



Public Finance

Andhra Pradesh leads in capex spends in Q1; Karnataka, Maharashtra, and UP are major laggards

From being a laggard in the previous fiscal, Andhra Pradesh has emerged as the top performing State in capex spending in the first quarter of the current fiscal, outpacing even industrially-rich States. As per data from Comptroller and Auditor General of India (CAG), Andhra Pradesh has spent ₹12,669 crore in capital expenditure in the April-June period. It accounts for 41 per cent of the State's capex budget of ₹31,061 crore for FY24. In comparison, the southern state's capex spend was only 7 per cent of its annual target in the same quarter of the previous year. (*BusinessLine*)

Govt planning to sell 11.36% shares in Indian Railway Finance Corp via OFS

The government is planning to sell a part of its holding in state-owned Indian Railway Finance Corp (IRFC) through an offer for sale (OFS) in the current fiscal, an official said on Wednesday. The government currently holds an 86.36 per cent stake in the financing arm of the Indian Railways. (*Business Standard*)

Managing global debt vulnerabilities remains a big concern, says Finance Minister

Multilateral development banks (MDBs) are facing increasing demands to expand their lending operations beyond their core development mandates. A committee comprised of independent experts has recommended that MDBs tackle global challenges alongside core missions, triple sustainable lending levels by 2030, and infuse funds to improve capital adequacy. (*The Economic Times*)

Investment cycle gaining momentum, envisaged capex to jump over 80 pc in FY24: RBI Paper

Investment activity is gaining momentum and the envisaged capital expenditure is set to jump by over 80 per cent to Rs 1.71 lakh crore in the current fiscal, according to an article by Reserve Bank of India (RBI) staffers. The article by Shreya Bhan, Rajendra N Chavhan and Rajesh B Kavediya, which was published on Thursday, said improvement in capacity utilisation of the manufacturing sector, pick-up in credit demand and improving consumer sentiments are helping the capex cycle. (*The Economic Times*)

Moody's affirms BAA3 rating on India, flags debt burden and curtailment of political dissent, populist policies

Rating agency Moody's has affirmed BAA3 rating on India and maintained a 'stable' outlook on the economy. However, it flagged that India's rating and stable outlook also take into account a curtailment of civil society and political dissent, compounded by rising domestic political risk. Further, it flagged that India continues to suffer from a high debt burden and weak debt affordability. (*The Economic Times*)



Windfall tax on crude oil, diesel hiked

The government has hiked the windfall profit tax on crude oil produced in the country and on export of diesel, while bringing back the levy on overseas shipments of ATF. The tax, levied in the form of special additional excise duty, on domestically produced crude oil has been raised to ₹7,100 per tonne from ₹4,250 per tonne, according to an official notification. *(The Hindu)*

Weighted mean income of ITR filers could jump to ₹49.7-lakh in 2047: SBI report

Weighted mean income of Income Tax Return (ITR) filers increased to ₹13 lakh in the Assessment Year (AY) 2023 from ₹4.4 lakh in AY2014, and could further jump to ₹49.7 lakh in 2047 with shifting of distribution of tax-filers from lower income group to upper income group, according to State Bank of India's economic research report "Ecowrap". *(BusinessLine)*

Online money egaming firms face tax outgo of Rs 45,000 crore

Online gaming firms that had projected themselves as platforms offering games of skill may have to shell out an additional tax of Rs 45,000 crore, according to a report by The Economic Times (ET). Goods and Services Tax (GST) liabilities of such firms have been calculated by the Central Board of Indirect Taxes and Customs (CBIC) at about this level since the 2017 rollout. Officials said that these firms paid 18 per cent on gross gaming revenue, categorising the under games of skill instead of the 28 per cent prescribed in the law. The taxation of games of skill and games of chance under different categories has ended. *(Business Standard)*

Gaming apps converting earnings to crypto, Rs 700 crore moved out of India, reveals GST probe

In a concerning development, Indian authorities are grappling to curtail the growing prevalence of overseas gaming and betting applications that are evading taxes in India through the conversion of earnings into cryptocurrency and the utilization of networks of shell companies. Parimatch, a Cyprus-based group, sits at the centre of the largest such network under investigation, which even advertises during local sports leagues on TV. *(The Economic Times)*



National Accounts and State of the Economy

July retail inflation at 14-month high of 7.4%

Vegetables, spices, and cereals among other items pushed retail inflation based on Consumer Price Index (CPI) to a 14-month high of 7.4 per cent in July. However, despite higher prices of primary products such as agri produce, producers' inflation based on Wholesale Price Index (WPI) remained in the negative zone at (-) 1.36 per cent in the same month. *(BusinessLine)*

PM promises more measures to check inflation

Prime Minister Narendra Modi on Tuesday said the government will continue to take measures to check rising prices. The statement comes a day after retail inflation, based on Consumer Price Index (CPI), surged to a 14-month high of 7.4 per cent in July. *(BusinessLine)*

Centre will 'intensify' efforts to control inflation: TV Somanathan

The central government will take a medium-term view while intensifying efforts to reduce the inflationary burden, and will avoid any knee-jerk reaction to transitory price rises, Finance Secretary T V Somanathan told Business Standard in New Delhi. *(Business Standard)*

India's digital economy will contribute 20% to GDP in 2026: Rajeve Chandrasekhar

India's digital economy has been seeing accelerated growth and is expected to account for 20% of the country's GDP by 2026, said Rajeve Chandrasekhar, Union Minister of State for Electronics and Information Technology, Skill Development and Entrepreneurship, on Thursday. *(The Hindu)*

Headline inflation could stay 'well above' 6 per cent in second quarter: RBI

While core inflation witnessed a moderation, headline inflation is expected to average well above 6 per cent in the second quarter, said RBI's monthly bulletin on Thursday. The uptick in inflation in its June reading mutated in July, with the unprecedented shock to tomato prices spilling over to prices of other vegetables, said RBI. *(The Economic Times)*

India needs major supply side reforms to check wild swings in vegetable prices: RBI report

India needs major supply side reforms to check the wild swings in vegetable prices which put the inflation calculation in jeopardy, even as the world's fifth largest economy is expected to regain momentum in the second quarter, offsetting the exports contraction on account of worldwide slump in demand, Reserve Bank of India said in its state of the economy report. *(The Economic Times)*

Urban poor most impacted in July inflation surge: Crisil

Urban poor have been the most impacted by 15-month high consumer price inflation (CPI) in July, a domestic rating agency's arm said on Wednesday. The high-income segment in urban areas faced the lowest inflation burden, as food has a relatively low share in their consumption basket, Crisil Market Intelligence and Analytics said in a note. *(The Economic Times)*

ADB approves USD 40.5 million loan for childhood development, maternal mental health in Meghalaya

The Asian Development Bank (ADB) has approved a USD 40.5 million loan for integrated early childhood development and maternal mental health in the northeastern state of Meghalaya, the multilateral bank said in a release. *(The Economic Times)*

India's growth could rise to 6.25-6.75% by 2030 owing to supply chain shifts and reforms: UBS

"Growth could rise to 6.25-6.75% YoY by 2030 under an optimistic scenario and 6.75-7.25% YoY under a blue-sky scenario, leading to job creation," Tanvee Gupta Jain, chief India economist, UBS, noted. It pointed out that Vietnam and India were key contenders,

given their advantage in low-cost manufacturing, scale and infrastructure. *(The Economic Times)*

Stagflation risk in India remains low despite recent surge in prices, says RBI bulletin

India's risk of stagflation, when economic growth stagnates while prices increase rapidly, is low despite prices surging, according to the Reserve Bank of India's (RBI) August bulletin. A study for the central bank found the probability of stagflation in India was just 3%, due to easing financial conditions, stable INR/USD forex rates and steady domestic fuel prices. *(The Economic Times)*



Banking and Monetary Policy

Incremental CRR, and its impact on liquidity

On August 10, the Reserve Bank of India (RBI) asked banks to maintain an incremental Cash Reserve Ratio (ICRR) of 10 per cent on the increase in their deposits between May 19 and July 28. *(BusinessLine)*

Pvt banks redeem ₹3,000 cr from liquid MF schemes to comply with higher CRR

Many private sector banks have partly redeemed their investments in liquid schemes of mutual funds following the Reserve Bank of India asking scheduled banks to temporarily maintain incremental cash reserve ratio (I-CRR) with effect from the fortnight beginning August 12, 2023. *(BusinessLine)*

Micro loans, fall in delinquencies drove MSME lending in FY23: Report

A surge in loans to the micro segment, aided by a parallel fall in delinquencies, drove lending to the MSME sector in FY23, according to TransUnion CIBIL-SIDBI's MSME Pulse Report. *(BusinessLine)*

Fight against inflation is not over

Inflation above a threshold level harms growth. Therefore, central banks are vested with price stability as the primary objective of monetary policy. In inflation-targeting countries, including India, controlling inflation expectations is the overriding objective. *(BusinessLine)*

RBI bought net \$4.50 bln in spot forex market in June

The Reserve Bank of India (RBI) bought a net \$4.50 billion in the spot foreign exchange market in June, data released on Thursday as part of the central bank's monthly bulletin showed. The RBI purchased \$7.79 billion and sold \$3.28 billion, the bulletin showed. In May, the central bank had bought a net of \$7.37 billion in the spot market. *(The Economic Times)*

RBI could extend incremental CRR to rein in liquidity

The Reserve Bank of India (RBI) may extend the temporary incremental cash reserve ratio (CRR) it imposed on banks last week as the monetary authority is seen training its sights on liquidity management to tackle inflation rather than lifting benchmark policy rates to tame wild jumps in food prices. Consumer Price Index (CPI) inflation surged to 7.44%

year-on-year in July from 4.87% in the previous month, driven primarily by high vegetable prices. *(The Economic Times)*



External Sector

World Bank mulling local currency lending in countries like India: Official

Speaking at the event on global economy organised by the Ministry of Finance and the Reserve Bank of India (RBI) as part of India's G-20 presidency, Kant said the Indian government has a "huge advantage" in local currency borrowing as compared to the World Bank, even though the Washington DC-based multilateral bank is rated AAA. *(The Economic Times)*

FDI in information and broadcasting sector surges 231% to Rs 3,745 crore in FY23

FDI in the sector more than doubled to Rs 820 crore in the fourth quarter ended March from Rs 375 crore a year earlier. On a sequential basis, investments by foreign investors dropped by 47% during the quarter against Rs 1,535.2 crore in the third quarter ended December 2022. *(The Economic Times)*

Rupee rises 9 paise to 82.99 against US dollar, recovers from all-time lows

The rupee recovered from its all-time low levels and appreciated by 9 paise to 82.99 against the US dollar in early trade on Thursday as crude oil price retracted from its elevated levels. However, a muted trend in domestic equities and strength of the American currency in the overseas market dented investor sentiments, forex traders said. *(Business Standard)*

Over 90% of Certain Textiles, Engineering Goods Exports to Oz Now Via Trade Pact

More than 90% of India's exports of some textiles and engineering goods such as electrical transmission lines to Australia are now being facilitated by the trade agreement the two countries had signed in December 2022, officials said, a sign that exporters have begun benefiting from the pact. *(The Economic Times)*

Goods Exports Dip 15.9% in July

India's merchandise exports contracted in July to a nine-month low of \$32.25 billion on back of global demand slowdown and fall in the outbound shipments of petroleum, gems and jewellery, and other key products, official data released Monday showed. *(The Economic Times)*

FPI investments muted in August

After three months of strong inflows into India's equity markets, FPI investments has slowed down to just over ₹3,200 crore in the first half of August. Foreign Portfolio investors have invested between ₹43,000 crore and ₹46,600 crore in the previous three months. *(BusinessLine)*

Trade data revisions revive: June tally raised by \$1.4 billion

India's goods exports may have slipped for the sixth month in a row in July, but the final tally of outbound shipments in June has turned out to be higher than the eight-month low of \$32.97 billion reported earlier. *(The Hindu)*

India's imports from Russia doubled to \$20.45 billion in April-July period

India's imports from Russia doubled to \$20.45 billion during the April-July period of this fiscal due to increasing inbound shipments of crude oil and fertiliser from that country, according to commerce ministry data. With this, Russia has become India's second-largest import source during the first four months of this fiscal. *(The Hindu)*

UK Inflation Cools but Core, Services Record an Upside

British inflation slowed as expected in July to its lowest annual rate since February 2022, although there were more signs of pressure in core and services prices that the Bank of England is watching closely, data showed on Wednesday. *(The Economic Times)*

US Industrial Production Returns to Growth in July

US industrial production rose sharply in July after two straight months of decline, lifted by a jump in automobile products, the Federal Reserve said Wednesday. *(The Economic Times)*

Decline in textile and apparel shipments continued in July '23

Exports of textiles and apparel were down 1.9% and 17.37% respectively in July this year compared with the same period last year. Cumulative export of textiles and apparel for the April-July 2023 period slid 13.74% year-over-year. *(The Hindu)*

Rupee Closes at All-time Low of 83.15 on US Rate, China Worries

The rupee closed at an all-time low versus the dollar Thursday as the likelihood of a prolonged phase of higher US interest rates and deepening concerns over the Chinese economy prompted global investors to reduce exposure to emerging market currencies. *(The Economic Times)*

PC Shipments Drop 15% in June Quarter

India's personal computer market shipped 3.2 million units, down 15.3% on-year in April-June 2023 with lacklustre sales in both consumer and commercial segments, data from the International Data Corporation's (IDC) worldwide quarterly personal computing device tracker, showed. *(The Economic Times)*

Cotton Textile, Apparel Cos See 8-10% Rise in Exports

Cotton textile and garment exporters expect an 8-10% rise in outbound shipments in the next few months with the holiday season in the developed markets expected to bring relief even as apparel export slump continues with order deferments and requests for price cuts. *(The Economic Times)*

India said to consider wheat import from Russia at discount to calm prices

India said to likely seek up to 9 million tonne of Russian wheat; Russia said to be offering discounted wheat price; Indian wholesale wheat prices at 7-month high. *(The Hindu)*

Supply chain shifts to benefit India, create jobs: UBS report

India has the potential to gain from the US-China trade tensions through supply chain shifts and reforms, which could lead to job creation and boost economic growth, according to a report by UBS. The Swiss bank expects growth in India to slow to 6.1%. *(The Economic Times)*



Agriculture and Rural Economy

This Onam, farmers turn to marigold farming for promising returns

In 2022, Biju's farm in Kottarakara had a single row of marigold covering the perimeter. Planted as a trap crop, its sole purpose was to protect the vegetables from pests and the farmer had been employing the strategy for years. But this year marigold is the main crop, filling a large portion of his farm with ready-to-harvest orange and yellow flowers. *(The Hindu)*

5% higher natural rubber production in FY24: All India Rubber Industry Association

"Last financial year, India's production of natural rubber was 8 lakh metric tonne and we expect it to be 5% more this year," said Ramesh Kejriwal, president, All India Rubber Industry Association. *(The Economic Times)*

Wheat prices drop at in FCI's e-auction to average ₹2,156/quintal

The latest round of weekly e-auction on Wednesday under the Centre's Open Market Sale Scheme (OMSS) surprised the trade and industry as there was a big fall in wheat prices, which is attributed to the Centre's announcement of releasing 50 lakh tonnes additional wheat in market as well as offering higher quantity. *(BusinessLine)*

CAI maintains cotton crop estimate at 311.18 lakh bales for 2022-23 season

The total cotton supply for October 2022 to July 2023 is estimated at 332.30 lakh bales, which consists of arrivals of 296.80 lakh bales, imports of 11.50 lakh bales and the opening stock estimated by the CAI at 24 lakh bales at the beginning of the season. *(The Economic Times)*

Monsoon 36% below normal in the first two weeks of August

The dry spell in most parts of the country in the first two weeks of August has led to a 36 per cent below normal rain for the country, whereas the deficit in north-west, central and southern regions is high up to 70 per cent. While the south-west monsoon is active at the foothills of the Himalayas and adjacent areas, its revival in other parts of the country is crucial as sowing in the current kharif season has been completed in 90 per cent of the normal area. *(BusinessLine)*

Zetta Farms launches scheme to offer job opportunities to farmers

Zetta Farms, a technology-driven and process-oriented farm project specialising in sustainable farming of diverse crops, has launched Zetta Rozgaar Yojna, an initiative aimed at empowering farmers across India. *(BusinessLine)*

I-Day speech: PM Modi announces agri-drones for women self-help groups

As per the plan, the recipients will also be given training to fly and repair the unmanned aerial vehicles. "We will train women in SHGs to fly drones and also repair drones. The Government of India will provide drones to thousands of Women SHGs," the Prime Minister said. *(The Economic Times)*

Scientists seek more scrutiny to determine nano urea efficacy

Even as IFFCO has started exporting the innovative nano urea, two scientists from Denmark have raised questions on the product's efficacy as claimed by the manufacturer and have sought scientific research to be conducted by independent bodies on whether nano urea has a "positive impact on plant growth and to which extent." *(BusinessLine)*

Telangana to have new paddy milling, auction policy

With the annual production of paddy crossing the 3-crore tonne mark and milling capacities unable to process the output, the Telangana government has set up a high-level committee to suggest new milling policy and measures to promote food processing industries in the State. The committee would also work on the modalities for auctioning the paddy." *(BusinessLine)*

Area under paddy up as overall kharif acreage gains

Area under coverage for pulses is higher at 6.54 lakh hectares so far from 6.30 lakh hectares in the same period last year, the ministry said in a statement. Shri Anna-cum-Coarse Cereals acreage stood higher at 18.95 lakh hectares so far as against 13.38 lakh hectares in the corresponding period last year. *(The Economic Times)*



Industry, Manufacturing, Services and Technology

Manufacturing push can add 50-100 bps to GDP annually till 2030: UBS Securities

The aggressive manufacturing push, especially in the electronics space, driven partly by the reconfiguration of China-centric regional supply chains, can add 50-100 bps to the GDP annually till 2030, according to a foreign brokerage. According to Tanvee Gupta-Jain, the chief economist at UBS Securities India, if the country continues to benefit from the ongoing China+1 supply chain shifts and the ongoing structural reforms, GDP can rise to 6.25-6.75 per cent annually or adding 50 bps till 2030 under an optimistic scenario. *(BusinessLine)*

Domestic passenger vehicle wholesales rise 2.94% in July: SIAM

Domestic passenger vehicles wholesales registered a 2.94 per cent year-on-year increase in July at 3,02,521 units, the Society of Indian Automobile Manufacturers (SIAM) said on Thursday. As per the latest data issued by SIAM, dispatches of passenger vehicles (PVs) from manufacturers to dealers were at 2,93,865 units in July 2022. *(The Hindu)*

Domestic air passenger traffic jumps 25% in July

India's domestic air passenger traffic volume surged 25% year-on-year to 1.21 crore passengers in July, according to DGCA data released on Monday (August 14). The data from the Directorate General of Civil Aviation (DGCA) showed that domestic carriers flew 97.05 lakh passengers in July 2022. *(The Hindu)*

Hotel industry to contribute \$1.5 tn to GDP by 2047

The Indian hotel market has significant growth opportunities and is poised to contribute \$1,504 billion to the country's overall GDP by 2047, from \$65 billion in 2022, suggests a report by the Hotel Association of India shared exclusively with Mint. It forecasts that the demand for hotels will increase over the next 25 years, however, the supply will grow in

the same ratio if there remains a continuous development plan for the pipeline and new projects. *(Mint)*

Renewable energy research, tech development programme to continue till FY26

Union minister for new & renewable energy and power has said that the renewable energy research and technology development programme (RE-RTD) will continue till 2025-26. The programme, aimed at enhancing indigenous technology solutions in the renewable energy sector, will receive a budget allocation of ₹228 crore. *(Mint)*



News on Kerala

State raises need for timely release of funds sought by NGOs at women's panel meet

Timely release of funds under Centrally sponsored schemes, transportation facilities for travel of survivors of crimes, reinstatement of the post of counsellors in Swadhar Greh centres, and uniformity in staff salary in Swadhar Greh and one-stop centres, are some of the proposals put forth by the State at the regional consultation meet of southern States and Union Territories organised by the National Commission for Women at Thiruvananthapuram. *(The Hindu)*

'Neo-liberal economic reforms complicated caste inequalities in India'

Implementation of neo-liberal economic reforms has complicated the caste inequalities in Indian society, social critic Sunil P. Elayidom has said. He was delivering the key-note address at a seminar organised by the Mahatma Ayyankali Chair of the University of Calicut on the university campus. The theme of the seminar was 'Caste questions and neo-liberal policies in contemporary India'. *(The Hindu)*

German-aided climate change learning lab ready for opening at CWRDM

A German-aided Climate Change Learning Lab with all modern learning facilities on climate change for learners and researchers will start functioning at the Centre for Water Resources Development and Management (CWRDM) near Kunnamangalam in Kozhikode district. The lab has become a reality with the support of 'Indo-German Support Project for Climate Action in India' in partnership with the Strategic Partnerships for Implementation of the Paris Agreement (SPIPA). *(The Hindu)*

Buying high-cost power a drain on KSEB's pocket, State government told

The Kerala State Electricity Board (KSEB) has informed the State Government that it was plunging into a deep financial crisis on account of having to purchase high-cost power to guarantee uninterrupted power supply. At a high-level meeting called by Electricity Minister K. Krishnankutty to review the power situation, the State-run utility sought the government's urgent intervention to overcome the crisis. *(The Hindu)*

Excise department steps up enforcement ahead of Onam

Ahead of the Onam festival season, the Excise Department has stepped up enforcement activities in the district. The department has embarked on a special drive up to September 5 to prevent spirit smuggling, bootlegging and drug peddling. A control room functioning round the clock has been opened to coordinate the drive and arrangements put in place to monitor bar hotels, beer and wine parlours, ayurveda outlets and toddy shops. *(The Hindu)*

With more than one lakh beneficiaries, Thiruvananthapuram Corporation has maximum number of social security pensioners

The number of social security pension beneficiaries have crossed 1 lakh in the Thiruvananthapuram Corporation, which has the highest number of beneficiaries among all local bodies in Kerala. As of Wednesday, there were 1.09 lakh beneficiaries in the Corporation. The Kozhikode Corporation with 79,392 beneficiaries and the Kochi Corporation with 67,945 beneficiaries occupy the next two positions, while the total number of beneficiaries across the State now stands at 52.46 lakh. *(The Hindu)*

TATA Elxsi to establish EV laboratory at NIT-C

The National Institute of Technology-Calicut (NIT-C) signed a Memorandum of Understanding (MoU) with TATA Elxsi, aimed at fostering collaborative research and innovation in the Electric Vehicle (EV) domain. Under the terms of the MoU, TATA Elxsi will establish a state-of-the-art laboratory at the NIT-C. The funding for the ambitious project is set at a substantial ₹1 crore, with TATA Elxsi contributing ₹75 lakh and NIT-C providing the remainder, a press release said. The MoU is anticipated to enhance NIT-C's industry connections and equip students for driving transformation in the EV sector. *(The Hindu)*

Free KSRTC travel for indigent children for educational purposes

Travel for educational purposes would be made free on Kerala State Road Transport Corporation (KSRTC) buses for children from extremely poor families. The decision was taken at a meeting of the project for elimination of extreme poverty, chaired by Chief Minister Pinarayi Vijayan. *(The Hindu)*

Local bodies to be armed with action plan against climate change

As many as 217 local bodies in the State will soon be better equipped for disaster mitigation, thanks to a localised climate change action plan prepared as a participatory exercise with the support of the Kerala State Disaster Management Authority and the Kerala Institute of Local Administration. The action plan would be factored into the annual plan of local bodies. The 217 local bodies that were selected for the pilot project fall within the Pampa river basin in the Alappuzha, Pathanamthitta, Kottayam and Idukki districts. *(The Hindu)*

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.