



Public Finance

Liquidity surplus at 9-mth peak on high govt spend, FPI inflows

Liquidity surplus in the banking system, measured by funds that lenders park with the central bank, climbed to its highest level in 9 months on accelerated government expenditure and overseas inflows into local financial assets, helping drive down money market rates. *(The Economic Times)*

India's pension scheme review must prioritise fiscal prudence, development spending, economists say

The federal government's decision to review the pension scheme for its employees must not come at the cost of prudent fiscal management, economists told Reuters on Tuesday. They feared that a higher share of government revenues going towards salaries and pensions will compromise development expenditure. *(The Economic Times)*

States set to trim FY24 spend on roads, bridges

States are set to spend less on road and bridge construction in this financial year, even as the Centre pushes ahead with spending on infrastructure creation. The combined capital expenditure of the 16 large states, which account for 80% of the country's gross domestic product (GDP), on roads and bridges will fall to 0.58% of the gross state domestic product, compared to 0.61% in the previous fiscal, according to their budgets. *(The Economic Times)*

India likely to have stable debt-to-GDP ratio going forward, says IMF official

India is expected to have a stable debt-to-GDP ratio going forward, a senior official from the International Monetary Fund said on Wednesday and recommended rationalization and simplification of Goods and Services Tax (GST). *(The Economic Times)*



Taxation

Tax paid by senior citizens surges to over ₹1 lakh crore

There has been a surprising surge in income tax payments from senior citizens during the past year, lifting the overall tax collections from the 60+ population by as much as 61.5% from pre-COVID levels to surpass ₹1 lakh crore. *(The Hindu)*

Govt specifies retail sale price-based GST cess rate for pan masala, tobacco

The government has specified the retail sale price-based GST cess rate that would be levied on pan masala and tobacco manufacturers with effect from April 1. This is a

departure from the earlier regime that imposed cess, over and above the 28 per cent Goods and Services Tax (GST) rate on ad-valorem basis. *(The Economic Times)*

Several Foreign Cos Get Tax Notices on India Investments

Indian tax authorities have issued show cause notices to several foreign companies, including some that have been operating in the country through their subsidiaries for a long time, questioning the source and valuation of their investment in the country. *(The Economic Times)*



National Accounts and State of the Economy

Modest downgrading of India's growth due to slowness of domestic consumption, data revisions: IMF official

India's growth rate has been modestly downgraded from 6.1 per cent to 5.9 per cent for the current fiscal mainly because of the slowness of domestic consumption and data revision, according to a top IMF official. The International Monetary Fund (IMF) on Tuesday lowered India's economic growth projection for the current fiscal to 5.9 per cent from 6.1 per cent earlier. Yet India will continue to be the fastest-growing economy in the world. *(The Economic Times)*

Inflation at 16-month low of 5.66%, IIP growth steady

Retail inflation eased to a 16-month low of 5.66% in March from 6.44% in the preceding month following a sharp drop in food inflation, justifying the Reserve Bank of India's decision last week to pause interest rate increases. Separately released data showed industrial production growth steady at 5.6% in February compared with 5.5% in January, suggesting the economy was holding firm in the face of slowing global demand, and high interest rates. *(The Economic Times)*

Andhra Pradesh, Karnataka, Kerala, Rajasthan, Telangana lead energy efficiency index 2021-22

In 2021-22, five states -- Andhra Pradesh, Karnataka, Kerala, Rajasthan and Telangana -- are in the Front Runner category while four states -- Assam, Haryana, Maharashtra, and Punjab -- are in the Achiever category, according to an official release from the Ministry of Power. Further, Karnataka, Andhra Pradesh, Assam and Chandigarh are the top-performing states in their respective state groups. Telangana and Andhra Pradesh showed the most improvement since the last index. *(The Economic Times)*

I-T dept notifies Cost Inflation Index for current fiscal

The Income Tax Department has notified the Cost Inflation Index for the current fiscal beginning April 2023, for calculating long-term capital gains arising from sale of immovable property, securities and jewellery. The Cost Inflation Index (CII) is used by taxpayers to compute gains arising out of sale of capital assets after adjusting inflation. *(The Economic Times)*

India's economic growth projected to decelerate to 6% in 2023 from 6.6% in 2022: UN

The UN Trade and Development Conference (UNCTAD) in its latest Trade and Development Report Update released Wednesday expects global growth in 2023 to drop to 2.1%, compared to the 2.2% projected in September 2022, assuming the financial fallout from higher interest rates is contained to the bank runs and bailouts of the first quarter. *(The Economic Times)*

India employment rate increases to 36.9% in March quarter, up from 36.6% in December

India's labour market has witnessed an improvement with over 15 million people entering the workforce in the last three quarters, shared the Centre for Monitoring Indian Economy. More than 11.2 million people gained employment, indicating that a higher number of willing workers were able to secure jobs. The country's employment rate increased to 36.9% in March 2023 from 36.6% in December 2022, while the number of unemployed persons dropped by almost two million highlighting that many individuals were able to secure jobs. *(The Economic Times)*

Asia Pacific to contribute more than 70% of global growth in 2023: IMF

IMF earlier had pared its forecast for India's growth to 5.9% from 6.1% for the current fiscal year, while painting a bleak picture for the world economy battling tightening financing conditions even as the Russia-Ukraine war rages on and the pandemic lingers. It has now forecast an acceleration in the GDP growth rate for the Asia Pacific region from 3.8 per cent last year to 4.6 per cent in 2023. *(The Economic Times)*



Banking and Monetary Policy

How monetary policy has pivoted to a more flexible interpretation of inflation-targeting regime

During his post-monetary policy media interaction last week, Reserve Bank of India (RBI) governor Shaktikanta Das declared that the central bank has 'paused, not pivoted'. After raising interest rates by a cumulative 250 basis points (bps) in six consecutive meetings during May 2022-February 2023, RBI decided to keep the policy rate unchanged in its first monetary policy meeting of 2023-24. Simultaneously, it reiterated its commitment to bring inflation down to 4% from the current level of about 6%. *(The Economic Times)*

G20 development banks panel may list priorities at September meet

The G20 expert group on strengthening multilateral development banks (MDBs) may present some priority areas with timelines for consideration at the leaders' summit in September. The nine-member expert group is headed by India's 15th Finance Commission chairman NK Singh and former US treasury secretary Larry Summers. The expert group plans to submit its report by June 30. *(The Economic Times)*

RBI brings out norms for outsourcing of IT services

The Reserve Bank of India on Monday released master directions for the outsourcing of IT services by banks and non-banks that ensure that regulated entities ring-fence themselves from any reputational risks arising from such arrangements. The final

guidelines that come into effect from October 1, also ensure that any IT outsourcing arrangements do not undermine the responsibilities and obligations banks and non-banks have to customers. *(The Economic Times)*

SBI looks to raise up to \$2 billion in FY24 via overseas bond sales

State Bank of India plans to raise up to \$2bn in foreign bond sales by FY 2024, with board members set to discuss a fundraising strategy during 18 April's meeting. SBI reportedly accounts for around 20% of all of India's outstanding bank loans, and is expected to issue senior unsecured notes in multiple tranches and any currency under Reg-S/144A. Debt-market analysts note the maximum foreign bond sales for HDFC Bank, ICICI Bank, and Axis Bank amounted to around \$1bn or below for a given financial year. *(The Economic Times)*

Banks gaining an edge in gold loan rush

Traditional gold loan firms, such as Muthoot Finance and Manappuram Finance, are losing market share to banks, including SBI, HDFC Bank, and Canara Bank, which benefit from an established, low-cost deposit base. Muthoot Finance and Manappuram Finance saw 5% expansion and 9% contraction YoY, respectively, in gold loans through December 2022, while banks' gold loans rose by a range of 19% to 54%. Industry experts suggest banks have an edge in faster turnaround times and better loan rates. CSB Bank. *(The Economic Times)*

RBI to stop banks from capitalizing penal charges on loans defaults

The Reserve Bank of India (RBI) pulled up banks for overcharging borrowers in the guise of penal interest rates and has come up with proposals to protect borrowers from unjustified rates. In a draft circular on levying penal charges on loan accounts, the regulator said that penalty should be levied as a charge and not as a compounding interest rate. *(The Economic Times)*



External Sector

Canada, Japan, UK, EU question India's quality control orders at WTO

Canada, Japan, the United Kingdom and the European Union have raised concerns at the WTO about the increasing number of quality control orders (QCOs) being issued by India across sectors such as toys, tyres, auto parts, chemicals and petrochemical products, many of which seem "protectionist in nature", a Geneva-based trade official said. *(BusinessLine)*

Back India's forex reserves drop by \$329 mn to \$578.45 bn

India's foreign exchange reserves declined by \$329 million to \$578.449 billion for the week ended March 31, on decline in gold reserves, according Weekly Statistical Supplement released by the Reserve Bank of India said. *(Mint)*

India denies trade talks with the U.K. halted over Khalistan protests

Government sources in New Delhi on April 10 said reports of India halting talks for a free trade agreement (FTA) with the United Kingdom over the recent pro-Khalistan protests in London, are "baseless". U.K. media had earlier reported that the Indian Government has

“disengaged” from the trade talks, indicating that dialogue on the FTA could not proceed further “without a public condemnation of the Khalistan movement”. (*The Hindu*)

India may stand to gain \$1 billion revenue from rice exports

Non-basmati rice exports during the April-February period of the 2022-23 fiscal were up nearly three per cent at 16.09 million tonnes (mt), but the shipments were lower in February by nearly six per cent. But the underlying fact is that the Indian government stands to gain good revenue to the tune of a billion dollars in view of the export duty on the shipments as the global market has accepted the duty, besides India’s market share remaining intact. (*BusinessLine*)

World Bank cuts 2023 economic growth forecasts, warns of global recession

The World Bank slashed its growth forecasts for most countries and regions, and warned that new adverse shocks could tip the global economy into a recession.

Global gross domestic product will probably increase 1.7% this year, about half the pace forecast in June, the Washington-based lender said. That would be the third-worst performance in the last three decades or so, after the contractions of 2009 and 2020.

(*Business Standard*)

Russia's current account surplus shrinks by 73% to \$18.6 billion in Q1

Russia's current account surplus shrank by around 73% in January-March on an annual basis to \$18.6 billion, the central bank said as the country's fiscal safety net frays in the face of sharply lower energy revenues. (*The Economic Times*)

IMF slashes Pakistan's growth rate to 0.5 per cent for FY23

The IMF has lowered its forecast for Pakistan's economic growth rate from 2 per cent to just 0.5 per cent for the current fiscal year, amid high inflation and a growing unemployment rate in the cash-strapped country. The revision in Pakistan's growth prospects is in line with similar 0.4 per cent and 0.6 per cent projected last week by the World Bank and the Asian Development Bank, respectively. (*The Economic Times*)

India's exports up 6% to \$447 billion in FY23, imports climb 16.5% to \$714 billion

India's imports in FY23 rose 16.5 per cent to \$714 billion as against \$613 billion in FY22 while exports saw a rise of 6% to \$447 billion in FY23, up from \$442 billion in FY22, Commerce Minister Piyush Goyal said. India's services exports too have increased by 27.16 per cent to USD 323 billion in 2022-23 as compared to USD 254 billion in 2021-22.

(*The Economic Times*)

Exports, trade gap hit record high in FY23

India's merchandise exports reached \$447bn in 2022-23, a rise of 6%, driven by outbound shipments of petroleum, pharma, chemicals and marine goods. Its imports grew 16.5% to \$714bn in FY23, leading to a trade deficit recording in goods of \$266.78bn. However, the overall trade deficit was \$122bn in FY23 due to a trade surplus in services. The estimated growth of services exports, at around 27%, surpassed that of goods at 6.03%. (*The Economic Times*)



Agriculture and Rural Economy

Normal monsoon forecast eases crop and growth concerns for India

India, which relies on rain for the vast share of its water, forecast that the monsoon will be normal this year, potentially bolstering the outlook for agriculture production and economic growth. *(The Economic Times)*

High premium, poor coverage: Centre mulls rehaul of livestock insurance scheme

Pulled up recently by a Parliamentary Standing Committee (PSC) for zero insurance coverage of livestock in 2022-23, the Centre is considering a comprehensive livestock insurance scheme modelling the Prime Minister's Fasal Bima Yojana. The Union Animal Husbandry Ministry's move is to roll out the scheme ahead of the 2024 Lok Sabha elections. *(The Hindu)*

Export duty on husk rice scrapped

The central government has scrapped export duty of 20% on rice of seed quality in the husk (paddy or rough). Officials said the duty was scrapped after review of rice stocks. The exemption will be effective from April 11. *(The Economic Times)*

Govt allows 5 pvt firms for cluster farming in 50,000 hectares with Rs 750cr investment

The Centre has allowed five private firms to undertake cluster farming of specific horticulture crops in about 50,000 hectares on a pilot basis entailing an investment of Rs 750 crore, including government subsidy -- a move aimed at making Indian produce globally competitive and boost farmers' income. Desai Agrifoods, FIL Industries, Sahyadri Farms, Meghalaya Basin Management Agency, and Prasad Seeds are five companies selected for pilot cluster farming through a bidding process. *(The Economic Times)*

Govt urged to increase MSP of pigeon peas (tur dal)

Traders and millers of pulses have requested the government to increase the minimum support price (MSP) of pigeon peas (tur dal) to encourage the farmers to grow the pulse. "The production of pulses has been low this year and hence the prices were ruling high. Encouragement from the government will help farmers choose the crop," said Suresh Agrawal, president, Dal Mill Association. *(The Economic Times)*

Atal Innovation Mission, NITI Aayog collaborate with ATMAs to promote agri innovation

The Atal Innovation Mission (AIM), NITI Aayog has collaborated with Krishi Vigyan Kendra (KVKs) and Agricultural Technology Management Agency (ATMAs) under the ministry of agriculture and farmers welfare (MoA&FW) to promote innovation in the agricultural sector through school students across India. *(The Economic Times)*

Sugar may taste less sweet as prices to go up this summer

For the past three weeks sugar prices in the country have been rising and will likely hit new highs going ahead, as production looks set to fall amid increasing demand from bulk consumers during the peak summer season, according to market and industry experts. *(Mint)*



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Power transmission fee waiver for more green H2, ammonia units on the cards

The Indian government may extend the cut-off date for the waiver of inter-state transmission system charges for renewable energy to green hydrogen and green ammonia projects until December 2030, according to proposals from the Ministry of New and Renewable Energy. This would make more projects eligible for the incentive and improve economic viability. Almost 65-70% of the production cost of these fuels comes from renewable energy, but the costs of transmission to manufacturing hubs can increase. *(The Economic Times)*

Steel exports rise in March quarter, but lag year-ago levels

Exports of finished steel products rose to 1.98 million tonnes in the March quarter, up nearly 73% from 1.14 million tonnes in the December quarter, data from the Joint Plant Committee (JPC) showed. Exports were, however, at two-thirds of the level of the previous year. For the full year FY23, India's finished steel exports halved to 6.72 million tonnes compared to the previous year due to the impact of an export duty on steel. The duty was levied in May and then repealed in November. *(The Economic Times)*

States set to trim FY24 spend on roads, bridges

States are set to spend less on road and bridge construction in this financial year, even as the Centre pushes ahead with spending on infrastructure creation. The combined capital expenditure of the 16 large states, which account for 80% of the country's gross domestic product (GDP), on roads and bridges will fall to 0.58% of the gross state domestic product, compared to 0.61% in the previous fiscal, according to their budgets. *(The Economic Times)*

Quality Control Orders unveiled for technical textile products

The Ministry of Textiles has introduced two Quality Control Orders (QCOs) for 31 technical textile items, including 19 geo textile and 12 protective textile products. The 19 geo textile items include Laminated High Density Polyethylene (HDPE) woven geo membrane for waterproof lining, PVC geo membranes, and needle punched non-woven geobags. The protective textile products include curtains and drapes, upholstered composites used for non-domestic furniture, bullet resistant jackets, and protective clothing for firefighters. *(The Hindu)*

Govt. incentives to drive EV penetration in India, charging infrastructure key: Moody's

Government incentives, including those to consumers, local battery manufacturing, state-level subsidies and cuts in GST rates would help drive EV penetration in India, Moody's has said. In a report, Moody's Investors Service said India has the fourth-largest car market globally, but electric vehicle (EV) penetration is currently only around 1%. *(The Hindu)*

Electric two-wheeler sales in India rose over twofold in FY23

Electric two-wheeler sales (E2W) in India rose over twofold to 8,46,976 units in 2022-23 compared with the previous fiscal, the Society of Manufacturers of Electric Vehicles (SMEV) said. SMEV said in FY23, E2W adoption ended "with an annual shortfall of more than 25% over the minimum target set by NITI Aayog and various research organisations. *(The Hindu)*

India's 'protectionist' aviation policy will force consumers to pay higher airfares: IATA's Walsh

India's reluctance to revise bilateral seat allocations for international flights despite demands from some countries reflects an "old protectionist India" that could result in others retaliating and restricting access for Indian airlines which in turn would hamper India's ambition to develop a global airport hub, cautioned Willie Walsh, the Director General of global airlines body IATA. *(The Hindu)*

Indian B2B to drive \$125-billion market by 2027: Report

Indian B2B marketplaces are expected to drive the next leg of tech-led growth, at a CAGR of 45 per cent over the next five years, and address a \$125 billion market by 2027, according to a report by investment banking franchise Avendus Capital. The report added that B2B marketplaces have the potential to become multibillion-dollar vertical outcomes across categories, addressing the huge whitespaces in the value chain with no large traditional incumbents or horizontal ecosystems, unlike in the US and China. *(BusinessLine)*

Industrial production rises 5.6 per cent in February

India's industrial production rose 5.6 per cent in February 2023, according to official data released on Wednesday. Factory output measured in terms of the Index of Industrial Production (IIP) grew 1.2 per cent in February 2022. *(BusinessLine)*

Textile Ministry announces two QCOs covering 31 technical textiles items

The Textiles Ministry has announced two Quality Control Orders (QCOs) covering 31 items, covering 19 geo textile and 12 protective textile categories, marking the first technical regulation from India for the technical textiles industry. In phase two of the process, two more QCOs for 28 items, including 22 agro textiles items and six medical textiles, are being planned, said a Ministry statement. *(BusinessLine)*

Hospitality, travel industry see dip in investments: Tracxn data

After a year of uptick in investments in the hospitality and travel industry in FY22, it has dropped from \$359.7 million in FY22 to \$133 million in FY23. The investments continue to remain way below the pre-Covid mark of \$1.8 billion in FY20, according to access to data from Tracxn. *(BusinessLine)*

Construction of national highways at 10,993 kms in 2022-23: MoRTH

The construction of national highways in 2022-23 was 10,993 kilometres, falling 13.70 per cent short of the government's target of 12,500 km, according to the Ministry of Road Transport and Highways (MoRTH) latest data. The ministry awarded highways of 12,375 km length in the last financial year. *(The Economic Times)*



News on Kerala

PM Narendra Modi to flag off Kerala's first Vande Bharat service in Thiruvananthapuram on April 25

Kerala will likely get two such modern trains; the BJP calculates that the Vande Bharat will provide the party an early-bird advantage in Kerala's 2024 Lok Sabha campaign. Prime Minister Narendra Modi will flag off Kerala's first Vande Bharat semi-high-speed train service at Thiruvananthapuram Railway Station on April 25. *(The Hindu)*

NEP will not be implemented in Kerala fully, Sivankutty

Holding that the National Education Policy (NEP) will not be implemented in its entirety in Kerala, Education Minister V. Sivankutty said here on Thursday that only textbooks with emphasis on secularism and constitutional values would be released in the State. *(The Hindu)*

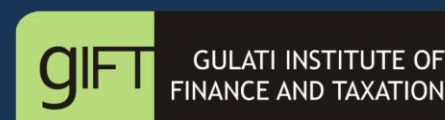
Kerala records high domestic tourism inflow: Riyas

The number of domestic tourists to Kerala hit an all-time record last year, Minister for Tourism, Public Works and Youth Affairs, P.A. Mohamed Riyas has said. *(The Hindu)*

Kerala is the first State to hold total social audit of MGNREGS, says Pinarayi

Kerala is the first State to hold a total social audit of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Audit reports for all panchayats for the rural employment scheme are ready, making Kerala an example for other States, said Chief Minister Pinarayi Vijayan here on Monday. He was inaugurating a programme to announce the completion of social audit and launch of a total digital literacy campaign in the State. *(The Hindu)*

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