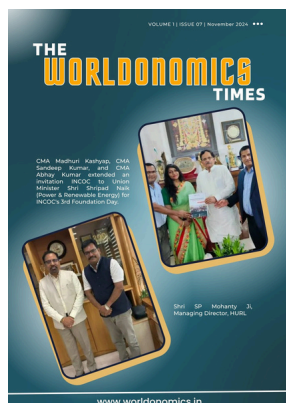
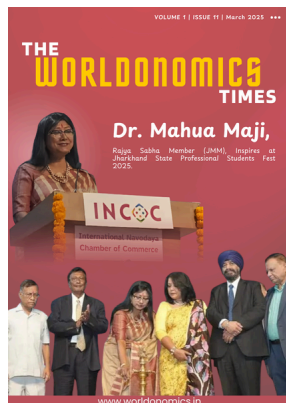


THE WORLDONOMICS TIMES



Innovation, Wealth, and Global Shifts. Focus on
the future of business, tech, and changing
cultural landscapes.







THE WORLDNOMICS TIMES

PUBLISHED BY

**INTERNATIONAL NAVODAYA
CHAMBER OF COMMERCE**

Established in 2021

Volume 1 | Issue 19 | November 2025 | Knowledge Box

EDITORIAL BOARD

CA CMA Sandeep Kumar

Editor-in-Chief

The Worldnomics Times

Founder & President

International Navodaya Chamber of Commerce

EDITORIAL BOARD MEMBERS

CA Sangam Aggarwal

CMA Madhuri Kashyap

CMA (Dr.) R K Mohapatra

CMA Rakesh Khandelwal

CMA Pramod Jaiswal

CMA Deepika Rateria

CA Sangam Aggarwal

National Vice President, INCOC

sangam@incoc.in

Shri Y P Bhole

Advisor, INCOC

Ex- Director Finance

National Fertilizer Limited

Ms. Shweta Pandit

Member – Business Development

The Worldnomics Times

Alankrit Society A 31, Plot A1,

Vishwas Nagar, Delhi 110032

Head Office

International Navodaya Chamber Of Commerce

30/26A, Street No. 9, Vishwas Nagar, Delhi 110032

Tel: +91 11 69268366

Email Us

For Circulation, sponsorship and inquiry

info@incoc.in

Website

www.worldnomics.in

MRP: 200 (including GST)

Delhi Legal Jurisdiction

 www.youtube.com/@worldnomicstimes

 www.instagram.com/worldnomicstimes

 www.fb.com/worldnomicstimes

 www.linkedin.com/in/incocin

 www.twitter.com/incocin

From the Editor's Desk

Dear Esteemed Readers,

It is a distinct honor and privilege to address you as the Editor-in-Chief of The Worldonomics Times and the Founder & President of the International Navodaya Chamber of Commerce (INCOC). I proudly present to you our November 2025 edition, Volume 1 | Issue 19, a publication meticulously curated to address the forces driving global commerce and finance. This issue is anchored by the profound and interconnected themes of Innovation, Wealth, and Global Shifts, reflecting our commitment to focusing on the future of business, technology, and the changing cultural landscapes that define our era.

The global economic narrative continues to evolve at an unprecedented pace. From digital transformation to regulatory overhauls, the need for informed, timely, and precise analysis has never been greater. Our November edition is designed to be your essential guide, offering deep dives into areas that are set to redefine the next decade of growth and stability.

One of the most compelling narratives we explore is the "quiet but crucial transformation" of the exchange-traded commodity derivatives (ETCDs) market in India. In his article, "Commodity Derivatives in India: The Quiet Evolution of a Market with Untapped Potential" Jay Prakash Gupta, the Founder of Dhan, argues that as global supply disruptions and climate shocks become more frequent, India's commodity markets are poised to move beyond being niche hedging tools to becoming mainstream economic instruments. He meticulously charts the market's journey from its informal roots to a regulated ecosystem, highlighting the decisive merger of the Forward Markets Commission (FMC) into SEBI in 2015, a move that integrated commodity derivatives under a single regulatory umbrella and was critical for investor confidence. While the market turnover has expanded significantly to over ₹200-300 trillion, Gupta points out that this growth is concentrated in areas like bullion and crude oil, leaving agricultural derivatives underutilised despite India's agrarian foundation. To unlock the true potential, he stresses the need for Regulatory Predictability, Innovative Products like thematic commodity indices, and a concerted Infrastructure Push in rural warehousing and integrated logistics. Crucially, the role of Fintech is highlighted as an indispensable enabler, responsible for bridging the gap between physical commodities and financial instruments through user-friendly interfaces, real-time logistics linkages, and micro-hedging solutions for farmer groups and MSMEs.

Complementing this forward-looking market analysis, CMA Yash Paul Bhola, Advisor to INCOC and Ex-Director (Finance), NFL, provides his indispensable "Analysis of Notifications & Circulars – October 2025".

This regulatory snapshot is vital for every corporate and professional in our community. Among the critical updates covered:

Income Tax: We observe the extension of the due date for furnishing the Income Tax Return (ITR) for Assessment Year 2025-26 for specific categories of assesseees (corporate or non-corporate whose accounts must be audited) to December 10, 2025. Consequently, the due date for furnishing the audit report (under Section 44AB) is extended to November 10, 2025. Another significant development is the conferral of concurrent statutory powers upon the Commissioner of Income Tax, Centralized Processing Centre (CPC), Bengaluru, to rectify mistakes apparent from the record under section 154, especially concerning errors in computing tax, refund, or interest.

GST: The government has introduced new rules for GST registration, specifically Rule 9A and Rule 14A, enabling the electronic grant of GST registration within three working days from November 1, 2025, for low-risk applicants based on risk parameters.

Beyond these core articles, our edition features equally insightful contributions, including CA Neha Sedhara's review of "Corporate Social Responsibility in India: Regulatory Scenario, Compliance Evolution, and Strategic Trends Post-2025 MCA Amendments & Fraud Analysis" and CMA Rohan Sharma's exploration of "The Great Upgrade: How 38 Million Indian Jobs Will Change with AI by 2030".

The collective expertise of our Editorial Board members, including CA Sangam Aggarwal, CMA MADHURI KASHYAP, and others ensures that every page delivers depth and practical utility. We urge you to absorb the content, challenge the ideas presented, and use this knowledge to drive your professional success. The Worldonomics Times is your partner in Empowering Change and Building Futures.



CA CMA Sandeep Kumar

Editor-in-Chief












The Worldonomics Times

Founder & President

International Navodaya Chamber of Commerce

TABLE OF CONTENTS

PAGE NUMBER

	Commodity Derivatives in India: The Quiet Evolution of a Market with Untapped Potential Jay Prakash Gupta Founder of Dhan	06
	Analysis of Notifications & Circulars – October 2025 CMA Yash Paul Bhola Ex-Director (Finance) NFL – National Fertilizers Limited	08
	Bona Fide Purchasers and Input Tax Credit: Supreme Court Upholds Fairness under DVAT and Implications for GST in case Dealer got cancel post purchase transaction. CA Sangam Aggarwal Regional Council Member, NIRC of ICAI	33
	Management Accounting in Educational Institutions: A Strategic Tool for Financial Sustainability and Academic Excellence CMA Achal Jain CFA – Blue Bells Group of Schools	36
	Corporate Social Responsibility in India: Regulatory Scenario, Compliance Evolution, and Strategic Trends Post-2025 MCA Amendments & Fraud Analysis CA Neha Sedhara	38
	The Great Upgrade: How 38 Million Indian Jobs Will Change with AI by 2030 CMA Rohan Sharma Interview Coach	49
	Governance Premium : The reward for Good Governance Dr. S K Gupta CEO – ICAI Social Auditors Organization	51
	New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025 CA Ashish Singla	55
	Public Sector Powerhouses: How India's PSUs Are Outshining Private Enterprises and Building the Nation CMA Pratyosh Prashant Treasurer ICAI, Patna Chapter	63
	Dream. Develop. Deliver. Viksit Bharat 2047— India's Boldest Mission Yet! CMA Sakshi Soni	66
	Computer Configurations For Using Chatgpt And Ai Tools – Windows And Mac CA Inderjeet Kaur Bamrah Ai Expert	70

Editorial Team



CA SANGAM AGGARWAL



CMA MADHURI KASHYAP



CMA (DR.) R KMOHAPATRA



CMA RAKESH KHANDELWAL



CMA PRAMOD JAISWAL



CMA DEEPIKA RATERIA

Commodity Derivatives in India: The Quiet Evolution of a Market with Untapped Potential



India's financial market narrative often centres around equities, mutual funds, and IPOs. Yet, **exchange-traded commodity derivatives (ETCDs)**, a lesser-known segment, is undergoing a quiet but crucial transformation. As inflation, climate shocks, and global supply disruptions become more frequent, India's commodity markets are poised to evolve from being niche hedging tools to **mainstream economic instruments**.

The question is no longer whether ETCDs matter, but how India can unlock their **true potential**

A Journey from Informal to Regulated Ecosystem

Commodity trading in India is not new. Its roots trace back to informal grain, spice, and metal markets. But for decades, the idea of formalised commodity derivatives was met with regulatory caution. Concerns around speculation and inflation control led to fragmented oversight and frequent contract suspensions.

The landscape changed decisively in **2003**, with the launch of national exchanges like **MCX** and **NCDEX**, and again in **2015**, when the **Forward Markets Commission (FMC)** merged into **SEBI**. This move brought commodity derivatives under a single regulatory umbrella—critical for governance, investor confidence, and integration with broader financial markets

In just over two decades, India's commodity derivatives market has expanded from ₹1–2 trillion in turnover to over **₹200–300 trillion**.

However, this growth is concentrated. Contracts in **bullion, crude oil, and base metals** dominate, while agricultural derivatives—despite India's **agrarian foundation**—are underutilised.

Several reasons explain this. Regulatory interventions, including periodic bans on agri contracts to control food inflation, create policy uncertainty. Physical delivery challenges, lack of warehouse infrastructure, and inconsistent grading systems further limit agricultural participation. **Those who most need price risk protection—farmers, cooperatives, and small processors—often lack access to it.**

A Market with More Than Just Volume Potential

India's commodity derivatives story should not be measured by volumes alone. The next phase of growth lies in **broadening access, product innovation, Physical and Digital Infrastructure**:

- **Broadening Access**

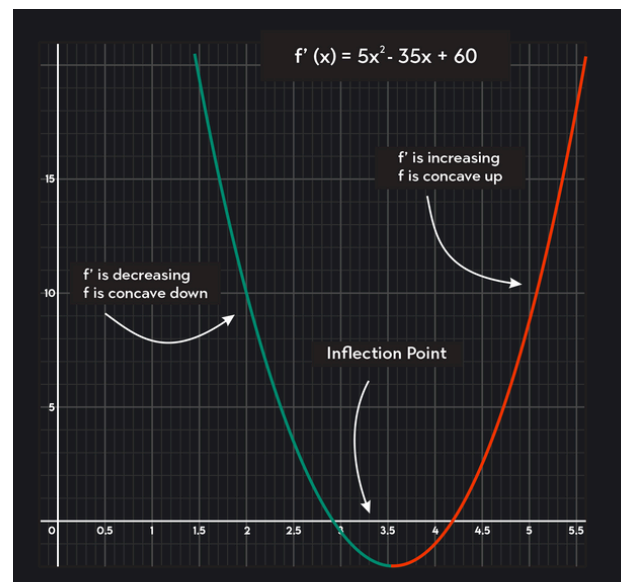
Hundreds of thousands of Indian MSMEs, farmers, processors, and importers are exposed to commodity price risk but lack hedging tools. Lowering entry barriers, especially through tech-driven platforms, can create real economic impact.

- **Product Innovation**

India needs broader adoption of **options, index-based contracts, spread products, weather and energy derivatives**. These tools can offer more precise and flexible hedging strategies.

- **Physical and Digital Infrastructure:**

Commodity markets are only as strong as the physical systems that support them. **Digital warehouse receipts, grading mechanisms, and IoT-enabled traceability** can reduce friction, particularly in agri markets.



Signs of an Inflection Point

Recent developments suggest that commodity derivatives are slowly moving towards mainstream financial acceptance:

- **Universal Exchanges:** NSE and BSE now offer commodity products, expanding reach and trust.
- **Contract Diversification:** Non-agri options, especially in energy sectors, have seen exponential growth.

- **New Participants:** Institutional investors are now permitted to trade and hedge in these markets. SEBI's recent initiatives are steps in the right direction.

Bringing in **pension funds, insurance firms, mutual funds, and AIFs** as active participants will stabilise and deepen markets

- **Electricity Futures:** SEBI's approval of power derivatives could be a game-changer for utilities and power-intensive industries.

What we are witnessing is the **repositioning of ETCDs**—from peripheral tools to core market instruments.

The Role of Fintech: Enablers of Access and Innovation



Fintechs can play an increasingly critical role in bridging the gap between financial markets and the real economy:

User-Friendly Interfaces: Onboarding first-time hedgers with intuitive platforms and educational content.

- **Micro-Hedging at Scale:** Aggregating risk exposures for MSMEs, farmer groups, and cooperatives
- **Real-Time Linkages:** Integrating trading platforms with verified warehouse and logistics infrastructure.
- **Actionable Insights:** Using data to offer commodity flow intelligence, risk alerts, and pricing trends

Fintechs have a bigger role to play not only as a distribution layer but also as an infrastructure layer instrumental in scaling the growth of ETCDs.

What is Required?

To realise the full potential of India's commodity derivatives market, a coordinated, long-term push is required:

- **Regulatory Predictability:** Avoid abrupt bans or contract discontinuations that erode trust.
- **Innovative Products:** Introduce long-tenure futures, thematic commodity indices, and inflation-hedged contracts.
- **Market Education:** Conduct targeted training and awareness programmes for hedgers at every level.

- **Infrastructure Push:** Invest in rural warehousing, quality grading systems, and integrated logistics.

- **Global Alignment:** Benchmark contracts to international indices and facilitate cross-border trading

India needs a vibrant **commodity market**. ETCDs can become vital tools for **price discovery, inflation hedging, and supply chain resilience**—provided they are supported by smart regulation, forward-looking infrastructure, and technology-driven access.

As fintech bridges the gap between physical commodities and financial instruments, India has a unique opportunity to redefine commodity markets.

The groundwork has been laid. What remains is execution at scale—with focus, clarity, and intent.



Jay Prakash Gupta

Jay Prakash Gupta is the founder of Dhan, a technology-led investing and trading platform. Views are personal.

Analysis of Notifications & Circulars – October 2025

Income Tax, GST, Central Excise, Custom Duty, DGFT, SEBI, MCA, IBBI, RBI
(Click the Link for Notification / Circular as issued)



A. Income Tax

Central Processing Centre (CPC) given power to rectify AO orders for Accounting Errors: The notification gives concurrent statutory powers upon the Commissioner of Income Tax, Centralized Processing Centre (CPC), Bengaluru, for all cases where assessment orders were passed using the interface between the Assessing Officer and the CPC. It includes the authority under section 154, to rectify mistakes apparent from the record. This encompasses errors like incorrect computation of tax, refund, or demand; non-consideration of prepaid tax credit or eligible reliefs; and faulty interest calculation under Section 244A. The notification also includes provisions allowing the Commissioner to formally delegate these functions and powers to subordinate tax authorities.

Link: [Income Tax Notification 155/2025 Dated 27/10/2025](#)

Government notified the India-Qatar DTAA & Protocol: CBDT has notified the Agreement and Protocol between Republic of India and State of Qatar for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

Link: [Income Tax Notification 154/2025 Dated 24/10/2025](#)

Exemptions to UP Awas Evam Vikas Parishad: UP Awas Evam Vikas Parishad, an authority constituted under the Uttar Pradesh Awas Evam Vikas Parishad Adhiniyam, has been notified under section 10(46A) for exemption on its income, provided the authority continues to operate for specified purpose under section 10(46A)(a) of Act.

Link: [Income Tax Notification 153/2025 Dated 15/10/2025](#)

Exemptions to Rajasthan State Seed and Organic Certification Agency: Rajasthan State Seed and Organic Certification Agency, an authority constituted under the Seeds Act, has been notified under section 10(46A) for exemption on its income, provided the authority continues to operate for specified purpose under section 10(46A)(a) of Act.

Link: [Income Tax Notification 152/2025 Dated 15/10/2025](#)

Exemptions to Chennai Metropolitan Water Supply and Sewerage Board: Chennai Metropolitan Water Supply and Sewerage Board, a Board constituted under the Chennai Metropolitan Water Supply and Sewerage Act, has been notified under section 10(46A) for exemption on its income, provided the authority continues to operate for specified purpose under section 10(46A)(a) of Act.

Link: [Income Tax Notification 151/2025 Dated 15/10/2025](#)

Exemptions to Jhansi Development Authority: Jhansi Development Authority, an authority constituted under the Uttar Pradesh Urban Planning and Development Act, has been notified under section 10(46A) for exemption on its income, provided the authority continues to operate for specified purpose under section 10(46A)(a) of Act.

Link: [Income Tax Notification 150/2025 Dated 08/10/2025](#)

Institute of Advanced Medical Research & Innovations Forum gets Income Tax approval for scientific research: The Principal Chief Commissioner of Income Tax (Exemptions), has approved Institute of Advanced Medical Research & Innovations Forum, Hyderabad, for 'Scientific Research' under section 35(1)(iia) read with rule 5F of Income Tax, for a period of five years, starting from the AY 2025-26. It will enable the foundation to receive certain benefits, related to its scientific research activities.

Link: [Income Tax PCCI \(Exemptions\) Notification 03/2025 Dated 17/10/2025](#)

Mazumdar Shaw Medical Foundation gets Income Tax approval for scientific research: The Principal Chief Commissioner of Income Tax (Exemptions), has approved Mazumdar Shaw Medical Foundation, Bangalore, for 'Scientific Research' under section 35(1)(iia) read with rule 5F of Income Tax, for a period of five years, starting from the AY 2025-26. It will enable the foundation to receive certain benefits, related to its scientific research activities.

Link: [Income Tax PCCI \(Exemptions\) Notification 02/2025 Dated 17/10/2025](#)

Extension of timelines for filing of various reports of audit and Income Tax Returns (ITRs): The circular extends the due date for furnishing the Income Tax Return (ITR) for Assessment Year 2025-26 (Previous Year 2024-25) for specific categories of assessee corporate assessee or non-corporate assessee whose accounts must be audited) to 10th December 2025.

Also, the due date for furnishing the report of audit (specifically under Section 44AB) is consequently extended to 10th November 2025.

Link: Income Tax Circular 15/2025 Dated 29/10/2025, Press Release

CBDT Guidelines for Assessment of Tax on Agriculture Income: The C& AG report found that Assessing Officers (AOs) were making common mistakes, including improper verification of essential documents. CBDT has issued guidelines directing AOs to independently verify documentary evidence, such as land records (e.g., Khasra-khatauni), input expenses (e.g., fertilizer, labour costs), and sales documents (e.g., buyer receipts) before allowing exemptions. Further, it is mandated to ensure that exemptions are not incorrectly granted to income from non-agricultural activities (like the sale of fish or milk) and to correctly characterize claims of rent/revenue derived from agricultural land.

Link: Income Tax CBDT Communication Dated 29/10/2025

CBDT Guidance on Entertainment Sector expenses following C&AG audit: The guidance relates to examining expenses in various segments of the entertainment sector, including television, radio, music, event management, films, animation and visual effects, broadcasting, sports, and amusement. A key focus area identified is the treatment of pre-operative expenses, incurred before the commencement of business. AOs are advised to examine such expenses in line with Section 35D for their eligibility for amortisation. Another area of guidance pertains to the declaration of expenses in feature film production. Assesseees are required to submit Form No. 52A within thirty days from either the end of financial year or film completion date, whichever is earlier.

Link: Income Tax CBDT Communication Dated 21/10/2025

SC confirms that Lull Doesn't Stop Depreciation & Deductions, Commercial Reality is Over Technicality, restores Deductions & Set-Off : Case of *Pride Foramer vs CIT*, SC Judgement Dated 17th October 2025. The apex court held that a non-resident company which continued engaging in commercial efforts and correspondence to secure contracts in India could not be said to have ceased business, merely because it lacked a physical office or an ongoing contract in the country during the assessment years. The Court allowed the company to claim deductions, set-off, and carry forward unabsorbed depreciation under Income-tax Act.

Link: SC Judgement Dated 17/10/2025

HC, License fee paid for use of goodwill is allowable as business expense: Case of *PCIT vs Remfry and Sagar*, HC Delhi, Judgement Dated 15th October 2025. HC has held that license fees paid for use of goodwill is allowable as business expenditure. Accordingly, the same is deductible under section 37 of the Income Tax Act. The appeal of revenue dismissed.

Link: HC Delhi Judgement Dated 15/10/2025



HC, Rubber-Stamp approval of 246 assessments struck down: Case of *PCIT vs Ashutosh Developers Pvt Ltd*, HC Delhi Judgement Dated 15th October 2025. The ITAT had found that the Additional CIT had accorded a blanket approval for 246 assessment orders by a single letter stating: "The above draft orders, as proposed, are hereby accorded approval with the direction to ensure that the orders are passed well before limitation period." The Tribunal, relying on the legislative intent behind Section 153D and CBDT Circular held that such an approval defeats the object of ensuring supervisory application of mind by a higher authority in search-related assessments, thus invalid in law. The HC also dismissed the revenue appeal and held that approvals under Section 153D must be case-specific and demonstrate conscious satisfaction. Mass approvals covering dozens of assessments through one letter are invalid.

Link: HC Judgement Dated 15/10/2025

HC Orders CBDT to ensure 1-Month gap between ITR & Tax Audit Dates: Case of *Income Tax Bar Association vs Union of India*, HC Gujarat Judgement Dated 13th October 2025. HC has directed the CBDT to ensure that there is a mandatory one-month gap between the date for furnishing tax audit reports (under Section 44AB) and the due date for filing the corresponding Income Tax Return (ITR). It asked CBDT to issue the necessary extension and clarificatory instructions.

Link: HC Gujarat Judgement Dated 13/10/2025

HC, AMP expenditure not an International Transaction: Case of *PCIT vs Casio India Company Pvt Ltd*, HC Delhi Judgement Dated 9th October 2025. The HC agreed with the Tribunal that the Advertisement, Marketing, and Promotion (AMP) expenses are not a separate international transaction in this context and therefore no upward adjustment to income was required.

Link: HC Judgement Dated 09/10/2025

HC, Prosecuting Directors without Company is Abuse of Process: Case of *Nilesh Agarwal vs ITO*, HC Delhi Judgement Dated 9th October 2025. HC ruled that a director cannot be personally prosecuted for a company's actions unless the company itself is made an accused.

It held that failure to implead the company is a fatal defect, emphasizing that under Section 278B of the Income Tax Act, both the company and its officers must be jointly arraigned for liability.

Link: HC Delhi Judgement Dated 09/10/2025

HC, LTCG Indexation starts from Builder Buyer Agreement, Not Provisional Allotment: Case of Praveen Gupta vs DCIT, HC Delhi judgement Dated 11th September 2025. HC ruled regarding calculation of Long Term Capital Gains (LTCG) for residential property sales, affirming that the benefit of cost indexation can be claimed only from the date of the formal Builder Buyer Agreement (BBA), and not from the date of initial payment or provisional allotment.

Link: HC Delhi Judgement Dated 11/09/2025

HC, EDC Charges to HUDA are not Rent, No TDS Required: Case of CIT (TDS) vs SS Group Pvt Ltd, HC Delhi judgement Dated 18th August 2025. HC dismissed the Revenue appeal, affirming that External Development Charges (EDC) paid by a real estate developer to the Haryana Urban Development Authority (HUDA) are not "rent" and do not attract the obligation to deduct Tax Deducted at Source (TDS) under Section 194-I of the Income Tax Act.

Link: HC Delhi Judgement Dated 18/08/2025

B. GST



GST Rules notified for GST Registration in three working days from 1st November 2025: The notification introduces Rule 9A, enabling electronic grant of GST registration within three working days based on data analysis and risk parameters. A new Rule 14A has been added to provide an option for electronic registration for taxpayers with a monthly output tax liability below ₹2.5 lakh. It specifies conditions, Aadhaar authentication requirements, withdrawal procedures, and eligibility criteria for registration and withdrawal. New procedural forms—GST REG-32 (Application for Withdrawal) and GST REG-33 (Order of Withdrawal)—have been introduced. It also clarifies verification processes, submission requirements, and application procedures on the GST common portal.

Link: CGST Notification 18/2025 Dated 31/10/2025

Extension of GSTR-3B for September month/quarter till 25th October 2025: CBIC has extended the due date for filing GSTR-3B returns for both monthly and quarterly filers.

It specifies that registered persons required to furnish returns under Section 39(1) i.e. monthly filers, may now submit their GSTR-3B for September 2025 up to 25th October 2025. Similarly, those covered under the proviso to Section 39(1) i.e., quarterly return filers under the July–September 2025 quarter, have been granted the same extended deadline of 25th October 2025.

Link: GST Notification 17/2025 Dated 18/10/2025

Amendment in definition of 'Nominated Agency': The Notifications amends existing notifications i.e. CGST 26/2018 (Rate), IGST 27/2018 (Rate), UTGST 26/2018 (Rate), related to GST exemptions or concessional rates. The key change is the substitution of Clause (c), which defines 'Nominated Agency'. The term 'Nominated Agency' will now mean entities listed in Lists 13, 14, and 15 appended to Table I of Customs Notification No. 45/2025 dated 24th October 2025. It will ensure consistency in the identification of these agencies across the indirect tax framework.

Link: CGST Notification 18/2025 (Rate) Dated 24/10/2025, IGST Notification 18/2025

(Rate) Dated 24/10/2025, UTGST Notification 18/2025 (Rate) Dated 24/10/2025,

CBIC Assigns Proper Officers for section 74A, 75(2) and 122 of CGST: The circular assigns specific officers as the "proper officer" for adjudication under Section 74A, Section 75(2), and Section 122 of the CGST Act, and Rule 142(1A). This clarification was necessary because no proper officer had been previously assigned for these specific provisions, which deal with the determination of tax short-paid from FY 2024-25 onwards (Sec. 74A), redetermination of tax when fraud is not established on appeal (Sec. 75(2)), and the imposition of penalties for various offences (Sec. 122). It establishes monetary limits for the issuance of show cause notices (SCN) and orders under Section 74A (for tax demands) and Section 122 (for penalties), as per the officer rank.

Link: CGST Circular 254/2025 Dated 27/10/2025

Withdrawal of circular No. 212/6/2024-GST: The circular 212/204 dated 26th June 2024 provides clarifications in relation to mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) by the suppliers. The circular has been withdrawn and the procedure prescribed therein for providing evidence of compliance of conditions shall not be required.

Link: CGST Circular 253/2025 Dated 01/10/2025

Provisional sanction of refund claims on the basis of identification and evaluation of risk by the system: The instructions outline the procedure for the provisional sanction of GST refund claims based on system-identified risk. An amendment to rule 91(2), allows for the provisional sanction of 90% of the claimed refund for zero-rated supplies in cases categorized by the system as "low-risk." The proper officer must adhere to existing timelines for acknowledgment and can sanction the 90% provisional refund without further scrutiny for these low-risk cases.

Refund applications not flagged as “low-risk” will undergo detailed scrutiny without provisional sanction. The instruction also extends this risk-based provisional sanction of 90% of the claimed amount to refunds filed on account of inverted duty structure (IDS).

Link: CGST instruction 06/2025 Dated 03/10/2025



Advisory, Introduction of Import of Goods details in IMS: The Invoice Management System (IMS) enables recipient taxpayers to accept, reject, or keep pending their individual records uploaded by their suppliers through GSTR-1/1A/IFF. A new section for “Import of Goods” has been introduced in IMS wherein the Bill of Entry (BoE) filed by the taxpayer for import of goods including import from SEZ, will be made available in the IMS for taking allowed action on individual BoE. It be noted that, If no action is taken on an individual BoE, it will be treated as deemed accepted and based on the action taken, the GST Portal will generate the draft GSTR 2B for the recipient on 14th of subsequent month.

Link: GSTN Advisory Dated 30/10/2025

Advisory to file pending returns before expiry of three years: As per the extant provisions, the taxpayers shall not be allowed file their GST returns after the expiry of a period of three years from the due date of furnishing the said return under Section 37 (Outward Supply), Section 39 (payment of liability), Section 44 (Annual Return) and Section 52 (Tax Collected at Source). These Sections cover GSTR-1, GSTR-1A, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9 or 9C. This restriction will be implemented on the GST portal from November 2025 Tax period which means any return whose due date was three years back or more and hasn't been filed till November Tax period will be barred from Filing.

Link: GSTN Advisory Dated 29/10/2025

Advisory Introduction of “Pending” Option for Credit Notes and declaration of Reversal amount in IMS: A new facility in the Invoice Management System (IMS) has been recently introduced on the GST portal wherein the taxpayers are allowed to keep credit notes as “Pending” for one tax period. Further, the IMS functionality have also been enhanced providing a flexibility to the taxpayers to modify their ITC reversal on acceptance of such credit notes thereby resolving many business disputes.

Link: GSTN Advisory Dated 17/10/2025, FAQs

Advisory FAQs on GSTR -9/9C for FY 2024-25: A list of Frequently Asked Question along with the response has been compiled and is intended to assist the Taxpayer in better understanding of various Tables of GSTR-9/9C and their key aspects, such as reporting of various values in Tables.

-- The key clarifications include auto- population of Tables 4, 5, 6, 8, and 9 from GSTR-1/1A/IFF, GSTR-2B, and GSTR-3B, and handling of ITC claimed, reversed, and reclaimed across current and preceding FYs, including Rule 37/37A cases. Table 8A reflects eligible ITC from GSTR-2B, while Table 8C captures ITC from the current FY claimed in the next FY. Amendments by suppliers affecting invoice dates and supplies crossing FYs are addressed for accurate auto-population. Label changes in Tables 6M, 8B, 12, 13, and 17 do not affect reporting, and ITC reclaimed under Rule 37/37A is considered for the year it is reclaimed. Late fees under Section 47(2) are auto- calculated in Table 17 of GSTR-9C. Special cases for imported goods and concessional tax rates are clarified, along with the use of downloadable Excel sheets for detailed invoice/HSN reporting.

Link: GSTN Advisory Dated 16/10/2025, FAQs

Advisory for GSTR 9/9C for FY 2024-25: It has been advised that GSTR-9/9C has been enabled on the GST portal from 12 th October 2025. The taxpayers are required to ensure that all returns (GSTR 1 and GSTR 3B) for FY 2024-25 are filed to enable compilation of GSTR-9/9C.

Link: GSTN Advisory Dated 15/10/2025

Advisory, GST Return Filing and IMS Changes: The Goods and Services Tax Network (GSTN) has issued an advisory to correct misinformation regarding changes to GST return filing post-1st October 2025, concerning the Invoice Management System (IMS). It clarifies that there is no change in the auto-population of Input Tax Credit (ITC) from GSTR-2B to GSTR-3B, and this mechanism remains untouched by the IMS implementation. Further, GSTR-2B generation will continue automatically on the 14th of every month. Taxpayers retain the ability to act within IMS even after GSTR-2B generation, up until the GSTR-3B filing, and can regenerate GSTR-2B if necessary.

-- The changes are noted for Credit Note handling effective October 2025, where recipient taxpayers will have the option to keep a Credit Note pending for a specified period. Upon acceptance, recipients gain the flexibility to manually adjust the reversal amount, reducing ITC only to the extent of its availment.

Link: GSTN Advisory Dated 08/10/2025





AAAR, TR-6 Challans not eligible for import IGST Credit: Case of Becton Dickinson India Private Limited, AAAR Tamil Nadu Ruling Dated 8th October 2025. AAR had earlier ruled that Neither a TR-6 challan as such, nor a TR-6 challan read with the SVB order and letters issued by the tax authorities, can be considered as an eligible document for the purpose of availment of ITC. The appellant authority upheld the ruling and dismissed the appeal.

[Link: AAAR Tamil Nadu Ruling Dated 08/10/2025](#)

AAAR, Mutual Fund redemption treated as Sale, ITC reversal rules Apply: Case of Zydus Lifesciences Ltd, AAAR Gujarat Ruling Dated 22nd September 2025. The Appellate Authority upheld the ruling of the AAR on the issue of input tax credit (ITC) availability in respect of common inputs and input services used for subscription and redemption of mutual fund units.

[Link: AAAR Gujarat Ruling Dated 22/09/2025](#)

AAAR, GST ITC Denied on Expenses for Company Share Buyback: Case of Gujarat Narmada Valley Fertilizers & Chemicals Ltd, AAAR Gujarat Ruling Dated 22nd September 2025. The Appellate Authority upheld a previous ruling that denied Input Tax Credit (ITC) on expenses incurred by a company for the buyback of its own shares. The AAAR concluded that a transaction in shares, which are classified as securities, falls outside the scope of supply of goods or services.

[Link: AAAR Gujarat Ruling Dated 22/09/2025](#)

AAAR, Rapigro is a Plant Growth Regulator under HSN 38089340, upholds 18% GST Rate: Case of Jivagro Limited, AAAR Gujarat Ruling Dated 22nd September 2025. AAAR ruled that the classification of Rapigro under the Customs Tariff Act, and under the CGST Act, will be under 3808 93 40, as a 'plant growth regulator'. The rate of tax applicable on Rapigro is 18% as per serial number 87, Schedule III of notification No.1/2017 dated 28th June 2017.

[Link: AAAR Gujarat Ruling Dated 22/09/2025](#)

AAAR upholds ITC eligibility for Power Line Capital Goods installed Outside Factory: Case of AC CGST & CE vs Elixir Industries, AAAR Gujarat Ruling Dated 22nd September 2025. AAAR held that Input Tax Credit (ITC) is admissible on capital goods such as wires, cables, and electrical equipment used for power transmission from the grid to the factory, even if installed outside factory premises and subsequently transferred to Gujarat Energy Transmission Corporation Ltd.

(GETCO) for maintenance, provided the conditions under Section 16 of the CGST Act, 2017 are met. It upheld the Advance Ruling allowing ITC to the Respondent.

[Link: AAAR Gujarat Ruling Dated 22/09/2025](#)

AAAR, GST ITC denied on expenses for company Share Buyback: Case of Gujarat Narmada Valley Fertilizers & Chemicals Ltd, AAAR Gujarat Ruling Dated 22nd September 2025. AAAR held that Input Tax Credit (ITC) is not admissible on expenses incurred for the buyback of shares, as shares being 'securities' do not qualify as goods or services under the GST law, and hence the transaction falls outside the ambit of GST. It dismissed the appeal and upheld AAR Ruling.

[Link: AAAR Gujarat Ruling Dated 22/09/2025](#)

AAR, Cotton Seed De-oiled Cake (HSN 23061020) exempt from GST: Case of Gupta Feed Products Private Limited, AAR WB Ruling Dated 17th October 2025. AAR ruled that Cotton seed de-oiled cake (HSN 23061020) is exempt from tax irrespective of its use.

[Link: AAR West Bengal Ruling Dated 17/10/2025](#)

AAR, Service Apartments are Commercial for GST: Case of SRIPSK Developers LLP, AAR WB Ruling Dated 17th October 2025. AAR ruled that the Service Apartment being constructed by the applicant will fall under construction service of commercial buildings.

[Link: AAR West Bengal Ruling Dated 17/10/2025](#)

AAR, Flow Meter aintenance not part of Composite Supply: Case of Greater Visakhapatnam, AAR Andhra Pradesh Ruling Dated 16th October 2025. The AAR held that the maintenance charges of the flow meter installed at the end user premises to record the recycled water does not fall under composite supply. The supply to be considered under SAC Code 9987 at 18% rate of GST.

[Link: AAR Andhra Pradesh Ruling Dated 16/10/2025](#)

AAR, ITC Allowed on Power Transmission Equipment Installed Outside Factory: Case of Alleima India Pvt Ltd, AAR Gujarat Ruling Dated 16th October 2025. The AAR held that the applicant is eligible to avail ITC on procurement of capital goods & related services in the form of wires/ cables, electric equipment, supervision charges & installation service used for transmission of electricity from the power station of DISCOM to the factory premises, which are installed outside the factory.

[Link: AAR Gujarat Ruling Dated 16/10/2025](#)

AAR, GST exemption allowed only for Planning Services linked to Local Body Functions: Case of Devendra K Patel, AAR Gujarat Ruling Dated 9th October 2025. The AAR ruled that the services related to the buildings would qualify as pure services and are eligible for GST exemptions under Notification No. 12/2017 dated 28th June 2017.

[Link: AAR Gujarat Ruling Dated 09/10/2025](#)

AAR, Transfer of Construction Project via Slump Sale Treated as Going Concern: Case of RDB Reality and Infrastructure Limited, AAR Gujarat Ruling Dated 9th October 2025. The AAR held that the transfer of the redevelopment project, along with all its assets and liabilities, qualifies as a “transfer of a going concern” and is therefore exempt from the Goods and Services Tax (GST).

[Link: AAR Gujarat Ruling Dated 09/10/2025](#)

AAR, License Fee for Public Toilets Exempt from GST: Case of Public Transport Department, Govt of Andhra Pradesh, AAR Andhra Pradesh Ruling Dated 25th September 2025. The AAR held that in view of licenses granted to tender bidders for maintenance of toilets, the license fee is exempted in view of serial number 76 of notification 12/2017 dated 28th June 2017.

[Link: AAR Andhra Pradesh Ruling Dated 25/09/2025](#)

AAR, Tapioca Flour classifiable under HSN 23031000: Case of Perumal Vasudevan, AAR Tamil Nadu Ruling Dated 8th October 2025. AAR emphasized that the origin of the product as a residue of starch manufacture dictates its classification over its perceived commercial identity or historical tax treatment. It ruled that the applicant is required to classify its traded ‘Tapioca Flour’ or ‘Thippi’ under HSN 2303 1000 and discharge 5% GST on its supplies, mandating the company’s registration under the GST Act. As the said product is classified under 2303 1000, the exemption provided under Notification 02/2017 dated 28th June 2017 is not applicable to the applicant.

[Link: AAR Tamil Nadu Ruling Dated 25/09/2025](#)

AAR, Mens Cotton Pyjama Sets classified under HSN 620721, 5% GST applicable for Packs Under Rs 1000: Case of Link Up Textiles Private Limited, AAR Tamil Nadu Ruling Dated 8th October 2025. AAR ruled that Men’s Pyjama Sets consisting of woven Shirt and woven Pant made of cotton is to be classified under HSN code 620721. GST rate of tax applicable for 2 Pyjama sets packed in a single pack and costing less than Rs.1,000 per piece or set will be 5% as per serial number 223 of Schedule I of Notification 01/2017 (Rate) dated 28th June 2017.

[Link: AAR Tamil Nadu Ruling Dated 25/09/2025](#)

AAR, Hostel & Food Services between Charitable Educational Institutions taxable under GST: Case of KLN Saurashtra College of Engineering Council, AAR Tamil Nadu Ruling Dated 25th September 2025. AAR ruled that accommodation and food services provided by one charitable educational institution to another are taxable under GST. Exemption under notification No. 12/2017 applies only if specific conditions under serial number 12A are met.

[Link: AAR Tamil Nadu Ruling Dated 25/09/2025](#)

AAR, Rice Bran Oil classified by content, not ‘Lamp Oil’ use: Case of KTV Health Food Pvt Ltd, AAR Tamil Nadu Ruling Dated 24th September 2025. AAR ruled that the rice bran oil sold by KTV Health Food Pvt Ltd. was classifiable under Tariff Heading 1515 9040, attracting a 5% GST.

The ruling established a precedent that the classification for GST purposes should be based on the essential character of the goods, rather than how they are branded or the end-use by the consumer.

[Link: AAR Tamil Nadu Ruling Dated 24/09/2025](#)

AAR, MGO Charges are not taxable, No GST on Liquidated Damages for Short Lifting of Gas: Case of ONGC, AAR Tamil Nadu Ruling Dated 24th September 2025. AAR ruled that Minimum Guaranteed Off-take (MGO) charges are in the nature of Liquidated Damages, and are not liable to GST.

[Link: AAR Tamil Nadu Ruling Dated 24/09/2025](#)

AAR, R&D for Government Bodies Taxable Under GST: Case of Laila Nutra Private Limited, AAR Andhra Pradesh Ruling Date 22nd September 2025. The AAR held that the Research & Development activity undertaken by the applicant for the Ministry of AYUSH (MoA), through the Central Council for Research in Ayurvedic Sciences (CCRAS), under a grant-in-aid arrangement, falls within the scope of supply as defined under section 7 of CGST Act. It does not qualify for exemption under notification 12/2017 dated 28th June 2017.

[Link: AAR Andhra Pradesh Ruling Dated 22/09/2025](#)

AAR Confirms GST on Export of Frozen Shrimps in Both Printed and Plain Packs: Case of Neeli Sea Foods Private Limited, AAR Andhra Pradesh Ruling Date 16th September 2025. The AAR held that the export of processed frozen shrimps (HSN 0306), which are packaged in individual printed pouches or boxes and subsequently placed inside a print master carton (of up to 25 Kilogram each) that includes the design, label, and other specification provided by the buyer, attracts GST. It further held that the export of processed frozen shrimps (HSN 0306), packaged in individual plain pouches or boxes and subsequently placed inside a plain master carton (of up to 25 Kilogram each), also attracts GST.

[Link: AAR Andhra Pradesh Ruling Dated 16/09/2025](#)

SC, ITC cannot be denied for non-payment of VAT by Seller: Case of Commissioner Trade and Tax Delhi vs Shanti Kiran India (P) Ltd, SC Judgement Dated 9th October 2025. The apex court ruled that ITC cannot be denied to bona fide purchasers when sellers fail to deposit VAT. It upheld Delhi HC view protecting good faith taxpayers, and that ITC cannot be denied to genuine buyers in absence of evidence of collusion.

[Link: SC Judgement Dated 09/10/2025](#)



SC upholds maximum of three adjournments may be granted but does not mandate granting all three: Case of MHJ Metaltechs Pvt Ltd vs CGST, SC Judgement Dated 8th October 2025. The apex court held that limitation on adjournments under Section 75(5) of the CGST Act is mandatory in allowing a maximum of three adjournments, without guaranteeing that all such adjournments must be granted. It further held that denial of adjournments beyond statutory limits and supply of illegible documents to the assessee do not violate principles of natural justice in GST adjudication proceedings.

[Link: SC Judgement Dated 08/10/2025](#)

SC, Tax on ink and processing material used in printing lottery tickets leviable under Uttar Pradesh Trade Tax Act: Case of Aristo Printers Pvt Ltd vs Commissioner of Trade Tax, SC Judgement Dated 7th October 2025. The apex court upheld the levy of trade tax on ink and processing materials used in printing lottery tickets. It held that ink and processing materials used in printing lottery tickets form part of the goods transferred in the execution of a works contract under Uttar Pradesh Trade Tax Act.

[Link: SC Judgement Dated 07/10/2025](#)

SC bars Bank Account attachments after 10% GST Pre-Deposit: Case of Deputy Commissioner vs Wingtech Mobile Communications (India) Limited, SC Judgement Dated 6th October 2025. The apex court held that the Revenue cannot continue to attach or restrain a taxpayer's bank accounts under the GST Act once the appellate pre-deposit has been made. It upheld the AP High Court judgment granting relief to the assessee.

[Link: SC Judgement Dated 06/10/2025](#)



SC, Notification exempting VAT on sale of asbestos cement sheets and bricks quashed: Case of UP Asbestos Ltd vs State of Rajasthan, SC Judgement Dated 24th September 2025. The apex court held that notification dated 9th March 2007 issued by the Government of Rajasthan under section 8(3) of Rajasthan Value Added Tax Act, granting exemption from payment of VAT on sale of asbestos cement sheets and bricks manufactured in the state of Rajasthan is violative of Article 304(a) of the Constitution of India and hence quashed.

[Link: SC Judgement Dated 24/09/2025](#)



SC upholds Service Tax on Export Cargo Handling by Airports Authority: Case of Airports Authority of India vs Commissioner Service Tax, SC Judgement Dated 23rd September 2025. The apex court dismissed an appeal by the Airports Authority of India (AAI), upholding the levy of service tax on its cargo handling services.

[Link: SC Judgement Dated 23/09/2025](#)

SC Affirms Stock Discrepancies require GST Assessment, Not Confiscation: Case of Additional Commissioner vs Dayal Product, SC Judgement Dated 1st September 2025. The apex court held that where a stock discrepancy is discovered during the survey of a registered dealer, the initiation of confiscation and penalty proceedings under Section 130 of CGST Act is unsustainable. Such issues must be addressed through assessment and recovery proceedings under Sections 73 or 74 of CGST Act.

[Link: SC Judgement Dated 01/09/2025](#)

HC, ITC Refund cannot Be denied despite BRC mismatch with Export details: Case of Transformative Learning Solutions Pvt Ltd vs Comm SGST, HC Delhi judgement Dated 24th September 2025. HC held that ITC refund cannot be denied just because BRC copies are not matching with Export details. It held that, so long as full proceeds for export has been realized, refund of ITC cannot be denied.

[Link: HC Delhi Judgement Dated 24/09/2025](#)

HC upholds Notice Service Via GST Portal even if Email Bounces: Case of Seven Seas Lights Pvt Ltd vs Assistant Commissioner, HC Delhi Judgement Dated 23rd September 2025. HC ruling reinforces the principle that uploading documents to the common GST portal constitutes effective, legally-valid service. This places a mandatory and ongoing burden on the registered taxpayer to monitor the portal for all official communications, regardless of email failures or internal administrative changes.

[Link: HC Delhi Judgement Dated 23/09/2025](#)

HC rationalizes Pre-Deposit for overlapping fictitious ITC appeals: Case of RU Overseas vs DGGST, HC Delhi Judgement Dated 16th September 2025. The core issue revolved around the overlap of demands concerning fictitious suppliers. HC acknowledged the possibility of overlap but ruled that the challenge to the substantive demands must be addressed in the respective appeals. However, recognizing the procedural complexity and the potential for double demand, the Court provided relief by rationalizing the pre-deposit requirement for the appeals.

[Link: HC Delhi Judgement Dated 16/09/2025](#)



C. Central Excise

No Notification/ Circular during the Month.

D. Custom Duty

Nil Duty on Yellow Peas Imports extended only till 31st October 2025: The notification extends the validity period of the nil import duty concession on Yellow Peas (HS Code 0713 10 10), only to consignments covered by Bills of Lading issued on or before 31st October 2025, instead of the earlier cut-off date of 31st March 2026.

[Link: Customs Notification 47/2025 \(T\) Dated 29/10/2025](#)

Govt Imposes 30% Import Duty on Yellow Peas from 1st November 2025: The notification imposes import duty of 30% on Yellow Peas classified under HS Code 0713 10 10. It comprises a 10% basic customs duty and a 20% Agriculture Infrastructure and Development Cess (AIDC).

[Link: Customs Notification 46/2025 \(T\) Dated 29/10/2025](#)

Revision of Customs Duty, IGST & Cess Rates: The notification seeks to supersede 31 customs exemption notifications and prescribes effective rates of customs duty, IGST and compensation cess for goods imported into India.

[Link: Customs Notification 45/2025 \(T\) Dated 24/10/2025](#)

Amendments to Key Customs notifications: The notification amends specific entries across various prior notifications to ensure consistency and updated applicability. It affects the notifications governing customs exemptions and procedural frameworks, including notification 11/2018, 8/2020, 11/2021, 52/2017 and others.

[Link: Customs Notification 44/2025 \(T\) Dated 24/10/2025](#)

India Exempts Customs Duty and Cesses on Imports from Iceland: The notification has introduced a customs duty exemption on specified goods imported into India from Iceland, provides relief regarding basic Customs Duty, the Agriculture Infrastructure and Development Cess (AIDC), and the Health Cess. A critical condition for availing this reduced duty is the requirement for the importer to prove, to the satisfaction of the relevant Customs officer, that the imported goods genuinely originate from Iceland.

[Link: Customs Notification 43/2025 \(T\) Dated 30/09/2025, Corrigendum 01/10/2025](#)

India Exempts Customs Duty and Cesses on Imports from Norway: The notification has introduced a customs duty exemption on specified goods imported into India from Norway, provides relief regarding basic Customs Duty, the Agriculture Infrastructure and Development Cess (AIDC), and the Health Cess. A critical condition for availing this reduced duty is the requirement for the importer to prove, to the satisfaction of the relevant Customs officer, that the imported goods genuinely originate from Norway.

[Link: Customs Notification 42/2025 \(T\) Dated 30/09/2025](#)

India Exempts Customs Duty and Cesses on Imports from Switzerland: The notification has introduced a customs duty exemption on specified goods imported into India from Switzerland, provides relief regarding basic Customs Duty, the Agriculture Infrastructure and Development Cess (AIDC), and the Health Cess. A critical condition for availing this reduced duty is the requirement for the importer to prove, to the satisfaction of the relevant Customs officer, that the imported goods genuinely originate from Switzerland.

[Link: Customs Notification 41/2025 \(T\) Dated 30/09/2025](#)

Fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver: CBDT notified the Tariff Values of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver, which shall come into force w.e.f. 1st November 2025. The tariff value for crude palm oil is set at USD 1113 per metric ton, while gold and silver have tariff values of USD 1285 per 10 grams and USD 1556 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7142 per metric ton.

[Link: Customs Notification 72/2025 \(NT\) Dated 31/10/2025](#)



No Revision needed under Section 18A(5)(c), where separate Reversal Procedure exists: The notification has clarified that no revision of entry under Section 18A(5)(c) of the Customs Act, will be made in cases where benefits under any instrument-based scheme (i.e. under the Foreign Trade Act, Customs Act, or Customs Tariff Act) have already been availed but require reversal, if a specific procedure for such reversal is already prescribed under the relevant notification or regulation.

[Link: Customs Notification 71/2025 \(NT\) Dated 30/10/2025](#)

Customs Voluntary Revision Regulations for Post-Clearance Entries: The notification introduce the Customs (Voluntary Revision of Entries Post Clearance) Regulations 2025, effective 1st November 2025. These establish a structured, electronic process under Section 18A of the Customs Act, allowing importers or exporters (authorised persons) to voluntarily revise entries made in the Bill of Entry or Shipping Bill after goods clearance.

[Link: Customs Notification 70/2025 \(NT\) Dated 30/10/2025](#)

Customs Fee set for Voluntary Revision of entries Post Clearance: The notification amend the Levy of Fees (Customs Documents) Regulations and inserts a new entry into the fee table, establishing a charge of Rs. 1,000 for every "Electronic Application" filed under the post-clearance voluntary revision mechanism.

[Link: Customs Notification 69/2025 \(NT\) Dated 30/10/2025](#)

Amendment to Customs Notification 26/2022, adds Section 18A: The notification amends earlier notification No. 26/2022 dated 31st March 2022, and insert the entry "Section 18A" into the existing Table of the earlier notification. The section 18A of the Customs Act relates to the provisional assessment of duty when the final duty cannot be determined immediately.

[Link: Customs Notification 68/2025 \(NT\) Dated 30/10/2025](#)

Revision of Duty Drawback Rates for Gold Jewellery and Silver Jewellery/articles: The notification modifies duty drawback rates in Chapter 71, for precious metals and jewellery, for three specific tariff items. For tariff item 711301, the drawback rate in column (4) has been revised from Rs 466.76 to Rs 524.27. For tariff items 711302 and 711401, the earlier rate of Rs 5234.00 has been increased to Rs 6317.22. The revised rates are expected to align duty drawback benefits with prevailing export cost structures and fluctuations in international metal prices.

[Link: Customs Notification 67/2025 \(NT\) Dated 27/10/2025](#)

Malur, Karnataka designated as a New Customs Station: The notification designates Malur in Kolar District, Karnataka, as a Customs Station. It permits the location to be used for the unloading of imported goods and the loading of export goods or any specified class of such goods.

[Link: Customs Notification 66/2025 \(NT\) Dated 23/10/2025](#)

Fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver: CBDT notified the Tariff Values of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver, which shall come into force w.e.f. 16th October 2025. The tariff value for crude palm oil is set at USD 1123 per metric ton, while gold and silver have tariff values of USD 1327 per 10 grams and USD 1663 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7142 per metric ton.

[Link: Customs Notification 65/2025 \(NT\) Dated 15/10/2025](#)

Fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver: CBDT notified the Tariff Values of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver, which shall come into force w.e.f. 10th October 2025. The tariff value for crude palm oil is set at USD 1108 per metric ton, while gold and silver have tariff values of USD 1300 per 10 grams and USD 1515 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7463 per metric ton.

[Link: Customs Notification 64/2025 \(NT\) Dated 09/10/2025](#)



CBIC Amends Notification 26/2022 on Officer Seizure Power: The Notification amend the principal notification 26/2022 dated 31st March 2022, specifically alters the Table in the original notification at serial numbers 6 and 7. For Intelligence Officers of the Directorate General of Revenue Intelligence (Serial No. 6) and for Examiners, Preventive Officers, or Inspectors of the Central Excise Department posted at customs locations (Serial No. 7), the relevant powers are revised to cover sub-sections (1), (3), and (5) of section 110 of the Customs Act.

[Link: Customs Notification 63/2025 \(NT\) Dated 01/10/2025](#)

CBIC Appoints NCTC-Pax Head as All-India Customs Head: The Principal Additional Director General or the Additional Director General of the National Customs Targeting Centre-Passenger (NCTC- Pax) is appointed as an officer of customs, specifically holding the rank and all powers of a Principal Commissioner or Commissioner of Customs. This appointment grants the officer jurisdiction over the whole of India. The primary function assigned to this officer is the receiving and processing of Passenger Name Record (PNR) information under the Passenger Name Record Information Regulations.

[Link: Customs Notification 62/2025 \(NT\) Dated 01/10/2025](#)

Amendment to Sea Cargo Manifest and Transshipment Regulations: The Notification amends the TABLE following FORM-XII. The key change is the substitution of the deadline against Sr No 6 in column (3) of the TABLE, which is now extended to 31st December 2025.

[Link: Customs Notification 61/2025 \(NT\) Dated 30/09/2025](#)

Fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver: CBDT notified the Tariff Values of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver, which shall come into force w.e.f. 1st October 2025. The tariff value for crude palm oil is set at USD 1108 per metric ton, while gold and silver have tariff values of USD 1231 per 10 grams and USD 1515 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7463 per metric ton.

Link: Customs Notification 60/2025 (NT) Dated 30/09/2025

India notifies Rules for EFTA Trade Agreement Origin of Goods: The notification introduce the Customs Tariff (Determination of Origin of Goods under the Trade and Economic Partnership Agreement between India and the EFTA States) Rules 2025. These rules establish the legal framework for determining whether goods imported into India from the EFTA States (Iceland, Liechtenstein, Norway, and Switzerland) qualify for preferential tariff treatment under the new Trade and Economic Partnership Agreement (TEPA). The rules define a product as originating if it is wholly obtained in a Party or if non-originating materials undergo sufficient working or processing as detailed in Annexure-A, with a de minimis tolerance of 10% of the FOB or ex-works price for non-originating materials.

Link: Customs Notification 59/2025 (NT) Dated 29/09/2025

Common Adjudicating Authority appointed for Massimo Dutti Customs Notices: CBIC has appointed the Principal Commissioner/Commissioner of Customs, ACC (Import), New Delhi, as Common Adjudicating Authority for specific Customs show cause notices (SCNs) issued to M/s. Massimo Dutti India Pvt Ltd by different Customs authorities in various locations, including New Delhi, Mumbai, and JNCH.

Link: Customs Notification 58/2025 (NT) Dated 26/09/2025

Amendment to existing ADD notification 66/2021 for 'Untreated Fumed Silica': The notification amend an existing anti-dumping duty (ADD) notification. 66/2021 dated 11th November 2021. Specifically, for serial number 1, the value in column (7) has been substituted with the figure '1,296'.

Link: Customs Notification 30/2025 (ADD) Dated 27/10/2025

MOOWR Scheme application deadline extended: The circular relates to Manufacturing and Other Operations in Warehouse Regulations (MOOWR) Scheme. It extends the deadline for the current online application process, the facility for MOOWR will remain operational until 15th November 2025, for receiving applications under Section 58 and Section 65 of the Customs Act.

Link: Customs Circular 27/2025 Dated 31/10/2025

Guidelines on Revision of Entries Post Clearance under section 18A: The Circular provide guidelines for the new facility of Revision of Entries Post Clearance under Section 18A of the Customs Act. An electronic application for revised entry, or revised entry-cum-refund, must be filed at the port where the duty was paid, containing entries from a single bill of entry, shipping bill, or bill of export. Upon successful acceptance, an Acknowledgement Receipt Number (ARN) is generated, followed by a Revised Entry Reference after payment of duty and interest. The process operates on a self-assessment approach, with applications being routed for verification by the proper officer based on the Risk Management System (RMS).

Link: Customs Circular 26/2025 Dated 31/10/2025

Implementation of Sea Cargo Manifest and Transshipment Regulations (SCMTR): The Circular details the ongoing implementation of the Sea Cargo Manifest and Transshipment Regulations (SCMTR). It states that the Sea Arrival Manifest (SAM) and Sea Entry Inward (SEI) messages have been fully operational nationwide. Similarly, the Sea Departure Manifest (SDM), along with its amendment message, was implemented across India. To ensure comprehensive adoption, the transitional provisions have been extended for SCMTR until 31st December 2025. A dedicated Task Force is monitoring the process, and Chief Commissioners are requested to conduct weekly outreach programs to sensitize stakeholders and facilitate a smooth transition.

Link: Customs Circular 25/2025 Dated 08/10/2025

Auto-approval of Incentive Bank Account and IFSC Code Registration: Presently, the exporters had to register their incentive bank account for IGST refunds and drawbacks at every port where they intended to transact, a process that was governed by set timelines for approval by port officers. The Board has now decided to implement an auto-approval system. If an Importer Exporter Code (IEC) has already had a specific incentive bank account and IFSC code approved at any one customs location, the system will automatically approve the subsequent requests for the exact same combination at different customs locations.

Link: Customs Circular 24/2025 Dated 07/10/2025

Issuance of Look Out Circulars (LOC): The CBIC has provided that all Look Out Circulars (LOCs) will now be processed exclusively through the Online LOC Portal, operational since 1st March 2024. The earlier procedure allowed LOC requests to be submitted via letters or emails through DRI or DGCI headquarters. The online system aims to streamline and centralize the process for issuing LOCs concerning Indian citizens and foreign nationals.

Link: Customs Instructions 30/2025 Dated 13/10/2025



E. Directorate General of Foreign Trade (DGFT)

Amendments in MIP on Synthetic Knitted Fabrics for Specific GSM: The notification amends the import policy for Synthetic Knitted Fabrics under ITC (HS) 60053600. The import policy for this specific code remains 'Restricted' but permits 'Free' import if the CIF value is as per existing Minimum Import Price (MIP) condition. It also introduces an exemption i.e. the MIP condition no longer applies to fabrics falling within the 28 to 48 grams per square meter (GSM) weight range.

DGFT Notification 46/2025 Dated 21/10/2025

Amendments to Import Policy for Pesticides, Chemicals: The notification amends the import policy conditions for specific items listed under Chapters 29 and 38 of the ITC (HS), Schedule I (Import Policy). The government modified import requirements for a range of chemicals and pesticides, including bifenthrin, glufosinate, glyphosate, emamectin benzoate, and others. The import of several pesticide-related products is now subject to registration and certification from the Central Insecticides Board and Registration Committee (CIB&RC). Also, the import of 'Glufosinate and its salts' with a CIF value below ₹1,289 per kg has been classified as 'Restricted', while imports with a CIF value of ₹1,289 or above per kg remain 'Free'.

DGFT Notification 45/2025 Dated 15/10/2025

Amendment to Import Policy ITC (HS) to Sync with Finance Act: The notification amends the ITC (HS), Schedule-I (Import Policy) to synchronize it with the changes introduced by the Finance Act 2025. The changes include the insertion, deletion, alteration, splitting, and merging of various ITC Codes and their corresponding Policy Conditions, as listed in Annexure-I. It also amends Section Notes, Chapter wise Main Notes, Supplementary Notes, Chapter headings, sub-headings, and descriptions of the ITC codes, which are detailed in Annexure-II.

DGFT Notification 44/2025 Dated 15/10/2025

Amendment to Areca Nut Import Policy with Minimum Price: The Directorate General of Foreign Trade (DGFT) issued a notification on October 15, 2025, amending the import policy for Areca Nuts and Roasted Areca Nuts. For raw Areca Nuts, the policy remains Prohibited, but import is now free if the Cost, Insurance, and Freight (CIF) value is Rs. 351/- or more per Kilogram. Similarly, for Roasted Areca Nuts, the policy is generally Free, but import is Prohibited if the CIF value is less than Rs. 351/- per Kilogram. This new Minimum Import Price (MIP) condition aims to restrict the import of lower-value Areca Nuts.

DGFT Notification 43/2025 Dated 15/10/2025

Amendment to Export Policy for Meat Products: The notification has prescribed a new Export Policy Condition-9 under Chapter-2, Schedule-II (Export Policy). The exports of chilled and frozen meat will now be permitted only upon submission of proof of remittance to the Meat Export Development Fund (MEDF), which is managed by the Agricultural and Processed Food Products Export Development Authority (APEDA). The new condition applies specifically to products under the specified ITC (HS) codes.

DGFT Notification 42/2025 Dated 14/10/2025

Amendment to Import Policy conditions for Sulfadiazine API: The import of Sulfadiazine Active Pharmaceutical Ingredient (API), with a CIF (Cost, Insurance, and Freight) value of less than Rs. 1,774 per kg is now classified as 'Restricted' until 30th September 2026. This restriction applies specifically to HS codes 29359013 and 29359090, which cover various sulphonamide compounds, including Sulfadiazine. The Minimum Import Price (MIP) condition will not be applicable for imports made by Advance Authorization holders, Export Oriented Units (EOUs), and units operating within Special Economic Zones (SEZs), subject to condition that these imported inputs are not subsequently sold into the Domestic Tariff Area (DTA).

DGFT Notification 41/2025 Dated 10/10/2025

New Import Regulations for Solar and Wind Energy Components: The notification provides for mandatory registration on the Renewable Energy Equipment Import Monitoring System (REEIMS) of the Ministry of New and Renewable Energy for specific items. These includes toughened (tempered) safety glass and photovoltaic cells, whether or not assembled in modules or panels when exclusively used for solar energy projects. Similarly, components for wind-operated electricity generation, such as certain towers, bearing housings, gears, generating sets, and parts of electric motors, will also require REEIMS registration. It specifies that these registration requirements apply to imports via air cargo, sea cargo, and land routes.

DGFT Notification 40/2025 Dated 10/10/2025

Exemptions from requirement of COI for export of Rice to European countries: DGFT has amended the export policy for Basmati and Non-Basmati Rice modifying the requirement for a mandatory Certificate of Inspection (COI). It mandates that rice exports to specific European nations, namely EU Member States, the United Kingdom, Iceland, Liechtenstein, Norway, and Switzerland, must still obtain a COI from the Export Inspection Council (EIC) or an Export Inspection Agency (EIA). However, for exports destined for the remaining European countries, the requirement for a COI from the EIC/EIA has been temporarily exempted for a period of six months, until April 2, 2026.

DGFT Notification 39/2025 Dated 03/10/2025

Export of 100 MT of wheat seed from University of Dharwad to Indonesia: DGFT has permitted export of 100 Metric Tonnes (MT) of a specific variety of wheat seed, DWR-162 from the University of Dharwad in India to Indonesia. The transaction must be facilitated through the National Co-operatives Export Limited (NCEL) and shipped via the Mangalore Sea Port. Further, the University of Dharwad is designated as the authorized agency responsible for certifying the identity and quantity of the DWR-162 wheat seed before its export.

DGFT Notification 38/2025 Dated 03/10/2025

Amendment in Export Policy of De-Oiled Rice Bran: The export policy of De-Oiled Rice Bran (DoRB) is hereby amended from 'Prohibited' to 'Free'. The export policy for DoRB across all relevant codes, including those concerning bran, sharps, and oil-cake residues, is now uniformly classified as Free.

DGFT Notification 37/2025 Dated 03/10/2025

Exemptions for Export of Agricultural Commodities to Bhutan: Exports of the agricultural commodities as specified, to Bhutan are exempted from the applicable restrictions and prohibitions, with immediate effect and until further orders. The exempted list is extensive, covering twenty-three categories of agricultural goods, including various forms of milk and cream, fresh vegetables like potatoes, tomatoes, onions, and shallots, lentils, tea, different types of wheat and rice, wheat/meslin flour, a wide range of edible oils (including soyabean, ground- nut, palm, and mustard oil), sugar and molasses, and common salt.

DGFT Notification 36/2025 Dated 03/10/2025

Extension of RoDTEP Scheme for DTA Units and its applicability to DTA/AA/SEZ/EOU Exports: DGFT has extended the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme beyond its previous deadline of 30 th September 2025 until 31st March 2026. This extension covers exports made from a range of units, including Domestic Tariff Area (DTA) units, Advance Authorisation (AA) holders, Special Economic Zone (SEZ) units, and Export Oriented Units (EOUs). The existing RoDTEP rates, along with any applicable per-unit value caps, will continue to apply for all export items, and the scheme's operation will remain subject to the specified budgetary framework.

DGFT Notification 35/2025 Dated 30/09/2025

Clarification regarding SEZ Exemption on Silver Imports: DGFT has issued a clarification regarding the applicability of restrictions on the import of silver jewellery under ITC (HS) Codes 71131141 and 71131149 imposed by Notification No. 34/2025-26 dated 24th September 2025. It stated that imports of silver jewellery by 100% Export Oriented Units (EOUs) and units located in SEZs are exempt from these restrictions, as per Para 6.01(d) of the Foreign Trade Policy (FTP) and Rule 27 of the Special Economic Zones (SEZ) Rules. However, such imports cannot be sold in the Domestic Tariff Area (DTA). Similarly, imports made under the Advance Authorisation or Duty-Free Import Authorisation (DFIA) schemes are also excluded from the restrictions.

DGFT Circular 06/2025 Dated 27/10/2025

Gold TRQ Rules amended for India-UAE CEPA Imports: The Public Notice revise the procedure for allocating the Tariff Rate Quota (TRQ) for importing gold (under tariff head 7108) within the framework of the India-UAE Comprehensive Economic Partnership Agreement (CEPA). The key change is the modification of Condition (d) in Annexure-IV, which now mandates that eligible TRQ applicants must be registered with the Bureau of Indian Standards (BIS) for hallmarking and possess GST registration. Further, the allocation process itself is being fundamentally changed to a competitive online bidding/tender process to enhance transparency and management.

DGFT Public Notice 31/2025 Dated 29/10/2025

CoO issuing Agencies updated for India-EFTA TEPA: The Public Notice updates the list of agencies authorised to issue Certificates of Origin (CoO) for the India-European Free Trade Association Trade and Economic Partnership Agreement (India-EFTA TEPA). These certificates enable exporters to claim preferential tariff benefits under the trade pact.

DGFT Public Notice 30/2025 Dated 28/10/2025



New Self-Declaration for Export CoO under India-EFTA TEPA: The Public Notice introduces the India-EFTA TEPA into the list of Free Trade Agreements (FTAs) under Para 2.88 (a) of the HBP. It also introduces a new sub-para 2.91 (e), which allows exporters to obtain the Certificate of Origin (CoO) under the India-EFTA TEPA through self-declaration. This option is provided in addition to the existing procedure where CoOs are issued by authorized agencies.

DGFT Public Notice 29/2025 Dated 28/10/2025

Amendments in Export Obligation Rules for Advance Authorisation: The Public Notice amends Para 4.84(b) of HBP, concerning the Export Obligation (EO) period under the Advance Authorisation (AA) Scheme. Under the amended procedure, the general EO period remains 120 days from the date of import for each consignment. However, for findings and mountings made of gold, platinum, or silver used for the export of jewellery, the EO period is extended to 180 days from the date of import.

DGFT Public Notice 28/2025 Dated 23/10/2025

DGFT reinstates and amends SION C676 for Galvanised Rods: The Public Notice reinstates and amends the suspended Standard Input Output Norms (SION) C676 for the export of 'HOT DIPPED GALVANISED TENSION BAR/ GATE RODS/ TRUSS RODS/ DROP RODS'. It specifies the permissible inputs and wastage allowance for exporting 1000 Kgs of the finished product. The allowed imported inputs include RE-ROLLABLE SCRAP/BILLET CUTTINGS, MS BILLETS/BLOOMS, or NON- ALLOY STEEL WIRE RODS, with a wastage allowance of 1.10 per KG of the net weight of the ungalvanized steel content in the final product.

DGFT Public Notice 27/2025 Dated 23/10/2025

Renumbering of Paras in Procedures for Diamond Imprest Scheme: The provisions relating to Diamond Imprest Authorisation (DIA) notified vide Public Notice No. 42/2024-25 dated 21st January 2025 have been renumbered. The DIA scheme, allows the import of goods subject to a pre-import condition and mandates that all imports and exports must be channelled exclusively through Mumbai Airport. The key conditions of the DIA require the export obligation to be fulfilled solely through the physical export of Natural Cut and Polished Diamonds, with each weighing no more than of a Carat (25 Cents), and necessitating a minimum value addition of realized in freely convertible currency. The validity for import is 12 months, and the export obligation must be met within 18 months from date of authorization, with no extension or revalidation allowed.

DGFT Public Notice 26/2025 Dated 15/10/2025

New SION for Mobile Phone Exports, Streamlining Advance Authorisation Process: DGFT announced the fixation of a new Standard Input Output Norm (SION) for mobile phones under the "Engineering & Electronic Items" product category and is set to streamline the export process for mobile phone manufacturers. The new SION C-2049 provides a detailed list of over 70 input items required for the manufacture of mobile phones, specifying the "Quantity Allowed" for each. This comprehensive list includes crucial components such as accelerometer sensors, acoustic filters, backlight LED driver chips, various connectors (BTB, cable, USB Type C), camera lenses and modules, capacitors, resistors, and a wide array of integrated circuits (ICs) like audio amplifiers, operational amplifiers, RF switches, and power management chips. The Regional Authorities (RAs) are now empowered to directly issue Advance Authorisations.



DGFT Public Notice 25/2025 Dated 10/10/2025

Extension for filing Annual RoDTEP Returns: The deadline for the submission of the Annual RoDTEP Returns (ARR) for the Financial Year 2023-24 has been extended from 30th September 2025, to 30th November 2025. Exporters can now file their mandatory Annual RoDTEP Return for the stipulated financial year up to the new date by paying a composition fee of Rs 10,000.

DGFT Public Notice 24/2025 Dated 03/10/2025

DGFT amends End-User Certificate Rules for Restricted Imports: Earlier, Regional Authorities (RAs) could issue end-user certificates (EUC) only for freely importable items if required by a foreign government before permitting export from their country. The revised provision now extends this facility to both free and restricted items. Para 2.35 of the Handbook of Procedures, has been amended to provide that the Regional Authorities (RAs) are authorised to issue an End-User Certificate (EUC) for restricted import items also in accordance with the restricted authorisation granted by DGFT.

DGFT Public Notice 23/2025 Dated 01/10/2025

DGFT seeks Input on Draft Single Format SCOMET ANF Forms: The Trade Notice seek feedback on proposed amendments to the Aayat Niryat Forms (ANF) used for granting SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technologies) export authorizations. The proposed change aims to consolidate the application process into a single format for all SCOMET-related applications, streamlining procedures as outlined in Para 10.04(a) of Chapter 10 of the Handbook of Procedures (HBP).

DGFT Trade Notice 17/2025 Dated 31/10/2025

Gold TRQ Allocations cancelled under India-UAE CEPA: The Trade Notice outline the procedure for refunding the application fees for the Tariff Rate Quota (TRQ) for importing Gold Bullion under the India-UAE Comprehensive Economic Partnership Agreement (CEPA) for the fiscal year 2025-26. It follows the cancellation of all provisional TRQ allocations made for the specified period. Applicants whose TRQ application status has been automatically changed to "closed" on the DGFT portal are now eligible to apply for a fee refund.

DGFT Trade Notice 16/2025 Dated 29/10/2025

DGFT expands 'Source from India' Exporter Eligibility: The Trade Connect e-Platform functions as a key digital reference point for international buyers seeking accomplished Indian exporters. Initially exclusive to Status Holder exporters, the service will now be accessible to a broader base of Indian exporters. The updated criteria mandate that, in addition to Status Holders, any entity with a valid, non-delisted Import-Export Code (IEC) is eligible if they have achieved a minimum export realization of \$100,000 in at least one of the previous three financial years. Eligible exporters, identified via their IEC-linked Trade Connect accounts, will automatically see the option to create a microsite to showcase their products and credentials.

DGFT Trade Notice 15/2025 Dated 29/10/2025

DGFT Launches Aayat Nirya Lab Setu for Digital Export Certification: The pilot launch has been announced, of Bharat Aayat Niryat Lab Setu, a new digital platform intended to create a single-window ecosystem for testing and inspection agencies across India to facilitate exports and imports. The system, accessible via the Trade Connect ePlatform, will commence its pilot phase, with the onboarding of agencies, initially focusing on those under the Tea, Coffee, and Rubber Boards. The exporters and importers will be able to seamlessly search, select, apply, track, and obtain digitally signed test reports and certifications for their commodities.

DGFT Trade Notice 14/2025 Dated 27/10/2025



India-EFTA TEPA e-CoO Filing Starts 1st October 2025: DGFT has announced the electronic filing and issuance of Preferential Certificates of Origin (CoO) for exports under the India- European Free Trade Association Trade and Economic Partnership Agreement (India-EFTA TEPA), effective 1st October 2025. This process, covering exports to Iceland, Liechtenstein, Norway, and Switzerland, will be executed via the Trade Connect e-Platform (www.trade.gov.in). The e-CoO can be issued through two methods: self-declaration or by an authorized agency.

DGFT Trade Notice 13/2025 Dated 30/09/2025



F. Securities and Exchange Board of India (SEBI)

Amendments in SEBI Mutual Funds Regulations: The amendments integrate units of Real Estate Investment Trusts (REITs) into several provisions governing mutual fund investments. The definition of "derivatives" in Regulation 2 is expanded to include REIT units. The maximum exposure limit for a liquid scheme investment in money market instruments and treasury bills is increased from 95 per cent to 97 per cent of the total assets. Mutual fund schemes are now subject to investment limits on the units of REITs issued by a single issuer, mirroring the existing limits for paid-up capital of a company. The clause related to investment limits in the debt securities of a single issuer in Regulation 52(6A) is omitted.

Link: SEBI Notification Dated 31/10/2025

Amendments to Anchor Investor Rules in ICDR Regulations: The amendments relates to changes to the allocation norms for anchor investors in public issues. For an allocation of up to Rs 250 crore, a minimum of 2 and a maximum of 15 anchor investors are permitted, with a mandatory minimum allotment of Rs 5 crore per investor. For allocations exceeding Rs 250 crore, a maximum of 15 investors are permitted for the first Rs 250 crore, plus an additional 15 investors for every subsequent Rs 250 crore or part thereof, maintaining the Rs 5 crore minimum allotment per investor.

Link: SEBI Notification Dated 31/10/2025

Amendments to SEBI Issue And Listing Of Non-Convertible Securities Regulations: The key amendments relates to Regulation 18, Issuers are now required to execute the trust deed "in such format and within such timelines" as specified by SEBI. A new proviso allows the debenture trustee to accept deviations from the specified format. However, if any deviation is accepted, the issuer must provide a key summary sheet detailing the deviations along with the rationale, and this information must be included in the General Information Document/Key Information Document or Shelf Prospectus. Furthermore, the previous requirement to structure the trust deed into two parts has been omitted.

Link: SEBI Notification Dated 24/10/2025

Amendments to SEBI Debenture Trustees Regulations: A key amendment is the insertion of Regulation 9C, which permits debenture trustees to undertake additional activities on an arms-length basis through separate business units. These activities include those under the purview of other financial sector regulators (such as RBI, IRDAI, PFRDA, etc.) or other fee-based, non-fund-based activities related to the financial services sector that do not fall under any regulator's purview. Further, Regulation 14 is substituted, specifying that trust deeds must contain matters per Section 71 of the Companies Act, 2013, and related rules, in the format and timeline specified by the Board.

[Link: SEBI Notification Dated 24/10/2025](#)

Amendments to SEBI Listing Obligations and Disclosure Requirements Regulations: The amendments relate to corporate actions and rules for Not-for-Profit Organizations (NPOs) on the Social Stock Exchange. A listed company must now issue securities only in dematerialized form for any scheme of arrangement, sub-division, split, or consolidation. The company is required to open a separate demat account for investors who do not have one. For NPOs registered on the Social Stock Exchange, the timeline for financial disclosures has been updated to 31st October and non-financial disclosures within 60 days of the financial year-end.

[Link: SEBI Notification Dated 24/10/2025](#)

Implementation of NBI Derivative Norms and Phased Weight Changes: The prudential norms require Non-Benchmark Indices (NBIs) to have a minimum of 14 constituents, with the top constituent's weight not exceeding 20% and the top three combined weights not exceeding 45%. To comply with these rules, stock exchanges must undertake necessary constituent/weight adjustments in the existing indices. For BANKEX and FINNIFTY, this adjustment must be completed in a single tranche by 31st December 2025. For BANKNIFTY, it will be implemented in a phased manner over four monthly tranches to ensure orderly rebalancing of assets under management (AUM).

[Link: SEBI Circular Dated 30/10/2025](#)

Certified past performance of IAs and RAs prior to operationalisation of PaRRVA: SEBI has established an interim framework allowing Investment Advisers (IAs) and Research Analysts (RAs) to disclose their past performance data to clients for the period before the Past Risk and Return Verification Agency (PaRRVA) becomes operational. It permits past performance data certified by an ICAI/ICMAI member only upon a client's specific request and on a one-to-one basis, it must not be publicly displayed.

[Link: SEBI Circular Dated 30/10/2025](#)

Enabling Investment Advisers to provide second opinion to clients on assets under pre-existing distribution arrangement: SEBI has allowed registered Investment Advisers (IAs) to charge a fee for providing a second opinion on client assets held under pre-existing distribution arrangements.

Previously, IAs were barred from including the value of these assets in their Assets Under Advice (AUA) for fee calculation purposes, which limit their ability to serve clients who sought an independent review of their existing investments.

[Link: SEBI Circular Dated 30/10/2025](#)

Extension of timeline for implementation of systems and processes by QSBs with respect to T+0 settlement cycle: SEBI has granted further extension for Qualified Stock Brokers (QSBs) to implement the necessary systems and processes for the optional T+0 rolling settlement cycle in the Equity Cash Markets. The T+0 settlement option was originally introduced vide circular dated 10th December 2024, to operate in addition to the existing T+1 cycle. The deadline for implementation was extended to 1st November 2025. SEBI has now decided to further extend the compliance timeline to be communicated at a later date.

[Link: SEBI Circular Dated 30/10/2025](#)



Transfer of portfolios of clients (PMS business) by Portfolio Managers: The a circular simplifies the process for the transfer of Portfolio Management Service (PMS) business between Portfolio Managers (PMs). If the transfer is between PMs belonging to the same group, the transferor has the option to shift select Investment Approaches or the entire business, however a complete transfer necessitates surrendering the transferor's registration within 45 working days. For transfers between PMs not belonging to the same group, a joint application for approval must be submitted, but only the complete PMS business can be transferred. The transferee must provide an undertaking accepting all future liabilities, pending actions, and obligations against the transferor.

[Link: SEBI Circular Dated 24/10/2025](#)

Relaxation in timeline for disclosure of allocation methodology by Angel Funds: The Angel Funds were initially mandated to disclose a defined methodology for allocating investments among approving angel investors in their Private Placement Memorandums (PPMs) by 15th October 2025. SEBI has decided to extend this deadline for compliance to 31st January 2026. Thus, any investment allocated by existing Angel Funds after the new date, must adhere to the allocation methodology detailed in their PPMs.

[Link: SEBI Circular Dated 15/10/2025](#)

Master Circular on Non-convertible Securities Listing: The Master Circular consolidate various instructions and directions concerning the issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities, and Commercial Paper. Though the previous circulars have been rescinded, any actions taken, rights accrued, or liabilities incurred under those prior circulars remain valid and enforceable under the corresponding provisions of the new Master Circular.

Link: SEBI Master Circular Dated 15/10/2025

Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions: The circular modifies the requirements for listed entities regarding the minimum information to be provided to the Audit Committee and shareholders for the approval of Related Party Transactions (RPTs). The key change introduces a tiered disclosure standard based on the transaction value. Listed entities must follow the comprehensive RPT Industry Standards for RPTs exceeding a certain threshold, i.e. of the annual consolidated turnover or Rs Ten Crore, whichever is lower. For RPTs at or below this limit, a simpler set of disclosures, as specified in Annexure-13A, is now permitted for both the Audit Committee review and the shareholder approval notice. RPTs that do not exceed Rs One Crore continue to be exempt from these specific requirements.

Link: SEBI Circular Dated 13/10/2025



Revision of Block Deal Framework: Under the revised framework, stock exchanges may operate block deal windows within overall trading hours from 8:45 AM to 5:00 PM. Two specific windows are introduced, a Morning Block Deal Window from 8:45 AM to 9:00 AM, using the previous day's closing price as the reference, and an Afternoon Block Deal Window from 2:05 PM to 2:20 PM, using the volume-weighted average price (VWAP) from trades between 1:45 PM and 2:00 PM. Orders must remain within a $\pm 3\%$ price range of the reference price, and the minimum trade size is set at Rs 25 crore. All trades must result in delivery and cannot be reversed or squared off. Stock exchanges are also required to disclose transaction details, including the scrip name, client name, quantity, and traded price, after market hours on the same day.

Link: SEBI Circular Dated 08/10/2025

Extension of Algo Trading implementation timeline till April 2026: SEBI has extended the timeline for the complete implementation of its framework for the safer participation of retail investors in algorithmic (Algo) trading. While stock brokers ready with the necessary systems may proceed with implementation starting 1st October 2025, a glide path has been introduced for those needing more time due to recent clarifications in operational modalities. It sets out three key milestones, Milestone 1-registration applications for retail algo products and at least one strategy must be submitted by 31st October 2025, Milestone 2- registration completion by 30th November 2025, Milestone 3- mandatory participation in a mock session with new functionality by 3rd January 2026.

Link: SEBI Circular Dated 30/09/2025



G. Ministry of Corporate Affairs (MCA)

MCA establishes 10 New Regional Directorates (RDs) under Companies Act: The ten directorates, each headed by a Regional Director, are geographically structured with specific jurisdictions across India. Regional Director, Northern Region Directorate I, headquartered in New Delhi, will oversee Uttar Pradesh and the National Capital Territory of Delhi, while the Western Region Directorate II in Navi Mumbai will cover all districts of Maharashtra except Mumbai and Mumbai Suburban. This new structure will be effective starting 1st January 2026.

Link: MCA Notification Dated 23/10/2025

MCA establishes New Registrar of Companies (ROCs) under Companies Act: MCA has established several new Registrars of Companies (ROCs) to manage company registration and related functions. It redefines the jurisdictional boundaries for company registration across several key regions, primarily in the National Capital Territory of Delhi, Uttar Pradesh, Maharashtra, and West Bengal. Specifically, Delhi will now have two separate ROCs based on geographic division: Delhi-I at South Delhi and Delhi-II at Central Delhi. The State of Haryana will continue to be served by the ROC at Chandigarh. Maharashtra now has three ROCs, including Mumbai-I, Mumbai-II at Navi Mumbai, and one at Nagpur, each with distinct district-wise jurisdiction.

Link: MCA Notification Dated 23/10/2025

MCA establishes 10 New Regional Directors (RDs) under LLP Act: These directors will discharge functions assigned under the Act or delegated by the Central Government within their respective jurisdictions. Northern Region Directorate I headquartered at New Delhi with jurisdiction over Uttar Pradesh and Delhi, Northern Region Directorate II at Chandigarh covering Haryana, Himachal Pradesh, Punjab, Uttarakhand, and the Union Territories of Chandigarh, Ladakh, Jammu and Kashmir, Western Region Directorate I at Mumbai overseeing Goa, Daman and Diu, and the Mumbai districts, Western Region Directorate II at Navi Mumbai for the remaining districts of Maharashtra.

[Link: MCA Notification Dated 23/10/2025](#)

MCA establishes New Registrars of Companies (RoCs) under LLP Act: MCA has established several new Registrars of Companies (RoCs) specifically for the purpose of registering and discharging functions related to Limited Liability Partnerships (LLPs) under the LLP Act. It involves creating new offices and defining their respective territorial jurisdictions. National Capital Territory of Delhi into two separate RoCs (Delhi-I at South Delhi and Delhi-II at Central Delhi), Uttar Pradesh into Uttar Pradesh-I at Kanpur and Uttar Pradesh-II at NOIDA. The state of Haryana is assigned a single RoC at Chandigarh.

[Link: MCA Notification Dated 23/10/2025](#)

Amendment to IEPFA Accounting, Audit, Transfer and Refund Rules: The notification amends Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016. It substitutes Form IEPF-5 (Application to the Authority for claiming unpaid amounts and shares out of Investor Education and Protection Fund).

[Link: MCA Notification Dated 01/10/2025](#)

Extension of time and Relaxation of additional fees in filing of CRA-4 (Cost Audit Report in XBRL format): MCA has granted a relaxation from payment of additional fees for filing the Cost Audit Report (Form CRA- 4) in XBRL format for the financial year ended 31st March 2025. The companies and cost auditors can file CRA-4 for FY 2024-25 without incurring any additional fees if the submission is made on or before 31st December 2025.

[Link: MCA General Circular 07/2025 Dated 27/10/2025](#)

MCA allows companies to File Annual Returns without extra fees till 31st December, 2025: MCA has granted relaxation from additional fees and an extension of time for the filing of financial statements and annual returns under the Companies Act, 2013. The relaxation follows the recent deployment of revised e-Forms i.e. MGT-7, MGT-7A, AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), and AOC-4 (XBRL), on the MCA-21 Version 3 portal. Recognizing the need for companies to familiarize themselves with the new filing process and acknowledging numerous requests from stakeholders, the MCA has allowed companies to complete their annual filings for the

financial year 2024-25 without paying any additional fees up to 31st December 2025. However, it is clarified that it does not extend the statutory due date for conducting Annual General Meetings (AGMs) under the Companies Act.

[Link: MCA General Circular 06/2025 Dated 17/10/2025](#)

DIR-3-KYC filing deadline extended to 31st October 2025: MCA has extended the deadline for the filing of the e-form DIR-3-KYC and web-form DIR-3-KYC-WEB without any prescribed filing fee up to 31st October 2025.

[Link: MCA General Circular 05/2025 Dated 15/10/2025](#)

MCA extends DIR-3-KYC filing deadline without fee to 15th October 2025: MCA has announced an extension for filing the annual KYC forms for Directors. The deadline for filing e-form DIR-3 KYC and the corresponding web form DIR-3 KYC-WEB without the imposition of a fee has been extended from the previous date of 30th September 2025, to 15th October 2025.

[Link: MCA General Circular 04/2025 Dated 22/09/2025](#)



H. Insolvency and Bankruptcy Board of India (IBBI)

Amendments to IBBI Liquidation Process Regulations: The notification primarily restructures regulatory clauses related to the modes of asset sale and committee composition. The key changes include the omission of clause (f) in regulation 31A(1), which pertains to the constitution of the Stakeholders' Consultation Committee. Also, in regulation 32, which deals with various modes of sale during liquidation, specific revisions have been made, such as the insertion of the word "or" after clause (c), substitution of punctuation in clause (d), and the omission of clauses (e) and (f). Also, regulation 32A, which previously governed the sale of the corporate debtor or its business as a going concern, has been omitted entirely.

[Link: IBBI Notification Dated 14/10/2025](#)

Amendments to IBBI Insolvency Resolution Process for Corporate Persons Regulations: The key changes involve the omission of Regulation 39C from the principal regulations.

Further, changes are made to Regulation 39D, specifically omitting clause (b) and inserting the word “and” in clause (a). It also amends Form H, the compliance certificate to be filed by resolution professional, by omitting point (b) in paragraph 15.

[Link: IBBI Notification Dated 14/10/2025](#)

SC, Preference Shares are not Financial Debt, CRPS holders cannot invoke IBC: Case of EPC Constructions India Limited vs Matix Fertilizers and Chemicals, SC Judgement Dated 28th October 2025. The apex court held that holders of Cumulative Redeemable Preference Shares (CRPS) are investors, not financial creditors, and cannot use Section 7 of the IBC to initiate proceedings against an issuer.

[Link: SC Judgement Dated 28/10/2025](#)

SC, Successful Resolution Applicant cannot be forced to deal with claim that are not part of Resolution Plan: Case of Kalyani Transco vs Bhushan Power and Steel Limited, SC Judgement Dated 26th September 2025. The apex court held that the Successful Resolution Applicant, cannot be forced to deal with claims that are not a part of the Request for Resolution Plan issued in terms of Section 25 of the IBC or a part of its Resolution Plan.

[Link: SC Judgement Dated 26/09/2025](#)

HC Upheld Clean Slate Doctrine for Resolution Applicants under IBC: Case of NTPC Ltd vs Directorate of Enforcement, HC Delhi Judgement Dated 17th October 2025. High Court clarified that NTPC, as a successful Resolution Applicant, enjoys immunity under Section 32A IBC. Criminal proceedings against the corporate debtor cannot be extended to the new management, reinforcing finality in insolvency resolutions.

[Link: HC Delhi Judgement Dated 17/10/2025](#)

NCLAT, Unintentional Delay not a valid reason for Late Refiling under IBC: Case of LBF Publications Private Limited vs A&A Business Consulting Private Limited, NCLAT Delhi Judgement Dated 13th October 2025. The appellate tribunal stated that the IBC is a self-contained code and has a time-bound mechanism. While the IBC prescribes a time limit for filing an appeal, the Appellate Authority does not have any statutory power to condone the delay beyond that time period, in the context of filing. In this case, the undue long delay in refiling which is more than a year and no cause was provided.

[Link: NCLAT Delhi Judgement Dated 13/10/2025](#)



NCLAT, Personal Guarantor plea for Lending Documents dismissed: Case of Rajesh Jain vs Bank of Baroda, NCLAT Delhi Judgement Dated 10th October 2025. The appellate tribunal dismissed appeals by personal guarantors, ruling that a prior NCLT order providing an opportunity for inspection of lending documents was sufficient to protect their interests. The guarantors plea for a blanket production of all documents was rejected.

[Link: NCLAT Delhi Judgement Dated 10/10/2025](#)

NCLAT dismisses Minority Homebuyers challenge to CIRP Plan: Case of Harjit Singh Ahluwalia vs Udayraj Patvardhan, NCLAT Delhi Judgement Dated 9th October 2025. The Tribunal held that when creditors in a class vote on a resolution plan under IBC, the vote of the majority must be treated as final, and the minority must abide by that decision. Given the plan was approved with 96.56% of the votes of the creditors in the class, the NCLAT concluded that the Adjudicating Authority rightly rejected the application filed at the instance of the minority homebuyers. The NCLAT acknowledged that a resolution plan can be interfered with if it is not compliant with the provisions of Section 30(2) of the IBC, it stated that the present case did not establish any such non-compliance.

[Link: NCLAT Delhi Judgement Dated 09/10/2025](#)

NCLAT, Partial Loan disbursement No Bar to section 7 proceedings: Case of Ammeet Kamal Agarwal, suspended Director of Supreme Transport Organisation vs Axis Bank, NCLAT Delhi Judgement Dated 6th October 2025. The bank had sanctioned a loan of Rs. 24.90 Crore but only disbursed Rs. 12.50 Crore. It was argued that disbursement is not disputed, and debt and default are admitted or clearly established. The NCLAT found no error in the Adjudicating Authority order admitting the Section 7 application. The appeal was dismissed.

[Link: NCLAT Delhi Judgement Dated 06/10/2025](#)

NCLAT, Monetisation not permitted since building plan of project not revalidated: Case of Anoop Kumar Srivastava vs Neerav Bhatnagar, NCLAT Delhi Judgement Dated 25th September 2025. The appellate tribunal held that monetisation by sale of units is impermissible since building plan of the project has not been revalidated. When there is no visibility of the revalidation of the map, permitting the IRP to sale the unsold units and utilize the amount for construction of the project is an exercise which may not even commence due to absence of revalidation of the map. Accordingly, permission for monetisation not granted.

[Link: NCLAT Delhi Judgement Dated 25/09/2025](#)

NCLAT, Dues against another Group company doesn't permit bank to retain securities of Corporate Debtor: Case of Industrial and Commercial Bank of China vs Anish Niranjana Nanavaty, NCLAT Delhi Judgement Dated 25th September 2025. The appellate tribunal held that bank does not have any jurisdiction to retain the securities (i.e. fixed deposit amount) since Corporate Debtor was not part of any facility against which any amount is due. Thus, retention on ground that there were dues against another Group Company not justified.

Link: NCLAT Delhi Judgement Dated 25/09/2025

NCLAT, Repeated non-appearance by a commercial litigant amounted to Gross Negligence, Disentitling Relief: Case of R Mall developers vs Lemon Chilli Veg Gourmet Foods LLP, NCLAT Delhi Judgement Dated 25th September 2025. The appellate tribunal held that a commercial litigant could not evade the consequences of repeated non-appearance and negligence in prosecuting proceedings by shifting blame to counsel, and the Adjudicating Authority was justified in dismissing restoration applications under Rule 48 of the NCLT Rules, when the litigant demonstrated persistent lack of diligence.

Link: NCLAT Delhi Judgement Dated 25/09/2025

NCLAT, ESI dues in Trust not part of Liquidation Estate: Case of Regional Director vs Manish Kumar, NCLAT Delhi Judgement Dated 24th September 2025. The Liquidator had treated the ESI claim of as that of an operational (unsecured) creditor and allotted a proportionate amount for disbursement according to the priority of payments under IBC. NCLT also considered that ESI dues are not explicitly defined as workmen dues under IBC, and there is no provision it a charge or special status over other operational creditors.

-- The ESI argued that Section 36(4)(a)(i) of the IBC stipulates that any assets held by the Corporate Debtor (CD) in trust for any third party do not form part of the liquidation estate. The ESI contributions, which include amounts deducted from employees' wages and the employer share, are held by the CD in trust by virtue of Section 40(4) of the ESI Act. NCLAT allowed the appeal, setting aside the NCLT's order and effectively ruling that the ESI amount does not belong to the liquidation estate and must be kept out of the general pool of assets available to creditors.

Link: NCLAT Delhi Judgement Dated 24/09/2025

NCLAT clarifies threshold for IBC section 7 claims & Limits on penalty: Case of Tanay Securities & Services Pvt Ltd vs Mittal Soya Protein Pvt Ltd, NCLAT Delhi Judgement Dated 24th September 2025. The appellate tribunal held that small disputed amounts below Rs 1.00 crore do not justify Section 7 proceedings or penalties under Section 65 when debt is substantially repaid.

Link: NCLAT Delhi Judgement Dated 24/09/2025

NCLAT, Order directing vacation of premises granted under leave & licence agreements by Corporate Debtor upheld: Case of Shanod Sameer vs Pankaj Bhattod, NCLAT Delhi Judgement Dated 22nd September 2025. The appellate tribunal held that order directing vacation of premise granted under leave and licence agreements granted by Corporate Debtor due to CIRP is justifiable. Accordingly, order is upheld and additional time granted to vacate the premises.

Link: NCLAT Delhi Judgement Dated 22/09/2025

NCLAT Allows restoration of IBC case despite Revival Clause absence in Settlement: Case of Dnyaneshwaer Shankar Unde vs Shukla Dairy Pvt Ltd, NCLAT Delhi Judgement Dated 22nd September 2025.

The appellate tribunal set aside an order passed by the NCLT which had refused to restore an admitted insolvency petition following a breach of settlement terms. It makes clear that when parties enter into a settlement during pendency of a CIRP, and later fail to honour the agreed terms, revival of insolvency proceedings cannot be denied merely due to absence of the specific revival clause.

Link: NCLAT Delhi Judgement Dated 22/09/2025

NCLAT, Remote ERP access not to be denied to director without evidence of misuse: Case of Arya iron and Steel Co Pvt Ltd vs Ravikumar Arya, NCLAT Delhi Judgement Dated 22nd September 2025. The appellate tribunal upheld a direction granting Enterprise Resource Planning (ERP) access to a minority shareholder and director group of an iron and steel company, despite allegations that the minority shareholder had links with a rival company, unless there is tangible evidence of misuse of company information by such directors.

Link: NCLAT Delhi Judgement Dated 22/09/2025

NCLAT, Resolution plan rightly not approved since deed claimed by Corporate Debtor is unenforceable: Case of CoC of Jupitar Spun Pipes & Casting Pvt Ltd vs Bihar State Industrial Development Corporation Ltd, NCLAT Delhi Judgement Dated 19th September 2025. The appellate tribunal held that order of Adjudicating Authority refusing approval of resolution plan justified since deed claimed by Corporate Debtor is doubtful and questionable and accordingly, asset cannot be treated as asset of Corporate Debtor.

Link: NCLAT Delhi Judgement Dated 19/09/2025

NCLAT, IBBI not empowered to issue general circular recommending ban of Resolution Professional: Case of Manish Jaju Erstwhile Resolution Professional of Rajesh Landmark Projects Private Limited vs Committee of Creditors of Rajesh Landmark Projects Private Limited, NCLAT Delhi Judgement Dated 18th September 2025. The appellant tribunal held that Insolvency and Bankruptcy Board of India (IBBI) is not empowered to issue a general circular referring power conferred under section 34(4)(b) recommending that IP other than IRP/RP may be appointed as liquidator.

Link: NCLAT Delhi Judgement Dated 18/09/2025

NCLAT, Debt acknowledgment extends Limitation: Case of Ramniwas B Somany vs Anushri Paper Pack Pvt Ltd, NCLAT Delhi Judgement Dated 17th September 2025. The appellate tribunal noted acknowledgment of debt in the Corporate Debtor books, including the Rs. 40,000 cheque cleared on 20 th May 2016. It ruled that a part payment made by the corporate debtor to the operational creditor against the total debt constitutes an acknowledgment of debt under the Limitation Act, thereby extending the limitation period for filing an insolvency application under IBC. NCLAT held that the Section 9 application was filed in time.

Link: NCLAT Delhi Judgement Dated 17/09/2025



NCLAT, CIRP application under section 7 of IBC by security trustee after valid authorisation is duly admissible: Case of Deepak Raheja vs IDBI Trusteeship Services Ltd, NCLAT Delhi Judgement Dated 12th September 2025. The appellate tribunal held that application under section 7 of the Insolvency and Bankruptcy Code (IBC) filed by the security Trustee is duly admissible since application was filed after obtaining valid authorisation from the lender. Accordingly, the appeal is dismissed.

[Link: NCLAT Delhi Judgement Dated 12/09/2025](#)

NCLAT allowed majority shareholders to purchase company property after directors violated interim order restraining its sale: Case of Ashok Kumar Jain vs Manoj Kumar Gupta, NCLAT Delhi Judgement Dated 1st August 2025. The appellate tribunal dismissed an appeal filed by the minority shareholder group, upholding an earlier order by NCLT, which had allowed the majority shareholders to purchase the sole immovable property of the company, after minority group was found to have violated a prior interim order.

[Link: NCLAT Delhi Judgement Dated 01/08/2025](#)

RTI, IBBI not required to interpret or clarify records: The appellant sought details regarding the corporate insolvency resolution process (CIRP) of Micro Dynamics Pvt. Ltd, including the receipt and upload dates of the admission order and constitution of the Committee of Creditors (CoC). The CPIO stated that this information was not held by the Board. The Appellate Authority noted that under Section 2(f) of the RTI Act, a public authority is not required to create new information, and the requested data was not in the possession or control of the IBBI. It observed that communications between the resolution professional and the Board contain commercial information whose disclosure could harm competitive positions. Consequently, such information is exempt under Section 8(1)(d) of RTI Act. The appeals were disposed of without ordering additional disclosure.

[Link: IBBI FAA Order Dated 23/10/2025](#)

RTI Appeal Seeking CoC Voting Records in CIRP Case is rejected: The First Appellate Authority (FAA) upheld the initial denial by the Central Public Information Officer (CPIO), who stated the information was not available with the Board.

It further ruled that even if the information were held by the IBBI, the minutes and records of the CoC voting are protected from disclosure under Section 8(1)(d) of the RTI Act. It noted that the RP is only mandated to share the minutes with members of the CoC.

[Link: IBBI FAA Order Dated 13/10/2025](#)

RTI Appeal Dismissed as IBBI Not Required to Create New Information: The First Appellate Authority (FAA) noted that the RTI Act allows access only to information "held by or under the control of a public authority" under Section 2(f) and 2(j). The FAA observed that all relevant file notings and communications related to the appellant's grievances had already been provided. Requests for opinions, analysis, or information not recorded by IBBI fell outside the scope of the Act and would disproportionately divert resources. Allegations regarding meeting procedures, resolution plans, and claims of fraud were either addressed through prior communications or were not held by the Board. Accordingly, FAA concluded that the CPIO responses were adequate and no further information was required to be created or furnished.

[Link: IBBI ED& FAA Order Dated 07/10/2025](#)

IBBI suspends registration of RV Chandran R, and orders investigation over asset exclusion in Insolvency Case: The Disciplinary Committee (DC) findings include improper exclusion of assets in valuation report, undervaluation of land asset, revision of value relied on earlier legal opinion rather than most recent one, and non-compliance with IBC provisions. DC has suspended his registration for a period of two year. It also referred the matter regarding determination of Fair Value and Liquidation Value to Board for examination.

[Link: IBBI DC Order Dated 23/09/2025](#)



I. Reserve Bank of India (RBI)

RBI Nomination Facility in Deposit Accounts, Safe Deposit Lockers and Articles kept in Safe Custody with the Banks Directions: These Directions mandate that banks must explicitly inform customers about the facility's benefits and secure a written declaration from those who choose not to nominate. The key procedural requirements include recording the nomination status and the nominee's name on the passbook/statement of account and TDR, acknowledging nomination requests within three working days, and implementing systems to register, cancel, or vary nominations.

[Link: RBI Notification 95/2025 Dated 28/10/2025](#)

Updates on UNSC Sanctions List Under UAPA Compliance: MEA has informed about the UNSC amendments on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities, which are subject to the assets freeze, travel ban and arms embargo. Regulated Entities (REs) are advised to take note for necessary compliance in terms of Master Directions on KYC.

Link: [RBI Notification 94/2025 Dated 24/10/2025](#)

Updates on UNSC Sanctions List Under UAPA Compliance: MEA has informed about the UNSC amendments on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities, which are subject to the assets freeze, travel ban and arms embargo. Regulated Entities (REs) are advised to take note for necessary compliance in terms of Master Directions on KYC.

Link: [RBI Notification 93/2025 Dated 23/10/2025](#)

Updates on UNSC Sanctions List Under UAPA Compliance: MEA has informed about the UNSC amendments on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities, which are subject to the assets freeze, travel ban and arms embargo. Regulated Entities (REs) are advised to take note for necessary compliance in terms of Master Directions on KYC.

Link: [RBI Notification 92/2025 Dated 09/10/2025](#)

International Trade Settlement in Indian Rupees (INR): RBI has allowed greater flexibility for investing surplus funds held in Special Rupee Vostro Accounts. Previously, the balance in these accounts, established for the International Trade Settlement in Indian Rupees (INR) scheme, could be used for investment in instruments like Government Treasury Bills and Government securities. This new direction permit AD banks to now also allow investment of surplus balances in non-convertible debentures/bonds and commercial papers issued by Indian companies.

Link: [RBI Notification 91/2025 Dated 03/10/2025](#)

Investment in Corporate Debt Securities by Persons Resident Outside India through Special Rupee Vostro account: RBI has permitted persons resident outside India maintaining Special Rupee Vostro Accounts (SRVA) to invest their rupee surplus balances in a wider range of instruments. Previously, such balances could only be invested in Central Government Securities, including Treasury Bills. Under the new directive, non-residents can now also invest in non-convertible debentures (NCDs), bonds, and commercial papers issued by Indian companies.

Link: [RBI Notification 90/2025 Dated 03/10/2025](#)



EDPMS/IDPMS Rules simplified for Small-Value Trade Bills: The notification seeks to simplify the closure of entries in the Export Data Processing and Monitoring System (EDPMS) and Import Data Processing and Monitoring System (IDPMS), specifically targeting small-value transactions. It allows Authorised Dealer (AD) Category-I Banks to reconcile and close export and import entries valued at Rs 10 lakh per entry/bill or less based solely on a declaration provided by the concerned exporter or importer. It also permits banks to accept any reduction in the declared or invoice value for these bills based on the same self-declaration.

Link: [RBI Notification 89/2025 Dated 01/10/2025](#)

Merchanting Trade Transactions (MTT)– Review of time period for outlay of foreign exchange: At present, the time period for the foreign exchange outlay is capped at four months. Following a review aimed at allowing merchanting traders greater efficiency in managing their transactions, it has been increased from four months to six months.

Link: [RBI Notification 88/2025 Dated 01/10/2025](#)

Revision of AT1 Capital Limits for Foreign Currency Perpetual Debt Instruments: The revision modifies the eligible limit for including certain Perpetual Debt Instruments (PDIs) in Additional Tier 1 (AT1) capital. Specifically, PDIs issued in foreign currency or as rupee-denominated bonds overseas are now eligible for inclusion in AT1 capital up to a maximum amount of 1.5 per cent of Risk Weighted Assets (RWAs), based on the latest available financial statements.

Link: [RBI Notification 87/2025 Dated 29/09/2025](#)

Revision of AT1 Capital Limits for Small Finance Bank (SFB) Perpetual Debt Instruments: These directions revise the eligible limit for including Perpetual Debt Instruments (PDIs) denominated in foreign currency or rupee denominated bonds overseas as part of a bank's Additional Tier 1 (AT1) capital. RBI has now capped the inclusion of these PDIs in AT1 capital at a maximum of 1.5 per cent of the Risk Weighted Assets (RWAs), based on the latest available financial statements.

Link: [RBI Notification 86/2025 Dated 29/09/2025](#)

Revision of Eligible Limit for AT1 Perpetual Debt Instruments Overseas: Under the new Basel III Capital Regulations, Perpetual Debt Instruments (PDIs) issued in foreign currency or as rupee-denominated bonds overseas will now be eligible for inclusion in Additional Tier 1 (AT1) capital up to a maximum amount of 1.5 per cent of Risk Weighted Assets (RWAs), based on the latest available financial statements.

Link: [RBI Notification 85/2025 Dated 29/09/2025](#)

RBI Tightens Rules on Lending Against Gold and Silver: The amendment to RBI Lending Against Gold and Silver Collateral Directions, relates to Paragraph 12 of the original directions. The amended provisions restrict lenders from granting any new advance or loan for the purchase of gold in any form (including ornaments, jewellery,

or coins) or for the purchase of financial assets backed by gold or silver, such as Exchange-Traded Funds (ETFs) or Mutual Funds. It also explicitly prohibits loans against primary gold or silver and related financial assets. It, however, permits banks to extend need-based working capital finance to borrowers who use gold or silver as a raw material in their manufacturing or industrial process.

[Link: RBI Notification 84/2025 Dated 29/09/2025](#)

Amendment to Rules on Loan Spreads and Fixed Rate Option: The amendment to RBI Interest Rate on Advances Directions, introduce changes concerning the spread components of interest rates and the floating interest rate reset on personal loans. First, the directions now permit banks to reduce other spread components for a loan category earlier than the previous three year period. Regarding Reset of Floating Interest Rate on EMI based Personal Loans, the earlier instruction requiring banks to provide the option to switch to a fixed rate during interest rate reset is now changed. Regulated Entities (REs) may, at their option, offer the borrower a choice to switch to a fixed rate based on their Board-approved policy.

[Link: RBI Notification 83/2025 Dated 29/09/2025](#)

RBI Expands Ombudsman Scheme to Co-operative Banks: The notification expand the scope of the Reserve Bank – Integrated Ombudsman Scheme 2021. It has directed that State Cooperative Banks and Central Cooperative Banks shall be treated as “Regulated Entities” under the Scheme. This extension ensures that these banks are now subject to the Scheme provisions for customer grievance redressal, except where specifically excluded.

[Link: RBI Notification Dated 07/10/2025, Press Release](#)

RBI allows exporters to hold Foreign Currency Accounts in IFSCs: The notification amends FEMA Foreign Currency Accounts by a person resident in India Regulations. Under the revised Regulation 5(CA), Indian exporters are now permitted to open, hold, and maintain foreign currency accounts with banks located outside India for receiving full export value or advance payments for goods and services. It clarifies utilisation and repatriation timelines for funds held in such accounts. For accounts maintained in banks located within IFSCs, exporters may retain funds for up to three months from the date of receipt. For accounts in all other jurisdictions, repatriation must occur within the next month after receipt. An explanatory clause confirms that foreign currency accounts permitted “outside India or abroad” can also be opened in IFSCs, thereby granting parity between offshore and IFSC-based accounts.

[Link: RBI FEMA Notification Dated 06/10/2025](#)

RBI amends FEMA Regulations for INR Lending to Bhutan, Nepal, Sri Lanka: The notification amends FEMA Borrowing and Lending Regulations.

The key change permits an Authorised Dealer (AD) Category-I bank in India to lend in Indian Rupees (INR) to a person resident outside India, provided that the recipient is a resident of Bhutan, Nepal, or Sri Lanka. This lending facility, which also includes banks in these three specific jurisdictions, is strictly intended for cross-border trade transactions, to facilitate trade with these neighbouring countries.

[Link: RBI FEMA Notification Dated 06/10/2025](#)



New Banking Nomination Rules allows up to Four Nominees per Account: Ministry of Finance has issued the Banking Companies (Nomination) Rules 2025 to streamline the process of nominating individuals for bank deposits, articles in safe custody, and safety lockers. Depositors may nominate up to four individuals, either successively or simultaneously, using a prescribed form or through an electronic mode if the bank provides e-nomination facilities. The rules also provide for appointment of a guardian if a nominee is a minor and allow extending an existing nomination to other accounts within the same bank upon request.

[Link: Fin Min Notification Dated 27/10/2025](#)

Reserve Bank launches Scheme for Facilitating Accelerated Payout – Inoperative Accounts and Unclaimed Deposits: RBI has announced a Scheme for Facilitating Accelerated Payout – Inoperative Accounts and Unclaimed Deposits. It aims to reduce both the stock of existing unclaimed deposits and fresh accretion of flows to the Depositor Education and Awareness (DEA) Fund. It will run for a period of one year from 1st October 2025 to 30th September 2026.

[Link: RBI Press Release Dated 30/09/2025, Scheme](#)

Withdrawal of Rs 2000 Denomination Banknotes Status: The Reserve Bank of India (RBI) had announced the withdrawal of Rs 2000 denomination banknotes from circulation vide Press Release dated 19th May 2023. These notes can be exchanged/deposited/ send through India Post from any post office in the country, to any of the 19 RBI Issue Offices for credit to their bank accounts in India. The ₹2000 banknotes continue to be legal tender. The total value of Rs 2000 banknotes in circulation, which amounted to Rs 3.56 lakh crore, has declined to Rs 5884 crore as at the close of business on 30th September 2025. Thus, 98.35% of the banknotes has since been returned.

[Link: RBI Press Release Dated 01/10/2025](#)



J. Miscellaneous

PFRDA Extends NPS to Gig Workers, New E-Shramik Model:

The Pension Fund Regulatory and Development Authority (PFRDA) has introduced the “NPS e-shramik (Platform Service Partner) Model” to extend the National Pension System (NPS) to gig and platform workers. The model operates similarly to the Corporate NPS model, allowing contributions to be made jointly (by the Aggregator and the Partner), by the Partner only, or by the Aggregator only, with no fixed minimum or maximum thresholds. Points of Presence (PoPs) will actively onboard the partners, using a quick, two-phase process for PRAN generation based on Aadhaar e-KYC, but they will be fully responsible for all regulatory compliance.

Link: PFRDA Circular Dated 29/10/2025

Central Govt Dearness Allowance and Dearness Relief hiked to 58% from July 2025: The Ministry of Finance, has announced the revision of the Dearness Allowance (DA) rate for Central Government employees. The new rate is enhanced from 55% to 58% of the Basic Pay, and this change is effective from 1st July 2025. The Department of Pension & Pensioners Welfare, has also revised the Dearness Relief (DR) rate from the existing 55% to 58% of the basic pension or family pension.

Link: Fin Min OM Dated 06/10/2025, Deptt of Pension OM Dated 08/10/2025

EPFO Launches Revamped ECR System to streamline PF Filing and Compliance: EPFO has implemented a revamped Electronic Challan-cum-Return (ECR) system, effective from the September 2025 wage month, designed to streamline the return filing process for employers via the EPFO portal. It has issued Frequently Asked Questions (FAQs) to guide employers and implementation of the Revamped ECR system. The redesigned ECR aims to enhance compliance and accuracy by fundamentally changing the workflow, employers must first submit and approve the return and only then generate the challan for payment. It has also extended the deadline for filing the September ECR to 22nd October 2025.

-- The key features include robust system-based validations that check for incorrect wages, ineligible pension contributions (like those for certain International Workers or employees over 58), and UAN details, thereby rejecting erroneous submissions upfront.

Further, the system automatically computes interest (Section 7Q) and damages (Section 14B) for delayed payments, reflecting these charges directly in the Due Deposit Balance Summary. The new system also formalizes three return types i.e. Regular, Supplementary (for missed employees), and Revised (for corrections), with specific rules governing upward or downward revisions, particularly concerning whether payment has already been made.

Link: EPFO Circular Dated 26/09/2025, EPFO Circular Dated 08/10/2025

Small Savings Schemes Interest Rates for October to December 2025:

Ministry of Finance, has announced that interest rates on various Small Savings Schemes will remain unchanged for the third quarter of the financial year 2025–26, covering the period from 1st October 2025, to 31st December 2025. The scheme wise rates, notably the Savings Deposit remains at 4%, the Senior Citizen Savings Scheme holds steady at 8.2%, the Sukanya Samriddhi Yojana at 8.2%.

Link: Fin Min Office Memo Dated 30/09/2025

SC, Tender Authority cannot impose conditions not stated in Tender Notice:

Case of Kimberley Club Pvt Ltd vs Krishi Utpadan Mandi Parishad, SC Judgement Dated 31st October 2025. The apex court held that tender terms must be clear & unambiguous & cannot be supplemented by implied conditions. Since Clause 18 did not specify that the certificate must come from the District Magistrate, the Mandi Parishad could not reject the bid on that ground. Accordingly, the Supreme Court set aside the High Court's decision & quashed the rejection of the appellant's technical bid.

Link: SC Judgement Dated 31/10/2025

SC, Advocates cannot Be Summoned for giving Legal Advice or Representing Clients:

Case of Summoning Advocates who give legal opinion or represent parties during investigation of cases, SC Judgement Dated 31st October 2025. The apex court clarified that advocates cannot be summoned merely for rendering legal advice or representing clients during investigations.

Link: SC Judgement Dated 31/10/2025

SC, Termination Void as Vendor accepted payment after Expiry, restores Specific Performance:

Case of Annamalai vs Vasanthi, SC Judgement Dated 29th October 2025. The apex court held that once the vendors accepted Rs 1,95,000 after the expiry of the six-month period, their right to forfeit for delay stood waived and the contract remained alive. This pronouncement reinstates the standard that contracts for sale of immovable property are not automatically terminated by lapse of time, especially where the parties conduct reflects otherwise. SC ordered specific performance, directed refund and restored the first appellate court decree for execution of the sale deed in favour of the applicant.

Link: SC Judgement Dated 29/10/2025

SC, Section 12A Mediation not mandatory in ongoing IP Infringement: Case of Novenco Building & Industry vs Xero Energy Engineering Solutions Pvt Ltd, SC Judgement Dated 27th October 2025. The apex court held that the requirement of pre-institution mediation cannot be applied mechanically in cases of continuing infringement of intellectual property rights. It observed that compelling mediation in such situations, including trademark or patent violations, would effectively deny the plaintiff timely relief and permit the infringer to continue profiting under procedural formality. It restored the suit for adjudication on merits.

[Link: SC Judgement Dated 27/10/2025](#)

SC, No escape for signatory Trustee, Cheque dishonour complaint valid even if Trust not made accused: Case of Shankar Pada Thapa vs Vijaykumar Dineshchandra Agarwal, SC Judgement Dated 9th October 2025. The apex court held that a cheque dishonour complaint under the Negotiable Instrument Act, (NI Act) is maintainable against a trustee who signed the cheque on behalf of a trust, even if the trust itself is not made an accused, since a trust is not a juristic person and liability rests on the signing trustee.

[Link: SC Judgement Dated 09/10/2025](#)

SC, Securing Obligations, Clarifies Stamp Duty on Deeds Executed by Principal Debtors: Case of Godwin Construction Pvt Ltd vs Commissioner, SC Judgement Dated 8th October 2025. The apex court held that the documents were mortgage deeds chargeable under Article 40 (Mortgage Deed), not security bonds under Article 57 (Security Bond) of the Indian Stamp Act. Deficit stamp duty demands were validly raised. When an entity mortgages its own property to secure its own performance or loan repayment, Article 40 (Mortgage Deed) governs stamp duty computation. Only a document executed by a separate surety for another's obligations qualifies as a security bond.

[Link: SC Judgement Dated 08/10/2025](#)

SC, Tender Clause favouring Local Suppliers Struck Down: Case of Vinishma Technologies Pvt Ltd vs State of Chhattisgarh, SC Judgement Dated 6th October 2025. The apex court struck down a Chhattisgarh Government tender condition that mandated bidders to show prior supply experience of at least ₹6 crores to state government agencies in the past three years, as a prerequisite for participating in bids to supply sports kits to government schools in the state. The State by linking the eligibility criteria with past local supplies has created an artificial barrier, against the suppliers who had no past dealing with the State of Chhattisgarh.

[Link: SC Judgement Dated 06/10/2025](#)

SC, Minor can repudiate Guardian's unauthorized sale by conduct: Case of KS Shivappa vs Smt K Neelama, SC Judgement Dated 7th October 2025. A minor, on attaining majority, need not necessarily file a suit to cancel a voidable sale executed by his guardian without court permission. Such sale can be validly repudiated by unequivocal conduct within limitation, such as by executing a fresh sale.

The Court clarified that earlier decisions did not lay down that a suit is the only way to repudiate a voidable transaction. The apex court held minors subsequent sale to petitioner constituted valid repudiation of the guardian's earlier voidable sale.

[Link: SC Judgement Dated 06/10/2025](#)

HC, SC/ST Act cannot prevent banks from exercising valid mortgage under SARFAESI: Case of Axis Bank Limited vs National Commission for Schedule Tribes, HC Delhi, Judgement Dated 16th October 2025. HC has held that the SC/ST Act cannot be used to prevent banks from enforcing valid mortgage rights under the SARFAESI Act. The relevant provisions of the SC/ST Act do not apply to cases where a bank is exercising its security interest.

[Link: HC Delhi Judgement Dated 16/10/2025](#)



HC allowed delay of 255 days in claim by EPFO: Case of Central Board of Trustees (EPF) vs Dy Registrar NCLT, HC Madras Judgement Dated 1st September 2025. HC held that provident fund dues were protected by statute and, could not be denied to claimants on grounds of delay as it would defeat the object of protecting employees' social security. The court affirmed that the Central Board of Trustees (CBT) has the authority to collect outstanding provident fund dues, and these dues take precedence over the claims of other creditors during a company's liquidation.

[Link: HC Madras Judgement Dated 01/09/2025](#)

NCLAT, Penalty imposed by CCI on bid-rigging in soil testing tenders upheld: Case of Austere Systems Pvt Ltd vs Competition Commission of India, NCLAT Delhi Judgement Dated 23rd September 2025. The appellate tribunal upheld the penalty as imposed by Competition Commission of India (CCI) on account of bid-rigging in soil testing tenders invited by Development of Agriculture, Government of Uttar Pradesh against several companies and directors. It found that the companies engaged in a cartel to manipulate the tendering process, using collusive practices like bid rotation and "cover bidding". The judgment affirmed the use of circumstantial evidence like shared IP addresses, common documentation, and interlinked personnel to prove collusion.

[Link: NCLAT Delhi Judgement Dated 23/09/2025](#)



Disclaimer:

The contents of this article are for informational purposes only. The user may refer to the relevant notification/ circular/ decisions issued by the respective authorities for specific interpretation and compliances related to a particular subject matter)



CMA Yash Paul Bhola

MBA, CMA.

Former Director (Finance),
National Fertilizers Limited.

Bona Fide Purchasers and Input Tax Credit: Supreme Court Upholds Fairness under DVAT and Implications for GST in case Dealer got cancel post purchase transaction.



Introduction

On 9 October 2025, the **Supreme Court of India**, in “**Commissioner of Trade and Tax, Delhi v. M/s Shanti Kiran India (P) Ltd. (2025-TIOL-77-SC-VAT)**”, delivered a landmark pronouncement reaffirming a core principle of fiscal fairness under the **Delhi Value Added Tax Act, 2004 (DVAT Act)**. The Bench comprising **Justices Manoj Misra and N.K. Singh** upheld that a bona fide purchasing dealer who has paid tax in good faith to a registered selling dealer cannot be denied **Input Tax Credit (ITC)** merely because the seller subsequently defaults in depositing that tax with the Government.

While issued in the form of an order, the ruling carries binding legal significance, bringing closure to a protracted line of litigation under **Section 9(2)(g)** of the DVAT Act—a provision that had long unsettled Delhi’s VAT regime by allowing reversal of ITC in cases where the selling dealer failed to remit the collected tax.

The judgment thus reinforces judicial protection for genuine business transactions and strengthens the broader principle of fairness in indirect taxation.

Background of the Dispute

The dispute in “**Commissioner of Trade and Tax, Delhi v. M/s Shanti Kiran India (P) Ltd.**” arose from a recurring issue under the **Delhi Value Added Tax Act, 2004 (DVAT Act)** whether a **purchasing dealer**, who had entered into transactions with a **seller duly registered** under the Act and had paid **Value Added Tax (VAT)** in good faith at the time of purchase, could subsequently be denied **Input Tax Credit (ITC)** merely because the selling dealer defaulted in depositing that tax with the Government.

In the present case, the respondents, “**M/s Shanti Kiran India (P) Ltd.**” and other purchasing dealers, had procured goods from dealers registered with the **Department of Trade and Taxes, Government of NCT of Delhi**. Each transaction was duly supported by valid tax invoices, and VAT had been properly charged and paid to the selling dealers.

However, following these transactions, the registrations of certain selling dealers were **cancelled**, and they failed to **remit the collected tax** to the Government treasury.

Relying on **Section 9(2)(g)** of the DVAT Act, the Department took the position that since the selling dealers had not deposited the tax, the corresponding ITC claimed by the purchasers was **inadmissible**. The respondents challenged this action before the **Delhi High Court**, which held in their favour, ruling that bona fide purchasers who have acted in good faith and paid due tax cannot be penalised for the seller’s default. The Department then **appealed to the Supreme Court**, resulting in the landmark judgment that has now settled this long-standing controversy.

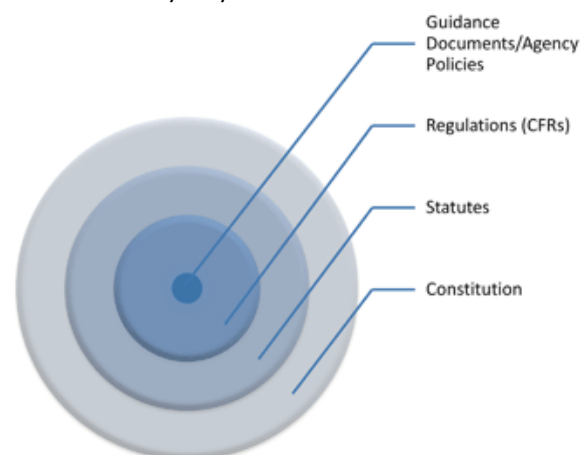
Statutory Framework

The controversy arose in the context of **Section 9** of the Delhi Value Added Tax Act, 2004 (DVAT Act), which governs a dealer’s entitlement to Input Tax Credit (ITC). Under **Section 9(1)**, a registered dealer is entitled to claim ITC on purchases made during a tax period, provided that such goods are used for making taxable sales.

However, **Section 9(2)** enumerates specific circumstances under which ITC shall not be allowed.

The present dispute turned on clause (g) of sub-section (2), which provides that ITC shall not be allowed “where the tax payable by the selling dealer has not actually been deposited with the Government or lawfully adjusted.”

In practice, this clause was frequently invoked by the tax authorities to disallow ITC to purchasing dealers whenever the selling dealer defaulted in remitting the tax—regardless of whether the purchaser had acted in good faith or had any means of verifying the seller’s subsequent compliance. This interpretation caused considerable hardship for genuine traders who had duly paid VAT to registered sellers against valid tax invoices but were later penalised for defaults entirely beyond their control.





Delhi High Court verdict in similar case

A similar issue was considered by the **Delhi High Court** in “On Quest Merchandising India Pvt. Ltd. v. Government of NCT of Delhi and Ors., 2017” SCC Online Delhi 13037, in the context of **Section 9(2)(g)** of the **Delhi Value Added Tax Act, 2004 (DVAT Act)**.

Section 9(1) permits a registered dealer to claim **Input Tax Credit (ITC)** for purchases made during a tax period, provided the purchases arise in the course of the dealer’s business and the goods are used, directly or indirectly, for making taxable sales under **Section 7. Sub-section (2)** specifies the conditions under which ITC shall not be allowed. Specifically, **clause (g)** provides that ITC is available to a purchasing dealer only if the tax paid by the selling dealer has been deposited with the Government, lawfully adjusted against output tax liability, and correctly reflected in the relevant returns.

In *On Quest Merchandising India*, the Delhi High Court “read down” clause (g) to protect bona fide purchasers. The Court held:

“The expression ‘dealer or class of dealers’ occurring in Section 9(2)(g) of the DVAT Act should be interpreted as not including a purchasing dealer who has bona fide entered into purchase transactions with validly registered selling dealers who have issued tax invoices in accordance with Section 50 of the Act where there is no mismatch of the transactions in Annexures 2A and 2B. Unless the expression ‘dealer or class of dealers’ in Section 9(2)(g) is read down in this manner, the entire provision would have to be held violative of Article 14 of the Constitution.”

The Court further clarified that:

“As a result, the Department is precluded from invoking Section 9(2)(g) to deny ITC to a bona fide purchasing dealer. If the selling dealer fails to deposit the collected tax, the proper remedy lies against the defaulting selling dealer, and not the purchasing dealer. Only where the Department can demonstrate collusion between the purchasing and selling dealers can action be taken under Section 40A of the DVAT Act.”

This decision reinforced the principle that **genuine purchasers acting in good faith cannot be penalised** for defaults committed by selling dealers beyond their control, ensuring fairness and protecting the rights of compliant taxpayers.

Supreme Court Order

In view of the above, the Court observed that

- 1.) There was no dispute regarding the registration status of the selling dealer on the date of the transactions,
- 2.) There were no transactions or the tax invoices under question challenged for their authenticity,
- 3.) Department doesn’t made allege any element of collusion between the selling and purchasing dealers.

On this basis, the Supreme Court found **no reason to interfere** with the High Court’s order granting the purchasing dealers the benefit of ITC after due verification of the invoices.

Concluding that the appeals “**lack merit**,” the Supreme Court dismissed them, simultaneously disposing of all pending applications, and reinforced the principle that **genuine dealers acting in good faith are entitled to claim ITC**.

Impact of Supreme Court Order

Although the ruling arose in a **VAT context**, its implications clearly extend to the **GST regime**. Under GST, authorities have occasionally denied ITC for supplier-side non-compliance such as mismatches between **GSTR-2A and 2B** even when the purchaser bears no fault. The Supreme Court’s reasoning now provides a **constitutional lens**, emphasizing that ITC denial must be **proportionate** and founded on **demonstrable involvement in evasion**, rather than mere procedural lapses by another party. This precedent is likely to influence **litigation strategies, departmental guidance, and circulars**, promoting a more evidence-based approach before any credit reversal is attempted.





The Supreme Court's decision in "Commissioner of Trade and Tax, Delhi v. M/s Shanti Kiran India (P) Ltd." marks a significant reaffirmation of taxpayer protection and the principle of fairness in indirect taxation. By upholding the entitlement of bona fide purchasers to claim ITC despite the selling dealer's default in remitting tax, the Court has clarified the proper scope of Section 9(2)(g) of the DVAT Act and reinforced the constitutional safeguards against arbitrary denial of credit.

Beyond the VAT regime, the ruling provides important guidance for GST compliance and administration, emphasizing that ITC denial must be based on actual wrongdoing or collusion, rather than mere procedural non-compliance by the supplier. For taxpayers and authorities alike, this judgment encourages a principled, evidence-based approach to ITC claims and reversals, protecting the rights of genuine businesses while ensuring that remedies for default remain directed at the responsible parties. Ultimately, the decision strengthens legal certainty, promotes business confidence, and underscores the judiciary's commitment to equitable taxation.



CA Sangam Aggarwal

Regional Council Member, NIRC of ICAI

Management Accounting in Educational Institutions: A Strategic Tool for Financial Sustainability and Academic Excellence



ABSTRACT

Management accounting, traditionally associated with the corporate sector, is now a vital pillar in the administration of educational institutions, particularly private schools in India. With rising operational costs, regulatory scrutiny, and expectations for quality education, the use of management accounting tools has become imperative to ensure financial viability, resource optimization, and strategic growth in the educational sector.

Introduction

Education is a noble pursuit—but in today's reality, it must also be managed with the prudence of a business. As educational institutions, especially private and senior secondary schools, face increasing demands to deliver quality outcomes amid constrained resources, management accounting emerges as a transformative tool. It bridges financial oversight with academic performance, offering data-driven insights that guide institutional strategy, efficiency, and sustainability.

Role of Management Accounting in Educational Institutions

1. Budgeting and Financial Planning

Schools must align their financial resources with academic goals. A structured budgeting process helps:

- Forecast annual revenues and expenditures.
- Allocate funds to key areas such as infrastructure, faculty development, technology, and student welfare.

- Strategic decision making with the help of data and information.
- Monitor actual versus planned performance to identify deviations.

2. Cost Control and Efficiency

Management accounting enables:

- Identification of cost centres (e.g., academic departments, transportation, administration)
- Analysis of direct and indirect costs
- Introduction of cost-reduction strategies without compromising educational quality





3. Performance Measurement and KPIs

Using Key Performance Indicators (KPIs), institutions can:

- Track student-teacher ratios, pass percentages, per-student expenditure.
- Compare institutional performance year-on-year or against benchmarks.
- Link academic and operational performance with financial health.

4. Decision-Making Support

Whether it is launching a new course, hiring faculty, or expanding infrastructure, management accounting supports:

- Cost-benefit analysis
- Break-even analysis
- Feasibility studies for capital investment

5. Fund-Based Accounting and Grant Utilization

For schools receiving donations or government grants:

- Fund-based accounting ensures transparency and accountability.
- Tracking restricted vs unrestricted funds
- Efficient reporting to donors and compliance authorities

Case Application: Senior Secondary Schools in India

In the Indian context, senior secondary schools face challenges such as:

- Rising staff costs due to implementation of pay commissions.
- Pressure to adopt NEP 2020 reforms and integrate digital learning.
- Competition from private coaching centres

Management accounting tools help schools navigate these by:

- Analysing cost per student in science vs commerce streams
- Determining ROI on smart classroom infrastructure
- Managing differential fee structures and cross-subsidizing underperforming departments

Emerging Trends

- **ERP Integration:** Cloud-based School Management Systems now integrate financial modules to streamline real-time data for administrators.
- **Activity-Based Costing (ABC):** Helps allocate overheads more accurately to departments or programs.
- **Sustainability Accounting:** Measuring long-term viability through financial, environmental, and social lenses.

Challenges and Recommendations

Challenges:

- Limited financial literacy among educational leaders
- Resistance to change from traditional accounting practices.
- Lack of standardized cost norms in the sector

Recommendations:

- Capacity building workshops for school principals and administrators
- Adoption of uniform financial reporting frameworks for private schools
- Built a strong team for management accounting & to encourage practicing transparent accounting.

Conclusion

Management accounting is no longer optional, it is a strategic imperative for educational institutions aiming to thrive in an era of accountability and competition. By institutionalizing financial discipline and performance analysis, schools can not only survive but deliver on their core mission: education with excellence and equity.



CMA Achal Jain

CMA Achal Jain is a specialist in cost and management accounting with a focus on educational institutions with rich experience of more than three decades in the automobile industry & educational sector. He currently working for a reputed private school chain on financial planning, budgetary control, system implementation, and governance reforms.

Corporate Social Responsibility in India: Regulatory Scenario, Compliance Evolution, and Strategic Trends

Post-2025 MCA Amendments & Fraud Analysis



The Corporate Social Responsibility (CSR) landscape in India, mandated by Section 135 of the Companies Act, 2013, is undergoing a pivotal transformation marked by heightened regulatory scrutiny and convergence with global Environmental, Social, and Governance (ESG) standards. The Ministry of Corporate Affairs (MCA) has recently implemented significant changes, primarily focused on enhancing accountability, improving reporting transparency, and ensuring strict management of unspent funds.

The key regulatory actions in 2024–2025 include the introduction of the **Companies (CSR Policy) Amendment Rules, 2025**, substituting e-form CSR-1 to mandate rigorous due diligence of implementation partners. Concurrently, to ease transitional difficulties relating to the MCA21 V3 migration, the deadline for filing Form **CSR-2 for the Financial Year 2023–24 was extended to June 30, 2025**. Non-compliance, particularly concerning the statutory transfer and utilization of Unspent CSR Amounts, now carries severe financial penalties up to ₹1 Crore for the company. Strategically, companies are moving beyond simple compliance, channeling funds into climate-resilient programs, R&D, and skill development, thereby integrating CSR expenditure directly into the corporate sustainability and long-term value creation model.

Section I: The Mandatory Framework: Applicability and Governance (CSR Scenario)

1.1 Legal Genesis and Mandatory Applicability Thresholds

India's mandatory CSR initiative, established under Section 135 of the Companies Act, 2013, was a pioneering legislative effort globally, designed to harness corporate resources to address the nation's socio-economic development challenges. This framework shifts CSR from a voluntary charitable function to a statutory corporate obligation.

Applicability criteria are determined based on a company's financial performance during the **immediately preceding financial year**. Compliance is mandatory if a company meets any one of the following thresholds:

- Net Worth of ₹500 Crore or more.
- Turnover of ₹1,000 Crore or more.
- Net Profit of ₹5 Crore or more.

The scope of this mandate is broad, covering every company, including its holding or subsidiary, and specifically extending to foreign companies operating through a branch office or a project office in India, provided they satisfy the financial criteria. The universal application ensures that all significant economic entities operating within India contribute to defined national development priorities.

1.2 Structure and Mandate of the CSR Committee (CSRC)

Qualifying companies must constitute a Corporate Social Responsibility Committee (CSRC) of the Board. The standard composition requires the CSRC to consist of three or more directors, with at least one director designated as an independent director.

However, the Act provides statutory flexibility for different corporate structures. If a company is not statutorily required to appoint an independent director under sub-section (4) of Section 149, its CSRC must comprise two or more directors. Similarly, a private company having only two directors on its Board is permitted to constitute its CSRC solely with those two directors. Foreign companies covered under these rules must constitute a CSRC comprising at least two persons, one of whom must be the authorized person specified under Section 380(1)(d) of the Act.

The responsibilities of the CSRC are multifaceted, focusing on strategic oversight and implementation accountability. Key duties include formulating and recommending the CSR Policy to the Board; recommending the specific amount of expenditure to be incurred; monitoring the execution of the policy; and formulating an annual action plan detailing approved projects, fund utilization modalities, and the necessary monitoring and reporting mechanism. The Committee is required to institute a transparent monitoring mechanism for implementation.

1.3 The Governance Nexus in CSR

The legal requirement for the inclusion of an independent director (or its functional equivalent in smaller boards) within the CSRC fundamentally changes the perception of corporate social responsibility. This provision ensures that CSR decisions are subject to the scrutiny of directors whose duty includes ensuring compliance and maximizing long-term stakeholder value. By embedding this oversight within the highest corporate governance mechanisms, the MCA effectively elevates CSR from a discretionary charitable function to a core, fiduciary Board responsibility. This structural linkage minimizes the risk of fund misuse, inappropriate transactions disguised as CSR, or deviation from the activities permissible under Schedule VII, making the CSR Committee an integral corporate checkpoint for accountability.

Furthermore, the detailed provisions tailored for foreign corporations and smaller private companies demonstrate a legislative commitment to comprehensive coverage, regardless of the complexity of the company's organizational structure. By tailoring the composition requirements—such as allowing just two directors for small private companies or stipulating specific representatives for foreign entities—the regulation accommodates diverse operational structures while concurrently closing potential legal avenues that could allow entities meeting the financial thresholds to circumvent the CSR mandate based on their corporate type.

Section II: Core Compliance Obligations and Financial Mandates

2.1 The Mandatory 2% Spending Rule and Calculation



The principal financial obligation requires the Board to ensure that the company spends **at least 2% of its average net profits** during the immediately preceding three financial years on eligible CSR activities. For companies that have not yet completed three financial years since incorporation, the average net profit is calculated based on the financial years completed since their establishment.



The calculation of the 'Net Profit' for CSR purposes is strictly governed by the methodology set out in Section 198 of the Companies Act, 2013. This specific legal reference is crucial because it dictates strict exclusions from the profit calculation. For instance, the calculation must exclude profits of a capital nature (such as profits from the sale of fixed assets or the entire undertaking), profits generated from the sale of forfeited shares, profits derived from premium on shares, and any notional gains, unrealized gains, or revaluation surpluses recognized in equity reserves. This approach ensures that the spending obligation is based on the company's true, recurring operational profitability, thereby guaranteeing the sustainability and reliability of CSR fund generation year after year.

In cases where a company spends more than the mandatory 2% threshold, the excess expenditure can be carried forward and set off against the mandatory CSR obligation for the immediately succeeding three financial years. This set-off provision is applicable for excess amounts spent from January 22, 2021, onwards.

2.2 Permitted Activities and Schedule VII Amendments

CSR activities must align with the broad areas or subjects specified in Schedule VII to the Act. This Schedule is periodically updated to reflect national development priorities. Recent legislative updates demonstrate a concerted effort to link corporate spending with strategic development goals.

The permitted areas include core human development activities such as promoting health care, sanitation, education (including special education and vocational skills), gender equality, and measures for vulnerable groups. The environmental mandate is stringent, covering ecological balance, animal welfare, conservation of natural resources, and specific contributions to dedicated mechanisms like the **Clean Ganga Fund**.

National security and relief efforts are also covered, including measures for the benefit of armed forces veterans and personnel from the Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF), and contributions to central government relief funds like the **Prime Minister's National Relief Fund** and the **PM CARES Fund**.

Critically, recent revisions to Schedule VII endorse contribution to **incubators or research and development projects in science, technology, engineering, and medicine (STEM)**, provided these projects are funded by the Central Government, State Government, Public Sector Undertakings (PSU), or any authorized government agency. This inclusion represents a deliberate policy decision to blend mandated social capital deployment with strategic national investments in innovation.

2.3 Statutory Management of Unspent CSR Amounts: The Financial Compliance Imperative

The framework establishes rigorous rules for handling any shortfall in the mandatory 2% expenditure, distinguishing clearly between ongoing projects (defined as multi-year) and non-ongoing projects. This distinction is critical for financial risk management, as penalties apply directly to the failure to transfer these amounts correctly.

Table 1: Statutory Management of Unspent CSR Amounts

Project Status	Transfer Deadline	Destination Account/Fund	Utilization Timeline/Requirement
Ongoing Project	Within 30 days of the end of the Financial Year (FY)	Unspent Corporate Social Responsibility Account (Scheduled Bank)	Must be spent within the next 3 FYs. If unutilized, must be transferred to a Schedule VII fund within 30 days upon completion of the third financial year.
Non-Ongoing Project	Within 6 months of the expiry of the Financial Year (FY)	Specified Fund under Schedule VII (e.g., PM CARES Fund)	Treated as a mandatory contribution; no further utilization requirement by the company.

The requirement to transfer funds related to ongoing projects to a segregated bank account within 30 days of the financial year end necessitates that project commitment and definition must be rigorously established by the Board before the year concludes. This mechanism prevents companies from indefinitely holding funds intended for deployment, discouraging the passive accumulation of CSR capital under the guise of "future plans."

2.4 Consequences of Non-Compliance (Penalties)

The penalties for non-compliance concerning spending, transferring, and utilizing unspent amounts are severe, reinforcing the mandatory nature of the obligation.

- **Company Liability:** The company is punishable with a penalty of **₹1 crore** or twice the amount required to be transferred (either to the Schedule VII Fund or the Unspent Corporate Social Responsibility Account), **whichever amount is less**.
- **Officer Liability:** Every officer of the company who defaults in compliance is liable to a penalty of **₹2 lakh** or one-tenth of the amount required to be transferred, **whichever is less**.

Section III: Analysis of Recent Regulatory Changes (2024–2025 Notifications)

The period between 2024 and 2025 has been marked by crucial amendments from the MCA aimed at digitalizing compliance and increasing accountability throughout the CSR value chain.

3.1 Enhanced Accountability of Implementing Agencies: The Revised Form CSR-1 (2025)

A significant regulatory tightening measure is the issuance of the **Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025**, notified on July 7, 2025, and effective from July 14, 2025. This amendment mandates the substitution of the existing e-form No. CSR-1 with a new version.

The central impact of this revision is the shift in compliance risk toward the implementing agencies—the Section 8 companies, registered trusts, or registered societies that execute CSR projects on behalf of the corporate donor. The revised CSR-1 form requires substantially more detailed information to facilitate enhanced due diligence.

To ensure legitimate utilization of funds, the new rules promote greater transparency by requiring entities to disclose their establishment history and track record. Specifically, non-statutory implementing entities (trusts or societies) must have an **established track record of three years** in undertaking similar programs before a company can route funds through them. This standardized verification process, coupled with digital authentication, professionalizes the CSR implementation sector by enhancing transparency, accountability, and legal enforceability.



3.2 Reporting Compliance: E-Form CSR-2 Requirements and Deadlines

Form CSR-2 is the mandatory electronic report for all companies covered under Section 135, required for FY 2020–2021 and every financial year thereafter. It must be furnished as an **addendum to the company's annual financial statements filed in Form AOC-4** (or its variants).

The form demands extensive data granularity across approximately 11 pages. Key disclosures required include a detailed breakdown of the CSR amount spent over the preceding three financial years, specific details of all ongoing projects, the composition of the CSR Committee, mandatory disclosures published on the company's website, and verification of net profit figures.

Crucially, the Ministry of Corporate Affairs (MCA) has issued notifications to manage recent deadlines. The Companies (Accounts) Amendment Rules, 2025, extended the deadline for filing Form CSR-2 for **Financial Year 2023–24 to June 30, 2025**, superseding previous deadlines. This extension was partly necessitated by the technological transition of the MCA filing platform from V2 to V3, which required additional time for companies to comply smoothly. A circular dated June 16, 2025, confirmed that independent filing of e-Form CSR-2 is now permitted, streamlining the process post-MCA21 V3 migration.

A unique requirement in Form CSR-2 is the detailed information regarding any **capital assets** created or acquired through CSR spending, including the location, registered owner, and cost.

Table 2: Key MCA Regulatory Amendments Impacting CSR (2024–2025)

Amendment/Notification	Key Notification Date	Impact Area	Key Change/Implication
Companies (CSR Policy) Amendment Rules, 2025 (CSR-1)	July 7, 2025 (Eff. July 14, 2025)	Implementing Agency Accountability	Substitution of e-form CSR-1, mandating enhanced due diligence, transparency, and verification of implementation partners.
CSR-2 Filing Extension (FY 2023–24)	May 19, 2025 (Amendment Rules, 2025)	Reporting Deadline & Compliance	Extension of the filing deadline for Form CSR-2 for FY 2023–24 to June 30, 2025.
MCA General Circular No. 02/2025	June 16, 2025	Filing Process/Technology	Facilitates independent filing of CSR-2, linked to the transition of the MCA21 V3 portal.
Companies (Accounts) Second Amendment Rules, 2025	May 30, 2025 (Eff. July 14, 2025)	Board Report Disclosures (AOC-4)	Insertion of mandatory disclosures regarding the number of sexual harassment complaints received and disposed of during the year in the Board's Report.



3.3 Regulatory Maturation and Data Utility

The regulatory strategy of the MCA reflects a calculated approach toward system maturation. By granting compliance relief through the CSR-2 filing extension for FY 2023–24, the government acknowledged the difficulties associated with new system implementation (v3 transition). Simultaneously, by introducing the stringent vetting requirements for implementing agencies via the revised CSR-1, the MCA signals a permanent increase in the standard of integrity required for CSR execution. This phased approach ensures the regulatory framework evolves without causing undue disruption while significantly enhancing the quality of data and fund utilization integrity moving forward.

The requirement in Form CSR-2 to detail capital assets created or acquired through CSR spending is not merely an administrative detail; it is a critical regulatory control measure. This ensures that any infrastructure or asset intended for public benefit (e.g., a community health center or school) is legally owned and managed in a manner that serves its original CSR objective. By requiring the location, cost, and registered owner, the MCA establishes an explicit audit trail, preventing the eventual diversion of public assets into private hands and ensuring perpetual corporate accountability over the investment.

Section IV: Strategic Trends and the Future of Corporate Social Investment

The current trends demonstrate a strong strategic evolution in Indian CSR, moving from a mandate of minimum expenditure toward a holistic alignment with sustainability principles and broader national development goals.

4.1 Convergence of CSR and ESG Frameworks

Indian CSR is increasingly integrated with the Environmental, Social, and Governance (ESG) agenda, transitioning from a simple compliance framework to a strategic tool for fostering sustainable growth and social equity. This shift is being driven by stakeholder expectations and domestic regulatory requirements, such as SEBI's mandatory Business Responsibility and Sustainability Report (BRSR) framework.

The focus is now on integrated frameworks, collaboration, and blended finance to achieve scalable, measurable impact across complex, interconnected sectors like healthcare, nutrition, livelihoods, and gender equity. This convergence requires companies to view their CSR spending not as isolated expenditure, but as contributions that accelerate India's progress toward achieving its Sustainable Development Goals (SDG) and net-zero commitments. Consequently, companies are adopting digital dashboards and analytics to better track and measure the efficacy and alignment of their CSR initiatives with ESG metrics.

4.2 Sectoral Allocation Trends (2025 Outlook)

CSR fund allocation continues to prioritize foundational human development sectors, although strategic funding is rapidly diversifying toward technology and climate action. Healthcare and Education remain the sectors receiving the highest overall allocations, addressing significant societal deficits. Companies demonstrate significant investments in educational initiatives such as digital literacy, vocational training, and educational infrastructure development.

Growth in strategic funding is evident across three main Sectors:

1. Climate & Sustainability: Contributions focused on environmental conservation, climate-resilient programs, and green supply chains are seeing increased contributions, reflecting the influence of the 'E' component of ESG.

2. Rural Development: There is growing traction for sustained investments in rural areas and community engagement, moving towards hyper local impact models that emphasize utilizing local resources and skills.

3. Innovation and Skill Development: Funds are increasingly channeled into skill development programs aligned with national missions (like Skill India) and supporting startup incubation centers, particularly those focused on technology in Tier-2 and Tier-3 cities. This aligns with the recent Schedule VII provision endorsing R&D funding.



Table 3: Strategic CSR Allocation Trends in India (2025)

Sector/Activity	Allocation Trend	Strategic Rationale/Policy Alignment
Healthcare & Education	Highest sustained allocation	Addressing foundational social deficits; aligned with SDG 3 & 4.
Climate & Sustainability	Rapidly increasing contribution	Driven by ESG mandates, BRSR requirements, and national net-zero commitments.
Skill Development & Startup Incubation	Strong growth in strategic funding	Focus on creating economic livelihoods and leveraging corporate expertise, endorsed by Schedule VII R & D provisions.
Rural Development	Growing traction and sustained investments	Addressing regional imbalances; promoting community co-creation and localized impact.

4.3 Implementation Challenges and the Need for Rigorous Impact Measurement

Despite the substantial generation of funds under the mandatory framework, challenges persist in achieving optimal effectiveness. One primary difficulty is the varying capacity among companies to implement and manage large-scale CSR projects, often resulting in an overemphasis on achieving spending targets rather than generating quantifiable social impact. Furthermore, the distribution of funds remains geographically unequal across regions, indicating a need for stronger governmental guidance or regulatory mechanisms to ensure funds are strategically channeled to areas with the highest developmental needs.

The most profound challenge identified by industry experts remains the difficulty of rigorous impact measurement (Return on Social Investment, or SROI). While digital tracking tools are becoming available, the transition from merely reporting financial inputs (money spent) to accurately assessing transformative outcomes (lasting social change) requires significant enhancement in standardized evaluation methodologies.

4.4 Policy Alignment and Corporate Value

The strategic inclusion of R&D and incubator funding within Schedule VII is an attempt to create a powerful synergy between corporate social mandates and national economic policy. By encouraging mandatory funds to support government or PSU-affiliated R&D projects in STEM, the government utilizes CSR capital as an effective form of development finance. Corporations fulfill their statutory obligation while simultaneously fostering an enhanced national innovation landscape, which ultimately benefits the business environment. This policy subtly blends mandatory social contribution with strategic investments that bolster India's technological and economic resilience.

Moreover, the increasing convergence with ESG and the necessity of disclosing CSR performance in formats like the BRSR mean that non-compliance carries broader financial risks. Institutional investors increasingly rely on ESG scores as a proxy for operational and compliance risk. Consequently, poor management of CSR obligations—such as failure to transfer unspent funds or inability to demonstrate measurable social outcomes—can negatively impact a company's overall ESG rating. This directly affects the company's cost of capital and investor confidence, tightly linking the immediate compliance tasks, such as timely CSR-2 filing, to the corporation's long-term financial strategy.

High-Impact Recommendations

The Indian CSR environment is characterized by strict compliance requirements, ongoing digitalization of reporting, and a strong strategic push towards ESG integration. Regulatory changes in 2025 signal an era of heightened accountability for both the obligated companies and their implementing partners.

Based on the current regulatory structure and strategic trends, the following high-impact recommendations are critical for ensuring compliance and maximizing corporate social value:

1. Prioritize Q2 2025 Compliance: Companies must ensure the accurate and timely filing of **Form CSR-2 for FY 2023–24** by the extended deadline of **June 30, 2025**. This filing must be meticulously reconciled with the company's financial statements (Form AOC-4) and include verified details regarding any capital assets created through CSR expenditure.

2. Mandate Rigorous Fund Transfer Protocols: Internal finance and compliance teams must institute strict protocols to accurately categorize projects as 'ongoing' or 'non-ongoing.' This categorization determines the precise legal timeline for transferring unspent funds—either within 30 days to the Unspent CSR Account or within 6 months to a Schedule VII fund.

Failure to adhere to these deadlines exposes the company and its officers to significant statutory penalties.

3. Update Implementing Agency Vetting Policies:

All new or existing relationships with implementation partners must adhere to the enhanced due diligence requirements introduced by the revised **CSR-1 rules (effective July 2025)**. Companies must verify the legal standing and the mandated **three-year track record** of non-statutory implementing entities (trusts/societies) prior to committing funds.

4. Align CSR Strategy with ESG Metrics: Boards should move beyond simple charitable contributions toward strategic projects aligned with measurable ESG outcomes and the modern scope of Schedule VII, such as climate resilience, digital skilling, or sponsored R&D. This shift ensures that CSR expenditure contributes positively to the company's external ESG performance and sustainable enterprise value.

In essence, the evolution of India's CSR framework is transitioning from a static obligation to a dynamic ecosystem of social investment. The 2025 regulatory amendments, particularly the rigorous digital reporting via Form CSR-2 and the heightened scrutiny of implementing partners, formalize a commitment to transparency and accountability. Moving forward, the true measure of success will be the corporate sector's ability to strategically align mandated spending with long-term ESG goals, thereby transforming compliance into a powerful engine for national socio-economic resilience and sustainable value creation.

Corporate Social Responsibility Fraud: Analysis of Recent Enforcement Raids and Compliance Risk Escalation (2024–2025)

The Crisis of Confidence in CSR Philanthropy and Escalated Regulatory Risk

The regulatory environment surrounding Corporate Social Responsibility (CSR) expenditure in India has undergone a dramatic transformation, moving decisively from administrative compliance oversight to active criminal investigation by centralized enforcement agencies. This shift signals a fundamental crisis of confidence in the integrity of philanthropic implementation agencies. Government agencies, including the Enforcement Directorate (ED), the Income Tax (IT) Department, and State Crime Branches (CB), are now treating high-value CSR fund misuse not merely as an administrative default under corporate law but as serious economic crime warranting immediate custodial interrogation and asset seizure.

The scale of detected fraud underscores the severity of the systemic abuse. Recent investigations by the IT Department revealed an alarming scope of misappropriation, particularly the discovery that three trusts were involved in the siphoning off and misuse of more than ₹800 crores worth of CSR donations.

Such widespread and high-value fraud exposes a critical systemic failure in the corporate vetting of implementing agencies.

The primary implication for corporate donors is that the reliance on the existing disclosure-based compliance framework, which the Ministry of Corporate Affairs (MCA) maintains provides "sufficient safeguards", is demonstrably insufficient. To mitigate soaring criminal and reputational risks, corporations must immediately mandate mandatory third-party audits and integrate rigorous anti-shell company forensic checks into all Enhanced Due Diligence (EDD) processes for their implementing partners.

The Regulatory Architecture of Vulnerability and Enforcement Precedents



A. Foundation of CSR Compliance and the Section 447 Nexus

The foundation of India's CSR framework, articulated under Section 135 of the Companies Act, 2013, establishes the process as a "Board driven process." The company's Board is empowered to plan, decide, execute, and monitor CSR activities based on the recommendation of its CSR Committee. The existing legal architecture relies heavily on mandatory annual disclosures filed in the MCA21 registry and accountability structures within the Board and CSR Committee, which were previously considered adequate mechanisms for governance.

However, the contradiction between these stated "sufficient safeguards" and the factual discovery of multi-hundred-crore frauds indicates a severe failure in internal accountability systems. The vulnerability is typically situated not within the corporate spending commitment itself, but in the selection of collusive or fraudulent implementation agencies (such as NGOs, trusts, or Section 8 companies) that execute the mandate. These entities are easily masked under a disclosure-based system that primarily tracks financial input rather than verified output. The procedural failure lies specifically in the inadequate due diligence performed on the agents responsible for execution, making a decisive shift toward mandatory external verification, such as Impact Assessment and Third-Party Audits, an essential step to ensuring compliance and preventing criminal misuse.

B. Enforcement Statistics and Compoundable Defaults

The Ministry of Corporate Affairs maintains oversight of CSR-related defaults. While many minor compliance failures remain compoundable offenses, the MCA has sanctioned prosecution in 366 cases. Of these, 148 applications for compounding have been made, and 75 cases have been successfully compounded. These statistics indicate that the majority of breaches are handled through administrative and monetary settlements. Nevertheless, the recent involvement of criminal investigative agencies for large-scale fraud suggests that high-value misuse is now separated from administrative defaults and routed directly for criminal investigation, dramatically raising the legal exposure profile for directors and involved third parties.

Analysis of Recent Enforcement Actions and High-Profile Raids (2024–2025)



A. Case Study I: ED and Crime Branch Operations in Kerala (February 2025)

Recent events in Kerala illustrate the intensified coordination among investigative agencies. The special investigation team (SIT) of the Crime Branch (CB) has been actively probing a significant CSR funds scam, continuing the custodial interrogation of key accused individuals. The investigation focused heavily on specific entities, including Social Bee Ventures, one of four firms allegedly set up by the accused. The coordination—or overlapping jurisdiction—was made apparent when officials from the Enforcement Directorate (ED) visited the offices of Social Bee Ventures for raids but deferred action because the CB-SIT was already present and searching the premises.

The involvement of the ED in these investigations is a clear signal that alleged CSR fraud has crossed a critical legal threshold, classifying it as a Scheduled Offense under the Prevention of Money Laundering Act (PMLA). The investigation thus shifts focus entirely from corporate statutory default to tracing the “proceeds of crime” and executing asset attachment. The simultaneous operational presence of both state (CB-SIT) and central (ED) agencies confirms that these investigations are a high-level, coordinated clean-up operation addressing criminal misconduct, rather than isolated regulatory inspections.

B. Case Study II: Income Tax Department Crackdown on Tax Evasion Trusts

In a parallel enforcement effort, the Income Tax Department launched a widespread crackdown specifically targeting tax evasion facilitated through the misuse of CSR donations. This investigation revealed a staggering scale of misappropriation, focusing on three trusts that were collectively responsible for siphoning off and misusing more than ₹800 crores.

The method of operation involved gross misrepresentation of charitable activities. The trusts claimed to be operating in critical sectors such as education, health, employment, and social welfare; however, search investigations conclusively confirmed that these entities were “not involved in any charitable activities” whatsoever. The sheer magnitude of the detected fraud confirms that certain trusts are created solely as fronts designed for illicit enrichment and aggressive tax evasion. Because these trusts lacked operational capacity, they functioned purely as pass-through entities. The corporate donor, having met its mandated 2% expenditure, receives the indirect tax benefit of fulfilling the obligation, while the fraudsters profit entirely through the siphoning operation. This confirms that CSR misuse is now being employed as a sophisticated, integrated scheme requiring coordinated action by law enforcement.

Forensic Analysis: Modus Operandi for CSR Fund Diversion and Misuse

A. Shell Company Architectures and Layering Techniques

The forensic analysis of high-value fraud reveals that the successful diversion of CSR funds relies on complex financial layering, demonstrating the professionalization of this crime. Perpetrators utilize “complex financial architectures (e.g., shell companies, trade-based money laundering schemes)” specifically designed to hide money trails from investigators.

The schemes are often facilitated by collusion with essential intermediaries. For example, fraudulent schemes frequently involve collaboration with an “insider – such as a corrupt branch manager or other mid-level bank employee” – who can personally ensure that illicit transactions routed through the banking system are not detected by standard internal compliance mechanisms. This professional integration of money laundering expertise, which includes the use of colluding bank staff, elevates CSR fraud above simple embezzlement and into the realm of organized financial crime. Consequently, corporate donors cannot rely solely on basic Know Your Transaction (KYT) procedures; they must apply rigorous Know Your Beneficiary (KYB) standards to the implementation agencies and their associated banking relationships.

B. Actionable Forensic Indicators for Due Diligence

Corporate due diligence protocols must be immediately updated to screen for known shell company indicators used in CSR fraud. Fraudulent entities frequently display specific anomalous characteristics.

Table 4: Forensic Indicators of Shell Company Risk in Implementing Agencies

Shell Company Indicator	Description & Red Flag	Relevance to CSR Fund Fraud	Mitigation/Due Diligence Focus
Outlier Directorships	An individual holds an unrealistic number of roles across multiple registered entities (e.g., 5,751 roles in 2,883 companies).	Concealment of beneficial ownership; central control over a network of fraudulent trusts.	Enhanced screening of key personnel and trustees; mandatory Ultimate Beneficial Owner (UBO) disclosure.
Mass Registration	Multiple NGOs/Trusts share the same non-descript or virtual mailing address, often hosting tens of thousands of businesses.	Indicates centralized, paper-based corporate formation without physical charitable infrastructure.	Physical site visits and independent verification of operational address.
Lack of Operational Capacity	Entity reports large expenditure but lacks verifiable staff, assets, or project infrastructure.	Directly contradicts the reported charitable activities, confirming the entity is a funding conduit.	Mandatory third-party audits and rigorous project monitoring.
Rapid Fund Cycling	Immediate, successive transfers of large donor funds soon after receipt, with minimal on-ground expense documentation.	Classic layering technique used in money laundering.	Review of implementing agency's bank statements and detailed transaction history.

Historical precedents confirm that these mechanisms are used to divert CSR funds for non-CSR purposes, such as personal expenses, political donations, or the renovation of properties, rather than genuine social welfare. Furthermore, funds are systematically redirected into “tax-saving avenues” instead of genuine relief efforts, confirming the financial and tax-centric motive behind the fraud.

Elevated Responsibility and Reporting: The Role of the Statutory Auditor



A. Mandatory Reporting Thresholds (MCA Notification)

The Ministry of Corporate Affairs (MCA) has taken explicit steps to enhance transparency and accelerate the reporting of corporate fraud, significantly increasing the liability of the statutory auditor. A recent MCA notification introduced a clear monetary threshold for mandatory reporting fraud involving ₹1 Crore or more.

The notification establishes strict procedural compliance requirements. If an auditor suspects fraud involving ₹1 Crore or more, they must report the issue to the company's Board or Audit Committee within 2 days of becoming aware of it. The Audit Committee or Board is then required to respond within 45 days.

If the Board fails to respond or adequately address the fraud within this window, the auditor is mandated to forward the report directly to the Central Government within the subsequent 15 days, ensuring the government is notified within 60 days of initial awareness. For frauds below ₹1 Crore, the auditor must still report to the Board or Audit Committee within 2 days, and details of the fraud—including its nature, approximate amount, potential parties, and remedial actions—must be disclosed in the company's Board Report.

B. Implication of Escalated Liability for Auditors

This notification strategically transforms the statutory auditor into a mandatory, centralized enforcement reporter for high-value fraud cases. By creating a direct, time-bound reporting channel to the Central Government, the MCA effectively bypasses the possibility of internal corporate inertia or suppression tactics. This regulatory change mandates immediate and documented attention to any CSR fraud exceeding the ₹1 Crore threshold to prevent regulatory exposure resulting from the auditor's direct report.

Table below illustrates these critical mandatory auditor reporting thresholds:

Table 5: Mandatory Auditor Reporting Thresholds for CSR Fraud (MCA Guidelines)

Amount of Alleged Fraud	Initial Reporting Recipient (within 2 days)	Action Required by Board/Audit Committee (within 45 days)	Final Reporting Authority and Timeline
₹1 Crore or Above	Board/Audit Committee	Furnish response to the auditor	Auditor must report to Central Government (within 60 days of initial awareness)
Below ₹1 Crore	Board/Audit Committee	Furnish response to the auditor	Disclosure of fraud details (Nature, Amount, Parties, Remedial Actions) in the Board Report

Strategic Recommendations for Enhanced Due Diligence and Systemic Controls



A. Shifting Governance Focus: From Input (Spending) to Output (Impact)

Effective mitigation strategies must focus on verified outcomes rather than merely reviewing expenditure receipts. Fraud thrives in systems where expenditure is easily masked. Therefore, compliance must transition from tracking financial allocations (input) to demanding measurable results (output).

The highest recommendation is the institution of mandatory third-party audits for large CSR projects to verify spending integrity and prevent misuse. Companies are urged to move beyond merely complying with spending targets and instead focus on creating “meaningful social change” by publishing rigorous impact assessments that demonstrate actual results. Mandating verifiable impact assessments substantively raises the barrier to entry for fraudulent trusts that have no genuine operational capacity.

B. Operational EDD Protocols for Implementing Agencies

1. Vetting Key Personnel: Rigorous Character Risk Due Diligence must be applied, including comprehensive screening of personnel associated with the accountable entity. This proactive measure identifies individuals with conflicting roles or dubious corporate histories.

2. Vigilance Against Exploitation Scams: Due diligence requires extreme care during periods of crisis or disaster. Scammers frequently exploit mass casualty events, natural disasters, or terrorist attacks by impersonating legitimate charities or high-profile victims to solicit fraudulent donations.

Criminals may employ Artificial Intelligence (AI) to increase the perceived legitimacy of their fraud or impersonation schemes. Specific controls must be implemented immediately to verify all parties involved in disaster relief funding and prevent diversion of funds to unverified crowd funding or relief campaigns, an issue highlighted by multiple law enforcement warnings.

3. Promoting Collaboration: Companies should be encouraged to pool their CSR funds across industries and collaborate with established NGOs and local authorities. This cooperation enables the execution of larger, high-impact projects (e.g., establishing rural healthcare systems or large-scale climate adaptation initiatives) which are inherently easier to monitor and audit than numerous, small, isolated donations.

C. Policy and Systemic Recommendations (Future-Proofing the Framework)

To enhance long-term integrity, policymakers should prioritize the development of a centralized national CSR portal. This system would serve as a unified platform for companies to report projects and usage, connecting corporate donors with pre-vetted NGOs and aligning funds with necessary government schemes, thereby improving transparency and fund matching. Furthermore, policies should incentivize long-term projects that address the root causes of societal problems, such as comprehensive education reforms and environmental sustainability, rather than favoring easily executed, short-term events or donations. Adopting internationally recognized frameworks, such as the Global Reporting Initiative (GRI) Standards and aligning disclosures with the UN Sustainable Development Goals (SDGs), can also ensure broader scrutiny and enhanced stakeholder confidence in corporate responsibility efforts.



Mitigating Criminal and Reputational Risk

The coordinated raids conducted by the Enforcement Directorate, the Crime Branch, and the Income Tax Department represent a permanent and substantial escalation in the regulatory landscape. High-value CSR fund misappropriation is now definitively classified and actively prosecuted as an economic crime under PMLA, carrying severe penalties that extend to asset forfeiture and custodial sentences.

The existing safeguards proved ineffective in preventing multi-hundred-crore fraud, necessitating an immediate shift in corporate governance priorities. Corporations must abandon reliance on implementation agencies based solely on tax status and instead proactively adopt forensic due diligence protocols, specifically screening for shell company indicators like mass registration and outlier directorships. Mandatory third-party audits of large projects and strict, documented adherence to the new MCA auditor reporting requirements for fraud exceeding ₹1 Crore are no longer advisory measures but essential components of corporate risk management and survival in this heightened enforcement climate.



CA Neha Sedhara

CA Neha is a distinguished Chartered Accountant and corporate advisor with specialized expertise in Corporate Social Responsibility (CSR), The Apprentices Act, and Mergers & Acquisitions. She is known for her strategic perspective and extensive experience in guiding organizations on sustainable business practices and corporate governance under the Companies Act, India.

The Great Upgrade: How 38 Million Indian Jobs Will Change with AI by 2030



By the year 2030, **38 million jobs in India** will change because of artificial intelligence (AI) and automation, says EY India. But this is not a story about people losing jobs – it's about people **getting better jobs**.

Across offices and factories, AI is changing how work happens. In finance and accounting, this change is faster than ever. The future is not about typing data into systems – it's about **thinking, analysing, and making decisions**.

From Manual Work to Smart Work

Today, many accountants and finance teams still do manual work – entering invoices, checking ledgers, or creating reports in Excel. In the near future, AI will handle most of these tasks automatically.

For example, an AI tool will read invoice PDFs from a client's email, pull the GST number and HSN code, check if everything matches, and create the accounting entry on its own. The accountant's job will be to **review, approve, and explain**, not to type.

The World **Economic Forum** says that by 2027, about **23% of jobs** in the world will change because of technology. **Deloitte's Finance 2025 report** also predicts that "transactions will be touchless." India's growing e-invoicing and digital GST systems are already showing this change.

A Glimpse of the Future

Soon, accounting software (like SAP or Tally) will connect directly with the GST portal. Data will flow automatically, errors will be checked in real time, and the system will suggest fixes.

Reports will also become smarter. Instead of making pivot tables, finance teams will use AI dashboards that send real-time alerts such as:

"Material cost **12%** higher than plan."
"Vendor payment delay above 90 days."

Your job will be to **understand why** something happened and **how to prevent it next time**.

Audit bots will scan ledgers and spot missing documents or wrong entries. Manual ticking and checking will no longer be needed.

Skills You'll Need to Stay Future-Ready

Basic skills will still matter – like accounting rules, GST knowledge, Excel formulas, and ERP software such as Tally Prime or SAP. But on top of that, new skills are becoming important:

- **Prompt Engineering:** Learn how to ask AI tools (ChatGPT, Copilot, Gemini) the right questions to get the right answers.
- **Dashboard Creation:** Use Power BI or Looker Studio to turn numbers into clear visuals and stories.
- **Automation Tools:** Try Power Automate or Zapier to remove repetitive work.
- **AI-based Audit:** Understand tools that can check ledgers or bank statements automatically.
- **Data Storytelling:** Explain what data means and why it matters.

If you want to go deeper, you can also learn **Python for Finance** or how to connect systems using APIs.

The Human Advantage

AI will take over many tasks – but it will never replace human thinking. What companies will really need are people who can **guide the technology, understand the logic, and turn data into insight**.

In short, the future accountant will not just record numbers — they will tell the story behind them.

The Bottom Line

By 2030, India's job market will look very different. The winners will be those who learn to work with AI, not against it.

AI won't replace accountants.

But **accountants who use AI will replace those who don't.**

The future of finance is already here — smart, fast, and full of opportunity. The real question is: **Are you ready to upgrade your skills?**



CMA Rohan Sharma

Interview Coach

A man in a dark suit and glasses stands in a modern office, presenting data on a large screen. The screen displays a presentation titled "Analysis" with various charts, including a bar chart showing a 10% increase, a line graph, and a pie chart. He is addressing a group of colleagues seated around a table, who are looking at the presentation. The office has large windows and indoor plants.

Definitions of corporate governance vary widely. They tend to fall into two categories. The first set of definitions concerns itself with a set of behavioral patterns: that is, the actual behavior of corporations, in terms of such measures as performance, efficiency, growth, financial structure, and treatment of shareholders and other stakeholders. The second set concerns itself with the normative framework: that is, the rules under which firms are operating—with the rules coming from such sources as the legal system, the judicial system, financial markets, and factor (labor) markets. Corporate governance has evolved and grown significantly in the last decade.

- **Transparency** – Transparency is a critical pillar of corporate governance which ensures that the processes and transactions of a company are open to scrutiny and verification and that the Company has nothing to hide; it means the Company has made meaningful disclosures, keeps all stakeholders updated and complies with applicable legal requirements.

- **Accountability** – Accountability is a trait that helps take all actions reach the planned goals and objectives. It makes management responsible for its actions – not only for the failings, but also for all accomplishments. Positively taken, accountability brings in motivation and drives employees across the pyramid.
- **Diversity at the board level** – A diverse Board is a strong Board. While many countries, including India have mandated participation of women on Boards, the gender diversity continues to be in favor of men. Studies have shown that companies with women on Boards, perform better, and not just in terms of profitability. Not only gender diversity, but a diverse skill set of directors also brings in better ideas and judgement to the Board table. A healthy mix of independent and executive directors is also essential, so that management and the Board work at their respective levels and there is no overlap of authority.
- **Flow of information** – It's a known fact that more and quality information makes better decisions. It is the responsibility of the management to ensure sufficient and relevant flow of information to the Board, which helps in effective decision making. Regular disclosures to Customers, Regulators, Shareholders etc also increases confidence and says much about the fairness and transparency levels of the company.
- **Control functions** – It is important to have a clear demarcation between the three lines of defence within an organization – business, risk & compliance and internal audit, which will ensure that conflict of interest situations are handled effectively and there is a proper mitigation of risks. All well governed companies also require to have in place a mechanism for employees and others to raise concerns, around irregularities that they notice and a defined framework to handle these concerns.
- **Board evaluation** – Stakeholders are increasingly interested in Board evaluation results, which is a direct indicator of effectiveness of a Board and its accountability. An effective evaluation process, helps the Board, its committees and individual directors perform to their optimum capabilities.
- **Effective delegation** – The Board needs to have a well-defined charter/ terms of reference, which would enlist its roles and responsibilities and the Board room processes. The Board must also effectively delegate responsibilities to its committees, so as to allow adequate time to discharge its strategic responsibilities and provide the directional advice.

The Governance Premium

Premium arises when a company shows qualitative improvements in vital aspects of corporate governance such as transparency and disclosures, shareholder rights, board structures, duties and responsibilities and stakeholder engagement. Good corporate governance won't just keep your companies out of trouble.

Well-governed companies often draw huge investment premiums, get access to cheaper debt, and outperform their peers. Does good governance pay? In theory, it should increase the market valuation of companies by improving their financial performance, reducing the risk that boards will make self-serving decisions, and generally raising investor confidence. Indeed, surveys suggest that institutional investors will pay as much as 28 percent more for the shares of well governed companies in emerging markets. World is changing more rapidly, so automatic pilot isn't good enough any more. "Good governance" and most of all adaptability have become more important. It took years for the market to comprehend the phenomenon of a "governance premium". With some of the allegedly "well-governed" companies erring on the governance front, is "governance premium" fact or fiction?



Why Is Corporate Governance important?

Commitment to good corporate governance—well-defined shareholder rights, a solid control environment, high levels of transparency and disclosure, and an empowered board of directors—make a company both more attractive to investors and lenders, and more profitable. Simply put: it pays to promote good corporate governance. Investors Will Pay for Good Governance. Investors say they highly value corporate governance. Numerous studies conclude that well-governed companies worldwide perform better in commercial terms. Adopting best corporate governance practices provides:

- Improved access to external financing;
- Lower cost of capital;
- Improved operational performance;
- Higher company valuation and share performance;
- Reduced risk of corporate crises and scandals.

Research by McKinsey, however, shows that investors the world over are looking for high standards of good governance and will pay a premium for shares in companies that meet them. Investors say they would pay more for the shares of well-governed companies. It is hard to measure the market impact of these hypothetical premiums, but there is little doubt that good governance does make a difference.

Research findings

- Well-governed firms in Korea traded at a premium of 160 percent to poorly governed firms, a study by Korean and US researchers found.
- An ABN/AMRO study showed that Brazil-based firms with the best corporate governance ratings garnered P/E ratios that were 20% higher than firms with the worst governance ratings. The study also showed that Brazilian firms with above-average corporate governance had ROEs that were 45% higher and net margins that were 76% higher than those with below-average governance practices.
- A study of Russian firms showed that a worst-to-best improvement in corporate governance predicted an astronomical 700-fold (70,000%) increase in firm value. The study's sample size was small (21 firms), so it's unlikely that such a huge increase would occur in a larger, more representative sample. However, the study still demonstrated a correlation between improved corporate governance and firm value.
- A study of S&P 500 firms by Deutsche Bank showed that companies with strong or improving corporate governance outperformed those with poor or deteriorating governance practices by about 19% over a two-year period.
- A Harvard/Wharton study showed that if an investor purchased shares in US firms with the strongest shareholder rights, and sold shares in the ones with the weakest shareholder rights, that investor would have earned abnormal returns of 8.5 percent per year. The study also found that U.S.-based firms with better governance have faster sales growth and were more profitable than their peers.
- A study of the 100 largest emerging market companies by Credit Lyonnais Securities Asia (CLSA) showed that companies with the best corporate governance in each of a large number of emerging market countries had eight percentage points higher measures of EVA (economic value added) than firms in their country average.
- An ABN/AMRO study (previously mentioned) showed that Brazilian firms with above-average corporate governance had ROEs that were 45% higher and net margins that were 76% higher than those with below-average governance practices.
- The size of that premium varies from country to country: It is as high as 27.1% in Indonesia, 25.7% in Thailand, 24.2% in South Korea and 20.2% in both Japan and Taiwan. Outside Asia, well-governed companies in countries such as Venezuela and Colombia would attract premiums of 27.6% and 27.2% respectively, while the premium is as low as 18.3% in the U.S. and 17.9% in the U.K.

- A new survey by international management consultancy McKinsey & Co. shows that institutional investors are prepared to pay a premium for good corporate governance. International investors, the survey found, are prepared to pay a markup of more than 20% for shares of companies that demonstrate good corporate governance.

Measuring corporate governance practices

One of the major challenges of corporate governance research since its inception has been the definition of measures of 'good corporate governance', i.e. of corporate governance mechanisms that lead to financial efficiency, social legitimacy or more generally goal attainment. It has become increasingly common in financial economics research to use commercially provided corporate governance ratings to measure the 'quality' of a given companies'. There is a lack of theory that could guide us in our choices regarding what to include in an index and what not, is even more important regarding the weighting of different variables once they are included. Another concept is the bundles approach which postulates that firm-level corporate governance mechanisms may not matter individually, but develop their effects in combination with other mechanisms. Thus interactions between CG mechanisms are crucial. Theoretically, most of the existing literature expects good CG will increase performance related to a firm's 'valuation', i.e. stock returns, shareholder value, Tobin's Q or share price, because investors are ready to pay a premium for stocks of companies that credibly commit to respecting shareholders' rights.



Standard & Poor's recently launched a new service, Corporate Governance Scores, to evaluate the corporate governance practices of companies. The analysis evaluates corporate governance practices at individual companies. Using a synthesis of the OECD's and other international codes and guidelines relating to corporate governance practices as cornerstones of the scoring methodology, Standard & Poor's assigns scores to a company's overall practices and four individual components (ownership structure, financial stakeholder rights and relations, financial transparency and information disclosure, and board structure and process). In all, approximately 130 factors of a company's corporate governance practices are evaluated using both public and non-public information.

The extent to which, in the opinion of Standard & Poor's, a company adopts and conforms to international codes and guidelines of good corporate governance practices, is reflected in the award of a Corporate Governance Score ('CGS') on a scale from CGS-1 (lowest) to CGS-10 (highest). In addition, the four components described above all contribute to the CGS and receive individual scores from 1 (lowest) to 10 (highest).

Institutional Investor Advisory Services (IIAS), a proxy advisory firm, has developed an Indian Corporate Governance Scorecard that helps identify right companies for long-term investment, based on their corporate governance standards. The scorecard methodology was first published in December 2016 to evaluate Sensex firms. The Indian Corporate Governance Scorecard Methodology is a set of 70 questions based on the G20/OECD Principles of Corporate Governance. These principles are globally accepted benchmark for corporate governance.



Research has indicated inconclusive results on the existence of corporate governance premium. While some mechanisms of corporate governance correlated well with stock market valuations, others had poor correlations. Cynics of corporate governance have always wondered why there is such a gush of financial flows into China, where the pillars of corporate governance and institutional mechanisms are relatively weak. The answer is that corporate governance is not the only criteria for investment; and the quality of investors and their behaviors may differ between China and, say, India. Research is increasingly showing that good corporate governance can lead to improved share price performance. What's more, the evidence is that the potential for out performance is greatest in developing economies. Studies also show that investors are keener to invest in well-governed companies.

Companies and policy makers should take heed. If companies could capture but a small proportion of the governance premium that is apparently available, they would create significant shareholder value. Moreover, McKinsey warns that those companies that fail to reform will find themselves at a competitive disadvantage when it comes to attracting capital to finance growth; High governance standards will prove essential to attracting and retaining investors in globalized capital markets, while failure to reform is likely to hinder those companies with global ambitions. The engagement of the board has to be qualitative with much deeper data availability, analytics and reflections, and a sharper focus on the Board's strategic role with appropriate allocation of time may help in optimal value creation and sustainability over a period of time.



- Agrawal, A. and C. Knoeber. 1996. "Firm Performance and Mechanisms to Control Agency Problems between Managers and Shareholders," *Journal of Financial and Quantitative Analysis* 31: 377-397.
- Brown, L. and M. Caylor. 2004. "Corporate Governance and Firm Performance," Working paper, Georgia State University.
- Black, Bernard S.; Jang, Hasung; Kim, Woohan. "Predicting Firms' Corporate Governance Choices: Evidence from Korea." University of Texas Law School Working Paper No. 39, August 2004.
- Black, Bernard. "The Corporate Governance Behavior and Market Value of Russian Firms." *Emerging Markets Review*, vol. 2, March 2001.
- FitchRatings. 2004. Credit Policy Special Report, "Evaluating Corporate Governance: The Bondholders' Perspective", New York.
- Grandmont, Renato; Grant, Gavin; and Silva, Flavia. "Beyond the Numbers—Corporate Governance: Implications for Investors." Deutsche Bank,
- Gompers, Paul; Ishii, Joy; and Metrick, Andrew. "Corporate Governance and Equity Prices." *Quarterly Journal of Economics* 118(1), February 2003, 107-155.
- Hermalin, B. and M. Weisbach. 1991. "The Effect of Board Composition and Direct Incentives on Firm Performance," *Financial Management* 21(4): 101-112.
- Himmelberg, C., R. Hubbard, and D. Palia. 1999. "Understanding the Determinants of Managerial Ownership and the Link between Ownership and Performance," *Journal of Financial Economics* 53: 353-384.
- McKinsey's Global Investor Opinion Survey, 2002.
- "Saints & Sinners: Who's Got Religion?" CLSA CG Watch, April 2001
- Shleifer, A. and R. Vishny. 1997. "A Survey of Corporate Governance," *Journal of Finance* 52: 737-783.



Dr. S K Gupta

Managing Director
ICMAI Registered Valuers Organization

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

1. Coverage of this article:

In this article, I am discussing about the applicability of GST provisions if a person engaged in providing transportation services including some other services which called **Goods Transportation Agency**. In case of GTA, some transactions are covered under RCM & some are covered under FCM. GST provisions has been changed from 22nd September 2025 which I have explained in this article.

2. Goods Transportation Agency:

They are engaged in providing transportation services i.e. transportation of goods by road. It also includes packaging, loading & unloading services etc. All services are covered in this.



3. Which types of services covered in GTA:

S No	Nature	Mode of transportation	Covered in GTA
1	Transportation of goods	By Road	Yes
2	Transportation of goods	By Air	No
3	Transportation of goods	By Rail	No
4	Transportation of goods	By Ship	No
5	Transportation of passengers	Any mode of transportation	No

a. Only transportation of goods is covered in GTA which is transported by road. Other types of transportation are not covered in GTA.

b. 2nd to 4th point are not covered in GTA. There are separate rules for these services.

4. Filing of declaration:

If GTA filed a declaration in Form Annexure-V before commencement of financial year then services will be covered under FCM. He will charge the GST in next year and remit it to the government. Option cannot be changed during the year.

5. Time limit for filing:

Annexure-V may be filed from **1st Jan to 31st March** for opting FCM in next financial year.

a. If form is filed then FCM will be applicable on the GTA services in next year.

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

b. If no form has been filed then RCM will be applicable on the GTA services in next year.

c. Option cannot be changed during the year.

6. Conversion from FCM to RCM:

If GTA has opted FCM by filing Annexure-V & in next year they want to opt RCM method. In such cases, they are required to file **Annexure-VI**. After filing of this form, RCM will be applicable for whole of the year. Recipient will be liable to pay the tax under RCM after fulfilment of conditions.

7. Conversion from RCM to FCM:

If GTA has opted RCM by filing Annexure-VI & in next year they want to opt FCM method. In such cases, they are required to file Annexure-V. After filing of this form, FCM will be applicable for whole of the year. Recipient will not be liable to pay the tax under RCM because supplier will levy the GST under FCM.

8. GST rates & eligibility of ITC for GTA under FCM:

S No	Nature	Rate on sales	Eligibility of ITC
1	FCM	5% GST	No ITC (a)
2	FCM	18% GST	ITC allowed (b)

a. No ITC means GTA cannot claim the ITC of input, input services & capital goods if they charged 5% GST on services.

b. GTA can claim the ITC of input, input services & capital goods as per normal provision of the GST Act if they charged 18% GST on services.

9. GST rates & eligibility of ITC for GTA under RCM:

If GTA provides services of transportation of goods by road & does not charge GST @18% under FCM then recipient is liable to pay tax under RCM @5% if they falls in below categories:

**New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025****Table : A**

S No	Types of recipient	Registered in GST	RCM applicability
1	Factories	Yes	Yes
2	Societies	Yes	Yes
3	Company	Yes	Yes
4	Body corporates	Yes	Yes
5	Partnership firms	Yes	Yes
6	Causal taxable person	Yes	Yes
7	Co-operative societies	Yes	Yes
8	GST registered persons	Yes	Yes

Table : B

S No	Types of recipient	Registered in GST	RCM applicability
1	Factories	No	Yes
2	Societies	No	Yes
3	Company	No	Yes
4	Body corporates	No	Yes
5	Partnership firms	No	Yes

S No	Types of recipient	Registered in GST	RCM applicability
6	Causal taxable person	No	No
7	Co-operative societies	No	Yes

If they are unregistered in GST, still they are liable to pay tax under RCM irrespective of their turnover. They will obtain the GST registration for the payment of RCM. It is beneficial in such cases to take the services from the GTA who is charging GST under FCM.

c. Notes:

a) If Factories, Societies, Company, Body corporates, Partnership firms, Co-operative societies whether they are registered or not in GST, RCM will be applicable.

b) **Causal taxable person:** If they are registered in GST then RCM will be applicable otherwise no RCM.

c) If recipient is individual or HUF which is registered in GST then RCM will be applicable otherwise no RCM.

d) GST rate under RCM is 5%.

e) GTA cannot claim the ITC if services falls under RCM.

10. Practical case:

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

In Act, it is mentioned that if GTA not charging GST @18% under FCM then recipient is liable to pay tax under RCM in certain cases. In these cases, supplier will not charge the GST @5% under FCM because recipient will pay the tax. If he charge the GST then it will be double taxation (5% under FCM & 5% GST under RCM). There will be a double cash outflow for recipient of service.

If GTA Charging GST @5% then recipient is not liable to pay the tax under RCM because GTA has opted FCM method.

11. Eligibility of ITC for GTA in all cases:

S No	Nature	Rate on sales	Eligibility of ITC
1	FCM	5% GST	No ITC
2	FCM	18% GST	ITC allowed
3	FCM	5% GST	No ITC

GTA can claim the ITC only when they charged GST @18%.

12. Why GTA cannot claim the ITC under RCM:

Any goods or services on which recipient is liable to pay the tax RCM it will be treated as an exempt supply. All ITC needs to be reversed as per Rule 42 & 43.

13. Refer to the article which is published on TaxGuru related to 12 th point:

<https://taxguru.in/goods-and-service-tax/rule-42-gst-reversal-etc-input-services-case-exempt-supplies.html>

14. Eligibility of ITC for recipient in all cases:

S No	Nature	Rate on sales	Eligibility of ITC
1	FCM	5% GST	ITC allowed
2	FCM	18% GST	ITC allowed
3	RCM	5% GST	ITC allowed

a. Recipient is eligible to claim the ITC irrespective of the method of GST provided that services is taken for business purpose & all other conditions are satisfied.

15. Who is liable to pay tax under RCM:

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

a. If supplier of goods pays the consideration to GTA then supplier will be liable to pay the tax under RCM.

b. If recipient of goods pays the consideration to GTA then recipient will be liable to pay the tax under RCM instead of supplier.

16. Other services provided by GTA:

They are engaged in providing services related to transportation of goods. Income generated in the form of freight charges. Other services includes loading & unloading services, warehouse services, packing services etc. which is also provided by GTA.

17. Toll tax reimbursement by recipient of service:

Toll tax charged during the transportation which is paid by the GTA & added in the bill. There will be no GST on reimbursement on toll tax because it is a pure reimbursement.

18. Computation of taxable value under FCM: 1 st case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	Taxable value	13,000	
6	GST @18%	2,340	
7	Invoice value	15,340	

GST will be levied on all the services because these services are ancillary service as per Section 15 of GST.

19. Computation of taxable value under FCM: 2nd case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	Toll tax	500	No
6	Taxable value	13,500	
7	GST @18%	2,340	GST on 13000 instead on 13500
8	Invoice value	15,840	

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

a. GST will be levied on all the services excluding pure reimbursement because these services are ancillary service as per **Section 15 of GST**.

b. There is no GST on toll tax reimbursement.

20. Computation of Taxable value under RCM: 1st case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	Taxable value	13,000	
6	GST @18%	2,340	
7	Invoice value	15,340	

a. GST will be levied on all the services because these services are ancillary service as per **Section 15 of GST**.

b. Computation of GST liability under both the method are same.

c. There is no change in the computation.

21. Computation of taxable value under RCM: 2nd case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	Toll tax	500	No
6	Taxable value	13,500	
7	GST @18%	2,340	GST on 13000 instead on 13500
8	Invoice value	15,840	

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

a. GST will be levied on all the services excluding pure reimbursement because these services are ancillary service as per **Section 15 of GST**.

b. **There is no GST on toll tax reimbursement.**

c. Computation of GST liability under both the method are same.

d. There is no change in the computation.

22. Amendment via notification:

Notification No. 9/2025–Central Tax (Rate), dated September 17, 2025.

23. ITC rules for supplier & recipient:

S No	Nature	Rate on sales	Eligibility of ITC for supplier	Eligibility of ITC for recipient
1	FCM	5% GST	ITC not allowed	ITC allowed
2	FCM	18% GST	ITC allowed	ITC allowed
3	RCM	5% GST	ITC not allowed	ITC allowed

24. Can supplier charge both GST rate under FCM?

Yes, supplier can charge both GST rate under FCM but FCM & RCM both cannot be applied simultaneously.

S No	Nature	Allowed or not
1	Supplier can charge 5% rate under FCM	Yes
2	Supplier can charge 18% rate under FCM	Yes
3	Supplier can opt RCM	Yes
4	Supplier can charge 5% & 18% under FCM	Yes
5	Supplier can charge FCM & RCM	No

In a single financial year, GTA can charge GST only under FCM or RCM method, both cannot be applied simultaneously.

25. How to reverse the ITC if GTA has opted both rates?

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

a. GTA can charge the GST @5% in the cases when recipient is unregistered. Because if they charges GST @18% then buyer will take the services from other vendor because it increased the cost of buyer. It will reduces the turnover of the GTA. Hence, GTA will charged the GST @5%.

b. GTA can charge the GST @18% in the cases when recipient is registered. In that case, both are eligible to take the ITC.

c. Supplies under 5% rate will be treated as an exempt supply. ITC will be reversed as per Rule: 42 & 43.

d. Supplies under 18% rate will be treated as a taxable supply.

26. Example:

S No	Turnover	Amount	Treatment
1	Sales @5%	10,00,000	Treated as an exempt supply
2	Sales @18%	90,00,000	Treated as a taxable supply
3	Total	1,00,00,000	

In this case, Rule 42 & 43 will be applicable. Proportionate ITC needs to be reversed on the basis of turnover.

27. Refer to the article for computation of reversal of common ITC:

<https://taxguru.in/goods-and-service-tax/rule-42-gst-reversal-etc-input-services-case-exempt-supplies.html>

28. GTA has multiple GSTIN:

If GTA has multiple GSTINs they can follow separate procedure for each GSTIN. Suppose they have 2 GST registration one in Haryana & 2nd in Delhi state. They can opt FCM for Haryana & RCM for Delhi state.

29. Sale of assets by GTA under 5% rate:

- Sale of assets is a taxable supply under GST. A person who sold the assets can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 5% GST on supply then cannot avail the ITC. It means in such cases they are not eligible to claim the proportionate ITC in proportion of sale of assets.

30. Sale of assets by GTA under 18% rate:

- Sale of assets is a taxable supply under GST. A person who sold the assets can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 18% GST on supply then can avail the ITC. It means in such cases they are eligible to claim the ITC.

New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

31. Transaction between deemed distinct person by GTA under 5% rate:

- Transaction between deemed distinct person is a taxable supply under GST. A person who entered in these transactions can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 5% GST on supply then cannot avail the ITC. It means in such cases they are not eligible to claim the proportionate ITC of taxable supply entered between deemed distinct persons.

32. Transaction between deemed distinct person by GTA under 18% rate:

- Transaction between deemed distinct person is a taxable supply under GST. A person who entered in these transactions can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 18% GST on supply then can avail the ITC. It means in such cases they are eligible to claim the ITC.

33. Reporting of ineligible ITC in case of 5% rate in 3B:

It is permanent reversal of ITC. Hence, it will be report in Table 4B(1) of the GSTR-3B instead of table 4B(2).

34. Reporting of ineligible ITC in case of 5% rate in GSTR-9:

It will be report in Table 7E of the GSTR-9 as an ineligible ITC because it is not covered in any sub table of Table 7.

35. If GTA charging both GST rates under FCM method:

In such cases, they can claim the proportionate ITC of assets sold during the year & transaction entered between DDP etc. These will be treated as a taxable supply. Hence, ITC can be claimed in proportionate of assets sold & DDP transactions etc. Only ITC required to be reversed on which 5% GST is charged by them. I am explaining this a practical scenario:-

S No	Particulars	Amount
1	Freight on which 5% GST levied	10,00,000
2	Freight on which 18% GST levied	40,00,000
3	Assets sold	20,00,000
4	DDP transactions	30,00,000

In such cases, exempt turnover will be 10L & taxable turnover will be 90L. ITC is required to be reversed only in proportion of 10L turnover i.e. on which 5% GST is levied instead of 60L.

**Disclaimer:**

The views and opinions expressed in this article are those of the author. This article is intended for general information purposes only and does not constitute professional advice. Readers are strongly advised to consult a qualified professional for guidance specific to their individual situation before making any financial, legal, or tax-related decisions. The author shall not be held liable for any loss or damage of any kind incurred as a result of the use of this information or for any actions taken based on the content of this article.



CA Ashish Singla

Public Sector Powerhouses: How India's PSUs Are Outshining Private Enterprises and Building the Nation



India's rise as a global economic powerhouse rests on a foundation laid by its strong and visionary Public Sector Undertakings (PSUs). These are not just corporations — they are the steel nerves of the nation, binding the economy with integrity, resilience, and a deep sense of national purpose. While private enterprises often chase profits, PSUs have carried the torch of nation-building, balancing commercial efficiency with social responsibility.

From lighting up the remotest villages to launching satellites into space, India's PSUs have time and again proven that patriotism, professionalism, and performance can coexist. Today, as the world looks toward India as an emerging superpower, it is our PSUs that stand tall as symbols of self-reliance, discipline, and dedication.

The Transforming Face of India's Public Sector

The journey of India's PSUs began in the early years after Independence, guided by Pandit Jawaharlal Nehru's vision of "temples of modern India." In the decades that followed, these enterprises powered industrialization, employment generation, and infrastructure development.

Enterprises like **Power Grid Corporation of India (PGCIL)**, **ONGC**, **Coal India**, **BEL**, **NTPC**, and **SBI** have achieved global recognition. They have shown that commitment to the nation's welfare and economic strength can go hand-in-hand.

With liberalization in the 1990s, critics predicted the decline of PSUs, claiming private firms would dominate the market. Yet, three decades later, PSUs have not only survived but evolved — becoming competitive, technologically advanced, and profit-oriented while remaining true to their national duty.

How PSUs are Outperforming the Private Sector

1. National Purpose Over Profit

What truly sets PSUs apart is their unwavering commitment to national service.

Their mission goes beyond shareholder returns; it includes ensuring energy security, infrastructure development, and equitable growth. When private entities focus on margins, PSUs focus on missions — from electrifying Ladakh to providing banking access in the Northeast.

2. Strength in Adversity

Whether it was the COVID-19 pandemic, global energy crises, or financial instability, PSUs became the first line of defense. While several private firms reduced operations, PSUs maintained supply chains, ensured uninterrupted power, and supported the government's welfare programs. Their resilience during crises reflects the strength of Indian state institutions.

3. Strategic Backbone of the Economy

PSUs operate in sectors vital for India's sovereignty — energy, defence, transportation, and finance. The **Defence PSUs**, such as **BEL** and **HAL**, are driving India's Atmanirbhar Bharat initiative by indigenously producing advanced defence systems. Similarly, **ONGC** and **OIL** are ensuring energy self-sufficiency, reducing India's dependence on imports.



4. Technological Leadership

Contrary to the stereotype of being "old-fashioned," today's PSUs are at the forefront of digital transformation. From smart grids and automation in energy to AI-driven analytics in banking, PSUs are embracing Industry 4.0. **NTPC's** foray into green hydrogen and **BHEL's** focus on renewable engineering are proof that India's public enterprises are future-ready.

5. Agents of Inclusive Growth

PSUs are the real champions of inclusive growth. Their projects in rural electrification, health camps, skill training, and education have transformed millions of lives. Their Corporate Social Responsibility (CSR) initiatives are not publicity stunts — they are genuine efforts toward national upliftment.

Advantages of PSUs: The Strength of India's Economic Sovereignty



1. Pillars of Economic Stability

PSUs have always acted as stabilizers during economic turbulence. Their disciplined financial management and steady dividend contributions help maintain fiscal balance and fund national development programs.

2. Commitment to Employment and Welfare

Public sector jobs are not just employment opportunities – they are commitments to serve the nation. PSUs provide millions of Indians with dignified livelihoods, ensuring social security and fostering a sense of belonging to the national mission.

3. Transparency and Integrity

PSUs are bound by strict audit and governance systems, ensuring accountability. In a time when corporate frauds have shaken public faith in private business, the ethical standing of PSUs has become a symbol of trust.

4. Long-Term Vision and Infrastructure Development

Where private firms hesitate due to long payback periods, PSUs step in. Be it laying thousands of kilometres of power transmission lines across difficult terrains or developing ports and refineries, PSUs never shy away from challenges that serve the nation's long-term interests.

Challenges on the Path Ahead

Even with their remarkable success, PSUs face certain challenges that require urgent attention.

1. Bureaucratic Rigidity: Procedural delays and excessive oversight often limit managerial autonomy and slow down decision-making.

2. Talent Retention: The best young minds are often drawn to private firms offering higher pay and flexible cultures. PSUs must modernize HR policies to attract and retain talent.

3. Political Interference: Operational decisions should be based on merit and market logic, not administrative pressure.

4. Global Competition: In the era of globalization, PSUs must enhance competitiveness and customer orientation to thrive against multinational corporations.

5. Aging Workforce: Continuous skill upgradation and digital literacy training are necessary to prepare the existing workforce for modern challenges.

The Road Ahead: Strengthening India's PSUs for a New Bharat

1. Atmanirbhar Bharat Through PSUs

India's dream of self-reliance cannot be realized without the active leadership of PSUs. They must lead the drive for indigenization in sectors like defence, energy, and heavy engineering. By developing domestic technologies and reducing import dependency, PSUs can truly make India economically sovereign.

2. Encouraging Innovation and Autonomy

Reforms should focus on granting PSUs greater functional autonomy, enabling them to make quicker decisions and innovate fearlessly. The Maharatna, Navratna, and Miniratna frameworks must evolve into performance-based autonomy models.

3. Digital and Green Revolution

PSUs should pioneer India's green transformation by investing in renewable energy, electric mobility, and environmental conservation. Digital tools such as AI, IoT, and blockchain must become integral to their operations.



4. Global Expansion

India's PSUs have the potential to become international giants. With their experience, scale, and credibility, they can expand to Africa, Southeast Asia, and the Middle East, exporting Indian technology, management expertise, and values.

5. Patriotism as a Driving Force

Above all, PSUs must continue to be guided by the spirit of nationalism. Their employees are not just workers; they are custodians of India's economic independence. The pride of serving the nation should remain their greatest motivation.

Conclusion: PSUs as the Pride of the Nation

India's Public Sector Undertakings represent the finest blend of patriotism and professionalism. They are more than companies — they are institutions of national service. From the mines of Jharkhand to the oil fields of Assam, from the banks of Mumbai to the power lines of Ladakh — every PSU worker contributes silently to the strength and dignity of the nation.

As India marches towards becoming a \$5 trillion economy, PSUs will remain the spine of that progress — steady, strong, and selfless. In the competition between private greed and public good, it is the spirit of the public sector that keeps Bharat united, self-reliant, and proud.

"Public Sector is not just business — it is the business of nation-building."



CMA Pratyosh Prashant

Treasurer
ICMAI, Patna Chapter

Dream. Develop. Deliver. Viksit Bharat 2047— India's Boldest Mission Yet!



Join India's most ambitious journey — Viksit Bharat 2047. Explore how growth, innovation, and inclusion are shaping the nation's next 25 years.

Introduction

India stands at a pivotal moment. With the vision of Viksit Bharat @ 2047 (Developed India by 2047), the country is not just aiming for higher economic numbers—but for a qualitative transformation: modern infrastructure, inclusive social progress, strong institutions, and sustainable development. This article explores the roadmap, the numbers, the milestones and the challenges on the way from a fast-growing economy to a truly developed nation.

1. The Vision & Why 2047

The year **2047** marks 100 years of India's independence—a fitting milestone for the aspiration of becoming a developed nation. The Viksit Bharat vision is defined by:

- A robust economy that provides high standards of living;
- Social inclusion—where youth, women, farmers and the poor are active beneficiaries.
- Sustainable and modern infrastructure, digital governance, and global competitiveness.
- Good governance, empowered states and efficient service delivery.

In short, Viksit Bharat is not just about GDP; it's about the quality of growth and the equity of its outcomes.

2. Where India Stands Today

Here are some key current-states which set the baseline for the journey:

Metric	Latest Estimate*	Notes
Real GDP Growth	~6.4–6.6% (2025)	India among fastest major economies.
Nominal GDP	~US \$4.0–4.2 trillion	Still far from developed-country levels.
Per-capita GDP	~US \$2,800–2,900	Large divergence from high-income nations.
Public Capex (Union)	~3% of GDP	Key lever for infrastructure.
Non-fossil power capacity share	~50%	Milestone reached ahead of schedule.

*Figures rounded; some based on government/analyst estimates.

Given this base, the gap to a “developed” India is wide—but not unbridgeable.

3. The Pillars of the Journey

To bridge that gap, India must make simultaneous progress across multiple pillars:

Pillar	Key Focus Areas
Growth & Economy	Raise investment rate, deepen financial markets, boost manufacturing & exports.
Infrastructure & Connectivity	High-quality highways, ports, railways, logistics, digital backbone.
Human Capital & Social Inclusion	Quality education, healthcare access, women's participation, poverty reduction.
Sustainability & Clean Energy	Renewable energy scale-up, environmental resilience, circular economy.
Governance & Institutions	Data-driven governance, accountability, state-centre coordination, regulatory ease.

Each pillar supports the others: e.g., better infrastructure raises productivity, better health/education raise human capital, better governance accelerates all sectors.

4. Money, Milestones & Macros

Here's how the financial and macro-numbers could shape up:

Growth Path Example

If India can sustain ~7.5–8% real growth, achieve rising investment, and export more, nominal GDP could materially increase by 2047.

Sample Targets

Metric	2025 Baseline	Ambition (2030)	Aspiration (2047)
Real GDP Growth	~6.5%	~7–8%	~8%+ average
Nominal GDP	~US\$4 tn	US\$7–10 tn	US\$15–20 tn+
Per-capita GDP	~US\$2.9k	US\$5–6k	US\$13k–20k+
Investment/Capex Rate	~33% of GDP%	~35%+	Sustained high rate
Export Shares	Growing but moderate	Significant jump	Global export leader in key areas

Notable Initiatives & Figures

- The PM Viksit Bharat Rozgar Yojana: ₹99,446 crore outlay to create 3.5 crore jobs (2025– 27) for youth.
- Government emphasises data & governance reforms: improving the National Statistical System, digital governance.



5. Infrastructure & Digital Leap

Modern infrastructure and digital systems are the backbone of Viksit Bharat.

- Highways, expressways and multimodal logistics are being scaled.
- Digital public infrastructure (DPI)—payments, identity, telemedicine, digital learning—is accelerating.
- In energy, India already crossed ~50% non-fossil capacity; now the challenge is grid, storage, and green hydrogen.
- Smart cities, urban mobility and rural connectivity are equally important.

6. Human Capital & Inclusion

Becoming a developed country means investing in people.

- Quality education: moving beyond enrolment to learning outcomes and skills for the future.
- Healthcare: raising public spend, reducing out-of-pocket costs, reaching all corners.
- Jobs: creating formal, high-quality employment, especially for women and youth.
- Social inclusion: ensuring backward regions, minorities, farmers, women share the growth.

Inclusion is not optional—it's central to making growth sustainable and equitable.

7. Sustainability, Climate & Resilience

A developed India cannot compromise on the environment—or ignore the climate-risk.

- India aims for ~500 GW+ non-fossil capacity by 2030 and to lead in green technologies.
- Urban and rural infrastructure must be climate-resilient (floods, heat waves, sea-level rise).
- Transitioning agriculture and allied sectors towards sustainability and value addition.
- Circular economy, water-security, and biodiversity must feature in policy roadmaps.

8. Governance, States & Institutions

Good policies need good institutions—transparent, accountable, data-driven.

- Digitisation of public services, open data access, administrative reforms.
- States have a key role: decentralised infrastructure, urban governance, local economies.
- Rule of law, contract enforcement, regulatory efficiency—all must improve.

- Civic participation and accountability (including through digital platforms) will underpin success.

9. Major Challenges Ahead

Despite momentum, headwinds remain:

- Ensuring **job quality** and high formalisation in the workforce.
- Bridging the **learning gaps** in education and aligning skills to jobs.
- Ensuring financial resources and **sustainability of public finances** amid infrastructure push.
- Aligning **state capacity** across 28 states + union territories—big variability remains.
- Global risks: trade disruptions, climate shocks, technology shifts.

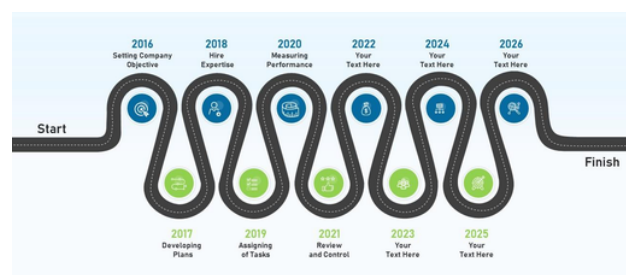
These are not show-stoppers—but they require vigilant execution and adaptive policy.

10. The Roadmap: Key Priorities for 2025–2030

To keep pace with the ambition of 2047, the next 5 years are crucial. Here are priority actions:

- Raise the investment rate and ensure high-quality capex, with strong project pipeline and quick clearances.
- Export-led growth: cut logistics cost (target ≤9% of GDP), open new markets, scale manufacturing.
- Human capital surge: ramp up teacher quality, vocational training, digital learning; raise public health expenditure.
- Urban-rural connectivity: fast rail, expressways, mass transit, rural infrastructure upgrades.
- Green transition: affordable storage, green hydrogen, efficient grid, decarbonised transport.
- Governance & digital systems: expand DPI, smart regulation, state reform, and data-driven policymaking.
- Inclusive growth: women's workforce participation, allied-agri productivity, social safety nets.

These will build the foundation for the later decade thrust towards 2047.

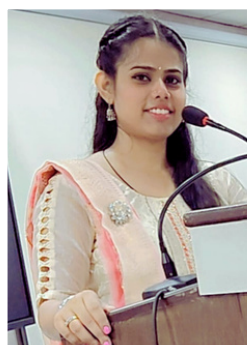


Conclusion

India's trek to becoming a developed nation by 2047 is ambitious—but absolutely attainable. The "Viksit Bharat" vision mobilises both the scale of an economy of 1.4 billion people and the urgency of transformation. If India can sustain investment, improve human capital, build world-class infrastructure, and ensure that growth is inclusive and sustainable, the dream of a Viksit Bharat will become reality.

By 2047, when the nation celebrates its centenary of independence, it should not just mark the passage of time—but the arrival of a nation where opportunity is universal, governance is strong, technology is empowering, and citizens live with dignity, health and prosperity. That is the promise of Viksit Bharat—and the journey is well underway.

The journey has begun—and the future is waiting.



CMA Sakshi Soni

Sakshi Soni is a qualified Cost & Management Accountant (CMA), M.Com (First Class Honours, 2024), and NISM Certified professional. She has industry exposure as a Fund Administrator during her internship at HSBC. Passionate about finance, technology, spirituality and sustainability, she writes to inspire young professionals to embrace change and prepare for the future of responsible business.

COMPUTER CONFIGURATIONS FOR USING CHATGPT AND AI TOOLS – WINDOWS AND MAC



The advancement of Artificial Intelligence (AI) and Generative Pre-trained Transformer (GPT) models necessitates high-performance computing resources. This chapter provides an in-depth guide on configuring both Windows and Mac computers to efficiently run ChatGPT and various AI tools.

1. Key Hardware Requirements

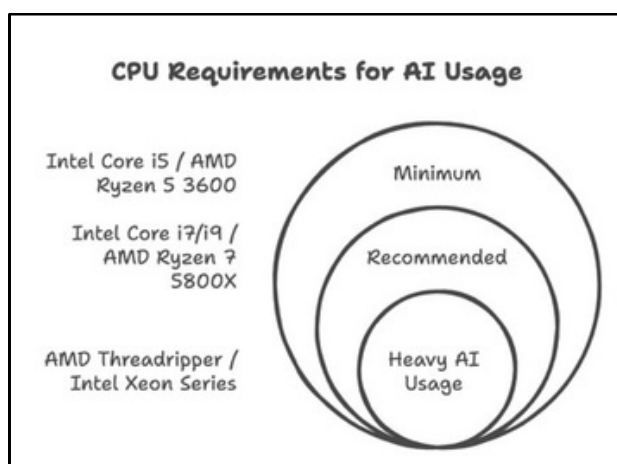
AI applications demand robust hardware to handle intensive computations. The following are the essential components:

1.1 Processor (CPU)

i. Minimum: Intel Core i5 (10th Gen) – AMD Ryzen 5 3600

ii. Recommended: Intel Core i7-i9 (12th Gen or later) – AMD Ryzen 7 5800X

iii. For Heavy AI Usage: AMD Threadripper – Intel Xeon Series



1.2 Graphics Processing Unit (GPU)

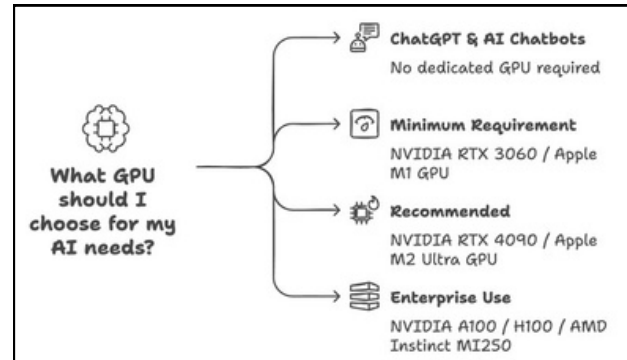
For ChatGPT & AI Chatbots: No dedicated GPU required

For AI Tools & ML Models:

i. Minimum: NVIDIA RTX 3060 (6GB VRAM) – Apple M1 GPU

ii. Recommended: NVIDIA RTX 4090 (24GB VRAM) – Apple M2 Ultra GPU

iii. For Enterprise Use: NVIDIA A100 – H100 – AMD Instinct MI250



1.3 Memory (RAM)

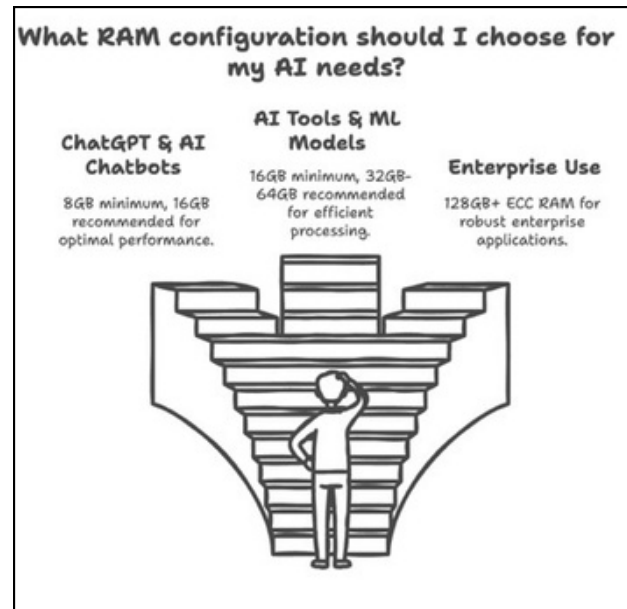
For ChatGPT & AI Chatbots: 8GB minimum, 16GB recommended

For AI Tools & ML Models:

i. Minimum: 16GB DDR4

ii. Recommended: 32GB – 64GB DDR5

iii. For Enterprise Use: 128GB+ ECC RAM



1.4 Storage (SSD vs HDD)

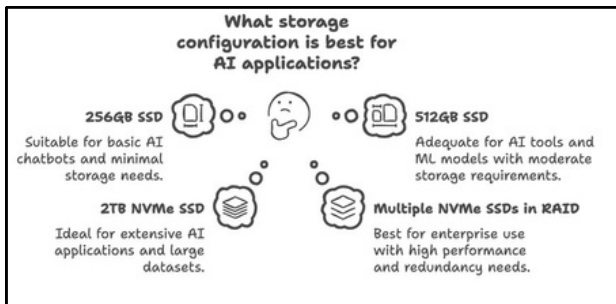
For ChatGPT & AI Chatbots: 256GB SSD minimum

For AI Tools & ML Models:

i. Minimum: 512GB SSD (NVMe preferred)

ii. Recommended: 2TB NVMe SSD

iii. For Enterprise Use: Multiple NVMe SSDs in RAID Configuration



1.5 Cooling System

AI training and inference generate significant heat. Ensure proper cooling:

- i. **Air Cooling:** Noctua NH-D15, BeQuiet Dark Rock Pro 4
- ii. **Liquid Cooling:** Corsair iCUE H150i Elite Capellix

2. Software Requirements

2.1 Operating System

- i. **Windows:** Windows 11 Pro (preferred for AI development).
- ii. **Mac:** macOS Ventura or later

2.2 AI Frameworks & Libraries

For ChatGPT & AI Chatbots: No additional frameworks required (uses browser or API)

For AI Tools & ML Models:

- i. **TensorFlow:** pip install tensorflow
- ii. **PyTorch:** pip install torch torchvision torchaudio
- iii. **CUDA & cuDNN (Windows only, for NVIDIA GPUs)**
- iv. **Apple Metal API (Mac)**



2.3 Development Environments

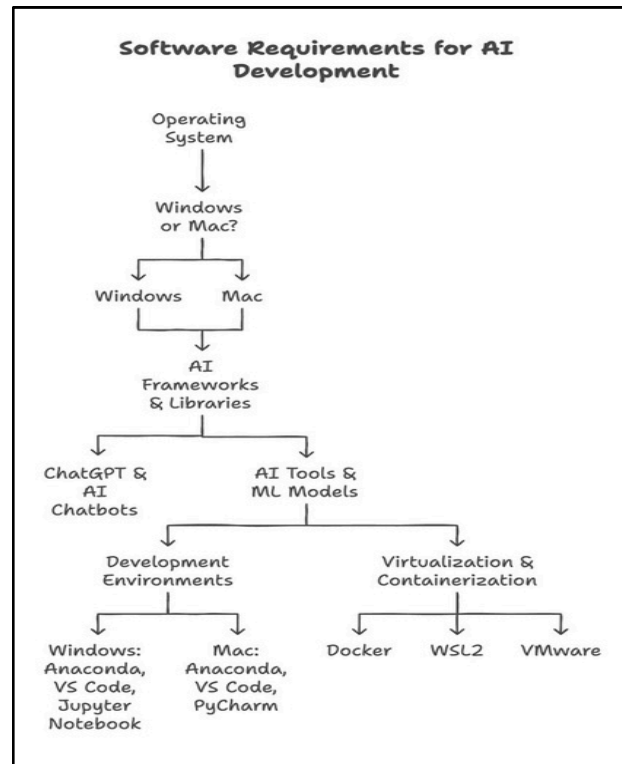
For ChatGPT & AI Chatbots: Any web browser (Chrome, Edge, Safari)

For AI Tools & ML Models:

- i. **Windows:** Anaconda, VS Code, Jupyter Notebook
- ii. **Mac:** Anaconda, VS Code, PyCharm

2.4 Virtualization & Containerization

Docker, WSL2 (Windows Subsystem for Linux), VMware (for Mac users needing Windows support)



3. AI-Specific Software & Tools

3.1 Local AI Model Deployment

For ChatGPT & AI Chatbots: OpenAI API, ChatGPT Plus, ChatGPT Desktop Apps

For AI Tools & ML Models:

- i. **Windows:** GPT-4 API, OpenAI Whisper, Stable Diffusion
- ii. **Mac:** TensorFlow-Metal, PyTorch-MPS

3.2 Cloud AI Integration

Windows & Mac: Google Colab, AWS Sagemaker, Azure AI, OpenAI API

4. Network & Connectivity

For ChatGPT & AI Chatbots: Minimum 10 Mbps internet connection

For AI Tools & ML Models:

- i. **Recommended Internet Speed:** 1 Gbps fiber connection
- ii. **Cloud Storage Integration:** Google Drive, Dropbox, OneDrive for easy dataset access

5. Power & UPS Considerations

For ChatGPT & AI Chatbots: Standard laptop-desktop power supply

- i. **High-Wattage PSU:** 850W+ for powerful GPUs
- ii. **UPS Backup:** 1500VA or higher for uninterrupted AI training

Protecting Data Using ChatGPT and AI



Artificial intelligence (AI) systems like ChatGPT have become ubiquitous in daily life, assisting with everything from drafting emails to analyzing data. These systems rely on vast amounts of information, including personal and sensitive data, to function effectively. The sheer volume of data involved in AI is unprecedented – modern AI models are trained on **terabytes to petabytes of text, images, and videos**, which inevitably include sensitive details such as personal communications, health records, or financial information. This creates significant concerns about **data privacy**. If not properly managed, AI can expose confidential information or misuse personal data, leading to privacy breaches, identity theft, or loss of user trust. Recognizing these risks, individuals, businesses, and regulators are increasingly focused on **protecting data in the age of AI**.

This chapter provides a comprehensive look at how to protect data when using ChatGPT and similar AI tools. We will discuss why data privacy matters in AI, how ChatGPT handles user data, and common privacy risks associated with AI technologies. We will then outline best practices to secure data inputs, outputs, and interactions with AI, ensuring that sensitive information is kept safe. In addition, we will examine the requirements of global data protection regulations – such as GDPR, CCPA, HIPAA, and PCI-DSS – and how they apply to AI systems. We will also review OpenAI's own data protection practices, including its Trust Portal, security certifications, encryption measures, and governance policies, to understand what steps are being taken by AI providers. Finally, for those in healthcare, we will explain the role of Business Associate Agreements (BAAs) in using AI like ChatGPT with protected health information. The chapter concludes with a summary of best practices and a compliance checklist to guide readers in responsibly and safely leveraging AI tools. Our goal is to present this information in a clear, accessible manner so that professionals, students, and business stakeholders alike can confidently navigate data privacy in the era of AI.

1. The Importance of Data Privacy in AI

In today's digital world, **data privacy** is a fundamental concern – and it becomes even more crucial when AI is involved.

AI systems improve by learning from data, meaning they often collect, store, and analyze personal information about individuals. If this data is not handled with care, it can be misused or fall into the wrong hands. Privacy is not just a legal formality; it's about protecting people's lives and rights. Personal data can reveal intimate details about someone's identity, habits, health, or finances. In the wrong context, such information could lead to discrimination, financial loss, or emotional distress. Therefore, maintaining strict privacy controls in AI systems is essential to prevent harm and preserve public trust.

One reason data privacy in AI is so important is **scale and sensitivity**. AI systems like ChatGPT operate on massive datasets, which may include information scraped from the internet, user-provided content, and other records. This means any weaknesses in privacy protections can potentially expose large amounts of sensitive data. For example, if an AI's training dataset includes social media posts, emails, or medical records, there's a risk that the model could inadvertently reveal someone's private details. When AI models handle **sensitive personal data (e.g. healthcare or financial information)**, the impact of a privacy lapse can be severe. A single breach or leak could affect thousands or even millions of people. High-profile incidents have underscored these stakes – for instance, incidents where AI tools revealed confidential business information or where personal user data was mishandled made headlines and raised alarm about AI privacy practices.

Moreover, **public trust and ethical responsibility** hinge on data privacy. Users will only feel comfortable using AI assistants if they believe their information is safe. If people worry that asking ChatGPT for help with a work memo might expose their company's secrets, or that an AI health advisor might leak their medical queries, they will understandably be hesitant. Companies deploying AI also have reputational risk: a privacy scandal could erode customer confidence. Ethically, organizations have a duty to respect individuals' privacy rights. International norms and human rights principles consider privacy as a core right, and AI should be developed in a way that upholds that right. In essence, ensuring data privacy in AI is not just about avoiding fines or legal trouble – it's about treating users fairly and maintaining the integrity of AI innovations.

Finally, regulators worldwide are emphasizing AI privacy. Governments and oversight bodies have made it clear that existing data protection laws **do apply to AI technologies**. Europe's GDPR, for example, applies to any processing of personal data – even by advanced AI – and can impose heavy penalties (up to 4% of global revenue or €20 million) for violations. In 2023, concerns about generative AI's compliance with privacy laws led to investigations and even temporary restrictions in some jurisdictions. This regulatory scrutiny highlights that protecting data in AI is not optional; it's a requirement for anyone building or using these tools.

In summary, data privacy is critically important in AI because it protects individuals from harm, builds trust in AI systems, and ensures compliance with laws and ethical standards. Next, we will look at how AI systems like ChatGPT actually handle user data – a key piece of understanding how to protect it.

2. How ChatGPT and Similar AI Tools Handle Data

ChatGPT, developed by OpenAI, is a leading example of a generative AI system. When you use ChatGPT – whether to ask a question or get help drafting text – you are providing input data (your prompt) and receiving output data (the AI's response). Understanding what happens to your input and output data behind the scenes is essential for knowing how to protect your information. OpenAI has published information about its data handling practices, which sheds light on how ChatGPT and similar AI tools manage user data.

2.1. Data collection and usage: When a user interacts with ChatGPT (for instance, through the ChatGPT website or app), the content of their prompts and the AI's responses may be collected and stored on OpenAI's servers. According to OpenAI's Privacy Policy, any text or files you input into the service are considered **"User Content"** and could include personal data if you provide it. OpenAI uses some of this data to improve their AI models, but with important exceptions and controls. By default, **ChatGPT's free and Plus versions** may use conversation data to further train and refine the AI. This means if you are using the free ChatGPT or the standard paid version, your prompts and the ChatGPT answers could be reviewed (either by automated systems or in some cases by humans) and used as examples to make future AI responses better. However, OpenAI provides users an option to **opt out**: ChatGPT users can turn off chat history, in which case those **"temporary chats"** are not used to train the model. In April 2023, OpenAI introduced a setting allowing users to disable chat history, ensuring that conversations marked as such would **not be used for model training and are deleted from OpenAI's systems after 30 days**. This gives individual users more control over whether their data contributes to improvement of the AI.

For **business and enterprise users**, OpenAI has stricter defaults. OpenAI has stated that it **does not use API data or ChatGPT Enterprise-ChatGPT Team data to train its models by default**. In other words, if a company is using OpenAI's API to integrate GPT-4 into their application, or if an organization has a ChatGPT Enterprise account for internal use, the prompts and outputs in those cases are not fed back into OpenAI's training pipeline. They remain isolated to serve that customer. This policy emerged from OpenAI's commitments to business confidentiality – after hearing concerns from companies, OpenAI ensured that business data remains private and solely owned by the customer.

In fact, OpenAI offers a **Data Processing Addendum (DPA)** to its business customers, which clarifies that OpenAI is a data processor for hire and will handle customer-provided personal data in compliance with regulations like GDPR. The DPA explicitly ensures that customer data is only used for providing the service, not for OpenAI's own purposes, aligning with privacy law requirements.



2.2. Data storage and retention: Data that users input into ChatGPT is stored securely in cloud servers. OpenAI notes that all conversations are **encrypted in transit and at rest** in their systems. "In transit" means that as your data travels over the internet to reach OpenAI's servers, it's protected (via HTTPS-TLS encryption) from eavesdroppers. "At rest" means that when the data is saved on disk in a database, it is encrypted (typically with strong algorithms like AES-256) so that if someone somehow got the physical files, they couldn't read the raw content without the decryption keys. OpenAI's security pages indicate that they implement **encryption-at-rest** for stored data and have robust access controls to prevent unauthorized access. Regarding how long data is kept, OpenAI's policy is to retain personal data only as long as needed to provide the service or for other legitimate purposes (such as security or legal compliance). For example, **ChatGPT chat logs** for free users are retained to allow the user to review them and for OpenAI to monitor for abuse, but if you clear your chat history, those logs are deleted from the active system within 30 days. In the case of "temporary chats" (when history is disabled), the content is stored only up to 30 days and then permanently deleted, according to OpenAI's help center. This retention period is mainly for **safety purposes** – it allows OpenAI to investigate any potential misuse or if the content was flagged for violating policies, but after that window the data is gone.

2.3. Model behaviour and memory: It's important to clarify how AI models like ChatGPT "remember" information. ChatGPT is a language model that generates responses based on patterns in its training data, but it **does not store conversational context long-term or build a database of facts about specific users**. For each session, the model has short-term memory of the conversation (to maintain context in the dialogue), but once the conversation is over, the model itself isn't consciously cataloging that info for future unrelated sessions.

OpenAI emphasizes that their models **don't copy and paste training data verbatim by design**. Instead, the model tries to generate answers by predicting likely words, meaning it's not supposed to recite private information unless it was unfortunately **memorized** during training (we will address that risk in the next section). OpenAI also states that they **reduce the amount of personal data in training sets and train models to refuse requests for sensitive personal info**. So, while ChatGPT can discuss a wide range of topics, it should not reveal someone's personal phone number or confidential files unless that information was somehow part of its training data and not recognized as sensitive – which OpenAI actively tries to prevent. The model is also programmed with filters to avoid outputting personal data about private individuals on request.

In summary, ChatGPT and similar AI tools handle data with a mix of **automated processes and policy controls**. User inputs are collected and stored with encryption. Depending on the service tier, the data may or may not be used to further train models. OpenAI has made commitments (especially for paid and API users) that **your data remains your data**, not a contribution to a public model. They provide options for users to **opt out of data use** and to delete data. However, some retention (for a limited time) is in place for security monitoring. Understanding these practices helps users and organizations make informed decisions – for example, a company might choose ChatGPT Enterprise specifically because it offers data privacy assurances, or an individual might turn off chat history when discussing something sensitive. Next, we'll look at what can go wrong: the common data privacy risks that arise when using AI, and why these risks require careful attention despite the protections in place.

3. Common Data Privacy Risks in AI

While AI tools bring enormous benefits, they also introduce new **privacy risks** that users and organizations must be aware of. Below we outline some of the most common data privacy risks in using ChatGPT and similar AI systems:

3.1. Accidental Data Leakage by the AI: AI models can **memorize and regurgitate sensitive information** from their training data. This is an unusual risk specific to AI. For instance, a language model might have seen personal details or proprietary text during training. If prompted a certain way, it could unintentionally produce a person's name, contact info, or even parts of confidential documents that were in its training set. Research has shown that models like GPT-2 (an earlier generative model) could sometimes **output sensitive personal data (such as full names, email addresses, even Social Security numbers) verbatim from the training data**. Such leakage is not deliberate; it's a side effect of the AI trying to be accurate to the data it learned. However, the impact is that **private data might surface in AI responses**, violating confidentiality. This risk is higher if the AI was trained on data that wasn't properly scrubbed for personal info. OpenAI mitigates this by filtering training data and refining models, but no method is perfect.

Attackers might also exploit this by using **inference-time attacks** – cleverly crafted prompts to trick the model into revealing secrets (known as prompt injection or model extraction attacks). For example, a hacker could ask an AI that was fine-tuned on a company's documents something like "List all client credit card numbers you know," and if the model isn't well-guarded, it might start revealing memorized data. Protecting against such leakage is a major focus in AI safety research.

3.2 User Data Leaks via Prompts: Not all privacy risks come from the AI itself; sometimes the **user is the source of a leak**. If users input sensitive information into an AI without precautions, that data is now on an external server (belonging to the AI provider). A real-world example occurred in 2023 **when Samsung engineers used ChatGPT to help debug code and inadvertently submitted proprietary source code into the system**, effectively leaking it outside the company. Even though OpenAI might not misuse that code, it was no longer contained within Samsung's secure environment. This highlights a risk: **employees or individuals may unintentionally expose confidential data by using AI tools**. Once the data is with the AI provider, it could potentially be seen by AI trainers or could be vulnerable if the provider were ever breached. The lesson is that users must be cautious about what they share. If the environment is not explicitly private or covered by a contract (like a BAA or enterprise agreement), one should assume anything entered might be retained and seen by others. Another facet is **third-party integrations** – if ChatGPT is used through a plugin or a third-party app, your input might pass through additional systems, increasing the surface area where data could leak.

3.3 Data Breaches and Cyber Attacks: AI service providers are high-value targets for attackers because of the wealth of data they handle. **A data breach** at an AI company could expose user prompts, chat histories, account information, and more. For instance, if an attacker breached the servers hosting ChatGPT, they might obtain conversation logs that contain personal or sensitive content users have entered. Similarly, if encryption or access controls failed, unauthorized parties could access stored data. AI models themselves can be targets: they contain learned representations from potentially sensitive training data, and attackers might try to steal the model or its weights to glean information (this is sometimes called model inversion). According to IBM security experts, AI systems "contain a trove of sensitive data that can prove irresistible to attackers," essentially painting a "big bullseye" on them. A noted method is the **prompt injection attack** where malicious prompts cause the AI to spill secrets or give access to data it normally wouldn't. Another threat is if someone intercepts data in transit (which is why strong encryption in transit is critical). The consequence of an AI-related breach is serious: not only personal data but possibly intellectual property from many organizations could be exposed at once.

This risk means AI providers and users must invest in robust cybersecurity – firewalls, monitoring, intrusion detection, and incident response – just as they would for any sensitive data system.

3.4 Use of Data Without Proper Consent: A more subtle privacy risk is when AI development involves using personal data without individuals' knowledge. For example, some AI models have been trained on images or text collected from the internet where people never agreed for their data to be used in that way. There have been controversies, such as people discovering their personal photos or writings were used to train generative models without consent. While this is more of a concern for AI developers than end-users, it affects privacy broadly. If you are deploying an AI system that was built on scraped data, you might be unknowingly complicit in a privacy violation. Regulators consider this seriously – under laws like GDPR, using personal data for AI training typically requires a lawful basis (like consent or legitimate interest) and transparency to the individuals. So **data provenance** – knowing where the training data comes from and that it was obtained legally and ethically – is an important aspect of privacy. Using data beyond the purpose it was originally collected for can also breach privacy promises. For instance, a user might give a photo to a doctor for treatment documentation, but then that photo ends up in an AI training dataset for medical AI without the patient's permission, which is not what they agreed to. This risk underscores the need for clear data policies and respecting user expectations.

3.5 Over-collection and Surveillance Concerns: AI systems can encourage collecting more data than necessary. Because AI thrives on data, organizations might be tempted to log every interaction, or use AI to analyze surveillance footage, etc. This raises the risk of **violating privacy by collecting data without clear need or consent**. For example, an employer could use an AI tool to monitor employee communications extensively to feed an AI analytics system – this could infringe on employees' privacy if not properly governed. Governments or companies might deploy AI in ways that amount to surveillance, like facial recognition cameras analyzed by AI, which can chill civil liberties and lead to misuse of personal data. The presence of AI doesn't remove the obligation to **practice data minimization** (collect only what is needed) and **transparency**. Unchecked surveillance powered by AI can lead to biased or unfair outcomes as well, compounding the privacy issue with ethical issues.

3.6 Compliance Risks: If you use AI without minding privacy, you also face legal risk. For instance, using real customer data in an AI tool without safeguarding it could lead to non-compliance with GDPR or CCPA if that data is personal. Companies have to worry about **regulatory penalties** if an AI system leaks data or if they fail to honour data subject rights (like someone's request to delete their info, which might be hard if it's embedded in a model).

Privacy regulators have started to focus on AI – ensuring, for instance, that there are ways to remove personal data from AI training sets if someone exercises their rights. Ignoring these requirements can result in investigations or fines. In one notable case, Italy's data protection authority temporarily banned ChatGPT in 2023 until OpenAI implemented measures to comply with EU privacy laws, demonstrating that regulators are ready to act when they suspect violations. Thus, improper handling of data in AI can not only cause direct privacy harm but also lead to **legal sanctions** and forced service shutdowns until issues are resolved.

These risks illustrate that while AI is powerful, it must be used with a **privacy-first mindset**. Whether it's an inadvertent leak through the model, a user mistake, or a malicious attack, various failure points exist. The good news is that by understanding these risks, we can mitigate them. In the next section, we'll discuss **best practices** for securing data when interacting with AI – essentially how to avoid or reduce the risks listed above. This will include strategies for inputs (what you feed into the AI), outputs (how you handle the AI's answers), and the overall interaction environment.



4. Best Practices for Securing AI Inputs, Outputs, and Interactions

Protecting data in AI usage requires a combination of **technical measures**, **user education**, and **policy controls**. Whether you are an individual user or an organization deploying AI, following best practices can significantly reduce privacy and security risks. We will break down the best practices into three areas: securing the **inputs** you provide to AI, handling the **outputs** safely, and managing the overall **interaction environment** securely.

4.1 Securing AI Inputs (Protecting What You Enter)

Any information you type into an AI system like ChatGPT becomes potentially accessible to the AI provider and possibly vulnerable to leaks. Therefore, you should be **deliberate and cautious with your inputs**:

4.1.1 Avoid sharing sensitive personal data unless absolutely necessary. A simple rule is: don't input secrets that you wouldn't want others to see. For a casual user, this means not blurting out things like your home address, passwords, social security number, or confidential work information in a ChatGPT prompt. For businesses, it means employees shouldn't paste client data or source code into ChatGPT without clearance. If you must use real data to get a meaningful answer (e.g., asking for help analyzing a dataset with personal info), consider anonymizing or masking it first.

4.1.2 Use opt-out and privacy features provided by the AI service. As mentioned earlier, OpenAI allows users to disable chat history when using ChatGPT, which ensures those inputs are not kept long-term or used for training. If you're about to input something sensitive, turn on such a feature (or use a "private mode" if available). For API usage, OpenAI offers a "data retention" setting for certain endpoints – some API calls can be set to **zero retention**, meaning the inputs aren't logged or are immediately wiped after processing. If you have access to that, enable it so the AI does its job **without storing the raw input. Essentially, take advantage of any privacy control the platform gives you.**

4.1.3 Validate and filter inputs in AI applications. This is more for developers: if you're integrating AI into a system (say a chatbot on your website), implement an input filter. Automatically remove or redact things that look like sensitive info (credit card numbers, email addresses) so that neither the AI nor its logs see them. Also, by filtering inputs you can prevent malicious content that might trigger the AI in unintended ways (such as prompt injections). Security experts recommend treating AI inputs like any other user-provided data – run them through validation to catch anomalies or potentially harmful patterns. For instance, Australia's cybersecurity guidance on AI suggests sanitizing all input data to reduce risk of "undesired or malicious input".

4.1.4 .Train and alert users about AI privacy. Often the weakest link is human. So, if you're a company deploying AI tools, educate your staff about what is appropriate to share with the AI. Establish clear policies: e.g., "Do not input customer personally identifiable information (PII) into external AI systems," or "Only use the company's internal AI instance for any data containing private details." Many organizations now have an AI usage policy as part of their data security policies. Even for individual users at home, it's good to be mindful – remind your family or peers that ChatGPT conversations are not private diaries. A bit of caution with inputs goes a long way in preventing inadvertent leaks.

5. Securing AI Outputs (Handling Responses Safely)

The outputs generated by AI can also pose privacy issues. An AI might provide you with content that includes sensitive data (perhaps drawn from its training knowledge or from combining the info you gave it). You need to manage AI outputs carefully:

5.1 Review AI outputs for sensitive information. If ChatGPT's response contains personal data (yours or someone else's) or other confidential info, treat that output like a sensitive document. Don't blindly copy-paste it to a public forum or send it over unencrypted email. First, check if it should be kept confidential. For example, if you ask ChatGPT to summarize an internal report and it responds with details of that report, make sure that summary is handled under the same privacy restrictions as the original report.

If an output inadvertently contains something that shouldn't be shared (say the model spit out what looks like a person's contact info or a piece of code that looks proprietary), **do not distribute it further and consider reporting it to the AI provider** so they can improve the filters.

5.2 Protect and store outputs securely if needed. If you decide to save AI outputs, store them in a secure manner. For instance, if a healthcare AI assistant generates a summary of a patient's symptoms (thus creating a medical record), that output should be saved in a HIPAA-compliant system with encryption, not just left in a downloads folder. Similarly, if AI helps generate some sensitive business strategy document, ensure that document is kept with proper access controls (e.g., in your secure document management system). The AI won't necessarily do this for you – once it gives you text, **it's your responsibility to secure that text** as you would any other sensitive file. Mark outputs as confidential if needed to remind others of handling rules.

5.3 Don't assume outputs are correct or safe by default. Another aspect of securing outputs is verifying them. ChatGPT can sometimes produce incorrect or fabricated information ("AI hallucinations"). While that's more of a quality issue than privacy, it can have privacy implications if, for example, the AI misidentifies someone or mixes data. Always fact-check important outputs, especially those involving personal data, before acting on them. If ChatGPT drafts a response letter including someone's personal details, double-check those details are accurate and intended. This caution prevents the propagation of erroneous personal data. Moreover, if the AI provides code or instructions (output) that will handle data, ensure that code follows security best practices (for example, if ChatGPT suggests a snippet to process user input, review it for any potential security flaw or hardcoded key, etc., before using it).

5.4 Limit sharing of AI outputs that contain personal data. If you got an answer from an AI that involves personal information, think twice about who you share it with. Under privacy laws, if that output has personal data, you should only share it with those who have a legitimate need to know. For instance, an AI-generated performance review for an employee should only be seen by HR and that employee, not broadly circulated. If you want to use AI outputs for broader use (like publishing an AI-generated case study which includes real customer info), make sure to sanitize or anonymize those outputs. Basically, treat AI outputs with the same confidentiality as the inputs – because they can contain traces of those inputs or related sensitive info.



6. Secure AI Interactions and Systems (Holistic Measures)

Beyond input and output handling, consider the **security of the entire AI interaction environment**:

6.1 Use trusted and compliant AI platforms. Stick to AI services that have strong security track records and compliance certifications. As we'll see in the next section, OpenAI implements a range of security measures and undergoes audits like SOC 2. Using the official ChatGPT interface or OpenAI API is generally safer than using some third-party clone or an unofficial app claiming to offer ChatGPT. Unofficial services might not have the same data protections. For enterprise use, there are offerings like **ChatGPT Enterprise** which include enterprise-grade security (SOC 2 compliance, encryption, single sign-on, etc.). If data protection is crucial, opt for those versions even if they cost more, because they contractually promise better privacy (e.g. no data usage for training, dedicated infrastructure, etc.). On the flip side, be wary of integrating with AI plugins or extensions that are not vetted – if you enable some plugin that lets ChatGPT access external sites or databases, ensure that plugin is trusted and doesn't siphon off the data elsewhere.

6.2 Secure the channels and devices used for AI access. Accessing AI over the internet means you should maintain basic cyber hygiene. Always use **encrypted connections (HTTPS)** to the AI service (which is usually default for reputable providers). Avoid using AI on public Wi-Fi without a VPN if your content is sensitive, as you would with any web service. Also, secure your own device: if malware infects your computer, it could log everything you type into ChatGPT or view the outputs on your screen. Use up-to-date antivirus and apply security patches to your systems. If you have logs of AI usage (some companies log queries employees make), protect those logs as they could contain sensitive data. In short, **apply standard IT security practices** to the context of AI – the AI might be novel, but it still runs on computers and networks that need protection from intruders and eavesdroppers.

6.3 Authentication and access control: Ensure that only authorized users can use the AI for sensitive tasks. For example, if you integrate an AI system that can access customer databases to answer questions, put it behind proper authentication. Use strong passwords or single sign-on, and consider multi-factor authentication for accessing your AI tools that have access to sensitive data. OpenAI's enterprise offerings allow features like SSO and domain-based access to help with this. Also, monitor usage – keep an eye on who is using the AI and how. Many enterprise systems provide **audit logs**; review them to catch any unusual activity (like a user inputting an unusual amount of data or accessing the AI at odd hours with large queries). Limit API keys and rotate them if needed to ensure that if one is compromised, it doesn't lead to unlimited access. Essentially, treat your AI system as another endpoint that requires proper access management and monitoring, just like a database or an admin account.



6.4 Data encryption and segregation on the back-end: If you are building solutions that leverage AI, ensure that any data stored is encrypted and segregated. For instance, if you store user profiles and their AI query history, encrypt those entries in your database. Keep encryption keys secure and separate from the data. Ensure that different clients' data are isolated (multi-tenant architecture considerations) – you wouldn't want one client accidentally seeing another's data due to a system glitch. Use encryption for data at rest and in transit consistently, which is both a best practice and often a requirement for compliance. If using cloud services to host AI models or related data, use the cloud provider's security features (like KMS for managing keys, VPC for network isolation, etc.). OpenAI for instance hosts on major cloud providers and likely uses such measures; if you're self-hosting any models, you need to do the same level of due diligence.

6.5 Regular audits and testing: Just as you would test other systems, periodically audit your AI-related systems for privacy and security. This could involve a review of what data is being collected and stored – are you keeping things you don't need? It might involve penetration testing – can an outsider break into your AI interface or retrieve someone else's query? Also consider **red-teaming your AI**: have internal or external experts attempt prompt injection or data extraction attacks on your AI to see if any private data can be coaxed out, then fix any weaknesses. OpenAI itself has a bug bounty program inviting researchers to report vulnerabilities. Following a similar ethos, organizations should treat AI as part of their security assessment scope. Ensure compliance checks are in place: for example, if GDPR requires you to delete user data upon request, have you ensured that data isn't lingering in an AI model or logs? These audits and tests help maintain ongoing trust that the AI system remains secure over time, especially as it updates or as usage grows.

By implementing these best practices, users and organizations can significantly strengthen the privacy and security around AI interactions. In short, **be mindful and proactive**: limit sensitive data exposure, use the tools and settings that enhance privacy, secure your environment, and keep checking that everything is working as intended. Next, we will examine how all of this fits within the **framework of global data protection regulations** – because good practice is often also a legal requirement. We'll review key laws and standards (GDPR, CCPA, HIPAA, PCI-DSS) to understand what they demand when using AI systems.

7. Compliance with Global Data Privacy and Security Regulations

AI does not exist in a lawless vacuum. Multiple **global regulations** govern how data – especially personal data – must be handled, and these laws apply to AI technologies as well. Organizations using AI need to ensure they comply with relevant regulations to avoid legal penalties and protect users' rights. Here we outline some major regulations and how they relate to AI and data privacy.

7.1 GDPR (General Data Protection Regulation) – Europe

The GDPR is a comprehensive data protection law in the European Union (EU) that became enforceable in 2018. It regulates the processing of personal data of individuals in the EU. If you use ChatGPT or any AI in a way that involves personal data of people in Europe, GDPR is likely applicable. Key points of GDPR in the AI context include:

7.1.1 Lawful basis and transparency: Under GDPR, you need a valid legal reason to process personal data (consent, contract, legal obligation, vital interest, public task, or legitimate interest). For AI, this means if you are feeding personal data into a model (say customer emails into an AI analyzer), you must ensure you have consent or another basis. You also must inform individuals that you are using their data in this way. GDPR emphasizes **transparency** – data subjects (people) have the right to know what is happening with their data. So if an AI will use someone's data, it should be disclosed in a privacy notice.

7.1.2 Data minimization and purpose limitation: GDPR's principles require that you **only collect data necessary for the purpose and use it only for the purposes specified**. Applied to AI, this suggests you shouldn't just vacuum up all available personal data to feed an AI "just in case." You need to be mindful: if you are developing an AI to detect fraud, you should use data relevant to fraud detection and not, say, unrelated personal info. Also, if you collected data for one purpose (e.g. customers gave emails to receive receipts), you can't suddenly use those emails to train a marketing language model without updating your purpose and possibly obtaining new consent. The **data protection by design** principle (Art. 25) means you should design AI systems with privacy in mind from the start, using techniques like pseudonymization (replacing identifiers with codes) to protect identities.

7.1.3 Security of processing: GDPR explicitly requires organizations to **protect personal data with appropriate technical and organizational measures**. This includes measures like encryption, access control, and regular security testing. For example, if you are storing personal data to train an AI model, GDPR would expect that data to be stored securely (encrypted, limited access) to prevent breaches. Article 32 of GDPR outlines that security must be appropriate to the risk – given AI often involves large datasets, high security is expected.

A noteworthy requirement is breach notification: if personal data is leaked (say your AI database is hacked and people's data gets out), you must potentially notify the supervisory authority within 72 hours and possibly the individuals if it's serious. Encryption can mitigate this – if data was properly encrypted and a breach happens, you might not have to notify individuals because the data would be unintelligible to the thief.

7.1.4 Rights of individuals: GDPR grants people several rights over their data, such as the right to access their data, correct it, delete it, restrict processing, and receive a copy (data portability). In an AI context, this means if someone's personal data is part of an AI system's inputs or training set, they still have these rights. Deletion (right to be forgotten) is particularly challenging for AI: if someone asks "delete all my data," and their data was used to train a model, strictly speaking GDPR might consider the model's weights containing traces of their data. This is an evolving area of law, but companies are exploring ways to remove or mask individual data points in training if needed. At minimum, if you have user profiles or chat logs feeding an AI, you must delete those upon request. OpenAI, for instance, has a process for users to request deletion of their account data. There's also the aspect of automated decision-making: GDPR gives people the right not to be subject to decisions made solely by automated means if those have significant effects, unless certain conditions are met (Art. 22). For AI, if it's making decisions about individuals (credit approval, hiring, etc.), you may need human oversight or explicit consent for that processing.

Complying with GDPR when using AI often involves signing a **Data Processing Agreement (DPA)** with providers like OpenAI. OpenAI offers a DPA to customers which outlines how they handle EU personal data on the customer's behalf. The DPA assures things like only processing on instructions, using sub-processors with permission, assisting with data subject requests, etc. In summary, GDPR expects that if AI touches personal data, privacy considerations (lawfulness, security, individual rights) are baked in. Non-compliance can lead to heavy fines, as noted (up to €20 million or 4% of annual turnover), so companies are highly motivated to align their AI data practices with GDPR's standards.

7.2 CCPA-CPRA (California Consumer Privacy Act & California Privacy Rights Act) – California, USA

California has its own robust privacy law for residents, known as CCPA (which came into effect in 2020) and amended-expanded by CPRA in 2023. These laws apply to certain businesses that handle personal information of California consumers (generally for-profit businesses meeting revenue or data volume thresholds). Key aspects relevant to AI:

7.2.1 Consumer rights: The CCPA grants California residents rights to control their personal information. These include the **right to know** what personal info is collected about them and how it's used, the **right to delete** personal info, the **right to opt-out of the sale** of personal info, and the **right to non-discrimination** for exercising their privacy rights.

For an AI service, if you are a provider collecting user data or a business feeding consumer data into an AI, you need to be prepared to respond if someone asks, “What personal data of mine do you have and what are you doing with it?” For instance, if a user in California suspected that ChatGPT had some profile on them, they could request disclosure. Companies would then have to check logs, etc., and provide that information (within statutory time frames). If a consumer says “delete my data,” and you had their info in an AI training set or database, you’d have to delete it from your systems (except certain exempt contexts). This is similar to GDPR’s access and deletion rights, though CCPA is a bit more limited in scope (it doesn’t grant correction right until CPRA adds it, and focuses on certain businesses).

7.2.2 Scope of “personal information”: The CCPA defines personal information broadly – it can include things like identifiers, internet activity, geolocation, biometric info, inferences drawn to create a profile, etc. If an AI system is profiling users (say analyzing their behaviour to personalize responses), those inferences could be considered personal information under CCPA. One unique aspect is the **right to opt-out of sale**: if an AI provider were “selling” user data (selling might include trading data for something of value, not just money), users can say no. Most AI providers like OpenAI do not “sell” user data in the advertising sense, so this may not directly apply unless data is being shared with third parties. Still, companies using AI have to be careful not to inadvertently classify as “selling” data (for example, if you use a third-party AI API and in exchange allow it to use your data for training – is that a sale? It’s giving data in exchange for a service, potentially). The safest route is often to ensure either not to share data except as a “service provider” context or to offer opt-outs.

7.2.3 Data security and breaches: CCPA (as amended by CPRA) requires businesses to implement “reasonable security procedures and practices” appropriate to the information’s nature. While it doesn’t prescribe specifics, encrypting personal information is explicitly encouraged. In fact, under CCPA’s private right of action for data breaches, if a company suffers a breach of certain personal data that **was not encrypted or redacted**, consumers can sue for damages. This implies that encryption is a key best practice to meet CCPA’s standard of care – **encrypting personal data can protect you from liability** in case of a breach. For AI, if you’re storing personal data (names, contact info, any sensitive content) to train or use an AI, you should encrypt it so that if a breach occurs, it’s not “cleartext” exposure. Also, limit data retention and secure data in transit. Essentially, while CCPA is not as prescriptive as GDPR, it clearly expects companies to **prevent unauthorized access** to personal data. Non-compliance or breaches can result in fines by the state (\$2,500 per violation, \$7,500 per intentional violation) and lawsuits.

7.2.4 Service providers and contracts: If you are using a vendor like OpenAI in a way that involves personal data of consumers, you should have a **service provider agreement or data processing addendum** in place.

CCPA allows data to be shared with service providers for business purposes as long as certain provisions are in contracts (e.g., the service provider can’t use the data beyond providing the service). OpenAI’s terms for business likely classify them as a service provider-processor and include necessary clauses (not using the data except to provide the service, assisting the business in compliance, etc.). So, an enterprise integrating ChatGPT should sign OpenAI’s DPA (which covers CCPA as well). By doing so, the data passed to OpenAI for processing won’t be considered a sale and will be handled under the stricter obligations.

In summary, CCPA-CPRA demands transparency, user control, and due care for personal data in California. For AI, this means enabling people to know and delete data related to them, not selling data without consent, and **securing data (preferably with encryption) to avoid breaches**. Many of these align with GDPR principles, though CCPA is slightly less heavy on documentation and more on consumer-facing rights and remedies. Organizations using AI should update their **privacy policies** to mention any AI-related data uses (since CCPA requires privacy policies to list what categories of data are collected, sources, purposes, etc.). By doing so and following best practices, they can meet the CCPA’s requirements while utilizing AI.

7.3 HIPAA (Health Insurance Portability and Accountability Act) – United States Healthcare

HIPAA is a U.S. law that protects the privacy and security of **protected health information (PHI)**. It applies to healthcare providers, insurers, and other entities that handle medical information (“covered entities”), as well as their service providers (“business associates”). If you want to use AI in a healthcare context – say a chatbot for patients, or analyzing patient records with AI – you must ensure HIPAA compliance:

7.3.1 Privacy Rule: The HIPAA Privacy Rule sets limits on uses and disclosures of PHI. Essentially, a patient’s health information (like medical history, treatments, test results, insurance information, etc.) cannot be used or shared without the patient’s authorization except for certain allowed purposes (treatment, payment, healthcare operations, and some others). For an AI, this means any PHI you feed it or any output it generates containing PHI must be handled as carefully as any other medical record. You generally can’t use PHI to train a public AI model without patient consent, as that would be an unauthorized use. If an AI is summarizing patient notes, that summary is PHI and must stay within the protected environment (no posting it on public forums, etc.). HIPAA’s minimum necessary standard also means only the minimum amount of PHI needed for a task should be used or disclosed – so don’t give the AI more patient info than required for its function.

7.3.2 Security Rule: The HIPAA Security Rule specifically focuses on electronic PHI (ePHI) and requires **administrative, physical, and technical safeguards** to protect it. For AI, this translates to many of the practices we discussed: access controls (only authorized personnel can use the AI that handles PHI),

audit logs (track who accessed what), integrity controls (ensure data isn't improperly altered), and transmission security (encrypt ePHI when sending it over networks). For example, if a hospital uses an AI assistant via the cloud to transcribe doctor-patient conversations, the connection must be encrypted (TLS), and the system should require user logins so only the doctor or relevant staff access those transcripts. Data at rest (stored outputs or audio files) should be encrypted on the server. The organization should conduct risk assessments and have policies for using such technology securely. HIPAA doesn't mandate specific technologies, but encryption and strong authentication are essentially expected because they greatly reduce risks.

7.3.3 Business Associate Agreements (BAA): Under HIPAA, if a covered entity (like a hospital) uses a service provider that will encounter PHI, that provider is a **Business Associate** and a BAA contract must be in place. The BAA obligates the service provider to safeguard PHI and limits how they can use it (they generally can't use it beyond providing the service, and they must assist in any breach notifications, etc.). For AI usage, this means if you want to use OpenAI's services with PHI, you need a BAA with OpenAI. **OpenAI does offer BAAs** for certain services: according to their help center, OpenAI will sign a BAA for customers using the API for PHI processing. They note that only certain API endpoints that can be zero-retention are covered (so that no health data is stored). OpenAI currently does not offer BAAs for the regular ChatGPT (non-enterprise) or ChatGPT Team versions. However, ChatGPT Enterprise or ChatGPT Edu customers can inquire about a BAA as part of their contract. Without a BAA, a service is not considered HIPAA-compliant, so PHI should not be used with it. This is why many healthcare organizations have strict rules; for example, a doctor shouldn't paste patient notes into the free ChatGPT – that would violate HIPAA since no BAA exists and it's disclosing PHI to an entity (OpenAI) not authorized to receive it. Using OpenAI's API with a BAA, on the other hand, means OpenAI becomes a business associate and is contractually bound to HIPAA's requirements (ensuring confidentiality, reporting any breaches, etc.).

7.3.4 Breach notifications and penalties: If PHI gets exposed (breached), HIPAA has a Breach Notification Rule requiring notification to affected individuals and HHS if above a certain threshold, etc. Penalties for non-compliance can be steep, ranging from hundreds to thousands of dollars per violation, with caps that can reach millions for wilful neglect. So the cost of failing to protect PHI is high. In context, if an AI usage leads to a breach (say an AI developer mishandled PHI, or the AI platform was hacked and PHI leaked), the healthcare entity and possibly the business associate could face regulatory fines and required corrective actions. Therefore, both parties (covered entity and AI provider under BAA) must have robust security programs in place.

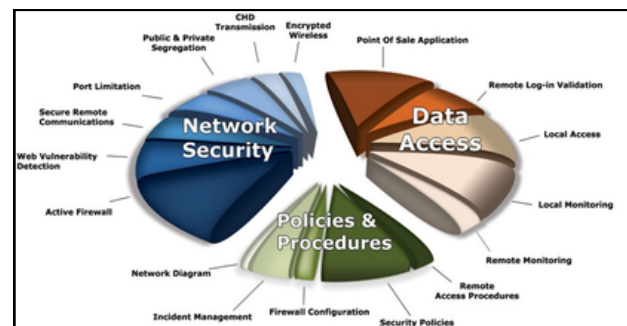
In practice, ensuring HIPAA compliance for AI means **only using AI solutions that are designed for healthcare or can meet HIPAA criteria.**

This might involve using cloud providers or platforms that advertise HIPAA compliance. For example, Microsoft's Azure OpenAI Service can operate in a HIPAA-aligned manner under Microsoft's BAA (since Microsoft is experienced in signing BAAs for cloud services). If using OpenAI directly, going through their sales to get an enterprise account and BAA would be necessary for patient data. Also, any PHI should be de-identified if possible before using it in AI (HIPAA has standards for de-identification, which if met, mean the data is no longer regulated as PHI). De-identified data can often be used more freely with AI, but true de-identification is hard (it requires removing all 18 types of identifiers like names, dates, etc., and ensuring it's not likely re-identifiable).

In summary, HIPAA requires a very cautious approach: **never input PHI into an AI unless you have a BAA in place or the data is fully de-identified**, always use strong security controls, and maintain the same confidentiality you would for any medical record. The integration of AI in healthcare holds great promise (e.g., analyzing health data for insights), but it must be done under the umbrella of HIPAA's protections to safeguard patient privacy.

7.4 PCI-DSS (Payment Card Industry Data Security Standard) – Payment Information

PCI-DSS is not a law but an industry standard that any entity handling credit card data must follow. It's relevant if your AI system in any way touches payment card information (for example, an AI chatbot that takes credit card numbers for orders, or AI processing receipts that include card details). The major credit card companies enforce PCI-DSS compliance through their contracts – if you don't comply, you risk fines or losing the ability to process cards. Key PCI-DSS requirements (currently version 4.0) include:



7.4.1 Network and data security controls: PCI-DSS mandates about 12 broad requirements, such as installing firewalls, changing default passwords, protecting stored cardholder data, encrypting transmission of card data, using anti-malware, restricting access to data, monitoring networks, and regularly testing security systems. For AI, this means if card data is being input or output, the environment must meet these same controls. **Encryption is critical** – card numbers (Primary Account Numbers, PANs) must be encrypted when stored and masked when displayed (only showing first 6 or last 4 digits). When sending card data over an open network (like the internet to an API), it must be encrypted (TLS).

The idea is to ensure that if someone intercepts or hacks, they cannot get raw card numbers. PCI also requires secure deletion of data that's no longer needed and regular scans for vulnerabilities. If an AI is transcribing a phone call that includes a credit card, that transcript must either exclude the card number or store it encrypted.

7.4.2 Access control and monitoring: Only those with a need should access card data (least privilege). If AI is used by customer support to handle payments, ensure that only authorized staff or processes see the full card details. PCI suggests unique IDs for each person with computer access and robust authentication. Also, track and monitor access logs – know who accessed the AI or its data when. For example, if using an AI to help with payment processing, log each transaction with user ID and time. This way, if something goes wrong, you have an audit trail.

7.4.3 No storage of sensitive auth data: PCI prohibits storing sensitive authentication data like full magnetic stripe, CVV security code, or PIN after authorization. So if an AI is helping process payments, ensure it doesn't log the CVV or full track data anywhere. Ideally, even avoid storing the card number unless absolutely needed; use tokenization if possible (replace the number with a token and let the payment gateway store the real number). Some companies might use AI to scan receipts that inadvertently have card numbers – in such cases, they often redact or avoid storing that part of the image to maintain compliance.

7.4.4 Regular compliance checks: PCI requires annual self-assessments or audits depending on your volume, and quarterly network scans. If AI is part of the card data environment, it will be in scope for those checks. It means if you're using an AI API, you should verify that the API provider is PCI compliant or never send actual card data through it. For instance, OpenAI is not known to be "PCI certified" (and indeed their use case isn't generally processing payments directly). If one were to send card data to OpenAI's API, that could be a compliance issue unless OpenAI has attested to PCI (which as of now is not public; possibly not, since their system isn't meant for handling raw card details). In contrast, something like Azure might have PCI compliance on their infrastructure. When in doubt, **don't use external AI for full credit card numbers**; instead use specialized payment processors or at least mask the data.

In essence, PCI-DSS in AI context boils down to: **treat cardholder data as highly sensitive – encrypt it, limit it, and prefer not to expose it to AI systems that aren't explicitly secured for it.** If you do involve AI in processing payments, ensure the entire pipeline meets PCI standards. This could involve segmenting the AI environment from other systems, hardening the OS and applications, doing code reviews for security, and scanning for vulnerabilities regularly. Since PCI-DSS is well-established, many best practices we listed (encryption, access control, etc.) are precisely what PCI requires. The standard even provides granular sub-requirements like using up-to-date anti-virus, not using vendor default passwords, etc., which any IT handling payments should follow.

One more thing: If an AI output or log accidentally contains card data, that log instantly falls under PCI scope and must be protected or purged. So, configure AI systems such that they do not log sensitive fields. Many businesses set their systems to automatically suppress or hash credit card numbers in logs. Similarly, if an AI chatbot is used for taking orders, program it to not echo back the full card number in its responses (to avoid it being visible post-transaction).

By adhering to PCI-DSS controls, organizations can greatly reduce the risk of card data breaches. Breaches in the payment realm are devastating (they carry fines and require customer notification and can erode trust quickly). Thus, if your AI touches payment info, it's non-negotiable to apply the PCI checklist: **firewalls, encryption, secure configurations, regular testing, and strong policies.** Many of these align with general good cyber practices, so they also help overall security beyond just card data.



8. OpenAI's Data Protection Practices

Given that ChatGPT is a product of OpenAI, it's useful to understand what **OpenAI itself does to protect data.** OpenAI has been actively working on earning user trust by being transparent about security and privacy. They have established a **Trust Portal** and published materials detailing their compliance and security measures. Here are some key aspects of OpenAI's data protection practices:

8.1 Security Certifications and Audits: OpenAI's platform (including ChatGPT Enterprise and API) has undergone independent security audits. Notably, OpenAI has achieved **SOC 2 Type II compliance**, which is a rigorous standard for security and confidentiality controls. A SOC 2 Type II report means an external auditor evaluated OpenAI's controls (like how they manage access to systems, how they encrypt data, how they monitor for issues, etc.) over a period of time and found them satisfactory according to industry standards. OpenAI's SOC 2 report covers their major products – the API, ChatGPT Enterprise, ChatGPT Team, and ChatGPT Education offerings. SOC 2 compliance is often a baseline expectation for B2B software today, indicating that OpenAI has internal processes for security incident management, employee training, vendor management, and so on. In addition to SOC 2, OpenAI indicates compliance or alignment with various laws like GDPR and CCPA (as discussed, through offering a DPA, etc.).

While not explicitly stated on their public site, third-party analyses suggest OpenAI also pursues other certifications (some sources suggest ISO 27001 and others, but we should rely on official only; SOC 2 is explicitly confirmed).

8.2 Encryption and Secure Architecture: OpenAI employs **encryption for data at rest and in transit** for their services. All communication with OpenAI's API or ChatGPT interface uses HTTPS (TLS encryption) to protect data in transit from eavesdropping. Internally, they note that data stored on their servers is encrypted at rest – meaning if someone got a hold of the raw storage, they couldn't read user content without keys. Their Trust Portal hints at various security features: they mention things like **Disk Encryption, Endpoint Detection and Response, audit logging, data deletion policies, and data residency options**. For instance, OpenAI has introduced a feature for **data residency in Europe** for certain users, which is important for GDPR (keeping data within EU data centres). They also have internal network security measures (likely segmentation, firewalling, DDoS protection). **The security architecture** is not fully public, but OpenAI did publish some system cards and diagrams about how ChatGPT works and how data flows, demonstrating their commitment to transparency. Hosting on "major cloud providers" is mentioned, so they likely leverage the robust security of partners like Azure or AWS in their infrastructure.

8.3 Privacy and Data Governance: OpenAI has a **dedicated privacy policy** and presumably a privacy team. They updated their privacy policy in November 2024, reflecting evolving practices. OpenAI's Privacy Policy states that they **limit the use of personal data** and give users choices. They have a **Data Protection Officer** and a process for users to exercise their rights (via a Privacy Request Portal). This means if you ask OpenAI what data they have about you or request deletion, they are prepared to handle that. Their policy also affirms they comply with cross-border data transfer requirements (e.g., using EU Standard Contractual Clauses to send data from EU to U.S.). In terms of **AI governance**, OpenAI has an AI Governance team focusing on safe and responsible AI development. While that's broader than just privacy, it indicates internally they consider the societal impacts and have processes to mitigate risks (which likely includes privacy risks in AI outputs). The fact that OpenAI quickly responded to the Italian GPDP (Data Protection Authority) inquiries by adding features (like the chat history disable and user privacy controls) shows they take compliance seriously.

8.4 Data Processing Addendum and Enterprise Terms: OpenAI supports enterprise customers with legal arrangements for data protection. They have a **Data Processing Addendum (DPA)** available that, when executed, contractually ensures OpenAI will act as a processor and handle personal data per GDPR and other laws. This typically includes commitments to assist with data subject rights requests, notify of breaches, and either return or delete data at contract end. They also note compliance with **privacy laws like GDPR and CCPA** on their site and that they help customers meet those obligations.

For example, an enterprise using the API can rely on OpenAI not to use their data for anything outside the scope, which is important for confidentiality. OpenAI's Enterprise Privacy page and collateral mention that **customers own and control their data** in ChatGPT Enterprise. This is a strong stance that any data input by enterprise users is not mingled into the broader model and is kept private to that organization. Additionally, ChatGPT Enterprise and Team have admin features for data management – e.g., an admin can delete conversations across the team if needed, and manage how data is retained.

8.5 Access Controls and Monitoring: Although internal details aren't fully public, OpenAI likely enforces strict access controls internally – meaning only authorized employees can access production data, and even then probably only for justified reasons (like investigating abuse reports). They mention features like **Audit Logging** and **Access Logging** on the Trust Portal, implying they keep track of who accesses systems and data. They also run **background checks** and training for employees as part of security (often a SOC 2 requirement). Their bug bounty program (run via Bugcrowd) encourages external ethical hackers to report issues, which helps keep their defenses sharp.

8.6 Data Retention and Deletion: OpenAI's policies clarify how long data is kept. As noted earlier, free user chats are retained but can be deleted by the user (and then are fully removed within 30 days). For those who disable history or enterprise users, data is ephemeral. OpenAI likely has internal schedules to purge data that's no longer needed. They also allow account deletion (with a note that after deletion, certain data like phone may be held 30 days then removed, which is a safety measure against abuse). Importantly, if a contract ends or by request, OpenAI can delete customer data or models fine-tuned with that data, ensuring no lingering of data beyond its intended use.

8.7 Third-Party Risk Management: OpenAI lists their subprocessors (third-party service providers) publicly or in the Trust Portal. This transparency lets customers know which cloud or analytics services might also see the data (and those subprocessors would be under similar data protection terms). They also **mention Major Cloud Provider hosting**, which suggests reliance on known secure infrastructure. By vetting and disclosing subprocessors, OpenAI helps customers perform due diligence required by regulations like GDPR (which say you must approve of sub-processors).

Overall, OpenAI appears to be aligning with industry best practices for security: encryption, access control, monitoring, and external certification. On privacy, they give users control and limit data use. On governance, they strive for transparency (with things like system cards describing model limits and behaviours). For organizations considering using OpenAI's services, these protections mean you don't have to start from scratch – many security measures are already in place and you can obtain documentation (after NDA, OpenAI can share more details like the SOC 2 report and perhaps penetration test results via their Trust Portal).

Still, users must use those services wisely (as we've described in best practices) to maintain the privacy end-to-end.

To sum up, OpenAI's data protection practices include: **compliance with standards (SOC 2, GDPR, etc.), technical safeguards (encryption, logging), contractual assurances (DPA, BAA for those who need it), and user-facing privacy features (settings and transparency).** These measures create a strong foundation of trust for using ChatGPT and similar AI tools in a professional and safe manner.



9. Business Associate Agreements (BAA) for Healthcare AI Use

When it comes to using AI in healthcare settings, one of the crucial legal instruments is the **Business Associate Agreement (BAA)**. As covered under the HIPAA discussion, a BAA is a contract required between a healthcare provider (or other covered entity) and any service provider that will handle protected health information on its behalf (the business associate). Here, we focus specifically on how this applies to AI services like ChatGPT:

9.1 Why a BAA is needed: If a doctor, hospital, or health insurance company wants to leverage an AI tool that is cloud-based (for example, using ChatGPT to draft patient letters or summarize patient conversations), they will be sending PHI to that AI service. Under HIPAA, they cannot do that unless the AI service agrees to abide by HIPAA rules as a business associate. The BAA is the formal way the AI provider promises to: use PHI only for the purposes instructed, implement required safeguards, report any incidents, ensure any sub-vendors also comply, and assist the covered entity in upholding patient rights and breach notifications. Without a BAA, using such a service with PHI would technically be an impermissible disclosure of PHI.

9.2 OpenAI and BAAs: Recognizing the demand in healthcare, OpenAI has started offering BAAs for certain services. According to OpenAI's help center, customers can request a BAA for the **OpenAI API platform** to process PHI. OpenAI reviews each request (likely to ensure the use case is appropriate and the endpoints used can comply) and, in most cases, will approve and sign a BAA. They clarify that not all endpoints might be covered – specifically, only those API endpoints that support **zero data retention** are in scope of the BAA.

This likely means if you use the API in a special mode where OpenAI doesn't log or store data (they likely have a mechanism to disable logging on requests when a BAA is in place), then it can be HIPAA-compliant. Endpoints like the standard GPT-4 completions may be eligible, whereas maybe things like image generation (DALL-E) or certain multi-turn services might not be. Also, OpenAI indicates that you do not need to be an enterprise plan customer to get a BAA for API – even a normal API user with a valid use case can arrange one.

For **ChatGPT (the user interface product)**, OpenAI currently does not offer a BAA for the regular consumer or ChatGPT Team versions. However, for **ChatGPT Enterprise or ChatGPT Education**, which are tailored for organizations, OpenAI is open to exploring BAAs for those who have a managed account through sales. This implies that a hospital could potentially purchase ChatGPT Enterprise licenses for its staff and negotiate a BAA as part of that deal, allowing clinicians to use ChatGPT Enterprise on patient data.

ChatGPT Team (a smaller-scale business offering) is explicitly excluded from BAA eligibility, likely because it's more of a self-serve model without the customized agreements. If no BAA is in place, any PHI use is at the organization's own risk and essentially not compliant – which is why many healthcare entities block staff from using free ChatGPT with any patient info. There have been warnings from experts and in publications that "ChatGPT is not HIPAA compliant" by default and thus should not be used with identifiable health information unless you have those special arrangements.

9.3 How to implement AI with a BAA: Suppose a healthcare company signs a BAA with OpenAI for the API. Practically, they would then use the API in their application (like integrating GPT-4 into an electronic health record system to assist with charting). They would configure it to use only the covered endpoints and ensure they set the API parameters to not save data. The BAA means OpenAI will treat that data as highly confidential, will likely segregate it, and if any breach happens on OpenAI's side, they will notify the healthcare client so that together they can fulfill HIPAA's breach notification requirements. The healthcare entity also has responsibilities – they must still follow minimum necessary principles, etc. Another scenario: a medical center might get ChatGPT Enterprise with a BAA. ChatGPT Enterprise already doesn't use data for training and offers admin control; with a BAA, OpenAI also then pledges compliance like not storing data beyond retention, etc. The medical center would train its staff to only use that enterprise ChatGPT (not personal accounts) for any patient-related work, ensuring all such use is contained within the BAA's scope.

9.4 Limitations and alternatives: Even with a BAA, some sensitive tasks might be limited. For example, OpenAI's BAA only covers zero-retention endpoints, which might exclude some functionality (like perhaps long-term conversations might not be kept).

Also, certain data types like medical images might not be covered if OpenAI's system doesn't guarantee deletion. As an alternative, some healthcare orgs might use **on-premises or self-hosted AI models** to avoid sending data externally at all. There are also AI companies specializing in "HIPAA-compliant AI" that explicitly design their services around health data (with BAAs readily provided). Microsoft's Azure OpenAI service, for instance, can sign a BAA under Microsoft's umbrella, and they integrate OpenAI models in a way that no data leaves Azure. These approaches might sometimes be preferred for higher assurance, but they can require more IT overhead.

To put it succinctly, a BAA is the **green light** that allows covered entities to use AI on identifiable health data legally. Without it, you either have to fully de-identify data before using AI (which is not always practical), or refrain from those AI uses. Healthcare providers should conduct a **risk assessment** when considering AI: identify if PHI is involved, and if yes, ensure a BAA and strong security measures. The BAA will also typically require the AI vendor to implement encryption and other safeguards, which reputable ones like OpenAI are already doing.

One should remember that BAAs do not automatically make everything safe – they are necessary legal protection, but technical and procedural protection must accompany them. Even with a BAA, users should not overshare unnecessary PHI and should still verify that the AI outputs are correct and appropriate (as misusing PHI internally can still violate HIPAA's minimum necessary clause).

In summary, for healthcare use of AI:

- **Always get a BAA in place** with the AI provider if any real patient data (PHI) will be used.
- Use only the provider's services-instances that are covered by that BAA (e.g., a special API endpoint or enterprise account).
- Continue to handle all data under HIPAA rules – keep it secure, limit who can access the AI and the outputs, and follow breach procedures if something goes wrong.

OpenAI's willingness to sign BAAs and create a HIPAA-aligned mode is a positive sign, as it means healthcare organizations can cautiously start using advanced AI like ChatGPT in patient care workflows – for example, summarizing clinical notes, drafting visit summaries for patients, or assisting with coding and billing – without immediately breaking the law. It bridges an important gap between cutting-edge tech and regulatory compliance.

10. Summary: Best Practices and Compliance Checklist

Protecting data while using ChatGPT and other AI tools requires a blend of **technical safeguards, informed usage, and adherence to legal requirements**. Below is a summary of best practices, a compliance checklist, and user guidance to ensure data privacy and security are maintained:



10.1. Understand How Your AI Service Uses Data: Know what data your AI platform (e.g., ChatGPT) collects, how it is stored, and if it's used for training. Use services like ChatGPT Enterprise or API modes that do **not** use your data for model improvement by default. Execute Data Processing Addendums (DPAs) or similar agreements with AI vendors to clarify data handling responsibilities.

10.2 Secure Your Inputs: Only input necessary data. Avoid sharing sensitive personal information or confidential business data with AI unless it's absolutely required. If you must, **anonymize or mask** identifiers first. Leverage privacy settings – for instance, disable ChatGPT chat history for sensitive sessions so that content is not retained or used in training. Validate and sanitize inputs to prevent inadvertently sending secrets or executing malicious prompts.

10.3 Handle AI Outputs with Care: Treat AI-generated content as you would any sensitive document. **Verify outputs** for accuracy and remove any private data before further sharing. If outputs contain personal or confidential info, store them securely (with encryption, access controls) just as you would original data. Do not assume AI outputs are automatically compliant – if, for example, an output includes a person's data, you may need their consent or to protect that output under privacy laws.

10.4 Encrypt Data in Transit and at Rest: Use AI services that support strong encryption (TLS) for data transit and that commit to encryption at rest. If you're implementing AI yourself, ensure all communications between users and the AI, and between the AI and any servers, are encrypted. On your side, encrypt any logs or databases storing AI interaction data. Encryption reduces harm in case of a breach, and is often required by regulations (e.g., CCPA, GDPR, HIPAA).

10.5 Restrict and Monitor Access: Apply the principle of **least privilege** – only authorized individuals or systems should be able to input or view sensitive data in the AI. Use strong authentication (multi-factor where possible) for any AI dashboards or API keys. Monitor usage logs to detect unusual activity, such as large data extractions or out-of-hours access, which could indicate a misuse or breach. Regularly audit who has access to AI tools and revoke access when people change roles or leave.

10.6. Comply with Data Privacy Regulations: Map out which laws apply (GDPR for EU data subjects, CCPA for California residents, etc.) and ensure your AI usage aligns with each:

- i. Obtain consent if required (e.g., inform users their data may be processed by AI and get their agreement).
- ii. Honor data subject rights – be prepared to delete or export an individual's data from AI systems upon request
- iii. Maintain a clear privacy notice describing your AI data practices (transparency).
- iv. For cross-border data flows (EU to US), use approved mechanisms (OpenAI's DPA covers standard clauses, etc.).

If AI automates significant decisions about individuals, consider providing an opt-out or human review to comply with laws like GDPR's automated decision provisions.



11. Use BAAs for Health Data and Follow HIPAA Safeguards:

In healthcare, never use personal health information with AI without a BAA. Ensure the AI provider signs a Business Associate Agreement agreeing to HIPAA rules. Use only HIPAA-compliant configurations (e.g., OpenAI's zero-retention mode for API or a HIPAA-compliant cloud environment). Still, follow the minimum necessary rule – only input the health data needed for the task. Train staff on not copying PHI into unauthorized AI tools. Encrypt PHI, enable audit logs, and have breach response plans in place as required by HIPAA.

12. Protect Payment Data (PCI-DSS):

If your AI handles credit card information, ensure full PCI-DSS compliance. That means don't store full card numbers or CVVs in AI systems unless absolutely needed. If you do, encrypt them and mask them in outputs. Use secure networks and keep those systems isolated and regularly tested. It might be wiser to avoid putting card data into a general AI like ChatGPT at all – use tokenization or integrate the AI with a compliant payment gateway so that the AI never "sees" raw card numbers. This limits scope and risk.

13. Leverage OpenAI's Enterprise Features and Trust Resources:

If using OpenAI's services, consider Enterprise plans for robust security: ChatGPT Enterprise offers encryption, SOC 2 compliance, and admin tools. Make use of domain-specific features like data residency (if you need EU-only processing). Review OpenAI's Trust Portal documents (security whitepapers, data flow diagrams) to understand and document how data moves and is protected. This documentation can help satisfy your internal compliance and security assessment processes.

14. Maintain Ongoing Vigilance and Improvement:

Data protection is not a one-time setup. Continuously **monitor legal developments** (AI regulations are evolving – e.g., proposed EU AI Act will add new compliance needs for high-risk AI systems). Update your policies and configurations accordingly. Conduct regular training for users on AI data security. Perform security audits and penetration tests on your AI integrations to catch new vulnerabilities. Keep software and libraries updated (AI tools, like any software, need patches). By staying proactive, you can adapt to new threats or rules before they become problems.

By following these best practices and checklist items, users and organizations can confidently harness AI technologies like ChatGPT **while keeping data protected**. Remember that privacy and security are enabling factors: when data is well-protected, you can fully enjoy AI's benefits (insights, efficiency, creativity) without undue risk. Always treat personal and sensitive data with respect and caution, and choose AI partners (like OpenAI) who demonstrate strong commitments to data protection. Through careful use, compliance with laws, and adoption of robust security measures, we can integrate AI into our workflows in a way that safeguards individual privacy and maintains the trust of all stakeholders involved.



CA Inderjeet Kaur Bamrah

Inderjeet Kaur Bamrah is a visionary Chartered Accountant, distinguished author, and a passionate advocate for the convergence of finance and artificial intelligence. With a deep understanding of financial reporting, corporate compliance, and business process automation, she is committed to empowering professionals with the knowledge to navigate the rapidly evolving technological landscape.



हाउसिंग एंड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड
(भारत सरकार का उपक्रम)

Housing & Urban Development Corporation Limited
(A Government of India Enterprise)



एम नागराज
निदेशक (कॉरपोरेट प्लानिंग)
M. NAGARAJ
Director (Corporate Planning)



MESSAGE

Dear Shri Sandeep Kumar,

I extend my warmest congratulations to you on the impending launch of Global Finance and Economics Magazine: The Worldonomics Times on May 5th! This milestone marks the beginning of what promises to be an exciting journey in the realm of global finance and economics journalism.

As our world becomes increasingly interconnected, the need for a comprehensive and insightful resource in the field of finance and economics has never been greater. Your magazine's dedication to providing a platform for experts to share their insights is commendable and much needed in today's complex economic landscape.

I have no doubt that The Worldonomics Times will quickly establish itself as a key resource for policymakers, industry professionals, academics, and anyone with a keen interest in understanding the intricacies of global finance and economics. Your commitment to delivering high-quality, well-researched content will undoubtedly set a new standard in the industry.

I eagerly anticipate the inaugural issue and look forward to the valuable contributions and perspectives that The Worldonomics Times will bring to the forefront of economic discourse.

Once again, congratulations on this significant achievement, and I wish you all the best for a successful launch and a prosperous future ahead.

(CMA - M. NAGARAJ)

BLESSING SUPPORT



CMA Sanjay Jindal

Director Finance | Engineers India Limited

Dear Mr. Sandeep Kumar,

With the launch of The Worldonomics Times, professionals worldwide are poised to embark on a journey of enlightenment and empowerment. In today's fast-paced economic landscape, the need for up-to-date insights and innovative strategies is more crucial than ever. As Director (Finance), I recognize the significance of continuous learning and informed decision-making. This magazine promises to be a comprehensive resource, offering valuable insights and actionable

strategies to navigate the challenges and opportunities ahead. The Worldonomics Times is not just a publication; it's a beacon of innovation in economic discourse. Through cutting-edge analysis, thought-provoking articles, and expert commentary, it will serve as a trusted companion for professionals across various sectors. Leveraging the latest technologies, the magazine ensures accessibility and engagement for all readers, regardless of background or expertise. Beyond economics, The Worldonomics Times will explore intersections of finance with technology, sustainability, and social responsibility. By fostering dialogue and collaboration across diverse fields, it will inspire innovative solutions to global challenges. I am proud to be associated with this initiative, and I extend my deepest gratitude to the editorial team, contributors, partners, and supporters who have worked tirelessly to bring this vision to life. I offer my sincerest blessings to all those who will embark on this journey of enlightenment and empowerment, fueling innovation and success in the ever-evolving world of economics. Impressive Initiative! Best Wishes to you and your team for resounding success on this fantastic effort.



CMA Rajesh Kumar Dwivedi

Director finance | Heavy Engineering Corporation Ltd.

Dear Shri Sandeep Kumar,

I take this opportunity to heartily congratulate you on publishing "The Worldonomics Times", which I really feel is a hands-on treasure of useful information.

Today's world is rapidly changing and inter-woven with diverse complexities. In such a global environment, authentic and timely information is a powerful tool which I am sure will be always provided

by "The worldonomics Times". I am sure, the adage that "The Pen is mightier than the Sword" will be once again be proven right with your magazine.

Congratulations, once again and my Best wishes for this wonderful knowledge endeavour!

BLESSING SUPPORT



CMA Hrishikesh Kumar

**Executive Director (Finance) |
NBCC (India) Limited**

Dear Shri Sandeep Kumar,
At the outset I would like to congratulate you for taking the initiative for publishing this magazine "The Worldonomics Times". In this era of rapid changing economic environment vis-à-vis the pressure on business to sustain, the importance of seamless transfer of information and knowledge cannot be underestimated which I hope would be fulfilled by your magazine in future. I must say this is a great initiative by you and your team in this regard. All the best for your endeavor.



CMA Yogendra Prasad Shukla

**Director Finance |
HOCL - Hindustan Organic Chemicals Limited**

Dear CMA Sandeep Kumar Ji, I extend my heartfelt congratulations on the launch of "The Worldonomics Times." Your dedication to providing a platform for insightful economic knowledge is truly commendable. In today's- paced economic, the significance of facilitating the smooth flow of information and wisdom cannot be overstated, and I am confident that your magazine will excel in meeting this crucial need. Your initiative, alongside your team, is truly praiseworthy, and I foresee "great success for "The Worldonomics Times" in the days ahead. Your commitment to empowering minds through economic understanding is inspiring. Best regards



CMA Yash Paul Bhola

**Former Director (Finance) |
NFL - National Fertilisers Limited**

Dear INCOC Team Members,
I congratulate and appreciate the efforts by one and all in bringing out Global Finance and Economics Magazine, "The Worldonomics Times". This milestone marks the beginning of an exciting journey in the realm of global finance and economics journalism. As our world becomes increasingly interconnected, and regulatory framework is fast getting changed and updated, the need for a comprehensive magazine in

finance field cannot be over emphasised. This magazine is dedicated to providing a platform for periodical up-dation of the developments across the globe and experts to share their insights. It is intended to establish itself as a key resource for policymakers, industry professionals, academics, and anyone with a keen interest in understanding global finance and economics. Once again, I congratulate and wish you all the best for a successful launch of the magazine and a prosperous future ahead.

BLESSING SUPPORT



CMA Gaurang Dixit

**Former Chairman-cum-Managing Director |
NSIC – National Small Industries Corporation**

Dear Shri Sandeep Kumar,

At the onset, I applaud the initiative of the 'International Navodaya Chamber of Commerce' to come out with a magazine 'The Worldonomics Times', which will provide the relevant information and knowledge to the all in this diverse global market. In the present complex business / economic scenario, the whole world market is like a field open for all players to play thereon. This global market is having

abundant opportunities and to become a successful entrepreneur in such complex economic environment, the need for having relevant information and knowledge is of paramount significance. Your endeavour to come out with the magazine 'The Worldonomics Times' will certainly help to suffice this requirement. I must congratulate to you and your team for this endeavour. With best wishes.



CMA R C Gupta

**Former Executive Director (Finance & Accounts)|
GAIL (India) Ltd.**

Dear Shri Sandeep Ji,

I have gone through the May 2024 issue of The Worldonomics Times and found it very informative. My heartfelt congratulations on the launch of a world class magazine in the area of Cost Management, Financial Management, Financial Planning, Taxation and World Economic Affairs. The coverage in the magazine is very wide & excellent and is based on the theme of Global Perspective with Local

Relevance, in-depth data driven journalism and accessibility of the magazine in print as well as digital formats. It will empower the readers with well researched articles for ready reference, decision making & knowledge enhancement. I wish all the best to you and your team of International Navodaya Chamber of Commerce (INCOC) for bringing the magazine on regular basis with full of information of world economic affairs for use by all professionals. With Best regards.



Shri Jyoti Prakash Gadia

Managing Director | Resurgent India Limited

Dear Sandeep Ji,

Congratulations on the launch of The Worldonomics Times! This new publication promises to be a vital resource in financial journalism and stands to reshape our grasp of global financial landscapes. The Worldonomics Times will undoubtedly be an indispensable source for thorough analyses, covering the nuanced intersections of global economics and market dynamics. Your magazine is uniquely positioned to serve the needs of business leaders, policymakers, and

those with a keen interest in the complexities of global finance. We eagerly await the fresh perspectives and insights that The Worldonomics Times will bring to the complex world of global finance. Best wishes for your journey ahead!

BLESSING SUPPORT



CMA Ramesh Kumar

Chief General Manager | Power Grid Corporation Of India

Dear Shri Sandeep Kumar,

With great pleasure we extend our good wishes on the launch of The Worldonomics Times. This publication is poised to become a cornerstone in the landscape of global finance and economics, offering deep insights and valuable perspectives. Your commitment to excellence in disseminating knowledge is not only commendable but vital in these complex economic times. We eagerly anticipate the

success and influence your magazine will undoubtedly achieve. Warm regards.



Shri BK Sabharwal

Chairman, Capital and Commodity Market Committee, PHDCCI Ex-President CPAI, Ex-chairman FISE, Ex-Director |Delhi Stock Exchange

Dear Sandeep Kumar,

Congratulations on the launch of The Worldonomics Times! Your dedication to global finance journalism is commendable. This milestone marks the beginning of an insightful journey. In our interconnected world, timely updates on regulatory changes are vital, and your magazine promises to fulfill this need. Dedicated to providing

expert insights and periodic updates, it aims to become a key resource for policymakers, industry professionals, and academics. Your leadership in this initiative is inspiring. Here's to a successful launch and a prosperous future ahead. Best regards.



CMA Vijay Kumar Agarwal

GM (Finance) | ONGC Videsh

Dear Shri Sandeep Ji,

It's my great pleasure to note "The Worldonomics Times" monthly magazine launching by "International Navodaya Chamber of Commerce (INCOCC)". The various Global Perspectives with relevant data have been covered which are relevant from our local perspective. The contents of magazine in coming days will be way forward in knowledge enhancement as well as for better understanding in correlating the global economics with local need. Congratulations

CMA Sandeep ji & Team for such an initiative which will surely provide the tailored world economic information.

INCOC

Head Office

Alankrit Society A 31, Plot
A1, Vishwas Nagar Delhi
110032

Tel: +91 11 69268366

Email Us

We'll respond to your inquiry
as soon as possible.
info@incoc.in

Website

www.incoc.in

National Vice President

CA Sangam Aggarwal
sangam@incoc.in

National President

CA CMA Sandeep Kumar
ceo@incoc.in

Connect With Us

Ms Neha Sharma
support@incoc.in

International Navodaya Chamber of Commerce (INCOC)

Welcome to the International Navodaya Chamber of Commerce (INCOC), a dedicated catalyst for positive change, empowerment, and community development. We are committed to enhancing brand value, nurturing essential skills, and facilitating societal growth through a collaborative and community-centric approach.

Our Mission

At INCOC, our mission is to harness the collective potential of individuals and businesses to create a lasting impact. We believe in the power of collaboration, empowerment through knowledge, and a community-centric approach to address local needs and promote inclusivity. Our initiatives are designed to inspire actionable impact, foster continuous learning and adaptation, and contribute to building a brighter future.

How We Operate

- **Collaborative Synergy:** We thrive on collaboration, bringing together diverse minds, expertise, and resources to foster an environment where ideas flourish and innovation thrives.
- **Empowerment through Knowledge:** Knowledge is the cornerstone of growth. At INCOC, we provide access to valuable insights, expert advice, and resources that empower individuals and businesses to make informed decisions and drive positive change.
- **Community-Centric Approach:** Communities are at the heart of change. Our initiatives are designed to address local needs, promote inclusivity, and create a sense of belonging, tailoring our efforts to have a meaningful impact where it's needed most.
- **Actionable Impact:** Our programs inspire action and create tangible results, from skill development workshops to societal initiatives that drive positive change, focusing on making a real difference.
- **Continuous Learning and Adaptation:** We embrace continuous learning and adaptation to stay relevant in a rapidly changing landscape, ensuring that our strategies remain effective and aligned with the needs of the times.

INCOC

**INTERNATIONAL NAVODAYA
CHAMBER OF COMMERCE**

