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SPOTLIGHT

The False Narrative – GDP ≠ Development.
1 lakh income for a family of 4 ≠ 1 lakh income for a family of 15.
So, what exactly are we celebrating – our population crisis?

Backdrop

The Sharma family consists of just four members – husband, wife and their two school-going children. With INR 1 lakh in hand each month, they manage to pay their modest rent, put nutritious meals on the table, cover school fees and books, and even set aside a small amount for emergencies or plans. Their lives are not without challenges, but they can dream of improving their situation, sending their children to college, and maybe even buying a small home one day. The income, though limited, stretches enough to keep hope alive. Now, turn to the Verma family. They live in the same city, earning that same INR 1 lakh every month. But this family is very different. It's made up of fifteen members – grandparents, parents, children, and cousins all sharing the same cramped apartment. With so many mouths to feed, that INR 1 lakh evaporates quickly. Rent alone consumes a big chunk, leaving little for food, health care, or education. When the grandfather falls ill, it becomes a crisis. The younger children often miss school because there simply isn't enough money for books or transport. Saving for the future is a distant dream, replaced by a daily struggle just to survive. The pressure is overwhelming, and hope seems to dwindle. Both Sharma and Verma families live in the same city, both earning the same monthly income of INR 1 lakh. On paper, it sounds similar, however, the reality for these two families is far from being the same. Even if the Verma family starts earning INR 1.10 lakh per month, it isn't a victory – they have 15 mouths to feed, as compared to the Sharma family consisting of 4 members.

This isn't just a story about families, it is just a metaphor for India's economy today. We proudly announce that our Gross Domestic Product (GDP) has crossed the USD 4 trillion mark, placing us as the fourth-largest economy in the world. However, unlike these headline figures, the real test lies in how that wealth is shared. India is a giant family of 1.4 billion people, and like the Sharma family in our story, that enormous economic pie is being divided among an overwhelming number of mouths. The result? While the GDP grows, the economic reality is far from celebrating and remains precarious. So when the government celebrates GDP growth and India's rise on the global stage, it is important to ask, what are we celebrating – real development and better lives? Or are we simply cheering for a population so vast that it inflates our economic numbers, masking the struggles faced by millions who barely get a slice of the pie?

GDP is a False Narrative

The Announcement

As per the International Monetary Fund (IMF)'s April 2025 World Economic Outlook, India's nominal GDP for the fiscal year 2025–26 is projected to reach approximately USD 4.187 trillion, marginally surpassing Japan's estimated GDP of USD 4.186 trillion. This milestone marks a significant advancement in India's economic journey, elevating it from the fifth-largest economy in 2024 to the fourth-largest in 2025. NITI Aayog has officially announced that India has overtaken Japan to claim the position of the world's fourth-largest economy, citing data from the IMF. Furthermore, NITI Aayog expressed optimism about India's prospects, stating that if current plans and strategies are effectively executed, India could surpass Germany to become the third-largest economy within the next 2.5 to 3 years. In response, Indian news channels and social media platforms have erupted in celebration, with nationalistic WhatsApp forwards extolling India's rise as a global economic powerhouse. While it is indeed true that India is now the fourth-largest economy in terms of GDP, the reality on the ground does not reflect a situation comparable to Japan or many other developed countries. Have you ever wondered why that is? The answer is simple – we are celebrating the wrong numbers.

GDP Calculation

To critically analyze the government's celebration of GDP growth as a proxy for India's development, it's essential to understand the intricacies of what GDP measures and what it does not.

Gross Domestic Product, or GDP, is the total monetary value of all goods and services produced within a country's borders during a specific period, usually a year. It is one of the most commonly used indicators to measure the size and health of an economy. There are three main ways GDP is calculated. The production Approach sums up the value added at each stage of production across all sectors—agriculture, manufacturing, services, etc. to arrive at the total economic output. Expenditure Approach adds up all spending on final goods and services in the economy. It includes consumption by households, investment by businesses, government spending, and net exports. Lastly, the Income Approach calculates GDP by summing all incomes earned by individuals and businesses, including wages, profits, rents, and taxes minus subsidies.

The Indian government primarily uses the Production Approach to estimate the country's GDP. The production approach calculates GDP by summing the value added at each stage of production across all sectors of the economy. This means it looks at the total output of goods and services produced by agriculture, industry, and services, then subtracts the cost of intermediate goods used in production to avoid double counting. The result is the net contribution of each sector to the economy. For example, if a factory produces goods worth INR 1,00,000 but uses raw materials costing INR 40,000, the value added by the factory is INR 60,000. By adding up such value from millions of businesses, farms, and service providers across the country, the government arrives at the total GDP. However, this aggregation masks crucial nuances.

GDP is Size, Not Growth

Recall the analogy of two families earning the same INR 1 lakh monthly income. The Sharma family, with four members, manages to cover their basic needs comfortably, invest in education, and save for the future. Meanwhile, the Verma family, with fifteen members, struggles to stretch the same INR 1 lakh to meet their daily needs. The difference in family size means the same income has very different impacts on their quality of life. Similarly, India's large GDP is like the total income of a huge family. However, because this family has over 1.4 billion members, the total GDP figure does not reflect how much each individual actually earns or how well they live. GDP measures the size of the pie, but not how the pie is sliced or shared. GDP does not account for how wealth is distributed among the population, nor does it directly measure well-being, quality of life, or sustainability of growth. It tells us nothing about income inequality, access to healthcare, education quality, or environmental degradation. A country could have a booming GDP but simultaneously harbour widespread poverty, unemployment, and social deprivation.

The Narrative

Now, consider the role of India's population, over 1.4 billion people, the second largest globally. With such a vast and growing populace, even modest improvements in productivity or consumption per capita translate into substantial increases in total GDP. For instance, if every person in India spends just a few extra rupees per day, aggregated across the entire population, the effect on GDP is enormous. Similarly, the sheer number of people working, producing goods, and consuming services ensures India's GDP will remain high by default. This demographic factor means that India's GDP growth is partly a function of population size rather than efficiency or per capita prosperity. Unlike smaller countries that may have higher GDP per capita but smaller total GDP, India's large population inflates its economic aggregate. Therefore, headline GDP numbers can give the illusion of rapid economic progress even if the average citizen's standard of living improves only marginally or stagnates.

Consequently, when the government touts GDP growth as synonymous with development, it is promoting a simplistic and misleading narrative. Development, as measured by human well-being, requires looking beyond GDP to indicators like per capita income, poverty rates, literacy levels, health outcomes, and access to basic services. Without equitable wealth distribution and inclusive growth, a rising GDP figure merely reflects a growing population consuming and producing more, not a fundamentally improved quality of life for the majority. In summary, India's GDP will remain high and even grow further, largely due to its demographic scale. But equating this absolute economic size with genuine development conflates quantity with quality and risks masking the urgent socio-economic challenges that remain unaddressed. This false equivalence allows policymakers to claim success based on macroeconomic aggregates, while millions continue to face poverty, inequality, and limited opportunity.

Per Capita Income is the Reality

PCI Calculation

If GDP tells us the size of the economic pie, per capita income tells us how that pie is divided among the people. It is calculated by dividing the country's total GDP by its total population. This metric gives a more realistic picture of how much economic output or income, on average, each citizen is associated with, making it a far more meaningful measure when assessing the standard of living and development.

Revisiting the analogy of the Sharma and Verma families, while both earn INR 1 lakh a month, it is incorrect to compare the Sharma family's income with the Verma family's income because the Sharma family has just 4 members, while the Verma family has 15 members. Their income is GDP and it only tells us that both families earn INR 1 lakh. However, if we need to compare them, we have to calculate their per-person income. Sharma family earns INR 1 lakh for 4 members, therefore, it is INR 25,000 per head. Meanwhile, the Verma family earns INR 1 lakh for 15 members, therefore, it is INR 6,666 per head. Now, this gives us a real comparison – 25,000 per head or 6,666 per head – clearly, the Sharma family is much better off than the Verma family. This is exactly what Per Capita Income does – it makes the numbers comparable. This is why per capita income is a far more honest and human-centred economic indicator because it accounts for population pressure and inequality in resource distribution. It explains why, despite India having the fourth-largest GDP in the world, the average Indian does not enjoy the quality of life seen in countries with smaller GDPs but higher per capita incomes.

India's PCI

According to the International Monetary Fund's (IMF) 2025 World Economic Outlook, India's per capita income is projected to be around USD 2,880. This marks a notable increase from USD 1,438 in 2013-14, effectively doubling in just over a decade. However, this apparent growth masks a more sobering reality – India still lags far behind not only developed economies but also many smaller or similarly placed nations when it comes to income per person, the metric that matters in determining the standard of living.

To put this in perspective, in 2025, the United States has a projected per capita income of USD 85,000; Germany stands at around USD 60,000; Japan, which India just overtook in terms of total GDP, still maintains a per capita income of about USD 35,000, over 12 times higher than India's. Even smaller developing economies like Malaysia with USD 13,000, Chile with USD 17,000, Poland with USD 23,000, and Romania with USD 17,500 are far ahead in terms of per capita income. Zooming in on South Asia, even Sri Lanka, despite its recent economic crisis, has historically maintained a per capita income higher than India's, and the Maldives, with a much smaller economy in absolute terms, boasts a per capita income of over USD 13,000, nearly five times that of India.

In terms of global rankings, India sits somewhere around 139th to 140th place out of 190+ countries when ranked by nominal per capita income. This places it below the global average and squarely in the lower-middle-income category according to World Bank classifications. So yes, India may now be the fourth-largest economy in the world by sheer GDP, with an INR 4.1 trillion economy, but when that total wealth is divided among 1.4 billion people, the result is a very different story. The average Indian's share, which truly affects access to education, healthcare, housing, and a decent life, is still painfully small. We are not as rich as our total GDP makes us look. GDP growth makes headlines. Per capita income tells the truth.

GDP Over Time, Not Countries

Despite its limitations, GDP remains one of the most important and widely used economic indicators in the world. It helps policymakers, economists, investors, and global institutions track the health, size, and performance of an economy over time. GDP provides a broad overview of economic activity. A rising GDP usually signals economic growth, job creation, increased production, and rising investor confidence. A declining GDP can indicate a slowdown or recession. Governments use these signals to adjust fiscal and monetary policies. For example, if GDP contracts for two consecutive quarters, it signals a recession, prompting stimulus measures or interest rate cuts. A country's GDP is crucial for planning national budgets, estimating tax revenues, and deciding how much can be spent on infrastructure, welfare, or defence.

Higher GDP means more resources are available, even if unevenly distributed. GDP figures influence a country's global credibility. Institutions like the IMF, World Bank, and credit rating agencies use GDP data to assess - How much debt a country can sustain, Investment risk levels and eligibility for loans or international aid. A larger GDP can enhance a country's bargaining power, influence in global forums, and attractiveness to foreign investors. While GDP alone doesn't reflect well-being, tracking its growth or decline over time gives a valuable picture of how an economy is progressing or regressing. It also helps compare productivity and resilience in response to events like pandemics, wars, or financial crises. GDP is broken down into sectors agriculture, industry, services, etc. which allows policymakers to identify which sectors are driving growth or lagging, and adjust incentives, subsidies, or investment plans accordingly.

GDP is most meaningful when compared over time within the same country, not across countries. Each nation has a unique population size, cost of living, economic structure, and currency value, making cross-country GDP comparisons misleading without proper context. For example, comparing India's GDP to Japan's may show India ahead in total size, but it ignores the fact that Japan has a much smaller population and significantly higher living standards. On the other hand, tracking India's GDP growth over the past decade helps us understand how much its economy has expanded, which sectors are thriving, and whether policies are delivering results. GDP, at best, is a mirror for economic momentum, not a scoreboard for global success.

Why the Narrative?

The real reason the Indian government, like many others, is building and pushing the false narrative that GDP = development is simple: It's politically profitable! Real development i.e. reducing poverty, improving public healthcare, fixing education, and solving unemployment, is slow, complex, and full of uncomfortable truths. But GDP growth? That's a big, clean, upward-trending number. It's easier to show on a graph, slap on a campaign poster, and present at international summits. It's a shortcut to say, "Look, we're doing great!" Even if that growth isn't reaching the majority. In today's headline economy, where attention spans are short and perception is everything, the government knows one thing, Big numbers = good optics. The average citizen may not know what GDP is or how it's calculated but "India becomes 4th largest economy" sounds like a win. It becomes a WhatsApp forward, a TV debate, a national moment of pride. That's powerful narrative control.

When GDP is growing, it's tempting to ignore or downplay uncomfortable metrics – falling labour force participation, low-quality job creation, poor rural wages, malnutrition and stunted children, failing government schools and crumbling healthcare infrastructure. By focusing on GDP, the government can shift the national conversation away from inequality and poverty. Economic size is tied to national pride. Claiming that India is ahead of Japan or the UK in GDP lets the government fuel a hyper-nationalistic narrative – We are rising, we are leading, we are winning. This plays well in political campaigns, especially when the economic gains aren't felt directly by most people. It gives the illusion of shared prosperity, even if prosperity is concentrated at the top. In times of rising discontent over inflation, unemployment, farmers' issues, or civil liberties, it offers a distraction. When people are told "You're living in the world's 4th biggest economy," they may stop to ask "Then why can't I afford rent, education, or medicine?" But not if that question is drowned out by state-led celebrations. So, to conclude, GDP is not an economic insight, it's a marketing strategy dressed as one.

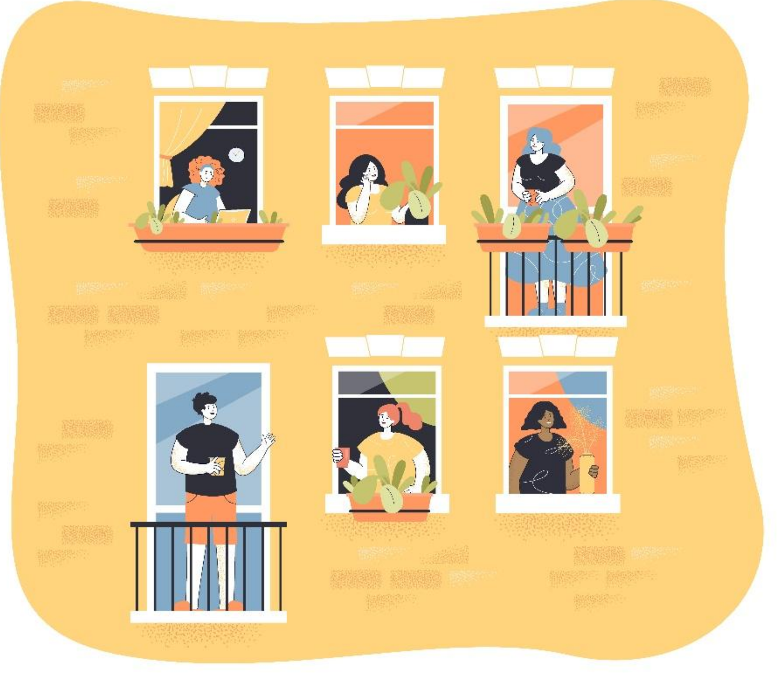
(Reference – Investopedia, Business Today, Harvard Business Review)

EXPERT OPINION

Greenvissage

When neighbours stop smiling – How trade has become the new battlefield between India and Bangladesh

By Amit Chandak, Managing Partner, Greenvissage



Background

For decades, the border between India and Bangladesh has been more than just a line on a map, it's been a vital artery of commerce, culture, and cooperation. Trucks loaded with Bangladeshi garments zipped into Indian towns, Indian yarn flowed into Dhaka's textile mills, and bureaucrats on both sides often boasted of a model bilateral relationship in South Asia. However, beneath the surface of warm handshakes and trade fairs, tensions were quietly simmering waiting for a spark. That spark came in 2024 when Bangladesh's political ground shifted dramatically. Prime Minister Sheikh Hasina, long seen as New Delhi's trusted partner, was swept out amid student-led protests. Her departure triggered a chain of events that would reshape not only Dhaka's domestic politics but also its foreign policy orientation. In her place emerged a caretaker government led by Nobel laureate Muhammad Yunus who wasted no time pivoting away from India and leaning into Beijing's embrace. What followed was a slow unravelling of economic ties.

Bangladesh blocked Indian yarn, restricted rice, and replaced Indian inputs with Chinese alternatives. India, watching its influence wane, waited until it didn't. Now, in a bold retaliatory move, New Delhi has struck back by slapping sweeping restrictions on Bangladeshi imports, particularly targeting the garment sector that lies at the heart of Bangladesh's export economy. However, this isn't just about tariffs or border logistics. This is a high-stakes message in the language of trade: shift your allegiances, and we'll shift our policies. What began as a series of trade spats has now escalated into a broader geopolitical standoff. And as India tightens the screws and Bangladesh looks eastward, a once-thriving economic relationship teeters on the edge.

'Landlocked' Controversy

The Controversy

During a four-day official visit to China, Bangladesh's interim Chief Adviser Muhammad Yunus made remarks that have since sparked significant diplomatic tensions between India and Bangladesh. In a speech delivered in Beijing, Yunus referred to India's northeastern state, the Seven Sisters, as landlocked and lacking direct access to the ocean. He characterized Bangladesh as the only guardian of the ocean for the region and suggested that this geographical positioning presents a huge possibility for China to extend its economic influence through Bangladesh. These statements were perceived by Indian officials as undermining India's sovereignty and strategic interests, particularly concerning the sensitive Siliguri Corridor, also known as the Chicken's Neck, which connects the northeastern states to the rest of India. The remarks led to strong condemnations from Indian leaders across the political spectrum. The diplomatic fallout from Yunus's comments contributed to India's decision to impose new trade restrictions on Bangladeshi imports.

India's Response

The Indian Government has officially notified new trade restrictions on select imports from Bangladesh through a Gazette of India publication, which came into immediate effect. According to the notification, Bangladeshi exports including ready-made garments (RMG), plastics, melamine, furniture, juices, carbonated drinks, bakery items, confectionery, and processed foods are now barred from entering India via land ports in Assam, Meghalaya, Tripura, Mizoram, as well as the Fulbari and Changrabandha checkpoints in West Bengal. These goods must now be routed exclusively through the seaports of Kolkata in West Bengal or Nhava Sheva in Maharashtra. Previously, an estimated 93% of Bangladeshi exports to India transited through these land routes, with RMG alone accounting for nearly USD 740 million in annual exports. The rerouting mandate is expected to significantly raise logistics costs for Bangladeshi exporters. The restrictions do not apply to certain essential commodities. Imports of fish, liquefied petroleum gas (LPG), edible oils, and crushed stone remain unaffected. Additionally, Bangladeshi goods transiting through India en route to Nepal and Bhutan are exempt from the directive. According to the Global Trade Research Initiative (GTRI), the restrictions affect approximately USD 770 million worth of Bangladeshi exports—representing around 42% of Bangladesh's total shipments to India.

Bangladesh's Retaliation

The Bangladeshi government has started assessing the potential impact of India's move. India's restrictions are expected to impact around $770 million worth of Bangladeshi imports, accounting for nearly 42% of total bilateral imports. In response to India's import restrictions, Bangladesh has annulled a USD 21 million contract with India's state-owned Garden Reach Shipbuilders and Engineers Ltd (GRSE). The agreement, signed in July 2024, involved the construction of an advanced ocean-going tug for the Bangladesh Navy. This cancellation signifies a shift in defence cooperation between the two nations amid deteriorating bilateral relations. Bangladesh's garment industry, particularly the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), has urged interim government leader Muhammad Yunus to initiate diplomatic talks with New Delhi. They seek a temporary suspension of the restrictions, warning of severe economic disruption and potential job losses if swift action is not taken. These actions reflect Bangladesh's multifaceted approach to the trade dispute, combining diplomatic efforts with strategic decisions in defence procurement and industry advocacy.

Impact Assessment

Bangladesh

Bangladesh is likely to feel the immediate and more severe impact of the new trade restrictions imposed by India. The Indian government's decision to prohibit Bangladeshi exports such as ready-made garments (RMG), plastics, processed foods, and furniture from entering through northeastern land ports and instead route them via seaports in Kolkata and Nhava Sheva will significantly raise the logistical costs. For Bangladeshi exporters, especially small and medium-sized enterprises, this move presents a costly hurdle that undermines competitiveness in one of their few regional markets. While India accounts for only around 2% of Bangladesh's global garment exports, the proximity and low-cost logistics made the Indian market a valuable outlet for smaller Bangladeshi manufacturers. The sudden need to pivot to longer, more expensive sea routes threatens to erode their profit margins and viability. Moreover, Bangladesh's earlier ban on Indian yarn and rice had already disrupted the textile supply chain. Indian yarn, once a major input in Bangladesh's garment production, has now been replaced largely by Chinese alternatives. While this shows Dhaka's ability to adapt quickly, it also increases reliance on China and disrupts the economic synergy that had developed between the two neighbours over the years.

India

On the Indian side, the response has been applauded by domestic textile and garment producers who have long voiced concerns over unfair competition from Bangladeshi goods. With cheaper Bangladeshi products now restricted, Indian manufacturers, particularly micro, small, and medium enterprises in eastern states, see an opportunity to reclaim market share. However, India also faces potential drawbacks. The abrupt decline in yarn exports to Bangladesh will hit Indian textile producers who previously enjoyed a steady demand from Dhaka's factories. This could lead to oversupply in the domestic market and suppressed prices for yarn and cotton producers. Strategically, the larger concern for India is geopolitical. Bangladesh's growing economic alignment with China, reinforced by recent deals and increasing dependence on Chinese raw materials, challenges India's influence in its neighbourhood. The trade war, therefore, reflects a deeper contest for regional sway.

China

Beyond the bilateral effects, this dispute sends worrying signals across South Asia. It undermines efforts toward regional integration under platforms like SAARC and BIMSTEC and threatens cross-border infrastructure and trade initiatives. Investors may view the region as increasingly unstable and politically unpredictable. China, on the other hand, is poised to benefit. As India and Bangladesh drift apart, Beijing's influence in Dhaka grows stronger. With Chinese investments, supply deals, and diplomatic support rising, the current standoff plays directly into China's strategic goals in the region.

New Proxy War?

After the departure of Sheikh Hasina, long seen as pro-India, Bangladesh's interim government under Muhammad Yunus has shown a clear shift towards deepening ties with China. This includes significant Chinese investments of USD 2.1 billion during Yunus's March 2025 visit in critical infrastructure projects like the Teesta River development and the modernization of Mongla Port, as well as an increasing reliance on China for military hardware. This pivot has raised alarms in New Delhi. Bangladesh's geographical location, particularly its access to the Bay of Bengal, is strategically vital. China's growing presence in Bangladesh, including port developments, is seen by India as part of Beijing's String of Pearls strategy, aiming to establish a network of naval and commercial facilities around India to secure its maritime routes and expand its influence in the Indian Ocean region. This directly challenges India's regional dominance and security.

China is offering Bangladesh attractive economic opportunities, including duty-free access for 97% of Bangladeshi goods and flexible loan terms without the political conditions often attached by Western lenders or India. This contrasts with India's long-standing trade relationship, where issues like trade imbalances and unresolved water-sharing disputes have created friction. Indian manufacturers have also voiced concerns about Bangladeshi exporters gaining a competitive edge by importing duty-free Chinese fabric and then exporting finished garments to India. India views its neighbourhood as its primary sphere of influence and is wary of any external power encroaching on it. China, on the other hand, actively seeks to expand its footprint in South Asia through its Belt and Road Initiative (BRI) and by offering attractive economic packages. The trade dispute, therefore, becomes a battleground where both regional powers try to assert their influence and counter the other's moves. In essence, while the India-Bangladesh trade dispute has its bilateral economic dynamics, the underlying geopolitical currents, particularly Bangladesh's increasing alignment with China and India's efforts to counter that influence, suggest that it is more than just a typical trade disagreement. It's a manifestation of the broader India-China competition for strategic advantage in South Asia.

What Lies Ahead

The current India-Bangladesh trade standoff marks a turning point in what has traditionally been a cooperative, if occasionally fraught, bilateral relationship. While the immediate economic fallout may not cripple either side, the symbolic and strategic weight of these moves is significant. India's import curbs are not merely about garments and trade routes, they are a clear message against perceived geopolitical shifts and market imbalances. Bangladesh's retaliatory steps, including the cancellation of a key defence contract and appeals to re-engage diplomatically, suggest that Dhaka is equally unwilling to be seen as backing down. What comes next will likely depend on whether cooler diplomatic heads prevail or if nationalism and geopolitical rivalry continue to escalate. If both nations dig in, further retaliatory steps could disrupt not just trade flows but regional connectivity and cooperation in South Asia. On the other hand, there's still room for reconciliation, particularly if dialogue channels are revived and both sides acknowledge the long-term benefits of economic integration. In the near term, businesses on both sides are bracing for uncertainty, while global players, especially China, may quietly benefit from the widening rift. The coming months will test whether India and Bangladesh choose to rebuild trust through dialogue or allow this trade war to calcify into a deeper strategic divide.

(References – Economic Times, Indian Express, The Hindu, The Week)

GREENVISSAGE EXPLAINS

Greenvissage

Can Apple really shift from China?

For more than two decades, China has been the cornerstone of Apple's global manufacturing operations. From iPhones and iPads to MacBooks, nearly every piece of Apple hardware has been assembled in vast Chinese factories known for their scale, speed, and efficiency. However, rising geopolitical tensions, particularly during the Trump administration, have placed significant pressure on this China-centric model. The former US president imposed tariffs of up to 145 per cent on Chinese goods, prompting Apple to consider diversifying its supply chain to mitigate risk. Although these tariffs are currently paused, the unpredictability of global politics has pushed Apple to explore alternative manufacturing hubs, with India emerging as a potential candidate. Apple Chief Executive Officer Tim Cook recently stated during an earnings call that most of our iPhones will be manufactured in India. This statement has been widely interpreted as a strategic pivot away from China.

Given that iPhones contribute more than 50 per cent of Apple's total revenue, such a move carries significant implications. The company has already begun assembling iPhones in India, notably through its facilities in Chennai, and has invested heavily in local operations. These developments have led to speculation that Apple may be preparing to sever its manufacturing dependence on China. However, industry experts caution against overestimating the scope of this transition. Apple's relationship with China is far more intricate than that of a traditional outsourcing arrangement. Since 2008, Apple has trained over 28 million workers in China. The company has invested as much as 55 billion dollars annually to develop infrastructure, enhance talent, and procure specialized machinery. When Apple sought advanced manufacturing techniques, such as high-precision aluminium casings or translucent plastics, it dispatched its top engineers to China to build these capabilities from the ground up. In comparison, India is still in the early stages of building such capabilities. While India began assembling iPhones in 2017, the total output by 2024 stands at approximately 25 million units. In contrast, China scaled from zero to 200 million units annually between 1999 and 2009. Beyond volume, the responsiveness and speed of Chinese manufacturers remain unmatched.

The core components of iPhones including chips, sensors, cameras, and displays are still predominantly manufactured in China by firms such as BYD, Luxshare, Goertek, and Wingtech. This extensive network, often referred to as the red supply chain, remains integral to Apple's production process. As such, while India may handle final assembly, the majority of critical components and manufacturing expertise continue to originate in China. Despite these limitations, Apple is laying the groundwork for greater diversification. The company recognizes the risks of remaining overly dependent on any single geography, particularly in light of political volatility and global disruptions. Nevertheless, Apple faces a complex dilemma. A rapid withdrawal from China could provoke retaliation from Beijing, jeopardizing both its production capabilities and access to the Chinese consumer market. Conversely, a slow transition leaves the company exposed to future geopolitical shocks and supply chain disruptions. The company's entrenchment in China is not merely logistical but deeply strategic, reflecting years of co-development, investment, and institutional knowledge that are not easily replicated. In conclusion, while Apple can technically manufacture iPhones in India, it cannot do so independently of China, at least not in the foreseeable future. The current developments represent a hedging strategy rather than a fundamental shift.

(References – Rest of World, Forbes, Wired)

Why does RBI transfer dividends to the Government?

The Reserve Bank of India (RBI) holds a critical position in India's financial architecture, not only steering the country's monetary policy but also significantly impacting the government's fiscal framework. One of the important tools that govern this interplay between the central bank and the government is the Economic Capital Framework (ECF). This mechanism establishes the guidelines for RBI's risk provisioning and the transfer of surplus or dividends to the government. The Economic Capital Framework was formally adopted by the RBI in 2019 following recommendations by the Bimal Jalan Committee in 2018. The ECF serves as a structured approach to determining the appropriate levels of risk provisions and the surplus that the RBI can transfer to the government as mandated under Section 47 of the RBI Act, 1934.

At the core of the ECF is the Contingency Risk Buffer (CRB), which acts as a financial safety net maintained between 5.5% and 6.5% of the RBI's balance sheet. The CRB safeguards the RBI's capacity to function as the lender of last resort during periods of financial distress. If the RBI's realized equity, which includes the contingency fund, exceeds this stipulated range, the excess amount is transferred to the government. Additionally, the framework requires the RBI to maintain its Economic Capital, comprising capital, reserves, risk provisions, and revaluation balances such as those arising from fluctuations in exchange rates, gold prices, and interest rates, within the range of 20.8% to 25.4% of the balance sheet. Any surplus beyond this range can also be transferred to the government. The evolution of this framework has been shaped by various expert committees over the years. The ECF is subject to a review every five years to ensure it remains aligned with changing economic conditions, with the latest review conducted in August 2024 reaffirming the existing parameters.

In recent years, there has been a marked increase in the dividend transferred by the RBI to the government. For instance, the transfer stood at INR 30,307 crore in the financial year 2022 but is estimated to surge to between INR 2.5 lakh crore and INR 3 lakh crore by 2025. This substantial rise is primarily due to the RBI's strong earnings from foreign exchange operations, including dollar sales, gains from rising gold prices, and appreciation in government securities. The increasing size of the RBI's balance sheet has also played a role in this upward trend. The larger dividend payout is expected to provide significant fiscal support to the government, particularly in the backdrop of the fiscal deficit target set at 5.1% of GDP for 2024–25.

The significance of the RBI's surplus transfer to the government cannot be overstated. It helps reduce the fiscal deficit by augmenting non-tax revenues, thereby easing the government's borrowing requirements. This, in turn, lowers government borrowing costs by softening yields on government securities, which also has the effect of reducing the debt servicing burden. Additionally, lower sovereign yields tend to influence broader market interest rates, making borrowing cheaper for businesses and households, which can stimulate economic activity. The surplus transfer also helps enhance the government's capacity to finance public expenditure, including capital investments critical for growth and development.

While the ECF and the associated surplus transfer have considerable benefits, some concerns persist. One such concern is the potential impact on the RBI's autonomy if the central bank is pressured to transfer higher dividends to meet fiscal needs. There is also the risk that depleting the RBI's risk buffers may reduce its ability to respond effectively to future economic shocks. Moreover, large and frequent surplus transfers might send mixed signals to the markets about the independence and financial strength of the RBI, potentially affecting investor confidence.

(References – Indian Express, Money Control, Wikipedia)

Why ONDC can't take down Zomato and Swiggy?

In 2022, when the Open Network for Digital Commerce (ONDC) was launched, it was touted as a revolutionary initiative that would democratize e-commerce in India. Backed by the Indian government and a consortium of public sector entities and banks, ONDC aimed to do for e-commerce what UPI did for digital payments, make it open, interoperable, and inclusive. But three years later, the optimism surrounding ONDC has faded. ONDC is not a standalone app or marketplace. It's a digital infrastructure – a protocol layer that connects buyers and sellers, regardless of which app or platform they use. Think of it like UPI, just as UPI allows different banks to interact seamlessly for payments, ONDC enables seller-side platforms and buyer-side apps to communicate and transact with one another. This eliminates the need for exclusive partnerships and theoretically gives every business a fair shot at visibility. This model had the potential to disrupt India's e-commerce and food delivery segments. With lower commissions and more seller freedom, ONDC promised better margins for businesses and more options for consumers. But fast-forward to 2025, and ONDC's food and retail segment seems to be losing steam. In October 2024, ONDC was clocking about 6.5 million retail orders a month. By February 2025, that number had dropped to 4.6 million, a 29% decline. Retail transactions, once nearly half of all ONDC activity, now make up just 29%. Meanwhile, ONDC's mobility vertical has surged, with its share of transactions rising from 40% to 56%, thanks to platforms like Namma Yatri and Ola plugging into the network. Logistics, too, has seen a modest increase. This shift suggests that ONDC's promise in food delivery and general retail hasn't materialized as expected. And the reasons are manifold. Unlike payments or mobility, retail, especially food delivery, is complex. It involves real-time inventory, smooth user interfaces, customer support, returns, refunds, and quality control. Zomato, Swiggy, Amazon, and Flipkart have spent years perfecting these elements, backed by massive funding and tech infrastructure. ONDC's decentralized model makes it harder to ensure consistency. Surveys have shown that over half of ONDC users find the interface clunky, while nearly a third report issues with customer service. In a market where consumers are used to the slick, fast, and dependable experience offered by private players, ONDC's shortcomings become all the more glaring.

One of the primary tools used by ONDC to attract users and sellers was subsidies. Buyer and seller platforms were initially offered incentives up to INR 2.5 crore. These subsidies made it possible to offer steep discounts to consumers while maintaining low commissions for sellers, essentially ONDC's core value proposition. But that model wasn't sustainable. By early 2025, incentives were slashed to just INR 30 lakh per participant. As a result, the discounts dried up, and with them, consumer interest waned. Unlike Zomato and Swiggy, which built user bases on the back of years of VC funding and a willingness to burn cash for market share, ONDC has to justify every rupee it spends, being backed by public institutions means there's greater scrutiny and a strong emphasis on financial prudence. The equation just didn't add up. Without deep pockets or a compelling UX, ONDC struggled to keep users engaged. The troubles aren't limited to user-side dissatisfaction. There have been murmurs of discontent among ONDC's partners as well. The National Restaurant Association of India (NRAI), representing over 50,000 eateries, was rumoured to be stepping back from ONDC and exploring partnerships with Rapido, a ride-hailing company with food delivery ambitions. While both ONDC and NRAI dismissed these claims, the fact that such rumours gained traction indicates a lack of confidence in ONDC's direction. Since December 2024, ONDC has seen the exit of three top executives, including its CEO, CBO, and non-executive chairperson. Leadership instability at a time when the platform desperately needs strategic clarity has only raised more questions about its long-term prospects. Despite its struggles, it's too early to write off ONDC entirely. The platform still enjoys strong institutional backing, and its vision of an open, interoperable digital commerce ecosystem remains relevant. If ONDC can simplify its user experience, invest in better customer support, and refocus on high-potential verticals like mobility and logistics, it could still carve out a sustainable niche.

(References – Money Control, Fortune India, Inc42)

How markets fall, rise and shape economies?

In the world of finance, a rebound refers to a recovery following a period of decline. This could mean a stock rallying after a crash, an economy bouncing back from a recession, or a company recovering after a string of poor quarters. But rebounds are more than just technical corrections - they're psychological, systemic, and often political. Understanding rebounds can help investors recognize opportunities, avoid traps like the infamous dead cat bounce, and appreciate how markets don't just reflect the economy, they shape it. A rebound in finance signifies a reversal from a downward trend. If a stock falls sharply and then rises again, that's a rebound. If GDP shrinks for two quarters and then grows in the next, that's also a rebound. Whether in the equity markets, commodities, housing prices, or economic indicators, rebounds typically follow some form of correction, panic, or systemic stress. Rebounds happen for a variety of reasons: After steep drops, assets become underpriced; Governments and central banks step in with stimulus or support; Traders react to signals or oversold conditions; or New data indicates recovery is underway. Importantly, not every bounce is a rebound in the true sense. Some are temporary relief rallies, also known as dead cat bounces that precede deeper declines.

A dead cat bounce is a deceptive, short-lived recovery that occurs in a longer-term downtrend. The term comes from the grim idea that even a dead cat will bounce if it falls from a great height. These bounces can lure investors into believing a bottom has formed, only to collapse again. In contrast, a trend reversal marks the actual end of a bear phase and the beginning of a sustained upward movement. The difference often lies in fundamentals. Is the rebound supported by economic recovery, strong earnings, or liquidity flows? Or is it just a technical move driven by short covering?

In 2008, the Sensex plunged from 21,000 to 8,000 as foreign investors pulled out en masse. The government launched stimulus packages; the RBI slashed rates from 9% to 4.75%. Within a year, the market had rebounded nearly 80%. In 2020, Covid lockdowns saw the Sensex fall 20% in weeks. The Indian government rolled out an INR 20 lakh crore package, 10% of GDP. The RBI cut rates and paused loan repayments. By November, markets had fully recovered. Recent volatility sparked by global tariffs saw another dip. While there was no direct fiscal stimulus, SEBI tightened oversight on F&O markets and FIIs returned as tariffs eased. Domestic institutional investors (DIIs) bought aggressively. The market is now up 3% for the year. These cases highlight a broader truth - markets aren't passive. They trigger responses. They push policymakers to act.

Markets are often seen as reflections, pricing in what's happening in the economy. But the relationship is more nuanced. As Barry Ritholtz points out, markets can throw tantrums and force the system to respond. They are not just thermometers, they're thermostats. In India, where INR 461 trillion in wealth is tied to equities — via mutual funds, insurance, pensions, and startups — a market crash isn't just financial. It's psychological. It affects spending, investment, and foreign inflows. When markets fall, sentiment nosedives and governments rush to respond. Daniel Kahneman, the Nobel laureate, said that humans spin coherent stories from limited facts. That's exactly what markets do. If people believe growth will return, they'll invest. That belief can become self-fulfilling. While indexes may recover, individual portfolios often don't. Large-cap indexes like the Sensex might fall 40–60% and bounce back, but mid-cap and small-cap stocks usually suffer more and recover slower, if at all.

(References – Investopedia, Investing, Morning Star)

COMPLIANCE UPDATES

Greenvissage

Government policies

🟩 **India Begins Phased Rollout of Biometric e-Passports with RFID Security |** India has officially begun the phased rollout of its next-generation e-passports, equipped with RFID-enabled chips and biometric security features. The initiative, launched this month, brings India in line with over 120 nations including the US, France, and Japan that already use biometric passports. The new navy-blue e-passport features a tamper-proof electronic chip embedded beneath a gold-coloured logo, containing digitally signed personal and biometric data of the holder. This allows for quicker authentication at immigration counters and adds a strong layer of protection against passport fraud. The chip also supports International Civil Aviation Organization (ICAO) standards, including Basic Access Control, Passive Authentication, and Extended Access Control for fingerprint verification. Information is encrypted and protected via Public Key Infrastructure (PKI), rendering the booklet nearly impossible to counterfeit. Despite the upgrade, existing passports will remain valid until expiry and do not need to be replaced immediately. Citizens interested in obtaining an e-passport must register via the Passport Seva Portal, fill out and submit an application, pay online, schedule an appointment, and undergo biometric and document verification at the designated passport office. (Business Today)

🟩 **Gujarat Announces Relief Package for Diamond Craftsmen Amid Industry Slump |** The Gujarat government has announced a relief package for diamond craftsmen affected by the ongoing slump in trade, primarily caused by the US recession and the Ukraine-Russia war. Announced by Chief Minister Bhupendra Patel following a meeting with the All Gujarat Diamond Association, the package includes a waiver of education fees for the children of diamond workers up to INR 13,500, which will be transferred via Direct Bank Transfer. Additionally, affected craftsmen will receive relief in electricity bills for one year. The scheme applies to those who lost their jobs after March 31, 2024 and have at least three years of work experience in the diamond industry. Small industries in the sector will also receive support in the form of a nine per cent interest subsidy on loans up to INR 5 lakh for three years, provided they have an investment of less than INR 2.5 crore and are active between 2022 and 2024. Only units registered with the Department of Industries before March 31 will be eligible. The industry, centred in Surat, has seen over 71 suicides among craftsmen in the last 16 months, with many shifting to other occupations including textiles. (ETV Bharat)

🟩 **RBI Announces Record INR 2.69 Lakh Crore Dividend for Centre in FY25 |** The Reserve Bank of India has declared its highest-ever dividend payout of INR 2.69 lakh crore to the central government for the fiscal year 2024-25, marking a 27% increase over the previous year's INR 2.1 lakh crore. The decision was made during the 616th meeting of the Central Board of Directors in Mumbai, chaired by Governor Sanjay Malhotra, where the board also reviewed the global and domestic economic outlook. The substantial surplus transfer, expected to aid the government's target of reducing the fiscal deficit to 4.4% this year, follows increased earnings from forex revaluation gains and interest on government bonds. The RBI also raised its contingency risk buffer from 6.5% to 7.5%, in line with the macroeconomic outlook. The transfer was based on the Economic Capital Framework (ECF) set by the Bimal Jalan committee, which was reviewed for potential updates to guide surplus sharing over the next five years. Annual dividend transfers from RBI are derived from profits on investments, currency printing, and valuation gains on foreign reserves. (Financial Express)

🟩 **'Industrial Ideathon 2025' to Bring Together Brightest Student Minds |** The Delhi Industrial and Infrastructure Development Corporation will host 'Industrial Ideathon 2025' in July or August to foster student-driven innovation across key industrial sectors. Delhi Industries minister Manjinder Singh Sirsa announced that over 120 teams from more than 30 top institutions will participate, with each team mandatorily including at least one woman and comprising members from multiple academic disciplines. The event aims to tackle challenges in four sectors: traditional and village industries, frontier technologies, green technologies, and trade and logistics. Sirsa emphasized the initiative as a collaborative platform for students to develop practical solutions, reflecting the government's focus on digital transformation, youth empowerment, and inclusive growth through entrepreneurship. The total prize pool for the competition will be INR 8 million. (Times of India)

Goods and services tax

🟩 **Supreme Court Allows Input Tax Credit for GST Appeal**

Pre-Deposits | In a significant decision for Goods and Services Tax (GST) registered taxpayers, the Supreme Court on May 19, 2025, upheld the Gujarat High Court's ruling that allows taxpayers to use their input tax credit (ITC) from the electronic credit ledger (ECL) for mandatory pre-deposit payments when filing GST litigation case appeals. The Supreme Court dismissed the government's special leave petition challenging the Gujarat High Court's judgement, which cited precedents like the Bombay High Court's Oasis Realty case and a GST Policy wing circular from July 6, 2022. This ruling confirms that a taxpayer can utilize the amount available in their Electronic Credit Ledger to pay the 10% of the disputed tax required under sub-section (6) of Section 107 of the CGST Act, thereby easing working capital constraints for businesses. Experts believe this will particularly benefit exporters who often have accumulated ITC and will help streamline ongoing court proceedings. (Economic Times)

🟧 **GSTN Defers Locking of Inter-State Supply Data in Monthly Returns |** The GST Network (GSTN) has postponed the implementation of a feature that would have made Table 3.2 in the monthly GSTR-3B tax payment form non-editable. This table records inter-state supplies made to unregistered persons and composition taxpayers. Originally, GSTN had announced on April 11, 2025, that this auto-populated data would be locked from the April 2025 tax period. However, following numerous representations and grievances from taxpayers regarding the accuracy of the auto-populated figures, GSTN has decided to keep Table 3.2 editable for the time being. Taxpayers are advised to accurately report or amend any auto-populated entries as needed. This deferral offers relief, particularly to sectors like retail, FMCG, hospitality, and e-commerce, where sales to unregistered buyers are common and system-generated numbers might not always align with actual company records. (Economic Times)

Income tax

🟧 **ITR-U Form Notified to Correct Errors in Filed Returns |** The Central Board of Direct Taxes has notified the ITR-U (updated income tax return) form under Section 139(8A) to allow taxpayers to correct errors or omissions in previously filed ITRs or to file returns missed entirely, beyond the belated or revised deadlines. Effective from April 1, 2025, under changes introduced in Budget 2025, taxpayers can now file an updated return within 48 months from the end of the relevant assessment year, an extension from the earlier 24-month limit. The ITR-U, introduced initially in Budget 2022, applies to those who missed the original deadline or need to rectify discrepancies. For instance, a taxpayer who failed to file for AY 2023-24 can now submit an ITR-U until March 31, 2026. However, filing an ITR-U attracts a progressively increasing additional tax: 25% if filed within 12 months, 50% within 24 months, 60% within 36 months, and 70% if filed between 36 and 48 months. The notification was issued via Notification No. 49/2025 dated May 19, 2025, as part of the Income-tax (Eleventh Amendment) Rules, 2022. (Financial Express)

🟩 **One-Time Set-Off of LTCL Against STCG Under New Income Tax Bill 2025 |** The Income Tax Bill 2025 introduces a significant one-time relief allowing long-term capital losses (LTCL) incurred up to March 31, 2026, to be set off against short-term capital gains (STCG) from tax year 2026–27 onwards. This marks a departure from existing provisions under the Income Tax Act, of 1961, which only permitted LTCL to be set off against LTCG. Under clause 536(n) of the new bill, any capital loss computed under the old act and carried forward can now be offset against any capital gains, regardless of type, under the new regime. This benefit is applicable for up to eight assessment years post-March 2026. Experts note that the move allows taxpayers to reduce their tax burden and improve cash flow by utilizing unabsorbed LTCL more efficiently. However, this is a one-time transitional measure and will not apply to losses incurred after April 1, 2026, which must still follow the traditional matching of LTCL with LTCG only. Taxpayers may consider strategically realizing long-term losses before April 2026 to benefit from this provision. (Economic Times)

Corporate and allied laws

🟩 **MCA Notifies New Accounting Standard for Foreign Currency Transactions |** The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules 2025, primarily modifying Ind AS 21 to guide companies on handling foreign currency transactions when the exchangeability between two currencies is lacking. Effective from annual reporting periods beginning April 2025, this new rule will enable companies to more accurately estimate the spot exchange rate in situations of undue short-term currency volatility or lack of transparency regarding exchange values. The amendments define currency exchangeability and outline conditions for entities to conclude when their functional currency is not exchangeable, allowing them to translate "affected foreign currency" items at fair value using an estimated spot exchange rate. Industry sources believe this improvement in financial reporting will enhance investor trust in Indian firms with substantial foreign operations, including export-intensive ones, potentially leading to increased capital inflows from global patient capital such as sovereign and pension funds. (Financial Express)

🟧 **Corporate Affairs Ministry to Strike Off Over 3,300 Companies |** The Ministry of Corporate Affairs (MCA) is preparing to remove more than 3,300 company names from official records, following applications submitted by Registrars of Companies (RoCs) across various states and Union Territories. These companies sought removal under Section 248(2) of the Companies Act, primarily due to failing to commence business within one year of incorporation or not conducting any business or operations for two immediately preceding financial years. Public notices were issued by RoCs in April to invite objections to these proposed removals. Maharashtra accounts for over 700 of these companies, followed by Delhi with nearly 500, and Karnataka with more than 350. As of March this year, India had 18,50,932 active companies out of 28,52,449 registered companies. (Economic Times)

Finance and banking

🟥 **RBI Tightens DLG Rules, Excludes Fintech-Sourced Cover for NBFC Provisions |** The Reserve Bank of India (RBI) has instructed finance companies to exclude default loss guarantees (DLGs) provided by fintech firms when calculating provisions for stressed loans, a move that impacts independent digital lending service providers. In a communication issued in May, the RBI directed Non-Banking Finance Companies (NBFCs) to disregard "credit enhancements under DLG arrangements as of March 31, 2025, from the computation of expected credit loss," with provisions to be implemented by September 30. This means NBFCs must now make full regular provisions on loans sourced from digital platforms, diminishing the appeal of these loans for new business generation. Previously, NBFCs factored in these DLGs, typically capped at 5% and often held as fixed deposits by fintechs to share risk, when computing expected credit losses. Industry experts suggest this directive will push NBFCs to bolster their underwriting skills and could negatively impact fintechs' origination volumes and fee income. (Economic Times)

🟩 **KYC Update to Get Easier as RBI Proposes New Rules |** The Reserve Bank of India (RBI) has released draft amendments to its Know Your Customer (KYC) directions, aiming to simplify the periodic KYC update process for customers. This move addresses existing pendency in KYC updates, including those for government scheme beneficiaries, and numerous customer complaints about challenges faced during the process. The draft proposes that a self-declaration will suffice if there's no change in KYC information or only an address change, with business correspondents (BCs) enabled to record these electronically or authenticate physical submissions. Low-risk customers will be allowed to transact for one year after their KYC due date or until June 30, 2026, whichever is later. Banks are mandated to provide at least three advance intimations, including one by letter, to customers before their KYC due date. The RBI also advises on digital modes for onboarding new customers, such as Aadhaar biometric-based e-KYC, e-documents, and DigiLocker. The public is invited to submit comments on these draft amendments until June 6, 2025. (Hindustan Times)

Customs and foreign trade

🟧 **Government Modifies Import Rules for Certain Gold, Silver Items |** The Indian government, through the Directorate General of Foreign Trade (DGFT), has updated import policies for specific unwrought, semi-manufactured, and powdered gold and silver items, effective May 19, 2025. This move aims to enhance consistency between import tariffs and customs regulations, aligning with changes introduced in the Finance Act 2025. Previously restricted gold forms, such as unwrought or semi-manufactured gold with 99.5 per cent or more purity, can now be imported under specific conditions by agencies nominated by the RBI or DGFT, qualified jewellers authorized by the International Financial Services Centres Authority (IFSCA) through the India International Bullion Exchange (IIBX), or valid tariff rate quota (TRQ) holders under the India-UAE free trade agreement. Conversely, some silver products that were previously freely importable, like unwrought silver with 99.9 per cent or more purity, now face similar restrictions. These changes also address loopholes, like the mislabeling of gold as platinum alloys to evade higher duties, by introducing new Harmonized System (HS) codes for better tracking and control. (The Hindu)

Ludhiana Hosiery Industry Protests Imports from Turkey and Bangladesh | Hosiery and textile industrialists in Ludhiana, Punjab, staged a symbolic protest on Tuesday, May 27, 2025, burning imported garments to voice their frustration over rising imports from Turkey and Bangladesh. The industry leaders are concerned about the growing threat to the domestic market, fearing a further decline in demand for local products. Vinod Thapar, chairman of the Knitwear Club, stated the protest also highlighted a perceived lack of national solidarity from Turkey and Bangladesh during a recent conflict between India and Pakistan, despite India's humanitarian aid to Turkey. Industrialists claim that duty-free imports from Bangladesh under SAFTA, coupled with Turkish brands routing products through Bangladesh to avoid duties, are severely damaging Ludhiana's textile ecosystem. They are calling for a boycott of garments from these nations and urging Indian citizens to prioritize Indian-made brands and reconsider leisure travel to Turkey. Ludhiana, a major hub for winter wear, has approximately 12,000 textile and hosiery units, employing over 500,000 people and contributing significantly to the domestic market and exports. (The Indian Express)

Government Curbs Imports of Cabinet Hinges and Roller Chains | The Indian government on May 26, 2025, imposed import restrictions on cabinet hinges and roller chains that are priced below specific values, a measure aimed at curbing cheap inbound shipments, particularly from countries like China. Imports of cabinet hinges with a CIF (cost, insurance, freight) value of less than INR 280 per kilogram, and roller chains and their parts with a CIF value of less than INR 235 per kilogram, will now be restricted. This means importers will require permission or a license from the Directorate General of Foreign Trade (DGFT) for these goods if their prices fall below the stipulated rates. The move, notified by the DGFT, marks a shift from previous unrestricted import policies for these items. Hinges are predominantly imported from China, Italy, and Germany, while roller chains mainly come from China, Germany, and Japan. This initiative is part of a broader government strategy to bolster domestic manufacturing and reduce India's import dependency on countries like China, especially given that India's trade deficit with China widened to USD 99.2 billion in 2024-25. (Deccan Herald)

Accounting and management

SEBI Mandates Annual Internal Audit for All MII Activities | The Securities & Exchange Board of India (SEBI) has revised guidelines for the internal audit mechanism of Market Infrastructure Institutions (MIIs), including stock exchanges, depositories, and clearing corporations, to strengthen governance. Effective 90 days from May 19, 2025, every MII must conduct an internal audit of all functions and activities at least once per financial year, performed by an independent audit firm. New rules also prohibit executive directors, including the managing director, from being part of audit committees. Auditors and Key Management Personnel (KMPs) have the right to be heard during audit committee meetings considering reports, but no voting rights. MIIs are required to establish a policy for internal auditor appointments, approved by the audit committee, with auditors reporting solely to this committee. The internal auditor will also appraise the audit committee on critical issues every six months, in the absence of management, enhancing transparency and oversight in India's financial markets. (Financial Express)

Payroll and personal finance

RBI Allows Minors Above 10 to Independently Operate Bank Accounts | The Reserve Bank of India (RBI) has issued new guidelines permitting minors aged 10 and above to independently open and manage their own savings or term deposit bank accounts. This significant update applies to all commercial banks and cooperative banks, including primary (urban), state, and district central cooperative banks. While minors of any age can still open accounts through a natural or legal guardian, the new rule, effective July 1, 2025, grants greater financial autonomy to older children. Banks retain the flexibility to set account limits and terms based on their risk management policies, which must be communicated to the young account holders. Additionally, banks can now offer services like Internet banking, ATM/debit cards, and chequebooks, provided these align with their risk assessment. The RBI has mandated that minor accounts, whether operated independently or by a guardian, must never go into overdraft and must always maintain a credit balance. Banks are required to update their internal policies to reflect these changes by July 1, 2025, and adhere to all Know Your Customer (KYC) norms. (India Today)

ECONOMIC INDICATORS

Greenvissage

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Mar-25	7.40	6.40
Unemployment (%)	Feb-25	7.90	8.20
Inflation (%)	Apr-25	3.16	3.34
Balance of Trade ($bn)	Apr-25	(26.42)	(21.54)
Business confidence	Mar-25	120.00	120.00
Manufacturing PMI	May-25	57.60	58.20
Services PMI	May-25	61.20	58.70

(Trading Economics)

Commodities Futures

Commodity	Expiry	Price	Change %
Gold	Aug-25	97,243.00	4.79
Silver	Jul-25	97,815.00	3.79
Crude Oil	Jun-25	5,343.00	0.19
Natural Gas	Jun-25	304.60	(5.14)
Aluminum	Jun-25	235.40	(0.17)
Copper	Jun-25	868.05	1.66
Zinc	Jun-25	252.45	0.54

(MCX India)

Global Indices

Index	Country	Change %
NIFTY 50	India	1.36%
BSE SENSEX	India	0.80%
NIFTY BANK	India	1.11%
INDIA VIX	India	-6.23%
DOW JONES	USA	2.31%
S&P 500	USA	3.96%
NASDAQ	USA	6.32%
S&P/TSX	Canada	4.57%
BOVESPA	Brazil	1.40%
DAX	Germany	3.95%
FTSE 100	UK	2.05%
CAC 40	France	-0.24%
FTSE MIB	Italy	4.59%
MOEX	Russia	-0.28%
NIKKEI 225	Japan	1.72%
S&P/ASX 200	Australia	2.14%
SHANGHAI	China	2.09%
HANG SENG	Hong Kong	2.35%
KOSPI	South Korea	5.44%

(Investing.com)

Currency Exchange Rates

Pair	Current	Prior	Change %
USD/INR	85.48	85.64	0.19
GBP/INR	115.14	113.40	(1.54)
EUR/INR	96.94	97.11	0.18
YEN/INR	59.36	58.92	(0.75)

(FBIL India)

Cryptocurrencies

Pair	Crypto	Price	Change %
BTC/USD	Bitcoin	1,05,441.71	1.23
ETH/USD	Ethereum	2,510.77	(1.13)
BNB/USD	Binance	660.04	0.07
SOL/USD	Solona	659.97	277.19

(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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