

September 03, 2025 – Wednesday

Economy

Govt spending and exports likely to begin unwinding in Q2, says BMI

After a better-than-expected 7.8 per cent growth in the first quarter of financial year 2026 (Q1FY26), the front-loaded government spending and exports are likely to begin to unwind significantly in the second quarter, BMI, a Fitch Solutions company, said in its India Outlook report published Monday. "Government spending will face new constraints. We estimate that the proposed goods and services tax (GST) reform will reduce fiscal revenue by 0.2 per cent of GDP, with only a minuscule offset from any resulting boost to private consumption. Low nominal growth in Q2FY25 will also weigh on revenue," BMI said, adding that the private sector will offset weaker government spending, especially in fixed investment, in the coming quarters, given the challenging economic outlook.
https://www.business-standard.com/economy/news/govt-spending-exports-likely-began-unwinding-in-sept-quarter-bmi-125090201370_1.html

Finance ministry to kick-start FY27 Budget making exercise from October 9

The finance ministry will kick-start the exercise to prepare the annual budget for 2026-27 from October 9 in the backdrop of geopolitical uncertainties and the steep US tariff of 50 per cent imposed on shipments from India. The budget for the next year will have to address issues of boosting demand, job creation and putting the economy on a sustained 8 per cent-plus growth path. The government estimates the Indian economy to grow in the range of 6.3-6.8 per cent during the current financial year.
https://www.business-standard.com/economy/news/finance-ministry-to-kick-start-fy27-budget-making-exercise-from-october-9-125090200950_1.html

Fitment panel clears two-slab GST structure

The GST Council is set to consider a proposal for a simplified two-slab GST structure of 5% and 18%, along with a 40% rate for sin and luxury goods. This move, recommended by the fitment committee, aims to lower the tax burden on common household items, potentially reducing it by 12-15%.
https://economictimes.indiatimes.com/news/economy/policy/fitment-panel-clears-two-slab-gst-structure/articleshow/123664265.cms

Finance

Banks nearing limit to buy bonds; RBI meeting bankers ahead of H2 calendar

Many commercial banks are nearing their internal limits for buying state government bonds amid higher supply of such securities — a message likely to be conveyed to the Reserve Bank of India (RBI) during interactions with bankers ahead of the bond issuance calendar for the second half of the financial year. The RBI is separately meeting public sector banks, private banks and primary dealers this week to discuss the H2 calendar. The internal limit could be linked to the held-to-maturity portfolio, the government securities book, or the overall investment portfolio. Some banks also set specific limits for individual states.

https://www.business-standard.com/industry/banking/banks-near-limit-state-bond-purchases-rbi-h2-calendar-125090201385_1.html

India's consumption loans rise 14.5% in Q1FY26, led by gold loans

India's consumption loan portfolio clocked 14.5 per cent on year growth to touch ₹105.6 trillion in the first quarter of financial year 2026 (Q1FY26). The spurt was primarily led by gold loans, which surged 34.6 per cent, followed by two-wheeler and auto loans. In contrast, personal loan growth slowed significantly to 8.7 per cent year-on-year (Y-o-Y), according to a report by CRIF High Mark. As of June 2025, gold loans rose 34.6 per cent Y-o-Y to ₹13.4 trillion, with origination value growing 38.4 per cent Y-o-Y. This was attributed to rising gold prices and valuations.
https://www.business-standard.com/finance/news/india-consumption-loans-q1fy26-gold-loans-crif-report-125090201207_1.html

Account Aggregator ecosystem driving credit access, says Finance ministry

Account Aggregator ecosystem is poised to unlock new frontiers in formal credit access, especially for MSMEs and personal lending, contributing meaningfully to India's journey towards Viksit Bharat by 2047, the Finance Ministry said on Tuesday. The Account Aggregator (AA) framework was officially launched on September 2, 2021, establishing a secure, consent-based system for financial data sharing. In 2016, the Reserve Bank of India issued the Master Directions for the AA ecosystem.
https://www.business-standard.com/finance/news/account-aggregator-ecosystem-driving-credit-access-says-finance-ministry-125090200268_1.html

Bima Sugam Phase I likely to launch in December after slight delay

The first phase of Bima Sugam — the insurance regulator's ambitious project to create an Amazon-like one-stop digital platform for insurance policies — is expected to be launched in December, according to people familiar with the development. In the first phase, the platform will feature an e-KYC module along with two to three insurance products available for purchase, the sources said.
https://www.business-standard.com/finance/insurance/bima-sugam-phase-one-launch-december-2025-insurance-platform-125090201241_1.html

Govt draft norms to ease compliance for foreign investment in insurance

The government's draft norms for the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2015, are expected to ease compliance for foreign investment in the sector and give comfort to global players, according to experts. The norms, put out last week, propose to omit the clause that requires a majority of directors and key management persons (KMP) to be resident Indian citizens in companies that have significant foreign investment.
https://www.business-standard.com/finance/insurance/draft-norms-foreign-investment-insurance-sector-compliance-125090201252_1.html

New Irdai chairman Ajay Seth urges insurers to innovate using DPI framework

Ajay Seth, who assumed charge as chairman of Insurance Regulatory & Development Authority of India (Irdai) this week, in his first statement has urged insurance companies to experiment and innovate using the Digital Public Infrastructure (DPI) rails. "In 2025, the use of AA increased in the insurance sector, particularly for underwriting term insurance policies, and we encourage more insurance companies to experiment and innovate using the powerful DPI rails. This DPI is poised to play a key role in ensuring that every Indian family has adequate protection, and we achieve the country's objective of 'Insurance for All' by 2047," Seth said.
https://www.business-standard.com/finance/insurance/irdai-chairman-ajay-seth-insurers-experiment-dpi-rails-125090201248_1.html

CBDT extends I-T exemption window for sovereign wealth, pension funds till 2030

The CBDT has extended income tax exemptions for sovereign wealth and pension funds investing in India's infrastructure until March 31, 2030. This move, formalized after an earlier announcement, aims to attract long-term global capital by exempting these funds from taxes on dividends, interest, and capital gains.
https://economictimes.indiatimes.com/news/economy/policy/cbdt-extends-i-t-exemption-window-for-sovereign-wealth-pension-funds-till-2030/articleshow/123661759.cms

Industry

IBA asks finance ministry to reduce GST on aerated beverages to 18%

The Indian Beverage Association (IBA) has written to the Finance Ministry asking it to reduce the goods and services tax (GST) on aerated beverages sector in India to 18 per cent and not as a sin/demerit good. In an interview with Business Standard, Sanjeev Agarwal, group chairman of the MM Agarwal Group, which houses Moon Beverages, an aerated drinks bottler, said the sector has committed to investing ₹85,000 crore by 2030, create 3 million jobs and also install 2 million coolers at grocery stores across the country.
https://www.business-standard.com/industry/news/iba-gst-cut-request-aerated-beverages-finance-ministry-125090201262_1.html

Cement prices may fall, in boost to construction

Cement prices may fall as the GST Council considers cutting rates from 28% to 18%. The move could reduce retail prices by Rs 10–30 per bag, boost demand during the festive season, and support growth. But firms must balance price cuts, margins, and cost pressures from volatile fuel prices.
https://www.financialexpress.com/business/industry-cement-prices-may-fall-in-boost-to-construction-3965019/

Clothing Manufacturers Association urges 5% slab for all garments

The Clothing Manufacturers Association of India on Tuesday said that all garments across price points should be put under the 5 per cent slab of GST. Raising concerns about the proposal of likely taxing garments priced above ₹2500 at 18 per cent instead of the current 12 per cent, it stated that such a move will adversely impact the apparel industry, which is already reeling under the impact of US tariffs. Currently, apparel products priced below ₹1,000 fall under the 5 per cent slab and those above ₹1,000 are taxed at 12 per cent GST rate.
https://www.thehindubusinessline.com/economy/clothing-manufacturers-association-urges-5-slab-for-all-garments/article70004854.ece

Govt tightens tunnel project planning to minimise cost, green impact

The Centre has tightened alignment identification and approval processes for tunnel projects to mitigate environmental impact and cost overruns, mandating three alternatives for each project and basing final recommendations on environmental and social disruption and optimal length. “The goal is to evaluate at least three alternative alignments with clear differentiators: shortest path, geologically or geotechnically favourable route, least social impact, and cost-optimised option. These alignments must avoid critical constraints such as eco-sensitive zones (ESZs), heritage sites, fault lines, steep slopes (>45°) and existing urban settlements,” the Ministry of Road Transport and Highways (MoRTH) said in a Standard Operating Procedure (SOP) released on Tuesday for all new tunnel alignments.
https://www.business-standard.com/industry/news/govt-tightens-tunnel-project-planning-environment-cost-125090201394_1.html

Lifesciences companies homing in on India for their GCCs: EY

Lifesciences companies seem to be making a beeline for India, with about 23 of the world’s top 50 such companies establishing their Global Capability Centres (GCCs) in the country — a majority in the last five years, an EY report said. And, they are now handling significant core functions, such as drug discovery, regulatory affairs and commercial operations, it added.
https://www.thehindubusinessline.com/companies/lifesciences-companies-homing-in-on-india-for-their-gccs-ey/article70004830.ece

Agriculture

Biofuel push fuels kitchen heat: Wheat prices rise as maize diverted to ethanol

India's biofuel push, particularly E20 fuel, is impacting food prices. Wheat and its products have seen a 10% price increase due to maize diversion for ethanol production. The cheaper maize-based animal feed by-product is suppressing wheat bran prices, forcing millers to raise prices of staples like atta, maida and suji.

https://economictimes.indiatimes.com/news/economy/agriculture/biofuel-push-fuels-kitchen-heat-wheat-prices-rise-as-maize-diverted-to-ethanol/articleshow/123641993.cms

Indian ‘s rice procurement up 4% in 11 months until August

India’s rice procurement in the 2024-25 season (October-September) has reached 545.22 lakh tonnes (lt) until August 31, up from 525.22 lt a year ago. Due to higher procurement, the government is now planning a roadmap to dispose of as much surplus grain as possible. The Food Corporation of India (FCI) has already allowed traders to buy a minimum of 1 tonne of rice directly from a depot at the reserve price.
https://www.thehindubusinessline.com/economy/agri-business/indian-s-rice-procurement-up-4-in-11-months-until-august/article70004740.ece

India set for record cotton buying as imports, US tariffs hit prices

India is expected to purchase a record volume of cotton from farmers in the upcoming season, as domestic prices face pressure from cheaper imports and weakening demand following hefty U.S. tariffs on textile exports, industry officials told Reuters. Cotton consumption in the world's second-largest producer has slowed, with exporters reporting a sharp decline in orders from the United States, which accounts for nearly 29% of India's $38 billion in annual textile exports.
https://www.business-standard.com/industry/news/india-set-for-record-cotton-buying-as-imports-us-tariffs-hit-prices-125090200811_1.html

India’s Jan-Aug coffee shipments rise 24% to $1.46 billion, tracking global price uptrend

India’s coffee exports for the January-August period of calendar 2025 are up 24 per cent in value terms on higher per unit realisation driven by surging global prices. This is despite a 11 per cent drop in volume shipments during the period. Exports stood at $1.46 billion during January-August period s compared with $1.18 billion in the same period a year ago. In rupee terms, exports were higher by 28 per cent at ₹12,673 crore against ₹9,853.94 crore a year ago. The weakening currency aided the growth in rupee terms.
https://www.thehindubusinessline.com/economy/agri-business/indias-jan-aug-coffee-shipments-rise-24-to-146-billion-tracking-global-price-uptrend/article70004470.ece

Yellow pea imports hit prices; government urges import curbs

The Ministry of Consumer Affairs has urged the Commerce Ministry to restrict duty-free yellow pea imports, as they are undercutting domestic pulse prices. This move follows concerns raised by the agriculture minister and industry bodies about the impact on local farmers and pulse production.
https://economictimes.indiatimes.com/news/economy/foreign-trade/yellow-pea-imports-hit-prices-government-urges-import-curbs/articleshow/123663317.cms

Infrastructure

Exporters seek GST rate parity in air and sea freight

Perishable goods exporters have sought a parity in goods and services tax (GST) rate on sea and air freight to boost farm exports and increase competitiveness. The demands have been put forth in representations to government ahead of the GST council meeting which begins on Wednesday. While sea freight attracts 5 per cent levy, air freight is charged 18 per cent tax making exports costlier, the exporters have said. They have called for a uniform five per cent GST on all freight.
https://www.thehindubusinessline.com/economy/exporters-seek-gst-rate-parity-in-air-and-sea-freight/article70004161.ece

Japanese major Mitsui OSK Lines explores India as new shipbuilding base; opens talks with Cochin Shipyard

Japan’s Mitsui OSK Lines (MOL), one of the world’s largest ship owners, is exploring India as a possible sourcing hub for vessel construction and has initiated talks with shipyards, including Cochin Shipyard Ltd. The Japanese major, which currently depends largely on China and Korea for its fleet additions, apart from its home country, is seeking to diversify its supply chain by considering India as an alternative base.

https://www.thehindubusinessline.com/economy/logistics/mitsui-osk-liners-in-talks-with-govt-to-build-ships-in-india/article70003708.ece

Energy

Coal production from captive, commercial mines rises 12% in Apr-Aug

Coal production from captive and commercial mines across the country rose by 11.88 per cent year-on-year to 73.92 million tonne (MT) during April-August period of the current fiscal year. The output of dry fuel from captive and commercial mines was recorded at 66.07 MT in the corresponding period of the previous fiscal.
https://www.thehindubusinessline.com/economy/coal-production-from-captive-commercial-mines-rises-12-in-apr-aug/article70003522.ece

India's ageing wind infra has potential to unlock 25.4 GW capacity

Repowering India's ageing wind power infrastructure through a system-wide upgrade—manufacturing innovation, infrastructure overhaul, and tailored financial architecture—can help unlock 25.4 gigawatts (GW) of enhanced capacity. The Centre for Science and Environment's (CSE) in a report explored the urgent need to repower, replace old, low-capacity turbines with modern, high-capacity ones, and to unlock vast untapped potential in wind-rich states like Tamil Nadu and Gujarat.
https://www.thehindubusinessline.com/economy/indias-ageing-wind-infra-has-potential-to-unlock-254-gw-capacity/article70003234.ece

Russian crude discounts widen; India continues purchases despite US pressure

Washington is increasing pressure on New Delhi over its growing imports of Russian oil, even as Moscow offers deeper discounts. The US has imposed tariffs on Indian goods, including a 50% tariff on Russian oil imports, citing concerns that these purchases are funding Russia's war in Ukraine. Despite US pressure, India is likely to continue procuring Russian crude.
https://economictimes.indiatimes.com/industry/energy/oil-gas/russian-crude-discounts-widen-india-continues-purchases-despite-us-pressure/articleshow/123655411.cms

Telecom

Poor telecom connectivity by private operators in rural, remote areas flagged at PAC meeting

During a parliamentary meeting, MPs voiced concerns about inadequate telecom connectivity in rural areas, particularly by private operators, noting BSNL's relative strength despite infrastructure limitations. The Public Accounts Committee, led by K C Venugopal, questioned telecom service providers on coverage and infrastructure enhancement.
https://economictimes.indiatimes.com/industry/telecom/telecom-news/poor-telecom-connectivity-by-private-operators-in-rural-remote-areas-flagged-at-pac-meeting/articleshow/123661441.cms

States

Dhar's PM MITRA Park to be India's largest textile hub: CM Mohan Yadav

Madhya Pradesh is set to establish the country's largest PM MITRA (Mega Integrated Textile Region and Apparel) Park in Dhar. The project is expected to transform the state's textile sector and industrial landscape. To highlight this initiative, an "Interactive Session on Investment Opportunities in PM MITRA Park" will be held on September 3 in New Delhi. Union Minister of Textiles Giriraj Singh will deliver the keynote address, outlining India's growing global role in textiles and the importance of PM MITRA Parks. Chief Minister Mohan Yadav will deliver a special address and hold one-to-one meetings with leading industrialists to discuss investment proposals.
https://www.business-standard.com/economy/news/pm-mitra-park-dhar-largest-textile-hub-madhya-pradesh-125090201364_1.html

AP Govt ready to provide Viability Gap Funding for key infrastructure projects: CM Naidu

Andhra Pradesh Government is ready to provide Viability Gap Funding (VGF) for key infrastructure projects, including those intended for the port-linked economy in the State, according to Chief Minister N Chandrababu Naidu. Speaking at the East Coast Maritime Logistics Summit in Visakhapatnam on Tuesday, the Chief Minister stated that the State Government aimed to generate approximately 3 per cent of the State's Gross Domestic Product (GSDP) from the logistics sector.
https://www.thehindubusinessline.com/news/national/ap-govt-ready-to-provide-viability-gap-funding-for-key-infrastructure-projects-cm-naidu/article70004203.ece

Gujarat govt reduces fuel surcharge on electricity for 3rd time in 18 months

The government had not increased the FPPPA rates ever since it began slashing the rates from March 2024 --- ahead of the Lok Sabha elections --- when 50 paise per unit was cut from the then existing FPPPA rate of ₹3.35 per unit.
https://www.thehindubusinessline.com/news/national/gujarat-govt-reduces-fuel-surcharge-on-electricity-for-3rd-time-in-18-months/article70004050.ece

Healthcare

GST Council meeting on Sep 3-4: Exemption on cards for cancer drugs

The Goods and Services Tax (GST) Council, convening for two days starting Wednesday to take up the much-awaited rationalisation of the multiple-rate indirect tax regime announced by Prime Minister Narendra Modi on Independence Day, is likely to consider GST exemptions for around 36 cancer-fighting drugs, a new price-based levy for ciga-rettes, and fresh price thresholds for foot--wear and apparel taxes. The Council, that includes representatives from all states, is slated to discuss the Centre's proposal to do away with the 12 per cent and 28 per cent GST rates, retain the extant rates of 5 per cent and 18 per cent, and introduce a new 40 per cent special rate for sin and luxury goods.
https://www.business-standard.com/economy/news/gst-council-meeting-on-sep-3-4-exemption-on-cards-for-cancer-drugs-125090201561_1.html

Medical device manufacturers allowed to give free samples

Medical device companies in New Delhi can now give doctors free samples. There are rules for this. The sample's price must match what stockists pay. If the company bought the sample, that price counts. Company CEOs must ensure code compliance. Marketing costs must be disclosed yearly. This promotes ethical marketing and benefits both manufacturers and patients in India.
https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/medical-device-manufacturers-allowed-to-give-free-samples/articleshow/123664093.cms

External

First tranche of trade pact with US by November: Piyush Goyal

India is hopeful that the negotiations with the US on the Bilateral Trade Agreement (BTA) will come back on track and both sides will sign the first tranche by November as was originally envisaged. "We had a little bit of geopolitical issues overtaking trade negotiations with the US. I do hope things will get back on track soon and we will conclude BTA by fall or November as was discussed by our two leaders," commerce and industry minister Piyush Goyal said at a Global Investor Conference Tuesday.
https://www.financialexpress.com/policy/economy-first-tranche-of-trade-pact-with-us-by-november-piyush-goyal-3964835/

Govt may line up four schemes to soften Donald Trump's tariff blow

The government is likely to announce up to four schemes, including credit-related support measures, to help exporters hit by the 50 per cent punitive tariff imposed by the Donald Trump administration on Indian-origin products. "The Cabinet may take up the proposal on Wednesday. It will be in line with the credit guarantee schemes announced during the Covid period, especially for the micro, small and medium enterprises (MSMEs)," a government official said, requesting anonymity.

https://www.business-standard.com/economy/news/govt-may-line-up-four-schemes-to-soften-donald-trump-s-tariff-blow-125090201363_1.html

Govt seeks WTO consultations with US over 50% tariffs on copper

India on Tuesday sought consultations with the US under the World Trade Organisation's (WTO) safeguard agreement over 50 per cent tariffs imposed on certain copper products by America. This move comes after India reserved the right to impose retaliatory duties on select US products in response to American tariffs on steel and aluminium; and auto components. On July 30 this year, the US adopted a measure in the form of 50 per cent tariff on all imports of certain copper products.

https://www.business-standard.com/economy/news/indian-govt-seeks-wto-consultations-with-us-over-50-duty-on-copper-125090201107_1.html

India ups the tempo in diversifying trade deals

India is accelerating its efforts to diversify export markets amid trade tensions with the US, actively pursuing new trade agreements with the Eurasian Economic Union (EAEU), the European Union (EU), and the South African Customs Union (SACU).

https://economictimes.indiatimes.com/news/economy/foreign-trade/india-ups-the-tempo-in-diversifying-trade-deals/articleshow/123664274.cms

India extends export obligation for chemical imports to 18 months: Govt

The government on Tuesday said extension of the export obligation period for chemical imports under the advance authorisation scheme from six to 18 months will provide much-needed relief to exporters amid concerns over steep US tariffs. "This measure extends essential support and flexibility to exporters dealing with chemicals and petrochemicals across India," the Ministry of Chemicals and Fertilisers said in a statement. The move is poised to simplify trade processes and elevate the global market edge of Indian goods.

https://www.business-standard.com/economy/news/india-extends-export-obligation-for-chemical-imports-to-18-months-govt-125090201080_1.html