



Public Finance

Increase in duty likely to fetch ₹1.1-lakh cr this fiscal: Nomura

Duty revision on crude, petro products and gold is likely to bring in more than ₹1.1-lakh crore to government exchequer, Nomura has estimated. This is more than what the Centre will have to forego on account of excise duty cut on petrol and diesel in May. *(BusinessLine)*

'Govt committed to the fiscal deficit target of 6.4%'

The Government is committed to stick to the fiscal deficit target of 6.4 per cent during current fiscal i.e., 2022-23 or FY23, a top government official said here on Monday. Meanwhile, another official said that no cap or deadline has been fixed for withdrawal of windfall gain tax. *(BusinessLine)*

Mode of managing CSS funds should change

The Centre introduced Single Nodal Agency (SNA) known as 'SNA Model' in March 2021 which constitutes a major departure from the then existing regime of funds released under Centrally Sponsored Schemes (CSS). Therefore, the Centre must explore an alternative to SNA model and be attentive to States' liquidity management. *(BusinessLine)*

'States should adopt prudent borrowing strategy, efficient cash management'

Reserve Bank of India Governor Shaktikanta Das on Thursday emphasised the need for States to adopt prudent borrowing strategy and efficient cash management practices, keeping in view the evolving macroeconomic scenarios. *(BusinessLine)*

States' borrowing cost remains high at 7.86% despite fall in G-secs yield

The borrowing cost for the states continues to remain elevated, sniffing at the 7.9-per cent mark for the fourth consecutive week despite the average cut-off slipping marginally by 2 bps to 7.86 per cent at the latest auction of debt on Tuesday. *(Business Standard)*

Revenue deficit grant of Rs 7,183 cr released to 14 states: FinMin

Finance ministry on Wednesday released the fourth instalment of revenue deficit grant of Rs 7,183 crore to 14 states for the current fiscal. The states for which Post Devolution Revenue Deficit Grant has been recommended by the 15th Finance Commission during 2022-23 are Andhra Pradesh, Assam, Himachal Pradesh, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Tripura, Uttarakhand and West Bengal. *(Business Standard)*

Centre sets out rules on disbursing Rs 1 trillion capex funds to states

The Centre will release Rs 1-trillion interest-free capex loans, as announced in this year's Budget, to the states under seven heads with conditions such as facilitating Gati Shakti, funding the PM Gram Sadak Yojana, incentivising digitisation, laying the optical fibre cable network, urban reforms, disinvestment, and monetisation. *(Business Standard)*

Odisha presents Rs 2-trn budget for FY23 with focus on infra, education

The Odisha government on Saturday presented a Rs 2-lakh crore budget for the 2022-23 financial year in the state assembly with a focus on strengthening infrastructure, developing education and health sectors and improving livelihoods of people. *(Business Standard)*

RBI Governor asks states to find out effective ways to address debt issues

Reserve Bank of India (RBI) Governor Shaktikanta Das on Thursday asked state governments to find out effective ways to address the issues related to debt and cash management. In his address, Das highlighted the importance of the SFS conference as an effective platform to deliberate on, and find out effective ways to address various issues relating to states' debt and cash management, RBI said in a statement. *(Business Standard)*

Centre may allocate Rs 44,000 cr to oil firms to compensate for LPG losses

The oil ministry is planning to allocate Rs 44,000 crore as compensation to state-run oil companies for the losses they have been bearing by selling domestic cooking gas at below-market rates, a report by The Economic Times reported, quoting people aware of the matter. *(Business Standard)*

Delhi govt's debt increased by 7% in four years up to 2019-20: CAG report

The Delhi government's debt increased by nearly seven per cent in the four-year period up to 2019-20 although it maintained a revenue surplus, according to a CAG audit report tabled in the Assembly on Tuesday. The debt increased by Rs 2,268.93 crore (6.98 per cent) from Rs 32,497.91 crore at the beginning of 2015-16 to Rs 34,766.84 crore at the end of 2019-20, said the report. *(The Economic Times)*

Centre red-flags 'disturbing trends' in states' finances

Telangana leads with Rs 56,767 crore of off budget borrowings between 2019-20 and 2021-22, which is over 4.5% of its GDP. Sikkim and Andhra Pradesh's off budget borrowings were near 2.5% of their GDP while Uttar Pradesh and Kerala have indulged in off budget borrowings of Rs 24,891 crore and Rs 10,130 crore respectively, data shared at the meet showed. *(The Economic Times)*

NIIF to bring new investors on debt platform

The NIIF debt platform consists of NIIF Infrastructure Finance (NBFC-IDF) and Aseem Infrastructure Finance (NBFC-IFC) and together they have now reached a loan book of about Rs 23,000 crore, said Prakash Rao, executive director and chief investment officer - indirect investments, NIIF. *(The Economic Times)*



Taxation

GST collections at ₹1.44-lakh cr in June

GST collection in the month of June touched ₹1.44-lakh crore, Finance Minister Nirmala Sitharaman announced here on Friday. “₹1.4-lakh crore is the rough bottom line now for GST collections,” she said. This is the second highest number ever after ₹1.6-lakh crore plus was collected in April. *(BusinessLine)*

Congress slams GST model as 'flawed' and 'defective'

The Congress Party on Friday slammed the existing GST model as “complex” and “flawed” that benefits only big businesses, chartered accountants and tax lawyers and vowed to

introduce a GST 2.0 with single, low rate if it returned to power at the Centre. *(BusinessLine)*

Has GST been a game-changer?

Five action-packed years. Forty-seven Council meetings. Multiple tax rates. Many restrictions on availing input tax credit. Appellate Tribunals yet to be up and running. Adverse assessment orders. This is a summary of half-a-decade of GST laws. Five years is also a good time to ask the question: Has GST been the game-changer that it was proclaimed to be? Irrespective of who is asked the question, the response is not expected to be an overwhelming 'Yes'. *(BusinessLine)*

E-invoicing 'soon to be mandated' for units with over ₹10-cr turnover

Businesses with an annual turnover of more than ₹10 crore and then for more than ₹5 crore will soon be required to issue e-invoice. As on date, e-invoice is mandatory for businesses with an annual turnover of over ₹20 crore. E-invoicing prescribes a standardised format of an invoice that can be read by a machine. It is a system in which B2B invoices are authenticated electronically by the Goods & Services Tax Network (GSTN) for further use on the common GST portal. *(BusinessLine)*

GST to be levied on staff's share of canteen charges: TNAAR

Tamil Nadu's Authority for Advance Ruling (TNAAR) has ruled that employee's share for canteen services will be subjected to Goods & Services Tax (GST). This is contrary to earlier rulings by Gujarat AAR (GAAR) in the matter of two pharmaceutical companies. 'The supply of food by the applicant is 'Supply of Service' by the applicant to their employees as the same is not a part of the employment contract'. *(BusinessLine)*

Farm reforms need a GST-like council

Looking forward, the government may do well in establishing Agricultural and Food Marketing (AFM) Council on the lines of GST Council for furthering farm reforms. An AFM Council can be chaired by Union Minister of Agriculture, and Agriculture Ministers of all States and Union Territories can be its members. *(BusinessLine)*

'Bringing fuel under GST will take more time'

Revenue Secretary Tarun Bajaj on Monday indicated that bringing fuel under Goods & Services Tax (GST) will take more time. He also said that the 28 per cent GST rate to continue while merging other rates is a challenge. *(BusinessLine)*

'Inflation has a role in higher GST collection'

Revenue Secretary Tarun Bajaj on Tuesday acknowledged that inflation has contributed in higher GST collection. He also said that higher inflation pushed further the rate rationalisation for the time being. Further, Chairman of the Central Board of Indirect taxes & Custom Vivek Johri said that inflation affects prices of both inputs and outputs. *(BusinessLine)*

CBIC notifies procedural changes to GST rules easing the compliance burden on small players

The government has notified certain procedural changes in the GST rules, including those related to threshold, for filing annual returns for the 2021-22 fiscal, a move that will help ease the compliance burden on small players. *(BusinessLine)*

Pre-packaged, pre-labelled food items to attract same rate of GST as branded, says CBIC Chief Johri

Prepackaged and pre-labelled retail food items will attract GST rate at par with the branded ones, Chairman of Central Board of Indirect Taxes and Custom (CBIC) Vivek Johri said on Thursday. This means rate could be 5, 12 or 18 per cent. *(BusinessLine)*

CBIC tightens screws against fake invoices

The Central Board of Indirect Taxes & Custom (CBIC) has come out with a mechanism for clearer framework to curb fake invoices. This will help officials in determining demand and penalty in respect of transactions involving fake invoice much more effectively. *(BusinessLine)*

Extend period of GST compensation to states by 5 years: Rajasthan CM Gehlot

Rajasthan Chief Minister Ashok Gehlot on Friday demanded that the Centre should extend the period of GST compensation by five years from June 2022 to June 2027 in view of the critical financial position due to the COVID-19 pandemic. *(Business Standard)*

Highest 28% GST on luxury, sin goods to continue: Revenue Secretary

The government intends to continue with the top GST slab of 28 per cent for luxury and sin goods, but is open to discuss narrowing down the three slabs of 5, 12 and 18 per cent into two, Revenue Secretary Tarun Bajaj said on Monday. *(Business Standard)*

Industry body voices concern over 5% GST on hospital room tariffs

Industry and trade chambers have voiced concern at some of last week's decisions of the Goods and Services Tax (GST) Council, such as taxing hospital room tariffs and bringing unbranded packaged consumer items within the tax net. The Federation of Indian Chambers of Commerce and Industry (Ficci) has written to Union Finance Minister Nirmala Sitharaman, seeking zero rate GST for health care services to enable service providers to claim input tax credit (ITC). *(Business Standard)*

Windfall tax to generate nearly Rs 94,800 cr for govt, says Moody's

The windfall taxes on domestic crude oil production and fuel exports will generate close to USD 12 billion (Rs 94,800 crore) for the government in the remainder of the current fiscal while trimming profits of firms such as Reliance Industries Ltd and ONGC, Moody's Investors Service said Tuesday. *(Business Standard)*

Industry body CII pitches for simplification of GST, reduction in tax slabs

CII's President Sanjiv Bajaj on Tuesday pitched for the simplification of Goods and Services Tax structure, and suggested that electricity as well as fuel should be brought under the GST ambit as that will help make the industry more competitive. *(Business Standard)*

Work needs to be done to prune GST exemption in services: Revenue Secy

A lot of work still needs to be done to prune GST-exempted items, especially in the services sector, Revenue Secretary Tarun Bajaj said on Tuesday. On rationalisation of GST rates, the secretary said a group of ministers is looking into it. We will have to wait for some time, he said. Exemptions still remain, a large number on the services side, Bajaj said, adding work needs to be done to prune it. *(Business Standard)*

5 years of GST: Why the indirect tax regime may not see big-bang reforms

Five years ago, India's federal and state governments struck a historic deal. From July 1, 2017, a uniform tax on goods and services — marketed by Prime Minister Narendra Modi as “One Nation, One Tax, One Market” — replaced a bewildering array of local sales and entry levies. But the many compromises that were struck to bring more than 1 billion people living in 29 states on board are impairing the groundbreaking reform. (*Business Standard*)

GST compensation to states should not be extended: Hasmukh Adhia

"Compensation was more an insurance against tax losses for five years (2017-22). But if it is continued for too long, it will lead to laxity in states' bureaucracy. It will act as a disincentive in mopping up more taxes. The GST compensation to states should end now." (*The Economic Times*)

GST: At five years, India's historic tax reform is out of fuel

Uniform taxation across the country has gone a long way toward making India a common market; logistics and e-commerce have benefited; apart from checking evasion, real-time data on supply chains promises to help small firms access cheap financing. Yet, for all its apparent success, the GST is out of fuel — or more accurately. (*The Economic Times*)

GST 2.0 may be free of jurisdiction: Vivek Johri, chairman, CBIC

India could consider a significant shift in the Goods and Services Tax (GST) including a jurisdiction-free regime as part of the next set of reforms for the five-year-old indirect tax system. (*The Economic Times*)

UP govt eyes increase in tax collection to Rs 1.50 lakh crore during FY23

The Uttar Pradesh government is expected to raise the revenue collection target from Rs 98,107 crore to Rs 1.50 lakh crore for the financial year 2022-23, reflecting an increase of about Rs 57,000 crore. (*ThePrint*)

Panel on GST Appellate Tribunal formed, report by month-end

A Group of Ministers (GoM), chaired by Haryana Deputy Chief Minister Dushyant Chautala, has been constituted to suggest required changes in the law for setting up the GSTAT. (*The Hindu*)

Taking stock of five years of GST

The monumental indirect tax reform, the Goods and Services Tax (GST), has completed five years in existence. Before the implementation, it was said that it would be a boon to the economy in terms of higher revenue buoyancy, lower inflation, higher revenue, higher growth, and so on. (*The Hindu*)



National Accounts and State of the Economy

Financial inclusion among women increases in 2021-22

Financial inclusion among women has been improving steadily over the last two decades with the number of women holding bank accounts surging, largely thanks to the Jan Dhan movement. These women are also opening bank deposit accounts, going by an SBI Ecowrap report. (*BusinessLine*)

How to tackle under-nutrition effectively

Science is certain that persistence of under-nutrition creates irreversible changes in the learning abilities of many infants, besides susceptibility to disease as they grow. The Fifth National Family Health Survey 2019-21 (NFHS-5) reports 35.5 per cent children under five are stunted, 19.3 per cent wasted, and 32.1 per cent under-weight. These are unacceptable levels and compromise India's coming generation's learning and health. *(BusinessLine)*

Crisil retains GDP growth forecast at 7.3% for FY23

Crisil has retained its GDP growth forecast at 7.3 per cent for the current fiscal with downside risks and expects retail inflation to rise to a nine-year high of 6.8 per cent on an average in the backdrop of the Russia-Ukraine war. "Higher oil prices, slowing global demand for India's exports and higher inflation are acting as the major drag factors," said the ratings agency on Friday, attributing these as the reasons for downside risks. *(BusinessLine)*

Is NITI Aayog's climate index status quoist?

The State Energy and Climate Index (SECI), recently launched by the NITI Aayog, aims to track and benchmark the efforts made by States and Union Territories (UTs) in the climate and energy sector, capturing dimensions such as energy access, consumption, efficiency, and environmental protection. *(BusinessLine)*

Reverse migration could hurt urban economy

The Fourth Periodic Labour Force Survey (PLFS) data released by the National Statistical Office (NSO), on June 14, uncovers the much-awaited official statistics on migration. The NSO has released the 'Migration in India 2020-21' report, giving out data on Covid/lockdown induced migration based on a sample survey of 1,00,344 households consisting of 4,10,818 persons of whom 1,13,998 were migrants. *(BusinessLine)*

Labour reforms will hurt employment

Labour Minister Bhupender Yadav, in the article 'Labour reforms and the rise of jobs' argues that "India's labour regulatory framework has been rigid and hindered the growth of output, investment and employment expansion". Labour laws' deregulation has worsened labour productivity and incomes, thereby hurting economic growth. *(BusinessLine)*

Will urban travel fall post-pandemic?

The pandemic period witnessed a sharp decline in mobility due to successive lockdowns and other restrictions. Studies have reported that the use of public transport fell 90 per cent globally as of May 2020, compared to pre-pandemic times. With vaccination drive across the world, progress is being made in combating Covid-19. *(BusinessLine)*

FMCG sector sees volumes recovering in second half of FY23

With expectations of a normal monsoon and a softening in prices of commodities like palm oil, FMCG companies and analysts are hopeful of witnessing a revival in demand, especially in rural consumption, in the second half of the fiscal year. With expectations of improvement in margins, companies may also put off any further price hikes believe experts. *(BusinessLine)*

Indians can now receive up to Rs 10 lakh annually from relatives abroad

Indians can now receive up to Rs 10 lakh in a year from relatives living abroad without informing the authorities. The limit earlier was Rs 1 lakh. The Union Home Ministry has amended certain rules related to the Foreign Contribution (Regulation) Act (FCRA) on Friday. In a notification, the govt also said if the amount exceeds, the individuals will now have 90 days to inform the government instead of 30 days earlier. *(Business Standard)*

Centre planning export houses exclusively for cooperatives: Amit Shah

The Central government is working on a proposal to set up two dedicated export houses that will enable cooperatives to brand and export items, said Cooperatives Minister Amit Shah on Monday. *(Business Standard)*

Urban FMCG sales see sharper fall than rural in June, shows data

Fast-moving consumer goods (FMCG) sales continued to be lower in June compared to May with urban sales witnessing a steeper decline than rural. Sales of goods from shampoos to biscuits stayed lower due to inflationary pressures on commodities. This pushed consumer companies to continue taking price hikes, thus impacting demand, according to data by Bizom. *(Business Standard)*

India misses fifth-largest economy in the world tag by \$13 billion

The Indian economy was slightly smaller than the United Kingdom's (UK's), which deprived the former the rank of the fifth-largest economy in the world in 2021. Experts say it is just a matter of a year before India overtakes the UK. *(Business Standard)*

Indian job market sees record 22% YoY growth in June, says report

Hiring activity in India has shown an upward growth trajectory with a record 22 per cent year-on-year growth in June 2022 compared to last year, according to a report on Tuesday. The report Naukri JobSpeak Index showed that demand for entry-level talent continues to record the highest yearly growth (+30 per cent) in June'22. *(Business Standard)*

Odisha tops state ranking for implementation of National Food Security Act

Odisha has topped in the state ranking for implementation of the National Food Security Act (NFSA) through ration shops, followed by Uttar Pradesh and Andhra Pradesh, the government said on Tuesday. Among the special category states (the North Eastern states, Himalayan states, and the Island states), Tripura has obtained the first rank. Himachal Pradesh and Sikkim are at the second and third positions. *(Business Standard)*

Production-linked incentive scheme can add 4% to GDP annually: Report

The production-linked incentives (PLI) scheme, which seeks to boost manufacturing in key areas by offering nearly Rs 2.4 lakh crore in incentives over the next five years, can add 4 per cent to the GDP annually in terms of incremental revenue, says a report. *(Business Standard)*

Unemployment rate rises to 7.8% in June with loss of 13 mn jobs: CMIE

The country's unemployment rate has shot up at 7.80 per cent in June with the loss of 13 million jobs, mainly in the agriculture sector, according to the data released by economic think-tank Centre for Monitoring Indian Economy (CMIE). *(Business Standard)*

Ex-NITI Aayog CEO Amitabh Kant to replace Piyush Goyal as India G20 Sherpa

The Centre on Thursday appointed Amitabh Kant, former chief executive officer (CEO) of the government's policy think tank NITI Aayog, as India's Sherpa for the Group of Twenty (G20) grouping, replacing Minister of Commerce and Industry Piyush Goyal. (*Business Standard*)

In India and beyond, gig workers are hurting from high fuel prices and job insecurity

While gig workers in wealthier countries are fighting over issues like data rights, in poorer nations they are still struggling for a fair wage. In India and beyond, gig workers are hurting from high fuel prices and job insecurity. (*scroll.in*)

Amid rising inflation, the global drive to keep food cheap is unsustainable

Focusing solely on keeping prices as low as possible, and an unrelenting push for productivity and profit, is not the way to keep the world well nourished. (*scroll.in*)

Why the Rise in Workforce Participation During the Pandemic Points to Distress Employment

The annual Periodic Labour Force Survey (PLFS), first launched in 2017, is one of the only official sources of employment data in the country. Marred by disruptions, the results of the last two surveys (2019-20 and 2020-21) have been eagerly awaited to understand the impact of the COVID-19 pandemic on labour markets. (*The Wire*)

Gita Gopinath becomes first woman and 2nd Indian to feature on IMF's 'wall of former chief economists'

India-born Gita Gopinath became the first woman and second Indian to feature on the 'wall of former chief economists' of the International Monetary Fund (IMF). The first Indian to achieve the honour was Raghuram Rajan who was Chief Economist and Director of Research of IMF between 2003 and 2006. (*ThePrint*)

RBI selects Hansa Research Group to conduct field work for inflation expectation survey

The Reserve Bank of India (RBI) on Wednesday said it has decided to engage Mumbai-based Hansa Research Group to conduct field work for the July 2022 round of consumer confidence and inflation expectation surveys. (*ThePrint*)



Banking and Monetary Policy

RBI steps in with measures to boost forex flows, stem Rupee slump

In the backdrop of global uncertainty and the continuing weakness of the rupee against the US dollar, the Reserve Bank of India on Wednesday unleashed a slew of measures to boost forex inflows by relaxing norms for deposits by non-resident Indians, investments by foreign portfolio investors and enabling external commercial borrowings. (*BusinessLine*)

Credit-deposit growth gap widens to a three-year high of nearly 5%

While credit growth in the system has picked up, deposit growth has not kept pace with credit growth, resulting in a widening of the gap to an over three-year high, thus

exacerbating concerns that slow deposit growth could emerge as one of the biggest constraints for loan growth in the system. *(Business Standard)*

Non-bank PSOs need approval for takeover or sale of business, says RBI

The Reserve Bank of India (RBI) said on Monday said non-bank payment system operators (PSOs) will need its approval in case of a takeover that may or may not result in a change of management and sale or transfer of payment activity to an entity not authorised for undertaking similar activity. *(Business Standard)*

Rupee slips 41 paise to 79.36; dollar index surges to 2-decade high

The rupee dropped to a new low versus the US dollar on Tuesday as sentiment for the domestic currency took a turn for the worse after trade deficit hit a record high in June. *(Business Standard)*

RBI measures should help rupee outperform peers in emerging markets: Experts

The Indian rupee, RBI said has depreciated by 4.1 per cent against the US dollar during the current financial year so far (up to July 5), which is modest relative to other EMEs and even major Advanced Economies (AEs). *(The Economic Times)*

RBI's market operations helped banks in funding during Covid, says study

Noting that the COVID-19 pandemic led to a sharp loss of output in 2020-21, it said the adverse impact on the overall economic activity was somewhat offset by a countercyclical fiscal policy which in turn was mirrored in higher government borrowings on the back of the fall in revenues and higher expenditures. Reflecting these developments, banks' investment in government securities increased while credit growth was subdued consistently. *(The Economic Times)*

RBI may announce more measures to stabilise rupee: Nomura

The Reserve Bank of India on Wednesday had announced a slew of measures to enhance foreign exchange flows and rein in the value of the rupee which touched record low nearing Rs 80 to the dollar, including allowing overseas investors to buy short-term corporate debt and opening of more government securities under the fully accessible route. *(The Economic Times)*

Crypto is great for gambling, but lousy as usable currency

As the losses in the cryptocurrency markets demonstrate, decentralised finance has yet to prove it is a viable alternative to the centralised banking system. *(scroll.in)*

Privatisation of PSBs Will Deal a Blow to Reservation, Government's Coffers

The contentious issue of bank privatisation has once again come to the fore after business newspapers reported that the Union government is keen on introducing an amendment in the upcoming monsoon session of parliament to smoothen the path for the government to make a complete exit from the public sector banks (PSBs) that are being put up for sale. *(The Wire)*

FM to meet heads of banks; to review performance, governance reforms in RRBs

Finance Minister Nirmala Sitharaman is going to hold a review meeting with the heads of public sector lenders later on Thursday to discuss various issues and to review the progress of various government schemes related to agriculture and allied sectors. *(ThePrint)*

RBI should internationalise Indian currency rupee, says SBI Research

The Reserve Bank of India (RBI) should make a conscious effort to internationalise the Indian currency rupee amid disruptions in payments caused by the ongoing Russia-Ukraine war, said SBI Research in a report on Thursday. *(ThePrint)*

Latest RBI moves to stabilise rupee face many economic hurdles

The Indian central bank's moves to liberalise foreign exchange inflows are unlikely to offer much immediate support to the floundering rupee as inflation pushes higher and the current account deficit threatens to balloon towards multi-year highs. *(The Hindu)*



External Sector

Export duty on fuel, import duty on gold hiked; windfall tax on crude imposed

The government on Friday hiked import duty on gold, slapped export tax on petrol, diesel and jet fuel (ATF) shipped out by firms like Reliance and Nayara Energy, and simultaneously imposed a windfall tax on crude oil. Finance Minister Nirmala Sitharaman said the exercise was a reflection of “extraordinary times which need extraordinary measures”. *(BusinessLine)*

Downside risks for oil sector over medium term, say analysts

The government's decision to impose an export tax on petrol, diesel and jet fuel shipped overseas by firms like Reliance Industries Ltd, and a windfall tax on crude oil produced locally by companies such as ONGC will have downside risks for the sector, according to analysts. *(BusinessLine)*

Are India's forex reserves adequate?

India has witnessed outflows of \$29 billion in 2022 YTD (\$27 billion in equity and \$2 billion in debt). Alongside, India's foreign exchange reserves have declined from a peak of \$642 billion as of October 29, 2021, to \$590.50 billion in June 2022, a fall of \$51.50 billion. There seems no stopping these trends in the immediate future. *(BusinessLine)*

Goods exports rise to \$37.94 b in June

India's goods exports rose 16.78 per cent in June (year-on-year) to \$37.94 billion, led by sectors that include petroleum products, electronic goods, gems and jewellery and ready-made garments, according to preliminary trade data released by the Commerce & Industry Ministry. *(BusinessLine)*

Mobile phone imports fell 33% in FY22: Crisil

Thanks to the production-linked incentive scheme for mobile phones, India's mobile imports decreased 33 per cent year-on-year in FY22, said the research report on mobile phones by credit rating firm CRISIL. According to the report, dependency on China reduced to 60 per cent from 64 per cent in FY21, and is expected to fall further in the medium term. With a rise in production, import of electronic components essential for mobile assembling/manufacturing also increased 27 per cent year-on-year. *(BusinessLine)*

Are we headed for an external sector crisis?

India's external sector is poised to take a 'U' turn — from an optimistic and sustainable Current Account Deficit (CAD) financed by normal capital flows to what may well be

unsustainable levels of CAD and inadequate capital flows, resulting in a deficit in the overall balance of payment (BoP) position. *(BusinessLine)*

Finance Ministry hopes cess will not hit petroleum exports in FY23

The ministry imposed cess on petroleum products of Rs 6 a litre, Rs 13 per litre and Rs 6 on petrol, diesel and ATF exports, respectively, to improve domestic fuel supply and garner additional revenue. *(Business Standard)*

Trade gap widens to record \$25.6 bn; imports surge to \$63.58 bn in June

India's merchandise trade deficit surged to a new high of \$25.6 billion in June amid slowing demand for Indian exports and rising imports of gold, coal and crude oil. Exports grew 16.8 per cent year-on-year to \$38 billion in June while imports jumped 51 per cent to \$63.6 billion, according to the preliminary data released by the commerce ministry on Monday. *(Business Standard)*

India approved FDIs from 80 Chinese entities till June 29: Report

Out of 382 foreign direct investment (FDI) proposals the central government received from Chinese firms, India approved 80 as on June 29, a report by The Economic Times stated. *(Business Standard)*

RBI takes steps to attract foreign flows, says growth prospects stay strong

The Reserve Bank of India (RBI) on Thursday announced a series of measures to attract foreign flows in a bid to protect the local currency amid depleting foreign exchange reserves. India's foreign exchange reserves have depleted by \$38 billion to below \$600 billion since the Russian invasion of Ukraine late February. *(Business Standard)*

Boosting agri ties: India, Russia sign MoU for commercialisation of biocapsule

Microbial encapsulation technology, a major invention patented by the IISR, is used to encapsulate all agriculturally important microorganisms for smart delivery of beneficial micro-organisms as bio-fertilisers to crops. Four Indian firms have already secured non-exclusive licences from the IISR for commercial production of biocapsules using this unique technology. *(The Economic Times)*

Redemption pressure of Short-term debt to add to RBI's forex management challenges

About 43.1 percent or \$267 billion worth of external debt of the \$620.7 billion amounting to 44 percent of country's foreign exchange reserves comes up for maturity this fiscal, according RBI's latest data on India's external debt as of March '22. Though some amounts will be rolled over, given the slow pace of reserves pile-up, this will be an additional challenge for the Reserve Bank to manage reserves and dollar levels. *(The Economic Times)*

Commerce Ministry looking to release new FTP before September, says official

"It will be a kind of competition among states and districts. We will come out with detailed guidelines for that. The scheme will find a place in the FTP. It will be a centrally-sponsored scheme, where 60 per cent of the total cost will be borne by the Centre, and the remaining by states. We are trying to release the new FTP before September," the official added. *(The Economic Times)*

With global slowdown fears rising, India expected to focus more on services exports

The government is expected to rely heavily on boosting services exports as global slowdown could take a toll on the exports of goods, especially luxury ones. It also expects the Free Trade Agreements (FTAs) signed with Australia and UAE to aid the exports as the world stares at a slowdown, Times of India reported. *(The Economic Times)*

WTO defers ruling on US' steel, aluminium tariff dispute with India, 5 others

The World Trade Organization (WTO) has pushed back its dispute panel's rulings on the US' tiff with India, China, Russia and three others nations over higher duties on some steel and aluminium products to the second half of this year citing "complexity of the issue". *(The Economic Times)*

India's forex reserves rise \$2.73 billion after three week of fall

According to the RBI's data, India's foreign currency assets, which are the biggest component of the forex reserves, rose \$2.334 billion to \$529.216 billion during the said week. Further, gold reserves rose \$342 million to \$40.926 billion, special drawing rights rose by \$55 million to \$18.210 billion, and the country's reserve position with International Monetary Fund up by \$3 million to \$4.970 billion. *(The Economic Times)*

CAD likely to double in FY23; rupee seen crossing 80/\$: Economists

The Centre's raft of measures to improve the trade balance will unlikely arrest the rupee's fall with India's current account deficit, or excess of imports over exports, set to more than double in FY23. *(The Economic Times)*

China's share in India's total imports falls to 15.4 pc in 2021-22

The share of Chinese imports in the country's total inbound shipments has declined to 15.4 per cent in 2021-22 from 16.5 per cent in 2020-21, sources said on Thursday. They also said the major items imported from China into India are used for meeting the demand of sectors like telecom and power. *(The Economic Times)*

India's Currency and External Sector in Worrisome Zone

The last few weeks saw the Reserve Bank of India (RBI) fight a losing battle to hold the exchange rate of the rupee as foreign portfolio investors (FPIs) kept selling in the stock markets. *(The Wire)*



Agriculture and Rural Economy

Kharif crops sowing deficit drops to 5.3%

Over the past week, kharif sowing has gained momentum with increased rainfall in many parts of the country. The acreage under all crops was reported at 278.72 lakh hectares (lh) as of Friday against 294.42 lh in the year-ago period, down by 5.3 per cent. The drop in kharif sowing area was 23.8 per cent, as of June 24. *(BusinessLine)*

Dealing with effects of stunted farm sector

The future of farming seems bleak and the modern world of work seems out of reach. Evidence from the Global South suggests that better agrarian transition takes place through human capital formation: health and education, along with increased farm productivity. Hence, the demand for equitable access to quality education and health care should complement the agriculture reform in India. *(BusinessLine)*

Coffee crop estimated at record 3.93 lt

India's coffee output for the new 2022-23 crop year, starting October, is heading for a new record, provided the weather supports the crop for the rest of calendar year. The Coffee Board, in its early production estimates also known as post-blossom estimates, has pegged the 2022-23 crop at 3.93 lakh tonnes on favourable weather conditions during March-May, which aided the blossoms and crop setting this year. *(BusinessLine)*

UP, Gujarat ask Centre to restore wheat quota under two food schemes

BJP-ruled Uttar Pradesh and Gujarat have asked the Central government to restore the wheat quota under two schemes that replaced the grain with rice to ensure stocks. *(Business Standard)*

States must push farmers to up sowing to boost exports: Piyush Goyal

Union food and consumer affairs minister Piyush Goyal on Tuesday asked states to encourage farmers to increase sowing area of paddy and wheat as higher domestic production will boost India's exports. *(Business Standard)*

After wheat, India now curbs the export of wheat flour and related products

After banning wheat exports, the Centre has now curbed exports of wheat flour and other related products. It has made it mandatory for all exporters to seek prior permission from the inter-ministerial committee on wheat export before undertaking any outbound shipment. *(Business Standard)*

Doubling farm income needs fresh thinking - Centrum report

The government has taken various initiatives such as providing subsidies in fertilizers, deciding minimum support prices (MSPs) for crops (reviewing before every season) and E-Nam procurement benefits, yet the farmers in the country are facing severe distress. *(The Economic Times)*

Sowing of kharif crops picks up pace, acreage touch 27.872 million hectares till July 1

The acreage under kharif as on July 1 was 27.872 million hectares, up from 14.05 million hectares on June 24, reducing the drop in acreage to 5.3% from 24%, according to data from the agriculture ministry. In the current kharif season, sowing had been done on 27.872 million hectares till July 1 compared with 29.443 million hectares in the corresponding period last year. *(The Economic Times)*



Industry, Manufacturing, Services and Technology

June Manufacturing PMI at 53.9; growth eases to 9-month low

India's manufacturing sector activity eased to a nine-month low in June on the back of moderation in total sales and production growth amid intense price pressures, a monthly private survey showed on Friday. The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) fell to 53.9 in June from 54.6 in May. *(BusinessLine)*

Steel exports continue decline, down 42% in May

Weakened Asian order book and competitively priced Chinese offerings saw Indian steel exports take a hit in May, dipping 42 per cent over the same period last year. Finished

steel exports in May were around 6,82,000 tonnes, flattish on a month-on-month basis. In April and May, exports declined 35 per cent, year-on-year (y-o-y) to 13,58,000 tonnes. *(BusinessLine)*

High inflationary pressure will impact PV sales: FADA

High inflationary pressure across sectors will have a negative effect on entry level passenger vehicles (PVs) and two-wheeler (2W) segment which are generally dominated by first-time buyers, said Federation of Automobile Dealers Association (FADA) on Tuesday. *(BusinessLine)*

Services PMI rises to 59.2 in June, highest since April 2011

Services activities are on rise as Purchasing Managers' Index (PMI) rose to 59.2 in June. This is highest mark since April 2011. Good news is that companies went for fresh hiring in June. However, inflation is still a concern. Service sector is the biggest contributor to the Indian economy in terms of value. It has a share of over 53 per cent in gross value added (GVA). PMI is based on survey and data compiled by S&P Global. *(BusinessLine)*

Delhi-NCR sees housing sales fall 19%, new supply down 56% in Apr-Jun

Housing sales in Delhi-NCR fell 19 per cent to 15,340 units in April-June compared to the previous quarter on lower demand due to rise in property prices as well as mortgage rates, according to Anarock data. In January-March 2022, housing sales stood at 18,835 units across NCR. *(Business Standard)*

No respite for manufacturers as inflation continues to weigh on the economy

There is no respite for Indian manufacturers anytime soon as slow demand and high inflation continue to weigh on the nation's economy, a report said. *(Business Standard)*

New IT rules likely to impact ease of business in India, says report

A majority of intermediaries and other key stakeholders fear that the new IT rules drafted last year may create entry barriers affecting ease of doing business in India, said a report on Monday. *(Business Standard)*

New infrastructure finance secretariat to boost capacity, financing

During his first Union Budget in July 2014, former finance minister Arun Jaitley announced the setting up of an institution called 3P India, with an allocation of Rs 500 crore. The intention was to mainstream public-private partnerships (PPPs) in India. The plan was to bring together the capacities of the government and private sector to push PPP projects. *(Business Standard)*

Residential sales hit 9-year high in the first half of 2022: Knight Frank

Sales of residential units in India during the first half of calendar year 2022 (H1CY22) hit a nine-year high of 158,705 units across top eight cities — Mumbai, National Capital Region (NCR), Bengaluru, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad —, said the latest Knight Frank India survey. *(Business Standard)*

India's coal production rises by 32.57% to 67.59 MT in June: Govt

The Ministry of Coal on Wednesday said that the coal production has gone up by 32.5 per cent approx in June this year and the coal based power generation too has increased in the same period registering growth of approximately 26 per cent. *(Business Standard)*

Toy industry needs to think big to boost manufacturing, exports: Commerce Ministry

"Their revenues have grown, but to become a unicorn (companies having valuation of over USD 1 billion), the industry has to reach to another level. They need to bring professionalism in their management besides capacity building," Agarwal told reporters in the Toy Fair at Pragati Maidan. *(The Economic Times)*



News on Kerala

MGNREGS made revolutionary changes in Indian society: Rahul

Congress leader Rahul Gandhi, MP, has said that the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has made a revolutionary change, especially among rural families, in the country. *(The Hindu)*

Kerala chosen as top performer in States' Start-up Ranking

Kerala has been chosen as the top performer for the third consecutive time in the States' Startup Ranking, announced in New Delhi on Monday, for developing a robust start-up ecosystem on the strength of several initiatives. *(The Hindu)*

Kerala improves ranking in ease of doing business index

Kerala has improved its ranking in the Ease of Doing Business (EoDB) index, a World Bank initiative of ranking States and Union Territories based on the business environment, by jumping to 15th rank from the 28th position in 2019. *(The Hindu)*

Centre trying to stifle States like Kerala, says Balagopal

The Centre is trying to financially stifle States like Kerala by attempting to slash their borrowing limit, Finance Minister K.N. Balagopal said on Monday in his reply to the discussion on the demands for grants in the Assembly. *(The Hindu)*

Kerala Finance Minister K. N. Balagopal launches electronic receipt system

Finance Minister K. N. Balagopal on Monday formally launched the electronic TR5 (e-TR5) receipt system for financial transactions in government offices. It replaces the paper TR5 receipts that had been in use in government offices so far. *(The Hindu)*

Centre eroding financial rights of States: Balagopal

The State will have to move legally and constitutionally if the Centre continues to insist on eroding the financial rights of States, Finance Minister K.N. Balagopal said in the Assembly on Tuesday. *(The Hindu)*

14th Five-year Plan: long-term electricity scheme for Kerala mooted

Given the importance of a robust power system in all aspects of development, reducing the State's dependence on imported electricity will be one of the priority areas during the 14th Five-Year Plan period (2022-2027). *(The Hindu)*

Milma demands rollback of decision to slap GST on more dairy products

The Kerala Cooperative Milk Marketing Federation (KCMMF), known by its brand name Milma, has demanded rollback of the GST Council's decision to impose 5% GST on relabelled and repackaged buttermilk, curd, lassi and paneer, and steeply raise the tax on dairy machinery from 12% to 18%. *(The Hindu)*

Oppn. walks out over withdrawal of support to KSSPL

The Congress-led United Democratic Front (UDF) Opposition walked out of the Assembly on Thursday accusing the State government of stopping budgetary support for the Kerala Social Security Pension Limited (KSSPL). *(The Hindu)*

CM writes to PM on GST compensation

Chief Minister Pinarayi Vijayan on Thursday urged Prime Minister Narendra Modi to extend GST compensation for States till 2027. In a letter to Mr. Modi, Mr. Vijayan requested the Prime Minister to view the request sympathetically. The Centre had promised to pay compensation for any shortfall in State revenues caused by the GST regime in the initial five-year introductory phase. *(The Hindu)*

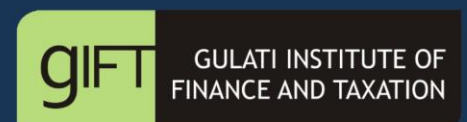
Criticism of government is not anti-national: Puniyani

Academician and activist Ram Puniyani has called for mounting a multilayered struggle against communalism, poverty and unemployment that affected large sections in the country. *(The Hindu)*

More works to be taken up under MGNREGS

Works related to water conservation, anganwadi renovation, small-scale industrial unit building, pond rejuvenation and afforestation will also be made part of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Kollam District Collector Afsana Parveen has said. *(The Hindu)*

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