



Public Finance

Govt plans to stick to budgeted capex, exit non-strategic areas

The government will stick to its planned capital expenditure in FY27 to sustain growth momentum despite global uncertainties, while aiming to gradually exit non-strategic areas to create more room for the private sector to expand, senior officials said on Friday. The Centre has budgeted FY27 capital spending at Rs 12.22 lakh crore, up nearly 9% from a year earlier. Its capex outlay has risen sharply from Rs 2 lakh crore in FY15. (*The Economic Times*)

Finance Ministry caps outlay for schemes pending 16th Finance Commission approval

The finance ministry has capped front-loading of expenditure under central sector schemes and sponsored schemes (CSS) that have the appraisal and approval pending for continuation under the 16th Finance Commission cycle. The move was initiated after many ministries were not able to complete the mandatory appraisal of schemes by the March 31 deadline. The Centre has allowed such schemes to continue on an interim basis till September 30, or until fresh approval is obtained as part of an interim funding arrangement. (*The Economic Times*)

Government to sustain capex push despite fiscal stress due to global uncertainties: Finance Ministry official

The government will proceed with the planned ₹12.22 lakh crore capital expenditure in the current fiscal to maintain the growth momentum despite the fiscal stress arising from the ongoing West Asia conflict, a senior official said on Friday (May 1, 2026). Expenditure Secretary V. Vualnam said the upcoming few quarters and the coming year would possibly have a "lot of stress points". Tax buoyancy could be impacted by a cut in excise duties on petrol and diesel brought about in late March. (*The Hindu*)

Revenue-deficit States may face fiscal stress, says Centre

The Ministry of Finance has warned that States with revenue deficits and high debt burdens will find it harder to deal with fiscal shocks, including from the current crisis, leading to them either reprioritising expenditure away from productive areas, or approaching the Centre for more funds at a time when it is trying to consolidate its own finances. In its MER for April 2026, the Department of Economic Affairs in the Ministry of Finance, said that nine of the 18 large States it has analysed were in revenue deficit as per their own projections for 2026-27. Seven States are projected to be revenue surplus, while one is in revenue balance. (*The Hindu*)

Fiscal stress a reality, committed to capex target: Expenditure secy

Disruptions to energy imports through the Strait of Hormuz amid the West Asia crisis, coupled with the government's excise duty cuts on petrol and diesel, are putting pressure on India's fiscal position, Expenditure Secretary in the Finance Ministry V Vaidyanathan said on Friday, underscoring the government's commitment to fiscal prudence. *(Business Standard)*



Taxation

India's gross GST collections hit record Rs 2.42 lakh crore in April, up 8.7%

India's gross GST collections for April reached a record high of Rs 2.42 lakh cr, up 8.7% compared with the same month last fiscal year, according to official data released on Friday. The data indicates no immediate disruption to business activity, even as global uncertainties persisted, pointing to underlying momentum in the economy at the start of the new financial year. *(The Economic Times)*

Tata Play GST demand stay shows tighter scrutiny of profiteering claims

The Delhi High Court has put on hold an order of the GSTAT directing Tata Play to deposit ₹450 cr in consumer welfare funds in an alleged anti-profiteering case. The dispute stems from a complaint filed by Sweety Agarwal, which accused the company of keeping subscription prices unchanged before and after the rollout of GST, while failing to pass on the benefit of reduced tax incidence and additional input tax credit to consumers. *(Business Standard)*



National Accounts and State of the Economy

US Q1 GDP growth rises 2% as Iran war clouds outlook, fuels inflation

US economic growth picked up in the first quarter on a rebound in government spending after a crippling government shutdown, but the increase is likely temporary as the war with Iran drives up gasoline prices and squeezes household budgets. GDP increased at a 2.0% annualized rate last quarter, the Commerce Department's Bureau of Economic Analysis said in its advance GDP estimate on Thursday. *(Business Standard)*

CBIC allows duty drawback on re-export of SEZ goods cleared to DTA

The CBIC has clarified that goods cleared from SEZ units to the DTA on payment of applicable duties, and subsequently re-exported, will be treated as "imported goods" for the purpose of duty drawback under Sec 74 of the Customs Act, 1962. The clarification, issued through a notification dated April 27, comes amid divergent practices across customs field formations, with some allowing such claims and others rejecting them on the ground that SEZ-DTA clearances do not constitute imports. *(Business Standard)*

Work in progress: On the Household social consumption (health) survey

The 80th, and latest, round of the household social consumption (health) survey conducted by the National Statistical Office is the first comprehensive survey of its kind in both the post-pandemic era and the period in which the PMJAY scheme attained maturity. The previous two surveys of the same kind revealed that most Indians did not have any form of health insurance. Since PMJAY's launch in 2018. *(The Hindu)*

Export duty on diesel, ATF reduced

Renewing momentum for exports, the Finance Ministry informed late on April 30, 2026 that it has reduced the excise duty on export of diesel to ₹23 for every litre from ₹55.5/litre and that of aviation turbine fuel to ₹33/litre from ₹42/litre, whilst the special additional excise duty (SAED) on export of petrol continues to remain nil. The last revision to the excise duties on export of diesel and ATF was done April 11. *(The Hindu)*



Banking and Monetary Policy

Public sector banks rush to build up wealth management assets

Public sector banks are stepping up their push into wealth management, traditionally dominated by private lenders, by leveraging their large customer base, digital capabilities and expanded advisory services. The move is aimed at improving customer engagement as household savings shift from bank deposits to market-linked instruments and risk products. Indian Bank plans to set up a wealth management vertical targeting high net worth individuals, while sectoral leader State Bank of India aims to grow its wealth assets under management fivefold to Rs 15 lakh crore by 2030. *(The Economic Times)*

Banks not getting expected benefits from AI due to outdated systems: McKinsey

Banks are failing to unlock the full value of AI despite heavy investments, as they continue to rely on outdated systems and processes, according to a recent report by McKinsey & Company. The report "The AI-powered bank: Rewiring for excellence in customer care," said that while AI has become a "centerpiece of investment" in banking customer operations, the expected gains are not materialising across the industry. *(The Economic Times)*

Banks create buffers to cover war-related credit risks

Indian banks are proactively strengthening their balance sheets by creating floating provision buffers to mitigate potential credit risks arising from the ongoing West Asia crisis, despite maintaining strong asset quality in the fourth quarter. The geopolitical conflict has created risks for trade, supply chain and banking portfolios particularly those related to exporters and small and medium units. The supply chain disruptions caused input cost to rise by 20-35 basis points, people aware said. *(The Economic Times)*

India's credit card market expands to 119 million, PSU banks gain in spends

India's credit card market crossed the 119-million mark in March, but the gains are far from evenly distributed. Data released by the Reserve Bank of India shows that four lenders-HDFC Bank, SBI Cards, ICICI Bank and Axis Bank- continue to dominate the market, even as the competitive dynamics within that group are shifting. HDFC Bank is pulling away from the pack. *(The Economic Times)*

The gap between banks and fintechs is narrowing, says Rishi Verma

Financial Software and Systems (FSS), a payment technology and transaction processor firm, recently sold its ATM managed services to CMS Info Systems for a consideration of up to ₹115 crore. After exiting the "legacy" business, FSS will focus on rewiring financial institutions, especially as artificial intelligence (AI) becomes vital. Rishi Verma, head of AI Centre of Excellence at FSS, interacts with Raghu Mohan over email. It is architectural. Most Indian banks were designed for batch cycles, overnight reconciliation and human-mediated workflows. Fintechs started from scratch, Cloud-native with no legacy infrastructure. *(Business Standard)*

Pvt banks expect pickup in retail credit in FY27; corp, MSME lending strong

Large private banks, who were leaning heavily on corporate and micro and small and medium enterprise (MSME) lending to sustain credit growth, expect retail growth to pick up in 2026-27 (FY27). Retail credit growth remained in single digit in the fourth quarter of FY26. However, strong retail disbursements are likely to translate into meaningful book growth, they said, adding that corporate lending is also expected to remain resilient despite the West Asian crisis. A senior executive at a large private sector bank said certain pockets of the economy — data centres, green energy, and defence, along with a handful of large conglomerates — have been performing strongly. *(Business Standard)*

Public sector banks to scale up IT spend amid Anthropic Mythos cyber threat

Public sector banks are bracing up to increase IT spending in order to secure their systems, safeguard customer data, and protect monetary resources amid global concerns over Anthropic's Claude Mythos AI tool and its potential implications for financial data security. Mythos' advanced coding capabilities give it an unprecedented potential to detect cybersecurity weaknesses and develop methods to exploit them, sparking concerns that it could be used to disrupt banking systems. *(Business Standard)*

Bank credit growth slows to 14.88% in first half of April: RBI data

Bank credit growth slowed to 15% in the fortnight ended April 15, the Reserve Bank of India (RBI) said on Wednesday. According to the latest data, the pace of lending growth slowed down to 14.88% year-on-year (YoY) in the fortnight ended April 15, as compared to 15.96% recorded in the preceding fortnight. During the reporting period, overall credit contracted by 2.06% or ₹4.51 lakh crore. Bank credit stood at ₹214 lakh crore in the fortnight ended April 15, as compared to ₹218 lakh crore during the preceding 15-day period ended March 31. *(Business Standard)*



India, New Zealand ink “historic” free trade agreement, to be implemented later this year

India and New Zealand on Monday (April 27, 2026) signed a Free Trade Agreement (FTA) that the Prime Ministers of both countries hailed as a “historic” step towards deepening trade, investment, and people-to-people ties between the two countries. The FTA, signed by Commerce Minister Piyush Goyal and his New Zealand counterpart Todd McClay in New Delhi, will see New Zealand removing all tariffs on all goods imported from India, while India will remove or reduce tariffs on 95% of current imports from New Zealand. (*The Hindu*)

West Asia conflict may trigger \$800 billion capex boost for India, but oil and fertiliser risks remain: Morgan Stanley

The ongoing conflict in West Asia could emerge as both a challenge and an opportunity for India, with global brokerage Morgan Stanley projecting a sharp rise in domestic investments across energy, defence, fertilisers and data infrastructure, even as the country grapples with elevated risks from oil and fertiliser imports. In its latest report Morgan Stanley said the geopolitical tensions are likely to accelerate India's push towards supply chain resilience and domestic capacity creation, resulting in additional cumulative investments worth \$800 billion over the next five years. (*BusinessLine*)

China supplies over 30% of India's industrial goods; overdependence on single nation critical: GTRI

China accounts for around 16 per cent of India's total imports, but its dominance is significantly higher in industrial goods, supplying as much as 30.8 per cent of the country's requirements, think tank GTRI said on Tuesday. The country's imports increased to \$774.98 billion in 2025-26. Out of this, \$131.63 billion was from China. Dependence on a single supplier for critical inputs leaves sectors like pharmaceuticals, electronics and clean energy exposed to disruptions, whether geopolitical or commercial, it said. (*BusinessLine*)

India turns net exporter of finished steel in FY26

India turned a net exporter of finished steel in the financial year that ended on March 31, provisional government data reviewed by Reuters showed on Tuesday. Here are some key details: * The world's second-biggest crude steel producer shipped 6.6 million metric tons of finished steel in 2025/26, up 35.9% from a year ago, the data showed. Italy, Vietnam, Belgium, the UAE, and Spain were the biggest buyers of Indian finished steel. (*BusinessLine*)

Hormuz disruption, \$100 oil pose risks to India's inflation, rupee: Union Bank

The ongoing West Asia conflict and disruptions in the Strait of Hormuz are emerging as a major risk for the Indian economy, with elevated crude oil prices likely to pressure inflation, the rupee, and the current account, according to a report by Union Bank of India. The report titled "From Hormuz to the Rupee: War, Oil and the Global Repricing of Risk" said that with the Strait of Hormuz "still functionally shut and Brent trading above \$100/bbl, the backdrop does not bode well for global or domestic macros and markets." *(BusinessLine)*

India's forex reserves fall \$4.82 billion to \$698 billion, shows RBI data

India's foreign exchange reserves decreased by \$4.82 billion to \$698 billion during the week ended April 24 on the back of a fall in foreign currency assets, the latest data by the Reserve Bank of India showed. Foreign currency assets decreased by \$2.84 billion during the reported week. Meanwhile, gold reserves fell by \$1.89 billion to \$120 billion during the same period. The Special Drawing Rights were down by \$67 million at \$18.8 billion during the reported week. *(Business Standard)*

India-UAE trade crosses \$100 billion under free trade pact: Piyush Goyal

The India-UAE free trade agreement, which came into force in May 2022, has helped the bilateral trade to cross \$100 billion, Commerce and Industry Minister Piyush Goyal said on Friday. The Comprehensive Economic Partnership Agreement (CEPA) with the UAE acts as a gateway to Africa, other GCC and Middle Eastern countries, CIS countries and some European countries. Bilateral merchandise trade has grown strongly, crossing \$100 billion, with services trade also rising steadily and opening new markets and greater value, he said in a social media post. *(Business Standard)*



Agriculture and Rural Economy

Govt 'cautiously optimistic' on wheat production after damage from rains, hailstorms

Stating that it is "cautiously optimistic" about the overall wheat production outlook, the government on Sunday said the output in 2025-26 remains stable and resilient, supported by higher acreage, improved agronomic practices and enhanced varietal adoption, despite localised weather-related impacts. "In response to media reports regarding the wheat production scenario for 2025-26. *(BusinessLine)*

As nitrogen-based fertilizer prices soar, global food inflation looms

A secondary wave of global food inflation looms as nitrogen-based fertilizer prices are soaring due to the ongoing conflict in West Asia. Assessing physical supply has become difficult, leading to increased hedging activities, analysts said. According to Capital Economics, while the direct energy price shock remains the primary market concern, the surging cost of agricultural inputs, specifically urea, threatens to exert upward pressure on global food prices over the next 15 months. *(BusinessLine)*

Agro-forestry will be renamed as 'tree-based farming', says Shivraj

Union Agriculture Minister Shivraj Singh Chouhan on Friday said the term 'agro-forestry' will soon be renamed 'tree-based farming' to encourage wider adoption of integrated farming, particularly among smallholders, with the aim of boosting farm incomes. Addressing a regional agriculture conference for the northern States in Lucknow, he emphasised the need to move beyond cereal-centric farming. *(BusinessLine)*

Fertiliser output steady despite West Asia crisis; govt secures 37 lac ton urea imports for kharif

The government on Thursday said domestic urea production has reached 37.49 lakh tonnes in March-April, nearly matching last year's levels despite the West Asia crisis, while securing 37 lakh tonnes of imported urea to meet the shortfall ahead of the Kharif season. Total domestic fertiliser production stood at 62.37 lakh tonnes during March-April, while imports were at 15.39 lakh tonnes. *(The Economic Times)*

India reviews export ecosystem, pushes MSMEs, agri exports and Brand India focus

Union Minister Piyush Goyal reviewed efforts to boost India's exports. The focus is on better implementation, coordination, and monitoring. Special attention is given to MSMEs and agricultural exports. Goyal also discussed enhancing the Government e-Marketplace for transparent public procurement. This aims to include more MSMEs, startups, and women entrepreneurs, driving economic growth. *(The Economic Times)*



Industry, Manufacturing, Services and Technology

Beverage industry flags challenges in meeting recycled PET content targets in packaging

Beverage makers and industry bodies have expressed concern about inadequate availability of food-grade recycled PET to meet the packaging norms for FY27. As per the Plastic Waste Management (Amendment) Rules, 2026, effective April 1, brands using rigid plastics identified as Category 1, which includes PET bottles, have been mandated to use 40% recycled PET content in packaging. As per estimates by PACE, the quantity of food grade recycled PET available is 3.54 lakh tonnes against a requirement of 6.84 lakh tonnes to meet the norms in 2026. *(BusinessLine)*

Govt ties EV truck subsidies to local electronics; mandates BMS, VCU manufacturing from Sept 2026

The Ministry of Heavy Industries (MHI) has mandated domestic manufacturing of key electronic components in electric trucks, including battery management systems (BMS), DC-DC converters and vehicle control units (VCUs), from September 1, 2026, making localisation a condition for accessing subsidies under its e-truck incentive programme. The move, notified by MHI on April 29, amends the phased manufacturing programme (PMP) for N2 and N3 category electric trucks. *(BusinessLine)*

Core IT services to shrink as AI resets pricing: LTM's Venu Lambu

The Indian IT services industry has navigated every technology wave by adapting its playbook—from client-server to cloud and digital. But the AI moment is different. It is not just another demand cycle; it is simultaneously compressing the core services business while creating a new, larger opportunity in AI-led and agentic services. *(BusinessLine)*

Indian IT doubles down on acquisition with focus on AI, cloud and specialised skills

Indian IT services companies have stepped up acquisitions over the past six months, driven less by scale alone and more by the need for skills, specialised capabilities and AI-led transformation. Industry data suggest over \$4 billion worth of deals across H2 FY26 alone, spanning more than 10 acquisitions, with a clear tilt toward cloud, data and vertical expertise. The rationale, say industry analysts, is increasingly explicit in management commentary. *(BusinessLine)*

Why India cannot afford to ignore tech sovereignty

Over the past two decades, India has made extraordinary strides in bringing technology into the centre of national life. By almost every measure of digital adoption, India has done something remarkable. Yet much of the technology infrastructure that powers this transformation is not owned by India. Most businesses run on foreign platforms. Critical systems including government services, hospitals, banks, power grids, and supply chains flow through foreign clouds or rely on systems ultimately controlled outside our borders. *(BusinessLine)*

India's factory output growth slows to 4.1% in March

Growth in factory output, as measured by the Index of Industrial Production (IIP), slowed to 4.1% in March from 5.1 percent in February, the MoSPI reported. According to data from the National Statistics Office (NSO), the manufacturing sector's output growth remained subdued at 4.3 per cent in March 2026 compared to 4% in the year-ago month. Mining production growth improved to 5.5% from 1.2% recorded a year ago. Power generation grew 0.8% in March against 7.5% in the year-ago period. *(BusinessLine)*



News on Kerala

Kerala planters oppose duty cut in natural rubber, warns of blow to farmers livelihood

The Association of Planters of Kerala (APK) has opposed the tyre industry's demand to reduce import duties on natural rubber, warning that cheaper imports would lower domestic prices and hurt nearly 12 lakh farmers dependent on the sector. Despite prices rising above ₹250/kg, high production costs, increased input expenses, adverse weather, and pest attacks have limited farmers' real earnings. APK argues that instead of easing imports, the government should focus on long-term measures such as reducing costs, improving productivity, and ensuring price stability. *(BusinessLine)*

Kerala Power Cuts: KSEB Imposes New Restrictions

The Kerala State Electricity Board (KSEB) has introduced new power restrictions in Kerala due to rising electricity demand and limited supply, especially during peak hours. The measures include load shedding, power cuts at specific times, and restrictions on high-consumption users to manage grid stability. Increased temperatures, reduced hydropower generation, and higher consumption have worsened the situation. *(deccanherald)*

Kerala-based start-up launches app to sell surplus/unsold food at restaurants and hotels

A Kerala-based start-up has launched a mobile app called Plenti, which connects customers with restaurants and hotels to sell surplus or unsold food at heavily discounted prices, helping reduce food waste while making meals more affordable. The app allows users to purchase excess food often at up to one-third of the original price through a simple reservation and pickup system. It benefits both consumers, who get cheaper meals, and businesses, which can recover costs from unsold inventory instead of wasting it. *(The Hindu)*

Ecotourism emerges as KFDC's top revenue source

Ecotourism has emerged as the top revenue source for the Kerala Forest Development Corporation (KFDC), marking a significant shift from its traditional dependence on plantation activities. The corporation's eco-tourism initiatives, which focus on sustainable practices and minimal environmental impact, have attracted increasing numbers of visitors and generated higher income than timber and plantation operations. This growth highlights the rising importance of eco-friendly tourism in Kerala's economy, while also supporting local employment and conservation efforts. *(The Hindu)*

GULATI INSTITUTE OF FINANCE AND TAXATION
GIFT Campus, Chavadamukku,
Sreekariyam, Thiruvananthapuram, Kerala - 695017
Phone : 0471 2596970, 2596980, 2590880, 2593960
Fax : 0471 2591490
Email : giftkerala@gmail.com



An Autonomous Institution of Government of Kerala

Disclaimer: This compilation on important news items relating to Finance, Taxation and Indian economy by GIFT from various newspapers and e-resources aims at providing an update to our esteemed readers. GIFT does not guarantee the accuracy or validity of the information provided. It is not a commercial product and all the copyrights remain with those of the respective copyright holders. Images are sourced from the web.