WEEKLY UPDATES ON
01 August, 2025

FINANCE, TAXATION & THE INDIAN ECONOMY

GULATI INSTITUTE OF FINANCE AND TAXATION
An Autonomous Institution of Government of Kerala

Public Finance

India eases Maldives' debt, pledges approximately Rs 4,850 crore credit line

India on Friday announced a Line of Credit (LoC) of $565 million (approximately ₹4,850 crore) to the Maldives, along with a reduction in the country's annual debt repayment obligations on existing Government of India-funded LoCs. The move provides further financial relief to the island nation during Prime Minister Narendra Modi's two-day visit to Male. *(The Economic Times)*

Kerala Finance department asks government departments to keep economy and need for accelerating revenue collection in mind when preparing Budget estimates for next fiscal

The Finance department has reiterated the need for keeping economy and accelerated revenue collection in mind when preparing the estimates for the 2026-27 State Budget.The Finance department has asked the State government departments to submit the estimates for their non-plan expenditure by September 10, plan expenditure estimates by September 15 and the estimates on revenue and other receipts not later than September 20. *(The Hindu)*

India's fiscal deficit widens in April-June amid surge in capital expenditure

India's fiscal deficit nearly doubled in the first quarter of FY26, compared with the same period of the previous year, driven by a sharp rise in capital expenditure, signalling the government's continued push to support economic growth through public investment. Data released on Thursday by the Controller General of Accounts showed the fiscal deficit for April-June (Q1, FY26) at ₹2.81 trillion, or 17.9% of the full-year target.The surge comes amid a ramp-up in central government capex, which rose to ₹2.75 trillion in Q1, 24.5% of the annual goal, compared to ₹1.81 trillion a year earlier. *(Mint)*

Govt capex hits ₹2.75 trn in Q1FY26, but lags pre-election year levels

The government's capital expenditure (capex) in the first quarter of 2025-26 (Q1FY26) reached ₹2.75 trillion or 24.5 per cent of the Budget Estimates (BE), higher than the subdued utilisation of 16.3 per cent in Q1FY25 due to the model code of conduct, showed data released by the Controller General of Accounts (CGA) on Thursday.The capex for Q1FY26, however, was lower than 27 per cent of BE in pre-election Q1FY24, the CGA data showed. Capex grew by 52 per cent Y-o-Y in Q1FY26 but was 1 per cent lower than Q1FY24 utilisation. *(Business Standard)*

Punjab's rising debt raises concern amid claims of sound fiscal management

Even as the Punjab government asserts it is taking proactive steps to manage its debt obligations, economic experts have raised concern that the State is increasingly relying on additional loans, driven by “competitive political populism”, leading to a significant rise in debt liability.A recently published academic paper titled Walking with Punjab’s Economy, authored by economist Ranjit Singh Ghuman, notes that steadily rising outstanding debt has pushed Punjab into a debt trap. The annual average increase in debt during the first three financial years of the Aam Aadmi Party (AAP) government (2022–23 to 2024–25) has been ₹33,721 crore. *(The Hindu)*

No plan to increase Rs 14.8L cr borrowing target, says official

The government plans to stick to its gross market borrowing target of ₹14.82 lakh crore for this fiscal year to avoid any negative surprises, despite expectations of increased defence spending in the wake of Operation Sindoor, a senior official said. The Centre has announced plans to borrow ₹8 lakh crore, or 54% of the full-year target, through dated securities in the fiscal first half. Net market borrowing for FY26 is budgeted at ₹11.54 lakh crore. *(The Economic Times)*

Taxation

Direct tax disputes soar 198% amid rising vacancies in revenue dept

India’s tax dispute burden is rising sharply, despite multiple policy interventions aimed at streamlining compliance and reducing litigation. The Standing Committee on Finance, in its latest report tabled in Parliament on Wednesday, flagged a 198% jump in the amount of disputed direct taxes over two years. As per the report, appeals in direct tax cases rose from 51,567 in 2021–22 to 64,311 in 2023–24, while the disputed amount ballooned from ₹6.64 trillion to ₹14.21 trillion, marking a 198 percent increase. *(Business Standard)*

Foreign firm using shared premises in India liable to income tax: SC

The Supreme Court on Thursday held that a foreign company may be taxed in India if it exercises substantial control over a local business—even without owning or exclusively occupying office space in the country, Live Law reported. Clarifying the conditions that qualify as a permanent establishment (PE), the apex court ruled that even temporary or shared access to a fixed place, if used to conduct business, is enough to trigger tax liability under Indian law. *(Business Standard)*

Income Tax Bill: ICSI pitches for considering company secretaries as accountants in taxation laws

Company secretaries' apex body ICSI on Thursday continued to pitch for recognising its members as accountants and urged the government to undertake a comprehensive overhaul of taxation laws. The comments from the Institute of Company Secretaries of India (ICSI), set up under an Act of Parliament, come against the backdrop of the Parliamentary Select Committee not considering the body's submission to be included in the definition of 'accountant' in the Income Tax Bill. *(The Economic Times)*

Individual and HUF taxpayers benefited most from exemptions

The government's tax exemptions and deductions are increasingly weighted towards individual taxpayers rather than companies, according to the latest data on the revenue the government has foregone due to such measures. According to data shared on Monday by the Minister of State (MoS) for Finance Pankaj Chaudhary with the Lok Sabha in response to a question, the exemptions and deductions availed by individuals made up 60% of the total revenue foregone by the government in 2023-24. *(The Hindu)*

GST dept. to pilot 'faceless adjudication' system from 1 Aug, 2025

The State Goods and Services Tax (SGST) department is piloting a 'faceless adjudication' in Kerala from August 1. In this system, the adjudicating authority and the taxpayer will not interact directly with each other. All procedures related to taxation will be carried out through digital platforms and electronic communication. From August 1, the faceless adjudication system will be piloted in Pathanamthitta and Idukki districts. The system's rollout will make Kerala the first Indian state to introduce it for indirect taxes, the department said. *(The Hindu)*

National Accounts and State of the Economy

Trump tariffs may drag India's FY26 GDP growth by 20-40 bps: Economists

India's gross domestic product (GDP) growth in 2025-26 (FY26) is likely to take a hit of 20-40 basis points (bps) as the steep 25 per cent tariff imposed by US President Donald Trump on Indian exports takes effect from August 1, economists said.However, the impact is likely to remain limited as India's economy is domestically oriented and the country has relatively lower goods exports to the US than other emerging market peers, experts said. *(Business Standard)*

ONOE may boost India's GDP by 1.5 percentage points, experts to Parl panel

Former finance commission of India chairman N K Singh and another expert on Wednesday made an economic case for simultaneous elections before a parliamentary committee, saying it can lead to a 1.5 percentage point rise in the real GDP growth, higher capital expenditure and more investment activity, sources said. *(Business Standard)*

IMF raises India's GDP growth projection by 20 bps to 6.4% for FY26

The International Monetary Fund (IMF) on Tuesday raised its growth outlook for India for financial year 2025-26 (FY26) to 6.4 per cent from 6.2 per cent projected in April, citing a more benign external environment and lower inflation The 20 basis points (bps) upgrade was part of an update to the multilateral lender's World Economic Outlook (WEO) report, which also scaled up India's Gross Domestic Product (GDP) forecast for FY27 by 10 bps to 6.4 percent. *(Business Standard)*

Google to invest $6 billion in 1-GW data centre project in Andhra Pradesh

Google will invest $6 billion to develop a 1-gigawatt data centre and its power infrastructure in the southern Indian state of Andhra Pradesh in the Alphabet unit's first such investment in India, government sources said on Wednesday.Due to be built in the port city of Visakhapatnam, the data centre investment includes $2 billion in renewable energy capacity that will be used to power the facility, two Andhra Pradesh government sources with direct knowledge of the matter told Reuters. *(Business Standard)*

CAG pulls up steel maker SAIL for over-consumption of imported coal

Steel maker SAIL consumed imported coal more than the permitted levels between 2016 and 2023, resulting in additional expenditure to the extent of Rs 2,539.68 crore, a CAG report has said. CAG also flagged that Steel Authority of India Ltd (SAIL) had not fixed any benchmark for inventory carrying cost per tonne of raw material, semi-finished material and finished goods. *(Business Standard)*

IMF upgrades India's growth estimate, sees strong consumption growth

The International Monetary Fund (IMF) has upgraded Indias economic growth estimate to 6.4% in both 2025-26 and 2026-27 as compared to what it had predicted in April. The growth upgrade, of 0.2 percentage points and 0.1 percentage points, respectively, is in line with the upgrades for global growth. The upward revision is primarily due to the suspension of higher tariffs, strong consumption growth, and a steady push for public investment. Inflation projections are also revised down to 3.7% in 2025 and 4% in 2026, thanks to easing food prices. *(The Economic Times)*

India's household consumption set to pick up in 2-3 quarters: Report

The overall household consumption is set to pick up in the next two to three quarters on rural strength, a Swiss brokerage said on Tuesday. Softened inflation, which boosts purchasing power, improving crop outlook on good monsoons and a $20 billion social welfare spends on women are set to strengthen rural consumption, UBS Securities said in a report. *(The Economic Times)*

Banking and Monetary Policy

RBI warns banks, NBFCs not to bypass safeguards for growth

The Reserve Bank of India has sounded a clear warning to banks and non-banking financial companies (NBFCs): don't sacrifice internal checks and regulatory discipline in the rush to expand. Delivering a sharp message at the 109th foundation day of Karur Vysya Bank on Monday, RBI Deputy Governor Swaminathan J said some lenders are straying from sound practices in their pursuit of short-term success and market share. *(The Economic Times)*

India's top nine private banks report 2.7% profit growth in Q1 amid economic challenges

India's top nine private sector banks posted a combined net profit of ₹43,641 crore in the June quarter, marking a 2.7% growth, reflecting circumspect economic growth and tepid credit demand. An ET analysis showed that in the first quarter of FY25, the combined profits of these nine lenders had climbed 19% year-on-year. Growth was hindered by sluggish credit and deposit expansion. With core business momentum remaining weak, treasury gains played a significant role in supporting profitability. *(The Economic Times)*

Public sector banks can transfer unclaimed shares, bond redemption amounts to IEPF from Aug 1

The government has notified amendments to the Banking Laws (Amendment) Act, 2025 which allows Public sector banks (PSBs) to transfer unclaimed shares, interest, and bond redemption amounts to the Investor Education and Protection Fund (IEPF), bringing them in line with practices followed by companies under the Companies Act. The amendments also empower PSBs to offer remuneration to statutory auditors, facilitating the engagement of high-quality audit professionals and enhancing audit standards, the Finance Ministry said in a statement on Wednesday. *(The Economic Times)*

Unclaimed deposits with banks stand at Rs 67,003 cr, SBI and ICICI top list: Govt in Parliament.

Unclaimed deposits with banks, including private lenders, stood at ₹67,003 crore as of June 30, 2025, Parliament was informed on Monday. Unclaimed deposits with banks, including private lenders, stood at ₹67,003 crore as of June 30, 2025, Parliament was informed on Monday. Of the public sector banks, SBI is leading the pack with unclaimed deposits of Rs 19,329.92 crore, followed by Punjab National Bank Rs 6,910.67 crore and Canara Bank Rs 6,278.14 crore, Minister of State for Finance Pankaj Chaudhary said in a written reply to the Lok Sabha. Among the private lenders, ICICI Bank has the highest unclaimed deposits of Rs 2,063.45 crore, followed by HDFC Bank Rs 1,609.56 crore and Axis Bank Rs 1,360.16 crore, he said. *(The Economic Times)*

Payment banks seek 10% reduction in statutory liquidity ratio, nod to lend

Payment banks have urged the Reserve Bank of India (RBI) to reduce the statutory liquidity ratio (SLR) requirement by at least 10% from the current 75%, stating that a lower threshold would enable them to invest in higher-yielding instruments and improve their margins, two sources in the know said. *(The Economic Times)*

Banking fraud amount triple to ₹36,014 in FY25, public sector banks hit more: RBI

The overall number of frauds, including those related to loan accounts and digital payments, jumped by three times in FY25, primarily due to reclassification of 122 cases as per a Supreme Court order, the Reserve Bank said on Thursday. The fraud value jumped to ₹36,014 crore in FY25, up from ₹12,230 crore in the previous fiscal year, while the number of fraud cases went down to 23,953 in FY25 from 36,060 in FY24. *(BusinessLine)*

RBI monetary panel member sees no challenges in Indian economy growing over 6.5% in FY26

Indian economy is growing at a robust pace and will not face any challenge in achieving a growth rate upwards of 6.5% in the current financial year, RBI Monetary Policy Committee (MPC) member Nagesh Kumar said on Sunday. Kumar, in an interview, further said that Indian economy, among all economies, continues to remain a bright spot for the world. *(The Economic Times)*

Competition pushing some banks, NBFCs to unethical practices: RBI Dy Governor

The managements of certain banks and non-banking finance companies (NBFCs) appear to believe that the ends justify the means in the wake of intense competitive pressures and a desire to project short-term success, according to Swaminathan J, Deputy Governor, Reserve Bank of India. In this regard, he highlighted practices such as creative accounting, liberal interpretations of regulations, lenient policy frameworks, and inadequate internal controls being normalised in some boardrooms — necessitating supervisory intervention. Though such instances may be limited, they risk eroding the public's trust in the integrity of the banking system, he said. *(BusinessLine)*

RBI eases lenders' investment norms in AIF schemes

The Reserve Bank of India on Tuesday relaxed norms on lenders' investments in schemes of Alternative Investment Funds (AIFs), allowing an individual lending entity to invest up to 10 per cent of the corpus of an AIF scheme, and collectively allowing all lenders to invest up to 20 per cent of the corpus of any AIF scheme. If a lender contributes over five per cent of the corpus of an AIF Scheme, which also has downstream investment (excluding equity instruments) in a debtor company of the lender, then the lender shall be required to make 100 per cent provision to the extent of its proportionate investment in the debtor company through the AIF Scheme. *(BusinessLine)*

More than ₹67,000 crore unclaimed deposits with banks: FinMin

Banks in public and private sector have more than ₹67,000 crore as unclaimed deposit, data as part of written response by the Finance Ministry tabled in the Lok Sabha on Monday showed. "Balances in savings and current accounts that remain inoperative for 10 years, or term deposits not claimed within 10 years from the date of maturity, are classified as unclaimed deposits and subsequently transferred by banks to the Depositor Education and Awareness (DEA) fund maintained by RBI," Minister of State in the Finance Ministry Pankaj Chaudhary said in a written reply. *(BusinessLine)*

Digital payment sees over 65,000 cr transactions amounting to ₹12,000 lakh cr in 6 yrs

Indian digital payment landscape witnessed over 65,000 crore transactions amounting to more than ₹12,000 lakh crore in the past six financial years, Parliament was informed on Monday. The government has been closely working with different stakeholders, including the Reserve Bank of India (RBI), National Payments Corporation of India (NPCI), fintechs, banks and state governments, to increase the adoption rates of digital payments in the country including in tier-2 and tier-3 cities, Minister of State for Finance Pankaj Chaudhary said in a written reply in the Lok Sabha. *(BusinessLine)*

RBI to bring out harmonised eligibility criteria for business authorisation for UCBs

The Reserve Bank of India said on Monday it plans to replace the financially sound and well-managed (FSWM) norms for urban co-operative banks (UCBs) with harmonised eligibility criteria for business authorisation (ECBA) for certain business authorisations and permissions. Business authorisation relates to expansion of the area of operations and opening new place of business, among others. *(BusinessLine)*

New national policy on cooperatives calls for apex bank for the sector

The new national policy on cooperatives has called for an apex cooperative bank to enhance collaboration among various tiers of cooperative financial institutions while preserving the three-tier credit structure of Primary Agricultural Cooperative Societies (PACS), District Credit Cooperative Banks (DCCBs) and state cooperative banks to provide affordable credit. At present, RBI has the regulatory control over all cooperating banking institutions. But non-banking cooperative societies, such as thrift credit societies, work within the oversight of the respective state registrar of cooperatives. *(Business Standard)*

Key amendments to banking laws come into force from August 1, 2025

Major provisions of the Banking Laws (Amendment) Act, 2025 will come into effect from August 1, 2025, according to a government notification issued this week. The changes mark a significant push to strengthen governance standards, improve depositor protection and raise audit quality across India's banking sector. The Ministry of Finance, through Gazette Notification S.O. 3494(E) dated July 29, 2025, has notified the commencement of sections 3, 4, 5, 15, 16, 17, 18, 19 and 20 of the legislation, which was enacted on April 15, 2025. *(Business Standard)*

Technological capabilities have become strategic differentiators for banks says RBI Deputy Governor

The tools of banking have evolved rapidly-from passbooks and ledgers to core banking platforms, mobile apps, real-time payment systems and artificial intelligence, remarked Swaminathan J, Deputy Governor, Reserve Bank of India. These tools define how services are delivered, how decisions are made, and increasingly, how risks are managed. In this environment, a bank's technological capabilities are no longer just operational enablers; they have become strategic differentiators. *(Business Standard)*

RBI eases norms, caps investments by banks, NBFCs in AIF schemes at 20%

The Reserve Bank of India (RBI) on Tuesday eased norms on investments by regulated entities (REs) in Alternative Investment Funds (AIFs), by capping the cumulative exposure of banks and non-banking financial companies (NBFCs) in AIFs at 20 per cent, with the contribution of a single RE capped at 10 per cent of the scheme's corpus. Additionally, the RBI has excluded equity instruments as part of downstream investment made by REs in AIFs from the purview of provisions. *(Business Standard)*

Reserve Bank of India Digital Payments Index continues to edge higher

Digital payments landscape in India is witnessing robust growth. The Reserve Bank of India (RBI) has been publishing a composite Reserve Bank of India Digital Payments Index (RBI-DPI) since January 1, 2021 with March 2018 as base to capture the extent of digitisation of payments across the country. The index for March 2025 stands at 493.22 as against 465.33 for September 2024. The increase in RBI-DPI index was driven by significant growth in parameters viz. Payment Infrastructure Supply-side factors and Payment Performance across the country over the period. *(Business Standard)*

RBI caps investments by banks, NBFCs in AIFs at 10%

The Reserve Bank of India (RBI) on Tuesday capped investment by an individual-regulated entity at 10% of an alternative investment fund's (AIF) corpus and collective exposure at 20%. Also, if a bank or an NBFC invests over 5% in an AIF scheme, and that AIF also invests (not through equity) in a company the bank or the NBFC has lent to, the regulated entity must set aside the full value of its share in that company's exposure—limited to how much it has directly loaned or invested in the company, the RBI said. (*Financial Express)*

RBI issues draft circular for urban co-op banks

The Reserve Bank of India (RBI) on Monday issued a draft master circular, proposing to replace the existing norms for urban cooperative banks (UCBs) with a harmonised eligibility criteria for certain business authorisations, permissions and approvals. On a comprehensive review, the banking regulator decided to replace the financially sound and well managed (FSWM) norms for UCBs with harmonised eligibility criteria for all banks (ECBA), it said. (*Financial Express)*

External Sector

US' new tariff list: India at 25%, exports to get hit, competitors in lower band

In a move that could dent India's exports to the US, Washington has imposed a blanket 25% tariff on all Indian-origin goods, effective August 7, 2025. This measure, part of a new executive order issued by US President Donald Trump on July 31, places India among the most harshly treated countries in the new American tariff regime, offering no product-level exemptions even for sectors deemed critical like pharmaceuticals, energy, and electronics. *(The Economic Times)*

Duty-free access to U.K. via trade pact to drive FDI into India

The India-U.K. Comprehensive Economic and Trade Agreement (CETA) has the potential to boost foreign direct investment (FDI) into India, officials, industry participants, and investment analysts wagered. A major driver of this is the local sourcing norm in the agreement that mandates only goods made in India would be eligible for the tariff reductions. The CETA includes a separate chapter on 'Rules of Origin,' which stipulates what kind of goods are eligible for the reduced tariffs the agreement provides. "To qualify for reduced tariffs, the rules of origin specify a product must either be wholly obtained or significantly transformed through processing in either the U.K. or India," as per documents accompanying CETA. *(The Hindu)*

India-U.K. pact avoids source code mandates

The digital trade chapter of the India–U.K. Comprehensive Economic and Trade Agreement (CETA) commits both to avoid "the transfer of, or access to, source code of software owned by a person of other party," bringing significant policy relief to foreign technology firms, who have resisted such mandates. Source code is the base of all software applications, and is not typically visible to end users, as this may permit reverse engineering or cyber exploits. The Software Freedom Law Centre, India (SFLC), a digital rights advocacy, said the chapter was "a welcome approach from both the countries" and reflected a "new posture of being pro-innovation and business over heavy-handed regulation, especially on data localisation and transfers." The framework would still have to, SFLC warned, "reconcile" the data protection laws of India and the U.K. *(The Hindu)*

'U.K.-India FTA may work in favour of patent owners'

The U.K.-India Free Trade Agreement has provisions on patents that tilt the balance in favour of patent owners and undermines access to medicines, experts said at a discussion on the agreement's implication for access to medicines. Expressing concern over provisions in the recently signed agreement that could impact access and affordability of medicines in India, they noted that certain intellectual property (IP) and regulatory clauses may delay or limit the production of life-saving generics, impacting patients in India and across the Global South. "There is a progressive movement towards accepting the demands of FTA partners, which systematically debase public interest safeguards available in the Indian Patents Act,'' warned Biswajit Dhar, former professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University.
(The Hindu)

India pips China in U.S. smartphone supply: Canalys

India has emerged as the largest manufacturing hub for smartphones shipped into the U.S. for the first time in Q2, 2025, as China's share shrunk amid tariff negotiations, Canalys said. The research from Canalys (now part of Omdia) showed U.S. smartphone shipments grew 1% in the second quarter of the current calendar year as vendors continued to frontload device inventories amid tariff concerns. The uncertain outcome of negotiations with China has accelerated supply chain reorientation, it said. The share of U.S. smartphone shipments assembled in China fell to 25% in the April-June period, from 6% a year earlier. *(The Hindu)*

'Tariff on Indian pharma supplies will strain U.S. healthcare budgets'

U.S. President Donald Trump's decision to impose 25% tariffs on goods imported from India may interrupt the smooth trade flow, inflate U.S. drug costs, stall treatments, and put even greater pressure on American healthcare budgets, cautioned pharma experts in India. Back home, profits of Indian pharma firms may decline, and research and development may stagnate, slowing down innovation and stalling new drug clearances, they added. "India isn't just a key supplier of generic medicines to the U.S. but also part of the backbone of affordable global healthcare. This move is a wake-up call and India must double down on securing free trade agreements with other major economies," said Sanjaya Mariwala, executive chairman and MD of OmniActive Health Technologies.
(The Hindu)

Indian state refiners hit pause on Russian Oil imports: Report

Indian state refiners have stopped buying Russian crude in the last week as discounts narrowed and US President Donald Trump warned countries against buying oil from Moscow, sources told Reuters. India, the world's third largest oil importer, has been the biggest buyer of seaborne Russian crude, a key revenue earner for Russia as it enters its fourth year of war in Ukraine. Four sources familiar with purchase plans said state-run Indian Oil Corp (IOC), Hindustan Petroleum Corp (HPCL), Bharat Petroleum Corp (BPCL) and Mangalore Refinery and Petrochemical Ltd (MRPL) have not sought Russian crude in the last week. *(Financial Express)*

India's rice exports to remain resilient despite 25 pc US tariff: Exporters' association

An association of rice exporters on Thursday said the 25 per cent tariff imposed by the US on Indian goods, including rice, will be a "temporary hurdle" and not a major disruption for the sector. The new tariff, effective from August 1, includes duties on Indian rice exports to the US, which stood around 2.34 lakh tonnes in FY'24, a small share of India's total 52.4 lakh tonnes of global basmati rice exports, the association said. This tariff is a temporary hurdle, not a long-term roadblock. With strategic planning, diversification, and flexibility, Indian rice exporters can protect and even expand their presence in the US market," Indian Rice Exporters Federation (IREF) national president Prem Garg said. *(ThePrint)*

India's seafood exports set to compete with Vietnam, Singapore after UK trade deal

Indian seafood exporters are poised to compete on equal terms with Vietnam and Singapore in the UK market, following the signing of a comprehensive trade agreement that eliminates previous tariff disadvantages, according to the fisheries ministry. The deal puts Indian marine products on par with competitors from Vietnam and Singapore, which already benefit from the United Kingdom-Vietnam Free Trade Agreement (UK-VFTA) and UK-Singapore Free Trade Agreement (UK-SFTA), respectively. *(ThePrint)*

Agriculture and Rural Economy

The scholar and supervisor can decide the date and time. It would be better if no more than two seminars were scheduled in the same week

Bank lending in India experienced a slowdown across various sectors during June. The Reserve Bank of India released data showing a decrease in credit growth for services and agriculture. Credit to industries also saw a moderated increase. However, lending to micro, small, and medium industries remained steady. Personal loans also registered decelerated growth compared to the previous year. *(The Economic Times)*

Agri value chain gets twin push with outlay on processing and co-ops

The Cabinet Committee on Economic Affairs has increased the Pradhan Mantri Krishi Sampada Yojana outlay by ₹1,920 crore to ₹6,520 crore, aiming to boost the food processing sector by FY26. Additionally, a ₹2,000 crore scheme for the National

Cooperative Development Corporation was approved to support cooperatives. Launched in 2017, PMKSY has been extended by a year till the end of FY25 with an initial outlay of ₹4,600 crore. The ₹1,920 crore enhancement aligns with the Union Budget announcement to scale up support for the food processing industry. *(The Economic Times)*

What Trump is right about our agriculture

India's long-standing tariff policy, intended to protect agriculture, has inadvertently rendered it uncompetitive. This protectionism extends to manufacturing and services, hindering job growth and perpetuating low farm productivity. To achieve genuine food security, India needs to embrace market rules, invest in farm technology, and move beyond protectionist measures. *(The Economic Times)*

Researchers at IIT-Madras develop agricultural waste-based packaging material

Researchers at the Indian Institute of Technology-Madras (IIT-M) have developed an agriculture waste-based packaging material, which they say can be a sustainable alternative to plastic foams that are used currently. The researchers cultivated fungi, such as Ganoderma lucidum, a type of mushroom known for its medicinal properties, and Pleurotus ostreatus, an edible mushroom, on agriculture and paper waste to derive the material. They explored various optimal combinations of fungal strains and substrates to produce a composite material, which turned out to be sturdy, a press release stated.*(The Hindu)*

NPAs in agriculture sector stay high amid loan-saturation concerns

Bad loans in the agriculture sector remain elevated, with several public-sector banks (PSBs) reporting higher slippages in the April-June quarter of FY26. For many banks, non-performing assets (NPAs) in farm lending were 5 per cent or more, with some nearing double digits. The stress reflects growing concern over loan saturation, with some PSBs reporting lower single-digit year-on-year (Y-o-Y) growth. *(Business Standard)*

Agricultural production up around 46% in last ten years

A latest update from the Agricultural ministry stated that crop production has increased from 246.42 million tonnes to 353.96 million tonnes over the past ten years, marking a rise of around 46%. The production of pulses rose from 16.38 million tonnes to 25.24 million tonnes, and production of oilseeds has increased from 27.51 million tonnes to 42.61 million tonnes. Horticulture production also jumped from 280.70 million tonnes to 367.72 million tonnes. *(Business Standard)*

PM Fasal Bima Yojana: Farmers, update your Aadhaar now — Here's how to apply, eligibility, deadline and more

For PMFBY, one of the most important requirements is Aadhaar verification. Farmers must visit their nearest bank branch or insurance company outlet to get their Aadhaar details updated and authenticated. Without this, claims for crop damage, whether due to flood, drought, pest attack or hailstorm, may be rejected. *(Financial Express)*

DPIIT identifies electronics, chemicals, footwear, toys as key sectors for FDI growth

The Department for Promotion of Industry and Internal Trade (DPIIT) has identified key sectors with high potential such as electronics, chemicals, footwear and toys where it seeks to boost foreign direct investments (FDI) by actively seeking out companies and facilitating inflows, sources have said. The DPIIT, the nodal Ministry for FDI in India, is also working with States to help them meet the needs of potential investors within the policy space determined by their regulations, the source added. *(BusinessLine)*

India-UK FTA: Electronics exporters to benefit from zero duties, recognition of conformity assessment

The India-UK free trade agreement (FTA) will benefit electronics exporters from India not only in terms of zero-duty access to the UK market but also through recognition of Indian conformity assessment bodies, officials said. This will help Indian industry overcome regulatory hurdles and cut costs. *(BusinessLine)*

BIO vs BII: Indian liquor industry at a crossroads over pricing and policy

With several State governments easing excise norms for imported alcoholic beverages, along with the UK-India free trade agreement set to reduce customs duties on Scotch and gin, concerns are mounting within India's domestic alcobev industry. Industry associations warn that the growing substitution of Indian-made premium spirits with imported brands, often taxed more leniently, could erode State revenues and undercut local manufacturers, even as some players stand to benefit from cheaper inputs for blended products. *(BusinessLine)*

Industrial growth hits 10-month low in June; mining, electricity drag momentum

With a dip in mining and electricity, growth of factory output slowed to a 10-month low at 1.5 per cent in June, government data released on Monday showed. The growth rate, derived from the Index of Industrial Production (IIP), was 1.9 per cent in May and 4.9 per cent in June last year. Data from the National Statistics Office (NSO) showed that the manufacturing sector's output growth rose marginally to 3.9 per cent in June from 3.5 per cent in the year-ago month. Mining production contracted by 8.7 per cent against a growth of 10.3 per cent recorded a year ago. Power production declined by 2.6 per cent in June against 8.6 per cent growth in the corresponding month of last year. Within the manufacturing sector, 15 out of 23 industry groups reported positive growth in June 2025 compared to June 2024. *(BusinessLine)*

Pharma industry seeks clarity

For Indian drugmakers exporting to the US, things are still "up in the air", says an industry veteran, expressing the sentiment of many in the pharmaceutical sector, as it looks to make sense of multiple signals on trade tariffs. Industry veterans interpret the latest statements from the US President Donald Trump as being part of the reciprocal tariff discussion that had not initially included pharmaceuticals. However, the US President had subsequently come down hard on the global pharmaceutical sector, including pushing for most-favoured nation pricing, where companies would be required to peg US drug prices at the lowest levels they sell globally. Since then, Trump has also threatened unprecedented tariffs on the pharmaceutical industry. *(BusinessLine)*

‘India may replicate pro-MSME features in future trade deals’

Indian negotiators are trying to ensure future trade agreements, such as those with the U.S. and the EU, include similar carved-out features to benefit Indian micro, small, and medium enterprises (MSMEs) along the lines of what was included in the recently signed agreement with the U.K., according to Commerce Ministry officials. *(The Hindu)*

Layoff shock: ‘TCS staff go job hunting’

Tata Consultancy Services’ (TCS) decision to lay off 12,000 staff is only the tip an iceberg of a tech bloodbath expected in the IT services industry in India and globally in coming quarters, say some observers. *(The Hindu)*

Adopt formalisation to power productivity growth

In recent decades, India’s formal manufacturing sector has witnessed a significant negative change in its employment structure. According to the Annual Surveys of Industries (ASI), the share of contract labour in the manufacturing workforce doubled from 20% in 1999-2000 to 40.7% in 2022-23, cutting across all industries. The growing trend towards informalisation within the formal sector has been widely written about in academic and policy circles. Our study, based on plant-level ASI longitudinal data (1999-2000 to 2018-19) at an all-India level, reveals that contractualisation is detrimental to productivity when misused, highlighting the need to promote formalisation to sustain long-term productivity growth. *(The Hindu)*

News on Kerala

New campaign to help higher education institutions in Kerala get NAAC accreditation

With nearly three-fourths of higher education institutions in Kerala still lacking accreditation, the State Level Quality Assurance Cell (SLQAC) is set to launch a campaign to ensure that these institutions achieve NAAC (National Assessment and Accreditation Council) accreditation under the new framework that is set to be launched across the country.Official statistics indicate that 334 higher education institutions have obtained NAAC accreditation in the State, including six universities, 27 government, 159 government aided, 98 self-financing, and 44 engineering colleges. Among these, two universities and 29 government-aided and two self-financing colleges have obtained A++ accreditation. Roughly 2,000 institutions are estimated to operate in the State, sources said. *(The Hindu)*

Kerala finalises list of all development projects under Navakerala Karma Padhati

The Kerala government has finalised the list of all development projects that will be implemented in districts as part of 'Navakerala Karma Padhati'.A government order has been issued in this regard, approving the final list of projects as well as implementation guidelines for the same.The State government had formed a committee, headed by the Chief Secretary, to bring in any amendments to the approved projects. *(The Hindu)*

State will soon get 50 private industrial parks: Rajeeve

Minister for Industries P. Rajeeve said here on Tuesday that the State would soon have 50 private industrial parks, which would convert 750 acre land into industrial land.He was speaking after inaugurating a high-tech industrial park at Mulanjoor being set up in collaboration with private entrepreneurs under the State government's private industrial estate scheme.The scheme aims to promote private participation in the industrial sector while developing infrastructure, employment opportunities and production capacity.The Minister said that other States were taking Kerala as a model for its new approach of promoting private industrial parks. He said that industries were being established in every district. "Additionally, the government is implementing campus industrial parks to enable students to earn an income while pursuing their studies," he said. *(The Hindu)*

Nod for Hydrogen Valley Innovation Cluster project in Kerala

The Ministry of New and Renewable Energy (MNRE) has given the go-ahead for a Hydrogen Valley Innovation Cluster (HVIC) in Kerala.The Agency for New and Renewable Energy Research and Technology (Anert), which proposed the project, said the HVIC is one of only four projects selected nationally, and the only one led by a State government agency in south India.MNRE has issued the administrative approval and sanction for the project. It has been cleared under the National Green Hydrogen Mission (NGHM) on the basis of recommendations made by the Expert Panel Committee (EPC) formed by the Department of Science and Technology, Government of India, the Green Hydrogen Cell (GH2 Cell) of Anert said. *(The Hindu)*

Indigenisation Startup Venttup Launches India's Manufacturing Growth Story Whitepaper at Kerala Innovation Festival

Mumbai (Maharashtra) / Bengaluru (Karnataka) [India], July 29: Venttup, a pioneering B2B manufacturing startup focused on driving indigenisation & new part development across industries has launched a whitepapeThe whitepaper was launched by the Venttup team during the Kerala Innovation Festival in Kochi, in the presence of distinguished industry leaders, policymakers, professors, and mentors. titled 'Building India's manufacturing momentum,' at the Kerala Innovation Festival. *(Business Standard)*

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