



## Public Finance

### **The curious case of under-spending by UP**

On May 26, the government of Uttar Pradesh presented its Budget for financial year 2022-23. Projecting a total expenditure of ₹5,82,956 crore (excluding debt repayment), the size of the Budget was significantly larger (28 per cent) than the Revised Estimates for 2021-22. *(BusinessLine)*

### **Fiscal deficit for April-May at 12% of Budget Estimate**

The fiscal deficit for first two months of the current fiscal reached over 12 per cent of the Budget Estimate. It is 4 percentage points higher than deficit during the corresponding period of last fiscal. Experts estimate fiscal deficit for the whole year to be higher than the Budget Estimate of 6.4 per cent for FY23. *(BusinessLine)*

### **State market borrowings down 23.7% YoY in Q1FY23 on strong cash flows**

Market borrowing by states and union territories (UT) using development loans declined 23.7 per cent year-on-year (YoY) basis to Rs 1,102 billion (Rs 1.1 trillion) in the first quarter ending June 2022 (Q1 of FY23). Icra said a comfortable cash flow position of the state governments was due to a back-ended release of tax devolution to the states in FY2022. *(Business Standard)*

### **RBI's financial stability report flags risks with public debt profile**

Financial risks associated with the profile of government debt can hamper the functioning of fixed-income markets, the Reserve Bank of India (RBI) said on Thursday. A credible strategy to ensure debt sustainability calls for reducing primary deficits, the central bank said in its Financial Stability Report. *(Business Standard)*

### **Govt's total liabilities rise 3.7% to Rs 133.22 lakh crore in March quarter**

The finance ministry report released said public debt accounted for 92.28 percent of the total outstanding liabilities at the end of March. It was at 91.6 percent at the end of December last year. Further, the report said the weighted average yield on primary issuances of dated securities showed an increase to 6.66 per cent in fourth quarter. *(The Economic Times)*



## Taxation

### **Wait for GST reduction on life, health insurance gets longer**

The committee of revenue officials from the Centre and States attached to GST Council has turned down proposal to lower tax rate on premium related with all kind of insurance from life to health to third party. *(BusinessLine)*

### **A case for extending GST compensation period**

A major concern before the States was revenue foregone from loss of fiscal autonomy, as they decided to subsume their taxing powers under GST. The States came on board as revenue compensation was guaranteed in full for five years. *(BusinessLine)*

### **GST Council clears GoM plan to end exemptions, correct IDS**

The GST Council on Tuesday gave in-principle approval to recommendations by the Group of Ministers (GoM) paving the way for eliminating exemptions on some goods and services and correcting inverted duty structures (IDS) on items such as knives, ink, finished leather, etc. *(BusinessLine)*

### **No clarity on GST compensation to States as Council meet ends**

Confusion still prevails over compensation to States under GST beyond June 30 as two-day GST Council meeting concluded here with exhaustive discussions on the issue but without any concrete decision. *(BusinessLine)*

### **States seek higher GST share, reduction of Central cess, surcharges**

States, including the ones ruled by the BJP, are hopeful of 14 per cent protected revenue being extended beyond the June 30 deadline after their strong pitch for the same at the GST Council meeting on Thursday. However, in case the deadline is not extended, at least two States – Kerala and Chhattisgarh – have come up with different formulation for altering the 50 per cent CGST and SGST. *(BusinessLine)*

### **How to make GST more efficient**

The GST Council increased tax rates on several products. This should not disturb the macro picture as the current weighted average GST rate at 11.6 per cent (RBI calculation, September 2019) is still below the revenue-neutral rate of about 15 per cent. With this comfort, on GST's fifth anniversary, the GST Council should now focus on introducing bold reforms to usher in the next high-growth phase of GST and the economy. *(BusinessLine)*

### **Govt announces extension of GST compensation cess levy till March 2026**

As per the Goods and Services Tax (Period of Levy and Collection of Cess) Rules, 2022, notified by the finance ministry, the compensation cess will continue to be levied from July 1, 2022 to March 31, 2026. *(Business Standard)*

### **Govt appoints Indian Revenue Services officer Nitin Gupta new CBDT chairman**

IRS officer Nitin Gupta has been appointed as the new CBDT chairman, a recent government order said. Gupta, an Indian Revenue Service (IRS) officer of the 1986 batch of the Income Tax cadre, is serving as the Member (investigation) in the Board and is scheduled to retire in September next year. *(Business Standard)*

### **Punjab likely to lose Rs 15K crore in FY23 as GST compensation ends**

A day ahead of the Goods and Services (GST) Council meeting, Punjab has estimated that its loss from the end of the compensation regime would be Rs 14,000-15,000 crore during the current fiscal year. *(Business Standard)*

### **GST Council clears proposal to remove tax exemptions on some items**

The GST Council on Tuesday approved changes in tax rates on some goods and services while allowing states to issue an e-way bill for intra-state movement of gold and precious stones, officials said. *(Business Standard)*

### **Blanket 28% GST could hit online gaming badly in India, says industry**

Online gaming players in India fear that the industry may be badly hit if the Centre proposes a blanket goods and services tax (GST) of 28 per cent on it. According to Roland Landers, chief executive officer (CEO) of the All India Gaming Federation, this move could hamper the booming industry's upward trajectory and lead to closure of businesses in the sector. *(Business Standard)*

### **GST Council tilts towards rate hikes, drops exemptions for many items**

The Goods and Services Tax (GST) Council, chaired by Union Finance Minister Nirmala Sitharaman, on Tuesday approved in principle hiking the rates for some goods and services and removing exemptions for several mass consumption items to simplify the rate structure, in line with an interim report given by a ministerial panel. *(Business Standard)*

### **GST Council defers tax on casinos, lottery; GoM to re-deliberate by July 15**

Pre-packed and labelled wheat flour, papad, paneer, curd and buttermilk will be taxed at 5 per cent after the GST Council decided to stop allowing exemptions on such items while raising rates on a host of others. *(Business Standard)*

### **Tamil Nadu to host GST Council meeting in August, says FM Sitharaman**

The next Goods and Services Tax (GST) Council meeting will be held in Tamil Nadu's Madurai in August, Union Finance Minister Nirmala Sitharaman said on Wednesday. *(Business Standard)*

### **Rate tweaks to make up for inefficiencies in value chain: FM Sitharaman**

Finance Minister Nirmala Sitharaman on Wednesday said any increase in GST rates under the rate rationalisation exercise is intended to make up for the 'inefficiencies' in the value chain. *(Business Standard)*

### **Amid inflation, GST Council withdraws exemption on host of household items**

Pre-packed and labelled wheat flour, papad, paneer, curd and buttermilk will be taxed at 5 per cent after the GST Council decided to stop allowing exemptions on such items while raising rates on a host of others. *(Business Standard)*

### **Small traders to gain in GST relief for e-commerce sellers, transport**

Easing compliance for taxpayers, the Goods and Services Tax (GST) Council has also given relief to the transport sector and small online sellers by waiving mandatory registration norms for small businesses. Changes in the law will come into force on January 1, 2023. The move will benefit approximately 120,000 small traders, officials said. *(Business Standard)*

### **GST: Tech use to plug revenue leaks, Rs 1.3 trn monthly tax 'new normal'**

India's biggest tax reform, the Goods and Services Tax (GST), completes its half-a-decade journey on June 30, with many hits and some misses, and also brought about a paradigm shift in use of technology to bring about tax compliance and making over Rs 1 lakh crore revenue collection every month 'a new normal'. *(Business Standard)*

### **Changes in GST rates to take effect from July 18**

The wider reform of the GST slabs has been put off as the council gave the group of ministers (GoM) on rate rationalisation another three months to give its recommendations. *(The Economic Times)*

### **GST Council presses for extending tenure of National Anti Profiteering Authority**

The GST Council is pressing for extending the date of the National Anti Profiteering Authority(NAA) beyond November this year and has said that the Solicitor General will assist in cases where the constitutional validity of NAA is challenged, sources said. *(The Economic Times)*

### **GST rates hiked for LED lights, solar water heaters, tetra packs**

After the recommendations that were taken up in the two-day 47th GST Council meeting in Chandigarh on Wednesday, the Goods and Services Tax (GST) were hiked for numerous items including LED lamps, solar water heater and various job works, informed the officials. *(The Economic Times)*

### **Government hikes GST for cut & polished diamonds from 0.25% to 1.5%**

Gem and Jewellery Export Promotion Council (GJEPC), the apex body of gem and jewellery trade in India, through a series of representations, had been seeking GST increase on cut & polished diamonds to 1.5%, GST decrease on grading and certification (GCS) to 1.5%, refund of accumulated ITC, etc. *(The Economic Times)*

### **GST council clears draft for new GSTR-3B form**

This would also help curb the menace of fake billing, whereby sellers would show higher sales in GSTR-1 to enable buyers to claim input tax credit (ITC), but report suppressed sales in GSTR-3B to lower GST liability. *(The Economic Times)*

### **Centre to charge 5% GST on hospital rooms with rent above Rs 5,000**

The Centre has decided to levy a 5% Good and Services Tax on hospital rooms with rent above Rs 5,000. This excludes the charges on the intensive care unit of the hospital. *(scroll.in)*

### **Karnataka placed second in collection of GST in India**

At the all-India level, the Karnataka zone is placed second in collection of GST at ₹48,440 crore, next only to Mumbai zone. *(The Hindu)*

### **Govt to review new taxes levied on crude, diesel, ATF every fortnight, says Nirmala Sitharaman**

Finance Minister Nirmala Sitharaman on Friday said the government will review every fortnight the new taxes levied on crude, diesel and ATF based on international prices. A ₹6 per litre tax on export of petrol and ATF and ₹13 per litre tax on export of diesel is effective from July 1. *(The Hindu)*

### **June's GST revenues second highest at over ₹1.44 lakh crore**

India recorded its second highest monthly gross GST revenues in June at ₹144,616 crore, 56% more than a year ago when the 2nd COVID wave had hit economic activity. Revenues from import of goods rose 55%, while domestic transactions and import of services were 56% higher in the month. *(The Hindu)*



## National Accounts and State of the Economy

### **The great Indian migration story, the drivers and the destinations**

Indians form the largest migrant population in the world and the remittance that they send home is also the highest. This immigrant population offers a good source of funds that can be tapped in a period of external account crises. *(BusinessLine)*

### **Petrol, diesel consumption up in May**

After declining in April, the country's diesel and petrol consumption rose again in May on a month-on-month (M-o-M) basis, while demand for liquefied petroleum gas (LPG) remained flat during the same period. *(BusinessLine)*

### **AP, Gujarat, TN among Top 7 in ease-of-doing business reforms**

Andhra Pradesh, Gujarat, Haryana, Karnataka, Punjab, Tamil Nadu and Telangana have been adjudged the top achievers in the Business Reform Action Plan (BRAP) 2020 report released by the Centre on Thursday. The report ranked States and Union Territories on the basis of ease-of-doing-business parameters. *(BusinessLine)*

### **Indian economy may touch \$30 trn in next 30 years, says Piyush Goyal**

India is one of the fastest-growing economies in the world and it is expected to reach USD 30 trillion in the coming 30 years, Commerce and Industry Minister Piyush Goyal said here on Sunday. If India grows at 8 per cent every year on a compounded annual growth basis, the economy will double in about nine years, he said. *(Business Standard)*

### **Muslim women get half the job call-backs Hindus do, amid hiring bias: Study**

Highlighting the hiring bias against Muslim Women, a research conducted by LedBy Foundation has shown that for every two positive responses that the Hindu woman receive, the Muslim receive only one. *(Business Standard)*

### **Indian economy gains momentum on pent-up demand after reopenings**

India's economy gathered momentum in May driven by pent up demand for services and higher output from industries as reopening continued from pandemic restrictions. Five of the eight high-frequency indicators compiled by Bloomberg News showed improvement, pushing the needle on a dial measuring so-called 'Animal Spirits' to 6, from 5, for the first time since July and the first upward move in more than a year. *(Business Standard)*

### **Gig workers to account for 6.7% of India's non-agri workforce by FY30: NITI**

India's gig workforce is expected to expand to 23.5 million by 2029-30 from 7.7 million in 2020-21, a NITI Aayog report said on Monday, and recommended extending social security measures for such workers and their families in partnership mode as envisaged in Code on Social Security. *(Business Standard)*

### **India's resolve for climate commitments evident from performance: PM to G7**

Asserting that India's dedication to climate commitments is evident from its performance, Prime Minister Narendra Modi on Monday hoped that rich countries of G-7 will support India's efforts in combating climate change and invited them to tap the huge market for clean energy technologies emerging in the country. *(Business Standard)*

### **States add 1.1 million families to un-electrified list, shows data**

Two years after the Centre's flagship village electrification scheme Saubhagya concluded with the government claiming 99.9 per cent success, several states have added close to 1.1 million rural households that remain to be connected to the electricity grid. (*Business Standard*)

### **India needs to fix its economy, generate employment to become a superpower**

India's attempt to reform military recruitment, which has set off political convulsions that show no signs of abating once again shows that its aspirations to superpower status are no match for a below par economy. (*Business Standard*)

### **India's economy shows spark on pent-up demand after reopening**

Higher food, fuel, labor and transportation costs are forcing central banks globally to prioritize price stability over growth. The Reserve Bank of India has raised borrowing costs by 90 basis points so far this year and vows to do more to bring price gains below its target ceiling of 6%. Erratic weather and an uptick in virus cases risks also impeding the recovery. (*The Economic Times*)

### **India may benefit from recession in advanced economies**

Fears of a global recession have gripped all markets alike but the analysts have opined that recessions in advanced economies may benefit the Indian economy. (*The Economic Times*)

### **Retail inflation for industrial workers rises to 6.97% in May**

Retail inflation for industrial workers rose to 6.97 per cent in May from 6.33 per cent in April this year, mainly due to higher prices of certain food items, according to an official statement. "Year-on-year inflation for the month (May) stood at 6.97 per cent compared to 6.33 per cent for the previous month and 5.25 per cent during the corresponding month a year before," the Ministry of Labour and Employment said. (*The Economic Times*)

### **Data gap on climate change a hindrance to global policy making: Shaktikanta Das**

Data gaps, or absence of data related to climate change, have emerged as the key hindrance in effective macro-economic policy making for global central banks, including the RBI, governor Shaktikanta Das said Wednesday. The new phase of G-20 Data Gaps Initiative (DGI) proposes climate change as a major focus area to address data gaps that have been identified as crucial for macroeconomic policy making and micro-financial stability. (*The Economic Times*)

### **Five charts that show how the protests against Agnipath are a symptom of India's unemployment crisis**

Violent protests erupted across many parts of the country on June 15 after the Centre announced the Agnipath scheme for short-term recruitment into the armed forces. The violence is unfortunate, given how rare it is to see youngsters protest about the lack of good jobs in the country. (*scroll.in*)

### **Do not extend free ration scheme launched during pandemic, Department of Expenditure advises Centre**

The Department of Expenditure of the finance ministry has advised the Union government to not extend the Pradhan Mantri Garib Kalyan Anna Yojana, citing financial and food security concerns, The Indian Express reported on Saturday. (*scroll.in*)

### **Inflation, RBI and the Tale of Two Economic Advisors**

The present economic advisor revels in the 'exemplary resilience' shown by the Modi government in recovering from COVID-19, while the former advisor has highlighted the human cost of this very 'recovery'. *(The Wire)*

### **Does breaking up big states boost economy? Data doesn't back up hype, says Indian study**

It's often been argued that dividing big, populous states into smaller units helps, from both an administrative and an economic point of view. However, according to a new study, the data doesn't corroborate such claims about economic benefits. *(ThePrint)*

### **There should not be 'intolerable growth sacrifice' to tame inflation abruptly: MPC member Jayanth Varma**

The Indian economy has barely recovered from the impact of the coronavirus pandemic and it should be ensured that there is no "intolerable growth sacrifice" in attempts to tame inflation "too abruptly", according to RBI's Monetary Policy Committee (MPC) member Jayanth R Varma. *(ThePrint)*



## **Banking and Monetary Policy**

### **RBI sees inflation falling back into its tolerance band by Q4 of FY23**

Asserting that India was weathering the inflation storm well, RBI Deputy Governor Michael Patra said the central bank is hopeful that it will be able to bring inflation back to target within a two-year time span. *(BusinessLine)*

### **Despite rise in digital payments, currency in circulation on a high**

Currency in circulation has been on the rise despite the huge adoption and usage of digital payments in the country. A new report by HSBC Research has said that apart from rising inflation, distress in India's informal sector could be a contributing factor to the recent spurt in currency in circulation. *(BusinessLine)*

### **The rupee's decline — need to curb volatility of capital flows**

The second half of June saw the rupee's value touching record lows below 78 to the US dollar. But this absolute low should not take away from the long-term decline the rupee has been experiencing. If we consider the last three years, for example, the rupee slumped from ₹68.9 to the dollar at the end of July to ₹72 to the dollar by the end of August. That was before the Covid-19 pandemic. *(BusinessLine)*

### **Gross NPAs of banks fall to six-year low of 5.9% in March**

Gross non performing assets (GNPAs) of scheduled commercial banks (SCBs) fell to a six-year low of 5.9 per cent in March 2022 and could fall further to 5.3 per cent by March 2023, according to the Financial Stability Report of the Reserve Bank of India (RBI). *(BusinessLine)*

### **Rupee relatively better placed than other global currencies against USD: FM**

Amid the rupee declining against the US dollar, Finance Minister Nirmala Sitharaman on Thursday said the Indian currency is relatively better placed than other global currencies against the greenback. *(Business Standard)*

### **Credit growth to industry accelerates to 8.7% in May, shows RBI data**

Credit growth to industry accelerated to 8.7 per cent in May 2022, while for agriculture and allied activities, the off-take increased by 11.8 per cent, according to RBI data released on Thursday. *(Business Standard)*

### **India saw 9.36 billion transactions worth Rs 10.2 trillion in Q1 2022, UPI leads**

The UPI P2M (person to merchant) transactions emerged as the most preferred payment mode among consumers with a market share of 64 per cent in volume and 50 per cent in terms of value, according to the report by Worldline, a global leader in payments industry. *(The Economic Times)*

### **Bank deposit growth moderated to 10% in March 2022: RBI data**

The data showed that consistent with the monetary and liquidity conditions, interest rates on term deposits moderated further during fiscal 2021-22. "The share of term deposits bearing over 6 per cent interest rate came down to 14.4 per cent in March 2022 (31 per cent a year ago; 78.7 per cent two years ago)," it showed. *(The Economic Times)*

### **Financial system capable of absorbing macro shocks with strong capital buffer**

The Indian economy and the domestic financial system remain strong and resilient in a hostile international environment, supported by robust domestic macroeconomic fundamentals, RBI said. Financial markets, however, are witnessing heightened volatility because of global spillovers. *(The Economic Times)*

### **Women improve their share in both bank deposits as well as credit**

Bank credit to women borrowers accounted for 22.5% share in bank loans to individuals, during 2021-22, up from 19.5 percent five years ago according to RBI's recently released basic statistical returns (BSR). A lot is being done by public sector banks thanks to the push by the government. *(The Economic Times)*

### **Credit card spend crosses Rs 1.13 lakh crore in May against Rs 1.05 lakh crore in April: RBI data**

HDFC Bank had the highest number of credit cards at 1.72 crore in May as the RBI lifted the ban on the issuance of new credit cards in March. In terms of credit cards, HDFC Bank was followed by the State Bank of India (1.41 crore) and ICICI Bank (1.33 crore) at the end of May 2022. *(The Economic Times)*

### **Big Techs pose risk to financial stability: RBI**

As per RBI data, the Indian FinTech industry, which is amongst the fastest growing FinTech markets in the world, was valued at US\$ 50-60 billion in 2020 and is projected to reach US\$ 150 billion by 2025. India has the highest FinTech adoption rate globally at 87 per cent and received funding of US\$ 8.53 billion in 278 deals during 2021-22. *(The Economic Times)*

### **Loans rise across sectors, total loans up 12.7 percent in May**

Significantly all sectors- agriculture, industry, services as well as retail did better than last year, the latest data on sectoral deployment of bank credit released by the Reserve Bank of India indicate. *(The Economic Times)*

### **In Raising Red Flag on Key States, RBI Puts Spotlight on Unsustainable Subsidies**

A clutch of Indian states, as per a recent Reserve Bank of India (RBI) report, are displaying worrisome signs of economic deterioration and considerable fiscal vulnerability. These

signs “warrant a careful assessment” given the ruinous economic developments in Sri Lanka, according to the central bank. *(The Wire)*

### **Bad loans of banks expected to decline further to 5.3 pc by March 2023: RBI report**

The Reserve Bank on Thursday said the bad loans of banks are expected to further decline to 5.3 per cent of total advances by March 2023 from a six-year low on the back of growth in credit and declining trend in the stock of NPAs. *(ThePrint)*



## **External Sector**

### **With oil on the boil, no breather for trade deficit, Re or inflation**

After nudging close to its decadal high of \$121.28 a barrel, the price of India's crude basket has moderated in the last couple of weeks to \$109. This reflects the cooling of global crude prices on recession fears. But Indian economy watchers believe that this will only be a breather and may not provide relief to the trade deficit, the Rupee or consumers feeling the pinch of inflation. *(BusinessLine)*

### **Rising fuel demand, high feedstock prices put spotlight on energy security**

Energy security is a cause of concern for all nations today, more so for consumers such as India. This is evident from the fact that Prime Minister Narendra Modi, at the G7 Summit, flagged the issue of affordable energy access, besides raising issues of environment, climate, food security, health, gender equality and democracy. *(BusinessLine)*

### **India emerging as preferred destination for foreign investments: Govt**

India is rapidly emerging as a preferred country for foreign investments as the steps taken by the government led by Prime Minister Narendra Modi during the last eight years have borne fruit as is evident from the ever-increasing volumes of FDI inflow setting new records. *(Business Standard)*

### **As rising CAD starts pinching, the Centre starts scrutinising imports**

The Centre has started to closely monitor imports amid concerns over the rise in current account deficit (CAD), which could undermine the nation's macroeconomic balance, a news report said. *(Business Standard)*

### **High export tariff of 45% to make iron ore pellet export unviable: ICRA**

The 45 per cent export duty levied by the government on export of iron ore pellets will make the export of the material unviable at current prices, Icria said on Tuesday. *(Business Standard)*

### **India's external debt rose to \$620.7 bn in FY22, up 8% YoY: RBI data**

India's external debt increased by USD 47.1 billion to USD 620.7 billion in the financial year ended March 2022, the Reserve Bank said on Thursday. However, the external debt to GDP ratio declined to 19.9 per cent at the end of March from 21.2 per cent at the end of March 2021. *(Business Standard)*

### **IMF's 17.7 billion SDR support masks extent of slowdown in reserves pile-up in FY'22**

A \$17.7 billion addition to the reserves was provided by the IMF in terms of SDR allocation and close to \$9 billion addition to the value of gold. Even excluding the SDR gains- which

is a one-off (\$17.4billion) and changes in gold \$8.67billion, the gains in foreign currency assets stand at \$20bn. *(The Economic Times)*

### **India exported 1.8 million tonnes wheat to several countries since ban: Food Secretary Sudhanshu Pandey**

India has exported 1.8 million tonnes of wheat to a dozen-odd countries, including Bangladesh and Afghanistan, since the country banned exports of the grain on May 13, according to Food Secretary Sudhanshu Pandey. About 33,000 tonnes of wheat as humanitarian assistance has already been supplied to Afghanistan against the commitment of 50,000 tonne, he said. *(The Economic Times)*

### **India raises basic import tax on gold to 12.5% from 7.5%**

India has raised import duty on gold to 15 per cent from 10.75 per cent to check current account deficit (CAD) and rising import of the yellow metal, the government notified on Friday. The duty changes came into effect from June 30. *(The Economic Times)*

### **Why India's WTO Battle over Food Stocks is Important**

As the procured food grains are distributed under the public distribution system (PDS) to about 813 million people, a decision to scale down procurement is critical for India and other food insecure countries. In the recently concluded 12th Ministerial Conference of the WTO in Geneva, a permanent solution on this issue of public stockholding was not found and a decision was deferred. *(The Wire)*

### **India's forex reserves dip by \$5.9 billion to \$590.59 billion**

India's foreign exchange (forex) reserves slumped by \$5.87 billion to \$590.588 billion for the week ended June 17 as foreign portfolio investors pulled money out of the Indian equities amid mounting concerns of global recession, the Reserve Bank of India (RBI) data showed. *(ThePrint)*

### **Low exports, rising cost to hurt profitability of home textile firms, says CRISIL**

Operating profitability of home textile makers is seen moderating 150-200 basis points (or 1.5-2.0 percentage points) to 13 per cent during this financial year 2022-23, weighed down by lower export demand and a sharp increase in raw material and transportation costs, says financial research and rating agency CRISIL. *(ThePrint)*

### **FPIs' exodus continues; pull out Rs 46,000 crore from Indian equities in June so far**

Foreign investors continue to desert Indian equity markets and pulled out close to Rs 46,000 crore so far this month following monetary policy tightening by the Reserve Bank and US Federal Reserve, high oil prices and volatile rupee. The net outflow by foreign portfolio investors (FPIs) from equities reached Rs 2.13 lakh crore until now in 2022, data with depositories showed. *(The Hindu)*



## **Agriculture and Rural Economy**

### **India exported 1.8 mn tn wheat to several countries since ban: Food Secy**

India has exported 1.8 million tonnes of wheat to a dozen-odd countries, including Bangladesh and Afghanistan, since the country banned exports of the grain on May 13, according to Food Secretary Sudhanshu Pandey. *(Business Standard)*

### **Sustaining farm export performance**

Doubling farmers' incomes was the policy objective behind farm reforms. However, the policy ambition had to confront the 'Problem of Plenty'. Procurement at higher prices kept it attractive for many farmers to dispose of their produce to government agencies until a year ago. *(BusinessLine)*

### **Work sought under MGNREGS in June still higher than before Covid**

Around 31.67 million households demanded work under the government's flagship Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in June 2022, the provisional data showed, which was marginally lower than the 33.97 million who had sought work under the scheme during the same month last year. *(Business Standard)*

### **Year on kharif sowing in Maharashtra trails by 87%**

The state cabinet today discussed the state of kharif sowing in the state. The state has received 134 millimeter rainfall till date against 270 millimeter received in the previous year. The kharif sowing in the state was completed last year on this date. "This year, however, sowing has been done over only 20.30 lakh hectare of the area, which stands at 13% of the total area," a government release said. *(The Economic Times)*

### **India's Agri Expertise can Ensure Global Food Security, PM tells G7**

"Can the G7 create a structured system for the widespread use of Indian agricultural talent in its member countries?" the Prime Minister said on Monday at a session on food security held on the sidelines of the G7 summit in Germany. "With the help of traditional talent of India's farmers, food security will be ensured to G7 countries." *(The Economic Times)*



## **Industry, Manufacturing, Services and Technology**

### **How digitalisation can green the MSME sector**

It is apparent that the Indian economy's backbone is the Micro, Small and Medium Enterprises (MSMEs) sector. This sector consists of nearly 64 million enterprises, second only in size to China's in terms of GDP. MSMEs also created about 600,000 new jobs this past year, besides employing over 110 million people and contributing to nearly 50 per cent of the country's exports. *(BusinessLine)*

### **Core industries' output at 13-month high of 18.1% in May**

Reflecting a rebound in economic activity and aided by a good show from coal, fertiliser, electricity and cement sectors, the output growth of eight core industries hit a 13-month high of 18.1 per cent in May 2022. The latest output growth print was higher than the 16.4 per cent growth in May 2021 and the revised 9.3 per cent growth recorded in April 2022. *(BusinessLine)*

### **423 infrastructure projects show cost overruns of Rs 4.95 trillion**

As many as 423 infrastructure projects, each entailing an investment of Rs 150 crore or more, have been hit by cost overruns of more than Rs 4.95 lakh crore, as per a report. According to Ministry of Statistics and Programme Implementation, which monitors infrastructure projects of Rs 150 crore and above, out of 1,568 projects, 423 reported cost overruns and as many as 721 projects were delayed. *(Business Standard)*

### **Mumbai, Delhi most expensive cities for expatriates in India: Mercer study**

According to Mercer's 2022 Cost of Living survey, Mumbai (127) is the costliest city in India in terms of both living expenses and accommodation costs. This is followed by New Delhi (155), Chennai (177), Bengaluru (178), and Hyderabad (192), while Pune (201) and Kolkata (203) are the least expensive Indian cities in the ranking. *(Business Standard)*

### **PM Modi inaugurates 'Raising & Accelerating MSME Performance' scheme**

Prime Minister Narendra Modi on Thursday inaugurated the 'Raising and Accelerating MSME Performance' scheme at Vigyan Bhawan in the national capital. According to Prime Minister's Office (PMO), the scheme has outlay of around Rs 6,000 crore. *(Business Standard)*

### **Housing sales fall 15% in Apr-Jun in top 7 cities from previous quarter**

Housing sales have declined 15 per cent during April-June period to 84,930 units across seven major cities compared to the previous quarter, due to rise in property prices as well as mortgage rates, according to Anarock. Sales stood at 99,550 units in the January-March quarter of this year. However, sales jumped 3.5 times from 24,569 units in the April-June quarter last year. *(Business Standard)*

### **Deal activity in infrastructure space sees a sharp rise in May**

The deal activity in the infrastructure space in India saw a sharp rise in the month of May while new investments announced rose by 38.3% on a year-on-year basis, data shows. As per a report by research firm Nomura, a flurry of deal flows and investments were seen in the renewable and new energy/mobility segments in May while the logistics space saw significant fund-raising. *(The Economic Times)*

### **Manufacturing growth eases to lowest since September 2021: S&P PMI**

Inflation pressures dragged India's manufacturing sector's growth down to the lowest level in nine months, and dampened business confidence sentiment to a 27-month low in June, as per the S&P Global India Manufacturing Purchasing Managers' Index (PMI) which slid to 53.9 from 54.6 in May. *(The Hindu)*



## **News on Kerala**

### **Extend GST compensation period by another five years: Kerala**

Kerala has reiterated its demand that the Goods and Services Tax (GST) compensation should be extended to States by another five years. Finance Minister K.N. Balagopal presented the demands in a letter to Union Finance Minister Nirmala Sitharaman at the 47th GST Council meeting on Wednesday. *(The Hindu)*

### **Power tariff revised in State, to go up by 6.6%**

The Kerala State Electricity Regulatory Commission on Saturday gave the nod for revising the electricity tariffs in the State after a gap of three years. The revised tariffs will come into effect on Saturday midnight. *(The Hindu)*

### **Kerala's transport policy remains elusive despite steep fall in number of buses**

The Motor Vehicle department (MVD) and the Kerala Government are not on the same page over the draft transport policy which mentioned, among others, the need to increase

the number of public transport buses and seamlessly integrate them with other modes of commute. *(The Hindu)*

### **Kerala Financial Corporation to lend up to ₹2 crore at 5% rate to MSMEs**

The Kerala Financial Corporation (KFC) has enhanced the upper loan limit under the Chief Minister's Entrepreneurship Development Programme (CMEDP) to ₹2 crore so that Micro, Small and Medium Sector enterprises (MSMEs) receive loans at 5% interest rate. *(The Hindu)*

### **25,000 MSMEs registered in State in current quarter: Minister**

In a year in which the State Government has set a target to aid the launch of one lakh Micro, Small, and Medium Enterprises (MSMEs), close to 25,000 MSMEs have been newly registered in State in the current quarter, Industries Minister P. Rajeev said on Monday. *(The Hindu)*

### **State's debt burden stands at ₹3.32 lakh crore**

Minister for Parliamentary Affairs K. Radhakrishnan has said the State's debt has grown to ₹3.32 lakh crore (as of March 31). He was responding to questions during the Question Hour in the House on behalf of Finance Minister K.N. Balagopal on Tuesday. *(The Hindu)*

### **K-Rail has spent ₹1.33 crore for survey stones: CM**

The laying of survey stones for the SilverLine semi-high-speed rail corridor project has incurred the Kerala Rail Development Corporation Ltd. (K-Rail) ₹1.33 crore, Chief Minister Pinarayi Vijayan has said. *(The Hindu)*

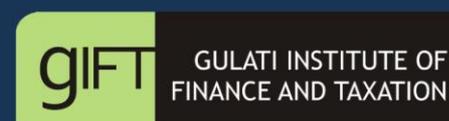
### **Devolution of powers to local bodies insufficient: CAG**

The Comptroller and Auditor General (CAG) has pulled up the State government for delaying the transfer of water supply and sewerage services and the assets and manpower required for these functions to local bodies. *(The Hindu)*

### **GST department carries out inspections in hotels**

The State Goods and Services Tax (GST) Department, in Statewide inspections carried out in hotels and restaurants on Wednesday night, detected suppression of turnover to the tune of ₹81.7 crore. The turnover suppression has resulted in a loss of ₹4.08 crore in taxes to the State, the department said. *(The Hindu)*

GULATI INSTITUTE OF FINANCE AND TAXATION  
GIFT Campus, Chavadi Mukku,  
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.