



Public Finance

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*)

Election pledges risk wider fiscal deficits across states, economists warn

Implementing populist promises that featured prominently in election wins in key Indian states this week risk straining their finances, with economists warning of wider fiscal deficits. Actor-turned-politician C. Joseph Vijay's party emerged as the single largest in Tamil Nadu on Monday after campaigning on promises such as free gas cylinders, gold coins and cash support. In West Bengal, Prime Minister Narendra Modi's Bharatiya Janata Party also campaigned on larger cash transfers and expanded welfare benefits. (*ThePrint*)

Telangana continues to top revenue surplus States in SOTR

Telangana continues to be on top, just behind Haryana, in terms of State's Own Tax Revenues (SOTR). The State's own tax revenue, as a percentage of revenue receipts, is highest at an impressive 76.2% among the revenue surplus States in the country. However, it falls a shade lower than Haryana, a State that forms part of revenue-deficit states, at 79%. The State's fiscal deficit is pegged at 3%, including the loans granted under the Special Assistance to States for Capital Investment. (*The Hindu*)

India to maintain budgeted capex despite global challenges: Expenditure Secy

The prolonged West Asia crisis has led to fiscal stress and uncertainty, but the government remains committed to the budgeted ₹12.22 lakh crore capital expenditure in the current fiscal, Expenditure Secretary V Vualnam has said. The upcoming few months, the next quarter and the year ahead would be very difficult to envisage with lots of possible stress points, he stressed. "So, the fiscal stress is indeed very much a reality, but at the same time the priority sectors, the capex would really be a priority item which we would like to preserve and ensure that it continues at the budgeted level," Vualnam said at the ICPP Growth Conference organised by the Ashoka University. (*BusinessLine*)

Government wants equal contribution from private sectors on R&D: Pradhan

The Union Government on Tuesday called for a significant shift in India's research landscape, urging the private sector to match public spending on innovation. Speaking at the IIT-Madras Technology Summit 2026, Education Minister Dharmendra Pradhan noted that while the government currently shoulders 70% of the R&D burden, a more balanced 50:50 partnership is essential to scale innovation. "The current 70% public investment reflects strong state commitment, but the long-term goal must be a more equitable contribution from industry to accelerate impact," Pradhan said, adding that the nation's innovation ecosystem has reached a critical "turning point." (*BusinessLine*)

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. DIPAM secretary Arunish Chawla reiterated the government's push to enable the private sector to realise its full potential, adding that public enterprises will continue to operate and prosper in strategic sectors linked to public goods and supply chain security. (*The Economic Times*)



Taxation

GST revenue follows annual pattern, hits all-time high of Rs 2.43 lakh crore in April 2026

The government's Goods and Services Tax (GST) revenue in April 2026 surged to an all-time high of ₹2.43 lakh crore, up 8.7% over April last year. Growth was once again driven by collections on imports, with revenue from domestic sales growing slower. Tax experts, however, note that collections in April, which represent activity in March, typically come in higher as both industry and the tax administration make a final push to achieve the financial year-end targets. (*The Hindu*)

Direct tax collection missed revised estimates, but grew 5% over FY25

Raising the threshold of exemption of personal income tax impacted net direct collection in fiscal year 2025-26 as it ended with a shortfall of around ₹81,000 crore as against revised estimates (RE), data released by the Central Board of Direct Taxes (CBDT) on Monday showed. However, the collection of ₹23.4 lakh crore was over 5 per cent higher than the collection of ₹22.61 lakh crore of fiscal year 2024-25. (*BusinessLine*)

Sebi flags GST hurdles in commodity market, seeks IGST mechanism

SEBI is engaging with the government to address challenges for the commodities market, including those around GST, chairman Tuhin Kanta Pandey detailed on Monday. Pandey stated that Sebi has flagged problems to the Department of Revenue, which the regulator wants the GST Council to consider to find solutions to issues in physical delivery in commodity derivatives. (*Business Standard*)

Like-for-like GST growth slips to five-year low of 5.57% in FY26

A like-for-like analysis of gross goods and services tax (GST) revenues, factoring in compensation cess receipts, shows that growth slowed to a five-year low of 5.57 per cent in 2025-26 (FY26) to ₹23.32 trillion from ₹22.09 trillion in FY25. Import revenues, however, surged 12.8 per cent, highlighting a widening gap between domestic (up 3.27%) and external revenue streams. *(Business Standard)*



National Accounts and State of the Economy

India's April consumer inflation likely rose to 3.8% on higher fuel costs

Inflation has remained below the RBI target for more than a year, helped by softer food prices and favourable base effects. But crude oil prices, still about 40 per cent above pre-war levels, threaten to reverse that benign trend in the world's third-largest oil importer. The May 4-8 Reuters poll of 46 economists forecast inflation, measured by the annual change in the consumer price index, rose to 3.80% in April from 3.40% in March. Forecasts ranged from 2.80% to 4.20%. *(Business Standard)*

Rajasthan panel clears ₹2,200 crore investment proposals in auto, textiles

A Rajasthan government committee has cleared investment proposals worth more than ₹2,200 crore in the automobile and textile sectors, said a senior official of the Industries Department. RIPS 2024 attracts investments in various sectors by offering customised financial and non-financial packages to enterprises. *(Business Standard)*

Google exploring India investments in AI infra, servers, drones: Vaishnav

Internet giant Google is exploring investment opportunities across AI infrastructure, including the production of servers and drones, Union Minister Ashwini Vaishnav said on Friday. This announcement follows Google's groundbreaking of its \$15 billion AI hub in Visakhapatnam, Andhra Pradesh, in April this year. *(Business Standard)*

Rupee at record low: How it could hit your spending, travel, investments

A weak rupee's effect is most visible in import-linked categories. Higher crude oil and natural gas prices pushed up household expenditure by 1.33 per cent in December 2025 and 3.4 per cent in March 2026. Such expenditure is expected to increase by 4% in April, according to V.P. Singh, PGPM director, economics at Great Lakes Institute of Management, Gurgaon. *(Business Standard)*

Why Indian companies don't want to invest in India despite incentives

Indian business rarely does exactly what the government wants it to. For the past decade or so, for example, it has obdurately refused to invest as much as officials think it should. Last week, chief economic adviser V. Anantha Nageswaran said that profits for the 500 largest publicly traded companies had grown by over 30% a year since the pandemic, "but still, our overall capital formation rates from the private sector have been disappointing." *(Business Standard)*

India can grow above 7.5% without stoking inflation: RBI Deputy Governor

India has demonstrated that it possesses the underlying economic potential to sustain growth rates above 7.5% without triggering inflation, RBI Deputy Governor Poonam Gupta said on Friday. Speaking at the Isaac Centre for Public Policy Growth Conference, Gupta highlighted that in the past few quarters or years, India's growth rate has been at 7.5% and inflation has remained below 4%. "That convinced me that the underlying potential of the economy is such that we can grow in a non-inflationary manner at a rate higher than 7.5%," she reckoned. (*Business Standard*)

India may consider lower inflation target, narrower band: RBI Deputy Guv

India could consider lowering the inflation target and trimming the tolerance band if GDP growth remains robust with a more stable inflation over the next five years, RBI Deputy Governor Poonam Gupta said on Tuesday. However, if the global environment remains as challenging as it has been during the past six years, it would warrant both predictability and flexibility inherent in the existing framework, she said. (*Business Standard*)



Banking and Monetary Policy

Banks must tighten cyber security and operational resilience to prepare for threats posed by AI models like Mythos: Nagaraju

DFS Secretary M Nagaraju on Thursday urged banks to strengthen their cyber security and operational resilience, cautioning that advanced artificial intelligence models such as Anthropic Mythos could pose significant risks to the banking system if released publicly. "I hope the banking community is prepared well to face in case Mythos is released publicly in the country," Nagaraju said, while addressing an Indian Banks' Association (IBA) conference on Risk Management in Mumbai. Referring to cyber security concerns, he said the Anthropic Mythos AI model has advanced capabilities to identify and potentially exploit systems, and added that it has raised alarm bells among regulators because of the vulnerabilities in legacy banking technology systems. (*BusinessLine*)

Banks may sell written-off loans to fund new ECL norms

Sale of a portion of the huge pile of technical write-off accounts to asset reconstruction companies (ARCs) could emerge as a linchpin for banks to unlock funds to make provisions for loans under the ECL (expected credit loss)-based regime, which will come into effect from April 1, 2027. As at March-end 2025, while scheduled commercial banks' pool of gross non-performing assets (GNPAs) stood at ₹4,19,099 crore, the pool of technical write-off (TWO) accounts is estimated to be at least double the GNPA amount. Up to 40% of the TWO accounts have the potential to be recovered, according to estimates. (*BusinessLine*)

Banking panel to tackle PSUs' balance sheet constraints, boost capital use: DFS Secretary M Nagaraju

Financial Services Secretary M Nagaraju on Friday said the High-Level Committee on Banking for Viksit Bharat announced in this year's Budget will look into public sector bank balance sheet constraints to enable them to leverage their capital. The government is expected to announce the terms of reference for the panel. "This committee is expected to review the banking sector with a focus on making it more effective, more inclusive and better aligned with India's growth needs, while maintaining financial stability," he said at the ICPP Growth Conference here. (*The Economic Times*)

Remedies for digital payment frauds

The recent rise in fraud in the financial ecosystem is a cause for concern. The RBI's 'Report on Trends and Progress of Banking in India', notes that the value of fraudulent activities in banking operations has risen from ₹11,261 crore in 2023-24 to ₹34,771 crore in 2024-25. Apart from the obvious monetary losses, frauds cause a crisis of confidence and trust among customers that threatens the momentum of financial inclusion and the growth of the sector. (*BusinessLine*)

Should MPC have hiked rates?

The Monetary Policy Committee (MPC) has decided to hold the policy rates unchanged in the April monetary policy, which remains largely in consonance with market expectations. In the last few months, as conflict in West Asia intensified and fuel pangs were brought home, two differing views emerged on the likely impact on India: first, our economy is resilient and domestic demand-driven which will keep it afloat and on track of growth trajectory even with rupee declines; and second, the current account deficit and rupee woes will jeopardise the growth dynamics. (*BusinessLine*)

Indian banks well placed to transition to ECL provisioning: Fitch

Indian banks are sufficiently capitalised to transition to the expected credit loss (ECL) framework, which has now been finalised by the Reserve Bank of India, Fitch Ratings said on Thursday. The new framework will come into force starting April 1, 2027. (*Business Standard*)

Banks expect MSME credit spurt from ECLGS 5.0 amid war shadow on growth

The Centre's Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, announced on Tuesday, is expected to support fresh bank lending to the micro, small and medium enterprises (MSMEs) sector while containing asset-quality risks, at a time when the war in West Asia has disrupted supply chains, threatening to derail growth as well as credit demand in the segment. (*Business Standard*)

RBI releases norms for banks holding non financial assets

The Reserve Bank of India has released new draft rules. Banks can now hold specific non-financial assets only to recover bad loans. These assets must be sold within seven years. Selling them back to borrowers is prohibited. This aims for transparency and better recovery. The rules are open for public comment until May 26. (*The Economic Times*)



India, Vietnam review defence ties; push for deeper maritime, industrial cooperation

Defence Minister Rajnath Singh held a bilateral meeting with Vietnam's Deputy Prime Minister and Minister of National Defence, Phan Van Giang, in New Delhi on May 6, 2026, reaffirming the strong momentum in India-Vietnam defence relations. As per sources in the Defence Ministry, Mr. Singh likely to visit Vietnam in the second half of May to strengthen defence cooperation. The Ministry said the meeting reflected the growing strategic trust under the India-Vietnam Enhanced Comprehensive Strategic Partnership, with both sides reviewing ongoing defence cooperation. *(The Hindu)*

India may take middle path, unlikely to remove import duty on cotton

Union Agriculture Minister Shivraj Singh Chouhan suggested a middle path amid a demand from the Ministry of Textiles and the industry to allow cotton import at zero duty till December 2026, which was opposed by the Ministry of Agriculture and Farmers' Welfare on the ground that it would send a wrong signal to farmers as sowing has already begun. Options under a middle path could be either zero duty import in September-October as current stock in the country is comfortable to meet domestic demand at least till August. *(BusinessLine)*

India-EU FTA likely to enter into force in 2027 after ratification process: EU Ambassador to India

The EU is hopeful that the ratification process in EU Parliament for the India-EU Free Trade Agreement (FTA) would go smoothly given the broad-based political support for it and the pact would enter into force in 2027, EU Ambassador to India Herve Delphin said. Currently, legal teams are going through the negotiated text to give it a legal scrubbing. After scrubbing, the EU has its own ratification process that should go smoothly considering broadbased political support FTA enjoys in Brussels," the Ambassador said at an event organised by the Federation of European Business in India (FEBI) on decoding India-EU FTA, which will lead to steep duty cuts in both markets. *(BusinessLine)*

Finance Ministry notifies FDI easing for foreign firms with up to 10% Chinese stake under FEMA

The Finance Ministry has notified a decision to allow overseas companies with Chinese shareholding of up to 10% to invest in India under the automatic route under FEMA, according to a notification. In March, the Union Cabinet approved amendments in the press note (PN) 3 of 2020 of the DPIIT. As per the amendments, foreign companies having a Chinese/Hong Kong shareholding of up to 10% will be eligible to invest in India in sectors where FDI is permitted under the automatic route subject to sectoral conditions. *(The Hindu)*

Russia's share in Indian oil imports jumped in March, but discount turned into a premium

The West Asia crisis and the resultant supply constraints have meant that not only has Russia's share in India's oil imports jumped once again, but this time India is paying a substantial premium for Russian oil rather than the discount it was enjoying earlier. Latest data from the Ministry of Commerce and Industry shows that Russia's share in India's oil imports stood at 33.3% or one-third in March 2026, the first months after the West Asia crisis began. Simultaneously, the shares of the Gulf countries as well as the U.S. have fallen. However, India is now getting Russian oil at a premium of 2.5% as compared with an average discount of 3.9% it had received earlier in 2025-26. *(The Hindu)*

Centre plans to bolster key export scheme as Iran war sours trade outlook

India is planning to raise spending on its key scheme designed to refund local taxes paid on export goods and extend the programme's tenure by five years, two government officials said, as the West Asia war clouds the country's trade outlook. The scheme, currently valid until September 30 with a budget of a little over \$1 billion, reimburses exporters for taxes and levies paid to federal, state and local authorities that are not refunded under other programmes, to make export goods more competitive. *(Business Standard)*

Standstill in Indian gold, silver imports drags on, threatens supply

Indian banks have been unable to import gold and silver for five weeks, an unusually long halt that's pushing up domestic prices and threatening shortages in the world's second-biggest bullion market. Shipments have been stuck at customs since the start of the financial year on April 1, ensnared by administrative bottlenecks and a lack of clarity over taxes. *(Business Standard)*

India's total exports hit record \$863 billion in FY26, services surge 8.7%

India's services exports hit a record \$421.3 billion in fiscal year 2026. This pushed total goods and services exports to an all-time high of \$863.1 billion. Services exports saw an 8.7% increase. Merchandise exports also grew, contributing significantly. This performance highlights India's strong export capabilities amidst global challenges. Each quarter of fiscal year 2026 achieved peak export levels. *(The Economic Times)*

India, South Korea likely to hold FTA review talks on May 25

India and South Korea will meet on May 25 to review their economic partnership agreement. India has proposed negotiating a new bilateral trade agreement. This aims to address the widening trade deficit. The two nations seek to double their commerce by 2030. They also want a more balanced trade relationship. *(The Economic Times)*

India should adopt dual-track trade strategy at WTO, say experts

India should adopt a dual-track approach, upholding the core principles of the multilateral system while selectively and strategically engaging in plurilateral initiatives that serve its interests, say experts. They said the WTO is relevant as countries are benefiting from its rules. These issues were deliberated during a seminar on 'WTO MC14 Outcomes: Future of Multilateralism and Implications on India's Trade Agenda' here on May 5. The seminar was organised by CRF and the ICRIER. *(The Economic Times)*



Cabinet approves Rs 5,659 crore for five-year mission to increase cotton output

The government on Tuesday announced a five-year mission to increase the productivity of the cotton crop with an outlay of Rs 5,659.22 crore. According to an official statement, the Union Cabinet, chaired by Prime Minister Narendra Modi, approved "Rs 5659.22 crore for Mission for Cotton Productivity (2026-27 to 2030-31) to address bottlenecks, declining growth, and quality concerns in India's cotton sector." (*The Economic Times*)

Low Income, Fewer Jobs, Rising Debt & Frustration: India's Rural Job Crisis

The country's unique shift from agriculture to services directly kept the job crisis alive, with low wages and poor working conditions. Data shows that only about a fourth of workers are engaged in regular wage or salaried employment. Their wages remain extremely low, with average monthly earnings less than ₹20,000 per month in as many as eight states in the country. (*Mint*)

Sugarcane FRP hiked to Rs 365/quintal for 2026-27 season

The government raised the minimum price payable to sugarcane farmers to ₹365 per quintal for the 2026-27 season from ₹355 the year ago at a basic recovery rate of 10.25%, the government said in a statement. Farmers will receive a premium of ₹3.56 per quintal for every 0.1% increase in recovery above this level, with a corresponding reduction for lower recovery. (*The Economic Times*)

Commerce Minister Piyush Goyal reviews initiatives to strengthen India's position in global agriculture landscape

Commerce and Industry Minister Piyush Goyal chaired a meeting with the Chairman of the Indian Chamber of Food and Agriculture, Dr MJ Khan. Sharing this information on a social media post, He said they discussed initiatives to further enhance the quality of life of our farmers, strengthen India's position in the global agriculture landscape, deepen collaboration with the African region, and share India's expertise in the sector. (*AIR*)

Fertiliser subsidy bill set to overshoot budget estimate of Rs 1.71 lakh cr amid West Asia crisis

India's fertiliser subsidy bill for fiscal 2026-27 is set to surpass its budget. Rising costs of imported urea and other fertilisers are driving this increase. Despite global supply chain issues, fertilizer availability for the kharif 2026 season remains strong. Domestic production and imports are being managed to meet demand. States are actively stocking fertilisers in advance. (*The Economic Times*)



Vehicle retail sales hits highest-ever for any April at 26.11 lakh units

The Indian auto retail industry opened FY27 on an exceptionally strong note, retailing 26.11 lakh units in April, a 13 per cent year-on-year expansion over the 23.12 lakh units sold during the same month last year, delivering the highest-ever April on record, the FADA said on Tuesday. With 2W at 13%, 3W at 7.19%, PVs at 12.21%, CVs at 15% and tractors at 23.22%, the categories registered all-time April records, it said. [\(BusinessLine\)](#)

Cement demand expected to recover amid infrastructure push before monsoon

After a sluggish April, cement makers are betting on a sharp pick-up in demand this month, driven by a push in infrastructure and real estate activity ahead of the monsoon. Last month's slowdown was largely attributed to labour shortages, as workers — particularly from West Bengal — returned home to vote in elections. Early signals in May are encouraging, but recent price hikes of ₹10-20 per 50-kg bag could temper demand in some regions. Amid rising input costs such as petcoke, logistics and packaging expenses, cement companies increased prices across most regions. [\(BusinessLine\)](#)

ISM 2.0 to build on 'pari passu' model as India pushes for chip self-reliance

The Centre will retain the *pari passu* model in the upcoming phase of the ISM 2.0, signalling a preference for tighter fiscal management even as it doubles down on building a domestic chip ecosystem. *Pari passu*, a Latin term meaning 'on equal footing', refers to a funding structure in which government incentives are released in proportion to a company's own capital expenditure. Under ISM 1.0, the Centre committed to providing 50% fiscal support for project costs, but disbursed the funds only after firms invested their own money. [\(BusinessLine\)](#)

Indian liquor industry bodies urge states to allow price revisions as West Asia crisis drives up cost

The alcoholic beverage industry has sought urgent price relief from the State governments, with both the Confederation of CIABC and the BAI warning that surging input and logistics costs triggered by the ongoing West Asia crisis are squeezing margins and threatening viability. BAI also asked State governments to allow suppliers a price increase of 15-20% to partially recover costs. The industry body also sought, as an interim relief, a reduction in the manufacturing levies by around ₹3-5/bulk litre to absorb the rising costs. [\(BusinessLine\)](#)

Textile Ministry moves to shield clusters from W. Asia gas supply shocks

The Textile Ministry has launched an assessment of natural gas supplies across all textile and handicraft clusters in India to identify potential shortages. The move comes as public sector energy corporation GAIL (India) Ltd has assured the Ministry that it can source gas from the spot market to cover disruptions in supplies to the sector, though probably at a higher cost to industrial units, sources said. [\(BusinessLine\)](#)

Indian industry led by pharma to invest \$20.5 billion in the US

Indian industry, led by pharmaceutical companies, shared plans of investing \$20.5 billion in the US at the 2026 SelectUSA Investment Summit, reinforcing the growing role of Indian companies as investors and partners in the US economy, per a statement issued by the US Mission in India on Wednesday. As much as \$19.1 billion of the promised \$20.5 billion would come from Indian pharmaceutical companies with Sun Pharmaceutical alone accounting for \$11.75 billion with its planned acquisition of New Jersey-based Organon & Co. ([BusinessLine](#))



News on Kerala

Foreign remittances to Kerala stay resilient despite West Asia crisis

The flow of money from non-resident Indians into Kerala has remained unaffected despite the geopolitical uncertainties in the Middle East, data from leading banks operating in the state suggest. The Kerala-based Federal Bank and South Indian Bank showed quarter-on-quarter growth in non-resident deposits inflow, indicating that the lifeline to Kerala remains largely stable despite the Iran war. Remittances and overseas deposits play a pivotal role in the southern state's economy. The rise in flow also reflects a 5.4% rupee depreciation between January and March. A depreciating local currency automatically translates into higher remittances on the same base amount. ([The Economic Times](#))

Kerala fishers urge PM to order fresh study before deep-sea fishing permits

Fisher organisations in Kerala have appealed to Prime Minister Narendra Modi to order a fresh scientific study before issuing permits for deep-sea fishing by large vessels. The groups expressed concern that industrial-scale fishing without updated assessment could deplete marine resources and adversely affect the livelihoods of traditional fishermen. They argued that existing studies are outdated and called for comprehensive research and stakeholder consultations before moving ahead with new deep-sea fishing policies. ([BusinessLine](#))

Kerala Agri Varsity sign MoU with VST Tillers Tractors Ltd for collaborative research

Kerala Agricultural University has signed a Memorandum of Understanding (MoU) with VST Tillers Tractors Ltd. to strengthen collaborative research and promote farm mechanisation in Kerala. The partnership will focus on joint research projects, testing and validation of farm machinery, farmer training programmes, and extension activities aimed at improving agricultural productivity and addressing labour shortages. Under the agreement, the company will provide tractors, power tillers, and technical support for research and demonstrations, while the university will contribute scientific expertise and field-testing facilities to develop affordable mechanisation technologies suited to Kerala's agricultural conditions. ([BusinessLine](#))

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