



BENEVOLENT IAS ACADEMY

1626 – A, Sri Vinayaga Complex,
Hope College, Peelamedu (PO),
Coimbatore – 641 004.

Cell: +91-9787731607, 9787701067.

Web: www.benevolentacademy.com, E-Mail: benevolentacademy@gmail.com

TODAY'S IMPORTANT CURRENT AFFAIRS

UPSC MAINS

Date: 08.09.2025

Source: The Hindu

TODAY'S DROPS OF NEWS:

<u>SUBJECT</u>	<u>IN NEWS</u>
POLITY	---
ECONOMY	GST reforms 2025.
GEOGRAPHY	---
HISTORY AND ART & CULTURE	---
ENVIRONMENT	---
SCIENCE & TECH	---
MISCELLANEOUS	---

ECONOMY

In news: GST reforms 2025.

The 56th Goods and Services Tax (GST) Council, unveiled GST 2.0 with next-generation reforms to make the tax regime citizen-centric, boost agriculture, health, manufacturing, and improve ease of doing business.

- The changes in GST rates on services will be implemented with effect from 22nd September 2025.
- Next-generation reforms, moving towards a simplified two-slab structure of 5% and 18%.
- A higher 40% demerit rate will apply only to super luxury, sin, and demerit goods, streamlining India's eight-year-old indirect tax regime.

Aim of the reform:

The GST reforms seek to reduce the tax burden on common people, cut slabs, ease working capital issues, and improve business efficiency through automated refunds and registrations.

- **Tax Relief for the Essential Goods:** Full GST exemption on individual life and health insurance policies. It will increase the penetration of insurance into the citizen.
- Essential goods such as Ultra-High Temperature (UHT) milk, paneer, and Indian breads now carry nil GST. Will facilitate the consumption economy on daily and essential commodities. This make people at the bottom economic standard to buy more good to boost their economic contribution.
- **Consumer Goods:** GST on small cars, TVs, air conditioners, cement, and auto parts has been reduced from 28% to 18%. These goods are mostly bought by the middle-income group of people. Thus, it increase the consumption among them.
- GST on renewable energy devices has been reduced from 12% to 5%. These cuts are expected to stimulate manufacturing, promote green energy adoption, and boost domestic demand, which in turn boost production and investments in the sector.
- **Medical and Health Devices:** GST on 33 lifesaving drugs has been reduced from 12% to nil. GST on three critical drugs used for cancer and rare diseases has been reduced from 5% to nil, strengthening healthcare access. This reduction in the medical expenditure will reduce the out of pocket expenditure among the public.
- **Support for Agriculture and Rural Sectors:** Machinery like tractors, harvesters, and composters GST reduced from 12% to 5%.

- Fertilizer inputs such as sulphuric acid, nitric acid, and ammonia: GST reduced from 18% to 5%. This heavily supports the India's aim to double farmers income, by reducing their expenditure cost.
- **Labour-intensive goods like handicrafts, marble, and leather items:** GST reduced from 12% to 5%. which will attract more employment opportunities if the demand in the sector increases.
- ✓ Tax Cuts on White Goods and Automobiles
- ✓ GST on ACs, TVs, dishwashers cut from 28% to 18%.
- ✓ Small cars (petrol up to 1200 cc/diesel up to 1500 cc) now taxed at 18%.
- ✓ Motorcycles under 350 cc and all auto parts also shifted to 18%.
- ✓ Luxury cars taxed at 40%; electric vehicles remain at 5%.
- ✓ Special 40% Slab for Sin and Luxury Goods.

A **40%** GST rate will apply only to **super-luxury and sin goods** such as pan masala, cigarettes, gutka, zarda, unmanufactured tobacco, caffeinated beverages, private-use helicopters, airplanes, yachts, and large cars/motorcycles (>350cc). For now, pan masala and tobacco products will remain taxed at 28% plus cess, but they will move into the 40% slab once the Centre repays compensation loans borrowed for states.

Historic Diwali Gift for the Nation

NEXT-GEN GST REFORM

for Ease of Living & to build *Aatmanirbhar Bharat*

From farmers to enterprises, from households to businesses,
the Next-Gen GST brings happiness for all!

Save Big on Daily Essentials

Items	From	To
Hair Oil, Shampoo, Toothpaste, Toilet Soap Bar, Tooth Brushes, Shaving Cream	18%	5%
Butter, Ghee, Cheese & Dairy Spreads	12%	5%
Pre-packaged Namkeens, Bhujia & Mixtures	12%	5%
Utensils	12%	5%
Feeding Bottles, Napkins for Babies & Clinical Diapers	12%	5%
Sewing Machines & Parts	12%	5%

Uplifting Farmers & Agriculture

Items	From	To
Tractor Tyres & Parts	18%	5%
Tractors	12%	5%
Specified Bio-Pesticides, Micro-Nutrients	12%	5%
Drip Irrigation System & Sprinklers	12%	5%
Agricultural, Horticultural or Forestry Machines for Soil Preparation, Cultivation, Harvesting & Threshing	12%	5%

Relief in Healthcare Sector

Items	From	To
Individual Health & Life Insurance	18%	Nil
Thermometer	18%	5%
Medical Grade Oxygen	12%	5%
All Diagnostic Kits & Reagents	12%	5%
Glucometer & Test Strips	12%	5%
Corrective Spectacles	12%	5%

Automobiles made affordable

Items	From	To
Petrol & Petrol Hybrid, LPG, CNG Cars (not exceeding - 1200 cc & 4000mm)	28%	18%
Diesel & Diesel Hybrid Cars (not exceeding - 1500 cc & 4000mm)	28%	18%
3 Wheeled Vehicles	28%	18%
Motor Cycles (350 cc & below)	28%	18%
Motor Vehicles for transport of goods	28%	18%

Affordable Education

Items	From	To
Maps, Charts & Globes	12%	Nil
Pencils, Sharpeners, Crayons & Pastels	12%	Nil
Exercise Books & Notebooks	12%	Nil
Eraser	5%	Nil

Save on Electronic Appliances

Items	From	To
Air Conditioners	28%	18%
Television (above 32") (including LED & LCD TVs)	28%	18%
Monitors & Projectors	28%	18%
Dish Washing Machines	28%	18%

PROCESS REFORMS

Registration

Automatic registration within 3 working days for applicants:

- Identified by the system based on data analysis
- Who determines that he would not pass Input Tax Credit exceeding ₹2.5 Lakh per month and opts for the Scheme

Refund

Sanction of Provisional Refunds by proper officer, through system based risk evaluation for:

- Zero Rated Supplies
- Supplies with Inverted Duty Structure



“The next generation of GST reforms are a gift for every Indian this Diwali. Taxes for the general public will be reduced substantially. Our MSMEs & small entrepreneurs will get huge benefit. Everyday items will become cheaper and this will also give a new boost to the economy.”

Narendra Modi
Prime Minister

Next-Gen GST - Better & Simpler !

Please visit CBIC website 'www.cbic.gov.in' for detailed information

@cbic_india @cbicindia @CBICINDIA @cbicindia @CBICindia www.cbic.gov.in

MENTOR

Mr. V. GOKULA KRISHNAN

ACADEMIC ADVISOR

Mrs. D. Rajakali Thomas