



Public Finance

Five States seek fair share of tax, cap on cess

A conclave of Finance Ministers of five States ruled by BJP rivals, organised here on Thursday by the Kerala government as the 16th Finance Commission has started its work, expressed concern over the growing imbalance in Centre-State fiscal relations. It demanded a fair and equitable division of resources to the States, capping of the cesses and surcharges collected by the Centre and an end to “penalising” States that perform well.

(The Hindu)

FPIs pump \$18 billion in Indian government debt since J P Morgan Bond index inclusion announcement

Global funds have poured close to \$18 billion into Indian government debt since the September 2023 index inclusion announcement of J P Morgan Chase & Co, data with depositories showed. JP Morgan had announced it would add, from June 28, 2024, Indian government bonds to its global emerging markets index for government bonds, opening up a \$1.3-trillion Indian sovereign debt market to a broader range of global investors.

(BusinessLine)

India's funding of global bodies dips a tad in FY25

India's financial commitments to international organisations have been fluctuating, of late. Budget data show India's total contribution to international bodies decreased from ₹2,764.8 crore in the 2023-24 revised estimate (RE) to ₹2,620.9 crore in the 2024-25 budget estimate (BE), a 5.2 per cent decline. *(BusinessLine)*

'States seeking higher fund allocation, fiscal federalism'

Strengthening fiscal federalism and more fund allocation are some of the common issues that members of the 16th Finance Commission heard as they travel across the States before presenting their report. Talking to the media after meeting with the Telangana government team, led by Chief Minister A Revanth Reddy, Arvind Panagariya, Chairman of the Commission, said that the States visited so far were vocal with their concerns.

(BusinessLine)



Taxation

GoM set up to review 18% GST on health, life covers

To soothe the growing clamour for a reduction in the 18% tax levy on the premium paid for health and life insurance policies, the Goods and Services Tax (GST) Council on Monday

set the stage for a possible rethink by mandating a stiff 50-day deadline for a new Group of Ministers (GoM) to review the tax rate. *(The Hindu)*

GST Council Meeting: A complete list of what will be cheaper and what gets expensive

The 54th GST Council Meeting, chaired by Finance Minister Nirmala Sitharaman, was concluded on Monday with announcements like tax cuts on cancer drugs, helicopter travel, and snacks like namkeen. After the conclusion of the meeting, FM Nirmala Sitharaman said that the reduced rates will apply prospectively. *(Financial Express)*

Missing the September 15 deadline for advance tax payment can cost you more than 15% additional tax payment

Advance tax: The 2nd quarter of advance tax payment needs to be made on or before September 15, 2024. Calculations show that if you miss paying any advance tax then it can cost you more than 15% in additional interest. *(The Economic Times)*



National Accounts and State of the Economy

Cabinet meet: Widened net for Ayushman Bharat, renewed EV subsidy, more

The Union Cabinet, in a meeting chaired by Prime Minister Narendra Modi on Wednesday, approved a series of significant initiatives spanning many sectors, including health, electric mobility, rural infrastructure, and renewable energy. *(Business Standard)*

All States must adopt National Education Policy, says Dhankhar

Asserting that the National Education Policy (NEP) was a game-changer for the nation, Vice-President Jagdeep Dhankhar on Sunday appealed to the States which are yet to adopt it to rethink their stance. "This National Education Policy empowers our youth to fully exploit their talent and energy, giving due importance to all languages," he said in his address at the International Literacy Day celebrations. *(The Hindu)*

Will deploy 5,000 cybercommandos in five years, says Shah

Union Home Minister Amit Shah on Tuesday said cybersecurity was linked to national security and in the next five years, nearly 5,000 cybercommandos would be trained and deployed across the States to counter such threats. *(The Hindu)*

Retail inflation stays under 4%, but vegetable prices up again

India's retail inflation stayed under the Reserve Bank of India's median target of 4% for the second successive month in August, even as it inched up marginally to 3.65% from an upwardly revised 3.6% in July. August's inflation pace is the second-slowest in five years. The base effect from last year, when retail prices rose 6.8% in August, helped keep inflation growth in check yet again, but food inflation quickened from July's 13-month low of 5.4% to 5.7%, and crossed the 6% mark in rural India. *(The Hindu)*



Banking and Monetary Policy

ECBs in favour as domestic bank loans turns pricier for NBFCs after RBI directive

External Commercial Borrowings (ECBs) have gathered pace in recent quarters as Non-Banking Finance Companies, facing challenges in raising funds at home, look outward, and there is an uptick in private capex. *(BusinessLine)*

Reserve Bank to stick to higher digitally-linked deposit buffer proposal

India's central bank will stick to its plan to ask lenders to set aside more funds for digitally linked deposits, despite the industry's plea for a lower buffer to avoid a hit to their liquidity, three sources familiar with the matter told Reuters. In July, the Reserve Bank of India (RBI) proposed that banks set aside an additional 5 percent 'run-off factor' on digitally accessible retail deposits to better manage risks in case of quick and heavy withdrawals via internet or mobile banking. *(Business Standard)*

Bank lending to NBFCs slows, growth halves over last year

After a surge in bank borrowings to non-bank financing companies for nearly six years, the trend has now reversed. Latest RBI data for the period of July 2024 shows that the growth of outstanding credit exposure of banks to non-banking financing companies grew nearly half of the growth recorded in July 2023. *(The Economic Times)*

Several banks oppose draft LCR circular, say may affect loan growth

Several banks have written to the Reserve Bank of India (RBI) opposing a draft circular on liquidity coverage ratio (LCR), which proposed an additional run-off factor of 5 per cent for retail deposits enabled with internet and mobile banking (IMB) facilities. This opposition was on the ground that it will impact disbursement of loans since banks are facing challenges in deposit mobilisation. *(Business Standard)*



External Sector

Ukraine hopes that India will 'review' its decision on joining the Swiss peace process, says Ambassador

As the Union government looks at a possible role for India in ending the Russia-Ukraine war, Kyiv is keen on getting New Delhi to sign the Swiss peace summit document. After the summit in June, India had issued a statement disassociating itself from its outcome as it did not involve Russia and Ukraine. *(The Hindu)*

India, U.S. agree to swap turns, Biden to host Quad Summit in home State

India and the United States have "swapped" hosting the Quad Summit to allow U.S. President Joseph Biden to hold the summit with Prime Minister Narendra Modi, Australian Prime Minister Anthony Albanese, and Japanese Prime Minister Fumio Kishida in his home State of Delaware, said sources. India will host the Quad Summit in 2025, they

said, which indicated that the new U.S. President, Donald Trump or Kamala Harris, will visit India next year. *(The Hindu)*

India, UAE ink pact for civil nuclear cooperation

In a first, India and the United Arab Emirates (UAE) on Monday signed a memorandum of understanding (MoU) for civil nuclear cooperation. The deal between Nuclear Power Cooperation of India Ltd. (NPCIL) and the ENEC (Emirates Nuclear Energy Company)-led Barakah Nuclear Power Plant Operations and Maintenance took place during the current visit of Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi, to India. *(The Hindu)*

As Chinese imports take hold, need for deep manufacturing becomes clearer for MSMEs

The government's drive to boost domestic manufacturing has benefitted some business segments but small companies still import a wide variety of products from China because of a big cost differential. A change in policy focus is necessary if India wants to achieve self-reliance and higher growth. "Make in India may be relevant for big firms, but it isn't for small manufacturers like us," says Manmeet Singh, a manufacturer and importer of artificial flowers at Delhi's wholesale hub of Sadar Bazaar. *(The Economic Times)*

Comprehensive trade portal launched for all exports, imports

The government on Wednesday launched Trade Connect ePlatform, a portal to provide all kind of information related to exports and imports, a move aimed at ease of doing business for aspiring and existing entrepreneurs. The platform is developed in collaboration with the Ministries of external affairs and MSME, EXIM Bank, IT major TCS, and Department of Financial Services (DFS). *(The Economic Times)*

India to impose up to 30% tariffs on some steel imports from China, Vietnam

India will impose tariffs of between 12% and 30% on some steel products imported from China and Vietnam in a bid to safeguard and boost local industry, an Indian finance ministry order showed. Welded stainless steel pipes and tubes exported by China, the world's largest producer of steel, and Vietnam, will be taxed for the next five years, the order from New Delhi issued on Sept. 10 showed. *(The Economic Times)*

Vedanta urges India to push Japan, South Korea to remove import tax on an EV battery component *(The Economic Times)*

India's metals-to-oil conglomerate Vedanta has urged the government to press Japan and South Korea to change their trade pacts to eliminate their import duties on nickel sulphate used in EV batteries, a source aware of the matter said. Vedanta and some smaller firms turn nickel ores imported primarily from Australia, Indonesia and Turkey into nickel sulphate before shipping it to South Korea, Japan and other countries. *(The Economic Times)*

Trade portal launched to provide all information related to exports, imports

The government on Wednesday launched a trade portal to provide all kinds of information related to exports and imports, a move which would help new as well as existing entrepreneurs. The Trade Connect ePlatform is developed in collaboration with the Ministry of MSME, EXIM Bank, TCS, Department of Financial Services (DFS), and the Ministry of External Affairs (MEA). *(The Economic Times)*

Ford planning to re-enter India; to restart Tamil Nadu plant for exports

Ford Motor Company said on Friday it plans to restart its factory in Chennai and use it for exports, marking the automaker's intent to re-enter the Indian market after announcing exit in September 2021. Ford stopped production at the Maraimalai Nagar factory in August 2022. Kay Hart, president of Ford's international markets group, said the company has submitted a letter of intent to the Tamil Nadu government. *(Business Standard)*



Agriculture and Rural Economy

India cannot become a developed nation with 'backward agriculture': Bayer South Asia Prez

India cannot become a developed nation by 2047 with 'backward agriculture', the head of German chemicals giant Bayer's South Asia operations said, as he praised the government's efforts to modernize the farm sector. "You don't become a developed nation with backward agriculture," Simon Wiebusch, president of Bayer South Asia, told PTI in an interview. *(The Economic Times)*

'4% growth in food grains production a must to exceed targeted 400 million tonnes by 2047'

Food grain production in India to reach 400–435 million tonnes a year, a 4% growth was required amid challenges, to measure up to the country's march towards the top position by 2047 with a \$35 trillion economy, Trilochan Mohapatra, chairperson, Protection of Plant Varieties and Farmers Rights Authority, Government of India, and former Director General, Indian Council of Agricultural Research, told graduands of Tamil Nadu Agricultural University (TNAU) on Monday. *(The Hindu)*

Govt to begin farmer registration for Aadhaar-style IDs from October

In a major push towards digitizing the agriculture sector, the government will soon begin registration of farmers across the country to provide them with a unique ID similar to Aadhaar, Agriculture Secretary Devesh Chaturvedi said on Monday. Chaturvedi, speaking to PTI on the sidelines of an Outlook Agri-Tech Summit and Swaraj Awards, said the guidelines for the registration process will be issued soon, with the implementation set to begin in the first week of October. *(Business Standard)*

Total sowing area swells to 109.23 million hectares. Is bumper harvest on the cards?

Improved distribution of monsoon rainfall over the past fortnight has caused the total sowing area to touch 109.23 million hectares as of 6 September, up 2.16% from 106.92 million hectares a year ago, data from the Ministry of Agriculture & Farmers Welfare showed on Monday. *(Mint)*

Centre removes floor price for basmati rice exports

The Indian government on Friday announced that it has removed the \$950/tonne minimum export price on basmati rice. Union Commerce Minister Piyush Goyal announced the decision, in addition to a government order. In a letter to the Agricultural & Processed Food Products Export Development Authority (APEDA), the Commerce &

Industries Ministry said that the minimum price would be immediately done away with, but the prices of basmati will continue to be monitored. *(The Economic Times)*

Centre lowers stocking limit for wheat to tame prices

The central government has reduced the stock holding limit of wheat for retailers, reducing it from the existing 3000 MT to 2000 MT for traders and wholesalers, to increase the supply in the market and keep a check on the price of the staple, it said in a statement. All wheat stocking entities are also required to register on the government's portal and update the stock position every week, the statement added. *(The Economic Times)*

Govt to buy soybeans to help farmers reeling from losses

India will buy soybeans from farmers of the central state of Madhya Pradesh at state-set support prices to help growers reeling from a crash in domestic rates for the oilseed, a government statement said on Wednesday. India uses soybeans to manufacture soyoil, which helps the country cut its hefty edible oil imports, while the by-product soymeal is used for animal feed and exported mainly to Southeast Asia and the Middle East. *(The Economic Times)*



Industry, Manufacturing, Services and Technology

Centre signs ₹26,000-crore contract with HAL for 240 Su-30MKI jet engines

The Defence Ministry on Monday signed a ₹26,000-crore contract with Hindustan Aeronautics Limited (HAL) for 240 AL-31FP aero-engines for Su-30MKI aircraft. The Russian engines are assembled under licence by HAL in India. The Cabinet Committee on Security approved the deal last week. *(The Hindu)*

Tamil Nadu yet to notify Vishwakarma Scheme: Nirmala

Addressing MSME owners and industry heads in Coimbatore at a meeting organised by a host of industrial associations, she said the scheme, aimed at developing the skills of traditional artisans and craftspeople, had received over two crore applications nationwide and benefited about 13.5 lakh people. The Tamil Nadu and West Bengal governments were yet to notify the scheme, she said. *(The Hindu)*

Credit growth outpacing deposit growth to lead to liquidity challenges: FICCI-IBA Survey

India's banking system could face liquidity challenges if credit growth continues to outpace deposit growth and raising deposits to keep pace with the loan growth to keep the cost of credit low remains the top agenda of banks, a survey by FICCI-IBA shows. The findings of the survey, which was carried out between January and June, show that long-term credit demand has seen continued growth for sectors such as infrastructure, metals, iron and steel, engineering. *(The Hindu)*

SBI sanctions Rs 10,050 cr loan for 1,600 MW thermal power project

The country's largest lender State Bank of India (SBI) on Thursday announced that it has sanctioned a project loan of Rs 10,050 crore for a thermal power project by Damodar Valley Corporation (DVC). In an announcement, the country's largest lender said DVC

plans to borrow Rs 10,050 crore for the 1,600 MW Ultra Super Critical Thermal Power Project. *(The Economic Times)*

IT hardware makers push for faster BIS certification to boost local production under PLI scheme

IT hardware manufacturers are urging the government to significantly reduce the five-to-six-month certification process for locally-made laptops and notebooks, which they say is hindering production ramp-up under the production-linked incentive (PLI) scheme for IT hardware. *(The Economic Times)*

With sales in the slow lane, car companies ramp up September discounts

Carmakers are offering deeper discounts in a desperate push to entice buyers and clear inventory as sales remain sluggish. Starting this month, the level of discounts has risen to 12-14% of the average selling price (ASP) of a vehicle from 10-12% in August. For some models, total discounts offered are well over ₹3 lakh which include cash discounts and corporate benefits. *(The Economic Times)*

Steel ministry draws up Rs 23.52 lk cr proposal for decarbonisation

India will need to invest \$ 283 billion (approximately ₹23.52 lakh crore) for decarbonising existing local steel production. This, along with tapping Energy Efficiency Revolving Funds (EERF) and defining what should be 'green steel' are parts of a comprehensive decarbonisation strategy devised by the steel ministry. *(The Economic Times)*

Domestic firms surge in India's office market; set to lease 60-65 million square feet by 2025

India's office market is experiencing a notable shift, with domestic companies projected to lease 60-65 million square feet between 2024 and 2025, challenging the historical dominance of global corporations, particularly from the US, in leasing, according to a report by property consulting firm CBRE. *(The Economic Times)*

Pre-Bharat Stage norm vehicles should be scrapped, says top official

Ministry of Road Transport & Highways Secretary Anurag Jain on Thursday pitched for scrapping of pre-BS era vehicles, especially commercial heavy vehicles, citing pollution and safety issues. Bharat Stage (BS) norms were introduced in the country in 2000. *(The Economic Times)*

Liquor industry bets on festive bingeing to break free of 5-year margin squeeze

India's liquor sector hopes that cooling inflation and a normal monsoon will boost consumer spending in the festival period, helping the mainstay low-cost alcohol market overcome high input costs and stagnant margins, according to the head of an industry lobby. *(Mint)*

Govt launches ₹10,900 cr EV subsidy scheme; fund to secure e-bus payments

The Centre on Wednesday announced a ₹10,900 crore electric vehicle subsidy scheme, the PM E-Drive, marking the third phase of the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) policy which has subsidized the purchase of over 1.6 million electric vehicles in India since 2015. *(Mint)*

Automakers will have to add EV models as markets are competitive, road transport minister Gadkari says

Union road transport and highways minister Nitin Gadkari said automakers that are not manufacturing electric vehicles will pay the price and will be forced to make the shift due to the competitive nature of the market. *(Mint)*



News on Kerala

5 non-BJP-ruled states' ministers to meet in Kerala for FC discussion

Ministers from five non-BJP-ruled states will meet here on Thursday to discuss key issues related to the 16th Finance Commission, as, according to them, the country grapples with economic federalism challenges. The meeting, hosted by Kerala, comes at a critical time when states face significant developmental and financial hurdles, according to a statement issued by the office of Kerala Finance Minister K N Balagopal here on Wednesday. The main objective is to present these challenges to the 16th Finance Commission, chaired by Dr A Arvind Panagariya, and explore potential solutions, it said. *(Business Standard)*

Kerala eyeing tie-ups with power plants to tap coal linkage

Kerala is eyeing tie-ups with coal-based power plants elsewhere in the country to tap the coal linkage assured by the Centre for power generation. On the basis of a request by Kerala, the Centre has earmarked long-term coal linkage for 500 megawatts (MW) under the Union Coal Ministry's Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (SHAKTI), according to the State Power department. *(The Hindu)*

Onam gift: Kerala govt announces two-month pension for 6.2 mn beneficiaries

The CPI(M)-led Left government in Kerala on Friday announced disbursement of a two-month pension for over 60 lakh beneficiaries, marking an Onam gift. Announcing the decision, state Finance Minister K N Balagopal said that Rs 1,700 crore has been allocated for this purpose. "Around 6.2 mn people will receive Rs 3,200 each for Onam. *(Business Standard)*

Number of wards in urban local bodies to increase by 135

The number of wards in urban local bodies will go up by 135, as per a notification issued by the State government. The number of wards in municipalities will go up by 128, while that of the Corporations, by seven wards. As per the decision, the number of wards in the 87 municipalities will go up from 3,113 to 3,241 and that of the six corporations from 414 to 421, taking the total number from 3,527 to 3,662. *(The Hindu)*

With assembly polls due in Tamil Nadu, Kerala in two years, South goes into 'study' mode on UPS

With Tamil Nadu and Kerala headed to assembly polls in two years, the southern states are carefully weighing their response to the Unified Pension Scheme (UPS) announced by the Centre on August 24. Less than two months ago, Karnataka announced a major increase in salaries of government employees, entailing an additional annual expenditure of Rs 20,206 crore. *(The Economic Times)*

Eravikulam National Park in Munnar declared disabled-friendly destination, carbon-negative zone

The State government aims to minimise human-animal conflict through novel strategies, Forest Minister A.K. Saseendran has said. Integrating the various projects in the Munnar forest division and the various ecotourism projects under the Munnar wildlife division in the Eravikulam National Park (ENP) on Friday, Mr. Saseendran said the State has spent ₹446 lakh to reduce wild animal attacks, along with the support of NABARD. *(The Hindu)*

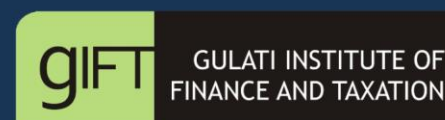
MSC Claude Girardet reaches Kerala's Vizhinjam international seaport

MSC Claude Girardet, the largest cargo ship ever to have docked in India, has arrived at the Vizhinjam International Seaport here on Friday. Kerala Chief Minister Pinarayi Vijayan on Friday said the berthing of the giant vessels showcases the readiness of the state to become a key player in global cargo shipping. The ship that sailed from Malaysia will return after container handling at Vizhinjam international seaport. *(Business Standard)*

Kerala govt. sanctions one crore as bonus to RPL workers

The State government has sanctioned ₹1 crore as bonus to the workers of Rehabilitation Plantations Ltd. (RPL). This is the third time that the State government is providing help to the workers of RPL who are in crisis due to the dip in rubber prices. The workers expressed happiness over the decision and the bonus amount was credited to the workers' accounts from Friday. The agreement to give 20% bonus to the workers was reached in the presence of Labour Minister V. Sivankutty and the amount was sanctioned after the intervention of Finance Minister K.N. Balagopal. *(The Hindu)*

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