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EDITORIAL Indian Economy – A Road to Strategic Consolidation



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The ongoing war between the USA, Israel, and Iran has brought the entire world to a massive geopolitical crisis, creating an unprecedented imbalance in the global economy. This situation has disrupted the supply of gas, petroleum, and other essential commodities, while severely impacting the logistics backbone of international trade.

The Indian economy, however, has shown remarkable resilience in such a stormy global atmosphere under the able leadership of the current government and the collective commitment of every Indian citizen toward austerity and self-reliance. The latest appeal to voluntarily restrict purchases of gold and other imported luxury items are important steps in the right direction.

In the current scenario, it is imperative for all Indians to:

- Conserve all foreign exchange resources
- Reduce dependence on imported energy sources, particularly petrol and gas, by curtailing consumption wherever possible
- Not to purchase Gold unless absolutely necessary
- Not to invest in Mutual funds and exchange traded funds where underlying asset is gold.
- Develop substitutes for goods and services where India remains dependent on foreign nations
- Encourage every Indian to innovate and create domestic products and services that can replace foreign alternatives
- Reduce foreign travel and restrict it only to essential economic activities
- Boycott foreign luxury and fashion brands
- Invest primarily in Indian domestic companies and avoid excessive foreign-linked stocks and funds
- Encourage Non Resident Indians to remit foreign earnings back to India and invest international savings domestically

► contd. to page 8

The Backbone of Amrit Kaal: Securing the Future of SMPs in an Era of Mega-Firms



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As India cements its position as a global economic powerhouse—currently navigating past the \$4 Trillion GDP mark—the vision for Amrit Kaal 2047 is ambitious: to multiply our economy seven to eight times and emerge as a fully developed nation. Achieving this monumental scale requires an ecosystem of globally competitive Indian professional service firms.

The Government of India and the Institute of Chartered

Accountants of India (ICAI) have rightly recognized this need. Through proposed amendments to the Companies Act to enable Multi-Disciplinary Partnerships (MDPs) and the thorough revision of International and Domestic Networking Guidelines, the groundwork is being laid for Indian mega-firms. The integration of CAs, CSs, CMAs, and eventually advocates, engineers, and MBAs into unified consulting powerhouses is a massive step in the right direction. However, as we accelerate towards building these larger outfits, we must pause to consider the foundation upon which India's financial compliance and entrepreneurial growth have been built for the past eight decades: the Small and Medium Practices (SMPs).

The SMP Dilemma: The Threat to Cross-Subsidization

Indian Chartered Accountants, particularly through SMPs, have been the unsung heroes of nation-building. They have nurtured startups, guided unorganized businesses into the formal economy, and acted as the primary financial advisors to the MSME sector.

The financial viability of an SMP heavily relies on a delicate balance. Typically, an SMP's major earnings come from a handful of Medium Enterprises. The revenue generated from these larger clients allows the firm to cross-subsidize the immense time and effort spent nurturing smaller, unorganized businesses that cannot yet afford premium

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consulting fees.

As the push for larger firms intensifies, these Medium Enterprises are naturally drawn toward the expanding capabilities of mega-firms and MDPs. While this migration is a natural byproduct of economic scaling, it critically threatens the SMP business model. If SMPs lose the lucrative clients that subsidize their foundational work, their ability to incubate the next generation of MSMEs at affordable rates will be severely crippled.

To ensure that the professionals engaged in SMPs can maintain a viable livelihood while discharging their noble duties, targeted support mechanisms are urgently required.

How the Government Can Support and Strengthen SMPs

To protect the grassroots financial advisors of our economy, policymakers must ensure that the rise of mega-firms does not come at the cost of SMP survival.

- **Categorized Empanelment and Reserved Audits:** The government can mandate that specific localized audits—such as municipal corporations, regional rural banks, local cooperative societies, and state-level grants—be exclusively reserved for SMPs based in those respective regions.
- **Subsidies for Technological Upgradation:** To help SMPs compete and maintain high-quality service standards, the government could offer tax incentives or direct grants for the procurement of advanced audit tech, cybersecurity tools, and AI-driven data analytics software.
- **Incentivizing MSME Consultations:** The government could introduce schemes where MSMEs receive vouchers or subsidies specifically to hire SMPs for compliance, restructuring, and formalization, ensuring SMPs are compensated fairly for their foundational work without overburdening the small business owner.

How ICAI Can Empower the SMP Ecosystem

As the regulatory body and the guardian of the profession, ICAI plays a crucial role in future-proofing SMPs.

- **Access to Centralized Tech Infrastructure:** ICAI can leverage its massive scale to negotiate enterprise licenses for premium auditing, valuation, and ERP software, providing them to SMPs at heavily subsidized rates or provide them on centrally deployed servers with adequate training and support. This can be done at viable pricing using economies of scale.
- **Enforcing Minimum Recommended Fees:** To prevent larger firms from predatory pricing or undercutting SMPs to capture the lower end of the market, ICAI must strictly promote and monitor adherence to minimum recommended fee structures by firms beyond a particular size.

Conclusion

The creation of truly enabled Multi-Disciplinary consulting firms from India is a necessity for our global aspirations. However, nation-building is not just about the apex; it is

about the roots. SMPs have held the hand of the Indian entrepreneur through thick and thin. By implementing strategic safeguards and support systems, both the Government and ICAI can ensure that while Indian mega-firms conquer the globe, our SMPs continue to fortify the domestic economy—making adequate livelihoods and sustaining the true spirit of partnership in India's growth story.

LATEST IN FINANCE

What India-New Zealand FTA Holds

- **India's gains:** New Zealand to eliminate duties on imports from India as soon as the FTA becomes operational. At present, it maintains duties of around 10% on 450 items of Indian exports like textile and apparel products, leather, ceramics, carpets, automotive components and vehicle assembly. Agriculture and plantation products like tea, coffee and spices also to benefit.
- **Products excluded:** Dairy items like milk, cream, whey, yoghurt and cheese are kept out. Animal products other than sheep meat, vegetable products, sugar, artificial honey, animal, vegetable or microbial fats and oils, gems & jewellery, copper & its articles, aluminium and its products are also excluded.
- **India's offer to New Zealand:** India has offered market access in 70% of the tariff lines while excluding 30%. Immediate elimination on 30%, phased reduction in 35.6%, tariff reduction in 4.4% and Tariff Rate Quotas or limits on the quantity that can be imported at lower duties has been offered for a small number of tariff lines.
- **Process left:** The FTA will have to be ratified by both countries before it can be implemented. In India it is an executive process while in New Zealand it will require the approval of Parliament. Coalition partner of New Zealand Prime Minister Christopher Luxon's New Zealand National Party - New Zealand First - has opposed the deal. Luxon has, however, managed to get the support of the Labour Party for the deal. Ratification process can go for up to a year.

E-Mandate on Cross-Border Payments

Aimed to minimise digital fraud, the Reserve Bank of India has also brought cross-border recurring electronic payments using cards, prepaid instruments and UPI under its electronic mandate rules. Facility to opt out must be provided. The revised master direction said financial institutions must provide a customer with a facility to opt out of any particular transaction, or the e-mandate, validated through an additional factor authentication (AFA). An intimation of this opt out must be sent to the customer. The central bank has set a ₹15,000 per transaction limit for recurring electronic mandate transactions and a ₹1 lakh limit for recurring payment of credit card, insurance and mutual funds without any AFA. Banks and other financial institutions must send a pre-transaction notification to the customer, at least 24 hours prior to the actual charge / debit. Pre-transaction notification is not required for e-mandates registered to auto-replenish balances of FASTag, and National Common Mobility Card (NCMC).

Govt Reviews Divestment Plans, IDBI Bank Stake Sale

The government on Monday reviewed its disinvestment strategy, including the IDBI Bank strategic sale. A core group of secretaries, headed by cabinet secretary Shri T.V. Somanathan, deliberated on the way forward.

FM Flags Risks to banking from Mythos

Finance Minister Nirmala Sitharaman met heads of banks to review risks related to artificial intelligence (AI), amid global concerns over Anthropic's Mythos model potentially threatening the data security of financial systems.

Tweak sought in capital norms for urban coop bank license

The Reserve Bank of India is evaluating requests to lower the minimum capital requirement to ₹ 200 crore for co-operative credit societies seeking an urban cooperative bank (UB) licence, people familiar with the matter said. The central bank had proposed a ₹ 300 crore threshold in a discussion paper issued in discussion paper in January.

RBI Relaxes NDF Restrictions, Banks Exercise Caution

Three weeks after imposing emergency restrictions to contain sharp rupee volatility, the Reserve Bank of India has rolled back curbs on banks offering rupee non-deliverable forward (NDF) contracts to clients and restored corporate flexibility to rebook cancelled foreign exchange derivative contracts. Under the revised framework, banks and authorised forex dealers can now operate within the existing \$100 million open position exposure limit, providing greater room for client hedging and forex risk management. While the move offers much-needed operational breathing space and signals improved confidence in currency market stability, banks remain cautious in fully restoring NDF offerings due to ongoing exchange rate uncertainties and prudent exposure management.

RBI to track offshore rupee trades

The Reserve Bank of India (RBI) on Monday asked banks to report offshore rupee-linked derivative contracts executed by their group entities. The directive, which comes into force from July 2027 in a phased manner, signals a decisive shift in the regulator's approach—from monitoring domestic transactions to tracking the full global footprint of rupee trades. Providing some operational flexibility, the regulator said that banks are not required to report transactions undertaken in terms of the back-to-back arrangement. It also exempts banks from reporting contracts with notional value under \$1 million.

Gold loans emerge as India's second-largest retail credit product

Gold loans have grown rapidly to become India's second-largest retail credit product by balance share after housing loans amid rising borrower adoption, higher ticket sizes and broader lender participation, according to TransUnion CIBIL's Gold Loan Land-scape Report. Even as gold loans share in India's retail credit portfolio has risen 3.8 times from 5.9 per cent in March 2022 to 11.1 per cent by December 2025.



Honesty
ईमानदारी के लिए हम प्रतिबद्ध हैं

Metals and mining giant Vedanta Ltd said it had fixed May 1 2008, as both the effective date and record date for its long-awaited demerger. This marks a key step in the group plan to split its diversified business entities into separate listed entities Vedanta will carve out its aluminium, power, oil and gas, and iron ore businesses into four Independent companies,

The four resulting entities are

- Vedanta Aluminium Metal Ltd (VAMLA)
- Talwandi Sabo Power Ltd (TSPLA),
- Makes Energy Ltd. (MEL) and
- Vedanta Iron and Steel Ltd (VISLA)

In a significant internal restructuring move, Vedanta also approved the transfer of its shareholding in Bharat Aluminium Company Ltd (Balco) to the VAML. The transfer will be executed through the Issuance of compulsory convertible debentures by VAML and is expected to be completed by April 30, 2026. Certain non-convertible debentures linked Balco will be transferred to VAML as part of the scheme.

India loses fifth-largest economy tag by a whisker

A Fall in India's nominal GDP—resulting from the base year revision from 2011-12 to 2022-23, changes in data composition and sectoral weights, and an nearly 9% depreciation of the rupee over the past year—might have delayed India's rise to the world's fourth-largest economy to 2027 from the earlier expectation of 2025, according to the International Monetary Fund (IMF). The United Kingdom, which India overtook in 2022, regained the fifth position from India in 2025. At current prices, India's GDP stood at \$3.92 trillion in 2025, slightly below the UK's \$4 trillion. However, India is still projected to regain momentum, surpass both the UK and Japan by 2027 to become the fourth largest economy, and further overtake Germany by 2031 to emerge as the third-largest globally.

Pay Point Joins RBI's Core Payment System

In a milestone for India's fintech ecosystem, Pay Point India Network has become the first private sector fintech to secure membership in the Centralised Payment System (CPS) of the RBI. Until now, access to CPS was largely restricted to banks and a handful of large financial institutions such as National Payments Corporation of India, Clearing Corporation of India, Deposit Insurance and Credit Guarantee Corporation, and stock exchanges.

With this development, Pay Point India gains direct access to core payment systems like Real Time Gross Settlement and National Electronic Funds Transfer eliminating its dependence on intermediary banks for fund transfers and settlements. In line with this status, the company has also been assigned its own IFSC code and now operates both a current account and a settlement account directly with the RBI. **The Centralised Payment System (CPS) is owned and operated by the Reserve Bank of India and serves as a unified platform for processing both large-value and retail transactions, helping reduce systemic risks across the financial ecosystem. RTGS and NEFT are its primary components.**

RBI Plans Clearer Path for Prepaid Facilities

PPI is a payment instrument in which money is loaded and which facilitates subsequent transactions utilising the fund. These Instruments are categorised as general purpose PPI, gift PPI, transit PPI, PPI for NRIs, besides certain other specific purpose PPI. RBI said that as part of its continued efforts to develop a conducive framework for long-term growth of PPIs with enhanced security of transactions, a comprehensive review of the extant guidelines has been undertaken. Accordingly, a draft Master Direction on Prepaid Payment Instruments was issued, and comments were invited by May 22, 2026.

Atomic Energy Commission clears FDI policy for N-power

The Atomic Energy Commission has approved the new foreign direct investment policy for the nuclear power sector. This brings the country a step closer to opening the sector for private participation in line with the Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Act, 2025.

CAPITAL MARKET

Regulator sets Dec deadline for net settlement of FPI trades

The Securities and Exchange Board of India (SEBI) has operationalised its earlier proposal to allow net settlement of funds for foreign portfolio Investors (FPIs) in the cash market, setting a deadline of December 31, 2026 for implementation. Under the revised framework, FPIs will be allowed to net fund obligations for "outright transactions" those involving only a purchase, or only sale in a security within a settlement cycle. Trades where both buy and sell transactions occur in the same security during the cycle will continue to be settled on a gross basis. The markets regulator has clarified that while fund obligations can be netted, settlement of securities between FPIs and custodians will continue on a gross basis.

NSE gets SEBI nod to invest in proposed coal exchange

The National Stock Exchange (NSE) has received an approval from the Securities and Exchange Board of India (Sebi) to invest in the proposed National Coal Exchange of India. NSE said that it will soon apply to the Coal Controller Organization to secure a licence for setting up the coal exchange under relevant regulatory provisions. The proposed exchange is intended to facilitate electronic spot trading of coal through standardised contracts, enabling transparent price discovery and defined settlement mechanisms for market participants.

Civic Bodies Turn to Bond Market After Budget Incentive

More recently the government has introduced a scheme aimed at larger municipalities, nudging larger corporations like Mumbai and Delhi towards issuances of 1,000 crore, with an incentive of 100 crore. The structure effectively lowers borrowing costs by around 1-1.5 per centage points, enhancing the appeal of market based financing urban infrastructure. Both states and Centre give grants to municipal corporations to have development at the local level, but they are no longer enough.

Municipal bodies with the largest outstanding bonds Corporations

Corporations	In ₹ cr	Corporations	In ₹ cr
Greater Hyderabad MC	495	Lucknow MC	200
Ahmedabad MC	400	Pune MC	200
Indore MC	384	Bhopal MC	175
Greater Chennai Corp	205	Coimbatore MC	150
Nashik Municipal Corp	200	Ghaziabad Nagar Nigam	150
Surat Municipal Corp	200		
Pimpri Chinchwad Municipal Corp	200		
Total outstanding	4,340		

FEMA

Bank Warns Against Select Card Transactions Abroad

Bank have alerted its customers to refrain from swiping credit, debit and forex cards to buy stocks, float companies and own properties abroad. They have unambiguously stated, that "as per regulatory guidelines capital account transactions outside India are not permitted" using credit cards making the initial deposit for Dubai property deals have been recently questioned by the Enforcement Directorate. Many residents, out of sheer convenience, swipe their international cards for overseas property bookings or initial share capital remittances into foreign entities, unaware that such payments are not recognised as valid remittances under the Overseas Investment Regulations, 2022.

A resident individual can annually remit up to \$250,000 under the RBI's (LRS) liberalised remittance scheme to Invest abroad using banking channels as well as carry out current account transactions like shopping, dining, booking hotels and tickets during overseas holidays, subscribe to foreign publications and download music from merchants abroad. Unlike the overseas investment route, where a company can borrow and remit up to four times its net worth to set up a business abroad or acquire a firm, individuals cannot take a loan from a local bank to invest abroad through the LRS window

SP Group to Raise ₹25.4k cr via Bonds, Loans- Case study

Shapoorji Pallonji Group is set to close a roughly ₹25,400 crore three-year rupee-denominated debt raise by May 15, with annual coupons of around 18.75%, through a combination of USD bonds and bespoke loans from foreign banks, domestic investors and global private credit multiple people familiar with the matter told ET. Proceeds will be used primarily to refinance about ₹16,500 crore of rupee-denominated bonds at Goswami Infratech, with roughly ₹4,000 crore earmarked for partial repayment of existing Porteast bondholders. Both the Goswami and Porteast borrowings are secured against the group's 18.38% stake in Tata Sons, held through Cyrus Investments and Sterling Investment.

Drawback on Re-Export of Duty Paid Goods Cleared from SEZ to DTA – Eligibility Clarified

Customs authorities clarified that goods supplied from Special Economic Zones (SEZ) to Domestic Tariff Area (DTA) must be treated as imports for drawback purposes, in line with Section 30 of the SEZ Act, which treats SEZs as foreign territory for trade operations and subjects such clearances to customs duties. The clarification confirms that where duty-paid goods imported into DTA from SEZ are subsequently re-exported and are properly identifiable, such goods qualify for drawback under Section 74 of the Customs Act. This ensures uniform treatment of SEZ-origin goods and removes interpretational inconsistencies in re-export drawback eligibility.

DIRECT TAX

Delhi HC Reaffirms Corporate Veil: Company Income Cannot Be Taxed Directly in Shareholders' Hands The Delhi High Court has ruled that shareholders, irrespective of ownership percentage, legally own shares in a company and not the company's underlying assets or income. Accordingly, corporate income—including rental income or capital gains—cannot be directly taxed in shareholders' hands unless specifically distributed as dividend under applicable tax provisions. Emphasizing the separate legal identity of a company as a distinct juristic person, the Court held that tax liability under the Income Tax Act must be strictly based on statutory provisions and cannot be expanded through artificial deeming concepts. The ruling reinforces core corporate law principles and limits aggressive tax attribution to shareholders absent explicit legislative authority.

DIRECT TAX CASE LAW

Interest on Pre-Operative Deposits Held as Capital Receipt (Not Taxable)

Facts: The assessee, during the business setup phase, parked surplus funds (including capital/borrowings earmarked for project implementation) in bank deposits until deployment. Interest was earned in this pre-operative period before commencement of business. The department sought to tax such interest under "Income from Other Sources," contending it was independent income.

Decision: It was held that where deposits are inextricably linked to the setting up of the business/project, the interest is a capital receipt, not taxable as income. Such interest should be adjusted against project cost / capital work-in-progress, rather than taxed separately. The decisive test is the nexus with business setup—if funds are temporarily parked pending utilization for the project, the interest retains a capital character; if the deposit is independent of the project, it may be taxable. *VNG Automotive Private Limited vs ACIT, Delhi HC, 10/04/2026*

Share Buyback – No Deemed Property Acquisition or Taxable Income on Share Extinguishment

The Delhi High Court ruled that buyback of shares results in extinguishment and cancellation of share capital rather than acquisition of an asset or property by the company. Once shares are bought back, they cease to exist and do not remain as transferable property. Accordingly, treating buyback transactions as acquisition of property capable of generating

deemed taxable income was held to be legally unsustainable. The judgment reinforces the capital reduction character of buyback transactions. *(PCIT vs Globe Capital Markets Ltd, Delhi HC, 07/04/2026)*

Project-Linked Fixed Deposit Interest – Capital Receipt Due to Direct Nexus with Real Estate Development

The Delhi High Court held that interest earned on fixed deposits created from project-specific funds, including foreign direct investment and project loans, is not taxable under "Income from Other Sources" where such deposits are directly and inseparably linked to execution of the underlying real estate project. Since the deposits were incidental to project financing and fund deployment, the interest was treated as capital in nature and allowed to be adjusted against project development costs. *(PCIT vs Brahma Centre Development Pvt Ltd, Delhi HC, 23/09/2025)*

Reinsurance Premiums to Non-Residents – No TDS Liability, No PE Exposure, MAT Inapplicable

The Supreme Court held that reinsurance premiums paid by Indian insurers to foreign reinsurers are not taxable in India where no taxable presence exists under applicable tax treaties. Foreign brokers facilitating such transactions were held not to constitute a Permanent Establishment in India. Consequently, no withholding tax obligation arises on such payments. The Court further confirmed that insurance companies are outside the scope of MAT provisions under Section 115JB. *(PCIT vs Cholamandalam MS General Insurance Company Ltd, Supreme Court, 06/04/2026)*

Online Education Platform Revenue – Not Taxable as FTS Due to Failure of 'Make Available' Condition

The Supreme Court held that income earned by US-based Coursera from providing online educational platform services to Indian users does not qualify as Fees for Technical Services or Fees for Included Services under the India-USA DTAA. The Court ruled that the services did not satisfy the "make available" test, as no technical knowledge, skill, or expertise was transferred to users.

Accordingly, such income was held non-taxable in India. *(CIT (International Taxation) vs Coursera Inc, Supreme Court, 01/04/2026)*

GST

Monthly GST-Based Service Output Index Proposed

MoSPI has proposed launching an Index of Service Production (ISP) with 2024-25 as the base year to measure monthly output of India's formal services sector using GST data.. This will provide an output-based indicator for policy and economic monitoring.

GST Appeal Portal – Editable Pre-Deposit Percentage Enabled in Form APL-01

GSTN has updated the GST portal to make the pre-deposit percentage field editable while filing appeals in Form APL-01. Earlier, the portal auto-populated a fixed 10% pre-deposit under Section 107(6) of the CGST Act without modification. The revised functionality now allows taxpayers to adjust the pre-deposit percentage based on case-specific legal requirements and accurately compute and pay the applicable appeal pre-deposit.



TRUTH
सत्य के लिए हम प्रतिबद्ध हैं



Industries urge GST Council to allow inverted duty refunds on input services

Ahead of the next GST Council meeting, industry leaders are pushing for a significant policy shift-allowing input tax credit (TTC) refunds on input services under the inverted duty structure (IDS) Currently, manufacturers can often only claim refunds on raw materials (inputs), leaving tax paid on services (like legal, consulting, or logistics) trapped as a cost Experts feel that absence of such a mechanism creates structural disadvantage for manufacturers.

Cost for manufacturers due to non-allowance of inverted duty refunds on input services

Particulars	Amount (Assuming total turnover at ₹100)
ITC goods	6.06
ITC services	4.06
Total ITC	10.12
Turnover	100.00
GST @ 5%	5.00
Excess ITC	5.12
Refund	2.86
Balance (Cost to manufacturers)	2.26

GST CASE LAW

GST | Alleged ₹11.44 Crore Fake ITC Fraud: Chhattisgarh HC Grants Bail

Facts:

Santosh Wadhvani was accused by DGGI, Raipur of fraudulently availing and passing on Input Tax Credit (ITC) of ₹11.44 crore through fake invoices without actual supply of goods using four allegedly non-operational entities—M/s Aksha Trading, M/s M.K. Enterprises, M/s Dishankar Trading, and M/s Giridhar Gopal Impex Pvt. Ltd. Authorities alleged that transactions were merely paper entries, with no physical movement of goods, resulting in wrongful ITC claims and substantial loss to the exchequer. Summons were issued, documentary evidence including invoices, e-way bills, bank statements, and transaction records were furnished, and bank accounts with approximately ₹99.38 lakh were attached. The applicant was arrested on 29.01.2026 under Section 132 of the CGST Act.

Decision:

The Chhattisgarh High Court held that since the prosecution case was largely documentary in nature and all key evidence was already seized, no further custodial interrogation was necessary. With the complaint already filed, offences being compoundable, maximum punishment limited to five years, and no concrete proof of witness tampering or evidence destruction risk, continued detention was unwarranted. Considering prolonged custody and likely trial delays, the

Court granted regular bail on furnishing bond and surety. *Santosh Wadhvani v. Directorate General of Goods and Service Tax Intelligence [2026] 185 taxmann.com 551 (Chhattisgarh HC)*

ITC on Land Lease Rentals for Factory Construction – Credit Blocked as Construction Cost

The Gujarat AAAR held that GST paid on annual land lease rentals for land used in factory construction is not eligible for Input Tax Credit under Section 17(5)(d) of the CGST Act. The authority ruled that lease rentals directly linked to construction form part of construction cost, thereby attracting blocked credit provisions. Accordingly, ITC on such lease payments was denied. *(Agratas Energy Storage Solutions Pvt Ltd, AAAR Gujarat, 04/04/2026)*

Parallel GST Adjudication by Central and State Authorities – Duplicate Proceedings Prohibited

The Himachal Pradesh High Court held that Section 6(2)(b) of the GST framework prohibits parallel adjudication proceedings by Central and State GST authorities on the same subject matter. While investigative actions such as summons may continue independently, once formal adjudication is initiated by one authority, the other authority cannot commence duplicate adjudication on the identical issue. The ruling emphasizes inter-authority coordination to avoid overlapping tax proceedings. *(HM Steels Limited vs Joint Commissioner, Himachal Pradesh HC, 09/04/2026)*

OTHER IMPORTANT CASELAWS

COMPANY LAW

ROC Hyderabad Adjudication Order | Section 42 Private Placement Violation

Digilogic Systems Ltd. was penalized by ROC Hyderabad for violating Section 42(6) and 42(10) of the Companies Act, 2013 during a ₹6.12 crore private placement of 2,55,319 equity shares. While the company completed allotment and filings, it failed to maintain share application money in a compliant separate bank account and transferred funds before filing PAS-3, along with initially incomplete MGT-14 disclosures. ROC held that these were material statutory violations despite the company's defense of substantial compliance and professional advice. **Accordingly, ROC imposed the maximum penalty of ₹2 crore each on the company and three officers in default, totalling ₹8 crore, with directions to rectify defaults and pay within 90 days.** The case highlights that private placement compliance is interpreted strictly, and even procedural lapses in banking and disclosure can trigger major financial and governance consequences for promoters, directors, and pre-IPO companies.

IBC

Insolvency Law Not a Tool for Debt Recovery: SC

Striking down an NCLT ruling the SC reiterated that the insolvency law cannot be invoked as a mechanism for debt recovery, and cautioned that the insolvency process is a remedy with "far-reaching consequences" and must be used for cases of genuine insolvency or financial distress and not for the enforcement of money decrees. It said that the Code was enacted to provide for the reorganisation and insolvency resolution of corporate persons in a time bound manner for



DISCIPLINE
अनुशासन के लिए हम प्रतिबद्ध हैं



the maximisation of the value of assets and it cannot "be misused as a tool for recovery or as a lever to coerce payment. It is not debt recovery legislation... It is not a proceeding for the benefit of individual creditors seeking to recover their dues.

The moratorium under Section 14 operates in the interest of the corporate debtor itself. The resolution process is not intended to be adversarial toward the corporate debtor but rather to be protective of its interests," a bench comprising Justices PS Narasimha and Justice Alok Aradhe ruled.

SBI moves SC to review Spectrum ruling, flags errors in IBC reading

State Bank of India (SBI) has approached the Supreme Court (SC), seeking a review of its February 13 judgment that held telecommunications spectrum could not be treated as an asset under insolvency proceedings. The review petition challenges the court's conclusion that spectrum, though reflected as an asset in company books, cannot be subjected to proceedings under the Insolvency and Bankruptcy Code (IBC), 2016. In its petition, the lender said the judgment 161719 would have far-reaching consequences.

Fin Creditors set for Lead Role in Insolvency Script

A compact process proposed to speed up insolvency resolution can be initiated only by financial creditors having a combined share of at least 51% in debt, according to the draft regulations floated by the bankruptcy regulator. The defaulting firm in such cases must respond in 30 days to lenders' notice seeking proceedings under the Creditor-initiated Insolvency Resolution Process (CIIRP).

Creditors need only to report to the National Company Law Tribunal (NCLT) and the bankruptcy regulator about their plan to initiate insolvency proceedings in a stipulated format, containing details such as proof of debt and verification of the existence and amount of default. This bypasses the time-consuming insolvency case admission process involving the NCLT.

The tribunal's role will be limited mainly to imposing a moratorium on the stressed firm's assets and approving the resolution plan, apart from hearing any objection raised by the corporate debtor.

Time-bound rescue under CIIRP:

- Debtor must file objection, if any, with NCLT in 30 days
- RP will seek EOIs from investors in 50 days of starting insolvency
- Obtain resolution plans in 90 days
- Plans must go for NCLT nod in 120 days
- Process completion in 150 days (extendable by 45 days)

Streamlined CIRP processes:

- Personal guarantors to stressed cos to file detailed asset disclosure
- Easier rules to improve pre-pack scheme for MSMEs
- Liquidation to be over in just 180 days (extendable by 90 days)
- The debtor will continue running affairs during the process under scrutiny of the committee of creditors.
- This is likely to preserve business continuity, protect going concern value and minimise liquidation.

- "The move seeks to push toward better information flow, creditor control and time-bound processes.
- "The CIIRP framework provides a structured and time-bound pathway for arriving at a commercially viable resolution for the corporate debtor by enabling early, creditor-led intervention upon default.

Other Stipulations:

The IBBI has proposed fresh regulations covering the CIRP, information utilities, voluntary liquidation, pre-packaged insolvency processes, as well as insolvency frameworks for personal guarantors and corporate debtors, grievance handling, inspection and investigation, to align with the latest IBC amendments.

Special NCLT Bench likely for Cross-border Cases

India plans to setup a special bench of the National Company Law Tribunal (NCLT) with trained man power to handle cross-border Insolvency cases once the new bankruptcy rules are notified, to fast-track proceedings, people aware of the matter said.

The cross border framework, approved last month as part of amendments to the Insolvency and Bankruptcy Code (IBC), will be based on a model UN law with modifications to suit the Indian context.

It seeks to enable easier access for creditors to overseas assets of stressed companies and allow India to seek cooperation from foreign courts to bring such assets under insolvency proceedings.

PMLA

Tribunal gives major relief to builder Bhosale in PMLA case

Final order finds that action by ED was largely unsustainable. The case arose from a wider probe into alleged financial irregularities involving Yes Bank and DHFI, centred on Yes Bank's 3,700-crore investment in DHFL debentures in 2018. The tribunal said investigative agencies cannot retrospectively categorise legitimate commercial dealings as suspicious merely because funds later flowed through connected entities. Rejecting the ED's contention that certain loan agreements were "commercially irrational", the tribunal underscored that assessing commercial wisdom falls outside the agency's jurisdiction unless directly tied to a predicate offence. In the absence of com-plaints or proof of illegality, such transactions could not be deemed sham.

Other Important Case Laws

Delhi HC Upholds Ex Post Facto FDI Approval

A foreign investor established a wholly owned Indian subsidiary under the automatic route despite an existing joint venture in the same sector, raising Press Note 1/3 (2005 Series) concerns. The Government later granted post-facto approval, subject to RBI compounding for procedural FEMA contraventions.

Delhi HC held such FDI approvals are executive policy decisions with limited judicial review. Since due process was followed, the approval was valid, and procedural FEMA lapses did not constitute substantive illegality. [*Putzmeister Concrete Pumps GMBH v. Union of India* [2026] 185 taxmann.com 278 (Delhi HC).]

EDITORIAL **Indian Economy – A Road to Strategic Consolidation**

► contd. from page 1

- Limit sending children abroad for education only except where absolutely necessary for acquiring advanced technology, scientific knowledge, and strategic expertise

All these suggestions put forth by our honourable Prime Minister are steps toward safeguarding India's economic strength. Every citizen must contribute far more than expected to secure India's future and strengthen its journey toward economic sovereignty.

AUDIT AND ACCOUNTS

RBI finalises ECL norms rollout set for April 2027

The Reserve Bank of India (RBI) on Monday issued final guidelines for adopting an expected credit loss (ECL)-based loan-loss provisioning framework, marking a shift in how banks recognise and provide for credit risks. The new norms will take effect on April 1, 2027, and replace the current incurred-loss framework for non-performing asset provisioning. Banks can spread the increase the provision requirement arising due to the transition to the ECL frame over work over four years, ending on March 31, 2031. After initial recognition, a bank shall measure financial assets at amortised cost using the effective interest rate (EIR) method," the norms said. Meanwhile, the RBI has retained the existing 90-day delinquency norm for classifying non-performing assets (NPAs), ensuring continuity in the identification of stressed assets even as provisioning norms undergo a structural shift.

NFRA Governance Reform

The National Financial Reporting Authority (NFRA), India's apex audit regulator, has initiated its first major structural overhaul since inception by reorganizing its regulatory framework into four distinct functional divisions—Monitoring & Oversight, Investigation, Determination, and Disciplinary. This move follows judicial scrutiny by the Delhi High Court, which upheld NFRA's statutory powers under Section 132 of the Companies Act but raised concerns regarding procedural neutrality in prior disciplinary actions. Under the revised structure, each division will function independently, ensuring that no executive member involved in one stage of proceedings participates in another stage of the same case.

Editorial Note: NFRA restructuring need to ensure that division for adjudication and Deciding disciplinary punishment is not in NFRA executive body control and should not have their any direct or indirect participation.

The investigation, determination and Disciplinary should be undertaken without any administrative control of NFRA by at least 4 member body with Judicial members and Professional members having atleast 20 years Audit Experience as a Chartered Accountant in practice.

IRDAI mandate Ind AS Implementation for Insurers from April 2026

IRDAI has issued detailed clarifications for implementing Indian Accounting Standards (Ind AS) across all insurers from 1 April 2026, marking a major shift toward globally aligned financial reporting in India's insurance sector. Insurers must prepare Ind AS-based financial statements as the primary reporting framework, alongside parallel reporting under the existing system for two years, with an optional one-year forbearance for entities needing additional transition time. Core regulatory principles such as solvency norms, policyholder-shareholder fund segregation, actuarial valuation, and surplus distribution remain unchanged despite the accounting transition.

Capital Charge for Credit Risk – Standardised Basel III Risk Weight Framework

The directions operationalize Basel III aligned Standardised Approach norms for credit risk assessment across banking book exposures. Detailed risk weights are prescribed for sovereign, bank, corporate, MSME, retail, real estate, and off-balance sheet exposures based on external ratings, collateral quality, and exposure categories.

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