



Public Finance

India's FY25 fiscal deficit hits ₹15.77 trillion, exceeds target

India's fiscal deficit for 2024-25 (FY25) stood at ₹15.77 trillion, slightly higher than the ₹15.70 trillion estimated for the year, according to the provisional data released by the Controller General of Accounts (CGA) on Friday. The increase follows higher revenue expenditure and capital expenditure during the ongoing fiscal year. The latest figure is lower than the ₹16.54 trillion registered in FY24, which was 95.3% of the estimates for the year. To be sure, the central government's fiscal deficit target was 4.8% of the gross domestic product (GDP) for 2024-25, with a further reduction to 4.4% targeted for 2025-26. *(Mint)*

Government contains fiscal deficit within RE at 4.8% for FY25

The Centre has managed to restrict the fiscal deficit within the revised estimate (RE) of 4.8 per cent during fiscal year 2024-25 (FY25), the Controller General of Accounts (CGA) reported on Friday. However, it exceeded RE in absolute number. According to data made public by the CGA, the Centre got over ₹30.78 lakh crore during FY25 as against ₹24.99 lakh crore in FY24. During this period, ₹12.87 lakh crore was transferred to the States as devolution of share of taxes, which is over ₹1.57 lakh crore more than the previous year. *(BusinessLine)*

UP's per capita income second lowest, but state finances good: Finance Commission chief

Notwithstanding the fact that Uttar Pradesh has the second lowest per capita income in the country, the state has emerged as one of India's best-managed states in terms of finances, Chairman of the 16th Finance Commission Arvind Panagariya said here on Wednesday. Speaking at a press conference at the Lok Bhawan in Lucknow, Panagariya said the Commission was apprised of the state's economic reforms, demographic trends, fiscal performance and achievements during its visit. Panagariya also praised the state for keeping its expenditures well within budget and maintaining a healthy debt profile. *(The Economic Times)*

Finance Minister Nirmala Sitharaman to review economy at FSDC meeting on June 10

Finance Minister Nirmala Sitharaman is set to review the state of the economy amid global uncertainties at a meeting of the Financial Stability and Development Council (FSDC) on June 10. The 29th meeting of the high-level panel, to be held at Mumbai, will be attended by all financial sector regulators, including RBI Governor Sanjay Malhotra, sources said. The meeting, chaired by the Finance Minister, comes after the Reserve Bank announced a record dividend of Rs 2.7 lakh crore for FY25 last month. The dividend for FY25 was 27.4 percent more than the payout in 2023-24 of Rs 2.1 lakh crore. *(The Economic Times)*

Over 22 Indian states demand 50% share in central tax revenue allocation

More than 22 of India's 28 states have asked the 16th Finance Commission to raise their share of the divisible tax pool from the current 41 percent to 50 percent, Commission chairman Arvind Panagariya said on Wednesday. The Commission visited Lucknow as part of its ongoing consultations with state governments across the country. Addressing the media, Panagariya noted that states such as Uttar Pradesh have joined the majority in seeking a greater share of central tax revenues. *(Business Standard)*

Sopping spree to boost state reforms: Centre outlays incentives via Rs 1.5 lakh cr scheme for FY26

The Centre has laid down reform goalposts for states in mining, urban development and planning, electronic enforcement of road safety, and land reforms, promising incentives through the budget capital expenditure scheme on milestones being achieved, said people with knowledge of the matter. The total outlay under the Special Assistance to States for Capital Investment (SASCI) programme for FY26 is Rs 1.5 lakh crore through 50-year interest free. *(The Economic Times)*

Centre seeks bigger, more frequent dividends from state-run companies

The Indian government is asking state-run companies to increase dividend payouts by about 25% this financial year as Asia's third-largest economy seeks to bolster finances in a volatile global environment, according to people with knowledge of the matter. The government wants to garner about Rs 90,000 (\$10.5 billion) through dividends in the year through March 2026, the people added, compared with Rs 74,020 crore received in the previous year. *(The Economic Times)*



Taxation

SC verdict may hike tax burden on OTT platforms, gaming apps

The Supreme Court ruling allowing dual taxation on television broadcasters may increase tax burden on over-the-top (OTT) platforms such as Amazon Prime and Netflix and other subscription based digital content and even gaming applications, said experts. In its May 22 judgment on Asianet Satellite Communications and others, a bench of justices BV Nagarathna and NK Singh ruled that broadcasting involves delivery of service and delivery of entertainment and can be taxed by different authorities. *(The Economic Times)*

Over 22 Indian states demand 50% share in central tax revenue allocation | Economy & Policy News

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Maharashtra uses tax data to check fake claims in Ladki Bahin scheme | Personal Finance

Maharashtra has tightened the verification process for Mukhyamantri Mazi Ladki Bahin Yojana, a welfare scheme offering Rs 1,500 per month to eligible women, after concerns about fake beneficiaries and fraud. The Income-Tax Department will share data with the Maharashtra Women and Child Development (WCD) Department, following a government notification issued on June 3 by the Central Board of Direct Taxes (CBDT). *(Business Standard)*



National Accounts and State of the Economy

OECD says India's real GDP projected to grow by 6.3% in this fiscal year

Organization of Economic Co-operation and Development or OECD has stated in a latest update today that India's real GDP is projected to grow by 6.3% in fiscal year 2025-26 and 6.4% in 2026-27. Private consumption will gradually strengthen, driven by rising real incomes that are helped by moderate inflation, recent tax cuts and a strengthening of the labour market. Investment will be supported by declining interest rates and substantial public capital spending, but higher US tariffs will weigh on exports. Inflation will remain contained at around 4% as economic activity grows around trend. A less benign monsoon season or higher global commodity prices could drive up food prices and inflation. *(Business Standard)*

India's GDP expands 7.4% in Q4 to meet annual growth estimates of 6.5%

India's economic growth rebounded to a four-quarter high of 7.4 percent in the January-March period of 2024-25 (FY25), aligning with the annual growth estimate of 6.5 per cent, according to provisional estimates of gross domestic product (GDP) released by the National Statistics Office (NSO). The final-quarter performance outpaced expectations, beating both the Reserve Bank of India's (RBI's) forecast of 7.2 percent and a Reuters poll of economists that had projected 6.7 percent growth. *(Business Standard)*

Indian tourism sector to contribute 10% to India's GDP by 2030: Shekhawat

India's tourism sector should contribute 10 percent to India's economy by 2030, in line with global benchmarks, Tourism and Culture Minister Gajendra Singh Shekhawat said on Friday. "India will align with global standards, with 10 percent of GDP coming from tourism. As our economy grows, parallelly our aspirational class will grow and those people that have emerged from below the poverty line will commonly go for spiritual tourism," the minister said at the CII Annual Business Summit. *(Business Standard)*

India's GDP growth comes in four-year low of 6.8% in FY25

Ministry of Statistics data showed today that Indian economy grew at a rate of 7.4% in the fourth quarter of FY 2024-25. The government has pegged the full fiscal year GDP growth at 6.5% provisionally coming at a four-year low and sharply below 9.2% in FY 2023-24. Nominal GDP has witnessed a growth rate of 9.8% in FY 2024-25. Despite the weak performance on the annual front, in the quarter ending March 2025, India's growth marked highest in the four quarters following robust industrial activity. *(Business Standard)*

June RBI MPC expected to deliver third rate cut as inflation, growth ease

The Reserve Bank of India (RBI) is widely expected to cut its benchmark interest rate for the third consecutive time in its Monetary Policy Committee (MPC) announcement today, as the central bank shifts further towards an accommodative stance to support economic growth. A Reuters poll conducted between May 19-28 showed a strong consensus among economists, with 53 out of 61 respondents expecting a 25 basis point (bps) cut in the repo rate to 5.75 percent, while two projected a sharper 50 bps cut. The remaining six expect no change. The central bank has already cut rates by 50 bps this year, 25 bps each in February and April, and shifted its stance to 'accommodative' at its last meeting, citing subdued inflation and declining growth momentum. *(Business Standard)*

RBI cuts repo rate by 50 bps to give boost to growth

This decision is in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth," RBI governor Sanjay Malhotra said in the monetary policy statement. After having reduced the policy repo rate by 100 bps in quick succession since February 2025, under the current circumstances, monetary policy is left with very limited space to support growth. Hence, the MPC also decided to change the stance from accommodative to neutral. *(The Hindu)*



Banking and Monetary Policy

Why is the RBI changing gold loan rules?

On April 9, the Reserve Bank of India (RBI) released draft directions on loans against gold collateral with the objective to harmonise the regulatory framework across regulated entities (banks and Non-Banking Financial Companies (NBFC)) and address differences in lending practices. *(The Hindu)*

Net FDI decline reflects investment uncertainty in India

Flagging the latest Reserve Bank of India (RBI) data that reveals that the Foreign Direct Investment (FDI) inflows into India in 2024-25 plunged by an unprecedented 96%, the Congress on Sunday (May 25, 2025) said that it reflects tremendous investment uncertainty in the country, with more businesses choosing to invest abroad. Congress general secretary (Communications) Jairam Ramesh, in a post on X, quoted the RBI data, which shows that FDI inflow in the FY 2024-25 was reduced to a measly \$0.4 billion. *(The Hindu)*

Is IBC an effective resolution tool?

More than eight years have passed since the enactment of India's Insolvency and Bankruptcy Code (IBC). According to data from the Insolvency and Bankruptcy Board of India (IBBI), creditors have realised ₹3.89 lakh crore under the framework, with a recovery rate of over 32.8% against admitted claims. *(The Hindu)*

Investing via RBI's Retail Direct Platform

The Reserve Bank of India's Retail Direct platform has emerged as a convenient avenue for small investors to directly invest in government securities (G-Secs). Since its inception in November 2021, the platform has seen notable adoption, with the number of registered users more than doubling in the past year. By May 19, 2025, over 2.5 lakh accounts had been opened, facilitating transactions worth ₹9,300 crore. *(BusinessLine)*

To push banks to lend, RBI may widen policy rate corridor

The Reserve Bank of India (RBI) may consider widening the policy rate corridor from 50 basis points (bps) to 75 bps to encourage banks to lend instead of parking surplus funds with it under the Standing Deposit Facility (SDF). The possibility of the policy rate corridor getting widened has increased as, over the last few months, some banks have been passively parking funds with the RBI under the SDF instead of on-lending in the uncollateralised call money market. *(BusinessLine)*

We expect RBI to cut repo rate by 25 bps this week: BofA Securities

The Reserve Bank of India's monetary policy committee will likely cut benchmark repo rate by 25 basis points (bps) in its upcoming meeting this week, Anand Swaminathan, Senior Research Analyst, BofA Securities, said in an interaction. He spoke about the accommodative stance of the MPC, Indian banks' evolving business practices and foreign investors' view on domestic banks' corporate governance standards. *(BusinessLine)*

Why the fuss over RBI's proposed gold loans norms?

The Reserve Bank of India allows lenders to offer loans against gold jewellery. Lenders, however, are not allowed to grant any loan against primary gold/silver (newly mined and processed gold or silver) or financial assets backed by primary gold/silver like units of Exchange-traded funds (ETFs) or units of Mutual Funds. Gold loans are fully secured, short-tenure, low-ticket loans — often repaid in 4–5 months — and primarily availed by those who cannot access formal credit elsewhere. *(BusinessLine)*

'Domestic economic conditions to support Indian banking sector'

Global rating agency Moody's said on Tuesday that even as global trade tensions pose risks for the global economy, the Indian banking sector will be able to broadly preserve asset quality as domestic economic conditions remain supportive for growth. It added that the divergence of loan performance will remain across different product types and lenders. "We expect the system-wide NPL (non-performing loans) ratio will remain at 2-3 percent in the next 12 months, compared to 2.5 percent at the end of December 2024," it said. In FY25, lenders saw higher slippages in the unsecured loan segments of credit cards, personal loans and microfinance loans, experts say. The asset quality of vehicle loans, Moody's says, will weaken in some pockets as pent-up demand for vehicles post Covid pandemic dissipates and loans mature. *(BusinessLine)*

Private banks see steepest fall in credit growth to 9.5% in FY25: RBI

Private-sector banks had a sharper drop in loan growth in FY25 when overall growth moderated to 11.1 percent, from 15.3 percent the year before. Credit growth decelerated across all bank groups in FY 2024-25, according to data released by the Reserve Bank of India (RBI). Private banks had the steepest decline, of 9.5 percent, in March after a sustained credit growth of above 15 percent for the preceding three years. *(Business Standard)*

Central banks prepare for an age of uncertainty after USA's tariff moves

The United States' (US) intent in recent steep trade tariffs is not just fiscal: it seeks to set up a new economic order. Starting with trade reset, a correction has commenced that is global and not nation-specific. A new world economic order is still emerging. It will have unpredictable consequences with no clarity as to what that will entail. Many central banks are considering a variety of options to handle the evolving complex and dynamic situation for discovering the new normal. *(Business Standard)*

RBI monetary policy: Laser-focused on supporting economic growth

The policy actions of the RBI over the last few months has shown a clear focus on supporting growth. The central bank has unleashed rate cuts, liquidity gush as well as easing of macroprudential norms to support growth. Policy rate are 50 basis points (bps) lower with back-to-back rate cuts since February. The effective rate cuts are closer to 75 bps with overnight rates closer to SDF, which is the lower-end to the policy rate corridor. Even more significant has been the durable liquidity infusions measures, taking both analysts and the markets by surprise. *(Business Standard)*

RBI monetary policy: 25-bp repo rate cut on the cards, shows BS poll

The Reserve Bank of India's (RBI's) six-member monetary policy committee (MPC) is expected to cut the repo rate by 25 basis points (bps) to 5.75 percent, nine of the 10 respondents said in a Business Standard poll. State Bank of India, however, expects a 50-bp policy repo rate cut. *(Business Standard)*

The curious story of 'boring' RBI monetary policy and witty money men

Everybody and her aunt are speculating about yet another rate cut by the Reserve Bank of India (RBI) this week, when its rate setting body — the Monetary Policy Committee (MPC) — meets. In the past two MPC meetings, the RBI had cut the policy repo rate by a quarter percentage point each, paring it from 6.5 percent to 6 percent. In April, it also changed the stance to “accommodative”, officially kicking off the easy money cycle. Retail inflation of 3.16 percent in April, the lowest in 60 months, slow credit growth, and a stable rupee, among other factors, point to the possibility of yet another rate cut. Typically, a pre-policy column discusses inflation, growth, and everything else related to the policy. This time round, let's focus on something else. *(Business Standard)*



External Sector

Indian iron and steel exporters fear \$1 bn. hit on new U.S. tariff

India's exports of steel and aluminium and their products are expected to take \$1 billion hit with the proposed fresh tariff hikes by the U.S. The proposed hike is double the current 25% tariff under Section 232 of the Trade Expansion Act. Pankaj Chadha, chairman of EEPC India, told The Hindu that annual exports of steel, aluminium and products are worth almost \$5 billion. “We have barely settled down after the March announcement of sectoral tariff. How can we do business with such uncertainty in tariffs. The U.S. sources castings, fasteners, holdings, etc. We (Indian exporters) need to diversify to other markets,” he said. The EEPC India will pursue with the Indian

government to get exemption from Section 232, similar to the exemption the U.S. has given to the U.K. (*The Hindu*)

Indo-U.S. trade deal in not too distant future, says U.S. Commerce Secretary

A trade deal between India and the U.S. will materialise in the “not too distant future”, U.S. Secretary of Commerce Howard Lutnick said on Monday, adding that India would receive favourable tariffs on a number of manufacturing sectors that would provide it an advantage over the rest of the world. “Earlier countries get a better deal, that’s the way it is,” Mr. Lutnick said while speaking at the eighth edition of the Leadership Summit hosted by the U.S.-India Strategic Partnership Forum (USISPF) in Washington. “There’s just going to be a pile, but... I think India is trying hard to be one of the earlier countries, which I appreciate.” Mr. Lutnick also said that, while a trade deal normally takes two to three years to be finalised, India has put the “right person on the other side of the table”, which has resulted in a much quicker negotiation process. (*The Hindu*)

Rupee weakens past 86 per dollar on FPI outflows, import demand

The rupee weakened past 86 per US dollar on Wednesday due to outflows from foreign portfolio investors (FPIs) coupled with strong bids for the greenback in the non-deliverable forward (NDF) market, said dealers. There was also strong dollar demand from importers. The local currency fell up to 86.03 against the dollar during the day before regaining some ground by the end of trade to settle at 85.91 per dollar. This is against the previous close of 85.59. (*Business Standard*)

India challenges 25% US auto tariffs at WTO, seeks safeguard consultations

India has formally challenged the United States’ imposition of steep tariffs on auto imports by lodging a request for consultations with the World Trade Organisation (WTO) amid ongoing bilateral talks with Washington. In its June 2 filing, India stated that the 25 percent duties imposed by the US on passenger vehicles, light trucks, and specific auto parts constitute a “safeguard measure”, intended to protect US domestic producers from a perceived import surge. The tariffs, effective from May 3, 2025, were introduced without prior notification to the WTO’s Committee on Safeguards, violating Article 12.1(c) of the WTO’s Safeguards Agreement, India said in its submission. (*Business Standard*)

WTO chief urges India to support proposal on investment facilitation

World Trade Organization chief Ngozi Okonjo-Iweala on Tuesday urged India to support the China-led proposal on investment facilitation for development as several developing countries are backing the initiative. The Director General of the Geneva-based body said she discussed several issues like WTO reforms and agriculture with Indian Commerce and Industry Minister Piyush Goyal. The Indian minister is here on an official visit. “We need India as a leader. India is a leading country, and India is doing well. So, India needs to open the way for other developing countries, for example, on investment facilitation for development, we want it to support, because so many developing countries - 90 out of the 126 who are members, would like to move with this,” she told reporters here. (*Business Standard*)

India's imports of Russian oil hit 10-month high in May, shows data

India's imports of Russian crude oil surged to a 10-month high of 1.96 million barrels per day in May, driven by continued availability at significant discounts compared to global benchmark prices, according to ship-tracking data from Kpler. India, the world's third largest oil importing and consuming nation, bought from abroad around 5.1 million

barrels of crude oil, which is converted into fuels like petrol and diesel in refineries. Of this, Russia was the largest supplier, accounting for over 38 percent of the supplies. Iraq maintained its position as the second-largest supplier, with 1.2 million bpd of sales to India. Saudi Arabia exported 6,15,000 bpd, while the United Arab Emirates (UAE) supplied 4,90,000 bpd. The United States routed out the top five, delivering 2,80,000 bpd, underscoring India's push to diversify import sources and balance geopolitical exposure. *(Business Standard)*

India's energy trade with US facing price and transport challenges

India is facing hurdles in expanding energy trade with the US because of price and transport challenges and competition from Russia and nations of West Asia. Crude oil purchases are facing hurdles, LNG imports are crashing and potential LPG purchases are falling hostage to tariff and geopolitics, according to industry sources and ship tracking data. Jacking up purchases of US energy would have placed India in a better bargaining position, as it seeks to close the first phase of a trade deal with the US by early July, when a 26 percent reciprocal tariff may be reinstated by the Trump administration. A favourable deal involves not only tariff reductions for US products, but measures taken to improve sourcing of US energy products led by coal, oil and LNG, a demand made by US President Donald Trump. *(Business Standard)*

Singapore leads as India's largest FDI source for seventh straight year

Singapore continued to be India's largest source of foreign direct investment (FDI) for the last seven years, as the country received the highest inflows of about \$15 billion in 2024-25. The overseas inflow grew 13 percent to \$50 billion in the last fiscal. The total FDI, which includes equity inflows, reinvested earnings and other capital, grew by 14 percent to \$81.04 billion during the last financial year. It is the highest in the last three years. FDI from Singapore in 2024-25 increased to \$14.94 billion from \$11.77 billion in 2023-24, according to the latest government data. *(Business Standard)*

UK trade body urges continuation of duties on Indian PET plastic imports

The UK's Trade Remedies Authority (TRA) has published its initial findings that a countervailing or anti-subsidy measure on the imports of polyethylene terephthalate (PET) from India be maintained for a further five years. The proposal, published in a Statement of Essential Facts' this week, follows a review initiated in July last year which concluded that subsidised imports of PET are likely to recur if the measure was no longer applied and that injury to UK industry would also be likely to recur. The TRA also found that maintaining the measure is in the economic interest of the UK, a statement notes. *(Business Standard)*



Agriculture and Rural Economy

52% agricultural homes rely on non-farm income amid rising volatility

As farming becomes uncertain due to market fluctuations and the volatile environment, agricultural households are turning to non-farm income sources, said a working paper by think tank People Research on India's Consumer Economy (PRICE) on Sunday. The working paper titled 'Reimagining Annadata Households and Their Livelihoods Beyond the Farm' showed that around 52 percent of agricultural households earn additional

income from non-agricultural activities. “This trend towards diversification which provides them with more financial resilience is crucial for reducing the risks associated with agricultural income, which can be highly unstable. This is due to factors such as price volatility, weather events, and other external economic shocks,” the paper reads *(The Hindu)*

Annadata households’ income rose 20% between FY21 and FY25

The average annual income of Annadata households, where at least one member derives income from farming or related agricultural activities, has seen a growth of around 20 percent against over 25 percent for all households between 2020-21 and 2024-25, a working paper by People Research on India’s Consumer Economy (PRICE) has revealed. The paper, authored by Rajesh Shukla (MD & CEO), Adite Banerjee (journalist and consultant) and Tanvi Menaria (researcher), also highlighted that the share of Annadata households’ income to total households has dipped to 90 percent from 94 percent. PRICE defines full-time or regular agricultural households as those that depend fully on farming and allied activities for their livelihood. *(BusinessLine)*

Chemical fertilizer savings scheme needs tweaks

Under PM-PRANAM (2023–24), States reduced fertilizer use by 15.14 lakh tonnes, saving ₹3,156.92 crore in subsidies. ₹1,578.46 crore was allocated as incentives; ₹1,241.28 crore net paid to States. Though modest against the ₹1.8 lakh crore subsidy bill, it aligns with the ₹20,000 crore reduction goal. Karnataka led with 30% of savings; Maharashtra, West Bengal, and Andhra Pradesh contributed 58%. Factors like drought and better urea regulation may have aided reductions, not just the scheme. *(BusinessLine)*

Duty cut may deal a blow to oilseeds mission

There is a fear that the oilseeds acreage may fall during the current kharif season, potentially reducing output after the government reduced the import duty on crude edible oils last week. Even as Agriculture Minister Shivraj Singh Chouhan defended the decision, which came ahead of the kharif sowing, many experts and farmer leaders questioned the timing of the duty cut. “In the first season after the National Edible Oil Mission was launched, the mustard acreage dropped, leading to a fall in production. Now, in the current kharif season, the second duty cut has been announced. As a result, prices are reported to have dropped already. *(BusinessLine)*

Farmers fear price dip after crude edible oil import duty cut

The reduction in duty on the import of crude edible oil has come as a shock to oil palm growers in the country. They alleged that the move would adversely impact their prospects and the country’s efforts to achieve self-sufficiency in edible oils. “It leads to uncertainty as farmers were expecting to reap a good price scenario before the reduction in duties,” Mahesh Reddy, who grows oil palm in about 8 hectares in Khammam, told businessline. Because of an increase in import duties on raw edible oil last year, the prices of fresh fruit bunches (FFBs) went up by up to 60 percent in just one year to reach ₹21,000 a tonne. *(BusinessLine)*

Govt pushes for unified agri-investment via portal

The government aims to bring in all schemes under various ministries of the Centre as well as the States related to investment in the agriculture sector under one single window, the Krishi Nivesh portal. The Agriculture Ministry, on May 29, shared a note on

“concept, scope and features” of the portal, launched in September 2024. The State governments are yet to join the portal. Currently, schemes related to seven ministries — Agriculture & Farmers Welfare, Food Processing Industries, Rural Development, New and Renewable Energy, Jal Shakti, Chemicals & Fertilizers, and Fisheries, Animal Husbandry and Dairying — are included on the portal. Other ministries yet to join the portal include Micro, Small & Medium Enterprises, Commerce and the Development of North-Eastern Regions Department. ([BusinessLine](#))

‘Centre aims to enhance farmer income by raising output’

Under the Viksit Krishi Sankalp Abhiyan (VKSA), the Centre aims to boost farmers’ incomes by increasing productivity across agriculture and allied sectors, said ICAR’s Raghavendra Bhatta. The “lab to land” initiative is deploying scientific innovations in 700 districts, engaging farmers directly through ICAR institutes and 731 KVKs. The VKSA integrates tech with indigenous practices to enhance crop yields, livestock productivity, and aquaculture. Institutes like CMFRI are promoting cage farming, ornamental fish rearing, and seaweed cultivation, with the goal of driving rural prosperity. ([BusinessLine](#))

‘Agri sector to reach \$1.4 trillion by 2035’

India’s \$580–650 billion agriculture sector, growing at 5% annually, is the world’s fastest-growing and could reach \$1.4 trillion by 2035 and \$3.1 trillion by 2047, says McKinsey’s report ‘Value creation in Indian agriculture’. Growth has been driven by structural reforms, formalisation, and digital innovation. Despite fragmentation, India holds five key advantages: a large consumer base, low-cost manufacturing, feedstock availability, digital infrastructure, and innovation — positioning it as a rising global agri-power. ([BusinessLine](#))

Agri yield could drop 25% due to climate change: Study

A new report by the Federation of All India Farmer Associations (FAIFA) warns that India’s agriculture sector faces up to 25% yield losses due to climate change impacts like erratic rainfall, droughts, and rising temperatures. Stating that weather events such as erratic rainfall, unseasonal droughts, temperature spikes and rising pest incidence are major threats disrupting crop cycles across states, the report by the Federation of All India Farmer Associations (FAIFA) on Wednesday has called increasing investment in climate-resilient agricultural technologies as the existing system has inadequate infrastructure. ([Financial Express](#))



Industry, Manufacturing, Services and Technology

‘Plans afoot to make global aviation hubs across India’

India intends to expand its civil aviation industry by building hub airports throughout the country to establish an “independent and self-sufficient” international flight network that links its cities with other nations, Union Civil Aviation Minister Ram Mohan Naidu has said. The government is also trying to bring down the cost of aircraft financing and leasing. “We have brought in far-reaching reforms via legislation. We are also in the process of finalising the contours of developing an indigenous civilian aircraft and developing a globally competitive MRO sector that will reduce operational costs, thereby bringing down airfares,” he said. ([BusinessLine](#))

Trump effect: A brain drain from the US to India?

The massive cuts proposed by the Trump Administration on scientific research budgets, especially in medical research, are a huge setback to the global agenda on disease control, given that US universities have been leading many emerging technology-based solutions. It also presents an interesting opportunity for India to access high quality research talent and to fast track our own quest for better health, aligned to the Viksit Bharat vision. *(BusinessLine)*

The growing millions of Indian fliers

With billions of dollars invested in infrastructure across more than 150 airports and more than 200 million fliers each year, air travel in India shows no sign of slowing down. According to the International Air Transport Association (IATA), India is today the world's third busiest aviation market. As many as 176.4 million flights — both domestic and international — took off in India in the year to March 2025, up by 9 percent over the same period in 2024. Of these, 137.7 million were domestic flights, with the top three routes being Mumbai–Delhi, Bengaluru–Delhi and Bengaluru–Mumbai. *(BusinessLine)*

IT firms go slow on hiring, seeing impact of AI, slow demand, say experts

Even as domestic IT firms continue to hire, the pace of backfilling roles vacated due to attrition is slowing — hinting at a deeper recalibration in workforce planning. The companies are turning to AI-led productivity gains, cost optimisation and internal mobility as alternatives to traditional hiring. Industry insiders say the trend reflects not just short-term caution, but a broader shift in response to evolving client demands, automation and tighter margins. *(BusinessLine)*

Industry welcomes import duty cut on crude edible oils; duty-free yellow pea imports irks trade

The Centre late on Friday cut the import duty on crude edible oils such as palm, soyabean and sunflower oil to 16.5 percent overall from 27.5 percent. However, it extended duty-free import of yellow peas until March 31, 2026. Indian Vegetable Oils Producer Association President Sudhakar Desai said edible oil processors had been seeking an increase in the duty differential as prime palm oil-producing countries such as Malaysia and Indonesia were subsidising exports of refined, bleached and deodorised (RBD) palm oil and palmolie. *(BusinessLine)*

Fuel consumption soars in May amid strong manufacturing activity and export push

The country's diesel and petrol consumption rose to an all-time high in May, aided largely by robust manufacturing activity, exporters rushing to fulfill orders before the close of the US reciprocal tariff deadline as well as some uptick in farm activity due to the early monsoon and marriage season. According to the Petroleum Planning & Analysis Cell, the diesel consumption rose by 4 percent m-o-m and almost 2 percent y-o-y to 8.57 million tonnes (mt) last month. Interestingly, during May 2024 (8.41 mt), diesel usage hit a record, aided by the Lok Sabha elections. *(BusinessLine)*

Apple gives iPhone repair business to Tata India as partnership expands

Apple has brought in the Tata Group to handle repairs for iPhones and MacBook devices in its fast-growing Indian market, signalling the Indian conglomerate's deepening role in the US tech giant's supply chain, two people familiar with the matter said. As Apple looks

beyond China for manufacturing, Tata has fast emerged as its key supplier, and already assembles iPhones for local and foreign markets at three facilities in South India, with one of them also making some iPhone components. *(BusinessLine)*

Despite AI onslaught, Indian IT firms' R&D spend muted

To stay ahead in the AI era, one would have thought IT services players would spend more on innovation. But the R&D spends of IT majors continue to remain flat as a percent of their revenues and also fell in absolute terms for two out of the three top-tier IT firms. businessline's analysis of R&D expenditure of IT services firms shows that top-tier companies spend in the range of just 0.4-1.3 percent of revenue as R&D and this has remained largely flat from FY19 to FY25. In absolute terms, TCS and Wipro have seen a 4 percent and 0.6 percent dip in R&D expenditure. *(BusinessLine)*

Delay in supply of rare earth magnets from China could disrupt India's e-2W market

The electric two-wheeler sector is expected to be impacted most and immediately by the delay in the supply of the rare earth magnets from China. Two-wheeler manufacturers have called out for a halt in production supply from July if the shipment of rare earth magnets is delayed further due to China's export curbs on rare earth magnets. *(BusinessLine)*



News on Kerala

After launching GRF, State urges Centre to lift borrowing limit cut

The Kerala government on Tuesday urged the Union Finance Ministry to reverse a ₹3,323-crore cut in its market borrowing limit. The government informed the Centre that it had taken steps to establish a Guarantee Redemption Fund (GRF) — a new requirement under the Union government's borrowing rules for States. After submitting a memorandum to Union Finance Minister Nirmala Sitharaman in New Delhi, Finance Minister K.N. Balagopal said the State had begun the process of constituting the GRF and would start contributing to it within the current financial year. *(The Hindu)*

Kerala, Centre agree on Sabari rail project

After a protracted delay, the State and the Centre have decided to implement the Sabari rail project, which was conceived with a view of bringing the Sabarimala temple on the country's railway map. The decision was taken at a meeting of Chief Minister Pinarayi Vijayan and Union Railway Minister Ashwini Vaishnaw in New Delhi on Tuesday. It was decided at the meeting that an expert committee will visit Kerala in July to bring the project back on track and to kick-start the land acquisition process, said V. Abdurahiman, State Minister in charge of Railways, who accompanied the Chief Minister along with K.V. Thomas, State's special representative in New Delhi. But it is not clear how the issues related to cost-sharing of the project, a bone of contention between the State and the Centre, will be sorted out. *(The Hindu)*

Kerala slams Centre over 'biased' policy on foreign aid

Kerala Finance Minister K.N. Balagopal has accused the Union government of bias in permitting Maharashtra to accept foreign aid for its Chief Minister's Distress Relief Fund

(CMDRF). Responding to the Centre's decision, Mr. Balagopal said that Kerala had been denied permission to accept aid from outside the country following the devastating 2018 floods. The Minister added that Kerala was not against Maharashtra receiving foreign aid, but it was important that the Centre saw all States on an equal footing. *(The Hindu)*

ECI releases schedule for bye-polls in Gujarat, Kerala, Punjab, West Bengal

The Election Commission of India on Sunday released the schedule for the bye-elections which are to be held to fill vacancies in Assembly constituencies of Gujarat, Kerala, Punjab and West Bengal. Polling for the constituencies will be held on June 19, and votes will be counted on June 23. Bye-election will be held in Gujarat's constituencies Kadi and Visavadar to fill the posts of Karsanbhai Punjabhai Solanki who passed away in February this year and the resignation of Bhayani Bhupendrabhai Gandubhai. In Kerala, the bye-election will be held in Nilambur to fill the post of PV Anvar, an LDF-backed MLA who resigned in January this year. He was appointed convenor of the Kerala unit of the Trinamool Congress (TMC). *(Business Standard)*

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