



## Public Finance

### Centre meets FY26 fiscal deficit target of 4.4% of GDP

The Centre has met the fiscal deficit target of 4.4% of GDP for FY26 based on the new GDP series, with almost 99% achievement of the expenditure target set for the year, sources told FE. Capital expenditure stood at Rs 10.7 lakh crore against the revised budget estimate of Rs 10.96 lakh crore, achieving 98% of the target. Total expenditure came in at around Rs 49 lakh crore, marginally lower than the FY26 revised estimate of Rs 49.6 lakh crore, sources said. (*Financial Express*)

### CAG expresses concern over Assam's fiscal sustainability as debt rises, investment remains limited

The Comptroller and Auditor General (CAG) on Monday (May 25, 2026) raised concern over the fiscal sustainability of the Assam Government in its report for the 2024-25 fiscal, pointing at the increasing debt load, high committed expenditure and limited capital investment in the State. (*The Hindu*)

### New study urges Kerala govt. pursue measures to improve revenue mobilisation, expenditure efficiency

As Kerala awaits the UDF government's white paper on State finances, a new study has suggested that the government should actively pursue measures designed to broaden the tax base, optimise non-tax revenue mobilisation and improve tax compliance while building on the State's structural strengths to boost the economy. The study, 'Kerala Fiscal Consensus Forum 2026-31 - a non-partisan academic initiative,' prepared by the Department of Commerce, Sacred Heart College, Thevara, urges the government to explore avenues such as 'Kerala Diaspora bonds,' and - in the case of local bodies - municipal bonds. (*The Hindu*)

### While government health expenditure grows, burden on households, out of pocket spending remains high

While India has improved public financing of health care, households and individuals still bear the heaviest burden. As per the latest figures from the National Health Accounts Estimates for India 2022-23, out of pocket expenditure (OOPE) is nearly half of the current health expenditure, and financial protection for health emergencies remains incomplete, though government and insurance spending has increased. (*The Hindu*)



### **Income Tax dept. enables online ITR-2 filing for AY27**

The Income Tax Department on Wednesday enabled online filing of ITR-2 for the assessment year 2026-27 on the e-filing portal. "Online filing and Excel utility for ITR-2 for AY 2026-27 are now enabled on the e-filing portal," it said in a post on X. ITR-2 is filed by individuals and HUFs who do not earn any income from business or profession, but have receipts from capital gains. The department had, on May 15, enabled online filing of ITR-1 and ITR-4 for AY 2026-27. *(The Hindu)*

### **Supreme Court confirms organised online gaming comes under GST regime**

The Supreme Court on 27, May 2026 confirmed the constitutional validity of bringing organised online gaming activities with money stakes under the Goods and Services Tax (GST) regime. A Bench of Justices J.B. Pardiwala and R. Mahadevan, in a judgment, declined challenges raised against the levy of GST on actionable claims arising from organised online gaming activities and fantasy sports under the betting and gambling head. *(The Hindu)*

### **GST 2.0 guidelines fail to resolve refund delays, say experts**

Many large taxpayers are facing difficulties in obtaining goods and services tax (GST) refunds under the inverted duty structure (IDS), experts said, despite the Centre's instruction to facilitate provisional refunds, including 90 per cent of eligible amounts, within seven days of acknowledgement for low-risk cases. The mechanism allows businesses to claim refunds when the tax paid on inputs is higher than the tax payable on output supplies, leading to the accumulation of input tax credit. *(Business Standard)*



### **FY27 toll collection growth may moderate to 5-7% amid West Asia conflict**

Economic impact of the West Asia conflict and a slowdown in commercial traffic are likely to see India's toll collection growth moderate by 150-200 basis points (bps) to 5-7 per cent year-on-year (Y-o-Y) in 2026-27 (FY27), according to CRISIL Ratings. Toll collection for CRISIL's sample of 91 toll road assets, covering 10,000 km and 60 per cent of privately-operated concessions in FY26, stood at ₹23,000 crore, a 7-8 per cent growth. The projected moderation in FY27 is expected to be temporary and recouped in FY28 through higher toll rate hikes driven by inflationary pressures. CRISIL said this highlights the resilience of toll road assets through economic cycles. Healthy operating performance and controlled leverage are expected to keep credit profiles stable. Toll rate hikes in a financial year are linked to the previous year's Wholesale Price Index (WPI) inflation. *(Business Standard)*

### **Fuel austerity dampens outlook for India's annual product demand growth**

India's transportation fuel demand growth is expected to slow sharply in the second half of 2026 as government-led fuel conservation measures, elevated crude oil prices and a weakening rupee weigh on mobility and consumption trends, according to energy analysts. Petrol and diesel prices have been hiked by about Rs 5 per litre each in three instalments since May 15 as oil companies passed on a part of soaring international oil prices to consumers. *(Business Standard)*

### **Demand driving growth, but economic outlook 'somewhat clouded' by supply issues: RBI**

While India's domestic demand remains a key driver of growth, the near-term outlook for the economy is "somewhat clouded" due to supply side pressures brought on by the West Asia crisis, the Reserve Bank of India (RBI) said in a new report. "Domestic demand continues to be the key driver of growth," the RBI said in its latest State of the Economy report as a part of its monthly bulletin for April 2026. "However, the near-term outlook is somewhat clouded by supply side pressures." *(The Hindu)*

### **Electrifying energy consumption**

In 2024-25, India's energy supply stood at 9,32,816 kilotonnes of oil equivalent (domestic production and imports); the energy consumed was 6,08,578 KToe, according to Energy Statistics India. This means 35 per cent of total primary energy supply (TPES) was taken away by conversion and system losses. The number, which was the same the previous year too, is indeed high but not shocking.

### **Net foreign investments fell to -\$11.7 billion in March 2026 as FPI outflows eclipsed FDI inflows**

Amidst pressure on the rupee and India's foreign exchange reserves, the latest data from the Reserve Bank of India (RBI) shows that the total amount of money that left the country in March 2026 exceeded inflows by \$11.7 billion. This was the first month after the start of the West Asia crisis. The overall outflow was driven by the exodus of foreign portfolio investors, which overshadowed the fact that net foreign direct investment (FDI) was positive for the second consecutive month. *(The Hindu)*



## **Banking and Monetary Policy**

### **RBI injects ₹81,590 crore transient liquidity into banking system via 3-day VRR auction**

The Reserve Bank of India (RBI) on Friday injected ₹81,590 crore transient liquidity into the banking system through a three-day variable rate repo (VRR) auction. Transient liquidity is temporary cash flow fluctuations in a financial or banking system, while a VRR auction is a monetary tool used by the RBI to inject short-term liquidity into the banking system. *(The Hindu)*

### **RBI board approves dividend payment of ₹2,86,588 crore to government**

The Central Board of Directors of the Reserve Bank of India (RBI) on Friday approved the transfer of surplus of ₹2,86,588.46 crore to the Central Government as dividend for the accounting year 2025-26. This is an all-time high surplus transfer to the government, 6.7% higher than the ₹2.69 lakh crore transferred in the previous year. This was after taking into consideration the current macroeconomic factors, the financial performance of the bank and maintenance of appropriate risk buffers, the central bank said. (*The Hindu*)

### **Private banks steer indices higher; rupee rallies for second day as Iran tensions cool**

Brent crude hovering near \$105 a barrel and persistent foreign outflows did little to dent Dalal Street on Friday as private sector banks anchored a broader recovery and the rupee posted its sharpest two-day gain in weeks, giving investors a rare reason to exhale. "The positive undertone in the market was primarily supported by gains in private banking counters, recovery in the rupee against the US dollar and resilient corporate earnings, which helped offset concerns arising from elevated crude oil prices," said Ajit Mishra, SVP Research, Religare Broking. (*BusinessLine*)

### **Central Bank of India offer-for-sale over-subscribed 2.35 times; government to exercise entire green shoe option**

The offer-for-sale of the Central Bank of India on Friday was over-subscribed by 2.35 times as non-retail investors showed optimism. With this, the government has decided to exercise the green shoe option and thus 8 per cent of its stake is being offloaded. The offer price is ₹31, while share prices closed at ₹31.30 on Friday, which is over 7 per cent lower than previous closing. "Offer for Sale in Central Bank of India received an enthusiastic response from investors and was over-subscribed 2.35 times on the first day. Government has decided to exercise the entire green shoe option," Secretary in the Department of Investment and Public Asset Management (DIPAM), Arunish Chawla, said in a social media post. Further, he said that retail investors and employees get to bid on Monday 25th May 2026. (*BusinessLine*)

### **RBI approves record ₹2.87 lakh crore surplus transfer to government**

The Central Board of the Reserve Bank of India on Friday approved a record surplus transfer of ₹2.87 lakh crore to the Central government for FY26. Last year, the reserve bank had transferred ₹2.69-lakh crore. "Despite the hefty dividend, markets may remain cautious amid rising risks of fiscal slippage, forex pressures and tighter policy expectations going ahead," said Madhavi Arora, Chief Economist at Emkay Global Financial Services. Madan Sabnavis, Chief Economist at Bank of Baroda, said the payout could alter the fiscal situation only if there are slippages on the expenditure or revenue side, "whether because of lower excise duty collections, higher subsidies, or lower non-tax revenues such as support from oil marketing companies." (*BusinessLine*)



### **Rupee falls 47 paise to close at 95.73 against U.S. dollar**

The rupee depreciated 47 paise to close at 95.73 (provisional) against the U.S. dollar on May 26, 2026, on renewed geopolitical tensions in West Asia and a rise in crude oil prices. Forex traders said a strong U.S. dollar and weak domestic markets also pressured the rupee. At the interbank foreign exchange market, the rupee opened at 95.43 against the U.S. dollar, and touched an intra-day high of 95.33 and a low of 95.76 against the American currency. At the end of Tuesday's (May 26) close, the rupee was quoted at 95.73 (provisional), down 47 paise from its previous closing. On May, the rupee gained 34 paise to close at 95.26 against the U.S. dollar with the RBI selling dollars and keeping the rupee well bid at all upper levels. *(The Hindu)*

### **India, Korea acknowledge need to address widening trade deficit in CEPA talks**

India and Korea have acknowledged the widening trade deficit between the two countries since the bilateral CEPA came into force in 2010 and agreed to address New Delhi's problem within the overall trade pact framework, per the government. The two countries also decided to constitute sub-groups to discuss cooperation in digital trade, supply chain, and strategic industrial sectors as part of the ongoing talks on upgrading the IK-CEPA. *(BusinessLine)*

### **India's engineering goods exports rise 8.8% in April despite fall in shipments to UAE, Saudi Arabia**

India's exports of engineering goods to West Asia in April 2026, particularly to the UAE and Saudi Arabia, declined significantly as the US and Israel's war with Iran disrupted shipping, but overall exports from the sector posted an 8.78% growth (year-on-year) to \$10.35 billion, per data shared by the EEPC. "Among the top exporting countries, exports to the US, the UK and Germany increased in April 2026 but shipments to the UAE, Singapore and Saudi Arabia continued to drop," according to an EEPC India analysis shared on Thursday. During the month, exports to North America increased 7.1% to \$2.14 billion, while exports to the EU rose 13% to \$1.87 billion. *(BusinessLine)*

### **Share of petroleum products in total exports slipped to 8.8% in FY26, the lowest in over 10 years**

The share of petroleum products in India's gross exports fell to 8.8 per cent in FY26 on a provisional basis, which is the lowest share of the sector in more than 10 years, barring the Covid-impacted FY21. According to the Petroleum Planning and Analysis Cell (PPAC), the share of the petroleum sector in India's total exports stood at 8.8 per cent in FY26 compared to 10.1 per cent in FY25 and 10.9 per cent in FY24. India's export of petroleum products declined by 5.5 per cent Y-o-Y in FY26 mainly on account of a fall in outbound shipments of diesel and jet fuel, the Oil Ministry's data processing arm pointed out. *(BusinessLine)*

### **Japan suspends Indian mango imports after 20 years: What went wrong?**

Indian mangoes are widely loved for their taste and quality, but Japan has suspended fresh mango shipments from India for the 2026 season, citing deficiencies in fumigation and disinfection standards at Indian treatment facilities. The suspension of shipments ends nearly two decades of uninterrupted access to the Japanese market. The decision also comes at a time when exporters are already grappling with heatwave-related crop damage, high freight charges and trade disruptions linked to the West Asia conflict. Why did Japan suspend mango shipments from India? The suspension follows reported deficiencies in fumigation and disinfection protocols at Indian treatment facilities used for export clearance. *(Business Standard)*

### **India's carbon market gathers pace as export markets raise cost of business**

With regulations such as the European Union's Carbon Border Adjustment Mechanism (CBAM) imposing a carbon cost on exports in key sectors including steel, aluminium, cement, and fertilisers, carbon emissions are increasingly becoming an economic and trade issue rather than just an environmental concern for Indian businesses. CBAM-covered goods accounted for 9.91 per cent of India's exports to the European Union in 2022-23, according to the Centre for Science and Environment. Indian steel and aluminium exporters to that market have now been forced to cut prices by 15-22 per cent to absorb the tax burden since January 1, 2026, when CBAM entered its payment phase, according to Global Trade Research Initiative (GTRI). *(Business Standard)*



## **Agriculture and Rural Economy**

### **India's area under summer crops up 3%, but paddy and moong acreage dips**

The sowing under summer (zaid season) crops, which will be completed this week, reached 86.02 lakh hectares (lh) as of May 22, which is 3 per cent more than the 83.50 lh reported in the year-ago period. The zaid crop is grown before the kharif sowing and after the rabi harvest. Except for paddy and moong (green gram), the area under all other crops has gone up this year. The announcement of a bonus over and above the MSP for the urad crop (black matpe) by the Madhya Pradesh government seems to have worked as farmers have planted over more area. But the overall acreage under summer moong, in which Madhya Pradesh is the top producer in the country, has reported a dip. *(BusinessLine)*

### **India's official wheat procurement near target, up 13% from a year ago**

Wheat procurement by the government in the ongoing season has reached 33.39 million tonnes (mt) as on May 21. This is about 1 million tonnes less than the target, but up 13 per cent from 29.64 mt in the corresponding period last year. Last year, the government procured 30 mt of wheat, but with a higher production of 120.21 mt, the target for this year's purchase has been fixed at 34.5 mt. *(BusinessLine)*

### **Indian cotton body projects 7% increase in crop area this year**

Trade body Cotton Association of India (CAI) expects the area under the fibre crop in the upcoming 2026 sowing season to rise by 7 per cent, based on the reports received from various States. Farmers, encouraged by the remunerative prices and better income realised during the current season, are expected to bring larger area under cotton cultivation during the next (crop) year (July-June), said Vinay N Kotak, President, CAI, and Atul S Ganatra, Chairman, CAI Crop Committee, in a statement. Cotton was planted on about 114.82 lakh hectares during 2025-26, according to data from the Agriculture Ministry. *(BusinessLine)*

### **India's foodgrain production up 5% in 2025-26 crop year**

Foodgrain production in the 2025-26 crop year (CY) ending June is estimated to have increased by over 5 per cent, with rice production touching a new high. Rice production is expected to be over 154 million tonnes (mt), making India the top global producer. The government released the production estimates, the third advance estimate of crops grown in all three seasons kharif, rabi and summer (zaid), for 2025-26 CY, in which wheat production was raised marginally, while cotton output was lowered. *(BusinessLine)*

### **India is ready to face El Nino threat amid elusive monsoon, says Agriculture Minister**

The government is shoring up contingency plans to insulate the upcoming Kharif season from potential El Niño disruptions. Dismissing panic over weather uncertainties, Agriculture Minister Shivraj Singh Chouhan said on Thursday, "No need to fear, rather preparations have to be in place." Singh's statement comes as the IMD's final assessment is still awaited. The Ministry has already ensured the availability of sufficient seed stocks to facilitate alternative cropping if conditions deteriorate. Inaugurating the two-day National Kharif Conference in New Delhi on Thursday, Chouhan called for integrated farming and greater self-reliance via pulses and oilseeds. *(BusinessLine)*

### **Mixed trend in mandi prices of rabi crops**

The average mandi (agriculture market yard) prices of two of main five rabi crops — wheat, chana (gram), mustard, masur (lentil) and barley — during the current main harvesting season, which started in April and will continue until June-end, were ruling 4-5 per cent below the respective MSPs. Prices of three other crops were up to 14% higher than the benchmark government-set rates. While the higher than MSPs for rabi crops are good for farmers, in the current situation when there have been increases in the rates of other items in recent weeks, better rates in agricultural markets are seen to help growers who solely depend on agricultural crops. *(BusinessLine)*

### **More farmers turning to agri gold loans for faster credit**

Agriculture gold loans are witnessing a growth of above 40%, with more farmers opting for them. It has become one of the ways to get credit faster with the surge in the yellow metal's value aiding the trend, said Shripad Jadhav, Business head, Retail agriculture and gold loans, Kotak Mahindra Bank. "Because the value of the commodity has gone up, availing of gold loans has also gone up. Earlier, what people used to get was ₹40,000-50,000; now they are able to get ₹1-2 lakh. Hence, they are pledging gold," said Jadhav in an online interaction with businessline. *(BusinessLine)*



### **Cash logistics industry faces 15-20% cost surge**

The Currency Cycle Association (CCA), the industry body representing India's cash logistics and cash management companies, has written to the Indian Banks' Association (IBA) highlighting that the sharp rise in operating costs due to rising fuel costs and significant minimum wage revisions across several States will require timely pricing realignment with banks. Due to rising cost pressures, the CCA estimated that the industry faces a near-term cost escalation of 15 per cent to 20 per cent. The Association, in a statement, also said it will work with banks to cut avoidable cash-van movement through a demand-led replenishment model in view of the Prime Minister's appeal for fuel conservation. *(BusinessLine)*

### **Govt to take action against diversion of cheap diesel earmarked for common man to industrial users**

The government said on Wednesday that it is tracking the pattern where industrial users are buying cheaper fuel from retail outlets of PSU oil marketing companies (OMCs), which is earmarked for retail consumers such as common man and farmers. To deal with the concerning situation, the Oil Ministry, OMCs and State governments have intensified field enforcement measures, and are engaging with industry associations to remind members of the conduct expected. The Informal GoM, headed by Defence Minister Rajnath Singh, on Wednesday took stock of the petrol, diesel, LPG and natural gas supply situation in the country and deliberated on the pattern of bulk diesel users unethically buying fuel earmarked for retail consumers. *(BusinessLine)*

### **H-1B returnees face cautious AI-led job market in India, say experts**

Every time the US and its immigration authorities tighten visa procedures and apprehension sets in among the scores of techies on H-1B and other employment visas, there are calls for them to return to India and find opportunities in the growing economy. However, tech executives and HR specialists caution that H-1B returnees face a cautious Indian tech job market amid an AI-led shift. *(BusinessLine)*

### **India's trucking sector faces crisis amid diesel price hikes and fuel shortages**

India's transport sector is staring at a full-blown operating crisis as collapsing freight rates, sharply rising diesel prices, fuel supply disruptions and a steep fall in cargo availability affecting truckers, with industry bodies estimating that nearly 25-30% of the country's active trucking fleet is now either off the roads, stranded or facing severe operational delays. The stress is intensifying at a time when freight markets were already weakening. CRISIL's latest freight assessment showed softer freight realisations across major trucking routes due to weak manufacturing cargo movement and excess fleet availability, while fleet utilisation levels also softened entering April amid uneven freight demand and disruptions linked to the West Asia conflict. *(BusinessLine)*

## **An unhealthy workforce cannot deliver growth**

Despite progress over the past decades, India continues to carry nearly 20 per cent of the global disease burden while accounting for less than 2 per cent of global healthcare spending. The economic implications of this imbalance are profound. A persistently high disease burden lowers workforce participation, reduces productivity, and imposes an estimated annual opportunity cost of over \$1 trillion on the economy. (*BusinessLine*)



## **News on Kerala**

### **Kerala's maternal mortality ratio now stands at 24**

Kerala's maternal mortality ratio (MMR) as per the latest Sample Registration System (SRS) special bulletin of 2022-24 stands at 24 (per one lakh live births) and it continues to be the State with the lowest MMR in the country. At the national level, the MMR stands at 87. This is a drop by six points as the SRS bulletin of 2021-23 had shown Kerala's MMR at 30. Tamil Nadu is at the number two spot with an MMR of 25, and has made significant strides in reducing maternal deaths as this is a drop by 10 points from 2021-23. The SRS data on MMR, while quoted in official documents, has always been at wide variance with the MMR reported by the Health department, calculated using actual line list figures. According to the department's data, in 2022-23, the MMR was 28, and in 2023-24, it was 32. (*The Hindu*)

### **KSBB launches 'model biodiversity-friendly villages' initiative**

The Kerala State Biodiversity Board (KSBB) has launched a new initiative aimed at promoting biodiversity conservation through local development projects. The 'Model Biodiversity-Friendly Villages' project was introduced during a State-level workshop organised in Thiruvananthapuram as part of the International Day for Biological Diversity observed on May 22. According to official sources, the discussion focused on strategies to strengthen grassroots conservation efforts and position Kerala as a leading biodiversity-friendly State in the country. The other topics that were covered during the workshop included climate-resilient agricultural biodiversity conservation, nature-based solutions such as wetland restoration and native forest development, and the importance of the 'One Health' approach. (*The Hindu*)

### **Next cabinet meeting to take final call on rolling out free-travel scheme for women on KSRTC buses**

The Cabinet meeting to be held next week is likely to take a final call on implementing the proposed free travel scheme for women in Kerala State Road Transport Corporation (KSRTC) buses. Speaking to the media here on Saturday, Transport Minister C.P. John said the details regarding the implementation of the scheme will be revealed after discussing it in the Cabinet. The Minister also assured that the proposed free travel scheme to be implemented from June 15 will not affect the payment of salaries or pensions of the corporation's employees. According to him, the cost of implementing the concession will be borne by the State government, and not entirely by the cash-strapped KSRTC. The scheme requires government support for its effective rollout. (*The Hindu*)

### **VACB launches 'Project Zero' to make Kerala corruption-free**

Home Minister Ramesh Chennithala on Tuesday announced the launch of 'Project Zero', an anti-corruption initiative by the Vigilance and Anti-Corruption Bureau (VACB) that aims at making Kerala a corruption-free State. As part of the drive, he also announced a reward of ₹5,000 for people who provide video evidence of corruption or bribery incidents. The identity of complainants would be kept strictly confidential. Addressing a press meet after convening a meeting of high-level vigilance officers, the Minister said the government's goal is not just to reduce corruption, but to eliminate it completely through phased and systematic measures. *(The Hindu)*

### **Labour shortage, price crash prompt pineapple growers to suggest pause on new crop**

The Pineapple Growers Association Keralam has launched a campaign urging farmers to avoid fresh pineapple cultivation for the next 12 months and instead focus on maintaining existing farms amid acute labour shortages and falling prices. Baby John, President of the association, said the migration of workers to northern India during the election season had severely affected labour availability, making it difficult for farmers to harvest and manage existing plantations efficiently. He said the immediate priority should be the upkeep of current farms, which would help reduce unnecessary expenditure, ease labour pressure and support market stability that could improve prices in the coming months. *(BusinessLine)*

### **Natural rubber production posts 3.4% growth in FY26**

Natural rubber production registered a 3.4 per cent growth in FY26, with the volumes touching 9.05 lakh tonnes from 8.75 lakh tonnes in the previous year. During the same period, consumption rose by 1.2 per cent to 14.27 lakh tonnes from 14.10 lakh tonnes. Favourable climatic conditions across major rubber-producing regions contributed to increased tapping days, sustained tapping activities and enhanced productivity. The growth in production was further supported by the sustained efforts of the Rubber Board through initiatives like promotion of rain guarding and self-tapping, adoption of scientific agronomic practices, capacity-building and skill development programmes and implementation of plant protection and timely disease control measures. *(BusinessLine)*

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