

February 03, 2026 – Tuesday

Key Development

US clears trade deal with India, to cut tariff to 18%

The US has agreed to reduce reciprocal tariffs on Indian goods to 18% from 25% as part of the larger trade deal which will see India buy $500 billion worth of American goods. "Out of friendship and respect for Prime Minister (Narendra) Modi and as per his request, effective immediately, we agreed to a trade deal between US and India whereby US will charge a reduced reciprocal tariff, lowering it from 25% to 18%." There was no mention of the additional 25% tariffs for buying crude oil from Russia but news agency IANS, quoting a White House official, said the additional tariffs will be removed. Trump also claimed that India has agreed to reduce tariff and non-tariff barriers against the US to zero.
https://www.financialexpress.com/business/news/us-to-reduce-tariffs-on-india-india-to-buy-500-bln-us-goods-stop-russian-oil-purchases/4129004/

India gains edge over regional export competitors after tariffs drop to 18%, beats China, Bangladesh

India, US trade deal: India now enjoys a significant trade advantage with the United States. Washington has reduced tariffs on Indian products to 18 percent. This move places India ahead of regional export rivals like Indonesia, Bangladesh, and Vietnam. The deal also sees India's tariffs on US goods reduced. This development is a major boost for Indian exports and strengthens bilateral trade ties.
https://economictimes.indiatimes.com/news/economy/foreign-trade/india-gains-edge-over-regional-export-competitors-after-tariffs-drop-to-18-beats-china-bangladesh/articleshow/127873752.cms

Indian refiners likely to need wind-down period to halt Russian oil imports

Indian refiners will need a wind-down period to complete Russian oil deals before imports from that country can be halted, and they have so far not been ordered by the government to stop such imports, two refining sources said. US President Donald Trump on Monday announced a trade agreement with Indian Prime Minister Narendra Modi that included a halt to Indian oil purchases from Russia. Indian companies have already booked cargoes loading in February and arriving in March, so a wind-down period would be needed to fulfil existing commitments, the sources said. They spoke on condition of anonymity because they were not authorised to speak with the media.
https://www.business-standard.com/economy/news/indian-refiners-likely-to-need-wind-down-period-to-halt-russian-oil-imports-126020300097_1.html

Economy

Manufacturing PMI climbs to 55.4 in January on new orders, hiring

India's private sector manufacturing growth slightly recovered to 55.4 in January after slipping to a two-year low in December as new orders, output, and hiring increased, according to data compiled by S&P Global on Monday. HSBC's India Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, which measures monthly change in manufacturing output, was 55 in December.

https://www.business-standard.com/economy/news/india-manufacturing-pmi-recovers-to-2-month-high-to-55-4-in-january-126020200363_1.html

Finance

Govt to introduce Insolvency and Bankruptcy Code amendment Bill in 2nd half of Budget session starting March 9: Sitharaman

The Central government plans to introduce the Insolvency and Bankruptcy Code amendment Bill soon. This move aims to improve the insolvency resolution process. The government has already resolved over 1,000 companies under the IBC. Further reforms are planned to speed up the process for all stakeholders.
https://economictimes.indiatimes.com/news/economy/finance/govt-to-introduce-insolvency-and-bankruptcy-code-amendment-bill-in-2nd-half-of-budget-session-starting-march-9-nirmala-sitharaman/articleshow/127859233.cms

ToR for banking panel likely by next month, says DFS secy M Nagaraju

Following the decision to allow 100 per cent foreign direct investment (FDI) in the insurance sector, companies from the US and Europe have shown keen interest in India, Department of Financial Services (DFS) SecretaryM Nagaraju tells Harsh Kumar in an interview in New Delhi. He also says that increasing the limit of FDI in public-sector banks (PSBs), potentially up to 49 per cent, is under consideration.
https://www.business-standard.com/industry/news/tor-for-banking-panel-likely-by-next-month-says-dfs-secy-m-nagaraju-126020201180_1.html

India govt, central bank in talks with Alipay+ to integrate its instant payment systems, sources say

India is in discussions with Ant International to integrate its instant payment system, UPI, with Alipay+ for seamless cross-border transactions. This initiative aims to simplify payments for Indian travelers abroad, enabling them to use UPI with merchants partnered with Alipay+. The move signifies a significant step towards enhancing international payment convenience.
https://economictimes.indiatimes.com/industry/banking/finance/india-govt-central-bank-in-talks-with-alipay-to-integrate-its-instant-payment-systems-sources-say/articleshow/127857305.cms

Income Tax dept aims to dispose of over 200,000 CIT(A) appeals in FY26

The income tax (I-T) department has set a target to dispose of over 2 lakh Commissioner of Income Tax (Appeals), or CIT(A), cases this financial year (FY26), building on last year's disposal of 1.72 lakh cases, with a significant number already cleared by January, a senior finance ministry (FinMin) official said in a post-Budget interaction with Business Standard. As of January 20, the department has already disposed of 1.65 lakh CIT(A) cases, the official added. In FY25, nearly 5.4 lakh appeal cases were pending, involving a disputed tax demand of about ₹16.75 trillion.
https://www.business-standard.com/finance/news/tax-department-targets-over-2-lakh-cit-appeals-disposal-this-year-126020201217_1.html

Public float in state-run firms to rise, boost govt receipts: FM

Faced with weaker tax buoyancy that has constrained revenue growth, the government is preparing to rely more heavily on disinvestment and asset monetisation to support its fiscal consolidation path over the next two years. Finance Minister Nirmala Sitharaman on Monday indicated that proceeds from stake sales and public offerings in central public sector enterprises (CPSEs) will play a central role in maintaining the glide path for deficit and debt reduction, especially as the fiscal impact of the 8th Pay Commission award begins to surface in FY28. "Disinvestment should set the tone for revenue generation. Asset monetisation will also continue, and we are considering increasing public float in CPSEs," Sitharaman said, responding to concerns about how the Centre plans to meet its debt-to-GDP reduction goals amid tax revenue pressures.
https://www.financialexpress.com/business/news/public-float-in-state-run-firms-to-rise-boost-govt-receipts-fm/4128870/

Industry

PLI outlay trimmed as auto, white goods gain

The Budget has marginally pared overall allocations for production-linked incentive (PLI) schemes in FY27, while sharply raising support for automobiles and white goods, signalling a recalibration within its manufacturing push rather than a broad-based expansion of incentives. Officials said the moderation in the overall PLI envelope should not be read as a policy retreat. Instead, it reflects the transition from announcement-led incentives to payout-linked spending, where allocations rise or fall depending on actual production achieved by firms. As schemes mature, budgetary provisions increasingly mirror claims expected to be lodged, rather than headline commitments made at the time of launch.

https://www.financialexpress.com/business/news/pli-outlay-trimmed-as-auto-white-goods-gain/4128814/

FICCI reiterates call for aerospace manufacturing PLI

Federation of Indian Chambers of Commerce (FICCI) and Industry has reiterated its call for a production-linked incentive to support aerospace manufacturing in the country. On Sunday the Union Finance Minister announced custom duty waivers on parts and components used in manufacture of civil, training and other aircraft. Duty waiters have also been granted on the import of raw materials used in the manufacture of parts by defence sector maintenance, repair and overhaul units. “The budget 2026 reinforces a pro-growth manufacturing led direction and India’s ambition to build globally competitive industrial ecosystems.,” said Jurgen Westermeier, chair of FICCI’s national civil aviation committee and Airbus South Asia president.

https://www.thehindubusinessline.com/economy/logistics/ficci-reiterates-call-for-aerospace-manufacturing-pli/article70583197.ece

Steel PSU capex to rise 44% in FY27

Public sector steel companies are set to significantly increase capital expenditure by nearly 44% to Rs 25,125 crore by fiscal 2026-27, led by SAIL and NMDC. This surge in investment anticipates improved domestic demand, driven by recovery in key sectors and infrastructure expansion, supporting India's goal to reach 300 mtpa steel capacity by 2030-31.

https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steel-psu-capex-to-rise-44-in-fy27/articleshow/127864695.cms

Auto sales surge as tax cuts fuel demand momentum

This marked the fourth straight month of a double-digit growth in domestic car sales. Car sales grew by 17% in October, 19% in November, and 27% in December, as consumers rushed to showrooms to benefit from price cuts on cars and SUVs following a reduction in goods and services tax (GST) with effect from September 22.

https://economictimes.indiatimes.com/industry/auto/auto-news/auto-sales-surge-as-tax-cuts-fuel-demand-momentum/articleshow/127870108.cms

Govt notifies new baggage rules; duty-free limit hiked to ₹75,000

The government on Sunday raised the limit for passengers bringing duty-free imported goods into India from ₹50,000 to ₹75,000. Under the Baggage Rules, 2026, notified on Sunday, a resident or a tourist of Indian origin arriving in India other than by land, shall be allowed clearance free of duty articles, up to ₹75,000, if such articles are carried on the person or in the bona fide accompanied baggage of the passenger. The new baggage rules, 2026, come into effect from midnight on February 2 and replace a decade-old baggage rule.

https://www.business-standard.com/economy/news/govt-raises-limit-bringing-duty-free-imported-goods-rs-75-000-under-new-baggage-rules-126020101202_1.html

Tourism Ministry preparing framework to develop 50 top destinations

The Union Tourism Ministry has said a revised draft framework and scheme guidelines are being prepared for the development of the top 50 tourist destinations in partnership with State Governments. Development of the top 50 destinations would be carried out in partnership with State governments through a challenge mode, Union Finance Minister Nirmala Sitharaman had announced in her budget speech last February.

https://www.thehindubusinessline.com/news/tourism-ministry-preparing-framework-to-develop-50-top-destinations/article70583591.ece

India's advertising industry to reach Rs 1.3 lakh crore this year: report

India's advertising industry continued to demonstrate steady growth in 2025 at 8.3% to reach Rs 1,21,339 crore, macroeconomic uncertainty notwithstanding. According to the Dentsu Digital Advertising Report 2026, the country's advertising expenditure (AdEx) is expected to grow at a CAGR of 7.41% this year to reach Rs 1,30,416 crore. It is expected to reach Rs 1,40,001 crore by the end of CY27.
https://www.financialexpress.com/business/industry-indias-advertising-industry-to-reach-rs-1-3-lakh-crore-this-year-report-4129071/

Infrastructure

Centre planning underground rail tracks along 40-km corridor connecting Northeast, rest of India: Ashwini Vaishnaw

Plans are underway to lay underground railway tracks along a 40-km strategic corridor in West Bengal. This vital route, known as the 'Chicken's Neck', will connect the northeast with the rest of India. The existing double line will also be converted to a four-line track. This development enhances connectivity and security for the region.
https://economictimes.indiatimes.com/news/economy/infrastructure/centre-planning-underground-rail-tracks-along-40-km-corridor-connecting-northeast-rest-of-india-ashwini-vaishnaw/articleshow/127864444.cms

Energy

Power consumption rises 3.8% to 142.74 billion units in January: Govt

Power consumption in the country rose 3.8 per cent to 142.74 billion units in January from 132.5 BUs a year ago, amid increased usage of heating appliances during the intense cold in many parts of north India. According to the government data, the peak power demand met or the highest supply during January, also rose to 245.42 GW from 237.31 GW recorded in January 2025. The peak power demand touched an all-time high of about 250 GW in May 2024. The previous all-time peak power demand of 243.27 GW was recorded in September 2023.
https://www.business-standard.com/industry/news/power-consumption-grows-3-8-per-cent-to-142-74-billion-units-in-jan-126020200999_1.html

Coal block allocation now only via auctions: Government

The government on Monday said 136 coal blocks have been successfully auctioned since 2020 following the Niti Aayog's recommendations, and future allocations will also be done through a participative bidding process. Replying to supplementaries during the Question Hour in the Rajya Sabha, Minister of State for Coal Satish Chandra Dubey said the government is ready to examine the Telangana state government's proposal to allot the Tadicherla coal block on an administrative basis to state-owned Singareni Collieries.
https://www.thehindubusinessline.com/markets/commodities/coal-block-allocation-now-only-via-auctions-government/article70583080.ece

Govt likely to consider merger of state-run financiers PFC and REC

The Centre is likely to consider a merger of state-run power-sector lender Power Finance Corporation (PFC) and its subsidiary REC as part of the restructuring push, according to sources. "A road map for that (the merger) will be soon announced. A decision is expected shortly although procedural steps need to be completed. After that, the proposal will go to the Cabinet for approval. One of the two names will be retained, and no third entity will be created," said the source.
https://www.business-standard.com/companies/news/govt-may-considering-merger-of-state-run-entities-pfc-and-rec-126020201290_1.html

States

Bihar's growth surpasses national average: State finance minister

Bihar Finance Minister Bijendra Prasad Yadav on Monday said the state recorded a 13.1 per cent growth in the 2024-25 financial year, which was better than the "national average of 9.8 per cent". The minister tabled the Bihar Economic Survey for 2025-26 in the assembly on the inaugural day of the budget session, and asserted that the state

was progressing along a "high-growth trajectory", supported by "macroeconomic stability, sectoral diversification, increased investment, and a sustained focus on human capital development, employment generation and infrastructure enhancement".
https://www.business-standard.com/economy/news/bihar-s-growth-surpasses-national-average-state-finance-minister-126020200640_1.html

Women-led startups see 30% jump to over 9,600 in Uttar Pradesh

Women-led startups have jumped 30 per cent, from 6,812 in December 2024 to over 9,600 in Uttar Pradesh (UP), bolstering equity in the doing-business ecosystem. At present, there are over 19,000 startups recognised by the Central Government's Department for Promotion of Industry and Internal Trade (DPIIT) in the state, according to a senior official. Women-led startups today account for more than 50 per cent of the state's current startup tally.
https://www.business-standard.com/industry/news/women-led-startups-see-30-jump-to-over-9-600-in-uttar-pradesh-126020200921_1.html

Rajasthan govt's three policies to support entrepreneurs go online

In a major step towards ease of doing business, the Rajasthan government's department of industries and commerce has made the application process for three policies to support entrepreneurs in the state now online, a senior official said. "One District One Product Policy-2024, Rajasthan Export Promotion Policy-2024, and Rajasthan MSME Policy-2024 have been made completely online," he said. The official pointed out that applications can now be submitted through SSO ID or e-Mitra.
https://www.business-standard.com/industry/news/rajasthan-govt-s-three-policies-to-support-entrepreneurs-go-online-126020201206_1.html

External

Lords committee flags risks for UK industries in India free trade agreement

The recently signed India-UK free trade agreement (FTA) is a "historic achievement" providing geopolitical stability and tariff reductions, but while Indian exporters will gain immediate market access, benefits to their British counterparts will materialise only gradually, according to an International Agreements Committee report. In its report, the committee appointed by the House of Lords – the second chamber of the UK Parliament – flagged concerns and shortcomings agreed upon in the deal. They included sector-specific concerns, delay in conclusion of a bilateral investment treaty (BIT), omission of legal services in the deal as well as lack of commitment to free cross-border data flows. That apart, the panel noted that the agreement is "heavily goods-focused" and it offers limited new services access.
https://www.business-standard.com/economy/news/lords-committee-flags-risks-for-uk-industries-in-india-free-trade-agreement-126020300024_1.html

Trump plans $12 billion rare-earths stockpile to cut China reliance

US President Donald Trump is set to launch a strategic critical-minerals stockpile with $12 billion in seed money, a bid to insulate manufacturers from supply shocks as the US works to slash its reliance on Chinese rare earths and other metals. The venture — dubbed Project Vault — is set to marry $1.67 billion in private capital with a $10 billion loan from the US Export-Import Bank to procure and store the minerals for automakers, tech firms and other manufacturers. Details of the initiative, which would represent a first-of-its-kind stockpile for the US private sector, were described by senior administration officials, who asked not to be identified discussing a plan that has yet to be announced.
https://www.business-standard.com/world-news/trump-plans-12-billion-rare-earths-stockpile-to-cut-china-reliance-126020300003_1.html