

# THE WORLDONOMICS TIMES



CMA Naveen Kumar Gupta Ji, Director Finance, KESCO, Kanpur (UP)





# THE WORLDNOMICS TIMES

**PUBLISHED BY**  
**INTERNATIONAL NAVODAYA  
CHAMBER OF COMMERCE**

**Established in 2021**  
Volume 1 | Issue 23 | March 2026 | Knowledge Box

**EDITORIAL BOARD**  
**Sandeep Kumar (FCMA, CA)**  
Editor-in-Chief  
The Worldnomics Times  
Founder & President  
International Navodaya Chamber of Commerce

**EDITORIAL BOARD MEMBERS**

CA Sangam Aggarwal  
CMA Madhuri Kashyap  
CMA Tarun Kumar Moitra  
CMA (Dr.) R K Mohapatra  
CMA Rakesh Khandelwal  
CMA Rohan Sharma  
CMA Pramod Jaiswal  
CMA Deepika Rateria  
CMA Lakshman  
CMA Shradha Singh  
CMA Taruna Mittal  
CMA Puja Mishra

**ADVISORS**

**CMA Gaurang Dixit**  
Former CMD, NSIC  
**CMA Y P Bhola**  
Former Director Finance, NFL  
**CMA R C Gupta**  
Former Executive Director, GAIL INDIA  
**CMA CS SUBHASH CHAND AGRAWAL**  
Former Director Finance, CCI

**Ms. Shweta Pandit**  
Member - Business Development

**The Worldnomics Times**  
30/26A, Street No. 9  
Vishwas Nagar, Delhi 110032  
**Mobile: +91 8506060506**

**Email Us**  
For Circulation, sponsorship and inquiry  
info@incoc.in

**Website**  
www.worldnomics.in  
MRP: ₹ 190  
Delhi Legal Jurisdiction

 [www.youtube.com/@worldnomicstimes](https://www.youtube.com/@worldnomicstimes)  
 [www.instagram.com/worldnomicstimes](https://www.instagram.com/worldnomicstimes)  
 [www.fb.com/worldnomicstimes](https://www.fb.com/worldnomicstimes)  
 [www.linkedin.com/in/incocin](https://www.linkedin.com/in/incocin)  
 [www.twitter.com/incocin](https://www.twitter.com/incocin)

## From the Editor's Desk

### Dear Esteemed Readers,

India is passing through a transformative phase in its economic and professional landscape. The year 2026 represents a period where innovation, entrepreneurship, and knowledge-driven leadership are becoming the core drivers of growth. In this evolving environment, the role of young professionals, entrepreneurs, and industry leaders becomes increasingly significant in shaping the future of our economy.

The global economy today is witnessing unprecedented change. Technological advancement, digital transformation, artificial intelligence, and new financial ecosystems are redefining how businesses operate and how professionals contribute to economic progress. Nations that successfully empower their youth and encourage innovation are likely to lead the next era of economic development. India, with its vast pool of talented professionals and aspiring entrepreneurs, is well positioned to take a leadership role in this journey.

However, opportunities alone cannot guarantee progress. The real challenge lies in converting knowledge into action and ideas into sustainable ventures. Professional qualifications provide a strong academic and technical foundation, but success in the modern economy requires a broader outlook. Young professionals must focus on building strong networks, developing entrepreneurial thinking, and continuously upgrading their skills to stay relevant in a rapidly changing world.

One of the most powerful drivers of professional growth today is networking and collaboration. In an interconnected economy, success is often built on meaningful relationships, knowledge exchange, and collaborative innovation. Professional platforms, chambers of commerce, and industry forums play a vital role in bringing together students, professionals, corporate leaders, and policymakers. Such platforms create opportunities for learning, mentorship, and business development.

The International Navodaya Chamber of Commerce (INCOC) was established with a similar vision—to create a bridge between professionals, entrepreneurs, and industry leaders. Our mission is to encourage knowledge sharing, support entrepreneurship, and provide platforms where young professionals can interact with experienced corporate leaders and policymakers. Through seminars, professional forums, and knowledge initiatives, we aim to empower individuals to transform their ideas into impactful ventures.

Another critical area that deserves greater attention is the effective utilisation of government schemes and policy initiatives designed to support entrepreneurship and MSME development. India has introduced several programs to promote startups, skill development, vendor development, and employment generation.

These initiatives create tremendous opportunities for professionals and entrepreneurs, but their true impact depends on awareness and practical implementation. Professionals must take the initiative to understand these schemes and guide emerging entrepreneurs in leveraging them effectively.

At the same time, the rise of technology and artificial intelligence is reshaping the professional ecosystem. Automation and digital systems are transforming industries, but they are also creating new opportunities for professionals who are willing to adapt and innovate. Rather than viewing technological change as a threat, young professionals must see it as a powerful tool that enhances analytical capability, improves efficiency, and opens new avenues for growth.

Entrepreneurship is also becoming an essential component of professional development. Today, many successful businesses are founded by professionals who combine technical expertise with entrepreneurial vision. With the right strategy, regulatory knowledge, and financial discipline, professionals can build sustainable enterprises that contribute to economic growth and employment generation.

The Worldnomics Times continues to serve as a platform for thought leadership, knowledge sharing, and policy awareness. Through this publication, we aim to connect professionals, academicians, industry experts, and policymakers to discuss ideas that can shape the future of business and the economy.

As we move forward, it is important for the professional community to focus on three key pillars—knowledge, networking, and entrepreneurship. These pillars will not only strengthen professional capabilities but also contribute to building a more inclusive and resilient economic ecosystem.

India's growth story will ultimately be written by those who are willing to innovate, collaborate, and lead with vision. Let us work together to create opportunities, support emerging entrepreneurs, and empower the next generation of professionals to become the architects of a stronger and more dynamic economy.



**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 TARUN KUMAR MOITRA



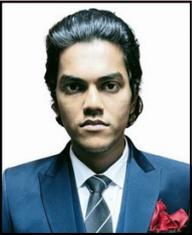
CMA (DR.) R KMOHAPATRA



CMA RAKESH KHANDLWAL



CMA ROHAN SHARMA



CMA PRAMOD JAISWAL



CMA DEEPIKA RATERIA



CMA LAKSHMAN



CMA SHRADHA SINGH



CMA TARUNA MITTAL



CMA PUJA MISHRA

## ADVISORS



CMA GAURANG DIXIT  
Former Chairman (CMD)  
National Small Industries  
Corporation (NSIC)



CMA Y P BHOLA  
Former Director Finance  
National Fertilizers Limited (NFL)



CMA R C GUPTA  
Former Executive Director  
GAIL INDIA



CMA CS SUBHASH CHAND AGRAWAL  
Former Director Finance  
Cement Corporation of India

## INTERNATIONAL NAVODAYA CHAMBER OF COMMERCE

### DELHI HEAD OFFICE

- 📍 Alankrit Society, A-31, Plot A1,  
Vishwas Nagar, New Delhi-110032
- ✉ info@incoc.in
- ☎ +91 8506060306 / 8506060506

### JHARKHAND STATE OFFICE

- 📍 Shop No. 8, Balaji Corporate Park,  
North Upar Bazar, Ranchi - 834001
- ✉ jharkhand@incoc.in
- ☎ +91 9257157192 / 9934012264



SANDEEP KUMAR (FCMA, CA)  
National President



CA SANGAM AGGARWAL  
National Vice President



CMA MANOJ KUMAR SINGH  
State Head - Jharkhand



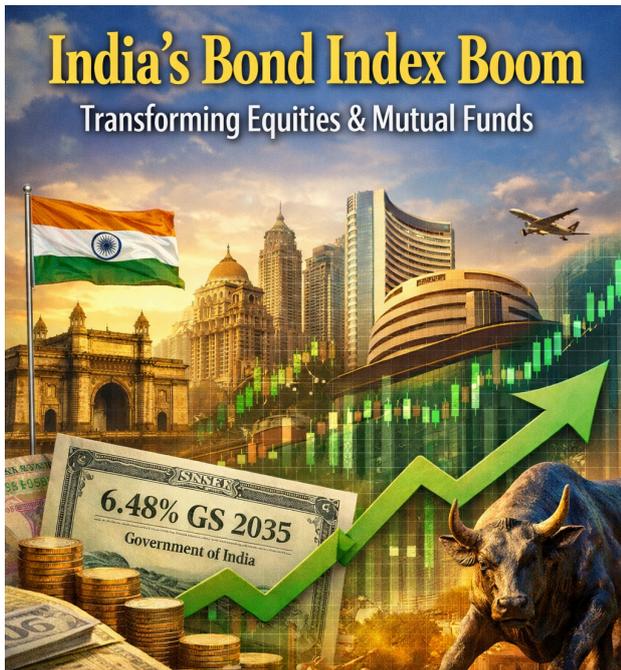
RAJ KISHORE SAHU  
Member State Team

## TABLE OF CONTENTS

## PAGE NUMBER

	<b>How Global Bond Index Inclusion Is Reshaping Indian Equity Markets and Mutual Funds</b> CMA (Dr.) R K Mohapatra Ex-GM / Finance in IRCON	07
	<b>Analysis of Notifications &amp; Circulars – February 2026</b> CMA Yash Paul Bholra Ex-Director (Finance) NFL – National Fertilizers Limited	10
	<b>NPS Taxation and Its Attractive Attributes: Maximizing Retirement Wealth</b> CMA Pramod Agarwal DGM Finance – GAIL INDIA	33
	<b>Alternative Financing: Exploring Options Beyond Traditional Bank Loans</b> CMA Madhuri Kashyap Treasurer, NIRC of The Institute of Cost Accountants of India	36
	<b>Effective Cash Flow Management: Tools and Techniques for Forecasting, Managing Receivables, and Optimising Payables</b> CMA Rohan Sharma Interview Coach	43
	<b>Budgeting for Scalable Growth and MSME Tax Compliance</b> Sandeep Kumar (FCMA, CA) President – International Navodaya Chamber of Commerce	51
	<b>Navigating MSME Tax Compliance in India for the Upcoming Fiscal Period</b> CMA Tarun Kumar Moitra Editorial Board Member, The Worldnomics Times	55
	<b>The \$1 Trillion Export Dream: Can India Rewrite the Global Trade Order by 2030?</b> CMA Sakshi Soni	59
	<b>Smart Finance: Tools and Techniques for Forecasting, Managing Receivables, and Optimizing Payables</b> CMA Lakshman Singh Rajput	62
	<b>The People Problem – Friends, Co-founders &amp; Betrayals</b> CMA Shradha Singh Editorial Board Member, The Worldnomics Times	64
	<b>Prime Minister's Employment Generation Programme (PMEGP)</b> Source : Schemes for MSMEs	75
	<b>General Philosophy Of Transition</b> Source : Income Tax Act 2025	90

# How Global Bond Index Inclusion Is Reshaping Indian Equity Markets and Mutual Funds



## Abstract

India's debt markets are approaching a critical point as 2026 begins. The recent decision to exclude Indian government bonds from the Bloomberg Global Aggregate Index has dampened expectations for immediate passive inflows and significant yield compression. However, this does not change India's overall path toward greater financial integration.

India is already included in three major global bond benchmarks: the JPMorgan Emerging Markets Bond Index (June 2024), the Bloomberg Emerging Markets Local Currency Index (January 2025), and the FTSE Russell Emerging Markets Government Bond Index (September 2025).

While these indices focus on sovereign debt, their impact goes beyond fixed income; they also influence equity valuations, capital flows, and mutual fund strategies across various asset classes.

## A Shift from Liquidity Expectations to Structural Integration

Markets had largely anticipated India's inclusion in the Bloomberg Global Aggregate Index, a benchmark followed by trillions of dollars in global fixed-income assets. Estimates suggested potential passive inflows of \$10–20 billion, which could have compressed yields and generated capital gains in long-duration bond funds.

The postponement recalibrates that outlook. Instead of a liquidity-driven rally, 2026 is likely to be characterised by range-bound interest rates, moderated volatility, and a renewed focus on income generation and portfolio discipline.

Debt mutual fund performance will increasingly depend on carry, maturity positioning, and credit quality rather than aggressive duration bets.

## Bond Yields and Equity Valuations: The Transmission Mechanism

Sustained foreign investment in Indian government securities generates a consistent demand, helping to stabilise yields over time. As sovereign yields serve as the economy's risk-free benchmark, their movement significantly impacts equity valuations.

Lower discount rates increase the present value of future corporate earnings, thereby supporting higher valuation multiples. This environment particularly favours interest-sensitive sectors such as banking, infrastructure, capital goods, fast-moving consumer goods (FMCG), and consumer discretionary industries.

For equity mutual funds, this scenario offers dual advantages: the potential for earnings growth coupled with greater valuation stability.

## Macro Stability and Cross-Asset Confidence

The inclusion of bonds in market indices significantly enhances macroeconomic credibility by fostering more predictable capital flows and improving external financing conditions. This reduction in volatility in interest rate and currency markets subsequently lowers India's equity risk premium, making it a more attractive option for emerging-market investors.

Equity exchange-traded funds (ETFs) that track major benchmarks like the Nifty 50 and BSE Sensex are poised to gain as global investors increase their exposure to both debt and equities, driven by improved investor confidence and greater market accessibility.

Furthermore, this inclusion indicates advancements in market infrastructure, enhanced settlement efficiency, and greater regulatory transparency—all of which are essential elements that typically draw sustained global participation in the market.

## Implications for Mutual Funds and Asset Allocation

Moderating bond yields has meaningful implications for mutual funds and overall asset allocation. As yields soften, the relative attractiveness of traditional fixed-income instruments such as bank deposits and short-term debt declines, gradually redirecting domestic savings toward equity-oriented mutual funds, particularly through disciplined Systematic Investment Plans (SIPs). This trend supports sustained equity inflows, especially in a stable macroeconomic environment.

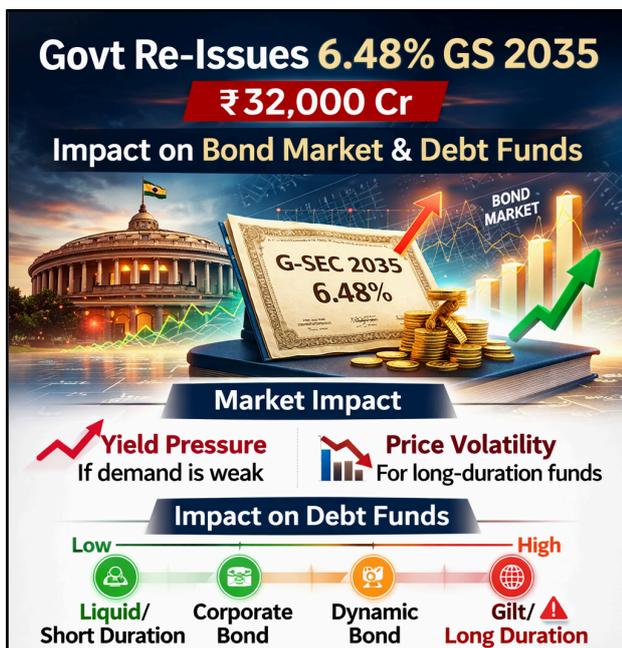


Hybrid and asset-allocation funds appear well-positioned in such a scenario. Their debt component continues to generate steady accrual income, providing stability to the portfolio, while the equity allocation benefits from improved valuation comfort and better earnings visibility. This combination helps manage volatility while participating in growth opportunities. Target maturity funds and corporate bond strategies also strike a balance between income optimization and relative stability, making them suitable for investors seeking predictable returns with controlled risk.

However, long-duration gilt funds may remain sensitive to fluctuations in yields and changes in government borrowing expectations, leading to higher short-term volatility despite the broader moderation trend.

### Supply Dynamics: The Role of G-Sec Re-Issuance

The Government of India’s re-issue of the 6.48% GS 2035 for ₹32,000 crore, along with a ₹2,000 crore greenshoe option, reflects its calibrated borrowing strategy. Re-issuance enhances liquidity in an existing benchmark security and improves secondary-market depth, rather than introducing a new maturity point.



While incremental supply may exert mild upward pressure on yields in the intermediate segment, structural demand from banks, insurance companies, and long-term institutional investors provides a stabilizing counterbalance. Importantly, deeper liquidity and larger outstanding sizes improve index eligibility and tradability—factors valued by global passive investors.

### India's Macro Landscape in Early 2026

India’s macroeconomic environment remains resilient, supported by domestic demand, infrastructure investment, and the strength of the services sector. However, markets are navigating external headwinds:

- Currency pressures amid global dollar strength.
- Commodity volatility linked to geopolitical tensions.
- Periodic equity market corrections are driven by earnings moderation and foreign portfolio outflows.

The Reserve Bank of India has responded through calibrated liquidity management and measured policy actions, aiming to maintain financial stability without disrupting growth momentum.

Seasonal liquidity tightness in the January–March quarter has elevated short-term yields, creating selective accrual opportunities in low- and short-duration funds.

### Fixed Income Outlook: Stability Over Speculation

Recent concerns surrounding elevated government borrowing and the possible end of the monetary easing cycle have weighed on fixed-income market sentiment. With fiscal pressures persisting and global uncertainties influencing capital flows, bond investors have turned increasingly cautious. However, it is important to recognize that a substantial portion of these risks appears to be already priced into current yield levels. The repricing seen in recent months reflects expectations of tighter liquidity conditions and a pause in further rate cuts.

The longer end of the yield curve now indicates a gradual normalization rather than a sharp upward repricing. While volatility cannot be ruled out—particularly in response to unexpected macroeconomic data, inflation surprises, or shifts in global monetary policy—the probability of a sustained spike in yields appears limited in the absence of a significant economic shock. As a result, duration-heavy strategies may face intermittent mark-to-market pressures without necessarily offering commensurate incremental returns.

In this environment, a disciplined and accrual-focused approach is more prudent than speculative positioning. Investment strategies emphasizing short- and medium-duration securities can provide relative stability, lower interest rate sensitivity, and predictable income streams. Corporate bond funds, especially those maintaining high credit quality, offer an attractive balance between yield enhancement and controlled risk exposure.

Additionally, target-maturity funds continue to gain relevance for investors seeking defined timelines, portfolio visibility, and reduced reinvestment uncertainty.

Overall, the fixed-income landscape currently favors stability over speculation. Rather than attempting to time interest rate cycles, investors may benefit more from optimizing portfolio structure, managing duration prudently, and focusing on high-quality accrual opportunities. A calibrated allocation aligned with liquidity needs and risk tolerance is likely to deliver superior risk-adjusted returns in the current phase of the bond market cycle.

### Conclusion

In January 2026, corporate bond funds recorded a net outflow of ₹11,472.80 crore—the highest among all debt mutual fund categories. While this headline number may appear concerning, it largely reflects tactical reallocations and profit-booking rather than a structural deterioration in credit quality. Investors should avoid reacting emotionally to short-term flow data. Instead, this is an appropriate time to carefully review scheme portfolios, study fund fact sheets, assess average maturity profiles, credit exposure, and portfolio positioning, and align investments with individual risk tolerance and liquidity needs.

The year 2026 is shaping up to be a phase of transition for fixed-income investors. The focus is gradually shifting from chasing capital gains through aggressive duration bets to building steady income through accrual-oriented strategies. Rather than relying on rate cuts and liquidity-driven rallies, investors may benefit more from disciplined portfolio construction and predictable cash flow.



In this evolving environment, diversified portfolios that combine quality equities with accrual-focused debt allocations are likely to offer greater resilience. Such a balanced approach can help manage volatility, enhance income visibility, and support long-term wealth creation—reinforcing India’s position as a stable and strategic allocation within global emerging-market portfolios.

### Disclaimer

The information contained in this document is for general purposes only and should not be considered investment advice. It is compiled from reliable sources, including publicly available data from various websites, newspapers, and internally developed data. The views expressed are opinions and should not be considered guidelines, recommendations, or professional advice.



**CMA (Dr.) R K Mohapatra**

CMA (Dr.) R K Mohapatra is the Founder of NextZen Wealth, a Certified Retirement Advisor and Financial Consultant, an Editorial Board Member of The Worldnomics Times, and an ‘Eminent Author’ awardee. He brings over 34 years of experience in finance and accounting, with deep expertise in cash and wealth management, financial and retirement planning, and tax planning.

## Analysis of Notifications & Circulars – February 2026

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



### A. Income Tax

**Sri Ramachandra Institute of Higher Education and Research Trust, Chennai notified under section 35(1)(ii) for Scientific Research:** It notifies Sri Ramachandra Institute of Higher Education and Research Trust, Chennai, for 'Scientific Research' under the category of 'University, college or other institution' for the purposes section 35(1)(ii) of the Income-tax Act, read with rules 5C and 5E of the Income-tax Rules. This section allows for deduction equal to one and half times while computing taxes for expenses relating to scientific research.

(Link: [Income Tax Notification 18/2026 Dated 27/02/2026](#))

**Exemptions to District Legal Service Authority, Faridabad:** District Legal Service Authority, Faridabad, an Authority constituted by Government of Haryana for every district, under the Legal Services Authorities Act, 1987, has been notified under section 10(46) for exemption on its income arising from amount received as Grants from High Court and Central Authority, Grants from Central and State Government, Under court orders, Fees and interest on bank deposits.

(Link: [Income Tax Notification 17/2026 Dated 05/02/2026](#))

**India and France sign Protocol to amend the India-France Double Taxation Avoidance Convention:** The Protocol provides full taxing rights in respect of capital gains arising from sale of shares of a company, to the jurisdiction where such company is a resident. It also deletes the so-called Most-Favoured-Nation (MFN) Clause from the Protocol, thereby bringing to rest all issues relating to it. It also modifies the taxation of income from dividends with as rate of 5% for those holding at least ten percent of capital and 15% of tax for all other cases. It also modifies the definition of 'Fees for Technical Services' by aligning it with the definition in India US Double Taxation Avoidance Agreement, and expands the scope of 'Permanent Establishment' by adding Service PE.

(Link: [Income Tax Press Release Dated 23/02/2026](#))

**CBDT Directions to seek adjournments in litigation affected by Finance Bill:** CBDT has directed to seek adjournments in tax litigations cases before ITAT and other High Courts, affected by the proposed amendments brought forth by Finance Bill 2026. The guidance pertains to cases on interpretative or procedural matters that are likely to be clarified or amended, so as to avoid further litigation and conflict between judicial decisions over the same.

(Link: [Income Tax Directions Dated 02/02/2026](#))

**SC Upholds No TCS under section 206C(1C) on Illegal Mining Compounding Fees:** Case of DCIT vs District Mining Office, SC Judgement Dated 27<sup>th</sup> February 2026. The apex court held that compounding fees collected from illegal miners/transporters under the Chhattisgarh Minor Mineral Rules, 2015, being in nature of punitive fines do not constitute royalty or licensing fees for mineral rights. Thus it does not attract Tax Collected at Source (TCS) under Section 206C(1C) of the Income Tax Act.

(Link: [SC Judgement Dated 10/02/2026](#))

**SC, Notice issued on late PF/ESI deposit Deduction Dispute:** Case of Woodland (Aero Club) Private Limited vs ACIT, SC Judgement Dated 27<sup>th</sup> January 2026. The case relates to the tax treatment of employees contributions to Provident Fund (PF) and Employees State Insurance (ESI) that were deposited after the statutory due dates under the respective welfare laws but before the due date for filing the income tax return. The apex court is expected to provide final clarity, potentially resolving conflicting interpretations among various High Courts regarding the strict application of due dates for employees contributions.

(Link: [SC Judgement Dated 27/01/2026](#))

**SC Sets aside HC direction to CBDT to modify Income-Tax Software System:** Case of ITO vs Shobhan Shantilal Doshi, SC Judgement Dated 12<sup>th</sup> January 2026. The apex court set aside directions requiring CBDT to modify its software. While upholding the relief granted to the taxpayer on merits (regarding TDS credit), the Court clarified that software-related directives for future cases were unnecessary.

(Link: [SC Judgement Dated 12/01/2026](#))

**SC Dismisses tax appeal as Developer Status under section 80IA already Settled:** Case of PCIT vs Monte Carlo Limited, SC Judgement Dated 9<sup>th</sup> January 2026. The apex court held that an entity acting as a 'developer' of infrastructure projects is eligible for deduction under Section 80IA(4) of the Income-tax Act. It upholds the High Court ruling that such an entity is not merely a 'works contractor' but a developer assuming risk and investment, thus qualifying for the tax benefit.

(Link: [SC Judgement Dated 09/01/2026](#))

**SC, Retention Money not income until Contract Conditions are Met:** Case of PCIT vs EMC Limited, SC Judgement Dated 8<sup>th</sup> January 2026. The Assessing Officer had treated retention money of Rs 142.53 crore as income, on the ground that the amount had been credited by the principal contractors and tax was deducted at source under section 194C, which the assessee had also claimed as TDS credit. The assessee contended that under the terms of the contracts, a portion of the consideration was retained and payable only after successful completion of projects and issuance of completion or taking-over certificates. Until fulfilment of these conditions, the assessee had no enforceable right to receive the retention money, and therefore no income accrued in that year. HC had concluded that retention money, being contingent and deferred, could not be treated as income of the assessee in the year in which it was retained. The apex court upheld the HC ruling.

(Link: [SC Judgement Dated 08/01/2026](#))

**HC Allows Foreign Tax Credit despite delay in filing Form 67:** Case of Real Time Data Services Private Limited vs PCIT, HC Delhi Judgement Dated 13<sup>th</sup> February 2026. HC held that foreign tax credit (FTC) cannot be denied only because Form 67 was filed late and the Principal Commissioner of Income Tax (PCIT) has enough power under Section 264 to condone such default instead of rejecting the claim on technical ground.

(Link: [HC Delhi Judgement Dated 13/02/2026](#))

**HC, Excise Duty refund held Capital Receipt as linked to Investment Scheme:** Case of PCIT vs Jindal Saw Ltd, HC Delhi Judgement Dated 12<sup>th</sup> February 2026. HC held that an excise duty refund of Rs 59.68 crore received under an incentive scheme, linked to capital investment in the Kutch district, is a capital receipt and not taxable. It rejected the Revenue's argument to reduce the subsidy from the block of assets for depreciation, as the subsidy was not directly tied to the cost of specific assets.

(Link: [HC Delhi Judgement Dated 12/02/2026](#))

**HC, Revenue cannot ignore Tribunal Findings while issuing Certificate under Section 197:** Case of Financial and Risk Organisation Limited vs ITO, HC Delhi Judgement Dated 10<sup>th</sup> February 2026. The petitioner, a UK Company, challenged the 15% tax withholding certificate, as previous findings indicated a Nil rate was appropriate due to the nature of their business with Indian entities. HC held that the Revenue cannot ignore ITAT findings in previous years when issuing Section 197 tax withholding certificates.

(Link: [HC Delhi Judgement Dated 10/02/2026](#))

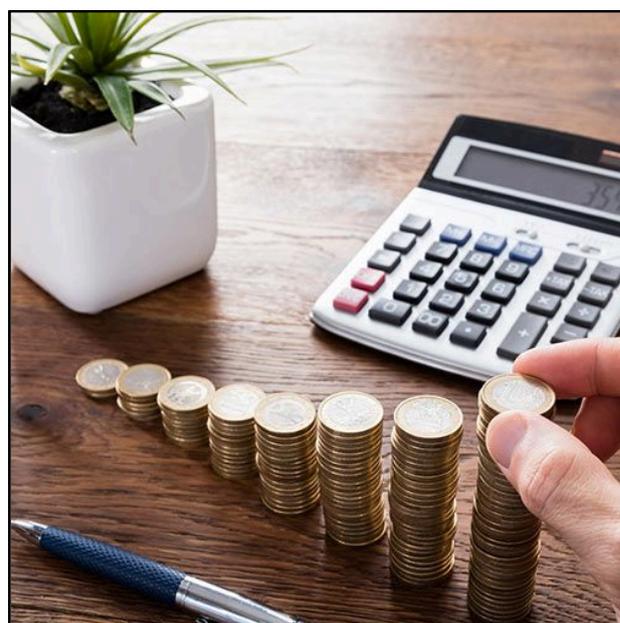
**HC, TDS applicable on Annual Lease Rent to Development Authority:** Case of CIT vs Mahagun (India) Pvt Ltd, HC Delhi Judgement Dated 9<sup>th</sup> February 2026. HC reaffirmed that annual lease rent paid to Greater Noida Development Authority attracts TDS under Section 194I of the Income Tax Act. It had allowed the assessee appeal by relying on the earlier High Court ruling in Rajesh Projects (India) Pvt Ltd vs CIT (TDS)-II, which held that lease

rent paid for use of land constitutes "rent" within the meaning of Section 194I and is therefore subject to TDS. This position was affirmed by the Supreme Court in New Okhla Industrial Development Authority vs CIT.

(Link: [HC Delhi Judgement Dated 09/02/2026](#))

**HC Grants exemption despite incorrect Income Head in Return:** Case of International Buddhist Confederation vs ITO, HC Delhi Judgement Dated 22<sup>nd</sup> January 2026. The appellant, a registered trust, inadvertently declared interest income from bank deposits under 'income from other sources' instead of claiming it as exempt, leading to an unwarranted tax demand. HC held that registered charitable trusts cannot be denied tax exemptions solely due to clerical or technical errors in their tax returns, such as misclassifying income.

(Link: [HC Delhi Judgement Dated 22/01/2026](#))



**HC, TDS on Agent Commission, only interest recoverable if Tax Paid:** Case of CIT vs Jordanian Airlines, HC Delhi Judgement Dated 22<sup>nd</sup> January 2026. HC reaffirmed that supplementary commission (incentives) paid to travel agents constitutes 'commission' under Section 194H, requiring deduction of tax at source. As the travel agents had already paid taxes on the commission, the court held that the demand for the principal tax amount was not maintainable. The revenue can only recover interest, not the principal tax amount from the airline.

(Link: [HC Delhi Judgement Dated 22/01/2026](#))

**HC, Employee entitled to TDS credit despite employer's failure to Deposit Tax:** Case of Venkatachalam Thagavelu vs ITO, HC Delhi Judgement Dated 20<sup>th</sup> January 2026. The case relates to denial of credit of Tax Deducted at Source (TDS) to an employee on the ground that the employer had failed to deposit the deducted tax with the Income Tax Department. HC ruled that employees cannot be denied TDS credit solely because their employer failed to deposit the deducted tax.

(Link: [HC Delhi Judgement Dated 20/01/2026](#))



## B. GST

**GSTN, Advisory on Interest Collection and related enhancements in GSTR-3B:** The interest computation in GSTR-3B Table 5.1 has been revised in line with the CGST Rules, allowing deduction of the minimum cash balance available in the Electronic Cash Ledger from the due date till payment. Also, the functionality to utilise CGST or SGST ITC for payment of IGST liability, in any order of payment after complete exhaustion of IGST Credit, shall be available from tax period February 2026 onwards.

(Link: [GSTN Advisory Dated 19/02/2026, Tutorial](#))

**GSTN, Facility for Withdrawal from Rule 14A:** CGST Rule 14A (effective Nov 1, 2025) provides a voluntary, simplified, and fast-track GST registration process for small taxpayers with a monthly B2B output tax liability up to Rs 2.5 lakh. Active registered taxpayers who had opted for registration under Rule 14A can apply for withdrawal (Opt-Out), subject to statutory conditions. The facility has been enabled for eligible taxpayers to apply for withdrawal by filing Form GST REG-32 on the GST Portal. Upon approval through Form GST REG-33, the taxpayer can furnish output tax liability details on supplies to registered persons exceeding Rs 2.5 lakh from the first day of the succeeding month in which the order is issued.

(Link: [GSTN Advisory Dated 21/02/2026](#))

**SC, Hamdard Rooh Afza classified as 'Fruit Drink':** Case of Hamdard (Wakf) Laboratories vs Commissioner, SC Judgement Dated 25<sup>th</sup> February 2026. The apex court held that Rooh Afza is classifiable as a "fruit drink" under Entry 103 of Schedule II (Part A). The Court ruled that the product attracts VAT at the concessional rate of 4%, and not 12.5% under the residuary entry, for the relevant period. It clarified that regulatory or licensing classifications under food laws cannot control interpretation of fiscal entries unless expressly incorporated in taxing statute. The court emphasised that where a product can reasonably fall within a specific entry, resort to residuary entry is impermissible.

(Link: [SC Judgement Dated 25/02/2026](#))

**SC, Refund of GST is payable to applicant only when Incidence of Tax is not passed on to Other Person:** Case of Union of India vs Torrent Power Limited, SC Judgement Dated 10<sup>th</sup> February 2026. The apex court held that Section 54 of the CGST Act constitutes a complete statutory code governing refund.

Any refundable amount shall be credited to the Consumer Welfare Fund unless it falls within the exceptions enumerated in the said section. Section 54(8)(e) specifically provides that refund may be paid to the applicant only if the applicant has not passed on the incidence of tax and interest to any other person. . The court further held that, court are not allowed to invent the new modality for refund, which is not contemplated by the provision of Law nor rules. It ruled that since the tax incidence was passed to consumers, the refund must go to the Consumer Welfare Fund.

(Link: [SC Judgement Dated 10/02/2026](#))

**SC, Courts cannot create alternative GST Refund Mechanisms outside Section 54:** Case of Union of India vs Torrent Power Limited, SC Judgement Dated 10<sup>th</sup> February 2026. The apex court held that, court are not allowed to invent the new modality which is not contemplated by the provision of Law nor rules. It ruled that since the tax incidence was passed to consumers, the refund must go to the Consumer Welfare Fund.

(Link: [SC Judgement Dated 10/02/2026](#))

**SC, Education Consultancy to Foreign Universities is Export of Services, not Intermediary:** Case of Commissioner of DGST vs Global Opportunities Private Limited, , SC Judgement Dated 27<sup>th</sup> January 2026. The apex court upheld the HC ruling that respondent is not an "intermediary" under Section 2(13) of the IGST Act. It held that the consultancy services provided to foreign universities are rendered on a principal-to-principal basis and therefore qualify as export of services, eligible for GST refund.

(Link: [SC Judgement Dated 27/01/2026](#))

**HC, GST on University Affiliation Fees quashed as is not a Supply of Service:** Case of Rajasthan Technical University vs Union of India, HC Rajasthan Judgement Dated 23<sup>rd</sup> February 2026. HC ruled that affiliation is not a commercial or business activity. It is a statutory mandate enabling the University to discharge its core educational functions. Hence, grant of affiliation does not constitute a supply of service.

(Link: [HC Rajasthan Judgement Dated 23/02/2026](#))

**HC, Assessee cannot escape GST default by blaming CA:** Case of Fone Zone NXT vs Commissioner of DGST, HC Delhi Judgement Dated 22<sup>nd</sup> January 2026. HC held that taxpayers cannot evade GST liabilities by blaming their Chartered Accountant (CA) for not responding to Show Cause Notices (SCN). It held that responsibility for monitoring GST compliance and communications lies with the taxpayer, not their consultant.

(Link: [HC Delhi Judgement Dated 22/01/2026](#))

**HC, Pendency of GST proceedings does not extend or revive provisional attachment beyond the Statutory Period:** Case of Shagun Goel vs Director General GST, HC Delhi Judgement Dated 21<sup>st</sup> January 2026. HC held that Section 83(2) of the CGST Act operates automatically, and once a period of one year from the date of provisional

attachment expires, the attachment ceases to operate by force of statute, irrespective of whether proceedings under the Act are still pending.

[\(Link: HC Judgement Dated 21/01/2026\)](#)

**AAAR, Cross-Country Gas Pipelines treated as Immovable Property, ITC Denied:** Case of GAIL (India) Limited, AAAR Odisha Ruling Dated 15<sup>th</sup> January 2026. AAR held that because the pipelines were held to be immovable property, ITC eligibility had to be tested under the blocked credit provisions of Section 17(5). These pipelines fall within the specific exclusion from plant and machinery. Therefore, the ITC is not available.

[\(Link: AAAR Odisha Ruling Dated 15/01/2026\)](#)

**AAAR, GST Exemption allowed as medical procurement is Pure Service:** Case of Odisha State Medical Corporation Limited (OSMCL), AAAR Odisha Ruling Dated 9<sup>th</sup> January 2026. As OSMCL acts as an implementing arm of the State for free distribution of medicines and related public health objectives, its services fall squarely within Serial No. 3 of Notification No. 12/2017 dated 28<sup>th</sup> June 2017. Accordingly, it was held to be a Government Entity providing pure services to the State Government, and those services were held eligible for GST exemption.

[\(Link: AAAR Odisha Ruling Dated 09/01/2026\)](#)

**AAAR, Temporary spare parts storage is incidental, not fixed establishment for GST:** Case of Thermo Fisher Scientific India Private Limited, AAAR Odisha Ruling Dated 9<sup>th</sup> January 2026. AAAR held that the repair and maintenance services provided by the Head Office of the Appellant which is in Maharashtra through Field Service Engineers under Annual Maintenance Contract or Comprehensive Maintenance Contracts with the Customers in Odisha does not constitute a 'Place of Business' in Odisha. The temporary storage of spare parts and tool kit at the Appellant's location in Odisha also does not constitute a 'Place of Business' or a 'Fixed Establishment' under CGST Act. The appellant is not required to obtain separate GST registration in Odisha.

[\(Link: AAAR Odisha Ruling Dated 09/01/2026\)](#)

**AAAR, Mining Royalty-Linked DMF Payments exempted from GST Prospectively:** Case of Singareni Collieries Company Limited, AAR Telangana Ruling dated 2<sup>nd</sup> January 2026. Under the Mines and Minerals (Development and Regulation) Act 1957, the applicant is required to pay royalty to the State Government based on the quantity of minerals extracted. In addition, Section 9B mandates contribution of 30% of royalty to the District Mineral Foundation (DMF), and Section 9C mandates contribution of 2% of royalty to the National Mineral Exploration Trust (NMET). AAR ruled that royalty paid in respect of mining lease fell under tariff item 997337 and attracted GST at 18%. It further ruled that the same tax rate would apply to contributions made to DMF and NMET.

-- The applicant contended that payments to DMF and NMET were in the nature of statutory contributions and not consideration.

The appellate authority concluded that contributions to DMF and NMET formed part of the statutory payments connected with mining royalty and were not independent of the mining lease. However, CBIC Circular No. 206/18/2023-GST dated 31<sup>st</sup> October 2023 clarified that DMFTs qualify as Governmental Authorities and are eligible for the same GST exemptions as available to Governmental Authorities. The appellate authority partly allowed the appeal and ruled that GST is not applicable on contributions made to DMF with effect from the date of the order.

[\(Link: AAAR Telangana Ruling Dated 02/01/2026\)](#)



**AAR, Non-Alcoholic Beverages taxed at 40% GST as classified under rate notification Schedule III:** Case of Saga Organics Private Limited, AAR West Bengal Ruling Dated 27<sup>th</sup> February 2026. AAR ruled that the non-alcoholic beverages fall under tariff item 22029990 under heading 2202 as "other non-alcoholic beverages." As per rate notification, such products are covered under serial 2 of Schedule III and are taxable at 20% CGST plus 20% SGST.

-- The iced tea preparations and extracts, essences and concentrates of tea, involve boiling tea and processing it into beverage form. These products fall under heading 210120, and are covered under serial 136 of Schedule I and attract tax at 5%. The syrups and beverage concentrates, including electrolyte and flavoured concentrate products meant for dilution before consumption, fall under heading 21069019, and are covered under serial 145 of Schedule I and attract tax at 5%.

[\(Link: AAR West Bengal Ruling Dated 27/02/2026\)](#)

**AAR, GST Exemption denied as FCI not covered under Eligible Recipients:** Case of Food Corporation of India, AAR West Bengal Ruling Dated 27<sup>th</sup> February 2026. AAR analysed that for exemption under Serial No 3 of Notification 12/2017, three cumulative conditions must be satisfied i.e., (a) the service must be pure service (b) the service must be provided to the Central Government, State Government, Union Territory, or local authority and (c) the service must be in relation to functions entrusted under Articles 243G or 243W. FCI, being a Government Entity, does not fall within the specified categories of Central Government, State Government, Union Territory, or local authority.

[\(Link: AAR West Bengal Ruling Dated 27/02/2026\)](#)

**AAR, No GST on Conservancy Services provided to Municipality as activity falls under Twelfth Schedule:** Case of Hari Narayan Singh, AAR West Bengal Ruling Dated 27<sup>th</sup> February 2026.

AAR ruled that the services provided by the applicant to Howrah Municipal Corporation (HMC) for carrying of segregated waste from secondary transfer point to dumpsite in segregate manner with own Fuel Operated vehicle, being activities relating to functions entrusted to a Municipality under Article 243W of the Constitution, will qualify under serial number 3 of Notification 12/2017 dated 28<sup>th</sup> June 2017, and is exempted from tax.

(Link: [AAR West Bengal Ruling Dated 27/02/2026](#))



**AAR, Hookah not 'Article for Human Consumption', denies 5% GST as Restaurant Service:** Case of Indian Wire Products Company, AAR West Bengal Ruling Dated 27<sup>th</sup> February 2026. AAR ruled that serving food remains a supply of service under Clause 6(b) and is taxable at 5% under notification 11/2017 (Rate). Serving tobacco-based hookah is a composite supply of goods and taxable at 40% under HSN 2403, Schedule III of Notification 01/2017 (Rate). Serving non-tobacco-based hookah (prepared using dried tea leaves, mint leaves, rose petals, etc.) is also a supply of goods and taxable at 18% under serial 639 of Schedule II of Notification 01/2017 (Rate). It held that hookah supply does not fall within Clause 6(b) of Schedule II and cannot be taxed at the concessional 5% rate applicable to restaurant services.

(Link: [AAR West Bengal Ruling Dated 27/02/2026](#))

**AAR, Architectural Consultancy exempt because it qualifies as Pure Service to Municipality:** Case of Sachin Gandhi & Associates, AAR Gujarat Ruling Dated 26<sup>th</sup> February 2026. AAR ruled that the consultancy and PMC services provided to AMC for the fire station, staff quarters, and multi-level parking were held exempt from GST under serial 3 of Notification 12/2017 (Rate).

(Link: [AAR Gujarat Ruling Dated 26/02/2026](#))

**AAR, GST 18% applicable on Dry Citrate Powder as it is Chemical, not Dialysis Apparatus:** Case of Soxa Formulations and Research Pvt Ltd, AAR Gujarat Ruling Dated 24<sup>th</sup> February 2026. AAR ruled that dry citrate powder and bicarbonate bags are classifiable as chemicals and are subject to an 18% GST rate.

(Link: [AAR Gujarat Ruling Dated 24/02/2026](#))

**AAR, IIM Liable to GST TDS due to substantial Government Control:** Case of Indian Institute of Management, AAR Gujarat Ruling Dated 24<sup>th</sup> February 2026.

AAR ruled that Indian Institutes of Management (IIMs), as statutory bodies established by Parliament with significant government control, are "specified persons" required to deduct GST TDS on payments to suppliers. This applies to contracts exceeding specified thresholds, ensuring tax compliance.

(Link: [AAR Gujarat Ruling Dated 24/02/2026](#))

**AAR, Paddle Wheel Aerators for Aquaculture classifiable under HSN 8479, attract 18% GST:** Case of Sagar Aqua Culture Private Limited, AAR Gujarat Ruling Dated 19<sup>th</sup> February 2025. AAR ruled that Paddle Wheel Aerators (including parts) used exclusively in aquaculture are classifiable under HSN 8479 and attract GST at 18% under Serial Number 366 of Schedule III to Notification 1/2017 from 1<sup>st</sup> July 2017 to 21<sup>st</sup> Sept 2025 and under Serial Number 464 of Schedule II of Notification No. 9/2025 from 22<sup>nd</sup> Sept 2025 onward.

(Link: [AAR Gujarat Ruling Dated 19/02/2026](#))

**AAR, GST Liability on Interest Free Mobilisation Advance cannot be deferred until adjustment in Running Bills:** Case of PC Snehal Construction Private Limited, AAR Gujarat Ruling Dated 19<sup>th</sup> February 2025. AAR held that since the mobilisation advance was adjusted against running account bills, it was treated as consideration for works contract services. It noted that no invoice was issued at the time of receipt of advance. Therefore, the time of supply is the date of receipt of payment, making GST payable at that stage. However, if an invoice is issued within the prescribed period under section 31, liability arises on the earlier of the date of invoice or receipt of payment.

(Link: [AAR Gujarat Ruling Dated 19/02/2026](#))

**AAR Clarifies GST on Ice Cream, Goods vs Restaurant Service & 5% Rate Applicability:** Case of Mohammed Sajid Mohammed Sharif Kakuwala, AAR Gujarat Ruling Dated 19<sup>th</sup> February 2025. AAR held that ice cream manufactured outside the retail outlet and sold over the counter would be supply of goods. If such ice cream is supplied along with food or used in preparations like falooda, milkshakes or juices, it would qualify as restaurant service. Ice cream prepared within the retail outlet and supplied to dine-in or takeaway customers would fall under restaurant services. Ice cream supplied in B2B transactions, whether manufactured outside or at the retail outlet, would be treated as supply of goods since no service element is involved. The GST rate applicable would be 5%, subject to ITC conditions applicable to restaurant services.

(Link: [AAR Gujarat Ruling Dated 19/02/2026](#))

**AAR, Digestive Capsules classified as Supari, not Pan Masala, GST at 5%:** Case of Kartik Pinakin Bhatt, AAR Gujarat Ruling Dated 19<sup>th</sup> February 2025. AAR observed that the products fall into two categories, i.e. (i) products manufactured by mixing ingredients and filling into edible capsules, namely Paan Kapsul (Silver Coated), Regular, and Rose; and (ii) products that are purchased in finished form and only packed or repacked, namely ChatPata Twins, Tangy Twins, Ginger Shots, Amla Shots, and GasGo Candy.

AAR held that Paan Kapsul variants are classifiable under HSN 2106 90 30 and the remaining products under HSN 2106 90 99, with GST payable at 5% on all products.

[\(Link: AAR Gujarat Ruling Dated 19/02/2026\)](#)



**AAR, Shaving Foam not same as Shaving Cream due to Chemical and Commercial Differences:** Case of McNROE Consumer Products Private Limited, AAR West Bengal Ruling Dated 13<sup>th</sup> February 2025. AAR held that “shaving foam” and “shaving cream” are two different products, Shaving cream is included in tariff item 33071010, and shaving foam is covered under tariff item 33071090. Shaving cream (HSN 33071010) is taxed at 5% as per serial number 249 of Schedule I of Notification No. 01/2017. However, the pre-shave, shaving or after-shave preparations are covered under tariff item 33071090 and are taxed at 18% as per serial no. 64 of Schedule II of the said notification.

[\(Link: AAR West Bengal Ruling Dated 13/02/2026\)](#)

**AAR, Sterile Aprons and Shoe Covers falls under Chapter 39:** Case of Hi Care Remedy Private Limited, AAR West Bengal Ruling Dated 13<sup>th</sup> February 2025. The applicant is involved in the business of manufacturing medical disposables and personal protective equipment. AAR has ruled on various products as regards their classification and applicable rate of GST. The GST rate of 18% is applicable for all the products.

[\(Link: AAR West Bengal Ruling Dated 13/02/2026\)](#)

**AAR, GST on Tobacco Leaves fixed at 5% as Curing and Grading do not Change Character:** Case of Om Jai Balajee Construction Private Limited, AAR West Bengal Ruling Dated 13<sup>th</sup> February 2025. AAR held that tobacco leaves, even after curing, grading, bundling or butting, continue to qualify as “tobacco leaves” so long as they are not stemmed or stripped, and therefore attract GST at 5%.

[\(Link: AAR West Bengal Ruling Dated 13/02/2026\)](#)

**AAR, GST applicable on Arbitration Awards treated as Price Revision:** Case of Karam Chand Thapar & Bros, AAR West Bengal Ruling Dated 13<sup>th</sup> February 2025. AAR held that GST is not applicable to the arbitration cost awarded to the applicant, but 18% GST must be paid on the fees paid to arbitrators separately. It also ruled that if price of goods or services is increased and this increase is based on a contract made before GST came into effect, then supplier must issue a supplementary invoice or debit note.

This invoice must be treated as a supply under GST, and GST will be payable on the increased amount.

[\(Link: AAR West Bengal Ruling Dated 13/02/2026\)](#)

**AAR, Inpatient Medicines exempt from GST as Composite Healthcare Supply:** Case of Rajarajeshwari Hospitals Private Limited, AAR Tamil Nadu Ruling dated 29<sup>th</sup> January 2026. AAR ruled that medicines, surgical items, and implants used for patients admitted to the hospital are considered part of the “health care services” (composite supply) and are therefore exempt from GST under Entry No. 74 of Notification 12/2017 Central Tax (Rate). Medicines sold to outpatients (non-admitted patients) are considered a separate sale of goods, not a composite service, and are subject to GST.

[\(Link: AAR Tamil Nadu Ruling Dated 29/01/2026\)](#)

**AAR, Energy Storage is not equal to Electricity Supply, taxable at 18% GST as Support Services:** Case of Indgrid 2 Private Limited, AAR Tamil Nadu Ruling dated 29<sup>th</sup> January 2026. AAR ruled that developing and operating a Battery Energy Storage Systems (BESS) facility constitutes a supply of service, specifically classified as “support services to electricity, gas, and water distribution” under HSN code 9986. These services are taxable at 18% GST.

[\(Link: AAR Tamil Nadu Ruling Dated 29/01/2026\)](#)

**AAR, GST Registration required due to Fixed Establishment at Construction Site:** Case of Teemage Builders Private Limited, AAR Tamil Nadu Ruling dated 21<sup>st</sup> January 2026. AAR ruled that construction sites outside the state had sufficient permanence and were supported by necessary human and technical resources for execution of works contracts, thereby constituting ‘fixed establishments’ under Section 2(50) of the CGST Act. The applicant was required to obtain GST registration in the States where such sites were located. It further held that construction sites within the state must be declared as additional places of business. Movement of materials to out-of-State sites was held to be ‘supply’ under Section 7 read with Schedule I, as establishments in different States are deemed distinct persons under Section 25, even in absence of consideration.

[\(Link: AAR Tamil Nadu Ruling Dated 21/01/2026\)](#)



**AAR, GST on used car sale by manufacturer payable on Full Value, Not Margin:** Case of Paranthaman Engineering Works, AAR Tamil Nadu Ruling dated 12<sup>th</sup> January 2026.

AAR ruled that the sale of the car by a registered manufacturing concern is subject to GST on the full sale value, rather than just the margin. This does not cover under concessional 'margin scheme' typically available under Notification 8/2018 Central Tax (Rate) for specific used vehicle scenarios.

(Link: [AAR Tamil Nadu Ruling Dated 12/01/2026](#))

**AAR, E-Commerce deliveries by road with Consignment Note is GTA Services:** Case of Flipkart India Private Limited, AAR Tamil Nadu Ruling dated 9<sup>th</sup> January 2026. AAR ruled that transportation services provided by Flipkart for e-commerce deliveries qualify as Goods Transport Agency (GTA) services. Transportation services (including incidental services like loading/unloading) provided to unregistered customers are exempt from GST under Sl. No. 21A of Notification 12/2017 Central Tax (Rate).

(Link: [AAR Tamil Nadu Ruling Dated 09/01/2026](#))

**AAR, GST payable on domestic part of Non-Compete Agreement but not on Overseas Services:** Case of Jolarpettai Veeramuthu Sreedhar, AAR Tamil Nadu Ruling dated 9<sup>th</sup> January 2026. The application seek clarity on the GST implications of non-compete and non-solicitation fees received pursuant to a share sale transaction. The applicant was a shareholder of a company engaged in bespoke software development, whose entire shareholding was sold to two purchasers, i.e. one located outside India and one in India, along with the goodwill of the business. AAR ruled that the activity of applicant agreeing to refrain from doing an act is Supply of Services. The services rendered to party located outside India, qualifies as export of service, is 'zero rated supply', attracting NIL rate of GST. The services to parties within India will attract GST as applicable.

(Link: [AAR Tamil Nadu Ruling Dated 09/01/2026](#))

**AAR, Deemed one-third land deduction for GST is Mandatory despite separate Sale Deed:** Case of Jaypee Enterprises, AAR Tamil Nadu Ruling dated 8<sup>th</sup> January 2026. AAR has clarified the taxability of residential projects where a promoter sells land and provides construction services. The ruling establishes that even if a developer has a separate sale deed for the land, they must follow the statutory one-third land value deduction for GST purposes rather than deducting the actual land value.

(Link: [AAR Tamil Nadu Ruling Dated 08/01/2026](#))

**AAR, Electrolink Bundle is Mixed Supply Due to Absence of Principal Supply:** Case of HP India Sales Private Limited, AAR Maharashtra Ruling Dated 30<sup>th</sup> December 2025. AAR ruled that the supply of Electrolink along with consumables and operator parts is a mixed supply as per section 2(74) of GST Act and will be classified as the supply of that particular supply attracting the highest rate of tax among all the goods in the mixed supply. The time of supply will be the date of issue of invoice or the date of receipt of payment, whichever is earlier. The value of supply will be the transaction value as reflected in the tax invoice issued by the applicant in terms of section 31(4) of GST Act.

(Link: [AAR Maharashtra Ruling Dated 30/12/2025](#))

**AAR, Education Consultancy to Foreign Universities held Export as not Intermediary Service:** Case of Eduguide Overseas Studies Private Limited, AAR Maharashtra Ruling Dated 30<sup>th</sup> December 2025. AAR ruled that the services given by the applicant to the foreign universities and the commission received from foreign universities for facilitating student admissions qualifies as "export of services" and is eligible for refund of accumulated input tax credit (ITC). The fees charged from students in India are liable to GST. However, if the applicant is not charging any fees from the students under the promotional scheme, the free services will not be considered as supply, and the same will not attract GST.

(Link: [AAR Maharashtra Ruling Dated 30/12/2025](#))



**AAR, ITC denied on Breakwater Construction as it is a Civil Structure:** Case of Konkan LNG Private Limited, AAR Maharashtra Ruling Dated 18<sup>th</sup> December 2025. AAR ruled that the input tax credit (ITC) is not admissible on GST paid for works contract services used in constructing a breakwater wall at its LNG terminal.

(Link: [AAR Maharashtra Ruling Dated 18/12/2025](#))

**AAR, GST on Paper Bags at 18%, since not covered under 5% entry for Biodegradable Bags:** Case of SGS Packaging Private Limited, AAR Rajasthan Ruling Dated 17<sup>th</sup> December 2025. AAR ruled that non-biodegradable paper bags manufactured by the applicant are subject to 18% GST and not the lower 5% rate claimed by the applicant.

(Link: [AAR Rajasthan Ruling Dated 17/12/2025](#))

**AAR, GST Exemption allowed on examination services as Educational Board Treated as Institution:** Case of Board of Secondary Education, AAR Rajasthan Ruling Dated 17<sup>th</sup> December 2025. The applicant is a government authority responsible for conducting secondary and senior secondary examinations in the state. It procures various services from external suppliers, including the printing of question papers and answer sheets, online form filling, result processing, and annual maintenance of computers used exclusively for exams. AAR ruled that the various support services are exempt from GST under notification 12/2017 (Rate).

(Link: [AAR Rajasthan Ruling Dated 17/12/2025](#))

**AAR, No separate GST Registration required if No Fixed Establishment Exists:** Case of Safety Controls & Devices Limited, AAR Rajasthan Ruling Dated 17<sup>th</sup> December 2025. The applicant, a Lucknow-based company that was awarded a contract by NTPC for the installation and commissioning of a solar PV project in Bikaner, Rajasthan. The contract involved the supply of goods and services, including civil works and electrical installations. AAR ruled that the applicant is not required to take a separate registration in Rajasthan, provided they do not have a “fixed establishment” or “place of business” in the state. It observed that the supply of goods and services for the solar project can be treated as an inter-state supply from the Uttar Pradesh office to the client in Rajasthan, attracting IGST.

[\(Link: AAR Rajasthan Ruling Dated 17/12/2025\)](#)

**AAR, GST ITC denied on Commercial Building Construction despite Taxable Rental Output:** Case of Super Chips, AAR Tamil Nadu Ruling dated 16<sup>th</sup> December 2025. AAR denied the ITC, holding that Section 17(5)(d) of the CGST Act blocks ITC on construction of immovable property (excluding plant and machinery), even if used for business purposes like renting. It emphasized that buildings are excluded from the definition of ‘plant and machinery’, and retrospective amendments clarified that ITC cannot be claimed on these construction inputs.

[\(Link: AAR Tamil Nadu Ruling Dated 16/12/2025\)](#)



**AAR, Corporate Meal delivery is service since Supply includes Logistics and Coordination, 18% GST Applicable:** Case of Frutta Services Private Limited, AAR Tamil Nadu Ruling dated 16<sup>th</sup> December 2025. The applicant is a GST-registered entity engaged in supplying food and beverages to corporate clients for distribution to their staff. The applicant does not manufacture, prepare, or process food. It operates as an aggregator by procuring cooked food from empanelled third-party kitchens and arranging delivery to client locations. AAR ruled that the applicant is required to pay tax on the composite supply involving supply of food at the rate of 18% as per serial 7(vi) of notification 11/2027. The applicant is eligible to avail ITC on the inward supply.

[\(Link: AAR Tamil Nadu Ruling Dated 16/12/2025\)](#)

**AAR, Mining Royalty taxed at 18% because it is a Licensing Service:** Case of Ramandeep Upkarsingh Bindra (Black Rock Crusher), AAR Maharashtra Ruling Dated 28<sup>th</sup> November 2025.

AAR held that what the government supplies is a licensing service granting the right to explore, extract, and use minerals, not a transfer of the right to use pre-existing goods. Such services fall under SAC 997337 and are taxable at 18% GST. Since the service is supplied by the State Government to a business entity, GST is payable by the recipient under the reverse charge mechanism as per Notification No. 13/2017. Thus, the royalty paid forms part of the consideration for taxable licensing services, and the applicant is liable to discharge GST under RCM at 18%.

[\(Link: AAR Maharashtra Ruling Dated 28/11/2025\)](#)

**AAR, GST applies on Canteen Charges recovered by Employer from Employees:** Case of KSB Limited, AAR Maharashtra Ruling Dated 28<sup>th</sup> November 2025. The applicant is providing canteen facilities provided by KSB Limited to its employees through third-party canteen service providers. AAR held that the supply of canteen services by the applicant to its employees, using a third-party canteen services provider, amount to supply of services under the GST Act. GST is not applicable, if no amount is recovered from the employees for the canteen services as the cost of said service would be a perquisite. GST would be applicable on the amount recovered from the employees for the canteen services. The portion of the cost, not recovered, would be considered as a perquisite.

[\(Link: AAR Maharashtra Ruling Dated 28/11/2025\)](#)

**AAR, In-Patient hospital charges is Composite Supply due to Integrated Medical Care:** Case of Laxmi Health Care Centre & ICCU, AAR Maharashtra Ruling Dated 28<sup>th</sup> November 2025. AAR ruled that charges recovered from in-patients towards tests, bed charges, medicines, and consumables are part of a composite supply of goods and services with healthcare services as the principal supply. Such composite supply is eligible for exemption under Entry 74 of Notification No 12/2017. However, GST is payable on room rent (other than ICU/CCU/ICCU/NICU) where the room charges exceed Rs 5,000 per day, as mandated by the proviso to the exemption entry.

[\(Link: AAR Maharashtra Ruling Dated 28/11/2025\)](#)

**AAR, Masala Paan taxed at 18% as it is not a Composite Supply:** Case of Sharad Sadashiv Patil, AAR Maharashtra Ruling Dated 28<sup>th</sup> November 2025. AAR held that Masala Paan is a single, distinct edible product created by combining multiple ingredients, each essential to its identity. The supply does not involve naturally bundled supplies with a principal supply, and therefore cannot be treated as a composite supply. AAR concluded that Masala Paan is classifiable as a miscellaneous edible preparation, under HSN 2106 9099 and held taxable at 18% GST.

[\(Link: AAR Maharashtra Ruling Dated 28/11/2025\)](#)

**AAR, GST applicable despite goods not entering India due to Supply between Indian Parties:** Case of Snag & Bag Retail Private Limited, AAR Tamil Nadu Ruling dated 21<sup>st</sup> November 2025. The applicant procures goods from Spain/USA and sells them to another Indian entity, with goods moving and delivered entirely outside India.

As supply occurs between two persons in taxable territory of India and title transfers in India, Para 7 of Schedule III is inapplicable, and GST is payable with mandatory registration.

(Link: [AAR Tamil Nadu Ruling Dated 21/11/2025](#))



### C. Central Excise

Excise Duty rate NIL, on unmanufactured tobacco or tobacco refuse, unbranded and not packed for Retail Sale: The notification 03/2025 dated 31<sup>st</sup> December 2025, has been amended to revise duty treatment on unmanufactured tobacco and tobacco refuse, creating a clear distinction based on branding and retail packaging. Under the new amendment, such tobacco will attract a nil rate of excise duty only when it does not bear a brand name and is not packed for retail sale, effectively targeting raw, bulk, or agricultural-stage tobacco supplies that are not meant for direct consumer markets. A new entry has been inserted prescribing an 18% excise duty on all other forms of unmanufactured tobacco or tobacco refuse that do not meet these two conditions.

(Link: [Central Excise Notification 04/2026 \(T\) Dated 01/02/2026](#))

Exempt value of Biogas in Blended CNG, and defers Additional Duty on Unblended Diesel: The Notification extend the validity of specified exemptions providing continuity in the excise framework. It defers implementation of levy of additional duty of Rs 2 per litre on unblended diesel till 31<sup>st</sup> March 2028. A new serial number 9A has been inserted to levy excise duty at 14% on Compressed Natural Gas (CNG) when blended with Biogas or Compressed Biogas (CBG). The value of biogas/CBG and the GST paid on such biogas/CBG are to be excluded while computing excise duty on the blended CNG.

(Link: [Central Excise Notification 02/2026 \(T\) Dated 01/02/2026](#))

Central Excise notification No. 05/2023 rescinded: The Notification rescind Notification No. 05/2023 Central Excise dated 1<sup>st</sup> February 2023. The exemptions or concessions granted under the 2023 notification will no longer apply.

(Link: [Central Excise Notification 03/2026 \(T\) Dated 01/02/2026](#))

Central Excise NCCD effective rate as 25% on Chewing and Jarda Scented Tobacco: The Notification seeks to prescribe effective rates of National Calamity Contingent Duty (NCCD) on chewing tobacco, Jarda Scented tobacco and other Tobacco products. It provide effective NCCD rate as 25% on chewing tobacco, jarda scented tobacco, and other goods falling under tariff item 240399.

(Link: [Central Excise Notification 01/2026 \(T\) Dated 01/02/2026](#))



### D. Custom Duty

Withdrawal of two customs notifications under New Baggage Rules 2026: The notification rescinded earlier exemption notifications 11/2004 dated 8<sup>th</sup> January 2004 and 27/2016 dated 31<sup>st</sup> March 2016 in view of new Baggage Rules 2026.

(Link: [Customs Notification 05/2026 \(T\) Dated 01/02/2026](#))

Up-dation of References to Baggage Rules 2026: The notification align customs provisions with the newly notified Baggage Rules 2026. The amendment is purely consequential, substituting reference to 'Baggage Rules 2016' with 'Baggage Rules 2026' at all relevant places in existing customs notification governing passenger baggage.

(Link: [Customs Notification 04/2026 \(T\) Dated 01/02/2026](#))

Budget 2026, Revision in Social Welfare Surcharge (SWS) and Agricultural Infrastructure Development Cess (AIDC) applicable on certain items: The exemption notifications 11/2018 dated 1<sup>st</sup> February 2018 and 11/2021 dated 1<sup>st</sup> February 2021 have been amended to rationalise product coverage and duty concessions. Several tariff headings have been newly included, certain serial numbers have been omitted, and specific entries have been substituted.

(Link: [Customs Notification 03/2026 \(T\) Dated 01/02/2026](#))

Budget 2026, Revision in Basic Customs Duty on certain items: The notification amends earlier notification 45/2025 dated 24<sup>th</sup> October 2025, and makes extensive changes across multiple tables by omitting numerous exemption entries, extending the validity of several existing exemptions up to

31 March 2028, and inserting new entries granting nil basic customs duty on specified goods. The key additions include exemptions for monazite, rare earth compounds, sodium antimonate for solar glass, critical minerals, nuclear power equipment, aircraft and defence-related imports, renewable energy components, and inputs for solar photovoltaic manufacturing. Lists relating to life-saving drugs, rare diseases, and nuclear power projects have been expanded.

[\(Link: Customs Notification 02/2026 \(T\) Dated 01/02/2026\)](#)

**Budget 2026, CBIC extends validity of five and amends two customs exemption notifications:** The notification extends validity of five exemption notifications for a further period of two years till 31<sup>st</sup> March 2028. It also amends notification 25/2002 to expand the scope of an existing exemption by including Battery Energy Storage Systems (BESS) alongside electrically operated vehicles. Certain serial numbers under notification 36/2024 have been omitted, and a clear expiry date of 30th April 2026 has been inserted.

[\(Link: Customs Notification 01/2026 \(T\) Dated 01/02/2026\)](#)

**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. 28<sup>th</sup> February 2026. The tariff value for crude palm oil is set at USD 1103 per metric ton, while gold and silver have tariff values of USD 1664 per 10 grams and USD 2800 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7020 per metric ton.

[\(Link: Customs Notification 24/2026 \(NT\) Dated 27/02/2026\)](#)

**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. 25<sup>th</sup> February 2026. The tariff value for crude palm oil is set at USD 1086 per metric ton, while gold and silver have tariff values of USD 1624 per 10 grams and USD 2817 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7020 per metric ton.

[\(Link: Customs Notification 23/2026 \(NT\) Dated 24/02/2026\)](#)

**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. 19<sup>th</sup> February 2026. The tariff value for crude palm oil is set at USD 1086 per metric ton, while gold and silver have tariff values of USD 1624 per 10 grams and USD 2421 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7020 per metric ton.

[\(Link: Customs Notification 22/2026 \(NT\) Dated 18/02/2026\)](#)

**Duty Drawback increased for Gold Jewellery and Silver Jewellery/Articles:** The notification revises the applicable drawback amounts for the specified tariff items in Chapter 71 of the Schedule. For tariff item 711301, it has been increased from Rs 524.27 to Rs 639.59 per gram.

For tariff items 711302 and 711401, it has been revised from Rs 6317.22 to Rs 9089.33 per kg.

[\(Link: Customs Notification 21/2026 \(NT\) Dated 16/02/2026\)](#)

**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. 14<sup>th</sup> February 2026. The tariff value for crude palm oil is set at USD 1086 per metric ton, while gold and silver have tariff values of USD 1624 per 10 grams and USD 2707 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7020 per metric ton.

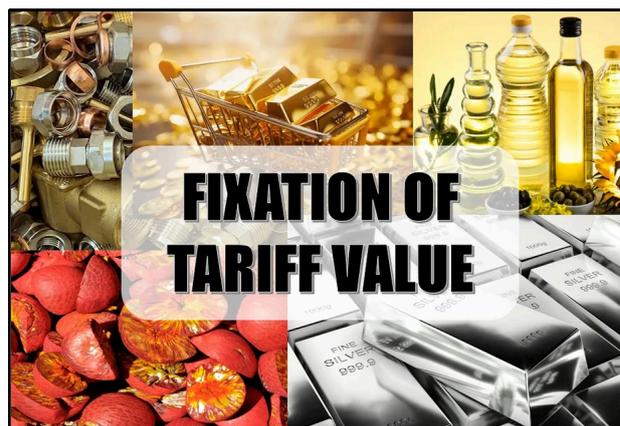
[\(Link: Customs Notification 20/2026 \(NT\) Dated 13/02/2026\)](#)

**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. 7<sup>th</sup> February 2026. The tariff value for crude palm oil is set at USD 1066 per metric ton, while gold and silver have tariff values of USD 1605 per 10 grams and USD 2552 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7679 per metric ton.

[\(Link: Customs Notification 19/2026 \(NT\) Dated 06/02/2026\)](#)

**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. 6<sup>th</sup> February 2026. The tariff value for crude palm oil is set at USD 1066 per metric ton, while gold and silver have tariff values of USD 1605 per 10 grams and USD 2934 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7679 per metric ton.

[\(Link: Customs Notification 18/2026 \(NT\) Dated 05/02/2026\)](#)



**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. 4<sup>th</sup> February 2026. The tariff value for crude palm oil is set at USD 1066 per metric ton, while gold and silver have tariff values of USD 1518 per 10 grams and USD 2657 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7679 per metric ton.

[\(Link: Customs Notification 17/2026 \(NT\) Dated 03/02/2026\)](#)

**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. 2<sup>nd</sup> February 2026. The tariff value for crude palm oil is set at USD 1066 per metric ton, while gold and silver have tariff values of USD 1604 per 10 grams and USD 3339 per kilogram, respectively. The tariff value for areca nuts is fixed at USD 7679 per metric ton.

(Link: [Customs Notification 16/2026 \(NT\) Dated 02/02/2026](#)) (Corrigendum)

**Notification of Customs Baggage (Declaration and Processing) Regulations 2026:** The new regulations replace multiple legacy baggage regulations. These mandate electronic declaration of accompanied and unaccompanied baggage through ICEGATE or the Atithi app, introduce standardised Customs Baggage Declaration (CBD) forms, and formalise Green and Red Channel procedures. Passengers carrying dutiable or prohibited goods must declare electronically, with provisions for advance filing, updates till arrival, and risk-based verification. The framework also covers temporary export, re-import, and duty-free temporary import of personal effects for residents and tourists, supported by export and temporary import certificates.

(Link: [Customs Notification 15/2026 \(NT\) Dated 01/02/2026](#))

**Notification of Baggage Rules 2026:** Baggage Rules 2026 have been notified replacing the earlier rules. The new rules comprehensively govern duty-free allowances, re-import, temporary import, transfer of residence, and unaccompanied baggage for passengers arriving in India. Used personal effects for daily necessities remain fully duty-free, while a general free allowance of Rs 75,000 is provided for residents, tourists of Indian origin, and eligible foreigners arriving by air or sea, with a lower limit of Rs 25,000 for foreign tourists. One new laptop is allowed duty-free for passengers above 18 years. Special concessions are prescribed for jewellery, transfer of residence cases, crew members, and foreign professionals, subject to conditions. Certain items such as firearms, excess tobacco, liquor, gold bars, and televisions remain excluded.

(Link: [Customs Notification 14/2026 \(NT\) Dated 01/02/2026](#))



**Extension of Import Duty Deferral Period to 30 Days for Trusted Entities:** The Deferred Payment of Import Duty Rules, have been amended to shift the timeline for payment of deferred import duty to a monthly payment framework. For goods covered by Bills of Entry from the 1st day to the last day of any month other than March, the deferred duty must now be paid by the 1st day of the immediately following month. For the month of March, duty must be paid by 31 March itself.

(Link: [Customs Notification 13/2026 \(NT\) Dated 01/02/2026](#))

**Duty Deferral Facility introduced for Eligible Manufacturer Importers:** The notification amends earlier notification 135/2016 dated 2<sup>nd</sup> November 2016 to expand the scope of the deferred payment of import duty facility under the proviso to Section 47(1) of the Customs Act. A new class of importers titled 'Eligible Manufacturer Importer' has been inserted after the existing categories. The Eligible Manufacturer Importer means a Manufacturer Importer. They are expressly permitted to make deferred payment of import duty up to 31<sup>st</sup> March 2028, thereby extending a time-bound benefit.

(Link: [Customs Notification 12/2026 \(NT\) Dated 01/02/2026](#))

**Anti-Dumping Duty on Toluene Di-Isocyanate (TDI) originating in or exported from European Union and Saudi Arabia:** Anti-dumping Duty has been imposed on imports of 'Toluene Di-Isocyanate (TDI) having isomer content in the ratio of 80:20' originating in or exported from European Union and Saudi Arabia, and imported into India. It shall be effective for a period of five years.

(Link: [Customs Notification 03/2026 \(ADD\) Dated 10/02/2026](#))

**Mandatory use of Body Worn Cameras (BWC) for Import Cargo Examination:** The circular introduce system based e-Scheduling of cargo examination and mandatory use of Body Worn Cameras (BWCs) during physical examination of import cargo to enhance transparency, accountability, and ease of doing business. All customs officers conducting physical examination of import goods will be required to record the entire examination process using BWCs, covering seal verification, opening of packages, inspection, sampling, and interactions with importers or customs brokers. Recordings will be securely stored for two years, or longer in cases of investigation or litigation.

(Link: [Customs Circular 07/2026 Dated 01/02/2026](#))

**Automation of Customs processes in import and export:** The circular provides for auto goods registration on imports for AEO T2 and T3 entities, approved Eligible Manufacturer Importers, importers with longstanding supply chains, and those availing Direct Port Delivery, replacing manual or web-based registration. Auto Out of Charge (OOC) is extended to all importers where duties are paid and no compliance intervention is required, expanding the earlier AEO-only facility. For exports, an online and e-seal-based auto goods registration system is introduced to eliminate physical interaction, with a pilot at Nhava Sheva, Mumbai, to be scaled up nationwide.

(Link: Customs Circular 06/2026 Dated 01/02/2026)

**Onboarding of CDSCO, WCCB, Textile Committee and MeitY on SWIFT 2.0 as Single Touch Point for Trade:** The circular expand SWIFT 2.0 as a single-touch digital platform for EXIM clearances by onboarding additional Partner Government Agencies (PGAs). Building on the pilot integration of AQCS, PQMS, and FSSAI, CBIC has now extended SWIFT 2.0 to CDSCO and WCCB, MeitY and the Textile Committee, and integrated the system enabling digital generation, submission, and validation of licences, NOCs, test reports, and exemption certificates directly through the SWIFT dashboard.

(Link: Customs Circular 05/2026 Dated 01/02/2026)

**Guidelines for uniform implementation of Baggage Rules 2026:** The circular consolidates statutory provisions with relevant instructions from numerous earlier circulars into a single master reference, without amending or expanding the law. It applies to all categories of passengers, including residents, NRIs, tourists, long-term foreign residents, crew, and diplomats, across all ports and land borders. The key clarifications cover electronic advance baggage declarations, duty-free allowances, personal effects, jewellery, temporary import/export certificates, treatment of commercial quantities, detention and re-export procedures, unaccompanied and mishandled baggage, land border restrictions, and risk-based verification.

(Link: Customs Circular 04/2026 Dated 01/02/2026)

**Extension of time period under Deferred Import Duty Scheme:** In view of trade recommendations, CBIC has extended the deferred payment period for import duties from 15 days to 30 days by amending Rule 4. Under the revised framework, duties for Bills of Entry returned in any month other than March are payable by the 1st day of the following month, while those returned in March must be paid by 31 March.

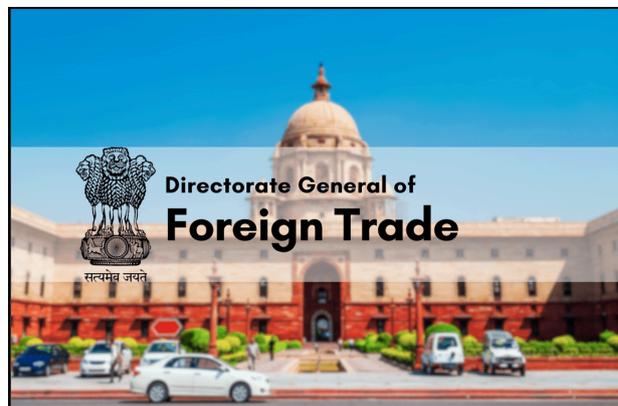
(Link: Customs Circular 03/2026 Dated 01/02/2026)

**Clarification on the term 'RPA (Remote Pilot Aircraft) for military use':** The circular clarifies the scope of the customs exemption for 'RPA (Remote Pilot Aircraft) for military use' under S. No. 59 of Table II of notification 45/2025. It confirms that the exemption from Basic Customs Duty and IGST applies only when such aircraft are imported for defence purposes by the Ministry of Defence, defence forces, defence PSUs, other PSUs, or any entity importing for the defence forces, subject to a certificate from a Joint Secretary-level officer in the Ministry of Defence. It clarifies that "RPA" is a broad term covering all remotely piloted aircraft, irrespective of nomenclature, including drones, Unmanned Aerial Vehicles (UAVs), and Unmanned Aircraft Systems (UAS).

(Link: Customs Circular 02/2026 Dated 01/02/2026)

**HC, Areca Nuts treated as prohibited, Confiscation justified as imported below Minimum Import Price:** Case of Bhagwan Corporation vs Commissioner of Customs, HC Delhi Judgement Dated 9<sup>th</sup> February 2026. HC held that absolute confiscation as ordered is justifiable in view of import of Areca Nuts below Minimum Import Price condition.

(Link: HC Delhi Judgement Dated 09/02/2026)



## E. Directorate General of Foreign Trade (DGFT)

**Amendment in Export Policy of Wheat, permits 25 LMT despite continued Prohibition:** The notification amends the export policy of wheat under ITC Code 1001900 (Durum Wheat – Other) and 10019910 (Wheat). While the overall export policy for wheat continues to remain "Prohibited", the government has now permitted export of 25 Lakh Metric Tonnes (LMT) of wheat. Additionally, the earlier provision allowing exports to other countries based on Government of India approval to meet food security needs, upon request from their governments, remains applicable and will operate over and above the permitted 25 LMT quota.

(Link: DGFT Notification 62/2026 Dated 24/02/2026)

**Amendment in export policy of Wheat flour and related items:** The notification allowed export of an additional 5 Lakh Metric Tonnes (LMT) of wheat flour and related products. This quantity is over and above the 5 LMT already permitted under Notification 55/26 dated 16<sup>th</sup> January 2026. Despite this relaxation, the overall export policy status continues to remain 'Prohibited' for wheat flour and related products.

(Link: DGFT Notification 61/2026 Dated 24/02/2026)

**Rationalisation of RoDTEP rates:** The notification provides that, the applicable RoDTEP rates for all Harmonised System (HS) lines specified in Appendix 4R and Appendix 4RE shall be restricted to 50% of the existing notified rates. In addition, wherever value caps have been prescribed, such caps will also stand reduced to 50% of the earlier notified limits. It further clarifies that the reduced RoDTEP rates and value caps will not apply to export products falling under ITC HS Chapters 01 to 24.

(Link: DGFT Notification 60/2026 Dated 23/02/2026, Corrigendum)

**Halal Certification List expanded due to addition of 20 Export Countries:** The notification streamline the Halal certification process for exports of specified meat and meat products by expanding the list of countries where certification under the India Conformity Assessment Scheme (I-CAS) Halal is mandatory. It adds 20 countries, including Azerbaijan, Uzbekistan, Egypt, Algeria, Kenya, Morocco, and others, to the existing list notified earlier. All other policy conditions remain unchanged, including the requirement that certification be obtained only from NABCB-accredited bodies and compliance with importing country regulations.

(Link: DGFT Notification 59/2026 Dated 09/02/2026)

**Platinum Articles shifted from Free to Restricted Import Policy:** DGFT has revised the import status of platinum articles from 'Free' to 'Restricted'. A new Policy Condition No. 6 has been introduced, under which imports of platinum articles remain restricted, except for specified categories. These permitted categories include re- import of Indian origin goods taken abroad for exhibitions or export promotion tours, re-import of Indian origin goods that are rejected, returned, or remain unsold, and re-import of Indian origin goods intended for repair.

(Link: DGFT Notification 58/2026 Dated 05/02/2026)

**Amendment in Import Policy and Policy condition of Umbrellas:** The notification amends the import policy for umbrellas and sun umbrellas. Imports of finished umbrellas classified under HS Codes 66019100 (telescopic shaft) and 66019900 (other umbrellas) have been changed from "Free" to "Restricted" category. However, a relaxation has been provided, i.e. imports will continue to be treated as 'Free' if the CIF value is Rs 100 or more per piece.

(Link: DGFT Notification 57/2026 Dated 05/02/2026)

**EPCG Relief granted as export decline exceeds 5% in 2024-25:** The circular issued guidance on relief in Average Export Obligation (EO) under the EPCG Scheme. The provision allows proportionate reduction in Average EO for sectors or product groups where total exports declined by more than 5% in 2024-25 compared to 2023-24. A list of such product groups indicating percentage decline has been annexed. Regional Authorities have been directed to re-fix the Annual Average EO for EPCG authorisations for 2024-25 and endorse reductions in licence files and amendment sheets.



(Link: DGFT Policy Circular 10/2026 Dated 26/02/2026)

**Industrial Chemicals warehousing permitted in Bonded Warehouses Under FTP:** The circular clarifies that the exclusion of "hazardous chemicals" in Para 2.36(a) of Foreign Trade Policy (FTP) was intended only to restrict unregulated warehousing of hazardous waste and prohibited items. Accordingly, warehousing of industrial chemicals is permitted in public and private bonded warehouses, subject to compliance with domestic laws governing safe storage and handling, applicable import and export policy conditions, and the provisions of the Customs Act.

(Link: DGFT Policy Circular 09/2026 Dated 06/02/2026)

**Extension of TRQ application deadline under Multiple FTAs:** The Public Notice extends the last date for submission of online Tariff Rate Quota (TRQ) applications for FY 2026-27 from to 15<sup>th</sup> March 2026 for specified products under various FTAs and trade agreements notified in Appendix-2A of the Foreign Trade Policy. The extension covers TRQs under the India-Sri Lanka FTA (vanaspati, pepper, desiccated coconut), India-Mercosur Trade Agreement (crude soy oil from Paraguay), India-Mauritius CECTA (agricultural produce, fish products, sugar, beverages, apparel), India- Nepal Treaty (vanaspati, acrylic yarn, copper products, zinc oxide), and India-UAE CEPA (polyethylene, polypropylene, PVC resins, copper wires and related products).

(Link: DGFT Public Notice 50/2026 Dated 24/02/2026)

**Modalities for export of Wheat:** The Public Notice prescribes the modalities for application, allocation, and processing of export authorizations for 25 LMT of wheat as permitted. Applicants with active IEC must apply online through the specified DGFT portal link during the first ten days of each month until the quota is exhausted. Applications must include past export performance, confirmed export orders, and a Chartered Accountant-certified turnover statement for the preceding five financial years. Authorizations will be valid for six months, non-transferable, and subject to allocation by a Special Exim Facilitation Committee (EFC).

(Link: DGFT Public Notice 49/2026 Dated 24/02/2026)

**Modalities for export of Wheat Flour and related products:** The Public Notice prescribes modalities for export authorization of an additional 5 LMT of wheat flour and related products as notified. Eligible exporters with active IEC must apply online through the DGFT portal during the first ten days of each month subject to quota availability. Applications must include past export performance details, confirmed export orders, a Chartered Accountant certificate of export turnover for five preceding financial years, and a self-declaration confirming use of domestic wheat only. Authorizations are valid for six months, non-transferable, and subject to allocation by a Special Exim Facilitation Committee (EFC).

(Link: [DGFT Public Notice 48/2026 Dated 24/02/2026](#))

**Correction of suffix in name of Dubai-Based Lab in HBP:** The Public Notice amends Para 4.73(19) of the Handbook of Procedures (HBP) under the Foreign Trade Policy (FTP). The name of the listed laboratory 'GIA Laboratory, DMCC, Dubai, UAE' has been amended to 'GIA Laboratory, FZCO, Dubai, UAE'. It changes only the suffix of the entity name from DMCC to FZCO, without altering its location or functional recognition.

(Link: [DGFT Public Notice 47/2026 Dated 11/02/2026](#))

**Extension of deadline for filing Annual RoDTEP Returns:** DGFT has extended the deadline for filing the Annual RoDTEP Return (ARR) for Financial Year 2023-24 to 31<sup>st</sup> March 2026, subject to payment of a composition fee of Rs 15,000. The notice also clarifies that failure to file the ARR by the extended deadline will invite action under paragraph 4.94 of the Handbook of Procedures, including denial of RoDTEP benefits and scroll-out of scrips.

(Link: [DGFT Public Notice 46/2026 Dated 05/02/2026](#))

**Launch of Facilitating Logistics Interventions for Freight & Transport (LIFT) under Export Promotion Mission (EPM):** The LIFT scheme under the Export Promotion Mission (NIRYAT DISHA), provides partial reimbursement of freight costs to offset geographical disadvantages affecting exporters from identified districts, including North-eastern states, hill regions, and select other states. Eligible MSMEs with valid IEC and Udyam registration can claim up to 30% reimbursement of freight costs (capped at 20% of FOB value), subject to an annual ceiling of Rs 20 lakh per IEC. Support applies only to notified products and shipments exceeding 200 km to ICDs, ports, or air cargo complexes, excluding deemed exports and SEZ supplies.

(Link: [DGFT Trade Notice 29/2026 Dated 20/02/2026](#))

**Launch of Facilitating Logistics, Overseas Warehousing & Fulfilment (FLOW) Under Export Promotion Mission (EPM):** The FLOW scheme aims to mitigate logistics related constraints faced by MSMEs engaged in international value chains by supporting overseas warehousing, fulfilment, distribution, and market-facing infrastructure. Assistance is available to eligible Indian incorporated entities such as Export Promotion Councils, logistics service providers, industry associations, and government organisations. Financial support is capped at 30% of project cost subject to specified ceilings and is limited to lease, rental, and operational expenses for up to three years. Approved projects must ensure that, at least 20% of annual merchandise volumes benefit Indian MSMEs.

(Link: [DGFT Trade Notice 28/2026 Dated 20/02/2026](#))

**Launch of Support for Integrated Support for Trade Intelligence & Facilitation (INSIGHT) Under Export Promotion Mission (EPM):** The INSIGHT scheme aims to strengthen exporter preparedness,

particularly for MSMEs, by addressing information gaps, procedural challenges, and capacity constraints. It focuses on four key areas, i.e. export capacity building and skills development; district and cluster-level export facilitation; trade intelligence, analytics, and digital knowledge systems; and research, innovation, and pilot initiatives for export promotion. The initiative will operate initially on a pilot basis to enable institutional learning and refinement. Applications can be submitted online for modules, research studies, capacity-building programs, and analytics initiatives.

(Link: [DGFT Trade Notice 27/2026 Dated 20/02/2026](#))



**Launch of Trade Regulations, Accreditation & Compliance Enablement (TRACE) under Export Promotion Mission (EPM):** The TRACE initiative aims to strengthen quality and technical compliance ecosystem and assist MSMEs involved in international value chains in meeting importing country regulatory requirements. The scheme provides partial reimbursement of eligible expenditure incurred towards testing, inspection, certification, audits, traceability systems, and other conformity assessment requirements necessary for market access or compliance with internationally recognised standards. It will initially operate on a pilot basis.

(Link: [DGFT Trade Notice 26/2026 Dated 20/02/2026](#))

**Launch of Support for Alternative Trade Instruments under Export Promotion Mission (EPM):** The initiative aims to enhance export finance access for MSMEs involved in international value chains by providing structured support for export factoring arrangements, including recourse and non-recourse factoring in INR or freely convertible foreign currency. Eligible MSMEs with valid IEC and Udyam Registration can claim interest subvention at 2.75% on export factoring interest costs, subject to an annual cap of Rs 50 lakh per financial year and restricted to a notified positive list of 4,139 HS six-digit tariff lines. It will initially operate on a pilot basis.

(Link: [DGFT Trade Notice 25/2026 Dated 20/02/2026](#))

**Digital Trade Facilitation bill to recognise E-Trade Documents:** The Union Budget has announced implementing Bharat Trade Net as a digital public infrastructure for trade. The draft Digital Trade Facilitation Bill 2026, proposes statutory recognition of electronic trade documents, trusted digital verification mechanisms, and secure cross-border exchange of trade records. The comments from stakeholders are invited.

(Link: [DGFT Trade Notice 24/2026 Dated 09/02/2026](#))

**Implementation of NPCI-based Workflow for Bank Account Validation in IEC Applications:** NPCI-based workflow for bank account validation in Importer Exporter Code (IEC) applications and modifications, has been implemented. DGFT has integrated its system with the National Payments Corporation of India (NPCI) to enable real-time verification of bank account information as submitted by the applicants. It is assigned a status of Success, In Progress, or Failed.

(Link: [DGFT Trade Notice 23/2026 Dated 06/02/2026](#))



## F. Securities and Exchange Board of India (SEBI)

**Master Circular for SEBI Issue of Capital and Disclosure Requirements Regulations:** The updated Master Circular include all relevant circulars issued up to 31<sup>st</sup> December 2025, with necessary changes to reflect provisions currently in force. The previous circulars listed in the Appendix stand rescinded to the extent they relate to the ICDR Regulations.

(Link: [SEBI Master Circular Dated 09/02/2026](#))

**Master Circular for Investment Advisers (IAs):** The master circular consolidates all relevant directions and instructions issued earlier into a single reference document, enabling Investment Advisers, the Investment Adviser Administration and Supervisory Body (IAASB), and other stakeholders to access the complete regulatory framework at one place. All prior circulars listed in its appendix stand rescinded to the extent they relate to Investment Advisers.

(Link: [SEBI Master Circular Dated 06/02/2026](#))

**Master Circular for Research Analysts (RAs):** The master circular consolidates various instructions previously issued from time to time, enabling Research Analysts, the Research Analysts Administration and Supervisory Body (RAASB), and other market participants to access the entire regulatory framework in one place.

All earlier circulars listed in its appendix stand rescinded to the extent they relate to Research Analysts.

(Link: [SEBI Master Circular Dated 06/02/2026](#))

**Master Circular for Registrars to an Issue and Share Transfer Agents (RTAs):** The master circular consolidates all relevant directions and instructions previously issued from time to time, providing RTAs and market participants with a single, comprehensive reference point. All earlier circulars listed in the appendix stand rescinded to the extent they relate to RTAs.

(Link: [SEBI Master Circular Dated 06/02/2026](#))

**Green Debt Certification Norms revised to align with ESG Framework:** The circular revise the norms for appointment of an independent third-party reviewer or certifier for green debt securities. The changes align the requirements for green debt securities with the framework prescribed for other ESG debt securities such as social bonds, sustainability bonds, and sustainability-linked bonds. Issuers must appoint an independent reviewer to certify that the issuance complies with SEBI Regulations. The reviewer must be independent, conflict-free in remuneration, & possess ESG expertise.

(Link: [SEBI Circular Dated 27/02/2026](#))

**Disclosure of Registration Details mandated on Social Media Platforms:** The circular mandate that all regulated entities and their agents must prominently disclose their registered name and SEBI registration number on social media platforms (SMPs) when posting securities market-related content. Entities with single registration must display their registered name and number on the home page and at the beginning of each relevant content piece. Entities with multiple registrations must provide a web link listing all registrations on their home page and disclose the relevant registration at the beginning of specific content. Agents must disclose both the principal entity and their own registration details.

(Link: [SEBI Circular Dated 26/02/2026](#))

**Valuation of physical Gold and Silver held by mutual fund schemes:** Under the existing framework, Gold and Silver Exchange Traded Funds (ETFs) value holdings based on AM fixing prices of the London Bullion Market Association (LBMA), adjusted for metric and currency conversions, transportation costs, customs duty, taxes, levies, and notional premium or discount for domestic valuation. It has been decided that polled spot prices published by recognized stock exchanges may be used for valuation. As stock exchanges operate under regulatory transparency and compliance norms, this approach will reflect domestic market conditions and ensure uniformity in valuation practices.

(Link: [SEBI Circular Dated 26/02/2026](#))

**Categorization and Rationalization of Mutual Fund Schemes:** The mutual fund schemes are classified into Equity, Debt, Hybrid, Life Cycle Funds, and Other Schemes, with detailed asset allocation norms and uniform scheme descriptions prescribed for each category.

The circular introduces portfolio overlap limits for sectoral/thematic equity schemes, mandates quarterly computation and phased realignment. It standardizes naming conventions to ensure schemes remain 'true-to-label' and prohibits return-focused words in scheme names. Solution Oriented Schemes are discontinued, with existing schemes to stop subscriptions and merge after SEBI approval. Medium duration debt funds may reduce portfolio duration under adverse situations with documented justification.

[\(Link: SEBI Circular Dated 26/02/2026\)](#)

**Forms for registration of stock brokers and clearing members:** The circular prescribes new application forms and certificate formats for registration of stock brokers and clearing members under the SEBI (Stock Brokers) Regulations. The updated forms include Form A (stock broker registration), Form B (clearing member registration), and Form C (certificate of registration).

[\(Link: SEBI Circular Dated 17/02/2026\)](#)

**Revision in IT Capacity Norms for Commodity Derivatives Exchanges:** Earlier, the Master Circular required exchanges to maintain system capacity at four times the peak order load. Now, SEBI has aligned the commodity derivatives segment with the broader MII framework, subject to modifications. Installed capacity must now be at least 2 times the projected peak load. Further, if actual utilization exceeds 75% of installed capacity, immediate corrective measures such as system fine-tuning or augmentation are mandatory under SCOT oversight.

[\(Link: SEBI Circular Dated 11/02/2026\)](#)



**Tightened CRA disclosure rules due to Cross-Regulator Rating Activities:** The circular prescribes detailed obligations for Credit Rating Agencies (CRAs) when rating financial instruments regulated by authorities other than SEBI. It mandates clear operational segregation to avoid investor confusion. CRAs must use separate email IDs and website sections for grievances and disclosures, ensure SEBI's minimum net worth remains unaffected, and distinctly disclose all activities and their respective regulators. Rating reports, press releases, and marketing materials must clearly state the applicable regulator.

[\(Link: SEBI Circular Dated 10/02/2026\)](#)



**Reporting of value of units of Alternative Investment Funds (AIFs) to Depositories:** The circular mandate the reporting of the Net Asset Value (NAV) of Alternative Investment Fund (AIF) units to depositories to enhance transparency and operational efficiency. AIFs issue units in dematerialised form and undertake periodic valuations under existing regulations. Now, AIFs are required, through their Registrars and Transfer Agents, to upload the latest available NAV for each ISIN to the depository system by 1<sup>st</sup> Ma 2026, or within 30 days from the valuation date, whichever is later.

[\(Link: SEBI Circular Dated 06/02/2026\)](#)

**Calendar Spread margin benefit for Single Stock Derivatives on expiry day:** Under the existing framework, calendar spread benefits allow margin offsets for positions across different expiries, but such benefits were disallowed for index derivatives on the expiry day. SEBI has now decided to extend the same restriction to single stock derivatives. Accordingly, on the expiry day, calendar spread margin benefits will not be available for positions involving contracts expiring on that day, while spreads across non-expiring contracts will continue to receive the benefit.

[\(Link: SEBI Circular Dated 05/02/2026\)](#)

**Creation/Invocation of pledge of securities through depository system:** The circular requires that depositories must now ensure that pledge request forms contain undertakings by the pledgee to provide reasonable notice to the pledger before sale of pledged securities and to comply with applicable contract law and regulatory provisions. Further, upon invocation of a pledge, depositories are required to send immediate intimation to both the pledger and pledgee confirming invocation and recording of the pledgee as the beneficial owner.

[\(Link: SEBI Circular Dated 05/02/2026\)](#)

**Revision of Order-to-Trade Ratio (OTR) framework:** The circular revises the Order-to-Trade Ratio (OTR) framework applicable to algorithmic trading. The key revisions include exempting equity option orders placed within  $\pm 40\%$  of the last traded price (premium) or  $\pm$  Rs 20, whichever is higher, from OTR penalty computation. Further, algorithmic orders placed by Designated Market Makers for market-making activities are excluded from OTR calculations. The framework continues to apply to orders in the cash and derivative segments, including liquidity enhancement schemes, subject to these exemptions.

[\(Link: SEBI Circular Dated 04/02/2026\)](#)



## G. Ministry of Corporate Affairs (MCA)

**Companies Compliance Facilitation Scheme, 2026 (CCFS-2026):** The Scheme, effective from 15<sup>th</sup> April 2026 to 15<sup>th</sup> July 2026, provides a one-time opportunity for defaulting companies to complete pending annual filings by paying only 10% of the additional fees otherwise payable under Section 403 of the Companies Act, which currently attracts Rs 100 per day without an upper limit. Companies may alternatively opt for dormant status under Section 455 by paying half of the normal fee, or apply for strike-off through e-form STK-2 by paying 25% of the applicable filing fee. The Scheme applies to most companies except those already under strike-off action, dissolved entities, vanishing companies, or those that have already applied for dormancy. The immunity from penalties under Sections 92 and 137 is available if filings are completed within specified timelines.

[\(Link: MCA General Circular 01/2026 Dated 24/02/2026\)](#)

**Amendments in notification 4090(E) dated 19<sup>th</sup> December 2016 expands list of Regional Directors:** The previous notification recognized Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad, and Shillong. This has now been substituted with Regional Directors at Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai, and New Delhi.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Amendments in notification 6225(E) dated 18<sup>th</sup> December 2018 expands list of Regional Directors:** The previous notification recognized Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad, and Shillong. This has now been substituted with Regional Directors at Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai, and New Delhi.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Amendments in notification 2938(E) dated 6<sup>th</sup> September 2017 expands list of Regional Directors:** The previous notification recognized Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad, and Shillong. This has now been substituted with Regional Directors at Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai, and New Delhi.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Amendments in notification 3557(E) dated 31<sup>st</sup> December 2015 expands list of Regional Directors:** The previous notification recognized Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad, and Shillong. This has now been substituted with Regional Directors at Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai, and New Delhi.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Amendments in notification 891(E) dated 31<sup>st</sup> March 2015 expands list of Regional Directors:** The previous notification recognized Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad, and Shillong. This has now been substituted with Regional Directors at Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai, and New Delhi.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Amendments in notification 1354(E) dated 21<sup>st</sup> May 2014 revise Regional Director Designation:** The amendment substitutes the reference to the 'office of Regional Director at Noida' with 'Regional Director, Northern Region Directorate I, Headquarter at New Delhi'.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Appointment of Registrars as Adjudicating Officers:** MCA has appointed various Registrars of Companies (RoCs) as Adjudicating Officers under Section 454 of the Companies Act 2013. The notification specifies detailed territorial jurisdictions for each Registrar across States, Union Territories, and districts, including separate jurisdictions in Delhi, Uttar Pradesh, Maharashtra, Tamil Nadu, and West Bengal. It further provides that appeals against orders of the Adjudicating Officers shall lie before the concerned Regional Directors.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Amendments in LLP delegated authority provisions:** The notification revises the list of Regional Directors empowered to exercise delegated authority in LLP matters. The previous notification recognized Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad, and Guwahati. This has now been substituted with Regional Directors at Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai, and New Delhi.

[\(Link: MCA Notification Dated 10/02/2026\)](#)

**Appointment of ROCs as Adjudicating Officers Under LLP Act:** MCA has appointed Registrars of Companies (RoCs) as Adjudicating Officers under Section 76A of the Limited Liability Partnership Act 2008. The order specifies detailed territorial jurisdictions for each Registrar across States, Union Territories, and districts, including bifurcated jurisdictions in Delhi, Uttar Pradesh, Maharashtra, Tamil Nadu, and West Bengal, and also covers Sikkim under Kolkata-I. Appeals against orders passed by these Adjudicating Officers shall lie before the concerned Regional Directors.

[\(Link: MCA Notification Dated 10/02/2026\)](#)



## H. Insolvency and Bankruptcy Board of India (IBBI)

**Amendments to IBBI Insolvency Resolution Process for Corporate Persons (CIRP) Regulations:** The amendment revises the definition of 'fair value' to clarify that it represents the estimated realizable value of the corporate debtor and its assets, including tangible and intangible assets along with underlying synergies, as on the insolvency commencement date. It mandates appointment of two sets of registered valuers within specified timelines, with a coordinating valuer in each set, and prescribes a structured methodology for determining fair and liquidation values, including provision for a third set where estimates differ significantly (25% or more). The regulations also introduce documentation requirements for valuation reports, and expand disclosures.

(Link: [IBBI Notification Dated 25/02/2026](#))

**Amendments to IBBI Bankruptcy Process for Personal Guarantors to Corporate Debtors Regulations:** The notification inserts a new regulation 30(5), which mandates that a registered valuer shall prepare the valuation report and maintain documentation strictly in accordance with the format notified by the Board through circular. It standardizes both the valuation methodology and reporting format, ensuring procedural uniformity in bankruptcy processes involving personal guarantors.

(Link: [IBBI Notification Dated 25/02/2026](#))

**Amendments to IBBI Pre-Packaged Insolvency Resolution Process Regulations:** The notification revises the definition of 'fair value' to mean the estimated realizable value of the corporate debtor or its assets on the insolvency commencement date in an arm's length transaction, after proper marketing, and computed by considering the total realizable value of all assets, including tangible, intangible assets and underlying synergies. Regulation 38 is amended to require appointment of "two sets" of valuers. Regulation 39 substitutes the valuation mechanism, mandating one registered valuer per asset class in each set, designation of a coordinating valuer, explanation of methodology to the committee, physical verification of assets, and averaging of estimates for fair and liquidation values.

(Link: [IBBI Notification Dated 25/02/2026](#))

**Amendments to IBBI Voluntary Liquidation Process Regulations:** The notification modifies Regulation 3(1)(b) by inserting an explanation, which clarifies that a registered valuer shall prepare the valuation report and maintain documentation in accordance with the format notified by the Board through a circular.

(Link: [IBBI Notification Dated 25/02/2026](#))

**Amendment to IBBI Liquidation Process Regulations:** The notification inserts a new sub-regulation 35(8), which mandate that a registered valuer shall prepare the valuation report and maintain documentation strictly in accordance with the format notified by the Board through circular.

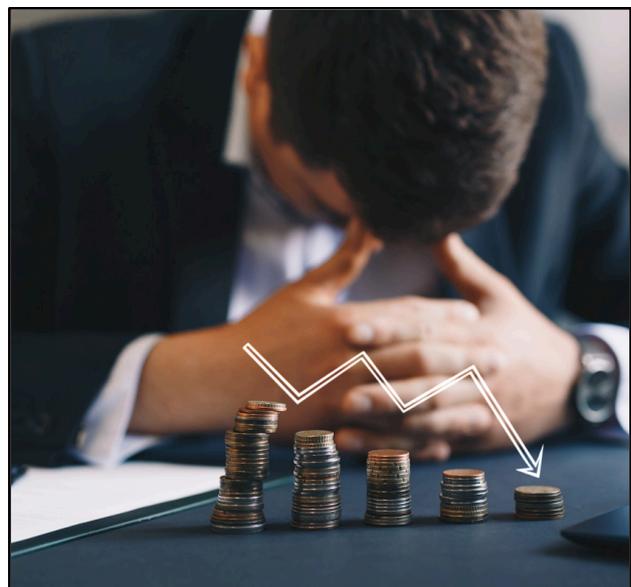
(Link: [IBBI Notification Dated 25/02/2026](#))

**IBBI strengthens Valuation Framework to enhance Insolvency Transparency:** While recognising valuation as central to value maximisation and stakeholder decision-making, the amended regulations standardise valuation report formats, mandate harmonised valuation standards across processes, expand the definition of fair value to include tangible and intangible assets with underlying synergies, and introduce a Coordinating Valuer to ensure enterprise-level assessment. Additionally, disclosure norms in the Information Memorandum have been expanded to include details of unclaimed allottees, receivables, joint development agreements, and assets under attachment by enforcement agencies.

(Link: [IBBI Press Report Dated 26/02/2026](#))

**SC Dismisses IBC challenge to Benami Attachment because NCLT Lacks Jurisdiction:** Case of S Rajendran vs DCIT, SC Judgement Dated 24<sup>th</sup> February 2026. The apex court dismissed a batch of appeals challenging orders of the NCLAT, which had upheld the decisions of the NCLT, declining jurisdiction to entertain challenges against provisional attachment orders passed under the Benami Act. The parties can approach the authorities under the Benami Act for lifting the attachment.

(Link: [SC Judgement Dated 24/02/2026](#))



**SC, IBC overrides defunct Scheme of Arrangement due to non-compliance with Statutory Timelines:** Case of Omkara Assets Reconstruction Pvt Ltd vs Amit Chaturvedi, SC Judgement Dated 24<sup>th</sup> February 2026. The apex court viewed that the IBC is a special statute with overriding effect under Section 238 and that proceedings under Sections 7 or 9 are independent and unaffected by winding-up or other proceedings. It held that judicial discipline cannot be invoked to stall CIRP where the SOA was grossly delayed and inoperative. The IRP was permitted to proceed, and appeal was allowed.

(Link: [SC Judgement Dated 24/02/2026](#))

**SC, Delaying CIRP due to settlement proposal without CoC approval is not Justifiable:** Case of Power Trust vs Bhuvan Madav, SC Judgement Dated 18<sup>th</sup> February 2026. The apex court held that commercial wisdom of Committee of Creditors (CoC) is non-justiciable. The stalling CIRP on account of settlement proposal without approval by CoC is not justifiable.

(Link: [SC Judgement Dated 18/02/2026](#))

**SC, Spectrum allocated to Telecom Service Providers cannot be subjected to proceedings under IBC:** Case of State Bank of India vs Union of India, SC Judgement Dated 13<sup>th</sup> February 2026. The scope and ambit of IBC is to speed up the process providing for insolvency, and achieving maximisation of value of the asset of the entity undergoing CIRP. The focus is on the company. On the other hand, Telegraph Act, Wireless Telegraphy Act and TRAI Act forms a complete and exhaustive code for all matters relating to telecom sector. This includes declaration of the nature of the rights and liabilities arising out of holding and using spectrum. The two statutes have different subjects to deal with, different purposes to subserve, different laws to abide, protect different rights and create different liabilities. The apex court held that Spectrum allocated to Telecom Service Providers (TSPs) and shown in their books of account as an "asset" cannot be subjected to proceedings under IBC.

(Link: [SC Judgement Dated 13/02/2026](#))

**SC, Balance Sheet Acknowledgement & Debt Restructuring extend Limitation:** Case of B Prashanth Hegde vs State Bank of India, SC Judgement Dated 12<sup>th</sup> February 2026. The apex court upheld admission of CIRP under section 7 of IBC (Initiation of CIRP by Financial Creditors) against the Corporate Debtor, holding that the application was within limitation due to repeated acknowledgements of debt through restructuring agreements, consortium arrangements & balance-sheet entries.

(Link: [SC Judgement Dated 12/02/2026](#))

**HC Quashes GST ITC demand for ignoring IBC Moratorium Plea:** Case of Srei Equipments Finance Limited vs Office of AC GST, HC Delhi Judgement Dated 12<sup>th</sup> February 2026. HC quashed an order, which had confirmed an ineligible Input Tax Credit (ITC) demand plus interest and an equivalent penalty.

The Assistant Commissioner had ignored the fact that Srei Equipment Finance Ltd was under a moratorium as part of the CIRP under IBC.

(Link: [HC Delhi Judgement Dated 12/02/2026](#))

**NCLAT, Accounting adjustments cannot extend Limitation for Debt:** Case of Heena Metals Private Limited vs Global Extrusions Pvt Ltd, NCLAT Delhi Judgement Dated 9<sup>th</sup> January 2026. The appellate tribunal held that transferring Jamnagar liabilities to the Mumbai account did not constitute acknowledgment of debt. Also the signed ledger was not a clear promise to pay. The tribunal dismissed the appeal.

(Link: [NCLAT Delhi Judgement Dated 19/01/2026](#))

**NCLAT, EPFO claim based on Post-Moratorium assessment not admissible in CIRP:** Case of EPFO vs Subhlaxmi Investment Advisory Pvt Ltd, NCLAT Delhi Judgement Dated 9<sup>th</sup> January 2026. The appellate tribunal held that without entries in the books showing provident fund deductions and without identifiable employee records, the assessment based claim raised during moratorium could not be admitted.

(Link: [NCLAT Delhi Judgement Dated 19/01/2026](#))



**NCLAT, Contract Termination not triggered by insolvency is not barred by Moratorium under section 14 of IBC:** Case of Pradeep Upadhyay vs Bhadohi Industrial Development Authority, NCLAT Delhi Judgement Dated 7<sup>th</sup> November 2025. The appellate tribunal held that termination of a construction contract based on pre-CIRP breaches, performance deficiencies, and delay in execution is not protected by the moratorium, nor does it fall within the residuary jurisdiction of the NCLT. Where contractual remedies are exercised independent of insolvency, the IBC cannot be invoked to invalidate legitimate termination actions. The ruling restricts misuse of Section 14 to shield pre-existing contractual defaults.

(Link: [NCLAT Delhi Judgement Dated 19/12/2025](#))

**NCLAT, Insolvency Proceedings against Personal Guarantors upheld despite Corporate CIRP:** Case of Neeta Saha vs Assets Care & Reconstruction Enterprise Ltd, NCLAT Delhi Judgement Dated 19<sup>th</sup> December 2025. The appellate tribunal held that moratorium under Section 14 of the IBC does not preclude Financial Creditors from issuing a loan recall notice to Personal Guarantor during CIRP of Principal Borrower, nor from filing an application under Section 95 against Personal Guarantor.

[\(Link: NCLAT Delhi Judgement Dated 19/12/2025\)](#)

**NCLAT, Each and every commercial transaction resulting into loss cannot be labelled as Fraudulent:** Case of Nalinesh Kumar Paurush vs Arvind Mittal, NCLAT Delhi Judgement Dated 25<sup>th</sup> September 2025. The appellant authority held that each and every commercial transaction which has resulted in loss may not be labelled as fraudulent or to have been done to deceive creditors. Since ingredients of section 66(2) of IBC is lacking, the transaction cannot be labelled as fraudulent.

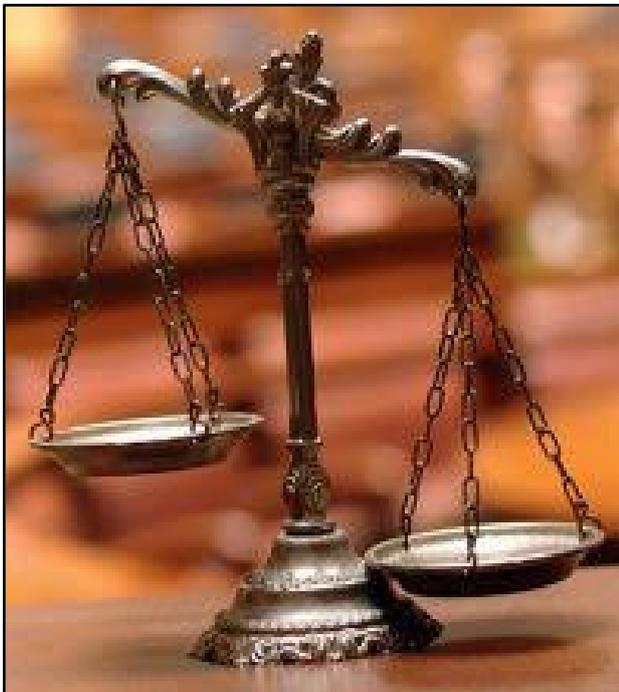
[\(Link: NCLAT Delhi Judgement Dated 25/09/2025\)](#)

**NCLAT, Threshold criteria applies only at the time of filing section 7 Application (CIRP by Financial Creditors):** Case of Satyabrata Mitra vs Earth Towne Infrastructure Pvt Ltd, NCLAT Delhi Judgement Dated 4<sup>th</sup> September 2025. The appellate tribunal held that the threshold criteria is applicable at the time of filing Section 7 application (CIRP by Financial Creditors) under IBC and not subsequently.

[\(Link: NCLAT Delhi Judgement Dated 04/09/2025\)](#)

**NCLAT, Dispensation from convening meeting of unsecured creditors granted post consent affidavit of 90%:** Case of Archernar Board Technologies Private Limited, NCLAT Delhi Judgement Dated 4<sup>th</sup> September 2025. The appellate authority held that post consent affidavit representing at least 90% of the value of the unsecured creditors, dispensation from convening meeting of unsecured creditors can be granted under section 230(9) of the Companies Act 2013. Accordingly, the appeal is allowed.

[\(Link: NCLAT Delhi Judgement Dated 04/09/2025\)](#)



**IBBI suspends Pankaj Srivastava, IP for three years due to unauthorized CoC Reconstitution:** The disciplinary committee (DC) held that the IP acted beyond authority by unilaterally reconstituting the Committee of Creditors (CoC), filing contradictory interlocutory applications with differing CoC

compositions for the same date, and failing to disclose the earlier filing, thereby misleading the Adjudicating Authority. The DC suspended the registration of IP for three years.

[\(Link: IBBI Order Dated 24/02/2026\)](#)



## I. Reserve Bank of India (RBI)

**Amendments to FEMA Borrowing and Lending Regulations:** The amendments substitute Regulation 2 with an expanded definitions clause, and insert Regulation 3A restricting end-use of borrowed funds for specified activities such as chit funds, nidhi companies, real estate business (with conditions), certain agricultural activities, trading in TDRs, securities transactions (except strategic corporate actions), and repayment of restricted domestic loans. The revised Schedule I lays down a comprehensive External Commercial Borrowing (ECB) framework covering eligible borrowers and lenders, borrowing limits, maturity, cost, security, refinancing, conversion into non-debt instruments, reporting requirements, and treatment of untraceable borrowers. It permits ECB in foreign currency or INR, prescribes a minimum average maturity period, and details reporting through Forms ECB 1 and ECB 2 via designated AD Category I banks.

[\(Link: FEMA Regulations Amendment Notification Dated 09/02/2026\)](#)

**Amendments to Non-Banking Financial Companies Miscellaneous Directions:** The notification enable the National Urban Co-operative Finance and Development Corporation Limited (NUCFDC) to effectively function as an Umbrella Organisation for over 1,400 primary urban co-operative banks (UCBs). RBI has permitted NUCFDC to issue equity shares through private placement to more than 200 persons in a financial year, subject to conditions. These include a Board-approved resource plan, restricted subscription to UCBs and NDCDC, prohibition on lending against its own shares, mandatory quarterly reporting, and compliance with statutory requirements.

[\(Link: RBI Circular 224/2026 Dated 26/02/2026\)](#)

**Reporting under FEMA, Returns pertaining to External Commercial Borrowing (ECB):** The forms prescribed under the Master Direction Reporting under FEMA 1999, for ECB returns have been modified. Part V – Annex I and Part V – Annex II have been substituted with revised formats, namely Form ECB 1 (Revised) and Form ECB 2.

[\(Link: RBI Circular 223/2026 Dated 18/02/2026\)](#)



**Unique Transaction Identifier for OTC Derivative Transactions:** The circular mandates the generation and reporting of a Unique Transaction Identifier (UTI) for all over-the-counter (OTC) derivative transactions reported to the Trade Repository managed by Clearing Corporation of India Limited. The framework applies to rupee interest rate derivatives, forward contracts in government securities, foreign currency and interest rate derivatives, credit derivatives, and other specified instruments. UTI must be generated, which comprising up to 52 characters, including the Legal Entity Identifier of the generating entity.

(Link: [RBI Circular 222/2026 Dated 18/02/2026](#))

**Amendments to FEMA Borrowing and Lending Regulations:** The amendments pertain to changes in the External Commercial Borrowing (ECB) framework. The updated Regulations consolidate provisions relating to ECB and borrowing in Indian Rupees by persons resident in India, from existing master directions. Consequently, specified paragraphs of the Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations, the Master Direction on INR borrowing between residents and non-residents, and Part I of the FAQs on ECB and Trade Credits have been deleted.

(Link: [RBI Circular 221/2026 Dated 16/02/2026](#))

**Assignment of Lead Bank Responsibility for new district in Haryana:** Punjab National Bank has been designated as the Lead Bank, under the Lead Bank Scheme, for newly formed Hansi district in Haryana.

(Link: [RBI Circular 220/2026 Dated 16/02/2026](#))

**Amendments to Directions on Capital Market Exposure:** The amendments create a unified framework that permits banks to provide acquisition financing for corporate takeovers while simultaneously tightening collateral requirements for stockbrokers and other intermediaries.

– Banks can now fund up to 75% of a deal's value for strategic acquisitions (onshore and offshore) by Indian non-financial companies. The borrower must have a minimum net worth of Rs 500 crore and a 3-year track record of profitability. The acquiring entities must contribute at least 25% equity from their own funds.

--The exposure limits are capped at 40% of a bank's Tier 1 capital (on both solo and consolidated bases).

--All credit facilities to SEBI-regulated brokers must be fully secured by tangible assets, promoter-only guarantees are no longer sufficient. Banks are explicitly prohibited from financing proprietary trading activities of brokers. Bank guarantees to exchanges must have at least 50% collateral, with 25% in cash.

--Loan to Value (LTV) for listed shares is capped at 60%, while REITs, InvITs, and Equity MFs is capped at 75%. A minimum 40% haircut is mandatory for equity shares accepted as collateral from intermediaries.

(Link: [RBI Circulars 211-CBs Credit Facilities, 212-CBs Concentration Risk, 213-CBs Prudential Norms, 214-CBs Financial Statements, 215-CBs Undertaking Fin Services, 216-SFBs Credit Facilities, 217-SFBs Concentration Risk, 218-SFBs Prudential Norms, 219-SFBs Financial Statements, All Dated 13/02/2026](#))

**Amendments to NBFCs Income Recognition, Asset Classification & Provisioning Directions:** The amendments introduces specific norms for loan portfolios covered under Default Loss Guarantee (DLG) arrangements. Earlier DLG arrangements were permitted in limited cases for digital lending and later for co-lending. The amended provisions allow NBFCs to consider DLG while determining provisions under the Expected Credit Loss (ECL) framework across all stages, subject to Indian Accounting Standards requirements, including that the DLG must be integral to the loan contract and not recognised separately.

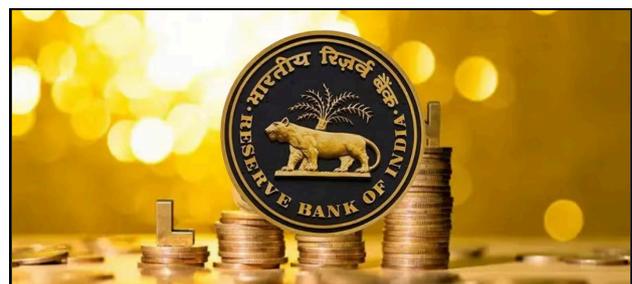
(Link: [RBI Circular 210/2026 dated 13/02/2026](#))

**Amendment to NBFCs Credit Facilities Directions:** The paragraph 25(1) has been substituted to clarify that asset classification of individual loan assets and the related provisioning requirements shall be governed by the RBI Income Recognition, Asset Classification and Provisioning Directions 2025.

(Link: [RBI Circular 209/2026 dated 13/02/2026](#))

**Amendments to Rural Co-operative Banks Income Recognition, Asset Classification and Provisioning Directions:** Under the revised framework, Rural Co-operative Banks may recognise income, such as interest, fees, commission, or other charges, on an accrual basis for credit facilities classified as 'Standard', without the requirement of making any matching provision. However, for credit facilities not classified as Standard, including those guaranteed by the Government, income must be recognised strictly on an actual receipt (cash) basis. Further, if any credit facility becomes a Non-Performing Asset (NPA), all previously accrued and credited income that remains unrealised must be reversed.

(Link: [RBI Circular 208/2026 dated 13/02/2026](#))





**Withdrawal of Grievance Redress Circular after Regulatory Overhaul:** RBI has withdrawn its earlier circular dated 27<sup>th</sup> January 2021 on Strengthening of Grievance Redress Mechanism in Banks. The review follows regulatory and supervisory developments, including consolidation of complaint related disclosure requirements under the Master Direction on Financial Statements–Presentation and Disclosures 2025. Also, the consumer compensation framework has been strengthened under the Reserve Bank–Integrated Ombudsman Scheme 2026, with enhanced compensation limits, and the Internal Ombudsman Directions 2026 now empower Internal Ombudsmen to recommend compensation awards. The banks remain obligated to maintain and continuously strengthen effective grievance redress systems in accordance with regulatory instructions and Board approved policies.

(Link: [RBI Circular 207/2026 dated 11/02/2026](#))

**Collateral-Free MSME Loans expanded to Rs. 25 Lakh:** The amendments to RBI Lending to Micro, Small & Medium Enterprises (MSME) Sector Directions, revise the collateral framework applicable to micro and small enterprise (MSE) lending. Banks are mandated not to accept collateral for loans up to Rs 20 lakh to MSE units and are advised to extend collateral-free loans up to Rs 20 lakh to all units financed under the Prime Minister Employment Generation Programme (PMEGP). Based on internal policy, banks may further dispense with collateral up to Rs 25 lakh for MSEs with a strong track record and sound financial position. Banks may also avail credit guarantee cover where applicable. Importantly, voluntary pledging of gold or silver by borrowers for loans up to the collateral-free limit will not be treated as a violation.

(Link: [RBI Circular 206/2026 dated 09/02/2026](#))

**Voluntary Retention Route – Imparting predictability and increasing ease of doing business:** RBI has revised the Voluntary Retention Route (VRR) framework for foreign portfolio investments in debt. Under the new directions, VRR investment limits are subsumed within the overall limits applicable to FPI investments under the General Route. Consequently, all existing VRR investments in Central and State Government securities and corporate bonds will be counted against the respective General Route limits. Further, FPIs that opted for retention periods longer than the prescribed minimum will have flexibility to partially or fully liquidate their holdings and exit VRR after completing the minimum retention period.

(Link: [RBI Circular 205/2026 dated 06/02/2026](#))

**All Agency Banks to remain open for public on 31<sup>st</sup> March 2026 (Tuesday):** RBI has directed all agency banks to keep their branches dealing with government receipts and payments open for public transactions on 31<sup>st</sup> March 2026, which is a notified public holiday. It is to ensure that all government-related receipts and payments are properly accounted for within the Financial Year 2025–26 itself.

(Link: [RBI Circular 204/2026 dated 03/02/2026](#))



## J. Miscellaneous

**FDI 100% Allowed in Insurance under Automatic Route:** Department for Promotion of Industry and Internal Trade (DPIIT), has issued Press Note No. 1 (2026 Series) revising the Foreign Direct Investment (FDI) policy for the insurance sector under the Consolidated FDI Policy, 2020. The amendment permits up to 100% foreign investment under the automatic route in Indian insurance companies and insurance intermediaries, subject to verification and regulatory compliance. The Life Insurance Corporation of India (LIC) continues to have a 20% FDI cap under the automatic route, subject to the LIC Act, 1956 and applicable insurance laws.

(Link: [DPIIT Press Note No 1 Dated 09/02/2026](#))

**Monthly Limit of Ra 18000/- set to define Supervisory Employees as Workers:** Central Govt has notified Rs 18,000 per month as the applicable wage limit for determining coverage under the definition of 'worker'. Consequently, individuals employed in a supervisory role whose monthly wages exceed Rs 18,000 are expressly excluded from the statutory definition of 'worker' for the purposes of the Code on Wages.

(Link: [Min Labour Notification Dated 30/01/2026](#))

**SC, Possession without Occupancy Certificate cannot be forced upon Homebuyers:** Case of Parsvnath Developers Ltd vs Mohit Khirbat, SC Judgement Dated 20<sup>th</sup> February 2026. The apex court held that possession without an Occupancy Certificate cannot be forced upon the homebuyers. Accordingly, orders of NCDRC are affirmed and held that appellant shall continue to pay compensation as determined by the NCDRC.

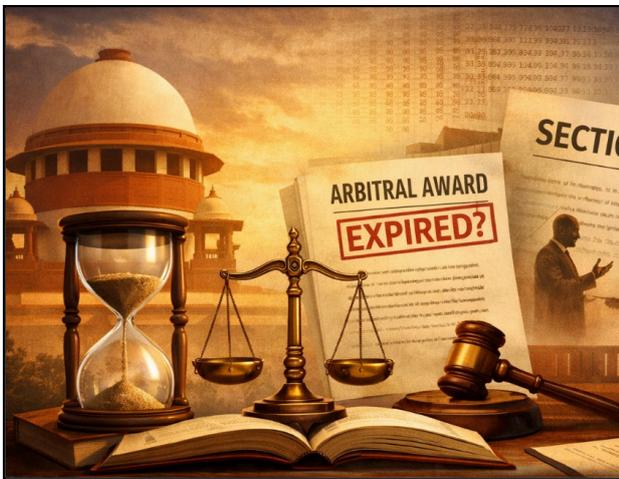
(Link: [SC Judgement Dated 20/02/2026](#))

**SC, Joint Hindu Family properties presumed where Ancestral Nucleus Exists:** Case of Dorairaj vs Doraisamy (Dead), SC Judgement Dated 5<sup>th</sup> February 2026.

The apex court reiterated settled law that mere existence of a joint family is not enough, but once ancestral properties yielding income are established and acquisitions are made during the subsistence of the joint family, the burden shifts to the person asserting self-acquisition. In the present case, ancestral lands were proved to be income-yielding through revenue records, wells and irrigation facilities. The plea that later acquisitions in the name of the father (Karta) or one coparcener were self-acquired was held not proved by cogent evidence.

-- The apex court also upheld rejection of an unregistered Will allegedly executed three days prior to death, noting suspicious circumstances (thumb impression despite habit of signing, execution close to death, doubtful scribe/attestors) and holding that the finding had attained finality.

[\(Link: SC Judgement Dated 05/02/2026\)](#)



**SC, Once Arbitrator appointed under section 11, validity of Arbitration Clause cannot be reopened under section 34:** Case of Eminent Colonizers Private Limited vs Rajasthan Housing Board, SC Judgement Dated 4<sup>th</sup> February 2026. The apex court emphasize the doctrinal difference between 'precedent' and 'res judicata', it has held that once a court exercising powers under Section 11 of the Arbitration and Conciliation Act, appoints an arbitrator under the pre-amendment framework and the order attains finality, the finding on the existence and validity of the arbitration agreement binds the parties in subsequent stages, and cannot be revisited under Section 34.

[\(Link: SC Judgement Dated 04/02/2026\)](#)

**SC, Section 29A mandate can be extended even after arbitration award, late award is unenforceable, not Void:** Case of C Velusamy vs K Indhera, SC Judgement Dated 3<sup>rd</sup> February 2026. The apex court held that an application under section 29A(5) of the Arbitration & Conciliation Act, is maintainable even after expiry of the 12+6 month period and even after an arbitral award is rendered in the interregnum. Passing of an award after expiry of the tribunal's mandate does not denude the court of power to extend time, such an award is unenforceable under section 36, but not a jurisdictional nullity that forecloses extension.

[\(Link: SC Judgement Dated 03/02/2026\)](#)

**HC, CA certificate alone not enough, upholds tender rejection for Non-Submission of LoA/WCC:** Case of Bothra Shipping Services Pvt Ltd, vs Union of India, HC Delhi Judgement Dated 13<sup>th</sup> January 2026. HC dismissed a petition challenging a tender rejection, ruling that a CA certificate alone is insufficient if the Request for Proposal (RFP) mandate for supporting documents like Letters of Acceptance (LoAs) or Work Completion Certificates (WCCs) is not met.

[\(Link: HC Delhi Judgement Dated 13/01/2026\)](#)

**HC, Arbitration clause prevails over general Jurisdiction Clause:** Case of Jindal Coke Limited vs Himadri Speciality Chemicals Limited, HC Delhi Judgement Dated 13<sup>th</sup> January 2026. HC ruled that the arbitration clause prevails over a general jurisdiction clause when determining seat of arbitration. By designating New Delhi as venue for arbitration, the parties effectively chose it as the "seat," giving Delhi courts supervisory jurisdiction.

[\(Link: HC Delhi Judgement Dated 13/01/2026\)](#)

**HC, Security Cheque not a shield against prosecution under NI Act:** Case of Aarti Trehan vs Super Oils, HC P&H Judgement Dated 3<sup>rd</sup> January 2026. HC has dismissed a petition seeking the quashing of a criminal complaint filed under Section 138 of the Negotiable Instruments, observing that a security cheque is an integral part of the commercial process and can be legally utilized to discharge a liability.

[\(Link: HC P&H Judgement Dated 03/01/2026\)](#)

## 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.

# NPS Taxation and Its Attractive Attributes: Maximizing Retirement Wealth



The National Pension System (NPS) is a voluntary, long-term retirement savings scheme regulated by the Pension Fund Regulatory and Development Authority (PFRDA) under the Government of India. It is designed to help individuals build a retirement corpus through systematic contributions during their working years, with the objective of providing financial security after retirement.

NPS is a defined contribution, market-linked investment product, where the returns depend on the performance of underlying assets such as equity, government securities, and corporate debt. The scheme is open to:

- Salaried individuals (government and private sector)
- Self-employed persons
- Professionals and entrepreneurs

One of the key features of NPS is its flexibility. Subscribers can choose their investment allocation across different asset classes or opt for an automatic lifecycle-based allocation that adjusts risk exposure with age. The scheme also offers significant tax benefits under the Income-tax Act, including deductions for contributions and tax-efficient withdrawal provisions, making it one of the most tax-advantaged retirement planning instruments in India.

At retirement (normally age 60), subscribers can withdraw a portion of the accumulated corpus as a lump sum and use the remaining amount to purchase an annuity that provides regular pension income. Overall, NPS combines disciplined retirement savings, market-linked growth potential, regulatory oversight, and tax efficiency, making it a powerful tool for long-term financial planning.

## Recent Development

Over time, NPS has evolved from a relatively rigid retirement product into a flexible, market-linked, and tax-efficient retirement planning instrument. Continuous regulatory reforms by PFRDA have enhanced its attractiveness by combining long-term growth potential, investment customization, and favorable tax treatment. Today, NPS stands out as one of the most efficient tools for disciplined retirement wealth creation in India from multiple perspectives.

In December 2025, the PFRDA notified the PFRDA (Exits and Withdrawals under the National Pension System) (Amendment) Regulations, 2025, introducing major changes to withdrawal structures, including enhanced lump-sum limits, extension of investment age up to 85 years, and provisions permitting loans against the NPS corpus.

This article aims to comprehensively highlight the key attractive attributes of the National Pension System (NPS) and examine the recent regulatory changes along with their tax implications under the Income-tax Act.

## 1. Market-Linked Growth with Professionally Managed Risk

Unlike traditional pension schemes that offer fixed but relatively low returns, NPS provides market-linked returns by investing across equity, government securities, and corporate debt.

**Higher Return Potential:** Exposure to equity and corporate debt enables NPS to deliver superior long-term returns compared to conventional fixed-income retirement products.

**Risk Management Framework:** While market-linked investments involve volatility, risks are managed through a PFRDA-regulated investment framework and professional fund management. Features such as exposure limits and the Auto Choice lifecycle option, which gradually reduces equity exposure with age, help protect capital as retirement approaches.

Thus, while NPS does not guarantee fixed returns, it offers a well-regulated and prudently managed structure aimed at delivering risk-adjusted returns over the long term.



## 2. Unmatched Portfolio Customization

NPS places investors firmly in control of their retirement savings by offering unparalleled portfolio flexibility.

**Asset Class Choice:** Subscribers can allocate funds across Equity (E), Government Securities (G), and Corporate Debt (C).

**Active Choice Option:** This allows subscribers to actively decide and periodically rebalance asset allocation in line with their risk appetite, financial goals, and market outlook.

This flexibility enables the creation of a diversified and balanced retirement portfolio, something rarely available in traditional pension products.

### 3. The Systematic Withdrawal Option: Liquidity with Stability

To enhance post-retirement flexibility, PFRDA has introduced the option of Systematic Lump-sum Withdrawal (SLW).

**Beyond Immediate Annuities:** Instead of being compelled to utilize the entire eligible corpus for annuity at once, retirees may withdraw their lump-sum component in a phased manner.

**Cash-Flow Management:** Systematic withdrawals (monthly, quarterly, or half-yearly) allow retirees to manage cash flows more efficiently while keeping the remaining corpus invested.

This option improves liquidity and aligns NPS with modern retirement income planning needs.

### 4. Strategic Deferral of Exit up to Advanced Age

NPS is no longer a “hard stop” at the age of 60.

**Deferred Withdrawal:** Subscribers may defer lump-sum withdrawal and annuity purchase beyond 60, as per PFRDA regulations, and can continue their NPS account and remain invested up to the age of 85.

**Compounding Advantage:** This allows the retirement corpus to continue compounding in a tax-efficient environment, benefiting individuals who do not immediately require retirement funds or who continue working post-retirement.

### 5. Liberalized Lump-Sum Withdrawal: Reduced Annuity Dependence

Recent regulatory relaxations have further strengthened NPS by reducing mandatory annuity dependence.

**Higher Lump-Sum Access:** Under specified conditions, subscribers may opt for up to 80% of the accumulated corpus as lump-sum withdrawal, with only 20% mandatorily required to be utilized for annuity purchase.



### Core Conflict: PFRDA vs. Income-tax Act

NPS Withdrawal Rules and Income-tax Law: Understanding the 20% Tax Gap

A gap exists between the withdrawal flexibility allowed under the PFRDA regulations and the tax exemptions provided under the Income-tax Act, 1961. This mismatch has created what may be described as a “20% tax gap”, which subscribers must clearly understand before making withdrawal decisions.



### Increased Lump Sum Withdrawal Allowed by PFRDA

Under the amended NPS exit regulations notified in December 2025, eligible non-government subscribers can now withdraw:

- Up to 80% of their accumulated corpus as lump sum, and
- Only 20% is required to be used for annuity purchase, where the corpus exceeds ₹12 lakh.

The objective behind this change is to provide retirees with greater liquidity and flexibility so that they can manage their retirement finances according to their needs instead of being forced to invest a large portion into annuity products.

For smaller corpus amounts (up to ₹8 lakh), even 100% lump sum withdrawal is permitted under the regulations.

### Tax Law Still Provides Exemption Only up to 60%

While the regulatory framework has become more liberal, the Income-tax Act has not yet been updated accordingly. As per Section 10(12A) of the Income-tax Act:

Only 60% of the total NPS corpus withdrawn at the time of retirement is tax-exempt.

### There is currently no amendment increasing this exemption limit to 80%.

This leads to the following practical tax position:

- First 60% of corpus withdrawn → Fully tax-free
- Next 20% withdrawn → Taxable as per income slab
- Remaining 20% used for annuity → Not taxed immediately, but pension received later is taxable

### Impact of the 20% Tax Gap on Subscribers

Higher Tax Liability

If a subscriber withdraws the full 80% lump sum, the additional 20% becomes taxable income in the year of withdrawal.

### Small Corpus Cases

For subscribers with corpus up to ₹8 lakh, regulations allow 100% withdrawal. However, technically under tax law, exemption is clearly available only up to 60% unless further clarification is issued by the government.

### Possible Future Amendment

It is expected that the Government may align the tax provisions with the new withdrawal rules in a future Budget or through a CBDT clarification. However, as of February 2026, no such amendment has been made.

### Practical Approach for Subscribers

Until tax law is amended, a cautious approach may be advisable:

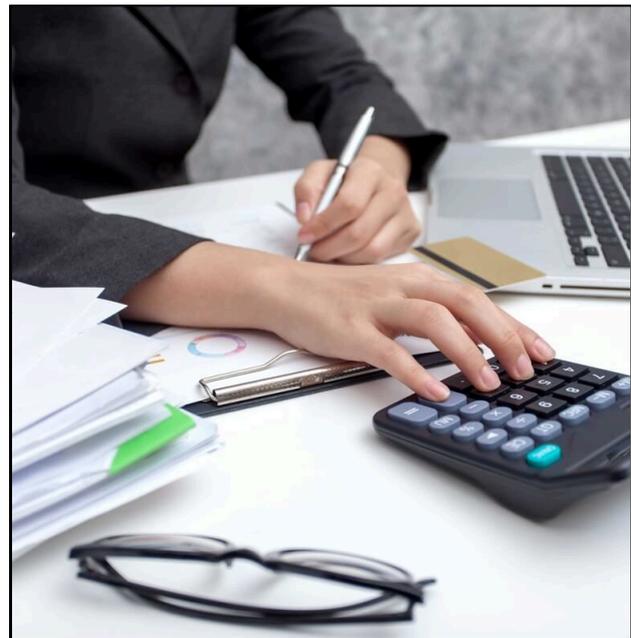
- Withdraw 60% lump sum to enjoy full tax exemption
- Use the remaining corpus for annuity or phased withdrawal
- Consider deferring exit where feasible

This approach helps maintain the tax-efficient nature of NPS.

## 6. Tax Efficiency During Accumulation Phase

NPS enjoys highly favorable tax treatment across the investment lifecycle.

**Tax-Free Accretion:** The accretion in the value of NPS units is not taxed during the accumulation phase. There is no capital gains tax on annual appreciation, allowing uninterrupted compounding and enhancing long-term wealth creation.



### Summing Up

The 2025 reforms have significantly improved the flexibility and attractiveness of the National Pension System by allowing higher lump sum withdrawals and reducing compulsory annuity requirements. However, the absence of corresponding changes in the Income-tax Act has created a temporary gap between regulatory permissions and tax exemptions.

Therefore, subscribers must carefully evaluate the trade-off between liquidity and tax efficiency before opting for withdrawals beyond the 60% tax-free limit.

With likely future alignment between regulations and tax provisions, NPS is expected to become an even more powerful retirement planning tool in India.



**CMA CS Pramod Aggrawal**

DGM Finance - GAIL INDIA

# Alternative Financing: Exploring Options Beyond Traditional Bank Loans



## Introduction

Imagine this.

You have a solid business idea. You have customers waiting. You can almost see your first year's sales in your head.

Then you walk into a bank.

The relationship manager smiles, asks for papers, and says the usual line: "We will get back to you."

Two weeks later, you receive the polite rejection email. Or worse—silence.

If you are a student planning a startup, a fresher building a side business, or a small business owner trying to expand, this story can feel painfully familiar.

And you are not alone

Small businesses matter a lot to the economy, but getting formal finance is still one of their biggest roadblocks. The World Bank notes that SMEs are around 90% of businesses and create more than half of global employment, yet many still struggle to access the money they need to start and grow.

The same page highlights the scale of the problem: the latest International Finance Corporation – World Bank MSME finance gap estimate (for emerging markets and developing economies) is about US\$5.7 trillion, and around 40% of formal MSMEs are credit-constrained (fully or partially).

So, what do businesses do when the bank route feels slow, strict, or simply out of reach?

They look beyond bank loans—towards alternative financing.

Alternative financing is a simple idea: if one door is hard to open, find another door that fits your stage, your risk level, and your business model.

## Why Businesses Look Beyond Bank Loans

Traditional bank financing is important, but it is not always easy—especially in the early days.

Think of a bank like a safety-first investor. Most banks prefer situations where the risk is controlled: stable cash flows, good financial history, and assets that can protect the loan if something goes wrong

The official guidelines for the Startup India Seed Fund Scheme even state it bluntly: banks provide loans only to "asset-backed" applicants.

Here are the most common reasons founders step outside the bank route.

### Strict eligibility criteria

Banks often want proof that your business can repay. That usually means:

- Past financial statements,
- Income tax returns,
- Steady cash flows,
- A strong credit history.

Many first-time founders do not have these yet, even if the idea is excellent. (This is one reason the government seed fund guidelines emphasise early-stage support before startups become "bankable".)

### Collateral requirements

Collateral means an asset you pledge (like property, gold, fixed deposits, machinery) so the lender has a backup if you do not repay.

Regulators have tried to reduce this burden. For example, the Reserve Bank of India (RBI) has stated that banks are mandated not to accept collateral security for loans up to ₹20 lakh to MSE units.

But in real life, many small businesses still face indirect "collateral-like" pressure—extra guarantees, extra documentation, or higher scrutiny—especially when the business is new or the cash flow is uneven.

### Long approval process

Even when banks want to lend, the process can be slow because banks must follow checks and documentation.

A government release (via the Press Information Bureau) says banks have been advised to give MSME borrowers a checklist of documents, and that for loans up to ₹25 lakh, timelines for credit decisions should not be more than 14 working days.

That is good policy—and yet for a small business that needs urgent working capital for inventory this week, 14 working days can still feel like forever.

### Limited funding flexibility

Bank loans are usually structured with fixed repayment schedules.

If your business has seasonal income (for example, festive sales, tourism-linked revenue, project-based freelancing), a fixed EMI cycle can feel like a tight shoe: it fits only if your cash flow is smooth.

That is why many founders ask a very practical question:

Is there a way to get money that matches how my business actually grows?"

That question is exactly where alternative financing begins.

## That question is exactly where alternative financing begins.

Before we go into the four major options, one small clarification

There are two broad “money styles” in the business world.

- **Debt:** you borrow and repay (with interest).
- **Equity:** you raise money by giving a share of ownership

Equity dilution simply means: “Your ownership percentage reduces because you shared it with new investors.

Now, the main options beyond classic bank loans.

### 1) Peer-to-Peer (P2P) Lending

What it is

Peer-to-Peer (P2P) lending is a system where many individual lenders give small amounts of money to borrowers through an online platform.

In India, P2P platforms are regulated as NBFC-P2P. They act as intermediaries—meaning they help match borrowers and lenders—but they do not lend from their own balance sheet and they cannot provide a credit guarantee.

How it works

A simple real-life flow looks like this:

1. You apply on a P2P platform with your details (income, business profile, purpose, etc.).
2. The platform assesses the risk and displays your request to lenders.
3. Multiple lenders fund parts of your loan.
4. Money moves only through bank accounts and an escrow mechanism (no cash).
5. You repay in instalments, and repayments go back to lenders through the escrow setup.

A key operational safeguard is that fund transfers must be routed through escrow accounts and cash transactions are strictly prohibited.

### Important India-specific rules (simple version)

Based on RBI’s Master Directions for NBFC-P2P:

- A lender’s total exposure across all P2P platforms is capped at ₹50 lakh (linked to net worth).
- A borrower’s total loans across all P2P platforms are capped at ₹10 lakh.
- One lender cannot lend more than ₹50,000 to the same borrower across platforms.
- Loan maturity cannot exceed 36 months.

So P2P is not meant for very large funding needs. Think of it as a bridge for smaller ticket sizes.

Who can use it

P2P lending can work for:

- Early-stage entrepreneurs needing a smaller amount,

- Small businesses needing quick working capital,
- Borrowers who do not have collateral but can show ability to repay

Because of the borrower cap, it is especially relevant for needs that fit within ₹10 lakh.

Advantages

- **Speed:** the end-to-end process is often faster than traditional lending (because it is digital-first).
- **Smaller ticket access:** useful when you need ₹1–₹8 lakh and do not want a long bank cycle.
- **Diversified lenders:** you are not dependent on a single lender saying “yes” or “no.”

Risks (read this carefully)

- **No guarantee:** RBI rules clearly state that P2P platforms do not assume credit risk; the loss (if any) is borne by lenders, and platforms must take declarations that lenders understand they could lose even the principal. For borrowers, this matters because lenders and platforms may price risk more strictly.
- **Unsecured loan pressure:** P2P loans are “clean loans” (unsecured). If cash flow planning is weak, repayment stress can build quickly.
- **Borrowing limits:** the RBI caps make it unsuitable for bigger expansion plans.

A quick scenario:

If you run a small D2C brand and need ₹4 lakh to buy inventory for a festival season, P2P can be a short, fast bridge—if your sales cycle is predictable enough to repay within a short tenure. The RBI rule that maturities cannot exceed 36 months keeps this product firmly in the “short runway” category.



### 2) Angel Investors

Who they are

Angel investors are individuals who invest their own money into very early-stage businesses—usually in exchange for ownership (equity).

In simple words: they fund the dream when it is still small.

A standard definition: an angel investor provides initial “seed” money, usually in exchange for equity

How it works

An angel deal usually looks like this:

- You pitch your idea (and ideally, early traction).
- The angel agrees to invest.

- You sign an agreement describing:
- how much money is being invested,
- what ownership (equity) the angel gets,
- rights like updates, voting, or sometimes a board seat.

Unlike a loan, angels invest with the expectation of reward only if the business grows; they are not giving you a normal repayable loan.

#### What angels look for

Angels are risk-takers, but not gamblers

They commonly look for:

- A strong founder or founding team,
- A real customer problem,
- A believable path to revenue,
- Early traction (even small, but real),
- A clear use of funds.
- A useful way to think about it comes from India's seed fund guidelines: funding from angels and VCs often becomes easier after proof of concept is demonstrated, and banks usually come even later.

So angels typically want at least a "working proof" that the idea is not just a PowerPoint

#### Equity vs control

This is the big trade-off.

- **Equity:** you give a share of ownership.
- **Control:** some angels may ask for decision rights or a board seat.

Investopedia notes that in return for angel investing, investors generally seek an equity stake and may want a seat on the board.

A simple way to protect yourself: treat control like a slow leak—tiny clauses can become big later. Read carefully (more on this in the "Mistakes" section).



### India angle (important for structured angel funding)

In India, angel investing also happens through SEBI-registered "Angel Funds" under the alternative investment fund framework.

The Securities and Exchange Board of India's revised framework (circular dated Sept 10, 2025) states that Angel Funds shall raise money only from Accredited Investors, and sets operational requirements like onboarding at least five Accredited Investors before the first close (with timelines).

Accredited investor (simple meaning): someone officially recognised as financially capable to take higher investment risk.

This matters if you are raising through a fund structure. It shapes who can invest and how the fund operates.

#### Advantages

- **No monthly repayment:** you are not stuck with EMIs in the early stage.
- **Mentorship + network:** many angels help with hiring, customer intros, and strategy (the best angels are like part-time co-pilots).
- **Speed (sometimes):** if the angel believes in you, it can move faster than a bank.

#### Risks

- **Dilution:** you give away part of your future upside.
- **Misaligned expectations:** if you want a steady business and the angel wants aggressive scaling, friction starts early.
- **Bad terms can trap you:** rights written in legal language can quietly reduce your freedom.

A small scenario:

A founder building a campus-focused learning app raises ₹30 lakh from an angel to improve the product and acquire the first 10,000 users. There is no EMI stress—but the founder is now accountable for monthly updates, growth targets, and sometimes investor opinions that carry weight.

## 3) Venture Capital (VC)

#### What VCs are

Venture capital is professional investment into high-growth companies.

VCs raise money from investors (like pension funds and institutions) and invest it into startups that can scale fast.

- The National Venture Capital Association describes VC as "risk capital" that helps build high-growth companies and supports ideas that often could not be financed with traditional bank financing.

#### When businesses should approach VCs

VC is not for every business.

Typically, VC fits when:

- Your market is large,
- Your model can scale quickly (often tech-enabled),
- You have traction (users, revenue, pilots, strong distribution),
- You need capital to move fast (product, team, marketing, expansion).

The Startup India Seed Fund guidelines also indirectly show the "ladder": seed support helps startups reach a stage where they can raise from angels/VCs or later seek loans.

#### Growth expectations

VC money is not patient in the way a normal lender is patient.

VC expects rapid growth because the VC model depends on a few big winners returning the whole fund.

NVCA notes that venture-backed ideas typically take five to eight years (or longer) to reach maturity and VCs provide deep involvement—strategic guidance, board participation, hiring support, and customer/investor connections.

So when you raise VC:

- You gain capital and capability,
- You also sign up for speed and expectations.

**Exit strategies (how VCs “finish the story”)**

VCs generally make money when they can exit—meaning they can sell their stake.

Common exits include:

- **IPO (Initial Public Offering):** company lists on a stock exchange.
- **M&A (Merger and Acquisition):** company is bought by another company

The NVCA Yearbook explicitly tracks exit activity via IPO or M&A

Exit (simple meaning): the moment an investor converts paper ownership into real cash by selling shares.

**Two real-world examples (angel/VC funding in action)**

**Example A: Flipkart and early venture funding**

An early, widely cited example of VC funding in India is Flipkart’s journey

The business press has noted that Accel is known in India for its \$1 million investment in 2009 in Flipkart.

What this shows in plain terms:

- Early venture money helped a young company build capacity before traditional bank lending would typically fit.
- It also signals that investors were betting on scale, not just short-term profit.

**Example B: Zomato raising VC capital to expand**

Reuters reported that Zomato raised \$37 million from Sequoia Capital and Info Edge to fund overseas expansion, with Info Edge also disclosing its investment and resulting stake.

This example highlights another classic VC pattern:

- Capital is raised for expansion into new markets,
- Funding often comes in rounds,
- Early investors’ stakes and later investors’ entries reshape ownership

**Advantages**

- **Large capital:** much bigger than what typical unsecured loans offer.
- **Speed + support:** VCs often help with hiring, strategy, partnerships, and governance.
- **Credibility:** good VC backing can make future fundraising and partnerships easier.

**Risks**

- **High dilution:** you may give away a significant share over multiple rounds.
- **Growth pressure:** the “grow fast” engine becomes your default setting.
- **Exit pressure:** your timeline may be shaped by the fund’s lifecycle and exit expectations.



## 4) Government Schemes

**Why governments support startups and small businesses**

Governments support startups and MSMEs because the stakes are bigger than one company.

The World Bank points out a major reality: over the next decade, 1.2 billion young people will reach working age, but only about 420 million jobs are expected to be created—making private sector growth and SME support a key lever.

So governments try to reduce early-stage failure by offering:

- Grants (money you do not repay),
- Subsidised support,
- Easier loans,
- Credit guarantees (which reduce lender risk),
- and “Fund of funds” structures that bring more investment into the ecosystem.

**Types of support (simple explanations)**

- **Grant:** money you do not repay (usually milestone-based).
- **Subsidy:** government pays a part of your cost (for example, interest or project cost portion).
- **Soft loan:** a loan designed to be easier than typical commercial terms (for example, lower interest, moratorium, or flexible structure).
- **Credit guarantee:** government/trust promises the lender that some part will be covered if the borrower defaults. This encourages lenders to give collateral-free credit.

Now, let us look at the Indian examples the most people hear about.

**Startup India ecosystem support**

The Startup India initiative includes recognition and benefits managed through the Department for Promotion of Industry and Internal Trade (DPIIT).

According to the Startup India recognition page, basic eligibility for recognition includes: being incorporated as a company/LLP/registered partnership, turnover under ₹100 crore, being within 10 years from incorporation, and working towards innovation/improvement with employment/wealth potential (not formed by splitting up an existing business).

That recognition can unlock support like tax-related benefits (subject to conditions), compliance support, and other ecosystem advantages listed on the portal.



- Angel/VC funding often comes after proof of concept,
- Banks provide loans mainly to asset-backed applicants,
- So seed funding is essential to help innovative ideas prove themselves.

The same guideline document clearly lays out the structure of support:

- Up to ₹20 lakh grant for proof of concept / prototype development / product trials (milestone based).
- Up to ₹50 lakh investment for market entry / commercialisation / scaling via convertible debentures or debt or debt-linked instruments.

Two terms explained simply:

- Convertible debenture: a debt instrument that can later convert into equity.
- Moratorium: a time period where you may not have to start repayments immediately.

The scheme's disbursement rules also mention that for the debt-like support:

- The interest should not be more than the prevailing repo rate,
- Tenure should not be more than 60 months,
- A moratorium of up to 12 months may be provided,
- and It is intended to be unsecured (no guarantee required).

## Fund of Funds and government-backed venture capital mobilisation

Instead of investing directly into every startup, the government often invests through funds.

A recent example: a PIB release states that the Union Cabinet approved Startup India Fund of Funds 2.0 with a ₹10,000 crore corpus to mobilise venture capital for India's startup ecosystem (including deep tech and early-growth stage startups).

Separately, Small Industries Development Bank of India (SIDBI) also publishes updates about the Fund of Funds for Startups, showing scale and how many AIFs/startups are supported under the programme (as per its status reporting).

## Mudra loans for micro and small businesses

Now, for the most practical, ground-level scheme many small businesses rely on:

Pradhan Mantri Mudra Yojana (PMMY)

The official Mudra site explains:

- PMMY was launched on April 8, 2015,
- It provides loans up to ₹20 lakh for eligible micro enterprises (including a "Tarun Plus" category for certain borrowers who successfully repaid earlier Tarun loans),
- and Loans are provided through banks, RRBs, small finance banks, MFIs, and NBFCs.

The Mudra "Offerings" page also lists the categories in a very simple ladder format:

- Shishu: up to ₹50,000
- Kishor: above ₹50,000 and up to ₹5 lakh
- Tarun: above ₹5 lakh and up to ₹10 lakh
- Tarun Plus: above ₹10 lakh and up to ₹20 lakh

A real small-business example (government scheme in action)

A PIB release shared a simple story: Ms. Kiran Kumari received a ₹2 lakh Mudra loan and used it to start her own toy and gift shop, moving from selling toys as a hawker to running a stable business.

This is exactly what government-backed micro finance is designed to do: help a person shift from survival income to structured entrepreneurship.

## Scale and momentum

Government communications have also highlighted the scale of the Mudra programme over time (sanctions and total value), reflecting how widely it is used by micro entrepreneurs



## Credit guarantees that make collateral-free borrowing easier

Some schemes work like a "support layer" for loans.

For instance, the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) is designed to provide guarantee cover to collateral-free credit facilities extended by member lending institutions, so that banks can lend without demanding collateral in many cases.

The RBI's MSME FAQ also notes that CGTMSE provides cover for credit facilities up to ₹10 crore extended without collateral security/third-party guarantees.

## Advantages of government schemes (when they fit your business)

- Lower barrier compared to purely commercial finance (especially for micro businesses).
- Blended support: sometimes you get grant + mentoring + easier terms.
- Risk sharing via credit guarantees (encourages lenders to lend)

### Risks / limits

- Documentation and eligibility rules can be strict,
- Implementation can be uneven across locations,
- Timelines and portal processes can still take time.

### Comparison Table

Here is a simple comparison to make the options clearer (from a founder’s point of view)

Source of Funding	Ownership Dilution	Risk Level	Best For	Speed of Funding
Peer-to-Peer (P2P) Lending	NO	Medium	Small-ticket capital needs, short-term working capital (within caps)	Fast to medium
Angel Investors	Yes	Medium to High	Early stage with a prototype/traction, founders who want mentorship	Medium
Venture Capital (VC)	Yes (often more over time)	High	High-growth businesses scaling rapidly, large markets	Medium
Government Schemes (grants seed funds/soft loans)	Usually no for loans/grants; yes if routed via equity funds	Low to Medium	Students/first-time founders, micro businesses, innovation-led startups	Medium (sometimes fast, sometimes slow)

### When Should You Choose Which Option?

There is no “best” option—only a best fit.

A very practical way to choose is to match financing with your stage.

Also keep one trend in mind: investors have become more selective, and funding is moving where confidence is highest.

For example:

- Tracxn reported India’s tech startups raised \$10.5B in 2025, with seed funding declining and early-stage funding showing relative resilience—signalling more disciplined capital deployment.
- Crunchbase reported that in 2025, about 50% of global venture funding went to AI-related fields, with AI funding reaching \$211B (up sharply from 2024).

In simple words: capital is available, but it flows to clear stories—strong execution, scalable models, and sectors investors are actively chasing.

Now, stage-by-stage guidance.

#### Early-stage business (idea to first customers)

Choose options that do not crush you with repayment pressure before you have stable sales.

Best fits often include:

- Angel investors (if you have a credible prototype + early traction).
- Government seed support (if you qualify and your business is innovation-led).
- Small-ticket P2P borrowing only if cash flows are predictable enough to repay within short tenures and caps.

#### Growth-stage startup (repeatable sales + scaling plans)

Here the big question is: do you need money mainly for scale or mainly for stability?

- If you need scale (new markets, bigger team, product expansion), VC becomes relevant.
- If your model is cash-flow stable and you want to avoid dilution, structured debt (including some government-backed routes) may be more suitable.

A real-life picture: Zomato raising \$37 million for overseas expansion is a classic “scale funding” story—capital used to move faster in multiple markets.

#### Small retail business (stores, services, local trade)

Most small retail businesses are not built for VC. They are built for steady profits.

Often the best fit is:

- Government schemes (especially micro enterprise loans like PMMY),
- Credit guarantees that make collateral-free loans easier (where applicable),
- Limited use of P2P for short-term needs within regulatory caps.

Real example: Kiran Kumari’s ₹2 lakh Mudra loan used to set up a toy-and-gift shop shows how micro credit can convert informal selling into a structured business.

#### High-growth tech startup (large market + fast scaling)

This is the natural territory for angels and VCs.

A typical pathway looks like:

- Proof of concept → seed support / angel
- Traction → VC
- Scaling → larger VC rounds / strategic investors
- Exit → IPO or acquisitio

Flipkart's early VC signal—Accel's \$1 million investment in 2009—illustrates how early capital can back a large-scale vision before traditional lending would make sense.



### Common Mistakes to Avoid

Many founders do the hard work of building the business—then lose value in financing decisions.

These are the mistakes that repeat in real life.

#### Giving too much equity too early

It sounds harmless to give “just 10–15%” in the first round.

But if you raise multiple rounds later, those early percentages compound into major dilution.

Simple rule: raise the minimum you need to hit the next milestone, not the maximum someone offers today

#### Not reading agreements properly

A term sheet or agreement may look like a formality, but it can quietly include:

- Control rights,
- Veto clauses,
- Complex payout rules,
- Conditions that affect future funding

If you do not understand a clause, get it explained by a qualified professional.

It is cheaper than regret.

#### Over-borrowing

Debt feels attractive because you keep ownership.

But too much debt creates repayment stress and limits flexibility.

Especially for unsecured borrowing (like P2P), repayment pressure can build fast if sales are seasonal or unpredictable.

#### Poor financial planning

This is the silent killer.

Founders often raise money and spend it, but do not track:

- Monthly burn (how much cash you spend per month),
- Runway (how many months your cash will last),
- Unit economics (do you make profit per sale after all costs?).

Without these basics, even good funding becomes wasted funding.

### Conclusion and actionable takeaways

Bank loans are not “bad.” They are just not designed for every stage of business.

And alternative financing is not “magic.” It is simply a smarter match between:

- what your business needs today,
- what you can realistically promise (repayment or equity), and what the funding source expects in return.

The goal is not to chase money.

The goal is to choose money that supports your strategy—without forcing you into desperation decisions.

Actionable takeaways you can use this week:

- Write down your need in one line: How much money do I need, and for what exact purpose?
- Choose the right money style:
- If you have stable cash flows → debt can work.
- If you are still proving the model → equity or grant-style support is safer.
- If you are exploring P2P, stay aware of RBI caps and short tenures, and borrow only what you can repay comfortably.
- If you are raising angel/VC:
- Protect your cap table (ownership structure),
- Negotiate terms, not just valuation,
- and Align expectations on growth and timelines.
- If you are using government schemes:
- Check eligibility carefully,
- Prepare documents neatly,
- and Treat the application like a serious project plan.

The strongest founders do not just “get funding.

They design funding around the kind of business they want to build.



### CMA Madhuri Kashyap

Treasurer, Northern India Regional Council,  
The Institute of Cost Accountants of India  
Former President, International Navodaya Chamber of  
Commerce

# Effective Cash Flow Management: Tools and Techniques for Forecasting, Managing Receivables, and Optimising Payables



## Introduction – Why Cash Flow is the Real Oxygen of Business

A company is profitable on paper. Sales are rising. The founder is proud. The team is hiring. The income statement shows a healthy profit.

And yet, a few months later, the company cannot pay salaries, rent, or key suppliers. Orders get delayed. Customers start complaining. Suppliers stop dispatching material. The bank account hits zero. The business shuts down.

This sounds dramatic, but it is a very real pattern: a profitable company can still fail because it runs out of cash. That is exactly why many finance leaders call cash flow “the oxygen of business.” A business can survive for some time without profit, but it cannot survive long without cash to pay today’s bills.

### Profit vs cash flow in one simple idea

- Profit is an accounting result. It records revenue when it is earned, not always when cash is collected.
- Cash flow is about real money moving in and out of the bank. It tells you whether you can pay what is due.

A quick relatable example (illustrative):

- You sell goods worth ₹10,00,000 today on 60 days credit.
- You buy raw material (₹6,00,000) and must pay suppliers in 15 days.
- On paper, you may show profit. But your bank may still be empty for the next two months.

This “timing gap” is normal in business. Accrual accounting was created to measure performance properly, but it does not protect you from short-term cash stress. That is why you need active cash flow management, not just profit tracking.

### Why even growing businesses fail due to liquidity problems

Growth often pulls cash before it pushes cash back:

- You buy more inventory.
- You give more credit to customers.
- You hire earlier than collections come in.
- You spend on marketing, software, equipment, and expansion.

This can create a “success trap” where growth looks good, but cash tightens because costs and working capital rise ahead of collections.

The good news: cash flow is manageable. You do not need “complex finance.” You need a clear system that helps you

- Forecast cash before you panic,
- Collect receivables faster,
- and Pay suppliers smartly without damaging relationships.

That is what this article delivers.

## Understanding Cash Flow Basics

Most businesses improve cash flow faster when they stop treating cash as a “bank balance” and start treating it as a process: cash enters, cash gets tied up, and cash exits. The cash flow statement is designed to show this clearly.

### Operating cash flow

Operating cash flow is cash generated (or used) by day-to-day business activity: selling, buying, paying salaries, paying rent, and collecting from customers.

Under the indirect method (common in statements and many models), a simple way to think is:

Operating cash flow  $\approx$  Net profit + non-cash expenses - increase in working capital (and vice versa)

A standard formula often taught is:

### OCF = Net Income + Depreciation & Amortisation - Changes in Net Working Capital

Small numerical example (illustrative):

- Net profit: ₹2,00,000
- Depreciation (non-cash): ₹50,000
- Receivables increased by ₹1,20,000 (sales booked, cash not received)
- Payables increased by ₹30,000 (expense booked, cash not yet paid)

Operating cash flow  $\approx$  ₹2,00,000 + ₹50,000 - (₹1,20,000 - ₹30,000) = ₹1,60,000

Notice the key lesson: profit is not equal to cash, and working capital movements often explain the gap.



## Investing cash flow

Investing cash flows relate to buying and selling long-term assets: machines, equipment, long-term investments, and sometimes acquiring businesses.

Small numerical example (illustrative):

- You buy a machine for ₹8,00,000.
- That is an investing cash outflow of ₹8,00,000 today (even if you depreciate it over several years in profit).

## Financing cash flow

Financing cash flows show how the business raises and repays funds: loans, equity, dividends, and repayments

- Small numerical example (illustrative)
- Bank loan received: ₹10,00,000 (inflow)
- Loan repayment: ₹2,00,000 (outflow)
- Net financing cash flow = ₹8,00,000 inflow

This matters because many businesses survive cash tight months through financing—but you still want to reduce dependence on “emergency funding” by managing operating cash better.

## Working capital

Working capital is a simple measure of short-term liquidity

**Working capital = Current assets - Current liabilities**

Current assets usually include cash, receivables, and inventory. Current liabilities usually include payables and short-term obligations

Small numerical example (illustrative):

- Current assets: Cash ₹1,00,000 + Receivables ₹6,00,000 + Inventory ₹5,00,000 = ₹12,00,000
- Current liabilities: Payables ₹5,00,000 + other dues ₹7,00,000 = ₹12,00,000

Working capital = ₹12,00,000 - ₹7,00,000 = ₹5,00,000.

Positive working capital often means breathing room, but “too much” can also mean cash stuck in receivables or inventory

## Cash conversion cycle

The cash conversion cycle (CCC) answers a very practical question:

How many days does it take to turn cash spent on operations into cash received back?

A common formula is:

$CCC = DIO + DSO - DPO$

Where:

- DIO = Days Inventory Outstanding (how long inventory sits before sale)
- DSO = Days Sales Outstanding (how long you take to collect from customers)
- DPO = Days Payable Outstanding (how long you take to pay suppliers)

Small numerical example (illustrative):

- DIO = 45 days
- DSO = 50 days
- DPO = 30 days

$CCC = 45 + 50 - 30 = 65$  days.

A CCC of 65 days means: you may be funding about 65 days of operations from your own cash (or bank borrowing) before cash comes back. Shortening CCC is often one of the fastest ways to release cash.

## Cash Flow Forecasting – Predict Before You Panic

Cash flow forecasting is not about predicting perfectly. It is about seeing problems early enough to act calmly.

Good forecasting gives you time to:

- Arrange funding before a crisis,
- Delay non-urgent spending,
- Speed up collections,
- Renegotiate terms,
- or Pause expansion until cash can support it.

## What is cash flow forecasting?

Cash flow forecasting is a planned view of what cash will come in and go out in future periods (daily, weekly, monthly), so you can manage liquidity.

A respected treasury guide explains that cash forecasting is valuable when prepared well and used properly—and it supports things like liquidity management and borrowing decisions.

## Short-term vs long-term forecasting

Both matter, but they serve different decisions.

**Short-term forecasting** (often daily/weekly, like a 13-week plan) helps you manage: - payroll timing, - supplier payments, - tax due dates, - loan EMIs, - and short-term funding needs

**Long-term forecasting** (6–24 months) helps you plan: - hiring, - capex (equipment purchase), - expansion, - and funding strategy

## Why forecasting prevents crisis

A key value of forecasting is simple: it gives you time

When you know a cash gap is coming, you can line up a cheaper credit line, move spending, or fix collections. Without forecasting, you often borrow at the last minute and pay a premium.

## Techniques for forecasting

## Direct method

The **direct method** forecasts cash by listing expected cash receipts and cash payments.

Think: “What will actually hit the bank, and what will leave?”

Typical inputs: - customer collections by week (based on invoices and payment behaviour), - payroll dates, - rent, - GST/tax dates, - supplier payment schedules, - loan repayments.

Why it is practical: - It is easy to connect to real actions (collections calls, payment scheduling). - It is usually best for short-term cash control.

## Indirect method

The **indirect method** starts with profit (or operating profit) and adjusts for non-cash items and working capital changes.

It is useful when you want to connect cash to business drivers: - margin changes, - growth in receivables/inventory, - changes in payable terms, - non-cash expenses like depreciation

In practice: - Many companies use direct forecasting for daily/weekly liquidity, - and indirect forecasting for longer-range planning and board-level story.

## Rolling forecasts

A **rolling forecast** is a forecast that keeps moving forward.

Instead of planning only Jan–Dec, you keep a constant horizon (like 12 or 18 months) and update it monthly or quarterly. When one month ends, you add a new month at the end.

Why business teams like it: - It stays current. - It forces regular conversations: “actual vs forecast” and “what changed.”

## Scenario planning

**Scenario planning** means building more than one forecast, because reality has more than one path.

Simple versions are enough: - Base case (most likely) - Best case (faster collections, higher sales) - Worst case (sales dip, customers pay late)

This helps you stress-test decisions like hiring or buying inventory. Many forecasting tools highlight scenario planning as a practical feature because it supports “what-if” decisions.



## Tools used for forecasting

You do not need fancy software on day one. You need a system that gets updated and used.

### Spreadsheet models

A well-structured spreadsheet (often in Microsoft Excel) is still common for small businesses because it is flexible and quick. The risk is manual errors and version confusion, so design matters.

Minimum spreadsheet tabs that work well: - Bank opening balance - Weekly collections plan (by customer) - Weekly payment plan (by vendor/expense category) - “Actual vs forecast” variance notes



### ERP systems

An ERP system (Enterprise Resource Planning) helps because it connects sales, purchase, inventory, and accounting in one flow. This reduces blind spots (e.g., invoiced but not delivered, or GRN pending but payment scheduled).

Common examples include systems from SAP and Oracle (often used when operations become complex).

### Accounting software

Accounting platforms help you pull real-time AR/AP and bank data fast, making forecasts more accurate and less manual.

Typical ecosystems include tools from Xero or Intuit (QuickBooks), among others.

### Budgeting and FP&A tools

Planning tools (including those from Workday ) often promote rolling forecasts and connected planning, which helps avoid the “budget once a year and forget it” trap.

## Mini example: a small manufacturing firm forecasting the next three months

A small manufacturing firm makes packaging material. It has: - monthly sales around ₹40,00,000 (mostly on 45–60 days credit), - raw material purchases paid in 30 days, - salaries due monthly.

The CFO builds a simple 3-month direct forecast (illustrative):

- **Month 1**

- Expected collections: ₹28,00,000 (from older invoices)
- Expected payments (suppliers + salaries + rent + GST): ₹33,00,000
- Net cash: -₹5,00,000

• **Month 2**

- Expected collections: ₹38,00,000
- Expected payments: ₹34,00,000
- Net cash: +₹4,00,000

• **Month 3**

- Expected collections: ₹42,00,000
- Expected payments: ₹36,00,000
- Net cash: +₹6,00,000

Because Month 1 shows a cash gap, the firm acts early

- Pushes top five customers for faster part-payment,
- Postpones non-urgent capex,
- Schedules supplier payments exactly on due dates (not earlier),
- and Arranges a short-term working capital line before stress hits.

This is forecasting doing its real job: staying ahead of cash, not reacting to it.

**Managing Receivables – Get Paid Faster**

If cash is oxygen, receivables are oxygen stuck in a pipe.

You already did the work. You already shipped the goods or delivered the service. But the cash is still sitting with the customer. That delay directly increases cash stress and borrowing needs.

**Why receivables management matters**

Delayed payments create practical problems like: - salary delays, - missed supplier payments, - forced overdraft usage, - and lost bargaining power with banks and vendors.

Good receivables management improves liquidity without changing your product or adding new customers. It is one of the cleanest “finance wins” available.

**Days Sales Outstanding (DSO)**

DSO means: “On average, how many days does it take to collect after a credit sale?”

A common calculation is:

**DSO = (Average Accounts Receivable ÷ Credit Sales) × Number of Days**

Simple example (illustrative):

- Average receivables: ₹30,00,000
- Credit sales in a 30-day month: ₹60,00,000
- DSO = (30,00,000 ÷ 60,00,000) × 30 = 15 days.

The goal is not “lowest DSO at any cost.” The goal is: a DSO consistent with your credit terms and cash needs,

and a DSO that does not drift upward silently. Tracking DSO trends is often described as an early warning signal for collections issues.

**Practical techniques to get paid faster**

**Credit policy control**

A credit policy is simply: who gets credit, how much, and on what terms.

Strong credit discipline often includes: - clear credit terms on the invoice, - credit limits per customer, - and consistent enforcement.

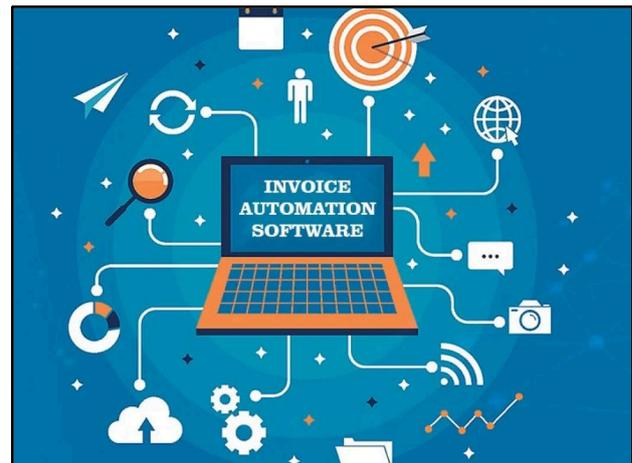
A practical way to set credit limits is to review: - customer financial strength, - payment history, - and risk level.

**Early payment discounts**

Early payment discounts are a simple trade: you give up a small discount to get cash faster.

A common format is “2/10 net 30”: - pay within 10 days and get 2% discount, - otherwise pay full amount within 30 days.

Use this when: - your borrowing cost is high, - you have tight payroll cycles, - or you want to reward good payers.



**Invoice automation**

Invoice automation means using software to issue invoices promptly, reduce errors, and follow up systematically.

Modern AR automation commonly includes: - instant invoice delivery, - automated reminders, - easy online payment options.

Many finance guides note that automation reduces delays by making follow-up consistent and reducing manual workload.

**Regular follow-ups**

This sounds basic, but it works.

Structured follow-up (before due date, on due date, after due date) improves collection discipline and reduces “forgotten” invoices.

A simple routine used by strong finance teams: - Day -3: polite reminder (invoice + due date) - Day 0: “due today” reminder - Day +7: call + email summary - Day +14: escalation + stop-credit review

(Your tone matters: be firm, clear, and professional.)

## Factoring

**Factoring** (or invoice factoring) means selling invoices to a third party (a “factor”) to receive cash now, usually at a discount

This can help when: - your customers are large but slow paying, - you are growing and need working capital, - or you are seasonal and face temporary gaps.

It is not “free money.” It is a financing cost, so use it selectively for high-quality receivables where speed matters.

## Simple case: improving DSO by 10 days improved liquidity

Consider an SME with average daily credit sales of ₹1,00,000 (≈ ₹30,00,000 per month).

If it improves DSO by 10 days, it releases about:

$₹1,00,000 \times 10 = ₹10,00,000$  of cash

That ₹10 lakh can fund: - one month of payroll for a small team, - a bulk raw material purchase (without overdraft), - or a buffer for slow months.

This is why DSO is not a “reporting metric.” It is a cash lever.

## Optimizing Payables – Smart Payment Strategy

Receivables are about speeding cash in.

Payables are about managing cash out.

Done well, payables optimisation improves liquidity. Done badly (paying late), it damages supplier trust, disrupts supply, and can create penalties.

## Why delaying payments strategically can help

If you pay every invoice immediately, you may feel “clean,” but you may also be giving up working capital that your business needs.

A smarter approach is:

- Pay on the agreed due date (not earlier), unless there is a meaningful discount.
- Use payment scheduling so large outflows do not cluster on one painful day.

This is not about cheating suppliers. It is about using the credit period you already negotiated.

## Days Payable Outstanding (DPO)

DPO means: “On average, how many days does the business take to pay suppliers?”

A common formula is:

$DPO = \text{Accounts Payable} \times \text{Number of Days} \div \text{COGS}$

Or in average terms

$DPO = (\text{Average Accounts Payable} \div \text{COGS}) \times 365$

Simple example (illustrative):

- Average payables: ₹25,00,000
- Annual COGS: ₹1,50,00,000

$DPO \approx (25,00,000 \div 1,50,00,000) \times 365 \approx 61 \text{ days}$

DPO is part of CCC, so increasing DPO (to a point) can shorten the cash gap. But it must be balanced with supplier health.

## Practical techniques to optimise payables

Negotiating better credit terms

Negotiation is easiest when you are a reliable buyer.

How to approach suppliers: - Share forecasted order volumes. - Ask for term improvement (e.g., Net 30 to Net 45). - Offer something valuable: committed volume, fewer rush orders, or faster invoice approvals.

Also remember what net terms mean: - “Net 30” means payment is due within 30 days of invoice date. - “Net 60” means payment is due within 60 days.

## Vendor relationship management

Supplier relationships are part of your supply chain stability

Good practices include: - clear payment terms upfront, - timely dispute resolution, - transparent communication

## Payment scheduling

A simple but powerful technique: design a payment calendar.

Example (illustrative): - payroll on 1st, - rent on 5th, - key supplier payments on 12th and 22nd, - tax on 20th.

This avoids clustering all outflows in one week. It also helps your forecast become more accurate.

## Avoiding late penalties

Late payments can spiral into: - strained supplier relationships, - disrupted supplies, - operational stress, - and reputational damage.

So your goal is not “pay late.” Your goal is “pay smartly.”

## Using early payment programs (when it makes sense)

Sometimes it is smart to pay earlier—if you get a strong discount or support a critical supplier

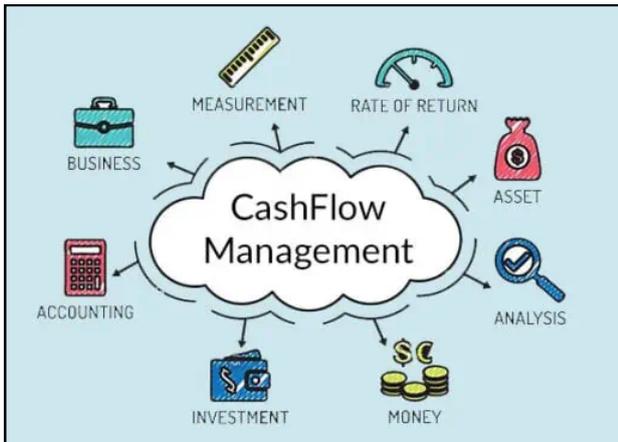
**Dynamic discounting** is one approach: the discount changes based on how early payment happens. It is often described as buyer-led early payment, where suppliers can choose early payment in exchange for a discount.

## The balance: don’t damage supplier relationships

This point deserves a clear line:

- Optimising payables is not the same as stretching payables unfairly.
- Paying late repeatedly harms trust and can hurt your ability to stay afloat if suppliers reduce credit or stop supplying.

A simple rule used by many strong finance teams:  
 - If you want longer terms, **negotiate them**. - If you cannot pay on time, **communicate early** (before due date) with a plan.



## Tools for Effective Cash Flow Management

Good cash flow management is not just people and discipline. It is also visibility

The best tools do one job extremely well: **they make cash reality obvious**, so teams act early.

### Cash flow dashboards

A cash flow dashboard brings key liquidity numbers into one screen.

Dashboards often track: - current cash balance, - forecasted cash, - net cash flow, - working capital metrics like DSO/DPO, - and sometimes CCC.

Dashboards help because they reduce the “spreadsheet maze” problem and keep the whole team aligned on what matters now.

### Ratio analysis

Ratios are not meant to impress anyone. They are meant to spot risk early.

Two liquidity ratios that business teams use often:

- **Current ratio** = **Current assets** ÷ **Current liabilities**

This is a broad view of whether you can cover near-term obligations.

- **Quick ratio** (also called “acid test ratio”) focuses on the most liquid assets (cash, receivables, etc.) and checks whether those can cover short-term obligations quickly.

Ratios are “snapshots,” so pair them with cash forecasting and ageing reports.

### Working capital analysis

Working capital analysis is simply asking: where is cash stuck?

The most common “cash lock” places are: - receivables (slow collections), - inventory (overstock), - payables (terms too short).

A practical working capital review checklist: - Top 20 overdue invoices (and root cause) - Inventory ageing and slow-moving stock - Supplier terms vs actual payment behaviour - CCC trend month by month.

## Cash buffer strategy

A **cash buffer** is money kept aside so one shock does not sink the business.

Many guides suggest thinking in terms of “cash runway” (how long you can operate if inflows stop). One simple approach is

Cash runway = Cash balance ÷ monthly burn rate

Even public treasury management discussions talk about keeping cash above minimum needs to meet projected near-term obligations—this same mindset is useful in business: hold enough to cover predictable outflows plus a margin.

Practical ways businesses build a buffer: - separate reserve account, - automatic monthly transfer of a fixed amount, - and releasing cash tied up in inventory or old assets.

## Automation tools

Automation helps cash not by “AI magic,” but by removing delay and human forgetfulness.

High-impact automation areas include: - AR reminders and online payment links (reduce DSO by making payment easier)

- - invoice processing automation in AP (fewer late fees, better schedule control)
- - integrated forecasting tools that pull from accounting + banking + ERP to reduce manual updates

## Common Cash Flow Mistakes Businesses Make

Most cash flow problems are not caused by “bad markets.” They are caused by **avoidable habits**.

### Overestimating revenue

The most common forecasting error is optimism: assuming money will arrive exactly when sales happen.

Better practice: - forecast collections (cash), not just invoices (sales), - and build conservative assumptions for large customers

### Ignoring seasonality

Seasonality is not just a sales issue. It is a cash issue.

A practical approach is to map sales and costs by week/month to see patterns, then forecast cash accordingly. Even with a couple of years of data, patterns usually appear.

### Excess inventory

Excess stock is cash locked in a warehouse.

It increases storage costs and reduces flexibility. Many working capital discussions highlight inventory as a major place where cash gets tied up.

### Poor credit checks

If you sell on credit without discipline, you may grow sales but starve cash.

Strong AR habits include setting credit limits, reviewing risk, and growing limits based on payment behaviour.

## Mixing personal and business finances

This is common in early-stage businesses—and it creates confusion fast

Separating accounts helps simplify tracking, tax preparation, and credibility with lenders and partners.

## Real-World Mini Case Studies

The cases below are written in a “business magazine” style: numbers are simplified, and details are anonymised, but the situations reflect patterns widely seen in startups and SMEs.

**Startup case study: a B2B SaaS startup that “sold well” but almost ran out of cash**

**Business model:** B2B SaaS (subscription software).  
**Problem:** Strong sales, but cash stress.

**What happened:**

- The startup sold annual contracts, but billed monthly.
- Enterprise customers negotiated long payment cycles (Net terms are common in B2B and can stretch to 30/60/90 days).
- The company hired support and sales quickly, so monthly costs rose before cash arrived.

In short: profit and “signed deals” looked great, but cash timing was poor.

**What they changed (cash-first actions):**

- Introduced an “annual upfront” option with a small discount (similar logic to early payment incentives).
- Implemented invoice automation and reminder automation for enterprise renewals and overdue invoices.
- Built a rolling 13-week cash forecast and updated it weekly (short-term discipline supported by treasury best practice).
- Created a cash buffer target using a runway mindset (cash balance vs burn).

**Result (practical impact):** - Better visibility meant fewer surprises. - Collections improved because follow-ups became systematic. - The company avoided emergency borrowing and stabilised hiring pace until cash caught up.

**LinkedIn-ready takeaway:** Startups don’t fail only from lack of sales. Many fail from cash timing. Build the weekly forecast early

## SME/manufacturing case study: a packaging manufacturer that released cash without raising sales

**Business model:** Manufacturing (raw material → production → B2B sales).

**Problem:** Working capital was choking growth.

**Symptoms:** - Receivables grew because customers took longer to pay. - Inventory piled up ahead of busy season. - Vendor payments were not planned, causing last-minute cash stress.

This is exactly the “cash conversion cycle” problem: cash stuck in inventory + receivables, with payables not managed strategically.



## What they changed (focus on CCC drivers):

- **Receivables:**
  - Set tighter credit limits and reviewed customer payment behaviour monthly.
  - Used consistent reminder and follow-up routines for overdue invoices.
- **Inventory:**
  - Reduced slow-moving stock and linked purchase planning to sales forecasts (inventory directly influences working capital by locking cash in stock).
- **Payables:**
  - Moved from “random early payments” to “pay-on-due-date scheduling.”
  - Negotiated clearer payment terms instead of paying late (late payment harms supplier relationships and can spiral).
- **Forecasting and governance:**
  - Built a weekly cash forecast and used it to decide when to buy inventory and when to delay non essential spend.
  - Put key metrics on a dashboard: CCC, DSO, DPO, cash balance.

**Result (practical impact):** - The business reduced cash stress and improved its ability to take new orders. - It did not need a “big loan” to fund routine growth—because it released cash from working capital.

**LinkedIn-ready takeaway:** Working capital is not a finance topic only. It is a daily operations topic.

## Comparison Table and Conclusion – Strategy Over Survival

Comparison Table

Area	Key Metric	Tool Used	Risk if Ignored	Benefit if Managed Well
Forecasting	Forecasted cash balance; short term cash forecast cadence	13-week cash forecast (spreadsheet/ treasury process)	Sudden cash gaps; forced emergency borrowing at poor terms	Early warning and calmer decisions
Receivables	DSO	Ageing report + automated reminders	Cash stuck with customers; higher borrowing need	Faster cash-in; lower stress
Payables	DPO	Payment calendar + vendor term tracking	Late fees, broken supplier trust	Better liquidity without damaging supply chain
Inventory	DIO/DSI	Inventory ageing + demand-linked purchasing	Cash locked in stock; storage cost; risk of dead stock	Released cash; smoother operations
Cash reserve	Cash runway (months)	Reserve account + buffer policy	One shock can break the business	Survival capacity + ability to invest when others panic



When cash is managed proactively, businesses stop thinking in terms of survival. They start thinking in terms of choice: when to invest, when to expand, and when to wait.

**Powerful closing line:** Profit is a scorecard—cash is the fuel that keeps the game going.

### Conclusion – Strategy Over Survival

Effective cash flow management is not a one-time project. It is a muscle.

The strongest businesses treat cash as a daily discipline, not a monthly report. They understand their cash flow basics (operating, investing, financing). They track working capital and CCC. They forecast before panic. They collect faster without damaging customer relationships. They pay suppliers smartly, without paying late.

Most importantly, they build systems: - dashboards for visibility,

- - forecasting rhythms for early action,
- - and a cash buffer for resilience.



**CMA Rohan Sharma**

CMA Rohan Sharma is a finance professional and mentor known for helping CMA students and fresh graduates build strong careers. With experience in costing, taxation, budgeting, and SAP FICO, he has guided thousands through his platform Career Success Launchpad. His simple teaching style and practical insights have helped many learners secure roles in PSUs, MNCs, and top corporates. He is SAP FI & CO Certified with 7 years of corporate experience.

FCMA, Interview Coach  
Editorial Board Member, The Worldnomics Times

# Budgeting for Scalable Growth and MSME Tax Compliance

## Budgeting for Scalability



### Introduction: growth without planning is risky

A founder I once met ran a fast-growing online brand. One viral video doubled orders in a week. The team celebrated, hired quickly, bought extra inventory, and increased ad spend. Sales looked great on the dashboard.

But within 45 days, they were stuck.

They had already paid suppliers, marketing bills, and salaries. Customers were still paying on delivery timelines. Cash got “locked” in stock and unpaid invoices. This is the classic working-capital problem: money leaves first and comes back later.

This is why growth needs financial discipline. Not slow growth—smart growth. That is where scalable budgeting comes in: budgets that expand with your plan, protect cash, and still create room for innovation.

### What is budgeting for scalability?

Most businesses start with a traditional budget:

- Set a yearly plan.
- Allocate fixed amounts to departments.
- Try not to exceed the numbers.

That works when the business is stable. But once you scale (new markets, new hires, new product lines), a static budget can become a trap because reality changes faster than the plan.

A scalable budget is closer to “growth budgeting”:

- It assumes change.
- It updates often.
- It links spending to real business drivers (orders, users, stores, output) instead of only last year’s numbers.

A key idea here is **flexible budgeting**: a budget that adjusts when activity changes (for example, if sales go up 20%, some costs should go up, but not all). Harvard Business Review has written about making budgeting more adaptive so teams can respond faster to business shifts.

Small example (simple but real):

If you run a subscription app and you budget ₹10 lakh per month for customer support, that may be fine at 10,000 customers.

But at 25,000 customers, support tickets rise and you may need more agents. A scalable budget links support cost to expected customer volume, not a fixed ₹10 lakh forever.

### Key elements of a scalable budget

A scalable budget is not one spreadsheet. It is a set of linked decisions. These are the building blocks that usually matter most

### Revenue projections: realistic vs aggressive

Revenue projections are guesses—educated guesses. That is okay, but the danger is treating guesses like guaranteed money

- A practical approach is to plan in three cases:
- **Base case:** most likely outcome
- **Upside case:** if growth goes better than expected
- **Downside case:** if demand is weaker, or collections slow

Keep the budget “base-case safe” (so the company survives even if the base case happens), and keep your upside plan ready (so you can move fast if growth surprises you positively).

### Cost structure planning: fixed vs variable costs

This is where many scaling companies make expensive mistakes.

- Fixed costs stay similar even when you sell more (rent, some salaries, insurance).
- **Variable costs** rise with volume (raw material, shipping, commissions, payment gateway fees).

When you scale, fixed costs can quietly become dangerous because they don’t fall easily when revenue falls. That is exactly why over-expansion hurts—companies lock themselves into high fixed commitments that cash flow cannot support.



A scalable budget tries to:

- Keep fixed costs “light” early.
- Prefer variable or performance-linked costs where possible (outsourcing, pay-per-performance marketing).
- Move into heavier fixed costs only when demand is proven.



## Working capital planning

Working capital is not a fancy term. It is simply the cash needed to run daily operations—pay suppliers, hold inventory, and wait for customer payments.

A helpful way to think is the **cash conversion cycle**: how long it takes to pay for inventory, sell it, collect cash, and pay bills.

Small examples that founders understand quickly:

- A retailer grows sales but must buy inventory 30–60 days before it sells. Cash pressure rises even if profits look fine.
- A B2B services firm signs bigger clients but invoices are paid after 45–90 days. Growth increases receivables and creates a cash gap.

So a scalable budget includes:

- Expected inventory increase (if applicable)
- Expected receivables growth (if selling on credit)
- A realistic collections plan (not “clients will pay on time”)

## Capital expenditure planning

**CapEx (capital expenditure)** means spending on assets that help you operate for years—machines, equipment, major tech upgrades, office build-outs.

CapEx supports scale, but it also consumes cash upfront. A scalable budget treats CapEx like a “milestone investment,” not a wish list:

- Must-have CapEx (without it, growth will break operations)
- Nice-to-have CapEx (can wait)
- CapEx that can be replaced by renting/leasing for now

## R&D allocation

The simplest truth: if you stop innovating, you eventually stop growing.

But R&D must be planned like a portfolio, not like a random expense line.

A useful starting point is industry benchmarks for **R&D intensity** (R&D spend as a % of revenue). For example, data used in the Global Innovation Index shows in 2023 the pharmaceutical sector had high R&D intensity (around 19%), and software/ICT services was also high (around 14%).

Industry research also highlights how high R&D can be in software businesses: one BCG analysis notes an average software company spending around 20% of revenue on R&D, with some much higher.

These numbers vary widely by business model and stage, but they give founders one clear message: **R&D is not optional if your industry competes on innovation.**

## Risk buffer

A risk buffer is the money you keep for “things you did not plan”—delayed collections, a product launch that takes longer, a hiring mistake, or a sudden market slowdown.

One simple way to think about buffer is runway: how long you can survive if cash inflows slow. Burn rate guidance often frames runway as the time available before cash runs out.

A scalable budget does not spend every rupee of projected cash. It keeps a deliberate margin for shocks.

## Budgeting for R&D without overextending

R&D is essential because it creates future products, better customer experience, and long-term competitive advantage. But it is also uncertain—many experiments fail before one wins.

So the goal is not to “spend big.” The goal is to spend in layers, based on evidence.

## How much of revenue should go into R&D?

There is no single perfect percentage, but research-based benchmarks help:

- Software/ICT and pharma sectors often show high R&D intensity compared to many other sectors.
- Software companies may invest very heavily (BCG mentions ~20% average in its sample, with some >40%).

A practical founder-friendly guideline:

- Start with a range aligned to your industry reality.
- Set a minimum “innovation floor” you will not cut too easily.
- Put extra R&D money behind validated opportunities (customer demand, clear product signal).

## Phased investment strategy

Phasing means you do not fund the full dream upfront. You fund the next step.

Example phases for a product company

- Phase 1: prototype and customer validation

- Phase 2: beta launch with limited users
- Phase 3: scale build + go-to-market push
- Phase 4: optimisation, automation, cost reduction

## Stage-gate funding approach

A stage-gate approach is a simple discipline: projects earn the next budget only after they pass clear checkpoints.

Stage-Gate® is widely described as a governance model that moves innovation through stages, separated by decisions (go/kill/hold), so organisations fund what is validated and stop what is weak.

This protects you from a common scaling mistake: funding five R&D projects like they are all guaranteed winners.

## Mini startup example

Imagine a small SaaS startup building an AI feature.

Instead of budgeting ₹1 crore for a full build in one shot, it uses a stage-gate budget:

- ₹10 lakh for proof-of-concept (2–4 weeks): does the feature work at all?
- ₹20 lakh for pilot (6–8 weeks): do users adopt it and is engagement strong?
- ₹30–₹50 lakh for launch + scale: only if pilot hits success metrics (retention, support cost, conversion)

This keeps R&D ambitious, but cash-safe.

## Budgeting Tools, Red Flags, Case Studies, and Lessons

Tools that support scalable budgeting

Scalable budgeting works best when you stop treating budgeting as “once a year.” These tools keep your plan alive.

## Rolling budgets / rolling forecasts

A rolling forecast continuously drops a completed period and adds a new future period—so you always see, for example, the next 12 months.

This helps founders answer: “If sales slow next quarter, when do we hit cash trouble?” not after it happens, but before.

## Scenario planning

Scenario planning means creating multiple realistic futures (not fantasy plans). It reduces overconfidence and makes decision-making calmer under uncertainty

## Sensitivity analysis

Sensitivity analysis tests how one variable changes results (example: what happens if price drops 5%, or if collections slow by 15 days?). It shows which assumptions are truly risky.

## Zero-based budgeting

Zero-based budgeting starts from “zero” and requires every cost to be justified, instead of copying last year’s expense base.

This is powerful when a company scales and old spending habits quietly expand. But it also needs time and discipline to run well.

## ERP budgeting tools

ERP and planning tools can help when:

- You have multiple departments and cost centres.
- You need quick monthly forecasting.
- You want visibility across cash flow, inventory, and receivables.

Even if you do not buy expensive software, the principle matters: fewer manual spreadsheets, more real-time visibility

## KPI dashboards

Dashboards protect a scaling company from one dangerous habit: looking only at revenue.

You also track:

- Cash runway / burn
- Customer acquisition cost vs customer value
- Inventory days and receivable days (if relevant)
- Delivery capacity and support load

## Warning signs of over-expansion

Over-expansion usually does not look like failure in the beginning. It looks like “momentum.”

But these signals often appear before the crash:

- **Rapid hiring without matching revenue growth:** fixed salary costs rise fast, but revenue may lag.
- **High burn rate with short runway:** burn rate measures how quickly cash is being consumed before positive cash flow.
- **Weak cash reserves:** when collections slow or costs spike, there is no cushion.
- **Excessive debt to fund operating losses:** debt can widen risk if cash flow does not stabilise.
- **Overestimating demand:** building capacity for demand that does not arrive leads to idle assets and wasted cash.



## Mini case studies

**A startup that scaled responsibly: Mailchimp**

This company is often cited as a rare “disciplined scaling” story: it built a large business over many years without outside funding, then agreed to a major acquisition.

- In September 2021, Intuit announced an agreement to acquire Mailchimp for about \$12 billion (cash and stock).

- Reporting around the deal highlighted how unusual it was for a firm of that scale to be bootstrapped (no venture funding), which is one reason many founders study its cost discipline and cash-first mindset.

What is the budgeting lesson?

- A “cash-aware” company can grow slower than hype-driven peers, but it can survive longer, compound customer trust, and keep control over spending choices.

### A business that over-expanded and suffered: WeWork

WeWork became a global symbol of over-expansion risk: large long-term commitments with business uncertainty.

- Reporting in 2023 described how the company warned there was “substantial doubt” about its ability to continue and seek to renegotiate leases—its lease liabilities were described as a major cost burden.

- Coverage of its bankruptcy restructuring described eliminating about \$4 billion in debt and cutting future rent costs through lease exits and renegotiations.

What is the budgeting lesson?

- When fixed commitments (like leases) grow faster than stable cash inflows, a company loses flexibility. In downturns, it cannot cut costs quickly enough.

### Comparison Table

Area	Conservative Budget	Scalable Budget	Risk if Ignored	Best Practice
Revenue planning	One “safe” forecast	Base / upside / downside cases	Sudden cash gaps when assumptions break	Use scenarios & update regularly
Cost planning	Mostly fixed costs to “look stable”	Mix fixed + variable, linked to drivers	Costs don’t fall when revenue falls	Separate fixed vs variable and stress test
Working capital	Often ignored	Forecast CCC, receivables, inventory	Growth creates hidden cash crunch	Track cash conversion cycle and collection
CapEx	Delayed; opportunistic	Milestone-based, prioritised	Over-investment or capacity shortage	Define must-have vs nice-to-have CapEx
R&D	Cut first when pressure hits	Protected floor + staged funding	Innovation slows; long-term decline	Use stage-gates to fund evidence based wins
Risk buffer	Minimal	Built-in buffer for shocks	One surprise breaks the plan	Keep runway visibility via burn rate tracking

### Common mistakes to avoid

- Copying competitor budgets: their margins, payment terms, and cash cycle may be totally different.
- Ignoring inflation and cost creep: even small “per unit” cost increases become huge at scale.
- No contingency planning: no buffer means every delay becomes an emergency.
- Underestimating operational costs: customer support, returns, compliance, and systems rise as volume rises.

- link spending to clear drivers,
- protect cash,
- and fund innovation in smart stages.

### Conclusion: smart growth wins

Scaling is exciting. But budgeting is what makes growth survivable.

The companies that last do not grow because they spend more. They grow because they:



**Sandeep Kumar (FCMA, CA)**

President - International Navodaya Chamber of Commerce

# Navigating MSME Tax Compliance in India for the Upcoming Fiscal Period



## Introduction: why tax compliance matters more than ever

For many small businesses, tax feels confusing for one simple reason: laws are detailed, deadlines are strict, and systems are digital.

But non-compliance is costly:

- Late fees and interest can add up quickly.
- Poor documentation can lead to notices, blocked credits, or delayed refunds.

The good news: compliance becomes easier when you treat it like a routine process, not a yearly panic.

Also, this timing matters: for the fiscal year starting 1 April 2026, major direct-tax reforms from Union Budget 2026–27 are set to roll out, including the new Income-tax Act becoming effective from April 2026 and changes in return timelines.

## Who qualifies as an MSME?

MSME classification is based on investment in plant & machinery/equipment and annual turnover

As per the classification referenced by Reserve Bank of India (based on Gazette Notification S.O. 1364(E) dated 21 March 2025)

- **Micro:** investment ≤ ₹2.5 crore and turnover ≤ ₹10 crore
- **Small:** investment ≤ ₹25 crore and turnover ≤ ₹100 crore
- **Medium:** investment ≤ ₹125 crore and turnover ≤ ₹500 crore

## Registration requirements (Udyam Registration)

To be recognised officially as an MSME, businesses typically use the government's Udyam portal.

The Udyam Registration Portal states:

- Registration is online and based on self-declaration, with no need to upload documents at the time of filing
- There is no fee for filing Udyam Registration.
- Aadhaar is required, with rules differing by entity type (proprietor/partner/karta/authorised signatory)

(Practical note: Udyam status can also matter in business-to-business relationships because some tax and payment rules reference MSME status.)

## Key tax benefits available to MSMEs

Important: many benefits are not labelled “MSME-only.” Instead, they apply to small taxpayers, eligible businesses, or recognised startups—categories where MSMEs often qualify

## Income tax benefits: presumptive taxation

Presumptive taxation is a simplified method where taxable income is estimated as a percentage of turnover/receipts (so you may not need detailed books in the usual way, if eligible).

The official Income Tax Department FAQ for ITR-4 explains key thresholds:

- **Section 44AD (business):** turnover limit ₹2 crore normally, and up to ₹3 crore if cash receipts are within the specified limit (cash ≤ 5% of total receipts).
- **Section 44ADA (specified professionals):** receipts limit ₹50 lakh normally, and up to ₹75 lakh if cash receipts are within the specified limit

## Section 80 deductions (simple examples that MSMEs actually use)

“Section 80” deductions reduce taxable income when you meet specific conditions

One highly relevant area is the startup tax holiday:

- A recognised startup can apply for tax exemption under Section 80-IAC and, after approval, can take a tax holiday for 3 consecutive financial years out of its first 10 years.
- Government communication also notes the eligibility window for Section 80-IAC benefits was extended for startups incorporated before 1 April 2030

## Startup tax holiday (if applicable to you)

This is not for every MSME. But if you are a DPIIT-recognised startup and qualify, it can materially reduce early-year tax strain.

The responsible body here is Department for Promotion of Industry and Internal Trade, which has issued updates on approvals and the framework.

## R&D deductions

India's tax law includes deductions for scientific research expenditure, but eligibility and documentation needs can be strict.

For example, Income-tax provisions on in-house R&D (Section 35(2AB)) describe deductions for

approved in-house R&D facilities, and note that for assessment years beginning on or after 1 April 2021, the deduction is equal to the expenditure incurred (rather than a higher weighted amount).

Practical takeaway: if you are investing in R&D, do not treat tax benefit as “automatic.” Plan approvals, tracking, and paperwork early.

### Depreciation benefits

Depreciation is simply: you reduce taxable profits by claiming the wear-and-tear cost of business assets over time.

The Income-tax Act (Section 32) outlines depreciation deductions for tangible and intangible assets used for business or profession.

There are also rules about “additional depreciation” for certain new plant and machinery for manufacturing businesses (commonly discussed as 20% on eligible new machinery/plant).

### GST benefits for small businesses

Common simplifications include:

- **QRMP scheme (Quarterly Returns with Monthly Payment):** Eligible taxpayers with aggregate turnover up to ₹5 crore can file quarterly returns with monthly payment, subject to conditions (like having filed the last due GSTR-3B).
- **Composition scheme:** a simplified scheme (subject to eligibility) for small taxpayers—often used to reduce compliance load (but it also limits input tax credit, so it is not for everyone).

### Important regulatory changes for the upcoming fiscal year

Given today’s date (28 February 2026), the relevant “upcoming fiscal period” is FY 2026–27 (from 1 April 2026).

Key updates that MSME owners should track include:



### New Income-tax Act effective from April 2026

PIB’s Union Budget 2026–27 summary states the New Income-tax Act, 2025 will come into effect from April 2026, and simplified rules/forms will be notified.

The Income Tax Department site also lists Income-tax Act, 2025 and a utility to compare provisions (1961 vs 2025), signalling a structural shift in how provisions may be presented going forward.



### Tax return timeline changes

A PIB release on direct tax reforms states:

- The time limit for revising returns is extended from 31 December to 31 March (with a nominal fee).
- It also proposes staggered filing deadlines (with individuals using ITR-1 and ITR-2 continuing till 31 July, and non-audit business cases proposed till 31 August).

### E-invoicing changes you cannot ignore if you cross thresholds

For GST e-invoicing

- GST Council notification 10/2023 states e-invoicing applies to taxpayers with aggregate turnover exceeding ₹5 crore from 1 August 2023.
- The e-invoice portal notes a reporting restriction: from 1 April 2025, taxpayers with AATO ₹10 crore+ must report e-invoices within 30 days from invoice date, or the system blocks IRN generation.

Even though the 30-day rule started earlier, it is still highly relevant for FY 2026–27 because it affects day-to-day billing discipline.

### Common compliance mistakes MSMEs make

- **Late filing (GST or ITR):** leads to fees/interest and creates a compliance trail that is hard to clean later.
- **Incorrect GST input claims:** can lead to reversals, interest, and disputes (often triggered by invoice mismatches and weak documentation).
- **Mixing personal and business accounts:** makes audits and reporting harder, and increases error risk in turnover and expense classification.
- **Poor paperwork:** especially for presumptive eligibility, R&D claims, and depreciation assets.
- **Ignoring advance tax planning:** can create year-end surprises and interest exposure (especially when cash flow is seasonal).



### Operational Tax Planning for MSMEs

Practical tax planning tips for MSMEs

Good compliance is mostly good habits.

- Maintain proper bookkeeping and separate bank accounts (reduce errors and stress).
- Use accounting software or structured spreadsheets so GST and TDS data is not scattered.

- Do a quarterly review of tax liability (income tax + GST) so you are not guessing in March.
- Keep digital documentation for purchases/sales/contracts, especially as e-invoicing thresholds and reporting timelines tighten.
- If you sell B2B and are eligible for e-invoicing, build a 30-day discipline into your invoicing workflow (do not “backlog”).

### A compliance rule that links cash flow and tax: MSME payment rule (Section 43B(h))

This is worth separate attention because it changes behaviour in the market.

ClearTax explains that amounts owed to micro and small enterprises are generally allowed as deductions in the same year only if paid within deadlines under MSMED Act timelines; otherwise deduction shifts to the year of payment, encouraging timely settlements.

For MSME owners, the practical advantage is this: when buyers care about their tax deductions, they are more likely to pay you on time—if your Udyam status is clear in the vendor master and invoices.

### Comparison Table

Area	Benefit	Eligibility	Risk if Ignored	Action Required
MSME classification	Access to MSME ecosystem benefits and recognition	Based on investment + turnover limits (micro/small/medium)	Wrong classification can block benefits or create disputes	Confirm limits and keep records updated
Udyam registration	Official MSME identity	Online self-declaration; no fee; Aadhaar based	You may miss MSME-linked advantages	Register only on official portal and store certificate
Presumptive taxation	Simpler tax reporting	Turnover/receipt limits for 44AD/44ADA	Wrong use can trigger notices	Check threshold and eligibility before opting
Startup tax holiday (80-IAC)	Possible income tax exemption for chosen years	Recognised start-ups with approval; 3 years out of 10	Missed filing window or weak application delays benefit	Apply via Startup India pathway and track approval
E-invoicing	Reduced mismatch; standardised invoice reporting	Mandatory above threshold; 30-day rule for AATO ₹10 cr+	IRN failure and compliance break	Implement e-invoice workflow; avoid late reporting
QRMP	Lower filing frequency	Turnover up to ₹5 cr +conditions	Missed eligibility can create late filing exposure	Opt-in only if eligible and disciplined with monthly payments
New Income tax Act rollout	Simplification and form changes from April 2026	Simplification and form changes from April 2026	Using outdated assumptions may cause filing errors	Re-check forms, rules, timelines for FY 2026-27

## Mini case examples

### Example of an MSME saving tax through proper planning

A small manufacturing unit chooses disciplined compliance practices

- It keeps fixed-asset records updated, so it correctly claims depreciation under Section 32 instead of missing it.
- It checks presumptive eligibility early (if applicable) and avoids last-minute scrambling.
- It ensures buyers pay within MSME timelines, which improves cash flow stability and reduces year-end borrowing pressure.

Result: lower compliance cost, fewer errors, and better cash predictability—often more valuable than “saving tax” through risky shortcuts.



### Example of penalty or cost due to non-compliance

A services MSME files GST returns late for several months.

- Practical guides note that late filing attracts late fees and interest (for example, GSTR-3B late filing typically involves a per-day late fee and interest on unpaid tax).

Even if the business later “catches up,” the habit damages cash flow and raises scrutiny risk.

### Checklist for MSME owners for FY 2026–27

Use this as a simple calendar-friendly routine

- Confirm your MSME category (micro/small/medium) using investment and turnover limits.
- If not registered, complete Udyam registration on the official portal and store the certificate.
- Decide your taxation approach early: regular books vs presumptive (if eligible).
- Review e-invoicing applicability (₹5 crore threshold history basis) and implement process discipline, especially if AATO ≥ ₹10 crore (30-day reporting rule).
- If eligible for QRMP, opt in only after confirming conditions and internal discipline.

- For FY 2026–27 filings, re-check return timelines and new law changes (new Income-tax Act effective April 2026; revised return window to 31 March).
- Maintain a “tax folder” (digital) with invoices, bank statements, contracts, asset purchase proofs, and MSME/startup certificates.



### Conclusion: compliance is strategy, not burden

Good tax compliance is not just about avoiding penalties. It is about building a business that:

- Has clean financial data,
- Makes smarter decisions,
- and Can scale without fear of notices, blocked credits, or last-minute chaos.



**CMA Tarun Kumar Moitra**

Editorial Board Member, The Worldonomics Times

# The \$1 Trillion Export Dream: Can India Rewrite the Global Trade Order by 2030?

By 2030, the map of global trade may look very different. The question is – will India be at the center of it?



## Introduction: A Shift in the Global Economic Axis

For decades, global trade has revolved around a few dominant powers – primarily the United States, China, Germany, and Japan. Supply chains were optimized for cost, scale, and efficiency. China became “the factory of the world.” The U.S. dominated services and technology. Europe built industrial depth.

But the world changed.

The pandemic exposed fragile supply chains. Geopolitical tensions redrew trade alignments. The Russia–Ukraine conflict disrupted energy flows. U.S.–China trade wars intensified. Corporations started asking a crucial question:

“Is it safe to depend on just one country?”

This single question triggered what many now call the “Great Supply Chain Rebalancing.”

And in the middle of this historic transition stands India.

## 1: India’s Export Story – The Numbers That Matter

Let’s start with the data.

India’s total exports (goods + services) recently crossed \$770 billion, a milestone that would have seemed ambitious a decade ago. Of this:

- Goods exports: ~\$450 billion
- Services exports: ~\$320+ billion

India is now:

- The world’s largest exporter of generic medicines
- Among the top exporters of IT services
- A rising electronics exporter
- A fast-growing defence exporter

Yet here’s the mind-blowing part:

India’s exports are only about 21% of its GDP.

Compare that with:

- Vietnam: ~100%+ of GDP

- Germany: ~47% of GDP
- China: ~20%–25% of GDP (but from a much larger base)

India’s economy is nearly \$3.7 trillion. If exports rise to even 35% of GDP, India could unlock an additional \$500–700 billion in export potential.

That’s not incremental growth – that’s structural transformation.

## 2: The China+1 Moment – India’s Historic Opportunity

For 20 years, multinational corporations optimized their supply chains around China. It was efficient, scalable, and predictable.

Then came:

- U.S.–China trade tensions
- Rising labor costs in China
- Zero–COVID lockdown disruptions
- Geopolitical risk premiums

Companies started adopting a **China+1 strategy** – keep China, but add another manufacturing base. Vietnam, Mexico, Indonesia, and India emerged as contenders.

Vietnam moved fast. Today:

- Vietnam’s exports exceed its GDP.
- It became a major electronics and semiconductor assembly hub.

But Vietnam has:

- A population of ~100 million.
- Limited domestic market scale.

India, in contrast:

- Population: 1.4 billion
- Young workforce
- Expanding middle class
- Strong domestic demand
- Digital infrastructure scale unmatched by most developing nations

And then came the Apple story.

India’s iPhone exports crossed **\$10+ billion** recently. From almost negligible assembly a few years ago, India now accounts for an increasing share of global iPhone production.

This isn’t symbolic. It signals trust.

When one of the world’s most complex supply chains begins relocating, the ripple effect is enormous.

## 3: The Services Superpower – India’s Silent Dominance

While manufacturing grabs headlines, India’s real global dominance lies in services.

India’s services exports crossed **\$320+ billion**, driven by:

- IT services
- Business process outsourcing
- Financial services
- Engineering services
- Consulting
- Digital transformation

India is the back-office of the world – but it's rapidly becoming the innovation partner of the world.

India is the back-office of the world – but it's rapidly becoming the innovation partner of the world.

Global corporations rely on Indian engineers for:

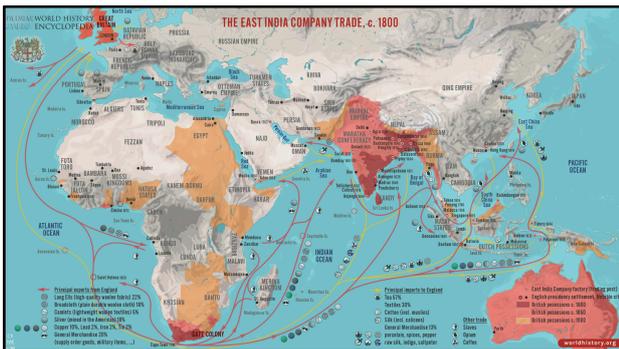
- AI development
- Cloud infrastructure
- Cybersecurity
- FinTech architecture
- SaaS products

India is not just exporting labor – it's exporting knowledge.

And the next frontier?

AI-powered services.

With one of the largest STEM graduate pools globally, India could dominate AI-enabled service exports in the next decade.



#### 4: The FTA Chessboard – Trade Agreements as Strategic Weapons

Exports are not just about production. They are about access.

Free Trade Agreements (FTAs) determine tariffs, quotas, and competitiveness.

India signed key agreements like:

- CEPA with UAE
- ECTA with Australia

Ongoing negotiations with:

- United Kingdom
- European Union

Countries with dense FTA networks tend to export significantly more relative to GDP.

FTAs do three powerful things:

1. Reduce tariffs
2. Improve investor confidence
3. Signal geopolitical alignment

If India secures strong FTAs with the EU and UK, it could dramatically improve access to high-income markets.

This is not just economics – it is strategy.

#### 5: The Logistics Bottleneck – India's Achilles Heel

Now, let's confront reality.

India's logistics cost is estimated at 13–14% of GDP, compared to:

- 8–9% in developed economies
- ~10% in China

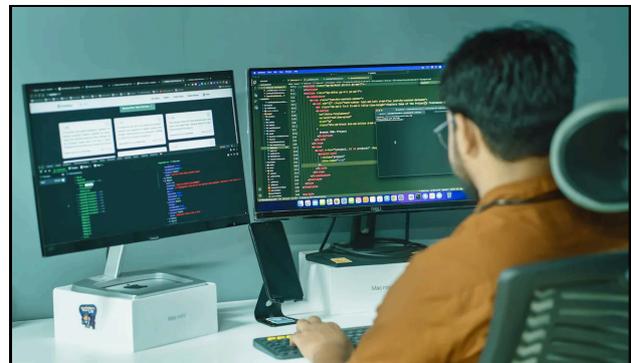
A 4–5% cost disadvantage directly affects export competitiveness.

But change is underway:

- Dedicated Freight Corridors
- PM Gati Shakti
- Port modernization
- Highway expansion

If logistics cost reduces by even 2%, India's export competitiveness could improve significantly.

This is where infrastructure meets ambition.



#### 6: MSMEs – The Sleeping Giant of Export Growth

India has over 6 crore MSMEs.

They contribute:

- ~30% of GDP
- ~45% of exports

Yet only a small fraction actively export.

Digital platforms are transforming access:

- Global e-commerce exports
- Cross-border digital payments
- Online compliance systems

If even 5% more MSMEs start exporting, the export base expands dramatically.

This is decentralized globalization.

#### 7: The Demographic Dividend – A Competitive Advantage

India's median age is around 28.

Compare:

- China: ~39
- Europe: ~43
- Japan: ~48

India is young. Labor-intensive sectors like:

- Textiles
- Footwear
- Electronics assembly
- Auto components

Can scale with the right policy push.

Demographics alone don't guarantee success – but combined with reforms, they create momentum.

## 8: Sectoral Opportunities – Where India Can Dominate

### 1. Electronics

Production-Linked Incentive (PLI) schemes are boosting domestic manufacturing.

### 2. Pharmaceuticals

India supplies affordable generics globally.

### 3. Defence Exports

India's defence exports have grown rapidly in recent years.

### 4. Renewable Energy Equipment

With global green transition, demand for solar modules and batteries is rising.

### 5. Agri-Exports

Processed foods and value-added agri-products hold potential.

The key is value addition.

Exporting raw materials creates limited wealth.

Exporting finished goods multiplies income.



## 9: The Currency and Macro Impact

Higher exports:

- Strengthen foreign exchange reserves
- Reduce current account deficit
- Stabilize the rupee
- Improve sovereign ratings

Export-led growth also generates employment.

China lifted hundreds of millions out of poverty through export-led industrialization.

India's path may differ – but exports will play a central role.

## 10: Risks and Realities

No transformation is risk-free.

Challenges include:

- Global recession risks
- Protectionism
- Automation reducing labor advantage

- Infrastructure gaps
- Regulatory unpredictability

Export growth demands consistency in policy, trade facilitation, and geopolitical balancing.

## Conclusion: A Decade That Could Redefine India

India stands at a rare historical intersection.

- A global supply chain reset
- Demographic strength
- Digital dominance
- Strategic FTAs
- Manufacturing incentives

The target of \$1 trillion exports by 2030 is ambitious – but not unrealistic.

If India raises exports to 35% of GDP:

- Millions of jobs could be created
- Manufacturing depth could increase
- Services dominance could expand
- The rupee could strengthen structurally
- India's geopolitical leverage would rise

This is not just about trade.

It is about national transformation.

The world is diversifying supply chains.

Capital is mobile.

Markets are fluid.

The question is no longer whether India can grow.

The question is whether India can seize this moment before it passes.

If executed well, the 2020s may be remembered as the decade when India moved from being a large economy...

...to becoming a defining force in global trade.



### CMA Sakshi Soni

Sakshi Soni is a qualified Cost & Management Accountant (CMA) and M.Com (First Class Honours, 2024), currently working as a Functional Consultant at Accenture. She is NISM certified and has prior experience as a Fund Administrator Intern at HSBC. Her interests span global finance, technology, sustainability, spirituality, and responsible business transformation.

# Smart Finance: Tools and Techniques for Forecasting, Managing Receivables, and Optimizing Payables



In today's fast-moving business world, cash flow is king. Companies that manage their money well don't just survive—they thrive. And at the heart of strong financial management lie three critical practices: forecasting, managing receivables, and optimizing payables. Let's break these down in plain language, explore the tools that make them easier, and look at practical techniques professionals can apply right away.

## Forecasting: Seeing Ahead with Confidence

Forecasting is simply predicting how money will move in and out of your business. Think of it as looking at the road ahead before you start driving.

### - Tools to use:

- Spreadsheet models (Excel, Google Sheets): Still the go-to for many finance teams. Flexible, but requires discipline to avoid errors.
- Dedicated forecasting software (Adaptive Insights, Anaplan): These platforms automate data collection and provide scenario planning, so you can test "what if" situations.
- AI-driven analytics: Increasingly popular, these tools use historical data and market trends to give more accurate predictions.

## My Experience with Forecasting: Time Series, Regression, and Scenario Planning

When I look back at my journey in finance, three forecasting techniques have consistently stood out for me: Time Series Analysis, Regression Analysis, and Scenario Forecasting. I didn't just learn these from textbooks — I applied them in real situations, and that's where their real value became clear.

### Time Series Analysis

For me, time series analysis has always been about learning from the rhythm of the past. Numbers aren't just numbers; they tell a story over time.

I remember working with sales data at a retail company.

Month after month, the figures showed a clear seasonal pattern — festive seasons like Christmas brought sharp spikes, while summers were quieter. By recognizing these cycles, I was able to help the team plan inventory more intelligently. Instead of being caught off guard, we stocked up ahead of demand and avoided unnecessary storage costs.

That experience taught me that time series isn't just about predicting; it's about listening to the story the data is already telling.

### Regression Analysis

Regression analysis, to me, is like uncovering hidden cause-and-effect relationships. It's about asking: what really drives the numbers?

At a financial services firm, I used regression to study how marketing spend influenced new customer acquisition. The results were eye-opening. Digital ads had a strong, measurable impact, while print ads barely moved the needle. With that insight, we shifted more budget toward digital channels, and the return on investment improved dramatically.

What I love about regression is that it doesn't just forecast — it explains. It gives you clarity on which levers actually matter.

### Scenario Forecasting

If time series is about the past and regression is about relationships, scenario forecasting is about preparing for the unknown.

While working in manufacturing, I built three scenarios around raw material costs:

- Optimistic: Costs stay stable.
- Realistic: Costs rise moderately.
- Pessimistic: Costs surge due to supply chain disruptions.



By laying out these possibilities, I helped management prepare contingency plans – negotiating long-term contracts and exploring alternative suppliers. When costs did rise sharply, we weren't scrambling; we already had a plan.

Scenario forecasting taught me that uncertainty isn't something to fear. It's something to plan for.



## Managing receivables and Optimizing Payables

Managing receivables has always felt to me like the art of turning promises into cash. When customers owe you money, the real challenge isn't just making the sale- it's ensuring that the payment arrives on time. I've seen how accounting software like QuickBooks or Zoho Books can make this process smoother by automating invoices and tracking what's outstanding. Pairing that with a good CRM system helps keep an eye on client behavior, so you know who tends to pay late and who's reliable. Even something as simple as automated reminders- emails or text messages sent before the due date- can make a big difference. Of course, tools alone aren't enough.

Clear payment terms set the tone from the start, early payment incentives encourage customers to settle faster, and regular follow-ups keep the conversation polite but firm. I often think of receivables like lending money to a friend: the longer they take to pay you back, the tighter your own wallet feels. Businesses face the same squeeze when receivables pile up and managing them well is the key to keeping cash flowing.

On the other side of the equation are payables- the money you owe suppliers. Optimizing payables doesn't mean dragging your feet or paying irresponsibly; it's about managing timing and terms in a way that supports both your cash flow and your relationships. ERP systems like SAP or Oracle NetSuite give a clear picture of what's due and when, while payment scheduling apps help avoid late fees by automating recurring bills. Supplier portals are another useful tool, offering transparency and even opportunities to negotiate terms directly.

In practice, the techniques that work are straightforward but powerful: negotiating better terms to extend payment periods, prioritizing critical suppliers to protect relationships, and using technology like batch payments to cut down on transaction costs.

I recall a retail chain that managed to strike a smart balance by negotiating longer payment terms with its largest supplier while offering early payments to smaller vendors. That approach kept cash flow healthy while maintaining goodwill across the supply base.

In the end, managing receivables and optimizing payables are two sides of the same coin. One ensures money comes in quickly, the other ensures money goes out wisely. Together, they create the rhythm of a business's financial health, and when handled with care, they give companies the stability to grow with confidence.

## Conclusion

Forecasting, managing receivables, and optimizing payables are the three pillars that keep a business financially strong. Forecasting gives leaders the ability to look ahead, anticipate risks, and prepare for opportunities instead of reacting at the last minute. Managing receivables ensures that sales actually turn into cash, keeping operations smooth and preventing the strain that comes when payments are delayed. Optimizing payables, meanwhile, is about spending wisely- balancing supplier relationships with liquidity so the company can invest in growth without jeopardizing trust.

When these practices work together, they create a rhythm that sustains stability and builds resilience. Forecasting sets the vision, receivables provide the fuel, and payables keep the engine running without friction. Businesses that master this balance are better equipped to navigate uncertainty, strengthen partnerships, and seize opportunities with confidence. For finance professionals, the challenge is clear: turn these disciplines into a competitive edge that drives lasting success.



### CMA Lakshman Singh Rajput

Lakshman is a qualified Cost and Management Accountant (CMA) with a strong foundation in finance and corporate strategy. He has completed professional exposure in Investment Banking through Sparrow Advisory, where he worked on financial analysis, business understanding, and investment-related activities. He has gathered knowledge in capital markets, financial planning and financial decision-making.

## The People Problem – Friends, Co-founders & Betrayals



Every entrepreneur thinks their biggest enemy will be the market, or funding, or government regulations. But ask those who have actually built companies, and they'll tell you the truth: the hardest battles are not fought outside the company. They are fought inside. Your competitors might try to copy you, but it's often your own people—your co-founders, partners, or senior team—who can destroy your dream faster than any competitor ever could. A wrong co-founder, a toxic senior executive, or even an investor with conflicting priorities can do more damage to your company than a hundred rival firms. People problems are silent killers. They don't show up in financial statements until it's too late. This is why countless startups, even after raising millions in funding and building great products, collapse from within.

Let's start with one of India's most famous entrepreneurial stories—Flipkart.

Sachin Bansal and Binny Bansal, two ex-Amazon engineers (not related, despite the same surname), started Flipkart in 2007. It began as a simple online bookstore, operating out of a small apartment in Bengaluru.

What Amazon was to America, Flipkart aspired to be for India. They were friends, they trusted each other, and together they built India's first real e-commerce giant. By 2014, Flipkart was valued at over \$11 billion. It had become a household name, inspiring a generation of entrepreneurs. But as Flipkart grew, so did tensions.

Investors began to dominate decision-making.

The Bansals, once celebrated as poster boys of Indian entrepreneurship, found themselves under constant pressure to deliver growth.

Sachin, the visionary, wanted to experiment, take bold bets, and compete fiercely with Amazon. Binny, more execution-focused, was often caught in the crossfire between Sachin's ambition and investors' demand for discipline. The breaking point came in 2016–2017, when Flipkart faced its toughest battle against Amazon India. Market share was slipping, cash burn was rising, and investors were nervous.

Sachin pushed aggressively for capital-intensive strategies to beat Amazon, but investors resisted. They wanted profitability and discipline, not just wild expansion.

By 2018, Walmart acquired Flipkart for \$16 billion in one of the biggest deals in Indian corporate history. On the surface, it looked like a victory—a global giant had bought India's startup crown jewel. But inside, the cracks were visible. As part of the deal, both Sachin and Binny eventually exited the company they had built from scratch.

Sachin, in particular, was forced out after disagreements with the board and governance concerns. The man who had started India's most successful startup left with bitterness. The lesson from Flipkart is harsh: **even friends who start together can drift apart once billions of dollars, investor interests, and personal ambitions enter the picture.**

Now, let's move to a more reality check case: Housing.com.

If Flipkart was the story of gradual conflict, Housing.com was the story of a rocket that exploded mid-air.

Founded in 2012 by a group of IIT Bombay graduates, Housing.com aimed to revolutionize the way Indians searched for houses online. At its heart was a charismatic young leader—Rahul Yadav. Brilliant, outspoken, and fearless, Rahul became the face of India's new, bold startup culture.

With his unconventional style and rebellious attitude, he attracted massive attention. Investors loved his ambition. Housing.com raised over \$100 million, with SoftBank leading the charge. But success quickly turned sour.

Rahul Yadav's personality, once seen as refreshing, soon became a liability. He clashed with board members, insulted rivals, and even wrote a resignation letter calling his investors "intellectually incapable." Though he later withdrew it, the damage was done.

The media painted him as the "bad boy" of Indian startups—brilliant but uncontrollable. Internally, co-founders and employees grew frustrated with his unpredictable behavior. In 2015, the board finally fired Rahul from his own company.



Within a few years, Housing.com—once valued at hundreds of millions—was forced to merge with PropTiger. A dream that had started with friendship and passion ended in chaos.

What killed Housing.com was not the market—it was ego and people conflict. The product was strong, the funding was there, the market was real. But when leaders fight among themselves, no amount of money can save the company. Rahul Yadav's story is not just about one individual. It represents a bigger truth: in startups, the founding team is everything.



investors bet on the people as much as the product. If the people cannot work together, the company will collapse, no matter how brilliant the idea.

The same lesson played out on the global stage with Twitter.

Twitter was founded in 2006 by Jack Dorsey, Biz Stone, Noah Glass, and Evan Williams. What began as a side project soon exploded into one of the world's most influential platforms. But behind the scenes, Twitter was a battlefield of egos and boardroom politics.

Jack Dorsey, the original CEO, was ousted in 2008 because investors and board members felt he lacked management skills. He was replaced by Evan Williams, then later by Dick Costolo. In 2015, Jack returned as CEO, only to face repeated criticism again, and eventually stepped down once more. Imagine being fired from your own company—not once, but twice.

Twitter's chaos was not about technology. It was about people—co-founders clashing, investors doubting, leaders unable to align. For years, Twitter struggled with direction. While Facebook grew into a massive advertising empire, Twitter stagnated. It had influence but no stability. The platform survived, but its growth was crippled by internal fights. The story of Twitter reminds us that leadership conflicts at the top can hold back even a billion-user platform.

Flipkart, Housing.com, and Twitter—three very different companies, three different industries, three different founders. Yet all faced the same problem: people. Markets did not kill them. Lack of funding did not kill them. Their own co-founders, boards, and leadership battles did.

This is why entrepreneurs must understand: choosing a co-founder is not like choosing a friend. It is more like choosing a life partner—someone whose values, vision, and resilience must align with yours. Otherwise, the very people you once trusted the most will be the reason your dream collapses.

At first glance, one might think that people problems only affect young startups. But even the most respected, billion-dollar giants are not immune.

Take Infosys, India's crown jewel of IT services, built by N. R. Narayana Murthy and six co-founders in 1981. For decades, Infosys stood as a model of professionalism, ethics, and corporate governance. It was proof that Indian companies could compete globally with discipline and integrity. But even Infosys could not escape the brutal reality of people conflicts.

When Murthy retired, he wanted Infosys to transition into the hands of professional managers, beyond the founding team. But over time, the relationship between Murthy and the board grew bitter. Murthy believed the company was straying from its original values of transparency and ethical conduct. The board, however, felt that Murthy was interfering too much in day-to-day affairs, even after retirement.

This friction boiled over in 2017, when then-CEO Vishal Sikka, a technocrat brought in from SAP, resigned after just three years. His resignation letter cited "continuous distractions and personal attacks," widely seen as a reference to Murthy's criticisms.

The fallout was messy. A company that had always been respected for calm professionalism was suddenly in the headlines for boardroom battles. Employees were demoralized, investors were anxious, and the media speculated whether Infosys had lost its way. Eventually, leadership stabilized again under a new CEO, but the scars remained.

The lesson was clear: even when values are shared, egos can clash. Founders often struggle to let go, boards struggle to balance legacy and progress, and in the middle, employees and customers pay the price.



This is why mixing personal ties—be it family or friendship—with business is a dangerous gamble. When money and ambition enter the room, relationships change. Countless small businesses around the world have collapsed because two childhood friends thought starting a company together would be fun. At first, everything feels perfect: trust is already there, the excitement is high, and decisions are made quickly. But once real challenges arrive—cash crunches, disagreements over vision, or questions about who deserves more credit—the same friendship becomes a liability.

A fight that might have been solved with calm reasoning turns into an emotional war. What was once “my best friend” now feels like “my enemy.”

The danger is not limited to friendships. Hiring mistakes can destroy a company’s culture faster than external competition. A single toxic employee in a leadership role can poison the entire team.

Ego clashes between top executives often paralyze decision-making. One person wants aggressive growth at any cost, another wants cautious profitability, and soon meetings become battlegrounds. While the market outside is evolving at lightning speed, the company inside is stuck in endless debates, unable to act.

WeWork is a painful example of toxic culture. Though its full collapse is covered later in the book, it’s worth noting here how founder Adam Neumann’s unchecked ego and chaotic style poisoned the culture from within.

Employees described a workplace filled with hype but lacking discipline. Nepotism, extravagant spending, and a “cult of personality” around Adam overshadowed actual business fundamentals. Investors poured in billions, but eventually, even the biggest backers had to step in and remove him. The lesson is brutal: no matter how visionary the leader, if ego and toxicity rule, the company is doomed.

But it’s not always dramatic implosions. Sometimes, people problems show up in subtle ways—a co-founder losing motivation, a trusted partner hiding financial realities, or a key employee secretly planning to start a rival firm. Betrayals cut the deepest because entrepreneurs build on trust. Unlike contracts or balance sheets, trust is invisible, and once broken, it is nearly impossible to restore. This is why veteran entrepreneurs often say: “I’d rather build a mediocre business with the right people than a brilliant business with the wrong ones.”

Infosys’s struggles, Housing.com’s collapse, Flipkart’s founder exits, Twitter’s leadership chaos, and WeWork’s toxic culture—all of them tell the same truth: people, not markets, make or break companies. The challenge is not just hiring talent, but finding people whose values align with yours, who can handle stress without turning destructive, and who see the company’s vision as bigger than their personal ego. Without that alignment, betrayal, politics, or burnout are inevitable.



Entrepreneurship is a game of trust. But trust, when broken, hurts more than any financial loss. There are countless stories of betrayal in the business world—partners hiding profits, employees stealing ideas, investors suddenly pulling out funds. These betrayals often don’t come from strangers. They come from the very people entrepreneurs believed in the most.

Take the case of Steve Jobs and Apple. In 1985, Jobs was forced out of the very company he had founded. The board sided with then-CEO John Sculley, a man Jobs himself had recruited from Pepsi. What started as a promising partnership between visionary (Jobs) and professional manager (Sculley) turned into a power struggle. Sculley felt Jobs was reckless; Jobs felt Sculley lacked innovation. Eventually, the boardroom politics pushed Jobs out. Imagine the betrayal—being fired by the man you brought in.

For over a decade, Apple struggled without Jobs, until he returned in 1997 to lead one of the greatest corporate turnarounds in history. The lesson here: even the smartest founders can be blindsided when trust meets ambition.

Another example comes from Indian corporate history—Jet Airways. Once the pride of Indian aviation, Jet collapsed under mounting debt and poor management. But insiders often point to another problem: a culture of mistrust and betrayal. Employees lost faith in leadership, investors withdrew support, and partners distanced themselves.

When people stop believing in the leader, even loyal employees eventually walk away. Trust once broken spreads like wildfire—it destroys morale faster than bankruptcy.



Yet, while betrayals dominate headlines, the opposite is also true: some partnerships thrive for decades and create enduring legacies. Google is a classic case. Larry Page and Sergey Brin were not just co-founders; they were intellectual partners who complemented each other. While Larry focused on vision and product, Sergey balanced with technical brilliance and problem-solving. Importantly, when the company grew beyond their capacity to manage daily operations, they made the wise decision to step aside and bring in professional CEOs like Eric Schmidt, while still guiding strategy. Their ability to trust each other—and to let go of control when required—allowed Google to scale into Alphabet, one of the world’s most powerful companies.

Microsoft's story also highlights the power of balanced partnerships. Bill Gates and Paul Allen began as childhood friends, coding together in the early days of personal computing. Gates was the relentless driver, obsessed with details and business strategy. Allen was more visionary, creative, and big-picture oriented. While Allen eventually left Microsoft due to illness and differences, the foundation they built together created a global software empire. More importantly, their friendship, though tested, never turned into bitter rivalry.

Even after Allen left, he remained a respected voice in Microsoft's history.

And then there is Apple's second story—Jobs and Steve Wozniak. Wozniak, the engineer, and Jobs, the visionary, were opposites in personality. Woz was shy, gentle, and loved technology for its own sake. Jobs was intense, demanding, and obsessed with design and user experience.

Together, they created the first Apple computers that changed the world. Even though Wozniak eventually stepped away from Apple, their partnership in the early years proved how complementary personalities can achieve what one person alone never could.

So what separates the partnerships that collapse from the ones that succeed? The answer is alignment of values and clarity of roles. When founders or leaders know what each person brings to the table, respect those differences, and share the same long-term vision, the partnership thrives. But when egos, mistrust, or blurred responsibilities creep in, disaster is only a matter of time.



Hire leaders who challenge you, but not those who poison the culture. Build a board that supports without suffocating. And above all, remember—business is temporary, but the relationships you build or break in the process will define your legacy.

In the end, it comes down to one question every entrepreneur must ask: **“Do I trust the people beside me to fight the war when it gets bloody?”** If the answer is no, you are building a company on quicksand. But if the answer is yes, you may just have found the rarest treasure in business—not just a co-founder, but a comrade.



## The Failure Nobody Predicted

Every generation believes its greatest companies will last forever. The giants of one era often look untouchable—too big to fail, too admired to collapse. But the history of business tells a humbling story: no company is immortal. Size, market share, or brand power cannot save an organization that stops listening, stops learning, or stops evolving.

The biggest threat to a successful company is not competition. It is comfort. Success breeds a false sense of security—a belief that what worked yesterday will work tomorrow. Leadership starts prioritizing control over curiosity, and innovation takes a backseat to preservation. Slowly, the company loses touch with the customer, the market moves on, and by the time the warning bells are heard, it's too late.

The stories that follow are not just about corporate failure; they are about human denial. They reveal how pride, fear, and short-term thinking can destroy even the most powerful empires. These failures were not caused by a lack of intelligence or talent. They were caused by an excess of ego.

The stories that follow are not just about corporate failure; they are about human denial. They reveal how pride, fear, and short-term thinking can destroy even the most powerful empires. These failures were not caused by a lack of intelligence or talent. They were caused by an excess of ego.

**Kodak: The Company That Invented Its Own Death.**

For most of the twentieth century, Kodak was synonymous with photography. Founded in 1888 by George Eastman, it made photography accessible to the masses with its simple slogan: **“You press the button, we do the rest.”** For decades, Kodak dominated film and camera sales, controlling nearly 90% of the U.S. film market by the 1970s. Its bright yellow logo wasn't just a brand—it was a cultural symbol of memories, family, and joy.

But success blinded Kodak. The company was built around the sale of photographic film, a business model so profitable that it became sacred. Every decision, every innovation, was filtered through the lens of “Will it hurt our film business?”

Ironically, Kodak itself invented the digital camera. In 1975, a young engineer named Steven Sasson developed the first digital prototype inside Kodak’s labs. The technology was revolutionary—it captured images electronically instead of on film. When Sasson demonstrated it to senior executives, they were intrigued but dismissive. The reason was simple: the digital camera threatened Kodak’s core business of film and printing. Instead of leading the digital revolution, Kodak buried its own invention.

During the 1980s and 1990s, the warning signs became clear. Competitors like Canon, Sony, and Nikon began experimenting aggressively with digital technology. Consumers slowly started shifting toward convenience and instant results. But Kodak doubled down on film, believing that its brand loyalty and distribution network were unbeatable.

In reality, Kodak was trapped in its own success. Its executives understood that digital was the future, but they couldn’t bring themselves to destroy the business model that made them rich.

In corporate psychology, this is called the Innovator’s Dilemma—when leaders know change is necessary but fear it will cannibalize existing profits.

By the time Kodak fully entered the digital camera market in the late 1990s, it was already too late. Competitors had moved ahead. Kodak still made billions from its film business, but the decline was irreversible. In 2012, after more than a century of dominance, Eastman Kodak filed for bankruptcy protection.

Kodak’s failure wasn’t technological—it was emotional. The company’s engineers were brilliant. Its R&D labs had all the tools to lead the digital era. But leadership couldn’t let go of the past. They were protecting a legacy instead of building a future.

The tragedy of Kodak is that it died not because it failed to innovate, but because it innovated and then ignored its own innovation.

There’s a painful lesson here for entrepreneurs of every scale. Sometimes, your greatest threat isn’t your competitor—it’s your own attachment to the old ways of doing things. Comfort kills curiosity. The moment a business believes it’s “too good to fail,” it starts writing its own obituary.



Kodak’s story is a reminder that every company, no matter how mighty, must continuously ask: “If we were starting today, would we still be doing what we’re doing?”

If the answer is no, then change isn’t optional—it’s survival.

### The Next Giant: Nokia – The Fall of a Titan

If Kodak’s failure was driven by denial, Nokia’s was shaped by arrogance. Once the undisputed king of mobile phones, Nokia wasn’t just a company—it was a cultural phenomenon. In the early 2000s, everyone either owned a Nokia or wanted one. Its phones were reliable, its batteries unbreakable, and its brand trusted across continents. By 2007, Nokia controlled over 50% of the global mobile phone market.

Yet within a few years, that empire collapsed almost overnight.

### Nokia – The Fall of a Titan

If Kodak’s downfall was denial, Nokia’s was arrogance—a different kind of blindness. For over a decade, Nokia defined what mobile meant to the world. Its iconic handsets like the 3310 and N-Series became cultural artifacts, known for durability, simplicity, and trust. In 2007, Nokia’s profits were soaring, its brand value was second only to Coca-Cola globally, and its engineers were confident that no one could catch them.

Then Apple released the iPhone.

At first, Nokia’s leadership dismissed it as a luxury gadget—too expensive, too fragile, and too different from what the mass market wanted. “People will never type on a screen,” one executive said in an internal meeting. They saw Apple as a niche company, not a threat. But what Nokia missed wasn’t hardware—it was the future of software.

The smartphone wasn’t just a new device; it was a new ecosystem.

While Apple was building an operating system and an app store that would connect millions of developers, Nokia was still trying to sell handsets. It relied on its aging Symbian operating system, which was complex, outdated, and nearly impossible for developers to build on. Inside Nokia, engineers and managers were divided. Some pushed for Android adoption, others defended Symbian, and leadership failed to make a decisive move.

By the time Nokia finally adopted Microsoft’s Windows Phone in 2011, it had already lost its market. The company that once ruled the world of phones was now an outsider in its own industry.

In 2013, Nokia sold its mobile phone business to Microsoft for \$7.2 billion—a fraction of its former worth. Within two years, Microsoft wrote off the acquisition entirely, marking one of the biggest corporate failures in tech history.

The root cause wasn’t technology; Nokia’s engineers were among the best in the world. The problem was culture. Fear had replaced innovation. Employees were afraid to question leadership, and leadership was afraid to admit mistakes.

In internal postmortems later leaked to the media, several executives admitted they had recognized the iPhone threat but chose silence out of fear of losing their jobs.

In one of the most telling moments, Nokia's CEO Stephen Elop summed it up during his farewell speech after the Microsoft deal:

"We didn't do anything wrong, but somehow, we lost."

It was a heartbreaking statement—and a perfect description of slow corporate death. Nokia didn't fail because it did something wrong; it failed because it didn't do enough right.

#### WeWork – The Modern Mirage.

If Kodak and Nokia teach lessons about legacy and arrogance, WeWork is the ultimate story of modern-day hype. Founded in 2010 by Adam Neumann, WeWork began as a shared office space startup but sold itself as something far bigger—a "tech company revolutionizing the way people work." Investors fell for the vision. The company promised community, creativity, and culture. By 2018, WeWork was valued at nearly \$47 billion, backed by some of the most powerful investors in the world, including SoftBank.

But beneath the glossy brand videos and party-like office culture, the fundamentals were weak. WeWork was essentially a real-estate company renting out desks. It spent billions leasing spaces long-term and subletting them short-term, hoping to fill them with startups and freelancers. The business model was fragile, but the storytelling was magnetic.

Adam Neumann became the face of WeWork—a charismatic, unpredictable, and often eccentric leader. He called himself a visionary changing humanity's relationship with work. Employees adored him at first, but soon began to see the cracks. Lavish spending, erratic decisions, and a cult-like internal culture started raising alarms.



Private jets, tequila-fueled meetings, and blurred lines between company and personal assets became routine.

By 2019, WeWork filed for an IPO. When the company's financials became public, investors were shocked. The losses were massive, the governance questionable, and Adam's control absolute. Within weeks, WeWork's valuation crashed from \$47 billion to below \$10 billion. The IPO was withdrawn, and Adam was forced to resign.

WeWork's story is not just about financial mismanagement; it's about how charisma and hype can seduce even the smartest investors.

In chasing the image of disruption, everyone forgot the fundamentals of business—profitability, governance, and sustainability.

WeWork became a mirror reflecting the worst traits of the modern startup ecosystem: overconfidence, exaggeration, and blind faith in personal charm.

For entrepreneurs, it's a warning that storytelling can take you far, but only substance can keep you there.



### Common Threads of Collapse

Look closely at Kodak, Nokia, and WeWork, and you'll see a pattern. None of these companies lacked talent, capital, or opportunity. They failed because of human behavior—ego, fear, denial, and overconfidence.

Kodak refused to disrupt itself.

Nokia refused to listen to its own engineers.

WeWork refused to accept reality.

In each case, the downfall wasn't caused by external pressure but by internal blindness. The people who could have saved the company were the same ones steering it toward destruction.

### Lessons for Every Entrepreneur

Every founder dreams of building something that lasts forever. But the lesson from these failures is that permanence is an illusion. Success makes people forget that the same rules apply to everyone—adapt or die.

To survive, a company must remain paranoid even in victory. Leaders must create a culture where dissent is valued, change is encouraged, and humility is practiced. They must constantly ask uncomfortable questions:

Are we still solving a real problem?

Are we still listening to our customers?

Are we protecting the future or the past?

Complacency is the silent killer of ambition. The moment a leader starts defending the old instead of building the new, decline begins.

Every great fall in business begins with the same thought: "It can't happen to us."

But history proves otherwise. Whether it's Kodak, Nokia, or WeWork—the market punishes arrogance faster than failure. Innovation doesn't end when you succeed; it begins again every morning.

An entrepreneur's job is not just to create but to stay restless—to destroy their own comfort zones before the market does. The failure nobody predicts is often the one nobody dares to imagine.



## The Entrepreneur's Real Reward (Not Just Money)

Every entrepreneur begins with a dream. A dream that doesn't let you sleep. A thought that keeps returning even when you try to ignore it. The idea may look small to the world, but to you, it feels like fire — something that must exist, something only you can create. That first spark is never about money. It's about freedom — the freedom to build something that is truly yours, the freedom to decide your own path, and the freedom to see your thoughts take form in the real world.

But somewhere along the way, that pure dream gets buried under numbers, comparisons, and noise. The world starts asking — how much did you raise, how big is your revenue, what's your valuation?

Slowly, you start judging your progress by the standards of others.

And without realizing it, the same dream that once gave you wings starts to weigh you down.

The truth is, entrepreneurship was never meant to be a race. It was meant to be a journey. And every journey has its own rhythm.

Money, recognition, success — they're all milestones, but they are not the destination.

The real reward is invisible to the outside world. It lies in the nights you spent figuring things out when no one believed in you. It lies in the courage it took to make decisions without guarantees. It lies in the way you refused to settle for ordinary.

People often measure entrepreneurs by outcomes, but the real victory lies in the process. In the countless rejections that didn't break you. In the risks you took when logic said "don't." In the quiet moments when you almost gave up but didn't.

You might not realize it now, but every failure has added something to you — clarity, resilience, or patience. These are the rewards no balance sheet can record.

There will be times when you'll feel invisible. When your effort will go unnoticed. When others will get the spotlight for doing less.

When investors will reject your vision, friends will doubt your idea, and family will ask why you don't choose an easier path. Those are the moments that separate entrepreneurs from dreamers.

Because entrepreneurship isn't about chasing the easy wins. It's about holding faith when everything around you is shaking. It's about trusting your idea when no one else does. It's about showing up — again and again — even when the world is silent.

Don't be disheartened by the noise of other people's success. The game is not theirs. The game is yours. Every business has its own clock, its own momentum, its own season. You cannot measure your spring using someone else's calendar.

The beauty of entrepreneurship is that it's deeply personal.

It's not about running a company — it's about discovering who you are when everything familiar disappears. When you no longer have the comfort of routine or the illusion of security, you begin to see your real self. The one that fights, adapts, and creates.

That discovery is the true reward. It's not a cheque, not an award, not a headline. It's the quiet confidence that comes from knowing you survived what others couldn't. It's the satisfaction of looking back and realizing you did something that existed only in your imagination — and now, it breathes.



Yes, entrepreneurship is unpredictable. Some days will make you feel like you're touching the sky; others will crush you to the ground. But the balance between pain and pride is what makes the journey worth it. You'll learn that you can't control the world — only your response to it. You'll learn that criticism will come even when you're doing everything right. You'll learn that people who didn't believe in you will one day claim they always did.

And in those moments, you'll smile. Not because you've proved them wrong, but because you've proved yourself right.

So, if you're standing at the edge right now — scared, uncertain, doubting your next step — understand this: you don't need anyone's permission to start. The world will always doubt what it doesn't understand. The moment you decide to build something of your own, you've already won half the battle.

Don't wait for the perfect idea or the perfect time. They don't exist. What exists is your belief — that stubborn, burning belief that your dream deserves a chance. Every entrepreneur who ever changed something started from that same place — an unshakable belief in something the world couldn't yet see.



And when you start, remember — the goal is not to be the biggest or the richest. The goal is to be true to your idea, consistent with your effort, and kind to yourself through the process.

Because this game — this unpredictable, demanding, thrilling game — is yours. You define the rules. You decide the pace. And you decide when you've won.

There comes a point in every entrepreneur's life when money stops being the reason to keep going. It's not that money loses importance — it's just that it no longer defines success. Because after you've spent years chasing revenue, chasing clients, chasing growth, you realize something simple yet profound: all you ever really wanted was freedom.

Freedom to make your own choices. Freedom to work with people you believe in. Freedom to spend your time doing something that makes you feel alive. Freedom to fail on your own terms and rise again without apology.

That's the real luxury of entrepreneurship — not cars, not offices, not applause — but freedom.

You see, most people spend their lives renting their time. They trade hours for security, and dreams for comfort. Entrepreneurs are the ones who refuse that trade. They choose the harder road — not because it's easy, but because it's honest. They understand that the only way to live fully is to live on their own terms, no matter how uncertain those terms are.

You may not have a stable paycheck, but you have something far more powerful — control over your destiny. You may not always know where you'll end up, but you know it will be somewhere you chose to go. That sense of control, that ability to shape your own path, is priceless.

There will be days when you question everything — your idea, your capability, your purpose. You'll look at others living simpler lives and wonder if you made a mistake. You'll feel the loneliness that only creators know — the kind that comes from walking a path no one else can see. But even in those quiet, heavy moments, you'll find something sacred: growth.

Every challenge changes you. Every risk reshapes you. Every failure makes you more aware of what you truly value. Slowly, you begin to see that entrepreneurship is not about building a company. It's about building yourself.

You become more patient because you've learned that good things take time. You become stronger because you've fallen and rebuilt. You become humbler because success reminds you how fragile it all is.

That transformation — from dreamer to doer, from builder to believer — is the real success story.

Entrepreneurship also teaches you to respect struggle. It forces you to face discomfort and uncertainty every single day. And in doing so, it reveals one of life's greatest truths: there is no strength without struggle. Every sleepless night, every rejected pitch, every setback that made you question your worth — all of it was refining you, preparing you, sharpening your instincts.

While others look for guarantees, you learn to trust movement. You understand that progress doesn't always show up in numbers — sometimes it's in your resilience, your calmness, or your ability to start over.

And that is when you begin to feel something no ordinary career can offer — fulfillment.



The kind that doesn't need validation. The kind that can't be bought.

When you look back after years of trying, failing, and rising again, you'll see how far you've come. You'll remember the people who doubted you, the sacrifices you made, and the parts of yourself you had to lose along the way. And instead of regret, you'll feel gratitude. Because every twist in your path was shaping you into the person you needed to become.

Entrepreneurship doesn't promise comfort. It promises evolution.

It's not the straight line the world imagines - it's chaos, it's emotion, it's courage. But it's also art. Every business you build, every problem you solve, every risk you take is an act of creation. And that's the real reward - the chance to create something that didn't exist before you.

So, as you stand on your journey - maybe tired, maybe uncertain, maybe waiting for that one breakthrough - remind yourself: you're already living the dream that many only talk about. You dared to begin. You dared to trust yourself. You dared to make something out of nothing.



Don't let comparison steal that pride. Don't let doubt dim that fire. The market will fluctuate, people will change, plans will fail - but your purpose will always remain yours.

The true victory is not in reaching the destination but in becoming the kind of person who keeps walking, no matter what.

And that's the essence of entrepreneurship. It's not just a business; it's a mirror - showing you your strengths, your weaknesses, your fears, and your potential. The money may come and go, but who you become in the process stays forever.

The real reward isn't in the applause; it's in the quiet satisfaction that you built something with your own hands, heart, and conviction.

You didn't just build a business. You built yourself.

There will come a day when the noise will fade - when the race, the pressure, the doubts, and the expectations will all fall silent. You'll find yourself sitting alone, maybe late at night, maybe after a long day, looking back at the road you've walked.

You'll see the moments of madness - the days you risked everything, the nights you cried in silence, the calls you dreaded, the rejections you pretended didn't hurt. You'll see the faces of those who helped you, and those who walked away. You'll see the dreams that didn't work, and the ones that somehow did.

And in that stillness, you'll realize something profound: you've lived. Fully. Boldly. Without waiting for anyone's permission.

That's what entrepreneurship really gives you - a life that is fully yours.

Most people live in "someday."

Someday I'll start.

Someday I'll travel.

Someday I'll follow my dream.

Entrepreneurs live in today. They choose to act when others choose to wait. They choose to risk when others choose to doubt. And because of that choice, they get to experience life in its rawest, truest form - not filtered by safety, not softened by comfort.

It's not an easy life, but it's a real one.

There is a beauty in building something that no one else believes in yet. There's a strange joy in standing alone, in chasing a vision that only you can see. And there's an unmatched peace in knowing that no matter what happens next, you lived bravely - and that is enough.

When you understand this, the fear of failure starts to fade. You stop running from mistakes. You stop chasing perfection.

You realize that the reward was never the destination - it was the journey itself.

The rejections taught you resilience.

The uncertainty taught you courage.

The loneliness taught you focus.

And the success - it taught you humility.

Each of those moments became a part of you. And now, when you walk into a room, people won't just see a businessperson - they'll see a story. A story written with faith, sacrifice, and relentless belief.

So, if you ever find yourself asking, "Was it worth it?"

The answer is simple: yes.

Every risk, every sleepless night, every broken plan was worth it - because it led you here. To this version of yourself that doesn't give up, that keeps learning, that still dares to dream even after being broken.

That courage - your courage - is the real profit of this journey.

Money can build empires. But courage builds legacies.

In the end,

every entrepreneur must come to terms with one truth: you are not just building a company; you are building a reflection of your soul. Your choices, your beliefs, your values - they all become the foundation of what you create. And that's why it hurts so much when things go wrong - because it's never "just business." It's personal.

But that's also why it feels so extraordinary when something goes right. Because you didn't inherit it, you didn't stumble into it - you built it.

And maybe that's the point of it all.

Not to build something eternal. Not to chase infinite growth.

But to live a life that mattered — a life where you showed up, gave your all, and dared to create.

So, if you're reading this right now — maybe in the middle of a storm, maybe at the start of a new idea — pause and take a breath.

You're doing something most people only talk about.

You're living the kind of story that others will one day use to find courage.

Don't let fear make you forget that.

The real reward isn't the applause. It's not the balance sheet.

It's that quiet moment of pride when you look in the mirror and realize — you did it your way.

You'll fall again. You'll rise again. You'll rebuild, rethink, restart — again and again.

And through it all, one truth will stay the same:

Entrepreneurship was never about money.

It was about becoming someone who refuses to stop dreaming.

And that — that is your real reward.



## The Brutal Question – Are You Really Meant for This Life?

So here you are — at the end of this journey.

You've read the stories, felt the weight, imagined the pain, and lived the thrill. Somewhere between these pages, you've probably seen a glimpse of yourself — the dreamer who dares, the fighter who won't stop, the thinker who can't rest until the idea becomes real.

Take a deep breath.

Look back at where you started this book.

Do you remember the spark that made you pick it up?

Maybe it was curiosity. Maybe it was hunger. Maybe it was that quiet whisper inside you that said — "I'm meant for more."

That whisper is your truth. It's the same voice that lives inside every entrepreneur — the one that refuses to settle, refuses to wait for permission, refuses to believe that life is only about survival.

Now that you've reached here, ask yourself:

How far are you willing to go for that whisper?

How far will you dive for your passion, when everyone else stays safe on the surface?

How much uncertainty can you embrace before you break?

How long can you keep believing when no one else does?

These are not easy questions.

Because entrepreneurship is not a path for the comfortable. It's for those who'd rather risk everything than live wondering "what if."

But here's the beauty of it — you don't need to have all the answers. You just need to have the courage to begin.

If you've come this far, you've already proven something to yourself. You've proven that you can think beyond fear, beyond routine, beyond what's expected.

That in itself makes you different from most.

Entrepreneurship doesn't ask you to be perfect. It asks you to be awake.

Awake to the possibility that your idea — your belief — might just change something.

Awake to the idea that failure isn't the end; it's just feedback.

Awake to the truth that success doesn't come to the smartest or richest — it comes to the most consistent.

Because the world doesn't reward hesitation. It rewards those who try, fall, learn, and rise again.

Maybe you're still searching for your big idea. Maybe you already have one but fear it's not enough. Maybe you've tried and failed and are scared to try again.

Whatever stage you're in — this moment is your reminder: you are exactly where you need to be.

Every setback has a purpose. Every pause has a lesson. Every moment of doubt is simply preparing you for what's next.

Entrepreneurship doesn't always feel like progress. Sometimes, it feels like chaos. But even in that chaos, you are growing — quietly, invisibly, but deeply.

If there's one truth that this journey should leave you with, it's this —

You don't choose entrepreneurship. It chooses you.

It finds you when you can no longer ignore the ideas that keep you awake.

It finds you when you realize that comfort feels like a cage.

It finds you when you stop asking "What if I fail?" and start asking "What if I never try?"

And when that calling comes – you'll know.

Because it won't be about the money, the title, or the validation.

It will be about the freedom to live your story the way you want it told.

So here's the real question: Are you meant for this life?

If your heart races at uncertainty...

If your mind lights up at challenges...

If your spirit refuses to sit still while others complain...

Then yes, you are.

You are meant for this brutal, beautiful, unpredictable life of creation.

A life where failure is not the enemy – stagnation is.



A life where risk isn't reckless – it's necessary.

A life where success isn't a destination – it's a reflection of how much you've dared to dream.

The ride has been long. It's been full of bumps, turns, and quiet stretches. But look how far you've come.

You've learned that the road to success isn't straight – it bends through doubt, betrayal, exhaustion, and rebirth.

You've learned that growth hurts, but so does standing still.

You've learned that every business, big or small, begins with the same fragile seed – belief.

And now, you know what to do with that belief.

Water it. Protect it. Fight for it.

Because it's yours – and no one else will ever see the world exactly the way you do.

The end of this book is not the end of your story. It's the beginning of your next chapter – the one you'll write with real actions, not just words.

The world outside is waiting. Waiting for your courage, your creativity, your stubborn faith.

Maybe it won't be easy. Maybe it won't happen fast.

But it will happen – because you've decided that it will.

And when it does, you'll look back at this very moment and realize – this was where everything began.

Not in a pitch deck.

Not in an office.

But in you.

So go out there and build. Build with honesty. Build with madness. Build with the kind of faith that shakes doubt to its knees.

And when the world asks you how you did it, you'll smile and say,

"I just kept going."

Because that's all entrepreneurship really is – the art of not giving up.

And that, my friend, is the most beautiful way to live.



### CMA Shradha Singh

CMA Shradha Singh is a qualified Cost and Management Accountant who secured an All India Rank in the CMA Final Examination, a distinction that reflects her dedication, discipline, and strong command of finance, costing, and business strategy. She also holds a postgraduate degree in Commerce from Dr. Ram Manohar Lohia Avadh University (RMLAU).  
Editorial Board Member, The Worldnomics Times

# Prime Minister's Employment Generation Programme (PMEGP)



## Objective:

The scheme aims to provide financial assistance to set up self-employment ventures and generate sustainable employment opportunities in rural as well as urban areas.

To generate sustainable and continuous employment opportunities for rural and unemployed youth as well as prospective traditional artisans and thereby halt occupational migration.

## Key Benefits:

Credit linked subsidy program for setting up new micro-enterprise in non-farm sector.

Margin Money subsidy ranges from 15% to 35% of project cost for projects up to Rs. 50 Lakh in Manufacturing sector and Rs. 20 Lakh in the Service sector.

For beneficiaries belonging to Special categories such as SC/ST/ Women/ Minorities/ Ex-Servicemen/ Transgenders/Aspirational districts/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas

## Scheme applicable for:

Any individual, above 18 years of age can apply.

## Detailed Information:

The own contribution of the beneficiary is 10% of the project cost in case of General category and 5% of the project cost in case of Special category (SC/ST/OBC/PH/Women/Ex Servicemen /Transgenders/Aspirational/Districts/NER) beneficiaries.

If the application for loan is approved, Banks sanction and release the balance amount of 90 to 95% of the total project cost suitably for setting up of the units by the beneficiaries.

In order to have sustainability of the projects/units set up under the scheme, support services are also provided in the form of Backward & Forward Linkages by organizing events like workshops, EDP training to the beneficiaries, exhibitions, etc.

Government of India has introduced online process for flow of applications and disbursement of Margin Money directly to financing branches.

Online application form is mandatory for individuals on the e-portal. The application form/PMEGP MIS portal is mobile friendly. SMS/e-mail alerts are sent to the applicants automatically by the system or by the concerned officials at each stage.

Model Projects Reports of different activities have been put up on PMEGP e-portal for the benefit of potential beneficiaries.

To increase the registration of MSMEs in the country, the Government has undertaken measures for PMEGP units to adopt the Udyog Aadhar Memorandum (UAM)/UDYAM Registration.

## 1.1) 2nd Loan for up-gradation of the existing PMEGP/REGP/ MUDRA units

### Objective:

With an objective to assist existing units for expansion and upgradation, the scheme provides financial assistance to successful/well performing units.

The scheme also caters to the need of the entrepreneurs for bringing new technology/ automation so as to modernize the existing unit.

### Key Benefits:

Maximum subsidy would be 15% of the project cost (20% for NER and Hill States). The balance amount of the total project cost is provided by Banks as term loan.

### Scheme applicable for:

Existing well performing PMEGP/REGP/MUDRA units.

### Detailed Information:

Further financial assistance scheme for expansion/upgrade the existing PMEGP/REGP/MUDRA units for manufacturing and Service/ Trading units from the year 2018-19.

The maximum cost of the project under manufacturing sector for up-gradation is Rs.1.00 crore and Rs. 25.00 lakhs under Service/ Trading sector.

Maximum subsidy would be 15% of the project cost (20%) for NER and Hill States) i.e. Rs. 15.00 lakhs in Non-NER and Rs. 20.00 Lakh for NER and Hill States. The balance amount of the total project cost shall be provided by Banks as term loan.

All existing units financed under PMEGP/MUDRA Scheme whose margin money claim has been adjusted and the first loan availed has been repaid in stipulated time are eligible to avail the benefits.

The units should have been making profit for the last three years.

Beneficiary can apply to the same financing bank, which sanctioned the loan for their unit, or to any other financing bank, which is willing to extend credit facility for second loan.

The beneficiary can choose any implementing agency and that may be different from the agency chosen for 1<sup>st</sup> loan.

Registration of Udyog Aadhar Memorandum (UAM)/UDYAM REGISTRATION is mandatory.

The 2<sup>nd</sup> loan should lead to additional employment generation.

To submit the application under 2<sup>nd</sup> loan for up-gradation, the beneficiaries have to apply by filling application form on PMEGP e-Portal.



### Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)

**Objective:**

To encourage first generation entrepreneurs to venture into self-employment opportunities by facilitating credit guarantee support for collateral free / third-party guarantee- free loans to the Micro and Small Enterprises (MSEs).

**Key Benefits:**

Credit guarantee for loans up to Rs. 5 crore, without collateral and third-party guarantee.

Guarantee coverage ranges from 75% to 90%..

**Scheme applicable for:**

MSEs registered on Udyam Portal.

**Eligible Activity:**

All activities eligible as per MSMED Act.

**Detailed Information:**

Any collateral/ third-party guarantee free credit facility extended by eligible Member Lending Institutions (MLIs) to new as well as existing MSEs, including Service Enterprises, Trading (Retail/Wholesale Trade) & Educational/Training Institutions, with a maximum guarantee ceiling of Rs. 5 crore, is eligible for guarantee under the Scheme.

Hybrid Security model also eligible wherein the MLIs are allowed to obtain collateral security for a part of the credit facility, whereas the remaining unsecured part of the credit facility, (up to a maximum of Rs. 5 crore), can be covered under the Scheme.

The extent of guarantee coverage under various categories of borrower is as under:

Category (including Trading activity)	Maximum extent of Guarantee Coverage where guaranteed credit facility is		
	Upto Rs. 5 lakh	Above Rs. 5 lakh & upto Rs. 50 lakh	Above Rs. 50 lakh & upto Rs. 5 crore
Micro Enterprises	85%	75%	75%
MSEs located in North East Region, UT of 75% Jammu & Kashmir and UT of Ladakh	80%		
Women entrepreneurs	90%		
SC/ST entrepreneurs / MSEs situated in Aspirational District / ZED certified MSEs / Person with Disability (PwD)	85%		
All other category of borrowers	75%		
The extent of guarantee coverage for MSEs situated in Identified Credit Deficient Districts (ICDD) by RBI is additional 5% over and above the applicable guarantee coverage (i.e. for guarantee coverage of 75%, the coverage would be 80%, for 80% it would be 85%, for 85% it would be 90% and for 90% it would be 95%).			

**How to apply:**

Through MLIs (Banks/NBFCs) of Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE).

For detailed guidelines, please visit – <https://www.cgtmse.in>



## Micro & Small Enterprises Cluster Development Programme(MSE-CDP) Scheme

### Objective:

To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills & quality, market access, etc.

To create/upgrade infrastructural facilities in the new/existing Industrial Areas/Clusters of MSEs.

To set up Common Facility Centres (for testing, training, raw material depot, effluent treatment, complementing production processes, etc).

Promotion of green & sustainable manufacturing technology for the clusters.

### Key Benefits:

Creation of Common Facility Centers including Plug & Play Facilities.

Support for Infrastructure Development Projects including Flatted Factory Complexes.

### Scheme applicable for:

Existing Entrepreneurs [in form of a Special Purpose Vehicles (SPVs)].

### Detailed Information:

**COMMON FACILITY CENTRES:** Creation of, "Tangible Assets" such as Common Production / Processing Centre, Design Centers, Testing Facilities including Plug & Play Facilities. Gol Assistance: up to 80% of the maximum Project cost of Rs. 30 crores.

**INFRASTRUCTURE DEVELOPMENT:** Development of land, roads, drainage, power distribution etc. in new/existing industrial (multi-product) areas/estates/Flatted Factory Complex. Gol Assistance: up to 70% of the maximum Project cost of Rs. 15 crores.

## Scheme of Fund for Regeneration of Traditional Industries(SFURTI)

### Objective:

To organize traditional industries and artisans into collectives by increasing production and value addition to make products competitive.

To promote traditional sectors and increase income of artisans providing sustainable employment.

### Key Benefits:

Gol support:

- Upto Rs. 2.5 cr. for upto 500 artisans
- Rs. 5 cr for more than 500 artisans.

A production facility is set up with latest machineries

Raw material support

Soft Interventions – upto Rs. 25 lakhs

Skill Development

Exposure Visits

Buyer Seller Meets

Marketing connect, e-commerce

Design support

### Scheme applicable for:

Existing artisans from traditional industries in sectors such as Handicraft, Textile, Agro-Processing, Bamboo, Honey, Coir, Khadi, etc.

### Detailed Information:

Artisans are constituted into Special Purpose Vehicles (SPVs) by Implementing Agencies (State/Central Govt. organizations, NGOs) who need to provide land and 10% (5% in NER, J&K and Hill Areas) of Hard Intervention.

Financial assistance of up to 90% (95% in NER, J&K and Hill Areas) of Hard Intervention cost, entire cost of Soft Intervention, Technical Agency fee and Implementing Agency fee is given by Gol.

Detailed guidelines is available on <https://sfurti.msme.gov.in/SFURTI/Home.aspx>



## Entrepreneurship and Skill Development Programme(ESDP)

### Objective:

To promote new enterprises, capacity building of existing MSMEs and inculcating entrepreneurial culture in the country.

### Key Benefits:

Widen the base of entrepreneurship by development, achievement, motivation and entrepreneurial skill to the different sections of the society.

### Scheme applicable for:

Aspiring and Existing Entrepreneurs.

### Detailed Information:

Entrepreneurship Awareness Programme (EAP)- One Day training programme is conducted for Entrepreneurship/ Self-employment awareness and motivation to different sections of the society including SC/ ST/ Women, differently abled, Ex-servicemen and BPL persons as career options.

Entrepreneurship cum Skill Development Programme (E-SDP) - Six weeks training programme is conducted for Entrepreneurship & Skill Training in Agro Based Products, Hosiery, Food & Fruit Processing Industries, Carpet Weaving, Mechanical Engineering Workshop/Machine Shop, Heat Treatment, Electroplating, Basic/Advance Welding/ Fabrication/Sheet metal work, Basic/Advance Carpentry, Glass & Ceramics etc.

Advance E-SDP: The One Week Advance ESDP programmes are conducted through IIMs/IITs/ICAR/CSIR/BARC/IISC/NIT/Agricultural University of Central and State government etc.

Management Development programme (MDP)- One week training programme for Management capacity building Training to Existing Entrepreneurs and their supervisory staff in Industrial Management, Human Resource Management, Marketing Management, Export Management/Documentation & Procedures, Materials Management, Financial/Working Capital Management, Information Technology, Digital Marketing, Quality Management/QMS/ ISO 9000/EMS, WTO, IPR, Supply Chain Management, Retail Management, Logistics Management etc.

Advance MDP: The One Week Advance MDP Training Programmes is conducted through State Administrative Training Institutes (ATIs) and/or other reputed institutions in this domain of Central or State Governments/NITs/ Regional Engineering Colleges/ Agricultural colleges/Autonomous bodies of Central/State Governments to provide MDP training to MSMEs promoters/executives.

**How to apply:**

Apply through the websites of MSME-DFOs, MSME-TC and other Implementing Agencies under ESDP scheme.

**Assistance to Training Institutions (ATI) Scheme**

**Description :**

The assistance is provided to National level training institutions operating under the Ministry of MSME, namely, NI-MSME, KVIC, Coir Board, Tool Rooms, NSIC & MGRI in the form of capital grant for the purpose of creation and strengthening of infrastructure and support for entrepreneurship development and skill development training programmes. Assistance is also provided to existing State level EDIs i.e. owned and controlled by a State Government/UT for creation or strengthening/ expansion of their training infrastructure.

**Nature of Assistance :**

Amount of assistance will not exceed the actual amount for strengthening/ expansion of the infrastructure required by the training institutions of this Ministry. Scale of maximum assistance to the State level EDIs will be restricted to Rs.3.00 crore in each case. Assistance for skill development programmes will be provided as per the prescribed rates.

**Who can apply:**

Institutions of Ministry of MSME and existing State level EDIs.

**How to apply:**

Organizations wishing to apply for assistance for creation or strengthening of infrastructure may send their applications to the Director/Deputy Secretary (EDI), Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan, Rafi Marg, New Delhi -110011.



**Coir Vikas Yojana- Umbrella Scheme**

Coir Vikas Yojana (CVY) is an Umbrella Scheme being implemented by Coir Board for the Development of Coir Industry all over the country.

**Objective:**

To enhance utilization of the raw material abundantly available in the country at economic levels of production.

To increase income/returns to workers, entrepreneurs, exporters and other stake-holders of the industry.

Full utilization of the market potential of the products within the country and abroad and Industry related functional support services.

Development of improved equipment machinery, processes and new products.

Promoting large scale investment in Coir Industry.

Development of skilled manpower for Coir industry, empowerment of rural women and Employment Generation.

Welfare measures for coir workers.

To upgrade the coir industry through technological interventions and integration of various Digital Platforms.

Under this Umbrella Scheme, the Coir Board is implementing the following sub schemes/ programmes:

**I. Science & Technology**

The Scheme component envisages undertaking various Research and Development activities for the modernization and technological upgradation of the coir industry and extension of the fruit of the research at the laboratory level for application at the field level and extension of testing and service facility.

## II. Skill Upgradation And Mahila Coir Yojana

### a. Skill Upgradation

Under this programme, the Board is imparting stipendiary training on value addition processes by providing the services of the trainers and with a view to disseminate information on the schemes and latest technologies available in coir sector and also to attract prospective entrepreneurs to this sector, the Board also organizes Entrepreneurship Development Programmes, Workshops, Seminars, Awareness Programmes, Exposure Tour etc. under this Scheme.

### b. Mahila Coir Yojana

Mahila Coir Yojana is a women oriented, self employment scheme being implemented by the Coir Board. The scheme is intended to provide training with stipend facilities and creation of self-employment opportunities to rural women artisans in regions producing coconut.

## III. Export Market Promotion

The activities of the Board under Export Market Promotion include participation in international exhibitions, publicity, providing assistance under Export Market Development Assistance Scheme/International Co-operation Scheme etc.

## IV. Domestic Market Promotion

The main activities under the Domestic Market Promotion scheme are display cum sales of coir products through its Showrooms & Sales Depots, participation in domestic exhibitions organized by other Agencies, organizing exclusive fairs, disbursement of Market Development Assistance (MDA) to the Coir Co-operative units, societies etc through the State Governments/ UTs concerned.

## V. Trade And Industry Related Functional Support Services

The activities under this programme would involve primary and secondary level information search, collection and statistical analysis of information including export, drawing inferences and preparation and publication of the reports.

## VI. Welfare Measures

The Coir Board is planning to introduce new welfare scheme for the welfare of Coir workers in place of Pradhan Mantri Suraksha Bima Yojana (PMSBY).

### Scheme applicable for:

All Coir Production/processing units registered under Coir Board and having valid Udyam Registration Certificate.

### How to apply:

The details of the Schemes are available in the Coir Board Website <http://coirboard.gov.in>

## Procurement and Marketing Support (PMS) Scheme

### Objective:

The scheme aims to promote new market access initiatives like organizing / participation in National / International Trade Fairs / Exhibitions / MSME Expo, etc.

Held across the country and to create awareness and educate the MSMEs about the importance / methods/ process of packaging in marketing, latest packaging technology, import-export policy and procedure, GeM portal, MSME Conclave, latest developments in international / national trade and other subjects / topics relevant for market access developments.



### Scheme components:

- **Market Access**

Participation of Individual MSEs in Trade Fairs / Exhibitions.

Organizing Domestic/ International Trade Fairs/Exhibition and participation in trade fairs/exhibitions by the Ministry/Office of DC (MSME)/Government organizations.

Vendor Development Program (VDP).

- **Capacity Building**

Adoption of Modern Packaging Techniques

Adoption of Bar Code

Adoption of e-Commerce Platform

National Workshops / Seminars

Organizing National workshops/seminars by the Ministry / Office of DC (MSME) (Conventional/Virtual).

- **Development of Retail Outlet**

Infrastructure development of Retail Outlets for promoting (Geographical Indication)GI Products.

### Detailed Information:

For detailed information, refer PMS Scheme guidelines on

<http://dcmsme.gov.in/OM%20%20PMS%20Scheme%20Guidelines.pdf>

### Scheme applicable for:

Manufacturing/ Service Sectors MSEs having valid Udyam Registration (UR) Certificate.

## International Cooperation (IC) Scheme

### Objective:

The scheme aims to build Capacity of MSMEs for entering export market by facilitating their participation in international exhibitions/fairs/conferences/ seminar/ buyer-seller meets abroad as well as providing them with actionable market-intelligence and reimbursement of various costs involved in export of goods and services.

The Scheme provides opportunities to MSMEs to continuously update themselves to meet the challenges emerging out of changes in technology, changes in demand, emergence of new markets, etc.

**The Scheme covers the following sub-components:**

Sub-Component-I: Market Development Assistance of MSMEs (MDA).

Sub-Component-II: Capacity Building of First Time MSE Exporters (CBFTE).

Sub-Component-III: Framework for International Market Intelligence Dissemination (IMID).

- As on date, Sub-Component-I and Sub-Component-II are in operation. The guidelines of these two components have already been circulated which are available on Ministry's website. Sub-Component-III will be in operation soon.

**Eligible Organisations under Sub-Component-I :**

Ministry of MSME and organizations under the Ministry.

State/Central Govt Organizations/Institutions and Registered Industry/Enterprise Associations etc.

**Activities covered under Sub-Component-I**

Participation of MSME delegations in international exhibitions, trade fairs and buyer-seller meets in foreign countries (Physical Mode).

- Space Rent (Stall Charges): Upto Rs. 3.00 lakh per MSME.
- Air Fare : Upto Rs.1.50 lakh per MSME.
- Duty allowance: USD150 per day for Office Bearer.
- Freight charges: Upto Rs.50,000/-per MSME unit and Rs.75,000/-per MSME for Latin American Countries.
- Advertisement and publicity charges: Upto Rs.5.00 lakh.
- Registration fee: Upto Rs.5,000/-

Participation of MSME delegations in international exhibitions, trade fairs and buyer-seller meet by Foreign Organisers (Virtual Mode).

- Space/Stall Charges including catalogue/digital material charges for Participating in the Virtual International Events organized by foreign countries: Upto Rs.1.5 lakh.
- Advertisement and Publicity Charges: Upto Rs.5.00 lakh.

Organizing International conferences/summits/workshops/Seminars on the themes relevant to MSME sector (Physical Mode) to be organized in India by the Industry Associations/Government Organizations.

- Charges for holding/organizing the International conferences/summits conferences/summits/workshops/seminars in India by Industry Associations including charges for venue rent, catering, advertisement & publicity, security arrangement, etc. Upto Rs.10.00 lakh.

- Economy class Airfare for foreign speakers/experts/resource persons: Upto Rs.5.00 lakh.

Organising International conferences/summits/workshops/seminars on the themes relevant to MSME sector (Virtual Mode) to be organized by Industry Associations/Government Organizations.

- Virtual Space/ Platform/License Fee/ Rent for Organising Conferences /summits/workshops/seminars: Upto Rs. 2.00 lakh.
- Publicity Cost incurred on promotion/marketing/publicity of the event: Upto Rs.5.00 lakh.
- Translation and Interpretation charges involved in the virtual event: Upto Rs.1.00 lakh.

Organising Mega international conferences/summits/workshops/seminars, /multilateral Government to Government Events in India (Physical /Virtual Mode) by Ministry of MSME, its organizations solely or in partnership with industry associations for promotion of MSME sector.

**Sub-Component-II**

Under this component, incidental costs viz. Registration cum Membership certification (RCME); Export Insurance Premium; Quality certification is reimbursed to first time MSE Exporters. The Ministry on 20.09.2022 has signed MoUs with 18 Export Promotion Councils (EPCs), Export Credit Guarantee Corporation Ltd (ECGC) and National Small Industries Corporation Ltd (NSIC) as implementing agencies for Reimbursement of RCMC Fees, Export Insurance Premium and Testing & Quality Certification to MSEs.

For more detailed information refer to Scheme guidelines, on the following link:

<https://msme.gov.in/sites/default/files/RevisedICScheme2021.PDF>



**National SC-ST Hub Scheme**

**Objective:**

To provide professional support to Scheduled Caste and Scheduled Tribe Entrepreneurs to fulfill the obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012, adopt applicable business practices and leverage the Stand-Up India initiatives.

**Key Benefits:**

25% subsidy on purchase of plant & machinery/equipment or Rs. 25 lakh whichever is less.

Marketing and mentoring support through participation in exhibitions and vendor development programmes.

Reimbursement of fees charged for bank loan processing, testing services, membership of Export Promotion Council, membership in Govt. promoted eCommerce Portals, Single Point Registration Scheme of NSI.

Collection, collation and dissemination of information regarding SC/ST enterprises and entrepreneurs to CPSEs.

Free skill trainings and distribution of trade specific tool kits to trained candidates under the Skill Development programmes.

**Scheme applicable for:**

Aspiring and Existing SC/ST Entrepreneurs.

**Detailed Information:**

- National Scheduled Caste and Scheduled Tribe Hub (NSSH) was launched by Hon'ble Prime Minister in October 2016 to provide professional support to SC/ST entrepreneurs to fulfill the obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012, adopt applicable business practices and leverage the Stand up India initiatives. The Hub has undertaken several initiatives to facilitate SC/ST entrepreneurs by providing professional support in their capacity building, market linkages, finance facilitation, tender bid participation, etc. through its various subschemes/interventions. The NSSH works on the mentioned priority areas through various sub-schemes which are as follows:

25% subsidy on purchase of plant & machinery/equipment Special Credit Linked Capital Subsidy Scheme.

100% subsidy on airfare and twice of DA as the rate prescribed by MEA under Special Marketing Assistance Scheme.

100% subsidy to obtain NSIC's Registrations under the Single Point Registration Scheme with a nominal fee of Rs. 100/-.

Reimbursement of 80% or Rs. 1.0 lakh whichever is less on Bank Loan Processing fee.

Reimbursement of 80% or Rs. 1.0 lakh whichever is less on for Performance Bank Guarantees.

Reimbursement of 80% or Rs. 1.0 lakh whichever is less on testing fee.

Reimbursement of 80% or Rs. 20,000 whichever is less on membership/subscription fee of Export Promotion Council Membership.

Reimbursement of 80% or Rs. 25,000 whichever is less on membership fee of Government promoted e-Commerce Portals.

Reimbursement of 90% or course fee or Rs. 1.0 lakh whichever is less to top 50 NIRF Rated Management Institution's Short-Term Training Program Fee.



**A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)**

**Objective:**

To set up a network of Livelihood Business Incubators (LBIs), predominantly in the rural and underserved areas, to promote innovation and accelerate entrepreneurship for the following :

Generate employment opportunities by facilitating formal, scalable micro-enterprise creation in the agro-rural sector.

Skill, up-skill, re-skill unemployed, self-employed/wage earners in new technologies in the agro-rural sector.

Provide skilled human capital to nearby industrial clusters and promote innovations for strengthening the competitiveness in the MSME sector.

**Key Benefits:**

Maximum of INR 1 crore. to Government agencies & INR 75 lakh to Private agencies for procuring plant and machinery.

Maximum of INR 1 crore. to Government and Private agencies as operational expenditure support towards manpower cost, running incubation and skill development programmers, etc.

**Scheme applicable for:**

Any agency/institution of Government of India/ State government or existing training centres under Ministries/Departments of Government of India/State Government, Industry Associations, Academic Institutions.

Any not-for-profit private institutions with experience in successfully executing incubation and/or skill development programs may be eligible to set up an LBI.

**Detailed Information:**

Livelihood Business Incubator (LBI): An entity set up for imparting skill development & incubation programmes for promoting entrepreneurship and employment generation in agro-rural sector with special focus on rural and underserved areas.

In case of private organizations, 25% of the Capital Expenditure has to be borne by the Applicant Organization.

Detailed guidelines are available at <https://aspire.msme.gov.in/ASPIRE/AFHome.aspx>

## Khadi Gramodyog Vikas Yojana – Umbrella Scheme

### Objective:

To increase productivity and wages of Khadi Artisans and secure livelihood.

To improve Infrastructure for Khadi Production.

Increased Khadi Production, Sales and Employment.

### Key Benefits:

Development of Village Industries and increase number of rural artisans.

To revive the traditional and inherent skills of rural artisans.

To renovate and Modernize Sales Outlets.

To promote Marketing and Exports.

## I. Khadi Vikas Yojana

S.No	Component	Assistance
1.	Modified Market Development Assistance(MMDA)	Subsidy @ 35% on Prime Cost for Cotton/Muslin, Wool and Polyvastra and @ 20% on Prime Cost for Silk Khadi
2.	Interest Subsidy Eligibility Certificate Scheme (ISEC)	Khadi Institution is required to pay only 4% interest rate. The difference between the actual interest charged by the Bank and 4% is borne by the KVIC as "Interest Subsidy".
3.	Work-shed Scheme for Khadi Artisans	Individual workshed (20 Sq.mtrs): Rs. 1,20,000/- or 75% of the cost of workshed including toilet (90% for NER), whichever is less. Group workshed (10 Sq. mtrs per artisans): Rs.80,000 or 75% of the cost of the workshed including toilet (90% for NER), whichever is less.
4.	Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure	Financial assistance for revival of khadi institution with ceiling limit of Rs.15.00 lakh(Capital Expenditure +working fund). Financial assistance under Marketing Infrastructure for renovation of departmental sales outlets of KVIC /KVIB and institutional sales with the ceiling limit of Rs.25.00 lakh.
5.	Other Components	Centre of Excellence for Khadi Khadi Quality Assurance Marketing(Exhibition) Science & Technology (S&T)

## II. Gramodyog Vikas Yojana

S.No	Component	Assistance
1.	Agarbatti Programme under Wellness and Cosmetics Industries (WCI)	Training Programme in Agarbatti industry. Distribution of Pedal operated /Automatic Agarbatti Machinery to trained artisans.
2.	Leather Footwear Activity under Handmade Paper Leather & Plastic Industry (HMPLPI)	Training on designing and manufacturing of footwear. Distribution of machinery and tool kits to trained artisans.

S.No	Component	Assistance
3.	Pottery Activity under Mineral Based Industry (MBI)	Training on Wheel pottery. Distribution of tools and equipment (Electric Potter Wheel, Blunger) to trained artisans.
4.	Beekeeping Activity/Honey Mission Programme under Agro-Based & Food Processing Industries (ABFPI)	Beekeeping skill development training. Distribution of 10 bee boxes with live bee colonies and One set of Tool kit (containing one Knife, Smoker, hive tool and bee veil) to trained beneficiaries.
5.	Waste Wood / Turn Wood Craft /Wooden Toy /Products of Panchgavya under Rural Engineering and New Technology	Training on Waste-Wood, Turn-Wood Craft, Wooden Toy and in Panchgavya based Products. Distribution of tool kit to all trained artisans.
6.	Hand Made Paper and Fiber related activities under Hand Made Paper, Plastic and Leather Industry.	Training on Paper Conversion, Paper Plate & Dona(Bowl) making, Paper Mache, Fibre Extraction and fancy article making and Ban making (Two ply). Distribution of machinery and tool kits to trained artisans.
7.	Agro- Food Based Food Processing Industries	Training on Palm Gur, Tamarind, Fruits & Vegetables, Village Oil, Spices & Condiments, Cane & Bamboo. Distribution of machinery and tool kits to trained artisans.
8.	Service Industry	Training to Electrician & Plumbers, and DigniTEA(Tea Vending on Bicycle). Distribution of tool kits to trained beneficiary.

**Scheme applicable for:**

Khadi Institutions (KIs) registered with KVIC or State Khadi and Village Industries Boards(KVIBs) and Khadi artisans.

The beneficiaries may be identified by KVIC, NGOs/KIs/VIs/KVIB's/ DIC's/FPOs etc.

Age Group: 18-55 Years.

Having valid Aadhar Card or any other Identity Card issued by Government.

One person from one family is eligible for the assistance under KGVY.

Persons who have availed benefits from other Govt. Schemes for the same/similar purpose is not eligible.

Preference shall be given to the people belonging to SCs/STs/Women/ Unemployed Youth /BPL category etc.

**Promotion of MSMEs in - NER & Sikkim****Objective:**

The scheme envisaged for providing financial support mainly for augmenting Infrastructure development for enhancing the productivity, sustainability, competitiveness and growth by

addressing common issues such as improvement of technology, skills & quality, market access etc. of Micro, Small and Medium Enterprises (MSMEs).

Creation of common facilities to supplement manufacturing, testing, packaging, R&D, product and process innovations and training for natural resources such as fruits, spices, agri, forestry, sericulture and bamboo etc. available in NER and Sikkim.

To create/ upgrade infrastructural facilities in the new/existing Industrial Areas for MSMEs.

Development of tourism sector in NER and Sikkim by creation of common services such as kitchen, bakery, laundry & dry cleaning, refrigeration and cold storage, IT infra, potable water, display center for local products, center for cultural activities etc. in a cluster of home stays.

**Key Benefit:**

Common facilities for MSMEs to develop new products & processes including toolings.

Developed infrastructure for entrepreneurs for establishing new units or expanding their units.

Support for creation of common infrastructures to boost tourism in NER & Sikkim.

**Nature of Assistance:**

Setting up of new and modernization of existing Mini Technology Centers: The financial assistance of Government of India will be 90%. The maximum project cost for calculation of GoI assistance shall be Rs.15.00 Crore. The GoI assistance towards the buildings cost for up-gradation of infrastructure would be limited to 1.00 crore within the total permissible GoI assistance. Government of India financial assistance would not be admissible towards the cost of land.

Development of new and existing Industrial Estates: The financial assistance of Government of India will be 90%. The maximum project cost for calculation of GoI assistance shall be Rs.15.00 Crore for development of New industrial estate whereas Rs.10.00 crore for development of existing Industrial Estate.

Development of Tourism Sector: The financial assistance of Government of India will be 90% for projects with maximum project cost Rs.5.00 crore for calculation of GoI assistance. The balance project cost if any have to be borne by the State Govt.

**Eligibility/ Applicability:**

State Government or any State Govt. organization engaged in promotion of MSMEs.

**How to apply:**

The State Government, desirous of availing financial assistance under the scheme would formulate a proposal and identify an agency preferably Department of Industries & Commerce or any State Govt. organization engaged in promotion of MSMEs to implement the project. Then the proposal may be uploaded on the scheme portal [www.ner-promotion.msme.gov.in](http://www.ner-promotion.msme.gov.in) for approval process.



**PM Vishwakarma – Enabling Artisans & Craftspeople to scale-up their Enterprises.**

**Objective:**

To enable the recognition of artisans and craftspeople as Vishwakarma, making them eligible to avail all the benefits under the Scheme.

To provide skill upgradation to hone their skills and make relevant and suitable training opportunities available to them.

To provide support for better and modern tools to enhance their capability, productivity, and quality of products and services.

To provide the beneficiaries an easy access to collateral free credit and reduce the cost of credit by providing interest subvention.

To provide incentives for digital transactions to encourage digital empowerment of Vishwakarmas.

To provide a platform for brand promotion and market linkages to help them access new opportunities for growth.

**Key Benefit:**

Recognition of artisans and craftspeople through PM Vishwakarma certificate and ID card.

Skill Upgradation: Basic Training of 5-7 days and Advanced Training of 15 days or more, with a stipend of Rs. 500 per day and transport allowance of Rs 1,000.

Toolkit Incentive: A toolkit incentive of up to Rs. 15,000 through e-vouchers.

Credit Support: Collateral free ‘Enterprise Development Loans’ of upto Rs. 3 lakh in two tranches of Rs. 1 lakh and Rs. 2 lakh with tenures of 18 months and 30 months, respectively, at a concessional rate of interest fixed at 5%, with Government of India subvention to the extent of 8%.

Incentive for Digital Transaction: An amount of Re. 1 per eligible digital transaction, upto maximum 100 eligible transactions monthly will be provided to the beneficiary for digital pay-out or receipt.

Marketing Support: Marketing support in the form of quality certification, branding, onboarding on e-commerce platforms such as GeM, advertising, publicity and other marketing activities to improve linkage to value chain.

**Who can apply:**

The Scheme covers artisans and craftspeople engaged in 18 trades.viz.(i) Carpenter (Suthar/Badhai); (ii) Boat Maker; (iii) Armourer;(iv) Metalsmith/Metal Caster (Lohar); (v) Hammer and Tool Kit Maker; (vi) Locksmith; (vii) Goldsmith (Sonar); (viii) Potter (Kumhaar); (ix) Sculptor (Moortikar, stone carver), Stone breaker; (x) Cobbler (Charmakar)/ Shoemaker/ Footwear artisan; (xi) Mason (Rajmistri); (xii) Basket/Mat/Broom Maker/Coir Weaver; (xiii) Doll & Toy Maker (Traditional); (xiv) Barber (Naai); (xv) Garland maker (Malakaar); (xvi) Washerman (Dhobi); (xvii) Tailor (Darzi); and (xviii) Fishing Net Maker.

**How to apply:**

For submission of online applications, please visit nearest Common Service Centres (CSCs).

**Tool Rooms and Technical Institutions**

**Objective:**

Tool Room & Technical Institutions are concentrated on an integrated Development of the relevant sector of industries to help MSME.

Total 18 MSME Tool Rooms & Technical institutions established PAN India serving in the relevant sector like General Engineering, foundry & forging, electronics, fragrance, glass, sports good and footwear etc.

**Key Benefit:**

Improves access of MSMEs to tooling facilities for enhancement of their efficiency and providing industry ready manpower by conducting training programme.

Process and Product development in relevant sector.

Consultancy and job works in relevant sector.

**Who can apply:**

Industrial Units (focusing on MSME sector).

The intake eligibility for the training programmes from school dropout to M. tech level.

**Detailed Information:**

Under Tool Rooms & Technical Institutions Scheme, the Ministry of MSME has set up 18 Tool Rooms & Technical Institutions {generally known as Technology Centres (TCs)} from 1967 to 1999 works on self-sufficiency basis in the sectors like General Engineering, Automation, Hand Tools, Plastics, Auto parts, Electrical & Electronics, Forging & Foundry, Sports Goods, Leather & Footwear, Fragrance & Flavours, etc to support Industries for Design, Development and Manufacturing of Tools, Dies, Moulds, Jigs & Fixture, etc.

The Ministry has been investing periodically to upgrade the TRs & TIs by introducing new technologies such as 3D Printing, CAD/ CAM, CNC machining for tooling, vacuum heat treatment, Robotics and Process Automation etc.

Some TCs extending support to MSMEs for complex tools, parts and components and also supported to the strategic sectors such as Defence, Aerospace etc.

Apart from the technological development activities, TCs also provides skilling to youth for industry ready manpower and re-skilling the industry workforce as per need of industry. TCs are conducting various training Programme includes NSQF Compliance Courses, AICTE/NCVET/SCVT approved courses and variety of training courses as per needs of industry. Some TCs are also conducting training programmes for international participants.

In addition, these TCs provides technical services such as design of parts and components, materials testing, heat treatment, quality control, and technical consultancy related to the product & process improvement.

All the TRs & TIs (TCs) adhere to the principles of Total Quality Management (TQM). They are ISO 9001-2015 certified institutions and a few of them are ISO-14000, OHSAS-18000, ISO-29990 and ISO-50001 certified. Central Tool Room & Training Centre, Bhubaneswar is also AS-9100 certified for Aero-Space Component Supply.



**MSME Champions Scheme**

**About the scheme:**

Ministry of MSME had been implementing Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS) for promoting competitiveness amongst Micro, Small and Medium Enterprises (MSMEs) by the way of wastage reduction through Lean Manufacturing, support for Design improvement, building awareness on Intellectual Property Rights, Zero Defect Zero Effect (ZED) Scheme, digitally empowerment of MSME through Digital MSME and to promote & support untapped creativity of individual and to promote adoption of latest technologies in manufacturing as well as knowledge based innovation MSMEs through Incubation across India.

MSME Champions scheme has been formulated through Standing Finance Committee (SFC) by merging all 6 components of erstwhile Technology Upgradation Scheme (TUS) for a period of 5 years i.e. 2021-22 to 2025-26. It is a holistic approach to unify, synergize and converge various schemes and interventions with a single purpose. The end objective is to pick up clusters and enterprises and modernize their processes, reduce wastages, sharpen business competitiveness and facilitate their National and Global reach and excellence. There are 3 components under the new MSME Champions scheme, the details of which are as below:

- 1) MSME-Sustainable (ZED)
- 2) MSME-Innovative(for Incubation, IPR, Design)
- 3) MSME-Competitive (Lean)
- 4) Digital MSME Yet to be launched.

(The Digital MSME will be interlinked with all the other components of the MSME Champions Scheme.)

**1) MSME SUSTAINABLE (ZED) CERTIFICATION**

**Objective:**

The ZED Certification envisages promotion of Zero Defect Zero Effect (ZED) practices amongst MSMEs so as to:

- Encourage and enable MSMEs for manufacturing of quality products using latest technology, tools & to constantly upgrade their processes for achievement of high quality and high productivity with the least effect on the environment.

- Develop an Ecosystem for ZED Manufacturing in MSMEs, for enhancing competitiveness and enabling exports.
- Promote adoption of ZED practices and recognizing the efforts of successful MSMEs.
- Encourage MSMEs to achieve higher ZED Certification levels through graded incentives.
- Increase public awareness on demanding Zero Defect and Zero Effect products through the MSME Sustainable (ZED) Certification.
- Identify areas to improve upon, thereby assisting the Government in policy decisions and investment prioritization.

**Key Benefit:**

**Cost of Certification**

- Certification Level 1: BRONZE: Rs. 8,000/-
- Certification Level 2: SILVER: Rs. 32,000/-
- Certification Level 3: GOLD: Rs. 72,000/-

**Subsidy on cost of ZED certification:**

- Joining Reward of Rs. 10,000/- (Bronze will become free if availed)
- 80%-60%-50% for Micro, Small & Medium Enterprises
- 100% subsidy for women-owned MSMEs

**Additional subsidy:**

- 10% for SC/ST owned MSMEs OR MSMEs in NER/Himalayan/LWE/Island territories/ Aspirational districts.
- 5% for MSMEs which are also a part of the SFURTI OR Micro & Small Enterprises – Cluster Development Programme (MSE-CDP) of the Ministry.

**Financial Assistance in Testing/Quality/Product Certification:**

- Up to 75% of the total cost of Testing/Certification, with the maximum ceiling of subsidy being Rs. 50,000/-.

**Handholding Support :**

- Up-to Rs.2 lakhs for consultancy for all ZED certified MSMEs.

**Support in Technology Upgradation for Zero Effect Solutions:**

- Up-to Rs. 3 lakhs for all ZED certified MSMEs.

**Graded incentives:**

- MSMEs can avail graded incentives as prescribed for the three ZED Certification Levels. Wherever possible, the incentives provided by States will be linked through API integration with the ZED portal to ensure interoperability.

**Scheme applicable for:**

All MSMEs registered with the UDYAM registration portal (of the MoMSME) will be eligible to participate in MSME Sustainable (ZED) Certification and avail related benefits/incentives.

**Detailed Information:**

MSME Sustainable (ZED) Certification is an extensive drive to create awareness amongst MSMEs about Zero Defect Zero Effect (ZED) practices and motivate and incentivize them for ZED Certification while also encouraging them to become MSME Champions. Through the journey of ZED Certification, MSMEs can reduce wastages substantially, increase productivity, enhance environmental consciousness, save energy, optimally use natural resources, expand their markets, etc. MSMEs will also be motivated to adopt best practices in work culture, standardization of products, processes and systems etc. in order to enhance their global competitiveness and sustainability. The ZED Certification aims at enhancing the competitiveness of an MSME by assessment, modification through guidance, handholding, managerial and technological intervention – not just certification.

**How to apply:**

Eligible MSMEs shall apply through online portal [www.zed.msme.gov.in](http://www.zed.msme.gov.in)



**2) MSME – Innovative (Incubation, IPR and Design)**

**Objective:**

To promote all forms of innovations in the complete value chain from developing ideas into innovative applications through incubation and design interventions.

To provide appropriate facilities and support for development of concept to market, design competitiveness and protection & commercialization of Intellectual creations of MSME sector.

To promote a culture of innovation and creative problem solving through knowledge sharing and collaboration amongst industry, academia, government institutions, research laboratories etc.

To serve as a connecting link between industrial/academia leaders and innovators, in order to encourage new product development and hand-holding.

To focus on developing affordable innovations that can benefit a large number of people and at the same time being commercially viable and sustainable.

**Key Benefit:**

• **Incubation**

Financial Assistance to HI for developing and nurturing the ideas – shall be provided up to maximum of Rs. 15 lakh per idea to HI.

Financial assistance for Plant and Machinery to HI up to Rs. 1.00 cr. (max) – shall be provided for procurement and installation of relevant plant and machines including hardware and software etc. in BI for R&D activities and common facilities for incubatees of BI.



• **Design**

**Design Project:** For the design projects approved for any MSME, 75% (Micro) and 60% (Small & Medium) of the total project cost will be contributed by Govt up to a maximum of Rs.

40 lakh and the remaining project cost will be borne by MSMEs and deposited to the IA.

**Student Project:** 75% of the total project cost will be contributed by Govt up to a maximum of Rs. 2.5 lakhs.

• **IPR**

A Grant of up to Rs. 1 crore would be provided to an IPFC in milestone-based (three or more) installments.

Reimbursement for registration of Patent, Trademark, Geographical Indications (G.I.), Design: The maximum financial assistance to the eligible applicants under the IPR component is as follows:

S. No	Item	Maximum Financial Assistance
i	Foreign Patent	Rs. 5.00 lakhs
ii	Domestic Patent	Rs. 1.00 lakhs
iii	GI Registration	Rs. 2.00 lakhs
iv	Design Registration	Rs. 0.15 lakhs
v	Trademark	Rs. 0.10 lakhs

**Scheme applicable for:**

**Incubation:** MSMEs, Individuals, Students who want to develop their innovative ideas can apply through registered HIs.

**Design:** The beneficiary unit(s) must typically be a registered micro, small or medium enterprises as per the definition in MSMED Act and should have a valid UAM or Udyam Registration.

**IPR:** For Manufacturing MSMEs with UDYAM Registration.

**Detailed Information:**

MSME Innovative is a holistic approach to unify, synergize and converge 3 sub- schemes and interventions with a single purpose. MSME Innovative is a new concept for MSMEs with a combination of innovation in incubation, design intervention and by protecting IPR in a single mode approach to create awareness amongst MSMEs about India’s innovation and motivate them to become MSME Champions. This will act as a hub for innovation activities facilitating and guiding development of ideas into viable business proposition that can benefit society directly and can be marketed successfully.

**How to apply:**

The eligible applicants may apply at the MIS portal (<https://innovative.msme.gov.in>).

**3) MSME COMPETITIVE (LEAN) SCHEME**

**Objective:**

The objective of the scheme is to enhance the Domestic and Global Competitiveness of MSMEs through the application of various Lean Techniques That inter-alia includes:

- **Reduction in:**
  - Rejection Rates
  - Product and Raw Material Movements
  - Product Cost
- **Optimization of:**
  - Space Utilization
  - Resources like Water, Energy, Natural Resources Etc.



- Enhancement of:
  - Quality of Products and Process
  - Production & Export Capabilities
  - Workplace Safety
  - Knowledge & Skill Set
  - Innovative Work Culture
  - Social & Environmental Accountability
  - Profitability
  - Introduction & Awareness to Industry 4.0
  - Digital Empowerment

**Key Benefit:**

Implementation Cost (Max. per unit)

- Basic Level: Free
- Intermediate Level: ₹ 1,20,000 + Taxes
- Advanced Level: ₹ 2,40,000 + Taxes

Beneficiary Contribution:

- Basic - NA
- Intermediate Level: 10% of total cost of implementation i.e., up-to Rs. 12,000/- + Taxes per unit (Max.)
- Advanced Level: 10% of total cost of implementation i.e., up-to Rs. 24,000/- + Taxes per unit (Max.)

GoI Contribution:

- Basic - NA
- Intermediate Level: MSME Unit will be entitled for up-to Rs. 1,08,000/- (max.) towards the implementation cost (Taxes extra)
- Advanced Level: MSME Unit will be entitled for up-to Rs. 2,16,000/- (max.) towards the implementation cost (Taxes extra)

Additional Benefit:

Basic - NA

- Intermediate Level & Advanced Level:

a) Additional 5% GOI contribution for MSMEs which are part of SFURTI Clusters, Woman/SC/ ST owned, NER located MSMEs.

b) OEM/ Industry Association route

- Additional 5% GoI contribution shall be given to the MSMEs registering through Industry Association/ OEM after completion of all levels.
- Rs. 5000/ per MSME shall be given to OEM/Association after completing all stages of lean intervention.
- For availing this benefit MSME unit need to mention on while applying – Applying under Original Equipment Manufacturer (OEM) or Applying under Industry Association (IA)

**Scheme applicable for:**

All MSMEs registered with the UDYAM registration portal (of the MoMSME) will be eligible to participate in MSME Competitive (Lean) Scheme and avail related benefits/incentives.

Scheme is also open to Common Facilities Centers (CFCs) under SFURTI (Scheme of Fund for Regeneration of Traditional Industries) and Micro & Small Enterprises – Cluster Development Program (MSE-CDP) Schemes.

**Detailed Information:**

Ministry of Micro, Small & Medium Enterprises, Government of India, aims to implement the MSME Competitive (Lean) Scheme for MSMEs with an objective to enhance their productivity, efficiency, and competitiveness by reduction of wastages in processes, inventory management, space management, energy consumption, etc.

**How to apply:**

Eligible MSMEs shall apply through online portal <https://lean.msme.gov.in/>



**Self Reliant India (Sri) Fund Empowering Msme For Aatmanirbhar Bharat**

**About the scheme:**

India has embarked upon the path of self reliant economic growth for achieving its aspiration of becoming an economic superpower. Towards this end, one of the initiatives taken by the Government of India is the launch of the Self Reliant India (SRI) Fund.

The Fund structure is designed in a manner that it will leverage the strength of the private sector in providing growth capital to viable MSMEs having a definite growth plan.

**Fund Objective:**

The Fund aims to provide capital support to the Daughter Funds for onward provision to MSMEs as growth capital, through equity, quasi-equity and debt to achieve the following:

- Supporting faster growth of MSME businesses, thereby igniting the economy & creating several employment opportunities.
- Supporting enterprises which have the potential to graduate beyond the MSME bracket and become National/International champions.
- Supporting MSMEs which will help make India self-reliant by producing relevant technologies, goods and services.

**SRI Fund Structure:**

The Ministry of Micro, Small and Medium Enterprises has established, through NSIC Venture Capital Fund Limited (NVCFCL), an AIF, christened as Self Reliant India (SRI) Fund, having Mother Fund-Daughter Fund structure for ensuring availability of growth capital to the MSMEs, through equity/quasi-equity/ equity like structured instruments.

This will encourage MSMEs in moving towards listing on the Stock Exchanges, and growing beyond the bracket of MSME.

The AIF will be anchored by NSIC Venture Capital Fund Limited (NVCFL), a wholly owned subsidiary of The National Small Industries Corporation (NSIC), a Mini-Ratna Corporation of the Government of India under the Ministry of Micro, Small and Medium Enterprises (MoMSME).

**SRI Fund Features:**

Particulars	Details
Target Group	Viable MSMEs with a positive growth trajectory
Total Corpus	Government of India through M/o MSME. Contribution INR 10,000 crore
Tenure of Fund	Fund life is 15 years
Scope	Disbursement to MSMEs across the country impacting lives and far and wide.
Fund Type	Daughter Funds can be categorized I or II AIFs registered with SEBI.
Exclusions	Non-Profit Institutions, NBFCs, financial inclusion sector, SHGs and other financial intermediaries.

SRI Fund will contribute towards achieving India’s \$5 trillion GDP target by creating a vibrant MSME ecosystem, and making an Aatmanirbhar Bharat.



**Raising and Accelerating MSME Performance (RAMP)**

**About the scheme:**

RAMP is a World Bank supported Central Sector Scheme aimed at improving access of MSMEs to market, finance and technology upgradation by enhancing the outreach of existing MoMSME schemes. The programme also aims at strengthening institutions at the Central and State level, and enhancing Centre- State collaboration.

**Objective:**

Accelerating Centre- State collaboration in MSME promotion and development.

Enhancing effectiveness of existing MoMSME schemes for technology upgradation.

Strengthening Receivable Financing Market for MSMEs.

Enhancing effectiveness of Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE), and promoting guarantee for greening initiatives of MSEs, and women owned MSEs.

Reducing incidence of delayed payments to MSEs.

**Key Benefits:**

RAMP scheme would enhance the performance of MSMEs by promoting technology upgradation, innovation, digitization, market access, credit, greening initiatives, etc through active participation of the State Governments.

**Target Beneficiaries**

RAMP scheme envisages to benefit more than 5.5 lakh MSMEs during the programme period (FY 2022-23 to 2026-27). The programme implementation will be through the State agencies.

**Scheme applicable for:**

Individual MSMEs through State Government/Agencies.

**Further details:**

A separate RAMP portal will be developed shortly, with all guidelines etc.



**Source:**

Schemes for MSMEs

# General Philosophy Of Transition



## A. Objective And Scope Of The New Act

1. What is the primary objective of replacing the Income-tax Act 1961 with the Income-tax Act, 2025?

The Income-tax Act, 2025 has been enacted to provide a streamlined, simplified, and modern tax code with reduced compliance burden, consolidated provisions, and clear definitions. Over six decades, the Income-tax Act, 1961 had accumulated numerous amendments, provisos, and explanations making it complex and difficult to navigate. The new Act aims to present the same tax policy in a more logical, accessible, and reader-friendly format. The Act further advances taxpayer-centric approach by making compliance simpler, promoting ease of doing business, and aligning the Indian tax system with contemporary global standards.

2. Does the Income Tax Act, 2025 completely replace the Income Tax Act, 1961?

Yes. The 1961 Act stands repealed on the 01.04.2026. However, certain transitional provisions specify continuation of proceedings under the old Act to avoid disruption in pending matters and ensure a smooth transition.

3. Is the Income Tax Act 2025 introducing new taxes or increasing tax burden?"

No. The income Tax Act, 2025 does not impose any new tax. The intent behind replacing the old Act with the new Act is to:

- Simplify statutory language
- Improve structural clarity
- Reduce interpretational disputes
- Align drafting style with modern legislative standards
- Enhance voluntary compliance

The reform is aimed at making the tax law more predictable, transparent, and easier to comply with, rather than increasing the financial or compliance burden on taxpayers.

4. As a small taxpayer, how does this change help me?

One of the key shifts is readability and ease of understanding. Under the 1961 Act, compliance often required expert interpretation because of its layered drafting. The 2025 Act aims to:

- Use simpler language
- Reduce excessive cross-referencing
- Consolidate scattered provisions
- Improve digital integration

The long-term goal is lowering compliance friction and dependency on complex interpretation.

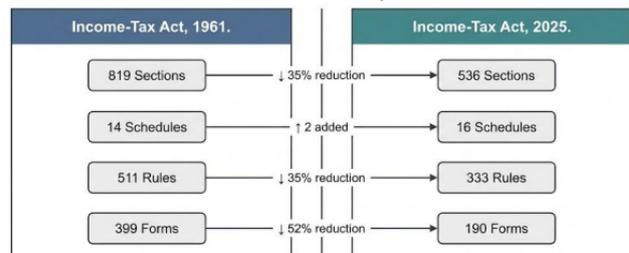
5. How has the volume and complexity of the legislation changed in the new Act?

The Income-tax Act, 2025 contains 536 sections and 16 schedules compared to the 819 sections and 14 schedules of the 1961 Act. In the new Act, the overall complexity has been reduced because:

- Explanations and provisos have been incorporated into the main text of the sections;
- Tables and formulas replace verbose narrative provisions;
- Redundant and obsolete provisions have been removed; and
- Cross-references are clearer and more direct.

Similarly, the Income-tax Rules have been reduced from 511 rules with 399 forms to 333 rules with 190 forms.

ITA 1961 vs. ITA 2025: Structural Simplification at a Glance



6. Is the structure of chapters reorganised in the Income Tax Act, 2025?

Yes. The Income-tax Act, 2025 reorganises the chapter structure compared to the Income-tax Act, 1961 by regrouping provisions in a more logical sequence, simplifying language, and integrating provisos and explanations into the main text. The 1961 Act had a fragmented structure due to decades of amendments, while the 2025 Act presents a cleaner, more coherent layout.

7. Since the Income Tax Act,1961 is repealed and a new Income Tax Act comes into force on 01.04.2026, does everything done under the old Act become invalid?

No. The repeal of the 1961 Act does not disturb anything relating to tax years before April 1, 2026. For example, if taxpayer's assessment for the assessment year 2023–24 was completed under the old Act, that assessment will continue to be valid even after the new Act comes into force. Similarly, any pending proceedings relating to earlier years will continue as per the relevant transitional provisions.

8. Is there any change regarding the 'basis of charge of Income-tax' in the Income Tax Act, 2025?

In the new Income Tax Act, 2025, the charging section has been simplified.

In the Income-tax Act, 1961, the charge of income-tax is on 'total income' of the 'previous year' of a person. Further, income-tax is charged for any 'assessment year' at the rate or rates provided by any Central Act and in accordance with and subject to the provisions of the Income-tax Act, 1961.

On the other hand, in the Income tax Act, 2025, in place of the term 'previous year', the term 'tax year' has been used. Further, the use of term 'assessment year' has been discontinued. Now, the charge of income-tax is on 'total income' of the 'tax year' of a person at the rate or rates provided for such tax year by any Central Act and in accordance with and subject to the provisions of the Income-tax Act, 2025.



## B. Concept Of 'tax Year' Vs. 'assessment Year'

9. What is the concept of "Tax Year" and how will the income be assessed in view of removal of "Assessment Year" ('AY') concept?

A 'tax year' is a period of twelve months contained in a financial year. It replaces the term 'previous year' used in the Income-tax Act, 1961.

The concept of "Tax Year" is applicable from 01 April 2026, i.e., for income earned during FY 2026-27 onwards and this will be referred to as Tax Year 2026-27 under the Income Tax Act 2025. Simply put, Tax Year concept under the new Act corresponds to Previous Year concept under the Income-tax Act, 1961. Accordingly, the income of a Tax Year continues to be assessed after the end of that Tax Year, similar to the existing system under the ITA 1961 where income of a Previous Year is assessed after the end of that Previous Year.

Use of the terms 'previous year' and 'assessment year' was causing confusion among taxpayers as they referred to two different financial years. This alignment of Tax Year with Previous Year/ Financial Year eliminates the confusion caused by dual-year references under the Income-tax Act, 1961.

Tax Year vs. Assessment Year – Terminology Equivalence under ITA 1961 and ITA 2025

Concept	ITA 1961 — Term Used	ITA 2025 — Term Used
Year in which income is earned	Previous Year	Tax Year
Year for which tax is assessed	Assessment Year (year after Previous Year)	Tax Year serves both purposes
Alignment with Financial Year	Previous Year = FY; Assessment Year = FY+1	Tax Year = FY — single reference
Example	Income of FY 2025-26 → AY 2026-27	Income of FY 2026-27 → Tax Year 2026-27

Key simplification: Under ITA 2025, the year of income and the year of assessment share the same reference Tax Year 2026-27.

10. Can a 'tax year' be a period which is less than a 'financial year'?

Yes. This will happen when a business is newly set up during any financial year, or a source of income comes into existence during a financial year. In such cases, the tax year will begin from the date of setting up of the business or the source of income coming into existence, and end on the last day of that financial year.

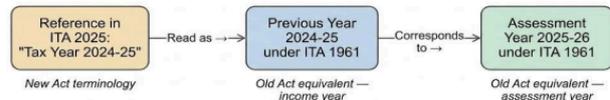
For example, if a business is set up on 1 December 2026, the Tax Year for that business will commence from 1 December 2026 to 31 March 2027.

11. When the Income-tax Act, 2025 refers to a "tax year" starting on 1st April 2025 or earlier, how should that be understood?

Section 536(3) of the Income-tax Act, 2025 provides that any reference of a tax year shall be read as a reference to the corresponding 'previous year' under the old Act. This provision is transitional and does not change the tax treatment applicable to those years.

**Example:** If the new Act refers to 'tax year 2024-25', it corresponds to the 'previous year 2024-25' under the old Act, which in turn corresponds to Assessment Year 2025- 26.

Reading 'Tax Year' References Predating 1 April 2026 – Section 536(3), ITA 2025



12. Is there any "missing year" or overlap due to the shift from Assessment Year to Tax Year?

No, there is no missing year or overlap. Income earned during the FY 2025-26 will be governed by the Income-tax Act, 1961 and assessed in AY 2026-27. Income earned from 01 April 2026 onwards will be governed by the Income Tax Act, 2025 and assessed for Tax Year 2026-27 and onwards. The same is tabulated as under for quick reference:

Period of Income	Governing Act	Reference
01 April 2025 – 31 March 2026	Income-tax Act, 1961	AY 2026-27
01 April 2026 – 31 March 2027	Income-tax Act, 2025	Tax Year 2026-27

No Missing Year – Seamless Transition from Assessment Year to Tax Year

1 April 2026-ITA 2025 Comes into Force

ITA 1961 Governs.	ITA 2025 Governs.
Income earned: FY 2025-26 Filed and assessed as: AY 2026-27 (under ITA 1961).	Income earned: FY 2026-27 onwards Assessed as: Tax Year 2026-27 (under ITA 2025).

13. Is there a need to change the accounting periods of businesses due to the introduction of 'Tax Year' concept?

No, since the Tax Year is aligned with the Financial Year, no change in accounting year or financial statements is required for businesses or other taxpayers.



### C. Continuity And Transition Framework

14. Will the existing administrative frameworks such as Permanent Account Number (PAN), Tax Deduction Account Number (TAN), faceless proceedings, etc. continue under the Income Tax Act 2025?

Yes, existing Permanent Account Number, Tax Deduction Account Number (TAN),

faceless assessment, faceless appellate framework, etc., shall continue under the Income Tax Act 2025.

15. How does the Income Tax Act, 2025 ensure continuity and smooth transition from the Income-tax Act, 1961?

Tax law does not operate strictly within annual boundaries. While some compliances such as TDS, TCS, Advance tax payments, etc., occur within the financial year, others—such as return filing, assessments, reassessments, appeals, penalties, and refunds—often extend well beyond the year, sometimes for many years in select cases. Therefore, when a new tax law comes into force, the old and new laws must coexist for a transitional period. The Income Tax Act, 2025 acknowledges this practical reality and handles the transition through Section 536, the repeal and savings clause.

Section 536 of the Income Tax Act, 2025:

- Contains 22 sub clauses addressing various transitional situations.
- Ensures the old tax framework continues to apply to earlier years

- Aligns terminology between the two Acts,
- Allows the law to be modernised without unsettling established positions.

16. There may be some circumstances or situations which may not be directly covered under the specific savings clauses enumerated in Section 536? How does the Act ensure that there are no unintended gaps in handling such cases?

Sub-section (2) of section 536 is broadly structured to leave as little uncertainty as possible. However, in order to cover any unforeseen situation which is not directly covered by the situations specified under sub-section (2) of section 536 of the Income Tax Act, 2025, the subsection (4) provides that Section 6 of the General Clauses Act, 1897 shall apply with regard to the effect of the repeal of 1961 Act. This provision upholds rights and obligations even beyond what is explicitly stated. By applying broad principles that safeguard established rights and obligations, it guarantees that unforeseen circumstances are also covered.

17. If someone had a right or benefit under the old Act, does that right disappear when the new Act comes into force on 01.04.2026?

No. Rights, benefits, obligations or liabilities that arose under the old Act continue to exist. For instance, if a taxpayer was entitled to claim a refund under the old Act for any tax year prior to the commencement of the new Act, he still remains entitled to that refund even after the new Act comes into force.

18. How will pending proceedings and notices issued under the Income-tax Act, 1961 be treated after the new Act comes into force?

536(2)(c) of the new Act provides that the provisions of the repealed Income-tax Act shall continue to apply to any proceeding pending on

the date of commencement of this Act and to any proceedings initiated on or after the 1st April, 2026 (including notices, assessment, re-assessment, recomputation, rectification, penalty, reference, revision and appeals) in respect of any tax year beginning before the 1st April, 2026 and such proceedings shall be carried out as per the procedure specified in the repealed Income Tax Act. For instance, if the assessing officer initiated assessment of a taxpayer's income for assessment year 2024–25 before the new Act comes into force, that entire assessment and other proceedings will be completed under the provisions of old Act.

19. Are old approvals, registrations, and recognitions still valid under the new Income Tax Act?

Yes, if such approvals are not inconsistent with the provisions of the new Act, they are treated as if granted under the new Act.

**Example:** a charitable trust recognized under the old Act will be treated as recognized under the corresponding provision of the new Act, unless there is a conflict with the provisions in the new Act.

20. Do old circulars, instructions and notifications issued by the tax department continue even after the new Act comes into force?

Yes. As per the provisions of section 536(2)(j) of the Income Tax Act, 2025, circulars, notifications, instructions, approvals, etc, issued under the old Act will remain valid as long as they do not conflict with the new Act.

**Example:** TDS provisions (Section 194C of old Act → Section 393 of new Act) A circular clarifying the term “work” under section 194C of the old Act will continue to apply to section 393 of the ITA 2025, where the intent remains unchanged.

**21. Are schemes designed to reduce direct contact between taxpayers and tax officers (such as faceless assessment/faceless appeals schemes) under the old Act still valid under the new Act?**

Yes. Such schemes are treated as made under the corresponding provisions of the new Act, or in case, there is no corresponding section in the new Act, such schemes are treated to have been made under section 532 of the new Act which authorizes the Central government to make schemes. In other words, the existing faceless assessment scheme will continue without interruption under the new Act.

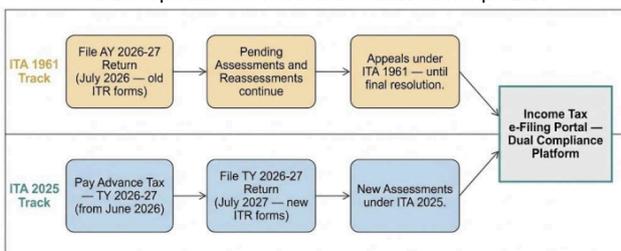
**22. For how long will the old and new Acts run in parallel? What does this mean for taxpayers practically?**

Effective 1 April 2026, the 1961 Act will be repealed. However, its provisions will continue to govern all tax years beginning before 1st April, 2026. Accordingly:

- (i) The Income-tax Department’s e-filing portal will facilitate compliance under both the old and the new Acts concurrently.
- (ii) Taxpayers filing returns for AY 2026–27 (pertaining to the period governed by the old Act) in July 2026 will do so using the forms prescribed under the old Act. At the same time, advance tax payments for Tax Year 2026–27, commencing from June 2026, will be made in accordance with the new Act.
- (iii) All assessments, appeals, and other proceedings relating to earlier years will continue to be conducted under the old Act until their final resolution.

The Government is implementing necessary measures to ensure that both legislative frameworks operate seamlessly and simultaneously on the income tax portal.

Parallel Operation of ITA 1961 and ITA 2025 from 1 April 2026



**1. Tax Payments, Collection And Refunds**

**A. Overview Of Tds Provisions And Tds Payments Under The New Act**



**1. Does the fundamental obligation to discharge income-tax through TDS/TCS, advance tax, or self-assessment tax continue under the Income-tax Act, 2025?**

Yes. The core obligation to pay income-tax—whether by way of tax deducted or collected at source (TDS/TCS), advance tax, self-assessment tax, or regular assessment—continues unchanged under the Income-tax Act, 2025. The new Act does not modify the framework governing the manner of tax payments; it preserves the existing compliance structure while streamlining the statutory language.

**2. Have the permissible modes of tax payment been altered under the Incometax Act, 2025?**

No. The modes for remittance of taxes remain unchanged under the Income-tax Act, 2025. Taxes are to be paid through authorised banking channels, including electronic payment mechanisms, as may be notified by the Government from time to time.

**3. What change has been introduced in the Income Tax Act, 2025 with respect to the Tax Deducted at Source (TDS) provisions contained in the Income Tax Act, 1961?**

Broadly, there is no change in policy but new Act presents the TDS provisions in a simplified and tabular manner. All the TDS sections (Section 192 to 194T) in the Income Tax Act, 1961 are now consolidated under two sections, section 392 and section 393 of the income Tax Act, 2025. Section 392 of the new Act lays down the provisions relating to deduction of tax at source on payments made under the head ‘Salaries’. Section 393, on the other hand, provides for deduction of tax at source on other types of payments, such as commission or brokerage, rent, payment on transfer of certain immovable property (other than agricultural land) and other specified payments. Section 393 of the new Act contains 3 Tables applicable to three broad categories of PayeesResidents, Non-residents and any person. The respective Table for each category in turn specifies the nature of income or sum, monetary threshold, payer/person and the applicable rate of TDS.

The rates of TDS/TCS as well as thresholds are largely the same as in new Act with that of old Act. For exact TDS/TCS rates, reference may be made to the relevant provisions of new Act and the Finance Act, as applicable.

**4. Which Act will govern the TDS obligations during the transition period?**

TDS obligations shall continue to be governed by the Act applicable to the financial year in which the sum is paid or credited. Accordingly, any sum paid or credited on or before 31st March, 2026 shall be governed by the provisions of the Income-tax Act, 1961. Further, any sum paid or credited on or after 1st April, 2026 shall be governed by the corresponding withholding provisions of the Income-tax Act, 2025.

**5. Which section should be quoted for TDS/TCS made after 01st April 2026?**

For transactions entered into on or after 01 April 2026, deductors/collectors must quote the relevant table item of section 393 (or section 394 for TCS) of the Income Tax Act, 2025. Quoting old section numbers such as 194C, 194J, or 194H of the Income Tax Act, 1961 for such transactions may result in system-level validation errors.

Example: M/s. XYZ Industries makes a payment to a contractor on 5th April, 2026. While filing the TDS return for Q1 of Tax Year 2026-27, the firm must quote Section 393(1) [Table: Sl. No. 6(i)] of the new Act, and not Section 194C of the old Act.

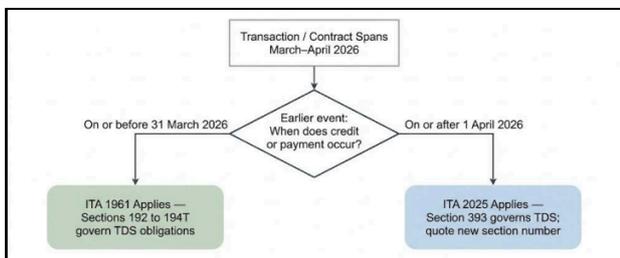
**6. How is TDS determined for contracts or services spanning over the period of March–April 2026?**

Similar to the provisions under the repealed Income Tax Act, 1961, TDS applicability in Income Tax Act, 2025 also depends on the mechanism of “event earlier of credit or payment”.

If earlier event of credit or payment lies on or before 31 March 2026 → TDS provisions under the Income Tax Act, 1961 apply.

If earlier event of credit or payment lies on or after 01 April 2026 → TDS provisions under section 393 of Income Tax Act, 2025 apply.

TDS Applicability for Cross-Period Transactions: March–April 2026



**7. What is the due date for depositing the TDS to the Government account and whether there is any change regarding these timelines in the Income Tax Act, 2025**

Under the Income-tax Act, 1961, the TDS must, in general, be deposited to the credit of the Central Government within the 7th of the month following the month of deduction.

Exceptions to this general rule are; (i) TDS deducted in the month of March, where the due date is 30th April for non-government deductors; and (ii) TDS under Sections 194-IA, 194-IB, 194M, and 194S of the old Act (challan-cum-statement cases relating to purchase of immovable property, rent by specified individuals/HUFs, payments to contractors/professionals by individuals/HUFs, and transfer of virtual digital assets), where the due date is 30 days from the end of the month in which the tax is deducted.

Under the Income-tax Act, 2025, the due date of payment to the Government account continues to be prescribed by Rules. The Income-tax Rules, 2026 (Rule 218, corresponding to Rule 30 of the old Rules) retain the same timelines without any policy change.

**8. What is the due date for depositing the tax deducted at source in the month of March, 2026?**

The tax deducted in the month of March, 2026 is required to be deposited in the Government account by 30th April, 2026 by non-government deductors. In case of Government Deductors depositing TDS by way of challan, the due date will be 7<sup>th</sup> April, 2026. In case of any default, interest and penal actions may be attracted.

**9. For TDS to be deposited after 1st April 2026 on a sum paid/credited before 31.03.26, should the challan be of 1961 Act or 2025 Act?**

The governing principle is that TDS deduction and deposit are linked to the date of deduction of tax at source. Since TDS obligation crystallises on the date of payment/credit to payee, the old challan will be applicable, if the payment/credit to the payee has been done on or before 31.03.2026.

Thus, if tax is deducted under the 1961 Act prior to the transition date, deposit obligations will continue under the 1961 Act. Thus, existing challans and payment codes linked to the Income Tax Act 1961 will continue for depositing the tax deducted before 01.04.2026.

**10. If tax has already been deducted at source prior to 01 April 2026 at the time of credit to the payee’s account, is there any requirement to deduct tax again upon actual payment made on or after 01 April 2026?**

No. In such situations, once tax has been deducted under the Income Tax Act, 1961, on the date of credit of a sum in the account of payee, no further deduction is required on payment of the same sum under the Income Tax Act, 2025.

**11. Where tax has been deducted under the Income-tax Act, 1961 pursuant to a lower withholding certificate valid up to 31 March 2026, will such deduction remain legally valid even if the corresponding tax is remitted to the Government after 1 April 2026?**

Yes, where the event of payment or credit occurs on or before 31 March 2026, TDS compliances—including deduction of tax at the lower rate specified in a certificate valid up to 31 March 2026—shall continue to be governed by the Income Tax Act, 1961.

Even if such tax is deposited with the Government treasury after 31 March 2026, the provisions of the Income Tax Act, 1961, along with the lower withholding certificate issued thereunder, shall continue to apply.

**12. Will a lower/nil withholding certificate issued under Section 197 of the old Act remain valid for payments/credits made on or after 1st April, 2026?**

Yes. A certificate issued under Section 197 of the Income-tax Act, 1961 shall remain valid for payments/credits made on or after 1st April, 2026 provided that it is issued for lower/Nil deduction of tax in respect of projected receivable for tax year 2026- 27.

**13. Is there any change in the rate of interest for delayed deposit of TDS/TCS under the new Act?**

No. The interest rates applicable for defaults in deducting or depositing TDS/TCS remain unchanged from those prescribed under the old Act. In accordance with Section 398(3)(a) of the Income-tax Act, 2025, interest is calculated as follows:

(i) **Failure to deduct/collect TDS/TCS:** Interest at 1% per month or part thereof, from the date the tax was deductible/collectible to the date it is actually deducted/collected – Section 398(3)(a)(i).

(ii) **Failure to deposit TDS/TCS after deduction/collection:** Interest at 1.5% per month or part thereof, from the date of deduction/collection to the date of actual payment – Section 398(3)(a)

(ii).

TDS/TCS Interest Rates: ITA 1961 vs. ITA 2025 - No Change

Default Scenario	ITA 1961	ITA 2025
Failure to Deduct / Collect TDS or TCS	1% per month or part thereof — Section 201	1% per month or part thereof — Section 398(3)(a)(i)
Failure to Deposit after Deduction / Collection	1.5% per month or part thereof — Section 201	1.5% per month or part thereof — Section 398(3)(a)(ii)

**B. Advance Tax Payment**

**14. Are there any changes in the provisions related to advance tax in the new Income Tax Act, 2025?**

There are no policy changes regarding the provisions related to payment of Advance Tax. However, the provisions regarding payment of Advance Tax have been made easy to read with the following approach:

(i) The provisions related to the payment by the assessee on his own accord and as per the order of the Assessing Officer have been segregated in two different sections to avoid confusion.

(ii) Redundant provisions have been removed.

(iii) A formula has been provided in section 405 of the new Act for the computation of the advance tax liability

**15. How will Advance Tax be paid under the 'Tax Year' system as introduced in the Income Tax Act, 2025?**



The only change after the introduction of concept of "Tax Year", is that the liability of advance tax will now be referenced in terms of Tax Year instead of Assessment Year. Advance tax will be paid during the same year in which the income is earned likewise it is paid under the Income Tax Act, 1961. The quarterly instalment dates and quantum remain unchanged and are as under:

Sl. No.	Due Date	Cumulative Minimum Advance Tax Payable
1.	On or before 15 <sup>th</sup> June	Not less than 15% of advance tax
2.	On or before 15 <sup>th</sup> September	Not less than 45% of advance tax
3.	On or before 15 <sup>th</sup> December	Not less than 75% of advance tax
4.	On or before 15 <sup>th</sup> March	100% of advance tax

**16. Last Advance tax instalment for Assessment year 2026-27 (FY 2025-26) is scheduled to be paid on 15 March 2026. Which Act governs this payment?**

Advance tax liability is linked to the tax year to which the income pertains, not the date on which the new Act comes into force. Since this instalment relates to income earned during FY 2025-26 and is paid before 1 April 2026, The Income-tax Act, 1961 governs this advance tax payment.

**17. If advance tax for FY 2025-26 (AY 2026-27) is short-paid, and interest is levied in FY 2026-27, which Act governs the interest?**

The obligation to pay advance tax arose during FY 2025-26, and such obligation was created under the provisions of the Income-tax Act, 1961. The default in payment of the due advance tax also occurred prior to the commencement of the new Act. Accordingly, the consequential liability to pay interest shall be governed by the Incometax Act, 1961.

In these circumstances, the assessee would be liable to pay interest for default in payment of advance tax under section 234B (default in payment of advance tax) and section 234C (deferment of instalments of advance tax) of the Income-tax Act, 1961.

18. What is the threshold for payment of advance tax under the new Act?

Under Section 404 of the Income-tax Act, 2025, advance tax is payable if the amount of tax payable during the year, computed under the advance tax provisions, is Rs. 10,000 or more. This threshold is unchanged from the old Act.

19. The first instalment of advance tax for tax year 2026-27 (Financial year 2026- 27) is due to be paid on 15th June 2026. Which Act will apply to such payments?

Income earned during the financial year 2026-27 will be chargeable to tax in accordance with the provisions of the Income-tax Act, 2025. Accordingly, the liability to pay advance tax for the tax year 2026-27 shall arise and be discharged under the new Act.

20. For assesses paying taxes on business income under presumptive taxation scheme, what is the advance tax requirement under the new Act?

Under the new Act, assessee opting for the presumptive taxation scheme (Section 58) must discharge their entire advance tax liability in a single instalment on or before 15 March of the relevant financial year, in accordance with Section 408(2). This requirement remains the same as under the old Act.

21. Is there any change in the interest rates for shortfall in payment of advance tax under the new Act?

No. The interest rates applicable for defaults in payment of Advance tax remain unchanged from those prescribed under the old Act. Under the Income-tax Act, 2025, interest is calculated as follows:

(i) Interest under Section 424 (corresponding to Section 234B of old Act) – 1% per month or part of the month for the specified period for failure to pay advance tax or where advance tax paid is less than 90% of assessed tax;

(ii) Interest under Section 425 (corresponding to Section 234C of old Act) – 1% or 3% for the specified period for deferment of advance tax instalments.



**C. elf Assessment Tax Payment And Brought Forward Mat/Amt Credit**

22. Self-assessment tax for AY 2026-27 (FY 2025-26) is paid in July 2026. Which Act governs this payment?

Self-assessment tax is merely a mode of discharging the tax liability, and the applicable law is determined by the year of income, not by the date of payment. The section 140A of the Income-tax Act, 1961 shall govern the payment of self-assessment tax in this situation.

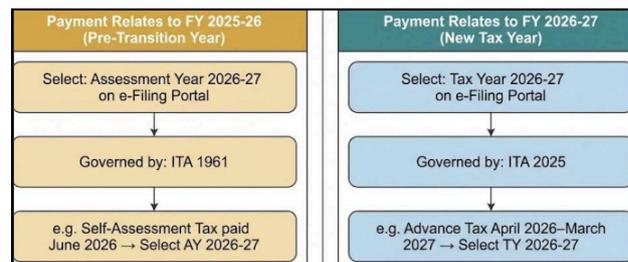
23. What precautions should taxpayers take during the transition year (FY 2026-27) while making tax payments?

The government is taking appropriate measures to ensure simultaneous functionality for both Acts on the tax filing Portals, during this transition period. However, taxpayers should ensure correct selection of Assessment Year (AY 2026-27) for tax payments relating to FY 2025-26; and correct selection of Tax Year 2026-27 for tax payments relating to FY 2026-27, so that tax credit is granted in correct year.

**Example:** For self-assessment tax for FY 2025-26 paid in June 2026 – taxpayer will select AY 2026-27.

For advance tax on income earned during April 2026 to March 2027 – taxpayer will select Tax Year 2026-27.

Tax Payment Precautions During Transition Year FY 2026-27



24. Will the Annual Information Statement continue under the new Act?

Annual Information Statement will continue for tax periods governed by the Income-tax Act, 1961 (up to AY 2026-27), and from Tax Year 2026-27 onwards under the Income-tax Act, 2025, it will stand replaced by Form No. 168 as the evolved Annual Information Statement.

25. What happens to Minimum Alternate Tax (MAT)/Alternate Minimum Tax (AMT) credits allowable to be carried forward under the old Act but not yet utilised before 1 April 2026?

Any unutilised credit for MAT/AMT allowed to be carried forward under the provisions of section 115JAA or 115JD of the Income Tax Act, 1961, are treated as eligible credits under the Income Tax Act, 2025.

For instance, if a taxpayer has carried forward MAT credit from AY 2024-25, that credit will be available under the new Act and can be used in future years, subject to the conditions prescribed in the Income Tax Act, 2025.

26. For how long can such carried-forward tax credits from the old Act be used under the new Act?

Unutilised credits can be carried forward for a total of 15 years from the year they first became available.

The un-utilised MAT credit can be set off for a tax year commencing on or after 01.04.2026, subject to the conditions prescribed in the Income Tax Act, 2025.



### D. Outstanding Tax Arrears

27. If a person had an outstanding tax liability under the old Act, is that tax still payable after the new Act comes into force?

Yes, the tax liability as computed under the old Act remains. For example, if a taxpayer was issued a tax demand notice for AY 2022-23 under the old Act, and he has not yet paid it, he still has to pay that amount even after the new Act comes into force.

28. Can the tax department recover old tax dues after the commencement of the Income Tax Act, 2025?

Yes. Any amount that was payable under the old law remains recoverable under the Income Tax Act, 2025. The department may use the recovery mechanisms provided in the Income Tax Act, 2025 to collect unpaid tax arrears raised under the Income Tax Act, 1961.

29. Are tax recovery certificates or attachment orders issued under the old Income Tax Act still enforceable after the new Act comes in to force?

Yes. Recovery actions already taken under the Income Tax Act, 1961 remain effective, and remaining amounts can also be recovered using the recovery machinery provided in the new Act.

For example, if a property of a taxpayer was attached under the provisions of the Income Tax Act, 1961, that attachment remains valid even after the Income Tax Act, 2025 comes into force.

### E. Refund Claims

30. What will happen to refund claims arising under the Income-tax Act, 1961 that are pending on the commencement of the Income-tax Act, 2025?

Rights, benefits, obligations or liabilities that arose under the old Act continue to exist. Thus, if a taxpayer was entitled to claim a refund under the old Act for any tax year prior to the commencement of the new Act, he still remains entitled to that refund even after the new Act comes into force.

31. A deductor deducted excess TDS during FY 2024-25. After the new Act comes into force on 1st April, 2026, can a refund claim for such excess deduction still be filed? If yes, which Act would apply—the law in force at the time of deduction or the new Act in force at the time of filing the claim?

As mentioned earlier, the rights, benefits, obligations or liabilities that arose under the old Act continue to exist. Thus, if a tax deductor was entitled to claim a refund under the old Act for any tax year prior to the commencement of the new Act, he still remains entitled to that refund even after the new Act comes into force subject to the condition that the refund claim is filed within stipulated time of 2 years from the end of the financial year in which tax was deductible.

This claim is required to be filed in Form No. 26B of Income Tax Rules, 1962 which shall be processed as per the provisions of the Income Tax Act, 1961.



## 2. Furnishing Of Income Tax Return (ITR)

### A. Overview – Return Filing Framework During Transition

1. What are the key provisions relating to filing of return of income under the Income-tax Act, 2025?

The provisions relating to filing of return of income are contained in Section 263 of the Income-tax Act, 2025. Section 263 contains the provisions for original return (subsection 1), belated return (sub-section 4), revised return (sub-section 5), and updated return (sub-section 6) into one unified section. The fundamental structure – mandatory filing, due dates, categories of persons obligated to file – remains the same as that under the old Act.

2. Is there any change in the obligation to file return of income under the new Act – i.e. which persons must mandatorily file a return?

Section 263(1) of the new Act prescribes the categories of persons who must mandatorily file a return. These categories are broadly the same as that under the old Act.

3. What is the due date for filing return of income under the Income-tax Act, 2025?

Section 263(1) of the Income-tax Act, 2025 prescribes the due dates for filing the return of income. The due dates are the same as under the old Act. Table for due dates as appearing in section 263(1)(c) [proposed as per Finance Bill, 2026] is as under:

Sl. No.	Person	Conditions	Due Date
(A)	(B)	(C)	(D)
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 apply.	30 <sup>th</sup> November
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply	31 <sup>st</sup> October
3.	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force; (ii) partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply.	31 <sup>st</sup> August
4.	Any other assessee.	—————	31 <sup>st</sup> July

4. Will taxpayers be required to file two returns (for AY 2026-27 as well as TY 2026-27) during the transition year (FY 2026-27)?

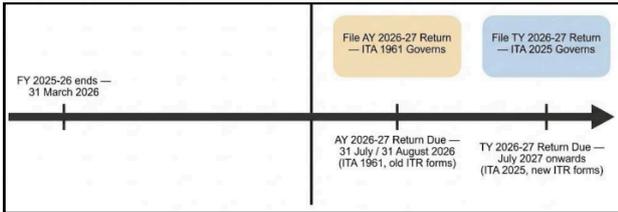
No. The obligation to file the return for the Tax Year 2026-27 will arise after the end of the Tax Year and it is similar to the framework existing in Income Tax Act, 1961. The timelines for filing Income Tax returns during transition period (as proposed in Finance Bill, 2026) are tabulated as under:



Period of Income	Reference	Due date for filing of Income Tax Return
01 April 2025 – 31 March 2026	AY 2026-27	31 July 2026, 31 August, 2026 31 October 2026 or 30 November 2026; as the case may be
01 April 2026 – 31 March 2027	Tax Year 2026-27	31 July 2027, 31 August, 2027, 31 October 2027 or 30 November 2027; as the case may be

In simple words, the obligation to file the return for the Tax Year 2026-27 will arise after the end of the Tax Year. The Income Tax Returns, Forms etc. for the Tax Year 2026- 27 shall be notified by the Government well before the due dates.

**Return Filing Obligations During Transition Year  
No Double Filing Required  
1 April 2026–ITA 2025 Comes into Force**



**5. Under which Act will the ITR for income earned during FY 2025–26 be filed?**

The ITR for income earned during FY 2025–26 will be filed for Assessment Year 2026–27 under the provisions of the Income–tax Act, 1961. Even though the filing will typically occur after 1st April, 2026 (i.e., after the new Act has come into force), the return relates to a tax year beginning before 1st April, 2026 and is therefore governed entirely by the old Act.

**6. Which ITR form should be used for AY 2026–27?**

For AY 2026–27, the ITR forms (ITR-1, ITR-2, ITR-3, ITR-4, ITR-5, ITR-6, ITR-7) applicable under the Income–tax Act, 1961 will soon be notified. These forms will be available on the e–filing portal well before the due date. Taxpayers should select AY 2026–27 while filing the ITR for income earned during FY 2025–26.

**7. If a taxpayer discovers an error in the ITR filed for AY 2026–27 and wishes to file a revised return, which Act governs the revision?**

The revised return for AY 2026–27 will be governed by the Income–tax Act, 1961. Under Section 139(5) of the old Act, a revised return can be filed before the expiry of the relevant assessment year (i.e., before 31st March\*, 2027 for AY 2026–27) or before completion of assessment, whichever is earlier. The fact that the revision is being done after 01.04.2026 does not change the applicable Act. The old Act will continue to govern all filings relating to AY 2026–27 and earlier years.

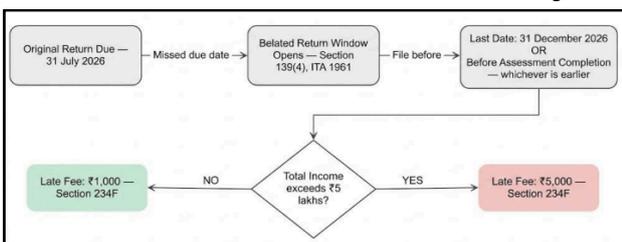
(as proposed in the Finance Bill, 2026)

**8. What is the last date to file a belated return for AY 2026–27 under the old Act?**

Pursuant to Section 139(4) of the Income–tax Act, 1961, a belated return for Assessment Year (AY) 2026–27 may be furnished on or before 31st December 2026, or prior to the completion of the assessment, whichever occurs earlier.

Further, in accordance with Section 234F of the Act, a fee for delayed filing shall be levied at ₹1,000 where the total income does not exceed ₹5,00,000, and ₹5,000 in all other cases.

**Belated Return for AY 2026–27 – Last Date and Late Filing Fee**



**9. Can a taxpayer file an updated return (ITR–U) for AY 2026–27 under the old Act after the new Act comes into force?**

Yes. The updated return for AY 2026–27 under Section 139(8A) of the old Act can be filed within the time period prescribed therein, even after the new Act has come into force. The old Act continues to govern all proceedings relating to tax years before 1st April, 2026.

**Example:** Mr. X filed his original ITR for AY 2026–27 on 25th July, 2026. In January 2028, he discovers additional income that was not reported. He can file an updated return (ITR–U) for AY 2026–27 under the old Act, subject to the time limits and additional tax requirements prescribed in Section 139(8A) of the old Act.



**B. Filing Of Itr For Earlier Assessment Years (Ay 2025–26 and Before)**

**10. Can revised/belated/updated returns for AY 2025–26 or earlier years be filed on or after 1st April, 2026?**

The time for filing revised or belated return for AY 2025–26 or an earlier assessment year will expire before 1st April, 2026. Therefore, revised/belated return for AY 2025–26 or an earlier assessment year, cannot be filed after 1st April, 2026. However, a taxpayer may still file his updated return (ITR–U), subject to the time limits prescribed under Section 139(8A) of the old Act.

**11. Which ITR forms will be used for filing returns of earlier assessment years after 01.04.2026?**

The ITR forms applicable under the old Act for the respective assessment year will continue to be used. The e–filing portal will continue to support old forms for earlier assessment years even after the new Act comes into force.

**C. Filing Of Itr For Tax Year 2026–27 (Income Of FY 2026–27 –under New Act)**

**12. When will the new ITR forms for Tax Year 2026–27 be available?**

The new ITR forms under the Income–tax Rules, 2026 will be notified by the Government well before the due dates for filing returns for Tax Year 2026–27. These ITR forms will be made available on the e–filing portal.

**13. What are the time-limits for filing belated return, revised return and updated return in the Income Tax Act, 2025?**

The time limits for filing belated return, revised return and updated return in the Income Tax Act, 2025 are tabulated as under:

Type of return	Applicable section of IT Act 2025	Time limit
Belated Return	Section 263(4)	Within 9 months from the end of the relevant tax year, or before completion of assessment, whichever is earlier
Revised Return	Section 263(5)	Within 12 months from the end of the relevant tax year, or before completion of assessment, whichever is earlier
Updated Return (ITRU)	Section 263(6)	Within 48 months from the end of the financial year succeeding the relevant tax year

(as proposed in the Finance Bill, 2026)

**14. What are the key provisions regarding updated returns (ITR-U) under the new Act?**

Section 263(6) of the Income-tax Act, 2025 provides for filing of updated returns. The key provisions are:

- (i) An updated return may be filed within forty-eight months from the end of the financial year succeeding the relevant tax year;
- (ii) It is available whether or not the person has furnished an original, belated, or revised return;
- (iii) The updated return cannot result in a return of enhanced loss, or decrease in total tax liability, or increase in refund;
- (iv) Only one updated return can be filed per tax year;
- (v) Additional income-tax is payable under Section 267 at prescribed rates along with the updated return.

These provisions are substantively the same as under Section 139(8A) of the old Act.

**D. Return Filing Subsequent To Search Operation**

15. If a search is initiated on a person under section 132 of the old Act before the new Act came into effect but notice for filing return of income for the blockperiod is issued after 01.04.2026. Under which Act, the taxpayer is required to file the return of income?

All proceedings connected with such a search continue to be governed by the old Act as if the new Act had not been enacted. Therefore, the taxpayer is required to file his return of income for the block period as per the provisions of section 158BC of the Income Tax Act, 1961.

For example, if a search on a taxpayer is initiated in the month of January 2026, assessments and all other proceedings connected with the search will be under the provisions of the old Act.

16. If books of account, other documents or assets were requisitioned u/s 132A of the old Act, before the new Act comes into force, are the follow-up actions under the old Act or the new Act?

All proceedings connected with such requisition will be under the provisions of the old Act.



**E. Practical Scenarios During Parallel Operation**

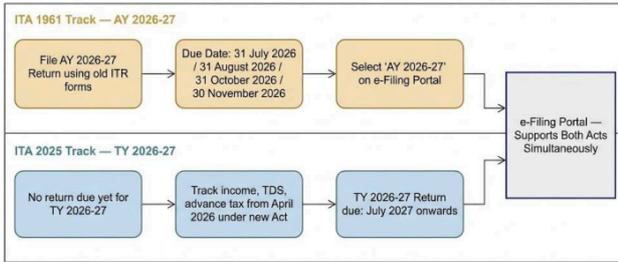
17. Are AY 2026-27 and Tax Year 2026-27 the same?

These are two entirely separate compliance obligations:

- (i) For AY 2026-27 (income of FY 2025-26): File the return using old ITR forms on the e-filing portal, selecting AY 2026-27. The due date is 31st July, 2026 or 31<sup>st</sup> August for non-audit cases, etc.
- (ii) For Tax Year 2026-27 (income of FY 2026-27): This return is not due until July 2027. However, the taxpayer should keep track of income, TDS, and advance tax payments under the new Act framework from April 2026 onwards.

The e-filing portal will support compliances under both the Acts simultaneously.

**Managing Dual Compliance after 01.04.2026 - Taxpayer Action Guide**



18. If the Income-tax Department sends a notice of defective return u/s 139(9) for AY 2026-27 after the new Act comes into force, which Act governs the response to such notice?

The response will be governed by the Income-tax Act, 1961. All proceedings relating to AY 2026-27 and earlier years continue under the old Act by virtue of Section 536(2)(c). The defective return must be rectified under Section 139(9) of the old Act within the time allowed in the notice.

19. If a taxpayer has filed return for AY 2026-27 but receives a notice under Section 143(2) of the old Act for scrutiny assessment, will that scrutiny continue under the old Act even though the new Act is in force?

Yes. The scrutiny assessment for AY 2026-27 (or any earlier year) will be completed under the provisions of the Income-tax Act, 1961. Section 536(2)(c) provides that the assessment proceedings relating to tax years beginning before 1st April, 2026 shall continue under the old Act.

20. What happens if a taxpayer who is required to file return for both AY 2026- 27 and TY 2026-27 files only one of them?

Both are independent legal obligations and both the returns must be filed within their respective due dates. Non-filing of either return will attract consequences under the respective Act.

**F. Loss Returns And Carry Forward Of Losses**

21. If a taxpayer incurred a loss in FY 2025-26 (AY 2026-27), can this loss be carried forward under the new Act?

Yes. Losses determined for AY 2026-27 under the old Act can be carried forward and set off in Tax Year 2026-27 and subsequent tax years under the new Act, subject to the conditions prescribed. Section 536(2)(b) protects rights acquired under the old Act, and the carry-forward of losses is one such right subject to fulfilment of specified conditions.

**Example:** M/s. XYZ Trading LLP incurred a business loss of Rs. 15 lakhs in FY 2025- 26 (AY 2026-27) and filed a return of loss within the due date. This loss can be carried forward and set off against business income of Tax Year 2026-27 and subsequent tax years, following the prescribed conditions.

22. Is filing the return of loss within the due date necessary for carry-forward purposes under the new Act?

Yes. The requirement to file the return of loss within the due date prescribed in Section 263(1) (corresponding to Section 139(1) of the old Act) continues to be a prerequisite for carry-forward of losses under the new Act as well. This condition applies to losses under the heads “Profits and gains of business or profession”, activity of owning and maintaining race horses and “Capital gains”. The new Act retains this condition under Section 121.

23. If a loss was already being carried forward from AY 2022-23 under the old Act and remains unabsorbed till AY2026-27, does the carry-forward continue seamlessly under the new Act?

Yes. The unabsorbed losses from earlier years that are being carried forward under the old Act will continue to be carried forward under the new Act, subject to the same conditions (type of loss, period of carry-forward, etc.). The transition does not interrupt or restart the carry-forward period.

**Example:** M/s. ABC Pvt. Ltd. had an unabsorbed business loss from AY 2022-23 being carried forward. As of Tax Year 2026-27, this loss has already been carried forward for four years. It can continue to be set off for the remaining four years (total eight years from AY 2022-23) under the new Act.



**G. Verification, Audit Report And Penalty**

24. Is there any change in the manner of verification of the return of income or as regards person who is required to verify the return under the new Act?

There is no substantive change in the manner of verification of the return of income or as regards person who is required to verify the return under the new Act. Section 265 of the Income Tax Act, 2025 prescribes the persons authorised to verify the return for each category of assessee (individual, company, firm, etc.), and these are the same as under the old Act. Electronic verification through Aadhaar OTP, net banking, Digital signature or other prescribed modes will continue.

25. The tax audit report for FY 2025-26 will be filed after 1st April, 2026. Which Act will govern the filing of the tax audit report for FY 2025-26 (AY2026-27)?

The audit report for FY 2025-26 relates to AY 2026-27 under the Income-tax Act, 1961. It must be filed in the prescribed form under the old Act (Form 3CA/3CB/3CD as applicable), even if the actual filing occurs after 01.04.2026.

The due date for furnishing the tax audit report for AY 2026-27 is one month before the ITR due date, e.g., 30th September, 2026 for cases where the ITR due date is 31<sup>st</sup> October, 2026, and 31st October, 2026 for transfer pricing cases where the ITR due date is 30th November, 2026.

**26. What is the fee for late filing of return under the new Act?**

Section 428 of the Income-tax Act, 2025 prescribes the fee for delayed filing of income tax return. The amount is the same as under the old Act (Section 234F of 1961 Act):

- (i) Rs. 1,000 if total income does not exceed Rs. 5 lakhs;
- (ii) Rs. 5,000 in any other case

**Note:** This fee applies for returns under the new Act (Tax Year 2026-27 onwards). For AY 2026-27 and earlier years, the fee as prescribed under Section 234F of the old Act will apply.

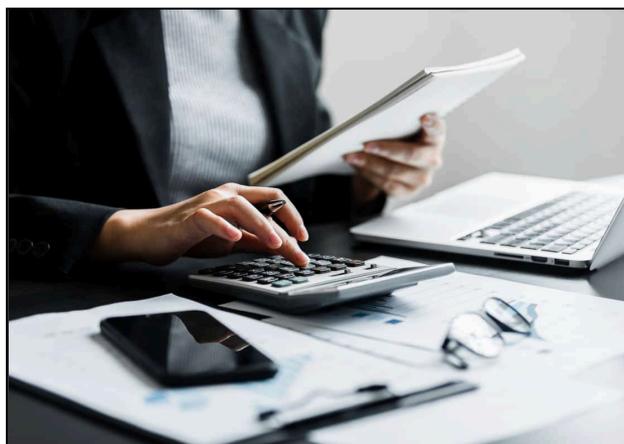
**27. Will the e-filing portal simultaneously supports filings under both the old and new Acts?**

Yes. The Government is taking appropriate measures to ensure the e-filing portal supports return filing under both Acts during the transition period. Taxpayers will be able to select either the Assessment Year (for filings under the old Act) or the Tax Year (for filings under the new Act) on the portal. The portal interface will guide taxpayers to the correct forms based on their selection.

**28. How should taxpayers keep records for the transition year to ensure smooth filing under both Acts?**

Taxpayers should:

- (i) Maintain clear demarcation of income, expenses, TDS, and advance tax between FY 2025-26 (governed by old Act) and FY 2026-27 (governed by new Act);
- (ii) Ensure all challans correctly reflect AY 2026-27 or Tax Year 2026-27 as applicable;
- (iii) Reconcile Form 26AS / Annual Tax Statement for each year separately;
- (iv) Keep a section-mapping reference handy (old Act section to new Act section) for accurate reporting;
- (v) File returns well before due dates to have buffer time for any transition issues in portal.



### 3. Miscellaneous

**1. The Section 115BAC of the Income-tax Act, 1961 provides the new tax regime for Individuals and HUFs. Does the said new tax regime continue in the Income-tax Act, 2025?**

Yes. In the Income-tax Act, 2025 the new tax regime is provided under section 202 and is available for Individuals, HUF, Association of Persons (other than a cooperative society), Body of Individuals, whether incorporated or not and Artificial Juridical Person referred to in section 2(77)(g). In the new Act also, the new regime is the default tax regime and the option for opting out of the new tax regime has been made available to the taxpayers.

**2. I have opted for new tax regime under the Income-tax Act, 1961. Do I have to opt for it again in the new Income-tax Act, 2025?**

No. An option exercised under a provision of the old Act as was in force immediately before the commencement of new Act, is treated as if it was made under the equivalent provision of the new Act.

**3. Is there a need to change the accounting periods of businesses due to the introduction of 'Tax Year' concept?**

No, since the Tax Year is aligned with the Financial Year i.e., is a year starting from 1st April and ending on 31st March, no change in accounting year or financial statements is required for businesses or other taxpayers.

**4. What has changed in provisions relating to presumptive taxation of residents in the new Income-tax Act, 2025?**

Under the provisions of the Income-tax Act, 1961 residents earning income from business (Section 44AD), profession (Section 44ADA), and the business of plying, hiring, or leasing goods carriages (Section 44AE) are allowed a simplified taxation regime. In the Income-tax Act, 2025, all these presumptive taxation schemes have been consolidated into one section (section 58) in a tabular format, while adopting simplified language.

**5. If a person had chosen a particular tax option under the old Act (like opting for a special tax scheme), does that choice carry over to the new Act automatically?**

Yes. The clause (f) of Section 536(2) of the new Act specifically provides that an option exercised under a provision of the old Act as was in force immediately before the commencement of new Act, is treated as if it was made under the equivalent provision of the new Act.

**6. Are old approvals, registrations, and recognitions still valid under the new Income-tax Act?**

Yes, if such approvals are not inconsistent with the new Act, they are treated as if granted under the new Act.

For example, a charitable trust recognized under the old Act will be treated as recognized under the corresponding provision of the new Act, unless there is a conflict with the provisions in the new Act.



**7. Do old circulars, instructions and notifications issued by the Income tax department continue even after the new Act comes into force?**

Yes. As per the provisions of section 536(2)(j) of the Income-tax Act, 2025, circulars, notifications, instructions, approvals, etc, issued under the old Act will continue, provided they are not inconsistent with the provisions of the new Act.

**8. If an assessing officer wants to rectify an assessment order passed before 1st April 2026, can this still be done under the old Act after the new Act has come into force?**

Yes. Rectification proceedings under section 154 of the Income Tax Act 1961 relating to assessment years governed by that Act may be initiated and concluded in accordance with the said provisions, notwithstanding the repeal of the Income-tax Act 1961.

For example, if a mistake apparent from record in the assessment order for AY 2023- 24 is found in FY 2027-28, the officer can rectify it as per the provisions of the old Act.

**9. If an assessee had chosen a particular method of accounting or depreciation under the old Act, does this choice automatically continue under the new Act?**

Yes, if the new Act has a corresponding provision and there is no inconsistency, the earlier choice is treated as if it is made under the new Act.

**10. What happens to applications (such as rectification or revision requests) that were already filed before 1st April 2026?**

If your application relates to a tax year starting before 1<sup>st</sup> April 2026, it will continue to be processed under the Income-tax Act, 1961. You do not need to file it again.

**11. If a search was initiated on a person under section 132 of the old Act before the new law came into effect, which law applies to the connected proceedings?**

All proceedings connected with such a search continue to be governed by the old Act as if the new Act had not been enacted. For example, if a search on Mr. A is initiated in the month of January 2026, assessments and all other proceedings connected with the search will be under the provisions of the old Act.

**12. If an assessee had signed an APA (Advance Pricing Agreement) under the old Act, does it still bind the assessee and the department under the new Act?**

Yes. The agreement continues to apply as long as it is not inconsistent with the corresponding provisions of the new Act.

For instance, an APA signed by Company ABC in FY 2024-25 on a specific international transaction will still guide the tax treatment under the new Act if the same rules exist in the new Act.

**13. If a case is pending in a High Court or the Supreme Court concerning an issue under the old Act, will the final decision affect tax liability even after the new Act has come into force?**

Yes. The final judgment will apply to that old period as per the old Act, and any tax payable or refundable as a result will be dealt with accordingly.

For example, Company XYZ's dispute for AY 2018-19 decided in FY 2027-28 will still be implemented using old Act principles.

**14. Do General Anti-Avoidance Rules ('GAAR') continue under the ITA 2025?**

Yes, GAAR provisions are retained as it is. Thresholds, approval mechanisms and procedural safeguards remain unchanged.



**Source :**

Income Tax Act 2025



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,

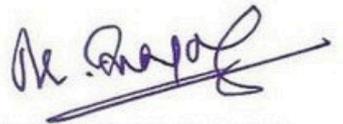
I extend my warmest congratulations to you on the impending launch of Global Finance and Economics Magazine: The Worldonomics Times on May 5th! This milestone marks the beginning of what promises to be an exciting journey in the realm of global finance and economics journalism.

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)



**Heavy Engineering Corporation Ltd.**

(A Govt. of India Enterprise)

P.O.- Dhurwa, Ranchi - 834 004 Jharkhand (India)

Phone : 0651-2401372, 2400575 (O)

Fax : 0651-2400574 (O)

Mob. : 9650572233

E-mail : dir\_fin@hecltd.com

**MESSAGE**

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!



(CMA Rajesh Kumar Dwivedi)

## BLESSING SUPPORT



### CMA Sanjay Jindal

#### Director Finance | Engineers India Limited

Dear Mr. Sandeep Kumar,

With the launch of The Worldnomics 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 Worldnomics 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 Worldnomics 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 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 Worldnomics 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

est 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 Worldnomics 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 Worldnomics Times" in the days ahead. Your commitment to empowering minds through economic understanding is inspiring. Best regards.

## BLESSING SUPPORT



### 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 Worldnomics 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.



### 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 Worldnomics 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 Worldnomics 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 Worldnomics 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.

## BLESSING SUPPORT



### Shri Jyoti Prakash Gadia

#### Managing Director | Resurgent India Limited

Dear Sandeep Ji,

Congratulations on the launch of The Worldnomics Times! This new publication promises to be a vital resource in financial journalism and stands to reshape our grasp of global financial landscapes. The Worldnomics 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 Worldnomics Times will bring to the complex world of global finance. Best wishes for your journey ahead!



### 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 Worldnomics 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 Worldnomics 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 Worldnomics Times" monthly magazine launching by "International Navodaya Chamber of Commerce (INCOC)". 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.



# THE WORLDNOMICS TIMES

The Worldnomics Times is a monthly publication launched by the International Navodaya Chamber of Commerce (INCOC). Based in New Delhi, India, it serves as a specialized resource for global finance, economics, and business management.

The magazine released its premiere issue on May 5, 2024, and focuses on providing data-driven insights and expert analysis for business leaders, policymakers, and scholars.

## Key Features and Content

- **Focus Areas:** In-depth reporting on international trade, financial market shifts, macroeconomic theories, and environmental economics.
- **Format:** Available in both online (digital flipbooks) and print formats. It also features a dedicated mobile app for academic and professional learning.
- **Expert Contributors:** Articles are frequently authored by industry veterans, including Chartered Accountants (CAs), Cost & Management Accountants (CMAs), and financial consultants.
- **Mission:** To bridge the gap between complex economic theories and real-world business applications, particularly focusing on how global trends impact India's economic landscape.

## Why is The Worldnomics Times important?

The Worldnomics Times is important because it keeps people informed about what is happening in the world of economics, business, trade, and global markets. In today's fast-changing world, having the right economic information helps individuals, businesses, and governments make better decisions.

## It helps in:

- Understanding global and national economic trends
- Staying updated on trade, finance, and industry news
- Supporting business planning and investments
- Creating awareness about policies and market changes
- Encouraging educated and informed citizens

In simple words, Worldnomics Times connects people with the economic reality of the world and helps them grow, plan, and succeed.

## Publication Details:

Frequency	: Monthly
Editor-in-Chief	: Sandeep Kumar (FCMA, CA)
Publisher	: International Navodaya Chamber of Commerce (INCOC)
Language	: English
Headquarters	: Vishwas Nagar, Delhi, India

## Subscription Details:

Yearly Subscription	: Rs. 2280 plus Shipping Charge Rs. 480
Bank Details	: International Navodaya Chamber of Commerce
Current Account	: IDBI Bank
Account Number	: 0268102000021438
IFSC	: IBKL0000268
PAN	: AAGCI2318N

# International Navodaya Chamber of Commerce (INCOC)

The International Navodaya Chamber of Commerce is a non-profit organization based in Delhi, India, established in 2021 with the objective of promoting entrepreneurship, professional development, and business collaboration. The organization works as a platform that connects entrepreneurs, professionals, MSMEs, and young leaders to support economic and social development.

INCOC was incorporated on 23 July 2021 and operates as a non-profit company registered under the Companies Act. Its registered office is located in Vishwas Nagar, Shahdara, Delhi. The organization is governed by a board of directors and operates through membership programs and professional networks.

## Vision and Mission

The primary mission of INCOC is to empower individuals, businesses, and communities by providing opportunities for networking, knowledge sharing, and professional growth. It focuses on building a collaborative ecosystem where entrepreneurs and professionals can exchange ideas and contribute to economic development.

## Key objectives include:

- Promoting business growth and entrepreneurship across India.
- Creating platforms for networking and collaboration among professionals and enterprises.
- Promoting business growth and entrepreneurship across India.
- Creating platforms for networking and collaboration among professionals and enterprises.

## Major Activities

The International Navodaya Chamber of Commerce organizes a variety of professional and business activities, including:

- Business conferences, summits, and seminars
- Leadership and professional development programs
- Entrepreneurship and MSME support initiatives
- Skill development and training workshops
- Networking events for professionals and businesses
- Policy advocacy and collaboration with government bodies

Through these activities, INCOC aims to provide a platform where professionals such as CAs, CMAs, CSs, entrepreneurs, and MSME owners can interact, learn, and grow together.

## Membership and Network

INCOC operates as a member-driven organization, offering membership to students, professionals, entrepreneurs, and businesses. Members benefit from networking opportunities, workshops, knowledge resources, and participation in events organized by the chamber.

## Overall Role

Overall, the International Navodaya Chamber of Commerce acts as a bridge between professionals, businesses, and society, promoting entrepreneurship, leadership, and collaborative growth. Its long-term vision is to contribute to the development of a knowledge-driven, ethical, and globally connected professional community in India.

### Head Office

Alankrit Society A 31, Plot A1,  
Vishwas Nagar Delhi 110032

### INCOC Leadership

<b>National President</b> Sandeep Kumar (FCMA, CA) ceo@incoc.in	<b>National Vice President</b> CA Sangam Aggarwal sangam@incoc.in
---	---

### Connect with us

+91 8506060506  
info@incoc.in  
www.incoc.in

# International Navodaya Chamber of Commerce

Supported By



www.incoc.in