

NEWS LETTER



JULY-
AUGUST,
2025

July and August have been dynamic months for businesses across the globe and in India. While global economies wrestled with volatility in trade and investment, India continued to emerge as a steady growth beacon.

For Walmond, these months were equally remarkable, not just in the boardroom but also in celebrating milestones with our people. This edition captures market insights, policy updates, and moments of pride within the Walmond family.



Global & National Insights

Global Outlook:

Inflationary pressures and cautious monetary policies shaped investor sentiment in July and August. Europe experienced a decline in industrial production, while the U.S. reported slower hiring trends, signalling a softening growth trajectory.

India Outlook:

In contrast, India's GDP forecast for FY 2025-26 continues at 6.5%, supported by reforms in manufacturing, digital infrastructure, and capital markets. FDI inflows remained healthy, reflecting sustained investor confidence.



PROJECTED GDP GROWTH RATES FOR FY 2025-26

Country / Region	Projected GDP Growth (%)	Notes / Key Drivers
India	6.50%	Strong infrastructure push, manufacturing incentives, fintech expansion
United States	2.20%	Slowing labour market, tighter monetary policy
China	4.50%	Policy-driven stimulus, weaker domestic consumption
European Union	1.00%	Industrial slowdown, energy transition challenges
Global Average	2.60%	Trade tensions, cautious FDI flows, and inflation risks

KEY TAX & REGULATORY UPDATES

• Direct Tax:

The government reinforced taxpayer-friendly measures with simplified capital gains rules for NRIs and the extension of startup tax holidays till 2030. New income slabs (zero tax up to ₹12.75 lakh) continue to benefit salaried taxpayers.



Category	Old Regime (FY 2024-25)	New Regime (FY 2025-26)
Zero-Tax Threshold	Up to ₹5-7 lakh (varied by age, post-rebate)	₹12 lakh (₹12.75 lakh for salaried)
Standard Deduction	₹ 50,000	₹75,000 Press Information
Tax Slabs	Multiple brackets at higher rates	Simplified six-tier structure as listed above
Startup Tax Holiday	Till March 2027	Extended to March 2030

WHAT THIS MEANS FOR GLOBAL BUSINESSES & INDIA MARKET ENTRANTS

- **Boosted Consumer Spending:**

With higher tax-free thresholds, Indian middle-class consumers will have more disposable income, benefitting global consumer brands, FMCG companies, and service providers.

- **Supportive Startup Environment:**

Longer tax holidays make India increasingly attractive to international venture funds, accelerators, and global businesses seeking innovation partners.

- **Simplified Entry for NRIs/Global Investors:**

Streamlined tax slabs and standard deductions reduce compliance complexity, enhancing operational ease for global entities and NRI investors entering India.

- **Strategic Market Opportunity:**

Increased consumption and supportive tax policy reinforce India's appeal as one of the fastest-growing markets globally.



KEY TAX & REGULATORY UPDATES

• Indirect Tax:

GST compliance procedures were further rationalised in July to ease litigation, while customs duty tweaks supported local manufacturing in EV and electronics.

• International Tax:

The removal of the equalisation levy on digital advertising services, effective April 2025, continues to benefit tech companies. Discussions around BEPS Pillar Two implementation remain ongoing.

• Corporate Law:

The MCA's push for faster M&A approvals and the proposed Income-tax Bill 2025, aimed at simplification and decriminalisation, signal a friendlier regulatory climate for corporates.

THE BIG ANNOUNCEMENT: PM NARENDRA MODI ON GST

During his 79th Independence Day address, Prime Minister Narendra Modi unveiled India's "next-generation" GST reform, calling it a "Diwali gift" for citizens. The initiative aims to simplify the indirect tax regime and reduce the tax burden on both consumers and businesses.

- **Two-Tier Slab Structure:**

Modi announced a shift to a simplified two-tier GST system, expected to roll out by Diwali 2025. This will rationalise multiple slabs into 5% and 18% categories, with two exceptions: <1% for precious metals and 40% for sin goods.

- **MSME Relief:**

For micro, small, and medium enterprises, GST compliance is expected to become less cumbersome. The government plans to ease filing requirements and reduce litigation by making the system more automated and predictable.

- **Consumer Impact:**

Everyday goods may shift to the lower 5% bracket, offering consumers relief at a time of inflationary pressures. For businesses, particularly in retail and FMCG, this could boost demand.

- **Digital-First GST:**

Modi emphasised expanding e-invoicing and AI-enabled monitoring to curb evasion while reducing the administrative burden on compliant taxpayers.

GST SLABS: CURRENT VS PROPOSED

Category	Current Slab (%)	Proposed Slab (%)
Essentials/ Common Goods	5%	5%
Mid-tier Goods	12%, 18%	Consolidated into 18%
Luxury/Sin Goods	28% (+ Cess)	40% (unified sin rate)
Special Categories	-	Considered for future GST

Note: The current system uses 5%, 12%, 18%, and 28% slabs, with additional cess on select items.



What This Means for Businesses & Consumers?

- **Enhanced Clarity:**

A two-tier system reduces confusion around tax classifications, especially for SMEs and consumer goods sectors.



- **Boosted Consumption:**

Lower effective taxes on daily-use items may provide relief to households and stimulate demand.



- **Compliance Efficiency:**

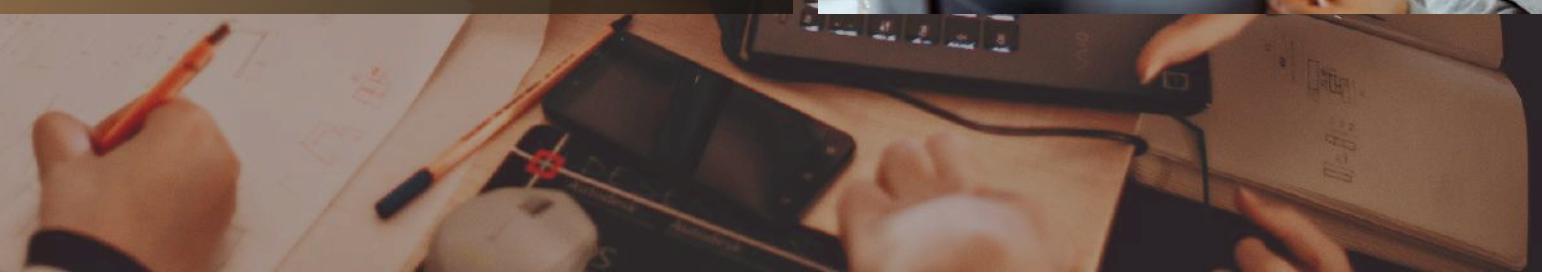
Policymakers have proposed additional simplifications, such as pre-filled returns, automated filings, and faster refunds, to support easy compliance.



US TARIFFS & SANCTIONS: TRENDS AND IMPACT ON INDIA

In August 2025, the U.S. doubled tariffs on many Indian exports, including textiles, gems, marine products, and more, raising duties up to 50%.

The move followed talks related to India's continued Russian oil imports and is set to affect over half of India's exports to the U.S.



Aspect

Impact on India

Impact on U.S. Consumers

Exports Affected

Textiles, gems & jewellery, seafood, leather, auto components

Same categories become costlier imports for U.S. buyers

Market Diversification

India pivoting to ASEAN, Middle East, and Africa markets

Fewer direct alternatives from India; retailers may seek other suppliers

Government Response

Duty drawbacks, export credit, and policy support to cushion exporters

U.S. retailers may pass higher import costs on to consumers

Aspect	Impact on India	Impact on U.S. Consumers
Domestic Industry	Push for local value addition & sustainable practices under "Make in India"	Reduced product variety, e.g., fewer affordable diamonds, handloom fabrics, leather goods
Price Effect	Potential short-term adjustment for exporters	Higher retail prices for clothing, jewellery, seafood, leather products
Strategic Outlook	Opportunity to strengthen South-South trade and improve competitiveness	Supply chain adjustments; long-term consumer loyalty to Indian goods despite price increase

INTERNATIONAL VENTURE & GROWTH INSIGHTS



India's startup ecosystem proved resilient despite global headwinds. Fintech and HealthTech continued to attract strong investor attention, while EV and AI/ML startups showed accelerated traction. Direct-to-consumer brands also thrived, benefiting from logistics improvements and the rising adoption of digital channels.



FUNDING BY SECTOR: JULY-AUGUST 2025

Sector	Funding Raised (Approx, USD Mn)	Key Drivers
Fintech	\$120-130 M (July alone)	Rise in embedded finance, digital lending platforms
HealthTech	₹828 M (~USD 100 M in H1 2025)	AI diagnostics, telemedicine, health insurance tech innovations
AI / ML	\$272 M (Aug 11-16 weekly surge)	AI-led infrastructure and enterprise apps gaining investor traction
EV	Data is limited, but growing	Green mobility investments continue across rounds
D2C Brands	High-ticket weekly deals (~\$1450 cr)	Investor confidence in omni-channel execution and brand strength

Walmond's July-August Highlights

Celebrations at WALMOND

July was special as we celebrated the birthdays of our Managing Partner, Neeraj Aggarwal, along with two other team members.

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Walmond's July-August Highlights



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A PROUD MOMENT



A few days later, we came together to celebrate the success of our ex-colleague who recently cleared the Chartered Accountancy (CA) exam. A true reflection of Walmond's culture of growth and mentorship.





CHOOSING THE RIGHT BUSINESS STRUCTURE: FY26 EDITION

The proper entity structure, whether an LLP, private limited company, or wholly owned subsidiary, remains the cornerstone of a successful India entry. Recent regulatory tweaks in compliance and taxation make this decision even more strategic. Walmond continues to advise global leaders on structuring choices tailored to long-term business goals.

As we step into September, the message is clear: agility and foresight are the bedrock of success in today's economy. At Walmond, we remain committed to helping our clients navigate uncertainties, unlock opportunities, and achieve sustainable growth.



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