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35 Years On: What India's 1991 Reforms Actually Delivered, and What They Didn't



Backdrop

On July 24, 1991, a finance minister nobody outside Delhi had heard of stood up in Parliament and quoted Victor Hugo. Manmohan Singh's line about an idea whose time has come is the bit everyone remembers, but the number that actually explains why he was standing there is less romantic: India had enough foreign exchange left to cover about two to three weeks of imports, inflation was running in double digits, and the government had already pledged gold reserves to the Bank of England and the Union Bank of Switzerland just to keep the country solvent through the summer. That Budget dismantled the licence-permit system that had strangled Indian industry for four decades, opened the door to foreign investment in sectors that had been sealed off since independence, devalued the rupee, and started walking India out of a command economy it had built with good intentions and bad results. Thirty-five years later, in the middle of 2026, that anniversary has produced a small industry of retrospectives,

government commemorations, and op-eds arguing about how much of the promise actually got delivered. This one is less interested in nostalgia and more interested in the ledger: what genuinely changed, what didn't, and what any of it tells a business trying to read India today rather than in 1991. That ledger question matters more than it might look, because the two camps arguing about 1991 are both working from real numbers. One side points to a country that went from a near-default economy to one of the world's largest, third by economic output when adjusted for purchasing power. The other points out that a country can get much richer in aggregate while leaving most of its workforce more or less where it started. Both of those things happened at once, in the same 35 years, to the same country, and understanding how is the actual point of this piece.

The Numbers Nobody Disputes

Start with what is not seriously contested, because it is the part every retrospective agrees on and it is genuinely

dramatic. Foreign exchange reserves that stood at roughly one billion dollars in 1991, covering barely two to three weeks of imports, now exceed seven hundred billion dollars, among the top five reserve holdings in the world and enough to cover close to eleven months of imports by some estimates. India's economy, worth a few hundred billion dollars in 1991, is now a four-trillion-dollar-plus economy on a nominal basis and close to nineteen trillion on a purchasing-power basis. On a PPP basis, that makes it the world's third-largest economy, behind only China and the United States, uncontested. On a nominal basis, the ranking is noisier: India briefly overtook Japan for fourth place in 2025, but currency moves have since pushed it back to sixth, behind the US, China, Germany, Japan, and the UK, all clustered closely enough that the exact rank shifts with the exchange rate in any given quarter. Growth itself shifted structurally: the pre-1991 era is remembered, sometimes unfairly, as the age of the "Hindu rate of growth," roughly three and a half per cent a year for decades, and the post-reform average settled closer to six per cent, with several years touching eight or nine.

Poverty numbers moved too, and moved a lot, even if the exact figure depends on which poverty line you use and which year's household survey you trust. Extreme poverty, measured against the World Bank's international benchmark, fell from around 27 per cent in 2011-12 to about 5 per cent by 2022-23. India hasn't published an updated official poverty line since 2011-12, when it stood at roughly 22 per cent, down from about 45 per cent in the early 1990s, but the government's own multidimensional poverty measure, which looks at health, education, and living standards rather than income alone, fell to about 11 per cent in 2022-23. Airports that used to be sleepy government outposts now move over four hundred million passengers a year. India built, almost from nothing, an IT and business-process services sector that employs millions and exports tens of billions of dollars worth of software and services annually, and it built a generics pharmaceutical industry that quietly became one of the reasons vaccines and affordable medicines reached poorer countries during the pandemic. None of this is spin. It happened, it is measurable, and it is the honest headline of the last 35 years.

Where the Story Gets Complicated

Here is where the retrospectives start disagreeing with each other, and where the disagreement is not really about facts so much as about which fact you decide is the important one. The single most-cited comparison in every 2026 op-ed on this anniversary is China. In the early nineties, India and China had roughly comparable per capita incomes; some estimates from the period even had India slightly ahead. Three and a half decades later, China's per capita income sits close to fifteen thousand dollars, against India's roughly two thousand eight hundred, a gap of about five to one. Vietnam, a much smaller and later-reforming economy, has gone from under a hundred dollars in per capita income to over five thousand in the same window. The point of that comparison is not that India failed; it is that reform intensity and consistency mattered enormously, and India's version of liberalisation was slower, more contested, and more partial than either of those two economies' versions.

Manufacturing is the clearest domestic disappointment inside that broader story. The entire theoretical case for 1991 assumed manufacturing would do what it did in South Korea, China, and eventually Vietnam: absorb the tens of millions of workers leaving low-productivity agriculture and turn them into a formal, better-paid industrial workforce. It never really happened at scale. Manufacturing's share of GDP has hovered around fifteen to seventeen per cent for most of the past two decades, essentially flat, despite two dedicated national campaigns, Make in India and the production-linked incentive scheme, aimed directly at fixing exactly this. Roughly forty-three per cent of India's labour force is still in agriculture, a sector that contributes under eighteen per cent of GDP, which is a textbook symptom of an economy that never fully industrialised its workforce even as it grew its output.

The employment numbers underneath that gap are the part that gets least attention in the celebratory retrospectives, and they deserve more. Economists have a specific, slightly damning phrase for what happened after 1991: job-less growth, meaning GDP expanding at a healthy clip

without a matching expansion in good, formal jobs. More than eighty per cent of India's workforce today remains in the informal economy, without job security, benefits, or social protection, which is a strikingly similar share to what existed before reforms started, even though the economy underneath those workers is unrecognisably larger. Women's labour force participation, rather than rising as the economy modernised, actually declined over parts of this period, which runs directly against what happened in most other fast-growing Asian economies during their equivalent stretch of development.

Inequality is the third leg, and it is the one where the numbers genuinely disagree with each other, not just with the narrative. India's consumption-based Gini coefficient, the World Bank's headline measure, actually declined in the most recent revision, from about 0.29 in 2011-12 to about 0.26 in 2022-23. But income-based measures tell a very different story: independent work from the World Inequality Lab puts income concentration at the top of Indian society rising sharply over the same broad period, with wealth concentration wider still. The two pictures aren't reconcilable by picking a side; they measure different things (what people spend versus what they earn versus what they own), and the honest read is that spending gaps have narrowed even as income and wealth have concentrated further at the top. One frequently cited data point, from Ox-fam's pandemic-era analysis: India added roughly forty new dollar billionaires in 2020-21 alone, even as an estimated 46 million people fell into extreme poverty in that same year, a coexistence that is exactly the kind of statistic both sides of the 1991 debate reach for, for opposite reasons.

The Steelman, and Why It Still Holds

It would be too easy to read all of that as an indictment, and it isn't one, because the honest counter-argument is strong and grounded in the same data. Even reform's sharpest critics tend to concede that the alternative, more of the pre-1991 licence-permit system, was not a viable path to reducing poverty at any pace at all; the pre-reform

decades already had four decades to try that model, and the poverty numbers barely moved. The reforms did coincide with, and plausibly caused, the fastest sustained reduction in absolute poverty in Indian history, whatever line you use to measure it. The digital public infrastructure India built in the 2010s, largely a second-generation product of the liberalised, more capable state that 1991 made possible, is now genuinely admired and partially copied by other developing economies trying to move welfare payments and financial access to people who never had a bank account. None of the structural problems like jobless growth, weak manufacturing, rising inequality, are arguments for reversing 1991; they are arguments that 1991 was necessary but not sufficient, which is a very different claim.

What This Means for Anyone Reading India as a Market

For a company actually sizing up India rather than debating its history, the useful read of this anniversary is less about whether reform "worked" and more about where the next constraint sits. The consistent theme across the 2026 retrospectives, including from economists who are broadly sympathetic to the reform project, is that 1991's job was to get the state out of the way of enterprise, and that job is largely done: licences are easier to get, capital can move, foreign ownership caps have loosened across sector after sector. The job that remains unfinished is closer to state capacity than state retreat: faster contract enforcement, more predictable regulation, better basic schooling and healthcare, and land and labour markets that still function more like 1991's leftovers than like a modern industrial economy's. That is a different kind of due diligence question than the one investors were asking in the nineties or even the 2000s. It is less "can I get permission to operate here" and more "how quickly will a dispute actually get resolved, how reliable is the workforce pipeline outside the metro-adjacent talent pool, and how much of my long-run competitiveness depends on India solving its manufacturing and jobs problem rather than just its growth problem." Gujarat and a handful of other states have moved further and faster on exactly that second-generation agenda than the national average, which is part of why so much

recent FDI and manufacturing investment has clustered there rather than spreading evenly across the country.

The Way Forward

Thirty-five years is a long enough run that the debate about 1991 has started to feel almost generational, argued between people who lived through the shortage economy and people who have only ever known a country with four-hundred-million-passenger airports and near-instant digital payments. Both groups are looking at the same set of facts and reaching different conclusions because they're weighting different parts of the ledger, and the honest answer is that both parts are real. India got dramatically richer, dramatically more integrated with the world, and dramatically better at reducing extreme poverty. It also built an economy that still can't put most of its

own workforce into a formal, well-paid job, and that has let inequality widen even as the poverty floor rose. The next reform agenda, whatever shape it eventually takes, is going to be judged less on GDP growth, which India has mostly figured out how to generate, and more on whether it can finally deliver the manufacturing jobs, the institutional reliability, and the broader inclusion that the 1991

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RBI Held Rates for the Fourth Straight Meeting. Is "Wait and Watch" Actually a Strategy?



Backdrop

On August 5, 2026, the Reserve Bank of India's six-member Monetary Policy Committee did what almost every economist polled beforehand said it would do: nothing. The repo rate stayed at 5.25 per cent, the decision was unanimous, and the "neutral" policy stance that Governor Sanjay Malhotra has maintained since mid-2025 was left untouched. This was the fourth consecutive meeting on hold, following pauses in February, April, and June 2026, and it capped a year in which the RBI had already done its heavy lifting: a cumulative 125 basis points of cuts through 2025, taking the rate down from 6.5 per cent to 5.25 per cent by December, with the last move being a 25-basis-point cut that month. Since then, the committee has simply sat still, meeting after meeting, watching. At his press conference, Malhotra described the RBI's posture as "neither dovish nor hawkish," which is a technically accurate but almost unhelpfully neutral way of describing four straight decisions to do the same thing. The Reuters poll taken just before the

August meeting found 68 of 72 economists expecting exactly this outcome, which raises the actual question worth asking here: when a central bank's next move has become this predictable, is "wait and watch" still a policy, or has it become the absence of one dressed up in official language? That question matters more than it sounds, because central banks are supposed to be judged on their reaction function, not just their current setting. A rate held steady can mean the economy is in a genuinely comfortable equilibrium, or it can mean the committee is simply waiting for more clarity before committing to a direction, which is a very different thing dressed in the same headline number. Governor Malhotra has used almost that exact phrase, "we are in a wait-and-watch mode," repeatedly since earlier this year, and the RBI's own policy statement in August described the global backdrop the MPC is watching as "exceptionally challenging." Understanding what's actually being watched, and why the pause has lasted this long, is the more useful story than the unchanged number itself.



The Numbers Behind the Pause

Start with the trajectory, because the current stillness only makes sense against the year that preceded it. India entered 2025 with the repo rate at 6.5 per cent, a level it had held for roughly two years through 2023 and into early 2024, itself a long stretch of inaction under the previous inflation-fighting cycle. The RBI then eased aggressively through 2025: three consecutive cuts between February and June brought the rate down by 100 basis points to 5.5 per cent, a hold in August 2025, and a further 25-basis-point cut in December took it to today's 5.25 per cent. That is a full percentage-point-plus of easing packed into ten months, a genuinely fast cutting cycle by the RBI's own historical standards, followed by an equally deliberate stop. Four meetings of silence since then is not a small gap; on the RBI's bi-monthly schedule, it represents roughly eight months of an unchanged policy rate heading into the October 2026 review.

The growth and inflation forecasts released alongside the August hold tell you why the committee felt comfortable stopping there rather than cutting further. The MPC raised its FY27 real GDP growth projection to 6.7 per cent, up from 6.6 per cent in June, explicitly citing resilient private consumption and an economy that Malhotra said had "performed better than expected" in the first quarter of the fiscal year. At the same time, the committee trimmed its FY27 CPI inflation forecast to 5.0 per cent, down from 5.1 per cent, even while flagging that headline inflation is expected to keep rising in the near term and peak in the October-December quarter before easing. That combination, upgraded growth and a slightly softer inflation forecast, is close to the textbook definition of "no urgency to move," and it is exactly why the market consensus lined up so neatly behind the RBI's own decision this time.

What's Actually Driving the Caution?

The inflation numbers underneath that headline forecast are worth sitting with, because they are less comfortable

than the aggregate figure suggests. Retail inflation actually touched 4.38 per cent in June 2026, the first reading above the RBI's 4 per cent target since January 2025, driven mainly by food and fuel prices rather than a broad-based rise across the consumption basket. Malhotra has been explicit that this concentration in specific categories, rather than a generalised price spiral, is precisely what is giving the committee room to hold rather than tighten. The RBI's own statement pointed to an uneven southwest monsoon under El Niño-linked conditions as a live risk to food prices and kharif output over the coming months, alongside volatile crude prices, both of which feed directly into the categories currently pushing inflation higher.

Layered on top of the domestic weather and food-price story is a genuinely unusual external backdrop. The RBI flagged a renewed escalation of conflict in West Asia since early July 2026 as a risk that extends well beyond crude oil prices alone, touching fertiliser availability, shipping routes, and broader global trade flows, at a moment when global sentiment, in the central bank's own words, "continue[s] to remain hostage to the rapidly oscillating developments" in the region. Add to that the lingering effects of US tariff actions on Indian exports tied to Russian crude purchases, a live irritant through much of 2025 and into 2026, and the case for the RBI keeping its options open rather than locking in a direction becomes considerably more legible. This is not a central bank that thinks the economy is fragile. It is a central bank that thinks the next six months carry an unusually wide range of external shocks it cannot yet price.

Is "Wait and Watch" a Strategy, or the Absence of One?

The strongest version of the case for the RBI's approach is that nearly everyone qualified to have an opinion agrees with it. CRISIL's chief economist called the August outcome "largely in line with market expectations," and the broader analyst reaction was one of approval rather than surprise, pointing to easing inflation risk, improving capital inflows,



and adequate banking-system liquidity as reasons the RBI can afford to stay parked at 5.25 per cent while it reads the incoming data. Economists at firms like Muthoot Fincorp have gone further, arguing explicitly that using interest rates to defend the rupee would be the wrong tool entirely, and that rate hikes right now would be unusually costly given how exposed exporters already are to US tariff pressure. On this reading, "wait and watch" is not indecision; it is the correct response to a genuinely bimodal set of risks, where inflation could plausibly stay contained or could plausibly get worse depending on the monsoon and West Asia, and where committing to a direction before that resolves would be the actual mistake.

The harder question is whether four consecutive holds, each justified by "insufficient clarity," start to function differently from a single pause. Real interest rates, the gap between the 5.25 per cent policy rate and actual inflation, remain relatively high by the RBI's own recent standards, which is one reason a handful of economists continue to argue there is room for at least one more cut rather than none. The Reuters poll that found near-unanimous agreement on the August hold found far less agreement on what happens after it: some economists see room for the RBI to ease further before the year is out if inflation stays contained, others see rates on hold through all of 2026, and a small minority raised the possibility of a hike if inflation breaches 6 per cent on a sustained basis. A "neutral" stance that can plausibly mean cuts, holds, or hikes depending on who you ask is, by definition, not offering markets much of a forward signal, and for borrowers and businesses trying to plan around the cost of capital, that ambiguity has a real cost even when each individual decision to pause is defensible on its own terms.

What This Means for Businesses Reading the RBI's Signals

For a company planning capital expenditure, working capital costs, or the timing of a debt raise in India, the practical takeaway from four straight holds is less about the number 5.25 per cent and more about what kind of signal the RBI is

currently capable of sending. Floating-rate borrowers tied to external benchmarks are not going to see near-term relief or near-term tightening; both the RBI's messaging and the underlying data point toward continuity rather than a directional bet. What's changed is the texture of the risk businesses should be pricing in: not "will the RBI move," which the current data suggests is unlikely before October at the earliest, but "what would force it to move," which the RBI has been unusually explicit about. Food and fuel inflation crossing from contained to generalised, a further deterioration in West Asia that pushes crude meaningfully higher, or a sharper-than-expected hit from US tariffs are the three specific triggers the central bank itself has named. Businesses with import exposure, energy-sensitive cost structures, or export lines running through tariff-affected categories have, in effect, been handed the RBI's own watchlist, and that is arguably more useful than a rate cut would have been.

The Way Forward

Four consecutive holds are not, on their own, evidence of a central bank that has stopped thinking. The growth and inflation forecasts the RBI released alongside this pause are more granular, more risk-specific, and more clearly reasoned than a simple "rates unchanged" headline suggests, and the near-total agreement among economists ahead of the August decision is a reasonable indicator that the RBI's read of the moment is broadly shared rather than idiosyncratic. But there is a real difference between a data-dependent central bank and a central bank whose data dependence has, for eight months running, resolved in exactly one direction: no action. Whether "wait and watch" graduates from a defensible tactic into an actual strategy will depend on what the RBI does the moment its own named triggers, the monsoon outcome, the West Asia trajectory, or a generalisation of food inflation, actually resolve one way or the other. The October 5-7 meeting, the next scheduled review, is less interesting for whether the rate moves than for whether the RBI's reasoning finally forces its own hand.

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FSSAI's Ghee and Hygiene Crackdown: What Food Businesses Need to Know



Backdrop

If you run a food business in India and haven't been paying close attention to the Food Safety and Standards Authority of India this year, this is the moment to start. Over the past few months, the regulator has moved well past its usual rhythm of routine inspections and occasional recalls into something that reads more like a sustained enforcement campaign. In early August 2026, FSSAI prohibited Dabur India from selling several products carrying "100 per cent" claims, covering honey, cow ghee, apple cider vinegar, virgin coconut oil, sesame oil, coconut water, and coconut milk, on the grounds that descriptions like "100% Natural" and "100% Pure" are ambiguous and scientifically unverifiable under the Food Safety and Standards (Advertising and Claims) Regulations. The Delhi High Court stayed that order on August 7, finding Dabur should have been given a hearing before the prohibition took effect, so the specific order is currently paused pending further hearings even as the underlying claim stands as FSSAI's position.

That single order, against one of India's most recognisable FMCG names, has become the headline case of a much broader pattern that has been building since March, when FSSAI's CEO used the 49th meeting of the Central Advisory Committee to call for a nationwide crackdown on high-risk food commodities. What's made this year genuinely unusual is that the same regulator running that crackdown has also, in the same stretch of months, pushed through one of the biggest procedural liberalisations in its history. Understanding both halves of that story, not just the enforcement headlines, is what actually determines whether your business ends up on the right or wrong side of FSSAI's attention in the months ahead.

The reason ghee specifically has become the crackdown's most visible flashpoint is not accidental. It sits at the intersection of everything FSSAI has been worried about this year: a high-value product with a long history of adulteration, a compositional standard that is precise enough to catch cheating in a lab even when a product looks and smells fine, and a supply chain that runs through



everything from large listed FMCG companies to small regional manufacturers most consumers have never heard of. That combination is why ghee, alongside honey and edible oils, keeps showing up at the centre of nearly every major action FSSAI has taken in 2026, and why any food business operator touching dairy, oils, or "pure" and "natural" claims of any kind should be reading this crackdown as a preview of what enforcement now looks like across the category.

What Exactly Has FSSAI Done and to Whom?

The enforcement actions this year form a pattern rather than a series of isolated incidents, and the pattern is worth laying out plainly. In June 2026, FSSAI dismantled an inter-state network involved in manufacturing and distributing suspected counterfeit ghee, working jointly with other agencies across state lines, a sign that at least some of the adulteration problem is organised rather than incidental. That same month, the regulator issued notices to more than a dozen food and beverage companies over product descriptions and branding, well before the Dabur order made headlines. Then, in the most recent and most granular action, FSSAI moved against two food businesses simultaneously on August 23, 2026: it issued a prohibition order against Daman-based SDP Industries, covering ghee sold under the Shraddha, Shree Saras, and Gokul brands, after laboratory analysis of samples collected on May 19, 2026 found beta-sitosterol, a plant sterol that should never appear in genuine ghee, along with a non-conforming fatty-acid profile, indicating substitution with cheaper vegetable oils or hydrogenated fats designed to mimic ghee's colour, texture, and smell closely enough to pass casual inspection. SDP Industries appealed the initial findings, sending the samples to a Referral Food Laboratory, whose report, received in August 2026, confirmed the non-compliance; FSSAI noted that earlier surveillance samples from 2024 and January 2026 had already flagged the same parameters, which is why the prohibition order ultimately covered all of the company's ghee variants rather than a single batch. In a parallel action the same weekend, FSSAI suspended the food business licence of Marche Retail,

a Delhi-based retailer, for 30 days after inspections found deficiencies across the establishment's design, sanitation, personal hygiene protocols, food-handler training, and mandatory record-keeping, including a complete absence of the food handlers' required medical records.

The compositional detail behind the ghee cases matters more than it might seem, because it explains why FSSAI keeps winning these cases in a way that's hard for manufacturers to dispute after the fact. FSSAI's standard requires ghee to contain a minimum of 99.6 per cent milk fat, a threshold precise enough that laboratory testing, rather than visual or sensory inspection, is what actually catches the substitution. This is precisely why adulteration of this kind produces no visible warning signs for an ordinary buyer, and why FSSAI's recent actions have leaned so heavily on lab-based enforcement rather than on-the-ground checks alone. Beyond Delhi and Daman, this isn't confined to national-level action either: Maharashtra's Food Safety and Drug Administration commissioner, Tukaram Mundhe, has separately been seizing fake milk, adulterated candies, and chemical-laced kulfi across the state, suggesting state-level regulators are running their own parallel intensification alongside FSSAI's national push. Industry commentary has grouped this into three broad enforcement themes for 2026: marketing claims now require objective scientific substantiation rather than just plausible-sounding language; packaging is increasingly treated as a source of binding consumer information rather than pure advertising copy; and alcohol is being pulled into the same scrutiny regime that packaged food has faced for years.

The Other Half of the Story: FSSAI Is Also Easing Compliance

Here is the part that makes 2026 genuinely different from a simple "regulator gets tougher" narrative, and it's the part food businesses are most likely to have missed if they've only been following the headline enforcement cases. On March 13, 2026, the Ministry of Health and Family Welfare approved a package of regulatory reforms explicitly designed to promote ease of doing business alongside

food safety, built on recommendations from a NITI Aayog-constituted High-Level Committee on Non-Financial Regulatory Reforms chaired by Rajiv Gauba. The single biggest change is that FSSAI registrations and licences, previously valid for one to five years and requiring renewal at least 30 days before expiry, now have perpetual validity, eliminating the recurring renewal cycle that used to eat into compliance budgets and staff time at every food business, regardless of size.

Alongside perpetual validity, FSSAI sharply revised its turnover thresholds effective April 1, 2026: the registration category, previously capped at ₹12 lakh in turnover, now extends up to ₹1.5 crore, meaning a much larger tier of small and micro food businesses can operate under the lighter registration regime rather than a full state licence. State Licences now cover businesses with turnover between ₹1.5 crore and ₹50 crore, and Central Licences apply above ₹50 crore, a rationalisation meant to let state authorities redirect resources from routine renewal processing toward actual enforcement and monitoring. Migration between categories happens automatically through the FoSCoS portal, without a separate modification fee, though annual regulatory fees remain payable and can now be paid in advance for multiple years at once. Street food vendors already registered under the Street Vendors Act of 2014 are now deemed registered under FSSAI automatically, a change expected to benefit more than a million vendors who previously had to navigate multiple, overlapping registration processes across municipal and food-safety authorities separately.

The inspection regime itself is shifting too, toward what FSSAI describes as a computer-assisted, risk-based framework rather than blanket routine checks. Under this model, the frequency and intensity of inspections depend on the type of food commodity involved, a business's compliance track record, third-party audit performance, and intelligence gathered from surveillance and enforcement activity elsewhere in the system. Businesses with clean compliance histories can expect fewer, more predictable inspections; high-risk commodities, repeat offenders, and businesses flagged through other enforcement actions

can expect the opposite. On top of that, per industry legal analysis of the reform package, first-time procedural or regulatory lapses now come with a formal window to rectify the deficiency before penal proceedings begin, a meaningful shift from a system that previously moved straight to penalties for even minor first infractions, while FSSAI has been explicit that this leniency does not extend to fraud, repeated violations, or anything touching consumer safety directly.

Two Regulators in One: Why Both Halves Matter to You

The honest read of 2026 is that FSSAI is not choosing between being lenient and being strict; it is deliberately doing both at once, aimed at two different populations of food businesses. For a legitimate, compliant operator, especially a small or mid-sized one, this year has genuinely gotten easier: no more renewal cycles, a wider registration band before you need a full licence, and fewer routine inspections if your track record is clean. For a business cutting corners, whether that's adulterating a high-value product like ghee, making unverifiable "100 per cent" claims, or letting hygiene and food-handler documentation lapse, this year has gotten measurably harder, with lab-based detection, cross-agency coordination, and public naming of offending companies all becoming standard practice rather than exceptions. The Marche Retail case is a useful illustration of where the line sits: this wasn't a single missed inspection but repeated, continuing non-compliance across multiple samples and time periods, which FSSAI explicitly said meant the problem couldn't reasonably be confined to one batch or product line. That's the threshold the regulator is now applying before it moves to suspension rather than a warning.

It's also worth being clear-eyed about the limits of the reform side of this story. Perpetual licence validity and risk-based inspections reduce paperwork, but they don't reduce the underlying compositional and hygiene standards a business has to meet; if anything, removing the periodic renewal checkpoint puts more weight on a business's own internal quality control, since there's no longer a



routine external touchpoint forcing a self-audit every few years. Businesses that treated licence renewal as a natural moment to review their own compliance posture will need to build that discipline into their internal calendar deliberately now, rather than relying on FSSAI's paperwork cycle to prompt it.

What This Means for Food Businesses Right Now

For any food business operator, the practical checklist coming out of 2026's dual-track approach starts with marketing language. Any claim using words like "100 per cent," "pure," "natural," or "organic" needs to be backed by evidence that would survive a direct regulatory challenge, not just phrasing that sounds reasonable on a label; the Dabur case shows that even large, well-resourced companies with presumably competent legal review are not immune to this standard being applied to existing packaging, though the court stay is also a reminder that FSSAI's procedural steps, like giving a business a chance to respond before an order takes effect, are themselves being tested and enforced by the judiciary. Second, if your business touches ghee, dairy, honey, or edible oils specifically, assume lab-based compositional testing rather than visual inspection is the enforcement tool now in active use, and audit your own supply chain and formulation against the relevant compositional standards, such as ghee's 99.6 per cent milk fat threshold, rather than assuming a product that looks and smells right will pass. Third, hygiene documentation, food-handler medical records, sanitation logs, and operational design deficiencies are now explicitly being treated as grounds for licence suspension on their own, independent of any adulteration finding, which means recordkeeping that used to feel like a formality needs to be treated as a live compliance requirement.

Finally, businesses should actually use the ease-of-doing-business changes rather than just benefiting passively from them: check whether your turnover now qualifies you for a lighter registration category under the revised thresholds, confirm your licence has migrated to perpetual validity status on FoSCoS, and build your own internal compliance review calendar now that FSSAI's renewal cycle is no longer doing that job for you by default.

The Way Forward

FSSAI's 2026 approach is best understood as a regulator trying to solve two different problems with two different tools at the same time: reducing friction for the food businesses actually trying to comply, while sharpening its ability to catch and punish the ones that aren't. The ghee crackdown specifically is likely to keep escalating rather than settle down, given how organised at least part of the adulteration problem has proven to be and how precisely lab testing can now catch it. For food business operators, the safest assumption going into the rest of 2026 is that FSSAI's patience with unverified marketing claims and undocumented hygiene practices has genuinely narrowed, even as its patience with routine paperwork has genuinely widened. Businesses that use this moment to tighten formulation compliance and documentation, rather than treating the reform package as a reason to relax, are the ones least likely to end up as the next name in an FSSAI prohibition order.

References – Business Standard, Storyboard18, The Week, The420.in, Marketing Mind, Prokerala, Whalesbook, FSSAI Press Release, Drishti IAS, JSA, The Pamphlet, TaxTMI, Business Standard – Delhi HC Stays FSSAI Order

Aditya Birla's ₹5,000 Crore Bet: Inside One of 2026's Biggest Corporate Financings



Backdrop

A company the size of Aditya Birla Group doesn't pay for a ₹17,200 crore acquisition with one cheque. It never does. In July 2026, Aditya Birla Renewables, the renewable energy arm of Grasim Industries, signed a definitive agreement to buy Sprng Energy, Shell's Indian solar and wind platform, valuing the business at roughly ₹17,200 crore, or about \$1.8 billion. That's on track to be one of the largest renewable energy acquisitions in India's history, and the headline number is the least interesting part of it. The real story sitting underneath it, moving fast through the second half of August 2026, is a single number: ₹5,000 crore, the piece of this deal's financing that Axis Bank has chosen to hold on its own books rather than pass on to anyone else. That's the actual bet. A bank agreeing to underwrite the whole facility is routine business. A bank deciding to keep a third of a ₹14,000 crore exposure to one client, on assets it's never lent against before, is a real wager on the client, the sector, and its own read of the risk. Understanding why Axis Bank

made that call is a genuinely useful map of how large Indian conglomerates actually pay for big deals, and the mechanics scale down to businesses far smaller than the Birla Group.

How Aditya Birla Won the Deal

Sprng Energy didn't start life as Shell's asset, and Shell wasn't the only one who wanted it back. The platform was originally built by the private equity firm Actis, seeded with roughly \$450 million from one of its funds, and grew into a contracted portfolio of solar and wind assets before Shell bought it off Actis and NIIF in 2022 for \$1.55 billion. Four years on, with Shell recalibrating its energy transition bets globally, Sprng went back on the block, and this time the auction had real teeth. Four parties submitted binding bids in May 2026. NIIF and Actis, the platform's own former backers, got knocked out in the first screening round, leaving Aditya Birla Group and the private equity giant KKR as the two names Shell actually negotiated with.

Here's the detail that makes the win worth noting: Aditya Birla Group wasn't even supposed to be in this race. It showed up after the original bid deadline had already closed, with a late non-binding offer, and still out-fought three established players to reach the final round and take it. Shell didn't sell cheap to get out either; an exit at \$1.8 billion is roughly a 16 per cent premium over what Shell itself paid four years ago.

Winning the auction and actually funding it are two separate fights, and the second one is where the ₹5,000 crore figure comes from. Aditya Birla Group is covering the ₹17,200 crore through a deliberate mix of debt and equity, not one giant loan, and that mix tells you something about how large Indian conglomerates fund deals without leaning too hard on their own balance sheet. On the equity side, the cheque is coming jointly from Grasim Industries, the listed parent, and from funds managed by Global Infrastructure Partners, BlackRock's infrastructure arm, a genuine co-investment rather than Grasim writing the whole thing alone. On the debt side, which is where all the action has been through late August, Aditya Birla Group is in talks with domestic lenders to raise around ₹14,000 crore through a long-term loan syndication, according to Economic Times reporting.

Axis Bank has reportedly underwritten the entire ₹14,000 crore facility, and it's the ₹5,000 crore it intends to keep for itself that turns this from an ordinary lending story into the one the market is actually watching. SBI and HDFC Bank are still working out how much of the remaining roughly ₹9,000 crore they want in on. One bank underwrites the whole thing, then hands out slices to others; that's the piece of this deal worth understanding, because it's how most large corporate financing gets built in India, whether the number has four zeroes or fourteen.

What Underwriting Actually Means, and Why the ₹5,000 Crore Is the Interesting Part

"Underwrite" gets thrown around loosely in business

conversation, but in a syndicated loan it means something specific, and it's worth being precise about it. When Axis Bank underwrites the full ₹14,000 crore, it's contractually on the hook to get the entire amount funded, on schedule, whether or not any other bank shows up. If SBI and HDFC Bank both walked away tomorrow, Axis Bank would, in principle, still owe the full ₹14,000 crore. That almost never actually happens, because syndication exists precisely so the underwriting bank doesn't end up holding all of it. The commitment itself is what let Aditya Birla Group sign a binding agreement with Shell in the first place; sellers in deals this size don't want to hear that financing is "in discussion,"; they want it locked, and an underwritten facility is what turns a buyer's intention into a promise the seller can actually bank on.

Retention is where Axis Bank's own money is genuinely at risk, and it's why ₹5,000 crore is the number worth sitting with. Underwriting the full facility is a service the bank provides for a fee, largely insulated by the plan to syndicate most of it away. Choosing to hold ₹5,000 crore on its own books, more than a third of the total facility, is a direct bet by Axis Bank that Sprng Energy's cash flows will perform for up to twenty years, that Aditya Birla Group's broader credit stands behind the structure if anything goes wrong, and that this single client relationship is worth concentrating that much exposure on. Banks retain large slices of big facilities because the arrangement fees are attractive and because it deepens ties with a client the size of the Birla Group, but ₹5,000 crore is not a token retention. It's close to the ceiling of what a single large private bank would typically want on one borrower relationship, which is exactly why SBI and HDFC Bank are being brought in to share the remaining exposure rather than Axis Bank simply keeping more of it.

Why This Deal Is Secured the Way It Is

This isn't a generic loan against Aditya Birla Group's overall balance sheet. It's structured as a domestic syndication, or club loan, secured specifically against Sprng Energy's own renewable power assets, and that choice matters,

especially for a bank willing to retain ₹5,000 crore of it. Sprng holds a contracted portfolio of roughly 5 GWp, split between about 3.3 GWp already operating and 1.7 GWp under construction, almost all of it sold under long-term power purchase agreements to state-owned distribution companies and other investment-grade offtakers. For a lender, that means the cash flows paying the loan back are locked in and predictable for years, which is exactly the kind of collateral that lets a bank comfortably hold a large retained position: a tenor of up to 20 years and an interest rate around 7.7 per cent, both textbook for project-style financing against long-duration infrastructure rather than unsecured corporate lending.

Bringing Global Infrastructure Partners in alongside Gra-sim's own equity does two things at once. It shrinks how much fresh debt Aditya Birla Group needs to raise and carry, and it puts a globally experienced infrastructure investor's own due diligence behind the deal, which is itself a quiet signal of quality to a bank deciding how much of a ₹14,000 crore facility it's comfortable holding on its own books. Debt-plus-equity, rather than all one or the other, is close to the standard playbook for deals this size in a capital-intensive sector like renewable energy; the assets are bankable enough to carry real leverage, but the deal is big enough that no single source of money wants to hold all the risk alone, Axis Bank's ₹5,000 crore included.

What This Means for Business Owners Thinking About Their Own Financing

The scale here is obviously not yours. The mechanics underneath it are more transferable than you'd think. Any business raising a serious loan, ₹5 crore or ₹500 crore, is really negotiating the same three questions Aditya Birla Group's bankers are working through right now: who's actually willing to underwrite the full commitment rather than just say they're interested, what specific asset or cash flow is being offered as security, and how the funding splits between debt you have to service no matter what and equity that shares the downside with someone else. Walk into a bank with a vague ask instead of a security-backed

structure, the way Sprng's contracted power assets are being used here, and you'll get worse terms, more conditions attached, and a lot less certainty the deal actually closes, because you're asking the bank to underwrite uncertainty instead of a cash flow it can see. The other lesson is about what a lender's own retention decision actually signals. When a bank is willing to keep a large chunk of what it underwrites on its own books, the way Axis Bank is doing here with ₹5,000 crore, that is the strongest possible vote of confidence it can offer a borrower, stronger than a bank that syndicates everything away the moment the ink dries. For a smaller business raising money, the equivalent question worth asking your own lead bank is simple: how much of this are you keeping for yourselves. A bank happy to hold real exposure alongside you has done its own homework and believes in the repayment story. A bank that wants to pass all of it along immediately is telling you something too, just not as reassuring.

The Way Forward

The financing is still being finalised as of late August 2026. SBI and HDFC Bank haven't confirmed exactly how much of the remaining balance they're each taking, and the deal itself is targeted to close before the year is out. But the shape of it is already clear, and the ₹5,000 crore Axis Bank is holding is the number that tells the real story: a lead bank underwriting the whole facility and choosing to keep a genuinely large slice of it, other big banks buying into the rest, the debt secured against predictable contracted cash flows rather than the parent's general creditworthiness, and an equity cushion from both the parent and an outside infrastructure investor keeping the leverage sane. That structure, far more than the ₹17,200 crore headline, is what "one of 2026's biggest corporate financings" actually looks like from the inside, and it's a genuinely useful template for any business owner trying to understand what a bankable financing ask looks like from the lender's side of the table.

References – Venture Intelligence / Economic Times, Aditya Birla Group Press Release, PV Magazine, Mercom India, 9fin



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