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EDITORIAL National Sovereign Currency for International Trade and investments

An alternative to US Dollar towards a sustainable Solution

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The New Delhi declaration adopted at the 18th BRICS September 2026 summit explicitly ruled out introducing a unified currency i.e. BRICS Currency, emphasizing national monetary sovereignty. It may be noted that EURO as a common currency for the European Union Countries has presented challenges for most European countries except Germany, France and a few.

Advantages of National Currency Settlement: The BRICS member countries endorsed advancing intra BRICS trade and investment using respective countries' national currencies for international trade and capital account transactions. In terms of our research, the use of national currencies by trading partners for international current account transactions (Import, export of Goods and services) and international capital account transactions is expected to bring several advantages-

- Lower Transaction cost- the difference between buy rate and sell rate of Foreign Exchange cost will be eradicated (in one leg or both legs of a transaction)
- Reduce exposure to currency excahnge rate volatility.
- Dependance on SWIFT for transfer of funds can be reduced and alternatives like UPI could be developed for respective countries bilaterally or in different blocs of countries having some synergy and mutual trust
- Dependence on US dollars, EURO, sterling Pound or Japanese Yen can be minimized.
- The cost (Commission or mark-up) charged by banks for conversion from one currency to another currency can be saved with a per-leg saving impact of 0.25 percent to 3 percent. (in one leg or both legs of a transaction)
- The national currencies can be received or paid internationally as convertible foreign exchange within the existing RBI framework .The proposed model can be build on existing international trade settlement through the Special Rupee Vostro Account (SRVA) framework permitted by RBI.

International Payment and Settlement of Foreign Currency

It may, however, be necessary to have a cross-country fund transfer and clearing mechanism with an international payment organization (IPO) like World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB), New Development Bank (NDB promoted by BRICS) and similar other institutions, who can hold foreign exchange or gold reserves of participating countries to facilitate differential payment or settlement. Such an IPO may permit working capital exposure as a multiple of such foreign exchange reserves held in trust by the international payment corporation.

International Structure: In respect of payment and settlement of transactions in a national currency across different countries can be handled by the Central Bank (RBI in case of India) of respective country by using one Nodal bank or its correspondent Bank in different countries . Such Nodal Bank (for example SBI in case of India) may have its own branches in major trading partner countries and where branches are not available, the function can be performed with support of a Correspondent Bank of Nodal Bank. The banks in respective Countries can settle their payments and transactions through the NODAL Bank. As an example, SBI can have branches in all top 50 trading partner countries and with RBI approval of a process, procedure and control mechanism support trading, services and capital account transactions between India and Top 50 trading partner countries, using all existing channels including Swift, where required.

National Currency Boundaries

The trade settlements and investment flow in national currency will be required to be empowered by the respective countries' Exchange Control regulations and international trade policy and procedures. An incentive mechanism may be built in for dealing in convertible National Currency.

National Currency dealing can be fully empowered to the extent of trade symmetry including investment flows and export-import balances. Any Balance deficit will be required to be adjusted in the international payments settlement system through US dollars or pound or EURO Surplus with other trade partner countries.

How National Currency Settlement will operate- Actual Case Study India Methodology & data limitations

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RBI introduces comprehensive loan recovery framework

A comprehensive framework has been introduced to regulate loan recovery practices across banks, NBFCs, Housing Finance Companies and other regulated entities from January 2027. It defines recovery agents and recovery agencies, makes regulated entities accountable for their conduct and lays down uniform standards for borrower protection. Key changes

- Recovery policies must cover due diligence, training, monitoring and grievance redressal.
- Borrowers must be informed about the recovery agency handling their account.
- Recovery agents must follow prescribed contact hours and a code of conduct.
- Harassment, intimidation and other unfair recovery practices are prohibited.
- Regulated entities remain responsible for the actions of outsourced recovery agent.

NBFCs Need RBI Approval to Issue Credit Cards

Standalone Non-Banking Financial Companies (NBFCs) require explicit prior approval from the Reserve Bank of India (RBI) and must have a minimum Net Owned Fund (NOF) of ₹100 crore to issue credit cards independently. Some NBFCs also offer co-branded credit cards in partnership with banks, allowing them to expand their card offerings without issuing cards on their own.

Zero-Balance Basic Savings Accounts

RBI has highlighted the Basic Savings Bank Deposit (BSBD) Account, which requires no minimum balance or initial deposit. Account holders receive essential banking services free of charge. These include an ATM/Debit Card, Mobile Banking, Internet Banking, Passbook, and Cheque Book. Existing savings accounts can be converted into BSBD accounts, subject to bank procedures. The facility is available across banks as part of RBI's financial inclusion initiative.

Cabinet Approves EPFO Wage Ceiling Hike to ₹25,000

The Union Cabinet has approved raising the EPFO wage ceiling from ₹15,000 to ₹25,000 per month. The revision will expand EPF coverage and increase contributions and retirement benefits for eligible employees. The change will take effect after the official notification is issued

REITs, Publicly Listed InvITs May Be Allowed to Raise Foreign Capital via Drs

The Securities and Exchange Board of India (SEBI) has proposed allowing Real Estate Investment Trusts (REITs) and publicly listed Infrastructure Investment Trusts (InvITs) to raise overseas capital through Depository Receipts (Drs). The move aims to broaden foreign investor access and attract greater global capital to India's investment trust market. If implemented, the proposal could provide listed REITs and InvITs with an additional avenue to mobilise international funds while expanding their overseas investor base.

RBI Accounting Deprives Government of Full Surplus

The RBI announced a surplus transfer of ₹2,86,588 crore to the government for FY26, 6.7% higher than the ₹2,68,590 crore transferred in FY25. However, its accounts suggest that significant realised earnings continue to be retained in reserves. Between FY22 and FY26, ₹4,42,504 crore was transferred to the Contingency Fund (CF), with the FY26 allocation rising sharply to ₹1,09,380 crore from ₹44,862 crore in FY25.

Although foreign exchange income is volatile and can affect annual surpluses, the RBI's accounting framework appears to retain capital beyond its own prescribed requirements.

REIT, InvIT Investors to Regain Dividend Tax Break; SPV Surcharge to Rise

Investors in Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) are set to regain tax-free dividends, even when the underlying Special Purpose Vehicle (SPV) opts for the new corporate tax regime. To offset the revenue impact, the government has proposed increasing the surcharge on such SPVs.

Under the Taxation and Other Laws (Amendment) Bill, 2026, tabled by Union Finance Minister Nirmala Sitharaman in the Lok Sabha, the effective corporate tax rate for these SPVs is expected to rise to 28.6% from about 25.2%. The proposed change aims to restore the dividend tax benefit for REIT and InvIT investors while increasing the tax burden at the SPV level.

RBI Unlikely to Face Cost Burden from Record Dollar Inflows

The Reserve Bank of India is expected to earn healthy returns by investing record foreign currency inflows in US Treasury securities, reducing concerns that hedging costs could erode future surplus transfers to the Government. As of 31 August 2026, the yield on 52-week US Treasury Bills stood at 4.14%, providing a strong return on reserve deployment.

IIFCL Raises $200 Million Through ECB Transaction

State-run infrastructure financing company India Infrastructure Finance Company Ltd (IIFCL) has raised $200 million from international markets as part of its $1.8 billion External Commercial Borrowing (ECB) programme.

Over the years, IIFCL has raised more than $3.5 billion from international markets. The latest $1.8 billion ECB programme builds on this experience and strengthens the company's ability to channel long-term global capital towards projects that are critical to India's growth and infrastructure development.

ICICI Bank Raises Over $17 Billion Through RBI Swap Route

ICICI Bank mobilised about $17.88 billion (1.70 lakh crore) through Foreign Currency Non-Resident [FCNR(B)] deposits under the Reserve Bank of India's special swap facility, accounting for nearly 14% of the $127.23 billion raised by banks through the window up to August 31.

The mobilisation gives the private sector lender a sizeable pool of foreign currency funding that can be deployed towards lending, while the RBI swap helps reduce the currency risk associated with raising dollar deposits. Of the total funds mobilised, around $9 billion (85,600 crore) was deployed as loans through ICICI Bank's international branches and subsidiaries. The bank also issued Standby Letters of Credit (SBLCs) worth $3.63 billion (34,600 crore) to other banks for loans extended against such deposits.

Anthropic Finalising $15b Pre-IPO Credit Facility

Anthropic is set to finalise the expansion of its revolving credit facility to $15 billion, according to people familiar with the matter, clearing a key hurdle before the artificial intelligence firm's highly anticipated IPO filing.

Morgan Stanley is leading the financing process, while Goldman Sachs Group, JPMorgan Chase & Co., and Citigroup Inc. are also playing prominent roles in the facility. The same four lenders are expected to lead the IPO, Bloomberg News has reported. Barclays and Wells Fargo & Co. are also expected to play key roles in the loan. Bank of America, Deutsche Bank AG, Royal Bank of Canada, and UBS Group AG are among the other major banks participating in the credit facility.

Bank of Montreal, BNP Paribas SA, Credit Agricole SA, Mizuho Financial Group, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, and Toronto-Dominion Bank are also participating in the so-called revolving credit facility.

Purvah Green Power to Acquire ReNew's 1.4 GW Solar Portfolio

Purvah Green Power, part of the RP-Sanjiv Goenka Group, will acquire 1.4 GWp of operational solar assets from ReNew at an enterprise value of ₹4,859 crore (about $509 million). The acquisition will accelerate the group's ambition to build a 10 GW renewable energy portfolio, strengthening its presence in India's clean energy sector through operational, revenue-generating assets.

Sarvam to Raise $75 Million from Nvidia and Other Investors

Artificial intelligence startup Sarvam AI is set to raise $75 million (about ₹715 crore) from Nvidia, US venture capital firm Glade Brook, private equity investor Gaja Capital, IndiGo Ventures, and several individual investors, according to filings with the Registrar of Companies (RoC). The funding is expected to strengthen Sarvam's AI capabilities and support the expansion of its large language model and enterprise AI initiatives.

PNGRB clears ₹7,000-cr LPG pipeline expansion

India's common carrier LPG pipeline network is set to expand by nearly 24%, with the Petroleum and Natural Gas Regulatory Board (PNGRB) authorising around 1,800 km of new pipelines involving an estimated investment of ₹7,000 crore.

Priority Sector Lending calculation revised for FCNR(B) and NRE deposits

Certain advances backed by eligible FCNR(B) and NRE term deposits will no longer form part of Adjusted Net Bank Credit (ANBC) while calculating Priority Sector Lending targets.

Draft proposes end to revolving credit by NBFCs

A draft amendment has proposed that NBFCs should offer term loans instead of revolving credit products. If implemented, the change will reshape how NBFCs structure consumer lending products. Key proposals

- Definitions of term loan and revolving credit have been introduced.
    - Term Loan: A credit facility with a fixed repayment schedule, where the borrower repays the loan in instalments or by a specified due date, and the amount cannot be re-borrowed once repaid.
    - Revolving Credit: A credit facility that allows the borrower to draw, repay and redraw funds repeatedly within a sanctioned credit limit during the agreed period. Examples include credit line-style facilities where the available limit gets restored as repayments are made.
- NBFCs may be restricted to offering only term-loan-based credit products.
- Existing provisions relating to demand and call loans may be removed.

Editorial comment: The proposed ban on revolving credit for NBFCs could be a major setback for consumer lending. A one-size-fits-all approach may reduce flexibility for both borrowers and lenders, especially where short-term credit is genuinely needed. Instead of restricting products, stronger transparency and a cap on interest rates may provide better consumer protection while preserving access to credit. The proposed change is against the constitutional mandate of the freedom to carry on business in the absence of specific justification and evidence of misuse against the public interest

Slice's Valuation Drops 64% in $100 Million Funding Round

Slice Small Finance Bank has raised about $100 million (₹950 crore) from global and domestic investors at a valuation of $450–470 million (₹4,275–4,465 crore), marking a 64% decline from its previous $1.3 billion valuation.

The funding round saw participation from existing investors, including Moore Strategic Ventures, Blume Ventures, Peak XV-backed Neo Group, Japan-based Kado Investment Fund, and Raise Financial Services, the parent company of stock trading platform Dhan.

Japan's JCRA Gives India Its First Sovereign Rating Upgrade in 35 Years

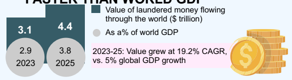
Agency (JCRA) has upgraded Indi-a's sovereign rating to A from BBB+, a feat achieved after more than three decades, citing the country's solid economic growth, effectiveness of its economic policies, robust private consumption and public investment, and improved soundness of its financial system.

LATEST IN FINANCE

The Illicit Money Problem, in Numbers

Speaking abroad, Chief Justice of India Surya Kant recently said the global scale of laundered money was such that it could buy a laptop for each person in the world. Data backs this: global illegal money flows reached $4.4 trillion in 2025, or 3.8% of world GDP, and this is rising rapidly, with much of it never recovered. Bank frauds are also getting bigger. In India, 4,622 cases were filed under the anti-money laundering law in the past five years, but less than 1% led to convictions. Here's a lowdown on how the world's dirty money flows, by Anoushka Sawhney

1) ILLICIT MONEY FLOWS ARE RISING FASTER THAN WORLD GDP



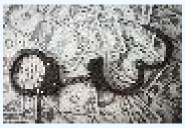
4) A TINY FRACTION OF THE DEFRAUDED AMOUNT IS RECOVERED

Frauds reported in India by banks/financial entities

	Amount involved (cr)	Amount recovered (cr)	Recovery share (%)
Fy24	11,678	499	4.3
Fy25	32,043	1,443	4.5
Fy26	47,910	2,906	6.1

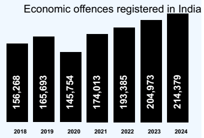
2) ORGANISED CRIME, DRUG NETWORKS FORM A BULK OF THIS DARK WORLD

	Amount (2025, 5 trillion)	CAGR (2023-25,%)
Organised crime, fraud, corruption, etc.	2.78	19.2
Drug trafficking	1.07	17.1
Human trafficking	0.53	23.5
Terrorist financing	0.02	18.8



5)

Economic offences registered in India



3) MOST FRAUD TYPES PER YEAR ARE GROWING AT 20%

	Global amount (2025, $ billion)	CAGR (2023-25,%)
Credit card/cheque fraud	78.1	19
Impersonation	9.6	19.3
Confidence/Romance scams	5.2	17.1
Employment fraud	5.6	20.3
Cyber-enabled fraud	14.3	19.6
Advance fee/lottery /prize/grant fraud	27.3	19.5
Credit transfers & direct debits fraud	439.3	6.6

6) PMLA CASES HIT A FOUR-YEAR HIGH IN FY26; CONVICTIONS ARE RARE

Economic offences registered in India

	Cases registered by Enforcement Directorate under PMLA	Cases wherein convictions secured	Number of accused convicted
2021-22	1,116	3	4
2022-23	953	9	24
2023-24	698	13	19
2024-25	775	9	38
2025-26	1,080	9	19

CAGR: Compound annual growth rate: PMLA: Prevention of Money Laundering Act

Source: Nasdaq Verafin Global Financial Crime Report 2026, Ministry of Finance's Parliament replies, National Crime Records Bureau, World Bank, ET calculations

Indian Banks Face a Wide Asset Gap with Global Banking Leaders

BRIDGING THE GAP: AN UPHILL TASK

Top 5 global banks by total assets

	Rank	Total assets ($ bn)
Industrial & Commercial Bank of China	1	7,646
Agricultural Bank of China	2	6,975
China Construction Bank	3	6,524
Bank of China	4	5,484
JPMorgan Chase	5	4,425

Top Indian banks in world's largest 100 banks

	Rank	Total assets ($ bn)
SBI	45	877
HDFC BANK	76	515

Merger scenario	Likely rank	Total assets ($ bn)
Top 5 PSU banks*	23	1,688
All 12 PSU banks	16	2,129
Top 5 private banks**	35	1,199
Top 10 private banks	33	1,405
Top 10 public & private banks combined	16	2,139
Top 10 public & private banks combined	10	2,954

*SBI, BOB. Canara, PNB and Union, **HDFC, ICICI, Axis, Kotak & Indusind, SBI, HDFC, ICICI, Axis and BoB

Source S&P Global Market Intelligence:

FEMA

Revised FDI norms unlock 4,896 crores

India's decision to ease foreign direct investment (FDI) norms for overseas firms with minor Chinese shareholding has unlocked 29 investment proposals worth *4,895.65 crore since coming into effect, a government official said. The policy shift, notified by the finance ministry under the Foreign Exchange Management Act (FEMA) on May 1, allows foreign companies with up to 10% Shareholding from countries sharing a land border with India, including China, to invest via the automatic route without prior government clearance. under the earlier Press Note 3(2020 framework any foreign 3(2020)framework, any foreign company with even a single company with even a single share held by an entity from a land-bordering country was required to seek government approval. The measure was introduced during Covid-19 to prevent opportunistic takeovers of companies a of Indian companies amid a sharp fall in valuations.

AIF 'Foreign Control' rules go for a recast

In terms of the draft FEMA (Foreign Investment) Rules 2026 released by RBI on July 21,2026, gives regulators the scope to change the parameters that qualify an AIF as 'foreign controlled'. Currently an AIF with almost all offshore investors is regarded as a domestic entity if its sponsor and investment manager are Indian owned and controlled.

After the draft July guidelines, a relook at the 'foreign ownership and control' definition to curb such indirect ownership would mean that even AIFs with Indian managers and sponsors would be considered as foreign entities if majority of the fund corpus is contributed by the foreign investors. Once categorized as foreign entities, such AIFs would run into investment restrictions and formalities applicable to foreign direct investors.

CCEA FDI Approval Limit May Rise to ₹15,000 Crore

In a move to further liberalise foreign direct investment (FDI) inflows, the government is considering raising the threshold for large FDI projects requiring Cabinet Committee on Economic Affairs (CCEA) approval from 5,000 crore to 15,000 crore.Currently, FDI applications requiring government approval and involving investment below 5,000 crore can be approved by the concerned ministry or department, while proposals above 5,000 crore are placed before the CCEA.

Online Bond Platforms can now offer IFSCA products and 54EC bonds

Online Bond Platform Providers (OBPPs) can now offer IFSCA-regulated financial products and Section 54EC tax-saving bonds alongside their existing bond offerings, subject to SEBI regulatory framework and registration with SEBI as a Stock broker in debt segment of a recognised Stock Exchange

CAPITAL MARKET

FIU-IND Issues Notices to 15 Foreign Crypto Platforms

FIU-IND has issued notices to 15 overseas crypto platforms and ordered their websites and apps to be blocked in India until they comply with the law.

Key highlights

- 15 overseas crypto platforms, including XT.com, WhiteBIT, DigiFinex, Bitunix, Pionex and Weex, have been served notices for offering services to Indian users without complying with India's PMLA framework.
- Since March 2023, every crypto platform serving Indian users—whether based in India or abroad—must register with FIU-IND as a reporting entity and comply with anti-money laundering requirements.
- Registered platforms are required to carry out Know Your Customer (KYC) verification, maintain transaction records and report suspicious transactions to FIU-IND.
- FIU-IND has clarified that compliance depends on serving Indian users, not on having a physical office in India. The affected platforms have been issued notices under Section 13 of PMLA and given an opportunity to respond through the prescribed enforcement process.

CAPITAL MARKET

SEBI Allows Digitally Signed PoA for FPIs

SEBI has allowed Foreign Portfolio Investors (FPIs) to execute and submit a Power of Attorney (PoA) using digital signatures the change removes the need for physical notarisation, apostillisation and consularisation, making FPI onboarding faster and reducing cross-border documentation delays

EXPORT IMPORT

CBIC eases deferred payment of EMI Scheme

The simplified documentation process for enrolment under the scheme will come into effect from September 15, a CBIC circular said. The 2026-27 Budget had introduced a new facilitation measure for trusted manufacturers by enabling the facility of deferred payment of Customs duty to a new category of importers called EMIs Under this, EMIs would be able to clear imported goods without paying Customs duty at the time of clearance. Instead, the applicable duty can be paid on a monthly basis as prescribed under the Deferred Payment of Import Duty Rules, 2016, helping manufacturers better manage cash flows and working capital. The facility is available from April 1, 2026, till March 31, 2028.

FTP Amendments Ease Rupee-Based Trade Settlement

The Amendments To the Foreign Trade Policy (FTP) to facilitate settlement of inter-national trade in Indian rupee are expected to provide greater flexibility to Indian exporters and their overseas trading partners in choosing the currency of invoicing and settlement.

DIRECT TAX

Indian Companies Rush to Align with UAE's 15% Minimum Tax Regime

As the United Arab Emirates (UAE) rolls out its new minimum tax regime, several large Indian multinational companies are assessing their tax exposure and reviewing their corporate structures ahead of the November registration deadline.

The 15% minimum tax could reduce the advantage of the UAE's existing 9% corporate tax rate and the 0% tax available on qualifying free-zone income for multinational groups that fall within the scope of the new rules.

The OECD Pillar Two Global Minimum Tax rules, implemented by the UAE in January 2025, apply to multinational groups with consolidated global revenue of at least €750 million (about $871 million) in two of the preceding four years. Where a group's effective tax rate falls below 15%, it may be required to pay additional tax.

The rules can also extend to relatively small UAE subsidiaries, free-zone entities, and branches of large Indian multinational groups, prompting companies to reassess their tax and compliance obligations in the country.

FAST-DS 2026 Rules notified for undisclosed foreign assets

The Government has operationalised the Foreign Assets of Small Taxpayers Disclosure Scheme (FAST-DS), 2026

Two categories under the scheme

Category	What it covers	Amount payable
Category 1 – Undisclosed foreign income/assets	Foreign income that should have been taxed in India but was not disclosed, or foreign assets whose source cannot be satisfactorily explained. The aggregate value must not exceed ₹1 crore.	30% tax on the asset/income plus a penalty equal to 100% of the tax, resulting in an effective outgo of 60%.
Category 2 – Reported income but undisclosed asset	Foreign assets up to ₹5 crore acquired from income earned while the taxpayer was a non-resident, or from income already taxed in India, but omitted from the foreign asset schedule of the return.	Flat fee of ₹1 lakh.

Other key points

- Valuation date: Foreign assets must be valued as on 31 March 2026.
- Four-form process: Compliance is completed through Form 1 (declaration), Form 2 (amount payable), Form 3 (payment intimation) and Form 4 (final certificate).
- The Rules prescribe valuation methods for foreign bank accounts, immovable property, quoted and unquoted shares, securities, jewellery, bullion and artwork.

Separate relief: The amended Black Money Act also provides prosecution relief for specified non-immovable foreign assets up to ₹20 lakh, but this is independent of FAST-DS and does not remove the Schedule FA disclosure requirement.

Arrest No Longer a Prescribed Tax Recovery Method

CBDT has removed arrest and imprisonment as a prescribed tax recovery method under Rule 225(erstwhile Second schedule - Rule 2 and 73 to 81).Recovery can still be made through attachment and sale of property, appointment of a receiver, and other statutory mechanisms. The amendment shifts the prescribed recovery process towards property-based recovery.

DIRECT TAX

REIT/InvIT Pass-Through Tax Benefits Require Careful ITR Reporting

Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) allow investors to participate in income-generating assets through professionally managed, exchange-listed investment vehicles. While REITs invest in commercial real estate such as office parks, malls, warehouses, and data centres, InvITs focus on infrastructure assets including roads, power transmission networks, renewable energy projects, and telecom towers.A key feature of business trusts is their pass-through tax structure, under which income generally retains its nature and is taxed only once—either in the hands of the unitholder or, in certain cases, at the Special Purpose Vehicle (SPV) level, with subsequent distributions remaining exempt. This helps prevent economic double taxation.Distributions from REITs and InvITs may include interest, dividends, rental income, or other components, each attracting different tax treatment. Investors should carefully review Form 77 (erstwhile Form 64B) to correctly identify the nature of each income stream while filing their Income Tax Return (ITR). Maintaining accurate records and reporting these distributions correctly can help avoid filing errors and ensure the appropriate tax treatment is claimed.

DIRECT TAX CASE LAWS

Ind AS Does Not Automatically Create Taxable Income

The company recognised notional income on interest-free security deposits under Ind AS 109.The tax department sought to tax this accounting income. ITAT held that Ind AS determines book accounting, not tax liability. Taxable income must be computed under the Income-tax Act and ICDS. Since no real income had accrued, the notional amount was not taxable. Accounting entries alone do not create taxable income.*(Aditya Birla Real Estate Ltd. v. ACIT (ITAT Mumbai)*

No TDS on Foreign Commission Paid to Overseas Agents

An exporter paid commission to foreign agents who procured orders outside India.The agents had no Permanent Establishment in India. ITAT held that the income was not taxable in India. Therefore, Section 195 TDS was not applicable. The related disallowance under Section 40(a)(i) was deleted. No TDS if overseas agents render services entirely outside India. *(Jupiter Comtex Pvt. Ltd. v. ACIT (ITAT Ahmedabad)*

No Immunity Under Section 270AA in Misreporting Cases

The assessee claimed an incorrect deduction under Section 80GGC.Although tax and interest were paid, penalty proceedings were initiated for misreporting. ITAT held that Section 270AA(3) bars immunity where the case falls under Section 270A(9).Payment of tax alone cannot secure immunity. Immunity is unavailable once the case is treated as misreporting. *(Mayur Bharatbhai Popat v. Ward 20(2)(1), Mumbai (ITAT Mumbai)*

One-Time Compensation for Fall in ESOP Value Not Taxable as Salary

The Mumbai ITAT held that a one-time compensation paid to an employee for the reduction in the value of stock options is not taxable as salary. The Tribunal noted that the employee had not exercised the ESOPs, received shares, or surrendered the options, and the compensation was a voluntary payment made after corporate restructuring.The ITAT clarified that Section 17(2)(vi) applies only when ESOPs are exercised and shares are allotted, resulting in a taxable perquisite. It also rejected the Revenue's attempt to tax the amount as profits in lieu of salary, holding that the payment did not arise from the employment relationship*[Ankit Jain v. DCIT, ITA No. 7979/Mum/2026 (Mumbai ITAT)]*

GST

GST Returns, Overseas Investments, Off-mkt Stock Deal Come under AIS

The Income Tax Department is broadening the scope of financial information required for taxpayers' annual information statements (AIS), bringing goods and services tax (GST) returns, foreign remittances for investment in mutual funds out-side banking channels, and off-market securities transactions under the data net.

GST CASE LAW

Telecom Towers Remain Movable Property-SC

The Supreme Court (sc) rejected the Central Goods and Service Tax Department’s petition seeking a review of last year’s order holding telecom tower as movable property and thus eligible for input tax credit.

OTHER LAWS

New Bill to end states' mineral tax

The centre has proposed to bar state governments from levying taxes and cesses of any form on mineral leasing rights or land bearing minerals and bring regulation of such land exclusively under it. The proposals in the Mines and Minerals (Development and Regulation) Amendment Bill.

1978 industry definition not to apply under new labour code: SC

A nine-member Bench of the Supreme Court held that the nearly half-a-century-old expansive interpretation of 'industry', which previously granted workers stronger labour rights and protection, will not apply under the new Industrial Relations Code, 2020 the 48 year old verdict exempted only core sovereign activities, such as judiciary, law and order and defence, from the purview of 'industry', as defined under Section 2(j) of the Industrial Disputes Act, 1947, in order to protect the state's functional autonomy.

Nabard Rejects ₹8,000-Crore Bond Bids as Investors Seek Higher Yields

State-owned Nabard rejected bids for its ₹8,000-crore five-year bond issue after investors demanded yields above 7.60%, significantly higher than the lender's target borrowing cost. Nabard had planned to raise funds at a yield of around 7.40%–7.45%, but market expectations shifted amid geopolitical uncertainties and evolving expectations around the RBI's policy outlook.

The proposed issue was one of the largest bond offerings in more than a month. The wider yield gap reflects growing investor caution, with expectations that borrowing costs could remain elevated if global risks continue to influence domestic debt markets.

OTHER LAWS

DPIIT-recognised start-ups added to "Source from India"

DPIIT-recognised start-ups can now join "Source from India" on the DGFT Trade Connect e-Platform. Eligible start-ups will receive a Start-up badge on their profile after verification through the DGFT IEC database, helping them showcase their products to overseas buyers.

IRDAI Asked to Link Third-Party Cover with Fuel Purchase

The Supreme Court directed the Insurance Regulatory and Development Authority of India (Irdai) to draw up a pilot project in consultation with the roads ministry to make valid third-party vehicle insurance compulsory for purchasing fuel at pumps.

It also ordered that all new four-wheeled vehicles sold in the country from September must have four years of third-party insurance coverage, compared with three now. For two-wheelers, the initial third-party coverage period must be six years, instead of five now.

OTHER IMPORTANT CASE LAWS

Valuation Report Not Mandatory for Share Capital Reduction

The Supreme Court held that a registered valuer's report is not a mandatory requirement for reduction of share capital under Section 66 of the Companies Act, 2013. The Court upheld Bharti Telecom's selective capital reduction, observing that compliance with the special resolution and NCLT confirmation requirements was sufficient and that no unfairness was established in the exit price offered to minority shareholders.*(Pannalal Bhansali v. Bharti Telecom Ltd. (SC)*

Registered Sale Deed Cannot Be Cancelled by Deputy Commissioner

The Gauhati High Court held that once a sale deed is registered under the Registration Act, 1908, the Deputy Commissioner becomes functus officio and cannot cancel it administratively. The case involved cancellation of a mother-son sale deed for want of a GMDA NOC. Relying on Satya Pal Anand v. State of M.P., the Court ruled that only a competent civil court can set aside a registered sale deed, and Section 21 of the General Clauses Act cannot be invoked to cancel a completed registration.*(Nilima Baishya & Anr. v. State of Assam & Ors. (Gauhati HC)*

Supreme Court Fixes Timeline for Reserved Judgments

Invoking Article 142, the Supreme Court issued nationwide binding guidelines for timely pronouncement of reserved judgments. Courts should ordinarily deliver reserved judgments within three months, while bail and liberty matters require faster disposal. The Court also directed that reasoned judgments be uploaded within 24 hours of pronouncement and introduced escalation mechanisms where delays persist.(*Pila Pahan @ Peela Pahan v. State of Jharkhand (SC)*

AI NEWS

Meta launches AI model that runs on your PC

Muse Glimmer is smaller than top AI models and is designed to run agentic tasks on a PC with a single graphics card. Open-weight models are typically cheaper than leading models from the likes of OpenAI and Anthropic.

SC orders wider crackdown on cyberfraud

The Supreme court directed the Reserve Bank of India (RBI) to put in place a standard opening procedure (SOP) for banks to deal with cyber fraud cases, including 'digital arrests' and mule accounts within four weeks. SOP will cover temporary hold on debit from mule accounts, a grievance redressal mechanism restoration of defrauded money, and measures to create public awareness.SC asks states, UTs to operationalize the State Cyber Crime Coordination Centers in four weeks. Directs feasibility study for introducing time-based curbs on telecom services for audio and video calls to prevent cyber fraud

India's AI Market to Reach ₹11.7 Lakh Crore by 2032

India's artificial intelligence (AI) market is projected to reach ₹11.7 lakh crore by 2032, triggering a sharp expansion in high-performance computing infrastructure and making data centres one of the country's most attractive investment opportunities. Operational data centre capacity is expected to increase more than fivefold, from 2.2 GW in 2025 to 12 GW by 2030, reflecting a compound annual growth rate (CAGR) of around 40%, according to Wood Mackenzie's report, India's Data Centre Landscape: Powering the Digital Economy. The rapid expansion is also expected to place significant pressure on India's electricity system. Data centre electricity consumption is projected to surge twentyfold, from 10 TWh in 2025 to around 204 TWh by 2040, when it could account for nearly 7% of the country's total power demand.

AI Salary Growth Widens Gap with Traditional Tech Skills

Artificial intelligence (AI) skills recorded 12% year-on-year salary growth, the highest among all technology categories tracked, according to the latest Foundit Insights Tracker. Computer and network security and semiconductor skills followed with 9% salary growth each.

Audit And Accounts

NFRA Forms Panel to Examine Audit Quality, Assurance, Tech

India's National Financial Reporting Authority (NFRA) has constituted a nine-member Advisory Committee on Audit Quality, Assurance and Technology.

₹7,380 Crore Foreign Remittance Probe Puts Form 15CB Under Spotlight

The Income Tax Department has uncovered an alleged ₹7,380 crore illegal foreign remittance network, leading to FIRs against 43 companies and five Chartered Accountants. The investigation alleges that shell companies used Form 15CB certificates to send money abroad without proper verification of the underlying transactions.

EDITORIAL National Sovereign Currency for International Trade and investments

An alternative to US Dollar towards a sustainable Solution

FY2025-26 (Apr 2025 - Mar 2026) is not yet complete and India's trade/FDI/ODI data releases lag by 1-3 months. Accordingly, this table uses **FY2024-25 (Apr 2024 - Mar 2025)** data.All values are in USD million unless noted.

Out of India's Top 50 trade partner countries, It may be noted from the table that Top 19 Countries with trade surplus enable India to meet trade deficit of other 25 trade deficit

Top 50 Trading Partner Countries Data for India (2024-25 Actual Data): Table 1

Amount (in US Million $)

Particulars	Exports	Imports	Trade Surplus / (Deficit)	FDI	Aggregate Cash Flow
Top 19 countries with Trade Surplus	193,782.29	93,669.61	100,112.68	12,592.15	112,704.83
Least 25 Countries with Trade Deficit	151,441.41	280,597.12	-129,155.72	24,791.43	-104,364.29
Other 6 Countries - Contributing major Trade Deficit	43,349.32	268,931.42	-225,582.09	945.35	-224,636.74
Total	388,573.02	643,198.15	-254,625.13	38,328.93	-216,296.20

countries after considering FDI inflows. Top 6 countries' net deficit of US $ 225 billion is the major balance task. This settlement of trade deficit of 25 Countries with trade Surplus of 20 Countries could enable India to deal with total about 44 Countries out of Top 50 trading partners in national currency of INR with the national currency of respective countries. Accordingly Top 6 Countries' trade and investment is to be settled in their respective currencies or in US dollars/Euro/Pound.

The aforesaid case study is provided to explain the concept of trade in national currencies. Detailed country wise data has been given in Table 2, Table 3 and Table 4.

It is important to debate the model by Economist, think tanks, Bankers, Trade bodies and of course by Central bank of different countries at bilateral or multilateral forums to give shape to the Concept proposed herein as an initiator, There will be several questions which can be answered by deliberations for example:

- **If a trading partner accumulates excess INR that cannot be immediately used, the system should provide how such balances may be utilized—for imports from India, permitted investments, or periodic net settlement.**
- **The system should provide for whether settlements would be based on market exchange rates, RBI reference rates, or mutually agreed bilateral rates.**

Note: Figures are in USD Million. Percentages indicate share in respective total.

Source: Ministry of Commerce & Industry, Government of India (Latest available data)

Table No. 2 – Top 19 countries with Trade Surplus

#	Country	Exports	Imports	Net Trade	FDI Equity Recd.	Remarks
1	USA	77,515.03	42,195.49	35,319.54	5,456.57	Largest trade partner; largest trade surplus
2	Netherlands	22,366.86	4,966.49	17,400.37	4,619.50	Large trade surplus + major FDI/holding-company jurisdiction
3	Bangladesh	11,065.87	1,844.76	9,221.11	0.002	Large surplus; key regional export market
4	Nepal	7,040.98	831.11	6,209.87	1.82	Large surplus; landlocked neighbor
5	United Kingdom	12,922.65	8,413.59	4,509.05	795.27	FTA signed 2025, not yet in force this FY
6	Kenya	3,174.83	176.34	2,998.49	0.36	
7	Italy	8,765.78	5,796.48	2,969.30	163.53	
8	Turkey	6,654.63	3,780.29	2,874.34	13.04	
9	Sri Lanka	4,116.90	1,424.23	2,692.66	1.66	
10	Israel	4,525.92	2,007.18	2,518.74	19.39	Defence trade
11	Togo	3,229.01	850.39	2,378.62	Negligible/nil	
12	Egypt	3,520.62	1,157.44	2,363.19	0.13	
13	Spain	4,793.70	2,454.95	2,338.75	290.71	
14	Mexico	5,324.23	3,104.23	2,220.00	17.42	
15	Tanzania	4,616.62	3,291.92	1,324.71	0.12	
16	Poland	2,436.27	1,504.26	932.01	27.73	
17	Philippines	2,097.17	1,433.60	663.57	56.22	
18	Belgium	7,837.17	7,236.82	600.35	1,128.67	Diamond trade hub (Antwerp)
19	Romania	1,778.05	1,200.04	578.01	0.01	
	Total	**1,93,782.29**	**93,669.61**	**1,00,112.68**	**12,592.15**	**1,12,704.83**

Table 3: Least 25 Countries with Trade Deficit

#	Country	Exports	Imports	Net Trade	FDI Equity Recd.	Remarks
1	Oman	4,426.47	4,520.84	-94.37	11.71	Near-balanced trade
2	Brazil	6,021.84	6,208.49	-186.66	2.02	
3	Mozambique	1,996.00	2,419.11	-423.11	Negligible/nil	
4	Nigeria	3,626.40	4,229.80	-603.40	0.32	Crude oil imports
5	Canada	3,845.29	4,553.24	-707.95	313.83	
6	France	7,141.09	7,971.16	-830.07	809.14	Defence/aerospace trade
7	Argentina	1,085.75	2,496.06	-1,410.31	Negligible/nil	
8	South Africa	8,707.53	10,538.23	-1,830.70	22.89	Gold/coal imports
9	Colombia	1,218.86	3,069.51	-1,850.66	0.05	
10	Peru	920.09	3,114.31	-2,194.22	0.01	
11	Angola	697.72	3,495.04	-2,797.31	0.02	Crude oil imports
12	Vietnam	5,470.15	9,345.07	-3,874.91	23.95	ASEAN FTA partner
13	Thailand	5,038.97	9,909.23	-4,870.27	52.62	ASEAN FTA partner
14	Ireland	702.73	5,681.45	-4,978.72	138.03	Pharma/tech imports; also a holding-company jurisdiction
15	Malaysia	7,262.15	12,754.01	-5,491.86	49.44	ASEAN FTA partner
16	Kuwait	2,103.22	8,362.82	-6,259.60	6.96	Crude oil-driven deficit
17	Taiwan	1,840.59	8,278.63	-6,438.03	126.52	Electronics/semiconductor imports
18	Singapore	14,414.27	21,199.25	-6,784.98	14,942.42	Largest single FDI equity source; financial hub routing
19	Germany	9,839.63	16,644.27	-6,804.63	469.15	Machinery/auto imports
20	Australia	7,940.75	16,159.20	-8,218.45	77.94	Coal/mineral imports; ECTA partner
21	Qatar	1,700.01	12,342.51	-10,642.50	7.21	LNG-driven deficit
22	Hong Kong	8,243.93	20,448.41	-12,204.49	81.29	Entrepot/re-export hub
23	UAE	35,625.02	48,025.58	-12,400.56	4,345.33	Major FDI source + trade hub
24	Japan	5,156.28	17,695.52	-12,539.24	2,478.14	CEPA partner
25	South Korea	6,416.67	21,135.38	-14,718.72	832.44	CEPA partner
	Total	**1,51,441.41**	**2,80,597.12**	**-1,29,155.72**	**24,791.43**	**-1,04,364.29**

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Table No. 4 – Other 6 Countries - Contributing major Trade Deficit

#	Country	Exports	Imports	Net Trade	FDI Equity Recd.	Remarks
1	**Indonesia**	5,988.88	23,410.61	-17,421.73	5.18	Coal/palm oil imports
2	**Switzerland**	1,526.92	21,248.02	-19,721.09	865.21	Gold/precious metal imports dominate
3	**Saudi Arabia**	11,558.57	31,416.37	-19,857.80	51.17	Crude oil-driven deficit
4	**Iraq**	3,354.73	29,961.36	-26,606.63	0.02	Crude oil-driven deficit
5	**Russia**	4,261.31	61,159.30	-56,897.99	21.10	Deficit driven by crude oil imports
6	**China**	16,658.91	101,735.76	-85,076.85	2.67	India's largest trade deficit by far
	Total	**43,349.32**	**2,68,931.42**	**-2,25,582.09**	**945.35**	**-2,24,636.74**

Glimpses of Income Tax Expert Study Group Meeting- 20

5th September, 2026(Saturday)

Lecture Room 1,India International Centre (Annexee) 40, Max Mueller Marg, New Delhi









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