



Public Finance

No question of fiscal deficit going out of control: FM Nirmala Sitharaman

The government's debt is being managed well and the fiscal deficit will not slip out of control, Union Finance Minister Nirmala Sitharaman said on Sunday during an interaction with the Indian diaspora in San Francisco. This year, in the RE (revised estimates for FY25), we said we would touch 4.8 (per cent of gross domestic product, or GDP). That will be achieved. In the coming year (FY26), we should go below 4.5 (per cent of GDP)." Sitharaman's comment comes at a time when forecasting agencies have reduced their FY26 growth estimates for India amid growing global uncertainties, with some economists projecting a shortfall in government revenues. (*Business Standard*)

India's soon-to-be-introduced bond forwards seen boosting demand for state debt

India's upcoming bond forwards are set to boost demand for state debt and lower borrowing costs for sub-national issuers, a move investors say could help deepen the country's local bond market. The Reserve Bank of India announced guidelines for bond forwards in February, with rules set to take effect from May 2. While the contracts cover both federal and state bonds, investors expect stronger demand for state bond forwards due to their higher yields. (*BusinessLine*)

Stalemate continues between Telangana and Andhra Pradesh over apportionment of ₹8,929 crore debt

Stalemate over the apportionment of public debt pertaining to the externally aided projects (EAP) in the erstwhile united Andhra Pradesh between Telangana and Andhra Pradesh continues as the two States are firm on their respective stances on the issue. Moreover, the Telangana government's views were not taken before arriving at the formula for calculation of the debt payment. The money was adjusted from the consolidated fund of Telangana to the consolidated fund of Andhra Pradesh. Due to the erroneous claim of Andhra Pradesh Government, the excess liability on Telangana government could be around ₹1,449.75 crore. (*The Hindu*)

Finance ministry plans unified portal for govt-sponsored schemes

The Union finance ministry is planning a one-stop portal for all government sponsored schemes (GSS) in areas such as loan sanction, disbursement, interest subsidy and claims processing. This is set to boost efficiency and reduce redundancy while providing greater convenience to bank functionaries implementing these schemes, said a senior government official. The move comes amid increasing calls from the banking sector to streamline the digital infrastructure used for administering welfare and credit-linked schemes. With the Centre running umpteen schemes across different ministries — many

of them credit or subsidy-linked — banks often struggle with the sheer volume of portals and compliance requirements. (*Business Standard*)



Taxation

GST officers detect fraudulent ITC passing worth ₹61,545 cr.

Central and state GST officers have detected 25,009 fake firms involved in fraudulently passing input tax credit (ITC) worth ₹61,545 crore during 2024-25, officials said. During the 2024-25 fiscal ending March 2025, officers recovered ₹1,924 crore by way of blocking ITC and arrested 168 persons. Under the GST regime, ITC refers to the taxes paid by businesses on purchases from suppliers. This tax can be claimed as a credit or deduction while paying the final output tax. (*The Hindu*)

From Amazon to Google: Global SaaS companies face fresh tax demands

Marquee foreign companies — including Microsoft, Amazon, Google, Oracle, IBM, and Salesforce — providing software-as-a-service (SaaS) products are facing fresh tax demands for 2021-22 and 2022-23. According to sources, the income-tax department has issued assessment orders to these companies, treating the revenue earned by them from Indian customers as “fees for technical services” (FTS) under Indian tax law. Any payment for technical, managerial, or consultancy service is treated as FTS and there is a 15 per cent tax on it under the India-United States double tax avoidance treaty. (*Business Standard*)

Tax dept tightens claims scrutiny: Key rules for rent paid to parents

Many salaried individuals claim tax exemption on house rent allowance (HRA) by paying rent to family members, such as parents. While this is legally permissible, the Income Tax Department has intensified scrutiny of such claims. Tax authorities say they have observed instances where individuals claimed HRA exemption without fulfilling rules to do so. (*Business Standard*)

Pay new income tax TCS of 1% on these luxury goods above Rs 10 lakh; CBDT issues notification

The Central Board of Direct Taxes (CBDT) has issued a notification specifying the list of luxury goods on which tax collected at source (TCS) will be levied. The CBDT has issued two notifications in this regard. The first notification deals with the nature of luxury goods, while the second one deals with the tax rate and threshold purchase amount above which tax will be levied. (*The Economic Times*)



National Accounts and State of the Economy

World Bank lowers India's FY26 growth forecast to 6.3%

The World Bank on Wednesday (April 23, 2025) lowered India's growth forecast for the current fiscal by 4 percentage points to 6.3% amid global economic weakness and policy uncertainty. In its previous estimate, the World Bank had projected India's growth at 6.7% for the fiscal year 2025-26. In India, growth in FY24/25 disappointed because of slower growth in private investment and public capital expenditures that did not meet government targets, the World Bank said in its twice-yearly regional outlook. *(The Hindu)*

India aims to double share of manufacturing in GDP to 23% helped by sunrise sectors: FM

Finance Minister Nirmala Sitharaman on Monday (April 22, 2025) said India plans to increase the share of the manufacturing sector from 12% to 23% over the next two decades, aiming to create jobs and drive economic growth. India is focussing on 14 identified sunrise sectors like semiconductors, renewable energy components, medical devices, batteries and labour intensive industries, including leather and textile, to enhance the share of manufacturing in GDP, she said while speaking at For India, she said, "scaling up manufacturing is essential to absorb a youthful workforce, reduce import dependencies and build competitive global supply chains. *(The Hindu)*

T.N. Startup Summit: Panellists stress need for policy framework that fosters inclusivity in startups

During a session on 'Building a diverse startup ecosystem: inclusion and gender equality', panellists discussed the power of inclusive technology, role of academic institutions in fostering the same, and how inclusion must be unbiased. Even as Tamil Nadu is heading towards a vibrant and tech-led startup ecosystem, there is a need for a policy framework that fosters inclusivity in startups, noted panellists in one of the sessions hosted at The Hindu Tamil Nadu Startup Summit 2025, in Chennai on Thursday (April 24, 2025). *(The Hindu)*

Breaking out of the 6% GDP growth trap: A roadmap to 8% and beyond

In an aspirational India, which seeks to move from per capita per annum gross domestic product (GDP) of \$2,800 to \$20,000 by 2047 (the status of being a developed nation), the magnitude of growth is important. In my view, the four economic indices taken at two different points of time, as listed in the table, closely mimic the growth path our country has taken. *(Business Standard)*

Rate cut will boost private consumption, investment, says RBI Guv Malhotra

Benchmark interest rate reduction will bolster private consumption and support a revival in private corporate investment, Reserve Bank Governor Sanjay Malhotra had opined while voting for a 25 basis points cut in repo rate along with other five members of the rate-setting panel earlier this month. *(Business Standard)*

Domestic demand will cushion impact of external headwinds'

India will still remain the fastest growing economy in the world despite the downward revision of growth projections by 20 bps due to the impact of the trade war, observed Reserve Bank of India (RBI) Governor Sanjay Malhotra, according to the minutes of the last MPC meeting released on Wednesday. *(The Hindu)*



Banking and Monetary Policy

Board of Central Bank of India to consider capital raising plan

The Board of Central Bank of India will meet on 28 April 2025 to consider and approve capital raising plan of the Bank for FY 2025-26 through Follow-on Public offer (FPO)/Rights issue/ Qualified Institutional Placement (QIP) / Preferential issue or any other mode or combination thereof and /or through issue of BASEL III compliant AT1/Tier II Bonds or such other securities as may be permitted under the applicable laws subject to necessary regulatory approvals. *(Business Standard)*

Indian banks outperform global peers in digital transition, daily services

Indian banks have recorded significant strides in digital transformation, positioning themselves ahead of global counterparts in several core banking functions, according to Deloitte's 2024 Digital Banking Maturity (DBM) report. The second edition of the India-focused DBM survey assessed 12 leading Indian banks and revealed that nine have earned the title of 'Digital Champions', a classification reserved for the top 10 per cent of global banks surveyed. The country's average DBM index jumped from 43 per cent in 2022 to 59 per cent in 2024 — a 16 percentage point improvement — surpassing the global average and reflecting a growing digital maturity in customer-facing channels. *(Business Standard)*

Banks reduce savings account interest rates to protect profitability

In a move to protect profitability in a downward interest rate scenario, private sector banks have started to reduce savings account interest rates. While some of the banks have discontinued special fixed deposit schemes, and across the board decline of term deposit rates is yet to be seen. *(Business Standard)*

With RBI easing rules for LCR computation, banks may have more resources to lend

To encourage banks to lend more, the Reserve Bank of India (RBI) has cut the run-off rates assigned to retail deposits and deposits from 'non-financial corporates' for computation of liquidity coverage ratio. Liquidity coverage ratio (LCR) requires banks to maintain high quality liquid assets (HQLAs) to meet 30 days net outgo under stressed conditions. The RBI has prescribed that banks maintain LCR of at least 100 per cent. Run-off factor means the possibility of deposits getting withdrawn/transferred, including in stressed situations. *(BusinessLine)*

Indian banks outpace global average in digital banking services: Deloitte report

Indian banks have demonstrated remarkable progress in digital banking services, surpassing global averages in key areas. The 6th Deloitte Global Digital Banking Maturity (DBM) study recognizes nine Indian banks as 'Digital Champions'. India's DBM Index has significantly increased since 2022, driven by advancements in day-to-day banking and expanding customer relationships, fueled by technology and favorable regulations. (*The Economic Times*)

RBI's new liquidity norms expected to boost bank lending by ₹3 lakh crore

The Reserve Bank of India's revised liquidity coverage ratio norms are projected to unlock ₹2.7-3 lakh crore for banks, boosting lending capacity. This move aims to balance liquidity and profitability, mitigating risks from online withdrawals with a reduced run-off factor. Experts believe banks may adjust deposit strategies, favoring short-term deposits, while the framework supports credit growth potential. (*The Economic Times*)



External Sector

'India-U.S. to talk early BTA tranche'

Top Indian and U.S. officials will discuss the agenda for an "early tranche" of the bilateral trade agreement (BTA) that can be delivered within the 90-day pause period for reciprocal tariffs in Washington DC next week. "The Indian team led by Commerce Additional Secretary Rajesh Agarwal will be in Washington DC next week for a three-day meeting with U.S. counterparts aimed at moving beyond agreed terms of reference (ToRs) and discuss U.S. ambitions in areas such as agriculture and non-tariff barriers," a source said. (*The Hindu*)

India dodges impact of China rare earth element curbs, but worries linger

Indian imports of rare earth elements (REEs) such as dysprosium, gadolinium, lutetium and samarium have been quite small, shielding domestic supply chains — at least for a few months — from major disruptions, trade data shows. As a part of the U.S.–China trade war, Beijing imposed export restrictions for all countries on seven "heavy" REEs, which cannot be exported out of China by refiners unless specific authorisation is obtained. The lack of direct impacts of China's curbs on India is due to the infancy or non-existence of many manufacturing activities that might need it. Semiconductor fabrication is still in the setting-up stages. (*The Hindu*)

Where tariffs trump economics

The recently announced reciprocal tariffs by the U.S. President Donald Trump have led to a decline in the prices of key commodities, crude oil, volatility, and a downturn in stock markets. Since the tariff announcement, crude oil prices have declined by nearly 14%. This drop is driven by fears that the global economy, particularly trade between major economies, may slow down, which could lead to reduced demand for oil. The responses to the announcement have reinforced concerns that a full-scale global trade war is now

under way. New trade tensions could lead to higher inflation, slower economic growth, and escalating disputes. (*The Hindu*)

India imposes 12% temporary tariff on steel imports

India imposed a 12% temporary tariff, locally known as a safeguard duty, on some steel products to stem unbridled imports, a government notification said on Monday. India, the world's second-biggest producer of crude steel, said the tariffs would be applicable for 200 days with effect from Monday. "The safeguard duty imposed under this notification shall be effective for a period of two hundred days (unless revoked, superseded or amended earlier) from the date of publication of this notification," the Ministry of Finance said. India's steel tariff increase is its first big trade policy move since U.S. President Donald Trump imposed a wide range of duties on countries in April. (*The Hindu*)

India may be first to sign trade deal, says US Treasury Secretary Scott Bessent

US Treasury Secretary Scott Bessent has said that India is likely to become the first nation to finalise a bilateral trade agreement with the US - a development that would help New Delhi sidestep the 26 per cent reciprocal tariffs that have been paused till July. According to a New York Post report, Bessent told a group of journalists on Wednesday that trade talks with India are "very close" to reaching a successful conclusion as it doesn't have "so many high tariffs." "India also has fewer non-tariff trade barriers, obviously, no currency manipulation, very, very little government subsidies, so reaching a deal with the Indians is much easier," he said. (*Indian Express*)

India draws up blueprint to reduce US trade surplus

India is exploring strategies to reduce its over \$40 billion trade surplus with the US a key concern for the Donald Trump administration — to fast-track the proposed bilateral trade deal. According to a source familiar with the matter, the Indian government is encouraging industry stakeholders, including exporters and importers, to evaluate opportunities for increasing imports from the US. Narrowing America's mounting trade deficit has been the cornerstone of Trump's sweeping country-specific reciprocal tariffs, which he later paused for 90 days until July 9. Based on the formula used by the United States Trade Representative office, India's shipments to the US are supposed to face an additional tariff of 26 per cent. (*Business Standard*)

US is top trading partner of India in FY25; trade deficit with China widens

The United States continued to be India's largest trading partner for the fourth year in a row in the financial year 2024-25, with total bilateral trade reaching \$131.84 billion, according to official data released by the Ministry of Commerce. This highlights the growing strength of India-US economic ties, especially in sectors like pharmaceuticals, technology, energy, and diamonds. India's exports to the US grew by 11.6 per cent in 2024-25, rising to \$86.51 billion, compared to \$77.52 billion in 2023-24. (*Business Standard*)



Farmers' outfits raise call to burn effigies of Modi, Trump, Vance as mark of protest against trade treaty

The Samyukt Kisan Morcha (SKM), the umbrella organisation of several farmers' outfits, gave a call on Monday (April 21, 2025) to burn the effigies of Prime Minister Narendra Modi, United States President Donald Trump and U.S. Vice-President J.D. Vance at all district headquarters as a mark of protest against alleged attempts by the U.S. to "coerce" the Union government to "impose unfair trade terms and to dump U.S. agricultural products" on India. (*The Hindu*)

India's Indus Water Treaty suspension after Pahalgam attack puts Pakistan's crops on the line

India's suspension of the Indus Waters Treaty, following a Kashmir attack, raises concerns about potential disruptions to Pakistan's agriculture and power generation. While immediate large-scale water diversion is unlikely, the move is viewed as a significant political statement. Pakistan disputes the suspension, citing treaty protocols and potential impacts on its water-dependent sectors amidst rising temperatures. (*The Economic Times*)

Aadhaar number now mandatory to avail benefits under e-NAM agricultural market scheme

The agriculture ministry has made Aadhaar authentication mandatory for individuals and farmer groups seeking to avail benefits under the e-NAM (National Agriculture Market) scheme. According to the ministry, the move is aimed at improving transparency, efficiency and service delivery in the agri-marketing ecosystem. Around 17.9 million farmers and over 4,400 farmer producer organizations (FPOs) are registered with e-NAM. (*Mint*)

Agrinnovate India declares maiden dividend of Rs 1.42 crore

Agrinnovate India Limited (AGIN), the commercial wing of ICAR, has announced its inaugural dividend of Rs 1.42 crore for fiscal year 2023-24, since its establishment in 2011. This milestone was marked by a formal presentation to Union Agriculture Minister Shivraj Singh Chauhan, highlighting AGIN's role in bridging agricultural research with practical application. (*The Economic Times*)

India urges global focus on small farmers at Brics agriculture meet

India on Friday pitched for placing small and marginal farmers at the centre of global agricultural strategies, saying they cannot face climate change, price volatility and resource scarcity challenges alone. Speaking at the 15th Brics Agriculture Ministers meeting in Brazil, Agriculture Minister Shivraj Singh Chouhan said global food security goals would remain unfulfilled unless small farmers are protected and empowered. (*Business Standard*)

Consumer affairs ministry to store onions at 90 locations across India, procurement to begin next week

The consumer affairs ministry has firmed up a plan to store onions at 90 locations across the country, so the produce can be quickly offloaded in markets when prices are high. The plan is part of the government's onion procurement set to start next week, two people said. Private players will also be included for storage, and a tender will be floated shortly to finalize the agencies. *(Mint)*

Uptick in farmer suicides in Marathwada this year

Farmers' suicides have risen in the Marathwada region in the first three months of 2025, according to data provided by the Divisional Commissioner's office of Chhatrapati Sambhajnagar. Between January and March, 269 farmers died by suicide in the eight districts of Marathwada: Chhatrapati Sambhajnagar, Dharashiv, Latur, Beed, Nanded, Hingoli, Parbhani and Jalna. Last year, 204 deaths were recorded in the same period in the eight districts. *(The Hindu)*



Industry, Manufacturing, Services and Technology

India, Saudi agree to enhance stability of global oil markets

India has agreed to work with Saudi Arabia to enhance the stability of global oil markets and to balance global energy market dynamics, according to a joint statement issued this week. Both sides underscored the importance of cooperation in technology including in emerging domains such as artificial intelligence and cybersecurity. *(The Hindu)*

Ease drug innovation

China's pharmaceutical industry is witnessing a seismic shift as it transitions from prioritising generic drug production to developing innovative drugs, including small molecules, biologics, and traditional Chinese medicines. In comparison, India has been unable to harness its full potential to help it be a truly innovative nation. For that, our defensive position on IP must change. With a stronger regulatory regime and regulatory data protection (RDP), Chinese companies are significantly increasing their R&D spending, with companies such as BeiGene and Hengrui investing nearly \$1 billion annually. This has resulted in a spurt in the number of patents filed, clinical trials conducted, and an increase in the number of new Chinese drugs approved by the USFDA. *(BusinessLine)*

India AI Mission receives 180 proposals for building foundation models in two phases

The India AI Mission has received over 180 proposals after the two phases of applications called by it from those who want to build large language models for the country. The Mission invited applications from institutions, start-ups, research organisations and AI innovators to build foundational AI models trained on Indian datasets. *(BusinessLine)*

Is the IT sector slowdown cyclical or structural?

Q4 or the second half of every financial year typically experiences some seasonal weakness due to furloughs, fewer working days, and wage hikes. In FY25, this usual challenge is compounded by subdued client spending across key verticals for many IT companies. While discretionary spending was expected to recover in FY26, it now appears unlikely due to pressures from reciprocal tariffs. Manufacturing and retail clients, among others, are likely to scale back their digital spending and delay decision-making. Additionally, weakness in the automotive sector, particularly in Europe, remains a concern. *(BusinessLine)*

Sub-contractor costs for IT firms, as a percentage of revenue, at multi-year low

With a slowdown in IT demand across key markets such as US and Europe, top tier IT players have tried to rein in subcontractor costs as a lever to maintain and improve margins. In FY25, the subcontractor costs as a percentage of revenue hit a seven-year low for three top IT majors TCS, Wipro and HCL Tech. For Infosys, it hit a 4-year low. TCS reported sub-contractors cost at ₹11,046 crore in FY25, representing a 26 per cent year-on-year decline. This translated to a sharp fall in the sub-contracting cost as a percentage of revenue from 6.2 per cent in FY24 to 4.3 per cent in FY25. This was as high as 9.2 per cent of revenue in FY23. *(BusinessLine)*

Critical minerals: India must step up its strategies

The once-obscure sector of critical minerals has, over the years, taken centre stage in geopolitical negotiations. As nations worldwide accelerate their transition towards clean energy and advanced technologies, the scramble to secure lithium, cobalt, nickel, rare earth elements and graphite has intensified, reshaping international partnerships and trade policies. India faces a significant challenge and an opportunity in this evolving landscape. The country has to reassess its mineral security strategy, enhance diplomatic outreach and bolster domestic capabilities. *(BusinessLine)*

India open to changing EV policy to attract global firms

India is open to changing its electric vehicle (EV) policy — the Scheme to Promote Manufacturing of Electric Passenger Cars in India (SPMEPCI) — subject to final tariffs on imported cars as this scheme is based on customs duties. *(BusinessLine)*

Rubber Board boosts efficiency with skim latex recovery method

The Rubber Research Institute of India (RRII) has developed an innovative process for recovering high-quality rubber from skim latex. Skim latex is a byproduct obtained during the manufacture of centrifuged latex (cenex), containing about 3-4 per cent of skim rubber. *(BusinessLine)*



News on Kerala

Kerala govt. freezes order fixing ASHAs' retirement age

In a small relief for ASHAs (Accredited Social Health Activist), the Kerala government has frozen an order fixing their retirement age at 62. A section of ASHAs, led by the Kerala ASHA Health Workers' Association (KAHWA), have been protesting outside the Secretariat since February 10 demanding a hike in their remuneration and retirement benefits. The order freezing the earlier order was a victory for their agitation, the ASHAs said. *(The Hindu)*

Major tribal housing project gets under way in Wayanad

Kerala Chief Minister Pinarayi Vijayan on Tuesday opened one of the largest tribal settlement projects in the State at Paroorkunnu, Meppadi in Wayanad. According to a release, 123 Scheduled Tribe families will receive houses under the project. Keys were handed over to some beneficiaries at an event held at Kalpetta to mark the fourth anniversary of the second LDF government. The beneficiaries belong to the Meppadi, Muttil, and Muppainad grama panchayats. Each house, built on 10 cents of land, has a total area of 480 sq. ft and includes two bedrooms, a hall, a kitchen, and bathrooms. *(The Hindu)*

Akshaya entrepreneurs wary over proposed 1,000 Digital Seva Kendras

The proposed move to set up 1,000 Digital Seva Kendras across the State under a women empowerment initiative of the Kerala State Rutronix, backed by the Department of Industries and Commerce and the Khadi and Village Industries Board, has left 3,000-odd Akshaya entrepreneurs across the State anxious about their future.

The initiative, under the State government's e-Keralam, will be launched by Chief Minister Pinarayi Vijayan and Industries Minister P. Rajeev at Thiruvananthapuram on April 24. *(The Hindu)*

City Corpn. to use reform incentive for property tax mapping, drainage work

The reform incentive of ₹10 crore sanctioned by the Union Ministry of Housing and Urban Affairs to the Thiruvananthapuram Corporation will be utilised for property tax mapping through drone based survey as well as drainage and water conservation measures. The Ministry chose the civic body for the reform incentive last year for its effective implementation of projects under the two phases of the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme. The State Level High Powered Steering Committee (SHPS) of AMRUT 2.0 had instructed the Kerala Water Authority and the Corporation to submit proposals for various possible projects to utilise the funds. *(The Hindu)*

In a significant move, Kerala's Revenue Department has issued an order allowing individual flat

In a significant move, Kerala's Revenue Department has issued an order allowing individual flat and apartment owners to carry out mutation (pokkuvaravu) of their respective land shares under the the building complex in their own names. From now on, each flat owner can also pay land tax separately. *(On Manorama)*

