



Public Finance

Investment cycle gaining momentum, envisaged capex to jump over 80 pc in FY24: RBI Paper

Investment activity is gaining momentum and the envisaged capital expenditure is set to jump by over 80 per cent to Rs 1.71 lakh crore in the current fiscal, according to an article by Reserve Bank of India (RBI) staffers. The article published on Thursday, said improvement in capacity utilisation of the manufacturing sector, pick-up in credit demand and improving consumer sentiments are helping the capex cycle. (*The Economic Times*)

Diversification of government bond holding has helped govt lower borrowing costs

The study reveals that nonbanks are more responsive to changes in G-Sec yields than banks. Overall, a one per cent increase in G-Sec supply is found to be associated with a 9.5 to 10 basis points increase in long term yields. Non-bank entities absorbed a significant portion of newly issued sovereign debt during the Covid-19 pandemic. Nonetheless, banks still dominate the ownership of g-secs in India. (*The Economic Times*)

Finance Commission expected to be constituted by November end: Finance sec.

The government is expected to constitute the 16th Finance Commission by end of November, Finance Secretary T V Somanathan said. Finance Commission is a constitutional body that gives suggestions on Centre-State financial relations. Terms of Reference (ToR) for the Commission is being finalised, he said. (*The Hindu*)

India Inc plans to press the pedal on capital expenditure: CEO poll

Companies in India are planning to press the pedal on capital expenditure (capex) in the coming months to cash in on rising consumption demand and the government's Rs 10 trillion investments in infrastructure. (*Business Standard*)

Top 11 states' social welfare spends to hit 10-year-high of Rs 4 lakh cr in FY24: Crisil

According to a report by Crisil Ratings, the top Indian states are expected to spend a record-high amount of Rs 4 lakh crore on social welfare in the current fiscal year. This accounts for 1.7% of their combined Gross State Domestic Product (GSDP). The report also highlights a 16% jump in the compounded annual growth rate of social welfare schemes between 2017-18 and 2023-24. (*The Economic Times*)



Taxation

GST reward scheme on anvil; customers can soon upload invoice, participate in lucky draw

Individuals may soon get rewarded for uploading GST invoice on a mobile app as the government is likely to launch the long awaited 'Mera Bill Mera Adhikar' scheme soon.

Under the invoice incentivisation scheme, cash prize of ₹10 lakh to ₹ one crore monthly/quarterly could be given to individuals who upload invoice received from retailer or wholesaler on the app. *(BusinessLine)*

Govt losing revenue due to GST, should be neutral with single rate: Debroy

Economic Advisory Council to the Prime Minister Chairman Bibek Debroy on Tuesday said the government was losing revenue due to the GST, which should be revenue neutral with a single rate. "The ideal GST is one that has a single rate, and it was meant to be revenue neutral. According to calculations by the finance ministry when GST was first introduced, the average rate should be at least 17 per cent. *(Business Standard)*

Tax tribunal allows capital gain exemption in case of house purchase

The seller of a residential property can avail of capital gains tax exemption even if she had entered into an agreement to buy a new house much earlier than the sale of the old property, an Income Tax tribunal has ruled. *(Business Standard)*

Small taxpayers need to be vigilant in checking up on GST demand notices: Experts

The Supreme Court of India has upheld the order of the Patna High Court to dismiss a writ petition that was filed by a taxpayer against a GST assessment order. This will have wide ramifications for Small Medium Enterprises, Micro, Small & Medium Enterprises, 'small business persons' and professionals. *(The Economic Times)*

Nearly 5.5 crore may have opted for new income tax regime, say I-T officials

Around 5.5 crore income taxpayers may have opted for the new tax regime for the ongoing financial year, according to revenue department's preliminary estimates. Most of these taxpayers, according to a senior government official, have a taxable income of up to ₹7 lakh. The Centre overhauled the new tax regime in the 2023-24 Budget, making it relatively attractive. *(Mint)*

Government losing revenue due to GST: Bibek Debroy

Economic Advisory Council to the Prime Minister (EAC-PM) Chairman Bibek Debroy said the government was losing revenue due to the GST, which should be revenue neutral with a single rate. He said that GST has led to a lot of simplification. The ideal GST is one that has a single rate, and it was meant to be revenue neutral. *(The Economic Times)*



National Accounts and State of the Economy

GDP growth to be higher than RBI's estimate of 8% for June quarter, say Economists

The country's real GDP growth in the first quarter will be better than the Reserve Bank's estimate of 8%, economists said on August 22. Economists at the country's largest lender SBI pegged the growth at 8.3% while domestic rating agency Icria estimated it to come even higher at 8.5%. The Reserve Bank of India (RBI), which expects the GDP to grow at 6.5% in FY24, has estimated a growth of 8% in the April-June period. *(The Hindu)*

India to become growth engine for world, will be \$5 trn economy soon: PM

Prime Minister Narendra Modi on Tuesday said India will become the growth engine for the world in the coming years, and the ease of doing business has improved with "mission-mode" reforms being undertaken by his government. Speaking at the BRICS Business

Forum Leaders' Dialogue here, Modi also said India soon will become a USD 5 trillion economy. *(Business Standard)*

Global uncertainty, domestic disruptions may keep inflationary pressures elevated in coming months: FinMin report

“While domestic consumption and investment demand are expected to continue driving growth, global uncertainty and domestic disruptions may keep inflationary pressures elevated for the coming months, warranting greater vigilance by government and the RBI,” Monthly Economic Review (MER), prepared by Economic Affairs Department. *(BusinessLine)*

Retailers clock 9 per cent growth in July : RAI

Retailers in the country clocked a nine per cent growth in sales in July compared to the same period last year, as per the latest estimates by Retailers Association of India. This was two per cent higher sequentially compared to sales growth levels seen in June. The growth was led by categories such as quick-service restaurants and food & grocery segments. *(BusinessLine)*

Govt's analgesic for inflation: Steps to alleviate price rise in pipeline

Retail inflation in July surged to a 15-month high of 7.44 per cent, largely due to high vegetable and cereal prices. Inflation in food items was 11.51 per cent, marking one of the highest monthly readings in almost three years. Tomatoes, other vegetables, pulses, along with spices, have been the main culprits behind this price spiral. *(Business Standard)*

India's foreign exchange reserves snap a three-week losing streak

India's foreign exchange reserves snapped a three-week losing streak and increased by \$708 million to \$602 billion in the week ended August 11, latest data by the Reserve Bank of India showed. The rise in the reserves was mainly on account of an increase in the foreign currency assets, which grew by \$999 million to \$534 billion in the previous week. *(Business Standard)*



Banking and Monetary Policy

Personal loans: Banks, NBFCs told to inform borrowers on impact of rate change on EMI, tenor

The Reserve Bank of India has asked lenders to clearly communicate to borrowers the possible impact of a change in the benchmark interest rate on personal loans, leading to changes in EMI (equated monthly instalment) and/ or tenor or both at the time of sanction. *(BusinessLine)*

Penal levy cannot be a revenue tool: RBI to banks, NBFCs

The Reserve Bank of India has issued fresh guidelines for lenders on penal charges in loan accounts to ensure that penal interest/ charges is not used as a revenue enhancement tool by them, over and above the contracted rate of interest. *(BusinessLine)*

I-CRR effect: Banking system running into liquidity deficit

The Reserve Bank of India may conduct variable rate repo (VRR) auction(s) as liquidity has moved into deficit mode in the banking system for the first time in FY24. The banking

system has a liquidity deficit of ₹23,644.43 crore, per RBI's latest money market operations data. *(BusinessLine)*

RBI will keep a watch on price stability, says Das

While the monetary policy can absorb the current round of transitory inflation, Reserve Bank of India is on guard to ensure that it does not become generalised and persistent, Governor Shaktikanta Das said. RBI will remain vigilant to ensure price stability and sustainable growth, says Governor. *(BusinessLine)*

Funds crunch: Banks, NBFCs rush to the money market

As liquidity in the banking system tightens, post the introduction of the Incremental CRR (I-CRR), banks and NBFCs are raising short-term funds from the money market to manage their immediate fund requirements. *(BusinessLine)*

As inflation re-emerged, MPC opted to hold rates

The monetary policy committee (MPC) members emphasised the need to be vigilant about the evolving retail inflation trajectory in the backdrop of spike in vegetable prices even as the cumulative 250 basis points hike in repo rate is working its way in the economy. *(BusinessLine)*



External Sector

India has positive intent and open mind on proposed BRICS expansion, says Foreign Secretary

India has a “positive intent and an open mind” on the proposed expansion of the five-member BRICS grouping, Foreign Secretary Vinay Kwatra has said. The statement, made ahead of Prime Minister Narendra Modi's visit to Johannesburg this week to attend the BRICS Summit on August 22-24, is important as the proposed membership expansion is likely to be one of the key issues discussed by the leaders. *(BusinessLine)*

Saudi Arabia, Iran among BRICS' six new members

In a landmark decision, members of the BRICS (Brazil, Russia, India, China and South Africa) on Thursday declared expansion of the grouping by welcoming six new countries into the fold. Announcing the decision at the end of the 15th BRICS summit at Johannesburg, Prime Minister Narendra Modi said addition of new members would strengthen the outfit and increase confidence in the idea of multipolar world order. *(The Hindu)*

India raises concerns over collection of exporters' data by EU through CBAM

Indian authorities have expressed reservations regarding the data collection by the European Union from various entities such as steel exporters and integrated steel players, as the Carbon Border Adjustment Mechanism (CBAM) enters a transitional phase. Concerns also surround potential breaches of competitiveness principles. *(BusinessLine)*

BRICS currency: India unlikely to endorse the move; may just ignore

India is unlikely to endorse a common BRICS currency, which is being envisaged by some as an alternative to the US dollar, as it fears that it would increase China's dominance in the bloc and also further strengthen the yuan. *(BusinessLine)*

G20 close to consensus on all 5 trade, investment issues despite Russia shadow, says Goyal

Convergence is likely on all five trade and investment issues being discussed at the G20 when Trade Ministers meet in Jaipur on Thursday despite continued rift between Russia and the Western economies over the war in Ukraine, Commerce & Industry Minister Piyush Goyal said. *(BusinessLine)*

India's ban on white rice exports: Singapore seeks exemption

The Singapore Food Agency (SFA) has said it is in contact with Indian authorities seeking an exemption from the ban on exports of (non-basmati) white rice. *(BusinessLine)*



Agriculture and Rural Economy

Govt to spend ₹2,680 crore annually on rice fortification

The Centre will complete rice fortification (with vitamins) in all the districts of the country by the end of the current fiscal, after which the cost of the programme will rise to Rs 2,680 crore annually. *(BusinessLine)*

Govt raises rice procurement target on hopes of output recovering this year

Based on initial estimates from States, the country's rice production in the current kharif season will likely exceed last year's 110 million tonnes (mt), sources said. Accordingly, the Food Ministry, on Tuesday, announced that the target for next season's procurement beginning October 1 has been marginally raised to 52.1 mt from the current season's actual purchase of 49.6 mt. *(BusinessLine)*

Centre imposes 40% duty on onion exports, to offload stocks

The Centre, on Saturday, imposed a 40% duty on the export of onions. The Centre will also offload stocks of onions in various wholesale markets to reduce the retail prices. The national average prices of the essential vegetable had increased by at least ₹5 compared to last year. *(The Hindu)*

Govt raises onion buffer stock limit by 2 lakh tonnes

The government on Sunday announced it will procure an additional 2 lakh tonnes of onion in order to maintain a total buffer stock of 5 lakh tonnes this year and use that for retail intervention. *(The Economic Times)*

Paddy coverage increases 4% y-o-u

The overall acreage of kharif crops has reached 94 per cent of the normal area of 1,091.73 lakh hectares (lh) as of Friday. It is higher by 1 lh from the year-ago period. While the area under paddy, nutri/coarse cereals and sugarcane area has increased, that of pulses, oilseeds and cotton is lower than the year-ago period. *(BusinessLine)*

Pulses prices may spiral as deficient rain mars sowing

Economists reckon prices of pulses like tur dal and moong dal, which surged 34.1% and 9.1% respectively in July, would likely spiral further. This is because the total sown area for dals — 114.9 lakh hectares as on August 18 — is unlikely to improve much amid deficient rainfall towards the end of the sowing season. *(The Hindu)*

Govt. allocates 2 lakh tonne sugar in domestic quota in Aug

Despite a 25% increase in international sugar prices in last one year, To cater to the high demand for sugar during the upcoming festive season, the government on Tuesday announced an additional allotment of 2 lakh tonne of sugar in the domestic quota for August, over and above 23.5 lakh tonnes already allotted to mills(*Mint*)

Rice output may fall by 5% due to uneven rains

India's rice output is projected to decline by 5% due to uneven rains in key rice-producing states like West Bengal, Odisha, Jharkhand, Chhattisgarh, eastern Uttar Pradesh, and Bihar. The ICAR-National Rice Research Institute has suggested that farmers in these states opt for short-duration rice crops to mitigate the impact of the erratic monsoon. (*The Economic Times*)



Industry, Manufacturing, Services and Technology

Bharat- NCAP norms to benefit consumers, enhance safety, say automakers

Automobile companies and auto-component manufacturers have responded positively to the central government-initiated Bharat- New Car Assessment Programme (Bharat-NCAP) norms announced by Union Road Transport Minister Nitin Gadkari on Tuesday(*The Hindu*)

Exide Energy to double lithium cell production in Karnataka

Exide Energy, which is currently setting up a lithium battery cell plant at Devanahalli Industrial Area 2nd phase, near Bengaluru, has decided to double its production capacity. The company has requested the Karnataka government for additional 40 acres of land. Exide Energy leadership, led by Managing Director and CEO Mandar V. Deo, met Large and Medium Industries Minister M.B. Patil on August 21 to submit their proposal. (*BusinessLine*)

State-run oil and gas companies spend 1/3 of capex target till July

State-run oil and gas companies have altogether spent ₹34,000 crore in the first four months of the current fiscal year, about a third of their annual capex target of ₹ 1,06,000 crore, government data showed. Indian Oil Corp, the nation's top refiner, has spent ₹10,770 crore in the April-July period, the highest among state oil and gas firms (*The Economic Times*)

Coal stocks sufficient to meet rising demand, says Union Minister Pralhad Joshi

Coal Minister Pralhad Joshi has stated that there is enough coal stock with thermal power plants and Coal India Ltd. The comments come as electricity demand in India rises due to humid weather and dry spells. Joshi emphasized the need to boost coal transportation via the rail-sea-rail route. Although coal stocks at power plants have depleted slightly in August, they are still sufficient. (*The Economic Times*)

House rentals rise 4.9% in June quarter: Magicbricks

The rental housing market continued to grow in the top 13 cities of India with a 4.9% quarter-on-quarter increase in average rent as demand outpaced supply, according to

Magicbricks rental index for the April-June period. While demand grew 18.1% sequentially, supply rose 9.6%. *(The Economic Times)*

Regulatory authority in e-commerce needed for protecting small players, says CAIT

The e-commerce industry needs regulation to provide a level-playing field for small businesses, traders' body CAIT said on Tuesday. Confederation of All India Traders Secretary General Praveen Khandelwal said that the "same set of 5-6 companies" are top sellers on prominent e-commerce platforms which leaves no scope for small businesses to grow *(The Economic Times)*

Footwear industry to record 11% revenue growth this fiscal: Report

Softening input cost will boost operating margin by about 125 basis points to 9 per cent, which will still be below the pre-pandemic levels of 10 per cent. Footwear demand is seen clipping at 4 percent this fiscal, Crisil Ratings said in the report Tuesday *(Business Standard)*

Power regulator CERC issues staff paper on power market coupling

The apex electricity sector regulator -- the Central Electricity Regulatory Commission (CERC) -- has issued a staff paper on the proposed power market coupling which would entail merger of all the existing power trading companies into one single marketplace for electricity trading. *(Business Standard)*

Gold hallmarking may soon become mandatory in 56 more districts:

The Department of Consumer Affairs (DoCA) and the Bureau of Indian Standards (BIS) have approved the proposal and an official notification is expected in the next few days. Currently, the sale of gold across 288 districts is allowed only if the yellow metal is hallmarked. The 6-digit alphanumeric HUID (Hallmark Unique Identification) mandate for gold artefacts was started from 1 April this year. *(Mint)*

Goyal confident of concrete outcomes at G20 trade talks

Commerce and Industry Minister Piyush Goyal on Wednesday expressed confidence that the G20 trade and investment ministerial summit would deliver actionable and concrete outcomes that would help the world withstand "any future shocks" like the supply chain crises witnessed in the wake of the COVID-19 pandemic *(The Hindu)*

Sugar industry demands roadmap on ethanol sourcing

The government should come out with a clear roadmap on ethanol sourcing from the sugar industry, said Aditya Jhunjhunwala, President of Indian Sugar Mills' Association. The Niti Aayog envisages requirement of 1,400 crore litres of ethanol to achieve 20% blending by 2025-2026. *(The Hindu)*

Govt likely to announce fiscal incentives for textile industry by year-end

India's government is likely to announce fiscal incentives for the ailing textile and apparel industry by the end of this year, partly to stave of the impact of a fall in overseas orders, a trade body said on Wednesday. *(Mint)*

India rolls out green hydrogen production standards

The ministry of new and renewable energy has rolled out standards for green hydrogen production in the country. In a notification, the ministry defined green hydrogen as hydrogen derived from renewable energy sources, either via electrolysis or biomass conversion. The definition also encompasses green energy preserved in energy storage systems. *(Mint)*

India's rank moves up to 11 in global direct selling even as global retail sales plunge

With retail sales of \$3.23 billion (around ₹26,852 crore) in 2022, India jumped to 11th position in the top markets of direct sellers, as per the World Federation of Direct Selling Association (WFDSA) report. The report which was quoted by the news agency PTI said that in the previous year, India witnessed a jump of 5.4% in retail sales. *(Mint)*

Centre sets the ball rolling for offshore wind projects

The Union ministry of new and renewable energy has sought bids to survey sites identified for offshore wind power projects in Tamil Nadu. A notification released by the ministry showed that the government plans to bid out projects of 4GW capacity on 1 December. Further, in the next financial year, it plans to bid out projects with a total capacity of 3GW. *(Mint)*

Crisis in diamond city: Is Surat's glitter dimming?

Surat is in pain as the diamond industry is in the middle of a major upheaval. Many people have lost their jobs and some have taken their lives. Mint looks at the issue that is plaguing India's diamond city and the reasons behind this crisis. *(Mint)*



News on Kerala

'MSME Helpdesk' will ensure sustainability of new ventures in Kochi: Minister Rajeev

Highlighting the importance of providing professional guidance for budding enterprises, Minister for Law, Industries and Coir, Kerala, P Rajeev has said through the launch of the 'MSME Helpdesk' the government will ensure stability and sustainability of enterprises by offering them exclusive financial services. *(BusinessLine)*

Kerala mulls bringing fruit cultivation under plantation sector

Industries Minister P. Rajeev said the State government intended to bring fruit cultivation under the plantation sector with a view to boosting investment and innovation as envisioned in the State's 2023 Industrial Policy. It would also enable food processing units to source material for value addition from the State, he said. *(The Hindu)*

Unlike Centre, State boosted R&D spendings: CM Pinarayi

Bemoaning the inadequate support provided for research in the country, Chief Minister Pinarayi Vijayan has asserted the State's priority to set itself on the road to modernity through knowledge generation and innovation. Mr. Vijayan said that India's budgetary allocation for research and development (R&D) is the lowest among BRICS grouping. The country's R&D expenditure on scientific R&D is currently 0.7% of the Gross Domestic Product (GDP), much lower than the global average of 1.8%. *(The Hindu)*

Ayush projects worth ₹177.5 cr. sanctioned

Development projects worth ₹177.5 crore have been sanctioned this financial year in Ayush sector, a statement issued by the Health Minister Veena George said. Four new Ayush integrated hospitals, including a hospital in the tribal area at a cost of ₹15 crore, will be readied. The Naturopathy hospital at Varkala will be elevated to an international level at ₹15 crore. This apart, 87 Ayush hospitals will be renovated by spending ₹30 lakhs

to ₹1 crore. Physiotherapy units will be set up in all government homeopathy hospitals. *(The Hindu)*

Govt. aiming at comprehensive empowerment of women, says Minister

Women and Child Welfare Minister Veena George has said that the State government is aiming at a comprehensive empowerment of women by making them socially and financially independent and self-sufficient. The KSWDC has provided loans worth ₹1,152 crore to women entrepreneurs in the State over the past three-and-a-half decades. Besides, it had been able to create over 70,000 job opportunities and provide jobs directly to 35,000 people. *(The Hindu)*

Kerala trains its sights on becoming hub of graphene research and development

Concerted efforts spearheaded by the Digital University Kerala (DUK) and Industries department to develop the graphene ecosystem of Kerala have gained momentum. Identified by the State as a strategic industry, graphene and two-dimensional (2D) materials' research and development is being nurtured through a three-tier model that will culminate with the establishment of a Graphene Park and product development in various applications. *(The Hindu)*

CM to take a call on whether parched Kerala should go for load-shedding

Chief Minister Pinarayi Vijayan will take a decision in the next couple of days on whether parched Kerala should go for load-shedding following a power crisis made worse by one of the driest August ever. The southern State depends on hydel power to meet as much as 70 percent of its needs, but has run up a cumulative rain deficit of 45 per cent from June 1 till date. *(BusinessLine)*

Kerala government launches Rs 2,400 cr solid waste management project

Chief Minister Pinarayi Vijayan inaugurated the Rs 2,400-crore Kerala Solid Waste Management Project (KSWMP) as part of the second phase of 'Malinya Muktham Navakeralam' (garbage free) campaign here. Addressing a gathering, Vijayan said the southern state was being urbanised at a rapid pace and urged everyone to join hands to achieve a garbage-free Kerala. *(The Economic Times)*

UAE remains top country for exports through Cochin Port

UAE remained the top country to which exports are made through Cochin Port. Coir/Coir products and Food Products continued to be the major exports through the port, as per the data released by The Cochin Chamber of Commerce and Industry for the first half year (January – June 2023). *(BusinessLine)*

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