



Public Finance

Tamil Nadu government gives sovereign guarantee for temple funds deposited in power finance corporation

The Tamil Nadu government, on Friday (May 29, 2026), gave a sovereign guarantee for the security of temple funds deposited in Tamil Nadu Power Finance and Infrastructure Development Corporation (TNPFI), a State owned non-banking finance corporation (NBFC) that funds Tamil Nadu Power Generation and Distribution Corporation (TANGEDCO). In a memo filed before Justices G.R. Swaminathan and V. Lakshminarayanan, Hindu Religious and Charitable Endowments (HR&CE) department secretary J. Kumaragurubaran said, "the Government of Tamil Nadu has deemed it appropriate to extend its assurance by way of a guarantee on the safety of the deposits made by the respective temples with TNPFI." (*The Hindu*)

Rs 5.07 lakh crore debt, Rs 48,733 cr pending bills: Kerala's White Paper flags deep fiscal stress

The newly elected United Democratic Front (UDF) government on Thursday tabled a White Paper on Kerala's finances in the state Assembly, revealing mounting public debt, rising liabilities and persistent treasury stress that together paint a worrying picture of the state's fiscal health. According to the report, Kerala's total public debt has surged to Rs 5.07 lakh crore, while pending liabilities stand at Rs 48,733 crore, including unpaid dearness allowance (DA) and dearness relief (DR) arrears owed to government employees and pensioners. (*Financial Express*)

India considers spending curbs to protect fiscal deficit target

India's government is weighing spending cuts across parts of the budget as higher oil prices inflate subsidy bills and threaten to derail its fiscal consolidation plans, according to officials familiar with the matter. The options have been reviewed in meetings with Finance Minister Nirmala Sitharaman over the past month, although no decision has yet been made, the officials said, asking not to be identified because the discussions are private. (*The Economic Times*)

States' mkt borrowing share in deficit funding rises to 76.3% in FY26: RBI

States increased their reliance on market borrowings to finance gross fiscal deficits in 2025-26, even as yields and spreads on state government securities (SGS) rose during the year. According to the Reserve Bank of India's (RBI) annual report, the share of market borrowings in financing states' gross fiscal deficit rose to 76.3 per cent in 2025-26 (budget estimates) from 71.8 per cent in 2024-25 (revised estimates). States raised ₹12.76 trillion through SGS issuances in 2025-26 against ₹10.73 trillion in the previous year. Gross market borrowings were 95.1 percent of the amount indicated in quarterly calendars. (*Business Standard*)

White Paper on Kerala finances exposes V.D. Satheesan's claims: K.N. Balagopal

Former Kerala Finance Minister K.N. Balagopal has said that the White Paper tabled in the Assembly has exposed the claims made by the Congress-led UDF and V.D. Satheesan when they were in the Opposition. Talking to reporters in Thiruvananthapuram on June 4, 2026, Mr. Balagopal said that the CM, when he was the Leader of the Opposition, had persistently repeated that the State's debt had touched ₹6 lakh crore. He had repeated it even after the then LDF government had stated that it would not exceed ₹4.8 lakh crore. The White Paper estimated Kerala's outstanding liabilities at ₹5.07 lakh crore, debunking Mr. Satheesan's claim, Mr. Balagopal said. *(The Hindu)*

Govt slashes expenditure by ₹60K cr to meet fiscal deficit target in FY26

The central government has slashed its total expenditure by around ₹60,000 crore in FY26, below its revised estimate (RE) for the financial year, to meet the fiscal deficit target of 4.4 per cent of GDP, according to the latest Controller General of Accounts (CGA) data released on Monday. In FY26, while revenue expenditure was cut by ₹26,636 crore, capital expenditure was reduced by ₹33,055 crore, leading to a dip in total expenditure by ₹59,691 crore to ₹49 trillion. Thus, from the Budget estimate level, total expenditure has been reduced from ₹56.65 trillion by ₹7.6 trillion to ₹49 trillion. *(Business Standard)*

'India's fiscal deficit may rise to 4.7% of GDP in FY27 amid West Asia war'

The GoI fiscal deficit turned out to be somewhat better than expected in 2025-26 financial year (FY26). Subsequently, the West Asia conflict has cast some clouds on the fiscal outlook for FY2027. Higher expenditure requirements and potential revenue misses could create a fiscal slippage in FY2027, notwithstanding some buffers. While the cooling in crude oil prices over the last few sessions comes as a relief, they remain well above the levels that would provide comfort on the macro front. *(Business Standard)*

Centre's domestic financing nearly doubles to ₹3.6 trillion in April, easing capital spending pressure

The Centre mobilised ₹3.6 trillion through domestic financing in April, nearly double the ₹1.90 trillion it raised in the same month last year, marking a strong start to the funding programme for the new fiscal year and providing a cushion for planned expenditure on infrastructure, welfare schemes and other development projects. Data released by the CGA also showed external financing turning positive at ₹1,940.59 crore during the month, against negative ₹3,836.01 crore in April 2025, indicating an improvement in net external flows. *(Mint)*



Taxation

GST collections grow 3.2% in May to ₹1.94 lakh cr

Gross GST collections rose 3.2% to over ₹1.94 lakh crore in May on improved supplies of goods and services, and continued expansion of collection from imports, government data showed on June 1, 2026. Gross GST collection stood at ₹1.88 lakh crore in May, 2025. Gross CGST collection from domestic transactions during the reported month stood at ₹37,397 crore, SGST at ₹45,143 crore and IGST at ₹51,990 crore. *(The Hindu)*

Industry seeks faster disposal of high-value GST disputes, appeal relief

Industry associations have urged the Ministry of Finance to speed up the disposal of goods and services tax (GST) disputes of ₹5 crore and more. They argue that resolving such cases will give businesses clarity and unlock money blocked as mandatory pre-deposits, sources said. Under the GST appellate framework, taxpayers are required to make pre-deposits while filing appeals. Industry representatives have told the government that expediting high-value cases will help businesses get clarity on their tax positions. *(Business Standard)*



National Accounts and State of the Economy

Govt to cut taxes, relax bond ownership rules to attract foreign investment

India is poised to announce steps to draw more foreign investments by reducing taxes and removing caps on the ownership of some bonds as soon as this week, according to people with knowledge of the matter. The cabinet will also consider whether it should eliminate the 20% levy on interest earned from bonds, or reduce it to a bare minimum. The Finance Ministry and the Reserve Bank of India didn't respond to emails seeking comment. Bloomberg News reported last month that India is considering the tax cuts following a recommendation by the central bank. *(Business Standard)*

Govt considering policy to support affordable adoption of E85 fuel: Hardeep Singh Puri

The government is examining a policy to support accelerated affordable adoption of E85 fuel (85 per cent ethanol blended petrol) Petroleum and Natural Gas minister Hardeep Singh Puri said on Wednesday. Addressing an event organised by Hero MotorCorp, Puri further said unveiling of India's first flex fuel motorcycles fully compatible with ethanol-blended fuels ranging from E20 (20 per cent ethanol blended petrol) to E85 (85 per cent ethanol by Hero MotorCorp is a new chapter in India's energy history). *(The Economic Times)*

Remittances anchor the rupee, India's external balances

The Indian rupee has lost nearly 12% of its value against the U.S. dollar since May 2025. Several analysts have noted the consistent decline in net Foreign Direct Investment (FDI) and net Foreign Portfolio Investment (FPI) flows as a cause. The ebbing of net FDI and FPI flows notably began much before the current energy crisis due to the war in West Asia. A declining trend in net FDI began in the second quarter (Q2) of 2021-2022. As of Q3 of 2025-26, net FDI was negative. The declining trend in net FPI, which is also at a negative, started in Q4 of 2023-24. *(The Hindu)*

IIP growth slows to 4.9% as new data shows dip in mining activity

The base year has been revised to 2022-23 from 2011-12; growth rate in April was slower than 5.8% recorded in the corresponding period last year; mining and quarrying output declined by over 5%. The manufacturing sector output grew at 6.2% in the reporting month, slightly slower than the 6.3% in 2025. The electricity and gas supply sector grew at 4.9% while water supply, sewerage and waste management grew at 6.6%. The new basket of goods to calculate IIP consists of 1,042 products mapped to 463 item groups. The older series had just 839 items mapped to 407 item groups. *(The Hindu)*

National Health Accounts figures indicate high burden of health care costs on people

The government's interpretation of the NHA measures and takes credit for infinitesimal growth of public spending. According to a press release, "The share of GHE as a percentage of the GDP has risen from 1.15% in 2013-14 to 1.43% in 2022-23", and as per the new GDP series, it will be 1.48% in 2022-23. "Similarly, this share in General Government Expenditure has increased from 3.78% to 4.89% over the same period, underscoring the growing prioritisation of health in public spending. (*The Hindu*)



Banking and Monetary Policy

RBI data shows why govt. is concerned about dollars flowing out

The latest data from the RBI shows why the government and the central bank are so concerned about dollars flowing out of the country: the total amount of dollars flowing out of the country exceeded inflows by \$30.8 billion in 2025-26, a more than six-fold increase over 2024-25. This BoP had been a surplus as recently as 2023-24. (*The Hindu*)

RBI dismisses gold sale rumours; physical reserves stand steady at 880.52 tonnes

Debunking reports of gold sale, the RBI said there is no change in the physical stock of gold, which remains unchanged at 880.52 tonne. The clarification from the RBI comes following reports it may have sold gold amounting to approximately \$12 billion to shield foreign-currency reserves from the impact of the ongoing conflict in West Asia. "The RBI emphasises that these reports are not correct," the central bank said in a statement. (*The Hindu*)

RBI's regulatory agenda in FY27 to focus on customer protection, strengthening credit ecosystem

The Reserve Bank of India said on Friday that its agenda in the regulatory space in FY27 would be anchored around the two priorities—customer protection and strengthening the credit ecosystem. Further, its supervisory agenda will focus on early identification of emerging risks, strengthening root-cause analysis and enhancing consistency in supervisory practices across REs. (*BusinessLine*)

Reason for bank deposit erosion

Where are all the deposits going? On April 15, Reserve Bank of India officials met commercial lenders urging them to bring in more 'stable deposits.' It is often argued that lack of deposit mobilisation, caused by a 'shift in household savings into equities', lies at the deposit conundrum impacting the Indian banking system (Bloomberg, April 15, 2026). (*BusinessLine*)

Regional skew in credit flows

India's financial inclusion story is, by most standard narratives, a success. Since January 2015, over 540 million new bank accounts have been opened under the Pradhan Mantri Jan Dhan Yojana. More than half are held by women. Digital transactions under the UPI now processes over 700 million transactions daily. The RBI's Financial Inclusion Index climbed from 53.9 in 2021 to 67 in March 2025. These are real achievements, and they have been duly recognised both domestically and globally. (*BusinessLine*)

RBI's wallet curbs may force fintechs to redraw growth plans

A proposed tightening of mobile wallet regulations by the Reserve Bank of India is forcing fintech companies to revisit business plans built around prepaid payment instruments (PPIs), a segment that has continued to grow even as UPI dominates digital payments. Industry executives said the draft framework issued on April 22 could restrict several wallet-led offerings and slow growth in a category that processed 69.50 crore transactions worth ₹22,448 crore by 11 crore users in March. *(BusinessLine)*

The missing link in monetary transmission

Given the circumstances under which the June meeting of the Monetary Policy Committee (MPC) is taking place, there is little expectation that the Committee would seek to compound the problems of domestic economic agents by raising the cost of money. Consequently, a status quo on the repo rate is the broad market consensus. This time around, however, the Statement on Developmental and Regulatory Policies — issued alongside the MPC decision — may prove more consequential. *(BusinessLine)*

India's growth outlook for FY27 remains positive: RBI Annual Report

India's growth outlook for FY27 remains positive, supported by strong macroeconomic fundamentals, though the West Asia conflict and the attendant risks could pose headwinds to growth and inflation in the short run, according to the RBI's Annual Report for FY26. The report noted that the domestic economy is expected to remain resilient despite a challenging external environment, with the growth prospects backed by strong macroeconomic fundamentals, including robust domestic demand, relatively lower dependence on exports as a growth driver and a stable policy environment. *(BusinessLine)*

Easing cycle in FY26: Proportion of bank loans bearing less than 9% interest rises sharply

The proportion of Scheduled Commercial Banks' (SCBs) loans bearing interest rate of less than 9 per cent rose sharply in FY26 to 64.2 per cent as on end-March 2026 from 43.9 per cent a year ago, in sync with the easing cycle, according to the RBI. The RBI noted that in response to the cumulative 125 bps reduction in the policy repo rate (from 6.5 per cent to 5.25 per cent), SCBs adjusted both repo-linked external benchmark-based lending rates (EBLRs) and marginal cost of funds-based lending rates (MCLR) downward during February 2025 to March 2026. *(BusinessLine)*

Monetary policy should not target exchange rate

The rupee touching 96.96 to the dollar on May 20 was not simply a story of crude oil, dollar strength, or foreign portfolio outflows. Those were the triggers. The deeper issue is that India is operating inside the classic open-economy trilemma: the attempt to preserve currency stability, monetary-policy autonomy, and access to global capital at the same time. *(BusinessLine)*

What will the MPC do this time?

Robert Lucas and Thomas Sargent were proponents of the famous Rational Expectations theory. The theory said that if monetary or any policy is predictable, it ceases to have any impact on economic variables. If everybody knows that the central bank will act only when inflation crosses the defined threshold, it will be business as usual. However, if the central bank suddenly announces a major change, then the impact will be significant. *(BusinessLine)*



Despite inventory build-up in May, India's refined product exports hit multi-year low

The imposition of windfall tax, coupled with re-prioritisation of refinery operations to increase LPG output and refinery maintenance, pulled down India's refined petroleum product exports in May to their lowest levels since October 2022. May 2026 also marked the third consecutive month of decline in the export of POL products, following the government's re-imposition of SAED on diesel and ATF to discourage outbound shipments in March 2026. (*BusinessLine*)

India's April-May coffee exports rise 20% to top \$503 million

Coffee exports rose by a fifth in the first two months of FY27, crossing \$503 million during April-May, driven by robust demand from key European markets such as Italy and Germany. According to the latest Coffee Board data, export volumes increased 36% to 92,903 tonnes during April-May from 67,910 tonnes in the corresponding period last year. In value terms, exports grew 20% to \$503.77 million from \$418 million a year ago. In rupee terms, export earnings surged 33% to ₹4,752 crore from ₹3,567.85 crore. (*BusinessLine*)

FTA with Oman to give a boost to livestock product exports

The India-Oman Free Trade Agreement is expected to give a boost to the export of farm products, including poultry and marine products, stakeholders said. The India-Oman Free Trade Agreement is a significant boost for India's agriculture, poultry, livestock and marine export sectors. By providing duty-free access for key products such as shrimp, fish, eggs and other food items, the agreement will make Indian exports more competitive in a strategically important Gulf market. (*BusinessLine*)

India may roll-back Scotch duty cuts if UK doesn't sort out steel restrictions

India is weighing the option of withdrawing some market access concessions offered to the UK for certain items, such as Scotch whisky, under the bilateral FTA signed last year because of new steel restrictions imposed by Britain that would hit exports from the country, sources said. India needs to rebalance the FTA as the UK has come up with new import restrictions on steel. The options that we are looking at include withdrawal of certain tariff concessions on British exports to India, including Scotch whisky. (*BusinessLine*)

U.S. proposes 12.5% tariff on India and other countries, Indian govt says it 'remains engaged' with U.S.

The U.S. government has proposed to levy a tariff of 12.5% on imports from 54 countries, including India, that it says have "failed to impose and effectively enforce" prohibitions on the import of goods produced using forced labour. In response, the Indian government has said it "remains engaged" with the U.S. regarding this development and the finalisation of an Interim Agreement on trade. The office of the U.S. Trade Representative (USTR) had, in March this year, launched an investigation under Section 301 of the U.S. Trade Act of 1974 to look into whether its trade partners were taking enough steps to stop the import of goods made using forced labour. (*The Hindu*)

Government exempts import duty on cotton till October 30

The Ministry of Finance has suspended the import duty on cotton from June 1 to October 31, giving the much-sought relief for the textile industry. In a notification issued on May 30, the Ministry said the 11% duty will not be levied from June 1. Cotton production in the current cotton marketing season (October 1, 2025 to September 30, 2026) is expected to be about 290 lakh bales as against the domestic requirement of almost 320 lakh bales. The Union government suspended the import duty from April to October in 2022 and in 2025. Cotton price on Saturday was ₹64,000 a candy and prices have been on the rise for the past two months. Almost 40 lakh bales of cotton have been imported so far in the current season. *(The Hindu)*

Britain's steel safeguard, carbon tax sticking points in implementation of India-U.K. trade pact: Sources

India and the U.K. will discuss Britain's steel safeguard measure and CBAM this week as these issues have become a sticking point in the implementation of the bilateral free trade pact, which was signed on July 24, 2025, sources said. These issues will figure prominently during the India visit of U.K. Minister of State for Trade Policy Chris Bryant on June 2. He will hold a bilateral meeting with Commerce and Industry Minister Piyush Goyal. These issues have become a kind of sticking point in the implementation of the CETA. *(The Hindu)*

India's Economy Shows Resilience Amid Global Uncertainty, Driven by Strong Domestic Demand and Services Exports

India's economy continues to demonstrate resilience despite rising global uncertainty arising from the West Asia conflict and disruptions across energy and logistics channels. India's external sector remains supported by resilient services exports, strong foreign exchange reserves, and diversified trade linkages, even as rising crude oil prices and West Asia disruptions increase near-term risks. During April-February FY26, total exports of goods and services grew by 5.8% YoY to 790.9 billion USD. Merchandise exports grew modestly by 1.8% while non-petroleum, non-gems and jewellery exports increased by 5.7%, led by strong growth in electronic goods exports. *(Business Standard)*

Fuel exports decline to 930,000 bpd in May, lowest since 2022

India's exports of refined petroleum products fell to about 930,000 barrels per day (bpd) in May, their lowest level since October 2022, as refinery maintenance, changing production priorities and stronger domestic demand curtailed overseas shipments. Exports declined to around 930,000 bpd, down to levels last seen when shipments averaged 926,000 bpd in October 2022, reflecting a combination of lower refinery throughput and a growing focus on supplying the domestic market, according to data analytics firm Kpler. *(Business Standard)*

India's seafood exports hit record high in 2025-26

India exported 19,72,018 metric tonnes (MT) of seafood worth ₹73,890.46 crore (USD 8.46 billion) during FY 2025-26, achieving an all-time high in both volume and value despite global challenges. Frozen shrimp remained the top export, contributing ₹49,037.93 crore (USD 5,624.48 million). Shrimp exports totaled 7,92,647 MT, with the United States importing 2,56,128 MT, followed by China (1,69,505 MT), the EU (1,35,599 MT), Southeast Asia (83,810 MT), Japan (40,776 MT), and the Middle East (30,478 MT). Both L. vannamei and Black Tiger shrimp showed growth in volume and value. *(Business Standard)*

Silver imports via authorised channels only

In a further tightening of import norms for silver, the government on Tuesday mandated that imports be routed through RBI-nominated agencies, Directorate General of Foreign Trade-approved entities and qualified jewellers authorised by the IFSCA via the India International Bullion Exchange against a valid import authorisation. The import authorisation will be issued by the DGFT. Last month, the government raised import duty on gold and silver to 15% to curb non-essential imports amid the West Asia crisis. Silver imports in April jumped 157% year-on-year to \$411 million. *(The Economic Times)*

US tariffs on agricultural machines to be cut, 50% metal levies stay

The US will cut tariffs on farm equipment such as combines and harvesters to 15% from 25%. In addition, a new 10% tariff category has been introduced for imported products manufactured using at least 85% US-origin steel, aluminium or copper by weight. Under a proclamation issued late Monday, the White House announced limited changes to its Section 232 metal tariffs to reduce costs for American farmers and manufacturers, adding that the tariffs will last till December 31, 2027. *(The Economic Times)*

India's exports hit \$43.56 billion in April as shipments record double-digit growth

The country's exports have recorded a double-digit growth during April-May 2026-27, a senior government official said on Monday. The Commerce Ministry will release the trade data for May on June 15. "During the two months, exports are in double-digit growth," the official said. Exports rose by 13.78 per cent to USD 43.56 billion in April, the highest monthly outbound shipments in more than four years, driven by petroleum products amid a surge in crude oil prices, but the trade deficit widened to a three-month high of USD 28.38 billion due to an uptick in imports. *(The Economic Times)*



Agriculture and Rural Economy

Climate resilience must become a national priority for agriculture, says farmers' apex body

A report by the Federation of All India Farmer Associations (FAIFA) has warned that climate resilience must become a national agricultural priority amid rising climate risks, extreme weather and El Niño concerns. The report titled 'Inspired by nature: El Niño-ready farming for climate resilience and our future' called for an urgent transition towards climate-resilient farming systems capable of safeguarding food security, farmer livelihoods and long-term agricultural sustainability. *(BusinessLine)*

India's wheat procurement for buffer stocks exceeds revised target

The Union government's wheat procurement during the ongoing season has reached 34.99 million tonnes (mt) as of May 31 — up 17 per cent from 29.82 mt in the corresponding period a year ago. The current procurement, made by the Food Corporation of India for buffer stocks, has exceeded the target of 34.5 mt set by the government. In 2025, the government had procured 30 mt of wheat, but it expected higher purchases after the Agriculture Ministry estimated the production at a record high of 120.21 mt. *(BusinessLine)*

India cuts foodgrains output target amid below normal monsoon forecast

After achieving a record foodgrain production of 376.56 mt in 2025-26, the Union government has set a target of 373.93 mt for the 2026-27 crop year. This includes 151 mt of rice, 121.5 mt of wheat, 28.42 mt of pulses, 18.08 of nutri-cereals and 52.50 mt of maize. The lower target fixed for rice and maize from the actual production is seen as a realistic move amid the threat of El Nino over the monsoon after the India Meteorological Department predicted 'below normal' rainfall. *(BusinessLine)*

India trims fertiliser demand for kharif season as weak monsoon outlook triggers reassessment

India has lowered its requirement for fertilisers during the upcoming sowing season, as it braces up for a below normal monsoon rainfall, said Aparna Sharma, additional secretary, department of fertilizer on Monday. We had asked the Ministry of Agriculture and Farmers' Welfare to reassess the projected demand for fertilisers and they have reduced their projections following a reevaluation, Sharma said during a press briefing on West Asia Crisis on Monday. The ministry has reduced the demand for urea from 194 LMT to 190 LMT and that for DAP from 66 LMT to 60 LMT, the official added. *(The Economic Times)*



Industry, Manufacturing, Services and Technology

Customs system outage hits courier shipments

An outage in the Customs Department's ECCS since Thursday evening has disrupted international courier shipments from major airports across the country. Courier companies use the ECCS to file details such as the bill of entry or shipping bill to obtain Customs clearance for imports and exports, respectively. Details about consignor, consignee and product description are submitted through the online platform. The outage, second this month, was reported on Thursday evening. *(BusinessLine)*

How to make green hydrogen viable in industry

Prime Minister Narendra Modi's appeal to use petrol and diesel sparingly has brought India's energy vulnerability back into focus. India's response, however, cannot stop at short-term restraint by households alone. Imported fossil energy is built into India's industrial economy—in fertilizers, refineries, ammonia and other energy-intensive production chains. Therefore, any serious response must reduce fossil-fuel dependence where it is embedded in production. *(BusinessLine)*

PMI Manufacturing rose to 3-month high of 55 in May

Pushed by domestic demand strength, PMI for manufacturing rose to a three-month high of 55 in May, S&P Global reported on Monday. The April reading was 54.7. PMI is derived from responses of 400 executives of various companies. Index above 50 means expansion, while below 50 means contraction. PMI is a gauge of overall conditions derived from measures of new orders, output, employment, supplier delivery times and stocks of purchases. Goods producers reported the fastest expansions in new orders and output since February and cited factors like demand strength, infrastructure projects and new business gains as the main reasons behind the upturn. *(BusinessLine)*

IT sector headwinds leave a mixed mark on CEO remuneration in FY26

A challenging business environment marked by weak client spending, geopolitical uncertainty and lower variable payouts had a mixed impact on CEO compensation at India's leading IT companies in FY26, even as employee salary growth remained muted across the sector. CEO compensation trends were mixed across India's top IT services firms. As per the company's annual reports, the remuneration of Infosys CEO and MD Salil Parekh rose 2.5% to ₹82.6 crore from ₹80.6 crore in FY25, while TCS CEO and MD K Krithivasan's pay increased 6.3 per cent to ₹28 crore. In contrast, Wipro CEO and MD Srinu Pallia's remuneration declined 7.5% to ₹49.6 crore from ₹53.6 crore a year earlier. *(BusinessLine)*

Nomura bets on India datacentre boom, CG Power, GE Vernova among top picks

Global brokerage Nomura believes India's datacentre industry is entering a multi-year growth phase driven by accelerating digitalisation, cloud adoption and rising artificial intelligence-linked demand, with CG Power and GE Vernova T&D India emerging as its preferred plays. In its report, Nomura said India's datacentre industry is likely to record over 30 per cent CAGR during CY25-30, outperforming the broader APAC market as the country emerges as one of the fastest-growing datacentre hubs globally. *(BusinessLine)*

Factory output expanded by 4.9% in April

The first print of factory output growth based on the new series of Index of IIP with base year of 2022-23 recorded 4.9% in April, Statistics Ministry reported on Monday. It is lower than 5.7 per cent in the corresponding month of the last fiscal but higher than 3.2 per cent of the preceding month. The growth rates of the four sectors—mining & quarrying, manufacturing, electricity & gas supply, water supply, sewerage & waste management—for April 2026 stood at (-) 5.1%, 6.2%, 4.9% and 6.6% respectively, an official statement said. *(BusinessLine)*

India gets access to Claude Mythos AI model as Anthropic expands the initiative

In a boost for the country's cybersecurity systems, India has obtained access to Claude Mythos Preview, Anthropic's advanced AI model to detect and fix security vulnerabilities, as the AI giant opens up Mythos to more organisations across the world. Overall, the access is said to be tightly controlled for Indian organisations — both public and private — that defend critical infrastructure or those that build or operate systems across core sectors such as power, water, healthcare, communications and financial services, as well as national security organisations. *(BusinessLine)*



News on Kerala

Kerala CM V.D. Satheesan tables White Paper on State finances in Assembly

Chief Minister V.D. Satheesan tabled a White Paper on Kerala's finances in the State Assembly, outlining the state's fiscal challenges, including rising public debt, high committed expenditure, and increasing interest payment obligations. The report calls for fiscal reforms, stronger revenue mobilisation, and restructuring of loss-making public sector enterprises to improve long-term financial sustainability. The move has triggered political debate, with the government describing it as an exercise in transparency and the opposition questioning its conclusions. *(The Hindu)*

Reduction in petrol sales tax doubtful but social security cess of ₹2 per litre will go

The Kerala government has indicated that while a reduction in sales tax on petrol and diesel is unlikely, the ₹2-per-litre Social Security Cess imposed on fuel may be withdrawn. Speaking in the Assembly, Chief Minister V.D. Satheesan said the government was assessing the economic impact of rising fuel prices and working on mitigation measures. Kerala currently levies 30.08% sales tax on petrol and 22.76% on diesel, in addition to a ₹1-per-litre additional sales tax, a 1% cess, and a ₹2 Social Security Cess. The Chief Minister argued that the cess had adversely affected fuel sales, particularly diesel consumption, and hinted that its removal could provide relief to consumers. ([onmanorama.com](#))

Revenue department evicts encroachment on government land in Munnar

The Kerala Revenue Department carried out an eviction drive in Munnar and reclaimed government land that had been illegally encroached upon. The action is part of the state's ongoing efforts to identify and remove unauthorized occupations on public land in the Munnar-Devikulam region, an area long affected by land disputes and encroachments. Officials stated that the government is committed to protecting public land and will continue legal and administrative measures against encroachers while ensuring due process is followed. The latest eviction forms part of a broader campaign to address hundreds of identified encroachment cases in the hill station region. ([The Hindu](#))

Kerala banking sector expands across key metrics, NR deposits surge

Banks in Kerala recorded an 11 per cent growth in non-resident (NR) deposits during 2025-26, taking the total NR deposit base to ₹3.24 lakh crore, according to a review meeting of the State Level Bankers' Committee (SLBC). The State's banking sector registered robust growth across key indicators. Total deposits increased by 12 per cent to ₹10.62 lakh crore, while total credit expanded by 13 per cent to ₹7.74 lakh crore. Priority sector lending also witnessed strong growth during the year. Agricultural credit reached an all-time high of ₹1.73 lakh crore, marking a 12 per cent increase. Lending to the MSME sector grew by 11 per cent. Kerala's credit-deposit ratio (CDR) stood at 72.88 per cent, significantly higher than the 60 per cent benchmark stipulated by the Reserve Bank of India. ([BusinessLine](#))

Kerala Financial Corp post ₹111 crore PAT; loan portfolio crosses ₹9,000 crore

The state-owned Kerala Financial Corporation (KFC) reported its highest-ever profit after tax of ₹110.73 crore in 2025-26, a 12.8% increase over the previous year. The corporation's loan portfolio crossed the ₹9,000-crore milestone, reaching ₹9,080.65 crore, reflecting strong growth in lending to MSMEs and entrepreneurs across Kerala. During the year, KFC sanctioned loans worth ₹4,532 crore, disbursed ₹5,629 crore, and recovered ₹5,389 crore. Asset quality also improved, with gross NPAs declining to 2.32% and net NPAs to 0.43%, while net worth rose to ₹1,513 crore. The performance underscores KFC's growing role in financing MSMEs, startups, and industrial development in Kerala. ([BusinessLine](#))

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