

April Newsletter

April 1, 2025

Key Financial Changes in India Effective April 1, 2025

Revised Income Tax Slabs

The government has revised the income tax structure to provide greater relief to middle-class taxpayers. The basic exemption limit has been raised from ₹3 lakh to ₹4 lakh. Individuals earning up to ₹12 lakh annually are now exempt from income tax. For salaried employees, factoring in the standard deduction of ₹75,000 (increased from ₹50,000), the effective exemption limit goes up to ₹12.75 lakh. New tax slabs have been introduced for incomes above ₹12.75 lakh, with tax rates progressively increasing from 5% to 30%. These changes are expected to improve disposable incomes and boost consumption.

Unified Pension Scheme

A new Unified Pension Scheme has been launched to consolidate various existing pension programs like EPFO, NPS, and Atal Pension Yojana. The scheme aims to streamline pension benefits, enhance fund management transparency, and ensure better post-retirement security. All citizens, including gig workers and informal sector employees, are encouraged to enroll. It will also offer an improved digital interface for easier access and management of pension accounts.

UPI Inactive ID Deactivation

The NPCI has mandated the deactivation of UPI IDs linked to mobile numbers that have remained inactive for a long time. This is a preventive step to avoid fraudulent transactions and enhance the overall security of digital payments. Users are advised to ensure that their registered mobile numbers are active and updated with their bank accounts.

Highway Toll Revisions

Starting April 1, 2025, the National Highway Authority of India (NHAI) has increased toll charges across several routes in India. The revision aims to support the maintenance and development of the national highway infrastructure. Commuters should expect a hike ranging from 5% to 10% in toll fees, depending on the road stretch and vehicle type.

Gas Price Adjustments

The Ministry of Petroleum and Natural Gas has revised the price of domestically produced natural gas from \$6.50 to \$6.75 per mmBtu. This 4% increase is based on a pre-determined formula tied to global energy price trends. The hike could lead to a marginal increase in cooking gas prices and affect input costs for industries reliant on natural gas.

Credit Card Reward Changes

Several leading banks have revised the reward points systems on their credit cards. Changes include reduced reward points on rent payments and utility bills, and caps on maximum rewards per billing cycle. Customers are advised to review the updated reward structures to optimize their usage and avoid any surprises.

Stricter KYC Norms

Financial institutions have begun enforcing stricter Know Your Customer (KYC) norms. These include mandatory PAN-Aadhaar linkage, periodic KYC updates, and biometric verification in some cases. Accounts that are not KYC-compliant may face restrictions, including transaction limits or temporary suspension.

Updated Tax Audit Rules

The Central Board of Direct Taxes (CBDT) has updated Form 3CD, which is used in tax audits. Key changes include enhanced disclosure requirements for capital gains, related party transactions, and GST reconciliation. These updates aim to improve transparency and ease the scrutiny process for tax authorities.

Revised Priority Sector Lending Guidelines

The Reserve Bank of India (RBI) has revised its priority sector lending norms. The maximum eligible housing loan size under priority sector has been increased to ₹50 lakh in metro cities. Additionally, loans to renewable energy projects have been included more prominently. This change is expected to support the government's push towards affordable housing and sustainable energy.

Public Provident Fund (PPF) Interest

The PPF interest rate remains unchanged at 7.1% for the April–June 2025 quarter. Despite market fluctuations, this consistent return continues to make PPF a reliable long-term savings option for conservative investors. Investors are encouraged to contribute early in the financial year to maximize interest accrual.

Thank you