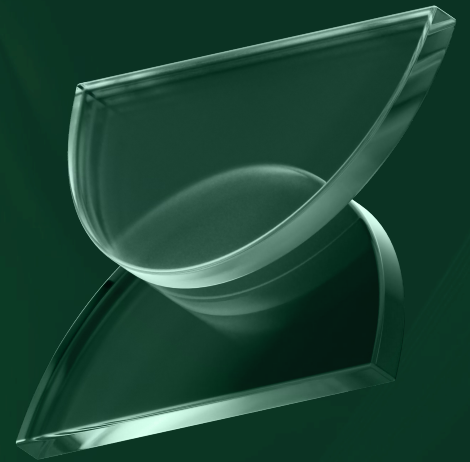


# Begur Bulletin

Banking & Finance

Whitepaper 2025

September, 2025



## Managing Partner's Foreword

Welcome to this edition of the **Begur Bulletin**, where we strive to bring you insightful, relevant, and timely analyses on the legal and business developments shaping our industries today. At **Begur & Partners**, we take pride in our multifaceted expertise, which spans across multiple *"Focus Areas"* and a diverse range of *"Sectors"*, reflecting the depth of our practice established over three decades. In an ever-evolving global landscape, it is imperative to stay informed about the legal nuances and trends that impact businesses, individuals, and institutions alike. Through the **Begur Bulletin**, we aim to share not only our knowledge but also our perspective on these critical developments, empowering our readers to navigate challenges and seize opportunities with clarity and confidence.

Each **Begur Bulletin** is carefully curated to address pressing topics, offering deep analysis and insight that is not only legally sound but also practical and actionable. From corporate mergers to emerging technologies, our insights reflect our commitment to the pursuit of legal excellence and thought leadership in the legal domain. I invite you to explore this edition and reflect on the ideas shared within. As always, we welcome your feedback and look forward to continuing this dialogue with you, our esteemed readers, and hope to contribute to the ever-dynamic legal and business landscape.

Thank you for your continued trust and engagement.

Warm Regards,

**Rajesh Begur**

Managing Partner, Begur & Partners

# White Paper

## On

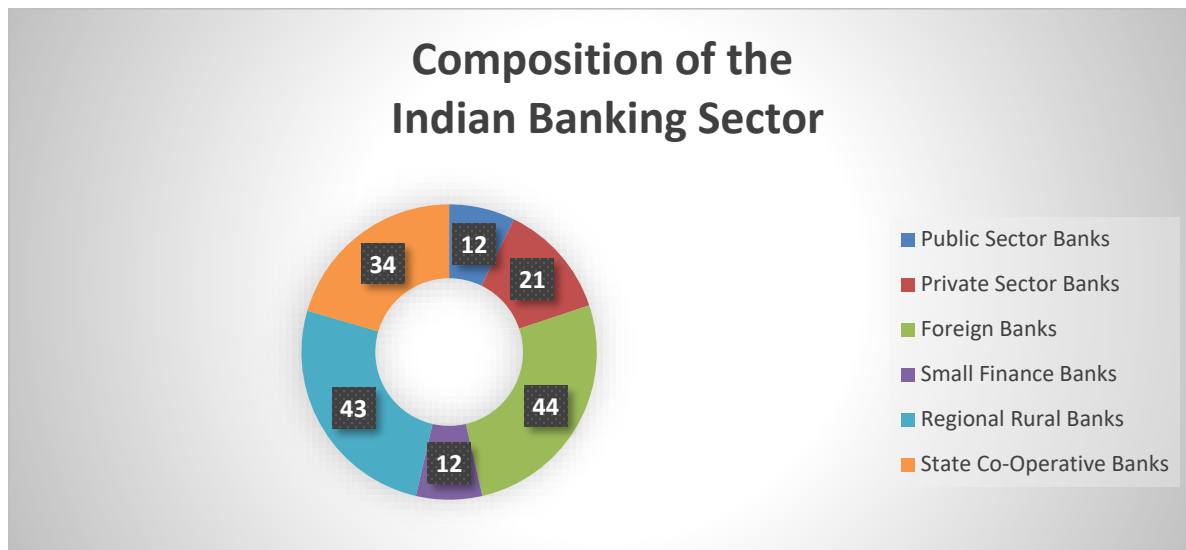
# BANKING & FINANCE

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### BIRD'S EYE VIEW

The Indian banking and financial sector continue to be a cornerstone of the country's economic development, playing a pivotal role in investment activity, financial inclusion, and digital transformation. With the presence of 12 public sector banks, 21 private sector banks, 44 foreign banks, 12 small finance banks, 43 regional rural banks, and 34 state co-operative banks, the sector remains diverse and expansive. The banking landscape has further evolved with the rise of neo-banks, digital-only financial service providers, and the continued expansion of small finance banks that enhance financial access in underserved regions.

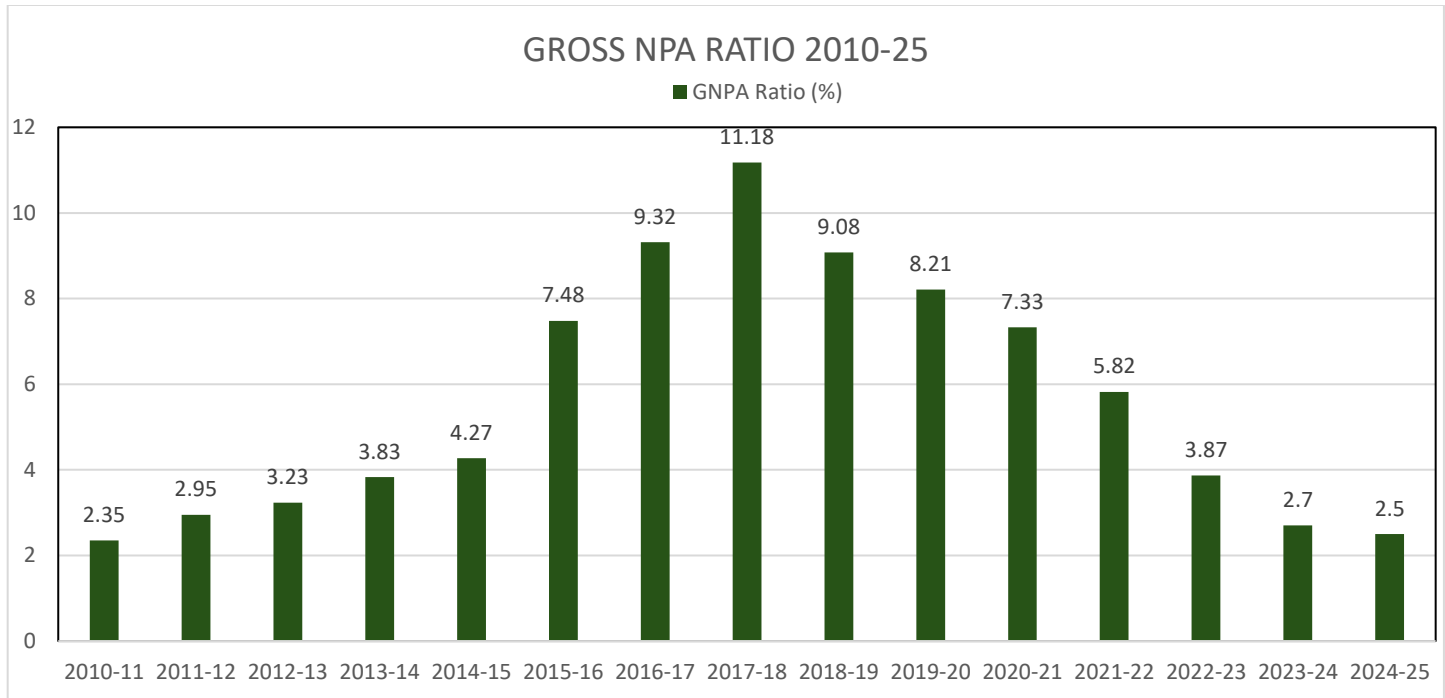


Non-Banking Financial Companies ("**NBFCs**") have emerged as key players in India's financial ecosystem, complementing traditional banks by catering to segments that often face challenges in accessing formal credit. The sector has witnessed significant expansion, with the total number of registered NBFCs standing at approximately 9,500 as of March 2024, a substantial rise from earlier years. This growth has been driven by increased demand for retail and SME credit, rapid digital adoption, and regulatory support. The proliferation of NBFCs, particularly in microfinance, vehicle finance, and consumer lending, has contributed to deeper financial inclusion and credit penetration across the country.

The sector's regulatory framework has evolved significantly, with the Reserve Bank of India ("**RBI**") introducing key reforms, including enhanced regulations for NBFCs, digital lending guidelines, and oversight mechanisms for financial technology ("**FinTech**") companies (*for more information on FinTech, kindly refer to our Whitepaper on the FinTech Sector*).

Under the aegis of the Department of Financial Services (DFS), the nodal department for the Banking, Financial Services, and Insurance (BFSI) sector in India, significant reforms have been undertaken to enhance asset quality across the banking system. As a result, gross Non-Performing Assets (NPAs) in Scheduled Commercial Banks (SCBs) have declined from ₹10.36 lakh crore in March 2018 to ₹4.75 lakh crore in March 2024. The introduction of the Insolvency and Bankruptcy Code (IBC) 2016, amendments to the Securitisation and

Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, and the Prudential Framework for Resolution of Stressed Assets have collectively contributed to this improvement. Consequently, the gross non-performing assets (GNPAs) ratio of SCBs has reached a 13-year low of 2.5 per cent as of September 2024, as highlighted in the RBI's report on Trend and Progress of Banking in India 2023-24.



Against this backdrop, a well-regulated banking and financial environment remains critical for sustaining investment momentum and fostering financial stability. This white paper broadly examines the legislative and regulatory aspects governing the Indian banking and financial sector.

*Source: RBI, IBEF*

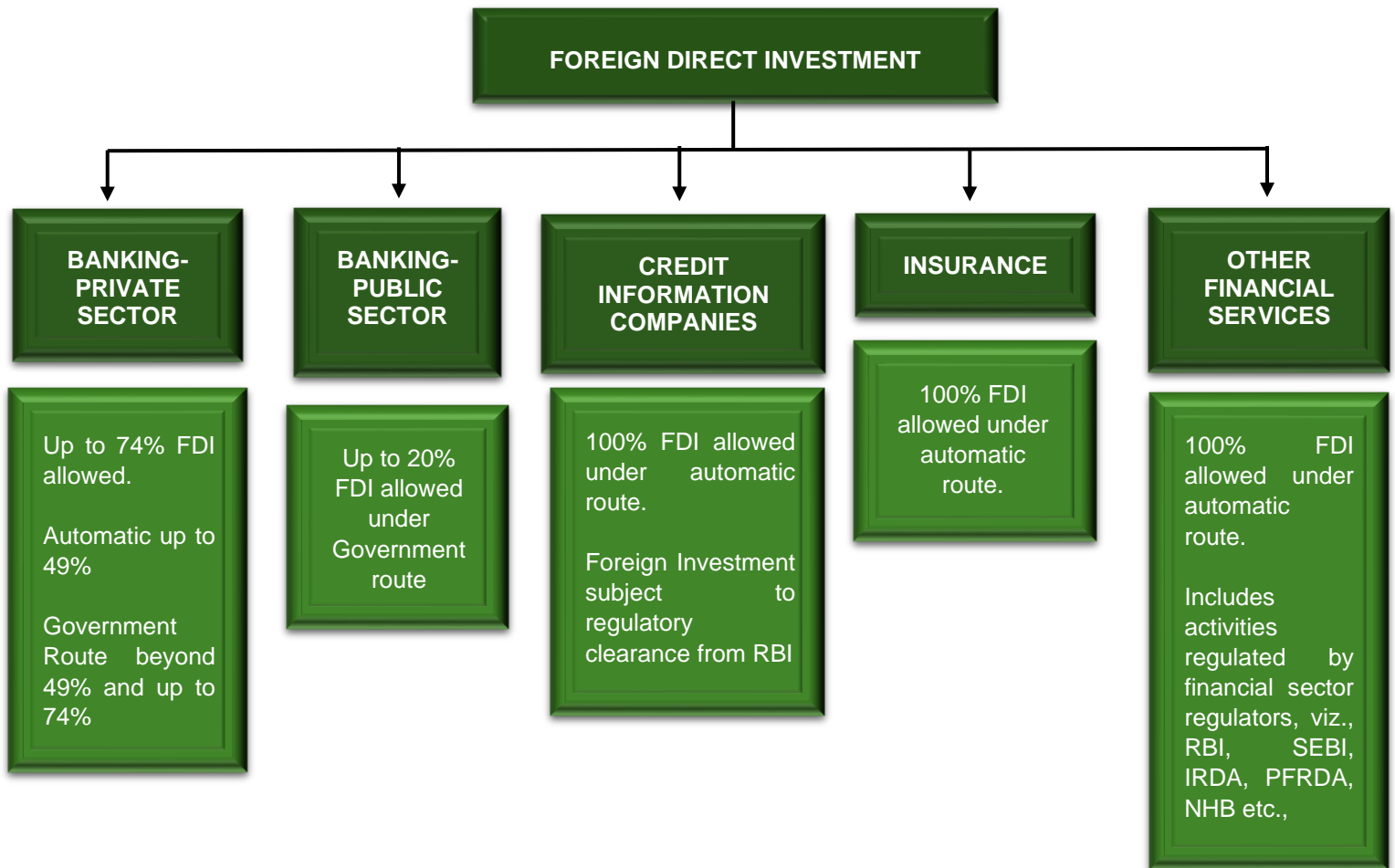
## REGULATORY FRAMEWORK

### I. **Foreign Exchange Management Act, 1999 (“FEMA”)**

FEMA governs all foreign exchange transactions, external trade, and remittances in India. It replaced the Foreign Exchange Regulation Act (FERA) and aims to facilitate external trade and payments while maintaining foreign exchange reserves. FEMA regulates cross-border transactions, foreign direct investment (FDI), external commercial borrowings (ECB), and transactions between residents and non-residents. It empowers RBI and the Central Government to regulate foreign exchange dealings and capital account transactions while imposing penalties for violations.

The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (“**NDI Rules**”), and the Consolidated Foreign Direct Investment Policy, 2020 (“**FDI Policy**”) govern foreign investments in India’s banking and finance sector by prescribing the sectoral limits, approval routes, and specific guidelines pertaining to the investment to promote fair competition, safeguard consumer interests, and foster the growth of the e-commerce industry.

The chart below depicts the permissible FDI limits across different banking activities.



## II. The Regulator - The Reserve Bank of India under the Reserve Bank of India Act, 1956

As the central regulator of India's financial system, the RBI exercises oversight through a robust regulatory framework that ensures stability, transparency, and efficiency in banking and finance. Under the Banking Regulation Act, 1949, the RBI governs the licensing, capital adequacy, risk management, and operations of commercial banks and NBFCs. It issues prudential norms, supervises asset quality through measures like NPA classification, and enforces capital requirements to mitigate systemic risks. Additionally, the RBI regulates liquidity through monetary policy tools such as the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), ensuring financial discipline. It also mandates corporate governance standards, disclosure norms, and compliance with anti-money laundering laws to uphold integrity within the financial sector. Through these measures, the RBI maintains financial stability, protects depositors' interests, and fosters a resilient banking ecosystem.

Through the issuance of Master Circulars, Directions, and Guidelines, the RBI seeks to regulate various aspects

of banking and financial operations, ensuring compliance, risk mitigation, and financial stability. These regulatory instruments provide clarity on prudential norms, lending practices, governance standards, and risk management measures, guiding banks and NBFCs in maintaining a secure and efficient financial system.

The table below tabulates certain RBI circulars, directions, and guidelines, summarizing their key provisions and implications for regulated entities.

S.No	Name of the Regulatory Instrument	Description
<b>ASSET CLASSIFICATION AND RISK MANAGEMENT</b>		
1.	<b>Master Circular on Prudential Norms on Income Recognition, Asset Classification, and Provisioning (IRACP)</b>	Provides a framework for banks on the recognition of income, classification of assets as Standard, Sub-standard, Doubtful, or Loss, and provisioning norms. It ensures uniformity in NPA classification and mandates specific provisioning percentages to mitigate risks associated with bad loans.
2.	<b>Master Circular on Credit Risk Management</b>	Provides risk mitigation strategies, portfolio management techniques, and credit exposure limits. It emphasizes stress testing, early warning signals, and due diligence in lending practices to reduce defaults and enhance credit risk assessment.
3.	<b>Master Circular on Exposure Norms</b>	Establishes maximum exposure limits banks can take on single and group borrowers. It prevents excessive credit concentration, ensuring diversified loan portfolios and mitigating risks related to large corporate borrowings.
4.	<b>Guidelines on Risk-Based Supervision (RBS)</b>	Introduces a supervisory approach where banks and NBFCs are monitored based on their risk exposure, governance standards, and financial health. High-risk institutions receive intensified regulatory scrutiny.
5.	<b>RBI (Frauds – Classification and Reporting) Directions, 2016</b>	Defines fraud categories, reporting obligations, and corrective actions for banks. It mandates early detection and preventive measures to mitigate financial fraud risks.
<b>CAPITAL ADEQUACY AND FINANCIAL STABILITY</b>		
6.	<b>Master Circular on Basel III Capital Regulations</b>	Implements Basel III norms, specifying minimum capital adequacy requirements, risk-weighted asset calculations, and leverage ratios. It enhances the banking sector's resilience against financial shocks and systemic risks by mandating sufficient Tier 1 and Tier 2 capital buffers.
7.	<b>Guidelines on Asset Liability Management (ALM) for Banks and NBFCs</b>	Provides a framework for managing liquidity and interest rate risks. It mandates banks and NBFCs to maintain adequate liquid assets and conduct stress testing to assess their financial resilience under adverse conditions.
8.	<b>Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity up to one year) Directions, 2024</b>	Consolidates guidelines on the issuance and regulation of Commercial Papers (CPs) and Non-Convertible Debentures (NCDs) with maturities up to one year. It aims to standardize practices, enhance transparency, and ensure financial stability in the short-term debt market. Key provisions include eligibility criteria for issuers, disclosure requirements, and investment norms for



		investors. By streamlining these instruments' regulatory framework, the RBI seeks to promote efficient functioning and deepen the corporate debt market.
9.	<b>RBI (Non-Banking Financial Company - NBFC) Directions, 2016</b>	Establishes capital adequacy norms, risk management guidelines, and governance standards for NBFCs. It classifies NBFCs into different categories based on their functions and systemic importance.
<b>CUSTOMER PROTECTION AND COMPLIANCE</b>		
10.	<b>Master Circular on Customer Service in Banks</b>	Lays down guidelines for grievance redressal mechanisms, time-bound resolution of complaints, fair treatment of customers, and banking ombudsman schemes. It also mandates transparency in fees, charges, and account operations to protect consumer interests.
11.	<b>Guidelines on Digital Lending and Fintech Regulation</b>	Regulates online lending platforms and FinTech companies, ensuring fair practices, data security, and consumer protection. It mandates transparency in loan pricing, forbids unauthorised data access, and establishes grievance redressal mechanisms.
12.	<b>Guidelines on Cybersecurity Framework in Banks</b>	Establishes IT security policies, data protection measures, and incident response protocols. It mandates banks to conduct periodic security audits, implement secure authentication mechanisms, and report cyber incidents promptly.
13.	<b>Master Circular on Know Your Customer (KYC) and Anti-Money Laundering (AML) Norms</b>	Establishes procedures for customer identification, verification, and due diligence to prevent money laundering and financial fraud. It outlines requirements for Politically Exposed Persons (PEPs), beneficial ownership disclosure, and reporting of suspicious transactions to the Financial Intelligence Unit (FIU-IND).
<b>PRIORITY SECTOR LENDING AND MSME FINANCING</b>		
14.	<b>Master Circular on Priority Sector Lending (PSL)</b>	Defines the categories eligible under PSL, such as agriculture, MSMEs, education, housing, and renewable energy. Banks are required to allocate a minimum percentage of their total lending to these sectors, ensuring financial inclusion and support for underprivileged groups.
15.	<b>RBI (Lending to MSMEs) Directions, 2017</b>	Sets eligibility criteria, collateral-free lending norms, and interest rate guidelines for Micro, Small, and Medium Enterprises (MSMEs). It aims to improve financial access for small businesses and entrepreneurs.
<b>DEBT COLLECTION, LENDING &amp; BORROWING REGULATIONS</b>		
16.	<b>Guidelines on Resolution of Stressed Assets – Prudential Framework</b>	Establishes norms for restructuring bad loans, including the classification and provisioning of stressed assets. It introduces mechanisms like the Inter-Creditor Agreement (ICA) for resolution under a time-bound approach to prevent banking sector vulnerabilities.
17.	<b>RBI (Interest Rate on Advances) Directions, 2016</b>	Regulates the methodology for determining interest rates on loans, ensuring fairness and transparency. It mandates the use of external benchmarks like the repo rate for better transmission of monetary policy.



18.	<b>Guidelines on Wilful Defaulters and Large Borrowers</b>	Defines criteria for classifying wilful defaulters, such as diverting funds or fraudulent loan utilization. It restricts further borrowing by such entities and mandates strict legal actions to recover dues.
19.	<b>Master Direction on Treatment of Wilful Defaulters and Large Defaulters</b>	Establishes a comprehensive framework for identifying and dealing with wilful defaulters and large defaulters. It outlines criteria for classification, such as deliberate non-payment despite the ability to pay, siphoning off funds, and asset misappropriation. The guidelines mandate prompt reporting, impose restrictions on additional financing, and recommend legal actions to recover dues. By addressing such defaults proactively, the RBI aims to maintain credit discipline and protect the banking sector's health.
20.	<b>RBI (External Commercial Borrowing) Directions, 2019</b>	Specifies rules for Indian entities borrowing from foreign sources, including automatic route limits, end-use restrictions, and reporting requirements. It helps regulate forex inflows and debt sustainability.
<b>PAYMENTS SYSTEMS &amp; FINANCIAL INFRASTRUCTURE</b>		
21.	<b>RBI (Payment and Settlement Systems) Directions, 2008</b>	Governs the operation of payment systems like UPI, RTGS, and NEFT, ensuring secure and efficient fund transfers. It mandates licensing for payment service providers and sets cybersecurity standards.
<b>MONETARY POLICY AND MARKET REGULATIONS</b>		
22.	<b>Monetary Policy Guidelines</b>	Details the framework for the RBI's monetary policy tools, including the Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), repo rate, and open market operations. These tools regulate liquidity, control inflation, and ensure financial stability.
23.	<b>RBI (Hedging of Commodity Price Risk and Foreign Exchange Risk) Directions, 2018</b>	Allows businesses to hedge against forex and commodity price fluctuations, reducing financial volatility. It provides rules for hedging instruments like forwards, futures, and options.

### III. Pension Fund Regulatory Development Authority

Established under the Pension Fund Regulatory Development Authority Act, 2013, the Pension Fund Regulatory Development Authority (PFRDA) is a statutory regulatory body that regulates, promotes, and oversees India's pension sector. PFRDA is responsible for supervising the National Pension System (NPS) and other pension schemes, including the Atal Pension Yojana (APY). It sets guidelines for pension fund managers, intermediaries, and other entities involved in pension fund administration. Additionally, PFRDA frames regulations to ensure the transparency, efficiency, and security of pension investments, while also implementing mechanisms for grievance redressal through its regulatory framework.

### IV. Insurance Regulatory and Development Authority of India

The Insurance Regulatory and Development Authority of India ("IRDAI") is the statutory body responsible for regulating and promoting the insurance industry in India. Established under the Insurance Regulatory and Development Authority Act, 1999 (IRDA Act, 1999), it functions as the primary regulator for both life and non-life insurance companies. The IRDAI's primary objectives include protecting policyholders' interests, ensuring the

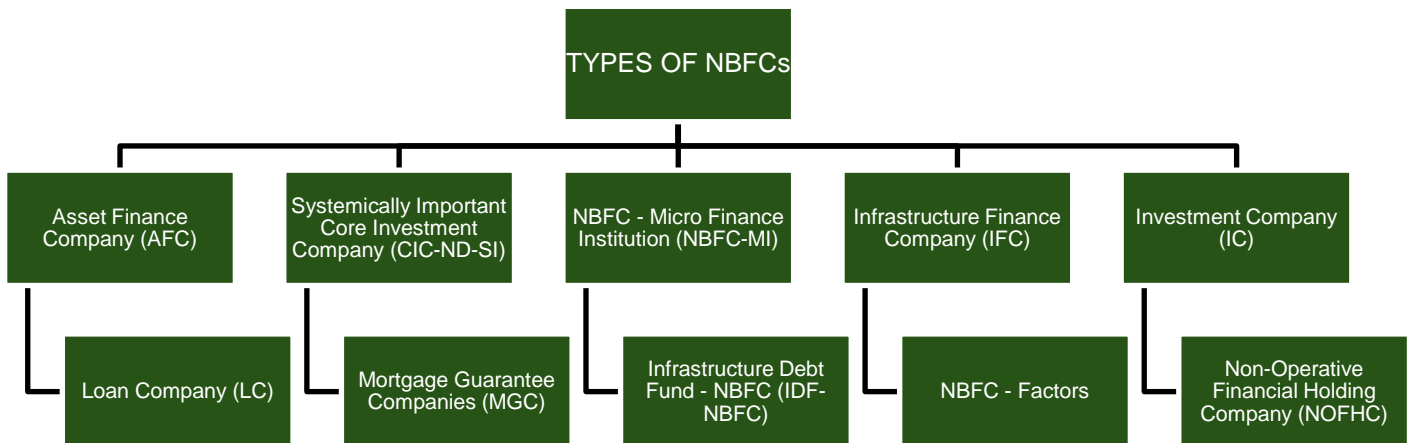
financial stability of insurers, and fostering the orderly growth of the insurance sector. It formulates regulations for licensing insurers and intermediaries, monitors compliance with solvency norms, and oversees grievance redressal mechanisms.

## V. Insolvency and Bankruptcy Board of India

The Insolvency and Bankruptcy Board of India (IBBI) is the regulatory body overseeing insolvency and bankruptcy proceedings in India. Established under the Insolvency and Bankruptcy Code, 2016 (IBC, 2016), it is responsible for implementing and regulating the insolvency framework for corporate entities, partnership firms, and individuals. IBBI regulates and monitors insolvency professionals, insolvency professional agencies, and information utilities to ensure a transparent and efficient resolution process. It also formulates rules and guidelines for the corporate insolvency resolution process (CIRP), liquidation, voluntary liquidation, and individual insolvency resolution.

## VI. Regulation of NBFCs

NBFCs are typically categorized a) in terms of the type of liabilities into Deposit and Non-Deposit accepting NBFCs, b) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND) and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

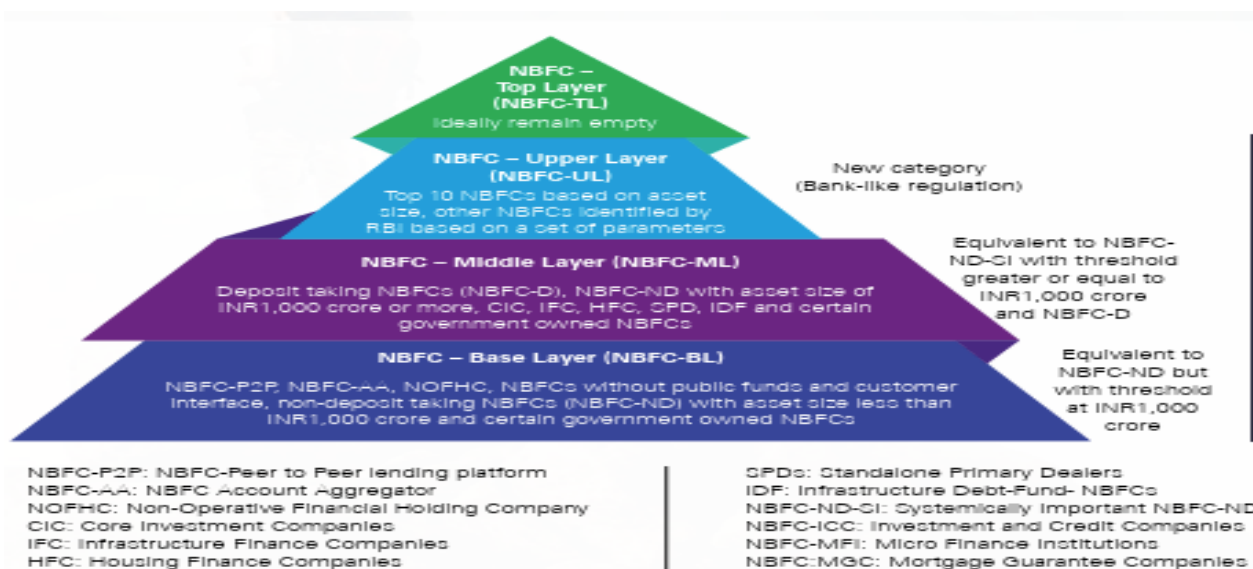


The table below categorizes the different types of NBFCs, providing a concise summary of their descriptions:

S.No	Type of NBFC	Brief Description
1.	<b>Asset Finance Company (AFC)</b>	Finances physical assets like vehicles, machinery, and equipment.
2.	<b>Investment Company (IC)</b>	Engages in acquiring and holding securities.
3.	<b>Loan Company (LC)</b>	Provides loans and advances for various purposes.
4.	<b>Infrastructure Finance Company (IFC)</b>	Funds infrastructure projects with strict capital and rating requirements.
5.	<b>Systemically Important Core Investment Company (CIC-ND-SI)</b>	Holds investments in group companies with regulatory restrictions.

6.	<b>Infrastructure Debt Fund - NBFC (IDF-NBFC)</b>	Raises long-term funds for infrastructure projects via bonds.
7.	<b>Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI)</b>	Provides small loans to low-income households without collateral.
8.	<b>Non-Banking Financial Company – Factors (NBFC-Factors)</b>	Engaged in factoring, i.e., buying receivables at a discount.
9.	<b>Mortgage Guarantee Companies (MGC)</b>	Guarantees mortgage loans to reduce lender risk.
10.	<b>Non-Operative Financial Holding Company (NOFHC)</b>	Holds and manages financial institutions, including banks.

Recently, the RBI introduced significant reforms to the regulatory framework governing NBFCs through the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 that supersedes the erstwhile Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. This framework prescribes a ‘scale-based regulation’ for the NBFC sector wherein NBFCs are categorized into four distinct layers: the Base Layer for non-deposit taking NBFCs with assets below ₹1,000 crore; the Middle Layer for all deposit-taking NBFCs regardless of asset size and non-deposit taking NBFCs above ₹1,000 crore; the Upper Layer for NBFCs identified as systemically important by the RBI; and the Top Layer for NBFCs that pose a substantial systemic risk. The Scale-Based Regulatory (SBR) approach renders the regulation and supervision of the NBFCs to be a function of their size, activity and perceived riskiness. The SBR framework is visualised as a pyramid with regulatory intervention being the least at the bottom of the pyramid and increasing as one moves up as depicted in the figure below:



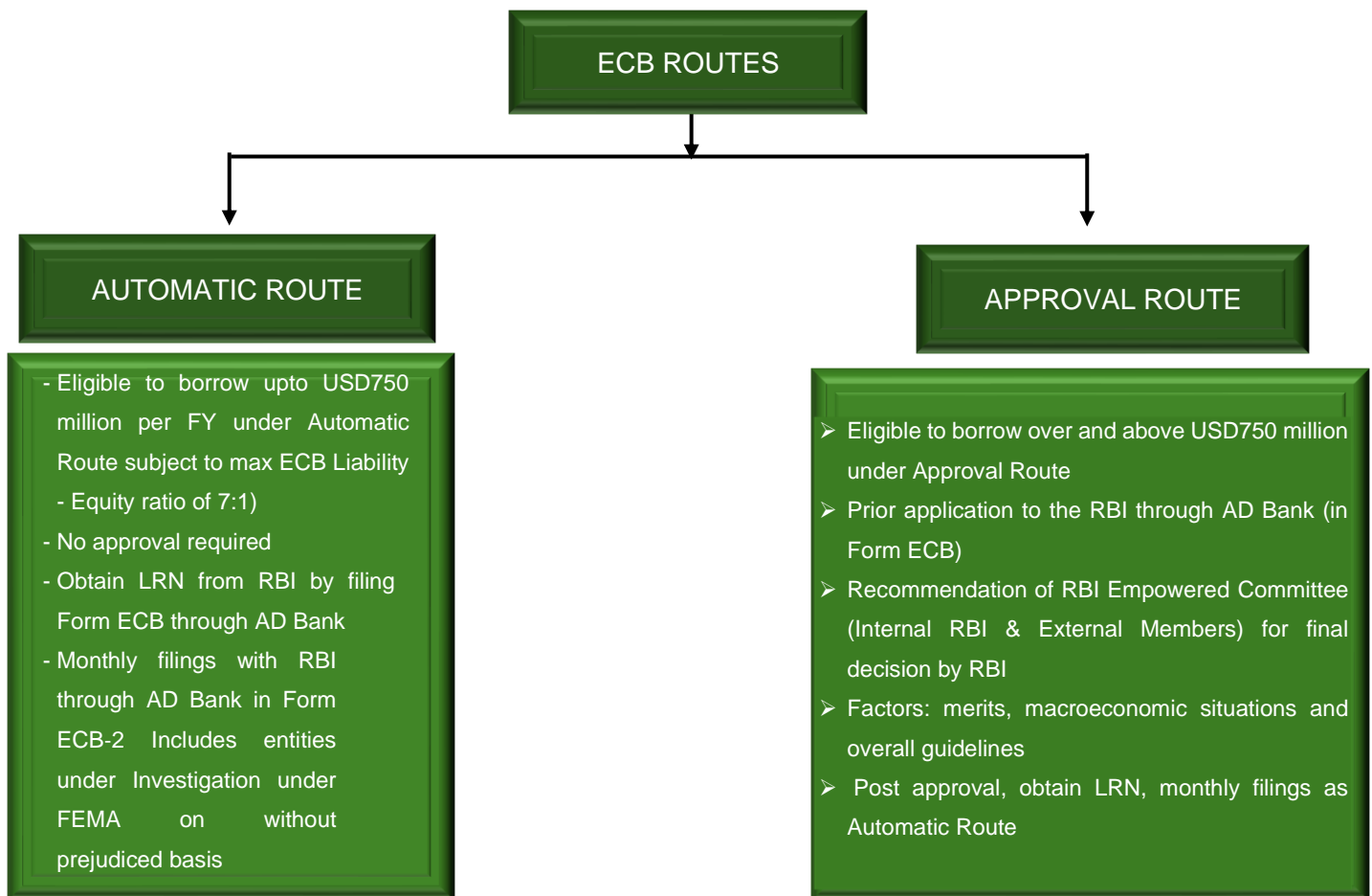
With the supersession of the previous statutes, important updates include a phased increase in Net Owned Funds (NOF) requirements for various types of NBFCs, culminating in ₹10 crore by 2027 for most, with certain exceptions remaining at ₹2 crore. NPA classifications have also been adjusted, with a new timeline for overdue periods starting from over 150 days to more than 90 days by March 31, 2026. To enhance risk management, NBFCs are mandated to establish a Risk Management Committee, which will oversee overall risks including liquidity. Moreover, NBFCs within a common group will be evaluated collectively for classification purposes,

ensuring a holistic assessment of their financial standing. Other critical changes include a maximum leverage ratio of seven, standard asset provisioning norms, expanded disclosure requirements encompassing loans to directors and senior officers, and the necessity for board members to have relevant banking or NBFC experience. The updated framework emphasizes a structured approach to governance and risk management, aligning NBFC operations with broader financial stability goals.

## VII. **External Commercial Borrowing (“ECB”)**

The policy of the RBI relating to ECB is consolidated in the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, and as read with the RBI’s Master Circular on ECBs and Trade Credits issued from time to time with a sunset clause of one year.

Subject to certain basic eligibility criteria, ECB can be accessed under two routes, viz. the (i) automatic route, and (ii) approval route.



Under the automatic route, NBFCs which are infrastructure finance companies are recognised as eligible borrowers. Recognised lenders include internationally recognised sources such as international banks, international capital markets, multilateral financial institutions or regional financial institutions and Government-owned development financial institutions, export credit agencies, suppliers of equipment, foreign collaborators,

and foreign equity holders (other than erstwhile 'Overseas Corporate Bodies'). ECB is subject to certain end-use stipulations, including that it may not be used for working capital, general corporate purposes and repayment of Rupee loans.

### VIII. *Banking Ombudsman*

The Reserve Bank - Integrated Ombudsman Scheme, 2021 was launched to provide a streamlined and unified framework for addressing customer grievances in the banking and financial services sector. This new scheme merges three existing ombudsman schemes: the Banking Ombudsman Scheme, 2006; the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and the Ombudsman Scheme for Digital Transactions, 2019. By consolidating these schemes, the RBI aims to simplify and strengthen customer complaint redressal. The Scheme is legally empowered by Section 35A of the Banking Regulation Act, 1949; Section 45L of the RBI Act, 1934; and Section 18 of the Payment and Settlement Systems Act, 2007. It promises cost-free grievance resolution for customers of regulated entities in cases of service deficiency, provided the issues remain unresolved or unanswered for 30 days.

#### LEGAL FRAMEWORK

S.No.	Legislation	Key Provisions
<b>BANKING AND FINANCIAL INSTITUTION REGULATION</b>		
1.	<b>Reserve Bank of India Act, 1934 ("RBI Act")</b>	The RBI Act establishes the RBI and governs banking supervision in India. It regulates the RBI's operations, including (i) business conduct; (ii) deposit acceptance from governments; (iii) bill discounting for banks; (iv) forex transactions; (v) lending to banks and financial corporations; (vi) government advances; (vii) trading in government securities; (viii) derivative, repo, and reverse repo dealings; (ix) managing central banking functions and public debt; and (x) currency issuance.
2.	<b>Banking Regulation Act, 1949</b>	The Banking Regulation Act, 1949 regulates commercial banking in India and extends the RBI the power to license banks, have regulation over shareholding and voting rights of shareholders; supervise the appointment of the boards and management; regulate the operations of banks; lay down instructions for audits; control moratorium, mergers and liquidation; issue directives in the interests of public good and on banking policy, and impose penalties in cases of violations.
<b>DEBT RECOVERY</b>		



3.	<b>Insolvency and Bankruptcy Code, 2016 ("IBC")</b>	The IBC provides a time-bound framework for resolving insolvency and bankruptcy cases of corporate entities, banks, and financial institutions. It introduces the Corporate Insolvency Resolution Process (CIRP), allowing financial creditors, operational creditors, and corporate debtors to initiate insolvency proceedings. The National Company Law Tribunal (NCLT) acts as the adjudicating authority for corporate insolvency, while the Debt Recovery Tribunal (DRT) handles individual insolvency cases. IBC has played a crucial role in improving credit recovery rates for banks and financial institutions.
4.	<b>The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")</b>	The SARFAESI Act provides for sale of financial assets by banks and financial institutions (including eligible NBFCs) to asset reconstruction companies. The NPA Prudential Norms issued by the RBI prescribe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.
5.	<b>Recovery of Debts Due to Banks and Financial Institutions Act, 1993</b>	The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("DRT Act") provides for the expeditious adjudication and recovery of debts due to banks and financial institutions. It is a special act for recovery of debt and has an overriding effect over the provisions of the Companies Act, 2013. For recovery under the DRT Act, the Bank (either by itself or along with other bank(s)/financial institutions) would be required to file an application for recovery of loan taking into consideration the jurisdiction and cause of action. Considering that the Limitation Act, 1963 is also applicable on the cases being adjudicated under the DRT Act, the application must be filed by the bank or the financial institution within limitation period from cause of action.

#### PAYMENTS AND FINANCIAL TRANSACTIONS

6.	<b>Negotiable Instruments Act, 1881</b>	The Negotiable Instruments Act, 1881 governs the issuance, endorsement, and transfer of negotiable instruments such as promissory notes, bills of exchange, and cheques. It provides legal protection to holders of these instruments and defines penalties for non-payment. The Act is particularly significant for cheque transactions, with Section 138 imposing criminal liability for dishonor of cheques due to insufficient funds. Courts can order imprisonment or fines for defaulters.
7.	<b>Payment and Settlement Systems Act, 2007</b>	The Payment and Settlement Systems Act, 2007 regulates payment and settlement systems in India, including digital payments, RTGS, NEFT, UPI, credit cards, debit cards, e-wallets, and clearinghouses. It grants the RBI supervisory powers to regulate and ensure the safety and efficiency of payment systems. RBI can issue directives, impose penalties, and oversee the authorization of new digital payment platforms. The Act also establishes legal protections for electronic transactions and settlements.

#### FINANCIAL REGULATION AND TRANSPARENCY



8.	<b>Prevention of Money Laundering Act, 2002 ("PMLA")</b>	PMLA aims to combat money laundering and financial fraud by imposing compliance obligations on banks, financial institutions, and intermediaries. It mandates Know Your Customer (KYC) norms, Anti-Money Laundering (AML) policies, and Suspicious Transaction Reporting (STR). Financial institutions are required to report high-value transactions and suspicious activities to the Financial Intelligence Unit (FIU-IND). The Act prescribes severe penalties, including attachment of assets and prosecution of offenders involved in money laundering activities.
9.	<b>Credit Information Companies (Regulation) Act, 2005</b>	The Credit Information Companies (Regulation) Act, 2005 governs credit information companies (CICs) like CIBIL, Equifax, Experian, and CRIF Highmark, which collect and maintain credit history data of individuals and businesses. It ensures that banks and lenders can access borrower credit scores and financial history before approving loans. The Act promotes fair and accurate credit reporting, protects consumer rights, and ensures that credit information is shared responsibly among financial institutions.
<b>INSURANCE</b>		
10.	<b>Insurance Act, 1938</b>	The Insurance Act, 1938, as amended in 2015, is the primary legislation governing the insurance sector in India. It provides the legal framework for the licensing, regulation, and supervision of insurance companies by the Insurance Regulatory and Development Authority of India (IRDAI). The Act prescribes minimum capital requirements, solvency norms, and investment guidelines for insurers to ensure financial stability.
11.	<b>Employees' State Insurance Act, 1948 ("ESI Act")</b>	The ESI Act establishes a social security scheme for workers, providing medical, disability, maternity, and accident benefits to employees earning below a specified wage threshold. It is administered by the Employees' State Insurance Corporation (ESIC) and is funded through employer and employee contributions.
12.	<b>Life Insurance Corporation Act, 1956 ("LIC Act")</b>	The LIC Act established the Life Insurance Corporation of India (LIC) as a state-owned monopoly for life insurance, nationalizing private insurers to expand coverage. The Act allowed LIC to provide life insurance products, manage policyholder funds, and promote financial security until private sector entry was permitted in 2000.
<b>GOVERNMENT SECURITIES AND PUBLIC DEBT MANAGEMENT</b>		
13.	<b>Government Securities Act, 2006</b>	The Government Securities Act, 2006 regulates the issuance and trading of government securities, including treasury bills, bonds, and sovereign debt instruments. It grants RBI the authority to manage public debt, conduct auctions of government bonds, and oversee secondary market transactions. The Act ensures transparent and efficient government borrowing while providing a legal framework for investors, including banks and financial institutions, to participate in the government securities market.
<b>GENERAL LIMITATION AND ENFORCEMENT</b>		
14.	<b>Limitation Act, 1963</b>	The Limitation Act, 1963 specifies the time frames within which any suit, appeal, or application must be made. The "prescribed period" refers to the limitation period calculated according to the Act's provisions. A banker can initiate legal action—such as filing a suit, appealing, or applying for recovery—only if the relevant documents are within this limitation period. If the documents are expired or time-barred, the banker cannot pursue legal action for recovery. Thus, it is crucial for lenders to ensure that all

		<p>loan documents are properly executed and within the required limitation periods, as this is a vital aspect of credit management in banks.</p> <p>The period of limitation and the time from which the period begins to run is shown below:</p> <table><tr><th>Nature of Document</th><th>Limitation Period</th></tr><tr><td>Demand Promissory Note</td><td>3 years from the date of the Demand Promissory Note</td></tr><tr><td>Bill of Exchange (payable at sight or upon presentation)</td><td>3 years from the date of presentation</td></tr><tr><td>Usance Bill of Exchange</td><td>3 years from the due date</td></tr><tr><td>Money payable for money lent</td><td>3 years from the date the loan was made</td></tr><tr><td>Guarantee</td><td>3 years from the date of invocation of the guarantee</td></tr><tr><td>Mortgage (enforcement of payment of money)</td><td>12 years from the date the money becomes due</td></tr><tr><td>Mortgage (foreclosure)</td><td>12 years from the date the money secured becomes due</td></tr><tr><td>Mortgage (possession of immovable property)</td><td>30 years from the date the mortgagee is entitled to possession</td></tr></table>	Nature of Document	Limitation Period	Demand Promissory Note	3 years from the date of the Demand Promissory Note	Bill of Exchange (payable at sight or upon presentation)	3 years from the date of presentation	Usance Bill of Exchange	3 years from the due date	Money payable for money lent	3 years from the date the loan was made	Guarantee	3 years from the date of invocation of the guarantee	Mortgage (enforcement of payment of money)	12 years from the date the money becomes due	Mortgage (foreclosure)	12 years from the date the money secured becomes due	Mortgage (possession of immovable property)	30 years from the date the mortgagee is entitled to possession
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## HOW WE CAN ASSIST

BEGUR & PARTNERS navigates today's sophisticated financial landscape with unwavering dedication, guiding clients through the complexities of banking and finance with precision and insight. By combining deep industry knowledge with innovative thinking, we empower our clients to navigate regulatory requirements and capitalize on emerging opportunities, fostering resilience and growth in a competitive market.

Our Banking & Finance practice encompasses a comprehensive range of domestic and cross-border services, including asset financing, syndicated lending, acquisition financing and securitizations, backed by extensive experience serving an elite clientele of banks, financial institutions, corporations, investment funds, and project developers. With extensive expertise in debt issuance, structured finance, derivatives, mezzanine finance and project finance, our team of professionals is committed to helping clients execute their financial transactions through tailored, pragmatic solutions.

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Asset & Acquisition Financing (LBO & MBO)	LAP & LRD
Venture Debt	Technology & Fintech Advisory (Digital Banking & Blockchain)
Bank Consolidation & Restructuring	Project & Infrastructure Financing
Offshore Debt Instruments (FCCB, ECB, Masala Bonds etc.)	NCDs (Listed & Unlisted)
Derivatives & F&O	Structured Credit & Securitization
Mezzanine Financing	Debt Structuring & Restructuring

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• **MUMBAI**

📍 The Capital, B/513, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra 400051

☎ (+9122) 40049800 | 40049801  
✉ communications@begurs.com

• **BENGALURU**

📍 236 Sumitra, 2'C Cross, 1st Main Rd, 2nd Stage, Domlur, Bengaluru, Karnataka 560071

☎ (+91-80) 4123 9800 | 40936801  
✉ communications@begurs.com

• **UAE**

📍 A4-115, Building No. A4, Al Hamra Industrial Zone – FZ, RAK – United Arab Emirates.

☎ (+971) 502234052  
✉ communications@begurs.com



## Latest Awards and Recognitions

**RSGI Resight (RSG India)**

**IBLJ A List**  
A List (2023-2024)

**ALB India Law Awards 2025**  
Notable Firm (2024)

**Legal 500**  
Private Equity (including Venture Capital) - Tier 5 (2025)

**IFLR1000 (34th Edition) 2024**

1. Rajesh Begur B Ranking: Leading Lawyer – Highly Regarded
2. Firm Ranking: Recommended Firm
3. Southern Asia, Australasia and Central Asia Ranking: Highly Regarded

**Corporate INTL Global Awards**

Cross Border Private Equity Transactions Law Firm of the Year in India - 2025

**Forbes India – Legal Powerlist 2023**

Top Law Firm (above 10 years' experience)

**Asia Law 2022**

Notable Firm – Private Equity, Investment Funds, Banking and Finance, Corporate and M&A

**Global Law Expert 2021**

Cross Border Private Equity Transactions Law Firm of the year

**RSG Consulting 2019**

Top 40 Indian Law Firm

