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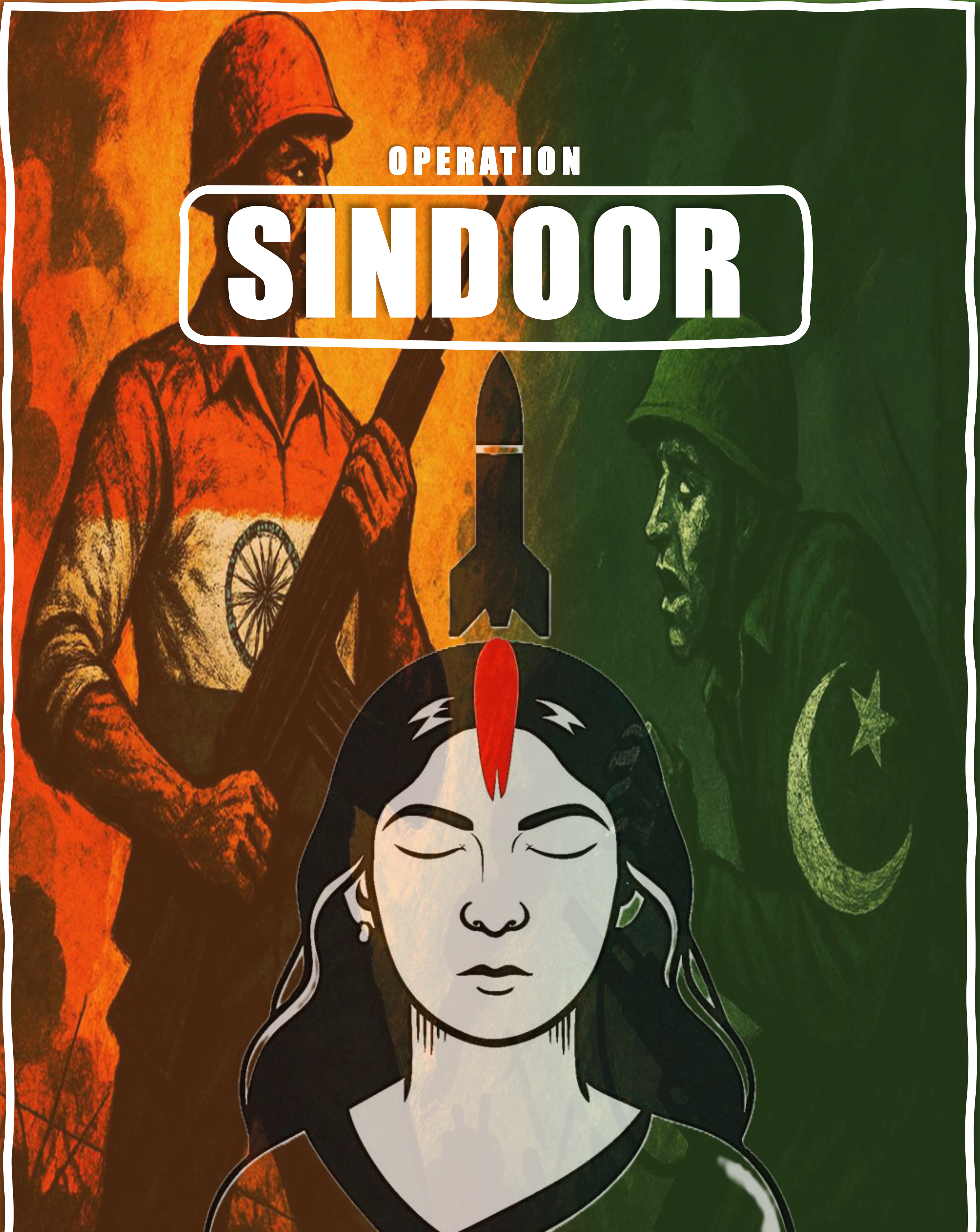

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SPOTLIGHT

Greenvissage

Operation Sindoor – Analysing the balance sheet of the border conflict, because even Peacekeeping needs Bookkeeping.

Introduction

Imagine a ledger, thick with pages, each one scribbled with numbers, deals, and balance sheets. Now picture two countries, India and Pakistan, each keeping their accounts, but their books are constantly in the red. Since 1947, these two nations have been locked in a turbulent financial and political tango, a dance of territorial disputes, wars, and uneasy peace. Each new chapter in their history seems to be written in a language of conflict, with borders drawn in ink and blood, and every disagreement quickly escalating into a major financial undertaking. From the day they were carved out of the same soil, India and Pakistan's relationship has been anything but peaceful. It's a story of partition, loss, and the birth of two nations with simmering tensions over Kashmir, water rights, and military might. And as the decades passed, the wounds never quite healed. Conflicts erupted, armies were mobilised, and the air was filled with the thrum of helicopters and the rumble of tanks. But behind all the headlines of border skirmishes and military posturing, there's another, quieter story unfolding: the story of how this constant tension impacts the economy.

For the people of both nations, the consequences of war and the ever-present possibility of war don't just end at the border. They extend into the stock markets, where every political move is followed by a sharp dip or rise in numbers. They seep into the halls of defence companies, where lucrative government contracts keep the wheels of war grinding. They even sneak into the cricket stadiums, where IPL matches become more than just a sport; they become a battlefield of their own, shaped by national pride, diplomacy, and, occasionally, international relations. But what if we stopped to look at this conflict not through the lens of politics, but through the lens of economics? What if we started counting the costs, not in terms of weapons or military personnel, but in the dollars, rupees, and rupees lost or gained by millions of ordinary people? As the decades roll on, the consequences of war ripple outward, affecting everyone from stock traders in Mumbai to tourists in Lahore. Even peacekeeping, it seems, needs bookkeeping. So, let's dive into the balance sheet of this ongoing saga, because sometimes, the true cost of a conflict isn't just measured in bullets and bombs, but in the silent figures we rarely stop to count.

Defending Sovereignty

Following the partition in 1947, India and Pakistan were destined for a turbulent relationship, primarily fueled by the unresolved Kashmir issue, with both countries staking claims to the region. Over the decades, this territorial dispute ignited several wars, each one marking a chapter of deep-rooted animosity. The wars of 1947, 1965, and 1971 were not only about military confrontation—they were about sovereignty, pride, and the right to exist as separate nations. However, as the years went on, Pakistan's role in supporting terrorism across the border escalated. Rather than seeking peace, Pakistan increasingly turned to proxy warfare, backing insurgents and militants to destabilise India through attacks on civilians and military personnel alike. India has faced countless acts of terrorism sponsored or tolerated by Pakistan, from the 2001 Parliament Attack, where militants stormed India's heart of democracy, to the horrific 26/11 Mumbai attacks in 2008, when terrorists took control of key locations in Mumbai, killing over 170 people. More recently, attacks like the Uri attack in 2016 or the Pulwama attack in 2019, which claimed the lives of over 40 CRPF soldiers, and the Pahalgam attack this year, where civilians were targeted, have brought the severity of this ongoing issue to the forefront. These attacks are not isolated incidents but part of a systematic strategy aimed at destabilising India through violence and terror.

In the aftermath of each conflict, India demonstrated a remarkable ability to regroup and rebuild, turning each challenge into an opportunity for growth. The 1971 Indo-Pak war, which led to the creation of Bangladesh, remains a shining example of India's military prowess and strategic brilliance. The bravery, tactical ingenuity, and unity displayed by the Indian Army during that war are a source of national pride and inspiration. Even in more recent times, when faced with cross-border terrorism, the Indian Armed Forces responded with unmatched resolve and precision, carrying out surgical strikes to neutralise threats without unnecessary escalation. **We, at Greenvissage, stand today proud of our military, not just for their bravery, but for their ability to protect the country with the professionalism and compassion that is often unseen by the outside world.** Their efforts have been instrumental not only in defending the borders but in maintaining a sense of national unity and security for over seven decades. India's military isn't just a force of defence; it is a symbol of the nation's strength, resilience, and unwavering commitment to peace through strength. And as we continue to face the challenges that lie ahead, we can rest assured that our armed forces will always rise to the occasion, ensuring that our sovereignty remains unchallenged and our people are protected.

Stock Market Volatility

One of the most immediate reactions to border tensions or terrorist attacks is the volatility in the Indian stock market. For instance, in the wake of the 2001 Parliament Attack or the 2008 Mumbai attacks, stock indices like the Sensex and Nifty saw significant declines as investor sentiment plummeted. Geopolitical instability leads to an increase in market uncertainty, causing both domestic and international investors to pull back their investments. When terrorist attacks or military skirmishes occur, there's a fear that escalation could lead to a war, and such fears push markets into a state of turmoil. On the other hand, defence companies, such as Bharat Dynamics, Hindustan Aeronautics, and other suppliers of military equipment, often see a surge in their stock prices as the government typically ramps up defence spending in response to these threats. While the government may significantly increase defence spending, in times of war or national emergency, Governments often take control of or directly influence the operations of these companies, prioritising military needs over profit-making motives.

In the event of a conflict, private defence contractors may see their operations shifted to focus entirely on meeting government orders, with little room for independent decision-making. This transition can disrupt the normal functioning of these companies, leading to potential financial losses, workforce issues, and operational inefficiencies. Moreover, in such times, the government may impose price controls, limit exports, or nationalise certain defence companies to ensure that resources are channelled directly into the war effort. While this is essential for national security, it can harm the long-term growth and stability of the defence sector. Companies may also face supply chain disruptions, heightened regulation, and increased scrutiny, which can affect their ability to deliver products and meet commercial demands. For the defence sector, therefore, the onset of war doesn't just mean higher orders, it also means the loss of autonomy and potential financial strain, as the focus shifts entirely to fulfilling the immediate needs of national defence.

Impact on Foreign Investments

Terrorism and military conflicts significantly affect foreign direct investment (FDI) into India. Multinational corporations, hesitant to invest in regions with heightened instability, often delay or cancel plans to set up operations. Even if the conflict is localised, global companies may perceive India as a risky destination due to the potential for escalation. This, in turn, hampers economic growth as foreign capital plays a key role in driving job creation, technological advancement, and infrastructure development. Moreover, trade relations also suffer when geopolitical tensions rise. Pakistan, as India's neighbouring country, is a key trade partner, particularly in terms of agricultural exports and cross-border business collaborations. Conflicts disrupt these supply chains, leading to an increase in transportation costs and loss of trade revenue. The consequences ripple out to the regional level, as India and Pakistan's trade routes and joint ventures are severely impacted.

The ongoing trade tensions between the United States and China have had a significant impact on global supply chains, leading many companies to rethink their manufacturing strategies. The imposition of tariffs by the US on Chinese goods, along with rising labour costs and a volatile business environment in China, had prompted many multinational companies to seek alternative manufacturing hubs. India, with its growing economy, large workforce, and competitive labour costs, has emerged as a prime destination for companies looking to relocate their production away from China. For India, the US-China trade war has been a blessing in disguise. The tariffs, which made Chinese goods more expensive in the US market, created an opportunity for Indian businesses to step in. Companies from sectors like electronics, textiles, and automotive parts have increasingly chosen to set up production facilities in India, attracted by lower labour costs, a large consumer market, and the government's push for initiatives like Make in India and improved ease of doing business. This shift has not only provided a boost to India's manufacturing sector but has also contributed to job creation, increased exports, and an overall strengthening of the economy. Major corporations in industries such as Apple, Samsung, Foxconn, and Tesla have already moved parts of their manufacturing to India, creating a ripple effect in terms of investments, technology transfer, and long-term economic growth.

However, this economic opportunity could be significantly affected by the resurgence of military conflicts, particularly between India and Pakistan. A war or an escalation of tensions in the region could have serious consequences for India's ability to maintain this momentum. Geopolitical instability can lead to disruptions in the supply chain, making India a less attractive option for companies seeking stability. In the event of an open conflict, the security concerns in the region would overshadow the benefits of moving operations to India. International trade could be severely affected if tensions spill over into broader regional instability, threatening India's trade routes and access to global markets. Businesses may reconsider their investments or shift focus to safer alternatives in Southeast Asia, Vietnam, or other regions.

Tourism and Hospitality

India's tourism industry, which significantly contributes to its GDP, suffers immensely during periods of heightened conflict. The 2008 Mumbai attacks, for example, saw a noticeable drop in international tourism, as foreign tourists became wary of travelling to destinations seen as vulnerable to terrorist attacks. The situation worsens when specific regions, such as Kashmir, are directly affected by violence—tourists shy away from visiting places deemed risky, leading to a sharp decline in revenue for the hospitality industry, local businesses, and tour operators. Similarly, domestic tourism also takes a hit, with people hesitant to travel to areas perceived as dangerous. The tourism sector, which is highly sensitive to security concerns, faces long-term setbacks, as global perceptions of safety take years to rebuild. Regions heavily dependent on tourism for their economic livelihood, such as Kashmir, Pahalgam, and Goa, experience immediate losses. The recovery of this sector often takes years, as potential visitors remain cautious even after tensions subside.

The Indian Premier League (IPL), a symbol of India's global sporting prowess and a massive commercial enterprise, also found itself caught in the crossfire of geopolitical tensions and military conflicts. When tensions flared, the IPL felt the ripple effects, with BCCI calling off an ongoing match, international players hesitating to participate, and the league facing an uncertain atmosphere. In 2008, for example, after the devastating Mumbai attacks, security concerns led to the suspension of the tournament for a brief period. Similarly, when military escalations occur, particularly with Pakistan, the tournament can suffer from political backlash, fanboycotts, and the loss of overseas sponsorships or broadcasters. The IPL, which thrives on international participation and a festive, unifying atmosphere, became a casualty of strained relations, as the focus shifts from entertainment to national security, and the league's ability to function smoothly is compromised by the shadow of conflict.

Defence Spending

In the wake of every conflict or terrorist attack, India significantly increases its defence spending. While this bolsters national security and strengthens military readiness, it comes at a high economic cost. The funds allocated to defence, which often result in the procurement of arms, ammunition, and advanced technology, are diverted from other critical sectors such as healthcare, education, and infrastructure development. The opportunity cost of defence spending is immense, essential social and economic investments are often delayed or underfunded as a result. This emphasis on defence spending also affects India's fiscal policies. Large defence budgets can lead to increased national debt, which can have long-term implications for India's credit rating and global economic standing. While the need to maintain military strength is undeniable, the persistent focus on defence spending comes at the expense of much-needed investment in the nation's economic development, leading to an imbalance in national priorities. The cumulative effect of repeated conflicts, military responses, and terrorism is a drag on long-term economic growth. Continuous defence spending, disruptions to trade and tourism, and the diminished foreign investment create an environment of stagnation, preventing India from reaching its full economic potential. While India has demonstrated remarkable resilience in bouncing back from these challenges, the long-term costs of these ongoing threats cannot be overlooked. Moreover, regions that experience the brunt of these conflicts, such as Jammu and Kashmir, suffer from economic underdevelopment due to persistent instability. The disruption of local economies in these areas makes it harder to attract investment and create sustainable growth. For the people living in these regions, the constant state of alert is not just a military reality but an economic one, keeping them trapped in a cycle of poverty and limited opportunity.

The Social and Psychological Toll

Beyond the tangible economic impacts, there is also a significant psychological toll on the population. The constant threat of violence—whether in the form of terrorist attacks or border skirmishes—creates an environment of uncertainty that can lead to lower consumer confidence. People are less likely to spend money or make long-term financial commitments when they live in fear of conflict. Businesses, particularly small and medium enterprises, face challenges in sustaining operations as the market for goods and services shrinks. Moreover, the mental health impact of ongoing violence and the loss of lives affects the productivity of the workforce. Grief, trauma, and the fear of further attacks lead to a decrease in labour productivity, especially in conflict zones. These effects, though harder to quantify, ultimately contribute to the slowdown of economic growth and a reduction in the quality of life for millions of citizens.

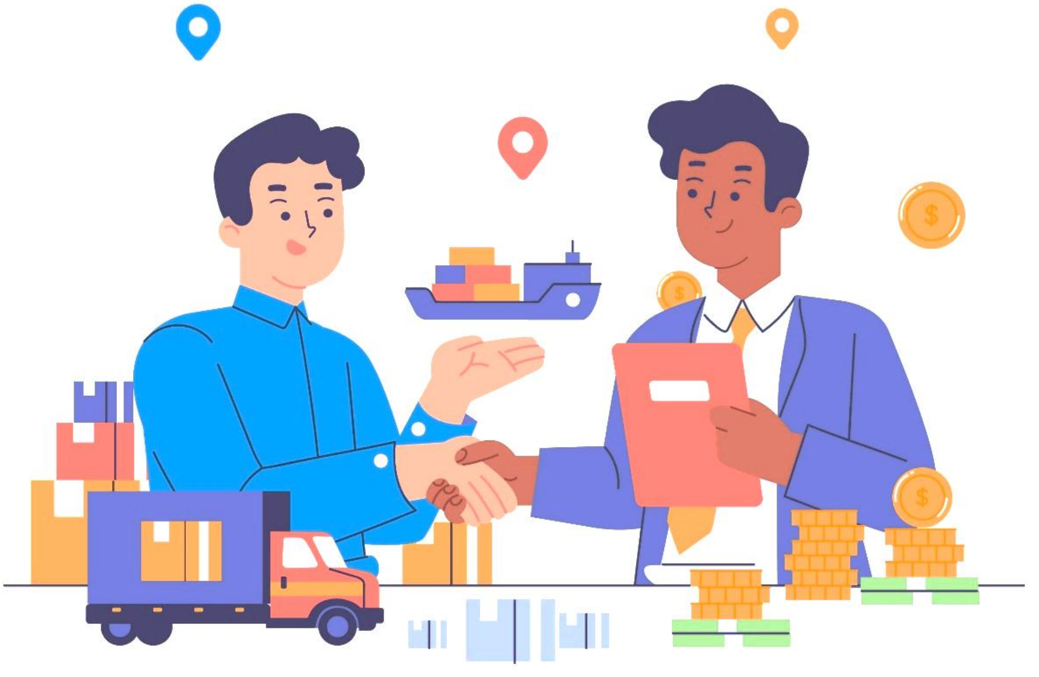
(References – Economic Times, The Hindu, Reuters, Outlook Business)

EXPERT OPINION

Greenvissage

Spices and Scotch – New Silk Route Between India and the UK

By Amit Chandak, Managing Partner, Greenvissage



Introduction

From the bustling cotton mills of Manchester to the spice-laden markets of Kerala, the economic entanglements between India and the United Kingdom stretch back centuries, woven through colonial ambition, industrial revolution, resistance, and eventual independence. Today, those historical currents are being redirected into a new, cooperative tide. As the two nations inch closer to finalising a long-anticipated Free Trade Agreement, the world is watching a relationship once marked by imposition now pivot toward partnership. This isn't just another trade deal buried in diplomatic jargon, it's a historic recalibration. One that reflects how global power dynamics have shifted, how emerging markets like India are no longer passive participants, but active shapers of international economic policy.

The proposed agreement, several years and fourteen negotiating rounds in the making, comes at a time when both countries are redefining their global roles. For post-Brexit Britain, striking meaningful trade partnerships beyond Europe is no longer optional; it's existential. For India, now the world's fifth-largest economy, the deal represents an opportunity to secure preferential market access, boost its exports, and cement its identity as a manufacturing and services powerhouse. But beyond economics, the FTA is also symbolic: a gesture that two democracies with shared values, people-to-people ties, and a complex shared history can move forward with mutual respect and strategic purpose. In a time marked by rising protectionism, fractured supply chains, and shifting alliances, this moment stands out. It signals that despite political churn, bureaucratic hurdles, and global headwinds, two nations with very different pasts are choosing a shared future, one built on commerce, collaboration, and a recalibrated vision of globalisation. As the ink dries and the final clauses are hammered out, the India–UK FTA could very well become a blueprint for how modern trade diplomacy is done, with pragmatism, patience, and purpose.

Delays and Deadlocks

The India–UK Free Trade Agreement has been one of the most anticipated international economic deals of the post-pandemic world, but also one of the most drawn-out. First formally launched in January 2022, the FTA aimed to deepen trade ties between two countries that share a long, complex historical relationship and a growing convergence of interests in the 21st century. On paper, the deal made perfect sense. The UK, having exited the European Union, was urgently seeking new bilateral trade deals to redefine its global economic identity. India, meanwhile, was seeking to boost its exports and secure market access to high-income countries as part of its broader trade and investment strategy. Yet, despite strong political will, the path to agreement was anything but smooth.

One of the most persistent hurdles came from Britain's revolving door of leadership. Since talks began, the UK has seen three different prime ministers, Boris Johnson, Liz Truss, and Rishi Sunak, each bringing different priorities and negotiation styles. This disrupted continuity in negotiations and delayed decisions at the highest levels. Johnson, for example, had pushed for an ambitious Diwali 2022 deadline, but that proved to be overly optimistic. Both countries held firm on issues central to their domestic interests, leading to impasses: India demanded greater mobility for its skilled professionals and relaxed visa norms, especially in sectors like IT, finance, and hospitality. The UK wanted steep tariff reductions on goods such as Scotch whisky, cars, and legal services, where India traditionally maintains high import duties.

Besides, India was cautious about opening its agricultural and dairy sectors to British imports, concerned about the impact on millions of small farmers. Any major concession in this space could trigger a domestic political backlash, especially with elections looming. The UK pushed for stronger intellectual property rights, including extended patent protections and data exclusivity in pharmaceuticals. India, home to a large generics industry, was reluctant to make commitments that could raise drug prices or restrict access to affordable medicine, both for its population and for the developing countries it supplies. Another sticking point was the UK's proposal to include environmental and labour standards, particularly relating to a potential carbon border adjustment tax. India, still industrialising and heavily reliant on coal in some sectors, viewed such provisions as potential non-tariff barriers that could undermine its competitiveness.

These delays have come at an economic cost. Trade between the two nations, around £36 billion annually, has considerable untapped potential. Each year without a deal meant missed opportunities for exporters, especially small and medium enterprises that rely on preferential access. It also prolonged uncertainty for investors on both sides. Moreover, the prolonged negotiations slowed down momentum for other Indian FTAs (such as with the EU or Canada) and added strain on diplomatic bandwidth. At a time when both countries faced inflationary pressures, slowing growth, and supply chain vulnerabilities, the lack of an agreement felt increasingly like a strategic gap.

What the Deal Delivers?

After years of back-and-forth negotiations, the India–UK Free Trade Agreement is finally nearing the finish line, and several critical features of the deal have now come to light. While not every demand has been met on either side, the agreement reflects significant compromises and strategic wins for both countries. One of the headline components of the agreement is the mutual reduction and elimination of tariffs across a wide range of goods. For the UK, India will reduce its steep tariffs on British exports, such as Scotch whisky, which currently face a 150% import duty. Under the deal, this is expected to be cut by up to 75% initially and gradually lowered to 40% over ten years. Tariff reductions will also apply to premium British cars and a variety of other manufactured goods. For India, nearly 99% of Indian exports to the UK will receive duty-free or reduced-tariff access. This includes key sectors like textiles, apparel, jewellery, rice, and processed food products, giving Indian businesses a significant competitive edge in the UK market.

Services trade is a central area of interest for India, and the agreement includes provisions that improve access for Indian service providers in sectors like IT, healthcare, education, and financial services. The deal also contains clauses on mutual recognition of professional qualifications, which will make it easier for Indian professionals in law, accounting, architecture, and related fields to work in the UK. Although India did not secure a major liberalisation of visa regimes, there are modest improvements in mobility for certain categories like chefs, musicians, and other skilled professionals. The deal also streamlines intra-corporate transfers and short-term business travel. The FTA is backed by a Bilateral Investment Treaty (BIT) that seeks to protect investors from both countries through transparent and stable rules. It includes mechanisms for dispute resolution and aims to encourage greater foreign direct investment by offering legal clarity and regulatory safeguards. Both sides have also agreed to promote ease of doing business, with commitments to reduce bureaucratic hurdles, enhance digital trade frameworks, and support e-commerce development.

The FTA also facilitates closer cooperation in high-value sectors. The UK is eyeing deeper industrial collaboration in defence manufacturing, especially under India's Make in India initiative. The two countries have committed to expanding trade in green technologies, including electric vehicles, solar panels, and green hydrogen, supporting both climate goals and industrial growth. One of the more contentious areas, intellectual property rights, has seen a nuanced resolution. The UK had pushed for extended patent terms and tighter data protection for pharmaceuticals. However, India successfully defended its interests in retaining regulatory space to ensure access to affordable generic medicines. The final language is believed to reflect a balanced approach, acknowledging the UK's concerns while preserving India's role as a major supplier of affordable medicines to the developing world. Beyond the economics, this deal has symbolic and strategic weight. It positions the UK as a committed partner in the Indo-Pacific, aligning with its post-Brexit Global Britain strategy. For India, it's a signal that it can strike meaningful trade deals on its terms, without compromising core domestic interests. This will strengthen its hand in upcoming negotiations with the EU, EFTA, and other blocs.

Who benefits from the deal?

On the Indian side, the textile and apparel industry is poised for a major uplift. With the UK set to reduce or eliminate tariffs that previously ranged between 8 to 12 per cent, Indian manufacturers will gain a stronger foothold in a competitive market. This is especially significant for India's labour-intensive garment sector, which employs millions and operates on relatively thin margins. Companies such as Raymond, Arvind Ltd., Welspun, and Aditya Birla Fashion are well-positioned to take advantage of the smoother access to British retailers and consumers. Another big winner is the gems and jewellery industry. The UK has long been one of the top destinations for Indian handcrafted jewellery and cut diamonds. With tariff barriers lowered and customs procedures expected to be streamlined under the deal, Indian jewellery exporters can expect stronger demand and better pricing power. Major players like Titan (through its Tanishq brand) and Kalyan Jewellers, along with clusters of small and medium enterprises in states like Gujarat and Rajasthan, stand to benefit.

The pharmaceutical sector also secures a strategic advantage. While India successfully resisted stricter UK demands on patents and data exclusivity, the FTA still facilitates smoother regulatory pathways and greater acceptance of Indian generic medicines in the UK market. This is crucial for companies like Sun Pharma, Dr. Reddy's, and Cipla, which have already established a global presence. Improved access to the NHS procurement system could mean more contracts and volume for these firms. India's IT and services sector gains from improved provisions for the temporary movement of professionals and mutual recognition of qualifications. Although the FTA stops short of granting broad-based visa liberalisation, the commitments made, especially for short-term business travel and intra-company transfers, will ease operational hurdles. This supports major IT exporters like Infosys, TCS, Wipro, and Tech Mahindra, many of which already operate large delivery centres and client offices across the UK.

On the British side, several industries see clear gains. The whisky and spirits sector, led by iconic brands like Diageo (which owns Johnnie Walker, Talisker, and others), will benefit from India gradually lowering its steep 150% import duties. This could open up what is potentially the largest whisky market in the world by volume. Luxury carmakers such as Jaguar Land Rover (owned by India's Tata Motors), Aston Martin, and Bentley also gain from reduced tariffs on high-end vehicles, helping to make British-made cars more affordable to Indian consumers. The UK's legal, accounting, and financial services sector stands to benefit too, particularly through clauses that improve access for foreign service providers and create a more predictable regulatory environment. London-based multinational firms in law, finance, and consulting could find it easier to expand their presence in India's growing market for professional services.

Who gets hurt by this deal?

While the India–UK FTA offers substantial opportunities, not every sector or group within India stands to benefit equally. Some industries could face increased competition, and others might see only limited gains. Here's a detailed analysis of who may not benefit, or might even be hurt, by the deal on the Indian side. Several segments of India's agriculture and dairy sector are among the most vulnerable. Although negotiators were careful to protect these industries from deep tariff cuts, even limited market opening can spark anxiety. The UK has a competitive and heavily subsidised dairy industry, and Indian farmers fear that any increased access could undercut domestic prices. Cooperatives and small-scale producers, especially in states like Punjab and Maharashtra, have voiced concerns over being exposed to imports of cheese, butter, and milk powder. While current safeguards remain in place, the long-term fear is that this deal sets a precedent for future liberalisation that could hurt rural livelihoods.

Small-scale manufacturers and MSMEs in low-margin sectors may also face indirect challenges. If the deal eases UK access to Indian markets for machinery, electronics, or high-quality consumer goods, domestic producers might find themselves outcompeted, especially in urban markets. India's micro and small enterprises often struggle with scale, branding, and quality consistency—areas where UK exporters typically excel. Without adequate government support in adapting to the new trade landscape, these businesses could be squeezed out of the value chain. There are also limited immediate benefits for low-skilled labour and informal sector workers. While service liberalisation will support highly skilled IT professionals and corporate talent, it offers little for the majority of India's workforce, which remains concentrated in informal jobs and lower-wage sectors. This could widen the existing disparity between India's tech-savvy urban workforce and the broader labour base that lacks similar mobility or opportunities.

In addition, environmental and sustainability clauses in the FTA could place compliance burdens on Indian exporters, especially smaller ones. If the UK insists on enforcing stricter carbon standards or ESG-related conditions over time, many Indian firms—particularly in textiles, leather, and manufacturing—may struggle to afford the cost of compliance, audits, and certification. This could potentially restrict their market access unless sufficient adaptation support is provided. Finally, pharmaceutical companies are operating at the ultra-low-cost end of the market, which may see thinner margins if the agreement nudges India closer to aligning with stricter IP norms or regulatory standards. While India has avoided making deep concessions on patents for now, any future commitments or side deals that tighten rules could affect the generics segment that thrives on flexible regulation and low-cost production.

(References – The Indian Express, The Economic Times, Inc42, Reuters)

GREENVISSAGE EXPLAINS

Greenvissage

Why are Samsung and LG taking the Government to Court?

Samsung and LG have filed a legal challenge against the Indian government over a controversial new rule meant to clean up the country's electronic waste (e-waste) crisis. At the centre of the conflict is a regulation that mandates electronics manufacturers to pay a fixed INR 22 per kilogram to certified recyclers. This law, while designed to reform India's chaotic and hazardous e-waste management system, has instead triggered a legal showdown. India is currently the world's third-largest producer of e-waste, after China and the United States. Each year, the country generates over 3 million tonnes of discarded electronics, ranging from obsolete phones and broken laptops to outdated televisions and refrigerators. However, less than half of this waste is processed through formal recycling channels. The rest is handled by an unregulated informal sector, concentrated in hubs like Seelampur near Delhi.

Seelampur represents the harsh underbelly of India's tech revolution. Here, entire communities, including children, earn a meagre living dismantling gadgets by hand. Toxic methods, such as acid baths to recover metals and open-air burning of wires, expose workers to dangerous chemicals like mercury and lead. Despite the health risks and environmental damage, these practices persist, largely because they're the cheapest and fastest way to recover valuable materials. To tackle this hazardous ecosystem, the Indian government introduced updated e-waste rules in 2022, which became fully enforceable in 2023. The cornerstone of this policy is Extended Producer Responsibility (EPR). Under EPR, electronics producers are held accountable for the collection and safe disposal of waste generated from their products.

What changed in late 2024 was the imposition of a mandatory payment rate of INR 22 per kg to certified recyclers. Companies like Samsung and LG are arguing that this inflexible pricing model severely inflates their costs by as much as 5 to 15 times in some cases, and fails to address the real structural issues plaguing India's recycling system. Before this regulation, manufacturers had the freedom to negotiate lower rates with recyclers, often paying INR 5-6 per kg. In many cases, waste was informally handed down the line to low-cost dismantlers who operated outside the formal economy. The government claims this undercut pricing encouraged unsafe practices and left formal recyclers with no competitive edge. By setting a price floor, the aim is to make regulated recycling financially viable and discourage environmentally harmful shortcuts. But critics argue that the policy is out of step with on-the-ground realities. India's formal recycling industry is still in its infancy, with limited infrastructure and capacity. Most of the actual e-waste collection and dismantling is still done informally, over 90%, according to a 2024 report by ICRIER. Registered recyclers often rely on this informal network to receive dismantled waste.

The new law, however, completely bypasses this informal workforce. Payments are restricted to CPCB-approved recyclers, leaving out the kabadiwalas, waste pickers, and informal dismantlers who move most of the waste. Companies are effectively being asked to pay a fixed price into a system that doesn't yet fully exist. Adding to the confusion is the role of Producer Responsibility Organisations (PRO), intermediaries meant to help companies fulfil their EPR targets. These entities operate within a poorly defined and opaque credit system, and often fail to bridge the gap between the formal and informal sectors. Other countries handle this issue differently. In the US, e-waste policies vary by state. Manufacturers often negotiate directly with recyclers or contribute to recycling programs based on sales, without any fixed per-kilo pricing. In China, the government collects recycling fees from companies and subsidises approved recyclers, ensuring standardised waste treatment without forcing direct manufacturer-recycler payments. Both systems have their drawbacks — the US lacks uniformity, and China's model suffers from bureaucratic inefficiencies, but neither imposes rigid pricing structures like India.

(References – Economic Times, Live Mint, New Indian Express)

Is India's Insolvency Framework Failing Its Purpose?

The Supreme Court's recent ruling on the Bhushan Power and Steel Limited (BPSL) insolvency case has stunned India's financial and industrial sectors. Once hailed as a flagship success under the Insolvency and Bankruptcy Code (IBC), the case has now taken a sharp turn. The Court's order to reverse the sale of BPSL's Odisha steel plant to JSW Steel is a landmark judgment that upholds the sanctity of legal procedures, but it comes at a potentially devastating cost to economic productivity and investor confidence. BPSL's story is rooted in the boom-bust cycles of India's post-liberalisation economy. During the 2000s, optimism about India's growth story led to an investment surge, especially in capital-heavy sectors like infrastructure and steel. BPSL, like many others, took on massive debt to build one of India's largest private steel plants in Odisha. But the global financial crisis, domestic policy paralysis, and an industry downturn brought the company to its knees by 2017. It owed INR 47,000 crore and was declared one of the infamous dirty dozen defaulters — the worst among India's bad loans. Enter the IBC — enacted in 2016 to help banks recover value from failing companies by transferring assets to more competent owners. BPSL's revival through JSW Steel's acquisition was touted as proof that the IBC could work even in the messiest of situations. JSW promised to pay INR 19,700 crore to creditors and inject INR 8,550 crore in equity. After years of delays and disputes, it finally took control in 2021 and managed to turn the plant around, achieving record production and profitability by FY 2024.

Yet this revival was short-lived. The Supreme Court, ruling on petitions filed by various stakeholders including operational creditors, the state of Odisha, and BPSL's former promoters, concluded that the resolution process was fundamentally flawed. It cited repeated procedural lapses, including unlawful delays, lack of transparency in bidding, failure to uphold creditor rights, and questionable conduct by JSW. In particular, the court noted a) Violations of IBC's 270-day resolution limit without formal extensions, b) a lack of disclosure of JSW's prior associations with BPSL, c) Operational creditors receiving disproportionately low settlements, and d) continued interference by investigative agencies, which cast doubts over asset ownership. A delayed payment strategy by JSW that, in the Court's view, exploited the system. The ruling nullified the resolution plan and ordered BPSL's liquidation. JSW must be refunded its payment, and the steel plant, now fully functional, will be sold for parts.

While the judgment enforces accountability and reiterates the importance of rule-bound processes, it raises troubling questions about the economic fallout. For one, liquidation is typically a last resort under the IBC, meant for assets beyond recovery. In BPSL's case, the plant was not only operational but also profitable. Liquidating a thriving enterprise could cause immense job losses, destroy economic value, and hurt downstream industries dependent on its output. Moreover, the banks already distressed will now have to refund money they had considered recovered and await a far less lucrative liquidation process. There's also a psychological toll. For potential investors looking to acquire stressed assets under IBC, this case is a red flag. The uncertainty around finality, even after NCLT and NCLAT approvals, will dampen risk appetite. If successful turnarounds can be reversed years later, the incentive to invest in complex resolutions diminishes.

While the Supreme Court rightly flagged legal violations, it may be time to ask whether the IBC framework itself needs reform to accommodate real-world complexity. Few large insolvency cases unfold without procedural hiccups, especially when criminal investigations, multiple stakeholders, and legacy issues are involved. To avoid such costly rollbacks in the future, the government and judiciary could consider creating a safe harbour clause that protects successful resolution applicants from retroactive legal challenges, provided they acted in good faith. Establishing clearer coordination between insolvency courts and investigative agencies like the ED and CBI. Strengthening the role of operational creditors in the process to reduce post-facto litigation. Enforcing strict timelines not just in theory but through penal provisions for delays.

(References –Business Standard, The Hindu, Economic Times)

Is Co-Lending India's Answer to Inclusive Credit Growth?

The Reserve Bank of India (RBI) has taken a decisive step toward reshaping India's co-lending framework with the release of its draft guidelines in April 2025. While co-lending isn't a new concept, having first emerged as a "co-origination" model in 2018, its evolution into a broader, more inclusive framework reflects the regulator's commitment to marrying financial innovation with prudential safeguards. Co-lending allows two lenders — typically a bank and a non-bank financial company (NBFC) to jointly offer loans to a borrower, sharing both the risk and reward. The NBFC usually brings in its customer acquisition capabilities and localised reach, while the bank contributes a majority of the funds at a lower cost. For borrowers, especially those in underserved or risky segments, this creates a channel to access cheaper credit, something they might not qualify for from traditional banks alone. The timing of the RBI's regulatory overhaul is significant. In recent years, India's NBFC sector has seen tremendous growth, both in reach and relevance, particularly in Tier 2 and Tier 3 towns. These are regions where banks often lack a ground-level understanding or find operating costs unviable. NBFC have stepped in to bridge that gap, but their ability to scale has been constrained by their access to capital and higher borrowing costs. Meanwhile, banks have remained cautious about lending directly to NBFC due to past defaults and liquidity crises (think IL&FS and DHFL). Co-lending presents a middle path, allowing banks to maintain credit exposure without overconcentrating risk on a single NBFC's balance sheet. By proposing a model where lenders directly co-fund loans to individual borrowers, RBI is nudging the ecosystem toward decentralised, risk-dispersed credit expansion.

The draft guidelines have made four major departures from the previous framework: (a) Co-lending is no longer just for banks and NBFC, nor is it limited to priority sector lending (PSL). Now, any two regulated entities — even two banks or two NBFCs — can partner. More importantly, the rigid 80:20 funding structure is gone. Lenders can negotiate their risk participation ratio. (b) Borrowers must now be explicitly told that their loan is part of a co-lending agreement. From interest rate disclosures to service responsibilities and complaint redressal, the loan structure must be spelt out. This is a much-needed push for borrower awareness in a system that risks becoming opaque. (c) RBI has, for the first time, explicitly permitted first-loss guarantees of up to 5% of the loan pool. This gives flexibility for NBFC to attract more risk-averse banks by providing a loss cushion, while ensuring that the NBFC don't over-leverage themselves. (d) A significant improvement — now, if a loan goes bad for one partner, it must be treated as an NPA by the other too. This prevents regulatory arbitrage and ensures both lenders are equally vigilant in monitoring and recovery.

The potential of this revised framework is substantial. For instance, MSME, often too small or informal for banks but too expensive for pure-NBFC loans, stand to benefit immensely. Similarly, self-employed individuals, gig workers, and Tier 3 borrowers can now be targeted using NBFC's deep data insights, with banks backing them financially. Moreover, the blended interest rate approach, where the borrower sees just one rate, simplifies the customer experience. A loan may be part-funded at 14% by an NBFC and 9% by a bank, and the borrower only deals with a single average rate. This reduces confusion and makes co-lending more accessible to lay borrowers. However, the success of co-lending isn't guaranteed. Operational integration between banks and NBFC remains a thorny issue. Core banking systems, loan management software, risk-scoring models, and even document formats can vary wildly between lenders. Unless both partners invest in seamless IT and data integration, execution delays and borrower dissatisfaction are inevitable. Then there's the question of underwriting discipline. With no mandatory 20% skin-in-the-game requirement now, there's the possibility that NBFC may take undue risks, offloading a larger chunk of questionable loans onto their bank partners. If not policed carefully, this could lead to asset quality issues, much like what the securitisation boom did in the US mortgage crisis.

(References – Business World, Live Mint, Economic Times, Financial Express, The Hindu Business Line)

What is the Panchayat Advancement Index (PAI)?

The Panchayat Advancement Index is designed as a composite performance metric that evaluates grassroots-level governance through the lens of Sustainable Development Goals (SDGs). It employs 435 carefully selected indicators, mapped across nine thematic areas aligned with the framework of Localisation of Sustainable Development Goals (LSDGs). This index seeks to identify gaps in development, encourage data-based decision-making, foster transparency, and promote participatory governance at the rural level. Importantly, the PAI aligns with the National Indicator Framework formulated by the Ministry of Statistics and Programme Implementation (MOSPI), thereby integrating local assessments with national priorities. In its current form, the PAI has successfully captured data from 2.16 lakh Gram Panchayats across 29 States and Union Territories, reflecting the scale and depth of its coverage. The index classifies panchayats into five performance categories: Achiever, Front Runner, Performer, Aspirant, and Beginner. These categories are defined by score ranges, with 'Achiever' denoting the highest level of performance and 'Beginner' indicating the most nascent stage. However, data from 2022–23 reveals that no panchayat managed to achieve the highest category. A significant proportion, over 61 per cent, fell into the 'Aspirant' category, underlining the substantial developmental challenges that remain at the grassroots level. The constitutional foundation for Panchayati Raj in India was laid by the 73rd Constitutional Amendment Act of 1992, which institutionalised PRIs as the third tier of government. This act introduced a three-tier structure comprising the Gram Panchayat at the village level, the Panchayat Samiti at the intermediate level, and the Zila Parishad at the district level. It also added Part IX to the Constitution, covering Articles 243 to 243-O, and introduced the Eleventh Schedule, which lists 29 subjects to be devolved to PRIs. These include critical areas such as agriculture, health, education, and rural development. Moreover, Article 40 of the Directive Principles of State Policy urges the State to organise and empower village panchayats, reinforcing the constitutional commitment to decentralisation.

Despite this strong legal framework, the functioning of PRIs in India is marred by several challenges. Financial autonomy remains severely constrained. Most panchayats rely heavily on grants from the state and central governments, with minimal generation of their revenue. A report by the Reserve Bank of India in 2022–23 showed that local revenue accounted for merely 1.1 per cent of their total income. Further compounding this issue is the irregular formation and weak capacity of State Finance Commissions, which are supposed to recommend devolution of financial resources to local bodies. Another major obstacle is the incomplete devolution of the 29 subjects listed in the Eleventh Schedule. In practice, many states have not transferred these functions in a meaningful way, resulting in panchayats being burdened with responsibilities without corresponding authority or resources. Technological and human resource deficits further impede effective governance. Only a limited number of states have achieved full computerisation of panchayat offices, and in several regions, such as Arunachal Pradesh and Odisha, internet penetration and digital literacy are markedly low. The absence of trained personnel and technical support hampers the ability of local bodies to plan and execute development projects efficiently.

Infrastructure gaps continue to hinder progress. In many states, Gram Panchayat offices lack basic amenities such as pucca buildings, electricity, internet access, and sanitation facilities. Although women constitute nearly 46.6 per cent of elected representatives in PRIs, their actual decision-making power is often undermined by patriarchal norms. The fragmentation of development efforts due to poor inter-departmental coordination also poses a serious concern. Multiple schemes implemented by various line departments often overlap or operate in silos, leading to inefficient resource use and duplication of efforts. Addressing these systemic challenges requires a multi-pronged approach. Financial empowerment is critical, and this can be achieved by strengthening State Finance Commissions, ensuring timely transfer of funds, and improving local revenue generation through modern tools like GIS-based property tax mapping.

(References – The Hindu Business Line, The Indian Express, The Wire)

COMPLIANCE UPDATES

Greenvissage

Goods and services tax

OOO **New Guidelines For GST Registration** The Central Board of Indirect Taxes and Customs (CBIC) has released a crucial circular outlining mandatory rules for GST proper officers handling registration, aiming to prevent harassment of genuine taxpayers. The CBIC noted an increase in complaints due to varied verification practices and officers seeking unnecessary clarifications and documents, causing delays and rejections. The new guidelines instruct officers to avoid presumptive queries unrelated to submitted information. Experts highlight the previous lack of standardisation and ambiguities in the registration process, leading to genuine businesses facing difficulties. The CBIC has now provided a clear, indicative list of acceptable documents for the principal place of business (PPOB), emphasising that officers should not demand original physical copies or additional documents beyond this list. For owned premises, any single ownership proof, like a utility bill or property tax receipt, is sufficient. For rented premises, the requirements vary based on whether the rent agreement is registered, with provisions made for unregistered agreements and cases where utility bills are in the tenant's name. Similar clarifications are provided for shared premises and those owned by relatives, requiring consent letters and basic ownership proof. The circular also specifies that for the constitution of a business, only the primary document, like a Partnership Deed or Registration Certificate, should be sought, without demanding additional documents like MSME or Udyam certificates. Importantly, officers are cautioned against raising presumptive queries based on location mismatches or the nature of the business activity unless directly related to submitted documents. The CBIC has set timelines for processing applications (7 days for non-risky, 30 days after physical verification for risky ones) and for raising queries (FORM GST REG-03) and receiving replies (FORM GST REG-04), with strict instructions against deemed approvals due to officer inaction. (Economic Times)

OOO **Grievance Redressal for GST Registration** The Central Board of Indirect Taxes and Customs (CBIC) has directed central GST officers to establish a formal grievance redressal system for applicants facing issues with their GST registration. In an instruction issued to principal chief commissioners of central tax zones, the CBIC mandated the publicising of a dedicated email address within each zone where applicants can lodge their grievances. These grievances should include the Application Reference Number (ARN), jurisdiction details (central or state), and a concise description of the issue. The CBIC has instructed principal chief commissioners/chief commissioners to ensure the timely resolution of these grievances and to communicate the outcome to the applicants. Furthermore, a monthly report on the status of grievance redressal will be submitted to the Directorate General (DG) GST for compilation and presentation to the board. This move aims to address complaints regarding delays and unwarranted queries or document requests during the GST registration process, reinforcing the CBIC's recent announcement of aiming for GST registration within seven days (and 30 days for risky applications after physical verification). (Business Standard)

OOO **Refund Process for Deemed Export Recipients** The GSTN has introduced key changes to the refund filing process for recipients of deemed exports. Firstly, taxpayers are no longer required to file refund applications in chronological order of tax periods, eliminating the need to select From Period and To Period. However, it's now mandatory to ensure all due returns are filed up to the date of the refund application. The Amount Eligible for Refund table has been revised with new columns: Balance in ECL at the time of filing, Net ITC of Deemed Exports (as per uploaded invoices), Refund amount as per the uploaded invoices, Eligible Refund Amount (auto-calculated based on a specified debit order), and Refund amount not eligible as insufficient balance in the ECL. The system now maximises the potential refund amount based on uploaded invoices, even if sufficient balance isn't available in the respective ECL heads. The total claimed ITC across various heads will be compared with the total ITC available in the electronic credit ledger. (Goods and Services Tax Network)

OOO **Record GST Collection in April** India witnessed its highest-ever monthly GST collection in April 2025, reaching a record INR 2.37 lakh crore, marking a significant 12.6% year-on-year increase. This surge was fueled by robust domestic and import transactions, coupled with the typical year-end surge as businesses finalised their accounts. Revenues from domestic transactions grew by 10.7% to INR 1.9 lakh crore, while imports saw an even stronger growth of 20.8%, contributing INR 46,913 crore. Experts suggest that substantial exports to the US market before anticipated reciprocal tariffs may have also positively influenced these figures. (Economic Times)

OOO Mandatory HSN and Document Reporting The GSTN has announced the Phase-3 implementation of mandatory HSN code reporting in Table 12 of GSTR-1 and GSTR-1A, effective from the May 2025 return period. This follows previous notifications, making it obligatory for taxpayers to report a minimum of 4 or 6 digits of the HSN code based on their Aggregate Annual Turnover (AATO) in the preceding financial year. This phased implementation, with Phase 2 effective from November 1, 2022, is now entering its next stage. Additionally, Table 13 of GSTR-1/1A, which pertains to the list of documents issued, is also being made mandatory for all taxpayers from the same tax period. (Goods and Services Tax Network)

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Income tax

OOO **ITD Eyes Payment Gateways for Benami Deals** The Income-Tax Department is intensifying its scrutiny of payment gateway (PG) companies, utilising the Benami Transactions (Prohibition) Act to demand detailed information regarding UPI transactions to uncover potential benami arrangements where shell companies might be exploiting PGs to channel illicit funds, effectively concealing the actual beneficiaries and evading tax obligations. The department has instructed at least two PG firms to disclose identities linked to specific UPI IDs, recipients, transaction details, and bank accounts. Payment gateways, acting as intermediaries, are suspected of being used by sham merchants to move unaccounted money. Authorities are investigating if merchants are holding funds for others or facilitating bogus expenses for tax evasion, where funds are later returned in cash. Notices under Section 23 of the Benami Act allow information retrieval without pending proceedings, requiring compliance. Discrepancies between recipients' tax returns and received amounts could indicate front entities in benami transactions, where the holder isn't the true owner. PGs, regulated by RBI and mandated for KYC, might face scrutiny for lapses. Legitimate payment aggregators with transparent agreements disclosed to authorities should not be considered benami. However, informal setups hiding real beneficiaries or discrepancies in recorded individuals raise suspicion. (Economic Times)

OOO **New ITR-5 Form** The Central Board of Direct Taxes (CBDT) has introduced the new ITR-5 form for Assessment Year 2025–26, effective April 1, 2025, bringing several important changes for partnership firms, LLPs, and Associations of Persons. A significant update in Schedule CG requires capital gains to be reported in two separate segments based on the transaction date: before and on or after July 23, 2024, aligning with Finance Act amendments for clearer tax treatment and audit trails. Furthermore, claiming losses on share buybacks from October 1, 2024, is now contingent on reporting the associated dividend income under 'Income from Other Sources,' aiming to prevent misuse. The form also introduces Section 44BBC, a presumptive taxation regime specifically for cruise businesses, allowing income declaration at a fixed rate on gross receipts to ease compliance. Taxpayers must now mandatorily specify the exact TDS deduction section (e.g., 194A, 194C), enhancing the CPC's ability to match TDS claims and reduce mismatches. Optimised for online filing, the new ITR-5 is designed to integrate with the tax department's AI-assisted scrutiny engine, promising fewer errors but increased oversight. (Business Today)

OOO **New ITR-3 Form** The Central Board of Direct Taxes (CBDT) has notified the ITR-3 form for Assessment Year 2025-26, aiming to ease the disclosure burden for middle-income professionals and HUFs earning income from business or profession. A key change is the increased threshold for reporting assets and liabilities (Schedule AL) from INR 50 lakh to INR 1 crore. Capital gains reporting is now split based on transaction dates (before and after July 23, 2024), aligning with revised LTCG tax rates for equity-oriented mutual funds. Losses from share buybacks post-October 1, 2024, are claimable only if related dividend income is reported. Taxpayers who acquired property before July 23, 2024, can choose between a 12.5% LTCG tax without indexation or the existing 20% with indexation. The form also introduces dropdowns for deductions like Section 80C and mandates specifying TDS section codes (e.g., 194A, 194H) in Schedule-TDS. (Financial Express)

OOO **ITD Aims to Resolve INR 10 Lakh Crore Disputes in FY26** The Income-Tax Department has set an ambitious goal to resolve over 200,000 appeals at the first appellate forum (Commissioner of Income Tax Appeals) in FY26, involving a total disputed amount of INR 10 lakh crore. This initiative aims to significantly boost tax receipts and improve the liquidity of businesses by resolving long-pending disputes. This target is a substantial increase from the over 172,000 cases involving INR 6.3 lakh crore resolved in FY25. The department typically recovers about a third of the disputed amount upon resolution. Successful resolution of these appeals could provide significant relief to businesses, enabling them to meet operational costs and invest in growth, especially in cases where the CIT (Appeals) decides to withdraw unrecoverable demands. This push to reduce the estimated INR 48.18 lakh crore in tax arrears aligns with the CBDT's Central Action Plan 2025-26, which emphasizes reducing disputed amounts to manageable levels and has set a net collectable demand target of over INR 5 lakh crore and a demand reduction target of INR 8.25 lakh crore for FY26. The department will focus on collecting demands confirmed by the CIT (Appeals) and prioritise resolving older demands and those involving smaller amounts (up to INR 1 lakh) to benefit small taxpayers. (Financial Express)

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Customs and foreign trade

OOO **India-UK Free Trade Agreement** India and the UK have finalised a comprehensive Free Trade Agreement (FTA) after extensive negotiations, with the ambitious goal of doubling bilateral trade from the current USD 60 billion to USD 120 billion by 2030. The pact promises enhanced market access for a wide array of Indian goods and services in the UK, while also offering comparable benefits for British firms in the Indian market. For Indian industries, the FTA ensures extensive market access with import duty elimination on approximately 99% of tariff lines, covering nearly 100% of the trade value. Key sectors like leather, textiles, gems and jewellery, engineering goods, and auto components will gain 'Zero duty' access upon the agreement's implementation, where they currently face duties ranging from 4-16% in the UK. India has strategically safeguarded its sensitive agricultural products, including dairy, apples, and vegetable oils, and certain sensitive industrial goods like plastics and smartphones, by placing them on an exclusion list. Gradual tariff reductions over a longer period have been agreed upon for items like ceramics and petroleum products. In terms of concessions to the UK, India will halve the import duty on Scotch whisky and gin from 150% to 40% over ten years. Tariffs on UK automobiles will be reduced from over 100% to 10% under specific quotas. The services sector will see the UK providing an assured regime for temporary entry and stay for various categories of Indian professionals, without numerical restrictions or Economic Needs Tests. (Economic Times)

OOO **India Proposes Significant Tariff Cuts in US Trade Deal** To secure an exemption from potential US tariff hikes, India has offered to reduce its tariff gap with the US to under 4%, a substantial decrease from the current nearly 13%. This proposal, aimed at accelerating the ongoing trade negotiations, would involve cutting the average tariff differential between the two nations by 9 percentage points. India, the US's largest trading partner with USD 129 billion in bilateral trade in 2024, is seeking to finalise a deal following the US's recent agreement with the UK. As part of its offer, India proposes eliminating duties on 60% of tariff lines in the initial phase of the agreement and providing preferential access to nearly 90% of US goods. In return, India is requesting preferential market access for key export sectors such as gems and jewellery, leather, and textiles, and parity with US allies in critical technology sectors like AI and semiconductors. India also aims to ease export regulations on high-value US exports, including aircraft, luxury cars, and medical devices, to make the deal more appealing to Washington. An Indian delegation is expected to visit the US later this month to advance negotiations. However, India's desire for complete tariff exemption contrasts with the US-UK deal, potentially posing a challenge to the agreement's finalisation. (Economic Times)

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Corporate and allied laws

OOO **Revised Credit Guarantee Scheme** The government has approved a revised Credit Guarantee Scheme for Startups (CGSS), effective from immediately. Updated scheme doubles the maximum guarantee cover per borrower to INR 20 crore.

The primary goal of the CGSS is to provide guarantees, up to a specified limit, against credit extended by member institutions to eligible startups. The Department for Promotion of Industry and Internal Trade (DPIIT) stated that this revision will significantly aid startups by providing much-needed collateral-free debt funding. This new notification supersedes the previous scheme notification dated October 6, 2022. (Business Standard)

OOO **'Investor Charter' for KYC Registration Agencies** The Securities and Exchange Board of India (Sebi) has released an 'investor charter' specifically for Know Your Client (KYC) Registration Agencies (KRAs). This charter details the range of services that KRAs provide to investors, along with outlining the rights of investors and the available grievance redressal mechanisms. Furthermore, the charter includes information about the activities undertaken by KRAs and a set of dos and don'ts for investors to follow. The primary objective of this initiative is to enhance investor awareness regarding the various interactions they have with KRAs when availing investor services. Through a circular issued on Tuesday, Sebi has directed all registered KRAs to prominently display this investor charter on their websites and at their office premises, ensuring that both existing and new investors are well-informed.

(For queries or more information about corporate and allied laws, contact our colleague Adnan at adnan.ginwala@greenvissage.com)

Finance and banking

OOO **RBI Mandates DLA Details Submission on CIMS Portal** The Reserve Bank of India (RBI) has directed all banks and regulated entities (REs) to furnish comprehensive details of their Digital Lending Apps (DLAs) through the Centralised Information Management System (CIMS) portal. This regulatory measure is designed to consolidate existing instructions related to digital lending and to streamline the overall processes within the sector. The CIMS portal is scheduled to become accessible for data submission, with a stipulated initial deadline of June 15, 2025, for the upload of the required information. (Economic Times)

OOO **RBI Eases Corporate Debt Investment for FPIs** The Reserve Bank of India (RBI) has announced the removal of the short-term investment limit and concentration limit for investments made by Foreign Portfolio Investors (FPIs) in corporate debt securities. This decision, communicated in a notification on Thursday, aims to enhance the ease of investment for FPIs in the Indian corporate debt market. Previously, investments by a single FPI, including those by related entities, were capped at 50 per cent of any particular corporate debt security issuance. The withdrawal of these restrictions is expected to provide greater flexibility and potentially attract more foreign investment into the sector. (Business Standard)

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Accounting and management

In Focus: Alternate Minimum Tax

The Alternate Minimum Tax (AMT) is a parallel tax regime established to guarantee that certain taxpayers with substantial economic income contribute a minimum level of income tax, even when they utilise various deductions, exemptions, and incentives available under the standard income tax regulations. This mechanism serves as a crucial safeguard against tax avoidance.

AMT primarily applies to non-corporate taxpayers, including individuals, Hindu Undivided Families, Associations of Persons, Bodies of Individuals, and Artificial Juridical Persons, and its provisions are triggered when their Adjusted Total Income (ATI) surpasses INR 20,00,000. Furthermore, AMT becomes relevant when the regular income tax liability, calculated according to the normal Income Tax Act provisions, falls below the AMT calculated on the ATI, in which case the taxpayer is obligated to pay the AMT.

It is important to distinguish this from the Minimum Alternate Tax (MAT) applicable to corporate taxpayers under Section 115JB, which is based on book profits. The Adjusted Total Income is derived by adding specific deductions and exemptions, otherwise permissible, back to the total income computed under normal tax laws, notably deductions under specified sections of Chapter VI-A (excluding Section 80P), Section 10AA, and Section 35AD (adjusted for normal depreciation).

The AMT liability is then calculated by applying a specific rate, typically 18.5% (plus applicable surcharge and cess), to the ATI, with concessional rates of 9% for units in International Financial Services Centres and 15% for cooperative societies. The final tax liability is the higher of the regular income tax and the calculated AMT.

If AMT exceeds the regular tax, the excess paid becomes AMT credit, which can be carried forward for up to 15 assessment years and set off against future regular tax liability to the extent it surpasses the AMT liability in those years.

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Payroll and personal finance

OOO **3-Year Social Security Exemption in UK Trade Deal** As part of the recently concluded Free Trade Agreement with the UK, India has secured a significant three-year exemption from social security contributions for Indian workers on temporary assignments in the UK, along with their employers. This Double Contribution Convention Agreement (DCCA) is projected to save around 20% of an employee's salary and is expected to benefit over 60,000 IT professionals alone, with total savings for Indian companies and employees exceeding INR 4,000 crore. The commerce ministry highlighted that this exemption will significantly enhance the competitiveness of Indian service providers in the UK market. Previously, Indian professionals working temporarily in Britain contributed to UK social security funds without often receiving benefits upon their return. This long-standing demand from Indian businesses aims to reduce the additional cost burden associated with bringing skilled Indian professionals to the UK for short-term projects. The compulsory National Insurance contributions in the UK posed an extra expense for Indian professionals. (NDTV)

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ECONOMIC INDICATORS

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ECONOMIC INDICATORS

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Dec-24	6.20	5.60
Unemployment (%)	Feb-25	7.90	8.20
Inflation (%)	Mar-25	3.34	3.61
Balance of Trade ($bn)	Mar-25	(21.54)	(14.05)
Business confidence	Mar-25	120.00	120.00
Manufacturing PMI	Apr-25	58.20	58.10
Services PMI	Apr-25	58.70	58.50

(Trading Economics)

Commodities Futures

Commodity	Expiry	Price	Change %
Gold	Jun-25	92,797.00	(1.16)
Silver	Jul-25	94,244.00	(0.06)
Crude Oil	May-25	5,333.00	0.43
Natural Gas	May-25	321.10	5.52
Aluminum	May-25	235.80	0.08
Copper	May-25	853.85	1.72
Cotton	May-25	53,530.00	(1.78)

(MCX India)

Global Indices

Index	Country	Change %
NIFTY 50	India	8.70%
BSE SENSEX	India	9.09%
NIFTY BANK	India	8.36%
INDIA VIX	India	-8.29%
DOW JONES	USA	2.58%
S&P 500	USA	5.53%
NASDAQ	USA	7.20%
S&P/TSX	Canada	7.50%
BOVESPA	Brazil	6.92%
DAX	Germany	16.28%
FTSE 100	UK	7.40%
CAC 40	France	9.85%
FTSE MIB	Italy	17.24%
MOEX	Russia	3.92%
NIKKEI 225	Japan	12.13%
S&P/ASX 200	Australia	7.68%
SHANGHAI	China	3.73%
HANG SENG	Hong Kong	12.54%
KOSPI	South Korea	7.18%

(Investing.com)

Currency Exchange Rates

Pair	Current	Prior	Change %
USD/INR	85.64	86.14	0.58
GBP/INR	113.40	112.01	(1.24)
EUR/INR	97.11	97.11	-
YEN/INR	58.92	59.82	1.50

(FBIL India)

Cryptocurrencies

Pair	Crypto	Price	Change %
BTC/USD	Bitcoin	1,04,162.30	24.36
ETH/USD	Ethereum	2,539.35	60.54
BNB/USD	Binance	659.56	11.94
SOL/USD	Solona	174.97	41.54

(Crypto.com)

Bank Policy Rates

Type	Current	Prior	Change %
Repo rate	6.00	6.25	(0.25)
Standing deposit	5.75	6.00	(0.25)
Marginal facility	6.25	6.50	(0.25)
Bank rate	6.25	6.50	(0.25)
Reverse Repo	3.35	3.35	-

(RBI India)

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