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SPOTLIGHT

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Next Gen reforms are nice, however, the question remains, will they reach even reach the end consumers? GST Rate Cuts ≠ Price Reduction, Explained

Introduction

When the Goods and Services Tax was launched in 2017, it was sold as India's tryst with a one nation, one tax destiny. It promised to sweep away the clutter of excise, service tax, VAT, and a dozen other levies that had long weighed on businesses and confused consumers. In its early days, GST felt like a grand experiment, sometimes clunky, often criticised, but undeniably ambitious. Over the years, it evolved through countless council meetings, tweaks, and clarifications, slowly shedding its rough edges. Small traders grappled with compliance, states bargained for their share, and consumers learned to calculate what each slab meant for their wallets. In this eight-year journey, GST has come to symbolise both India's aspiration for efficiency and its struggle with execution. And now, with the announcement of the so-called Next Gen Reforms, the government claims it has finally found the balance between simplicity and fairness. However, despite the most favorable macroeconomic backdrop India has seen in years where the Reserve Bank of India (RBI) has driven down the repo rate to 5.50%, retail inflation has cooled dramatically to the 2-3% range, and GDP growth has surged to 7.8% in the April–June quarter, the lived experience of the average Indian tells a different story. These numbers suggest an economy firing on all cylinders, one that should leave households feeling secure and businesses optimistic. Yet, step outside the official statistics and the ground reality feels far less buoyant. Families continue to complain of stubbornly high food and fuel costs, small enterprises remain stretched, and consumer demand looks patchy at best. One begins to wonder, are these headline figures capturing the real story, or merely polishing the surface while the underlying struggles remain unchanged? It is against this curious backdrop that the government has rolled out its Next Gen GST reforms, promising to reshape how India consumes and pays.

Changes in GST Rates

The government's new reforms have dramatically redrawn the GST map. For the first time since its inception, the complex web of four major slabs, 5, 12, 18, and 28 per cent, has been collapsed into just two – 5 and 18 per cent, with a hefty 40 per cent sin and luxury bracket sitting above them. Officials have hailed this as the simplification businesses and consumers have long demanded, an effort to both unclutter compliance and soothe wallets in one stroke. But the story looks very different when you trace the reforms across sectors. In the household essentials space, the reforms are being marketed as a festival-time bonanza. Everyday items like soaps, shampoos, toothpastes, noodles, biscuits, and chocolates have been shifted down to the 5 per cent bracket, while basics like bread, paneer, milk, and several pulses have been freed from GST altogether. On paper, this should make the monthly grocery bill lighter. Yet the real question is whether retailers and FMCG companies will pass on these tax benefits fully or quietly use them to shore up their margins.

In healthcare and insurance, the reforms sound even more generous. Premiums for individual life and health insurance have been brought down to zero GST, making policies theoretically cheaper for millions of families. To add to that, a list of critical medicines, including cancer therapies and drugs for chronic illnesses, has been exempted entirely. It is a move that could bring genuine relief to households struggling with medical costs. But here again, much depends on how insurers and hospitals recalibrate their pricing and whether patients will truly see the difference in their final bills.

The automobile and consumer durables sectors are being called the biggest winners of this overhaul. Cars that once attracted the dreaded 28 per cent slab now sit comfortably in the 18 per cent bracket, as do air conditioners, refrigerators, televisions, and washing machines. Cement, too, has shifted down to 18 per cent, potentially lowering construction costs and housing prices. The government hopes this will ignite aspirational spending and boost demand just ahead of the festive season. Yet, analysts point out that companies often adjust ex-showroom prices strategically, meaning the headline GST cut may not always mirror the final on-road discount.

At the other end of the spectrum, the government has not been shy about raising the hammer on what it deems undesirable consumption. Tobacco products, aerated drinks, luxury cars, and similar indulgences now attract a punishing 40 per cent GST. The official line is that these goods deserve to remain out of reach, both to protect public health and preserve fiscal revenue. Whether this aggressive stance curbs consumption or simply fattens black-market channels is a debate that will play out in the months to come.

Registration, Refunds, and Compliance

Alongside the restructuring of tax rates, the GST Council has also introduced a series of procedural and trade facilitation measures designed to simplify compliance, accelerate refunds, and remove ambiguities in existing provisions. These changes are meant to improve the ease of doing business while aligning GST administration with the broader goals of transparency and efficiency. Refunds are a central focus of the new measures. The Council has recommended an amendment to Rule 91(2) of the CGST Rules, 2017, to allow for risk-based provisional refunds on zero-rated supplies such as exports and supplies to Special Economic Zone units. Under this framework, 90 per cent of the refund claimed will be sanctioned provisionally based on system-led risk evaluation, while exceptional cases may undergo detailed scrutiny. Similar risk-based provisional refunds have also been proposed for cases arising from the inverted duty structure, where input tax credits exceed output liability. Both provisions are scheduled to be operational from November 1, 2025. Additionally, Section 54(14) of the CGST Act will be amended to remove the threshold limit for refunds in respect of low-value export consignments. This will particularly benefit small exporters who send goods through couriers or postal modes.

The reforms also include changes to the GST registration process. A simplified registration scheme is being introduced for small and low-risk businesses. Under this system, eligible applicants will be granted registration on an automated basis within three working days of application, provided their output tax liability on supplies to registered persons does not exceed INR 2.5 lakh per month. This scheme, which will be optional and allow voluntary opting in and out, is expected to benefit around 96 per cent of new applicants. A parallel scheme is also being developed for small suppliers operating through e-commerce platforms across multiple states. This will allow such suppliers to obtain simplified GST registration without the need to maintain a principal place of business in each state, addressing one of the most significant compliance hurdles for e-commerce participants.

Another important change relates to the place of supply rules for intermediary services. Clause (b) of Section 13(8) of the IGST Act, 2017, is to be omitted. Once this amendment is made, the place of supply for intermediary services will be determined by the default rule under Section 13(2), which is the location of the recipient. This modification is expected to help Indian service providers qualify their intermediary services as exports and avail associated export benefits. The treatment of post-sale discounts has also been clarified. Amendments to Sections 15 and 34 of the CGST Act will remove the earlier requirement that discounts must be pre-agreed and specifically linked to invoices. Instead, discounts can now be granted through credit notes under Section 34, with corresponding provisions for the reversal of input tax credit by the recipient where applicable. Circular No. 212/6/2024-GST, which previously outlined compliance mechanisms for such cases, will be rescinded. A new circular will be issued to provide clarity on issues such as whether post-sale discounts through financial credit notes require ITC reversal, how discounts offered by manufacturers to dealers are treated in dealer-to-customer transactions, and the treatment of discounts offered instead of promotional activities undertaken by dealers. Finally, the council has also recommended the adoption of retail sale price-based valuation for certain goods such as pan masala, cigarettes, gutkha, chewing tobacco, zarda, scented tobacco, and unmanufactured tobacco. Amendments to the CGST Rules, 2017, and related notifications will operationalise this change, ensuring uniformity in tax valuation for these products.

What will be the impact?

The recent GST rate reductions, though significant in policy terms, may not translate into actual relief for consumers, primarily because the mechanism to enforce the passing on of benefits is being dismantled. Under the GST regime, Section 171 of the CGST Act and the corresponding anti-profiteering framework mandated that any reduction in the rate of tax, or benefit of input tax credit, must be passed on to the recipient by way of a commensurate reduction in prices. This was enforced through the National Anti-Profiteering Authority (NAA) and later handled by the Competition Commission of India (CCI). However, with effect from April 1, 2025, these anti-profiteering provisions are being discontinued, and the government has categorically stated that they will not be revived. In practical terms, this means that businesses will no longer face statutory scrutiny or penalties if they choose to retain the benefits of rate cuts instead of lowering prices. The government has indicated it will instead engage with industry through dialogue and persuasion to encourage voluntary compliance. For consumers, this shift raises a critical concern: without the legal compulsion that previously existed, the extent to which GST rate reductions will actually reach the marketplace remains highly uncertain, making the relief more theoretical than tangible.

The impact of these sweeping reforms will depend on how effectively they translate into real benefits for consumers and businesses. On the surface, the consolidation of GST slabs into a simpler two-rate structure reduces confusion, lowers classification disputes, and brings India closer to international models of indirect taxation. For businesses, lower rates mean fewer compliance disputes and easier accounting. For consumers, lower rates on essentials, medicines, and household goods should, at least in theory, reduce prices. However, the true extent of relief at the consumer level will depend on how businesses choose to pass on these benefits. Experience with previous rate cuts suggests that companies often adjust their pricing structures to preserve margins, meaning the end consumer may see only a partial reduction in cost. In healthcare and insurance, while exemptions look promising on paper, insurers and hospitals have wide discretion in how they structure premiums and fees, which could dilute the actual benefit. Remember, the insurance companies will now be denied any kind of input tax credit, so that is another cost burden for them. Similarly, in automobiles and appliances, the reduction from 28 per cent to 18 per cent is substantial, but the final retail price may also reflect manufacturer strategies, input costs, and demand expectations.

On the fiscal side, these reforms are likely to create significant revenue pressure. The GST Council's own discussions have highlighted concerns of a revenue shortfall for both the Centre and the states. By removing GST from essentials and drastically reducing rates on large-ticket items like cement and automobiles, the government has foregone a major chunk of tax collections. The higher 40 per cent slab on luxury and sin goods will not be sufficient to fully offset this loss, especially given that consumption in those categories is limited. This raises the question of whether states will demand additional compensation, reviving a long-standing tension in India's federal fiscal framework.

Conclusion

The timing of the reforms also points to the government's urgency. With inflation already low and GDP growth figures among the highest globally, there was no pressing macroeconomic need to cut rates now. Yet the decision comes just ahead of the festive season and in the shadow of upcoming political cycles. The reforms appear to be aimed as much at reviving consumer sentiment and boosting demand as at simplifying tax administration. For the government, the Next Gen GST package serves the dual purpose of showcasing decisive reform and attempting to ensure that the feel-good factor finally catches up with the strong numbers being broadcast. In this sense, the reforms are both ambitious and risky. Ambitious, because they attempt to reset the indirect tax regime with bold simplification and consumer-facing relief. Risky, because the fiscal space for states is already stretched, and the gap between headline tax cuts and actual consumer benefit could lead to disappointment. Whether these measures succeed in creating visible change in household budgets and market demand will determine if they are remembered as a transformative step forward or as another policy move that looked stronger on paper than in practice.

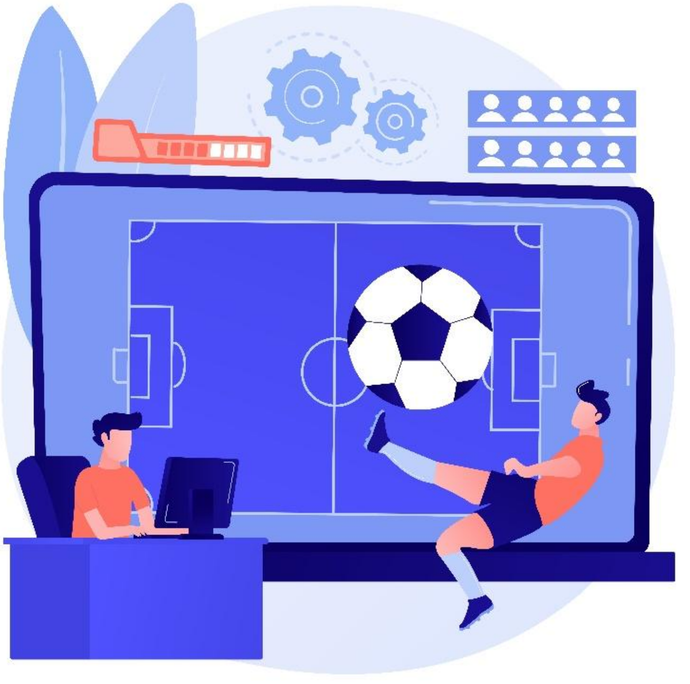
(References – Press Information Bureau, Money Control, The Hindu Business Line)

EXPERT OPINION

Greenvissage

When Dreams Crash Overnight – What Entrepreneurs Must Learn from the Dream11 Saga!

By Amit Chandak, Managing Partner, Greenvissage



Introduction

In India's tech and startup ecosystem, fortunes are often built on ambition, timing, and a dash of regulatory luck. For Dream11, the fantasy sports giant that once rode the wave of cricket's mass appeal, success seemed unstoppable. From being the first gaming unicorn to becoming a household name during every IPL season, Dream11 was a symbol of how technology could transform fandom into participation. But the same speed that propelled its rise also marked its downfall. With one swift regulatory change, India's online betting and gaming landscape was reshaped overnight, leaving Dream11 and its peers scrambling for survival.

What is the Policy change?

The government's recent overhaul of rules governing online gaming has effectively classified money-backed fantasy sports under the same umbrella as online betting. For years, Dream11 operated under the legal argument that its platform relied on skill rather than chance, a distinction that allowed it to sidestep gambling laws. The new framework, however, leaves little room for such nuance. By outlawing financial stakes tied to uncertain outcomes, the regulation clipped the wings of fantasy platforms. What was once a billion-dollar enterprise at the center of India's sports culture was rendered nearly illegal overnight.

Why did Government crack down now?

At the heart of the move is India's uneasy relationship with gambling. While lottery stalls and offline betting syndicates have thrived in the shadows for decades, digital platforms like Dream11 brought the practice into the mainstream, visible and accessible to millions. Rising concerns about addiction, financial exploitation, and youth vulnerability pushed the government to act. Officials framed the rules as consumer protection, but the move also reflects political caution. No party wants to be seen as enabling gambling in a country where morality and legality often overlap in governance. Dream11 became collateral damage in a regulatory tightening that had been brewing for years.

What has been the impact so far?

The consequences have been immediate and brutal. User engagement has plummeted as real-money contests vanish. Sponsorships, once a lucrative stream tied to cricket tournaments and celebrity endorsements, have dried up. Investors, many of whom bet on India's gaming boom as the next frontier, now face uncertainty about their stakes. Beyond Dream11, the fallout extends to smaller startups, payment processors, advertisers, and even sports bodies that relied on gaming sponsorships. What was an industry poised to contribute significantly to India's digital economy now stands frozen, with trust in the sector shaken to its core.

Is there a way forward?

The crisis has reignited calls for a more nuanced policy approach. Industry leaders argue that fantasy sports, unlike pure chance-based betting, involve analytics, strategy, and knowledge, elements of skill that deserve recognition. Advocates are pushing for regulatory sandboxes, licensing regimes, and clearer demarcations between skill-based and chance-based games. Dream11's survival may hinge on its ability to adapt, perhaps by reimagining its offerings without financial stakes or by lobbying for a regulated but legal framework. The alternative is an exodus of capital and talent to friendlier jurisdictions, a loss India can ill afford at a time when it is championing itself as a global startup hub.

Lesson to Learn

Dream11's fall is a reminder of how fragile success can be when built on shifting legal sands. What began as a visionary idea to turn cricket passion into digital play was undone not by competition, but by regulation. The story is larger than one company; it is a cautionary tale for India's startup ecosystem, where innovation often races ahead of policy. Unless a balance is struck between consumer protection and entrepreneurial freedom, the country risks smothering its own champions. For Dream11, the dream is not entirely over, but it must wake up to a far harsher reality.

(Reference – Economic Times, The Indian Express, BBC)

GREENVISSAGE EXPLAINS

Greenvissage

Is Artificial Intelligence the New Dotcom Bubble?

The rapid ascent of artificial intelligence in 2025 has drawn striking comparisons to the exuberant dot-com bubble that defined the late 1990s. Sam Altman, CEO of OpenAI, recently commented on how AI-driven systems are pervasive across digital media, noting with both irony and insight that there are really a lot of LLM-run Twitter accounts now. His words crystallise a new reality where AI is omnipresent online, challenging the borders of authenticity and turning curiosity into speculation. The industry's explosive growth is impossible to ignore. Altman signalled in mid-2025 that intelligence is becoming too cheap to meter, framing the shift not just as a technological leap but a transformation of value itself. AI's impact on global markets is dramatic: the worldwide AI sector ballooned to more than USD 638 billion in 2024 and is forecast to top USD 3.6 trillion by 2034, with explosive annual growth rates pushing above 19%. In just Q1 2025, OpenAI alone raised USD 40 billion in funding, an unprecedented feat in technology's history, six times what it raised the previous quarter.

Much like dot-com startups two decades ago, AI companies attract enormous investment based on their transformative potential. Startups focused on generative AI – building language, image, and data models – are raising billions with business models that are, in many cases, still unproven. The funding landscape is reminiscent of the mania for web servers and e-commerce portals during the dot-com era, a blend of visionary hope and FOMO, with giants like Microsoft, Google, and a new class of chipmakers building out infrastructure at unprecedented speed. Global chip revenue for AI is expected to surpass USD 80 billion by 2027, quadruple 2021's numbers and be a testament to the sector's foundational role in modern computing. Yet the comparison only goes so far. What separates AI from the dot-com bubble is its immediate, tangible impact. In healthcare alone, the AI market is predicted to surge from USD 20 billion in 2023 to nearly USD 187 billion by 2030, revolutionising diagnostics, drug discovery, and patient care. Nearly 38% of medical providers now use computers for diagnostics, Netflix's AI recommendations generate over USD 1 billion annually, and 83% of surveyed companies rank AI as a top priority in their business plans.

Across regions, North America leads the way, with a 2025 market value of over USD 51 billion, followed by Asia-Pacific and Europe. This adoption is powered by aggressive government policy, a vibrant startup ecosystem, and heavyweight legacy tech firms such as Apple, IBM, and Amazon. Some 97 million people are expected to work in the AI space by the end of 2025, underlining both the sector's economic weight and its central role in reshaping the global workforce. Despite the optimism, pitfalls remain. Analysts warn that 95% of enterprise AI projects fail to achieve meaningful productivity gains, and countless startups are likely to vanish before delivering on bold promises. Altman's own words acknowledge the inevitable shakeout; for every winner, someone is poised to lose a phenomenal amount of money. The bubble-like conditions, relentless hype, overheated valuations, and frantic corporate adoption mirror the frenzy of 2000.

For those looking back at the dot-com bubble, the lessons are clear. Many high-profile failures ultimately seeded the infrastructure and business models of today's digital economy. AI could follow a similar trajectory, absorbing its own excesses and leaving behind a sustainable foundation, assuming the underlying technology continues to deliver real value in areas from smart manufacturing to generative content and personalised medicine. As Altman and others push the boundaries, the true test of whether AI is the new dot-com lies in what survives the inevitable shakeout. Will generative models and autonomous agents become true engines of productivity and social change, or will the current mania cool, revealing a more sober landscape of incremental progress? The AI boom stands poised on the knife-edge between speculation and revolution, and what follows will determine not just the fate of this industry but the evolution of technology itself.

(References – Wikipedia, Forbes, Tom's Guide)

Why Google's Antitrust Escape, Signals a New Era in Tech Power Play?

The recent US federal court ruling involving Google's Chrome browser is a pivotal moment in the ongoing battle over tech industry monopolies. After years of antitrust litigation, a judge has decided that Google will not be forced to sell off its Chrome browser or Android operating system, but must abandon exclusive contracts and share critical search data with rivals to foster more competition in online search. The origins of the United States versus Google case date back over a decade of mounting concern about Big Tech's growing dominance over the digital economy. By the late 2010s, Google was no longer just a search engine; it was the backbone of most people's experience on the internet, with its Chrome browser and Android mobile operating system guaranteeing massive user reach and data control. Critics argued that Google's practice of striking multibillion-dollar deals with device manufacturers and browser companies like Apple would lock out would-be competitors before they could even gain a foothold, effectively foreclosing consumer choice and innovation in the search market. This rising pressure culminated in a historic antitrust suit in 2020 by the US Department of Justice alongside several states, demanding a fundamental rethinking of how Google operates and how competition should be protected in the online era.

For five years, the legal drama unfolded in courtrooms and boardrooms, as government attorneys sought so-called structural remedies, arguing that only a breakup of Google, including potentially spinning off its Chrome browser, could truly restore competition lost to exclusionary practices. However, the September 2025 ruling delivered a nuanced result – Google would no longer face the risk of forced breakup or sale of Chrome and Android. Instead, the judge ordered Google to cease exclusive contracts that entrenched its search dominance and mandated the sharing of key search data with rivals, a partial victory for competition, but one that leaves Google's ecosystem largely unbroken. Investors cheered the news, with Google's stock surging on relief that its business model had survived regulatory scrutiny. Nevertheless, the company now faces a new competitive landscape, shaped by both AI disruption and closer government oversight. From a legal and corporate perspective, Google emerged as the clear winner in this particular decision. The worst-case scenario, forced divestiture of Chrome and Android, was averted, and Google's integrated ecosystem, vital for its search, ad tech, and AI efforts, remains intact. The financial markets responded positively, with Google's parent company stock surging by around 8% post-ruling, reflecting relief from the potential disruption investors had feared.

Nonetheless, Google faces new restrictions and some compliance costs. The obligation to share search data with rivals could marginally erode its competitive advantage, and the prohibition of exclusive contracts may allow competitors greater market access in the future. Yet these remedies are widely seen as manageable and do not meaningfully destabilise Google's core position. While Google maintains control over Chrome, the tech industry landscape is changing rapidly, especially with the rise of AI-driven answer engines and new competitors. The court acknowledged increasing competition from AI upstarts as a factor in its decision, suggesting Google's monopoly may not be as impregnable as in the past. Moving forward, Google will have to adapt to a maturing regulatory environment where exclusive deals are curtailed and competitors, including AI firms, gain limited access to its previously guarded search data. Legal analysts expect further appeals, and some experts suggest this ruling could set a precedent for regulating, but not dismantling, Big Tech. Google will need to navigate compliance challenges while fending off rising competition, especially as the definition of search itself evolves with rapid advances in AI. In summary, Google won this court fight, preserving its prized assets while bracing for a more level playing field in the search market, a future that, while less monopolistic, still sees Google as a dominant force, yet one increasingly pressed to innovate rather than simply maintain its position through exclusive partnerships.

(References – BBC, CNBC, Business Standard)

Why Xiaomi, not Apple, is Redefining the future of EVs?

When Xiaomi introduced its YU7 electric SUV in June 2025, the event went far beyond the unveiling of a new vehicle. It symbolised a shift in the global technology industry, a moment when a company known for making budget-friendly smartphones demonstrated that it could succeed in a field where the world's most valuable technology brand, Apple, had failed. Within minutes of the announcement, the YU7 attracted hundreds of thousands of orders, crashing Xiaomi's servers and sending its stock price upward. The sheer scale of consumer enthusiasm, combined with the timing of Apple's quiet retreat from its own long-running car project, cemented Xiaomi's reputation as the rare tech giant able to break into the automotive industry. Apple had once harboured similar ambitions. Its much-discussed Project Titan, launched in 2014, aimed to reinvent personal transportation. Apple assembled a formidable team of engineers, poached talent from Tesla, and spent billions of dollars with the hope of putting an Apple-branded car on the road. Yet after more than a decade of shifting strategies, internal disagreements, and repeated delays, the project was quietly wound down in early 2024. Apple executives struggled to agree on what kind of car to build, whether to pursue a self-driving vehicle, a premium electric sedan, or simply to focus on software partnerships with established automakers. The company's perfectionist culture, which demanded complete control over both design and data, clashed with the realities of the car industry, where scale, manufacturing partnerships, and government regulation dictate outcomes. In the end, Apple produced prototypes but never delivered a commercial product, reinforcing the lesson that making consumer electronics is one thing, but mass-producing cars is an entirely different challenge. Xiaomi's trajectory could not have been more different. The company entered the 2020s facing a crisis in its core smartphone business. Competition from Chinese rivals such as Huawei, Oppo, and Vivo, combined with the US sanctions that closed off the American market, forced Xiaomi to look elsewhere for growth. Unlike Apple, which could afford to abandon its car ambitions and redirect resources into artificial intelligence, Xiaomi needed a bold pivot to survive. Electric vehicles offered that opportunity. The company already had years of experience making and selling a wide array of hardware products, from smartphones and laptops to smart home devices. More importantly, it had built strong supplier relationships in batteries, chips, and sensors, all of which were crucial for the emerging EV industry. The Chinese government, keen to turn the country into a global EV powerhouse, further supported this move with subsidies, tax breaks, and cheap financing. This necessity shaped Xiaomi's approach. Rather than spend years debating what kind of car to build, Xiaomi prioritised speed. Its first model, the SU7 sedan, bore an uncanny resemblance to Porsche designs, earning it the nickname Porsche Mi in Chinese social media circles. Critics accused Xiaomi of copying rather than innovating, but the company's strategy was clear: get a car on the road quickly, refine it over time, and focus on building scale. The company's retail strategy also mirrored the one it had perfected in smartphones. Xiaomi aggressively built showrooms across Chinese cities, ensuring that its cars were visible and accessible. By creating a network of over three hundred sales centres, it brought the car-buying experience closer to its existing base of loyal smartphone customers. At the same time, Xiaomi embedded its cars within its broader ecosystem. The vehicles came equipped with operating systems that seamlessly integrated with Xiaomi phones, tablets, and smart home devices. Owners could step into their cars and instantly sync navigation, entertainment, and even home appliances. This level of ecosystem stickiness, something Apple had envisioned but never executed, gave Xiaomi an enormous advantage in converting its tech-savvy consumer base into car buyers. Of course, the path has not been smooth. The SU7 faced quality complaints soon after launch, and a fatal accident involving the car tarnished its image. In April 2025, sales of the model dipped by more than fifty per cent, showing that brand loyalty could not fully shield Xiaomi from the unforgiving scrutiny of the car market. Production bottlenecks also plagued the company, with wait times stretching up to a year for certain models. Yet despite these setbacks, Xiaomi persisted, pushing forward with its second model, the YU7 SUV, which debuted in June with spectacular demand.

(References – Financial Times, Business Insider, Wired)

COMPLIANCE UPDATES

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Government policies

Government Notifies Income Tax Act | The government has formally notified the Income-tax Act, which will come into effect from April 1, 2026, replacing the six-decade-old Income-tax Act, 1961. The new law, passed by Parliament last week and assented to by President Droupadi Murmu on August 21, was published in the Gazette by the Ministry of Law and Justice. The Act aims to consolidate and modernise India's direct tax framework, with the Income Tax Department describing it as a simpler, transparent and compliance-friendly regime. (Financial Express)

Government Clears INR 1,500 Cr Recycling Scheme for Critical Minerals | The Union Cabinet has approved a INR 1,500 crore incentive scheme under the National Critical Mineral Mission (NCMM) to build recycling capacity for critical minerals from secondary sources. The scheme will support the recovery of minerals from e-waste, lithium-ion battery scrap, and end-of-life vehicle components like catalytic converters. One-third of the outlay is earmarked for startups and smaller recyclers, while larger players will also benefit. The initiative is expected to create 70,000 jobs and strengthen India's supply chain resilience in critical minerals. (Business Line)

Goods and services tax

GSTAT Hearings to Begin Soon as Govt Appoints Key Members | The Centre has appointed judicial and technical members to the Goods and Services Tax Appellate Tribunal (GSTAT), paving the way for the long-delayed body to become operational. Justice (Retired) Sanjaya Kumar Mishra will head the Principal Bench in New Delhi, joined by retired judge Mayank Kumar Jain and senior retired officers A Venu Prasad and Anil Kumar Gupta as technical members. While the government has already notified 31 state benches and appointed several judicial members, states must still nominate their technical members to fully activate the tribunal. Once functional, GSTAT will expedite tax dispute resolution, reducing the current burden on High Courts and the Supreme Court. Industry groups have welcomed the move, calling it critical for freeing blocked capital and providing certainty in GST matters. (Economic Times)

CAG Flags Gaps in E-Way Bill Monitoring | The Comptroller and Auditor General (CAG) has identified serious mismatches between e-way bills and tax payments, highlighting revenue risks under the GST regime. In a performance audit covering April 2018–March 2022, CAG flagged 470 cases worth INR 576.9 crore where taxpayers generated high-value EWBs but failed to discharge tax liabilities, filed nil returns, or continued generating EWBs despite registration cancellations. The audit also found turnover suppression, including 18 taxpayers who issued 3,137 EWBs for supplies worth INR 168.2 crore but did not pay INR 81.1 crore in taxes. CAG urged authorities to flag suspicious EWB activity, alert composition taxpayers crossing limits, and strengthen preventive functions, citing gaps such as inadequate verification, manpower, and analytical use of EWB data. (Business Standard)

Income Tax

New IT Rules and Simplified Forms by December-End | The Income Tax Department is set to notify new rules under the Income-tax Act, by December this year, ahead of the law's implementation on April 1, 2026. According to CBDT member (Legislation) RN Parbat, the department is reworking forms such as ITRs and TDS returns to make them simpler and more user-friendly, removing redundancies and streamlining language. A 'Rules and Forms' committee has already conducted consultations and prepared drafts, which will be vetted by the CBDT, the finance ministry, and the law department before being tabled in Parliament. The CBDT also plans to release FAQs, SoPs, and guidance notes to aid taxpayers and build officer capacity for smooth enforcement of the new Act. (Economic Times)

IT Digital Data Handling to Follow Data Protection Act | The Income-tax Act, expands the definition of computer system to strengthen action against tax evaders, but officials will be required to follow protocols laid down under the Digital Personal Data Protection Act while handling digital data. A CBDT member confirmed that Standard Operating Procedures (SoPs) will guide officers on privacy safeguards during searches and seizures. Finance Minister Nirmala Sitharaman had earlier clarified that the new law addresses cases where taxpayers deny access to devices by exploiting gaps in definitions. While concerns about privacy breaches were raised, the CBDT reiterated its trust-first approach, noting that only a small fraction of returns are scrutinised. The department also plans to roll out standardised and simplified smart forms for TDS, TCS, and advance tax transactions. (Economic Times)

CBDT Extends IT Exemptions for SWFs, Pension Funds Till 2030 | The Central Board of Direct Taxes has extended income tax exemptions for sovereign wealth funds (SWFs) and pension funds investing in India's infrastructure sector until March 31, 2030. The relief, available under Section 10(23FE) of the Income-tax Act, exempts these funds from tax on dividends, interest, and long-term capital gains from eligible investments, subject to conditions. Introduced in 2020 to attract stable global capital, the scheme has already boosted inflows, with direct investments by SWFs and pension funds nearly doubling to USD 6.7 billion in 2022. Around 35 global funds, including Singapore's GIC, Temasek, and Norway's Government Pension Fund, are currently notified beneficiaries. (Economic Times)

Corporate and allied laws

SEBI Reintroduces Intraday Limits on Index Options | SEBI has announced new rules to curb oversized exposures in India's derivatives market by reintroducing intraday position limits on index options, effective October 1. As per the regulator's circular, net intraday positions per entity will be capped at INR 5,000 crore on a futures-equivalent basis, while gross intraday positions will be capped at INR 10,000 crore, in line with existing end-of-day limits. The move, aimed at strengthening risk management and ensuring orderly trading, comes amid concerns over speculative build-up in one of the world's busiest derivatives markets. (Moneycontrol)

Finance and banking

Banks Tap Alternate Data to Lend to First-Time Borrowers | Banks are increasingly relying on alternate data sources to extend credit to new-to-credit (NTC) customers who lack established credit bureau scores, following a push from the government and RBI. According to Bank of India MD & CEO Rajneesh Karnatak, lenders are using indicators such as utility bill payments, telecom and mobile bills, UPI transactions, and e-commerce activity to assess creditworthiness. The move is aimed at expanding financial inclusion and boosting credit access for first-time borrowers. (Business Line)

INR 2,000 Notes Worth INR 5,956 Crore Still in Circulation | The Reserve Bank of India (RBI) has reported that INR 2,000 denomination notes worth INR 5,956 crore remain in circulation as of August 31, more than two years after their withdrawal. The total value has sharply declined from INR 3.56 lakh crore on May 19, 2023, when the withdrawal was announced. While the notes remain legal tender, the RBI said the bulk has already been returned to the banking system. (Business Standard)

Customs and Foreign Trade

Japan Commits JPY 10 Trillion Investment in India Over Decade | Prime Minister Narendra Modi announced in Tokyo that India and Japan have set a target of JPY 10 trillion (about USD 68 billion) in Japanese investments in India over the next 10 years. The two nations unveiled a roadmap to deepen cooperation in critical minerals, defence, and technology as part of their special strategic and global partnership. The announcement came after summit talks between Modi and Japanese Prime Minister Shigeru Ishiba, against the backdrop of global trade uncertainties driven by U.S. tariff policies. (Business Standard)

Accounting and Management

In Focus: Joint Stock Company

A Joint Stock Company (JSC) is a business organisation where the ownership is divided into shares, and the liability of shareholders is limited to the value of the shares they hold. It is a legal entity separate from its owners, meaning it can own property, enter into contracts, sue or be sued in its own name. This structure is widely adopted because it combines the benefits of limited liability with the ability to raise large amounts of capital through the sale of shares.

One of the main features of a Joint Stock Company is its separate legal existence. Unlike partnerships or sole proprietorships, a JSC continues to exist even if its shareholders change or pass away. For instance, multinational corporations such as Microsoft Corporation or Reliance Industries Limited continue to operate regardless of changes in their shareholder base. This provides stability and continuity to the business.

Another key characteristic is the limited liability of shareholders. This means that if the company faces financial losses or debts, shareholders are only liable to the extent of their shareholding. For example, if a shareholder owns shares worth USD 5,000 in a company that goes bankrupt, their maximum loss will be USD 5,000, and their personal assets remain protected. This feature encourages investment since the risk exposure is limited.

In terms of management, ownership and control are separated in a Joint Stock Company. Shareholders are the owners, but the company is managed by a Board of Directors elected by them.

Payroll and Personal Finance

🟧 **Cabinet Extends PM SVANidhi Scheme Till 2030** | The Union Cabinet has approved restructuring and extension of the PM Street Vendors' AtmaNirbhar Nidhi (PM SVANidhi) scheme, pushing the lending window from December 31, 2024, to March 31, 2030. With an outlay of INR 7,332 crore, the restructured scheme will benefit 1.15 crore street vendors, including 50 lakh new entrants. Loan limits have been enhanced, with the first tranche raised to INR 15,000 and the second to INR 25,000, while the third remains at ₹50,000. Beneficiaries repaying their second loan will be eligible for a UPI-linked RuPay Credit Card to access instant credit, alongside digital cashback incentives of up to INR 1,600 for retail and wholesale transactions. The scheme's coverage will also expand beyond statutory towns to census and peri-urban areas. (Business Standard)

ECONOMIC INDICATORS

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Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Jun-25	7.80	7.40
Unemployment (%)	Jul-25	5.20	5.60
Inflation (%)	Jun-25	1.55	2.10
Balance of Trade ($bn)	Jul-25	(27.35)	(18.78)
Business confidence	Sep-25	126.00	118.00
Manufacturing PMI	Aug-25	59.80	59.10
Services PMI	Aug-25	62.90	60.50

(Trading Economics)

Commodities Futures

Commodity	Expiry	Price	Change %
Gold	Oct-25	1,06,270.00	6.55
Silver	Dec-25	1,24,452.00	12.91
Crude Oil	Sep-25	5,587.00	(5.00)
Natural Gas	Sep-25	274.40	1.70
Aluminum	Sep-25	253.75	1.72
Copper	Sep-25	899.50	2.22
Zinc	Sep-25	272.45	4.01

(MCX India)

Global Indices

Index	Country	Change %
NIFTY 50	India	0.34%
BSE SENSEX	India	0.01%
NIFTY BANK	India	-2.32%
INDIA VIX	India	-7.81%
DOW JONES	USA	2.63%
S&P 500	USA	2.37%
NASDAQ	USA	2.78%
S&P/TSX	Canada	4.28%
BOVESPA	Brazil	5.04%
DAX	Germany	-0.31%
FTSE 100	UK	0.53%
CAC 40	France	1.18%
FTSE MIB	Italy	2.95%
MOEX	Russia	3.64%
NIKKEI 225	Japan	4.95%
S&P/ASX 200	Australia	0.64%
SHANGHAI	China	4.10%
HANG SENG	Hong Kong	0.63%
KOSPI	South Korea	0.09%

(Investing.com)

Currency Exchange Rates

Pair	Current	Prior	Change %
USD/INR	87.85	87.55	(0.34)
GBP/INR	118.58	116.24	(2.01)
EUR/INR	102.47	100.25	(2.22)
YEN/INR	59.76	58.85	(1.55)

(FBIL India)

Cryptocurrencies

Pair	Crypto	Price	Change %
BTC/USD	Bitcoin	1,10,924.23	(2.31)
ETH/USD	Ethereum	4,413.36	26.47
BNB/USD	Binance	848.38	13.02
SOL/USD	Solona	207.61	26.90

(Crypto.com)

Bank Policy Rates

Type	Current	Prior	Change %
Repo rate	5.50	5.50	-
Standing deposit	5.25	5.25	-
Marginal facility	5.75	5.75	-
Bank rate	5.75	5.75	-
Reverse Repo	3.35	3.35	-

(RBI India)

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