



Public Finance

New accounting system helps save ₹10,000 cr in interest

Government managed to save around ₹10,000 crore of interest cost during Fiscal Year 2021-22 (FY22) with the help of a new accounting mechanism that aims to release fund for government schemes 'just in time'. (*BusinessLine*)

Is the debt of some States reaching precarious levels?

The pandemic has upended the finances of all economies with fiscal deficit expanding sharply in 2020-21, leading to a large surge in debt burden. The finances of States are no different with rising expenditure and lower revenue in the first year of the pandemic compelling them turn to additional borrowing to fund the fiscal gap. (*BusinessLine*)

FinMin releases revenue deficit grant of ₹7,183 cr to 14 States

The finance ministry on Monday released the third monthly instalment of revenue deficit grant of ₹7,183 crore to 14 states. The total amount of revenue deficit grants released to the states in 2022-23 stands at ₹21,550.25 crore. (*BusinessLine*)

India's economic growth to be supported by fiscal spending: FM Sitharaman

The government has proposed to significantly step up the public investment by raising capital expenditure by 35.4 per cent to Rs 7.5 lakh crore or 2.9 per cent of the GDP in the current financial year. (*Business Standard*)

Govt saved Rs 10,000 crore in interest costs in FY22, says Somanathan

Union Finance Secretary T V Somanathan on Tuesday said the Centre had saved Rs 10,000 crore in FY22 on interest payments after adopting new accounting mechanisms for central government agencies and centrally sponsored schemes (CSS) for state governments. (*Business Standard*)

India aims to achieve 60% of capex target by September to keep inflation at bay

The finance ministry has asked key infrastructure ministries and departments to speed up projects, setting a target of achieving at least 60% of the FY23 capital expenditure budget target by the end of September. The government has budgeted ₹7.5 lakh crore capital expenditure in FY23, up from ₹ 6.02 lakh crore in FY22, in order to drive economic revival. (*The Economic Times*)



Taxation

GoM may suggest pruning GST exemption list ahead of Council meeting

An empowered group of ministers (GoM) — set up to look into rate rationalisation — may propose pruning Goods and Services Tax (GST) exemptions on certain goods and services

and correcting the inverted duty structure during the next GST Council meeting. *(Business Standard)*

Centre working on mechanism to resolve GST disputes with states: Report

In order to resolve goods and services tax (GST) disputes with the states, the Ministry of Finance is planning to bring out a mechanism which will be discussed during the GST Council meeting in June, a media report said on Tuesday. *(Business Standard)*

The importance of being tax transparent

It is time for businesses to take stock and gear up by creating capacity and information system to anticipate new taxes and regulations around ESG and ability to factor this in their business planning. *(Business Standard)*

Goods or services? GST law committee's cryptocurrency dilemma

After taxing income from virtual digital assets, the government is looking to soon bring clarity on the applicability of the goods and services tax (GST) on cryptocurrency assets. *(Business Standard)*

Electric vehicles: India may slash GST on lithium-ion batteries to 5%

To give a boost to green mobility plans, India may cut the goods and services tax (GST) on lithium-ion batteries and bring them on par with taxes on electric vehicles (EVs), a media report said on Thursday. *(Business Standard)*

FY23 tax collection likely to be better than budget estimate: Revenue Secy

Revenue Secretary Tarun Bajaj on Thursday said tax revenue collections in ongoing fiscal year are expected to be far better than the budget estimates. The country's tax collections soared to a record high of Rs 27.07 lakh crore last year, compared to budget estimate of Rs 22.17 lakh crore. *(Business Standard)*

Untaxed digital imports like video games cost India \$4.9 bn in 4 years

India lost almost \$1.5 billion in 2020 and \$4.9 billion in 2017-20 in revenue by not taxing electronic transmissions, a Geneva-based think tank South Centre said in a research paper. *(Business Standard)*

RBI Guv Shaktikanta Das bats for cut in state taxes on petrol, diesel

Finance Minister Nirmala Sitharaman, at the time of announcing a reduction in excise duty, had urged states to reduce VAT. Her other cabinet colleagues including Oil Minister Hardeep Singh Puri made similar pleas. But hardly any state reduced VAT after the May 21 excise duty cut announcement. *(The Economic Times)*

Rate of TDS on virtual digital assets shall be 1 per cent, clarifies government

"Some media reports have come to the notice of CBDT claiming that the rate of TDS on Virtual Digital Assets(VDA) has been reduced to 0.1%. It is hereby clarified that there is no change in the rate of TDS on VDA, which continues to be 1%, " read the official clarification. *(The Economic Times)*

Centre working on GST dispute resolution system

The finance ministry is working on a detailed mechanism that can resolve goods and services tax (GST) disputes raised by states while avoiding distortions in the tax regime. The mechanism may be discussed with the states at the next GST Council meeting, expected sometime in June. *(The Economic Times)*

Over 3.2 lakh dealers in Tamil Nadu did not pay a single rupee in GST last year

Around 30% of the dealers registered with Tamil Nadu's Commercial Taxes Department (3.26 lakh) did not pay a single rupee in the Goods and Services Tax (GST) during 2021-22. Besides, about 1.94 lakh dealers had paid less than ₹1,000 throughout the year. *(The Hindu)*



National Accounts and State of the Economy

World Bank cuts growth forecast for India to 7.5 per cent in FY23

The World Bank on Tuesday cut its 2022-23 (FY23) real gross domestic product (GDP) growth forecast for India to 7.5 per cent, from 8 per cent, on the back of inflationary pressures, supply-chain pressures, and geopolitical tensions due to Russia's invasion of Ukraine. *(Business Standard)*

Survey flags last-mile delivery issues with Direct Benefit Transfer

A variety of exclusionary factors can be found at every stage of the delivery pipeline of Direct Benefit Transfers (DBT), a survey by Dvara Reserch has revealed. They recommend speedy redressal of grievance, increased accessibility to enrolment points. *(BusinessLine)*

Modi govt approves 8.1% interest rate on provident fund deposits for 2021-22

The 8.1% EPF rate of interest is the lowest since 1977-78. The EPFO had in March decided to lower the interest on provident fund deposits from 8.5% to 8.1% for the current fiscal. *(ThePrint)*

Covid raised inequalities — by how much?

Oxfam in its new report titled 'Profiting from Pain' that illustrates how the Covid pandemic caused havoc to millions across the globe and how the already persisting inequality on this planet just got intensified by the once-in-a-century pandemic. *(BusinessLine)*

RBI plays catch-up, hikes repo rate by 50 bps

The monetary policy committee (MPC) on Wednesday stepped up its fight against intensifying inflationary pressures, with its members unanimously voting for an increase in the policy repo rate by 50 basis points. *(BusinessLine)*

Acquiring patents, research paper publication by IITs on an uptrend.

As many as 23 IITs in the country applied for more than 800 patents during the academic years 2019-20 and 2020-21. In fact, more than 240 patents were granted to IITs in 2019-20 and more than 460 patents in 2020-21. *(BusinessLine)*

Govt rejects Environment Performance Index 2022

The Environment Ministry on Wednesday rebutted the Environmental Performance Index 2022 after it ranked India at the bottom of a list of 180 countries and pointed out that some of the indicators it used are "based on surmises and unscientific methods". *(BusinessLine)*

OECD slashes FY23 GDP growth forecast to 6.9%

The Organisation for Economic Co-operation and Development (OECD) on Wednesday forecast India's GDP growth at 6.9 per cent for FY23. This is 120 basis points lower than the 8.1 per cent projection made in December. *(BusinessLine)*

'Maintaining growth, fighting inflation, challenges to economy'

Indian economy faces tough challenges of maintaining sustainable high growth and moderate inflation, Chief Economic Advisor V Anantha Nageswaran has said. However, he opined that India is better prepared to face the challenges. *(BusinessLine)*

No true financial innovation in DeFi, cryptos: CEA

A significant part of the happenings around Decentralised Finance (DeFi) and cryptos in recent times are not true financial innovation, but more a case of "regulatory arbitrage", the Chief Economic Advisor V Anantha Nageswaran. *(BusinessLine)*

India's retail inflation may be at 5.7-6.9% in FY23, say economists

After hiking the repo rate by 40 basis points (bps) in its off-cycle decision, the Reserve Bank of India's (RBI's) monetary policy committee (MPC) is likely to decide on the exact rate hike on the basis of its inflationary expectations at that point of time. *(Business Standard)*

India pitches sharp economic recovery to make case for ratings upgrade

Government officials have admitted that global inflationary pressures due to Russia's invasion of Ukraine have hit household savings and corporate margins, and will impact growth. *(Business Standard)*

Authorities taking steps to moderate inflation, push growth: DEA Secy

Monetary and fiscal authorities are taking steps to moderate inflation and push growth, Department of Economic Affairs Secretary Ajay Seth said on Wednesday. *(Business Standard)*

RBI says 75% of rise in inflation projection for FY23 due to food

Reserve Bank of India Governor Shaktikanta Das, while estimating India's overall retail inflation for FY23 at 6.7 per cent, said that the 75 per cent of the increase in inflation projections can be attributed to the food group. *(Business Standard)*

Green investment jumped 125% to \$14.5 billion in FY22: IEEFA report

Investment in the renewable energy sector in India surged more than 125 per cent year-on-year to touch a record \$14.5 billion in the financial year 2021-22 (FY22), a report released on Thursday by the Institute for Energy Economics and Financial Analysis (IEEFA). *(Business Standard)*

RBI Governor Shaktikanta Das calls for alternative data source for policy making

"There is a need to augment the array of alternative statistics, to complement the regular aggregates. The unconventional data sources, and even micro voluminous data collected as part of traditional statistical systems -- falling under the general ambit of Big data, has gained traction," Das said. *(The Economic Times)*

India's unemployment rate drops for second consecutive month in May: CMIE

According to CMIE, there was a big shift in employment from agriculture to industry and services in the last two months. Employment in agriculture declined by 5.2 million in April

and another 9.6 million in May, taking the total dip in employment in Agriculture in the last two months to 14.7 million. *(The Economic Times)*

Fitch revises India GDP forecast downwards to 7.8% for FY23; outlook 'stable'

Fitch Ratings on Friday revised its outlook on India's long-term foreign currency Issuer Default Rating (IDR) to "Stable" from "Negative," citing diminished downside risks to medium-term growth. *(The Economic Times)*



Banking and Monetary Policy

Collection efficiency for NBFCs, HFCs at 97-101% in April: Report

The collections had seen a modest decline of about 3 per cent following the third wave of infections in January 2022, but the recovery was prompt, given the lower severity of the COVID variant and limited restrictions on movements during this period, Icra Rating. *(Business Standard)*

As credit demand rises, banks tweak liquidity-parking strategy

Healthy pick up in credit, coupled with phased liquidity withdrawal by the Reserve Bank of India (RBI), seems to be prompting banks to finetune their strategy when it comes to deployment of surplus liquidity. *(BusinessLine)*

Crisil in talks with SEBI on rising cases of 'issuer non-cooperating'

Crisil is in talks with market regulator SEBI to address concerns arising out of the rising number of companies being rated as 'issuer non-cooperating'. *(BusinessLine)*

MPC may go for back-to-back repo rate hike to temper inflation

The monetary policy committee (MPC) is expected to go in for a back-to-back 'no-brainer' repo rate hike to combat inflation, with experts forecasting 35 to 50 basis points hike. The MPC, which will announce its decision on repo rate on June 8, had hiked the policy repo rate by 40 basis points (40 bps) from 4 per cent to 4.40 per cent in an off cycle meeting on May 4. *(BusinessLine)*

Indian banks, currency must be part of global trade ecosystem, says PM

Prime Minister Narendra Modi on Monday called for the need to make India's banks and currency an important part of the international trade and supply chain. *(BusinessLine)*

RBI issues differential provisioning norms for standard assets of large NBFCs

The Reserve Bank of India (RBI) has aligned provisioning norms for standard assets of large non-banking financial companies with that for commercial banks. RBI said provisioning guidelines for NBFC-UL will be effective October 1, 2022. *(BusinessLine)*

Repricing liabilities will be a challenge for banks

The relevance of deposits to the overall liabilities of banks has significantly increased compared to 2013. Now they account for 80-85 per cent of liabilities (excluding equity and reserves and surplus) against 70 per cent about a decade ago, when the dependence on bonds was a lot higher. *(BusinessLine)*

RBI to soon come out with regulations for digi-lending

Mushrooming technology companies extending financial services has made the regulatory role more challenging, says RBI's working group on digital lending. *(BusinessLine)*

Repo ripple: EMIs to pinch more as banks increase lending rates

A day after the Reserve Bank of India (RBI) hiked the repo rate by 50 basis points to 4.9 per cent, several banks have begun increasing lending rates once again, which will lead to costlier EMIs for borrowers. *(BusinessLine)*

RBI's decision to raise policy rate to help Indian economy, says Assocham

Industry body Assocham on Thursday said the Reserve Bank's decision to raise the benchmark lending rate by 50 basis points to 4.9 per cent will help the Indian economy in the medium term. *(Business Standard)*

Bad bank to kick off NPA takeover in July

The National Asset Reconstruction Company Ltd. (NARCL), set up to take over large bad loans of more than ₹500 crore from banks, will pick up the first set of such non-performing assets (NPAs) in July, the Finance Ministry. *(The Hindu)*



External Sector

Coal India to import 2.416 mt coal

State-owned CIL on June 9 said that it has floated its maiden tender to import 2.416 million tonnes of coal to ensure adequate supply of the fuel to power plants in the country. *(The Hindu)*

India should stick to its guns at WTO

The WTO Ministerial Conference (MC12), beginning in Geneva this weekend, is unlikely to offer much to India in terms of potential gains. At the same time, Indian officials, led by Commerce and Industry Minister Piyush Goyal, cannot afford to lower their guard during the week-long interactions between member countries. *(BusinessLine)*

Panicked traders boost forward buys of Indian rice fearing a ban

India's surprise ban on wheat exports has prompted rice traders to increase purchases and place unusual orders for longer-dated deliveries, fearing the world's top rice exporter may restrict those shipments as well, four exporters told Reuters. *(Business Standard)*

'Hiring demand up 9% in May led by telecom, BFSI, import-export sectors'

The job market continued to show growth for the second consecutive month of FY23 with a benchmark year-on-year recovery of 9 per cent in May, according to the Monster Employment Index (MEI). *(Business Standard)*

India's gold imports jump 677% in May to 101 tonnes, shows data

India's gold imports in May jumped 677 per cent from a year ago to the highest level in a year as correction in prices just before a key festival and wedding season boosted retail jewellery purchases, a government source said. *(Business Standard)*

India considers curbing fridge imports to boost local industry: Report

India is considering restricting imports of refrigerators to promote local manufacturing, two industry sources told Reuters on Thursday, potentially freezing out shipments from Samsung Electronics Co and LG Electronics Inc in the \$5 billion market. *(Business Standard)*

CAD will be sustainable, can be financed by normal capital inflows: RBI Guv

Reserve Bank of India (RBI) Governor Shaktikanta Das on Thursday said the current account deficit (CAD) will be sustainable and may be financed by normal capital inflows. *(Business Standard)*

Global FDI back to pre-Covid levels in 2021 but uncertainty looms: UNCTAD

Flows of foreign direct investment (FDI) recovered to pre-pandemic levels reaching \$1.6 trillion in 2021 but, according to the latest UNCTAD report released on Thursday, the prospects this year are grimmer. *(Business Standard)*

Current account deficit likely to hit three-year high at \$43.8 bn in FY22

The country's current account deficit is likely to hit a three-year high of 1.8 per cent or USD 43.81 billion in FY22, as against a surplus of 0.9 per cent or USD 23.91 billion in FY21, a report said. *(Business Standard)*

Exploring settling trade in rupee with India, says Iranian minister

India and Iran have "surveyed" the possibilities of settling trade transactions in rupee or through barter system, along with discussing a need to establish a banking mechanism, foreign minister of the Middle Eastern country, Hossein Amir-Abdollahian, said on Thursday. *(Business Standard)*

Exports rises 24% to \$9.4 billion during June 1-7, Imports up 77%

Gems and jewellery, engineering, petroleum products, and electronic goods' exports increased by 84.3 per cent, 25.7 per cent, 20.4 per cent and 73.5 per cent, respectively. *(The Economic Times)*

With export ban exceptions, India's wheat export forecast to be 7 million tonnes in 2022/23: FAO

The Food and Agriculture Organisation (FAO) said in its Food Outlook released on Thursday that global wheat markets are embarking on the 2022/23 season with a "great deal of uncertainty." *(The Economic Times)*

India exported alcoholic products worth USD 322.12 mn during 2020-21

India has exported 2.47 lakh metric tonnes of alcoholic products, worth USD 322.12 million (approximately Rs 2,507 crore), during 2020-21, the commerce ministry said on Friday. *(The Economic Times)*

Forex reserves up by \$3.854 billion to \$601.363 billion

During the reporting week, the rise in forex reserves was due to an increase in the Foreign Currency Assets (FCA) and the gold reserves, according to the Weekly Statistical Supplement released by the Reserve Bank of India (RBI) on Friday. FCA increased by USD 3.61 billion to USD 536.988 billion in the week ended May 27. *(The Economic Times)*



Govt rejects wheat export applications for 1.5 mt

The Directorate General of Foreign Trade (DGFT) has rejected applications for export of wheat worth 1.5 million tonnes (mt) so far after it put in place a multi-layered scrutiny process for letters of credit (LCs) to ensure that only those issued and transmitted before the imposition of export ban on May 13 are approved. *(BusinessLine)*

Entire agri value chain needs credit support

A credit guarantee for all cultivators, akin to CGTSME for MSMEs and covering KCC loans, will help tenant farmers as well. *(BusinessLine)*

Centre allocates 1.8 mt sugar export quota

Unlike wheat exports in which each letter of credit (LC) is verified, the government adopted a different yardstick on sugar and distributed a 1 million tonne (mt) export release order quota on a pro-rata basis among those who had applied for the permits. *(BusinessLine)*

Govt hikes MSP of kharif crops by 4-9%; farmers not happy

The Cabinet on Wednesday approved 4-9 per cent increase in the minimum support prices (MSPs) of kharif crops for the 2022-23 crop year (July-June) as sowing has just started with the onset of monsoon. Increase not enough to keep pace with inflation, rising input costs, say some farmers, experts. *(BusinessLine)*

Rising inflation not taken into account by Centre, say growers

Views of stakeholders in the agriculture sector are mixed on the 4.4 per cent to 8.86 per cent increase in minimum support price (MSP) for the kharif crops announced by the Centre on Wednesday. Farmers feel that the Centre could have done much more to cover the rising costs, while the trade, especially the oilseeds sector, felt the increase in MSP will result in higher acreage. *(BusinessLine)*

India could soon allow wheat exports of 1.2 million tonnes: Report

India could soon allow traders to ship out around 1.2 million tonnes of wheat as it seeks to clear cargoes stuck at ports since last month's sudden ban of exports of the grain, government and trade sources said on Wednesday. *(Business Standard)*

Buy paddy only from small and marginal farmers, says CACP report

To manage surplus rice stocks in state warehouses, the Commission for Agriculture Costs and Prices (CACP), in its latest price policy report for the 2022-23 kharif season, has advocated paddy procurement from only small and marginal farmers. For the rest of the farmers, the commission said procurement could be limited to the surplus emanating from two hectares. *(Business Standard)*

Revised MSPs still about 47% lower for most of the 14 crops under scheme: Report

According to Crisil, of the 14 crops covered under MSP, only paddy and cotton saw a meaningful procurement during the past three years, with 45 per cent for paddy and 27 per cent of cotton output were procured at MSP but when it comes to groundnuts it was only 4-5 per cent of production and for pulses, it was even less. *(The Economic Times)*

G-7 sees Modi's ban on wheat exports as an obstacle to combating rising food prices
India could play a key role in averting a downward spiral of food protectionism at this week's WTO conference in Geneva. *(ThePrint)*



Industry, Manufacturing, Services and Technology

'Services sector will drive growth this fiscal'

"This fiscal, we see services driving growth, compared with the exports- and manufacturing-driven growth of the past two fiscals. This will help MSMEs [micro, small and medium-sized enterprises] bounce back, with demand for their services improving," Amish Mehta, Managing Director and CEO, Crisil. *(BusinessLine)*

640 infra projects running behind schedule, some up to 26 years

Delays in land acquisition, eco clearance, tying up of funds key reasons; cost overrun up 23%. *(BusinessLine)*

Drop in electric 2W sales drags total EV registrations down 9% in May

The total electric vehicle registrations in the country reported a nine per cent decline in May 2022 on a sequential basis. This is the second month in a row that sales of electric two-wheelers, a key driver of overall EV volume growth, have reported a month-on-month decline. *(BusinessLine)*

'High inflation to hamper auto sales'

The Russia-Ukraine war continues to create demand-supply mismatch delaying the passenger vehicles (PV) availability, while the Reserve Bank of India (RBI) has warned of more inflation as the increase in wholesale prices would lower disposable income hampering auto sales, the Federation of Automobile Dealers Associations. *(BusinessLine)*

How PSUs score on corporate governance

Public sector enterprises, their operations, performances, and profitability have gained significance of late with the Centre wanting to divest stakes in these companies. Good corporate governance is essential to enable a company to perform to its potential. *(BusinessLine)*

Is the start-up ecosystem really thriving?

Over the last two years Indian startups received large funding from global and domestic private equity and venture capital investors, turning many of them into unicorns. But a closer look at numbers shows that the excitement is limited to few sectors. Also, the number of new startups being launched has been declining since 2015. *(BusinessLine)*

NHAI creates Guinness World Record for laying longest bituminous lane of 75 kilometres in 105 hours

The total length of the 75 kilometres of single lane continuous bituminous concrete road is equivalent to 37.5 kilometres of two-lane paved shoulder road and the work started on June 3, at 7:27 am and was completed on June 7, at 5 pm, said Union Minister Nitin Gadkari. *(The Economic Times)*

Factory output surges 7.1% in April; capital goods, consumer durables show robustness

The tepid growth in non-durable sector remains a cause of concern. It remained almost flat at 0.3 per cent showing that the consumers are wary to spend amid high inflation. *(The Economic Times)*



News on Kerala

Centre failed to appreciate LIC's real worth, says Kerala's Former Finance Minister

Former Kerala Finance Minister Thomas Isaac has said customers of the Life Insurance Corporation (LIC) and the nation at large are ultimate losers after its IPO. After all, the insurance behemoth has been distributing 95 per cent of its surplus as bonuses and incentives, or three times more than its rivals in the private sector. *(BusinessLine)*

Local body complexes to have 5% shops for women

The Local Self Government department (LSGD) has issued orders to local bodies to set aside 5% of the shops in shopping complexes owned by local bodies for women. *(The Hindu)*

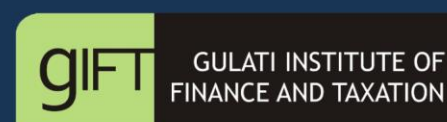
50% cut in entry fee for senior citizens in tourism centres in Kerala

The government has announced a 50% concession in entry fee for senior citizens in all State-run tourism centres. The government order was issued in this regard on Tuesday. The decision follows a recommendation by the Committee on Welfare of Senior Citizens of the Kerala Legislature for the period 2016-19. *(The Hindu)*

Thiruvananthapuram will soon get a farm labour bank

The Thiruvananthapuram district panchayat is all set to launch an agricultural labour bank to address various issues plaguing the sector. Local units, coordinated on an e-platform, will act as a single window for farmers' needs. *(The Hindu)*

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