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# FinSight

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# Editor's Note

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*Welcome to the **Fourth Edition** of the FinSight Newsletter – your curated window into the evolving world of finance, investment insights, and economic trends that are shaping tomorrow.*

*As the financial landscape evolves at an unprecedented pace, staying informed and adaptable has become essential. With FinSight, our mission is to simplify complex financial trends and translate them into clear, actionable perspectives. We are committed to providing insights that not only inform but also engage and empower our audience.*

*In this edition, we delve into a broad spectrum of developments—from Market Outlook and Sectoral Trends, especially amid tariff war between US & other global countries ,currency volatility and shifting dynamics of global trade. With heightened currency volatility and global capital shifting toward safe havens, gold has again regained prominence as a favoured asset class, underscoring persistent geopolitical tensions and financial market uncertainty. We also examine the implications of the latest GST reforms , a move aimed at stimulating growth and domestic consumption.*

*We extend our sincere gratitude to our readers, contributors, and partners for your continued trust and encouragement. Your support motivates us to keep elevating the quality and impact of each issue.*
*On behalf of the entire editorial team at Kaima Asset Private Limited, we hope you find this edition insightful and valuable.*

*Warm regards,*

# In this edition

# Macro + Markets: A Power Brief

## Market Outlook

**1.** Real GDP expanded by an impressive 7.8% year-on-year in Q1 FY2025–26, outpacing most forecasts (including RBI forecast of 6.5%). This growth rate helped position the overall economy significantly larger than 6.5% in Q1 FY2024–25 and further consolidates India's position as the world's fastest-growing major economy.

**2.** The sharp pick-up in GDP growth in Q1 FY 2025-26 has been catalysed by the services sector growth hitting a high of 9.3%.GVA growth, which is seen as a more meaningful measure of activity levels, registered a high of 7.6% in April-June 2025.

**3.** India's Forex reserves stood at USD 690.72 billion for the week ending 22nd August 2025. Gold reserves were up by $665 million, standing at $66.58 billion by the week ending 22nd August 2025.

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**4.** India's retail inflation slowed to 2.0% year-on-year as of Aug 2025, the lowest was in July 2025 at 1.55%. reading since January 2019 and well within the RBI's tolerance band of 2% to 6%.

**5.** Domestic gold and silver prices hit all-time highs with gold closing near ₹1,05,470 and silver near ₹1,24,300 per kg by the end August—driven largely by devaluation of the rupee, softened global rates, rising demand during the festive season, and geopolitical uncertainty.

- Gold is expected to remain rangebound with an upward bias as long as COMEX stays buoyant and INR doesn't strengthen sharply.
- MCX Gold (near-month) watch: Support ₹99,500–₹101,200 per 10g; Resistance ₹105,500–₹107,500.
- Silver continues to carry bullish momentum, though near-term corrections are possible. Key resistance levels cited include ₹1,21,000–₹1,26,000/kg

## EconEye: India's Macro Pulse

| INDICATOR | VALUE/STATUS |
|---|---|
| Real GDP Growth | 7.8% (Q1 FY 25-26 ) (Source NSO data) |
| CPI Inflation (Q1, FY 25-26) | 2.0% |
| Repo Rate | 5.50% (Kept unchanged by RBI in August 2025) |
| Monetary Policy Stance | Neutral |
| Capital Expenditure (Q2, FY 25-26 Projected) | ₹2.8 lakh crore to ₹3.4 lakh crore |

### GROWTH FORECAST FOR 2025-26 | Q2

6.7% RBI

6.4% IMF

6.3% WORLD BANK

6.7% MOODY'S

6.3% FITCH

6.5% OECD

*India's GDP growth projected at 6.4% for FY26, highlighting the need to realign fiscal policy to support the country's journey toward Viksit Bharat*

# Top Financial Headlines

- In August 2025, Foreign Portfolio Investors (FPIs) recorded a significant **net outflow of about ₹34,993 crore, almost double July's outflow (~₹17,741 crore)** from Indian equity markets, marking the largest sell-off in six months. The major drivers were the imposition of steep US tariffs on Indian exports, high domestic equity valuations, weak corporate earnings for Q1 FY25-26, and continued rupee depreciation.Total FPI equity outflows in 2025 have crossed ₹1.3 lakh crore.
- Currently the **world's fourth-largest economy**, India is on track to become the **third-largest by 2030** with a projected \$7.3 trillion GDP. India's employment has surged, with 17 crore jobs created in the past decade. New reforms like Next-generation GST are underway and PM Viksit Bharat Rozgar Yojana has been launched towards realizing the goal of Viksit Bharat 2047.
- Notably, **the IIP growth rate** for the month of July 2025 was **3.5%,** an impressive uptick against 1.5% in the month of June 2025, driven by **5.4%** growth in **manufacturing sector.**
- On 1 July 2025, the **Goods and Services Tax (GST)** completed eight years. Introduced in 2017, GST replaced a web of indirect taxes with a unified system and also promoted price convergence across states, strengthening its role as a national equaliser. Now, N**ext-generation reforms have been approved by GST council** , which will be effective from date 22nd September 2025 (Detailed analysis of the same covered on **Page No. 16),** aimed at reducing taxes on essentials, easing MSME compliance, and creating a more transparent, citizen-friendly tax system.
- Year-on-year inflation rate based on **CPI f**or the month of Aug, 2025 over Aug, 2024 is **2.0%**. In July 2025, food prices were -1.70% lower compared to Aug 2024, called negative inflation or deflation in food prices
- RBI kept the repo rate unchanged at 5.50% in its latest monetary policy meeting in August 2025. The central bank also shifted from an "accommodative" stance to "neutral," even as inflation eased to near six-year lows.
- S&P Global upgraded India's long-term **sovereign credit rating to BBB** from BBB-, the first upgrade since 2007, citing durable macro fundamentals. Fitch affirmed India's rating with a stable outlook, appreciating continued growth and fiscal improvements.
- DIIs continued their record-setting inflows, net investing ₹94,829 crore in August alone and offsetting FII withdrawals. DII inflows over the last 12 months stood at \$80 billion, almost double the FII outflows.

# Tracking the Trend: Indices, Factors & Sectors

### Benchmark, Factor Indices & Sectoral Performance (in %)

| Index Name | 1M | 3M | 1 Yr | 3 Yr | 5 Yr |
|---|---|---|---|---|---|
| Nifty 50 | -1.21% | -0.71% | -2.01% | 12.49% | 17.91% |
| Nifty Next 50 | -1.79% | -1.03% | -11.84% | 15.41% | 20.62% |
| Nifty 500 | -1.82% | -1.00% | -4.41% | 14.67% | 20.35% |
| Nifty Midcap 150 | -2.78% | -1.52% | -4.83% | 21.19% | 27.61% |
| Nifty Smallcap 250 | -3.58% | -1.65% | -8.62% | 21.93% | 28.84% |
| Nifty Microcap 250 | -3.84% | -1.91% | -8.05% | 29.72% | 39.33% |
| Nifty Auto | 5.86% | 7.86% | -3.74% | 24.61% | 27.25% |
| Nifty Bank | -3.91% | -3.15% | 5.32% | 11.65% | 18.57% |
| Nifty FMCG | 0.75% | 1.98% | -9.17% | 10.51% | 15.10% |
| Nifty IT | -0.34% | -5.24% | -15.93% | 9.56% | 16.72% |
| Nifty Pharma | -4.20% | 2.16% | -5.42% | 20.64% | 15.35% |
| Nifty100 Low Volatility 30 | 1.46% | 3.74% | -0.82% | 16.42% | 19.50% |
| Nifty200 Quality 30 | 1.13% | -0.12% | -9.09% | 13.00% | 17.14% |

Data as on 31st August 2025, Source:, NSE

- For the month ending Aug 2025, Nifty Auto is the top performing index with 5.86% return in last 1 month and 7.86% in last 3 months as investor sentiment turned bullish.
- The Nifty Smallcap 250 had delivered a -1.65% return over the last 3 months and 12-month return of -8.62% shows continuous selling, the end of euphoria, and investor caution in smaller stocks.
- The Nifty Midcap 150 also remained negative with a -1.52 % 3-month return and a -4.83 % over 12 months, showing lower sentiments.
- Nifty 50 also ended the up in negative with 3-month returns at -0.71% and 12-month returns at -2.01%.
- Nifty IT has become the most beaten-down index with negative 5.24% in last 3 months and -15.93% for last one year.
- The Nifty Bank posted a positive return of 5.32% over the last 12 months, making it one of the top-performing sectoral indices.
- The Nifty Pharma however, turned negative in the last 12 months, posting -5.42% perhaps on account of profit booking by the investors.

- For the month ending Aug 2025, Small Cap Funds delivered a muted 0.68% return for the last 1 month. Despite a strong 20.43% gain in the last 3 years, the -6.16% return over 12 months highlights a sharp loss of momentum that dragged down annual performance.
- Funds in the IT category have become the biggest losers in the last 12 months, bringing the 3-year performance down to just 13.77%.
- Consumption funds have become the queen of the markets, with a 1-month performance of 4.14% .
- The multi-asset category has outperformed its long-term average due to the rise of gold and silver in the past 1 year.

### Equity Mutual Fund Category wise Performance (in %)

| Category | 1 Month | 3 Months | 1 Year | 3 Years |
|---|---|---|---|---|
| Hybrid: Multi Asset Allocation | 1.77 | 2.67 | 6.07 | 16.01 |
| Hybrid: Balanced Hybrid | 0.13 | 0.51 | 2.4 | 10.59 |
| Hybrid: Aggressive Hybrid | 0.56 | 1.21 | -0.14 | 14.2 |
| Equity: Value Oriented | 1.34 | 0.77 | -6.92 | 19.56 |
| Equity: Thematic-Infrastructure | 0.52 | 0.2 | -7.06 | 23.12 |
| Equity: Thematic-Dividend Yield | 1.02 | 0.98 | -6.59 | 18.9 |
| Equity: Thematic-Consumption | 4.14 | 6.55 | -1.21 | 16.42 |
| Equity: Small Cap | 0.68 | 0.94 | -6.16 | 20.43 |
| Equity: Sectoral-Technology | 2.49 | -0.66 | -12.14 | 13.77 |
| Equity: Sectoral-Pharma | -0.03 | 4.46 | 1.1 | 23.37 |
| Equity: Sectoral-Banking | -1.29 | -1.82 | 3.94 | 14.5 |
| Equity: Multi Cap | 1.2 | 1.74 | -2.35 | 18.77 |
| Equity: Mid Cap | 1.28 | 1.42 | -3.26 | 20.14 |
| Equity: Large Cap | 1.35 | 1.55 | -3.48 | 14.19 |
| Equity: Large & MidCap | 1.54 | 1.18 | -7.26 | 16.99 |
| Equity: Flexi Cap | 1.01 | 1.38 | -3.12 | 15.7 |
| Equity: ELSS | 0.84 | 1.26 | -3.43 | 16.45 |

*(Data as on 03rd Sep 2025, Source: Value Research)*

- Funds in the banking category were the only ones to deliver negative 1-month and negative 3-month returns, due to low credit offtake.

# Sector in Focus: Navigating the Next Quarter

**1. Healthcare Industry:**

- By 2030 India's healthcare sector is poised to surpass $450–500 billion, maintaining 13–15% CAGR as per leading analysts.A developing middle class, higher insurance penetration, and an increase in chronic diseases are propelling demand for healthcare.
- Indian health-tech startups raised $828 million in H1 2025 alone, while private equity funds pushed harder into hospitals, diagnostics, and pharma services.
- The industry, which was dominated by independent hospitals and local labs earlier, is now consolidating fast. Initiatives such as Ayushman Bharat, production-linked incentives for the med-tech segment, and digital health are broadening the addressable market.
- Healthtech, AI-driven diagnostics, and telemedicine will drive deep penetration, especially in Tier II/III cities and rural India.
- All together, these forces are shaping one of the most investable healthcare markets in the world.

**2. BFSI Sector:**

- The Indian BFSI (Banking, Financial Services, and Insurance) sector has a strong near-term outlook with projected sector growth rate of around 8.7% in FY26, and an even more robust long-term outlook toward 2030 growing at a compound annual rate of 13% between FY25 and FY30, reaching about Rs 11.3 trillion from Rs 6.1 trillion in FY25.
- BFSI hiring is expected to grow ~8.7% in FY25–26, shifting focus to Tier II/III cities, driven by roles in tech, digital, compliance, sales, and data analytics.
- This sector is likely to witness an earnings recovery supported by digital transformation, deepening financial inclusion, strong credit demand, and continued outperformance from NBFCs (non-banking finance companies), insurance, and mutual funds.
- Non-bank financial companies (NBFCs) would be the main drivers of this growth, outpacing traditional lenders on the back of easier funding and strong demand for retail and consumption-led credit. By contrast, banks are expected to face thinner margins and sluggish corporate loan demand.

# Sector in Focus: Navigating the Next Quarter

### 3. FMCG Sector:

- The FMCG industry saw a strong 13.9% year-over-year increase in value, led by robust rural consumption and a gradual urban recovery.
- Volume rose by 6%, while prices increased by 7.4%, indicating a consumer shift toward smaller pack sizes. Rural growth once again outpaced urban over six consecutive quarters.
- According to Business Standard (Aug27, 2025), the sector is looking at improved volume growth and margin expansion starting Q2 FY26. Drivers include under-penetrated categories (like shampoos, detergents), premiumisation, strong rural momentum, a favorable monsoon, and softening raw material prices—especially for coffee, cocoa, and tea.
- Operating margins anticipated to remain stable at 20–21%, supported by strategic moves including digital channel expansion, D2C brand acquisition, and introduction of affordable, smaller packs.

### 4. Automobile Sector:

- From 22 September 2025, GST structure simplified to two main slabs: 18% (for mass-market vehicles and components) and 5% (retained for EVs). A special 40% slab now applies to luxury and high-end vehicles.
- A uniform 18% tax on auto parts should streamline manufacturing costs and compliance.
- Anticipation of on-road price drops of 5–8% for PVs, while tractors could see 5–8% reductions.
- The coming festive season may amplify these effects, providing a timely boost to industry volumes and bottom-line performance in the second half of FY 2026.

### 5. IT Sector:

- However, there is no direct impact of tariffs on IT services, but many U.S. clients are reeling under tariff-related cost pressures. As they cut discretionary spending, IT budgets are being tightened, leading to delays in projects and potential revenue impact for Indian firms.
- Domestic staffing firms report a 10% drop in hiring demand in August 2025, driven by global economic uncertainty and rising tariff pressures.

# Economic Watch: What's Moving Your Money

**RBI balancing growth and inflation :**

- In its August 4–6 MPC meeting, the RBI kept the repo rate unchanged at 5.50%, choosing a "neutral" policy stance to allow earlier cuts to fully transmit into the economy.
- The August MPC retained its GDP growth forecast at 6.5% for FY2025–26, signaling confidence in domestic growth resilience.
- The sharp moderation in inflation(below 2%)—both headline and food—has created a favorable backdrop for growth, sometimes referred to as a "**Goldilocks**" environment: growth that is steady and inflation that is benign.

**Domestic Economic Activities to speed up in H2 :**

- The Indian economy remains resilient, backed by strong rural demand and with benign inflation outlook but trade tensions with the United States could pose a downside risk to growth.
- **Industrial Production (IIP)**: Output surged by 3.5% year-on-year, marking a four-month high, primarily propelled by manufacturing gains.
- **Manufacturing** output grew by 5.4% YoY, up from 4.7% in June, while **mining** output decreased by 7.2%, and **electricity** generation rose marginally by 0.6%.
- **Rainfall levels** averaged 105% of the Long Period Average (LPA)—comfortably within the "**above-normal**" range (94–106%) predicted by IMD.
- Favourable rainfall and temperature conditions, along with improved rural wages, are likely to help keep rural demand strong, while rate cuts and fiscal measures should help overall demand in the economy.

# IPO Radar: Big Debuts of Aug 2025

**NSDL Ltd.**

National Securities Depository Ltd (NSDL) is India's leading securities depository, playing a foundational role in the digital securities ecosystem. Since its inception in 1996, NSDL has enabled the dematerialization of securities and has grown to hold approximately 86% of India's depository market share as of March 2025. Listed on Aug 6$^{th}$, 2025, it got fully subscribed on Day 1, with robust demand across investor classes. Grey Market Premium (GMP) soared to around ₹135–₹140, suggesting anticipated listing premiums of 15–17% however, it delivered more than 40% return soon after listing.

**JSW Cement Ltd.**

Incorporated in 2006, JSW Cement Limited is a manufacturer of green cement in India. As part of the JSW Group, the company is committed to sustainability and innovation in the cement industry. IPO emerged as a high-profile and successfully executed market event—well-supported by institutional demand, efficiently priced, and reflecting investor faith in infrastructure growth and green cement expansion. The IPO was subscribed 7.77 times overall, with QIBs leading at 15.8×, NIIs at 10.97×, and Retail at 1.81×. Raised ₹1,080 crore from marquee anchor investors (e.g., BlackRock, Nomura, Abu Dhabi Investment Authority, SBI MF) at ₹147 per share.

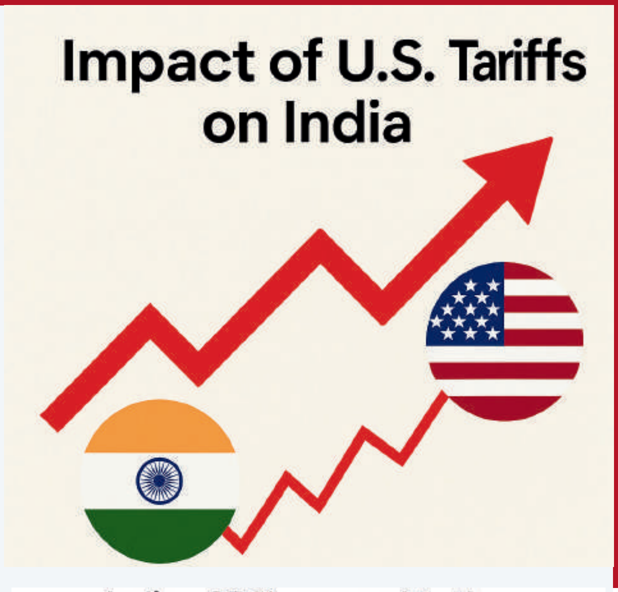
**Vikram Solar Ltd.**

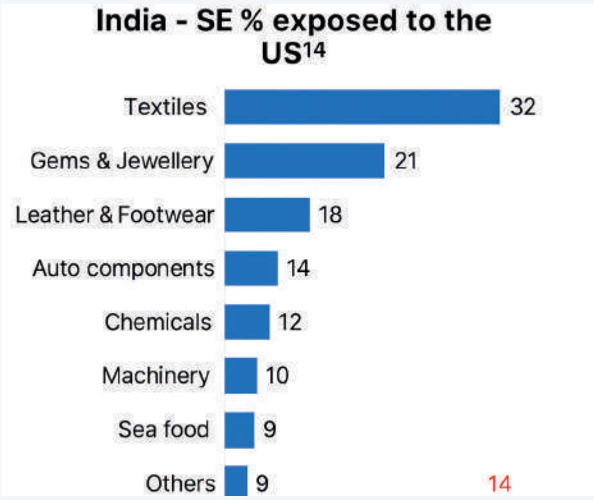
Founded in 2005 by Gyanesh Chaudhary, Vikram Solar began as a solar module manufacturer and has since expanded into engineering, procurement & construction (EPC), and operations & maintenance (O&M). Vikram Solar's IPO was met with strong investor demand and oversubscription, culminating in healthy grey market indications. Though the listing was initially muted, the stock gained momentum post-listing, reflecting investor confidence stemming from robust order books, government policy tailwinds, and future capacity expansion. Post listing shares later jumped ~9.2%, trading ~12% above IPO price.

# US Tariffs on India

## U.S.–India Trade Developments

- The U.S. had initially announced a 25% tariff on Indian exports effective August 1, 2025, along with possible penalties linked to India's dealings with Russia. It is among the highest imposed by the U.S. and on par with Brazil and China.
- Later, the **U.S. doubled tariffs** to as high as 50%on a wide basket of Indian goods (threatening $60.2 billion in exports and thousands of jobs), with export-dependent sectors like garments, gems & jewellery, footwear, sporting goods, furniture, chemicals, some auto parts, and seafood in scope.
- The Trade Minister emphasized that New Delhi "**will not bow down**" to U.S. pressure and is actively pursuing **export diversification** and new trade agreements.




### Tariff impact on India

- As per the Global Trade Research Initiative (GTRI), India ships about $87 billion worth of goods to the US each year. Of this, roughly $ 47.5 billion ~55% will now face the 50% tariff. Another $3.4 billion in auto parts remains at 25%, while $27.6 billion, mostly pharma, electronics, and petroleum, stays duty-free.
- Exports to the U.S. are equivalent to **2.5% India's GDP**. Noting that about 55% of exports — including textiles, chemicals, and leather - will face a 30–35% price disadvantage against competitors such as Vietnam, Bangladesh, and China.
- Not every sector is under pressure. Pharma, IT services, electronics, and semiconductors are largely insulated from tariffs — and could even benefit from a weaker rupee since their revenues are dollar-linked.
- Domestic-focused businesses also look resilient. Consumer goods, banks, infrastructure, and power remain steady as they are less reliant on exports.

# 50 % US Tariffs' Impact on India's Exports

## Sector-by-sector impact

**Textiles & apparel**

- Exposure: India is the sixth-largest exporter of textiles and apparel globally, accounting for roughly 4–4.1% of world exports in 2024. The U.S. accounts for about 29% amounts to roughly $10.3 billion.
- Impact: High risk of order deferrals, price undercut by Vietnam/Bangladesh & Mexico, and MSME job stress.

**Gems & jewellery (incl. diamonds)**

- Exposure: U.S. buys roughly 30% of India's G&J exports, amounting to $10 billion. The US remains the largest market, accounting for nearly a third of the sector's $28.5 billion annual shipments.
- Impact: Margin squeeze and working-capital strain; risk of share loss to Thailand/UAE/China, impact on employment.

**Leather & footwear**

- Exposure: Sector exports is worth $ 4.1 billion, with the U.S. as a key destination with a share of 20%.
- Impact: Volume cuts and employment risk in Tamil Nadu/West Bengal clusters, making Vietnamese and Indonesian products far more affordable for buyers.

**Seafood (shrimp)**

- Exposure: India exports around $7.4 billion worth of seafood annually to the US, with shrimp making up roughly 40% of the total, as per Reuters.CRISIL sees a 15–18% export decline.
- Impact: Order cancellations, lower realizations, farm-gate stress.

## Exporters Relief & Liquidity Support

Finance Minister confirmed a targeted relief package to "handhold" exporters impacted by the tariffs. This includes liquidity support and help in preserving employment across hard-hit sectors.

- Credit guarantees for MSMEs, repayment holidays, and low-cost emergency credit lines ensure working-capital buffers.
- Lower slabs, expanded exemptions through GST reforms, and market diversification through export pushes in the EU, Africa, LATAM, and ASEAN.

# Fixed Income Forecast

- **CPI Inflation:** CPI inflation slowed to 1.55% in July from 2.10% in June, well below the RBI's target of 2-6%. The decline was supported by easing food prices, especially vegetables and pulses.
- **RBI Policy:** The Monetary Policy Committee (MPC) held the policy repo rate steady at 5.50% during its August 4–6, 2025, meeting. This followed a significant 50 basis point cut in June 2025, when the rate was lowered from 6.00% to 5.50%
- **GDP Growth:** Real GDP (constant prices): Grew 7.8% year-on-year in Q1 FY 2025–26, up from 6.5% YOY. The RBI has maintained its forecast for FY 2025–26 real GDP growth at 6.5%.
- **Forex and Gold Reserves:** On August 29, 2025, India's total forex reserves rose by USD 3.51 billion to USD 694.23 billion, driven by strengthening foreign currency assets and an increase in gold value.
- **Bond Market:** After a sharp spike of 19 bps, the 10-year G-Sec yield may range between 6.50–6.60%. Widening of the spread between repo and G-Sec yield indicates a prolonged pause in rate cuts.
- **Investment Strategy:** Favor medium to long-duration, high-quality bonds to capitalize on potential capital gains and stable returns. Anticipated rate cuts could further enhance bond prices in 3-5 yrs.

# Commodity Price Outlook

- **Crude Oil (Brent):** Brent crude settled at $66.89/barrel, at par with expectations, on account of soft global demand. From October, OPEC will increase production to gain market share, which will keep a check on crude prices.
- **Gold:** Gold in India hit a record high of ₹1,08,400 per 10 grams due to the decline of the rupee as well as accumulation of gold by the China central bank and the RBI as well. While the outlook remains bullish, some price corrections may occur.
- **Silver:** Silver also touched a lifetime high of ₹1,26,100 per Kg at the end of August. Further upside is anticipated by analysts.
- **Copper:** The brown metal is currently at $9881/ton and is anticipated to remain range-bound with modest gains.
- **Aluminium:** Aluminium prices rose to $2616/MT. Analysts project aluminium to be the top-performing base metal in 2025, driven by a supply shortfall.

***(Rates as of August 2025)***

# Global Market Snapshot

## Global Economic Outlook – Q2 FY2025-26: Growth anticipated upwards of 3.0%

**Growth going forward:** According to the World Bank (June 2025), it delivered a noticeably softer outlook, forecasting global growth at just 2.3% in 2025—the slowest rate outside of recession years. According to the IMF (July 2025), global GDP growth is projected at 3.0% in 2025, rising modestly to 3.1% in 2026, reflecting improvements in tariff-related uncertainty, financial conditions, and fiscal policy support.

- United States: Federal Reserve (NY Fed President John Williams) projected US GDP growth of 1.25%–1.5% in 2025. Inflation is expected to moderate, enabling gradual rate cuts in 2026.
- China: Forecasts anticipate a modest slowdown to approximately 4.0–4.3%, barring fresh stimulus or a rebound in domestic consumption.
- Euro Area: Euro area GDP growth of 0.9% in 2025, rising to 1.4% in 2026.

**Developed Market Performance**

| Index | 1M | 3M | 6M | 12M |
|---|---|---|---|---|
| MSCI World | 2.60% | 4.80% | 8.70% | 17.80% |
| MSCI DM | 4.30% | 6.00% | 10.20% | 14.10% |
| US (S&P) | 2.00% | 4.50% | 12.70% | 22.60% |
| Nasdaq | 1.70% | 4.00% | 13.50% | 31.00% |
| Japan | 7.00% | 6.20% | 19.60% | 28.20% |
| France | 2.80% | 3.90% | 8.00% | 12.90% |
| Germany | 3.10% | 7.20% | 12.60% | 18.70% |
| UK | 1.40% | 2.50% | 6.80% | 10.30% |
| South Korea | 0.50% | 1.70% | 6.20% | 9.80% |

**Emerging Market Performance**

| Index | 1M | 3M | 6M | 12M |
|---|---|---|---|---|
| MSCI EM | 1.30% | 3.60% | 5.20% | 7.60% |
| Brazil | 4.40% | 5.00% | 2.10% | 8.20% |
| MSCI Golden Dragon | 2.60% | 5.80% | 13.20% | 21.40% |
| India | 2.00% | 3.20% | 7.50% | 10.00% |
| China | 0.80% | 1.60% | 2.70% | 6.10% |
| Indonesia | -1.10% | -2.30% | -6.50% | -8.40% |
| Mexico | 1.00% | 2.70% | 6.30% | 11.50% |
| South Africa | 3.90% | 8.20% | 12.30% | 18.90% |
| Russia | 0.50% | 1.10% | 2.80% | 4.10% |

*(Data as on 31st Aug 2025, Source: Bloomberg)*

**Challenges:** The global market outlook faces challenges from persistent geopolitical tensions, supply chain disruptions, and fluctuating commodity prices. Inflationary pressures and divergent monetary policies are straining financial stability, while weak global trade growth limits recovery. Emerging markets grapple with currency volatility and capital outflows, while advanced economies confront slowing demand. Additionally, uncertainties around energy transition, technological shifts, and climate risks add complexity, making resilience and adaptability crucial for sustainable global growth.

# Next -GEN GST Reforms

What is **GST Reform 2.0**?

The Goods and Services Tax (GST) Council has streamlined India's indirect tax system. It reduced the existing four tax slabs to two.

Finance Minister Nirmala Sitharaman described GST 2.0 as "**pro-farmer and pro-MSME**," reinforcing it as a long-term reform, not a reactive measure.This reform was conceived over 18+ months and is intended as a structurally foundational tax overhaul,.The tax reforms will come into place on September 22, when the festival season moves into a higher gear .

## Structural Tax Overhaul

- Old GST slabs of 5%, 12%, 18%, and 28% have been consolidated into a simplified structure:
  - **5% slab**: Essentials and common-use items
  - **18% slab**: Most goods and services
  - **40% slab:** Sin/luxury items (e.g., tobacco, high-end cars, aerated drinks)
  - **Tax-exemptions**: Life and health insurance, certain medicines now GST-free

## GST 2.0 What gets cheaper/Costlier : Sector-Wise Impact

**1. FMCG & Consumer Goods**

- Tax relief on daily staples like soaps, toothpaste, snacks, and packaged foods, moving from 12–18% down to 5% or nil.FMCG cos. expected to see increased urban & rural demand.

**2. Automobiles**

- Small cars, 2-wheelers (≤350cc) and auto parts now fall under 18%, down from 28%. SUVs are now tagged at 40%. EVs remain favorably taxed at 5%.
- Expected to lower vehicle costs by ~7–10%, driving demand ahead of festivals.

**3. Cement & Housing Construction**

- Taxes on cement cut from 28% to 18%. Lower rates for marble, granite, bricks, significantly cutting mid-sized housing project costs.

# GST 2.0 : Reforms to spur consumption

**4. Electronics & Appliances**

- ACs, TVs, dishwashers, and other white goods now taxed at 18% (down from 28%).
- Expected to boost consumer spending, especially in Tier 2/3 cities.

**5. Pharmaceuticals & Healthcare**

- Life-saving medicines, diagnostic kits, medical oxygen, and medical instruments now taxed at 5% or 0%.
- Life and health insurance are now GST-exempt, increasing affordability.

**6. Agriculture, Rural Goods & Renewables**

- Tractor parts, bio-pesticides, drip-irrigation, and fertilizers are now under the 5% slab.
- Renewable energy components are also taxed at 5%, aiding India's green transition.

**7. Hospitality & Services**

- Hotel stays up to ₹7,500/day now at 5% (was 12%); salons, gyms, yoga, and barber shops reduced to 5%.
- Expected pickup in domestic tourism & wellness spending.

**8. Textiles & Handicrafts**

- Man-made fibers and yarn now at 5%; handicrafts, dolls, and paintings taxed at 5% (down from 12%)—correcting inverted duty issues and boosting artisans.

**9. Sin & Luxury Goods**

- Pan masala, tobacco products, luxury cars, and sugary drinks are now taxed at 40% (up from 28%).
- Aimed at maintaining fiscal balance via this “de-merit” bracket.

**Overall Economic Benefits**

**Demand Stimulus:** Rate cuts boost affordability for households and prop up consumer demand—especially critical amid trade headwinds.
**Compliance Simplification:** Fewer slabs and clearer classification reduce tax disputes, boosting MSME compliance ease.
**Investment Catalyst:** Lower input costs and pricing clarity are expected to catalyse investment cycles in appliances, vehicles, housing, and manufacturing.
**Inflation Moderation:** Expected to trim headline inflation by up to 1.1 percentage points.

# Trapped in Debt?- Here's How to Break Free

Not every debt story begins with extravagance. Sometimes it starts with a flood, a failed contract, or even misplaced trust. Whether triggered by crisis or consumption, the burden of debt can escalate quietly—until it feels inescapable. But recovery is possible. With thoughtful planning, strategic repayment, and expert guidance, individuals can regain control and rebuild.

**Break Free from Debt: Simple Strategies That Work**

### 🧊 The Snowball Method

Start by repaying your smallest debt first. Once cleared, use that EMI to pay the next smallest. This method builds momentum and confidence as you go.

## Get Help

## Debt Counsellors Can:

- ✅ Help you save a fixed amount monthly
- ✅Work out repayment strategies
- ✅Negotiate with lenders or recovery agents

### 🔄 Debt Restructuring

One can consolidate multiple EMI in to Single EMI with longer tenor. Most unsecured debt consolidation options require collateral. Avoid schemes that seem too good to be true.

### 🛠️Face It, Fix It

Ignoring debt only makes things worse. Whether on your own or with expert help, take control by acknowledging the  problem and making a plan.

"You can't simply walk away from what you owe—but you can take control by creating a plan."


**Rahul Nayyar**

**Director-Lending and Fund Raising**


## Golden Rules to Stay Out of Debt:

- ✅ Build an emergency fund (3–6 months' expenses)
- ✅ Save at least 10–20% of income regularly
- ✅ Avoid using debt for consumption or lifestyle upgrades

# SIFs : A New Era in India's Investment Landscape"

## What are SIFs?

**Specialised Investment Funds (SIFs)** are a new SEBI-recognised category of pooled investment vehicles created in April 2025, that sit between traditional mutual funds and Portfolio Management Services/Alternative Investment Funds. They are **mutual fund–like in regulation and transparency**, but allow **greater strategy flexibility** than ordinary mutual funds, while maintaining stricter guardrails than PMS/AIFs.

## 🔑 Key Features of SIFs

1. **Minimum Investment** – ₹10 lakh per investor (lower than PMS/AIF, higher than retail MF).
2. **Eligible Managers** – Only established AMCs with sufficient AUM and track record can launch SIFs.
3. **Product Structure** – May be open-ended or closed-ended; if closed-ended, they must be listed to provide exit liquidity.
4. **Strategy Flexibility** – Can use derivatives, long–short positions, and absolute-return models (within SEBI risk limits).
5. **Investor Target Group** – "Well-informed" or affluent investors seeking specialised strategies and willing to take higher risks.
6. **Regulatory Oversight** – Governed under SEBI Mutual Fund Regulations + SIF-specific circulars, with mandatory disclosures and risk reporting.
7. **Branding** – Must be separate and distinct from the AMC's retail MF schemes to prevent mis-selling.

### How SIFs compare (at a glance)

| Feature | SIF | Mutual Fund (retail) | PMS / AIF |
|---|---|---|---|
| Min. ticket | **₹10 lakh** | ₹500–₹5,000 (retail norms) | ₹50 lakh+ (PMS), ₹1 cr+ typical (AIF) |
| Strategy latitude | **Higher** (incl. long–short, options)* | Mostly long-only | Highest (incl. private assets) |
| Liquidity | Open/close-ended; **close-ended listed** | High (open-ended) | Often limited/lock-ins |
| Oversight | **SEBI MF regs + SIF circulars** | SEBI MF regs | PMS/AIF regs |

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