# E-PISTLE
## (Monthly Newsletter)
## September 2025

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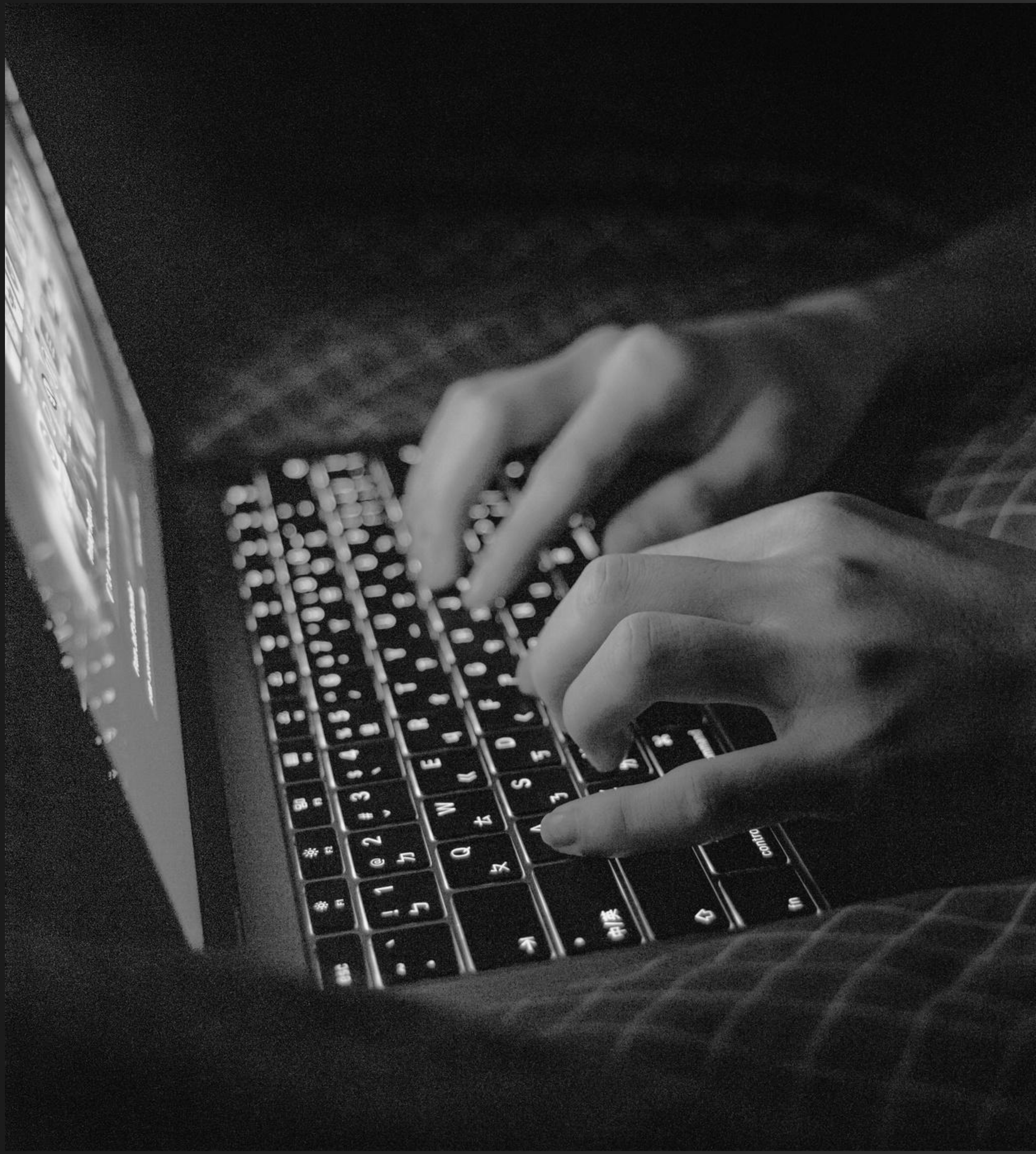
- INCOME TAX UPDATES
- GST UPDATES
- OTHER IMPORTANT UPDATES




Income
Tax News
Updates

**Income Tax Department**
Government of India

**Rebate of income-tax in case of certain individuals.**

**87A.** An assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of twelve thousand and five hundred rupees, whichever is less:

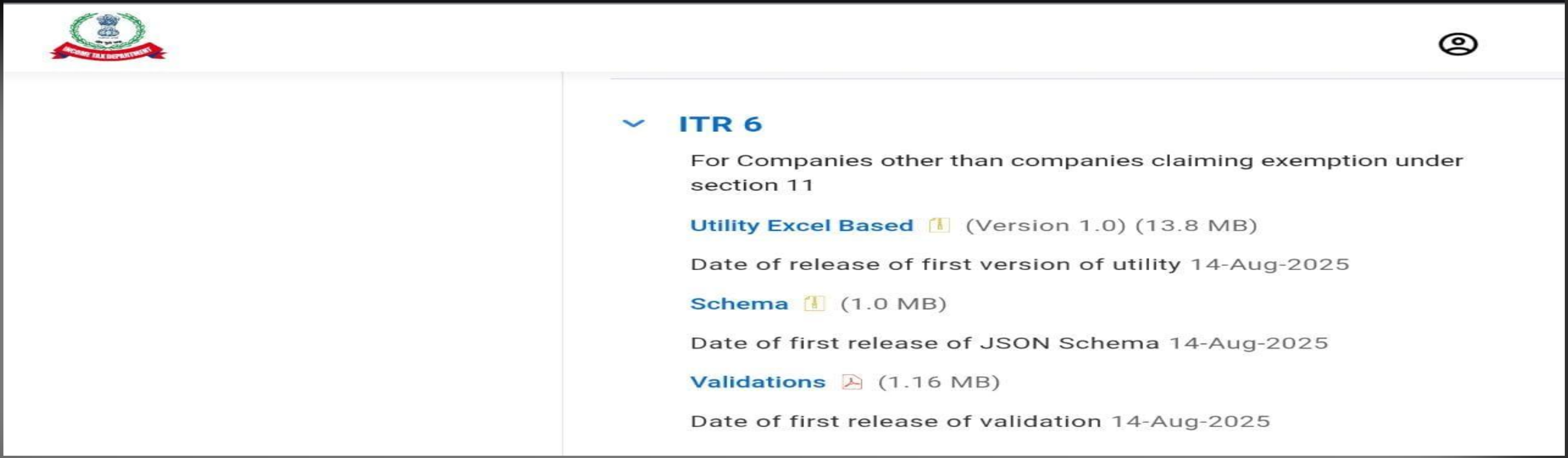
[2][**Provided** that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, and the total income—

(*a*) does not exceed [3][*seven*] hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing for the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to one hundred per cent of such income-tax or an amount of [4][*twenty-five*] thousand rupees, whichever is less;

(*b*) exceeds [3][*seven*] hundred thousand rupees and the income-tax payable on such total income exceeds the amount by which the total income is in excess of [3][*seven*] hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income, of an amount equal to the amount by which the income-tax payable on such total income is in excess of the amount by which the total income exceeds seven hundred thousand rupees.]

**Following second proviso shall be inserted after the proviso to section 87A by the Finance Act, 2025, w.e.f. 1-4-2026:**

**Provided further** *that the deduction under the first proviso, shall not exceed the amount of income-tax payable as per the rates provided in sub-section (1A) of* section 115BAC.


ITR 6

For Companies other than companies claiming exemption under section 11

Utility Excel Based (Version 1.0) (13.8 MB)

Date of release of first version of utility 14-Aug-2025

Schema (1.0 MB)

Date of first release of JSON Schema 14-Aug-2025

Validations (1.16 MB)

Date of first release of validation 14-Aug-2025

#INCOME TAX UPDATE - 📢 *Excel Utility for ITR-6 (AY 2025-26) Released!*

✅ Applicable for:

* Companies *other than* those claiming exemption u/s 11.

* *Release Date:* 14-Aug-2025

💡 *Note:* ITR-6 is used by companies not claiming exemption u/s 11 (charitable/religious purposes).

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# Reporting equity capital gains in ITR-2/ITR-3

## Long-term capital gains

To be reported in 3 places:

- Schedule 112A
- Schedule CG, Part B(I) for LTCG
- Schedule CG, Part F Information about the accrual or receipt of capital gains

## Short-term capital gains

Reported in:

Schedule CG, Part A(I) for STCG - consolidated amounts to be reported

mint

## LTCG reporting breakdown

**Schedule 112A**

Scrip-wise reporting for shares or MFs bought **before 31 January 2018**

Consolidated reporting for those bought **after 31 January 2018**

**In both the cases, bifurcation for assets sold before and after 23 July 2024**

**Schedule CG - From sale of equity share in a company or unit of equity oriented fund or unit of a business trust on which STT is paid under section 112A**

**This Schedule is auto-filled based on the information provided in Schedule 112A. Verify the net capital gains calculated and confirm**

**Schedule CG - Information about accrual/receipt of capital gain**

F. Information about accrual/receipt of capital gain**

| | Date | Upto 15/6 (i) | 16/6 to 15/9 (ii) | 16/9 to 15/12 (iii) | 16/12 to 15/3 (iv) | 16/3 to 31/3 (v) |
|---|---|---|---|---|---|---|
| 6 | Long- term capital gains taxable at the rate of **10%.** Enter value from item (3VIIa) of schedule BFLA, if any. | 0 | 0 | 0 | 0 | 0 |
| 7 | Long- term capital gains taxable at the rate of **12.5%.** Enter value from item (3VIIb) of schedule BFLA, if any | | 0 | 0 | 0 | 0 |

**Give quarter-wise manual break-up of the capital gains made during the year. This quarterly disclosure is required in the ITR to compute interest on any shortfall in advance tax payments.**

**Schedule CG - Information about accrual/receipt of capital gains; This is ITR form sample that comes with 0 values by default

**EXAMPLE: Mr A bought MF units in 2017 via 3 SIPs. Sold the MF units on 1 Oct 2024**

**Assuming** Cost of acquisition: **₹3 lakh** Sale consideration: **₹6 lakh**

All three SIPs need to be separately reported in Schedule 112A

**SIP 1**

ISIN Code: 100123450002
No. of units/share: **100**
Sale price per unit: **₹2,000**
**Sale consideration: ₹2 lakh**
Cost of acquisition: **₹1 lakh**
FMV per unit as on 31 Jan 2018: **₹1,100**
**Cost of acquisition considered: ₹1.1 lakh**

**SIP 2**

ISIN Code: 100987650003
No. of units/share: **100**
Sale price per unit: **₹2,000**
**Sale consideration: ₹2 lakh**
Cost of acquisition: **₹1 lakh**
FMV per unit as on 31 Jan 2018: **₹1,100**
**Cost of acquisition considered: ₹1.1 lakh**

**SIP 3**

ISIN Code: 100456780004
No. of units/share: **100**
Sale price per unit: **₹2,000**
**Sale consideration: ₹2 lakh**
Cost of acquisition: **₹1 lakh**
FMV per unit as on 31 Jan 2018: **₹1,100**
**Cost of acquisition considered: ₹1.1 lakh**

Higher of FMV and actual purchase cost is taken by ITR utility

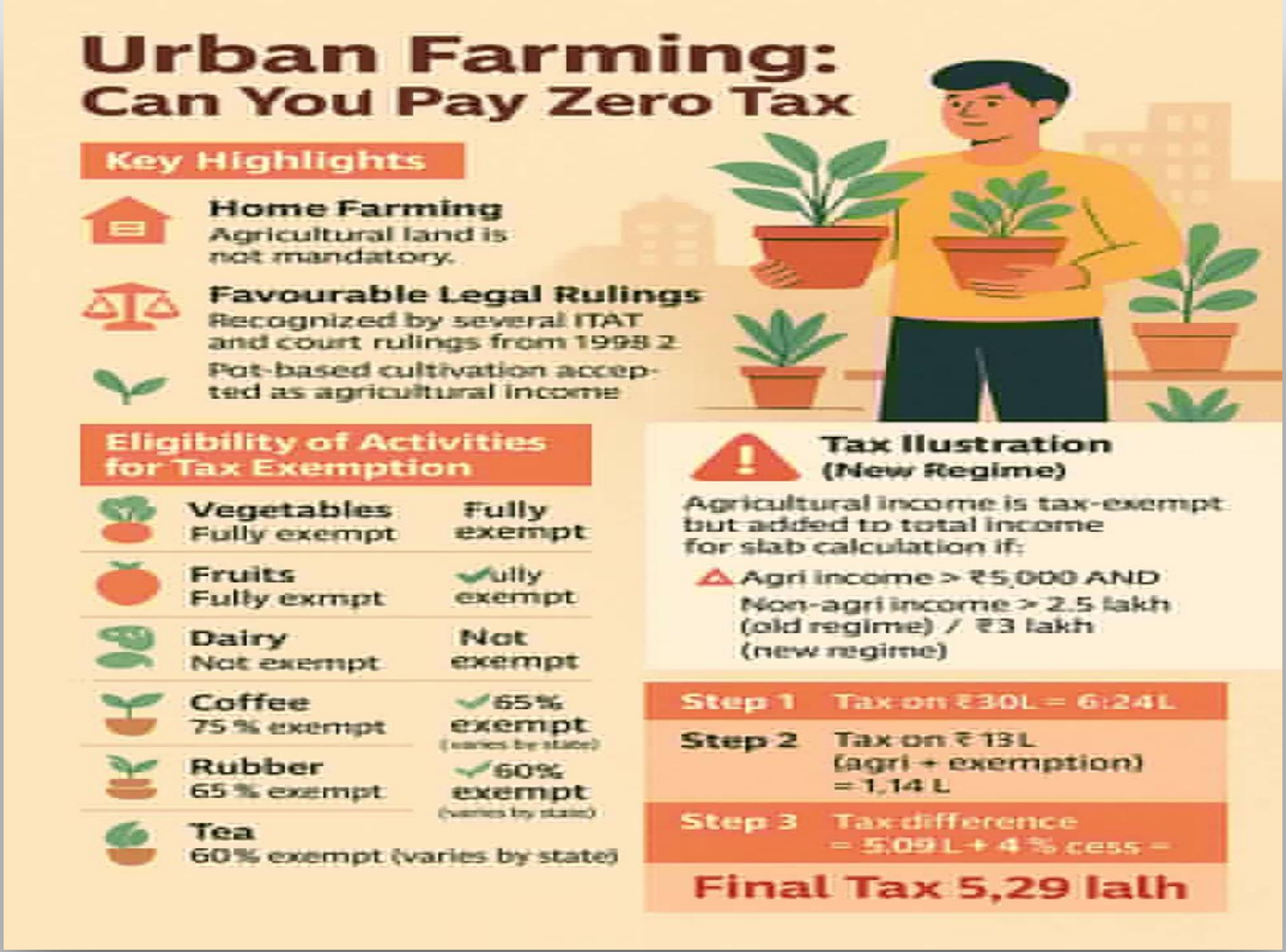
**Capital gains: ₹90,000** **Capital gains: ₹90,000** **Capital gains: ₹90,000**

**Total capital gains: ₹2.7 lakh**

**Tax payable ₹18,125***

For simplification, assumed equal no. of units acquired via each SIP at the same purchase price
*excluding cess and surcharge
BFLA: Brought forward loss adjustment; ITR: Income tax return; FMV: Fair market value;
STT: Securities transaction tax; SIP: Systematic investment plan.

Source: CA Prakash Hegde, Mint research


Urban Farming:
Can You Pay Zero Tax
Key Highlights
Home Farming
Agricultural land is not mandatory.
Favourable Legal Rulings
Recognized by several ITAT and court rulings from 1998 2
Pot-based cultivation accep-ted as agricultural income
Eligibility of Activities for Tax Exemption
Vegetables
Fully exempt
Fully exempt
Fruits
Fully exmpt
ully exempt
Dairy
Not exempt
Not exempt
Coffee
75 % exempt
65% exempt
(varies by state)
Rubber
65 % exempt
60% exempt
(varies by state)
Tea
60% exempt (varies by state)
Tax Illustration
(New Regime)
Agricultural income is tax-exempt but added to total income for slab calculation if:
Agri income > ₹5,000 AND
Non-agri income > 2.5 lakh (old regime) / ₹3 lakh (new regime)
Step 1
Tax on ₹30L = 6:24L
Step 2
Tax on ₹ 13L (agri + exemption) = 1,14 L
Step 3
Tax difference = 5,09 L + 4 % cess =
Final Tax 5,29 lalh

# Mutual Fund Taxation ( Finance Act 2024 )

(Relevant for ITR filings of FY 24-25/AY 25-26)

**Cut-off date: 23-07-2024**

## Equity Oriented (more than 65% in equity)

| Sold before cut off date | | Sold on/after cut off date | |
|---|---|---|---|
| Within 12 m | After 12 m | Within 12 m | After 12 m |
| STCG 15% | LTCG 10%* | STCG 20% | LTCG 12.5%* |

## Specified Mutual Funds (more than 65% in debt)

aaditt

Purchased

- After April 1st, 2023: Slab Rate
- Before April 1st, 2023:

| Sold before cut off date | | Sold on/after cut off date | |
|---|---|---|---|
| Within 36 m | After 36 m | Within 24 m | After 24 m |
| Slab Rate | LTCG 20% with Indexation | Slab Rate | LTCG 12.5% without Indexation |

## Other Mutual Funds

| Sold before cut off date | | Sold on/after cut off date | |
|---|---|---|---|
| Within 36 m | After 36 m | Within 24 m | After 24 m |
| Slab Rate | LTCG 20% with Indexation | Slab Rate | LTCG 12.5% without Indexation |

*LTCG is exempted up to ₹ 1,25,000 on equity oriented funds

**Resident taxpayers can claim section 87A rebate on short-term gains taxed under section 111A for AYs before Finance Act 2025**

The tribunal held that for assessment years prior to the Finance Act, 2025 amendment, a resident individual who elected the new regime and whose total income does not exceed Rs. 7,00,000 may claim the section 87A rebate against tax computed solely on short-term capital gains taxed under section 111A, because the statute did not expressly exclude special-rate income and system-driven denial cannot override statutory entitlement; affected taxpayers may seek rectification or appeal if CPC denies relief. The Finance Act, 2025 prospectively bars such rebate against special-rate incomes from AY 2026-27 onward. - *(AI Summary)*

**Introduction**

*When I wrote an article on this topic last year, for the ver[...] rebate was not being allowed from 5th*

# NPS :- National Pension Scheme

→ Eligibility

- Any Indian Citizen (Resident or NRI) and overseas citizen of India aged between 18-70 years

## Tax Implications

- Partial withdrawal exempted upto 25% of the self-contribution
- Withdrawals are restricted upto 60 years of age except partial withdrawal allowed in specified cases.

(insta :- concept.decoded)

## Section 80CCD

(Salary = Basic + DA)

| 80CCD(1) | 80CCD(2) |
|---|---|
| 1. Deduction allowed in old Scheme | Deduction allowed in old and new Scheme |
| 2. Allowed to employees and Self-employed | Allowed only to employees |
| 3. Contributions by employees are allowed. | Contributions by employers are allowed. |
| 4. Deduction allowed<br>Salaried :-<br>10% of Salary<br>Self-employed :-<br>20% of Gross Total Income | Central / State Govt.<br>- 14% of Salary<br>- Others :-<br>Under old regime → 10% of Salary<br>New regime → 14% of Salary |
| 5. Maximum deduction<br>80C + 80CCD(1) restricted upto ₹ 1.5 lacs p.a.<br>Additional 50,000/- p.a. is allowed u/s 80CCD(1B)<br>Not more than 2 lacs (1.5 + 50,000) can be claimed | No limit |

# IS AGRICULTURAL INCOME TAXABLE IN INDIA?

**1 Short answer → No, but with a twist.**

**2 What counts as agricultural income (fully exempt):**

- Rent/revenue from agricultural land
- Cultivation of crops, fruits, vegetables
- Basic processing to make produce marketable
- Farmhouse income (if conditions met)

❌ Not exempt: poultry, dairy, fisheries, or income from non-agri land

**3 The "Partial Integration" rule**

Agricultural income is exempt, but if—

- Non-agri income > ₹2.5L
- Agri income > ₹5k


... it is added temporarily to decide your slab rate

**4 Quick Example:**

Agri income = ₹6L
Non-agri income = ₹4L

Tax on (6L+4L) = 10L = ₹1,12.500

Tax on (6L+2.5L) = 8.5L = ₹92,500

Pay = ₹1,12.500 –₹92,500 = ₹20,000

**5 State-level taxes?**

Most states do not levy separate agricultural income tax.

Agricultural income remains largely exempt under Sec 10(1) of IT Act.

**6 Key Takeaway:**

- Agricultural income itself is exemot

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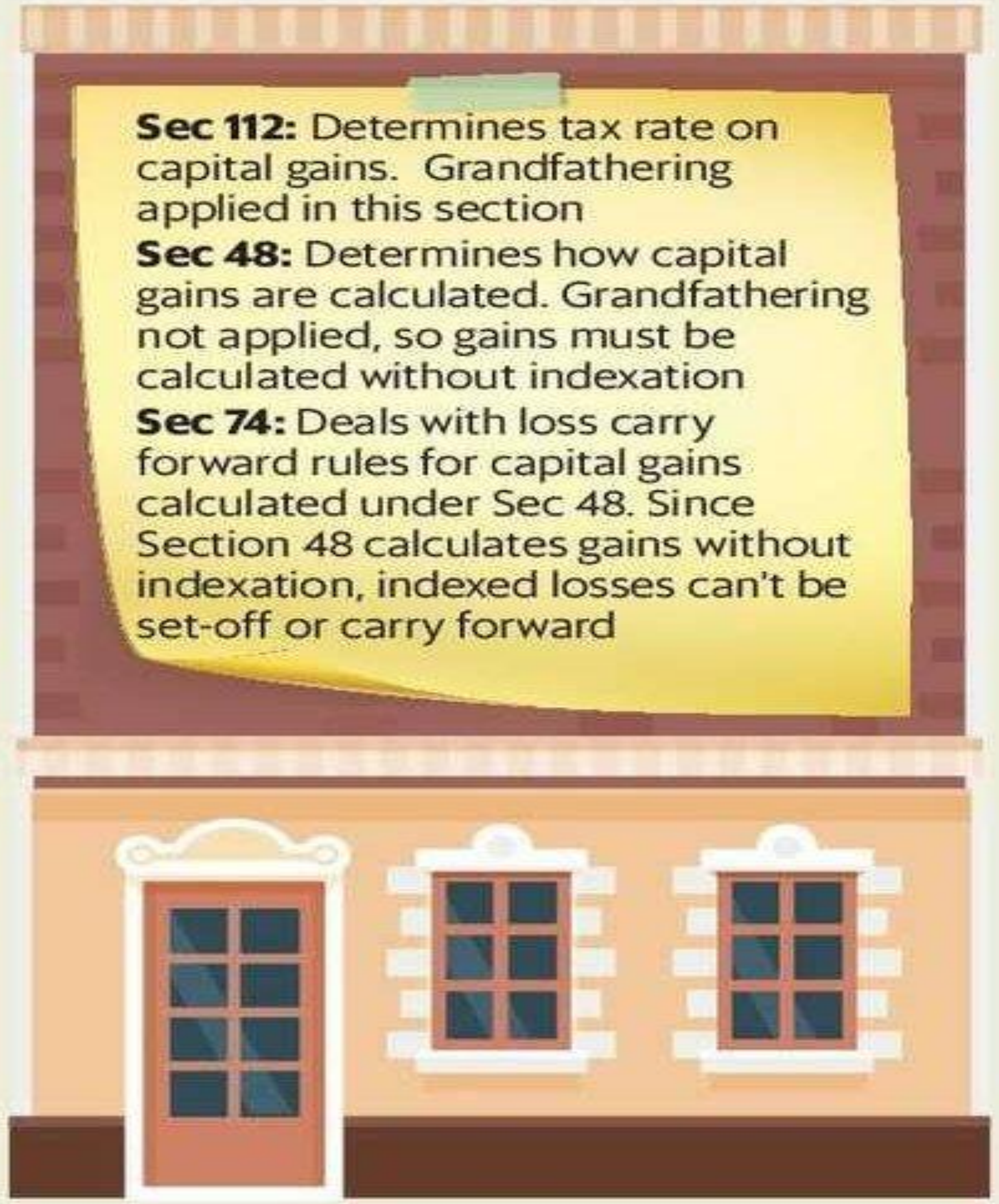
# Implications of the new property tax rules

**FROM** 23 July 2024, LTCG on house property is taxed at **12.5%** without indexation

**GRANDFATHERING** applied on properties bought before this date. Homeowner can pay **20%** indexed tax if it lowers capital gains

**BUT**, the grandfathering is calculated to tax calculation. Capital gains is calculated without indexation.

- Total income may increase above surcharge threshold
- Full non-indexed gains to be reinvested for Sec 54 & 54EC exemptions
- Loss arising from indexed purchase price cannot be set-off or carried forward




**EXAMPLE**

Mr A is a senior citizen with **₹20 lakh** pension and interest income. He also sold a house property bought in 2012 in October 2024

| Purchase price | Sale price | Indexed gain/loss | Non-indexed gain |
|---|---|---|---|
| **₹2 crore** | **₹3.5 crore** | Loss of **₹13 lakh** | **₹1.5 crore** |

**Capital gains tax paid: 0** — **Gross income: ₹1.7 crore**

**Implication 1**

**15%** surcharge on ₹20 lakh: **₹45,240** tax paid extra

**Implication 2**

He cannot carry forward or set-off the **₹13 lakh** loss

**Implication 3**

Say Mr A had made **₹13 lakh** profit, and not loss and he wants to buy an apartment next year. He would need to deposit the entire **₹1.5 crore** in CGAS. But, next year he decides against buying apartment and withdraws the amount.

Tax on ₹1.5 crore @12.5%
**₹18.75 lakh**

Gains withdrawn from CGAS don't get the benefit of paying lower tax of **20%** with indexation or **12.5%** without indexation because the tax utility calculates tax at the flat rate of **12.5%** without indexation

# COMMON MISTAKES TO AVOID WHILE FILING ITR

## FY 2024-25 / AY 2025-26

### 1 Missing the ITR Deadline

Filing after the due date may result in penalties and interest on tax due.

### Reporting Incorrect Income

Mismatch in income sources like salary, interest, capital gains.

### 2 Ignoring TDS or TCS Credits

Not claiming TDS/TCS already paid can increase your tax liability unne-

### 4 Wrong ITR Form

Using an incorrect ITR form can lead to rejection or scrutiny.

### 5 Not Disclosing All Bank Accounts

All active and dormant bank accounts must be reported.

### 6 Errors in Claiming Deductions

Incorrectly claiming Section 80C, 80D, 80E deductions

### 7 Failing to Report Capital G

Sale of property, shares, or mutual funds must be reported

### 8 Not Matching Tax Paid vs. Tax Liability

Check your advance tax, self-assessment tax, and TDS

### 9 Errors in Bank Details

Wrong account number or IFSC can cause refund delays

### 11 Not Verifying ITR

Filing alone is not enough.

Verification can be done via Aadhaar OTP, Net Danking, EVC, or sending signed ITR-V

### 12 Overlooking Foreign Assets or Income

or Income

If you have foreign bank accounts, property, or income, it must be disclosed

### Quick Tips to Avoid Mistakes

- Cross-check Form 16, 164, 26AS before filing.
- Keep documents & proots ready
- Use online ITR utility or professio-nal help if your income is complex

# Dividend & its Taxability

Dividends usually refer to the distribution of profits by a company to its shareholders. Dividend declared, distributed, or paid on or after 01-04-2020 is taxable in the hands of the shareholders. @taxologyin

Dividend income is taxable at the applicable tax rate or at a special rate which depends on two factors which are the residential status of the recipient and the nature of security. The dividend can be classified into the following:

| Sr No | Particulars | Taxability |
|---|---|---|
| 1 | Dividend from shares | a. If the recipient is a resident – taxable at the applicable tax rate and interest expenditure incurred to earn such dividend income shall be allowed up to 20% of total dividend income. @taxologyin<br>b. If the recipient is a non-resident – taxable at a special rate of 20% subject to provisions of DTAA and no expenditure shall be allowed. |
| 2 | @taxologyin<br>Dividends from mutual funds | a. If the recipient is a resident – taxable at the applicable tax rate and interest expenditure incurred to earn such dividend income shall be allowed up to 20% of total dividend income. @taxologyin<br>b. If the recipient is a non-resident – taxable at a special rate of 20% subject to provisions of DTAA and no expenditure shall be allowed. However, if the dividend is received by an FPI in respect of units purchased in foreign currency, the tax rate shall be 10%. |
| 3 | Dividends from GDRs<br>@taxologyin | a. If the dividend is taxable u/s 115AC – taxable at 10% and no deduction is allowed.<br>b. If the dividend is taxable u/s 115ACA – taxable at 10% and no deduction is allowed. @taxologyin<br>c. In other cases – taxable at the applicable tax rate and interest expenditure incurred to earn such dividend income shall be allowed up to 20% of total dividend income. |
| 4 | Dividends from REITs/InVITs | a. If the recipient is a resident – taxable at the applicable tax rate and interest expenditure incurred to earn such dividend income shall be allowed up to 20% of total dividend income. @taxologyin<br>b. If the recipient is a non-resident – taxable at a special rate of 20% subject to provisions of DTAA and no expenditure shall be allowed. |

# Gratuity & its Taxability

An employer is liable to pay gratuity to an employee who has completed **5 years of continuous services** and his employment with the employer terminates due to retirement, resignation, or superannuation. However, in case of death or disablement of the employee, the employer is liable to pay the gratuity even if the employee does not complete 5 years of service. The taxability of gratuity shall be as under: **@taxologyin**

| Sr No | Particulars | Taxability |
|---|---|---|
| 1 | Gratuity received during service | Fully Taxable |
| 2 | Gratuity received at the time of retirement | |
| a | Gratuity received by Government Employees (Other than employees of statutory corporations) | Fully Exempt **@taxologyin** |
| b | Death -cum-Retirement gratuity received by other employees who are covered under Gratuity Act, 1972 (other than Government employees) (Subject to certain conditions). **@taxologyin** | Least of the following amount is exempt from tax:<br>1. (*15/26) X Last drawn salary** X completed year of service or part thereof in excess of 6 months.<br>2. Rs. 20,00,000<br>3. Gratuity actually received. **@taxologyin**<br><br>*7 days in case of an employee of a seasonal establishment.<br>** Salary = Last drawn salary including DA but excluding any bonus, commission, HRA, overtime, and any other allowance, benefits, or perquisite |
| c | Death -cum-Retirement gratuity received by other employees who are not covered under Gratuity Act, 1972 (other than Government employees) (Subject to certain conditions). **@taxologyin** | Least of the following amount is exempt from tax:<br>1. Half month's Average Salary* X Completed years of service<br>2. Rs. 20,00,000<br>3. Gratuity actually received. **@taxologyin**<br><br>*Average salary = Average Salary of the last 10 months immediately preceding the month of retirement<br>** Salary = Basic Pay + Dearness Allowance (to the extent it forms part of retirement benefits)+ turnover-based commission |

# Reporting equity capital gains in ITR-2/ITR-3

## Long-term capital gains

To be reported in 3 places:

- Schedule 112A
- Schedule CG, Part B(I) for LTCG
- Schedule CG, Part F Information about the accrual or receipt of capital gains

## Short-term capital gains

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Schedule CG, Part A(I) for STCG - consolidated amounts to be reported

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## LTCG reporting breakdown

**Schedule 112A**

Scrip-wise reporting for shares or MFs bought **before 31 January 2018**

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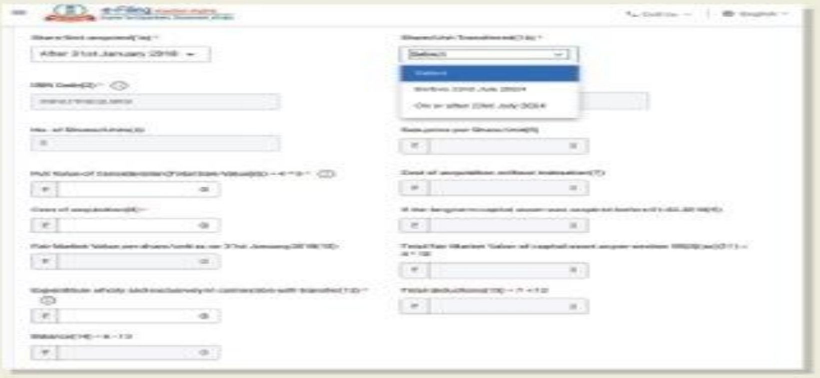

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**This Schedule is auto-filled based on the information provided in Schedule 112A. Verify the net capital gains calculated and confirm**

**Schedule CG - Information about accrual/receipt of capital gain**

F. Information about accrual/receipt of capital gain**

| | Date | Upto 15/6 (i) | 16/6 to 15/9 (ii) | 16/9 to 15/12 (iii) | 16/12 to 15/3 (iv) | 16/3 to 31/3 (v) |
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**Give quarter-wise manual break-up of the capital gains made during the year. This quarterly disclosure is required in the ITR to compute interest on any shortfall in advance tax payments.**

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**Assuming** Cost of acquisition: **₹3 lakh** | Sale consideration: **₹6 lakh**

All three SIPs need to be separately reported in Schedule 112A

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ISIN Code: 100123450002
No. of units/share: **100**
Sale price per unit: **₹2,000**
**Sale consideration: ₹2 lakh**
Cost of acquisition: **₹1 lakh**
FMV per unit as on 31 Jan 2018: **₹1,100**
**Cost of acquisition considered: ₹1.1 lakh**

**SIP 2**
ISIN Code: 100987650003
No. of units/share: **100**
Sale price per unit: **₹2,000**
**Sale consideration: ₹2 lakh**
Cost of acquisition: **₹1 lakh**
FMV per unit as on 31 Jan 2018: **₹1,100**
**Cost of acquisition considered: ₹1.1 lakh**

**SIP 3**
ISIN Code: 100456780004
No. of units/share: **100**
Sale price per unit: **₹2,000**
**Sale consideration: ₹2 lakh**
Cost of acquisition: **₹1 lakh**
FMV per unit as on 31 Jan 2018: **₹1,100**
**Cost of acquisition considered: ₹1.1 lakh**

Higher of FMV and actual purchase cost is taken by ITR utility

**Capital gains: ₹90,000** | **Capital gains: ₹90,000** | **Capital gains: ₹90,000**

**Total capital gains: ₹2.7 lakh**

**Tax payable ₹18,125***

For simplification, assumed equal no. of units acquired via each SIP at the same purchase price
*excluding cess and surcharge
BFLA: Brought forward loss adjustment; ITR: Income tax return; FMV: Fair market value;
STT: Securities transaction tax; SIP: Systematic investment plan.

Source: CA Prakash Hegde, Mint research


# Latest GST Update

# GST TREATMENT OF DISCOUNTS

## 1. Discounts at/before supply

- If shown on the invoice
  → Deducted from value of supply
- If not shown on the invoice
  → Not deducted from value of supply


## 2. Discounts after supply

- Must be as per an agreement existing at time of supply
- Must be linked to invoices
- Recipient must reverse proportionate ITC
- ✓ If all conditions met
  → Deducted from value of supply
- ☒ If conditions not met
  → Not deducted from value of supply

# WHEN DO YOU GET GST NOTICES?

### GSTR-1 vs GSTR-3B mismatch

Lower tax paid than invoices raised → ASMT-10 / DRC-01 likely

### ITC claimed vs GSTR-2A/2B mismatch

Clalming ITC not reflecting in vendor filings or biocked under Sec 17(5) / Rule 86A

### Late or non-filing of GST returns

Delays in GSTR-38 / GSTR-1 / CMP-08 → REG-17 / REG-31 tices

### Suspicious or high refunds

Large IGST / ITC refunds vs turnover → verifled via RFD-08 / DRC-01

### E-way bill non-compliance

Mismatched invoices or missing e-way bills → MOV-series notices

### High-risk transactions flagged by GSTN

Sudden turnover spikes, blacklisted / fake suppliers → Sec 70 summons

### Non-reversar of ITC when required

ITC not reversed after 180 days or exempt / personal use

### Non-reversal of ITC when requir-ed

ITC not reversed after 180 days or exempt / personal use → ASMT-10 / DRC-01

**GST notices aren't random -- they're data-driven. Reconcile monthly, file on time, track ITC, and deal only**

# GST Refunds for Low-Value Export Consignments


No minimum limit of rupees one thousand applicable on refund claims on account of goods exported out of India with payment of tax.

This will significantly ease working capital constraints faced by exporters making frequent, low-value shipments (especially via. courier or postal mode).

This will enable sanctioning of refund claim below one thousand rupees in respect of low-value export consignments through the Customs system.

This will promote low-value exports from India and also support micro, small, and medium enterprises engaged in international trade.

@cbic_india @cbicindia @cbicindia @CBICINDIA @CBIC india

# Taxability Under GST

**Are You Supplying Goods Through ECO i.e. Amazon India, Flipkart, Myntra, Snapdeal, Meesho, ShopClues, Paytm Mall, Ajio, Nykaa etc ?**

**Are You ECO (Ecommerce Operator) ?**

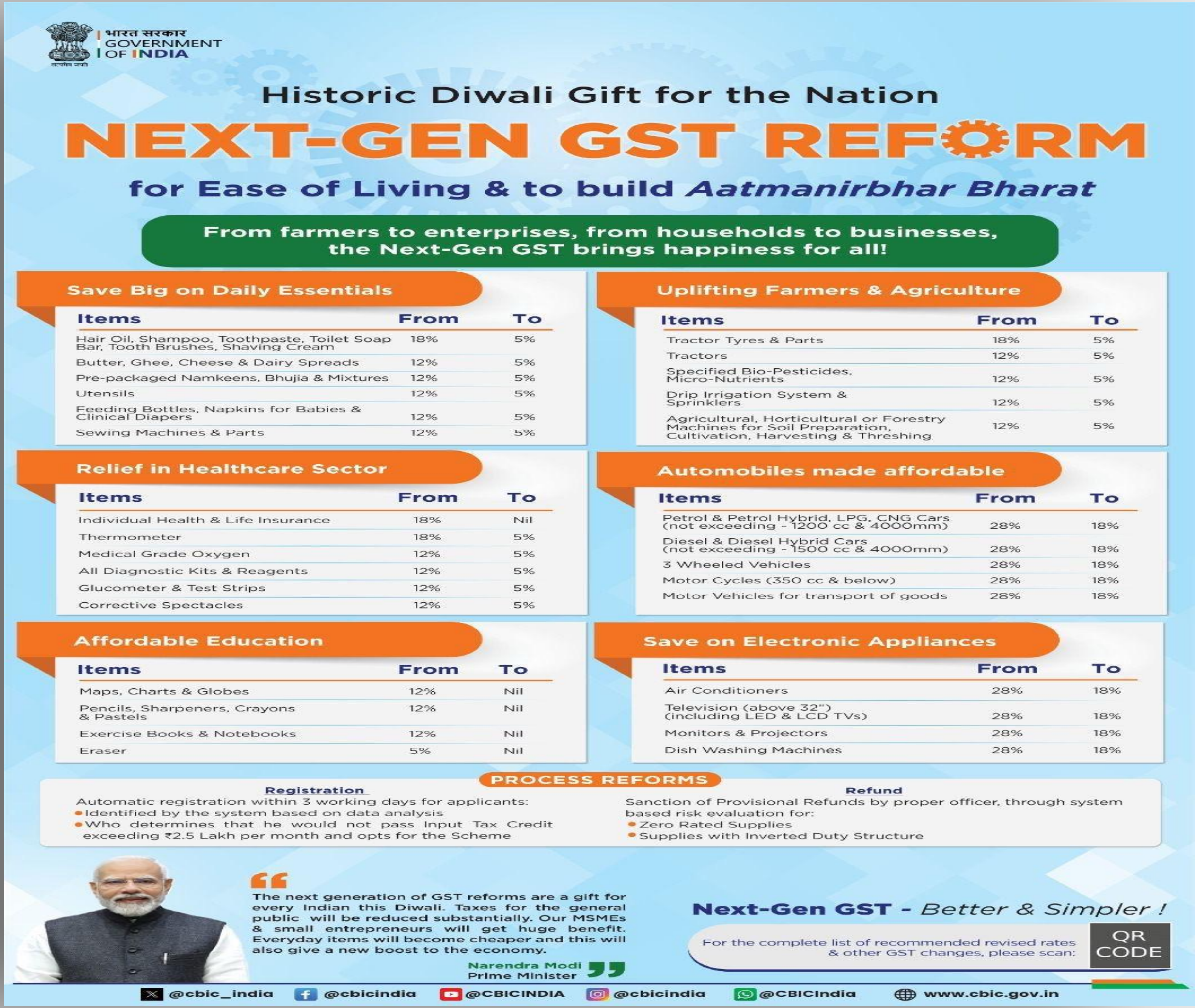
Supply of Goods

| Taxability of **ECO** | Taxability of **Supplier** supply through ECO |
|---|---|
| Required to obtain compulsory registration | Required to obtain compulsory registration (except where aggregate turnover of intra-State supplier with enrollment no. in preceding FY & current FY does not exceed threshold limit) |
| Required to collect TCS u/s 52 @ 1% | Can take credit of the TCS collected by ECO and pay rest of the tax |

# Applicable

# w.e.f

# 22nd September 2025



भारत सरकार GOVERNMENT OF INDIA

Historic Diwali Gift for the Nation

## NEXT-GEN GST REFORM

for Ease of Living & to build *Aatmanirbhar Bharat*

From farmers to enterprises, from households to businesses, the Next-Gen GST brings happiness for all!

**Save Big on Daily Essentials**

| Items | From | To |
|---|---|---|
| Hair Oil, Shampoo, Toothpaste, Toilet Soap Bar, Tooth Brushes, Shaving Cream | 18% | 5% |
| Butter, Ghee, Cheese & Dairy Spreads | 12% | 5% |
| Pre-packaged Namkeens, Bhujia & Mixtures | 12% | 5% |
| Utensils | 12% | 5% |
| Feeding Bottles, Napkins for Babies & Clinical Diapers | 12% | 5% |
| Sewing Machines & Parts | 12% | 5% |

**Uplifting Farmers & Agriculture**

| Items | From | To |
|---|---|---|
| Tractor Tyres & Parts | 18% | 5% |
| Tractors | 12% | 5% |
| Specified Bio-Pesticides, Micro-Nutrients | 12% | 5% |
| Drip Irrigation System & Sprinklers | 12% | 5% |
| Agricultural, Horticultural or Forestry Machines for Soil Preparation, Cultivation, Harvesting & Threshing | 12% | 5% |

**Relief in Healthcare Sector**

| Items | From | To |
|---|---|---|
| Individual Health & Life Insurance | 18% | Nil |
| Thermometer | 18% | 5% |
| Medical Grade Oxygen | 12% | 5% |
| All Diagnostic Kits & Reagents | 12% | 5% |
| Glucometer & Test Strips | 12% | 5% |
| Corrective Spectacles | 12% | 5% |

**Automobiles made affordable**

| Items | From | To |
|---|---|---|
| Petrol & Petrol Hybrid, LPG, CNG Cars (not exceeding - 1200 cc & 4000mm) | 28% | 18% |
| Diesel & Diesel Hybrid Cars (not exceeding - 1500 cc & 4000mm) | 28% | 18% |
| 3 Wheeled Vehicles | 28% | 18% |
| Motor Cycles (350 cc & below) | 28% | 18% |
| Motor Vehicles for transport of goods | 28% | 18% |

**Affordable Education**

| Items | From | To |
|---|---|---|
| Maps, Charts & Globes | 12% | Nil |
| Pencils, Sharpeners, Crayons & Pastels | 12% | Nil |
| Exercise Books & Notebooks | 12% | Nil |
| Eraser | 5% | Nil |

**Save on Electronic Appliances**

| Items | From | To |
|---|---|---|
| Air Conditioners | 28% | 18% |
| Television (above 32") (including LED & LCD TVs) | 28% | 18% |
| Monitors & Projectors | 28% | 18% |
| Dish Washing Machines | 28% | 18% |

**PROCESS REFORMS**

**Registration**

Automatic registration within 3 working days for applicants:
- Identified by the system based on data analysis
- Who determines that he would not pass Input Tax Credit exceeding ₹2.5 Lakh per month and opts for the Scheme

**Refund**

Sanction of Provisional Refunds by proper officer, through system based risk evaluation for:
- Zero Rated Supplies
- Supplies with Inverted Duty Structure

"The next generation of GST reforms are a gift for every Indian this Diwali. Taxes for the general public will be reduced substantially. Our MSMEs & small entrepreneurs will get huge benefit. Everyday items will become cheaper and this will also give a new boost to the economy."

Narendra Modi
Prime Minister

**Next-Gen GST** - *Better & Simpler !*

For the complete list of recommended revised rates & other GST changes, please scan: QR CODE

@cbic_india @cbicindia @CBICINDIA @cbicindia @CBICIndia www.cbic.gov.in

## 40%

- **28%** - Pan Masala
- **28%** - Aerated beverages containing sugar
- **28%** - Caffeinated Beverages
- **28%** - Carbonated Beverages with Fruit Juice
- **28%** - Cigars & Cigarettes
- **28%** - Tobacco
- **28%** - Motor Cars Other
- **28%** - Hybrids with engine capacity exceeding 1200cc or of length exceeding 4000 mm
- **28%** - Motor cycles of engine capacity exceeding 350 cc
- **28%** - Yacht & other vessels for pleasure or sports
- **28%** - Revolvers & Pistols
- **28%** - Smoking Pipes
- **18%** - Non-Alcoholic beverages

## 18%

- **28%** - Bidis
- **28%** - ACs
- **28%** - Dish Washing Machines
- **28%** - TVs
- **28%** - Petrol cars of engine capacity not exceeding 1200cc & of length not exceeding 4000 mm.
- **28%** - Diesel cars of engine capacity not exceeding 1500 cc & of length not exceeding 4000 mm.
- **28%** - Ambulances
- **28%** - Three wheeled vehicles
- **28%** - Hybrids with engine capacity not exceeding 1200cc & of length not exceeding 4000 mm
- **28%** - Bodies for the motor vehicles
- **28%** - Parts and Accessories
- **28%** - Motorcycles of engine capacity not exceeding 350cc
- **12%** - Agarbatti
- **12%** - Apparel over ₹2,500

## 5%

- **18%** -Bakery items
- **18%** -Chocolates
- **18%** -Cocoa powder
- **18%** -Coffee extracts
- **18%** -Confectionery
- **18%** -Dental care (floss, paste)
- **18%** -Hair oil & shampoo
- **18%** -Ice cream
- **18%** -Mineral/aerated water
- **18%** -Plant-based milk
- **18%** -Shaving products
- **18%** -Soups & Broth
- **18%** -Powder(Talcum/face)
- **18%** -Thermometers
- **18%** -Toilet soap
- **18%** -Tractor bumpers/ parts
- **12%** -Tractor tyres
- **12%** -Condensed milk
- **12%** -Bandages & dressings
- **12%** -Bicycles/tricycles
- **12%** -Butter, ghee, oil
- **12%** -Candles
- **12%** -Carpets
- **12%** -Cheese
- **12%** -Coconut water
- **12%** -Coffee
- **12%** -Combs & hair pins
- **12%** -Corrective Spectacles
- **12%** -Dates

## 0%

- **18%** -Paratha, parotta & other Indian breads by any name called
- **12%** -Exercise book, graph book, and laboratory note book & notebooks
- **12%** -Maps
- **12%** -Pencils, Crayons
- **5%** -Paneer of Chenna
- **5%** -Pizza Bread
- **5%** -Khakhra, chapathi or roti

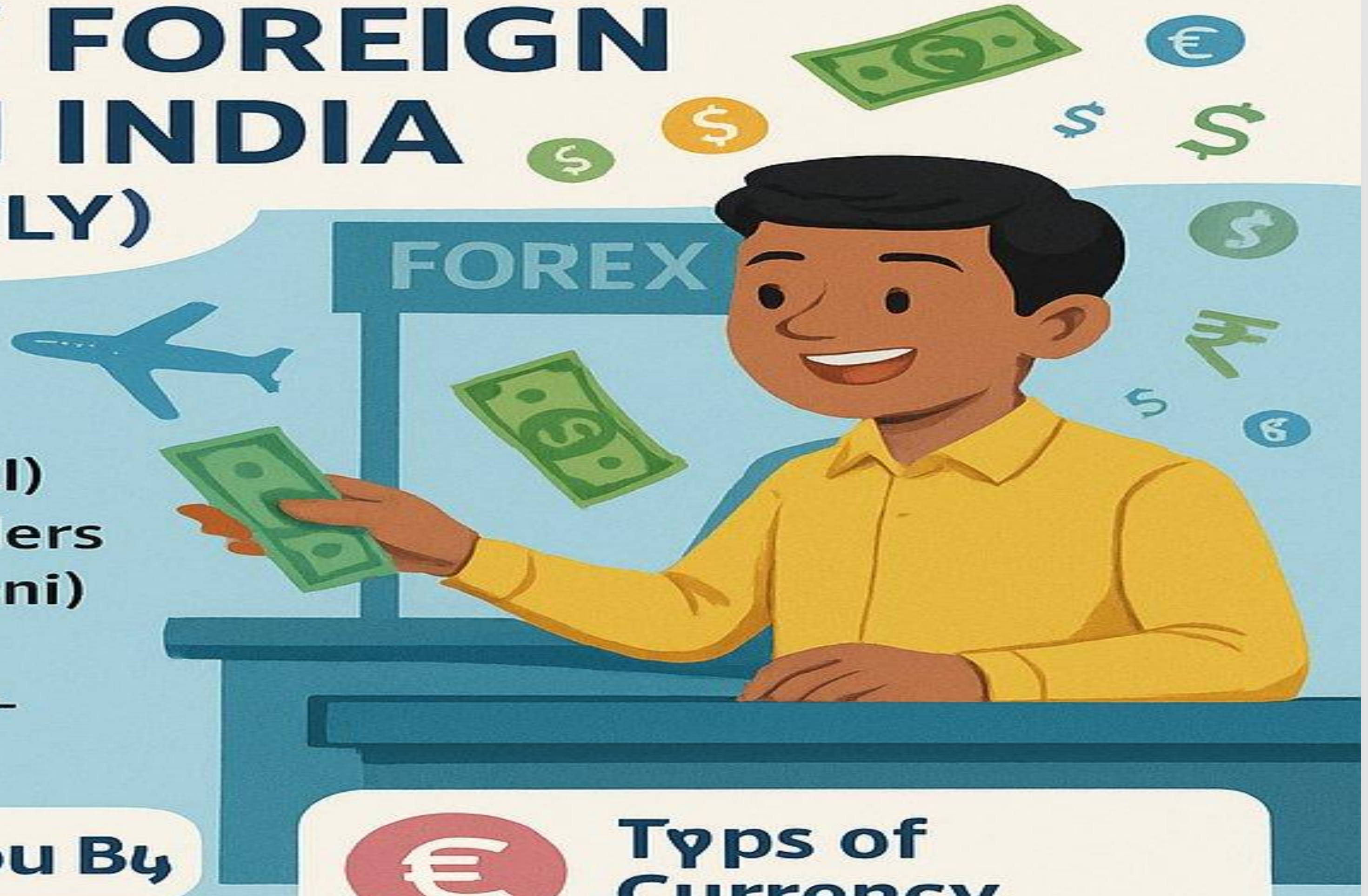
● Old Slab

Hit Like

Save For Later


IMPORTANT
ANNOUNCEMENT

# HOW TO BUY FOREIGN CURRENCY IN INDIA (LEGALLY & SMARTLY)




## Where to Buy?

- Banks (SBI, HDFC, ICCI)
- Authorized forex dealers (Thomas Cook, Unimoni)
- Online platforms (BookMyForex, ExTrav-Money, FxKart)

## How Much Can You By

- $3,000 cash
- Rest via Forex Card or wiransfer
- $250.000/year

## Documents Needed

- PAN Card
- Visa/Air Ticket
- Form A2

## RBI Rules

- Foreign exchange is regulated under FEMA
- Keep for LRS limits
- Penalties for violations

## Typs of Currency

- Cash
- Forex Travel Card
- Wire Transfer

## Tips to Save Money

- Avoid airport counters
- Compare rates online
- Check hidden charges
- Use Forex Card for large spends

# How getting accredited helps in GIFT City

AIF minimum ticket size: **$150,000**
If you are accredited: **$10,000**
Retail fund minimum ticket size: **$5,000**

### Requirements for accreditation

Gross income of $200,000: **₹1.8 crore**
Or
Net assets of $1 million: **₹8.8 crore**
(Of which **$500,000** of financial assets)

### All about Ionic Global Innovation Fund

- Focused on global innovation & enabler stocks
- Moated businesses
- Operating leverage
- EPS & free cash flow growth
- Reasonable valuations

### GIFT City in numbers*

| AIFs and VC schemes | Inbound AIF AUM | Outbound AIF AUM | Investors |
|---|---|---|---|
| 229 | $5.7 billion | $842 million | 3,002 |

According to the IFSCA Jan-Mar 2025 Bulletin

### Structure

GIFT city Fund → Cayman Master Fund → Underlying stocks

### Why this structure?

- Portfolio churn (profit booking) in offshore fund
- Tax-free in offshore Islands
- No churn in GIFT City fund except to meet redemptions

AIF: Alternative investment fund;
AUM: Assets under management;
VC: Venture capital; PE: price-to-earnings ratio.

### If you redeem

mint

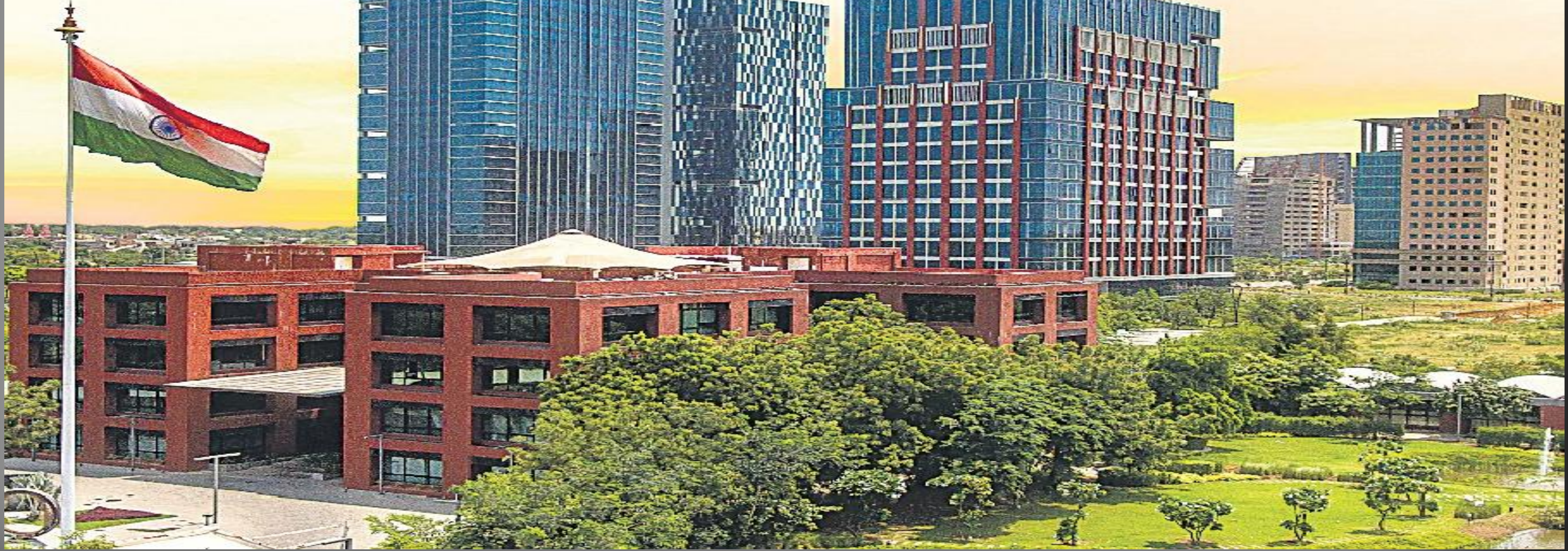
Within 2 years **42.74%**
STCG + surcharge + cess

After 2 years **14.95%**
LTCG + surcharge + cess

### Fee structure (Of the Ionic Fund)

| Minimum investment ($) | Expense ratio (%) | With profit share (%) |
|---|---|---|
| 10,000 | 2 | 1.50 |
| 150,000 | 1.75 | 1.25 |
| 500,000 | 1.5 | 1 |
| 1 million | 1.25 | 0.75 |

GRAPHIC: PARAS JAIN/MINT



Ministry of External Affairs
Government of India

# STATEMENT

Our attention has been drawn to remarks reportedly made by the Pakistani Chief of Army Staff while on a visit to the United States.

Nuclear sabre-rattling is Pakistan's stock-in-trade.

The international community can draw its own conclusions on the irresponsibility inherent in such remarks, which also reinforce the well-held doubts about the integrity of nuclear command and control in a state where the military is hand-in-glove with terrorist groups.

It is also regrettable that these remarks should have been made from the soil of a friendly third country.

India has already made it clear that it will not give in to nuclear blackmail. We will continue to take all steps necessary to safeguard our national security.

11 August 2025

# Should you invest in unlisted shares like NSE?

The number of retail investors in NSE has jumped more than four times amid anticipation of its long-pending IPO.

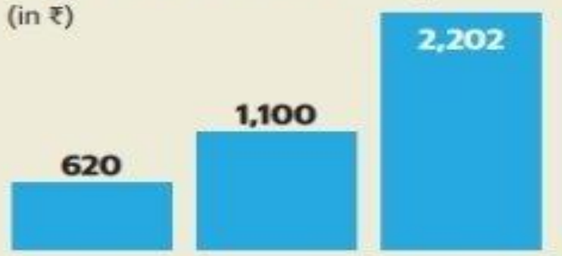
### NSE shareholding pattern

No. of retail shareholders


Source: NSE disclosures

### NSE shares' unlisted prices

(in ₹)




Source: Unlisted share platforms

### Cost

- Buyers may be charged hidden fees via mark-ups
- Platforms/dealers may charge fees to sellers too

### Buying unlisted shares

1. **FIND** a credible dealer/platform
2. **IDENTIFY** stock and buy quantity
3. **DOCS:** PAN card, Aadhar card, client market list*, cancelled cheque
4. **Sign** DCL or agreement #
5. **FUND** dealer/ platform's account
6. **DEALER**/platform will facilitate transaction in T+3/T+5 days^
7. **UNLISTED** share credited in investor's demat account

*CML contains details of the demat account; it can be procured from your broker
^Can vary with different platforms. Some can take T+10 or T+14 days to complete the transaction
#Deal confirmation letter

| Popular unlisted shares | Unlisted share price |
|---|---|
| Chennai Super Kings (CSK) | ₹188.4 |
| HDFC Securities | ₹10,609 |
| Oravel Stays (OYO) | ₹40.4 |
| SBI Funds Management | ₹2,773.4 |
| Metropolitan Stock Exchange | ₹5.13 |
| NCDEX | ₹333.2 |
| Tata Capital | ₹840.6 |
| Parag Parikh Financial Advisory Services | ₹12,000 |

Source: Market sources

### Unlisted: Not for everyone

- Unlisted shares lack liquidity
- Exit before public listing is difficult
- After IPO, wait of six months is mandatory (lock-in)
- Unlisted market price may be misleading
- Prices easily influenced as unlisted supply is limited
- Unlisted market is not regulated like listed markets

### Avoiding dealer-level risks

- Avoid dealers needing longer times to source shares
- Seller may back out if price moves up in the time period
- Look for platforms with credibility

Note: Unlisted shares are sourced from employees or early-stage investors

### Platforms offering unlisted shares

- Precize
- InCred
- Planify
- Altius
- Stockify

### Prominent shareholders in NSE

mint

No. of shares ● Market value (₹ crore)

| | Sachin Tendulkar | Gauri Khan | Motilal Oswal | Radhakishan Damani^^ | Aamir Khan |
|---|---|---|---|---|---|
| No. of shares | 200,000 | 240,000 | 800,000 | 39,084,400 | 40,000 |
| Market value (₹ crore) | 44 | 52 | 176 | 8,587 | 8.8 |

Source: MCA; list of allottees as of 4 November 2024, ^^based on data as on 30 June 2025 as more than 1% shareholders were disclosed in NSE's shareholding pattern; value is derived on basis of NSE's average price across four unlisted share platforms

### Cautionary tales

**HDB Financial**
Listing price: **₹835**; Unlisted peak price: **₹1,500** — **Loss: 44%**

**Swiggy**
Listing price: **₹420**; Unlisted peak price: **₹580** — **Loss: 33%**

**Reliance Retail**
Buyback price **₹1,362**; Unlisted peak price: **₹3,500** — **Loss: 62%**

### Tax implications

| Tax scenarios | Treatment | Tax rate |
|---|---|---|
| Unlisted shares sold **before 2 years** | Short-term capital gains | At investor's slab rate |
| Unlisted shares sold **after 2 years** | Long-term capital gains | **12.5%** tax rate |
| **If sold after listing** | | |
| If holding period from original purchase is **less than 1 year** | Short-term capital gains | **20%** tax rate |
| If holding period from original purchase is **more than 1 year** | Long-term capital gains | **12.5%** tax rate |

GRAPHIC: PARAS JAIN/MINT

# How to invest in direct mutual funds for your child

Here's a step-by-step guide to opening a mutual fund folio for a minor

mint

1. Visit **www.mfuonline.com**
2. **GO** to 'eCAN Registration'
3. **ENTER** your email and phone number, then click on 'New Form'
4. **SELECT** mode of registration ➡ **Electronic**
5. **FOR** ARN/RIA, leave blank if investing directly
6. **UNDER** account type:
   Mode of holding ➡ Single
   Investor category/Tax status ➡ **Minor**
7. **ENTER** minor's details: Name, DoB, FATCA, PAN (optional), phone no, and email*
8. **ENTER** guardian's details: Name, DoB, FATCA, KYC details (PAN & Aadhaar), phone no, and email
9. **SELECT** the applicable 'relationship with minor' and 'proof of relationship'
10. **ENTER** DP details if applicable, else leave blank
11. **ENTER** bank details^
12. **UPLOAD** documents
13. **AGREE** to the terms and submit the form

*If the minor has no phone or email, use the guardian's details and select guardian in both declaration fields.

^Bank account(s) accepted on behalf of minor

For purchases, minor's account, guardian's account or a joint account with guardian are accepted

For redemptions, money will be credited to either minor's account or joint account with guardian provided it is registered in the folio

## What's next?

- Once the MFU team verifies your documents, you will receive your CAN
- Allotted by MFU, this lets you transact across fund houses
- Next, create an account on the MFU portal to get started

**Minor to major process needs to be done when the child turns 18 or else transactions will be stopped**

**Tax implication is on the guardian until the child turns adult**

**Nominee or joint holding not allowed in minor folio**

MFU: Mutual Fund Utility, CAN: Common Account Number, DoB: Date of birth, FATCA: Foreign Account Tax Compliance Act, KYC: Know Your Client

GRAPHIC: PARAS JAIN/MINT

# How to Build HUF Cappatal Safely (and Save Tax)

## What's Allowed?

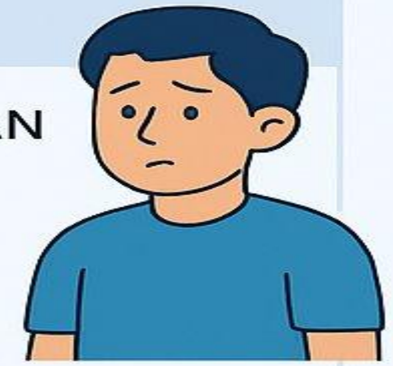
- Gifts from relatives (no tax)
- Marriage gifts to Karta (fully exempt)
- Inheritance / ancestral property
- Partition of bigger HUF → smaller HUF

## What to Avoid

- Personal funds → HUF → income clubbed back (Sec 64(2)
- Cash deposits without source (Sec 68 → 60%+ penalty)
- Circular transfers between HUF & individual

## Pro Tips

- Always open PAN & bank a/c in HUF's name
- Use gift deeds for >₹50k gifts
- Maintain books to prove source
- Invest corpus in HUF name



## Example

Father gifts ₹10L to HUF tax-free

[illegible] gifts [illegible]/0k gift

## Bottom Line

HUF can be a great tax planning vehicle — if funded legitimately. No shortcuts. Only documented, source-


PROUD MOMENT
For the First time, BRICS countries will settle trade in Indian Rupees. Not a full dollar exit - but a BIG step towards making the rupee global. India, be proud

# How to Surrender Your PAN Card

## When should you surrender your PAN?

- Two PAN cdś cards ( illegal)
- Wrong details issued → new PAN allotted
- PAN of deceased indiuildual
- Business/entity closed down

## Online Process (Fastest)

1. Visit TIN-NSDL or UTIITSL portal
2. Select "Request for New PAN/ Correction" → tick "Surrender P'
3. Enter PAN details to be canceled
4. Upload proof (if duplicate)
5. Submit + pay fee
6. Receive acknowledgment

## Offline Process (Physical Form)

1. Download Form 49A/49AA
2. Fill PAN to be surrendered + vaild PAN to retain
3. Attach copy of PAN (both cards if duplicate)
4. Submit to nearest NSDL/UTI center
5. Collect acknowledgment slip

## Key Links

NSDL: ttin.tin.nsdi.com

## Ways to Surrender PAN

1. Online via NSDL
2. Offiine via PAN correction torm (Form 49A/49AA)
3. Through Income Tax Office (for legal heirs or entity closure cases)

## For Deceased Individuals

1. Legal heir files request using PAN surrender letter
2. Attach death certificate + ID of heir
3. Submit to Jurisdictional AO (Income Tax Dept)
4. PAN gets deactivated

## Important Points

- Always keep acknowledgment copy as proof
- If duplicate → only one PAN stays active
- If business/entity closure mention closure date
- Surrendering PAN doesn't erase past tax history

# HOW TO CORRECT YOUR PAN CARD

### WHEN CORRECTION IS NEEDED

- Name / father's name / DOB mismatch
- Spelling errors vs Aadhaar
- Update photo or signature

### WHERE TO APPLY

- NSDL (Protean): onlineservices.nsdl.com
- UTIITSL: pan.utlitsl.com

### SUBMISSION

- If Aadhaar-linked → e-sign (no posting required)
- Else → send signed acknowledgement + docs to NSDL/UTIITSL

### PRO TIPS:

- Match name/DOB with Aadhaar to avoid IT return issues
- For lost card with correct data → apply for 'reprint,' not 'correction

### HOW TO APPLY ONLINE

- Select,'Changes/Correction in PAN data'
- Enter PAN → Fill correct details
- Upload supporting docs (Aadhaar, DOB proof, old PAN copy)
- Pay ~₹100 (₹1000+ if card to be sent abroad)

### TRACK YOUR PAN

- Use the 15-digit acknowledgent number
- Corrected card arrives in 7-15 days

# Filing your Income Tax Return (ITR)
## Pre-Filing Checklist

### Pick the correct ITR form
- ITR-1: Salarled (≡₹50L)
- ITR-2: Salary + capital gains / >1 house / foreign income income
- ITR-8: Business/profession
- ITR-4: Presumotive income

Wrong form = defective return

### Verify your basic details
- PAN, Aadhaar, name match
- Correct bank account (pre- validated for refund)
- Update mobile & email

### Match income sources
- Form 16 (salary)
- Form 26AS / AIS (TDS, interest, diviends, MF redemptions)
- Other incomes (rent, freelance, crypto, lottery...)

### Collect deduction proofs
- 80C (LIC, PPF, ELSS, home loan principal)
- 80D (Health insurance
- 80G (Donations
- 24(b) (Home loan interest
- HRA, LTA exemptions

### Account for capital gains
- Shares, MFs → broker statements
- Property → purchase/seale deeds, TDS details
- Crypto/NFT → disclose under con

### Choose your tax regime wisely
- Old regime → more deductions
- New regime → lower slab rates, fewer deductions
- Calculate both, pick lower tax

# Temporary Suspension of Postal Services to the United States of America

Posted On: 23 AUG 2025 2:49PM by PIB Delhi

The Department of Posts has taken note of the Executive Order No. 14324 issued by the U.S. Administration on 30th July, 2025, under which the duty-free *de minimis* exemption for goods valued up to USD 800 will be withdrawn with effect from 29th August, 2025. Consequently, all international postal items destined for the USA, regardless of their value, shall be subject to customs duties as per the country-specific International Emergency Economic Power Act (IEEPA) tariff framework. However, gift items up to the value of USD 100 shall continue to remain exempt from duties.

As per the Executive Order, transport carriers delivering shipments through the international postal network, or other "qualified parties" approved by the U.S. Customs and Border Protection (CBP), are required to collect and remit duties on postal shipments. While CBP issued certain guidelines on 15th August, 2025, several critical processes relating to the designation of "qualified parties" and mechanisms for duty collection and remittance remain undefined. Consequently, U.S. bound air carriers have expressed their inability to accept postal consignments after 25th August, 2025, citing lack of operational and technical readiness.

In view of the above, the Department of Posts has decided to temporarily suspend booking of all types of postal articles, destined for the USA with effect from 25th August, 2025 except letters/documents and gift items up to USD100 in value. These exempt categories will continue to be accepted and conveyed to the USA, subject to further clarifications from CBP and USPS.

The Department is closely monitoring the evolving situation in coordination with all stakeholders, and every effort is being made to normalize services at the earliest possible opportunity.

Customers who have already booked articles that cannot be dispatched to the USA due to these circumstances may seek a refund of postage. The Department of Posts deeply regrets the inconvenience caused to customers and assures that all possible measures are being undertaken to resume full services to the USA at the earliest.

livemint

# Tax planning for returning NRIs

The RNOR window offers breathing space on taxes. NRIs should use this period to restructure their finances before full taxation of overseas income begins.

## Returning from abroad? Consider two options

**Keep money abroad**

Growth in dollars, access to global markets, more flexibility, benefit if USD strengthens

Currency swings, foreign tax rules, disclosure needed once you become ROR

**Bring money to India**

Easier to manage funds, tax flexibility during RNOR years, chance to invest in Indian assets, comfort of having money at home

Exchange rate risk, possible tax on remittance, reduced global diversification

## Are you ROR or RNOR?

**STEP 1: Check your stay in India this year**

- **182 days** or more in the current financial year ➡ you are resident
- OR if you stayed **60 days** this year + 365 days in the last 4 years ➡ you are resident
- If neither condition is met ➡ You are non-resident

**STEP 2: If you are resident, find your category**

Resident & Ordinarily Resident (ROR):

- Stayed in India for **2** out of the last **10 years**, AND
- Stayed for **730 days** or more in the last **7 years**

Resident but Not Ordinarily Resident (RNOR):

- If you do not meet both of the above conditions

## Returning to India: tax & finance essentials

mint

**Before returning**

- Review RNOR eligibility (2–3 years of tax relief)
- Consult tax + investment advisors
- Plan timing of 401K or retirement fund withdrawals
- Check DTAA benefits (avoid double taxation)

**In RNOR phase**

- Only Indian income taxable
- Foreign income largely exempt
- No mandatory disclosure of foreign assets
- Ideal time to restructure investments

**After becoming ROR**

- Global income fully taxable in India
- Must disclose all foreign assets in ITR
- Align estate, retirement, and investment plans with Indian laws

**RAHUL FERNANDES (43)**
Profession: Product manager
Location: Mumbai
Returned from US in 2025

"I discussed with tax and investment advisors well in advance, so I had no doubts at the time of returning."

**SHRIJAY SHETH (40)**
Profession: Entrepreneur
Location: Ahmedabad
Returned from the US in 2013

"Check taxability on your 401K early withdrawal. It may add to your income and eventually put you in higher tax bracket"

# HOW TO ANALYZE STOCKS

**THE 6-STEP FRAMEWORK INSPIRED BY PETER LYNCH**

### 1 Understand the Business

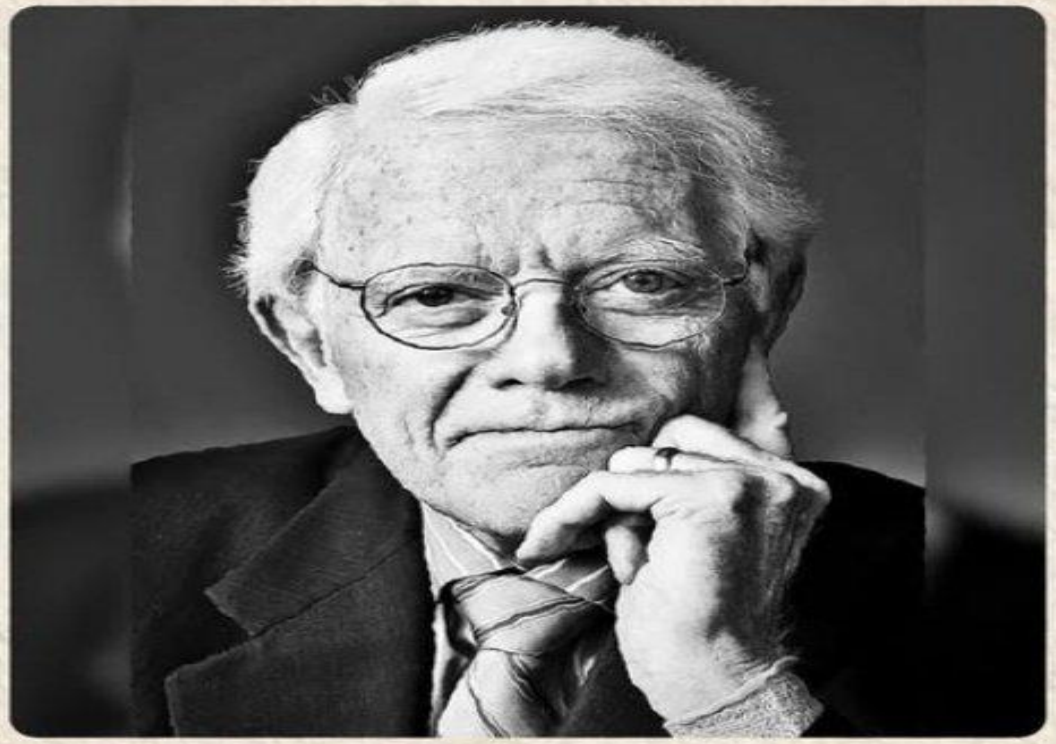
- What does the company do?
- Is it easy to explain in a single sentence?

### 2 Identify the Industry & Moat

- Who are its competitors?
- Does the company have pricing power or brand strength?
- Can others easily replicate the business?

### 3 Deep Dive into Financials

- **From the Balance Sheet**
  - Is the company debt-free or carrying low long-term debt?
  - Is the current ratio comfortably above 1 for liquidity?
  - Does the company have a consistently strong cash position?
- **From the Income Statement**
  - Are profits consistently growing year-over-year?
  - Are operating margins stable or improving?
  - Is the net profit margin better than peers?
- **From the Cash Flow Statement**
  - Is the company generating positive operating cash flow?
  - Is it reinvesting in the business (CAPEX)?
  - Does it have growing free cash flow?



### Books Written by Peter Lynch

- One Up On Wall Street
- Beating the Street
- Learn to Earn

### 4 Evaluate Growth Potential

- What's the future plan (new products)
- Are earnings expected to grow 15%+?

### 5 Analyze Valuation

- Is the P/E reasonable for its sector?
- How does it compare to historical valuation?
- Is the stock undervalued based on PEG or intrinsic value?

### 6 Study Promoter & Insider Behavior

- Are promoters increasing their stake?
- Are there consistent insider purchases?

@QCompounding
www.compoundingquality.net

# WHO MUST TAKE GST REGISTRATION (COMPULSORY)?

1. **Inter-State Suppliers**
   Any person making taxable supply across States/UTs
2. **Casual Taxable Person**
   Those making supplies without a fixed place of business in the State
3. **Non-Resident Taxable Person**
   Foreign persons supplying goods/services in India without a fixed place of business
4. **Reverse Charge Recipients**
   Any person receiving supplies where tax is payable under RCM
5. **Agents of Principals**
   Persons supplying on behalf of other taxable persons
6. **Persons Liable for TDS (Sec. 51)**
   Govt. departments, local authorities, notified entities
7. **E-Commerce Operators**
   Operators liable u/s 9(6). Operators required to collect TCS
   Suppllers selling via e-commerce (except those notified u/s 9)
8. **Input Service Distributor (ISD)**
   Whether or not separately registered
9. **OIDAR Service Providers**
   Supplying online information & database access/retrieval services from abroad to unregistered persons in India
10. **Online Money Gaming Providers** (from outside India)
    Notified Persons
11. **Notified Persons**

# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

**CENTRAL INDIA REGIONAL COUNCIL**

**Smt Nirmala Sitharaman ji,**
Hon'ble Minister of Finance & Corporate Affairs,
Govt of India

Respected Madam,

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament—**The Chartered Accountants Act, 1949**—on 1st July 1949. It functions under the administrative control of the Ministry of Corporate Affairs, Government of India, and is entrusted with the responsibility of regulating the profession of Chartered Accountancy across the country. The Institute operates through five regional councils: Eastern, Western, Northern, Southern, and Central.

On behalf of the **Central India Regional Council (CIRC)**, we wish to highlight the ground realities confronting taxpayers, professionals, and other stakeholders in meeting the statutory requirements of filing **Tax Audit Reports for Financial Year 2024–25 (Assessment Year 2025–26)**. The recent relaxation in timelines has been a welcome step; however, in view of the continuing complexities in reporting and the operational challenges being faced, there remains a **pressing need for further extension of the prescribed due dates.**

The due date for filing tax audit reports is currently **30th September 2025**. While the recent extension of the Income Tax Return (ITR) filing deadline for individuals to 15th September 2025 is a welcome step, the staggered release of ITR forms has created significant workflow pressures on tax professionals and taxpayers alike. In addition, persistent technical and systemic bottlenecks on the Income Tax e-filing portal continue to impede timely submissions. The compliance calendar from July to October is particularly crowded, with taxpayers required to meet GST filings, company law obligations including annual return and financial statement filings with MCA, as well as other sector-specific regulatory submissions. These overlapping obligations are creating practical difficulties in completing tax audits accurately and within the prescribed timeline.

In light of the above, we respectfully **request that the due date for filing tax audit reports for FY 2024-25 be extended to 31st December 2025** to enable taxpayers and professionals to comply efficiently and accurately with statutory requirements.

We sincerely hope for your kind consideration of this request in the interest of smooth tax administration and compliance.

Thanking you,
With regards,

CA. Ankur Kumar Gupta
Chairman
CIRC of ICAI
Mob: 9461044624

CA. Jayendra Kumar Tiwary
Secretary
CIRC of ICAI
Mob: 9968882616, 9313158747

*RBI’s Green GDP Framework: A Sustainable Growth Indicator*

📍 India’s Green GDP Growth

✅ 91% rise in a decade

✅ Green GDP (G3) in 2019: ₹165.9 trillion

✅ Conventional GDP (2015 constant prices): ₹175.8 trillion

📍 Calculation Method

✅ Green GDP = Conventional GDP - Environmental Damage + Expenditure on Environmental Protection

📍 Positive Trajectory

✅ Consistent improvements since 2012

📍 Resource Efficiency

✅ Lower resource use & carbon emissions per unit of GDP

📍 Challenges

⚠️ Lack of reliable environmental indicator data

📍 Recommendations

✅ Data revamp,

✅ In-house green GDP team,

✅ Financial policy restructuring

*NISAR Mission: A Giant Leap in Earth Observation by NASA-ISRO*

📍 What is NISAR?

✅ NISAR stands for NASA-ISRO Synthetic Aperture Radar

✅ A flagship Earth observation satellite developed jointly by NASA and ISRO

✅ Launched in July 2025

✅ First satellite to use two radar frequencies:

• L-band (NASA)

• S-band (ISRO)

✅ Designed to monitor Earth's surface changes with centimeter-level precision

📍 Why is it Path-Breaking?

✅ Detects anything that moves: glaciers, tectonic shifts, landslides, volcano bulges, agriculture, etc.

✅ Tracks changes in structures, biomass, and urban infrastructure

✅ High revisit time + wide coverage + unmatched spatial resolution

✅ Can observe:

• Ice sheet thinning

• Earthquakes

• Coastal subsidence

📍 Scientific Capabilities

✅ Can image an area the size of half a tennis court at a time, every 12 days

✅ Detects movement of few centimeters from space

✅ Will observe Earth's entire land and ice surface, including the changes in forests, agriculture, and coastal erosion

✅ Uses same reflector for both radars, no trade-offs in data fidelity

📍 Technical Aspects

✅ Built at NASA's Jet Propulsion Laboratory (JPL)

✅ Uses synthetic aperture radar (SAR)

✅ Calibrated by cross-band alignment between L-band and S-band systems

✅ Uses corner reflectors for phase alignment

✅ Calibrated in challenging COVID-era conditions

📍 Planetary Science & Future Use

✅ Once proven on Earth, the same tech can be adapted for planetary missions

✅ Will help study ice-covered moons like Europa or volcanically active worlds

✅ Shows potential for understanding tectonics and surface dynamics on other planets

Indian tax authorities are investigating Jane Street for allegedly using its Singapore entity to avoid taxes on profits from derivative trades in India.

This follows a Sebi ban for suspected market manipulation. Jane Street reportedly earned over $4 billion in India. If found guilty under anti-avoidance rules, the firm could face significant tax demands and penalties.

livemint

# Tax authorities probe Jane Street over treaty misuse

Reuters
feedback@livemint.com

NEW DELHI

The tax authorities are investigating whether Jane Street violated tax laws by booking profits via its Singapore entities on its derivative trades in the Indian market, three people briefed on the matter said.

Searches at the US trading firm's India offices by the income tax department have been underway since last week, the people said. A government official who was briefed on the matter later said that Jane Street staff were not cooperating.

The tax authorities' enquiries follow a temporary ban by the Securities and Exchange Board of India (Sebi), the market regulator, which publicly alleged that the firm manipulated stock indexes through its derivatives positions.

Jane Street has denied the Sebi allegations, but has not made any public comments so far on the tax investigation. The firm did not respond to a *Reuters* request sent to its US headquarters for comment on Monday on the latest developments. India's income tax department did not respond to *Reuters* request for comment.

Tax authorities are investigating whether Jane Street violated the General Anti-Avoidance Rules (Gaar) by using the Double Taxation Avoidance Agreement (DTAA) between India and Singapore to evade taxes on large profits it made on Indian derivative trades, all three people said. The people declined to be named because they were not authorised to speak to the media.

The DTAA is designed to prevent residents from being taxed twice, while the Gaar gives a country the power to deny a particular tax benefit if it is being used solely for tax avoidance.


The probe involves possible Gaar breach via DTAA between India and Singapore. ISTOCKPHOTO

The Indian tax authorities are looking into whether Jane Street booked larger profits on its derivatives positions in the Indian market via its Singapore entities as a way to reduce the tax burden, all three people briefed on the matter added.

**Jane Street has denied Sebi allegations, but has not made any public comments so far on the tax investigation**

Sebi's 4 July ban order showed that Jane Street made more than $4 billion trading in India from January 2023 to May 2025.

Jane Street's two India entities—JSI Investments and JSI2 Investments—made a profit of ₹3,935 crore ($448.23 million), Jane Street Singapore made a profit of ₹25,600 crore ($2.92 billion) and its Hong Kong entity, Jane Street Asia Trading, made a profit of ₹6,930 crore ($789.39 million), the order showed.

If the tax department's probe shows the tax rules have been breached, Jane Street could be issued with a tax demand, the third source said. Tax authorities are trying to access Jane Street's accounts, which are maintained overseas, they added.

✒️ In July, over 17,500 new companies and 7,300 LLPs were registered, showing strong investor confidence in India’s growth.

✒️ From April to July, company registrations jumped 26% year-on-year.

✒️ Despite global issues and US tariffs, India remains the fastest-growing major economy📈.

✒️ Government reforms, strong service exports, and trade deals like the UK FTA are helping.

✒️ Talks with the US may ease tariff impact, encouraging more business investments ahead!

**TamilNadu has Simplified Industrial Clearances - 609 Industries Now Under 'White Category'**

In a major boost to Ease of Doing Business, the Government of TamilNadu has expanded the list of industries classified under the White Category from 36 to 609.

What this means?

Industries under the White Category are exempted from obtaining Consent to Establish (CTE) and Consent to Operate (CTO) from the Pollution Control Board, resulting in faster, hassle-free clearances and easier entry for clean, non-polluting businesses.

This reform offers, greater regulatory clarity, accelerated project timelines and improved investor confidence.
#TamilNadu continues to set the pace for reform-driven industrial growth, enabling a more agile and transparent ecosystem for businesses to thrive.

NRIs returning to India have always been treated as residents under FEMA if they came back to settle, work, or start a business. But Tribunal now says they must also have stayed in India for 182 days in the previous financial year.

This clashes with RBI rules that require NRI bank accounts to be converted immediately. The ruling could create confusion and limit financial actions for returning NRIs, especially in their first year back.

DEFINITION OF A 'RESIDENT'

# A Tribunal Ruling Jolts Returning NRIs

## 'Literal' reading of the FEMA provisions clashes with RBI norms for bank accounts

**Sugata Ghosh**


**Mumbai:** Indians returning home, cheesed off by a harsher US stance on immigration and the new UK tax regime, may run into an old controversy that has been raked up. It's about when they become 'residents' after they land here.

Till now, the Foreign Exchange Management Act (FEMA) has been interpreted beneficially to treat such persons as residents soon after arrival. However, a tribunal has thrown a serious challenge to this.

For those coming back for good to take up a job, or start a business in India, or simply settle here, the tag of a resident is crucial. It determines what they do next and how —buying property, acquiring shares, and holding bank accounts.

A Reserve Bank of India rule requires returning NRIs to convert their NRI bank accounts to local accounts soon after they arrive. Given this direction, FEMA is decoded to give NRIs who return with the intent to stay here for a long, uncertain period, the status of residents immediately after they come.

But, the Tribunal, which ruled last month, has stuck to the literal meaning of law. It insisted on a dual condition for residency: not only should an NRI return with the intention to stay indefinitely or work, he must also have spent at least 182 days in the previous financial year.

This word-for-word interpretation of the FEMA provision clashes with the RBI requirement to convert the NRI bank accounts immediately after arrival.

Nonetheless, choosing the sterner interpretation, the Appellate Tribunal SAFEMA, a quasi-judicial authority which (besides FEMA) hears appeals under other laws to curb money laundering and benami deals, has ruled against a returning non-resident.

"It poses significant practical challenges for returning NRIs, threatening to disrupt their routine affairs in India during the year of return and the subsequent year, especially if they arrive after September. Also, they may face restrictions on lending to family-owned companies, accept gifts of local shares from relatives without RBI approval, lend to individuals other than close relatives, or receive gifts from resident individuals without affecting the donors' permissible limits under liberalised remittance scheme," said Harshal Bhuta, partner at the CA firm P. R. Bhuta & Co.

### CLASH WITH RBI RULE

"Moreover, due to conflicting provisions under RBI regulations that require returning NRIs to promptly convert their NRO accounts into resident savings accounts, it could give rise to anomalous outcomes such as a non-resident operating a resident savings account or being barred from making investments due to the absence of NRO/NRE accounts in India," said Bhuta.

The tribunal has penalised an NRI who had come back in 2012 and bought agricultural land the same year in his wife's name. Farm lands can only be purchased by residents. The Tribunal said, "While it is true that the appellant returned from abroad with the intention to take up employment or vocation in India, it cannot be denied that he did so in May 2012. The appellant came to India for good and purchased the agricultural land in 2012-13. In the preceding year, which shall determine his residential status, he neither stayed in India for more than 182 days nor he came to India and stayed thereafter during the said year. Therefore, the appellant cannot take advantage of the provision of Section 2(v)(i) clause B (of FEMA) and cannot be held as a person resident in India."

According to Anup P. Shah, partner at PPS & Co., a tax and legal advisory firm, "The general test for determining if a person is a resident of India under FEMA is whether he stayed in India for more than 182 days in the preceding financial year. However, there is an exception to this Rule. If a person comes to India for the purposes of employment, business, etc., then he should be treated as a resident from the date of his employment. This view is also borne out by the RBI's Master Direction that states that NRE/NRO accounts should be designated as resident accounts immediately upon the return of the account holder to India for taking up employment. Thus, the physical stay test gets overruled by the intention and conduct of a person in such a case."

*How Should Money Laundering Be Tackled?*

📍 Status

✅ Over 5,892 cases under PMLA, 2002, but only 15 convictions since 2005

✅ Raises questions on law enforcement efficiency and misuse of ED powers

📍 What is Money Laundering?

✅ A process by which illicit money is disguised as legitimate wealth

✅ Defined under Section 3 of PMLA

✅ Typically occurs in three stages:

1. Placement – introducing money into the system
2. Layering – complex transfers to obscure origin
3. Integration – re-entry into economy as legitimate funds

📍 Challenges

❌ Low conviction rate

❌ Political misuse of ED

❌ Complex procedures & need for scheduled offences

❌ Lack of prior FIR often questioned

📍 Legal Insights

✅ Vijay Madanlal Choudhary v. Union of India (2022): Prosecution under Section 3 doesn't require prior FIR

✅ FATF recommendations must be followed

📍 Way Forward

✅ Implement FATF guidelines

✅ Ensure genuine cases are prosecuted, not politically motivated ones

✅ Strengthen use of Double Taxation Avoidance Agreements (DTAAs)

✅ Improve international coordination and info-sharing on financial crimes

# *RBI Pauses Rate Cuts Amid Global Uncertainties*

Context

The RBI Monetary Policy Committee has paused rate cuts, citing evolving uncertainties around global tariffs and the impact of earlier monetary easing.

Since Feb 2025, RBI has cut rates by 100 bps, and these effects are still working through the economy.

Global Trade Pressures

US President Donald Trump recently approved an additional 25% tariff on Indian imports, over and above existing reciprocal tariffs.

Possible new oil-related tariffs on countries buying from Russia could hit India's comparative advantage.

Bilateral Trade Agreement with the US is still under negotiation; final tariff details are undecided.

Why the Pause Makes Sense

Allows RBI to assess the real impact of previous cuts before further action.

Ensures stability amid uncertainty, while keeping ample liquidity in the banking system.

Growth & Borrowing Trends

Loans for consumer durables contracted by 3% (YoY, June 2025).

Housing loan growth fell to 9.6% (from 36% a year earlier).

Vehicle loan growth slowed by 5 percentage points; corporate loans also showing moderation.

Beyond Monetary Policy

RBI Governor stressed stronger policy frameworks "across domains", not just rate cuts.

Government action needed on GST rate rationalisation (long overdue) and fuel price reductions (to lift sentiment).

# *💰 ₹* *1,740 Crore Loan Fraud – ED Arrests Former Best Foods MD*

The Enforcement Directorate (ED) has arrested Dinesh Gupta, former MD of Best Foods Ltd ( Country's premium *Basmati rice* processing company)., in a ₹1,740 crore bank loan fraud under the Prevention of Money Laundering Act (PMLA).

*What Happened:*

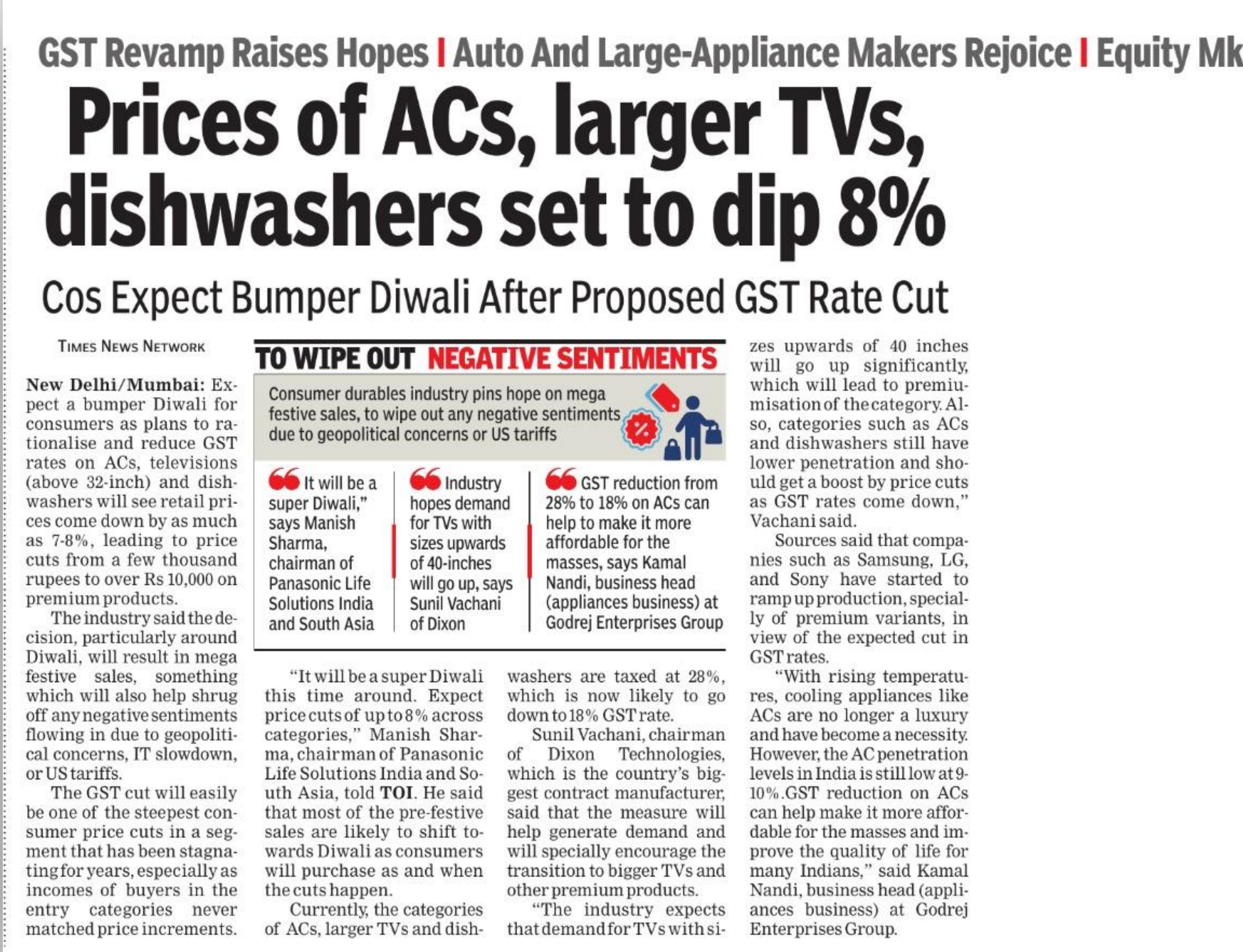
1. The company took huge loans from a consortium of banks (multiple banks lending together).
2. Instead of using the money for genuine business, funds were diverted to *75+ shell companies* in relatives' names.
3. During liquidation, Gupta allegedly rigged the auction process, ensuring these shell firms bought back company assets cheaply.
4. ED found *₹200+ crore* in benami assets and seized 5 luxury vehicles bought with diverted funds.

Gupta is in judicial custody till Aug 27, and ED is tracking the full money trail.

# *Semiconductor investments approved by India.*

1. Micron Tech - Rs 22,516 crore - Sanand, Gujarat.
2. Tata & Powerchip - Rs 91,000 crore - Dholera, Gujarat.
3. Tata Electronics - Rs 27,000 crore - Morigaon, Assam.
4. CG Power, Renesas, Stars - Rs 7,600 crore - Sanand, Gujarat.
5. Kaynes Semicon - Rs 3,300 crore - Sanand, Gujarat.
6. HCL, Foxconn JV - Rs 3,706 crore - Jewar, Uttar Pradesh.
7. SiCSem - Rs Rs 2,066 crore - Odisha
8. HIPSPL - Rs 1,943 crore - Odisha
9. ASIP - Rs 468 crore - Andhra Pradesh
10. CDIL - Rs 117 crore - Mohali, Punjab.

The government is planning to reduce GST on ACs, large TVs, and dishwashers from 28% to 18%. This move could lower prices by up to 8%, making these products more affordable, boosting festive demand, and driving premium sales.



GST Revamp Raises Hopes | Auto And Large-Appliance Makers Rejoice | Equity Mk

# Prices of ACs, larger TVs, dishwashers set to dip 8%

## Cos Expect Bumper Diwali After Proposed GST Rate Cut

Times News Network

**New Delhi/Mumbai:** Expect a bumper Diwali for consumers as plans to rationalise and reduce GST rates on ACs, televisions (above 32-inch) and dishwashers will see retail prices come down by as much as 7-8%, leading to price cuts from a few thousand rupees to over Rs 10,000 on premium products.

The industry said the decision, particularly around Diwali, will result in mega festive sales, something which will also help shrug off any negative sentiments flowing in due to geopolitical concerns, IT slowdown, or US tariffs.

The GST cut will easily be one of the steepest consumer price cuts in a segment that has been stagnating for years, especially as incomes of buyers in the entry categories never matched price increments.

**TO WIPE OUT NEGATIVE SENTIMENTS**

Consumer durables industry pins hope on mega festive sales, to wipe out any negative sentiments due to geopolitical concerns or US tariffs

"It will be a super Diwali," says Manish Sharma, chairman of Panasonic Life Solutions India and South Asia

Industry hopes demand for TVs with sizes upwards of 40-inches will go up, says Sunil Vachani of Dixon

GST reduction from 28% to 18% on ACs can help to make it more affordable for the masses, says Kamal Nandi, business head (appliances business) at Godrej Enterprises Group

"It will be a super Diwali this time around. Expect price cuts of up to 8% across categories," Manish Sharma, chairman of Panasonic Life Solutions India and South Asia, told **TOI**. He said that most of the pre-festive sales are likely to shift towards Diwali as consumers will purchase as and when the cuts happen.

Currently, the categories of ACs, larger TVs and dishwashers are taxed at 28%, which is now likely to go down to 18% GST rate.

Sunil Vachani, chairman of Dixon Technologies, which is the country's biggest contract manufacturer, said that the measure will help generate demand and will specially encourage the transition to bigger TVs and other premium products.

"The industry expects that demand for TVs with sizes upwards of 40 inches will go up significantly, which will lead to premiumisation of the category. Also, categories such as ACs and dishwashers still have lower penetration and should get a boost by price cuts as GST rates come down," Vachani said.

Sources said that companies such as Samsung, LG, and Sony have started to ramp up production, specially of premium variants, in view of the expected cut in GST rates.

"With rising temperatures, cooling appliances like ACs are no longer a luxury and have become a necessity. However, the AC penetration levels in India is still low at 9-10%. GST reduction on ACs can help make it more affordable for the masses and improve the quality of life for many Indians," said Kamal Nandi, business head (appliances business) at Godrej Enterprises Group.

# 🚨 Big Update: Online Gaming Bill, 2025 🚨

The Government has passed the Promotion & Regulation of Online Gaming Bill, 2025, bringing a complete ban on money-based online games.

🔹 What's banned?
All online games involving monetary stakes — whether skill-based or chance-based.

🔹 Impact on Platforms:

Dream Sports (Dream11 parent) – Stopped "Pay to Play" contests on Dream Picks & Dream Play. Will also halt paid contests on Dream11 once law is notified. Balances remain safe & withdrawable.

MPL (Mobile Premier League) – Disabled deposits; only free-to-play games like Ludo Supreme & Snakes & Ladders continue.

Gameskraft (RummyCulture) – Winding down RMG offerings.

Zupee & Probo – Suspended all money-based gaming operations.

🔹 Penalties under law:
Up to 3 years jail and/or ₹1 crore fine for violations.

🔹 Industry impact:
The RMG industry, worth $2.4 billion, faces shutdowns, job losses & investor concerns.

👉 A landmark change that will reshape India's gaming industry overnight.

**MINISTRY OF CORPORATE AFFAIRS**

**NOTIFICATION**

New Delhi, the 13th August, 2025

**G.S.R. 549(E).**—In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government, in consultation with the National Financial Reporting Authority, hereby makes the following rules further to amend the Companies (Indian Accounting Standards) Rules, 2015, namely:-

1. Short title and commencement. - (1) These rules may be called the Companies (Indian Accounting Standards) Second Amendment Rules, 2025.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Indian Accounting Standards) Rules, 2015, in the "Annexure", under the heading "B. Indian Accounting Standards (Ind AS)", -

(A) in "Indian Accounting Standard (Ind AS) 101", in Appendix 1, —

(a) in paragraph 7, for item (v), the following shall be substituted, namely:—

"(v) Paragraphs D31AA-D31AL includes the transitional provisions of IFRS 11 Joint Arrangements. Accordingly, paragraph D31 of IFRS 1 has not been included;";

(b) in paragraph 8, in sub-paragraph (c), for item (2), the following shall be substituted, namely:—

"(2) Paragraph D9AA has been added to provide for transitional relief to first-time adopter lessor while applying Ind AS 116, *Leases*. D9AA provides an entity to use the transition date facts and circumstances for lease arrangements which includes both land and building elements to assess the classification of each element as finance or an operating lease at the transition date to Ind ASs.";

(c) in paragraph 12, item (vii) shall be omitted;

(B) in "Indian Accounting Standard (Ind AS) 107", —

(i)after paragraph 44II, the following paragraph shall be inserted, namely:—

"44JJ *Supplier Finance Arrangements*, which also amended Ind AS 7, amended paragraph B11F. An entity shall apply that amendment when it applies the amendments to Ind AS 7.";

(ii) in Appendix B, in paragraph B11F, for items (h) and (i), the following items shall be substituted, namely:—

"(h) has instruments that allow the entity to choose whether it settles its financial liabilities by delivering cash (or another financial asset) or by delivering its own shares;

(i) has instruments that are subject to master netting agreements; or

(j) has accessed, or has access to, facilities under supplier finance arrangements (as described in paragraph 44G of Ind AS 7) that provide the entity with extended payment terms or the entity's suppliers with early payment terms.";

(C) in "Indian Accounting Standard (Ind AS) 108", in Appendix 1, in paragraph 1, for the letters and figures "IFRS 108", the letters and figure "IFRS 8" shall be substituted;

(D) in "Indian Accounting Standard (Ind AS) 109", in Appendix 1, for paragraph 3, the following shall be substituted, namely: —

"3 Paragraphs 7.1.1 to 7.1.3 of IFRS 9 related to effective date have not been included in Ind AS 109 as these paragraphs are not relevant in Indian context. However, in order to maintain

Ind AS amendments effective April 2025

✒️Easier lease/joint arrangement adoption, tighter disclosures on supplier finance, revamped loan classification with focus on covenant rights, OECD Pillar Two tax guidance, and IFRS alignment. Finance teams must update processes!

🚨 ICAI is set to introduce new Information Systems Audit Standards

✍️ This will help CAs to assess IT risks like cyber threats, data breaches, and system failures.

✍️ These standards will apply across industries as businesses increasingly rely on digital platforms, ERPs, and cloud systems.

✍️ They will enhance financial reporting, fraud detection, and compliance with laws like India's DPDP Act and GDPR, enabling CAs to expand expertise in IT audits, cybersecurity reviews, and governance frameworks.

STANDARDS TO HELP ASSESS IT-RELATED RISKS

# 'New Audit Rules for Digi-first Cos Soon'

## To apply to audits of cos in other sectors too

**Banikinkar Pattanayak**

**New Delhi:** The Institute of Chartered Accountants of India (ICAI) will soon firm up new Information Systems Audit Standards for improving the audit quality of entities such as startups, fintech firms, and e-commerce companies that have technology at the core of their operations, said its president Charanjot Singh Nanda.

These standards will enable chartered accountants (CAs) in assessing IT-related risks, including cyber security threats, data breaches, and system failures while auditing these firms and recommend mitigation measures, Nanda told **ET**.

To be sure, these standards will also apply to financial audits of companies in other sectors, given the fast-growing adoption of technology in every facet of modern businesses.

"With businesses relying heavily on digital platforms, ERPs and cloud systems, traditional financial auditing is no longer sufficient," said another person privy to the details.

So, the new standards will also provide "a structured approach for evaluating the integrity, confidentiality and availability of IT systems", the person said.

Various laws and regulations such as the Digital Personal Data Protection Act in India or GDPR globally mandate IT audits and data protection compliance. So, ICAI plans to equip CAs through these standards to also guide organisations in meeting their various tech-related compliance obligations, said the person.

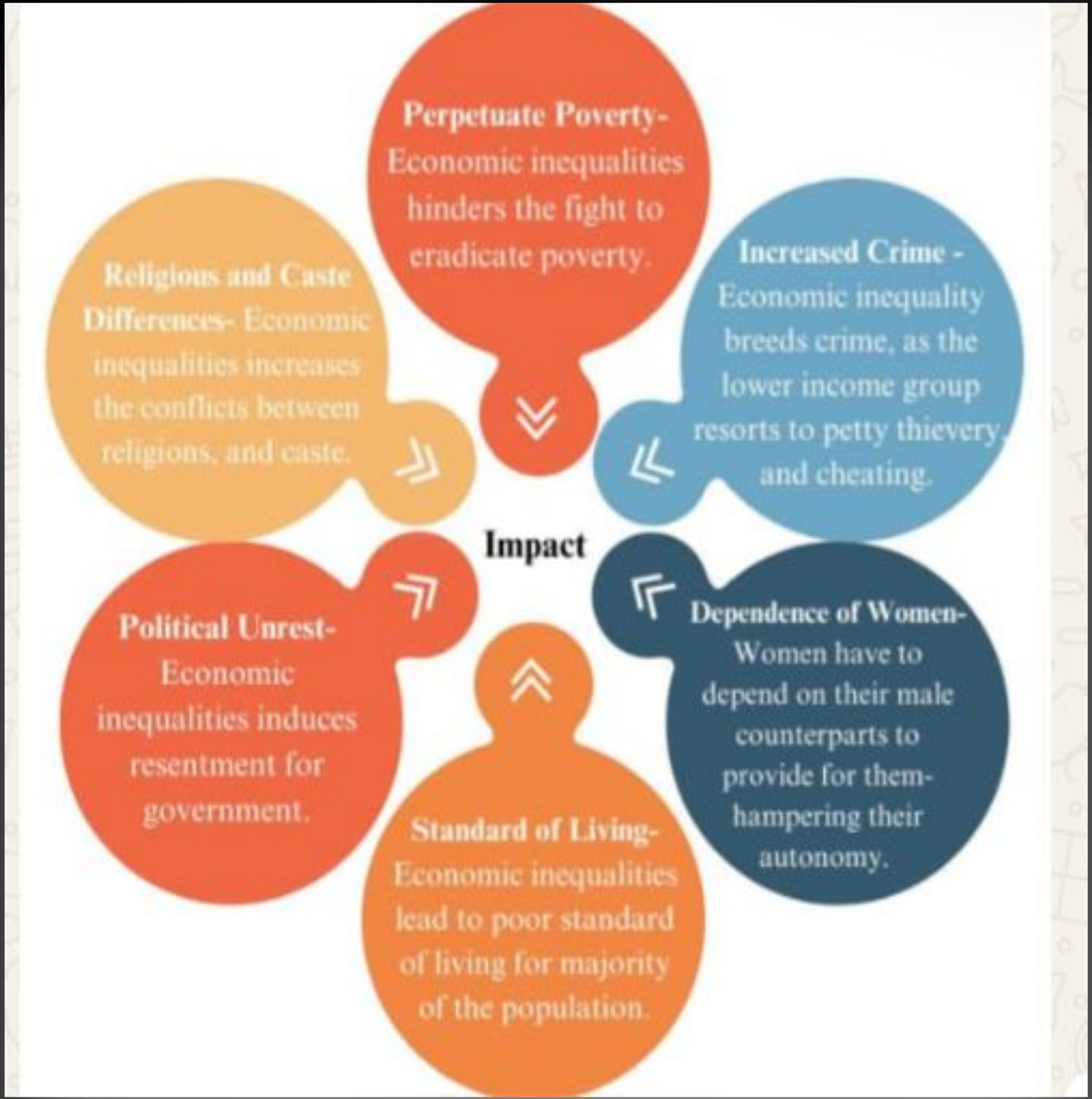
These norms will focus on effective financial reporting, fraud detection and prevention, and robust governance frameworks, among others.

These will eventually enable CAs to offer value-added services and expand their professional expertise on system audits, IT governance assessments, cyber security reviews and ERP implementation audits.

India's startup ecosystem has exploded in recent years. The fintech sector is also growing rapidly.

The number of startups recognised by the industry ministry shot up to 1,57,706 by the end of 2024 from 502 in 2016. The fintech sector is expected to grow to $420 billion by 2029 from about $110 billion last year.

Last year, the Comptroller and Auditor General, too, called on auditors to upskill themselves continuously to ensure that "relevant and actionable inputs are provided to all the stakeholders on controls related to information security, data privacy, transparency."




Impact of Economic Inequality – Key Examples

📍 Wealth Concentration
✅ Billionaires & Millionaires – India has 334 billionaires and 8,68,671 millionaires (~0.0006% of population), showing wealth concentrated in a tiny fraction of society.
✅ Wealth Surge – Billionaire wealth grew 10x in the last decade; total wealth exceeds the Union Budget 2018–19 (₹24,422 billion).

📍 Poverty & Social Impact
✅ Healthcare Costs – 63 million Indians pushed into poverty annually due to medical expenses — nearly 2 people every second.
✅ Rural Wage Gap – A rural minimum wage worker would need 941 years to match one year's salary of a top-paid garment industry executive.

📍 Crime & Unrest
✅ Crime Rates – Poorer states like Bihar (per capita income 39.2% of national avg) & Uttar Pradesh (43.8%) rank 5th & 1st in highest crime rates.
✅ Political Unrest – Inequality fuels protests:
* Egyptian Revolution (Post-WWII) partly driven by income disparity.
* Hong Kong Protests – Economic inequality led to student boycotts demanding reform

EXPLAINED ECONOMICS

# Tariffs and the US economy

Four and a half months after Trump announced his 'reciprocal' tariffs, what is the impact on US economy? As more of the increased costs due to tariffs are passed on to end-consumers, the data could get worse

UDIT MISRA

DONALD TRUMP'S presidency is now seven months old, and the use of tariffs has been the most consequential economic policy of his second term. Tariffs are a tax imposed by a government on goods imported from outside the country, the burden of which falls on the domestic consumer.

Trump and his key economic advisers have doubled down on the efficacy of the tariffs policy. They insist that contrary to the apocalyptic collapse that many mainstream economists predicted, the US economy has remained robust.

Almost everywhere else, the unanimous view is that tariffs are detrimental both to US interests and the global economy.

### Difficulties in analysis

The tariffs have followed a start-stop pattern: the announcement of all kinds of rates against countries, effective various dates in the future, followed by pauses or partial rollbacks.

Decisions are made by executive orders rather than legislative action, and at any point in time, there is considerable confusion about the exact level of tariffs in play. The exact or effective level matters because that is what determines the economic impact — not the levels that are announced (or paused).

When Trump took office on January 20, US tariffs were around 2.5% on average. Effective rates have since gone up to 18.6%, according to calculations by the Yale Budget Lab. So, a $100 basket of goods from abroad that cost an American consumer $102.5, now costs $118.6 to import.

The Yale calculation is based on announcements. According to calculations by the *Financial Times*, the actual tariff rate — determined by what is actually imported — is much lower at 9.1%.

It is possible, however, that an importer who has to pay $9.1 on every $100 worth of imports, may not pass the additional price — $6.6, the difference between 9.1 and 2.5 — fully onto the consumer for fear that the consumer may not buy the product from that importer.

There are three main implications of these numbers.

One, the tariff rate that is actually being levied is substantially lower than what the headlines may suggest. Two, final consumers may, at least in the very short term, face a tariff rate that is lower than what the importer faces. Three, regardless of actual tariff rates being lower than what the headlines may suggest, there is no doubt that tariffs have gone up more than three times from what they were at the beginning of 2025.

TABLE 1

**STOCK MARKET INDICES (YTD)**

| INDEX | % CHANGE |
|---|---|
| Nasdaq-100 | ▲10.65% |
| S&P 500 | ▲8.74% |
| Dow Jones Industrial Average | ▲5.63% |
| Russel 200 Index | ▲1.76% |
| Dow Jones Transportation Average | ▼1.85% |

*YTD: year to date; data as on 6.30 pm Thursday.*

TABLE 2

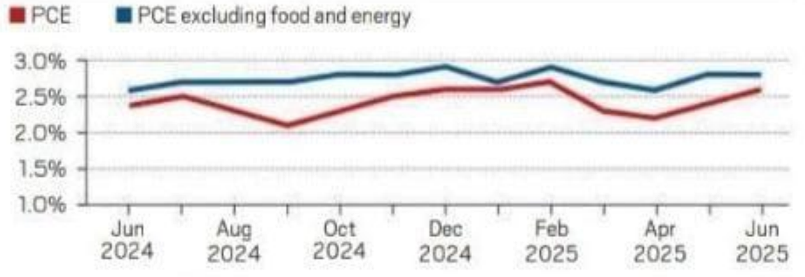
**EXCHANGE RATE (YTD)**

| EXCHANGE | % CHANGE |
|---|---|
| USD / EUR | ▼11.06% |
| USD / CAD | ▼3.39% |
| USD / JPY | ▼6.32% |
| USD / GBP | ▼6.88% |
| USD / CHF | ▼11.21% |

*Source: Google Finance*

CHART

**PER CENT CHANGE IN PCE PRICE INDICES June 2024-June 2025**




*US Bureau of Economic Analysis* *Seasonally adjusted*

### Impact on stock markets

The robust performance of benchmark US stock indices is often cited as clinching evidence for the health of the economy. (In fact, stock market indices effectively only indicate the state of the companies in that index.)

But looking at broad benchmarks to assess the impact of tariffs may not be a good idea. *Table 1* shows that merely moving from one index to another can dramatically alter the reading of the state of the US economy.

NASDAQ 100, which is dominated by big tech firms such as Nvidia, Microsoft, Apple, Alphabet, Meta, and Amazon, has gone up by 10.65% since the start of 2025. Over the same period, the S&P500, comprising the 500 biggest companies by market capitalisation across sectors, went up by much less.

The Dow Jones Industrial Average has grown at only half the rate of NASDAQ 100. The Dow Jones Transportation Average has actually fallen by almost 2%. The Russell 2000, which tracks 2,000 small-cap stocks, has grown by just 2% year to date.

The S&P 500 Consumer Discretionary Index (not shown in the *Table*), which maps the performance of companies that provide non-essential goods and services, and thus serves as a key indicator of the consumer's purchasing power and the overall health of the US economy, has contracted by 0.36%.

The main takeaway from these numbers: US stock markets have been pulled by a handful of technology stocks; the rest of the economy is struggling to grow as fast.

### Impact on US inflation

Trump and his aides have argued that the inflation in consumer prices has been well contained. In fact, a key variable for mapping retail inflation — personal consumption expenditures (PCE) — started to move in the wrong direction from April when Trump announced his reciprocal tariffs.

Look at the red line in the *Chart*. The US central bank targets aligning the red line to the 2% level. Between February and April, this line had started trending towards the 2% mark — but by the end of June, it was closer to 3% than 2%.

Higher inflation has forced the Federal Reserve to keep interest rates steady instead of cutting them. The longer the interest rates stay at a high level the more they drag down economic growth.

On August 14, the US Bureau of Labor Statistics reported that wholesale inflation (based on the Producer Price Index) had grown by 3.3% in July, the highest rate of increase since February. The higher PPI inflation is likely to lead to higher consumer or retail inflation because producers will likely soon begin to pass on the higher costs due to higher tariffs to the end-consumers.

### Impact on monetary policy

The turnaround in inflation has prevented the Fed — to President Trump's immense annoyance — from cutting rates as it had been expected to do at the beginning of the year. The absence of cuts, along with the drag effect of tariffs, is bringing down the rate of US GDP growth. This is an acutely significant adverse impact of tariffs on the US economy.

The minutes of the Fed's policy deliberations released on August 20 say that "participants noted that tariff effects were becoming more apparent in the data, as indicated by recent increases in goods price inflation", and "a couple of participants suggested that tariff effects were masking the underlying trend of inflation and, setting aside the tariff effects, inflation was close to target."

The minutes recorded the view of "many participants…that it could take some time for the full effects of higher tariffs to be felt in consumer goods and services prices".

### Impact on the US dollar

Possibly the biggest symbol of American economic dominance is its strong currency. Around 90% of all foreign exchange transactions in the world are denominated in US dollars, half the world's goods trade is conducted in dollars, and 60% of all foreign currencies held in central banks are dollar denominated.

This massive demand pushes up the exchange rate of the dollar. A strong dollar is a key reason why Americans find it cheaper to import goods instead of producing them.

While maintaining a strong dollar is one of Trump's key ideas, his tariffs have led to a fall in the dollar's strength *vis-à-vis* its main competitors *(Table 2)*. A weaker dollar essentially erodes the average American's purchasing power.

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## Trump's Tariffs: Ripple Effects on the US Economy

📍 Why in Focus?

Over 4 months after Trump's reciprocal tariffs, data reveals rising costs, inflation, and monetary uncertainty. While intended to reduce trade deficits, tariffs have burdened domestic consumers, raised inflation, and shaken stock and currency markets.

📍 Key Highlights:

✅ Tariffs = Tax on Imports, raising prices for US buyers, not foreign sellers.

✅ Inflation impact:
- PPI (wholesale inflation) rose by 3.3% YoY – highest in years.
- PCE inflation remains high, esp. excluding food & energy.

✅ Stock Market Reactions:
- Nasdaq-100 fell by 10.65%,
- Other indices show similar slowdowns.

✅ Exchange Rate Volatility:
- USD/JPY dropped by 6.38%, reflecting weaker dollar strength.

✅ Fed's Dilemma:
- High inflation delays rate cuts, leading to economic slowdown.

📍 Impact Analysis:

⚠️ Consumers bear the brunt as importers pass on tariff costs.

⚠️ Confusion in execution – tariffs announced and rolled back erratically.

# Why has the import duty on cotton been suspended?

When was the levy first introduced? Has cotton production been declining in the country?

**M. Soundariya Preetha**

**The story so far:**

Cotton, which is the main raw material for the textile industry, is grown by nearly six million farmers in India. In the wake of declining production, the Central government has withdrawn the 11% import duty it introduced in February 2021. However, the last year saw a steep increase in cotton imports, even with the duty in place. On August 18, the government said it is withdrawing the duty till September 30 when the current cotton season will end.

**Why was the duty introduced?**

The import duty was announced by Union Finance Minister Nirmala Sitharaman in the 2021 Budget, when the country was producing 350 lakh bales of cotton annually against the requirement of 335 lakh bales. While the country was exporting cotton, there were imports too and the duty was aimed at protecting the interest of cotton growers.

In a move to address the raw material (cotton) shortage faced by the textile industry, the government exempted all varieties of cotton from import duty from April 14, 2022 to September 30, 2022, later extending the exemption until October 31, 2022. According to the Global Trade Research Initiative, cotton imports surged 107.4%, rising from $579.2 million in FY2023-2024 to $1.20 billion in FY2024-2025.

**What is the current situation?**

The overall domestic cotton production is down to 294 lakh bales, the lowest in the last 15 years, against the requirement of 318 lakh bales (including non-mill use). Cotton production in the 2024-2025 cotton season (October to September) is estimated to be nearly 20 lakh bales lesser than the last cotton season. Imports are also likely to be highest at about 40 lakh bales, with major supplies coming from Australia ($258.2 million), the U.S. ($234.1 million), Brazil ($180.8 million), and Egypt ($116.3 million). The Cotton Corporation of India purchased nearly 100 lakh bales of cotton from farmers at Minimum Support Price (MSP) during the ongoing cotton season spending ₹37,500 crore, and has sold 73 lakh bales in the market. For the 2025-2026 cotton season that will start on October 1, the government has hiked the MSP by 8%. Farmers in the north are expected to start bringing cotton to the market in October and those in central and western States are likely to start supplying after Deepavali.

**What does the withdrawal imply?**

It is said that only about two lakh bales of imported cotton that are in transit will be available without the duty as it will reach Indian shores by September 30. Several international brands are highlighting that cotton suppliers and garment manufacturers need to use cotton from these suppliers. When garment exporters compete in the international market, the raw material price was higher because of the duty. They will have a level-playing field without the duty.

However, cotton farmers are not in complete agreement with these views. According to Ravichandran, who cultivates cotton at Thiruvarur in Tamil Nadu, the removal of the duty discourages farmers from cultivating cotton. The removal of the import duty will not help cotton farmers who do not get any support from the government, said Kurubur Shanthakumar, south India convenor of Samyukta Kisan Morcha.

**What is the long-term solution?**

The industry is looking at two major support measures from the government – it wants a stable policy so that the industry can plan for raw material procurement. The government should suspend the duty every year during the non-peak season (April to September) as the farmers would have sold majority of the produce by then.

It also wants 5% interest subvention for working capital that textile mills need to purchase cotton during the peak season. If the mills, especially MSME units, have adequate funds, they can cover the required cotton and government need not spend on MSP operations, says industry.

## Why Was Cotton Import Duty Suspended?

📍 Context

✅ Govt withdrew 11% import duty (levied in 2021) to tackle raw material shortage in the textile industry.

✅ Cotton production fell to 294 lakh bales, the lowest in 15 years.

📍 Impact

✅ Helps textile exporters facing high input costs.

✅ Farmers fear price drops without assured govt support.

📍 Industry Demand

✅ Duty-free imports in non-peak season (Apr–Sept).

✅ 5% interest subvention for mills to stock cotton affordably.

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# FDI in India – Opportunities & Challenges

📍 Significance

✅ Since 1991 reforms, FDI modernised industries, boosted tech & global linkages.

✅ Sectors like e-commerce & IT transformed with foreign capital.

📍 Trends & Concerns

✅ Gross inflows: $81 bn (FY25), but net inflows declined sharply.

✅ Post-COVID: inflows up 0.3% annually, but disinvestments grew 18.9%.

✅ FY24-25: $308.5 bn inflows, but $153.9 bn withdrawn.

✅ Outward FDI rising: $13 bn (FY12) → $29.2 bn (FY25).

✅ Net retained capital fell to just $0.4 bn.

📍 Sectoral Impact

✒️ Manufacturing share dropped to 12% of total FDI.

✒️ Long-term growth in infrastructure & innovation hampered.

📍 Reasons for Outflows

⚠️ Regulatory opacity, legal unpredictability, governance gaps.

⚠️ Tax-driven inflows via Singapore, Mauritius dominate.

⚠️ US, Germany, UK reduced industrial FDI.

📍 Macro Concerns

🔻 Declining FDI net inflows weaken BoP, rupee stability & policy space.

🔻 ~50% of Indian outflows head to developed economies (better tax, market stability).

📍 Way Forward

✅ Focus on quality & durability of FDI, not just gross numbers.

✅ Simplify rules, ensure policy stability, invest in infra & human capital.

✅ Align inflows with national priorities – advanced manufacturing, clean energy, tech.

✅ Build investor trust & strengthen institutional frameworks.

📍 Core Message

FDI must move from short-term profit flows to long-term strategic capital that builds India's capabilities.