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INVESTIGATIONS THROUGH ARTIFICIAL INTELLIGENCE

The volume of information available for investigations in this Digital Age is increasing exponentially. From social media posts to surveillance footage, law enforcement agencies and legal professionals in India are confronted with the challenging task of managing and analyzing vast quantities of digital evidence.

To address these challenges, many are adopting digital evidence management systems (DEMS) to enhance how they handle digital evidence. However, most DEMS operate without additional intelligence to extract deeper insights from the immense volume of evidence. This is where artificial intelligence (AI) can make a significant impact.

With continuously evolving business models, increased use of technology, and a changing regulatory domain, fraud management in India is facing newer and more complex challenges than ever. These challenges are further compounded during cross-border investigations, where varying levels of standardization, languages, local laws and regulations, along with specific cultural attributes, bring additional complexities, mandating a standardized investigation methodology and requiring tools for quick insights.

Advancing Investigations with AI

Intelligent digital evidence management systems (iDEMS) driven by AI are revolutionizing the way investigations are carried out in India. By simplifying workflows, enhancing data analysis, and expediting investigations, iDEMS empower law enforcement agencies and legal professionals to efficiently navigate the rapidly evolving digital landscape. As technology progresses, AI's role in digital evidence management will become increasingly pivotal, unlocking new potentials and insights for investigators.

An intelligent iDEMS can significantly accelerate investigations by automating time-consuming tasks such as evidence organization, metadata extraction, and analysis.

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This allows investigators to concentrate on interpreting and connecting the dots instead of spending hours manually sifting through vast amounts of data. Consequently, this leads to quicker case resolutions and improved operational efficiency.

The Future of AI in Indian Criminal Justice

Each day presents new opportunities for AI applications in the Indian criminal justice system, paving the way for future advancements to aid in public safety enhancement.

Video analytics, including integrated facial recognition, detection of individuals across multiple locations through closed-circuit television or various cameras, and object and activity recognition, could help prevent crimes by analyzing movement patterns, identify crimes in progress, and aid investigators in suspect identification.

With technologies like cameras, video, and social media generating enormous volumes of data, AI could identify crimes that would otherwise remain undetected and assist in ensuring greater public safety by investigating potential criminal activity, thereby boosting community confidence in law enforcement and the criminal justice system. AI also holds potential in assisting the country's crime laboratories, particularly in areas like complex DNA mixture analysis.

AI technology could also provide law enforcement with situational awareness and context, thereby **enhancing police safety by enabling better-informed responses to potentially dangerous situations**. Technologies like robotics and drones could also carry out public safety surveillance, integrate into overall public safety systems, and offer a secure alternative to placing police and the public in harm's way. Additionally, robotics and drones could aid in recovery operations, provide valuable intelligence, and enhance the capabilities of criminal justice professionals in innovative ways.

While cross-border investigations in India could relate to bribery and corruption, embezzlement, conflict of interest, data breach, IP theft, financial reporting fraud, etc., these investigations often entail the following procedures:

1. Drawing inferences by correlating external intelligence (open-source information, adverse media, subscription services) and internal intelligence (business operations, transactional data, employees, and vendors)
2. Extracting information from varied documents and formats in a timely manner
3. Establishing relationships between key entities and individuals

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4. Understanding event chronology over time, specifically on information exchange using mediums such as emails, SMS, and other messaging platforms, call records, and social media communications
5. Understanding processes and generating insights from transactional data.

As significant a role as these tools and technologies may play in the fight against fraud in India, their use comes with their own set of challenges. As highlighted, one must consider scalability, the ability to reproduce results consistently, and prior knowledge of these tools for their efficient use. Further, emotion and instinct remain exclusive to mankind, and AI has not been successful in replicating this so far.

While cross-border collaborations and global settlements increase in frequency in India, technologies that reduce manpower and improve efficiencies become more relevant. **With over 5 percent estimated revenues being lost to fraud each year (2020 Report to the Nations: Asia-Pacific Edition, Copyright 2020 as reported by the Association of Certified Fraud Examiners, Inc.), and international crimes gaining complexity and chronicity**, it is time we equipped our investigators in India with the right AI tools and technologies to tackle these situations.

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Prem Chandra Vaish
Managing Partner

TOP NOTCH AI TECH FOR CORPORATES

Artificial Intelligence (AI) was coined in 1955 to introduce a new discipline in computer science. It is rapidly and radically changing various areas of our daily lives as the market for AI technologies is so demanding and flourishing. Many start-ups and internet giants are in a significant race to acquire them. In this article, we will discuss the useful and hot AI technologies that one should know.

Feature: A Guide to AI in the Enterprise

AI in the enterprise is changing how work is done, but companies must overcome various challenges to derive value from this powerful and rapidly evolving technology. The application of AI in the enterprise is profoundly changing the way businesses work. Companies are incorporating AI technologies into their business operations with the aim of saving money, boosting efficiency, generating insights, and creating new markets.

There are AI-powered enterprise applications to enhance customer service, maximize sales, sharpen cybersecurity, optimize supply chains, free up workers from mundane tasks, improve existing products, and point the way to new products. It is hard to think of an area in the enterprise where AI, the simulation of human processes by machines, especially computer systems, won't have an impact. However, enterprise leaders determined to use AI to improve their businesses and ensure a return on their investment face big challenges on several fronts.

Top useful AI Technologies

1. Natural Language Generation

Natural Language Generation is a sub-discipline of AI that converts text into data and helps systems communicate ideas and thoughts as clearly as possible. It is used in customer service, widely, to create reports and market summaries.

2. Speech Recognition

Speech Recognition is used to convert and transform human speech into a useful and comprehensive format for computer applications to process.

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3. Machine Learning Platforms

Machine Learning is a sub-discipline of computer science and an important branch of AI. Its objective is to develop new techniques enabling computers to learn and hence become more intelligent.

4. Virtual Agents

A virtual agent refers to a computer agent or a program that is capable of interacting effectively with humans. Currently, it is used in customer service through Chatbots as well as a smart home manager.

5. Decision Management

Artificially intelligent machines have the capability of introducing logic to AI systems in order to gear them up to be used for training, maintenance, and tuning.

6. AI Optimized Hardware

Devices are being structured and used to execute AI-oriented tasks specifically, owing to better and improved graphics as well as central processing units.

7. Deep Learning Platforms

Deep Learning Platforms duplicate the neural circuits of the human brain to process data and create patterns for decision-making.

8. Robotic Process Automation

Robotic Process Automation refers to the functioning of corporate processes due to the mimicking human tasks and automating them.

9. Text Analytics and NLP

Natural Language Processing focuses on the interactions between human languages and computers. It uses text analytics to analyze the structure of sentences as well as their interpretation and intention through machine learning.

10. Biometrics

Biometrics deals with the recognition, measurement, and analysis of the physical features of the body's structure, form, and human behavior.

11. Cyber Defense

Cyber defense is a computer defense mechanism that aims to detect, prevent, and mitigate attacks and threats to data and infrastructure of systems.

In conclusion, AI technologies are rapidly advancing and are revolutionizing the way businesses operate. From improving customer service to optimizing supply chains, AI is enabling enterprises to achieve new levels of efficiency and effectiveness. It is crucial for business leaders to stay informed about the latest AI technologies and incorporate them into their operations to stay competitive in today's fast-paced digital world.

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STATUS OF ISSUANCE OF NOTICE IN **CONTRACTOR** **DEBARMENT CASE**



Vijay Sharma
Sr. Partner

A CONTRACTOR CANNOT BE DEBARRED WITHOUT ISSUING A PROPER NOTICE TO THIS EFFECT AND FOLLOWING PRINCIPLES OF NATURAL JUSTICE, EVEN IF THERE IS A PROVISION WHICH PROVIDES THAT TERMINATION WOULD AUTOMATICALLY LEAD TO DEBARMENT.

The issue of debarment of a contractor without issuing a proper notice and affording a reasonable opportunity was recently discussed by a Bench of Hon'ble High Court of Delhi while deciding an Appeal titled as "M/s Oasis Projects Ltd. Vs. National Highway & Infrastructure Development Corporation Ltd.", being ARB. A. (Comm) No.39/2023".

Briefly put, the facts, issues involved and the findings given by the Hon'ble High Court of Delhi in the above-mentioned case are as under:

Facts of the case:

The above-mentioned judgment is arising out of an Appeal preferred by M/s Oasis Projects Ltd. ("the Appellant") under Section 37(2)(b) of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as "the Act") against an Order dated 19.07.2023 passed by Ld. Sole Arbitrator whereby the Ld. Sole Arbitrator had declined the Appellant's prayer for suspension of their debarment.

The Appellant entered into an Engineering, Procurement and Construction Agreement (hereinafter referred to as 'EPC Agreement') dated 30.07.2021 with National Highway & Infrastructure Development Corporation Ltd. ("the Respondent") for a period of one year.

On 12.05.2022, the Respondent issued a Show Cause Notice ('SCN') to the Appellant whereby they had declared the Appellant as 'non-performer' owing to the slow progress of the work and poor planning of work.

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However, it was the Appellant's case that they faced hardships in executing the work due to issues in obtaining Right of Way ("ROW"). Also, there were other factors which led to delays in execution of the project and constituted 'Force Majeure'. The Appellant's responded to the above-mentioned SCN vide their Reply dated 24.05.2022. Amicable resolution of the disputes was also attempted which did not workout. Finally, on 17.08.2022, the Appellant terminated the contract in terms of the EPC Agreement.

Thereafter, the Respondent issued a Suspension Notice on 19.08.2022 to the Appellant and declared them as a non-performer on their website on 18.09.2022. The Respondent had also issued a notice with the intention of terminating the contract on 16.11.2022 and finally, terminated the contract vide Termination Notice dated 09.12.2022 debaring the Appellant for a period of two years.

Aggrieved thereby, the Appellant invoked the arbitration clause. However, upon the failure of the parties to mutually appoint an arbitrator, the Appellant preferred an Arbitration Petition under Section 11(6) of the Act before the Hon'ble High Court of Delhi seeking appointment of an arbitrator. Vide Order dated 07.02.2023, the Hon'ble High Court allowed the Petition and appointed an arbitrator.

Before the arbitral tribunal, the Appellant moved an Application under Section 17 of the Act seeking stay on the Respondent's order to debar them for two years. The tribunal dismissed the above-mentioned Application on the ground that this issue would require detailed examination and the issue could only be decided after evidence was being recorded.

Aggrieved thereby, the Appellant approached the Hon'ble High Court under Section 37 of the Act.

Issue: Can a party be deemed to have been debarred without issuance of a proper notice to this effect to them if there is a clause in the contract which provides for deemed debarment?

Findings:

While allowing the Appeal and staying the debarment of the Appellant, the Hon'ble High Court observed that although the Respondent had, in the notice for termination issued to the Appellant, made a reference to the clause providing for debarment, however, as it did not expressly provide for debarment, the said notice was improper. The Court held that notice for debarment must be unambiguous.

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While observing the above, the Hon'ble Court had, relied on several judgments, inter-alia, "Gorkha Security Services Vs. Government (NCT of Delhi) and Others", reported as (2014) 9 SCC 105, wherein the Hon'ble Supreme Court had observed that in a Show Cause Notice, it is mandatory to mention the act of blacklisting or there should be a clear inference to this effect as the purpose of Show Cause Notice is to give a proper hearing to the parties by following the principles of natural justice.

The Hon'ble Court, thus, held that as debarment not only has the effect of denying a person or an entity from entering into government contracts but also tarnishes the blacklisted person's reputation, a contractor cannot be debarred or blacklisted without a prior notice clearly providing for debarment as an intended punishment and without affording him with an opportunity of being heard even in cases where there is a provision in the contract which provides that termination would lead to automatic debarment.

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LABOUR DAY: CELEBRATING WORKERS AND PROMOTING HARMONY IN THE INDIAN WORKPLACE



RK Gupta
Sr. Mentor

Labour Day, observed on May 1st in India, is a time to honour and celebrate the vital contributions of workers to our society and economy. It's a moment to reflect on the achievements of the Labour movement and the ongoing efforts to create equitable workplaces. At NIC Legal World Law Firm, we believe in fostering harmony between employers and employees to drive productivity and sustainable growth. This article explores the significance of Labour Day, the benefits of creating harmonious workplaces, and NIC Legal World Law Firm's role in supporting both employers and employees.

The Significance of Labour Day

Labour Day is a celebration of workers' achievements and the Labour movement's successes. It's a reminder of the importance of fair treatment and mutual respect in the workplace. By promoting harmony between employers and employees, we can enhance productivity and contribute positively to the Indian economy.

NIC Legal World Law Firm's Role in Supporting Employers and Employees

NIC Legal World Law Firm is dedicated to fostering a positive relationship between employers and employees. We offer a range of services to help both parties navigate the complexities of employment laws and regulations, ensuring a balanced and productive work environment:

1. **Legal Support:** We provide expert legal guidance to employers and employees, helping them understand their rights and responsibilities under the law.
2. **Mediation Services:** When conflicts arise, we offer mediation services to resolve disputes amicably and maintain workplace harmony.
3. **Fair Practices Advocacy:** We advocate for fair employment practices, including clear employment contracts and timely payment of wages.
4. **Skill Development Support:** We encourage investment in employee training and development programs to enhance productivity and innovation.

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The Impact of Harmonious Workplaces on Productivity

Creating a harmonious work environment has numerous benefits for both employers and employees:

- **Increased Productivity:** When employees feel valued and supported, they are more motivated and productive.
- **Reduced Turnover:** A positive work culture leads to greater employee retention, saving time and resources on hiring and training.
- **Enhanced Innovation:** Collaboration and open communication foster innovation and continuous improvement.
- **Improved Employee Well-being:** Fair treatment and a healthy work-life balance contribute to employee satisfaction.

NIC Legal World Law Firm's Initiatives for a Better Workplace

At NIC Legal World Law Firm, we take proactive steps to promote harmony and productivity in the workplace:

- **Consultation Services:** We offer consultation on best practices for a positive work environment and compliance with Labour laws.
- **Awareness Campaigns:** We raise awareness about labour codes, workers' rights, and employer obligations through workshops and seminars.
- **Policy Development:** We assist organizations in developing policies that promote fairness and respect for all parties.

Key Updates on India's New Labour Codes

India has introduced four new LABOUR Codes: the Code on Wages (2019), the Industrial Relations Code (2020), the Code on Social Security (2020), and the Occupational Safety, Health, and Working Conditions Code (2020). These codes strengthen workers' protection and provide clear definitions of wages and employment conditions. NIC Legal World Law Firm stays updated on these changes to offer expert advice and representation.

Conclusion

Labour Day celebrates workers' contributions and the ongoing effort to promote harmony between employers and employees. NIC Legal World Law Firm is committed to supporting both parties and fostering a balanced, productive, and respectful workplace that drives the Indian economy forward. As we celebrate this special day, let's continue to work together to create better work environments for all.

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PRINCIPLES AND PARAMETERS FOR GRANTING WRIT PETITION UNDER ARTICLE 226 OF THE CONSTITUTION



Anil Kuamr Gupta
Sr Mentor

In a recent case, PHR Invent Educational Society vs. UCO Bank and Others, the Supreme Court of India elucidated on the principles governing the entertainment of a petition under Article 226 of the Constitution, especially when an alternative remedy is available.

The court outlined the following exceptions when a petition under Article 226 could be entertained despite the availability of an alternative remedy:

1. Non-compliance with statutory provisions: When the statutory authority has not acted in accordance with the provisions of the enactment in question.
2. Defiance of judicial procedur: When the authority has acted in defiance of the fundamental principles of judicial procedure.
3. Invoking repealed provisions: When the authority has resorted to invoking provisions that are repealed.
4. Violation of principles of natural justice: When an order has been passed in total violation of the principles of natural justice.

However, the High Court will not entertain a petition under Article 226 if an effective alternative remedy is available to the aggrieved person or if the statute under which the action complained of has been taken itself contains a mechanism for redressal of grievance.

Assessment Parameters under Section 153A and 153C of the Income Tax Act

The Supreme Court, in CIT vs. Jasjit Singh, clarified certain assessment parameters under Section 153A for searched persons. Notably, in the case of a search year for the purpose of Section 153A, the relevant assessment year is the fiscal year 2019-20 (Assessment Year 2020-21). The court also clarified that the assessment period for a searched person includes 10 years (AY 2011-12 to 2021-22), and the Assessing Officer does not have jurisdiction to make assessments for AY 2010-11.

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Summary of Conclusions on Sections 153A and 153C of the Income Tax Act

In a recent judgment by the Delhi High Court in PCIT-Central-1 vs. OJJUS Medicare Pvt. Ltd. and others, the court summarized its conclusions on Sections 153A and 153C of the Income Tax Act as follows:

- Prior to the insertion of Sections 153A, 153B, and 153C, assessment in search cases was regulated by Chapter XIVB of the Act, comprising Sections 158B to 158BI, embodying the concept of block assessment.
- Sections 153A, 153B, and 153C contemplate a merger of regular assessments with those triggered by a search, with the concept of abatement of all pending assessments.
- Sections 153A and 153C override Sections 139, 147 to 149, 151, and 153 of the Act, with significant amendments introduced by the 2017 Amending Act, enlarging the search assessment block to ten AYs.

The court further elaborated on the conditions and prerequisites for search assessments under these sections, including the threshold for escaped income and the shift in the starting block for computation of the assessment period.

Rulings on Issuance of Reassessment Notices under Section 148

In *M/s Arvind Kumar Shivhare vs. Union Of India*, the Allahabad High Court held that reassessment notices issued under Section 148 of the Income Tax Act, which were not challenged before the Supreme Court, were not quashed. It was further noted that subsequent issuance of fresh reassessment notices for the same assessment year is without jurisdiction.

Mens Rea Requirement in Income Tax Offences

In a recent ruling by the Rajasthan High Court in *ITO, Ajmer vs. Rajendra Prasad Vaish*, the court observed that for holding an accused guilty of filing delayed income tax returns under Section 276 CC of the Income Tax Act, mens rea is a necessary ingredient. The court emphasized that there must be a willful attempt to evade any tax, penalty, or interest chargeable, and mere delay in filing returns without mens rea cannot lead to conviction. The court also highlighted the importance of proving mens rea beyond reasonable doubt in such cases.

These rulings and principles provide important guidance on the interpretation and application of various provisions of the Income Tax Act, especially in relation to search assessments, reassessment notices, and the requirement of mens rea in income tax offences.

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TRADE DRESS PROTECTION IN INDIA

Trade Dress encompasses the visual presentation of a product, including its packaging, shape, and colour scheme, which competitors can register or safeguard to distinguish their goods or services. It serves to help consumers identify and differentiate a product from others, aiding even those who may be unable to read. Defined in Section 2(zb) of the Trademarks Act 1999, trade dress expands the concept of a trademark to include elements such as shape, packaging, and colour combinations, provided they can be graphically represented and serve to distinguish goods or services.

The primary challenges in protecting and enforcing trade dress involve establishing uniqueness, determining functional elements, and establishing secondary meaning through association with the rights holder over time.

Why Protect Trade Dress?

Consumers often base their purchasing decisions on the visual appeal of a product, making trade dress protection essential to prevent confusion and safeguard the interests of legitimate producers. Even discerning shoppers can struggle to differentiate between similar-looking items, underscoring the importance of protecting trade dress to maintain clarity in the marketplace.

Trade Dress Infringement

Indian courts typically assess trade dress infringement by examining the similarity of trademarks and whether a mark has been copied, either alone or with accompanying labelling. Copying labels can serve as supplementary evidence of bad faith adoption and support claims of trademark infringement.

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This approach was exemplified in the case of Kellogg Company v Pravin Kumar Badabhai (1996 (16) PTC 187), where the court emphasized evaluating products as a whole rather than focusing solely on specific elements like colour combinations.

Trade Dress Protection in India

Copying features that constitute the trade dress of well-known products is a prevalent issue, necessitating legal protection to hold infringers accountable. Trade dress protection plays a vital role in building brand value and is thus crucial for businesses. The Trade Marks Act, 1999 has expanded protections to encompass the shape, design, and packaging of products, reflecting international standards outlined in TRIPS and WIPO agreements.

While trade dress itself cannot be registered under the Act, specific features such as colour combinations, shape, and packaging can be registered if they meet distinctiveness requirements. Infringement of registered trade dress features entitles the affected party to pursue legal action and seek damages. For aspects of trade dress not explicitly protected under the Act, recourse to passing-off actions is available.

When statutory provisions for trade dress are lacking, India often turns to the common law doctrine of 'passing off.' This legal principle prevents a trader from misleading consumers by presenting their goods or services as those of another.

In the realm of trade dress, if a business can demonstrate that its product's appearance has built goodwill and reputation in the market and that a competitor's similar appearance is likely to confuse or deceive consumers, they can pursue legal recourse under passing off. Several landmark judgments in India have upheld trade dress protection through this doctrine.

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In **Cadbury India Limited vs. Neeraj Food Products**, a trademark dispute arose over the use of the name "JAMES BOND," which bore similarities to Cadbury's product, GEMS. The court found that the term "JAMES BOND" visually resembled Cadbury's registered brand, GEMS, and noted that Neeraj Foods' packaging was identical to Cadbury's. The court emphasized that trade dress resemblance could manifest in phonetic, visual, or conceptual aspects of the plaintiff's mark. Consequently, Neeraj Foods was prohibited from using such packaging due to its resemblance to Cadbury's.

In **Pidilite Industries Limited vs. Poma-Ex Products**, the issue centred on the infringement of the plaintiff's mark "FEVIKWIK" by the defendant's mark "KWIKHEAL." The court concurred with the plaintiff's argument that the defendant's product packaging could lead to public confusion as both items' packaging was identical.

In **Christian Louboutin Sas vs. Mr Pawan Kumar & Ors**, the Delhi High Court recognized the designer's 'Red Sole' as a well-known trademark, addressing the infringement of the trademark "Red Sole" belonging to the luxury shoe brand Christian Louboutin.



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VENTURE CAPITAL IN INDIA: EMBRACING RISK FOR POTENTIAL REWARDS

The goal of venture capital financing is to invest in ventures that carry a high degree of risk but offer the potential for significant returns. This type of financing targets projects with promising growth prospects that may not be able to secure funding through traditional methods such as banks or financial institutions. By providing capital to these innovative and burgeoning enterprises, venture capitalists aim to support their development and ultimately reap substantial rewards on their investments.

Requirements for FVCI

There are three requirements that a foreign investor needs to satisfy before it can start making investments in venture capital companies in India:

1. It should be incorporated or established in any country outside of India.
2. It should be registered with SEBI as a Foreign Venture Capital Investor.
3. It should work in accordance with SEBI regulations while making investments in VCFs or VCUs in India.
4. After registration with SEBI, further approval of RBI under FEMA regulations is required to make investments in India.

Types of Investment Categories for an FVCI

After obtaining an FVCI certificate from SEBI and securing approval from the RBI for investing in India, foreign investors can engage in two primary types of investments:

1. Indian Venture Capital Undertaking VCUs defined in FVCI Regulation, 2000 under Rule 2 (m) "Venture Capital undertaking" means a domestic company:

i) Which is not listed on a recognised stock exchange in India at the time of making an investment; and

ii) Which is engaged in the business for providing services, production or manufacture of articles or things and does not include the following activities or sectors:

(1) Non-banking financial companies, other than Core Investment Companies (CICs) in the infrastructure sector, Asset Finance Companies (AFCs), and Infrastructure Finance Companies (IFCs) registered with the Reserve Bank of India;

(2) Gold financing; ^[1]

[1] Rule 2(m) of FVCI, 2000, <https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-foreign-venture-capital-investor-regulations-2000-last-amended-on-november-9-2022-65177.html>

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VCUs are generally represent newly established private companies aiming to make their mark in the market. These companies often seek financial support and expert guidance from investors to grow and thrive. In essence, a VCU can be defined as an Indian company that has not yet listed its shares on a recognized stock exchange and is not involved in activities restricted by SEBI.

SEBI's negative list encompasses various sectors and activities, including non-banking financial services, gold financing (except for jewelry-related financing), activities prohibited under the Government of India's Industrial Policy, and any other activities specified by SEBI.

2. Venture Capital Fund (VCF) defined in FVCI Regulation, 2000 under Rule 2 (l) "Venture Capital Fund" means a fund registered with the Board under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 or under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 in the sub-category of "Venture Capital Fund" under Category I Alternative Investment Fund. [1]

Investment Limits

Foreign Venture Capital Investors are subject to specific investment limitations, outlined as follows:

- An FVCI is allowed to allocate its entire funds, up to 100%, into a Venture Capital Fund (VCF) registered under SEBI.
- It is obligatory for the FVCI to allocate at least 66.67% of its funds towards unlisted equity shares or equity-linked instruments of Venture Capital Undertakings (VCUs).
- The remaining 33.33% of the funds may be allocated as follows:
 - Subscribing to the initial public offering of a venture capital undertaking planning to list its shares.
 - Investing in debt or debt instruments of a VCU if the FVCI has previously invested in its equity.
 - Investing in equity shares of a listed company.
 - Investing in the equity of a financially distressed listed company.
 - Investing in special purpose vehicles. Furthermore, an FVCI in India is subject to a predefined life cycle that must be disclosed before any investment is made. Additionally, all investment strategies must be disclosed prior to investment activities in India.[2]



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Rule 2(l) of FVCI, 2000
https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-foreign-venture-capital-investor-regulations-2000-last-amended-on-november-9-2022-_65177.html

Rule 11 of FVCI Regulation 2000
https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-foreign-venture-capital-investor-regulations-2000-last-amended-on-november-9-2022-_65177.html

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THE REVOLUTIONARY POTENTIAL OF SMART LEGAL CONTRACTS ACROSS VARIOUS SECTORS

Introduction

The advent of blockchain technology has brought about a transformative tool in the form of smart legal contracts. These self-executing contracts, with the terms of the agreement written into code, promise to streamline operations, reduce the need for intermediaries, and ensure a higher degree of transparency and efficiency across a myriad of industries. Let's explore how smart legal contracts can revolutionize various sectors with specific examples, starting with the financial services industry.

1. Financial Services: Streamlining Transactions with Smart Contracts

In the financial services sector, smart legal contracts can revolutionize traditional transactions by automating them, reducing transaction costs, and eliminating the need for intermediaries. A prime example is the use of smart contracts for **Automated Loan Processing**. Consider a scenario where a borrower applies for a loan through a blockchain platform. The smart contract contains predefined criteria for loan approval, including credit score thresholds, income verification, and collateral requirements. Once the borrower's data meets these conditions, the loan amount is automatically disbursed to the borrower's account, and the repayment schedule is set into motion. This process minimizes the processing time and reduces the risk of manual errors, making loan access faster and more secure for borrowers.

2. Supply Chain Management: Enhancing Transparency and Efficiency

In supply chain management, smart contracts offer an unmatched level of transparency and efficiency. For instance, a **Product Shipment Tracking** smart contract can be programmed to release payments to suppliers only when their products reach specific checkpoints. This not only ensures timely payments but also provides all parties with real-time visibility into the product's journey, significantly reducing disputes and enhancing trust among stakeholders.

3. Real Estate Transactions: Simplifying Property Deals

The real estate sector stands to benefit immensely from smart contracts through Automated Property Sales. Imagine a platform where property sales are managed through smart contracts that automatically execute the transfer of property titles and release funds once all sale conditions are met. This eliminates the lengthy paperwork, reduces closing times, and minimizes the risk of fraud, making real estate transactions smoother and more secure.

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4. Intellectual Property & Royalties: Ensuring Fair Compensation

For creators and artists, smart contracts can automate royalty payments, ensuring they receive fair compensation. An example is a Music Royalty Distribution smart contract that automatically divides and distributes royalties among artists, writers, and producers whenever their music is streamed or purchased, eliminating delays and discrepancies in payments.

5. Insurance: Automating Claims and Payouts

In insurance, smart contracts can expedite claims processing and payouts. A Travel Insurance Payout smart contract, for instance, can automatically compensate travellers if their flights are delayed beyond a certain threshold, verified through external data sources. This automation enhances customer satisfaction by ensuring timely payouts without the need for manual claims processing.

The Future of Smart Legal Contracts

The examples provided only scratch the surface of the potential applications of smart legal contracts. From voting systems and identity verification to healthcare, employment contracts, and legal processes, the implications are vast. However, the successful implementation of these contracts requires clear legal frameworks, robust technological infrastructure, and a shift in traditional methods to accommodate this new paradigm.

As industries begin to embrace and integrate smart contracts into their operations, we stand on the brink of a new era of efficiency, transparency, and security in transactions. The future indeed looks promising as we explore the full potential of smart legal contracts across various sectors.



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