



Public Finance

Pension system: The old versus the new

The old pension system is more beneficial for recipients. By how much is the question. And how can that gap be closed? OPS has a higher fiscal cost, wherefore the idea of NPS originated. But how costly is the shift back to OPS? (*BusinessLine*)

At 6.7 per cent, fiscal deficit for 2021-22 lower than Budget, Revised Estimates

The government has managed to keep the fiscal deficit to 6.7 per cent during fiscal year 2021-22. This is 10 basis points lower than budget estimate and 20 basis points lower than revised estimate for the said fiscal. Meanwhile, deficit in April during current fiscal (2022-23) touched 4.5 per cent of the budget estimate. (*BusinessLine*)

Centre chose expenditure switch to contain widening fiscal deficit

Higher expenditure by some ministries in FY22 was balanced by lower spend on the part of others, including social sector departments, to keep the fiscal deficit in check, the latest Controller General of Accounts (CGA) data has showed. (*Business Standard*)



Taxation

Centre releases ₹86,912 crore GST dues to States

The Centre on Tuesday released the entire amount of Goods and Services Tax (GST) compensation payable to States up to May 31, 2022 by releasing an amount of ₹86,912 crore, dipping into its own coffers beyond the ₹25,000 crore balance in the GST Compensation Fund. (*The Hindu*)

GST collections slip below Rs 1.5-trn mark in May despite 44% YoY increase

Goods and services tax (GST) collections slipped below the Rs 1.5 trillion mark in May. India saw gross GST collections of Rs 1.41 trillion during the month. However, the collections in May are 44 per cent higher than the same month in 2021. In April, GST collections had touched a record high of Rs 1.68 trillion, surpassing the Rs 1.5-trillion mark for the first time. (*Business Standard*)

GST hasn't boosted states' tax collections, no gains seen in 5 yrs: Ind Ra

Domestic ratings agency India Ratings said that GST has not helped states achieve the key objective of boosting their tax revenue. The data does not point to any benefits to the states in the last five years since the implementation of GST (Goods and Services Tax). (*Business Standard*)

Indirect tax mop-up may fall short of target: Revenue secretary Tarun Bajaj

The government expects indirect tax collection to be lower than the Budget Estimate (BE) of Rs 13.38 trillion this fiscal year, despite prospects of netting goods and services tax (GST) in large amounts, Revenue Secretary Tarun Bajaj has said. (*Business Standard*)

Some transactions could be excluded from crypto tax

The finance ministry has been in talks about whether or not to exempt representations received for exemptions. However, the government has clearly rejected the demands to eliminate 1% TDS on crypto transactions and lessen the 30% tax bracket on crypto income which was announced a few weeks ago. (*The Economic Times*)

With its GST ruling, the Supreme Court has articulated an alternative to BJP's 'one nation' rhetoric

The verdict recognises the legitimacy of state-Centre contestations, setting a precedent for state autonomy and Indian federalism. (*Scroll.in*)



National Accounts and State of the Economy

Economic recovery under way despite headwinds: RBI report

The Indian economy is relatively better placed to strengthen the recovery that is underway and improve macroeconomic prospects, going forward, even as the geopolitical conflict in Europe threatens to overwhelm the global economy and its constituents, according to the Reserve Bank of India. (*BusinessLine*)

Economy slows to 4.1% in Q4 on Ukraine war; expands 8.7% in FY22

India reported economic growth rate of 8.7 per cent against a 6.6-per cent contraction in fiscal year 2019-20. At 4.1 per cent, the January-March quarter (Q4) of FY FY22 was the lowest among four quarters on a sequential basis but on a yearly basis, it was higher. (*BusinessLine*)

IMF may lower India's GDP growth projection for 2022 to below 8.2%

The IMF had cut India's gross domestic product (GDP) growth projection for 2022 to 8.2 per cent from 9 per cent in its World Economic Outlook report in April. The growth projection for 2023 is 6.9 per cent. Breuer said the next revision was going to be below 8.2 per cent and that it was a "work in progress". (*Business Standard*)

Stagflationary risk to India quite low compared to other countries: CEA

Chief Economic Adviser V Anantha Nageswaran on Tuesday ruled out the risk of stagflation for India, saying the economy is better placed than other nations. Stagflation is the phase when an economy faces moderation in GDP growth as well as high inflation. (*Business Standard*)

India's per capita income remains below pre-Covid level in 2021-22

India's annual per capita income at constant prices remained below the pre-COVID level at Rs 91,481 in 2021-22, official data showed on Tuesday. However, the per capita income based on Net National Income (NNI) at constant price grew by 7.5 per cent in FY22 over the previous year. (*Business Standard*)

FMCG sector volumes dip 4.1% in March quarter

India's fast-moving consumer goods (FMCG) market grew 6 per cent in the January-March quarter over last year led by double-digit price growth, according to Nielsen IQ's report. However, the sector's volume stood at -4.1 per cent compared to last year due to a decline in consumption across all zones and town classes. *(Business Standard)*

Income of 94.11% registered informal workers at Rs 10,000 or below

The proportion of informal workers getting a monthly income of Rs 10,000 or below was 92.37 per cent in the middle of November 2021 when total enrolments on e-Shram portal were a little over 8 crore. Those belonging to SC, ST and OBC who enrolled on the portal were 72.58 per cent in the middle of November 2021. According to the latest data, 94.11 per cent of the registered informal workers have a monthly income of Rs 10,000 or below, while 4.36 per cent have a monthly income between Rs 10,001 and Rs 15,000. *(Business Standard)*

PMEGP extended till FY26 with Rs 13k-cr outlay; to create 4 mn jobs: Govt

The Prime Minister's Employment Generation Programme has been approved for continuation till the financial year 2025-26 with the total outlay of Rs 13,554.42 crore. The scheme will create sustainable employment opportunities for about 40 lakh persons in five financial years. *(Business Standard)*

Indian house prices set to rise again despite higher rates, shows poll

Indian house prices are set to accelerate this year to a pace not seen in half a decade, according to a Reuters poll of property analysts who also warned that higher interest rates will crimp affordability, especially for first-time buyers. *(Business Standard)*

Aadhaar a 'bedrock' for govt welfare schemes, saved over Rs 2 trn: NITI

NITI Aayog Chief Executive Officer Amitabh Kant on Wednesday said that Aadhaar has become the "bedrock" for the government's welfare schemes and has saved over Rs 2 lakh crore to the government by "eliminating fake and duplicate identities". *(Business Standard)*

Covid cut Indian women out of the job market, putting \$6 trillion at stake

As the world climbs out of the pandemic, economists warn of a troubling data point: Failing to restore jobs for women — who have been less likely than men to return to the workforce — could shave trillions of dollars off global economic growth. The forecast is particularly bleak in developing countries like India, where female labor force participation fell so steeply that it's now in the same league as war-torn Yemen. *(Business Standard)*

Rising capital intensity and household sector

In an economy with abundant labour and scarce capital, informal sector plays an important role as the value of output and value added per unit of capital stock in informal sector is expected to be usually high. NAS data does not unequivocally validate such a perception; however, in general, capital intensity is on the increase. Average value of output per unit of net capital stock for the economy as a whole declined from 0.626 in 2011-12 to 0.576 in 2019-20. *(BusinessLine)*

SBI Research revises up India's FY23 economic growth forecast to 7.5%

SBI Research has projected the Indian economy to grow at 7.5 per cent in 2022-23, an upward revision of 20 basis points from its earlier estimate. As per official data, the

economy grew by 8.7 per cent in FY22, net adding Rs 11.8 lakh crore in the year to Rs 147 lakh crore, the report said, adding this was however only 1.5 per cent higher than the pre-pandemic year of FY20. *(Business Standard)*

India's Q1 growth seen in double digits but inflation, crude prices pose risks

India's economy is off to a strong start in the new financial year with several high-frequency indicators holding firm despite multiple headwinds, bouncing back from the tepid fourth quarter of FY22. Data released June 1 showed goods and services tax (GST) collections topped ₹1.4 lakh crore for the third month running in May, while the manufacturing purchasing managers' index (PMI) remained firmly in the growth zone at 54.6 in that month. *(The Economic Times)*

Consumer sentiments fall sharply in May-end, more in rural than urban

Consumer sentiments fell sharply in the last week of May, more so in rural India than urban, on the back of export ban on wheat and sugar and higher inflation, the Centre for Monitoring Indian Economy. According to the CMIE data, the index of consumer sentiments (ICS) tanked by 9.4% in the week ended May 29. While the ICS fell by 5.9% in urban regions, the fall was much steeper by 11.4% in rural regions. *(The Economic Times)*

Manmohan Singh vs Narendra Modi: Who handled the Indian economy better?

Modi rose to power largely on the development plank, as someone who could deliver on high growth and pass tough reforms. But the reverse has happened. *(Scroll.in)*

After Q4 GDP Figures, What Next for the Indian Economy?

One of it being that the GDP at constant prices grew by a miserable 4.1% in the fourth quarter of FY22, the lowest ever rate recorded in the last four quarters. Another one being the plummeting consumption levels which decelerated from 7.4% in Q3 FY22 to a pitiable 1.8% in Q4 FY22. Compared to FY20, consumption inched up by a laughable 1.5% in FY22. *(The Wire)*

India's economy likely lost speed on Covid curbs before Ukraine war

Data due Tuesday is likely to show gross domestic product in the year to March 2022 grew 8.7% from a year ago, according to the median estimate in a Bloomberg survey. That's slower than the 8.9% expansion projected by the Statistics Ministry three months ago. *(ThePrint)*



Banking and Monetary Policy

RBI cautions banks on slippages in restructured advances

Banks need to be watchful of the credit behaviour of the restructured advances and possibility of increased slippages arising from sectors that were relatively more exposed to the Covid-19 pandemic, cautioned the Reserve Bank of India (RBI). *(BusinessLine)*

RBI annual report: FY22 saw more bank frauds but value decreased by half

Frauds reported by banks and other financial institutions in value terms more than halved in 2021-22, despite the number of instances of fraud increasing, shows the Reserve Bank of India's (RBI) annual report released. *(Business Standard)*

RBI to bring out payment system vision document

The Reserve Bank of India (RBI) will come out with its Payment System Vision 2025 Document this fiscal that would aim to further develop the digital payments landscape. *(BusinessLine)*

Consultation paper on crypto almost ready; to be submitted soon: DEA Secy

The government will soon finalise a consultation paper on cryptocurrencies with inputs from various stakeholders and institutions, including the World Bank and the IMF, Economic Affairs Secretary Ajay Seth. *(Business Standard)*

FY23 begins on a strong note for banks; credit growth touches 11.3% in April

Healthy economic activity and budgetary support from the government would lift the bank credit growth by 200-300 basis points to 11-12% in the current fiscal (FY23), according to CRISIL. *(Business Standard)*

Fearing rate hikes, consumers may front load purchases in niche areas: SBI

Customers, especially in retail verticals could be having a feel of future run expected in interest rates, and might be front loading their purchases in days to come giving a fillip to consumer demands in select niche areas, said SBI Research in a report. *(Business Standard)*

RBI's 'recurring payment' rule hurting small firms

Seven months after the Reserve Bank of India's (RBI) new rule on recurring payment was implemented, small businesses and start-ups still complaint on the worsening situation as most start-ups running on a subscription model are losing out on timely payments. *(BusinessLine)*

This denomination saw the highest increase in counterfeit notes in FY22

The Reserve Bank of India ascertained a 101.93% rise in fake notes of Rs 500 denomination and 54% for fake notes of Rs 2,000. The increase rate of counterfeit notes for Rs 10, Rs 20 and Rs 200 were 16.45%, 16.48% and 11.7% respectively. The RBI detected an increase of 10.7% in counterfeit notes of Indian denominations in FY22. *(The Economic Times)*

As RBI report shows rise in fake notes, Derek O'Brien asks Modi: 'Remember demonetisation?'

The number of fake notes of Rs 500 more than doubled during the financial year of 2021-'22 as compared to the previous fiscal. *(Scroll.in)*



External Sector

Steel exports trend down, fall 22% in April

India exported 743,000 tonnes of finished steel last month compared to 952,000 tonnes in the year-ago period. In FY22, exports were up 25 per cent y-o-y to 13.5 million tonnes (mt). There was a 12 to 42 per cent drop in orders last month from countries such as Turkey, Belgium and Nepal, show Steel Ministry data. *(BusinessLine)*

The hype surrounding rising FDI inflows

Exuding optimism at a time when most indicators point to economic stress across the world, the Ministry of Commerce and Industry put out a press release on May 20

celebrating what it describes as the “highest annual FDI (foreign direct investment) inflow of \$83.57 billion in FY 21-22”. The record FDI inflows in 2021-22 masks several underlying weaknesses prevalent in India’s external account. *(BusinessLine)*

India's textiles exports highest-ever in FY22 at \$44.4 bn, says govt

India recorded its highest-ever textiles and apparel exports in the financial year 2021-22 at USD 44.4 billion, the government said on Tuesday. The exports tally, which also includes handicrafts, indicates a substantial increase of 41 per cent and 26 per cent over corresponding figures in FY21 and FY20, respectively. *(Business Standard)*

India’s struggle for permanent solution to MSP worries at WTO gains momentum

India’s fight for a permanent solution for public stock holding of foodgrains at the WTO to protect its right to continue expanding its MSP programmes has gathered steam with the G-33 group of developing countries and African nations finally coming together to submit a joint proposal on a solution. *(BusinessLine)*

Political economy of sugar export curbs

After the wheat export ban, the government decided to restrict sugar exports, setting a cap of 10 million tonnes (mt) for the current marketing year of sugarcane crop. India is the world’s largest producer of sugar and the No 2 after Brazil. *(BusinessLine)*

US surpasses China as India's biggest trading partner in FY22 at \$119.42 bn

The US surpassed China to become India's top trading partner in 2021-22, reflecting strengthening economic ties between the two countries. According to the data of the commerce ministry, in 2021-22, the bilateral trade between the US and India stood at \$119.42 billion as against \$80.51 billion in 2020-21. *(Business Standard)*

India's imports of cheap Russian crude surge since Ukraine invasion: Data

India has received 34 million barrels of discounted Russian oil since Moscow invaded Ukraine on Feb. 24, according to Refinitiv Eikon data, more than trebling the value of total imports from Russia, including other products, compared with the same period of 2021. *(Business Standard)*

After 13-quarter high in Q3, current account deficit may have eased in Q4

India’s current account deficit (CAD) is expected to have eased in the January-March quarter of FY22 after touching a 13-quarter high in October-December 2021. Net exports, which are considered a proxy for current account deficit, declined 2.9% of the GDP in the March quarter. *(Business Standard)*

Indian trade pacts must lower tariff on alcoholic drinks: Think tank

India cannot sign trade agreements with large export markets without reducing tariffs on alcoholic beverages, according to a report by think tank Indian Council for Research on International Economic Relations (ICRIER). *(Business Standard)*

Exports up 15.46% in May; trade deficit widens to a record \$23.3 billion

India’s trade deficit widened to a record \$23.33 billion in May as imports grew at a faster pace compared to exports amid high commodity prices owing to the Russia-Ukraine conflict, the preliminary data released by the commerce and industry ministry. *(Business Standard)*

Indian mills waiting to export 1.5 MT sugar after selling 8.5 MT: Report

India has exported around 8.5 million tonnes of sugar since the current season began on Oct. 1, with exporters likely to contract another 1.5 million tonnes for overseas sales in the next five months, trade and government sources. *(Business Standard)*

FY22 trade gap with China swells to \$72.9 billion

India's trade deficit with China widened to \$72.9 billion in FY22 as imports surged to \$94.16 billion, 44.3% more than the previous fiscal year as well as the pre-pandemic year of FY20, official data showed. *(The Economic Times)*

Bilateral trade between India and Korea grew 40% to \$23.7 billion in 2021

The bilateral trade between India and Korea grew 40 per cent to USD 23.7 billion in 2021, according to Korea Trade-Investment Promotion Agency (KOTRA). In 2020, the value of bilateral trade between the two countries was at USD 16.9 billion. *(The Economic Times)*

Modi's Trade Curbs Are Illogical, Unless There's a Political Reason Behind Them

Low to moderate inflation was perhaps the only positive Modi could claim so far, and that differentiator is fading away. On most other counts – GDP growth, employment, private investment, informal sector incomes – Modi's eight years have very little to show. This may explain why the Union government is so desperate to control inflation via export curbs. *(The Wire)*

India to oppose continuation of moratorium on customs duties on e-com trade at WTO meet

India will strongly oppose continuation of moratorium on customs duties on e-commerce trade at the World Trade Organisation (WTO)'s meeting in Geneva next month as it was adversely impacting developing countries, an official said. *(The Hindu)*

Trade deficit widens to record \$23.33 bn

India's merchandise trade deficit widened to a monthly record of \$23.33 billion in May, as exports grew 15.5% to \$37.3 billion while imports jumped 56.1% to \$60.62 billion, as per preliminary data from the Commerce and Industry Ministry. The previous highest monthly trade deficit was last November's \$22.91 billion. *(The Hindu)*



Agriculture and Rural Economy

Summer sowing ends, area up 5% at 76 lakh hectare

The acreage under summer crops, grown before kharif sowing and after rabi harvest, has reached 76.41 lakh hectares (lh) as on Friday. This is 5.1 per cent more than year-ago as the zaid season comes to an end. *(BusinessLine)*

Around 31 mn households demand work under MGNREGA in May, up 11% YoY

Around 31 million households have demanded work under the flagship MGNREGA in the month of May this year, which is almost 11 per cent more than the same period last year and much higher than the corresponding pre-Covid period. *(Business Standard)*

Fertiliser crisis: Centre, farmer leaders on the same page

The government has estimated that fertiliser subsidy in this fiscal may increase to as high as ₹2.5-lakh crore against the Budget Estimate (BE) of ₹1.05-lakh crore. The fertiliser

subsidy outgo was raised to ₹1.40-lakh crore in the revised estimate from ₹79,529.68 crore in BE during 2021-22. *(BusinessLine)*

Govt's wheat procurement down at 18.46 million tonnes so far in rabi year

The government has procured 18.46 million tonnes of wheat at a MSP value of Rs 37,192.07 crore so far in the ongoing 2022-23 rabi marketing year, benefitting 17.50 lakh farmers. *(Business Standard)*

Post export ban, India asked to supply over 1.5 mn tonnes wheat: Report

India has received requests for the supply of more than 1.5 million tonnes of wheat from several countries that need the staple to overcome shortages triggered by the invasion of Ukraine by Russia, trade and government sources. *(Business Standard)*

Rising tomato prices: Next big risk to India's fight against inflation?

The average retail price of tomatoes in India has jumped 70 per cent from a month ago and 168 per cent from a year earlier to Rs 53.75 a kilogram as of Tuesday, according to data compiled by the food ministry. *(Business Standard)*

Mango production down around 70% in UP due to hot weather, say growers

In some bad news for people who are fond of Lucknowi Dussehri and other varieties of mangoes, the production of the king of the fruits has been hit by around 70 per cent in the mango belt of Uttar Pradesh due to adverse weather conditions this year, according to growers. *(The Economic Times)*

Prices of wheat, sugar, rice declining after govt measures: Food Secy

Retail prices of wheat, rice, sugar and edible oils are showing a declining trend after the measures taken by the government, including curbs on exports of wheat and sugar, Food Secretary Sudhanshu Pandey. *(Business Standard)*

Indian Institute of Management Ahmedabad launches agri land price index

The Indian Institute of Management Ahmedabad (IIMA), in collaboration with agri-land marketplace SFarmsIndia has launched IIMA-SFarmsIndia Agri Land Price Index (ISALPI), which will record and present 'quality controlled' data of prices of agricultural land across the country. *(The Economic Times)*

The India Fix: Why is the Indian farmer being held responsible for controlling inflation?

With inflation now reaching levels that were once high enough to dislodge the United Progressive Alliance government in 2014, the Modi government has woken up – only to transfer much of the burden on controlling inflation onto the shoulders of India's already beleaguered farmers. *(Scroll.in)*



Industry, Manufacturing, Services and Technology

Core industries grow 8.4% in April, a six-month high

Aided by strong show in coal and electricity output, the eight core industries output grew a robust six-month high of 8.4 per cent in April, much higher than revised 4.9 per cent output growth recorded in March. The latest growth print was however lower than 62.6 per cent growth seen in April 2021. *(BusinessLine)*

Online gaming industry booming in India as number of gamers spike

Close to half of the internet users in India played online games in 2021. Around 433 million of the 846 million internet users play games in India. This means that around 35 per cent of the population became online gamers in 2021. *(BusinessLine)*

India's domestic crude oil production slips to 28-year low in FY22

Domestic crude oil production has been in decline since the financial year 2014-15 (FY15), dropping to just 28.4 million tonnes (MT) in FY22, the lowest since FY94. The production in 2021-22 represented a decline of 11.8 per cent from 32.2 MT in FY95, increasing the economy's vulnerability due to skyrocketing global oil prices. *(Business Standard)*

PMI: Service activity touches 11-year high of 58.9 in May on strong demand

India's dominant services sector expanded at the fastest pace in 11 years in May on strong demand, although inflationary pressures touched new highs, restricting optimism and weighing on consumers' pocketbooks, a private survey showed. The S&P Global India Services Purchasing Managers' Index rose to 58.9 in May from 57.9 in April, its highest since April 2011 and comfortably beating the Reuters poll expectation of 57.5. *(Business Standard)*

High input costs continue taking a toll on India's manufacturing sector

Increasing inflationary pressures and supply chain bottlenecks remain a cause of concern for the manufacturing sector, which saw a contraction of 0.2% on an annual basis in May. Data shows that business sentiment was dampened by inflation concerns in May, with the overall level of confidence the second-lowest in just over two years. *(The Economic Times)*

Centre executing projects worth Rs 1,34,200 crore to boost rail, road, air network in Northeast: FM Nirmala Sitharaman

Union Finance Minister Nirmala Sitharaman on Sunday said the Centre is implementing various rail, road and air connectivity projects worth Rs 1,34,200 crore in the northeast. Addressing the 'Natural Allies in Development and Interdependence' conclave here, she said the Union government has been pumping in huge money in developing a number of infrastructure projects throughout the region. *(The Economic Times)*

Have urged MNCs to set up R&D centres in India: DPIIT Secretary

India has urged multi-national companies to set up research and development (R&D) centres in the country as it is going to be the hub of innovation and knowledge for the next two-three decades. *(The Economic Times)*

Manufacturing sops in green energy, pharma & battery sectors to boost capex: Icria report

Manufacturing sector capital expenditure is on course for a leg-up with overwhelming responses to the government's production-linked incentives schemes, especially for lithium-ion battery, pharma and solar module segments. *(The Economic Times)*

Govt to come up with robust framework on 'service charge' by restaurants

The Department of Consumer Affairs will soon come up with a robust framework to ensure strict compliance by the stakeholders with regard to "service charge" levied by restaurants and hotels as it adversely affects consumers on a daily basis, the Ministry of Consumer Affairs, Food & Public Distribution. *(ThePrint)*

Fuel retailers in 22 States to halt buying on Tuesday

Fuel pump dealers from 22 States will not buy any diesel or petrol from oil marketing companies on May 31, demanding reimbursement of the losses they incurred on the overnight excise duty reductions announced by the Centre earlier this month and a mechanism to insulate them from frequent excise duty tweaks. *(The Hindu)*

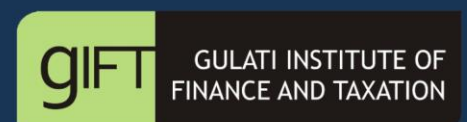


News on Kerala

Domestic tourism marks good footfall in Kerala

Though neighbouring States had placed restrictions on the movement of people to and from Kerala during the peak of COVID-19, recent data reveal that there has been an increase in the inflow of domestic tourists to Kerala of late. Tamil Nadu, Karnataka, Maharashtra, and Andhra Pradesh account for the major share of domestic tourists visiting Kerala. *(The Hindu)*

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