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**21<sup>st</sup> June 2025**

***Reserve Bank of India vide notification dated June 16, 2025, has issued Master Direction – Reserve Bank of India (Electronic Trading Platforms) Directions, 2025***

- Reserve Bank of India vide notification dated June 16, 2025, has issued Master Direction – Reserve Bank of India (Electronic Trading Platforms) Directions, 2025.
- These Directions are issued to the entities operating Electronic Trading Platforms (ETPs) on which transactions in eligible instruments, as defined under these Directions, are contracted.
- Entities satisfying the eligibility criteria prescribed under these Directions may submit an application, through the PRAVAAH portal of the Reserve Bank, in the format given in Annex - 1 of the Master Direction to the Chief General Manager, Financial Markets Regulation Department, Reserve Bank of India, for grant of authorisation to operate an ETP.
- An ETP operator, who is holding a letter of authorisation to commence or carry on ETP operations, may terminate its operation with prior approval of the Reserve Bank with regard to timing and date of termination of operations, and shall comply with the terms and conditions that may be stipulated by the Reserve Bank in this regard.
- These Directions shall be applicable with immediate effect.
- The notification is attached herein.

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***Reserve Bank of India vide notification dated June 16, 2025, has issued Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)***

- Reserve Bank of India vide notification dated June 16, 2025, has issued Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs).



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- The District Level Consultative Committees formed under the Lead Bank Scheme should continue to be the principal mechanism of co-ordination between banks and development agencies in this regard. The district credit plans formulated by the Lead Banks should clearly indicate the linkage of credit with employment and development schemes.
- While formulating the Block/ District Credit Plan, special focus may be given to villages with sizeable population of SC/ST communities/ specific localities (bastis) in the towns/villages having a concentration of these communities.
- The Government of India has advised all State Governments that the Scheduled Caste/Scheduled Tribes Development Corporations can consider bankable schemes/proposals for bank finance.
- Banks should review the measures taken to enhance the flow of credit to SC/ST borrowers on a quarterly basis. The review should also consider the progress made in lending to these communities directly or through the State Level Scheduled Caste/Scheduled Tribe Corporations for various purposes based, amongst others, on field visits of the senior officers from the Head Office/Controlling Offices.
- The notification is attached herein.

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### ***RBI Issues the Reserve Bank of India (Project Finance) Directions, 2025***

- The Reserve Bank issued draft guidelines on May 03, 2024, for stakeholder comments on project loan financing.
- Feedback was received from around 70 entities including banks, NBFCs, industry associations, academicians, law firms, individuals, and the Central Government.
- The final Directions incorporate the feedback and have now been issued by the Reserve Bank.



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- A principle-based regime has been adopted for resolution of stress in project finance exposures, harmonised across regulated entities.
- Permissible DCCO (Date of Commencement of Commercial Operations) extensions are capped at three years for infrastructure and two years for non-infrastructure sectors.
- Regulated entities are allowed flexibility in extending the DCCO within these ceilings based on their commercial assessments.
- Standard asset provisioning requirement has been rationalised to 1% for projects under construction.
- Provisioning will gradually increase for each quarter of DCCO deferment.
- Provisioning for under-construction commercial real estate (CRE) exposures will be slightly higher at 1.25%.
- Projects under construction that have already achieved financial closure will continue to follow existing provisioning norms.
- During the operational phase, the standard asset provisioning requirement will be 1% for CRE exposures.
- During the operational phase, the standard asset provisioning requirement will be 0.75% for CRE-RH exposures.
- During the operational phase, the standard asset provisioning requirement will be 0.40% for other project exposures.
- These Directions will come into effect from October 1, 2025.

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### **NCLT Mumbai: Section 7 IBC Plea Maintainable Without NeSL Certificate if Loan Disbursal and Default Are Established Through Other Valid Documents**

The Mumbai Bench of the National Company Law Tribunal (NCLT), comprising Justice V.G. Bisht (Retd.) and Technical Member Prabhat Kumar, has held that a financial creditor's application under Section 7 of the Insolvency and Bankruptcy Code, 2016, can be admitted even in the absence of a NeSL certificate—provided that the disbursement of



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the loan and occurrence of default are substantiated through other credible documentary evidence.

### **Factual Background**

The Corporate Debtor, incorporated on 01.10.2015 under the Limited Liability Partnership Act, 2008, is registered with the Registrar of Companies, Pune. It had availed several credit facilities from Canara Bank under the “Advances against Supply Bills” category, as sanctioned through a letter dated 24.08.2022, for its trading activities.

To secure the loan, the Corporate Debtor created a charge over Supply Bills and hypothecated goods in favor of the consortium banks/Financial Creditor, with the charge duly registered under CERSAI. Disbursals were made by the Financial Creditor on various dates in accordance with the sanctioned loan terms.

The account was classified as a Non-Performing Asset (NPA) on 21.11.2023, the same date recorded as the date of default in Part IV of Form 1. A loan recall notice and a Section 13(2) SARFAESI notice were both issued on 16.12.2023. Subsequently, Canara Bank initiated proceedings before DRT-II, Delhi, by filing O.A. No. NDN 1721 of 2024 on 08.04.2024, which remains pending.

### **Corporate Debtor's Response**

The Corporate Debtor challenged the maintainability of the application, arguing that it lacked proper authorization, as the Power of Attorney (POA) in favor of the applicant's representative, Mr. Paritosh Kumar, was executed on 12.04.2011—prior to both the enactment of the IBC and the incorporation of the Corporate Debtor. Additionally, the Corporate Debtor alleged discrepancies between the amounts stated in Part IV of the application and those reflected in the NeSL records. It also contended that no formal communication declaring the account as NPA had been received or filed with the application.

### **Tribunal's Findings**

The Tribunal rejected the objections raised regarding authorization. It noted that Clause 10 of the POA dated 12.04.2011 expressly empowered the attorney-holder to initiate insolvency and winding-up proceedings against debtors of the bank. Thus, the authorization was held to be valid despite the POA's execution prior to the debtor's incorporation or the IBC's enactment.

The Tribunal also observed that the NeSL record showed a default of ₹26,84,191.26 in the current account as of 26.08.2022, while the application reported ₹26,33,315.99 outstanding as of 28.03.2024. Although NeSL certificates were not filed for four other loan accounts, the defaults therein were sufficiently established through loan agreements,



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bank statements, and the loan recall notice. The Tribunal clarified that classification of an account as NPA does not require prior notice to the borrower. Furthermore, the debtor's reference to a One-Time Settlement (OTS) proposal lacked evidentiary value since it was not accepted by the bank.

The Bench relied on the Supreme Court's ruling in *M. Suresh Kumar Reddy v. Canara Bank* (2023), wherein it was held that once the existence of a financial debt and a default are established, the NCLT is obligated to admit the application under Section 7, with no discretion to reject it.

### **Conclusion**

Holding that the documents on record sufficiently demonstrated the existence of a financial debt and default, and that the application was filed within the prescribed limitation period, the Tribunal admitted the Section 7 petition.

**Case Title:** *Canara Bank v. M/S Syska E-Retails LLP*

**Case No.:** CP(IB) No. 548/MB/20

### **Calcutta High Court: Arbitration Under MSME Act Cannot Revert to Conciliation Once Commenced**

The Calcutta High Court, in a decision delivered by Justice Sabyasachi Bhattacharyya, has held that once arbitration proceedings have commenced under Section 18(3) of the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act), the process cannot be reversed or interrupted to restart conciliation. The Court observed that in the present case, the Facilitation Council did not independently reinstate conciliation. Instead, additional settlement efforts were explored at the request of the petitioner alongside the ongoing arbitration. Upon failure of those efforts, the Council proceeded to adjudicate the matter on merits.

### **Background**

The proceedings arose from a petition under Section 34 of the Arbitration and Conciliation Act, 1996, challenging an arbitral award rendered in a reference initiated under Section 18 of the MSME Act. The respondent, an MSME, had invoked the jurisdiction of the Facilitation Council following disputes over unpaid dues.

The petitioner argued that the award was invalid as the Council's mandate had allegedly lapsed under Section 29-A of the 1996 Act, which prescribes timelines for concluding arbitration. Since Section 18(3) of the MSME Act incorporates provisions of the 1996 Act, the petitioner contended that the award was passed beyond the permissible period and was, therefore, a nullity.



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It was also contended that the Council violated natural justice by not providing an oral hearing after conciliation failed, and by proceeding solely on written submissions. The petitioner further alleged that conciliation was improperly conducted alongside arbitration, rendering the subsequent award illegal.

### **Respondent's Submissions**

The respondent argued that Section 29-A of the 1996 Act does not apply to arbitration proceedings under the MSME Act in terms of timelines. It submitted that conciliation efforts during arbitration were initiated at the petitioner's own request and did not amount to a fresh pre-arbitral conciliation. The respondent clarified that the original conciliation had already failed, triggering arbitration under Section 18(3).

The respondent also submitted that work completion was duly certified through GC-1 and GC-2 forms. However, the GC-3 form (a No Dues Certificate) was not issued because dues remained unpaid—a core issue in dispute. The calculation of interest was not delegated to a Chartered Accountant (CA); the Council merely referred arithmetical computations to the CA after determining the applicable rate and period.

### **Court's Observations**

The Court clarified that Section 29-A of the 1996 Act, which mandates a timeline for arbitration, does not apply to proceedings under the MSME Act. Instead, the guiding provision is Section 18(5) of the MSME Act, which stipulates a 90-day period for completion of arbitration but is only directory, not mandatory. The absence of a penalty or consequence for exceeding this period supports this interpretation.

The Court emphasized that treating the 90-day timeline as mandatory would undermine the special mechanism designed under the MSME framework and could lead to unjustified substitution of the Facilitation Council or initiation of parallel proceedings under the general arbitration law.

It further noted that both parties had argued the matter extensively—on both jurisdiction and merits—over several dates. The adjudication of jurisdictional issues at an earlier stage did not preclude or eliminate hearings on other substantive issues. In fact, the petitioner had been afforded and had availed a full opportunity to present its case on all aspects.

Addressing the issue of the GC-3 form, the Court held that since it is a No Dues Certificate, its submission would logically require that no claims are pending. Given that unpaid dues were central to the dispute, requiring a GC-3 would negate the respondent's claim, which is neither logical nor justified.

The Court reiterated that once arbitration under Section 18(3) begins, the process cannot be reverted to conciliation. The Council merely facilitated settlement discussions without



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suspending or halting the arbitration process. The proceedings were continuous and procedurally sound.

It also held that the MSME Act does not exclude works contracts from its scope. As long as the claimant is an MSME and the dispute falls within Section 17, Section 18 of the Act is applicable.

Finally, the Court clarified that the rejection of a jurisdictional objection under Sections 16(2) or 16(3) of the Arbitration Act is not appealable under Section 37(2)(a). Unlike the Civil Procedure Code, the 1996 Act does not permit interlocutory objections to be revisited through a Section 34 challenge unless they fall within the specific statutory framework.

### **Conclusion**

The Court found no merit in the petitioner's objections and dismissed the application under Section 34.

**Case Title:** *The Board of Major Port Authority for the Syama Prasad Mukherjee Port, Kolkata* v. *Marinecraft Engineers Private Limited*  
**Case No.:** A.P.-COM No. 296 of 2024 (Old No. A.P. 179 of 2023)



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