financing has long faced regulatory tension: while critical for economic growth, its long gestation periods, revenue volatility, and execution risks have required strict prudential norms. Under the previous regime, infrastructure exposures were subject to uniform exposure ceilings and risk weights, with limited distinction between construction-stage and operational assets, leading to higher capital allocation and reduced refinancing incentives.

To this end, the Reserve Bank of India (**RBI**) has amended the concentration risk management framework applicable to Non-Banking Financial Companies (**NBFCs**) under the RBI (Non-Banking Financial Companies – Concentration Risk Management) Directions, 2025 (**Directions**). The revised framework introduces a more granular, risk-sensitive approach to recalibrate exposure assessment and capital treatment for infrastructure lending by NBFCs.

Key features

- Defining 'high quality' infrastructure projects: The revised framework adopts a multi-factor risk assessment model, examining operational maturity, asset performance, revenue visibility, and lender safeguards, to classify an infrastructure project as 'high quality' where:
  - It has completed at least one full year of operations post its Commercial Operation Date (**COD**) without any material covenant breaches stipulated by lenders.
  - The exposure continues to be classified as 'standard' in the books of the lending NBFC.
  - The borrower's revenue streams arise from concessions or contractual arrangements with the Central Government, State Governments, public sector entities, regulatory authorities, or statutory bodies, with enforceable rights protected for the duration of the concession or contract, subject to performance obligations.
  - Lenders benefit from strong contractual protections, including escrow or Trust and Retention Account (**TRA**) mechanisms, *pari passu* security over movable and immovable assets, and clearly defined termination payment protections.
  - The borrower maintains a financial structure capable of meeting working capital requirements and future funding obligations without compromising lender security.
  - The borrower is contractually restricted from undertaking actions that could materially prejudice lender interests.

  This framework represents a distinct regulatory shift – from categorising projects merely by sector or typology to evaluating them based on behavioural performance, structural safeguards, and enforceable lender protections. Notably, lender security and disciplined cash flow management emerge as central determinants of asset quality, underscoring the RBI's emphasis on contractual robustness in infrastructure finance.

- Translating quality into capital incentives: The RBI has complemented the classification of 'high quality' infrastructure projects with corresponding amendments to the NBFC Prudential Norms on Capital Adequacy Directions, 2025. These changes recalibrate the risk weights applicable to exposures that meet the 'high quality' criteria.

  The revised capital framework introduces a repayment-linked risk weighting mechanism that recognises the progressive de-risking of operational infrastructure assets. Specifically, where at least 2% of the sanctioned project debt has been repaid, the NBFC's exposure to a qualifying 'high quality' project attracts a reduced risk weight of 75%; and once repayment reaches at least 5% of the sanctioned project debt, the risk weight is further reduced to 50%.

  This graduated structure moves away from static risk assumptions and instead anchors capital allocation to demonstrated repayment performance, thereby embedding behavioural credit risk indicators into prudential treatment. Importantly, prudential safeguards remain embedded within the framework. If a project ceases to satisfy the stipulated 'high quality' conditions at any point, the associated exposure automatically reverts to the applicable standard (higher) risk weights. Additionally, repayment thresholds are assessed with reference to the entire sanctioned project debt, including previously sanctioned loans secured against the same project assets or cash flows, preventing artificial structuring to obtain capital relief.

Both sets of amendments come into force from April 1, 2026, with NBFCs permitted to adopt them earlier upon full implementation. In cases where existing exposures currently benefit from lower risk weights but would attract higher weights under the revised framework, NBFCs may continue with the existing treatment until the next review date or March 31, 2027, whichever is earlier. This transitional arrangement reflects regulatory sensitivity to capital planning cycles while ensuring eventual alignment with the updated prudential standards.

AIF unit valuations to be reported to depositories, bringing demat-level NAV transparency

SEBI's Circular on reporting of value of units of AIFs to Depositories

Alternative Investment Funds (**AIFs**) are private investment vehicles that pool capital from sophisticated investors to invest in non-traditional assets like startups, private equity, and hedge funds. The Securities and Exchange Board of India (**SEBI**) (AIF) Regulations, 2012 established the core governance architecture by classifying AIFs based on investment strategy and risk profile; appointing managers and sponsors to have the skin in the game, investing their own capital alongside investors; and prohibiting public show, keeping the nature of such investments private. As the industry grew to manage trillions of rupees, SEBI moved from just 'creating' the sector to 'policing' it to fairness, and therefore introduced 'performance benchmarking', forcing fund managers to prove their success against market standards rather than just making vague claims. Thereafter, the focus was shifted to structural integrity by introducing mandatory dematerialisation and tightening accredited investor norms.

Continuing with this theme, SEBI released a Circular mandating AIFs to report Net Asset Value (**NAV**) per International Securities Identification Number (**ISIN**) to depositories *via* Registrar and Transfer Agent(s) (**RTAs**), empowering investors with periodic NAV visibility (half-yearly/quarterly/monthly) akin to mutual funds (**Circular**).

Key highlights

- Category-wise valuation and reporting frequency: Categories I and II are now required to report the 'value of units' (latest NAV per ISIN) to the depository via the RTA on a half-yearly basis, which can be extended to one year upon approval of 75% majority investors in value terms. In the case of Category III AIFs, the periodicity is quarterly for close-ended funds and monthly for open-ended funds.
- Standardised NAV upload timeline: Considering the availability of depository system, the AIFs will now be required to upload the latest NAVs corresponding to each ISIN of units and such reporting must occur within 30 days of the 'valuation date' (date of the independent valuer's report or date of internal documentation) or by May 1, 2026, whichever is later, with the depositories publicly displaying NAVs alongside disclaimers on valuation methodologies. Trustee and sponsors must verify compliance in quarterly Compliance Test Reports (**CTRs**), with non-compliance triggering supervisory action.
- Depositories' obligations: Depositories shall develop the necessary infrastructure to enable RTAs to upload AIF NAVs per ISIN and ensure seamless reflection in the depository system, facilitating investor access *via* demat accounts. AIF NAVs must incorporate the disclaimer verbatim: 'NAV being shown is on the basis of valuation methodology and accounting practice followed by your respective AIF. Please refer to your fund documents for more details,' shielding depositories from methodology disputes while directing investors to Private Placement Memorandums (**PPMs**). Depositories are also required to amend their bye-laws, rules, and regulations to implement these provisions and notify members/participants, while disseminating the Circular on their websites for broad awareness.

Implications for stakeholders

- Investor empowerment: Real-time NAV access *via* demat statements facilitates better portfolio monitoring, risk assessment, and better exit planning, particularly for close-ended Categories I and II funds with three to seven years tenures.
- Managerial burden: Smaller AIFs face upfront costs for RTA tie-ups and valuer coordination, though standardised ISIN reporting streamlines operations over fragmented PPM distributions.
- Regulatory edge: Enhanced SEBI surveillance *via* CTR integration, enabling early detection of valuation discrepancies; complements overseas investment caps (25% of investible funds) by improving audit trails.

Bank's internal NPA classification does not determine limitation under IBC

B Prashanth Hegde v. SBI

The Supreme Court recently held that a bank's internal or regulatory classification of an account as a Non-Performing Asset (**NPA**) does not determine the limitation period for filing a Section 7 insolvency application under the Insolvency and Bankruptcy Code, 2016 (**Code**). The Court clarified that accounting or Reserve Bank of India (**RBI**)-mandated NPA dates are not decisive; the legally relevant trigger is actual default and any subsequent acknowledgement of liability.[2]

The dispute arose from a consortium lending arrangement in which four banks extended credit facilities exceeding INR 280 crore to the corporate debtor. Although the account was retrospectively reflected as NPA in 2010 for provisioning purposes, the record showed that between 2010 and 2014, the parties executed multiple restructuring and working-capital consortium agreements acknowledging subsisting liability. Further, the debtors signed balance sheets for FY 2013-14 and 2014-15, dated September 30, 2015, expressly recording the outstanding debt, thereby extending the limitation for three years from that date. The Court rejected the application of banks' internal classification mechanisms to determine limitation. The Court additionally reiterated that acknowledgements in financial statements or formal documents can revive limitation and that unresolved counterclaims or criminal complaints do not bar insolvency admission unless liability is adjudicated. As the Section 7 application was filed on April 25, 2018, it was held to be within time. Accordingly, the appeals were dismissed, and insolvency admission upheld.

This ruling underscores that limitations under the Code will be assessed based on actual default and subsequent acknowledgements, not accounting classifications, meaning companies, lenders, and investors must carefully evaluate all post-default documents (such as balance sheets or restructuring agreements) that may legally revive debt claims. Consequently, stakeholders can no longer rely on technical limitation arguments tied only to historic NPA dates and must factor documentary acknowledgements into risk, litigation, and diligence strategies.

[2] B Prashanth Hegde v. State Bank of India, 2026 INSC 155

SEBI restructures HVDLE framework, strengthening investor service mechanisms

SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026

Effective as of January 20, 2026, the Securities and Exchange Board of India (**SEBI**) has amended the Listing Obligations and Disclosure Requirements Regulations, 2015 (**LODR Regulations**), introducing a pivotal shift in the oversight of debt markets and the processing of investor service requests (**2026 Amendment**). By recalibrating the thresholds for High Value Debt Listed Entities (**HVDLEs**) and mandating digital-first investor services, the 2026 Amendment seeks to balance ease of doing business for mid-sized issuers with enhanced efficiency and transparency for the debt ecosystem.

The agenda behind the 2026 Amendment is driven by several key objectives:

- As the Indian corporate bond market deepens, the previous thresholds for enhanced governance had begun to encompass a wider range of smaller issuers for whom the compliance burden was disproportionate.
- Moving away from physical certificates for corporate actions reduces the risks of fraud, loss, and administrative delays, aligning investor services with a dematerialised-only market.
- Standardising the transfer of unclaimed funds to the Investor Education and Protection Fund (**IEPF**) ensures that non-company entities are subject to the same level of accountability as traditional corporate structures.

Key features

- Recalibration of the HVDLE threshold: Shifting the focus to truly large-scale debt issuers, the threshold outstanding value of listed non-convertible debt securities for classification of entities as HVDLEs has been increased from INR 1,000 crore to INR 5,000 crore. This restricts the stringent requirements of Regulations 15(1A) and 62C of the LODR Regulations to the qualifying HVDLEs, which must ensure disclosure of compliance from the third quarter following the date of crossing the threshold.
- Digitalisation of investor service requests: In a move to eliminate physical handling risks, SEBI has overhauled the protocols for investor service requests by amending Regulation 39(2). Listed entities are now required to affect the credits of securities, pursuant to splits, consolidations, renewals or duplicate issuance, but all exclusively in dematerialised form, within 30 days of receiving the request and relevant documents. Additionally, similar dematerialisation requirements have also been introduced for the transfer of securities, including transmissions and transpositions (change of names), save certain registrations executed before April 1, 2019.
- Governance and operational resilience for HVDLEs: The 2026 Amendment has refined the governance structure of HVDLEs:
  - Meeting frequencies for the Board and various committees like Audit Committee, Nomination and Remuneration Committee (**NRC**), Stakeholders' Relationship Committee (**SRC**), and Risk Management Committee (**RMC**) are now strictly measured against a 'financial year' rather than a calendar year or a rolling twelve-month period.
  - For HVDLEs undergoing insolvency, vacancies in the offices of Chief Executive Officer (**CEO**), Managing Director (**MD**), or Chief Financial Officer (**CFO**) must be filled within three months of the resolution plan's approval. In the interim, at least one full-time Key Managerial Personnel (**KMP**) must manage day-to-day affairs.
  - Requirements for non-executive directors reaching the age of 75 must be met at the time of appointment or re-appointment. Notably, directors nominated by financial sector regulators or debenture trustees are exempted from certain appointment-related requirements.
- Related Party Transactions (**RPT**) and subsidiary oversight: The framework for RPTs has been streamlined to prevent regulatory overlap while maintaining oversight:
  - Transactions between a public sector company and the Central or State Governments, as well as statutory payments, are now explicitly exempted from RPT approval requirements.
  - In the context of material subsidiaries, the threshold for oversight has changed from 'income' to 'turnover' or net worth, aligning with standard accounting terminology.
  - Restrictions on the sale, disposal, or lease of assets do not apply if the transaction occurs between two wholly owned subsidiaries of the HVDLE.
- Unclaimed funds and IEPF integration: The amendments to Regulation 61A clarify how unclaimed and unpaid amounts related to listed debt securities are to be treated. Now, issuers must transfer unclaimed/unpaid amounts in escrow to the IEPF in accordance with Section 125 of the Companies Act, 2013. For issuers that do not fall under the definition of a 'company', unclaimed amounts must be transferred to SEBI's IEPF after seven years from the maturity date.

Supreme Court reinforces substance over form in treaty claims

GAAR may override DTAA benefits

In a landmark ruling with significant implications for cross-border investment structuring into India, the Supreme Court has clarified that treaty entitlement to tax benefits cannot rest on formal documentation alone and must be supported by demonstrable commercial substance. The decision marks a decisive shift from the earlier reliance on Tax Residency Certificates (**TRCs**) and grandfathered treaty protections as near-conclusive shields against Indian taxation. By affirming that the General Anti-Avoidance Rules (**GAAR**) can override treaty benefits under Section 90(2A) of the Income Tax Act, 1961, the Court has reinforced the primacy of substance over form in India's international tax framework.[3]

The case concerned capital gains arising from the offshore transfer of shares in a Singapore holding company that derived substantial value from Indian assets. The taxpayers, Mauritius-based entities, claimed exemption under the India-Mauritius Double Taxation Avoidance Agreement (**DTAA**), relying on residence-based taxation provisions as well as grandfathering protections for investments made prior to the 2016 treaty amendment, which had shifted capital gains taxation from a residence-based regime to a source-based regime. They also held valid TRCs issued by Mauritian authorities.

Rejecting these claims, the Supreme Court upheld the Indian tax authorities' position that treaty benefits may be denied where the arrangement lacks real commercial substance. The Court emphasised that tax treaties are designed to prevent double taxation, not enable double non-taxation, and clarified that a TRC, while necessary, is not conclusive proof of eligibility.

Tax authorities are entitled to examine whether an entity has independent decision-making authority, genuine economic activity, and a meaningful operational presence, or whether it functions primarily as a conduit.

Significantly, the Court confirmed that GAAR overrides treaty provisions where an arrangement qualifies as an impermissible avoidance arrangement. It also held that grandfathering clauses preserve the allocation of taxing rights but do not immunise structures from anti-avoidance scrutiny at the time of exit.

For investors, the ruling signals heightened scrutiny of intermediary holding structures and a shift toward a fact-intensive assessment of governance, control, and economic purpose. Treaty access is no longer a structural presumption but must be defensible on substance, particularly in exit scenarios involving substantial gains.

[3] AAR (Income Tax) v. Tiger Global International II Holdings, 2026 SCC OnLine SC 861

New IT Rules tighten platform liability and fast-track takedowns of AI-generated deepfakes

IT (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules, 2026

Effective from February 20, 2026, the Ministry of Electronics and Information Technology (**MeitY**) has amended the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (**Rules**) to address the growing risk of the growing risk of misinformation, impersonation, and reputational harm arising from the rapid growth of Artificial Intelligence (**AI**)-generated content such as deepfakes (**Amended Rules**).

India's intermediary liability regime operates on conditional safe-harbour protection under Section 79 of the Information Technology Act, 2000 (**IT Act**), subject to compliance with due diligence obligations. The Rules, when originally introduced in 2021, brought in a structured framework for content moderation and grievance redressal, particularly for social media platforms.

The primary objectives of the Amended Rules appear to be to curb the misuse of synthetically generated content, ensure rapid removal of unlawful material, enhance user accountability, and improve traceability of online information. They significantly expand due diligence requirements, impose stringent response timelines, and introduce a formal regulatory framework for synthetically generated information.

Key changes

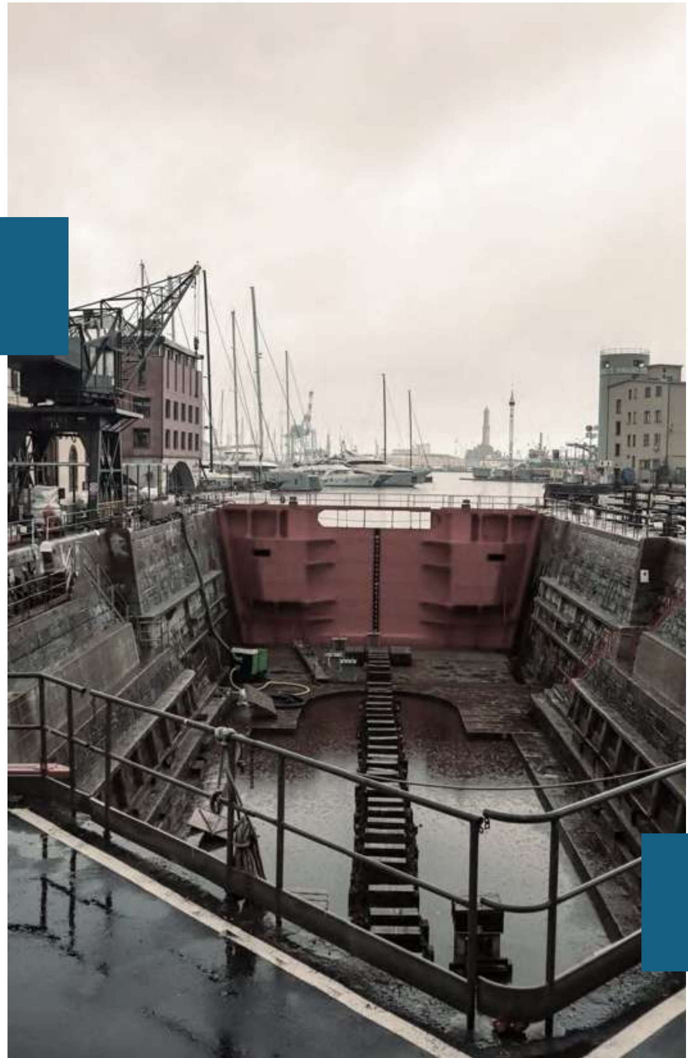
- Statutory recognition of Synthetically Generated Information (**SGI**): The Amended Rules introduce a formal definition of SGI covering AI-created or AI-altered audio, visual, and audio-visual content that appears authentic or indistinguishable from real persons or events. The amendment also clarifies that references to unlawful 'information' include such SGI, thereby bringing deepfakes squarely within the existing enforcement mechanisms. The express inclusion of SGI within the regulatory framework reduces legal ambiguity and strengthens enforcement capabilities.
- Mandatory labelling for AI-generated content: Intermediaries enabling the creation or dissemination of synthetic content must ensure that lawful AI-generated material is clearly labelled and embedded with permanent metadata or other provenance markers, to the extent technically feasible. Labelling requirements promote transparency by helping users distinguish authentic information from manipulated media.
- Preventive obligations on platforms facilitating SGI creation: Platforms offering tools to generate or modify synthetic content are required to deploy reasonable and appropriate technical measures to prevent unlawful use.
- Enhanced compliance duties for Significant Social Media Intermediaries (**SSMIs**): SSMIs must obtain user declarations regarding whether uploaded content is synthetically generated, deploy proportionate technical measures to verify such declarations, and ensure appropriate labelling. Failure to do so may be treated as a breach of due diligence obligations.
- Substantially reduced response timelines: The compliance window for taking action has been shortened – action on authorised takedown directions within three hours and resolution of user grievances within seven days. Faster takedown timelines may significantly reduce the viral spread of harmful material, particularly non-consensual or defamatory content.
- More frequent user notifications and accountability measures: Intermediaries are now required to inform users at least once every three months, rather than annually, about the consequences of violating platform rules, including potential legal liability and reporting obligations.
- Clarification of safe-harbour position for synthetic-content removals: The removal or disabling of access to SGI in compliance with the framework will not compromise intermediary immunity under Section 79 of the IT Act, thereby encouraging prompt enforcement action

As traditional content-moderation mechanisms prove inadequate to risks posed by deepfakes and other AI-driven misinformation, the amendments mark a significant step toward modernising India's intermediary liability framework, signalling a clear policy emphasis on speed, traceability, and accountability. At the same time, despite their protective intent, the amendments raise important operational and legal concerns that may require additional clarification:

- The vastly short compliance timelines may be difficult to meet, especially for smaller platforms lacking sophisticated moderation infrastructure.
- The requirement to establish reasonable technical measures is not accompanied by clear standards, creating uncertainty regarding the extent of monitoring expected. Without such clarity, intermediaries may adopt overly cautious moderation practices to mitigate liability, potentially affecting lawful expression and innovation.
- The cost of implementing labelling and verification systems could also disproportionately affect emerging platforms and innovation.

Government rolls out INR 44,700 crore shipbuilding schemes to anchor Maritime Vision 2047

Shipbuilding Financial Assistance Scheme and Shipbuilding Development Scheme



The Ministry of Ports, Shipping and Waterways (**MoPSW**) has notified the operational guidelines for two major initiatives – the Shipbuilding Financial Assistance Scheme (**SBFAS**) and the Shipbuilding Development Scheme (**SbDS**) – with a combined outlay of INR 44,700 crore to significantly enhance India's domestic shipbuilding capacity and global competitiveness. Aligned with the vision of Viksit Bharat and Aatmanirbhar Bharat, the guidelines establish a transparent, milestone-based, and accountable framework for implementation, reinforcing the Government of India's long-term maritime vision.

Key features of SBFAS

- With a corpus of INR 24,736 crore, the SBFAS will provide financial assistance ranging from 15% to 25% per vessel, depending on vessel category.
- The scheme introduces graded support for small, large, and specialised vessels, along with incentives for series production. Disbursements will be stage-wise and linked to clearly defined milestones, supported by mandatory independent valuation and security instruments to ensure strong governance and efficient use of public funds.
- A key innovation is the introduction of a Shipbreaking Credit Note mechanism. Ship owners scrapping vessels at Indian yards will receive a credit equivalent to 40% of the scrap value, creating a linkage between ship recycling and new ship construction while promoting a circular economy approach.
- A National Shipbuilding Mission will be established to coordinate planning and execution across stakeholders.
- Over the next decade, the scheme is expected to catalyse shipbuilding projects worth approximately INR 96,000 crore, generate significant employment, and stimulate manufacturing across the maritime value chain.

Key features of SbDS

- With a budgetary outlay of INR 19,989 crore, the SbDS focuses on long-term capacity creation and technological advancement.
- It provides for the development of greenfield shipbuilding clusters with 100% capital support for common infrastructure through a 50:50 Centre-State Special Purpose Vehicle (**SPV**) model.
- Existing shipyards will receive 25% capital assistance for brownfield expansion of critical infrastructure such as dry docks, shiplifts, fabrication facilities, and automation systems, with milestone-based disbursement monitored by independent evaluation agencies.
- An Indian Ship Technology Centre will be established at the Indian Maritime University to promote research, design innovation, and skill development.
- The scheme also introduces a Credit Risk Coverage Framework offering government-backed insurance for pre-shipment, post-shipment, and vendor-default risks, thereby improving project bankability and strengthening financial resilience within the sector.

With these initiatives, India's commercial shipbuilding capacity is projected to reach approximately 4.5 million gross tonnage per annum by 2047. Both SBFAS and SbDS will remain valid until March 31, 2036, with an in-principle extension envisaged up to 2047. Together, the schemes are expected to generate large-scale employment, promote indigenous technology development, enhance maritime security, and reinforce India's economic resilience as it advances toward becoming a major global maritime power.

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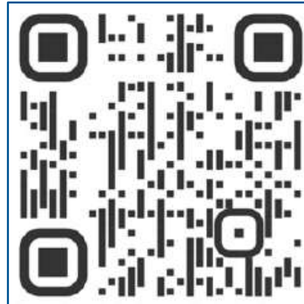

Monthly newsletter

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Founded in 1896, Fox & Mandal (**F&M**) is one of India's oldest full-service law firms. Against the backdrop of our 125+ years heritage, an unyielding and constant focus on evolution, adaptability and change have been the hallmark of our client engagement and service ethos.

The evolving policy and regulatory ecosystem necessitates careful navigation by businesses as well as their promoters and senior management - with a proven track record of effectively leveraging our full-service capabilities to address attendant legal challenges, our specialist teams combine relevant subject-matter, sectoral and jurisdictional knowledge to craft pragmatic, commercially viable and legally enforceable solutions for addressing critical issues along the entire business life cycle.

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judgments

20
partners

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