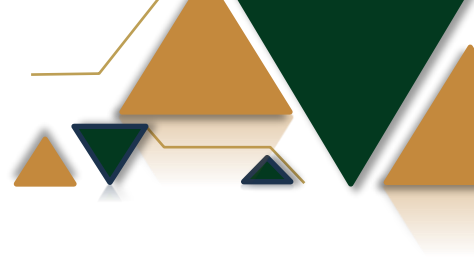


THE BEGUR BULLETIN

TECHNOLOGY

APRIL - SEPTEMBER 2025

HALF YEARLY REGULATORY UPDATE



WELCOME TO THE BEGUR BULLETIN!

The technology and electronics ecosystem in India is entering a new growth chapter. Over the past six months, policy momentum and targeted public initiatives have combined with private investment appetite to nudge the sector from assembly-led activity toward deeper manufacturing, product design and systems capability. This period is best understood as one of structural consolidation: regulators and policymakers are setting direction, markets are responding, and the supporting layers — supply chains, skilling pipelines and infrastructure — are beginning to catch up.

Alongside industrial ambitions, India's digital governance architecture is maturing. The government and sectoral regulators are increasingly focused on operational rules for data protection, platform accountability, and the responsible deployment of emerging technologies. At the same time, discrete policy moves affecting telecom connectivity, platform economics and digital entertainment are reshaping business models and compliance expectations across the broader technology stack. These are not isolated shifts — they interact, creating both regulatory complexity and new commercial opportunity.

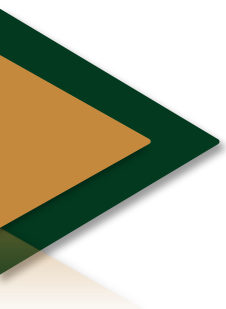
For stakeholders, the immediate challenge is balancing agility with compliance: capture the upside of market openings while embedding governance, auditability and sustainability into strategy and operations. The remainder of this brief drills into the regulatory and market developments that will matter most for manufacturers, platforms, investors and advisors — providing the context and implications you need to assess risk, identify openings, and prioritise action.

The developments reflect a strategic policy pivot — from “Assemble in India” to “Make in India” and position the tech sector as a critical pillar of India's economic and technological growth. While foundational reforms have been set in motion, achieving long-term impact will require parallel efforts in infrastructure readiness, talent development, and environmental resilience.

We value your thoughts and suggestions. If there is feedback on how we can improve The Begur Bulletin, we'd love to hear from you on communications@begurs.com. Your input helps us keep this platform insightful.

Enjoy reading, here's to staying informed, compliant, and capital-ready!

— Team Begur



PRESS INFORMATION BUREAU

1. UNION CABINET APPROVES ELECTRONICS COMPONENT MANUFACTURING SCHEME (ECMS) TO BOOST DOMESTIC PRODUCTION 2025

On April 26, 2025, the Union Electronics & IT Minister launched the Electronics Component Manufacturing Scheme (ECMS) and its web portal. The cabinet had approved ECMS to boost domestic production of electronics components. ECMS provides differentiated incentives – turnover-linked, capex-linked, and hybrid (including employment-linked), for manufacturing of defined component categories. It covers sub-assemblies and bare components (e.g. display and camera modules, PCBs, Li-ion cells) as well as capital equipment and supply-chain items. The scheme is first-come, first-served and emphasizes quality and design capability.

B&P View: ECMS marks a major policy push to deepen India's electronics manufacturing value chain. By extending incentives across modules, components and capital goods, ECMS aims for an integrated ecosystem. The employment-linked incentive is novel, tying subsidies to job creation. Firms planning to apply should align project plans with the target segments in ECMS (*notably a. high-priority camera/display modules, b. bare components, c. specialized PCBs/Li-ion, d. capital equipment*).

2. HCL-FOXCONN JV SEMICONDUCTOR PLANT APPROVED UNDER INDIA SEMICONDUCTOR MISSION

On May 14, 2025, the Union Cabinet approved the establishment of the 6th semiconductor manufacturing unit under the India Semiconductor Mission, led by a joint venture between HCL and Foxconn. With an investment of ₹3,706 crore, the facility will be

set up near Jewar Airport in Uttar Pradesh and is designed to produce 20,000 wafers per month, yielding up to 36 million display driver chips annually. Scheduled to begin operations by 2027, the project is expected to create approximately 2,000 jobs, marking a major step in bolstering India's chip manufacturing capacity.

The facility will focus on display driver ICs, which are integral to consumer electronics, automotive displays, and industrial equipment.

B&P View: This approval strengthens India's position in the global semiconductor supply chain and aligns with the strategic push to localize critical electronic components. The project's scale, location near a major logistics hub, and job creation potential make it a cornerstone of India's next-generation electronics manufacturing roadmap.

3. SEZ AMENDMENT RULES 2025 NOTIFIED TO BOOST SEMICONDUCTOR AND ELECTRONICS MANUFACTURING

On June 3, 2025, the Ministry of Commerce and Industry notified the Special Economic Zones (Amendment) Rules, 2025, introducing key regulatory reforms to support India's growing semiconductor and electronics manufacturing ecosystem. These amendments aim to lower entry barriers, enhance supply chain flexibility, and attract global investments.

Key Amendments:

- (a) **Reduced Land Requirement:** Minimum area for semiconductor and electronics SEZs reduced from 50 to 10 hectares, allowing projects in urban and semi-urban areas.

- (b) **Clear Definition of Electronic Components:** Now includes display modules, camera modules, lithium-ion cells, and PCBs — expanding eligibility and easing approvals.
- (c) **NFE Inclusion for Free-of-Cost Goods:** SEZ units can now count free-of-cost goods toward Net Foreign Exchange (NFE), aligning with global valuation norms.
- (d) **Export & DTA Supply Flexibility:** Finished goods can be exported or sold to the Domestic Tariff Area (DTA) and FTWZs without earlier input restrictions.
- (e) **Relaxed Land Certification:** No need for encumbrance-free certificates if land is mortgaged or leased to government entities, expediting project approvals.

B&P View: The SEZ reforms mark a shift from "Assemble in India" to a stronger "Make in India" approach. While the changes will ease project execution and improve investor confidence, parallel efforts are needed to address infrastructure gaps, talent shortages, and sustainability challenges. These rules lay the groundwork for India's emergence as a credible player in the global semiconductor value chain.

4. APPROVALS GRANTED FOR MICRON AND AEQUS SEZ PROJECTS IN GUJARAT AND KARNATAKA

On June 9, 2025, the Board of Approval for Special Economic Zones (SEZs) approved two high-value proposals under the reformed SEZ framework, marking significant progress in India's semiconductor and electronics manufacturing drive.

The approved projects include:

- (a) **Micron Technology India Pvt Ltd:** A ₹13,000 crore semiconductor

manufacturing SEZ in Sanand, Gujarat, focused on memory packaging and chip assembly.

- (b) **Aequs Group:** A ₹100 crore electronics components SEZ in Dharwad, Karnataka, aimed at supporting the consumer and durable electronics sector.

B&P View: These approvals reflect the early momentum generated by India's policy reforms in the semiconductor space. With major investments now flowing into Gujarat and Karnataka, the foundation is being laid for a globally competitive electronics manufacturing ecosystem.

5. MEITY PUBLISHES DRAFT DIGITAL PERSONAL DATA PROTECTION RULES 2025 FOR PUBLIC CONSULTATION

On July 26, 2025, the Ministry of Electronics & IT (MeitY) published the draft Digital Personal Data Protection (DPDP) Rules, 2025 for public consultation. These rules flesh out obligations under the DPDP Act 2023 and are intended to "operationalize" the law. They cover requirements like data fiduciary registration, detailed consent content, data retention limits, breach reporting timelines, record-keeping, and exemptions. Once finalized, these rules will codify the manner in which companies must implement the DPDP Act's privacy protections.

B&P View: The draft Rules significantly elevate compliance expectations for all businesses handling personal data, moving beyond policy formalities to mandate demonstrable, auditable safeguards. For many organizations, particularly startups and AI-driven platforms. Regulators are expected to adopt a rigorous enforcement posture once the Rules are finalized, making proactive compliance planning critical. Firms should not treat this as a routine update but as a structural shift in India's data governance architecture,

with implications for cross-border operations and investor due diligence. Collectively, these developments mark a decisive step towards the operationalization of India's data protection regime, placing it in closer alignment with mature international privacy frameworks.

6. PARLIAMENT PASSES PROMOTION AND REGULATION OF ONLINE GAMING BILL 2025

On 21 August 2025, Parliament passed the Promotion and Regulation of Online Gaming Bill, 2025. This law comprehensively regulates India's online gaming sector. It imposes a complete ban on "online money games" (whether based on chance or skill). Advertising or promoting real-money gaming platforms is prohibited, and banks/payment systems are barred from processing transactions for unlawful gaming. Simultaneously, the Bill promotes safe digital gaming: it formally recognizes e-sports and "social/educational" games, establishing government support and separate platforms for them.

Key provisions include:

- (a) **Ban on online money games:** All games involving real-money stakes are prohibited, irrespective of whether they involve skill or chance. Advertising and promotion of such platforms is also banned.
- (b) **National Online Gaming Authority:** A central regulator will license platforms, classify games and supervise compliance.

- (c) **Regulatory recognition for e-sports & social/educational games:** Government support, promotion, and dedicated platforms for these categories are formally provided.
- (d) **Financial and operational safeguards:** Licensed operators must implement KYC/AML, age verification, fund segregation, responsible gaming measures, and grievance mechanisms.
- (e) **Enforcement powers:** Banks, payment processors, and advertisers must block unlawful transactions or promotions. Violations may attract fines, imprisonment, and website/app blocking.

B&P View: The enactment of this legislation represents a structural reset for the Indian online gaming sector. By outlawing all money games, irrespective of the traditional "skill versus chance" distinction, the framework eliminates long-standing ambiguities but simultaneously shuts down a significant segment of the industry. For legitimate operators, the law offers regulatory certainty and an opportunity to align with government-recognized categories such as e-sports and social/educational gaming, potentially unlocking access to institutional support and investment. Payment intermediaries, meanwhile, will need to enhance monitoring systems to ensure strict compliance with the prohibitions, as liability risks are likely to increase. From a market perspective, the regulatory clarity may drive consolidation, with compliant entities gaining competitive advantage, but it also raises questions about innovation pathways in monetization models.

NATIONAL REGULATORY BODIES AND SECTORAL AUTHORITIES

1. GOVERNMENT ISSUES ADVISORY ON OTT PLATFORM ACCESSIBILITY TO STRENGTHEN COMPLIANCE WITH DISABILITY AND IT RULES 2025

On April 22, 2025, the Ministry of Information & Broadcasting (MIB) issued an advisory to online OTT content providers, citing a Delhi High Court order dated 19 Dec 2024 in the matter of *Akshat Baldwa & ANR vs Maddock Films Private Limited and Ors.* It reminded platforms of their obligations under Indian laws – specifically the Rights of Persons with Disabilities (RPwD) Act 2016 and the IT Rules 2021 Code of Ethics, to make content accessible to users with disabilities (e.g. captions, audio description). The advisory directs self-regulatory bodies and OTT platforms to fully comply with these laws when publishing content.

B&P View: This advisory reinforces existing legal duties under the IT Rules 2021 and RPwD Act. It effectively implements the Delhi High Court's directive that online content platforms enhance accessibility features. OTT providers should audit compliance (e.g. verifying caption/subtitle availability, sign-language options) to avoid violations. The government's emphasis on accessibility signals stricter enforcement ahead; platforms may need to update content-development processes and contracts to include disability-friendly features.

2. MEITY RELEASES BRD FOR CONSENT MANAGEMENT SYSTEM UNDER DPDP ACT 2023

On June 6, 2025, the Ministry of Electronics and IT (via the National e-Governance Division) published a Business Requirements Document (BRD) outlining the design and

functionalities of a Consent Management System (CMS) under the Digital Personal Data Protection (DPDP) Act, 2023. The BRD sets objectives of (i) enabling comprehensive consent lifecycle management, (ii) empowering data principals to exercise rights over their data, and (iii) ensuring compliance with the DPDP Act and draft DPDP Rules.

The BRD prescribes functional requirements including a detailed consent management lifecycle (collection, validation, updating, renewal and withdrawal), cookie consent management, a user dashboard for viewing and modifying consents, real-time consent notifications, grievance redressal with tracking, role-based system administration, and tamper-proof audit logging.

A notable feature is the Consent Artifact - a secure record containing metadata such as timestamp, user ID, and purpose ID, which synchronises across systems in real time to ensure traceability and verifiability. While the BRD envisions that consent managers will handle most technical functions, certain legal obligations (such as providing compliant notices under Section 5 of the DPDP Act) are expressly imposed on data fiduciaries. This creates some uncertainty regarding the ultimate allocation of liability between consent managers and data fiduciaries.

B&P View: Private-sector firms that collect personal data will need to align their user interfaces and backend systems to these guidelines. Although the BRD itself is not a law, it signals enforcement expectations under the DPDP Act; technology platforms should prepare to update their consent flows and record-keeping to comply with these government-defined standards.

3. SEBI RELEASES CONSULTATION PAPER ON RESPONSIBLE USAGE OF AI/ML IN SECURITIES MARKETS

On June 20, 2025, the Securities and Exchange Board of India (SEBI) issued a Consultation Paper on guidelines for responsible usage of AI/ML in Indian Securities Markets. The paper highlights current use of AI/ML by exchanges, brokers, and mutual funds across functions ranging from customer support (chatbots) to statutory compliance (KYC, transaction monitoring, fraud detection). Recognising the transformative potential and risks of AI/ML, SEBI proposes a principle-based framework for responsible deployment.

Key proposals include:

- (a) **Model Governance:** Mandatory oversight, monitoring, performance checks, contractual safeguards with service providers, periodic audits, traceability, and compliance with laws.
- (b) **Investor Protection & Disclosure:** Transparent disclosures to clients on the use of AI/ML (features, risks, accuracy, charges, and data quality), comprehensible language, and grievance redressal mechanisms.
- (c) **Testing & Monitoring:** Segregated testing environments, shadow testing, post-deployment monitoring, drift detection, and human oversight.
- (d) **Fairness & Bias Controls:** Bias testing, audit frameworks, remediation mechanisms, and emphasis on high-quality, complete datasets.
- (e) **Data Privacy & Cybersecurity:** Alignment with the DPDP Act 2023, reporting obligations for breaches, and harmonisation with SEBI and CERT-In reporting frameworks.

- (f) **Tiered Compliance Approach:** More stringent governance and disclosure obligations for client-facing AI (e.g., robo-advice, automated order routing), with lighter-touch rules for back-office or internal utilities.
- (g) **Risk Categorisation & Controls:** Recommendations to mitigate risks such as malicious AI use (digital signatures, watermarking), concentration of Gen-AI providers (diversification, reporting), herding/collusion (auditing, proprietary datasets), interpretability challenges (explainability tools, human review), and systemic model failure (stress testing, volatility controls).

B&P View: SEBI's consultation paper represents the first comprehensive regulatory articulation of AI/ML usage in Indian capital markets. By anchoring the framework in governance, fairness, and transparency, SEBI has positioned itself at par with international approaches such as the EU's AI Act. Market participants should anticipate future binding regulations based on these principles and begin strengthening internal AI governance, disclosure processes, and bias/audit controls. Importantly, this paper signals that sectoral regulators in India are converging on stricter oversight of AI systems—a development that will directly impact fintechs, brokers, and asset managers deploying AI in investor-facing contexts.

4. DOT RELEASES NATIONAL TELECOM POLICY 2025 FOR PUBLIC CONSULTATION

On July 24, 2025, the Department of Telecommunications (DoT) circulated the Draft National Telecom Policy 2025 for public consultation. Stakeholders were invited to submit feedback within 21 days. The draft outlines ambitious national targets for 2030 - universal and affordable connectivity for all, doubling the telecom sector's GDP

contribution, achieving ₹1 lakh crore in annual sector investment, doubling exports, doubling the number of telecom startups and R&D spending, creating 1 million new jobs, upskilling 1 million workers, adopting quantum-resistant security, and reducing carbon footprint by 30%. It envisions six strategic missions (e.g. connectivity, investments, innovation) to meet these goals.

Key proposals include:

- (a) **Satellite Communications (Satcom):** Transition to Network Virtualisation and Software-Defined Networks (SDN); prioritisation of spectrum release for IMT, mmWave, and sub-THz for 6G; alignment of Non-Terrestrial Network (NTN) policy with the Indian Space Policy 2023; introduction of Ground Station as a Service (GSaaS); and establishment of Satcom use case labs.
- (b) **Universal Connectivity:** Fiberisation of 80% of telecom towers and all Gram Panchayats under BharatNet (uptime >98%); expansion of fixed-line broadband to 10 crore households; deployment of one million public Wi-Fi hotspots; light-touch authorisation for submarine cables; and hybrid access through FWA, FTTH, Wi-Fi, Satellite, and HAPS.
- (c) **Innovation:** Spectrum earmarked for R&D with minimal compliance; transformation of C-DOT into a next-gen telecom R&D centre; introduction of experimental authorisations and regulatory sandboxes; funding for technology readiness; and acceptance of IPRs as collateral for innovation financing.
- (d) **Domestic Manufacturing:** 150%

increase in domestic telecom output, with 50% import substitution; establishment of a Telecom Manufacturing Zone (TMZ); incentivisation of indigenous telecom products and software; and development of industry-aligned courses in telecom, electronics design, AI, cybersecurity, 5G/6G, IoT, and quantum communication.

- (e) **Secure and Trusted Network:** Establishment of National Telecom SafeNet; biometric-based user identification; 50% reduction in telecom cybersecurity incident response times; Satcom monitoring facilities; telecom cybersecurity audits; trusted hardware/software supply chains; and mobile number validation services to protect against fraud in banking, insurance, and other service sectors.
- (f) **Sustainability & Ease of Doing Business:** Utilisation of the Digital Bharat Nidhi (DBN) to expand rural and underserved network coverage, incentive schemes for fixed-line broadband proliferation, and harmonisation of Indian testing standards with global requirements.

B&P View: If finalized, this policy will accelerate private investment in 5G rollout, fibre networks and telecom R&D. Telecom operators and equipment vendors should gear up for the 5G expansion goals and also leverage AI/ML for network optimization and new services (as envisioned by the policy). The clear targets indicate strong government support for next-gen connectivity, which could spur partnerships and spectrum investments in the private sector to meet those coverage and technology goals.

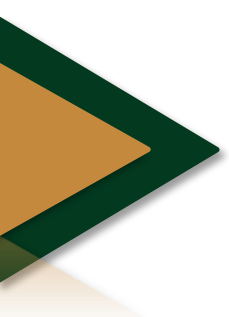


RESERVE BANK OF INDIA (RBI)

1. RBI RELEASES FREE-AI COMMITTEE REPORT ON RESPONSIBLE AI IN FINANCE

On August 13, 2025, the RBI released the FREE-AI Committee Report, a first-of-its-kind framework for ethical AI in the financial sector. The committee (formed Dec 2024) outlines seven guiding “Sutras” (principles) and 26 recommendations organized under six pillars (data infrastructure, innovation sandbox, capacity building, governance, assurance, etc.). Key proposals include building a shared data/digital infrastructure for AI model development, creating a multi-stakeholder AI oversight committee, auditing frameworks and funding for homegrown AI solutions. The report’s vision is to “harmonize” innovation with risk mitigation in India’s finance ecosystem.

B&P View: This report will strongly influence how banks, fintechs and insurers use AI/ML. Firms should expect RBI guidance or rules (in due course) requiring AI governance, explainability and testing protocols. For instance, integrating AI into the UPI payments platform or public sector data systems (as suggested) could unlock new services, but firms will be held to strict standards. Overall, the framework encourages the private sector to invest in compliant AI (e.g. via an AI sandbox) while preparing for possible regulatory audits of AI systems.



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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

