



Public Finance

Fiscal outlook for States seen favourable in FY24: RBI report

The overall fiscal outlook for States remains favourable in FY24, with adequate fiscal space for undertaking higher capital expenditure, in view of the resilient domestic economic activity and their consolidation efforts, according to an RBI report. On the revenue side, even though the growth in tax revenue during H1 (April-September) 2023-24 at 14.6 per cent is marginally lower than the budgeted 17.9 per cent, it is expected to improve during H2 (October-March) 2023-24 due to a favourable base and continued robust GST collection, per the report "State Finances: A Study of Budgets of 2023-24", put together by RBI officials. ([BusinessLine](#))

India Inc's capex cycle may move into top gear

The capex tracker index of institutional research firm Aventus Spark shows a reading of 342 in June 2023 - the highest in more than 12 years. The index has been consistently rising since December 2020 - when it hit a low of 147. The index assigns weights to private capex announcement (35%), aggregate new order (15%), import of capital goods (10%), and central government capex and state capex (20% each). ([The Economic Times](#))

Capex on National Highways increased from Rs 51,000 cr in FY14 to Rs 2,40,000 cr in FY23, Parliament told

Capital expenditure on National Highways has seen a significant increase from about Rs 51,000 crore in 2013-14 to more than Rs 2,40,000 crore in 2022-23, Parliament was informed on Thursday. In a written reply to a question in the Lok Sabha, Union Road Transport and Highways minister Nitin Gadkari said budgetary allocation of the road ministry has increased from about Rs 31,130 crore in 2013-14 to Rs 2,70,435 crore in 2023-24. ([The Economic Times](#))

Old Pension Scheme to restrict states' capacity to undertake development activities: RBI

Sounding a note of caution, a Reserve Bank report has said that reverting to the DA-linked Old Pension Scheme (OPS) will exert huge pressure on state finances and restrict their capacity to undertake developmental expenditure. The Reserve Bank's report on 'State Finances: A Study of Budgets of 2023-24' also said the provision of non-merit goods and services, subsidies, transfers and guarantees will render their fiscal situation precarious. ([The Economic Times](#))

States' borrowing cost remains elevated at 7.69

States continued to pay higher coupon rates to bond investors with average price remaining 7.69 per cent at the latest auction on Tuesday. Eight states raised Rs 12,100 crore from selling state government securities on Tuesday -- a three-week low and 2 per cent lower than the amount indicated for this week. The weighted average cut-off eased

to 7.69 per cent from 7.72 per cent last week, but remains very high, in spite of the weighted average tenor declining to 11 years from 12 years. *(The Economic Times)*

Priority to fiscal prudence without denying funds for social welfare schemes, says FM

Finance Minister Nirmala Sitharaman on Tuesday said the Centre gives priority to fiscal prudence without compromising on resources for welfare schemes. She also emphasised that the Indian economy is moving in the right direction and macroeconomic indicators are healthy. "Fiscal prudence is given priority and at the same time not denying any funds for social welfare," Sitharaman said while replying to debate on first Supplementary Demands for Grants (SDFG) in the Lok Sabha. *(BusinessLine)*

States should look at asset sales in infra sector to bolster revenues: RBI Report

"States need to scale up their initiatives for asset monetisation in order to increase non-tax revenue. The monetisation of assets unlocks their value, eliminates their holding cost and enables scarce public funds to be deployed into new projects, thus fast-tracking new infrastructure creation," the report recommended. *(The Economic Times)*



Taxation

At Rs 10.6 trillion, net direct tax collection rises 23.4% in Apr-Nov

Net direct tax collection in the eight months of the current fiscal touched 58.34 per cent of Budget Estimates (BE) at Rs 10.64 trillion. The net tax collection for April-November stood at Rs 10.64 trillion, which is 23.4 per cent higher than the corresponding period of last year. Gross collections, before issuing refunds, grew 17.7 per cent to Rs 12.67 trillion in the April-November period. Refunds amounting to Rs 2.03 trillion issued from April to November of the current fiscal. *(Business Standard)*

Govt to stick to Rs 34 trillion tax collection goal in revised estimate

The government is likely to stick to the budgeted estimate of total tax collection target of Rs 33.61 trillion for current fiscal in the revised estimates, a senior finance ministry official said on Monday. So far, direct tax collection is up by about 20 per cent and indirect tax is higher by 5 per cent. *(Business Standard)*

GST rates' rationalisation back on the table

In a clear signal that the GST rate rationalisation exercise is back on the Centre's agenda after being in deep freeze, the government has reconstituted the ministerial group of the GST Council that was tasked with recommending the simplification of the complex tax structure and a rejig of its multiple rates. *(The Hindu)*

India's gross direct tax collection up 17.6% at Rs 12.3 trillion till Nov

Gross direct tax collection increased by 17.59 per cent year-on-year (Y-o-Y) to Rs 12.37 trillion in the period from April 1 to November 9, the Central Board of Direct Taxes (CBDT) said on Friday. Direct tax collection (net of refunds) stood at Rs 10.6 trillion, 21.82 per cent higher than the net collection for the comparable period last year. Refunds amounting to Rs 1.77 trillion have been issued during the period. *(Business Standard)*



National Accounts and State of the Economy

GDP growth will moderate to 6.5% in FY25 on global headwinds: Axis Bank

India's real GDP growth will moderate to 6.5 per cent in FY25, mainly due to global headwinds, Axis Bank's chief economist Neelkanth Mishra said on Monday. India's GDP is 7 per cent lower than what it would have been if the pre-pandemic GDP growth trend had continued, Mishra added. It can be noted that last Friday, the Reserve Bank sharply upped its FY24 growth estimate to 7 per cent from the earlier 6.5 per cent. Mishra also pegged the FY24 growth at 7 per cent with upside risks. *(The Economic Times)*

Indian economy has ability to sustain fast growth despite global turmoil: Finance Ministry

Minister of state for finance Pankaj Chaudhary also said India's economic growth of 7.6% in the second quarter of FY24 beat the most optimistic projections. "The real GDP growth in Q2 of 2023-24 was not only higher than the median projections of 6.8% by professional forecasters but also their highest estimate of 7.4%," Chaudhary said. *(The Economic Times)*

Job creation single most important pressure point: Former RBI Guv Raghuram Rajan

Rajan stressed the imperative of job creation across all levels of development, articulating that an augmented private sector job market could alleviate pressure on reservations. He cautioned against the trend of states reserving jobs for their residents, attributing it to the shortfall in job provision. *(The Economic Times)*

Retail inflation rises to 3-month high; industrial growth hits 16-month high of 11.7% in October

Two high frequency economic indicators showed a mixed trend for the Indian economy on Tuesday. A sudden rise in food prices pushed retail inflation to a three-month high of 5.5 per cent in November, while strong growth in manufacturing helped industrial growth surge to a 16-month high of 11.7 per cent in October. During the month under review, rise in inflation on sequential basis was entirely because of food and beverages segment. In this, vegetables were the real culprit, recording an inflation rate of over 17 per cent in November against nearly 3 per cent in October. *(BusinessLine)*

Wholesale inflation at 8-month high in Nov, food prices on fire

Food prices pushed producer inflation, based on Wholesale Price Index (WPI), into positive territory in November, data released by Commerce & Industry Ministry on Thursday showed. The latest print was 0.26 per cent, as against the negative 0.52 per cent of October. The last positive WPI inflation was recorded in March at 1.41 per cent. The November number is an eight-month high. However, experts do not foresee much rise in WPI-based inflation during the coming months. *(BusinessLine)*

Economic growth prospects remain strong in medium-term: S&P

The American rating agency, S&P, had revised India's growth forecast upward to 6.4% for FY24 from 6% projected earlier. The Reserve Bank of India has since revised its growth forecast further upwards to 7% for FY24. *(The Economic Times)*

ADB raises India's FY24 growth forecast to 6.7%

In its latest report on outlook for developing Asia, the multilateral lender, retained its India growth forecast for FY25 at 6.7%. Recognising accelerated growth momentum, the RBI this month raised its FY24 growth projection for India to 7% from 6.5%, while Nomura increased it to 6.7% from 5.9%, Citigroup to 6.7% from 6.2% and DBS to 6.8% from 6.4%. India recorded a 7.7% expansion in the first half of this fiscal.



Banking and Monetary Policy

PM Jan Dhan accounts stay immune from impact of elections

The Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts remained free from any unusual increases in balances during the course of elections in five states last month.

The basic bank accounts had witnessed a significant surge during the elections held five years ago due to the alleged routing of money through PMJDY accounts to woo the voters, which resulted in an investigation by some banks. *(BusinessLine)*

RBI warns public against misleading loan waiver campaigns, urges vigilance and reporting

The Reserve Bank of India (RBI) has cautioned members of the public against falling prey to false and misleading campaigns on loan waivers and reporting such incidents to law enforcement agencies. This caution comes in the wake of the central bank noticing certain misleading advertisements enticing borrowers by offering loan waivers. "These entities seem to be actively promoting many such campaigns in the print media as well as social media platforms. *(BusinessLine)*

Private Banks should increase participation in financial inclusion schemes: DFS secretary Vivek Joshi

Financial Services Secretary Vivek Joshi said on Tuesday that banks will have to operationalize inoperative accounts, encourage nominations, and create awareness about cyber fraud. There can be more penetration of PM Jeevan Jyoti Bima Yojana and PM Suraksha Bheema Yojana, he said, making a case for increased participation from private banks in the government's flagship financial inclusion schemes. *(The Economic Times)*

Banks' non-compliance likely triggered connected lending

The Reserve Bank of India (RBI)'s decision to revise the guidelines on connected lending may have been prompted by instances of lenders not complying with rules on loans to companies, experts believe. Bankers said innovative structuring of loans may have resulted in a breach of the regulations. They pointed out that several business houses now run NBFCs (non-banking financial companies), thereby enabling credit to flow from one corporate group to another. *(Financial Express)*

Liquidity crunch: Banks fundraise via CDs to hit nine-month high in December

According to the report, December is set to mark the highest issuance of certificates of deposit since March. Banks raised around ₹76,200 crore through the sale of CDs in November, registering the highest amount for this financial year, said the report citing data from information provider Prime Database. *(Mint)*



External Sector

India, US revenue authorities discuss ways to tackle illicit finance risk

Revenue authorities of India and the US have discussed ways to strengthen efforts to address illicit finance risk and accelerate global implementation of anti-money laundering standards for virtual assets. Revenue Secretary Sanjay Malhotra and US Treasury Under Secretary for Terrorism and Financial Intelligence Brian Nelson co-chaired the India-US Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Dialogue. (*Financial Express*)

No US Fed effect, domestic factors to guide RBI policy

The latest US Federal Reserve's statement, signalling three rate cuts next year, is unlikely to change interest rate trajectory in India with the monetary policy committee focussing on domestic factors but could nudge the central bank to revise its stance, say economists. (*The Economic Times*)

Two months on, India shifts position, votes in favour of immediate ceasefire by Israel

India on Tuesday voted in favour of a United Nations General Assembly (UNGA) resolution that called on Israel for an immediate ceasefire, the protection of civilians in accordance with international law and the release of all hostages. India was among 153 countries that made up a massive 4/5th majority in the Assembly who voted in favour of the resolution, where only 10 countries, including the U.S. and Israel, voted against the resolution, and 23 countries, mainly from Europe abstained. (*The Hindu*)

World pinning hope on India's leadership to resolve climate crisis: Commonwealth Secretary-General Patricia Scotland

The world is pinning hope on India's leadership and intellectual powerhouse for providing a solution to the climate crisis, Commonwealth Secretary-General Patricia Scotland has said. (*The Hindu*)

Putin praises Modi for tough policies; says he is 'main guarantor' of steady Russia-India relationship

Russian President Vladimir Putin has lavished praise on Prime Minister Narendra Modi for his tough stance on defending India's national interests without being "intimidated" by any pressure and said the policy pursued by him is the "main guarantor" of the progressively developing bilateral ties. (*The Hindu*)

India strategic partner but plot must be probed: U.S.

India is a strategic partner for the United States, the White House has said as it urged New Delhi to hold accountable those responsible for the plot to assassinate a separatist Sikh leader, who is an American citizen. (*The Hindu*)

PM Rishi Sunak's officials in Delhi to discuss India-UK FTA: Report

Senior officials from British Prime Minister Rishi Sunak's team are in New Delhi this week to add momentum behind the ongoing round of negotiations for an India-UK free trade agreement (FTA), according to a UK media report on Saturday. (*Mint*)

Italy's exit from China's Belt & Road Initiative. Why India should be happy

Four years after becoming the only G7 nation to join China's ambitious Belt and Road initiative (BRI), Italy has decided to leave the project. Prime Minister Giorgia Meloni-led government has communicated its decision to Beijing, in what is seen as another indication by far-right leaders to maintain distance from China. *(Mint)*

Japanese Minister lauds India's tech strength, says 'Need India's active participation in AI field'

Japanese Vice-Minister for Policy Coordination (Internal Affairs), Hiroshi Yoshida lauded India's prowess in the technology field. He said that there must be India's active participation in discussions related to the field of Artificial Intelligence. "India is a very important country. Prime Minister Modi expressed his energy regarding AI policy. India is an utmost country in technology and in this field. We need India's more active participation in discussion in AI area." *(The Economic Times)*

COP28: Nations inch closer to historic deal on fossil fuel transition; India, China push back on coal

After nearly two weeks of hectic negotiations, countries were on the verge of reaching a historic deal on a 'transition away from fossil fuels' while emerging economies like India and China strongly resisted the targeting of coal. This is, however, a step back from the earlier proposal of a 'phase-out of fossil fuels' that drew sharp criticism from many countries in the Global South and oil-reliant economies like Saudi Arabia. *(The Economic Times)*

India's November trade gap narrows to \$20.58 billion, exports slip 2.8%

Indian exports: India's trade deficit narrowed to \$20.58 billion in November from \$31.46 billion in October. Economists, surveyed by Reuters, anticipated it to be \$20.50 billion. Exports decreased by 2.8% to \$33.90 billion, while imports reduced to \$54.48 billion compared to \$55.8 billion in November 2022. *(The Economic Times)*

India's forex reserves up \$2.82 bn to \$606.86 bn for the week ending December 8

India's forex reserves increased by \$2.82 billion to \$606.86 billion for the week ending December 8, the latest data by the Reserve Bank of India (RBI) showed on Friday. *(The Economic Times)*



Agriculture and Rural Economy

Centre offers more wheat from FCI in open sale

The Indian government on Friday announced that more quantity of wheat will be made available from official reserves through weekly auctions with immediate effect. Besides, the stock holding limits for all stakeholders have been further tightened to ensure sufficient availability in the market as it swung into action after the cereal's arrival dropped by 30 per cent in November from October. *(BusinessLine)*

Ethanol blending: Govt says committed to EBP target, industry differs

The Indian Government on Friday said the ban on using sugarcane juice or syrup for producing ethanol is "a temporary pause" that will be reviewed every month. The Centre

said it is committed to achieving the 20 per cent ethanol blending with petrol (EBP) target by 2025. The statement comes a day after the ban was imposed. [\(BusinessLine\)](#)

25% of onion buffer stocks may have been damaged, says govt official

The government could have lost over ₹300 crore as about 25 per cent of the buffer stock could have been either damaged or not fit anymore for human consumption. The Centre has purchased 5.1 lakh tonnes (lt) of onion till now out of which 2.74 lt have been sold. But the current buffer stock with the government may be only between 50,000 tonnes and 1 lt. [\(BusinessLine\)](#)

Stubble burning in major paddy-growing States down 54% this year: Centre

Stubble burning incidents in major paddy-growing States have decreased by 54.2 per cent during the 45-day period in the current paddy harvesting season compared with 2022, as data provided in the Lok Sabha by the Agriculture Ministry show. [\(BusinessLine\)](#)

Centre fears rabi onion production may drop by 25% on weather woes

As the sowing of onion for the key rabi season has begun, an assessment by the Centre points to the likelihood of a 25 per cent drop in the 2023–24 production due to inclement weather. Rabi onion makes up 75–80 per cent of the country's total onion production. Depleting groundwater is likely to reduce the acreage. [\(BusinessLine\)](#)

EU gets ready to protect its domestic rice industry

The European Union has come up with a set of proposals to protect its domestic rice players even as it prepares to provide a Geographical Indicator (GI) tag for Indian basmati rice and signing a free trade agreement (FTA) with New Delhi. [\(BusinessLine\)](#)

Wheat prices drop by ₹128/qtl at weekly FCI auctions

Wheat prices at the weekly open market sale scheme (OMSS) auctions conducted by the Food Corporation of India (FCI) on Wednesday drop to a 2-1/2 month low level after the Government increased the offering in the sale by 33 per cent. The all-India average selling price dropped to ₹2,172.94/quintal - the lowest since September 27 - from ₹2,301.36 in the previous round. [\(BusinessLine\)](#)

Improved supplies may soften pulses

Prices of pulses are likely to witness a softening trend in the new year with harvest of key varieties such as tur and urad and the imports including the yellow peas set to boost the domestic supplies. This is even as the chana crop for 2023-24 rabi season may see a decline of 10-15 per cent over the previous year's output mainly on drop in acreage, according to the trade. [\(BusinessLine\)](#)



Industry, Manufacturing, Services and Technology

India considering ₹10,000 crore revised scheme for local chip component manufacturing

The new incentive plan, a revised iteration of the existing Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES), is likely to be launched early next year [\(Mint\)](#)

Manufacturing sector expected to reach \$1 trn by 2025-26 led by Gujarat

The Indian manufacturing sector is experiencing a surge in investments, marking a significant milestone in the nation's economic landscape. According to a report by Colliers, this has poised India's manufacturing market to reach \$1 trillion by 2025-26, with Gujarat becoming India's manufacturing powerhouse, followed by Maharashtra, then Tamil Nadu. *(Business Standard)*

Insurance sector needs to grow at 3-4 times of country's GDP, says IRDAI's BC Patnaik

India's insurance sector will have to grow at 3-4 times the country's GDP growth, said BC Patnaik, Member (Life), IRDAI. "India's insurance sector will have to grow at 3-4 times the country's GDP growth with the help of technology-led innovative products and cost-effective distribution models across the country. Many companies are now flooding rural areas as they see value in these markets. They say they will have a cost-effective distribution model and saturate the market. Within 5-10 years all these markets will be saturated as companies have become aggressive," he said. *(Financial Express)*

Udaan raises \$340 mn, eyes listing in 12-18 months

B2B e-commerce startup Udaan has raised \$340 million in a Series E funding round led by UK-based M&G and with participation from existing investors such as Lightspeed Venture Partners and DST Global. *(Financial Express)*

OYO founder Ritesh Agarwal announces establishment of five healthcare centers in Odisha over next one year

Ritesh Agarwal, the founder of OYO, has announced the establishment of five healthcare centers for the underprivileged in Odisha over the next one year. The centers will be operated by the health-tech startup 'Last Mile Care', which already runs 11 health centers across India. The strategic placement of these centers aims to cover regions with limited access to healthcare facilities, thereby bridging the gap between healthcare services and marginalised populations. *(Financial Express)*



News on Kerala

New Ordinances prescribe heavy spot fine for littering public places in Kerala

Violating waste management rules will now attract a maximum fine of ₹50,000 and imprisonment of up to one year under the laws amended as part of the ongoing garbage-free Kerala campaign. If the violators fail to pay the fine, it will be added to public tax arrears, according to the Kerala Panchayat Raj (Amendment) Ordinance 2023 and Kerala Municipality (Amendment) Ordinance, 2023 promulgated last week. *(The Hindu)*

Centre is nudging Kerala towards a financial crisis, says State in Supreme Court

Kerala has filed a suit in the Supreme Court accusing the Centre of violating the federal structure of governance and causing "severe damage to the economy of a small State with meagre resources" by interfering with its finances. The suit said a State, in a federal system of governance, had the exclusive power to regulate its finance through preparation and management of its budget and borrowings. *(The Hindu)*

NHAI urged to ensure fast, safe commute on State roads

With a Right to Information (RTI) query revealing that the National Highways Authority of India (NHAI) collected a whopping ₹1.58 lakh crore as toll during the past five years from motorists, demand is rife that the agency invest more to ensure safe and fast commuting through the network of highways in Kerala that are in different stages of completion. *(The Hindu)*

Solar-electric boat *Barracuda* launched

Named after the swift, *Barracuda* was designed by Navalt and can be deployed even in the rough seas as a workboat to ferry up to 12 passengers and cargo. The 14-metre-long, 4.4-metre-wide vessel can attain a top speed of 12.5 knots (23 kmph) and has a range of seven hours on a single charge. It has twin 50 kW electric motors, a marine-grade LFP battery, and 6 kW solar power, epitomising efficient and clean energy usage, says a release issued by Navalt. *(The Hindu)*

Cusat joins hands with Geojit to set up centre of excellence

The Syndicate of the Cochin University of Science and Technology (Cusat) has approved a proposal of Geojit Financial Services Limited to set up a centre of excellence in sustainability studies at a cost of ₹5 crore over a period of four years. The project will be implemented using the corporate social responsibility funds of the firm, and it is aimed at using resources innovatively to strengthen the weakest links of the social strata, according to a release. *(The Hindu)*

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