



Public Finance

New GST reforms to cause ₹3,700 cr revenue loss to govt: SBI report

The State Bank of India (SBI) in its latest research report said that reforms in GST through reduction in rates will cause a minimal revenue loss of ₹3,700 crore. The government estimates the net fiscal impact of GST rates rationalisation will be ₹48,000 crore on an annualised basis. According to the report, given the growth and consumption boost, the minimal revenue loss is estimated at ₹3,700 crore and will have no impact on the fiscal deficit. (*Business Standard*)

Expenditure on pension payment and salary bills mounting, set to exceed Telangana 2025-26 budget estimates

The burden on the Telangana's exchequer on account of payment of pensions is mounting with revenue receipts not keeping pace. The State government has incurred an expenditure of ₹6,149 crore for payment of pensions till end of July, 46.91% of the ₹13,109 crore projected for the current fiscal (2025-26) in the budget estimates. The government on an average is incurring expenditure in excess of ₹1,500 crore every month as indicated by the provisional figures submitted to the Comptroller and Auditor General of India. (*The Hindu*)

Fiscal deficit widens sharply in early FY26: Union Bank of India

India's fiscal deficit widened notably in April-July FY26 as compared to the same period previous year, Union Bank of India report says. During April-July FY26, India's fiscal deficit was ₹4.68 lakh crore (30% of Budget Estimates), nearly double from Rs. 2.77 lakh crore (17.6% of Revised Estimates) seen in April-July FY25. It was mainly due to income tax cuts and aggressive capital expenditure growth of 33%, the reports attributes. (*BusinessLine*)

Cess 'slitting throat of federalism': Derek O'Brien

Trinamool Congress Rajya Sabha leader Derek O'Brien on Friday said the cess going to the Centre is "slitting the throat of federalism", and noted that several states have voiced concern over the shrinking divisive pool of tax revenues. In a blogpost, the TMC Rajya Sabha Leader said, "In all the hoopla about GST, the four-letter word which is slitting the throat of federalism is CESS". Funds collected as cess go 100 percent to the Union government. Not a rupee is shared with the State governments," he said. (*The Economic Times*)

Centre and States are partners, not rivals, says ex-IAS officer Ashok Vardhan Shetty

The States and the Centre are not rivals but partners, much like the warp and weft of a woven cloth, former IAS officer, K. Ashok Vardhan Shetty said. "Federalism and Centre-State relations are like a Kancheepuram saree, where each coloured thread represents a State. When woven well, the saree looks beautiful," Mr. Shetty said, addressing students at the Loyola IAS Academy on the topic "State Autonomy: The Cornerstone of a Strong India". (*The Hindu*)

While rationalising GST, Centre must protect States' revenue receipts, says Tamil Nadu Finance Minister Thangam Thennarasu

A day before the GST Council meeting, the Tamil Nadu government on Tuesday reiterated its demand that the Union government protect the revenue receipts of Tamil Nadu, among other States, when it implements GST rationalisation. "Our key demand is that they [the Union government] should protect our revenue receipts to the extent that there should be no revenue loss," Finance Minister Thangam Thennarasu said. (*The Hindu*)

Centre notifies Unified Pension Scheme rules

The Centre has notified rules for regulating service matters relating to benefits under the Unified Pension Scheme (UPS) in respect of its employees, an official statement issued on Thursday said. The Central Civil Services (Implementation of the Unified Pension Scheme under the National Pension System) Rules, 2025 will cover "enrolment under Unified Pension Scheme and switch facility from UPS to NPS one year before the date of retirement or three months before the VRS", among others. (*The Economic Times*)



Taxation

GST 2.0 reforms 2025: GST Council approves two-rate tax slab effective September 22

The Goods and Services Tax (GST) Council, during its 56th meeting, decided to revamp the tax structure into a primarily two-rate system as proposed by the Central government, Union Finance Minister Nirmala Sitharaman announced on Wednesday. Apart from the two rates of 5% and 18%, the new GST system would also include a 40% "special rate" on sin goods such as tobacco and luxury items such as large cars, yachts, and helicopters. The government also calculated that the net fiscal implication of the rate cuts, based on consumption patterns in 2023-24, would be ₹48,000 crore. (*The Hindu*)

GST reforms will boost consumption, economy: Finance Minister Sitharaman

Finance Minister Nirmala Sitharaman has expressed confidence that revenue buoyancy driven by spurt in consumption will take care of the estimated GST shortfall of ₹48,000 crore following reduction in tax rates on a host of items, and hence there will be no impact on public finances but definitely bolster gross domestic product (GDP) growth. She also emphasised that the consumption boost to be provided by landmark GST

reform and better-than-expected first quarter GDP growth number may help in exceeding the projected pace of 6.3-6.8% for FY26. *(The Hindu)*

GST revenue rises 6.5% to ₹1.86 lakh cr. in August

India collected Rs 1.86 lakh crore as goods and services tax in August, 6.5% higher than the same period last year, showed government data on Monday. For the previous month, India's gross Goods and Services Tax (GST) collection stood at Rs 1.96 lakh crore, government data showed Friday. The gross domestic revenue grew 9.6 per cent to Rs 1.37 lakh crore, while tax from imports dipped 1.2 per cent to Rs 49,354 crore in August. GST refunds were down 20 per cent year-on-year to Rs 19,359 crore. Net GST revenue stood at Rs 1.67 lakh crore in August 2025, recording 10.7 per cent year-on-year growth. *(The Economic Times)*

GST on health and life insurance premiums reduced to zero

GST on individual health and life insurance premiums has been reduced to zero in the 56th GST Council meeting, which took place today. This will come into effect starting September 22, 2025. The council has completely done away with GST on insurance premiums, which currently stands at 18%. However, there had been much debate on bringing down this rate to zero in a bid to make insurance more affordable for everyone and, in effect, bring down the post-GST premium for policyholders. *(The Economic Times)*

3-day registration for GST, 90% provisional refunds from November 1

The GST Council has cleared the way for two major compliance relief measures — a simplified registration scheme for small and low-risk businesses, and a risk-based framework for faster refunds. From November 1 this year, eligible applicants will get GST registration within three working days through an automated process while exporters and firms facing inverted duty structure will be able to access 90 per cent of their refund claims provisionally. CBIC Chairman Sanjay Kumar Agarwal said the scheme will cover both central and state jurisdictions, and apply in cases where applicants are assessed to be low-risk. *(Business Standard)*

GST reforms to make life easier for both businesses, consumers: Sitharaman

Finance Minister Nirmala Sitharaman said the recent Goods and Services Tax (GST) overhaul is not limited to rate reductions but is designed to make life easier for both businesses and consumers. The GST changes, effective from September 22, will also resolve confusion over product classification by placing similar goods in the same tax bracket. *(Business Standard)*



National Accounts and State of the Economy

How gaps in governance standards weigh on India's sovereign ratings

Fitch classifies ratings on a scale from 'AAA', the safest, to 'D', default. 'BBB+' signals stronger capacity to meet commitments than 'BBB', which indicates better financial capabilities than BBB- (India's rating). The ratings influence borrowing costs and investor confidence in a country's economy. Political stability is the country's most pressing governance challenge, with scores stuck below 25 for five years: 19.3 in 2019 and 21.3 in 2023, the last time WGI data was compiled. *(Business Standard)*

GST cut on biogas devices to drive private investment, project growth

The reduction of Goods and Services Tax (GST) on biogas plants and devices will boost private investment in the sector. The GST on biogas plants and devices has been cut to 5 per cent from 12 per cent, effective September 22. A reduction of 7 per cent (from 12 per cent to 5 per cent) in the applicable GST rate for the CBG sector is expected to significantly improve project viability, and the direct impact would translate into 4-5 per cent increase in new investments in the industry over the short to medium term. *(Business Standard)*

GST revamp to set off demand, investment, job cycle: FM Nirmala Sitharaman

After delivering on reforms in goods and services tax (GST), the Union finance ministry will shift its focus to accelerating disinvestment in public-sector enterprises, enhancing their operational efficiency, and monetising the vast, underutilised assets they hold. On the government raising GST on job work from 12 to 18 per cent, which may affect outsourced manufacturing work by small companies, particularly in the apparel sector, Sitharaman said it was based on the principle that most services were taxed at 18 per cent because the rate of 12 per cent was gone. *(Business Standard)*

Power puzzles in GDP: Energy consumption falls despite growth numbers

There are some apparent paradoxes visible in the data from the first quarter of 2025-26 (Q1FY26). The GDP delivered a positive surprise with 7.8 per cent Y-o-Y growth. But electricity consumption fell 1.5 per cent Y-o-Y, a drawdown not seen since the Covid lockdowns. High rainfall meant there were only 12 days with above-normal temperature and humidity, so cooling demand was low. Beyond industrial needs, the increasing penetration of air conditioners in middle-income households is contributing to cooling demand. *(Business Standard)*

Karnataka draws ₹12 trn in investments on robust economic climate: Study

Karnataka has attracted new investment proposals worth over Rs 12 trillion between financial years 2021-22 and 2024-25 due to the highly vibrant and progressive investment climate in the state. The state has a dominant position in aerospace exports with a 65 per cent share and machine tools output by 50 per cent, it said. Karnataka's IT exports account for about 42 percent of India's software exports. *(Business Standard)*

Renewable energy investments in India rise 45% to \$1.23 bn in August

Investments in the Indian renewable energy (RE) sector, including solar and wind energy projects, jumped to \$1,235 million (\$1.23 billion) last month (August 2025), research firm JMK Research said on Wednesday. This was 45 per cent higher than \$848 million investments announced in the same month last year. (*Business Standard*)

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

“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. (*Business Standard*)



Banking and Monetary Policy

Banks sense an opportunity in GST gain for retail, MSME

The latest reforms in goods and services tax are expected to unlock fresh credit demand, particularly in the retail and micro, small and medium enterprises (MSME) segments. Bankers say demand will likely be driven by increased consumption activity, working capital needs and private capital expenditure. The revamp that India announced in the GST framework last week, including a cut in tax rates, coupled with this year's good monsoon season and improving liquidity, is viewed as a timely, positive development that could significantly lift rural sentiment and consumption, bankers said. (*The Economic Times*)

Falling NII hurts private banks' profit growth, public peers do better

Private sector banks reported declining net profit year-on-year for the second consecutive period in the June quarter amid dwindling net interest income whereas their public sector counterparts continued to report double digit growth for the sixth consecutive quarter. For a sample of 17 private sector banks, net profit fell by a tad 0.6% to ₹48,115 crore compared with a 26.7% growth in the year-ago quarter. For the 12 public sector banks, net profit grew by 10.6% to ₹44,218 crore compared with a 16% growth a year ago. (*The Economic Times*)

Festive-season boost: Rate-cut transmission to get a push as banking gets Rs 62,000 cr

Banking system liquidity, currently at a daily surplus of ₹3 lakh crore, is set for a festive-season boost as the first of the stage-gated reductions in the cash reserve ratio (CRR) takes effect on Saturday. This phase of the CRR cut is expected to inject about ₹62,000 crore into the banking system two weeks before the festive season begins,

coinciding also with the most significant reductions in the uniform producer levy since it was introduced eight years ago. *(The Economic Times)*

RBI to conduct 8-day VRRR auction to absorb ₹1.5 trillion from banking system

The Reserve Bank of India (RBI) plans to conduct an eight-day variable rate reverse repo (VRRR) auction on Thursday aimed to drain ₹1.5 trillion from the banking system.

The net liquidity in the banking system was in a surplus of ₹3.03 trillion on Tuesday, latest data by the central bank showed. Meanwhile, the cut-off yield on 182-day, and 364-day treasury bills was set at 2 basis points, and 3 basis points higher, respectively, at the weekly auction. *(Business Standard)*

Public sector banks race ahead of private lenders in home loan market in April-June: report

Public sector banks grew their home loan market share significantly in the April-June quarter despite witnessing higher incidence of stress, a credit information company said on Tuesday. The share of public sector banks (PSBs) in the overall home loan outstanding grew to 46.2 per cent in June 2025, from 37.6 per cent in the year-ago period, the report by Crif High Mark said. Private sector banks' share has reduced to 28.2 per cent from 35.2 per cent during the same period, the report said. *(The Economic Times)*

Banks step up checks on deposit accounts to thwart mules

Banks are grappling with a surge in fraud linked to deposit accounts, surpassing loan accounts in risk. The rise of mule accounts used for money laundering has prompted stricter KYC processes and enhanced transaction monitoring. The RBI's MuleHunter.AI initiative and increased staff training aim to combat this growing threat, as banks balance customer acquisition with fraud prevention. *(The Economic Times)*



External Sector

India, EU working on series of transformative initiatives besides eyeing to seal FTA by December

Eyeing to conclude their ambitious free trade deal soon, India and the European Union will hold two rounds of crucial negotiations in the next one month to overcome differences in areas of rules of origin, market access and duties on wine and dairy products, authoritative sources said on Sunday (September 7, 2025). European Commission's agriculture commissioner Christophe Hansen and trade chief Maros Sefcovic are visiting India this week to hold talks with their Indian interlocutors as both sides look to seal the free trade agreement (FTA) by the end of this year. *(The Hindu)*

India's forex reserves jump by \$3.51 billion to \$694.23 billion

India's forex reserves jumped by \$ 3.51 billion to \$ 694.23 billion for the week ended August 29, the RBI said on Friday. The overall reserves had dropped by \$ 4.386 billion to

\$ 690.72 billion in the previous reporting week. For the week ended August 29, foreign currency assets, a major component of the reserves, increased by \$ 1.686 billion to \$ 583.937 billion, the latest data showed. Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves. The gold reserves increased by \$ 1.766 billion to \$ 86.769 billion during the week, the RBI said. (*Business Standard*)

EU ban on Russian fuel: India's diesel exports to Europe surge 137% in Aug

India's diesel exports to Europe jumped 137 per cent year-on-year (Y-o-Y) to 242,000 barrels per day (bpd) in August, as buyers prepared for the European Union's ban on fuels refined from Russian crude starting January 2026, according to a report from The Economic Times. Exports in August were up 73 per cent month-on-month (M-o-M) and 124 per cent higher than the average over the previous 12 months, according to Kpler, a global real-time data and analytics provider. Energy cargo tracker Vortexa estimated Indian diesel exports to Europe at 228,316 bpd, up 166 per cent Y-o-Y and 36 per cent from July. Export figures often differ between shipping data trackers. (*Business Standard*)

Gross FDI at four-year high in June; net FDI fell 50%

While the gross Foreign Direct Investment (FDI) into India grew to a four-year high in June 2025, the net amount contracted more than 50% owing to faster growth in repatriations by foreign companies in India, and outward investments by Indian companies, according to data released by the Reserve Bank of India (RBI). The data, released as part of the RBI's monthly bulletin, shows that this trend holds true on a quarterly basis as well. Gross investments in the June 2025 quarter grew 10.5%, but were outpaced by the growth in outward FDI by Indian companies, leading to a contraction in net FDI. Gross inflows into India, which measures the total amount entering the country, stood at \$9.3 billion in June 2025, up nearly 22% compared with \$7.6 billion in June 2024 and \$7.2 billion in May 2025. (*The Hindu*)

Tariffs on India are for buying Russian oil, Trump tells court

The Trump administration has told the U.S. Supreme Court that it imposed tariffs against India for purchasing Russian energy products "to deal with a preexisting national emergency regarding Russia's war in Ukraine" and as a "crucial aspect" of the President's push for peace in the country. Mr. Trump has imposed 25% reciprocal tariffs on India and an additional 25% levies for Delhi's purchases of Russian oil, bringing the total duties imposed on India to 50%, with effect from August 27. In a 251-page appeal to the Supreme Court, submitted on Wednesday, the Trump administration said that "the President recently authorised IEEPA (International Emergency Economic Powers Act) tariffs against India for purchasing Russian energy products, to deal with a preexisting national emergency regarding Russia's war in Ukraine, as a crucial aspect of his push for peace in that war-torn country." (*The Hindu*)

Datanomics: India Post's move may further hamper its foreign business

India Post, like national postal operators of other countries, recently suspended all its postal services to the United States (US), after Washington withdrew the duty-free de-minimis exemption for goods. The de-minimis imports gave a duty and tax-free entry of low-value shipments valued up to \$800 into the US. However, all US-bound

international postal items will now attract Customs duties under the International Emergency Economic Power Act (IEEPA) tariff framework. ([Business Standard](#))



Agriculture and Rural Economy

Allegations of irregularities in onion procurement resurface

Allegations of irregularities in onion procurement under the Centre's Price Stabilisation Fund scheme have resurfaced, with farmer groups demanding immediate payment of dues and a white paper on the process. Nodal agencies NAFED and NCCF were to procure over 3 lakh tonnes of onions, but farmers allege that farmer producer companies involved indulged in malpractice, leaving payments worth nearly ₹200 crore pending for produce supplied months ago. A vigilance squad has been sent to Nashik for the third time in recent months to investigate the complaints. Swabhimani Shetkari Sanghatana leader and former MP Raju Shetti, who met Union Agriculture Secretary Devesh Chaturvedi, pressed for early disbursement of dues with interest and urged the government to detail the procurement process. ([BusinessLine](#))

Govt lowers rice procurement target to 46.35 mt

The government has fixed the rice procurement target at 46.35 million tonnes from the current kharif season, compared to 47.4 mt procured last year against a target of 51.16 mt. In a meeting with State and UT Food Secretaries, the Food Ministry also set a target of 1.92 mt of coarse grains/millet for KMS 2025-26, beginning in October. With rice procurement exceeding annual requirement (41 mt) and reaching 54.52 mt in 2024-25, States have been advised to focus on millets for crop diversification and nutrition. However, the procurement estimate may be revised after production data, as floods and excess rainfall have damaged paddy in parts of the country, with Punjab expected to contribute less than last year's 11.61 mt. ([BusinessLine](#))

GST on dairy products, farm tools cut to 5%

The GST Council, chaired by Finance Minister Nirmala Sitharaman, has reduced GST rates mostly to 5% on several agriculture-related items including tractors, dairy products, fertilizers' raw materials, biopesticides, and farm equipment. Dairy products like ghee, butter, cheese, condensed milk, paneer, and ice creams will become cheaper by 5-10%, with companies like Amul and ice-cream makers set to pass on the benefits to consumers. GST on cocoa powder, chocolates, and related products has also been cut from 18% to 5%. From September 22, 5% GST will apply to items such as milk cans, preserved foods, honey, fish, kendu leaves, farm machinery, irrigation equipment, micro-nutrients, and biopesticides. Tractors will now attract 5% GST instead of 12%, reducing prices by ₹30,000-₹60,000 per unit, which experts say will boost farm mechanisation, productivity, and farmers' income. ([BusinessLine](#))

IMD predicts 'above normal' rain for Sept, risk to crops rises after damage in August

Heavy rainfall in Punjab, Maharashtra, Rajasthan and Karnataka in late August damaged crops, and the IMD has now forecast above-normal rain in September, with monthly rainfall expected at over 109% of the long-period average of 167.9 mm. While India received 6% above-normal rain till August 31 and 5% above normal in August alone, IMD warned that standing crops in north Chhattisgarh, east Rajasthan, west Haryana, south Punjab and Uttarakhand face risk of further damage due to likely excess rainfall, alongside landslips and floods in vulnerable regions. *(BusinessLine)*

Mehsana exports ₹3,995 crore worth of cumin & other spices during FY25

Cumin, isabgol, and fennel seeds were among the ₹3995 crore worth of spice seeds that were exported from Mehsana in Gujarat during financial year 2024-25. Of the total exports, 25 percent of the spices were shipped to China, and an additional 16 percent made their way to Bangladesh, figures shared by the Gujarat government stated. The same year 10 percent of the total exports were to the United Arab Emirates (UAE), five percent to the United States, and an additional four percent to Morocco. *(BusinessLine)*

'Agri sector should grow at 5% to ensure 8% economic growth in India'

NITI Aayog Member Ramesh Chand said India must achieve 5% agricultural growth to support the 8% economic growth needed for becoming a Viksit Bharat by 2047, citing Japan, Korea and China's experience of sustaining similar farm growth for decades. Speaking at the FPO Conclave organised by Nabard and Samunnati, he stressed that small farmers will remain central to Asia's agriculture and should be seen as a strength. Chand added that merely creating FPOs is not enough; financing, capacity building, and support systems are essential to make them drivers of growth. The conclave will discuss making FPOs enterprise-ready, climate-smart agriculture, and pension inclusion. *(BusinessLine)*

Niti Aayog's report on pulses says area, production increase possible

The NITI Aayog report on pulses, authored by Neelam Patel and team, highlights the need for crop- and region-specific cluster strategies, customised technology, and use of rice fallow lands to boost pulse output by up to 2.85 million tonnes. It suggests incentives, assured prices, and compulsory inclusion of pulses in schemes like PDS and mid-day meals to ensure availability. However, experts caution that without a holistic crop policy covering competing crops, farmers may continue shifting to alternatives like paddy and maize. *(BusinessLine)*



Industry, Manufacturing, Services and Technology

Govt. sets up panel to study manufacturing sector issues

The government has set up a committee to examine the tax and export clearance issues being faced by manufacturing units and suggest measures to further streamline the

system amid high tariffs imposed by the U.S., an official said. The committee includes representatives from the finance ministry, Department for Promotion of Industry and Internal Trade (DPIIT), Department of Commerce, DGFT, and RBI. *(The Hindu)*

Manufacturing PMI rises to 17-year high in August

Activity in the manufacturing sector in August 2025 expanded at the fastest rate in more than 17 years, propelled by a demand-driven rise in new orders and production, according to a private sector survey. The HSBC India Manufacturing Purchasing Managers' Index (PMI) climbed to 59.3 in August from 59.1 in July, indicating the "fastest improvement in operating conditions for 17-and-a-half years", the report said. The graphs included in the report show that India's manufacturing PMI was last higher in mid-2008. "Companies upped the pace at which additional materials were bought, and more jobs were created, partly reflecting positive expectations regarding the outlook," the report said. The survey report went on to explain that the uptick in the headline PMI figure reflected an acceleration in the growth of production volumes, which grew the quickest in close to five years. *(The Hindu)*

India sets eyes on \$1-tn semiconductor market; PM promises faster approvals

India will soon hold a significant share in the global semiconductor market, which is set to reach \$1 trillion in size, Prime Minister Narendra Modi said on Tuesday, adding that the government is working to ensure faster approvals to reduce the time it takes to start manufacturing semiconductors in India. He added that work was "under way" on the next phase of the India Semiconductor Mission. *(The Hindu)*

Renewable energy industry sees boost to domestic manufacturing

The GST Council's recommendation to reduce the taxation rate on renewable energy devices relating to solar, wind and biogas, and on parts required to manufacture them, from 12% to 5%, has been welcomed by the industry as a step towards spurring domestic manufacturing by easing capital expenditure. Furthermore, industry associations stipulate this may translate to potentially lower tariffs for consumers. Speaking to *The Hindu*, Subrahmanyam Pulipaka, CEO at the industry body National Solar Energy Federation of India (NSEFI) said the move was a "positive step" and adhered to a long-standing request of the industry for a return to status quo. *(The Hindu)*

Updated industrial classification will help capture new economy data

The proposed National Industrial Classification (NIC-2025) update will help improve the monitoring of the Indian economy. Industrial classification was first prepared in 1962, with updates in 1970, 1987, 1998, 2004, and 2008. It is a standardised numerical system developed by the National Statistics Office (NSO) to categorise activities across industries. NIC codes have been instrumental in calculating data on national accounts, statistical surveys, investment flows, and policy formulation. However, as the economy shifts toward digital services, green energy, and gig work, the old classification system could soon become outdated. The 2025 draft promises to correct this lag by explicitly recognising new-age sectors from OTT (over the top) platforms to electric-vehicle charging stations. *(Business Standard)*

Govt plans ₹5,000 cr mission to boost green steel, cut industry emissions

The government is working on a national mission to provide financial support to both large and small steelmakers to produce sustainable or 'green' steel, according to a report in *The Economic Times*. The scheme, expected to be worth about ₹5,000 crore, could be rolled out in the next financial year after necessary approvals. The package will include concessional loans, risk guarantees and other financial tools. While the primary focus will be on secondary steel producers, who contribute nearly half of India's output, primary producers using blast furnaces will also be eligible. (*Business Standard*)



News on Kerala

Kerala reiterates demand for protected revenue at GST council meet, says GST rate rejig would bring down State's revenue by ₹8,000 crore to ₹10,000 crore

Kerala has strongly reiterated its demand at the just-concluded GST council meeting that the revenues of the States be protected under the revamped Goods and Services Tax (GST) structure, Kerala Finance Minister K.N. Balagopal said on Thursday (September 4, 2025). Speaking to the media after the 56th GST council meeting in New Delhi, Mr. Balagopal said Kerala alone is likely to face a dip in annual revenues to the tune of ₹8,000 crore to ₹10,000 crore on account of the revamp. "This is an approximate figure. The tax rejig for automobiles, insurance, electronics and cement alone would bring down Kerala's revenue by ₹2,500 crore for Kerala," he said. (*The Hindu*)

Kerala's infant mortality rate falls to all-time low of 5

Kerala's infant mortality rate (IMR) has dropped to an all-time low of 5 per 1,000 live births, far below the national average of 25 and even lower than the U.S. rate of 5.6. According to the 2023 Sample Registration Survey, Kerala is the only State with a single-digit IMR and no urban-rural gap. The State first achieved a single-digit IMR of 7 in 2018, reduced it to 6 in 2019, and has now reached 5. (*The Hindu*)

U.S. tariff hikes put Kerala in a spot of bother

As the tariff war announced by U.S. President Donald Trump has upset economies worldwide, India is also feeling the pinch. Tiki Rajwi speaks to industry captains, economists, and political leadership of the State to understand what the new tariff regime really means to Kerala, a major exporter of marine products, spices, garments, electronic components and electric machinery and equipment. (*The Hindu*)

Onam 2025: Increased vegetable production helps hold back price hikes in Kerala

Kerala's vegetable production has more than doubled in seven years, reaching 1.72 million tonnes in 2023–24, which helped contain price hikes during Onam. Prices of key items like onions and plantains fell compared to last year, though some vegetables like tomatoes and papayas became costlier. The Agriculture Department is monitoring markets and can intervene with direct supply when needed. Minister P. Prasad said boosting local production has been crucial in keeping prices stable. (*mathrubhumi.com*)

GULATI INSTITUTE OF FINANCE AND TAXATION
GIFT Campus, Chavadimukku,
Sreekariyam, Thiruvananthapuram, Kerala - 695017
Phone : 0471 2596970, 2596980, 2590880, 2593960
Fax : 0471 2591490
Email : giftkerala@gmail.com



An Autonomous Institution of Government of Kerala

Disclaimer: This compilation on important news items relating to Finance, Taxation and Indian economy by GIFT from various newspapers and e-resources aims at providing an update to our esteemed readers. GIFT does not guarantee the accuracy or validity of the information provided. It is not a commercial product and all the copyrights remain with those of the respective copyright holders. Images are sourced from the web.