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SPOTLIGHT

Greenvissage

Frenemies – India under the Trumpian territory! Trump did what Trump said. Now, what ‘trump card’ does India have?



Introduction

As Donald Trump gains momentum in his bid for a second term in the White House, investors and policymakers across the globe are bracing for a potential resurgence of protectionist trade policies. Among the countries that should be paying particular attention is India. The prospect of new tariffs, especially Trump's pet idea of reciprocal tariffs, is looming large over Indo-US trade relations. While much of the world is focused on what Trump's economic nationalism might mean for China, Mexico, or Europe, India has quietly emerged as one of the United States' top trading partners. In many ways, that's good news. But in a Trumpian world, where trade surpluses are seen as an unfair advantage and tariff symmetry is demanded at all costs, India might find itself in a vulnerable position. This article delves into the implications of Trump's tariff rhetoric for India, going beyond the obvious trade numbers to assess the underlying economic risks, strategic responses, and the opportunities that might emerge in the turbulence.

Is India-US Trade Imbalanced?

Over the past decade, trade between India and the United States has grown significantly. The US overtook China to become India's largest export destination in FY 2023, with goods exports reaching approximately USD 78.5 billion. Imports from the US, however, lagged far behind, leading to a trade surplus of nearly USD 45 billion in India's favour. This imbalance is precisely the kind of dynamic that Trump has railed against in the past. During his first term, he labelled India the Tariff King, criticising the country's high import duties on American products ranging from motorcycles to medical devices. If elected again, he has made it clear that countries imposing higher tariffs than the US should expect equivalent tariffs in return, a thinly veiled warning to India.

How is India Uniquely Exposed?

Tariff Structures are Asymmetrical

India maintains higher average tariff rates across a wide range of goods, a legacy of its import-substitution industrial policy from earlier decades. While the country has liberalised over time, sectors such as automobiles, food processing, electronics, and textiles still see high import duties, in some cases exceeding 30%. In contrast, American tariffs are generally lower, averaging around 2-3% for many categories. Trump's principle of reciprocal tariffs would, therefore, result in a disproportionate hit to Indian exports, simply because the baseline from which US tariffs would be raised is much lower.

India has Limited Retaliation Power

Unlike China or the EU, which have significant economic leverage over the United States due to large bilateral trade volumes and strategic industries, India lacks equivalent countermeasures. US exports to India constitute a small fraction, around 2% of total American exports. While India is a buyer of American defence equipment and energy, including LNG and crude oil, these sectors are unlikely to sway US trade policy decisively. In a full-blown tariff escalation, India would have few tools to retaliate meaningfully.

Sectoral Dependence on US Markets

Some of India's most vital export industries, pharmaceuticals, textiles, jewellery, and IT services, are deeply integrated into the US economy. For instance, nearly a third of India's generic pharmaceutical exports are sold in the United States. Similarly, the US accounts for a significant portion of India's textile and apparel exports, and around 60% of the revenue for top Indian IT firms. Any targeted US tariffs or regulatory restrictions in these areas could cause sector-specific shocks, triggering job losses, investment delays, and operational reorientation.

How has India reacted?

The Indian Government has recognised this risk and has quietly adjusted its approach. India has reduced import duties on high-profile items like Harley-Davidson motorcycles, an issue Trump previously spotlighted. This gesture, although symbolic, indicates India's attempt to signal flexibility. Indian oil and gas majors have been deepening their engagement with US suppliers. Deals to import more American LNG and crude not only address India's energy needs but also help narrow the trade gap and build goodwill in Washington. For years, India

remained cautious on FTAs. Now, that stance has reversed. New agreements with countries like Australia, UAE, the UK, and ongoing talks with the EU signal India's urgency to diversify its export markets in case the US route becomes less viable. From defence partnerships to semiconductor investments, India is seeking to embed itself in American supply chains in a way that makes tariffs costlier for US businesses. The strategic bet is - if US companies suffer from higher tariffs on Indian goods and services, they may lobby against them.

What to expect next?

The Optimistic Scenario

Trump's history reveals a preference for bilateral deals. If India plays its cards right, leveraging defence purchases, energy imports, and its strategic importance in counterbalancing China, it might negotiate exemptions or delayed tariffs on key exports. India could emerge as a "preferred partner" in a reconfigured global trade map, especially if Trump intensifies a decoupling with China. In this case, the Indian economy could benefit as global supply chains reorient. Sectors like electronics manufacturing, pharmaceuticals, and speciality chemicals could see increased investment flows and export opportunities.

The Middle Path

In this scenario, India is not singled out but is hit alongside other emerging economies. Tariffs rise, but in a broad-brush manner. The damage, though real, is not catastrophic. India counters this through currency depreciation, support for export sectors, and rapid trade diversification. Exporters may need to absorb lower margins, but the economy stays on track overall. Sectors that rely heavily on the US, like textiles and IT, would feel the pinch, but rising demand in Europe, the Middle East, and East Asia might soften the blow.

The Worst-Case Scenario

If Trump revives his 2018-style rhetoric, with India as a tariff king and primary target, the result could be a sharp, focused tariff assault. Key export industries such as pharmaceuticals, gems and jewellery, auto components, and garments may face steep duties. Simultaneously, visa restrictions could hit the IT

services industry, particularly the H-1B pipeline. Such a confrontation would cause significant short-term disruption. Exporters would scramble to find alternative markets or adjust their cost structures. Investment sentiment could weaken, especially among export-oriented firms. There could also be second-order effects. For example, if China responds by devaluing the yuan as it did during the US-China trade war, it could lead to a flood of cheaper Chinese goods into India, hurting domestic manufacturers.

Conclusion

Paradoxically, Trump's protectionist rhetoric could also catalyse structural reform in India. Faced with declining export access, India may double down on import substitution and Make-in-India-style initiatives, especially in electronics, semiconductors, and defence. FTAs with regions such as the EU, Africa, and ASEAN can help hedge against overdependence on any one market. The US market has long dominated India's IT and business services exports. A push to expand into non-English-speaking markets, including Latin America, Japan, and

continental Europe, could emerge. A more flexible exchange rate regime could make Indian exports more competitive in a challenging trade environment.

The current trade relationship with the United States is both a strength and a vulnerability. It reflects India's rising stature in global commerce but also exposes its asymmetric dependencies. India's challenge lies in navigating the fine line between appeasing American concerns and safeguarding its long-term trade interests. While tariffs may be imposed in the name of fairness, their real-world impact will be anything but even. Indian policymakers and investors must brace for volatility, hedge against geopolitical shocks, and invest in resilience, both economic and diplomatic. Whether India emerges bruised or emboldened from Trump's tariff wars will depend not just on how hard the blows land, but on how deftly we dodge, and what we build in their aftermath.

(References – Politico, IndiaBiz, Matrubhumi, India Times, India Today)



EXPERT OPINION

Greenvissage

Can Jio-Allianz Partnership Change the Reinsurance Industry?

By Amit Chandak, Managing Partner, Greenvissage



Introduction

In a move that could significantly reshape the contours of India's financial services sector, Jio Financial Services and Allianz have announced a proposed 50:50 joint venture in the reinsurance business. While the news may seem buried in the otherwise sleepy and highly technical world of reinsurance, it carries implications that go far beyond the industry itself. This collaboration not only marks an ambitious new chapter for both Jio and Allianz but also signals a deeper structural shift within India's broader insurance ecosystem, an ecosystem long dominated by a single public sector player.

What is Reinsurance?

Reinsurance rarely makes the headlines, largely because it operates behind the scenes. Yet its role is vital. Just as insurance offers protection to individuals and businesses against financial losses, reinsurance provides a layer of protection to insurance companies themselves. It acts as a risk-sharing mechanism, enabling insurers to take on more business and larger risks without overextending their capital.

In essence, reinsurance is the shock absorber that allows the entire insurance industry to function efficiently. India's reinsurance space, however, has historically been devoid of much excitement or competition. For decades, the General Insurance Corporation of India (GIC) was the sole player of significance. Initially formed as a holding company for four public sector general insurance firms, GIC eventually became a dedicated reinsurer when the market was liberalised in 2000. Despite that liberalisation, its dominance continued well into the next two decades. The reason was not just legacy, it was regulation.

Mandatory cession requirements forced Indian non-life insurers to offer a fixed percentage of their business to GIC, while a regulatory right of first refusal meant other reinsurers could only be approached if GIC declined. The aim behind these policies wasn't merely to protect a public entity. Policymakers wanted to ensure that some of the enormous financial flows involved in insurance remained within India and were managed by domestic expertise. This regulatory insulation did help GIC grow into one of the largest reinsurers globally by volume. But size isn't everything. Over time, it became clear

that GIC was struggling to keep pace with the growing complexity and diversity of India's insurance needs.

Why is GIC losing the race?

The first cracks in GIC's dominance began to show after 2016, when the Insurance Regulatory and Development Authority of India (IRDAI) permitted global reinsurers to establish local branches. These Foreign Reinsurer Branches (FRBs) brought with them capital depth, advanced risk modelling capabilities, and a globally diversified risk appetite. While GIC retained its preferential regulatory treatment for some time, the newcomers gradually chipped away at its market share. By 2023, GIC's share of reinsurance premiums had dropped from 74% to 51% over just four years. A key reason for this decline was GIC's limited capacity. Reinsurance is a capital-intensive business, and even a dominant player like GIC could only underwrite so much. Once those internal thresholds were reached, insurers had no choice but to look elsewhere.

Moreover, GIC's core strength lies in conventional areas such as motor, health, and property insurance. As Indian insurers began branching into more complex domains, like cyber insurance, climate-linked catastrophe coverage, and risk transfer instruments, many sought out international experts with a stronger track record in these niches. Companies like Munich and Swiss, with global footprints and specialist knowledge, became natural partners. Another limiting factor was GIC's geographical concentration. While it did operate internationally, roughly 70% of its business remained India-focused. In reinsurance, risk diversification across geographies is not just an advantage; it's a necessity. Global players, by contrast, could spread their exposure across continents and were therefore better equipped to handle localised shocks. This enabled them to offer more favourable terms and better pricing, further undercutting GIC's position.

Reinsurers also engage in a practice known as retrocession, where they themselves reinsure some of the risk they have assumed. GIC, like others, has relied on this system to manage its exposure. Ironically, this sometimes meant cooperating with its global competitors to offload risk, creating an uneasy dynamic where rivals became critical partners in sharing liability. In the absence of a domestic reinsurance ecosystem,

GIC essentially stood as a lone pillar supporting the weight of the Indian market.

What will be the 'Jio-Allianz Effect'?

Enter Jio Financial Services and Allianz. Their proposed reinsurance joint venture has the potential to fundamentally alter this structure. Unlike some of Jio's previous forays into the digital and telecom sectors, which were defined by aggressive disruption, this venture promises a more collaborative model. Reinsurance, after all, is not a zero-sum game. Increased competition and capital infusion could benefit the entire insurance sector by enabling insurers to underwrite more policies and cover more significant risks, knowing they have multiple avenues for risk mitigation.

This partnership is also deeply strategic for Allianz. Until recently, the German financial giant was a long-standing minority partner in Bajaj Allianz, a successful joint venture with Bajaj Finserv that spanned both life and general insurance. These ventures were industry leaders and brought in over INR 40,000 crore in annual premiums. However, Allianz only held a 26% stake, an arrangement necessitated by earlier caps on foreign ownership in insurance. Once those caps were relaxed, Allianz naturally sought greater control. But with Bajaj unwilling to relinquish its majority stake, the two firms parted ways, with Bajaj buying out Allianz's share. At the time, Allianz made it clear that it intended to reinvest the proceeds in new opportunities within India. The tie-up with Jio offers just that: a fresh start with equal control, vast potential for scale, and a domestic partner with proven disruptive capabilities. Moreover, the agreement reportedly leaves the door open for future joint ventures in both life and general insurance, setting the stage for Allianz to re-enter the primary insurance market under terms that better align with its ambitions.

What to expect?

As of now, the agreement between Jio and Allianz is non-binding, meaning there are still regulatory and operational hurdles to cross. However, the very fact that two such giants are committing to this space is an indication of its untapped potential. India's insurance penetration remains low compared to global standards, and as more individuals and businesses

s become aware of risk and protection, the demand for insurance, and by extension, reinsurance, will only grow. In the broader scheme of things, this venture could catalyse a more resilient, diversified, and competitive reinsurance sector in India. It could also reduce the country's dependence on a single domestic reinsurer and rebalance the market dynamics that have so far skewed heavily in favour of foreign players operating from abroad. For the Indian insurance industry, the move represents not just a new player but a maturing

ecosystem where multiple strong institutions can collaborate, compete, and coexist. Ultimately, Jio and Allianz's decision to enter the reinsurance business is a vote of confidence in India's evolving financial landscape. It is a sign that the back-end plumbing of the insurance industry, so long overlooked, is finally attracting the capital, talent, and innovation it deserves.

(References – Reuters, Financial Times, Insurance Business Mag, Financial Express)



GREENVISSAGE EXPLAINS

Greenvissage



Is this the end of the great Indian IT Sector boom?

India's USD 250 billion IT services industry is at a pivotal juncture. Once a bastion of job security and economic promise, companies like TCS, Infosys, and HCL are now showing signs of fatigue amid global tech disruption. In July 2025, Tata Consultancy Services, the country's largest IT exporter, shook markets and employees alike with the announcement of up to 12,000 job cuts. For a company long associated with conservative management and near-lifetime employment, this was more than just a restructuring; it was symbolic. While the company said the layoffs stemmed from a skill mismatch, rather than AI-driven redundancies, the timing couldn't be more telling. TCS's workforce had expanded by over 36% since 2020, while revenue per employee grew at less than half that pace. As per reports, the layoffs are expected to help trim operating costs by nearly 4%, which equates to around 12% of the company's projected net profit in fiscal year 2025. Simultaneously, the firm has frozen lateral hiring and held off on salary hikes, making the climate feel less like a blip and more like a reset.

Other Indian IT majors haven't been spared either. Infosys onboarded just 210 freshers in the previous quarter, down sharply from thousands in prior years. HCL Technologies, meanwhile, offered junior staff a token raise of 1–4% while keeping senior pay hikes on hold. The pattern is clear: India's largest tech employers are shrinking in both workforce and compensation, even as demand for newer skills surges. The often-blamed culprit is automation. Tools powered by artificial intelligence are now capable of generating production-grade code, managing cloud deployments, and even handling support tickets. Many mid-level roles in operations, infrastructure, and maintenance, once the bread and butter of Indian outsourcing, are being either automated or offshored to cheaper destinations like Vietnam, Mexico, or the Philippines. But this shift goes deeper than just technology. A structural evolution is underway, led by the quiet rise of Global Capability Centres (GCCs). These are in-house engineering and operations units established by multinational corporations within India. Instead of outsourcing work to TCS or Infosys, companies like Microsoft, Amazon, and McDonald's are hiring their engineers in Bengaluru, Pune, and Hyderabad, managing everything from SAP upgrades to AI modelling directly. The appeal is obvious. With GCCs, global companies gain end-to-end control, avoid vendor-related delays, maintain tighter data governance, and build domain-specific expertise in-house. And perhaps most importantly, they do so under their banner, something that helps attract top-tier talent more easily than traditional outsourcing firms. It's one thing to work for a vendor, and quite another to work directly for Google or BCG, even if the job responsibilities are identical.

In the fiscal year 2024, GCCs in India grew by a staggering 40% in scale and headcount, even as traditional service-based IT firms grew by under 5%. This trend has only accelerated in 2025. Today, India is home to over 1,700 GCCs employing nearly two million people. Once known for cost savings, these centres are increasingly driving R&D, product innovation, and even global strategy. Some analysts project that the GCC industry could generate over USD 100 billion in revenue by the end of the decade. This has created a squeeze. On one side, AI and process automation are eating into low- and mid-tier service roles. On the other hand, clients who once relied on Indian IT vendors are building their delivery centres in India. The traditional IT service model, built on billing hours and moving talent across projects, is rapidly losing relevance. It's no surprise, then, that some critics have labelled Indian IT giants as glorified HR firms. This may be an exaggeration, but it captures the essential problem: these firms do not own intellectual property. They rarely build products. Instead, they deliver services based on human time and effort, a model that's increasingly out of sync with a world where machines can work around the clock without error or salary. Yet, it's not all doom. There are companies within India that are showing the way forward. Zoho, the Chennai-based software company, has built a fully integrated suite of business tools without any venture capital funding. It owns its product stack, its hosting infrastructure, and most importantly, its customers. It doesn't bill by the hour. It bills by value. The future will belong to those who can create, not just deliver.

(References – Reuters, Financial Times, Analytics India Mag)



Will Tesla make an impact in India?

After years of teasers, tweets, and speculation, Tesla has finally planted its flag in India. A gleaming showroom in Mumbai's Bandra Kurla Complex and a Model Y on display mark the company's long-anticipated arrival. But with an INR 60 lakh price tag, no local manufacturing plant, and a service network that barely exists, the real question isn't "Is Tesla here?", it's "Is India still interested?" Tesla's India entry could have played out very differently had it arrived when interest in electric vehicles (EVs) was still nascent. Back in 2017, India was ripe for a transformative player like Tesla. The company was then in its global ascendancy, revolutionising electric mobility and building brand cachet that few automakers could match. But India's punitive import duties, up to 100%, stood in the way. Tesla refused to commit without concessions. India, sticking to its "Make in India" policy, refused to bend. A standoff ensued, and Tesla looked elsewhere. Now, in 2025, Tesla enters an India that has changed. But so has the EV landscape, and not in Tesla's favour. Domestic giants like Tata and Mahindra have stepped up. BYD, the Chinese rival that has overtaken Tesla in global EV sales, has already gained traction in the Indian market despite geopolitical headwinds. The premium EV space Tesla might have dominated is now competitive and, more critically, limited in size.

Tesla's current presence in India is best described as a toe-dip, not a plunge. A single showroom and a modest service centre hardly signal deep commitment. More notably, Tesla has yet to officially enrol in the Indian government's 2024 EV import policy, a scheme tailor-made for it. The policy offers a reduced 15% import duty on up to 8,000 EVs annually, provided the manufacturer pledges significant investment and localisation over time. So why the hesitation? Perhaps this is Tesla's playbook in action. In China, it waited, lobbied, and negotiated until favourable policies and subsidies fell into place, then swiftly built a Gigafactory. In Europe and the US, Tesla extracted tax breaks before making major moves. India may be no different. By establishing a minimal presence now, Tesla can build consumer buzz while holding the option to scale quickly if the business case strengthens or policy softens further.

From Tesla's perspective, India still represents untapped potential. It's now the third-largest car market by volume, has a youthful demographic, and is increasingly urbanised. The government's EV ambitions, 30% of new cars to be electric by 2030, make it an attractive long-term play. More importantly, India could serve as a regional manufacturing and export hub. Tesla already sources components from Indian suppliers; setting up a plant here could streamline global operations and hedge against geopolitical risk in China. But opportunity doesn't negate complexity. India remains a value-conscious market. The bulk of passenger car sales occur under INR 15 lakh. Less than 1% of those are luxury vehicles. Charging infrastructure, while improving, remains patchy outside major metros. And the average consumer doesn't have a garage, making home charging a logistical challenge.

Even among India's well-heeled elite, brand loyalty lies with Mercedes, BMW, and Audi, companies with decades of presence, wide service networks, and local assembly lines. Tesla, by contrast, has trust to rebuild. Indian consumers remember the earlier broken promises, the unfulfilled bookings, and the public spats over import policy. A showroom alone won't undo that scepticism. Yet, to focus purely on short-term sales is to miss Tesla's deeper game. The Model Y may not flood Indian roads anytime soon, but its presence reshapes expectations. Tesla doesn't just sell EVs, it sells a vision of the future. High-performance software updates, minimalistic design, and battery leadership are all areas where domestic players are now pushed to compete harder. Tata's EVs have improved dramatically over the past few years, and Mahindra's latest designs reflect a global aesthetic, not just a local one. This aspirational shift matters. Disruption doesn't always begin with affordability; it begins with desirability. In India, Apple didn't sell iPhones to the masses right away. But it influenced what phones should feel like. Tesla might play a similar role in the EV ecosystem: a catalyst rather than a competitor, at least for now.

(References – Reuters, Hindustan Times, Observer)



Why formal jobs are still out of reach?

India, with its vast and dynamic workforce, is often celebrated for being one of the fastest-growing major economies in the world. The headlines are filled with optimism, GDP is rising, millions of people are entering the labour force, and technology is reshaping work. Yet, beneath this optimistic façade lies a more troubling truth: India's job market is fundamentally broken. It's not that jobs don't exist; it's that the quality, security, and potential for advancement in most of them are alarmingly poor. The numbers paint a curious picture. In recent years, India has added millions of jobs, a metric that usually signals economic strength. But when you dig deeper, you see that a vast majority of these are in the informal sector, where protections, benefits, and even basic labour rights are absent. This means that while employment figures may look healthy on paper, the actual lived experiences of workers tell a very different story. Take, for example, a young man who becomes a delivery executive after college. He's "employed," yes, but on contract, without job security, medical benefits, or a retirement plan. His income is uncertain, dependent on how many deliveries he can manage in a day. His role is precarious and replaceable. Multiply this example across millions, and the scope of the problem becomes clear: we're creating jobs that don't help people escape poverty or build meaningful futures.

A significant problem with India's labour market is its lack of mobility. Ideally, economic progress should allow workers to climb from informal to formal employment, from low-productivity to high-productivity jobs. But in India, the rungs of this ladder are missing. Most people who start in the informal sector, be it as a daily wage labourer, street vendor, or contract worker, remain stuck there for life. There are very few opportunities to transition into better roles, regardless of experience or performance. Once someone is in the informal economy, their chances of "graduating" into formal employment are slim. This lack of mobility traps millions in a cycle of low pay and high instability, generation after generation. One would think education could act as the great equaliser, the bridge between unstable work and long-term careers. But even that narrative is beginning to crack. While it's true that higher education can improve one's chances of formal employment, the benefit is far from guaranteed. Today, India is producing a surplus of graduates with degrees but no jobs that match their qualifications. Many of them end up taking roles well below their skill level, contributing to what economists call educated underemployment. This is not just a waste of individual potential; it's a structural inefficiency that slows down economic growth. Another contradiction is the surprising resilience of agricultural employment. Traditionally, as economies develop, workers move out of agriculture and into industry or services. But in India, that shift has stalled. Despite the country's modernisation, the number of people working in agriculture has increased in recent years. This is not because farming is suddenly more lucrative; it's often the opposite. It's more of a fallback option for those who can't find anything else. When urban jobs dry up or offer poor wages, many return to their villages and take up small-scale farming or allied activities. It's survival, not choice.

Adding to the precarity is the growing trend of contract work. Permanent, stable jobs are becoming rarer, especially in the private sector. Companies increasingly prefer short-term, contractual workers to keep costs low and reduce liabilities. This model benefits employers but leaves workers vulnerable, unable to access long-term credit, plan for the future, or invest in skills that could yield better returns over time. This is particularly harmful for young workers entering the job market. Instead of gaining experience and building a career, many find themselves stuck in a loop of short-term gigs and temporary contracts, often in low-productivity sectors. At the heart of this dysfunction is India's stagnant labour productivity. Despite technological advancements and higher enrollment in education, the average output per worker has not seen the kind of leap expected in a growing economy. Wage growth, a direct outcome of rising productivity, has been sluggish at best. An increase in the number of people working does not automatically translate to economic prosperity if those jobs are inefficient or redundant. Without productivity gains, the economy grows larger but not stronger, and wages remain low.

(References – Reuters, The Guardian, India Today)



COMPLIANCE UPDATES

Greenvissage

Government policies

■ **GST Collection Rises 7.5% to Rs 1.96 Lakh Crore in July** |

Gross Goods and Services Tax (GST) collection in July 2025 increased by 7.5% year-on-year, reaching approximately INR 1.96 lakh crore. This is a rise from the INR 1.82 lakh crore collected in July 2024. The growth was driven by higher domestic revenues, which grew by 6.7% to INR 1.43 lakh crore, and a 9.5% increase in tax from imports, which totalled INR 52,712 crore. The net GST revenue for the month stood at INR 1.69 lakh crore, marking a 1.7% growth compared to the previous year. Additionally, GST refunds saw a significant surge, rising by 66.8% year-on-year to INR 27,147 crore. (Financial Express)

■ **India Remains Firm on Russia Ties** |

India is unlikely to cease its purchase of Russian crude oil despite threats of penalties from US President Donald Trump, according to officials and analysts. The decision is driven by the need for affordable Russian barrels to manage inflation and the import bill, besides the country's long-standing strategic relationship with Russia. Following Trump's announcement of a new 25% tariff on Indian goods, top government officials met and reached a broad consensus to avoid immediate retaliation. Officials reiterated India's commitment to protecting its national security interests and the agriculture sector, asserting that the country would not succumb to US pressure on issues involving defence ties with Russia or domestic dairy and agricultural interests. (Business Standard)

Goods and services tax

■ **GST Authorities Target Unregistered Businesses Using Cash and UPI** |

Central and state GST authorities are intensifying scrutiny on unregistered small businesses and service providers with high-value cash and UPI transactions. In a move to expand the tax base, GST officials are seeking data from payment aggregators for businesses receiving over INR 20 lakh per year, which is the GST registration threshold for service providers. While states like Karnataka have already begun sending notices, central GST authorities have directed field officers to identify cash-prone sectors and markets to conduct targeted outreach and bring them into the tax net. The crackdown follows a missive from central authorities noting

that a significant part of economic activity remains outside the formal tax framework. (The Indian Express)

■ **GSTN Issues Advisory on Incorrect GSTR-3A Notices** |

The Goods and Services Tax Network (GSTN) has issued an advisory acknowledging that GSTR-3A notices for non-filing of Form GSTR-4 were incorrectly sent to certain taxpayers due to a "system-related glitch." This includes taxpayers whose registrations were cancelled before the Financial Year 2024-25. The GSTN team is actively examining the issue and implementing corrective measures to prevent future occurrences. Affected taxpayers who have either duly filed their returns or had their registrations cancelled before FY 2024-25 are advised to ignore these notices, as no action is required on their part. (Goods and Services Tax Network)

Income Tax

■ **Income Tax Audit Forms Enabled with Key Changes** |

The Income Tax Department has enabled updated income tax audit forms 3CA-3CD and 3CB-3CD, along with a common offline utility, on the e-filing portal for the financial year 2024-25. Released on July 18, 2025, the forms incorporate 71 changes as per Notification No. 23/2025. Prominent amendments include a strengthened Clause 22, which requires detailed disclosure of payments and interest due to micro or small enterprises under the MSMED Act. Additionally, the forms now reflect legislative updates such as the inclusion of a new Clause 12 for presumptive taxation for non-resident cruise ship operators and a new Clause 21 for reporting non-deductible expenses on regulatory violations. A new Clause 36B has also been added to capture details of share buybacks. The deadline for filing the tax audit report is September 30, 2025, with taxpayers required to file their ITR by October 31, 2025. (Economic Times)

■ **ITD Raids 200+ Premises Over Fake Tax Deductions** |

The Income Tax Department has launched a major nationwide crackdown, conducting raids on over 200 premises linked to individuals and entities facilitating fake tax deductions. The operation targeted fraudulent claims made under various heads, including political donations (Section 80GGC), tuition fees, and medical expenses. Investigations revealed organised rackets, often run by ITR preparers and intermediaries, who were filing fictitious returns and using bogus donations to help taxpayers artificially lower their tax liabilities and claim

excessive refunds. The department utilised financial data from third-party sources, ground-level intelligence, and AI tools to identify suspicious patterns. The raids, which follow the department's 'Nudge' campaign advising taxpayers to rectify unsupported deductions, are part of a broader effort to curb the widespread misuse of the old tax regime and have been substantiated by recent search and seizure operations in states including Maharashtra, Tamil Nadu, Delhi, Gujarat, Punjab, and Madhya Pradesh. (Economic Times)

■ **Government to Drop Low-Value Tax Cases** | Finance Minister has instructed the Central Board of Direct Taxes (CBDT) to withdraw all departmental tax appeals below the revised monetary limits announced in Budget 2024-25 within three months. The initiative aims to reduce the legal burden on taxpayers and streamline the judicial process by targeting 2.25 lakh of the 5.77 lakh pending appeals in FY 2025-26, which involve disputed tax demands exceeding INR 10 lakh crore. The revised limits are INR 60 lakh for the Income Tax Appellate Tribunal (ITAT), INR 2 crore for High Courts, and INR 5 crore for the Supreme Court. (Financial Express)

■ **ITR-3 Online Filing Now Enabled with Pre-Filled Data** | The Income Tax Department has finally enabled online filing with pre-filled data for ITR-3 on its e-filing portal, 121 days into the new financial year. This provides a significant relief for taxpayers who earn income from a business or profession, share trading such as futures and options, or hold investments in unlisted shares. With both the online and offline utilities for ITR-3 now available, eligible individuals and Hindu Undivided Families (HUFs) can proceed with their tax return filing. The current ITR deadline for non-audit category taxpayers is September 15, 2025, an extension from the original July 31 date. However, with utilities for ITR forms 5, 6, and 7 still pending and significant delays noted in the rollout of other forms, there is growing speculation among taxpayers and experts about a potential further extension of the deadline. (Financial Express)

■ **Updated ITR Filing Now Live for AY22 and AY23** | The Income Tax Department has enabled utilities for filing updated income tax returns (ITR-U) in Forms ITR-1 and ITR-2 for assessment years 2021-22 and 2022-23. As per the Finance Act, 2025, taxpayers now have an extended window of up to 48 months from the end of the relevant assessment year to file an ITR-U under Section 139(8A) of the Income Tax Act. This provision allows individuals to voluntarily rectify errors or

omissions from previous filings, such as not reporting income correctly, by paying additional taxes. However, the ITR-U cannot be filed for a loss or nil return, or if it results in a decrease in total tax liability or an increase in a refund. (Economic Times)

Corporate and allied laws

■ **SEBI Proposes Revamp of Large IPO Norms** | The Securities and Exchange Board of India (SEBI) on Thursday proposed significant changes to the structure of large Initial Public Offerings (IPOs) exceeding INR 5,000 crore. The proposals, which are open for public comments until August 21, include reducing the retail investor allocation to 25% from the current 35% in a graded manner, while increasing the share for institutional buyers to 60% from 50%. Sebi noted that despite a surge in IPO activity, direct retail participation in large public issues has remained muted over the past three years. The regulator also proposed expanding the anchor investor framework to include insurance companies and pension funds, alongside mutual funds, with a specific sub-quota to encourage broader institutional participation and promote market stability. (Press Information Bureau)

Finance and banking

■ **ICICI Bank to Charge Payment Aggregators for UPI Transactions** | ICICI Bank, India's second-largest private sector lender, will begin charging a fee from payment aggregators (PAs) for handling UPI transactions on merchant platforms, effective August 1, 2025. The bank has informed PAs that the new fee will be 2 basis points (bps) per transaction, with a cap of INR 6, for those who maintain an escrow account with the bank. PAs that do not have an escrow account with ICICI Bank will be charged a higher fee of 4 bps per transaction, capped at INR 10. The move marks a significant change in the financial ecosystem, impacting payment aggregators and potentially influencing the cost structure for merchants and their customers who rely on UPI for digital transactions. (Business Standard)

■ **US Fed Holds Rates Steady** | The US Federal Reserve has decided to keep its benchmark interest rates unchanged in the range of 4.25% to 4.50%, resisting public pressure from President Donald Trump. Ahead of the announcement, Trump

called for a rate cut, citing a stronger-than-expected 3% annual GDP growth in the second quarter and low inflation. The Commerce Department confirmed the robust 3% growth rate, which was attributed to improving trade dynamics and a rebound in consumer spending. Despite the strong economic data, the Fed opted to hold rates steady, a decision that maintains a consistent monetary policy stance amidst political calls for a change in borrowing costs. (Financial Express)

■ **Key Provisions of Banking Laws Amendment** | The Central Government has notified that several key provisions of the Banking Laws (Amendment) Act, 2025, have come into force from August 1, 2025. The new provisions redefine the threshold of substantial interest, revising it from INR 5 lakh to INR 2 crore, a limit that had remained unchanged since 1968. Additionally, the amendments align the maximum tenure for directors in cooperative banks with the 97th Constitutional Amendment, increasing it from 8 years to 10 years. The Act also permits public sector banks (PSBs) to transfer unclaimed shares, interest, and bond redemption amounts to the Investor Education and Protection Fund (IEPF), bringing them in line with practices under the Companies Act. These provisions further empower PSBs to offer market-based remuneration to statutory auditors, which is expected to facilitate the engagement of high-quality professionals and enhance audit standards. (Press Information Bureau)

Accounting and Management

In Focus: Deferred Tax Liability

A deferred tax liability is an accounting concept that represents a future tax obligation arising from temporary differences between the financial reporting of income and its recognition for tax purposes. It occurs when income is recognised in the financial statements before it is taxable, or when expenses are deductible for tax purposes before they are recognised in the financial statements.

One common example involves depreciation methods: a company may use straight-line depreciation for financial reporting while applying accelerated depreciation for tax reporting, leading to lower taxable income in the early years and thus a temporary reduction in taxes paid. Although this results in a lower tax payment in the short term, the difference will reverse in future periods, leading to higher taxable income

and, consequently, higher tax payments later.

The deferred tax liability captures this anticipated future tax payment, ensuring that the financial statements accurately reflect the timing differences in tax obligations. It is not an immediate cash outflow but rather an accounting mechanism to align financial and tax reporting over time.

Under Accounting Standard 22 (AS 22), Deferred Tax Liability must be recognised for all such taxable timing differences, using the tax rates and laws that are enacted or substantially enacted as of the balance sheet date. The standard requires that deferred taxes are not discounted to present value.

Entities are expected to reassess the deferred tax liability at each reporting date and adjust it through the profit and loss account if needed. Furthermore, appropriate disclosures must be made in the financial statements, including the nature and amount of timing differences and any changes in DTL during the reporting period.

Payroll and Personal Finance

■ **UDGAM Helps Over 8.5 Lakh People Reclaim Deposits** | The Reserve Bank of India (RBI) has launched the UDGAM (Unclaimed Deposits – Gateway to Access Information) portal, a centralised web platform designed to help individuals search for their unclaimed deposits across multiple banks in one place. According to a government response in the Lok Sabha, as of July 1, 2025, a total of 8,59,683 users had registered and accessed the portal. The initiative aims to reunite citizens with their unclaimed funds, which are transferred to the RBI's Depositor Education and Awareness (DEA) Fund after ten years of inactivity. The portal provides a seamless way for individuals to identify their forgotten accounts and begin the process of reclaiming their money from the respective banks. (Economic Times)



ECONOMIC INDICATORS

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■ Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Mar-25	7.40	6.40
Unemployment (%)	Jun-25	5.60	5.60
Inflation (%)	Jun-25	2.10	2.82
Balance of Trade (\$bn)	Jun-25	(18.78)	(21.88)
Business confidence	Mar-25	120.00	120.00
Manufacturing PMI	Jul-25	59.10	58.40
Services PMI	Jul-25	59.80	60.70

(Trading Economics)

■ Global Indices

Index	Country	Change %
NIFTY 50	India	-3.31%
BSE SENSEX	India	-3.17%
NIFTY BANK	India	-2.07%
INDIA VIX	India	-3.31%
DOW JONES	USA	-2.77%
S&P 500	USA	-0.66%
NASDAQ	USA	0.24%
S&P/TSX	Canada	-0.05%
BOVESPA	Brazil	-6.02%
DAX	Germany	-2.12%
FTSE 100	UK	2.78%
CAC 40	France	-2.69%
FTSE MIB	Italy	0.00%
MOEX	Russia	-3.38%
NIKKEI 225	Japan	2.55%
S&P/ASX 200	Australia	0.77%
SHANGHAI	China	2.85%
HANG SENG	Hong Kong	1.82%
KOSPI	South Korea	0.10%

(Investing.com)

■ Commodities Futures

Commodity	Expiry	Price	Change %
Gold	Oct-25	99,735.00	2.18
Silver	Sep-25	1,10,224.00	2.81
Crude Oil	Aug-25	5,881.00	4.25
Natural Gas	Aug-25	269.80	(6.93)
Aluminum	Aug-25	249.45	(0.18)
Copper	Aug-25	880.00	(2.43)
Zinc	Aug-25	261.95	1.73

(MCX India)

■ Currency Exchange Rates

Pair	Current	Prior	Change %
USD/INR	87.55	85.54	(2.35)
GBP/INR	116.24	117.47	1.05
EUR/INR	100.25	100.45	0.20
YEN/INR	58.85	59.43	0.98

(FBIL India)

■ Cryptocurrencies

Pair	Crypto	Price	Change %
BTC/USD	Bitcoin	1,13,550.79	6.67
ETH/USD	Ethereum	3,489.55	43.01
BNB/USD	Binance	750.64	15.35
SOL/USD	Solona	163.60	10.35

(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)



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