

Top Story 1

India cuts consumption taxes to boost demand

India has announced major tax cuts on hundreds of consumer items to spur domestic demand amid external economic headwinds. The Goods and Services Tax (GST) has been simplified from a complex four-tier system into two slabs, with levies across several sectors reduced, in some cases by more than half. Essential items such as toothpaste and shampoo now fall under the 5% slab, down from 18%, while small cars, air conditioners, and televisions have been reduced to 18% from 28%. The new structure introduces just two rates—5% and 18%—and makes insurance premiums, including life and health coverage, tax-free. Although the reforms are expected to result in a revenue loss of around 480 billion rupees, the move is aimed at stimulating spending and strengthening domestic consumption. Coupled with earlier personal tax reductions, these changes are expected to provide a timely boost to India's economic growth, which recently recorded stronger-than-expected expansion.

<https://www.aljazeera.com/news/2025/9/3/india-cuts-consumption-taxes-to-boost-demand-after-trumps-tariff-blow>

Top Story 2

India's service activity at 15-year high in August amid 49 straight months of order growth

India's service activity surged to a 15-year high, rising to 62.9 in August from 60.5 in the previous month, reflecting strong demand and a wave of new orders. A private survey showed that this growth momentum was driven by buoyant domestic demand, operational efficiency, and increased inflows of new business. Respondents highlighted that customer confidence and spending appetite supported steady order growth, marking the 49th consecutive month of expansion in the sector. The pace of growth signaled a sharp improvement in business activity, underscoring the resilience of the economy despite global uncertainties. The robust performance also indicates strong contributions from both domestic and overseas markets, enhancing overall stability. This consistent demand-led momentum is expected to support further growth in the coming months, strengthening India's position as one of the fastest-expanding economies. The sustained performance highlights confidence in long-term prospects and reflects broader economic resilience.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-service-activity-t-15-year-high-in-august-amid-49-straight-months-of-order-growth/articleshow/123684377.cms?from=mdr>

Economy

FMCG companies to benefit as GST slashed to 5% on key daily essentials

The Goods and Services Tax (GST) rate on several essential fast-moving consumer items, including soaps, shampoos, toothpastes, jams, noodles, and biscuits, has been reduced from 18% to 5%. This significant rationalization is expected to provide relief to consumers, ease financial stress on households, and boost demand across markets. Analysts note that the reduction will likely enhance volume growth and aid in greater formalization, as many of these categories have a large share of sales from unorganized and local players. The simplified tax structure is also seen as a step that will improve accessibility and affordability, particularly in price-sensitive segments. With a large portion of consumer goods sales coming from categories impacted by the rate cuts, the move is expected to strengthen overall consumption. By lowering indirect taxes on everyday essentials, the reform is set to drive demand recovery, promote economic progress, and improve value delivery to consumers.

https://www.business-standard.com/amp/economy/news/gst-rate-cut-fmcg-items-to-boost-consumption-and-demand-125090400224_1.html

Market

GST 2.0 unveiled: Two-slab structure cleared, new rates will come into effect September 22

India has unveiled a landmark reform in its indirect tax regime following the 56th meeting of the GST Council. The new structure introduces a simplified two-slab system of 5% and 18%, with an additional 40% rate reserved only for luxury, sin, and demerit goods. A key highlight of the reforms is the exemption of individual health insurance policies from GST, offering direct relief to households. The overhaul also promises significant benefits, including reduced tax burden on common people, easing of blocked working capital, and improved ease of doing business through automated refunds and a streamlined registration process. The Council's decision aims to balance the need for simplification and consumer relief with concerns about potential revenue loss. Most of the changes, excluding those related to tobacco products, will take effect from September 22, aligning with the festive season and boosting consumption momentum across sectors.

<https://indianexpress.com/article/business/gst-council-approves-two-tier-tax-implemented-september-22-10228654/>

Finance

SBI to focus on mid-corporates

India's largest public lender is shifting its focus toward mid-sized businesses as large firms increasingly turn to bond markets for cheaper funding. With an 18% jump in mid-corporate loans last year, the bank sees strong potential in this segment and aims to drive growth across areas such as power, infrastructure, and services. The lender expects overall credit growth of around 12–13% in the coming financial year, higher than the anticipated system-level expansion. Its mid-corporate loan portfolio has shown resilience, with asset quality remaining stable and borrowers demonstrating lower price sensitivity compared to large corporates. Advances under the corporate group segment grew at a steady pace, supported by contributions from sectors like non-banking institutions, chemicals, and engineering. Building on this momentum, the bank intends to sharpen its focus on manufacturing, power, and financial intermediaries, positioning itself as a key growth driver in India's corporate lending landscape.

<https://www.financialexpress.com/business/banking-finance-sbi-to-focus-on-mid-corporates-3965838/>

Taxation

GST Revamp: India Cuts Slabs to 5% and 18%, Here's What Gets Cheaper and What Gets Costlier

India has approved a major revamp of the Goods and Services Tax (GST) structure, reducing the four existing slabs to two main rates of 5% and 18%. A special 40% slab will apply only to select luxury and sin goods. The move aims to simplify taxation, boost domestic consumption, and provide relief to households and businesses. Essential goods such as staple foods, dairy items, dry fruits, and fruit juices have been shifted to the nil or 5% bracket. Key areas including healthcare, education, agriculture, and mobility have also benefited from lower rates. Life-saving medicines, diagnostic kits, and health insurance now attract minimal or no tax, while motorcycles, small hybrid vehicles, and electric vehicles are taxed at reduced rates. Farmers gain from cuts on machinery, fertiliser components, and biopesticides. Services such as fitness centres and salons will also see lower taxation. Overall, the reform is expected to spur demand and support economic growth.

<https://thelogicalindian.com/gst-revamp-india-cuts-slabs-to-5-and-18-heres-what-gets-cheaper-and-what-gets-costlier/>

Metric	03-Sep-2025 Value	04-Sep-2025 Value	Change	Metric	03-Sep-2025 Value	04-Sep-2025 Value	Change
USDINR	88.107	88.1225	+0.0155 ₹	NIFTY 50	24737.05	24980.75	+243.70 pts
EURINR	102.4814		—	BSE Sensex	80567.71	80686.33	+118.62 pts
GBPINR	117.7826		—				
JPYINR	59.28		—				