INDIA-UK FTA

Tariff cuts may weigh on Customs revenue

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The India-UK free-trade agreement (FTA), under which New Delhi has agreed to reduce the weighted average tariff from 15 per cent to 3 per cent over a period of 10 years, may adversely affect Customs duty collections. However, economists believe the overall revenue impact could still be positive, driven by higher exports and increased economic activity.

According to Global Trade Research Initiative (GTRI) calculations, India's revenue forgone in the first year of the agreement is estimated at ₹4,060 crore. "By the 10th year, as tariff elimination phases in more broadly, the annual loss is projected to rise to ₹6,345 crore, or around £574 million, based on FY25 trade volumes. These figures are expected to increase as bilateral trade grows," said Ajay Srivastava, founder of GTRI.

According to finance ministry data, India had forgone ₹94,172 crore in Customs duties in FY25 due to preferential tariff reductions under FTAs signed with Japan, South Korea, and the Association of Southeast Asian Nations (Asean).

For FY26, the Centre has budgeted Customs revenues to grow only 2.1 per cent to ₹2.4 trillion. Under the UK FTA, tariffs will be removed or reduced on 90 per cent of goods, and 64 per cent of products will become duty-free once the agreement comes into effect. India is also expected to sign trade deals with US and EU this year, which could further pressure Customs duty collections.

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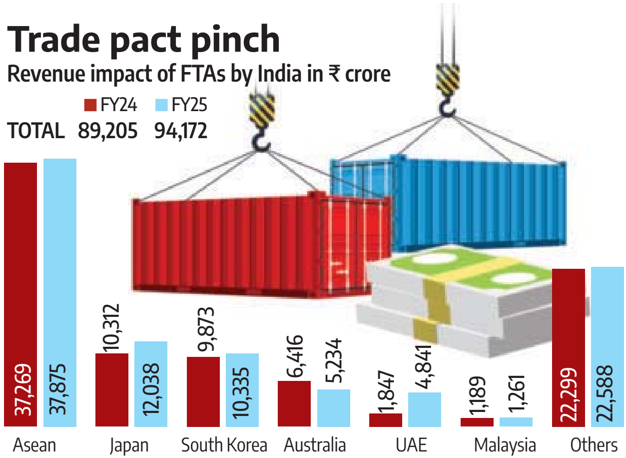
Trade pact pinch

Revenue impact of FTAs by India in ₹ crore



Source: FY26 Budget document

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Govt identifies critical sectors to boost FDI

Invest India, the investment promotion and facilitating agency under the Department for Promotion of Industry and Internal Trade (DPIIT), has identified critical sectors, such as electronics, chemicals, leather and footwear, and toys, where value chains can be strengthened to facilitate and draw foreign direct investment (FDI) into the country, reports SHREYA NANDI

TCS to lay off over 12K worldwide

Saurabh Gupta said HFS Research sees this as a margin-first move. "TCS is preserving profitability by aggressively optimising costs. But the company needs to balance it with a bold reinvestment in AI-native services or IP-led growth, or it risks falling behind more agile competitors. The old people-dependent delivery model is breaking. This is just the beginning of what HFS calls "services-as-software," he added.

Over the past two years, tech firms have announced layoffs. Microsoft earlier this month said it would lay off about 9,000, or less than 4 per cent, of its employees. This is the firm's third round of layoffs this year.

According to Layoffs.fyi, about 80,150 employees have been laid off across 169 tech companies in 2025 alone.

TCS's layoff announcement comes days after the firm reported one of its weakest first-quarter results since 2020. In Q1FY26, the company's constant currency revenue fell 3.1 per cent, while dollar revenue declined 1.1 per cent, making it the worst performer in constant currency growth among the top five Indian IT service providers.

During the first quarter ended June 30, 2020, when the Covid-19 pandemic disrupted global markets, TCS saw constant currency revenue drop 6.3 per cent and dollar revenue decline 7.8 per cent.

Talking to media after the Q1 results earlier this month, TCS Chief Executive Officer K Krithivasan had said high single digit growth would be challenging in the current economic environment as clients defer discretionary spends and new deals take time to materialise into revenues.

In the statement, the company added: "We understand that this is a challenging time for our colleagues likely to be affected. We thank them for their service and we will be making all efforts to provide appropriate benefits, outplacement, counselling, and support as they transition to new opportunities."

The firm recently tweaked its policy allowing employees to be on bench (unassigned to a billable project) for less than 35 days.

Last week, the labour and employment ministry asked TCS to attend a meeting with the chief labour commissioner in New Delhi on August 1 to discuss the delay in onboarding of more than 600 experienced professionals in the company.

The company becomes the first among the top five to acknowledge the problems with AI and the weak business environment. Hiring has already been on hold for most companies pending an improved demand scenario.

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According to Budget documents, the highest revenue forgone due to FTAs in FY25 was from Asean (₹37,875 crore), followed by Japan (₹12,038 crore) and South Korea (₹10,335 crore).

India's high tariffs require substantial Customs duty reductions during FTA negotiations to provide market access for partner countries.

The revenue forgone due to such tariff concessions has been an issue with revenue department officials, who have argued against such trade deals. It is, however, widely acknowledged that Customs duties should not serve as a revenue-generating tool.

N R Bhanumurthy, economist and director of Madras School of Economics, agreed that the Customs duty collections may be impacted and said net gains from tariff reduction could be positive in the medium term. "Customs duties should not be used as a revenue-generating measure. That way one can increase Customs duties to generate more revenues," he added.

He said Customs duty reduction leads to more value addition, employment creation, and tax returns. "Higher Customs duty also means domestic consumers end up paying more for not so efficient final products. When you export more, you are also generating more indirect taxes. It is only shifting from Customs duties to other taxes. Customs duties should be used only to protect vulnerable groups like the farming community or to prevent dumping by another country," he added.Linked Incentive (PLI).

Farm NPAs stay high amid loan-saturation concerns

Agri loans

Jun-25

	Agri advances in ₹ crore	Y-o-Y chg in %
Indian Overseas Bank	76,548	25.93
Indian Bank	144,160	16.40
Bank of Baroda	161,764	16.24
Uco Bank	29,961	15.46
Central Bank of India	53,057	12.70
Punjab & Sind Bank	12,681	3.80
Canara Bank	248,836	3.30
Bank of Mahrashtra	32,799	3.03
Union Bank of India	171,606	-9.17

Among private banks, HDFC Bank reported farm-sector slippages of about ₹2,200 crore. Farm-loan growth remained weak for some of the lenders that announced Q1 numbers. Canara Bank, Bank of Maharashtra, and Punjab & Sind Bank saw around 3 per cent growth during the first quarter, while Union Bank's loans to the sector shrank 9 per cent. "There may be some saturation in Kisan Credit Cards (KCCs) because everybody is offering them," says K Satyanarayana Raju, managing director (MD) and chief executive officer (CEO) of Canara Bank.

"But at the same time, new borrowers will always be there to lend to in rural areas, as around 61 per cent of our branches are in rural and semi-urban areas. We may not encounter such problems. Of course, slippages will be there in agriculture, but that is well within our risk appetite."

Bank of Baroda is among the lenders that have bucked the trend, reporting 16.2 per cent growth in farm loans while reducing NPAs to 4.85 per cent from 5.31 per cent a year earlier. "Agri loans registered growth of 16 per cent and NPAs were contained. Going ahead, advances towards the agri sector will continue to maintain growth of 13-14 per cent," says Debadatta Chand, MD & CEO, Bank of Baroda.

DeepMind finds India accent..

Smarter models, built in India

One such breakthrough is Gemma 3n, a generative AI model designed to run efficiently on everyday devices like phones and laptops. It's built on a new architecture called MatFormer, which embeds smaller models within a larger one — akin to Russian Matryoshka nesting dolls — allowing flexible, scalable performance across device types.