TAX REVENUES RISE BY A FIFTH ON LOW BASE

States' capex decline 8% in April

PRASANTA SAHU
New Delhi, June 7

STATE GOVERNMENTS BEGAN FY27 on a cautious note, with an estimated 8% dip in their budgetary capital expenditure and moderate growth in revenue expenditure.

Data compiled from 20 major states showed that aggregate capital expenditure fell 8.2% year-on-year to ₹20,931 crore in April 2026, reversing the 15.9% growth recorded in the corresponding month last year.

The decline suggests that states may be prioritising fiscal prudence and preserving financial flexibility amid heightened global uncertainty and concerns over the impact of geopolitical tensions on growth, inflation and public finances.

Revenue expenditure — primarily spending on salaries, pensions, subsidies and welfare programmes — rose 5.5% in April, although the pace was slower than the 8.9% growth recorded a year earlier.

The moderation indicates that while states continued to meet routine expenditure commitments, they avoided a significant spending expansion at the start of the fiscal year.

However, aggregate tax revenues of the 20 states increased 20.3% year-on-year to ₹2.58 lakh crore in April, compared with a marginal decline in the same month last year.

The stronger tax collections provided a cushion to state finances despite the softer expenditure profile.

Borrowings and liabilities, meanwhile, contracted sharply by 36.2% year-on-year after surging more than 66% in April 2025.

Total borrowings declined to about ₹55,500 crore, suggesting that states relied less on market borrowing as revenue collections improved and expenditure growth remained contained.

The state-wise picture was mixed. Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu and Gujarat remained among the largest contributors to tax revenues.

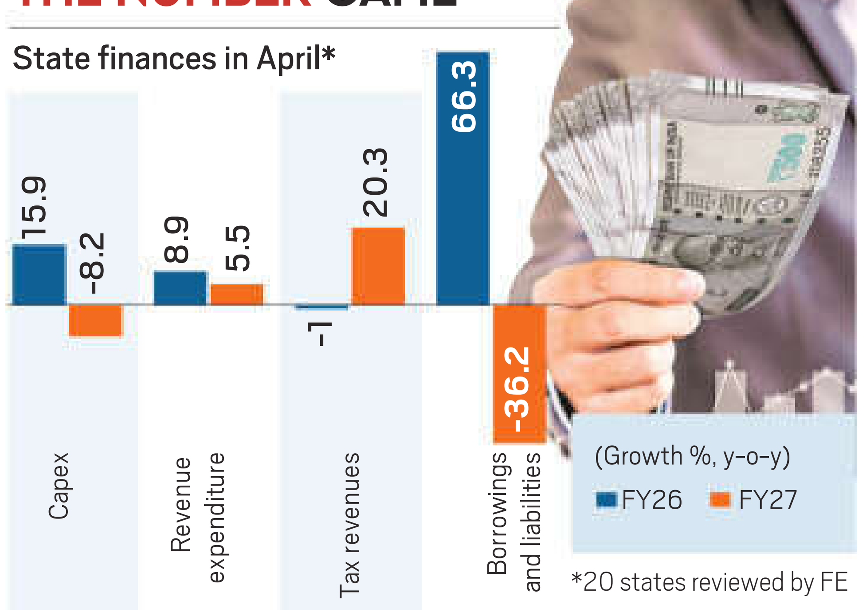
On the expenditure front, several states, including Kerala and Rajasthan, recorded healthy capital spending growth, while others reported contractions, dragging down the aggregate figure.

Amid global uncertainties, the Centre stepped up both capital and revenue expenditure in April, resulting in the fiscal deficit reaching 21.4% of the full-year target, according to official data.

The Centre is also nudging state-run enterprises and state governments to accelerate capital expenditure to support economic activity amid global uncertainties.

It has budgeted ₹2 lakh crore in capex support for states in FY27.

THE NUMBER GAME



REVITALISING TIES

Union External Affairs Minister S Jaishankar (right) with his Indonesian counterpart Sugiono during the 8th India-Indonesia Joint Commission Meeting, in New Delhi, on Sunday. The two ministers discussed ways to deepen cooperation in areas of defence, maritime trade, investments, pharmaceuticals, semiconductors, and food security ANI

India eyes better market access under EAEU FTA

- Seeks easier compliance with SPS, TBT requirements

PRESS TRUST OF INDIA
New Delhi, June 7

INDIA IS EYEING easier compliance with SPS (sanitary and phytosanitary measures) and TBT (technical barriers to trade) requirements under the proposed free trade agreement with the Russia-led EAEU group, an official said.

Complex testing, certification and regulatory procedures under these often act as non-tariff barriers, which increase costs for exporters and delay shipments.

Simplifying these norms would help boost exports of products such as marine goods, agricultural items and processed foods to the EAEU market. India and the five-nation grouping, the Eurasian Economic Union (EAEU), inked the terms of reference to negotiate a free trade agreement on August 20 last year.

The first round of negotiations was held in November 2025 in New Delhi.

Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan are the five member countries of the EAEU. The second round is expected later this month in Moscow, the official said.

This pact has about 15 chapters, which include goods and customs facilitation. It does not have a chapter on services. SPS are rules designed to protect human, plant and animal health.

On the other hand, technical barriers to trade include product standards, labelling requirements, packaging rules, quality certification, and testing procedures.

Russia is India's top trading partner in the bloc, with bilateral trade worth $68.72 billion in FY25 (exports $4.88 billion and imports $63.84 billion).

The high import numbers are due to a jump in crude oil imports.

DEAL IN PROGRESS

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EU trade delegation in Assam for two-day visit from today

THE EUROPEAN UNION is eyeing a long-term trade and investment partnership with India's Northeastern region to unlock its economic potential, focusing heavily on green energy, semiconductors, pharmaceuticals, tea, and agri-food processing.

A high-level 'Team Europe' delegation will arrive in Guwahati on Monday for a two-day visit, aiming to foster deeper economic collaboration with the eight Northeastern states: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.

This initiative aligns with the priorities established under the comprehensive strategic agenda agreed upon during the EU-India summit in January.

The delegation's visit signals a new chapter in EU-India collaboration, with a shared vision to unlock the North-East's economic potential, the EU's New Delhi mission said. PTI

CBI raids IDFC Bank, AU Small Finance in ₹661 crore fraud case

THE CBI HAS conducted searches at six locations in Chandigarh, Panchkula and Delhi-NCR in connection with an alleged ₹661 crore fraud involving the siphoning of government funds from departments of the Haryana government and the Chandigarh administration, officials said on Sunday.

The searches were carried out on Friday at premises linked to senior Haryana cadre public servants and Noida-based Vipam Consultancy and its director as part of an ongoing probe into the alleged misappropriation of funds parked with IDFC First Bank and AU Finance Bank, an official statement said.

According to the agency, the fraud affected eight departments of the Haryana government and two departments of Chandigarh.

"During investigation evidences have surfaced suggesting that the public servants had colluded with bank officials and had facilitated in opening of accounts, transfer of funds and subsequent diversion thereof," the statement said.

The agency alleged that the public servants received undue advantages for facilitating the transactions. PTI

Pharma market grows 11% in May

MANU KAUSHIK
New Delhi, June 7

THE DOMESTIC PHARMA market recorded sales of ₹21,805 crore in May, marking a 10.9% increase over the corresponding month last year. The growth was driven by sustained demand across chronic therapies and an overall improvement in volume growth, according to the latest Pharmarack report.

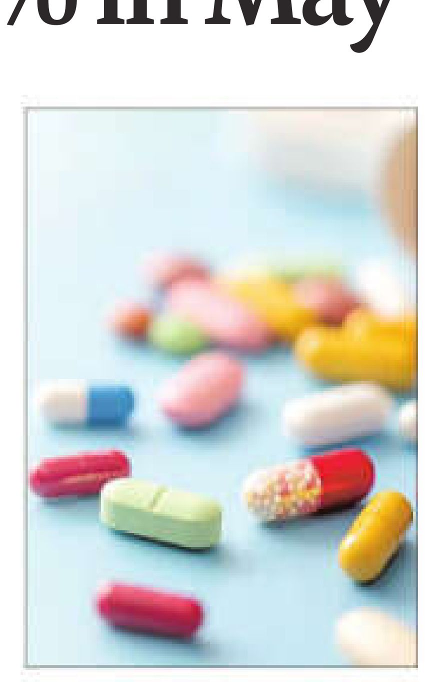
The latest figures show that industry unit growth stood at 1.4%, indicating that price increases were the primary driver of growth in May, compared with volume expansion. Despite a relatively high base and persistent pricing pressures, the sector delivered healthy growth during the month.

Crucially, volume growth improved from near-zero levels in mid-FY26 to 1.9% in the February quarter and 1.3% in the latest quarter, pointing to a steady strengthening of underlying demand.

Price-led growth stood at 5.7% during the May quarter, while new product launches contributed 3.6 percentage points to overall growth.

According to Pharmarack, anti-diabetic drugs emerged as one of the fastest-growing therapy segments in May, registering value growth of 16.8%.

The cardiac segment — the largest therapy area with a 14.6% market share — expanded 13.9%, while respiratory therapies grew 12.3%. Vitamins, minerals and nutrients recorded growth of 12.5%, underscoring sustained demand for preventive healthcare products.



Among smaller segments, anti-neoplastics, used in cancer treatment, rose 13.4%, while vaccines registered growth of 17.6%.

Among pharmaceutical companies, Sun Pharma retained its leadership position with a market share of 8.4%, followed by Abbott and Cipla. Torrent Pharma and Intas were among the fastest-growing large companies, posting growth rates of 14.1% and 13.9%, respectively, in May.

In terms of brands, Eli Lilly's diabetes and obesity drug Mounjaro continued its remarkable ascent. After becoming India's top-selling drug by value in October 2025, the brand recorded sales of ₹1,095 crore and growth of nearly 2,300%.

Besides Mounjaro, other leading brands included Augmentin, Glycomet GP, Foracort and Pan, the report noted.