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Economy

Budget 2025 needs to focus on capex, infra spending: RBI MPC member

Finance Minister Nirmala Sitharaman in the Budget for financial year 2025-26, needs to focus on capital expenditure and infrastructure spending to boost economic growth and make it more sustainable, RBI Monetary Policy Committee member Nagesh Kumar said on Sunday. The eminent economist noted that sustaining infrastructure expenditure and building it further would be very helpful for creating a much more robust trajectory of economic growth for India.

https://www.business-standard.com/budget/news/budget-2025-needs-to-focus-on-capex-infra-spending-rbi-mpc-member-125011900226_1.html

Budget 2025-26 should introduce PLI scheme for R&D to attract global innovation: Deloitte

The Budget 2025-26 should announce a PLI scheme for R&D to attract foreign companies and make India a global hub for innovation, said Deloitte India Partner (Direct Tax) Rohinton Sidhwa. He said the government has been pursuing a policy wherein tax holidays are less and more focus is on Production Linked Incentive (PLI) or other schemes which promote investment and employment.

<https://economictimes.indiatimes.com/news/economy/policy/budget-2025-26-should-introduce-pli-scheme-for-rd-to-attract-global-innovation-deloitte/articleshow/117367371.cms>

Budget should cut tax rates, focus on domestic drivers to boost growth: EY

The forthcoming Budget needs to focus on domestic drivers like reducing personal income tax and allocating higher capex, to boost growth amid global economic uncertainties, EY's chief policy advisor D K Srivastava has said. Srivastava, a member of the Advisory Council of the 16th Finance Commission, said since urban consumption is lagging, it is necessary to rationalize the personal income taxes structure, both in terms of rates and deductions such that additional disposable incomes could be put into the hands of lower and middle income class groups.

https://www.business-standard.com/budget/news/budget-should-cut-tax-rates-focus-on-domestic-drivers-to-boost-growth-ey-125011900138_1.html

Disposable income and consumption take a hit as inflation, tepid hikes keep real wages on the downswing

Inflation and muted average annual salary increases by India Inc. have resulted in the change in real wages for most employees ranging from -0.4% to 3.9% over the last five years, according to data collated by Deloitte for ET. This has hit disposable income and consumption, and the scenario is unlikely to change much in 2025.

<https://economictimes.indiatimes.com/news/economy/indicators/disposable-income-and-consumption-take-a-hit-as-inflation-tepid-hikes-keep-real-wages-on-the-downswing/articleshow/117361111.cms>

Finance

Trump Trade dampens FPIs' interest in India's debt market

A stronger US dollar along with rising US bond yields have dampened the appeal of Indian debt for Foreign Portfolio Investors (FPIs), even as India's global bond inclusion narrative remains intact, said fixed income market experts and economists.

<https://www.thehindubusinessline.com/economy/trump-trade-robs-fpis-interest-in-indian-debt-market-2025-first-month-kicks-off-with-net-selling-so-far/article69116021.ece>

Rising funding costs may hit NBFC margins

Liquidity pressures and high cost of funds are likely to pressure margins of non banking finance companies (NBFCs) during the third quarter ended December 2024. Micro finance companies and NBFCs having a high percentage of unsecured loans may also be impacted due to payment delays by borrowers during the quarter, analysts said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rising-funding-costs-may-hit-nbfc-margins/articleshow/117378867.cms>

Industry

Budget 2025: Simplified tariff structure, lower tax on electronics sector's wish list

The electronics industry, one of India's largest export sectors, is hoping for major reforms in the upcoming Union Budget. With nearly all mobile phones sold in India now made locally, electronics manufacturing output reached \$115 billion in FY24, with \$29 billion coming from exports. The industry has set an ambitious target of achieving \$500 billion in output by 2030.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/budget-2025-simplified-tariff-structure-lower-tax-on-electronics-sectors-wish-list/articleshow/117379332.cms>

Budget 2025: Textiles allocation for FY26 may rise 15% to Rs 5,080 crore

The textiles ministry may get a 15% bump in allocation for FY26 to around ₹5,080 crore, including a 33% rise in budgetary funds for the Production Linked Incentive (PLI) scheme for textiles. In 2024-25, the allocation for the textiles ministry was ₹4,417.03 crore. The extant allocation for the PLI scheme for technical textiles and man-made fibre (MMF) apparel and products is ₹45 crore and is expected to go up to ₹60 crore in FY26. Finance minister Nirmala Sitharaman will announce the budget for 2025-26 on February 1.

<https://economictimes.indiatimes.com/industry/cons-products/garments-/textiles/budget-2025-textiles-allocation-for-fy26-may-rise-15-to-rs-5080-crore/articleshow/117378796.cms>

Domestic composite materials industry to touch \$2.8 bn mark by 2030: Report

Domestic composite materials industry is expected to grow at a 7.8 per cent annual growth rate to reach \$2.8 billion by 2030, a report said. Composite materials or fibre-reinforced plastics (FRP) help in the circular economy as these are manufactured by combining multiple materials with different properties. The Indian composite materials market is estimated at \$1.8 billion in 2024, FRP Institute said in its report. "The Indian composite materials market is likely to grow at a healthy CAGR of 7.8 per cent over the next six years to reach \$2.8 billion in 2030," the Chennai-based body said. The major growth drivers for the industry will be increasing demand from sectors like electrical vehicles (EVs), renewable energy, transportation and construction industries, consumer and white goods, construction and defence.

https://www.business-standard.com/industry/news/domestic-composite-materials-industry-to-touch-2-8-bn-mark-by-2030-report-125011900312_1.html

Govt likely to provide incentives for manufacturing high-end electric vehicles

The Centre is likely to consider investments in research and development and in setting up dedicated assembly lines for electric vehicles at existing factories for incentivising carmakers under a scheme aimed at promoting local manufacturing of high-end EVs. People in the know said the government has agreed upon the permitted scope of investments under the Scheme for Manufacturing Electric Cars (SMEC) to make it viable for automakers for developing an ecosystem for EV manufacturing, in the latest and final round of discussions with industry stakeholders last week.

<https://economictimes.indiatimes.com/industry/renewables/govt-likely-to-provide-incentives-for-manufacturing-high-end-electric-vehicles/articleshow/117377079.cms>

India's top IT firms express cautious optimism about discretionary spending

As India's top IT firms conclude their third quarter for fiscal year 2025, they are cautiously optimistic about a likely rise in discretionary spending in key markets like the US and Europe. For the first time in months, management of the country's tier-I IT firms has offered a positive outlook on the return of discretionary spending.

<https://www.thehindubusinessline.com/info-tech/early-signs-of-revival-indian-it-firms-signal-cautious-optimism-about-discretionary-spending/article69116351.ece>

Auto industry players believe entry of more players would break barriers, accelerate adoption of EVs

The entry of more players in the EV segment will help in breaking barriers and accelerate adoption of electric mobility in the Indian market, according to leading automobile manufacturers. More product introductions will help in catering to diverse customer needs with competition leading to expansion of the market, they noted.

<https://www.thehindubusinessline.com/companies/auto-industry-players-believe-entry-of-more-players-would-break-barriers-accelerate-adoption-of-evs/article69115647.ece>

Over 400 mineral development projects in GSI's roadmap for 2025-26

The Geological Survey of India on Sunday said it has charted an extensive roadmap for the 2025-26 field season with around 1,065 scientific programmes, including 402 mineral development projects and a 16-per cent jump in the number of critical mineral initiatives. Within exploration activities, a significant focus has been placed on critical mineral exploration, with 227 dedicated projects targeting strategically important mineral commodities such as graphite, lithium and vanadium, the surveyor said in a statement. The GSI said it would spend Rs 300 crore on critical mineral exploration and investigation during the field season.

https://www.business-standard.com/india-news/over-400-mineral-development-projects-in-gsi-s-roadmap-for-2025-26-125011900751_1.html

Agriculture

Agriculture processing industry seeks modernisation incentives, tax breaks, export boosts in Budget

As the Union Budget 2025-26 approaches, leaders from the agriculture processing and allied industries have voiced their expectations for measures that can significantly boost the sector's growth and sustainability. They have sought for policy support for rice milling and ethanol production will boost rural livelihoods, strengthen the agricultural economy, and solidify India's position in global agriculture and biofuel markets.

<https://www.thehindubusinessline.com/economy/budget/agriculture-processing-industry-seeks-modernisation-incentives-tax-breaks-export-boosts-in-budget/article69118253.ece>

Robust production prospects bring down spices' prices

Prices of a host of spices such as cumin (jeera), coriander (dhania), turmeric, black pepper and dry chilli, have declined from their peak last year, thanks to adequate carry forward stocks and the prospect of a good crop. On an average, prices of spices fell by 7.4% in December on-year. The average mandi price of cumin seeds (jeera) has declined to Rs 22,200/quintal at present from Rs 65,900/quintal that prevailed in September, 2023 at Unjha (Gujarat), the hub of the trade in anticipation of a bumper harvest, traders said.

<https://www.financialexpress.com/policy/economy-robust-production-prospects-bring-down-spices-prices-3718463/>

Infrastructure

Delhi-NCR sees highest 30 pc increase in housing prices during 2024 among top 7 cities: Anarock

Housing prices in Delhi-NCR appreciated the most among seven major cities with rates rising by an average 30 per cent during the last year on rise in input cost, according to Anarock. Real estate consultant Anarock noted that Delhi-NCR recorded the "highest yearly jump of 30 per cent in average residential price --"from Rs 5,800 per sq ft in 2023 to nearly Rs 7,550 per sq ft in 2024."

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/delhi-ncr-sees-highest-30-pc-increase-in-housing-prices-during-2024-among-top-7-cities-anarock/articleshow/117373335.cms>

Energy

Solar power developers seek relief from MNRE to overcome anti-dumping duty impact

The solar power developers have reached out to the Ministry of New and Renewable Energy (MNRE) to extend "change in law" relief for the existing power purchase agreements (PPAs) following the imposition of the anti-dumping duty (ADD) on solar glass imports from China, Vietnam.

<https://www.thehindubusinessline.com/economy/solar-power-developers-seek-relief-from-mnre-to-overcome-anti-dumping-duty-impact/article69116052.ece>

OMCs to float tender for supply of 110 crore litres of ethanol exclusively for FCI rice

Oil marketing companies this week are expected to float tender under Cycle 3 (C3) for the supply of about 110 crore litres of ethanol during ESY2024-25 (November-October) which has been restricted only to ethanol to be produced from the subsidised rice of the Food Corporation of India (FCI) to be sold at ₹22.50/kg. The government has also fixed maximum quota of 24 lakh tonnes (lt) for FCI to sell to ethanol distilleries.

<https://www.thehindubusinessline.com/economy/agri-business/omcs-to-float-tender-for-supply-of-110-crore-litres-of-ethanol-exclusively-for-fci-rice/article69115633.ece>

States

Geological survey indicates presence of lithium in Odisha: GSI official

A recent Geological Survey of India study has indicated the presence of lithium a widely used metal in the production of glass, aluminum products and batteries in some districts of Odisha, a senior GSI official said on Sunday. Lithium reserves have earlier been found in parts of Karnataka and Jammu and Kashmir, he said. As such there is no major finding, but there are some indications of lithium presence (in Odisha). We are in a very preliminary stage, and therefore, should not make any claim. However, speaking geologically, some indications are there in the Eastern Ghat belt like in Nayagarh, Deputy DG of GSI Pankaj Kumar said.

https://www.business-standard.com/economy/news/geological-survey-indicates-presence-of-lithium-in-odisha-gsi-official-125011900611_1.html

External

Budget FY26: Govt could cut customs duty on raw materials to boost manufacturing

The government could reduce customs duty on inputs used in manufacturing medical equipment, electronic goods and footwear industries in the forthcoming Budget to boost local manufacturing, according to tax experts. Deloitte India Partner, Indirect Tax, Harpreet Singh said key demands from the Customs side from the 2025-26 Budget, to be tabled in Parliament on February 1, would be rate rationalisation, simplification of the regime, and litigation and dispute management.

<https://economictimes.indiatimes.com/news/economy/policy/budget-fy26-govt-could-cut-customs-duty-on-raw-materials-to-boost-manufacturing/articleshow/117369102.cms?from=mdr>

India targets USD 250 bn of engineering exports by 2030 says commerce secretary

The government's target of USD 1 trillion export includes USD 250 billion from the engineering sector, Commerce Secretary Sunil Barthwal said here on Sunday. The government has set a target to achieve USD 1 trillion export from India by 2030. "India is known for leather, textile and traditional sectors but engineering sector in India which includes automobiles, equipment etc is almost close to 25 per cent of the total exports. Tomorrow when India is looking at USD 1 trillion of exports, USD 250 billion of exports we are expecting from the engineering industry," Barthwal said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-targets-usd-250-bn-of-engineering-exports-by-2030-says-commerce-secretary/articleshow/117375951.cms>

India not seeking duty concessions on liquor, cigarette in FTA with Oman

India is not seeking customs duty concessions on over 100 product categories such as liquor, and cigarette in the proposed free trade agreement (FTA), which is under negotiations between the two countries, sources said.

They also said that though the FTA negotiations were concluded, Oman has sought revision of its market access offers on some products. The two sides have discussed three to four issues flagged by Oman, and any potential changes would be minimal, they said. India is expected to gain greater market access for about 98 per cent of its goods in Oman, along with significant access to the services sector.

https://www.business-standard.com/economy/news/india-not-seeking-duty-concessions-on-liquor-cigarette-in-fta-with-oman-125011900282_1.html

Improving connectivity to boost India-New Zealand trade ties: GTRI

India and New Zealand should address market access issues for goods, promote collaborations in key sectors, and work on improving connectivity with an aim to boost bilateral trade, which is just USD 1.5 billion, think tank GTRI said on Sunday. Both countries should set a target to double two-way trade within five years by identifying products for early tariff relief and organizing business delegations and roadshows in India, it said. It also said that India's proposed free trade agreement with New Zealand would have limited benefit to domestic companies as they are already enjoying duty free access to a significant number of goods in that market.

https://www.business-standard.com/economy/news/improving-connectivity-to-boost-india-new-zealand-trade-ties-gtri-125011900200_1.html

India to export 1 million tons of sugar amid rising ethanol demand and output concerns

India is set to allow the export of 1 million metric tons of sugar during the current season, according to government and industry sources. This move seeks to help sugar mills offload surplus stocks, stabilise local prices, and support an industry dealing with low domestic rates. The decision comes as sugar production in the country declines and as the government ramps up efforts to expand ethanol production, aligning with its energy independence goals.

<https://www.financialexpress.com/policy/economy-india-to-export-1-million-tons-of-sugar-amid-rising-ethanol-demand-and-output-concerns-3719549/>

India, EU to develop cutting edge tech, secure critical raw material supply chains

India would work with the EU to develop cutting-edge technologies and secure critical raw material supply chains to strengthen economic ties, commerce and industry minister Piyush Goyal said Sunday. The issue was among six broad principles that Goyal discussed with Maros Sefcovic, European Commissioner for Trade and Economic Security on January 18-19 during his visit to Brussels.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-eu-to-develop-cutting-edge-tech-secure-critical-raw-material-supply-chains/articleshow/117376885.cms>