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27 PAGES | ISSUE 59 | JULY 2025 | 66 MINUTES

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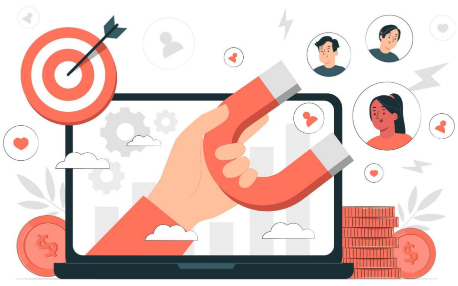









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# SPOTLIGHT

# When skies weep – How Air India is insured from almost all damages from AI-171 flight crash, hull insurance explained.

## Rest in Peace, AI-171

There are moments when the sky ceases to be a canvas of infinite freedom and instead becomes a witness to unspeakable sorrow. In the cruel silence that follows a plane crash, the world momentarily stops spinning, not because time itself has faltered, but because lives, stories, futures, and families have been abruptly torn apart. The Air India crash, like so many tragedies etched into the collective memory of aviation, reminds us that no matter how advanced our technology, how rigorous our safety checks, or how globalised our operations, the human soul is still fragile, and so is the trust we place in flight. For the families left behind, the news did not come all at once. It came in pieces, frantic texts that went unanswered, news headlines too vague to confirm, and official calls made in the sterile language of protocols and condolences. A son waiting at an airport, clutching a bouquet meant for a mother who would never walk through those sliding doors. A father staring blankly at a boarding pass that now bore the weight of finality. For them, loss is not a concept; it is a long night without end. And yet, even in the depths of grief, the machinery of systems must continue. Governments respond. Airlines initiate protocols. Investigations begin. Behind the tears, lawyers, insurers, and aviation analysts get to work. A tragic irony unfolds – while hearts break, spreadsheets fill. Economists, regulators, and corporate boards begin to calculate the financial costs.

Aviation accidents are unlike any other kind of loss. They span continents. They invoke treaties. They ignite international scrutiny. The Air India crash, besides its devastating emotional toll, triggers a cascade of financial implications. Aircraft are not merely vessels of transportation; they are billion-dollar investments flying at 35,000 feet. With the flicker of one incident, a company can lose not only human lives but also assets, reputation, and trust, all of which have quantifiable value. Underpinning the economic narrative is a complex tapestry of responsibility and redress. From hull insurance that seeks to cover the loss of the aircraft itself, to the compensation owed to bereaved families under international frameworks like the Montreal Convention, the financial aftershocks of a crash ripple outward with force and precision. There are negotiations, liability caps, payouts, and legal precedents, all deeply impersonal processes orbiting around something intensely personal – the loss of life. Then there are the questions that pierce the corporate veil: Was the aircraft maintained to standard? Was there a lapse in pilot training? Is Boeing accountable in any way? Each of these inquiries, while critical for transparency and safety, is also entwined with billions of dollars in corporate risk, reputation, and liability. Every detail matters, every malfunction, every minute of flight data, every nuance of policy coverage. To speak of money in the face of death may seem crass. But it is not about valuing life in dollars; it is about accountability, systems, and the price of mistakes. This article explores the unseen economic web that springs into motion after an aviation tragedy, not to overshadow the human loss, but to understand how the world responds when the skies fall silent. Rest in Peace, AI-171!

## Financial Cost of Crash

While the loss of life is the most irreparable wound a crash inflicts, the economic toll runs in parallel, immense, complex, and often hidden behind the scenes. In the case of the Air India crash, the financial impact spans several dimensions: the destroyed aircraft, the human claims, damage to property on the ground, operational losses, and long-term reputational costs. Each of these layers represents a heavy burden, one that is measured not in emotion but in figures and liability.

**The Aircraft**

The aircraft involved in the crash, a Boeing 787-8 Dreamliner, was not just a machine; it was a long-haul workhorse that had likely cost between USD 120 million and USD 135 million at acquisition. Airlines typically factor in years of service, route planning, and maintenance cycles to extract maximum value from such assets. With the crash, that entire investment vanished instantly. This single aircraft represented not only a capital expense but also projected revenue from international routes it serviced. A wide-body jet like the Dreamliner can generate millions of dollars per month in revenue when operating at full capacity. Losing it means more than a one-time write-off; it disrupts scheduled operations, leads to rebooking costs, and impacts fleet utilisation across regions.

**Compensation**

Under international aviation law, specifically the Montreal Convention, the families of passengers are entitled to compensation for death or injury, regardless of fault, up to a defined threshold. For each passenger, the base liability cap is 113,100 Special Drawing Rights (SDRs), approximately USD 150,000 or INR 1.25 crore per person. With more than 150 passengers and crew on board, the aggregate compensation liability easily exceeds USD 225 million (over INR 1,900 crore). This does not account for any additional lawsuits filed by families who may claim negligence, pain and suffering, or future earnings loss, especially in countries where civil damages can be significant. In such cases, the costs can double or even triple.

**Structural Damages**

Crashes that occur near populated areas introduce another layer of financial and legal complexity. In this tragedy, the aircraft's descent and impact reportedly damaged airport structures, nearby buildings, perimeter fences, and ground equipment. Each of these has a quantifiable cost, paid either by the airline, its insurers, or through negotiated settlements with property owners and regulatory bodies. Airports, being strategic and high-security zones, also incur costs related to disruption, including runway closures, diverted flights, emergency crew deployment, and investigations. While not always publicly disclosed, such operational disruptions can cost millions in a single day, not just to the airport operator but to other airlines, vendors, and passengers.

**Logistical Damages**

The logistical efforts following a crash also generate expenses. These include wreckage removal and hazardous material handling, medical evacuation and coroner services, search and recovery operations, black box analysis and site security, etc. All these require highly specialised teams, equipment, and protocols, and the costs are borne by a combination of the airline, aviation authorities, and occasionally the aircraft manufacturer, depending on fault or cooperation agreements.

**Reputation Loss**

While numbers can be tallied for aircraft, property, and legal settlements, there remains a category of cost that is more elusive: reputational damage. Crashes shatter public trust. Airlines often see ticket bookings drop, stock values dip, and regulatory scrutiny intensify in the months following an incident. In a globalised, hyper-competitive industry like aviation, this erosion of brand equity can cost more over time than the initial crash itself. For Air India, which had recently embarked on a new chapter of ownership and fleet modernisation, this incident lands at a critical juncture. The reputational recovery process, through PR campaigns, safety audits, and passenger reassurance efforts, may take years and additional investment far beyond the initial crash costs.

## The Montreal Convention

In the chaos that follows an aviation disaster, families are left to grieve while legal systems step in to provide some measure of justice. One of the most critical legal frameworks guiding this process is the Montreal Convention, a treaty that governs airline liability in cases of death, injury, delay, baggage loss, or damage during international air travel. It is not merely a bureaucratic document; it is a global attempt to ensure that when tragedy strikes at 35,000 feet, the victims on the ground are not left without recourse. The Montreal Convention ensures that when an airline tragedy strikes, there is a structure in place to address human suffering with legal accountability. For those who lose loved ones, no amount of money can replace a life. But in a world governed by international airspace and global corporations, the Montreal Convention is one of the few tools that brings clarity, compassion, and consistency to an otherwise chaotic aftermath.

The Montreal Convention, formally known as the Convention for the Unification of Certain Rules for International Carriage by Air, was adopted on May 28, 1999, in Montreal, Canada. It came into force in 2003, replacing and modernising the earlier Warsaw Convention of 1929, which had become outdated in the face of rapid advances in aviation technology and the globalisation of air travel. The treaty was developed and adopted under the guidance of the International Civil Aviation Organisation (ICAO), a United Nations specialised agency tasked with standardising and regulating global civil aviation. The aim was to create a single, unified system for airline liability that would apply across borders and provide fair, predictable, and timely compensation to passengers and their families. Today, the Montreal Convention has been ratified by over 135 countries, including India, the United States, all EU nations, and most of the major aviation hubs around the world. Its global reach ensures that passengers are protected under similar rules, no matter where they fly.

The Montreal Convention was born out of the need to balance consumer rights with commercial interests in a world where air travel had become essential, fast, and international. The previous system under the Warsaw Convention placed low liability caps on airline responsibility and often required passengers to prove fault before compensation was issued, creating delays, disparities, and legal hurdles. In contrast, the Montreal Convention introduced strict liability (no need to prove fault) up to a certain compensation limit, created a more passenger-friendly claims process, and allowed for legal action in multiple jurisdictions, including the passenger's home country. The result is a legal structure that speeds up relief while also encouraging airlines to uphold the highest safety standards.

**Liability**

Under the Montreal Convention, compensation is determined using a two-tier liability system -

**Strict Liability (No Fault) –**

Airlines are automatically liable for damages up to 113,100 Special Drawing Rights (SDRs) per passenger, roughly USD 150,000 or INR 1.25 crore, depending on current exchange rates. This amount is paid without the need for families to prove negligence.

**Unlimited Liability (If Fault is Proven) –**

If the victim's family can demonstrate that the accident occurred due to airline negligence, fault, or wrongful action, compensation can exceed the 113,100 SDR threshold. There is no maximum cap in this second tier.

**Additional Claims**

In certain jurisdictions, especially those with strong consumer protection laws, families may pursue additional compensation for loss of income or support, pain and suffering, funeral and medical expenses, and emotional distress. Such lawsuits can push compensation amounts well beyond USD 1 million per passenger, particularly if young earners or dependents were involved.

**Currency and SDRs**

One technical aspect of the Convention is its use of Special Drawing Rights (SDRs), a reserve currency unit created by the International Monetary Fund (IMF). Because SDRs fluctuate with global exchange rates, actual compensation amounts in local currency (like INR or USD) vary depending on the prevailing conversion at the time of the payout.

## The Hull Insurance

When an aircraft crashes, the public gaze naturally gravitates toward the human tragedy, toward the lives lost, the grieving families, and the investigative search for what went wrong. But away from the cameras and the headlines, an equally important, though far less visible, process begins: the financial assessment of loss. One of the foundational pillars of that process in aviation is a mechanism known as hull insurance. The term might sound unfamiliar to the average reader, but it plays a pivotal role in ensuring that the airline industry can withstand even its most catastrophic events. Hull insurance is a form of property insurance, tailored specifically for aircraft. It covers damage or loss to the physical structure of the plane, which the industry refers to as the hull. The name itself is a legacy from marine insurance, where the hull of a ship was the most vital and valuable component insured against the perils of sea travel. As aviation evolved, this terminology was naturally adopted to apply to aircraft as well.

In the case of a total crash, like the recent Air India AI-171 disaster, hull insurance is what allows the airline to financially recover the cost of the lost aircraft. When a policy is written, the airline and insurer agree on an insured value, often based on the market value of the aircraft or the cost of replacement. For a modern wide-body jet like a Boeing 787, this could easily exceed USD 120 million. In the event of a total loss, the insurer pays this amount to the airline, allowing it to absorb the economic shock and begin the process of acquiring a replacement. Premiums for hull insurance are paid regularly by the airline and are calculated based on several risk factors. These include the aircraft's age and type, the safety record of the operator, the routes being flown, particularly if they pass through high-risk zones, and the airline's historical claims record. Newer planes operated by airlines with solid reputations typically enjoy lower premiums, while older aircraft or carriers with checkered safety records might face significantly higher costs. Crucially, hull insurance covers more than just accidents in the air. Depending on the policy, it can also include incidents on the ground, such as fire damage while parked at the gate, collisions with ground service vehicles, or even damage sustained during maintenance. There are different levels of coverage: some policies cover aircraft while in flight, others only while on the ground or taxiing. In commercial operations, comprehensive coverage, often called hull all risks insurance, is the norm.

Once an accident occurs and is declared a total loss, the insurer begins the process of settlement. If the cause of the crash is traced back to a manufacturing defect, faulty part, or third-party error, the insurance company may pursue what is known as subrogation. In this process, the insurer, having paid out the claim to the airline, seeks reimbursement from other responsible parties, such as the aircraft manufacturer or a component supplier. This legal recourse helps insurers mitigate their losses and also plays a role in holding manufacturers accountable for safety. It's important to understand that hull insurance is distinct from liability insurance. While hull insurance covers the value of the aircraft itself, liability insurance covers legal responsibilities related to passengers, crew, and damage to third-party property, such as buildings, vehicles, or people on the ground. Most airlines carry both types of insurance, typically through major international brokers, to ensure they are covered for the full spectrum of risks.

In the case of the Air India AI-171 crash, the destroyed aircraft will almost certainly be declared a total hull loss. The compensation paid under hull insurance won't bring back the aircraft or the lives on board, but it does allow the airline to begin recovery. In a business where each jet is not just a machine but a vital asset of national and economic significance, hull insurance acts as a quiet but powerful stabiliser. While it operates far from public view, hull insurance is a central component of how modern aviation survives its darkest hours. It ensures that the financial damage of a crash, while immense, is not irreparable, so that the machinery of air travel can continue to function, even as investigations unfold and families grieve.

## Who Ultimately Pays the Price?

Hull insurance for commercial aircraft is typically provided by a network of specialised aviation insurers and underwriters. These are not your everyday insurance companies, but rather global firms and syndicates with deep expertise in high-value, high-risk industries. The most prominent of these players operate in markets like Lloyd's of London, Allianz Global Corporate & Speciality (AGCS), AIG Aerospace, AXA XL, and Global Aerospace, among others. Because the value at risk is so high, often exceeding USD 100 million for a single wide-body aircraft, no single company bears the entire burden alone. Instead, coverage is usually arranged through a layered consortium of insurers. The insurance broker, hired by the airline, constructs a policy by pooling multiple underwriters who each take on a share of the risk. This diversification ensures that no single insurer is crippled by a catastrophic event like an air crash. For example, in the case of the AI-171 crash, the hull insurance policy was almost certainly arranged through a leading aviation broker, most likely in partnership with international reinsurers. While Air India pays a premium for this coverage, in the event of a total loss, the insurers are contractually obligated to pay the agreed-upon insured value, say, USD 120 million for the aircraft. The payout is made directly to the airline or its leasing company, depending on the ownership structure.

In the short term, it's the insurers and reinsurers who pay out the claim. However, over time, these companies recoup their losses through increased premiums, not just for the airline involved, but potentially for the broader aviation sector. Insurance operates on a pooled risk model, meaning that all airlines effectively help shoulder the financial impact of such disasters through the premiums they pay. If a crash is determined to be caused by a third party, such as a manufacturing defect by Boeing or a faulty part from a supplier, the insurer may initiate a process called subrogation. In this legal step, the insurer, having paid out the claim, seeks to recover its losses by suing the responsible party. If successful, the financial burden may ultimately fall on the aircraft manufacturer, parts supplier, or even the maintenance provider. In high-profile incidents where blame is traced to a systemic flaw, such as with the Boeing 737 MAX disasters, aircraft manufacturers may find themselves paying out billions in settlements, compensation, and legal penalties, far beyond what any insurance coverage would shield them from. In those scenarios, the manufacturer, not the insurer, becomes the party bearing the true cost of failure.

Thus, while insurers are the first responders in financial terms, the ultimate cost is distributed across the airline via premiums, the insurance market via risk sharing, and possibly the manufacturer or third party via legal recovery. It's a complex web of accountability, designed to ensure that no single entity is crushed by the weight of catastrophe, but also that financial responsibility follows the trail of fault.

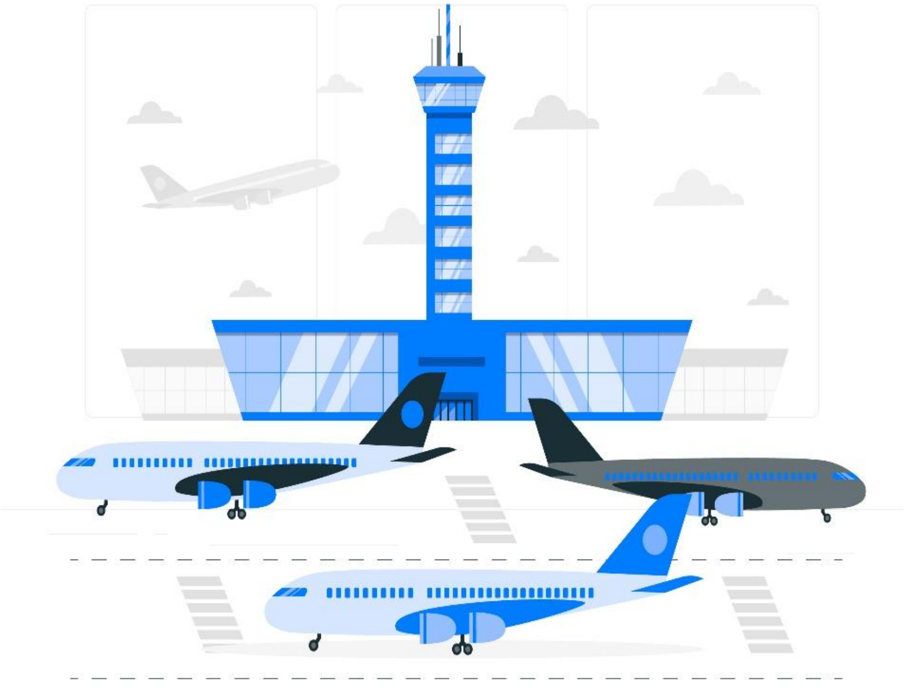
*(References – Fortune India, Live Mint, Investopedia)*

# EXPERT OPINION

Greenvissage

# The sky-high cost of flying – How Adani Airports are milking air passengers while the government sits quietly!

By Amit Chandak, Managing Partner, Greenvissage



## Background

In recent years, air travel in India has undergone dramatic shifts, not only in terms of passenger volume and post-pandemic recovery, but also in how airports are owned, operated, and financed. At the centre of this transformation stands the Adani Group, which, over the past five years, has become a dominant private operator in the country's aviation sector. This transition has brought to light several contentious issues, none more prominent than the steep increases in the Airport User Development Fee (UDF) levied on passengers. Let's try to unravel how UDF has evolved, how Adani Airports' business strategy has influenced these charges, and what implications this has for Indian passengers, airport infrastructure, and the future of privatised aviation in India.

## What is the UDF Charge?

The User Development Fee, or UDF, is a passenger fee imposed at various Indian airports on both departing and arriving passengers. The logic behind the UDF is simple - it allows airport operators to fund capital-intensive infrastructure projects such as new terminals, upgraded runways, expanded lounges, and modern amenities. These upgrades are often part of a longer-term master plan that requires hundreds or even thousands of crores in investments. Unlike many other passenger service fees bundled into air tickets, UDFs are more transparent; they are itemised and regulated by the Airport Economic Regulatory Authority (AERA), an autonomous body under the Ministry of Civil Aviation. However, in practice, the transparency and fairness of UDF hikes have come under scrutiny, especially since privatisation efforts have ramped up in recent years.

## Why is the UDF Increasing?

In 2019, the Government of India, through the Airports Authority of India (AAI), auctioned six major airports for private operation - Ahmedabad, Lucknow, Mangaluru, Jaipur, Thiruvananthapuram, and Guwahati. This marked a significant policy shift in how India approached public infrastructure, pivoting sharply toward privatisation even as major airports like Delhi and Mumbai had already been operating under public-private partnership models. The Adani Group emerged as the highest bidder for all six airports, surprising many analysts and raising eyebrows in policy circles. Its winning bids were often based on per-passenger fee commitments that significantly outstripped those of its rivals. For example, in Ahmedabad, Adani proposed INR 177 per passenger to AAI, whereas the second-highest bid was just INR 85. Critics immediately flagged this as a potentially unsustainable model, wherein the operator might need to recover costs from end-users, but through indirect means, notably via increased UDF and non-aeronautical charges like parking and retail. True to those concerns, what followed over the next three years was a sweeping series of UDF hikes at Adani-operated airports.

## Where has the UDF increased?

Ahmedabad, which serves millions of domestic and international travellers annually, saw one of the most significant UDF spikes. Between 2020 and 2024, the domestic departure UDF at Sardar Vallabhbhai Patel International Airport rose nearly 900%, from INR 85 to INR 450. For international travellers, the UDF jumped to INR 880. This occurred even as passengers reported minimal improvement in services, citing overcrowded check-in counters, insufficient security lanes, and basic sanitation issues. These complaints laid bare a dissonance between the increased fee burden on passengers and the quality of services delivered. This disparity has fueled widespread criticism, not only on social media but also in regulatory circles and consumer rights platforms.

Thiruvananthapuram International Airport, another facility now under Adani's control, provides a similarly stark example. Starting July 1, 2024, AERA approved a 50% hike in UDF for departing domestic passengers, from INR 506 to INR 770, and introduced a new fee for arriving passengers at INR 330. For international travellers, the fee structure was even more burdensome – an INR 1,540 charge for departures and an INR 660 charge for arrivals. Airlines warned that such fee hikes could divert traffic to nearby Kochi or international hubs like Dubai and Singapore. Airport authorities defended the move, citing necessary capital expenditure, including runway lighting, expanded terminal areas, and improved airside safety. However, the backlash was intense. Local industry groups argued that high UDFs could stifle regional tourism and weaken the economic integration of southern India.

Mangaluru Airport followed suit, albeit with a more gradual rollout. In 2022, AERA approved a staggered increase, taking the domestic UDF from INR 150 to INR 725 over three years and international from INR 825 to INR 1,200. Arrival UDFs were also introduced, with a phased ramp-up. Jaipur Airport, another Adani facility, saw domestic UDFs increase to INR 805 for departures and INR 345 for arrivals, even as international departure fees slightly declined. In Mumbai, Terminal 2's operator, Mumbai International Airport Ltd (MIAL), also largely under Adani's umbrella, announced a new class-based UDF from May 2025. Economy passengers will pay INR 615, while business class passengers will pay INR 695, with international charges adjusted upward accordingly. This marks the first time a tiered UDF model based on passenger class has been implemented in India.

These dramatic fee hikes have prompted larger questions about the underlying economics of airport privatisation in India. When Adani won the airport bids, its financial projections included optimistic assumptions about non-aero revenues, money earned from food courts, parking lots, advertising, and duty-free stores. AERA, in several cases, pushed back on these projections, suspecting they were overly bullish and possibly designed to justify steep UDFs. In Mumbai, AERA explicitly rejected the operator's initial projection of INR 20,000 crore in non-aeronautical revenue over five years, trimming it down by over 30%. This meant that a larger portion of capital recovery had to be sourced from UDFs and airline charges, transferring more of the burden onto passengers and carriers.

## Is the UDF increase fair?

To be fair, airport modernisation is undeniably expensive, and India's civil aviation infrastructure desperately needs upgrades. Passenger traffic is expected to double by 2030, with Tier-2 and Tier-3 cities becoming increasingly critical nodes in the national air network. Airports that were designed to serve 2 million passengers are now servicing four or five times that number. Terminal congestion, runway saturation, poor baggage handling systems, and the absence of multimodal connectivity have plagued the traveller experience. In this context, private capital, along with efficient execution, offers a path to rapid expansion and modernisation. Adani Group's defenders argue that it has delivered on deadlines, completed key structural work on time, and introduced new design elements like facial recognition-based entry and paperless boarding. Still, many passengers have reported that basic services have stagnated or worsened. Issues such as limited check-in counters, poor signage, unhygienic toilets, and crowded baggage claim areas have become commonplace complaints across Adani-run facilities. If passengers are paying 300-900% more than they did five years ago, they understandably expect commensurate improvement in service delivery. Unfortunately, UDF hikes seem to be outpacing actual upgrades in infrastructure and service quality, raising concerns about the fairness and timing of such increases.

Another source of contention has been the growing trend of awarding airport commercial contracts like retail outlets, food courts, and logistics services to Adani-linked entities. This internal cross-dealing may create pricing inefficiencies and limit competition, ultimately resulting in higher prices for passengers. AERA has flagged such practices, noting the risk of over-consolidation and conflict of interest. It is unclear, however, whether current regulations provide sufficient safeguards to ensure transparency and fair market practices in such instances.

## What steps should the AERA take?

So what can be done to balance the need for infrastructure investment with the passenger's right to affordable and comfortable travel? Several measures can help. First, AERA could make UDF hikes conditional on measurable service improvements. For example, an increase in UDF might only be permitted if terminal congestion drops by a certain percentage or if passenger satisfaction scores cross a predefined threshold. This would make UDF performance-linked rather than projection-linked, aligning incentives more closely with passenger welfare. Second, more transparency is needed in how UDF revenue is allocated. If 30% is going toward terminal expansion and 20% toward digital infrastructure, passengers should know that. Third, bidding processes for airport contracts, both aeronautical and non-aeronautical, should be independently audited to ensure there is no favouritism or monopoly-building behaviour. A diverse marketplace within airports can help improve pricing, quality, and consumer choice. Additionally, AERA should consider imposing annual caps on UDF increases, say, no more than 10-15% per year, rather than allowing sporadic, steep spikes that catch passengers and airlines off guard. Also, airports could be required to conduct public consultations before proposing UDF revisions, thereby including frequent travellers, airlines, and local economic stakeholders in the decision-making process. Finally, there should be a national benchmarking system comparing UDFs across similar-sized airports and correlating them with passenger satisfaction scores. If an airport charges more but offers less, its operator should face penalties or at least be subject to a more stringent audit.

## The Way Forward

While the rationale for UDFs is clear and the need for upgraded aviation infrastructure is beyond dispute, how these fees have ballooned under private operators, particularly the Adani Group, raises valid concerns. High UDFs, especially in the absence of visible service improvements, feel like an unjust tax on travellers. If India is to build world-class airports, it must also build world-class regulation and accountability. That means not just tracking profits and investments, but ensuring that passengers who ultimately pay the price, are treated not merely as consumers, but as critical stakeholders in the future of Indian aviation.

*(References – Outlook Traveller, CNBC TV18, Times of India)*

# GREENVISSAGE EXPLAINS

Greenvissage

# Why did spot electricity prices briefly fall to zero?

On the morning of May 26, 2025, something quietly extraordinary happened in India's electricity market. As monsoon clouds rolled gently across the skies in parts of North and Western India, electricity prices on the Indian Energy Exchange (IEX) fell to near zero. For several hours, power was essentially free. Electricity traded at a mere 11 paise per kilowatt-hour between 9 am and 1 pm, cheaper than the platform's transaction fee. It was a moment that revealed just how dramatically India's energy landscape is changing, thanks to one powerful force – the Sun. India has rapidly expanded its solar power capacity over the past decade. With ambitious national targets and falling panel prices, solar has become a cornerstone of the country's renewable energy push. On sunny days, especially during late morning and early afternoon, solar panels across India collectively generate tens of gigawatts of electricity. This surge in midday solar generation is creating a new challenge and opportunity for the grid. Most electricity in India is distributed via long-term contracts called Power Purchase Agreements (PPAs), where state-run utilities agree to buy fixed quantities of power at pre-negotiated rates. These agreements provide price stability, but they also limit flexibility. However, about 15% of India's electricity flows through short-term markets. Of that, a significant portion trades on real-time or day-ahead spot exchanges like the IEX. In these exchanges, electricity supply and demand fluctuate dynamically. Prices are determined by competitive bidding, with generators submitting the price at which they're willing to sell, and buyers like industrial consumers and utilities bidding for the power they need. On May 26, the sun was generous, but demand was modest. As a result, solar producers overwhelmed the exchange with low-cost electricity. Since solar has virtually zero marginal cost, the sunlight is free; after all, these producers undercut more expensive fossil fuel plants. Prices plummeted. This isn't just about price. It's also about timing. Electricity demand tends to peak in the evening, when people return home, lights and appliances are turned on, and commercial districts remain active. But solar production peaks in the middle of the day. This mismatch creates what's known globally as the duck curve, a graph showing a sharp midday drop in net demand as solar fulfils much of the load, followed by a steep rise in the evening as solar generation fades. Grid operators must then ramp up other power sources quickly to fill the gap, often relying on coal, gas, or hydropower. This rapid shift presents both technical and economic challenges. In India, renewable energy sources like solar and wind have must-run status. This means grid operators are obligated to accept their electricity into the system, regardless of demand levels. That rule is crucial for encouraging renewable adoption. But it also means that during certain hours, especially when demand is low, the grid receives more electricity than it can use. Conventional plants, such as coal or gas, aren't always nimble. Many can't shut down and restart easily. To avoid technical risks or start-up costs, they may continue generating power even when it's not needed. The result is an oversupplied market where prices collapse. In countries like Germany or parts of the US, electricity prices have occasionally dipped below zero. In such cases, generators pay buyers to take their power. It sounds irrational until you factor in fixed subsidies and technical constraints. Some Indian solar plants, for example, are backed by contracts that guarantee payment at ₹2 to ₹3 per kilowatt-hour. Even if they sell on the spot market at a loss, they're still earning money overall. So far, India hasn't seen negative pricing, but with renewable penetration rising and storage still limited, it's no longer a far-fetched scenario. The May 26 price crash is not just a one-off blip. It's a signal that India's grid is entering a new phase. Battery systems and pumped hydro storage will be vital to absorb excess solar during the day and release it during evening peaks. Incentivising consumers, especially large industries, to shift consumption to daylight hours could smooth demand curves and stabilise prices. Thermal plants must adapt to operate more flexibly or risk becoming uneconomical during solar-dominated hours. A smarter, more responsive grid with advanced forecasting and automation will be key to managing supply-demand imbalances. India's goal of 500 GW of non-fossil capacity by 2030 is no longer just a slogan. It's reshaping the power market in real time. The events of May 26 are a clear sign: the sun isn't just shining, it is disrupting.

*(References – Mercom India, Money Control, The Hindu, Live Mint)*

# Is Loop Health reimagining healthcare or just a niche experiment?

In India's increasingly crowded health-tech landscape, Loop Health has carved out a unique position. Founded in Pune in 2018, the company has taken a fresh approach to employee health benefits by combining traditional group insurance with integrated, always-on primary care. Rather than offering insurance alone, an often impersonal, transactional product, Loop positions itself as a healthcare partner. Its platform bundles insurance with access to its in-house doctors, mental health professionals, chronic disease support, wellness sessions, and round-the-clock medical guidance via chat or phone. This integrated health assurance model, as Loop calls it, is strikingly different from what most Indian employees are used to. Unlike traditional insurance brokers, Loop employs a medical team of its own. Their goal isn't just to reimburse care but to prevent illness altogether. This changes the usual dynamic - conventional insurance companies make money when policyholders don't use healthcare, which often leads to claim denials or restricted coverage. Loop flips the logic. It thrives when people are healthier, miss fewer workdays, and make fewer hospital visits, outcomes that benefit both employees and the employers footing the insurance bill. In that sense, the company isn't just selling policies; it's selling peace of mind, productivity, and prevention.

Has the model worked? So far, signs are promising. Loop has grown rapidly in both user base and investor confidence. Between 2021 and 2022, the company raised over USD 40 million from major global investors, including General Catalyst, Elevation Capital, and Khosla Ventures. It has expanded its presence to cover hundreds of companies and tens of thousands of employees. According to company reports, usage of its medical chat services and primary care consults has grown significantly year over year. Employers, especially startups and tech firms in cities like Bengaluru, have been early adopters, seeing Loop not just as an insurance provider but as part of their HR and employee engagement strategy. But as with any ambitious model, challenges remain. For one, scaling personalised care is difficult. Loop's strength lies in its in-house care team, but ensuring that level of quality and responsiveness across millions of users would require substantial operational sophistication and cost. This raises questions about profitability. While the startup is focused on growth, sustaining the model long-term will require clear evidence that its preventive care philosophy actually reduces claims and costs in measurable ways.

There's also the question of whether India, beyond its top-tier cities and startup hubs, is ready for this model. Many employees outside urban centres still prefer face-to-face consultations with trusted local doctors, and the habit of using digital healthcare platforms is far from universal. For Loop to scale nationwide, it will need to adapt its delivery model, perhaps partnering more deeply with physical networks or developing hybrid offerings. Regulatory scrutiny is another factor to consider. As Loop straddles the worlds of insurance and healthcare delivery, it faces oversight from multiple authorities, including the Insurance Regulatory and Development Authority of India (IRDAI). In a fast-evolving sector, changes in policy or concerns about data privacy could impact its model.

Still, Loop is tapping into something powerful - a shift in how healthcare is perceived, not just as a fallback during illness, but as a continuous service that prevents problems before they escalate. It's a trend we've seen globally, from the US to Europe, and Loop bets that Indian employers, too, will see value in healthier employees, lower absenteeism, and fewer claims. So, is Loop Health the future of healthcare in India? It very well could be if it can demonstrate sustained health outcomes, expand beyond the tech-savvy early adopters, and manage its operational costs while keeping care personalised. For now, it stands as a bold, well-funded experiment that's rewriting the rules of employee healthcare. Whether it becomes the new standard or remains a premium niche offering will depend not just on its vision, but on how well it executes in the years ahead.

*(References – The Ken, Business Wire India, Your Story)*


## Can carbon pricing become a global strategy?

In the global effort to combat climate change, carbon pricing has steadily shifted from a niche economic proposal to a mainstream climate strategy. As countries search for effective, scalable tools to curb emissions, the once-radical idea of putting a price on carbon has found a central place in national and international policy frameworks. At its core, carbon pricing reflects a simple principle: if greenhouse gas emissions contribute to global harm, those responsible should bear the cost. Whether through a tax or a market-based mechanism, carbon pricing aims to correct what economists call a market failure, the inability of the market to account for environmental externalities. Instead of treating the atmosphere as a free dumping ground, carbon pricing assigns a monetary value to emissions, influencing behaviour by altering cost structures. This mechanism incentivises cleaner production, encourages energy efficiency, and creates pressure to innovate. According to a recent analysis by the OECD and International Energy Agency (IEA), carbon pricing initiatives now cover roughly 30% of global $CO_2$ emissions. This is a significant leap from where things stood just a decade ago, when fewer than 15% of emissions were priced in any form. While that growth reflects increased political will and policy experimentation, it's important to recognise what this also implies - 70% of emissions still go unpriced. In sectors like agriculture, shipping, and aviation, effective carbon pricing is either weak or absent. The Carbon Pricing Leadership Coalition emphasises that for pricing to influence behaviour meaningfully, it must be both widespread and robust, two qualities still lacking in many jurisdictions. Countries adopt different models of carbon pricing based on political feasibility, institutional capacity, and economic context. Carbon Taxes used in countries like Sweden, Chile, and South Africa set a fixed price per ton of $CO_2$. This model offers predictability and administrative simplicity. Cap-and-Trade Systems, such as the EU Emissions Trading System or China's national carbon market, set a maximum limit on emissions and allow companies to trade emission allowances. Some countries are beginning to hybridise these approaches, combining taxes with trading mechanisms or embedding pricing within broader climate legislation. In Sweden, for instance, a high carbon tax, above USD 130 per ton, coexists with other regulatory and fiscal incentives, helping the country achieve both emission reductions and economic growth. By contrast, in the EU, the ETS has gradually evolved to cover more sectors and reduce the number of permits, which has recently pushed carbon prices upward. The revenue generated from carbon pricing can be substantial. According to the IMF, global carbon tax and trading revenues exceeded USD 100 billion in 2023, with many governments redirecting funds toward climate adaptation, public transport, and low-income household rebates. British Columbia's model, before its recent repeal, stood out for using tax revenues to reduce personal and corporate income taxes, demonstrating that carbon pricing doesn't have to hurt economic competitiveness. Beyond government-led systems, voluntary carbon markets have emerged to meet the demand from corporations aiming for net-zero targets. These markets allow businesses to offset emissions by purchasing carbon credits linked to reforestation, renewable energy, or conservation projects. However, questions over the integrity and verification of these credits have sparked controversy. A 2023 investigation by The Guardian and Corporate Accountability revealed that many forestry-based offsets failed to deliver the promised carbon savings, leading to a glut of junk credits with little real impact. This lack of credibility risks undermining public trust and reducing the effectiveness of voluntary efforts, especially when more than one billion unused credits remain unretired, raising doubts about whether they were ever truly legitimate. Despite notable progress, carbon pricing still faces considerable headwinds. Political resistance is strong in many regions. Public opposition to rising energy costs has forced governments to delay or cancel pricing schemes, a prominent example being the rollback of France's fuel tax after the Yellow Vest protests. Price levels remain too low in most systems. The High-Level Commission on Carbon Prices recommends a price range of USD 50 to 100 per ton by 2030 to align with the Paris Agreement. Yet the global average remains under USD 10. Fragmented systems complicate global coordination. Without harmonisation, companies can exploit regulatory differences and relocate to countries with laxer rules.

*(References – IEA, The Guardian, Wikipedia)*

# Why the paint industry is facing a cracked surface?

The Indian paints industry, long admired for its steady growth and consistent margins, is entering an unfamiliar territory. Once insulated from macroeconomic shocks, the sector is now feeling the heat from multiple stress points, waning consumer demand, aggressive new entrants, and a narrowing cost advantage. What was once a dependable, colourful business is now navigating through a storm of market shifts. One of the most telling signs of this shift is the change in consumption sentiment. Traditionally, paint sales peak during festive periods or home renovation booms. But over the past year, this cyclicality has weakened. According to a report by Crisil, the overall volume growth of the decorative paints segment slowed to 6-7% in FY24, compared to a double-digit run in the previous years. This softening is attributed largely to urban sluggishness, a consumer belt where discretionary spending has taken a hit amid inflationary pressures and job-market uncertainty.

Another key factor disrupting the sheen of the industry is the emergence of deep-pocketed challengers. Grasim Industries, with its brand Birla Opus, has fundamentally altered the market structure. In less than 18 months, it's already claimed a noticeable share by capacity and pushed incumbents to rethink pricing strategies. According to Motilal Oswal, Grasim's targeted pricing, 10–15% lower than peers in some regions, has unsettled the dominance of companies like Asian Paints and Berger. And this isn't just a pricing play; Grasim is investing heavily in dealer networks, branding, and customer outreach. This has led to an unexpected shift in price wars in a segment once defined by brand stickiness and margin stability. As a result, companies that typically saw consistent pricing power are now cutting rates to protect volumes. Asian Paints, for instance, has introduced promotional schemes and discounts that, while shielding its market share, have eroded its margins. In its recent Q4 FY25 results, the company reported flat revenue growth and a YoY net profit decline, citing promotional pressures and heightened competition as key reasons. While rural demand is showing signs of resilience, buoyed by monsoon optimism and improved farm output, it hasn't been sufficient to offset urban decline. Moreover, competition in rural markets is intensifying as well, particularly with regional brands offering budget-friendly alternatives. Paint firms that once could rely on tier-2 and tier-3 cities to cushion metropolitan softness now face thinning buffers.

Adding to the complexity is the cost equation. Input prices, especially for crude derivatives like monomers and solvents, have cooled. Yet, the benefit from this softening is being absorbed by a rise in marketing and distribution expenses. As firms ramp up advertising to retain visibility and push premium products, the overall cost structure remains high. According to ICRA, while gross margins are slightly better YoY due to input cost normalisation, EBITDA margins have stayed under pressure for most mid- and large-cap players due to higher selling costs. The premiumization trend, once a safe path to margin expansion, is also facing hurdles. Consumers are opting for lower-end emulsions or even whitewash alternatives, reversing the industry's focus on innovation-led upselling. Dealers, too, are being courted by multiple brands offering lucrative incentives, making loyalty hard to sustain. Meanwhile, JSW Paints, a relatively smaller player, is reported to be eyeing acquisitions, including a potential bid for Akzo Nobel's India operations. If successful, this could add further momentum to industry consolidation and intensify competitive churn. With so many moving parts, analysts are cautious in their forecasts for FY26. Some expect marginal improvements if the infrastructure push and housing projects gain speed. But much of the optimism depends on how companies navigate this shifting landscape without compromising profitability. From subdued consumer confidence to capital-heavy entrants altering the competitive balance, the industry must now trade predictability for agility. For an industry that long prized stability, the next phase could be as much about strategic reinvention as it is about colour palettes.

*(References – The Economic Times, Fortune India, Coating World)*

# COMPLIANCE UPDATES

Greenvissage

## Government policies

**FASTag Annual Pass |** The FASTag Annual Pass, set to be effective from August 15, 2025, offers frequent private car, jeep, or van users on National Highways (NH) and National Expressways (NE) free passage for one year or 200 trips, whichever comes first, after an upfront payment of INR 3,000. However, this pass is not a universal solution and comes with significant limitations. It is exclusively for private, non-commercial vehicles and is non-transferable, tied to a specific FASTag and vehicle. Its validity is restricted to NH and NE toll plazas, meaning it's not applicable for state highways or other local authority-managed tolls. Users should note the fixed, non-refundable cost, as unused trips are forfeited. Proper FASTag installation and linking to a valid Vehicle Registration Number (VRN) are mandatory for activation. Trip counting can also be a source of confusion, with each crossing at point-based plazas counting as one trip (a round trip is two), while closed tolling plazas count one entry-exit pair as a single trip. (Economic Times)

**India-US Trade Talks Hit Roadblock Ahead of Tariff Deadline |** Trade discussions between India and the US have stalled due to unresolved disagreements on import duties for crucial sectors like auto components, steel, and farm goods, dimming prospects of reaching a deal before President Donald Trump's July 9 deadline for imposing reciprocal tariffs. Indian officials confirm New Delhi is seeking a rollback of the proposed 26% reciprocal tariff and concessions on existing US tariffs on steel and auto parts. However, US negotiators are pushing for deeper import tariff cuts from India on items such as soybeans, corn, cars, and alcoholic beverages, along with easing non-tariff barriers. An Indian delegation is still expected to visit Washington, but discussions may now shift towards a broader, long-term agreement rather than a rushed interim pact. Despite the impasse, Indian officials emphasise a commitment to the US as an economic partner while maintaining policy independence. (Reuters)

## Goods and services tax

**Fitment Committee Backs GST Cut on Green Hydrogen to 5% |** The GST fitment committee has recommended reducing the goods and services tax on green hydrogen from 18% to 5%, along with similar cuts on storage batteries and green hydrogen electrolysers, which are key components in its production. The proposal, if approved by the GST Council in its upcoming July meeting, is aimed at making green hydrogen and related technologies more affordable to accelerate their adoption across industries. The move follows persistent industry lobbying, with stakeholders arguing that lower taxes would help drive down costs and support India's clean energy goals. The development also aligns with the India-EU Clean Energy and Climate Partnership, which includes plans for joint projects and green hydrogen imports. As India readies itself to tap into the growing European market, the tax cuts are expected to strengthen domestic production under the National Green Hydrogen Mission. Announced in January 2023 with a total allocation of INR 19,744 crore, the mission targets the production of 5 million tonnes of green hydrogen by 2030, contributing to reduced energy import dependence and industrial decarbonisation under the Atmanirbhar Bharat initiative. (Economic Times)

**DIN Not Mandatory for GST Notices with Portal Reference Number |** The Central Board of Indirect Taxes and Customs (CBIC) has clarified that a Document Identification Number (DIN) is not required for GST-related communications issued through the common portal if they already carry a verifiable Reference Number (RFN). This marks an amendment to an earlier directive that made quoting DIN mandatory on all communications sent to taxpayers. The clarification follows concerns from taxpayers who questioned the validity of GST notices lacking DIN. The CBIC explained that the RFN, which is automatically generated on the GST portal, already ensures traceability and verification of documents by providing complete metadata such as issue date, communication type, issuing office, and module details. Therefore, any GST show cause notice or other communication issued via the GST portal with an RFN is considered valid and does not require an additional DIN. This change aligns with Section 169 of the CGST Act, 2017, and aims to eliminate confusion among taxpayers and streamline digital compliance procedures. (Economic Times)

**GSTR-3B Editing to Be Disabled from July |** Starting July, taxpayers will no longer be able to edit the auto-populated tax liability in GSTR-3B returns, as per a major change introduced by the GST Network (GSTN) to curb misuse and plug revenue leakages. The decision, which has been under consideration for

18 months, aims to prevent manipulation of Input Tax Credit (ITC) claims by disallowing post-filing changes in GSTR-3B. Under the new regime, any corrections must be made via the newly introduced GSTR-1A form, which is not in real-time, potentially delaying ITC for buyers and causing cash flow issues. Experts highlight that GSTR-2B, used by buyers to claim ITC, is generated on the 14th, while GSTR-3B is due on the 20th, creating a narrow window for rectifications. The change mandates precise GSTR-1 filings by suppliers, as even minor errors may impact buyers' ITC timelines. While officials argue the update is necessary to protect government revenue and address systemic loopholes, tax professionals warn of increased compliance burdens and the risk of penalising honest taxpayers due to limited error correction options. (Times of India)

🟥 **Taxpayers Barred from Filing GST Returns Older Than Three Years |** The GSTN has issued a final advisory reminding taxpayers that, beginning August 1, 2025, the GST portal will permanently block the filing of returns that are more than three years past their due dates. This restriction, notified under the Finance Act, 2023 and effective from October 1, 2023, applies to returns filed under Sections 37, 39, 44, and 52, covering forms such as GSTR-1, GSTR-1A, GSTR-3B, GSTR-4, GSTR-5, GSTR-6, GSTR-7, GSTR-8, and annual returns like GSTR-9 and GSTR-9C. For example, returns for June 2022 in monthly forms like GSTR-1, GSTR-3B, GSTR-5, GSTR-6, GSTR-7, and GSTR-8, and FY 2020–21 annual returns will be barred from filing after August 1. The advisory reiterates the need for taxpayers to promptly reconcile and submit any pending returns before the system enforces the cutoff. Failure to do so will result in a permanent inability to file, regardless of the circumstances. (Goods and Services Tax Network)

🟧 **E-Way Bill 2.0 Portal with Cross-Portal Functionality from July 1 |** The GST Network has announced the rollout of the E-Way Bill 2.0 portal by NIC on July 1, 2025, introducing enhanced interoperability with the existing E-Way Bill 1.0 portal. Developed to ensure business continuity during technical disruptions, the new portal enables real-time synchronisation between both systems, allowing users to perform critical actions across portals. Key features include generation and consolidation of E-Way Bills, extension of validity, transporter updates, and retrieval of consolidated slips, irrespective of the portal used for original bill generation. Previously available services like E-Way Bill creation, vehicle detail updates, and printing remain intact. In case of downtime on the 1.0 portal, users can seamlessly operate through E-Way Bill 2.0 without interruption. Additionally, all functions will be accessible via APIs, which are currently open for testing in sandbox mode. This dual-portal setup is intended to eliminate reliance on a single system, enabling cross-portal updates and carrying of valid E-Way Bill slips generated from either portal. (Goods and Services Tax Network)

## Income tax

🟧 **ITR Filing Deadline Extended to September 15 |** The Income Tax Department has extended the due date for filing Income Tax Returns for FY 2024–25 (AY 2025–26) from July 31, 2025, to September 15, 2025, for taxpayers not subject to audit, including salaried individuals, pensioners, and NRIs. Experts have clarified that since the ITR filing due date under Section 139(1) has been officially extended, interest under Section 234A will not be applicable if the self-assessment tax is fully paid and the return is filed by the revised deadline. The position is supported by Supreme Court precedent and past CBDT circulars. However, penal interest under Sections 234B and 234C for non-payment or shortfall in advance tax continues to apply independently of the return filing date. Taxpayers must ensure full advance tax compliance to avoid those charges. If self-assessment tax is paid after September 15, penal interest at 1% per month will apply under Section 234A. (Economic Times)

🟧 **Aadhaar Mandatory for New PAN Applications |** The Central Board of Direct Taxes will require Aadhaar authentication for all new Permanent Account Number (PAN) card applications beginning July 1, as part of efforts to strengthen compliance and curb tax evasion. The move, aligned with the government's digitalisation drive, is aimed at preventing the issuance of multiple PANs to a single individual and curbing fraudulent activities such as fake GST registrations. Currently, PAN applications can be submitted using basic identification documents, though existing PAN holders are already mandated to link their Aadhaar by December 31, 2025, to avoid deactivation. The income-tax portal will enforce the new Aadhaar requirement for fresh applications from July. Officials cited multiple instances of PAN misuse and duplication, which triggered this policy shift. As of March 2024, over 740 million PANs were issued in India, with 605 million already linked to Aadhaar. (Economic Times)

🟧 **Directorate of Public Grievances Now to Address Income Tax and Customs Complaints |** The jurisdiction of the Directorate of Public Grievances (DPG), functioning under the Cabinet Secretariat, has been officially extended to include matters related to the Income Tax Department and the Central Board of Indirect Taxes and Customs, allowing citizens to seek resolution for grievances in these areas. According to a recent government notification, aggrieved individuals can now approach the DPG with unresolved complaints about income tax and customs, provided they have already attempted resolution through existing departmental mechanisms. Grievances can be submitted online or offline, along with supporting documents and disclosures of any pending legal proceedings. Upon receiving a complaint, the DPG evaluates its relevance and gravity before either forwarding it to the concerned department or seeking a direct response within 15 working days. Departments are expected to respond within 30 days, and further clarifications may be sought if required. (The Hindu Business Line)

🟧 **IT Officials to Issue Only Justified and Relevant Scrutiny Queries |** The Central Board of Direct Taxes (CBDT) has directed Income Tax Department officials to ensure that all scrutiny notices issued to taxpayers are specific, relevant, and justified, avoiding any irrelevant or broad-based queries. In a communication sent by CBDT Chairman Ravi Agrawal, regional heads such as Principal Chief Commissioners (PCCITs) have been instructed to supervise assessing officers and ensure the quality of scrutiny-related questions. The directive emphasises that Faceless Assessing Officers (FAOs) must apply due diligence based on the particular facts of each case, with assessment unit heads—Additional or Joint Commissioners—being held directly accountable for the content of notices and assessment orders. The CBDT has called for monthly reviews by supervisory officers to ensure adherence and has mandated PCCITs to provide regular updates on the quality of scrutiny actions. These instructions accompany the annual guidelines for compulsory selection of income tax returns for detailed scrutiny in the 2025–26 financial year, issued on June 13. (Economic Times)

🟩 **CBDT Grants TDS Exemption on Payments to IFSC Units from July 1 |** The Central Board of Direct Taxes (CBDT) has announced a tax relief exempting certain payments made to units located in International Financial Services Centres (IFSCs) from Tax Deduction at Source (TDS), effective July 1. The exemption applies to payments made by finance companies, fund managers, recognised clearing corporations, and stock exchanges, covering categories such as commission incentives, lease interest, freight or hire charges, portfolio management and advisory fees, professional and technical charges, and rent for data centres. To avail the benefit, the payee must submit a statement-cum-declaration to the payer. This relief is applicable for any ten consecutive assessment years, as selected by the payee. (Economic Times)

🟧 **Direct Tax Collections Rise 4.9% Advance Tax Up 3.9% in FY26 |** India's gross direct tax collections for FY 2025–26 reached INR 5.45 lakh crore as of June 19, reflecting a 4.86% year-on-year increase, according to data released by the Income Tax Department. The rise includes receipts from corporate tax, non-corporate tax, and securities transaction tax. However, net collections dipped by 1.39% to INR 4.59 lakh crore due to a sharp 58.04% increase in tax refunds, which rose to INR 86,385 crore from INR 54,661 crore last year. Advance tax collections grew by 3.87% to INR 1.56 lakh crore, with corporate advance tax up 5.86% to INR 1.22 lakh crore and non-corporate advance tax down 2.68% to INR 33,928 crore. (Economic Times)

## Corporate and allied laws

🟧 **MCA to Decommission MCA21 V2 Portal from July 14 |** The Ministry of Corporate Affairs (MCA) has announced the complete discontinuation of its MCA21 Version 2.0 portal from July 14, 2025, marking the full transition to the upgraded Version 3.0 platform. E-filings on the V2 portal will be disabled starting June 18, while offline payments via the pay later option ceased from June 8. To facilitate this shift, the MCA will launch 38 additional company forms on July 14, including 13 annual filing forms and six audit-related forms, completing the migration to V3. Stakeholders are advised to clear all pending Service Request Numbers (SRNs), particularly those involving investor and subsidiary details, and ensure timely online payments. The V3 portal, which will be unavailable between July 9 and 13, offers enhanced features such as online form submission, e-adjudication, e-consultation, and compliance management, aimed at improving usability and legal workflow. The ministry has warned that no fee waivers or resubmission period extensions will be granted during the transition downtime. Users are required to either create new user IDs or migrate existing ones to access the V3 platform under the business user category. (Financial Express)

🟩 **SEBI Eases ESOP Rules for IPO-Bound Startup Founders |** The Securities and Exchange Board of India (SEBI) has relaxed norms for startup founders regarding their employee stock options (ESOPs) when taking companies public. Announced in a board meeting on Wednesday, June 25, 2025, founders can now retain ESOPs granted at least one year before filing the draft red herring prospectus (DRHP). These stock options may continue to be exercised even after the company lists and founders are classified as promoters. Previously, founders were required to liquidate outstanding stock options before an IPO, as they were considered promoters and thus ineligible for ESOPs post-listing. This rule negatively impacted founders during the IPO process, and the relaxed norms are expected to aid companies considering listing in India, particularly those undergoing a reverse flip. (Economic Times)

## Finance and banking

🟥 **MHA Tightens FCRA Rules on NGOs Publishing News Content |** The Union Home Ministry has introduced new directives under the Foreign Contribution Regulation Rules, requiring non-governmental organisations (NGOs) involved in publication activities and receiving foreign funds to obtain a Not a Newspaper certificate from the Registrar of Newspapers for India (RNI). This certificate must confirm that the NGO does not circulate any news content. The amended rules stipulate that if an organisation's publication is registered with the RNI, it must furnish this certificate to continue receiving foreign contributions. These changes are part of broader amendments to the Foreign Contribution Regulation Act (FCRA), under which non-profit organisations must register to receive funds from abroad. (Scroll)

🟩 **RBI Tightens Rules to Combat Loan Evergreening Via AIF |** The Reserve Bank of India (RBI) has implemented stringent regulatory measures to curb loan evergreening, a practice where regulated entities (REs) use Alternative Investment Funds (AIFs) to mask non-performing assets (NPAs). Notifications issued in December 2023 and March 2024 prevent REs from investing in AIFs that have exposure to their debtor companies if they have extended loans within the preceding 12 months. Non-compliance mandates either divestment within 30 days or a 100% provisioning of the investment. The March directive clarified that provisioning applies only to the extent of the AIF investment exposed to the debtor and exempted equity-based downstream investments. While aimed at enhancing financial transparency and reducing systemic risks, these measures face criticism for their stringent timelines, the significant compliance burden on REs, especially NBFCs, and potential disruption to capital flows into the AIF market. (Live Law)

🟩 **Rajasthan Police Launch Statewide Crackdown on 'Mule Bank Accounts' |** The Rajasthan police have initiated a statewide crackdown on individuals who allow cybercriminals to use their bank accounts for illicit transactions in exchange for a commission. Utilising Section 170 of the newly enacted Bharatiya Nagrik Suraksha Sanhita (BNSS), a preventive legal provision, arrests are being made based on suspicion, even if no direct cybercrime case has been registered in Rajasthan. This strategic approach aims to preempt offences by apprehending suspected 'mule account' holders. Recent operations in Churu and Dausa districts have led to multiple arrests, with transaction details being shared with police in other states where the original complaints originated. Police emphasise that ignorance of the illegal nature of transactions is not an excuse, and even 'unintentional' involvement is a punishable offence. The campaign, which also investigates potential involvement of bank staff, seeks to enhance enforcement and raise public awareness about the risks and legal consequences of enabling cybercrime. (Times of India)

## Customs and foreign trade

🟩 **DGFT Notification Aligns Precious Metal Import Rules with Budget 2025 |** The Directorate General of Foreign Trade (DGFT) has issued a new notification No. 08/2025 to streamline the import of precious metals, ensuring consistency between customs duties and import regulations as outlined in the Union Budget 2025. According to the Global Trade Research Initiative (GTRI), this move aims to plug loopholes, such as importers mislabeling high-purity gold as platinum alloys to exploit lower duties under the India-UAE Free Trade Agreement. The notification introduces new Harmonised System (HS) codes for platinum with 99% or more purity, making only this category eligible for FTA benefits. It also creates separate codes for semiprocessed forms like gold and silver doré for better customs tracking. Import of unwrought silver (99.9% purity) and certain unwrought/semi-manufactured gold (99.5% purity) is now restricted to nominated agencies, qualified jewellers via the India International Bullion Exchange (IIBX), or India-UAE Tariff Rate Quota holders. Gold doré imports for refineries require a license. (Economic Times)

**India Restricts Jute Imports from Bangladesh Citing Unfair Trade Practices |** India has imposed immediate restrictions on the import of jute and allied fibre products from Bangladesh, citing unfair trade practices that have adversely affected Indian farmers and the domestic jute industry. Effective June 27, 2025, these new measures will apply to imports across all land and seaports, with the sole exception of the Nhava Sheva seaport in Maharashtra. Officials stated that Bangladeshi exporters have been circumventing existing anti-dumping duties through methods like mislabeling, technical exemptions, and misdeclaration to secure higher subsidies, despite enjoying duty-free access under SAFTA. The restrictions are aimed at countering these malpractices, promoting the 'Atmanirbhar Bharat' initiative, and safeguarding the livelihoods of those dependent on India's jute economy. This decision follows earlier restrictions on other Bangladeshi goods and reflects growing strain in bilateral trade relations. (Economic Times)

## Accounting and management

**ICAI to Limit Tax Audits to 60 Annually Individually |** The Institute of Chartered Accountants of India (ICAI) has decided to cap the number of tax audits an individual chartered accountant (CA) can undertake annually to 60, effective from April 1, 2026. This aggregate limit will apply to all tax audits signed by a member, whether in an individual capacity or as a partner in a firm, and a partner cannot sign a tax audit report on behalf of another partner. Currently, while a firm may handle up to 240 audits, individual partners could sign more than 60. ICAI President Charanjot Singh Nanda confirmed the move is partly aimed at curbing malpractices, referencing the control enabled by the Unique Document Identification Number (UDIN) system. (Economic Times)

**ICAI Approves Draft for Indian CA Firms to Form Global Partnerships |** The Institute of Chartered Accountants of India (ICAI) has approved a new draft regulatory framework that will allow domestic chartered accountant (CA) firms to enter into formal partnerships with foreign accounting networks operating in India. This landmark policy aims to significantly boost the global competitiveness of Indian firms, aligning with the government's vision for internationally recognised home-grown accounting entities. The approved draft mandates mandatory registration with the ICAI for Indian firms in such collaborations, requires the appointment of a senior partner as a nodal officer to ensure compliance, and stipulates annual disclosures including firm names, registration numbers, shareholding structures, and financial statements. Indian CA firms must also adhere to ICAI's ethical and compliance standards in these international partnerships. (The Accountant)

## Payroll and personal finance

**SEBI to Provide Digital Protection to Investors with 'SEBI Check' |** The Securities and Exchange Board of India (SEBI) launched 'SEBI Check', a new initiative designed to safeguard investors from fraud by allowing them to validate UPI addresses of SEBI-registered intermediaries in real-time. This systemic solution aims to enhance transparency and security for retail investors by ensuring payments are made only to verified entities, addressing the rise in cyber fraud from unverified players. Effective October 1, 2025, the system will apply to nearly 9,000 SEBI-registered intermediaries, primarily brokers involved in fund collection. The 'SEBI Check' tool mandates a specific UPI address format for all SEBI-registered, investor-facing intermediaries, including a readable username followed by a clear suffix (e.g., .brk for brokers, .mf for mutual funds) and a unique @valid handle allocated by the National Payments Corporation of India (NPCI). A distinctive thumbs-up inside a green triangle icon will appear upon validation, visually confirming the recipient's legitimacy and serving as a warning if absent. This transition is expected to incur minimal cost and boost confidence in digital financial transactions. (Financial Express)


# ECONOMIC INDICATORS

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## 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 | 2.82 | 3.16 |
| Balance of Trade ($bn) | Apr-25 | (21.88) | (26.42) |
| Business confidence | Mar-25 | 120.00 | 120.00 |
| Manufacturing PMI | Jun-25 | 58.40 | 57.60 |
| Services PMI | Jun-25 | 60.70 | 58.80 |

(Trading Economics)

## Commodities Futures

| Commodity | Expiry | Price | Change % |
|---|---|---|---|
| Gold | Aug-25 | 97,605.00 | 0.37 |
| Silver | Sep-25 | 1,07,211.00 | 9.61 |
| Crude Oil | Jul-25 | 5,641.00 | 5.58 |
| Natural Gas | Jul-25 | 289.90 | (4.83) |
| Aluminum | Jul-25 | 249.90 | 6.16 |
| Copper | Jul-25 | 901.95 | 3.91 |
| Zinc | Jul-25 | 257.50 | 2.00 |

(MCX India)

## Global Indices

| Index | Country | Change % |
|---|---|---|
| NIFTY 50 | India | 3.34% |
| BSE SENSEX | India | 2.86% |
| NIFTY BANK | India | 2.78% |
| INDIA VIX | India | -27.28% |
| DOW JONES | USA | 4.23% |
| S&P 500 | USA | 4.53% |
| NASDAQ | USA | 5.86% |
| S&P/TSX | Canada | 1.77% |
| BOVESPA | Brazil | 1.51% |
| DAX | Germany | -0.99% |
| FTSE 100 | UK | -0.49% |
| CAC 40 | France | -1.55% |
| FTSE MIB | Italy | -1.18% |
| MOEX | Russia | 0.94% |
| NIKKEI 225 | Japan | 6.50% |
| S&P/ASX 200 | Australia | 1.51% |
| SHANGHAI | China | 3.29% |
| HANG SENG | Hong Kong | 3.95% |
| KOSPI | South Korea | 14.48% |

(Investing.com)

## Currency Exchange Rates

| Pair | Current | Prior | Change % |
|---|---|---|---|
| USD/INR | 85.54 | 85.48 | (0.08) |
| GBP/INR | 117.47 | 115.14 | (2.02) |
| EUR/INR | 100.45 | 96.94 | (3.62) |
| YEN/INR | 59.43 | 59.36 | (0.12) |

(FBIL India)

## Cryptocurrencies

| Pair | Crypto | Price | Change % |
|---|---|---|---|
| BTC/USD | Bitcoin | 1,06,448.78 | 0.96 |
| ETH/USD | Ethereum | 2,440.01 | (2.82) |
| BNB/USD | Binance | 650.76 | (1.41) |
| SOL/USD | Solona | 148.26 | (2.42) |

(Crypto.com)

## Bank Policy Rates

| Type | Current | Prior | Change % |
|---|---|---|---|
| Repo rate | 5.50 | 6.00 | (0.50) |
| Standing deposit | 5.25 | 5.75 | (0.50) |
| Marginal facility | 5.75 | 6.25 | (0.50) |
| Bank rate | 5.75 | 6.25 | (0.50) |
| Reverse Repo | 3.35 | 3.35 | - |

(RBI India)

For queries and feedback, please write to us at **info@greenvissage.com**

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