

January 21, 2026 – Wednesday

Economy

India's December core sector output hit highest level so far in FY26

India's core sectors' output surged to its highest level in 2025-26 (FY26) in December, even as year-on-year growth improved to a four month high of 3.7 per cent from an upgraded 2.1 per cent uptick in November. On a sequential basis, December's core sector output was 8.2 per cent over November levels, with all eight sectors reporting higher production month-on-month for the first time in a year, according to the Index of Core Industries (ICI) released by the Commerce and Industry Ministry on Tuesday. Electricity and cement led this uptick, with double-digit expansions of 18.44 per cent and 12 per cent, respectively, followed by coal (up 9.3 per cent), and refinery products that grew 7.65 per cent.
https://www.business-standard.com/economy/news/india-s-core-sector-output-hits-fy26-peak-as-growth-improves-in-december-126012001497_1.html

Ficci's manufacturing index reaches an all-time high in Q3 of FY26

The quarterly manufacturing index by the industry body Federation of Indian Chambers of Commerce & Industry (Ficci) rose to an all-time high in the third quarter of financial year 2025-26 (Q3FY26), with 91 per cent of respondents reporting either higher or same production levels, against 87 per cent in the previous quarter. This was the 86th edition of the industry body's Quarterly Survey on Manufacturing (QSM), which assesses performance and sentiments for manufacturers in eight major sectors. These sectors include automotive components, capital goods, chemicals, fertilisers & pharmaceuticals, electronics & electricals, machine tools, metal & metal products, textiles, apparels & technical textiles, and miscellaneous.
https://www.business-standard.com/economy/news/ficci-s-manufacturing-index-reaches-an-all-time-high-in-q3-of-fy26-126012001130_1.html

Budget Expectations

Budget FY27: "Reform Express" to gather steam

The upcoming Union Budget 2026–27 is expected to be driven by a sweeping reform agenda—dubbed "Reform Express"—spanning trade, MSMEs, education, employment, rural livelihoods, power, and finance, according to sources. The overarching objective is to simplify regulations, enhance competitiveness, strengthen domestic manufacturing, and align institutions, skills, and delivery systems with India's long-term growth ambitions.
https://www.financialexpress.com/policy/economy/budget-fy27-reform-express-to-gather-steam/4113954/

Budget 2026–27: Government plans double-digit hike in rural scheme allocations to boost growth, demand

The government is planning to further bolster its rural focus with a double-digit growth in allocations for key schemes in the upcoming budget for 2026-27, people aware of the deliberations said. The ministry has an outlay of Rs 1.88 lakh crore for this financial year, up nearly 8% from a year before. While the allocation for the rural employment guarantee programme under a new law could be raised by almost 11% in 2026-27 from the revised estimate for this

fiscal, both rural housing and roads schemes are likely to see even steeper increases in outlays, according to the people.
https://economictimes.indiatimes.com/news/economy/policy/budget-202627-government-plans-double-digit-hike-in-rural-scheme-allocations-to-boost-growth-demand/articleshow/126853696.cms

Budget 2026: FinMin shares status of key direct tax reforms for investors, startups and aam aadmi

India's government has finalized key direct tax reforms to boost investment and simplify compliance. Measures include clarified taxation for Alternative Investment Funds, extended startup tax holidays, and incentives for electronics manufacturing. Individual savers benefit from enhanced National Savings Scheme and NPS Vatsalya provisions, alongside property tax relief.
https://economictimes.indiatimes.com/news/economy/policy/budget-2026-finmin-shares-status-of-key-direct-tax-reforms-for-investors-startups-and-aam-aadmi/articleshow/126796370.cms

Budget 2026-27: Insurance industry bats for income tax relief for premiums

After the rationalisation of goods and services tax (GST) on insurance premiums, the insurance industry is now seeking enhanced income tax (I-T) benefits for protection and health plans under both tax regimes, stronger support for pension products, and an increase in the premium threshold for taxing maturity proceeds of high-value policies from ₹5 lakh to ₹10 lakh in the Union Budget for 2026-27 (FY27). Insurers are also seeking the tax-free maturity limit for Unit Linked Insurance Plans (Ulips) to be raised to ₹5 lakh.
https://www.business-standard.com/finance/insurance/after-gst-relief-insurers-seek-higher-income-tax-benefits-in-budget-2026-126012001370_1.html

Budget 2026: Incentives likely for carbon capture, utilisation & storage tech

India's government is exploring incentives for carbon capture technology in the upcoming FY27 Budget. This move aims to reduce emissions from crucial sectors like power, steel, and cement. The CCUS program, with a significant government allocation, is planned in phases. This technology is vital for India's energy security and its commitment to net-zero emissions by 2070.
https://economictimes.indiatimes.com/industry/renewables/budget-2026-incentives-likely-for-carbon-capture-utilisation-storage-tech/articleshow/126851517.cms

Budget 2026: Railways to allocate higher funds for advanced coaches, safety systems

The upcoming budget may likely witness government increasing the allocation towards automatic train protection (ATP) system Kavach by 25% for FY27 in addition to providing higher budgetary grants towards the production of advanced coaches (LHB), signalling systems and Namo Bharat Rapid Rail service, sources close to the development told FE. As per the officials, the railways ministry is working on a massive 18,000-km tender for Kavach 4.0 that will require significant investments over the next few years. “The total capex on railways might not grow next year but some constituents will receive higher funding than others.
https://www.financialexpress.com/business/railways/budget-2026-railways-to-allocate-higher-funds-for-advanced-coaches-safety-systems/4113978/

Recycling industry seeks GST cut on scrap ahead of Budget 2026-27

With the Union Budget due on February 1, the Material Recycling Association of India (MRAI), the apex national body for the country’s recycling industry, has called for GST on scrap to be slashed to 5 per cent, warning that the current rate is stifling growth and pushing large parts of the sector into non-compliance.
https://www.business-standard.com/industry/news/recycling-industry-seeks-gst-cut-on-scrap-ahead-of-budget-2026-27-126012001204_1.html

Reduce customs duty slabs in Budget 2026: GTRI

India's customs duty structure needs simplification. The Global Trade Research Initiative suggests reducing the actual number of duty slabs, not just basic customs duty rates. This reform aims to boost ease of doing business. Current complexities hinder manufacturing and exports. Simplifying tariffs and processes is crucial for economic growth and competitiveness.

https://economictimes.indiatimes.com/news/economy/foreign-trade/budget-2026-reduce-customs-duty-slabs-in-budget-gtri/articleshow/126799000.cms

Finance

Banks go slow on low-yield lending

Several Indian banks are modifying their lending approaches in response to current market dynamics. Federal Bank and Yes Bank have reduced their retail lending activities, particularly focusing on housing loans which typically offer lower returns. They are also scaling back loans to large corporations that are seeking favorable interest rates.
https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-go-slow-on-low-yield-lending/articleshow/126853408.cms

Private banks' dividend headroom to surge under RBI proposal; actual payouts unlikely to rise: Icra

New Reserve Bank of India rules will allow private banks to pay significantly higher dividends than state-owned banks. This shift is due to linking payouts to core capital instead of total capital. While ceilings are rising, banks are expected to continue conserving capital. The changes aim for a more robust dividend distribution framework for the banking sector.
https://economictimes.indiatimes.com/industry/banking/finance/banking/private-banks-dividend-headroom-to-surge-under-rbi-proposal-actual-payouts-unlikely-to-rise-icra/articleshow/126801582.cms

BRICS reality: China, followed by India, dominate CBDC race

The recent report that India, as BRICS chair this year, may propose a mBridge-like system using Central Bank Digital Currencies (CBDCs) to settle cross-border trade bypassing the dollar, leads to the question regarding preparedness of the countries on this front. The latest data of CBDCs from various central banks show that China and India are far ahead of other BRICS peers in CBDC innovation and adoption.
https://www.thehindubusinessline.com/data-stories/data-focus/brics-reality-china-followed-by-india-dominate-cbdc-race/article70529622.ece

Centre to hold national review of RRBs' financials, PSL on January 30

The Union government will review the financial performance, financial inclusion initiatives, and priority sector lending of Regional Rural Banks (RRBs) at a national-level meeting scheduled for January 30, 2026, according to sources familiar with the matter. The meeting assumes significance as it will be the first high-level review after the fourth round of consolidation of RRBs, which came into effect on May 1. The meeting will be chaired by M Nagaraju, Secretary, Department of Financial Services (DFS), Ministry of Finance, the sources said.
https://www.business-standard.com/finance/news/centre-to-hold-national-review-of-rrbs-financials-psl-on-january-30-126012001547_1.html

Centre likely to amend Sarfaesi Act for control over Central Registry

The Union government is considering a set of amendments to the Sarfaesi Act, 2002 to remove legal ambiguities, strengthen oversight of the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (Cersai), and improve ease of doing business, according to sources familiar with the matter. The Sarfaesi (Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest) Act provides an enabling legal framework for banks and financial institutions to recover dues exceeding ~1 lakh by enforcing security interests against the borrower's or guarantor's secured assets without court or tribunal intervention.
https://www.business-standard.com/industry/news/centre-likely-to-amend-sarfaesi-act-2002-to-control-central-registry-126012001105_1.html

Only 9.5% of Indian households invest in markets; 30 crore households still outside securities universe: SEBI survey

India's decade-long boom in capital markets has yet to translate into broad household participation, with only 9.5 per cent of households investing in securities market products, leaving over 30 crore households outside the formal market ecosystem, SEBI's Investor Survey 2025 shows. Of the 33.72 crore households in the country, 53.5 per cent are aware of securities market products but do not invest, while 37 per cent are not aware of such products at all.

Among the aware non-investors, 22 per cent intend to invest within the next 12 months, pointing to a sizeable pipeline of potential new investors.
https://www.thehindubusinessline.com/markets/only-95-of-indian-households-invest-in-markets-30-crore-households-still-outside-securities-universe-sebi-survey/article70529654.ece

Sharp increase in silver investment demand

In less than 18 months, when they were first permitted in India, silver exchange-traded funds (ETFs) total silver holdings has crossed 3,000 tonnes in December 2025, up 120 per cent from last December. With silver spot prices ruling at over Rs 3.09 lakh per kg (Rs 325,000 per kg on MCX futures), investors have been flocking to it. The white metal, 49% in a month and more than 200% in the past year. Given the sharp rise in prices, investors have increased their investments. A large chunk of the spot market demand for silver is still buying the physical metal for investment purposes.
https://www.financialexpress.com/market/sharp-increase-in-silver-investment-demand-4113970/

Recalibration of tax regime may attract larger share of global capital

The Indian Capital market has been at the crossroads in recent times. On one hand, we have the red-hot IPO market with record subscriptions and strong listings. In contrast, the secondary market has seen muted action and interest from the foreign investors in last eighteen months or so. It will be worthwhile to look at the investment environment for Foreign Portfolio Investors (FPIs) in the recent past such as India's GDP growth has still been strong, clocking 8.2% in Q2 of current fiscal. Last few quarters average earnings growth has been muted – evidenced by single digit growth rate; tariffs levied on Indian exports in the US by the Trump administration (among the highest in the world); rupee has seen continued depreciation against most major currencies in the recent past.
https://www.financialexpress.com/policy/recalibration-of-tax-regime-may-attract-larger-share-of-global-capital-4114074/

CPSEs' dividend, stake sale, InvIT boosted non-tax revenue to over ₹77,000 crore

Despite sluggish tax collections, the Finance Ministry may find relief in robust returns from Central Public Sector Enterprises' (CPSEs) dividends and asset monetisation. The government has already secured over ₹77,000 crore toward its ₹1.16 lakh crore target, driven primarily by state-run dividends. Officials are optimistic that dividend receipts will ultimately exceed initial projections.
https://www.thehindubusinessline.com/economy/cpses-dividend-stake-sale-invit-boosted-non-tax-revenue-to-over-77000-crore/article70529760.ece

Industry

Road map in works for $100 billion textile and apparel exports by 2030

To attain its ambitious goal of textile and apparel exports worth $100 billion by 2030 from about $40 billion at present, India aims to double textile shipments to FTA partners, focus on traditional and high-value segments such as Geographical Indication products, carpets, handlooms and silk items, as well as develop non-exporting districts into exporting ones, officials said. The ministry of textiles is preparing a roadmap to grow the nation's share of these exports to around 12% from the current 5.8% to its free trade agreement (FTA) partners, besides enhanced targeted branding of high-value products, they added.
https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/road-map-in-works-for-100-billion-textile-and-apparel-exports-by-2030/articleshow/126852803.cms

Government likely to extend BIS fee concessions for MSMEs by three years

The government is set to extend quality certification fee concessions by three years beyond the current mid-2026 deadline to support small and medium enterprises, a senior official said on Tuesday, as India pushes a quality-first approach to manufacturing. The Bureau of Indian Standards (BIS) has moved a proposal for the extension, which provides 80 per cent fee reduction for micro units, 50 per cent for small enterprises and 20 per cent for medium-sized firms.
https://www.thehindubusinessline.com/economy/policy/government-likely-to-extend-bis-fee-concessions-for-msmes-by-three-years/article70528969.ece

Textile industry welcomes rollback of quality norms on imported machinery

The textile industry has welcomed the Union Ministry of Heavy Industries decision to rescind its Quality Control Order issued on August 24, 2024, for machinery and electrical equipment safety. This means there will be no quality control standards on imported textile machinery. Textiles is one of the largest importers of machinery, especially from Germany and China, sources said.

https://www.thehindubusinessline.com/economy/textile-industry-welcomes-rollback-of-quality-norms-on-imported-machinery/article70529954.ece

India Inc likely to post 6% revenue growth in FY27: Fitch Ratings

Fitch Ratings on Tuesday said the aggregate revenue for its rated corporates will rise by 6 per cent in FY27 on steady GDP growth and an improved consumer-spending outlook, following a comprehensive reduction in GST rates. However, corporates could face some downside risks if additional US tariffs are imposed or in case of a sharp depreciation of the rupee. Fitch has recently revised India's GDP growth forecast for FY26 to 7.4 per cent, from 6.9 per cent, and expects annual growth of 6.4 per cent and 6.2 per cent over FY-27 and FY28, respectively.

https://www.business-standard.com/industry/news/corporates-to-register-6-pc-revenue-rise-in-fy27-fitch-ratings-126012000889_1.html

Indian hospitality and travel sector sees surge in institutional capital

The Indian travel and hospitality sector is seeing a fresh wave of institutional capital flows, underlining the robust momentum that the sector is witnessing. Earlier this month, Lemon Tree Hotels announced that American multinational private equity (PE) firm Warburg Pincus will invest ~960 crore for the growth of its subsidiary Fleur Hotels while buying out 41.09 per cent stake in Fleur from Dutch pension fund APG.

https://www.business-standard.com/industry/news/indian-hospitality-and-travel-sector-sees-surge-in-institutional-capital-126012001109_1.html

Agriculture

India's sugar output jumps 22% to 15.9 million tonnes by mid January: ISMA

India's sugar production rose 22 per cent to 15.9 million tonnes by January 15 in the 2025-26 season from a year earlier, supported by higher cane supplies and better yields, industry body ISMA said on Tuesday. Output stood at 13 million tonnes in the same period last year, the Indian Sugar & Bio-Energy Manufacturers Association (ISMA) said in a statement.

https://economictimes.indiatimes.com/news/economy/agriculture/indias-sugar-output-jumps-22-to-15-9-million-tonnes-by-mid-january-isma/articleshow/126783173.cms

Consumption and imports of fertilisers surge

While the government is aiming to cut urea and diammonium phosphate (DAP) consumption through introduction of nano-variants, sales and imports of varieties of fertilizers have surged significantly, trade sources said. Data for April-December, 2025-26 also indicate a decline in domestic production of fertilisers compared to the same period in the previous fiscal. In the first three quarters of the current fiscal, domestic production of urea and DAP dclines by 3.2% and 3.9% to 22.4 MT and 3 MT respectively.

https://www.financialexpress.com/policy/economy/consumption-and-imports-of-fertilisers-surge/4114040/

Shift from cereals to horticulture gains pace across Indian farms

Among several quiet transformations that India’s farm sector is undergoing, the gradual shift in acreage away from cereals towards high-value fruits and vegetables is one of the more notable ones. Data shows that from 2014-15 to 2024-25, the area under horticulture crops—largely fruits and vegetables—has grown at a compound annual growth rate (CAGR) of 1.66 per cent, while that under cereals has risen by 1.08 per cent. However, while the area under vegetables has risen faster at a CAGR of 1.93 per cent, fruits’ acreage has shown a mild de-growth of 0.05 per cent (CAGR) during the same period.

https://www.business-standard.com/industry/agriculture/shift-cereals-horticulture-gains-pace-across-indian-farms-126012000967_1.html

Energy

Four more sectors brought under greenhouse gas reduction regime: Environment Ministry

The industrial units in four additional sectors -- petroleum refinery, petrochemicals, textiles and secondary aluminium -- must now reduce emissions by a stipulated amount, following their induction into the country's GHG emissions intensity reduction regime, Environment Ministry officials said on Tuesday. The reductions are expected to be in accordance with the Greenhouse Gases (GHG) Emission Intensity Target Rules, 2025.
https://economictimes.indiatimes.com/industry/renewables/four-more-sectors-brought-under-greenhouse-gas-reduction-regime-environment-ministry/articleshow/126829364.cms

India's oil bill plunges 8.5% in December amid falling crude prices

India's crude oil import bill continued to fall in December despite growing fuel appetite of the country due to sliding crude oil prices in the global market. Oil import bill fell 8.5 per cent in December, according to fresh data sourced from the oil ministry's Petroleum Planning and Analysis Cell (PPAC). India spent $9.7 billion in December to buy 20.8 million tonnes of crude oil, lower than $10.6 billion that it spent to buy 20.2 million tonnes in the same period last year.
https://www.business-standard.com/economy/news/india-s-oil-bill-plunges-8-5-in-december-amid-falling-crude-prices-126012001395_1.html

Compressed biogas emerges as fast-growing pillar of India's energy mix

Few industries within the energy sector have witnessed the kind of growth registered by the compressed biogas (CBG) sector. From an industry failing to rise above the survival threshold for years to the rapid expansion of CBG plants over the past two years, the growth of this clean energy alternative technology, with huge collateral benefits for the agriculture economy and the fight against pollution, has been transformative. The value chain of CBG begins with the collection and segregation of raw materials, followed by processing in CBG plants where the anaerobic digestion of the raw material—including municipal solid waste (MSW), agricultural products, animal or industrial waste—leads to biogas production, which is compressed and transported to end consumers (CNG and PNG sectors) via pipelines and cascades.
https://www.business-standard.com/industry/news/compressed-biogas-emerges-fast-growing-pillar-indian-energy-mix-126012001169_1.html

States

Madhya Pradesh holds investment talks with global firms at WEF Davos

On Tuesday, the second day of the World Economic Forum (WEF) in Davos, various business groups expressed their interest in investing in Madhya Pradesh. Sanjay Gupta, president, Google Asia Pacific, held detailed discussions with the Madhya Pradesh delegation on advancing the IT and ITES sectors, and proposed data centre projects in the state. Google also explored possibilities for innovation in agriculture and education through Gemini AI and the implementation of digital solutions in the region. The Madhya Pradesh government announced plans to prepare a green energy-based policy to ensure adequate and sustainable power supply for IT and data centre projects.
https://www.business-standard.com/industry/news/madhya-pradesh-holds-investment-talks-with-global-firms-at-wef-davos-126012001374_1.html

External

India-Europe 'mother of all deals' within reach as EU chief Ursula von der Leyen hints at breakthrough

The European Union and India are moving closer to concluding a long-pending free trade agreement, with negotiations entering what EU leaders describe as a decisive phase, even as a few procedural steps remain. European Commission President Ursula von der Leyen said at the World Economic Forum in Davos on Tuesday that talks with India were nearing a breakthrough.
https://economictimes.indiatimes.com/news/economy/foreign-trade/wef-davos-2026-india-eu-mother-of-all-deals-within-reach-as-eu-chief-ursula-von-der-leyen-hints-at-breakthrough/articleshow/126790795.cms

Americans pay the bulk of tariffs on Indian exports, finds study

Against the backdrop of the tariff imposition of 50 per cent on India by the United States (US), exporters in India have not reduced the prices of their shipments to America. Instead, they have cut the volumes of exports by 18-24 per cent relative to other destinations. As a result it is the Americans who have to bear the bulk of the increase in tariffs, according to a latest research paper released by the Kiel Institute of World Economy, based in Germany.
https://www.business-standard.com/economy/news/americans-pay-the-bulk-of-tariffs-on-indian-exports-finds-study-126012001282_1.html

Indonesia cracks down on illegal Indian groundnut imports

Following businessline's report last week, Indonesia has begun to crack the whip on illegal exports of commodities such as rice, sugar, groundnuts, shallots, onion, garlic and chillies. Local reports said at least 10 ships carrying these commodities were seized and held up at the Tanjung Balai Karimun Customs port. Indonesia papers picked up businessline's report, leading to Prabowo Subianto's government cracking down on the illegal trade.
https://www.thehindubusinessline.com/economy/agri-business/indonesia-cracks-down-on-illegal-indian-groundnut-imports/article70529835.ece