

Centre may cut revenue expenditure

Excise duty cut, fertiliser subsidy likely to impact fiscal deficit, says FinMin report

SHISHIR SINHA
New Delhi, June 20

Reduction of excise duty on petrol and diesel has increased the risk to budgeted fiscal deficit, a Finance Ministry report said on Monday. It also advised rationalisation of non-capex expenditure.

The FY23 Budget estimated fiscal deficit at 6.4 per cent. However, last month, the government decided to cut part of excise duty levied on petrol and diesel. This reduction is estimated to bring down revenue collection by ₹1-lakh crore. At the same time, subsidy on fertiliser has been raised by ₹1.10-lakh crore to ₹2.15-lakh crore. All these are expected to have an effect on the fiscal deficit, indicated a monthly economic review (MER) prepared

by the Economic Affairs Department of Finance Ministry.

Non-capex expenditure
“As government revenues take a hit following cuts in excise duties on diesel and petrol, an upside risk to the budgeted level of gross fiscal deficit has emerged. Increase in the fiscal deficit may cause the current account deficit to widen, compounding the effect of costlier imports, and weakening the value of rupee, thereby further aggravating external imbalances, creating the risk (admittedly low, at this time) of a cycle of wider deficits and a weaker currency. Rationalising non-capex expenditure has thus become critical, not only for protecting growth supportive capex, but also for

The Union Budget for FY23 prescribed an expenditure of over ₹39.44-lakh crore, out of which capital expenditure has been estimated at over ₹7.50-lakh crore, while the remaining ₹32-lakh crore is revenue expenditure



avoiding fiscal slippages,” MER said. The budget prescribed an expenditure of over ₹39.44-lakh crore, out of which capital expenditure has been estimated at over ₹7.50-lakh crore, while the remaining ₹32-lakh crore is revenue expenditure.

Near-term challenges
According to the report, India faces near-term challenges in managing its fiscal deficit, sustaining economic growth, reining in inflation and containing the current account deficit while maintaining a fair value of the Indian currency. “Many countries around the world, including and especially developed

countries, face similar challenges. India is relatively better placed to weather these challenges because of its financial sector stability and its vaccination success in enabling the economy to open up,” the report said.

Further, it mentioned that India’s medium-term growth prospects remain bright as pent-up capacity expansion in the private sector is expected to drive capital formation and employment generation for the rest of this decade. “Near-term challenges need to be managed carefully without sacrificing the hard-earned macroeconomic stability,” MER said.

In the medium term, the

successful launch of the Production Linked Incentive (PLI) scheme, development of renewable sources of energy while diversifying import dependence on crude oil and strengthening of financial sector are expected to drive economic growth, the report said.

Balancing act

It acknowledged that the high-wire balancing act between maintaining growth momentum, restraining inflation, keeping the fiscal deficit within budget and ensuring a gradual evolution of the exchange rate in line with underlying external fundamentals of the economy is the challenge for policymaking this financial year.

“Successfully pulling it off will require prioritising macroeconomic stability over a near-term growth. The reward for such a policy discipline will be the availability of adequate domestic and foreign capital to finance India’s investment needs and economic growth that fulfil the employment and quality of life aspirations of millions of Indians,” the report said.

FinMin reviews performance of public sector banks in FY22

Review meeting also covered performance on financial inclusion and other schemes

KR SRIVATS

New Delhi, June 20

The Finance Ministry on Monday reviewed the operating and financial performance of public sector banks (PSBs) for 2021-22 while taking a deep look at the status of implementation of various government sponsored financial inclusion, MSME and agricultural support schemes.

The day-long meeting was chaired by Bhagwat Karad, Minister of State for Finance. “Today’s meeting was a general performance review and no specific directions came from the DFS Secretary or the minister,” said a chief executive of a PSB who did not want to be quoted. The PSB performance on schemes also covered the first two months



MoS Finance Bhagwat Karad (second from right) chairs the annual review meeting of public sector banks in New Delhi on Monday

of the current fiscal. At the first half of the meeting, attended by chief executives and executive directors of all PSBs, the operating performance of each bank was assessed against the benchmark of best performing private sector bank from the standpoint of credit growth, NPA management, deposits growth etc, sources said.

EASE 5.0 reforms

On the capital raising front, sources said, “PSBs are adequately capitalised to even take care of credit growth of 15-20 per cent.”

The meeting also discussed the progress under EASE 5.0, recently launched by Finance Minister Nirmala Sitharaman. Under Enhanced Access and Service Excellence 5.0, there would be a common reforms agenda and a strategic 3-year roadmap. It is still early days for each bank to draw its own roadmap, sources added.

There were also discussions around establishment of 75 digital banking units; recommendations of working group on business correspondents and coverage of unbanked villages with brick and mortar branches.

‘India a dealmaker now, not dealbreaker’

Goyal says India played on the ‘front foot’ to ensure fair, equitable deal at WTO meet

OUR BUREAU

New Delhi, June 20

The recent success of 12th WTO ministerial at Geneva, where a multilateral trade deal was reached after seven years, was “largely” because of India’s leadership in helping to navigate everybody’s viewpoints and bringing the developed and developing world to a consensus that was “fair and equitable”, said Commerce and Industry Minister Piyush Goyal on Monday.

Post the success of this ministerial, the perception on India has been transformed as a country that leads, that brings fairness and that brings solutions to the table and that brings a voice of large section of the world that cannot be ignored, Goyal said at a press conference here.

“Now everybody is thanking India, this is one of the most

successful WTO ministerial ever held. Every Indian citizen should be proud of the outcome of WTO ministerial,” Goyal said. India was the voice of its farmers, fisheries sector, MSMEs and its poor and the country’s imprint was seen in almost all the agreements reached, he said, adding, “Not only were India’s interests fully protected, but it also took care of the world’s interests.” India is no longer seen as a “dealbreaker” but a “dealmaker”, the minister said. In cricket parlance, India played on the “front foot” at Geneva and helped protect multilateralism, he noted.

Trips waiver

On the benefits that would flow to the domestic pharma sector, he said the TRIPS waiver had two parts—current vaccine production for Covid-19 and the other one being the addition of



Piyush Goyal, Commerce and Industry Minister

therapeutics and diagnostics, hopefully in the next six months.

“For the current strains of Covid-19, we don’t need a TRIPS waiver. But we have supported other developing countries who wished to manufacture vaccine,” he said. Should a new strain emerge in the next five years and somebody else finds a vaccine, then India can use this waiver to manufacture that vaccine.

“In the meantime I have offered to many developing

countries and other countries, if they want to manufacture vaccines in their country, our manufacturers are ready, willing and happy to support them (with technology) to set up such facilities,” Goyal said.

India-EU FTA

Goyal said the proposed India-EU Free Trade Agreement (FTA) will be a “win-win” agreement for both sides and it would be an “equitable and balanced” one. Three days from now, the European side will land in Delhi and discussions towards FTA will begin on June 27.

“It is in the interest of our Indian businesses and farmers that this agreement happens. It will also be good for Indian consumers as we will get high quality products. It will also help India improve the quality of manufacturing and move to global standards. India should be recognised in the world as a global producer of quality goods at affordable prices,” Goyal said.

Steel exports to fall 40% in FY23: Crisil

PRESS TRUST OF INDIA

New Delhi, June 20

India’s steel exports are expected to come down by 40 per cent to 12 million tonnes (mt) this fiscal, owing to duty-related measures taken by the government last month, said ratings agency Crisil.

“Steel exports will drop 35-40 per cent to 10-12 mt this fiscal following the 15 per cent export duty imposed on several finished steel products last month. Exports of iron ore and pellets will also fall this fiscal, and lower domestic prices,” the Crisil research analysis said.

Momentum to continue

Finished steel exports had reached a record high of 18.3 mt in FY22 and so were the prices, the agency said on Monday. However, it will continue to see momentum because of the disruptions caused by the ongoing Russia-Ukraine conflict. Additionally, the European Union’s move to raise India’s export quota benefited domestic steelmakers, the report said.



The duty imposition has driven prices down as well

But while steel firms enjoyed fat realisations overseas, domestic demand grew 11 per cent year-on-year, driving domestic prices to all-time highs. This led to soaring construction costs and multiple price hikes across sectors. The hike in export duty was aimed at curbing this inflation.

Domestic prices

Hetal Gandhi, Director, Crisil Research, said: “The duty-driven price correction will improve availability of steel in the domestic market. This will directly impact the export volume in the current fiscal. Steelmakers will attempt to skirt the duties by

bumping up exports of alloyed steel and billets, but that is unlikely to compensate for the loss of finished steel exports.”

The agency further said the combined export volume of iron ore and pellets is expected to see a massive drop from 26 mt last fiscal to 8-10 mt in the current one, and bring about a sharp correction in domestic prices.

Steel prices (ex-factory), which averaged ₹77,000 per tonne in April, had already cooled off by ₹4,000-5,000 per tonne in early May in line with global prices. The duty imposition has driven prices down further, as current prices stand close to ₹14,000-15,000 per tonne lower than the April peak.

Koustav Mazumdar, Associate Director, Crisil Research, said: “Correction in steel prices was already on the cards as global prices started correcting... As of mid-June, prices are already at ₹62,000-64,000 per tonne and can be expected to trend below ₹60,000 per tonne by the end of the fiscal.”

‘Export duty, a knee-jerk action’

PRESS TRUST OF INDIA

New Delhi, June 20

The Indian Stainless Steel Development Association (ISSDA) has termed the government’s move to impose duty on steel products as “knee-jerk” action.

In a statement, ISSDA president KK Pahuja said: “The knee-jerk action of imposing export duty came as a shock to the domestic steel industry, which was charting new capex plans.”

‘Impact much severe’

In case of flat-rolled products, the Centre had already revoked duty on imports from China and Indonesia. Imports from these two countries reached an all-time high in FY22. Manufacturers have been trying to tackle this unfair competition by raising exports. However, the export duty has resulted in the squeezing out of domestic producers.

“The Centre should have studied market conditions before taking a decision. The impact is much more severe in terms of losses,” Pahuja said.

FSNL buyout: Centre receives multiple EoIs

PRESS TRUST OF INDIA

New Delhi, June 20

The government on Monday said it has received multiple preliminary bids for buying Ferro Scrap Nigam Ltd (FSNL). The Department of Investment and Public Asset Management (DIPAM) had, in March, invited bids for the strategic sale of FSNL.

“Multiple Expressions of interest (EOIs) received for strategic disinvestment of FSNL, a wholly owned subsidiary of MSTC Ltd,” DIPAM Secretary Tuhin Kanta Pandey tweeted.

After completion of due diligence, DIPAM would invite financial bids from potential buyers of FSNL.

‘Adverse events may lead to \$100-b portfolio outflows’

RBI article says it may rise to 7.7% of GDP in case of a ‘black swan’ event

OUR BUREAU

Mumbai, June 20

There is a 5 per cent chance that potential portfolio outflows can average up to 3.2 per cent of GDP or \$100.6 billion in a year in an adverse scenario, cautioned an article titled ‘Capital Flows at Risk’ in the Reserve Bank of India’s (RBI) latest monthly bulletin.

The capital outflows could be response to (i) a Covid-type contraction in real GDP growth, or (ii) a Global Financial Crisis (GFC) type decline in interest rate differentials

compared to the US, or (iii) a GFC type surge in the VIX (Volatility Index).

In a ‘black swan’ event, comprising a combination of the aforementioned shocks, there is a 5 per cent chance of potential portfolio outflows rising to 7.7 per cent of GDP and short-term trade credit re-trenchment of 3.9 per cent of GDP, highlighting the need for maintaining liquid reserves to quell such potential bouts of instability, per the article put together by senior RBI officials led by Deputy Governor MD Patra.

Sensitive to sentiments

For India, portfolio flows are the most sensitive to shifts in risk sentiment globally and spillovers, the article’s au-



Attention has turned from the benefits associated with capital flows to their consequences, says the article

thors said. “With the spate of emerging market crises since the 1990s and the experience with the global financial crisis and its aftermath, attention has turned from the benefits associated with capital flows to their consequences such as accentuating financial vulnerabilities, aggravating mac-

roeconomic instability and spreading contagion,” they said.

The authors noted that financial openness can be a double-edged sword — a fifth of all surges in capital flows to EMEs have ended in financial crises, and EMEs are at least three times more likely to experience a financial crisis after these cascades than in normal times (Carney, 2019).

“Our findings suggest the predominant role of pull factors in attracting capital flows to India, key among them being growth differentials and domestic term premia. On the other hand, it is global risk aversion, reflected in the VIX, that drives capital outflows,” the official said.

RBI spent more to print ₹20, ₹50, ₹100, ₹200 notes in FY22

Higher input costs believed to be behind the surge in selling price

SHISHIR SINHA

New Delhi, June 20

Selling price of bank notes in the denomination of ₹20, ₹50, ₹100 and ₹200 has gone up in FY22. However, for notes in the denomination of ₹500, the prices have remained unchanged.

Selling price for 1,000 pieces of ₹50 recorded a maximum increase of around 23 per cent in FY22 over FY21, while that of ₹20 registered the lowest increase of a little over 1 per cent, according to information sourced through RTI from the Bharatiya Reserve Bank Note Mudran Ltd (BRBNML). Although notes of ₹500 denomination are the highest in terms of volume (34.9 per cent of all denomination) among all the paper notes in circulation, and also in terms of value (73.3 per cent of value of all denomination), their selling price has not



Selling price of bank notes (in ₹/1,000 pieces)					
Denomination	2017-18	2018-19	2019-20	2020-21	2021-22
₹10	700	750	760	990	960
₹20	850	NA	770	940	950
₹50	830	820	910	920	1,130
₹100	1,500	1,340	1,380	1,640	1,770
₹200	2,240	2,150	2,130	2,220	2,370
₹500	2,390	2,130	2,150	2,290	2,290
₹2,000	4,180	3,530	NA	NA	NA

Source: BRBNML

seen any change in FY22 and FY21.

Selling price refers to the price at which printing presses supply paper currency to their sole buyer, the Reserve Bank of India (RBI).

Through the production

There are four presses, of which two are owned by the RBI through its wholly owned subsidiary, BRBNML, while the re-

maining two come under the ownership of the Central government, operated through its wholly owned company, Security Printing & Minting Corporation of India Limited (SPMCIL). BRBNML presses are situated in Mysuru and Salboni (eastern India). The government-owned presses are at Nasik and Dewas (central India). Coins are minted in four mints owned by the

Import dependency

According to RBI’s annual report, BRBNML achieved production of 13,350 million pieces of banknotes in FY22. The two-fold increase in direct remittances by BRBNML to currency chests aided the unfettered availability of banknotes during the pandemic.


Colour Shift Intaglio Ink (CSII), a security feature used in Indian banknotes that was imported

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NOTICE OF 28TH ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting (AGM) of the Members of the Company will be held on Friday, 15th July, 2022 at 4.00 p.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM) in compliance with all the applicable provisions of the Companies Act, 2013 and the Rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Ministry of Corporate Affairs General Circular No. 20/2020 dated 05th May, 2020 along with other applicable Circulars issued by the MCA and SEBI to transact the businesses set out in the notice calling the AGM. Facility for appointment of proxy will not be available for the AGM and hence requirement of attaching the Proxy Form and Attendance Slip has been dispensed herewith and are not annexed to the Notice of 28th AGM.

The Notice of the 28th AGM and the Annual Report including the Financial Statements for the year ended 31st March, 2022 will be sent only by e-mail to all those Members, whose email addresses are registered with the Company or with their respective Depository Participants, in accordance with MCA Circular(s) and SEBI Circular. Members can join and participate in the 28th AGM through the VC/OAVM facility only. The instructions for joining the 28th AGM and the manner of participation in the remote electronic voting or casting vote through the e-voting system during the AGM are provided in the Notice of the AGM. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013. The Notice of the 28th AGM and the Annual Report will also be made available on the Website of the Company at www.geojit.com and in the Website of BSE Limited at www.bseindia.com and National Stock Exchange of India at www.nseindia.com.

Members whose e-mail addresses are not registered with the depositories can register the same for obtaining login credentials for e-voting for the resolutions proposed in this notice in the following manner:

- For Physical Shareholders- Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company email ID: companysecretary@geojit.com or to RTA of the Company at info@skdc-consultants.com;
- For Demat Shareholders- Please update your email id and mobile no. with your respective Depository Participant (DP). This is mandatory while E-voting and joining virtual meetings through the Depository;
- The members shall update their bank account details with the Company at email ID: companysecretary@geojit.com or to RTA of the Company at info@skdc-consultants.com or with your respective Depository Participant (DP) for the purpose of receiving dividend directly in bank accounts through Electronic Clearing Service (ECS) or any other means;

The above information is being issued for the information and benefit of all the Members of the Company and is in compliance with MCA Circular/s and the SEBI Circular.

For Geojit Financial Services Ltd
Sd/-
Liju K Johnson
Company Secretary

Place: Kochi
Date: 21.06.2022

