



February 03, 2025 – Monday

Economy

Budget is by the people, for the people, says FM Nirmala Sitharaman

Paraphrasing Abraham Lincoln, Finance Minister Nirmala Sitharaman on Sunday described the Union Budget as "by the people, for the people, of the people", and said Prime Minister Narendra Modi was fully behind the idea to cut taxes for middle class but it took time to convince the bureaucrats. "We have heard the voice of the middle class" who had been complaining about their aspirations not being met despite being honest taxpayers, she told PTI in an interview. With the honest and proud taxpayers wanting the government to do more to limit the impact of factors like inflation, the prime minister was quick to task Sitharaman to look at ways to give relief.

https://www.business-standard.com/budget/news/budget-is-by-the-people-for-the-people-says-fm-nirmala-sitharaman-125020200379_1.html

FM Sitharaman cites India's unblemished track record of fiscal consolidation to Moody's not changing ratings

Finance Minister Nirmala Sitharaman highlights India's track record of meeting fiscal targets despite global challenges. She maintains a balance between fiscal prudence and growth by offering tax relief and outlining a fiscal deficit reduction path. Despite Moody's Rating not upgrading India, Sitharaman assures continued fiscal discipline and strategic capital expenditure to drive economic growth.

<https://economictimes.indiatimes.com/news/economy/policy/fm-sitharaman-cites-indias-unblemished-track-record-of-fiscal-consolidation-to-moodys-not-changing-ratings/articleshow/117856794.cms>

Budget 2025: Increased FY25 fund for P2M promotion not enough, say experts

While the government has increased the FY25 outlay for promoting peer-to-merchant (P2M) Unified Payments Interface (UPI) transactions and RuPay debit card payments, experts say this will still not be enough to cover the cost of such transfers. Furthermore, the Union Budget for 2025-26 has slashed the government's financial incentive to promote such transactions by 78 per cent. The Budget has earmarked approximately Rs 437 crore to promote these transactions in FY26, compared to Rs 2,000 crore allocated the year before. However, the final allocation of funds for promoting P2M UPI transactions and RuPay debit card payments tends to be higher than the initial outlay.

https://www.business-standard.com/budget/news/budget-2025-increased-fy25-fund-for-p2m-promotion-not-enough-say-experts-125020200624_1.html

Budget 2025: FM Sitharaman promises new framework for smoother M&As

The Union Budget 2025-26, while promising a new framework for smoother mergers and acquisitions (M&As), has plugged a major loophole on carry-forward losses for a total of eight assessment years between amalgamating company and amalgamated company from the date of loss instead of date of the merger. For all mergers effected on or after April 1, 2025, the losses can be carried forward only for the residuary period (counting from the date of loss).

https://www.business-standard.com/budget/news/budget-2025-fm-sitharaman-promises-new-framework-for-smoother-m-as-125020200402_1.html

Finance

RBI likely to cut repo rate by 25 basis points

The six-member monetary policy committee (MPC) of the Reserve Bank of India (RBI) is expected to reduce the policy repo rate for the first time in almost five years, according to all respondents except Yes Bank in a Business Standard poll of 10 participants. The respondents anticipate a 25-basis-point (bp) rate cut. The RBI will announce its policy review on February 7. The domestic rate-setting panel has kept the policy repo rate unchanged for the last 11 consecutive meetings after raising it by 250 bps between May 2022 and February 2023. The last rate cut was in May 2020, during the Covid-19 pandemic.

https://www.business-standard.com/finance/news/bs-poll-rbi-expected-to-reduce-policy-repo-rate-by-25-basis-points-125020200562_1.html

New tax slabs announced in Budget may lead 90% or more taxpayers to shift to new regime

The Budget announcement of zero tax for earnings up to ₹12 lakh per annum and the rejig of tax slabs across the board should prompt more than 90 per cent of individual taxpayers to embrace the new tax regime as compared to the about 75 per cent as of now, CBDT Chairman Ravi Agrawal said on Sunday. In a post-Budget interview exclusively to PTI, Agrawal said the government's and the Income-Tax Department's philosophy and approach is to ensure a "non-intrusive" tax administration in the country through an enhanced usage of Artificial Intelligence (AI) apart from the regular human intelligence gathering mechanism.

<https://www.thehindubusinessline.com/economy/90-or-more-taxpayers-may-shift-to-new-regime-with-new-slabs-announced-in-budget-cbd-t-chairman/article69172616.ece>

Budget 2025: P-notes from Gift City set to rise with new relaxations

Issuance of offshore derivative instruments (ODIs), popularly known as participatory notes (P-Notes), from the Gift City is expected to rise following the relaxations announced in the Budget for entities operating out of the International Financial Services Centre (IFSC). Experts believe that the freshly announced measures make it more attractive to issue P-notes from Gift City compared to offshore jurisdictions such as Mauritius and Singapore.

https://www.business-standard.com/budget/news/budget-2025-p-notes-from-gift-city-set-to-rise-with-new-relaxations-125020200493_1.html

Budget 2025: Credit score boost for 100 million rural SHG members

A fantastic move in the FY26 Budget is the offer for almost 10 crore people, mostly in rural India, to get credit scores riding on the performance of self-help groups, or SHGs. Tucked away as an innocuous para in the Budget document, it says "public sector banks (PSBs) will develop a 'Grameen Credit Score' framework to serve the credit needs of SHG members, and people in rural areas". A government official explained it as follows: Each bank has found that the track record of SHGs in repaying loans is exemplary. They have an almost 100 per cent repayment rate. But those exemplary numbers cannot be used by the individual members to avail bank loans as per current rules. Banking rules will now be changed to allow for a potentially huge jump in credit.

https://www.business-standard.com/budget/news/budget-2025-credit-score-boost-for-100-million-rural-shg-members-125020200506_1.html

Centre may push for a leaner GST machine

The Centre plans to simplify the GST structure by revamping slabs for better implementation and compliance. The focus will be on rationalising the current four-slab structure and eliminating dual rates for certain products. The GST Council's GoM has yet to submit its final report on the proposed changes.

<https://economictimes.indiatimes.com/news/economy/policy/centre-may-push-for-a-leaner-gst-machine/articleshow/117866551.cms>

India reviewing crypto stance amid shifting global regulatory landscape

India is reviewing its stance on cryptocurrencies due to shifting attitudes towards the virtual asset in other countries, a senior government official told Reuters on Sunday. The review, which follows crypto-friendly policy announcements by US President Donald Trump, could further delay publication of a discussion paper on cryptocurrencies that was due for release in September 2024. "More than one or two jurisdictions have changed

their stance towards cryptocurrency in terms of the usage, their acceptance, where do they see the importance of crypto assets. In that stride, we are having a look at the discussion paper once again," India's Economic Affairs Secretary Ajay Seth said in an interview.

https://www.business-standard.com/finance/personal-finance/india-reviewing-crypto-stance-amid-shifting-global-regulatory-landscape-125020200617_1.html

Sebi mulls safe UPI payment mechanism for registered market intermediaries

Markets regulator Sebi is looking to come out with a new mechanism to ensure secure and efficient payments in the securities market through Unified Payments Interface (UPI) in bid to distinguish legitimate financial intermediaries from fraudsters. Under the proposed mechanism, the regulator has suggested creating a unique UPI address for registered market intermediaries, making it easier for investors to confirm that they are paying only registered entities. The proposed UPI payment limit for capital market transactions is set to Rs 5 lakh per day, higher than the current Rs 2 lakh limit. This will be evaluated periodically in consultation with National Payments Corporation of India (NPCI).

https://www.business-standard.com/markets/news/sebi-mulls-safe-upi-payment-mechanism-for-registered-market-intermediaries-125020200276_1.html

Indian Investors Go Global: 78% surge in overseas remittances for equity and debt investments

In a year marked by transformative investment strategies, one figure has captured the imagination of investors: 78%. That's the staggering year-on-year increase in overseas equity and debt investments under the Liberalised Remittance Scheme (LRS) for 2024. This surge is not just a statistic but a story of Indian investors stepping onto the global stage with purpose and ambition.

<https://www.financialexpress.com/business/investing-abroad-78-surge-in-overseas-remittances-for-equity-and-debt-investments-why-2025-could-mirror-this-trend-3734757/>

Indian investors gain extra returns as INR weakens against US dollar

The Indian rupee has breached an all-time low of 86 against the US dollar. The rupee depreciated to 86.44 against the US dollar in early trade on January 27, 2025, due to the strength of the American currency and a sluggish domestic equities trend. Over the last year, the INR has depreciated by nearly 3.5% against the US Dollar, with much of the strength in the dollar index coming in the last 3-4 months. While a depreciating Rupee hurts Indian consumers as India services a huge import bill, there is a silver lining for the investors.

<https://www.financialexpress.com/business/investing-abroad-why-indian-investors-should-diversify-into-us-stocks-amid-inr-depreciation-against-us-dollar-3734738/>

Industry

Presumptive tax regime likely to draw global talent in electronics

The government's budgetary proposal for a new presumptive taxation regime for non-Indian residents providing services to electronics manufacturing companies operating in India is likely to help these companies attract top global talent easily, government sources have said. "This has been a long-standing demand. Although semiconductor and electronics manufacturing companies currently employ a handful of foreign nationals, manufacturing in both sectors are now moving into their next phase, where the number of foreign nationals working directly or employed to train Indian nationals will increase manifold," a government official said.

https://www.business-standard.com/budget/news/presumptive-tax-regime-likely-to-draw-global-talent-in-electronics-125020200538_1.html

Budget 2025-26 allocates Rs 2,500 crore for plug-and-play industrial parks

Finance Minister Nirmala Sitharaman has allocated Rs 2,500 in the Budget 2025-26 for a new scheme for plug and play industrial parks. The new scheme is formulated to facilitate development of investment-ready plug and play industrial parks with complete infrastructure. The minister has significantly increased the budgetary allocation for the Department for Promotion of Industry and Internal Trade (DPIIT), which deals with issues like foreign direct investment policy, startups and promoting manufacturing.

https://www.business-standard.com/budget/news/budget-2025-26-allocates-rs-2-500-crore-for-plug-and-play-industrial-parks-125020200371_1.html

MSME sops to boost textile industry

The revision in classification of MSMEs in the Budget will be a blessing in disguise for the textile industry which is dominated by small businesses. Over 1 crore registered MSMEs, employing 7.5 crore people, and generating 36 per cent of country's manufacturing, have come together to position India as a global manufacturing hub.

<https://www.thehindubusinessline.com/economy/budget/msme-sops-to-boost-textile-industry-says-matexil-chief/article69172054.ece>

Budget: FMCG makers say tax relief, enhanced spending on rural development to spur consumption

FMCG companies anticipate a boost in consumption growth due to tax reliefs and increased rural investments from the FY26 Budget. Finance Minister Nirmala Sitharaman's measures are expected to enhance disposable income, stimulate demand, and support the economic momentum. These budgetary provisions will particularly benefit the rural market and drive growth for essential and premium FMCG products.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/tax-relief-and-enhanced-spending-on-infra-and-rural-development-to-boost-consumption-fmcg-makers/articleshow/117857262.cms>

Agriculture

India's sugar production set to dip by 12 pc in 2025 season, forecast below 27 MMT

Sugar production in India is expected to decline significantly in the 2025 season, dropping below 27 million metric tons due to increased ethanol production and reduced cane availability. Despite challenges, sugar prices remain strong, providing a boost to sector earnings in the fourth quarter of FY25 and FY26.

<https://economictimes.indiatimes.com/news/economy/agriculture/indias-sugar-production-set-to-dip-by-12-pc-in-2025-season-forecast-below-27-mmt/articleshow/117855901.cms>

Infrastructure

Infrastructure capex is up 10%; govt to rope in private companies for partnerships; to double down on execution

The budget for FY26 aims to boost public-private partnerships (PPPs) in infrastructure with a 10% hike in capital expenditure to ₹11.21 lakh crore. Emphasis will be on effective implementation through PPP models, with initiatives for a three-year project pipeline and an Urban Challenge Fund of ₹1 lakh crore.

<https://economictimes.indiatimes.com/news/economy/infrastructure/infrastructure-capex-is-up-10-govt-to-rope-in-private-companies-for-partnerships-to-double-down-on-execution/articleshow/117841716.cms>

New Udan routes may add 20 lakh flyers in FY 26

According to the outcome budget document, the civil aviation ministry is targeting revival of thirteen airports, heliports and water aerodromes in FY 26. This would include four such facilities in North Eastern States. Over twenty lakh passengers are projected to travel in new Udan flights in FY 2026 with upgrades to airports and opening of new routes. The union finance ministry has allocated ₹540 crore in the FY 26 budget for revival of airports and viability gap funding to support the regional air connectivity scheme (RCS).

<https://www.thehindubusinessline.com/economy/logistics/new-udan-routes-may-add-20-lakh-flyers-in-fy-26/article69172716.ece>

Increased budget allocation for IWAI to boost inland waterways

To boost the inland waterways in the country, a budget of ₹1,944 crore has been provided for the Inland Water Transport Authority of India (IWAI) in FY2025-26. This amount is 31 per cent higher than ₹1,644 crore in the revised Budget of FY 2024-25, according to the summary of budget provisions for the Ministry of Ports, Shipping and Waterways.

<https://www.thehindubusinessline.com/economy/logistics/increased-budget-allocation-for-iwai-to-boost-inland-waterways/article69172669.ece>

Energy

Strategic petroleum reserves get Rs 5,597 crore allocation boost in Budget

The Budget has allocated Rs 5,597 crore to the petroleum and natural gas (PNG) ministry for phase II of the Indian Strategic Petroleum Reserves Ltd (ISPRL) project, aimed at turning two vast underground caverns into petroleum storage facilities. The funds will go towards the construction of two commercial-cum-strategic reserves at Chandikhol, Odisha, of 4 million metric tonnes (MMT), and expansion of the Padur facility in Karnataka by 2.5 MMT. A special purpose vehicle (SPV), ISPRL is a wholly-owned subsidiary of the Oil Industry Development Board (OIDB) under the PNG ministry.

https://www.business-standard.com/budget/news/strategic-petroleum-reserves-get-rs-5-597-crore-allocation-boost-in-budget-125020200383_1.html

Budget shines a light on rooftop solar scheme

The Indian government has boosted the budget for the Pradhan Mantri Surya Ghar Muft Bijli Yojana by 80% to ₹20,000 crore for FY26. The initiative aims to install rooftop solar systems in 10 million households by FY27, promoting solar energy adoption and enhancing energy security.

<https://economictimes.indiatimes.com/industry/renewables/budget-shines-a-light-on-rooftop-solar-scheme/articleshow/117867027.cms>

India's power consumption growth subdued at 3% to 137.49 billion units in Jan

India's power consumption increased by just 2.7 per cent to 137.49 billion units (BU) in January as use of heating appliances like heater and geysers reduced owing to above normal temperatures. According to India Meteorological Department (IMD), the country's mean temperature in January was 18.98 degrees Celsius, the third highest for the month since 1901, behind 1958 and 1990.

<https://www.thehindubusinessline.com/economy/indias-power-consumption-growth-subdued-at-3-to-13749-billion-units-in-jan/article69172207.ece>

Healthcare

India's medical tourism poised for expansion with relaxed visa rules

India's medical tourism sector is poised for double-digit (14-15 per cent) growth following the recent easing of visa regulations announced in the Union Budget 2025-26. As an established destination for international patients seeking affordable healthcare, the simplified visa process is set to further enhance India's appeal, with medical tourism expanding beyond metro cities. Industry reports estimate that India's medical tourism market was valued at \$7.69 billion in 2024, with approximately 7.3 million foreign patients travelling to India for medical treatment.

https://www.business-standard.com/industry/news/india-s-medical-tourism-poised-for-expansion-with-relaxed-visa-rules-125020200488_1.html

Hub-spoke, PPPs may help manage 4,500 cancer daycare beds in districts

The Centre is set to add over 4,500 cancer daycare beds in district hospitals over the next three years bringing it closer to the bed availability in the private sector. Sector experts, however, caution that the manpower to manage these beds could be a challenge, and public-private partnership (PPP) and hub-and-spoke delivery model will be developed.

https://www.business-standard.com/budget/news/hub-spoke-ppps-may-help-manage-4-500-cancer-daycare-beds-in-districts-125020200487_1.html

Budget 2025: Experts welcome PMJAY hike, but sufficiency remains uncertain

Public health experts have welcomed the increase in allocation for the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PMJAY) in the Union Budget 2025-26, while raising concerns over whether these funds would be adequate to cover the expanding beneficiary base under the scheme. Budget estimates (BE) for the financial year 2025-26 (FY26) have put allocation for PMJAY at Rs 9,406 crore, a 28.8 per cent increase from Rs 7,300 crore in FY25 BE. The increase, however, comes in tandem with the inclusion of more groups and states in the scheme.

https://www.business-standard.com/budget/news/budget-2025-experts-welcome-pmjay-hike-but-sufficiency-remains-uncertain-125020200496_1.html

External

Budget duty cut on key inputs to boost exports, manufacturing: Commerce Min

The reduction in customs duties in the Budget on certain inputs from sectors like marine, chemicals and critical minerals will help promote domestic manufacturing and enhance exports, according to the Commerce Ministry. It has also said that the announcement to revamp the Model Bilateral Investment Treaty (BIT) will provide better leverage during FTA (free trade agreement) negotiations.

https://www.business-standard.com/pti-stories/national/duty-cut-in-budget-on-certain-inputs-to-boost-exports-manufacturing-commerce-min-125020200597_1.html

Budget: Allocation for export promotion schemes dips 17% to Rs 2,250 cr

The government has earmarked Rs 2,250 crore for export promotion schemes for 2025-26, down 17 per cent from Rs 2,718.73 crore allocated in the revised Budget estimates for 2024-25. According to the Budget document, allocation for Department of Commerce has dipped to Rs 5,300.99 crore for the next fiscal as against Rs 5,624 crore in the revised estimates (RE) for the ongoing fiscal year. Under export promotion schemes, no fund is allocated for market access initiative (MAI) and interest equalisation scheme. Though the scheme ended on December 31, 2024, the exporting community has been pitching hard for its extension.

https://www.business-standard.com/budget/news/budget-allocation-for-export-promotion-schemes-dips-17-to-rs-2-250-cr-125020200361_1.html

India sets sights on defence exports with new export council amid challenges

India is ramping up efforts to expand its defence exports with the establishment of a Defence Export Promotion Council (EPC), a move aimed at streamlining the country's arms export strategy and boosting international sales. The initiative is part of India's ambitious goal to increase defence exports from Rs 21,083 crores in 2024 to Rs 50,000 crores by 2029.

<https://www.financialexpress.com/business/india-sets-sights-on-defence-exports-with-new-export-council-amid-challenges-3735028/>

Customs duty cuts in certain areas to benefit American exports: GTRI

The Global Trade Research Initiative (GTRI) said that despite the repeated criticism of India as the biggest tariff abuser and tariff king by the Trump-administration, the country's Budget has introduced significant tariff reductions on multiple products, many of which benefit the US exports. "With key tariff cuts on technology, automobiles, industrial inputs, and waste imports, India appears to be taking steps toward facilitating trade even as the global trade environment remains tense. Whether these reductions will alter Washington's view of India's trade practices or become a point of contention in the US election cycle remains to be seen," it added.

https://www.business-standard.com/budget/news/customs-duty-cuts-in-certain-areas-to-benefit-american-exports-gtri-125020200299_1.html

India might face US tariffs despite preemptive Budget move

The global trade war triggered by US president Donald Trump might soon involve [India](#) too, while this is the last thing New Delhi would want at this juncture, with its economy witnessing a slowdown. The Budget FY26 contains a preemptive strategy to deflect the threat of tariff increase by the US, its second largest trading partner with which it has a significant trade surplus. However, sources said the Trump administration might still follow through its tariff moves, which started with the targetting of Canada, Mexico and China, and slap duties on certain imports from India in the coming days, notably [steel](#) and aluminum products and pharmaceuticals.

<https://www.financialexpress.com/india-news/india-might-face-us-tariffs-despite-preemptive-budget-move/3735588/>

FinMin's proposed revamp of model BIT may shorten wait for international arbitration

The Finance Ministry's promised revamp of the model Bilateral Investment Treaty (BIT) to make it more "investment friendly" may include relaxed rules such as shorter local remedies exhaustion period before investors are allowed to seek international arbitration and a broader definition and scope of investment protection, sources said.

<https://www.thehindubusinessline.com/economy/finmins-proposed-revamp-of-model-bit-may-shorten-wait-for-international-arbitration/article69173234.ece>