



Public Finance

Debt crisis matter of great concern for world: PM Modi ahead of G20 Summit

Prime Minister Narendra Modi has expressed concern over the debt crisis, especially in developing countries, and hopes to build consensus at the upcoming G20 summit to address the issue. India's G20 presidency has focused on tackling debt vulnerabilities for nations in the Global South. (*The Economic Times*)

25% target for state debt levels for the short-term; Punjab most pressurized: BoB study

A recent study by economists at Bank of Baroda suggests that Indian states need to take more action to reduce their debt levels and come closer to the goal of 20% set by the Fiscal Responsibility and Budget Management. The study recommends a debt to GDP ratio of 25% as a short-term target and an interest to revenue receipts ratio of around 15%. (*The Economic Times*)

Indian states violating debt level set by fiscal responsibility law, says report

A report by the think tank 'Centre for Social and Economic Progress' highlights India's problem of off-budget borrowings at both the Union and state levels. The report reveals that South Indian states have the highest off-budget liabilities, with Telangana being the highest borrower. The report also points out that off-budget liabilities significantly increase the debt-to-GSDP ratio of states. (*The Economic Times*)

Govt may not issue green bonds this fiscal due to lack of premium

India may not issue any green bonds this fiscal year as investors are unwilling to pay the premium, or "greenium", that the government expects over existing federal securities, a senior government official said on Tuesday. (*Business Standard*)

Budget 2024-2025: Finance Ministry starts preparations; seeks inputs from various ministries

The Ministry of Finance has started the process of preparing the interim Budget for 2024-25 by inviting inputs on expenditure from various ministries and departments. The full Budget for the next fiscal year will be presented after the formation of the new government post the Lok Sabha elections. Pre-budget meetings will be held in October and November, where discussions on funds and expenditures will take place. (*The Economic Times*)



Taxation

Windfall profit tax on crude oil cut; levy on diesel, ATF exports hiked

The government has cut the windfall profit tax on crude oil produced in the country while the levy on exports of diesel and aviation turbine fuel (ATF) has been hiked, an official

notification said. The tax, levied in the form of special additional excise duty or SAED, on domestically produced crude oil was reduced to ₹6,700 per tonne from ₹7,100 a tonne. *(The Hindu)*

Government exempts LPG imports from agri cess

The government has exempted imports of LPG, liquified propane and liquified butane from 15% agri cess with effect from September 1. The government had in July imposed a 15% agri cess on imports of these goods. *(The Hindu)*

ITR processing time is reduced to 10 days but your Income Tax Refund may be stuck. Here's why

The average ITR processing time for returns filed for AY 2023-24 has been reduced to 10 days compared to 82 days for AY 2022-23 and 16 days for AY 2021-22, according to the Central Board of Direct Taxes (CBDT). Till September 5, 2023, the Income Tax Department has processed more than 6 crore ITRs for AY 2023-24. Over 6.94 crore ITRs were filed, out of which 6.84 crore ITRs have been verified by taxpayers. *(Financial Express)*

CBDT signs 95 APAs in FY23

India has filed 516 Advance Pricing Agreements (APA) so far, resulting in finalizing the taxation of about ₹19,000 crore of income, according to the Central Board of Direct Taxes (CBDT). The CBDT has signed 95 APA and 32 bilateral APAs in the fiscal year 2022-23, the highest number filed in a year. The APAs have resolved complex transfer pricing issues without litigation, contributing to India's mission of promoting ease of doing business. *(The Economic Times)*

For sixth month in a row, GST revenues cross ₹1.4 lakh crore mark

India's gross revenues from the Goods and Services Tax (GST) were ₹1,43,612 crore in August, 28% higher than a year ago. Revenues from import of goods soared 57% during the month while domestic transactions and import of services yielded 19% higher taxes than in August 2021. This is the sixth successive month when GST revenues have been over the ₹1.4 lakh crore mark, the Finance Ministry said, stressing that GST collections have risen 33% till August this year, compared to the same period of 2021-22, and are "continuing to display very high buoyancy". *(The Hindu)*

Businesses can claim input tax credit on goods given as incentives to dealers, says GST AAR

Businesses can claim input tax credit on items, like gold coins and white goods, procured for distribution to dealers upon achieving pre-specified sales targets as part of promotional schemes, a GST advance ruling authority has ruled. The Karnataka-bench of the AAR (Authority for Advance Ruling) ruled that ITC can be availed on taxes paid for procurement of white goods or gold coins for the purpose of incentive to dealer as it is a supply. *(The Economic Times)*



National Accounts and State of the Economy

Real growth vs. fake arguments: And never the twain shall meet

After India announced its fiscal first quarter GDP growth of 7.8%, several forecasters, including credit rating agencies, raised their forecasts for economic growth in calendar

year 2023 or 2023-24. However, some commentators remain adamant that they would not let evidence interfere with prior positions. One example is 'India's fake growth story,' an article published by Project Syndicate on 6 September. (*Mint*)

From high inflation to import bill - the domino effect of rising crude oil prices on Indian economy

The economic impact of global oil supply have important implications for India – a net importer of crude oil – to deliver price stability. Moreover, the oil supply-related news shocks cause a sustained increase in consumer prices and reduce the domestic output - for a short duration. (*Mint*)

Under new labour laws, unused leaves beyond 30 will be paid for by employer

As the government is working to implement the four new labour laws, the new regulations will affect take-home pay, EPF contribution, number of paid leaves, and maximum working hours in a week, The Economic Times (ET) has reported. (*Business Standard*)

India needs to grow at 8-9% for 20 years to become developed country by 2047: Deloitte

A growth rate of 8-9% for the next 20 years would put India on track to become a developed nation by 2047, according to Deloitte South Asia CEO Romal Shetty. He believes that India can benefit from the "China plus one" strategy and attract investments of \$100 billion by 2040. Shetty also highlighted opportunities in sectors such as agriculture, space, semiconductors, and electric vehicles (*The Economic Times*)



Banking and Monetary Policy

Rupee depreciates 13 paise to 82.84 against US dollar in early trade

The rupee depreciated 13 paise to 82.84 against the US dollar in early trade on Tuesday amid the withdrawal of foreign funds from domestic equities and firm crude oil prices. Positive sentiment in the equity markets failed to provide support to the Indian currency facing pressure due to the elevated level of greenback, forex traders said. (*Business Standard*)

RBI allows operation of pre-sanctioned credit lines at banks through UPI

Scheduled Commercial Banks can now enable payments through a pre-sanctioned credit line for individuals, with prior customer consent, for transactions using the UPI system, according to the RBI. With this, the scope of UPI has been expanded by inclusion of credit lines as a funding account, the central bank said in a circular to SCBs. (*BusinessLine*)

'Monetary policy transmission to financial markets asymmetric'

Risk pricing of AAA-rated paper, which was lower during low demand and high liquidity, has not moved up commensurately even though the credit demand has picked up and liquidity dried up, reflecting inadequate risk premium, according to State Bank of India's economic research department (ERD). The ERD opined that monetary policy has asymmetric transmission in Indian financial markets. (*BusinessLine*)

Yono app to be available in four more countries in next one year: SBI official

State Bank of India's mobile banking app Yono will be available in four more countries in the next one year, a senior official said on Wednesday. Currently, the app is available in nine countries -- Britain, Bahrain, Bangladesh, Canada, Mauritius, Maldives, Nepal, Sri Lanka and South Africa. *(The Economic Times)*

UPI has become the backbone of digital payments in India: RBI Governor Shaktikanta Das at G20 TechSprint

New Delhi [India], September 4 (ANI): The Unified Payments Interface (UPI) has revolutionized India's digital payment ecosystem and played a pivotal role in driving financial inclusion by bringing millions of unbanked individuals into the formal financial system, said RBI Governor Shaktikanta Das here on Monday. *(The Economic Times)*

Global Fintech Fest 2023: SBI unveils 'nation first transit card'

State Bank of India on Thursday launched its RuPay backed National Common Mobility Card that would facilitate payments for all kinds of transport from road to rail to waterways to parking across the country. The card could also be used for purchases at retail outlets. *(The Economic Times)*

Bank credit outstanding to real estate rises to record Rs 28 lakh crore in July: RBI

Bank credit to housing as well as commercial real estate witnessed nearly 38 per cent annual growth in July, taking the loan outstanding to the realty sector to a record Rs 28 lakh crore, as per the latest RBI data. It is evident from the Reserve Bank's loan outstanding data as well as property consultants data on housing sales and new launches across major cities that activities in the real estate sector are moving at a fast pace. *(The Economic Times)*

RBI determined to bring down inflation to 4%: RBI Guv Shaktikanta Das

The Reserve Bank of India (RBI) is determined to bringing down inflation to 4 per cent and will remain watchful of risks as more frequent global supply shocks can have profound implications on the management of the price situation, RBI Governor Shaktikanta Das said on Tuesday in a lecture at the Delhi School of Economics. *(The Economic Times)*

RBI plans to widen use of wholesale digital currency

The Reserve Bank of India is planning to introduce wholesale a central bank digital currency (CBDC) in the call money market, an official told reporters. "RBI is now planning to go interbank borrowing market, specifically call money market," the official said. *(The Economic Times)*

Time to rein in unsecured loans

The government tightening beneficial ownership rules under the Prevention of Money Laundering Act, though a welcome move, only partly addresses the issue surrounding money laundering. In reality the challenges which compliance officers face relate to the ownership pattern when they are incorporated in tax havens, leading to opacity of information. *(BusinessLine)*

Liquidity check: RBI may extend I-CRR norm for a few more weeks

The Reserve Bank of India may extend its prescription that requires banks to maintain incremental cash reserve ratio (I-CRR) on deposits for a few weeks as the current surplus

liquidity in the banking system is not in keeping with its disinflationary monetary policy stance. *(BusinessLine)*

Banking for the unbanked

The 2011 Census had thrown startling results: of the 25 crore households that India reported, less than 59 per cent were serviced by banks of which around 54 per cent in the rural areas had access to banking service in sharp contrast to urban India with a coverage of 67.8 per cent. *(BusinessLine)*



External Sector

India's external debt remains stable; declines to 18.9% of GDP from 20% last year: Finance Minister

India's external debt decreased to 18.9% of GDP by the end of March 2023, down from 20% the previous year, according to the status report by the Finance Ministry. The report stated that external debt stood at \$624.7 billion, showing a marginal growth of 0.9%. Commercial borrowings remained the largest component of external debt, accounting for 89.6% of the total. *(The Economic Times)*

G20: Consensus on joint communique eludes as positions harden on Russia-Ukraine war

Deep divisions on the Russia-Ukraine conflict have cast a shadow on the possibility of G20 leaders agreeing on a joint communique at the end of the two-day summit in Delhi on Sunday even as India continues to make efforts to take everyone along and "leaving none behind". *(BusinessLine)*

A framework to lift India-Singapore trade

Singapore and India have launched the TradeTrust Framework, a joint initiative to enable interoperable electronic Bills of Lading (eBLs) backed Letter of Credit (LC) transactions between Singapore and Indian banks and companies. This project was carried out in close collaboration between government agencies and industry partners (DBS, ICICI Bank, Maptrusco, Jindal Stainless, and A.P. Moller-Maersk). *(BusinessLine)*

India bond yields end flat as all eyes on RBI's I-CRR review this week

Indian government bond yields ended little changed on Wednesday, with focus on the move in U.S. peers and the central bank's decision on a temporary liquidity absorption measure. The benchmark 7.26% 2033 bond yield ended at 7.2083% after closing the previous session at 7.2068%. *(Business Standard)*

India now targets curbing molasses shipments, may impose 25% export duty

Amid a possible drop in sugar production next season which may lower the availability of molasses, a key feedstock for ethanol production, the Indian Government is considering imposing a 25 per cent duty on the export of molasses to curb shipments and make it available for domestic distilleries. *(BusinessLine)*

India, Pakistan can step up direct trade

The cessation of India-Pakistan direct trade for a significant period is a result of enduring political tensions and conflicts between the two. In August 2019, Pakistan halted trade

with India in response to constitutional amendments made in the Jammu and Kashmir region. *(BusinessLine)*

Steel exports to European nations at five-year high for April-July period

European markets, primarily larger ones like Italy, Spain and Belgium, have, post-Covid, emerged as largest buyers of steel from India overtaking traditional markets like Vietnam - which are now amongst the largest seller of steel here, data from the Steel Ministry show. *(BusinessLine)*

Share of Russia crude in oil imports falls to 34 per cent in August

Russia's share in India's crude oil imports fell to 34% in August from 42% in July as state-run refiners sharply reduced imports from Russia. *(BusinessLine)*

India will play an important role in trade realignment globally: Former U.S. Assistant Commerce Secretary Arun Kumar

The new book *The Global Trade Paradigm: Rethinking International Business in the Post-Pandemic World* (HarperCollins India, 2023) written by Mr. Arun Kumar, the former Assistant Secretary of Commerce for Global Markets and Director General of U.S. and Foreign Commercial Service in United States President Barack Obama's Administration envisioned India playing a pivotal role in global manufacturing. *(The Hindu)*



Agriculture and Rural Economy

Tomatoes keep thali cost up in August: Crisil

According to a report by Crisil, tomato prices in India saw a sharp decline in the last week of August, leading to a marginal change in the price of vegetarian and non-vegetarian thali. The price of vegetarian thali declined by 0.6% sequentially, while non-vegetarian thali prices were down by 30 paise. *(The Economic Times)*

Millers seek raw sugar imports to make up for likely cane shortage

There are concerns about production of sugarcane in Maharashtra and Karnataka, which is likely to affect availability of sugar for consumption and for ethanol production for blending with petrol in these states, it said. India had last imported raw sugar in 2017, after which the country has been an exporter. In 2021-22, India was the second largest exporter of raw sugar in the world. *(The Economic Times)*

Rice surges towards \$700/t in global market

White rice and parboiled rice prices in the global market are heading towards \$700 a tonne with Thailand leading the way hiking the cereal's rate above \$670 a tonne. Prices in the global market have soared since July 20, when India banned exports of white rice and then, a week later imposed 20 per cent export duty on par-boiled rice shipments. *(BusinessLine)*

Govt may impose 25% export duty on molasses

Amid a possible drop in sugar production next season which may lower the availability of molasses, a key feedstock for ethanol production, the Indian Government is considering imposing a 25 per cent duty on the export of molasses to curb shipments and make it available for domestic distilleries. *(BusinessLine)*

Govt makes stock disclosure for masur mandatory

The move has come at a time when National Agricultural Cooperative Marketing Federation of India (NAFED) and National Cooperative Consumers' Federation of India Limited (NCCF) had to suspend their tenders to purchase imported lentils due to exorbitantly high bids received from few suppliers indicating at cartelization. *(The Economic Times)*

T.N. targets paddy procurement of 50 lakh tonnes for 2023-24

Even as Tamil Nadu procured about 44.22 lakh tonnes of paddy during 2022-23, the State has set a target of 50 lakh tonnes for 2023-24, the procurement process for which commenced on Friday (September 1). *(The Hindu)*

Indian agro-chemical industry can grow over 9 per cent notwithstanding Chinese competition: Niti Aayog

Chand also observed that many Western countries are shifting from agrochemicals to biopesticides and the Indian industry needs to pay attention to this aspect. He urged the Agro Chem Federation of India (ACFI) to come out with a document on ease of doing business in agrochemicals. *(The Economic Times)*

Govt may impose stock limit on sugar

The Centre is considering imposing a stockholding limit on sugar wholesalers, prescribing the maximum quantity they can keep at any point of time in order to check any price rise. The last stock limit was imposed in 2016 amid the impact of drought in the previous two years. *(BusinessLine)*

Monsoon set to revive in key kharif growing States; oilseeds, pulses, cotton may benefit

After getting activated this month after undergoing a long “break” in August, the south-west monsoon will begin covering some of the States that are key to kharif production later this week. *(BusinessLine)*

Kharif area under rice up but pulses trail

The area under paddy continues to be higher than the year-ago level with a normal to above normal rainfall in key growing States during September likely to contain any drop in production. With coverage of over 14 lakh hectares (lh) during past week, the paddy acreage in the ongoing kharif season is 398.08 lh as of September 1 against 383.79 lh a year ago, up 4 per cent, according to the weekly update released by the Agriculture Ministry. *(BusinessLine)*



Industry, Manufacturing, Services and Technology

Digital public infra can speed up financial inclusion: G20 Report

Digital Public Infrastructure can accelerate financial inclusion and close existing gaps in digital financial services, but can introduce risks and exacerbate existing risks if not designed following good principles and global standards, a G20 partnership for global financial inclusion report prepared by the World Bank said. *(Business Standard)*

Working on global framework to manage crypto-related issues: FM

“India’s [G20] presidency has put on the table key issues related to regulating or understanding that there should be a framework for handling issues related to crypto assets,” said Sitharaman, adding that cryptocurrencies cannot be regulated efficiently without global co-operation to evaluate the risks and benefits. *(BusinessLine)*

Govt to reassess mandatory joint audit plan for big companies

The Indian government is reconsidering a proposal to mandate joint audits of large firms, as it weighs the issue of audit accountability. Currently, joint audits are largely voluntary, except for banks and public-sector units. The proposal aims to improve audit quality, but large audit firms have strongly opposed it, mainly due to fears of having to share the audit revenue with smaller ones *(The Economic Times)*

Demand for AI solutions may put pressure on IT deals pricing

Rising demand for automation and artificial intelligence solutions will lead to pricing pressure by next year, IT firms feel. Uncertain macroeconomic situations may force IT firms to offer cheaper rates to clients who are trying to optimise their costs. *(The Economic Times)*

Textile sector is getting squeezed between falling exports and dip in domestic sales

The textiles and apparel industry seem to be in the midst of an inventory recession. It is battling a 25-35% fall in domestic sales even as exporters offload unsold stocks in the market. *(The Economic Times)*

Steel mills hike prices for September deliveries on better domestic demand, higher coal costs

Improved domestic demand, driven by the construction sector and infra projects, and a rise in raw material prices, primarily coal, saw India’s steel majors increase prices by 2–8 per cent across categories like hot-rolled coils and rebars (used mostly in construction sector), and even cold rolled coils. This is the first major price hike that mills have initiated since the beginning of this fiscal in April. *(BusinessLine)*

FMCG, auto, consumer durable players brace for impact of weak monsoon on rural demand

Industry segments that derive a significant portion of their earnings from rural areas, including auto, FMCG and consumer durables, are getting jittery with the progress of South-West monsoon dipping below the 11 per cent long-period average. *(BusinessLine)*

Rs 2.44 trn investments seen in RE evacuation infrastructure

The government has projected aggregate investments of Rs 2,44,000 crore to set up 81,000 circuit kms (CKm) of transmission lines for evacuation of 500 giga watt (GW) renewable energy by 2030 even as it plans to supply power from Gulf to Singapore *(Financial Express)*

Govt takes stock of steel industry’s readiness to meet EU carbon rules

The government on Wednesday took stock of the readiness of the steel industry to meet the reporting obligations on carbon emissions that kick off from October 1 under the European Union’s Carbon Border Adjustment Mechanism (CBAM). The assessment was done at a meeting called by the Ministry of Commerce and Industry and was chaired by Commerce Secretary Sunil Barthwal. *(Financial Express)*

Mandatory storage for Renewable Energy Projects Likely

The Centre looks likely to mandate renewable energy projects with more than 5 megawatt (MW) capacity to install energy storage systems (ESS). "In order to ensure adequate storage capacity to supply reliable power, new RE (renewable energy) projects (excluding hydro projects) with an installed capacity of over 5MW or as specified by the central government may be mandated to install ESS (of at least 1-hour storage) for minimum 5% of the RE capacity," it said. *(BusinessLine)*

India can develop manufacturing ecosystem faster than China: Foxconn chairman Liu

Foxconn Technology Group chairman Young Liu has backed India as an important country for the future of manufacturing, saying that the opportunities for development of electronics manufacturing and industrial chains was very huge. *(Mint)*

India showcases PM Gatishakti National Master Plan at ADB Conference in Georgia

India on Thursday showcased PM Gatishakti National Master Plan at the Asian Development Bank's 2023 Regional Cooperation and Integration Conference in Tbilisi, Georgia, Ministry of Commerce & Industry said in a statement. *(Mint)*

Need incentive scheme for wind energy components to boost capacity

With India's ambitious plans to become a manufacturing hub for renewable energy components, industry stakeholders have suggested that a production linked incentive scheme for components and subcomponents makers in the wind energy industry would boost the sector. *(Mint)*

India can emerge as refuelling destination for green ships

The union minister for new and renewable energy RK Singh said on Tuesday that India can become the refuelling destination for green ships run on green hydrogen. *(Mint)*

Services activity eases in August to 60.1 compared to 62.3 in July, future outlook improves to an 8-month high

Despite posting the strongest increase in new export businesses in nine years, India's service sector activity eased to 60.1 in August compared with 62.3 in the previous month. However, positive sentiment for the future outlook reached its highest level since January, according to data released Tuesday. *(The Economic Times)*



News on Kerala

Kerala logs 13% growth in GST revenues in August

Continuing the growth trend in Goods and Services Tax (GST) revenues, Kerala registered 13% growth in GST collection in August this year over August 2022. According to data released by the Union Finance Ministry, collection for August 2023 stood at ₹2,306 crore. It was ₹2,036 crore in August 2022. The Finance Ministry also gave ₹2,472 crore as the amount settled to Kerala by way of State GST (SGST) and the SGST portion of Integrated GST (IGST) in August. *(The Hindu)*

State government likely to borrow from welfare boards

The State government is likely to make short-term borrowings from the welfare boards to address the liquidity crunch. Reportedly, the Finance department is proposing to borrow from the Kerala Toddy Workers Welfare Fund and the Motor Transport Workers Welfare Fund, with the idea of returning it by December this year. Previous governments have resorted to this option, although it has been done rarely in recent times. *(The Hindu)*

New norms allow individuals to start private industrial estates

The Industries department has amended norms regarding private industrial estates, now allowing individuals or families owning a minimum of five acres or holding lease rights for the same to apply for permits. Earlier, only registered partnerships, consortiums, cooperatives or societies could apply. *(The Hindu)*

First beekeeping equipment making unit in public sector gets ready in Alappuzha

In a boost to apiculture in Kerala, a beekeeping equipment manufacturing unit under the Kerala State Horticultural Products Development Corporation (Horticorp) at Kalavamkodam, near Cherthala, is set to begin operations in the coming weeks. According to Horticorp officials, the plant is the first-of-its-kind in the public sector in the country that will offer high-quality apparatus to bee farmers at reasonable rates. *(The Hindu)*

Reward scheme for tip-offs on waste dumping evokes enthusiastic response

An initiative by the Local Self-Governments department to provide cash rewards to citizens providing reliable information about those involved in illegal waste dumping in open spaces seems to be yielding results. Local bodies across the State received 394 tip-offs from alert citizens since the launch of the project in June this year. The corporations, municipalities and panchayats imposed penalties on violators in 315 cases. *(The Hindu)*

Delay in fund release affecting noon meal scheme in Kerala schools

Delay in release of funds for the noon meal scheme is snowballing into a crisis again in at least some schools in Kerala with head teachers scrambling for money to buy groceries. The State government is yet to give its share of the funds for June, July, and August for the free lunch being served to over 30 lakh students up to Class VIII in more than 12,000 schools. *(The Hindu)*

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