



Public Finance

Interim Budget 2024 may see modest expenditure hike as Centre looks to stay on fiscal glide path

Budget 2024: The government aims to limit the increase in overall spending to around 10% in the interim budget for FY25, balancing the need for sustained growth with fiscal consolidation imperatives. It plans to achieve this by raising capital expenditure at a slower pace, while moderately increasing revenue spending. The government has set a fiscal deficit target of 4.5% of GDP by FY26 and expects to meet the target this year. (*The Economic Times*)

Budget's master math on borrowings to pave way for India's ambitions on fiscal gap, growth & G-secs

The upcoming Union Budget for FY2025, a vote-on-account, is expected to provide cues on fiscal consolidation and capex number. The fiscal deficit target for FY2025 is projected to be 5.3% of GDP, leading to a decline in market borrowings. The inclusion of India's G-secs in the GBI-EM Global Index could result in FPI inflows of \$18-22 billion. (*The Economic Times*)

States borrowing cost begins to ease; falls 7 bps

Lower supplies for the second consecutive week finally led to the coupons on state debt to fall from the two-year high at the latest auction held on Tuesday, and the weighted average cut-off eased by 7 bps to 7.65 per cent. For the past two weeks, despite poor supplies states were forced to offer very high returns, which had touched 7.72 per cent last week, the highest in the past two years. (*The Economic Times*)

Budget 2024: India may allot Rs 4 lakh crore for next year's food, fertiliser subsidies

India plans to allocate about 4 trillion rupees (\$48 billion) for food and fertiliser subsidies in the next fiscal year. The Ministry of Consumer Affairs, Food and Public Distribution estimates the food subsidy bill to be 2.2 trillion rupees, a 10% increase from the current fiscal year. Additionally, the fertiliser subsidy for the next fiscal year is expected to be 1.75 trillion rupees. (*The Economic Times*)

StanChart sees Indian government's net borrowing unchanged in FY25

India's net government borrowing in the next fiscal is likely to remain largely unchanged. The central government is expected to target a narrower fiscal deficit of 5.3%-5.6% of GDP in FY25, leading to a net borrowing of 11.80 trillion to 12.20 trillion rupees. Foreign investors are expected to invest \$25 billion-\$30 billion in government debt, with a significant portion being absorbed by foreign portfolio investment. (*The Economic Times*)



Finance act 2023 amends section 87a, no tax liability for incomes up to Rs 7 lakh

The Ministry of Finance has announced a significant change in personal income tax benefits, implementing an amendment to Section 87A of the Income-tax Act, 1961. This amendment allows a rebate to be taxed, ensuring no tax liability for individuals with income up to Rs. 7 lakhs. This move aligns with the government's commitment to easing the tax burden on the middle-income segment. *(The Economic Times)*

Implementation of global tax code will be the key

Globally, 143 countries are negotiating for a new global tax code that aims to put a minimum rate of corporate income tax and eliminate the low and zero-tax regime. Marna Ricker, EY Global vice-chair (tax), in an interview with Krishna Kant in Mumbai, discusses the progress on the new tax code and its implications for companies and capital flows. *(Business Standard)*

GST on health insurance is too high

A growing economy like India needs to ensure that its citizens are healthy. It is often stated that a healthy individual can contribute positively to the GDP of a country and therein lies the importance of a robust health insurance system. Health insurance can play a key role in ensuring that Indian citizens do not suffer a setback due to the affordability aspect of quality healthcare. *(BusinessLine)*

Budget 2024: Govt may raise exemption in lower bracket under old I-T regime

To offer additional support at the low end of the income ranges, the Centre will consider a large-scale jump in exemption rates under the old income tax regime in the vote on account or interim Budget, according to a senior official in the know. Those will include an extension of the income tax exemption rates close to Rs 7 lakh and additional measures for women farmers. *(Business Standard)*

Tax relief, ease in GST on insurers' wish list

The introduction of a separate tax deduction limit for life insurance, waiving taxes on proceeds of pension and annuity products, and reconsidering the 18 percent Goods and Services Tax (GST) charged on health insurance policies are some of the reliefs the Indian insurers expect from the Union Budget 2024. In the last few years, life insurers have been requesting a separate tax deduction limit for the term insurance as the existing Section 80 C is already filled with other allowable expenses. *(Business Standard)*

Budget 2024: Modest tax revenue target likely for FY25

The net revenue target for the next financial year will be modest, likely to be between 9-11%. One of the reasons for this modest target is the already high base, ET was informed by a senior government official. It may be noted here that in the past two years, tax collections have been more than the revised target. *(The Economic Times)*



National Accounts and State of the Economy

ICRA projects GDP growth to moderate to below 6% in Q3

Rating agency ICRA has predicted a slowdown in India's GDP growth rate to below 6 percent in the December quarter. This is primarily attributed to a sharp decline in kharif crop output and sluggish progress in rabi sowing for some crops. In the July to September period, India recorded a GDP growth rate of 7.6 percent. *(The Economic Times)*

Healthcare, pharma to drive job growth in H2 FY24

Healthcare and pharma will lead India's workforce expansion in the second half of the current fiscal year ending in March, according to staffing firm TeamLease Services. Chennai is leading in incremental workforce expansion in the healthcare and pharma sector at 12.8%, followed by Kolkata at 11.6%, and Coimbatore at 11.5%, the firm said. *(The Hindu)*

Real, nominal GDP growth, inflation play out differently this time around

Official projections of real gross domestic product (GDP) growth far exceed the calculations made earlier, and those for nominal economic growth are far less than assumed in the Budget. This has happened for the first time during 2023-24 among four pre-election years. This happened because inflation, as viewed by GDP deflators, is expected to be quite lower than initially projected for the first time, contrary to what had happened ahead of three previous interim Budgets. *(Business Standard)*

Rate of rupee depreciation coming down: Piyush Goyal

Commerce and Industry Minister Piyush Goyal has stated that the rate of rupee depreciation has decreased, expressing optimism that in 8-10 years, the rupee will start appreciating against the US dollar, contributing to faster economic growth. Goyal highlighted collaborative efforts between the Reserve Bank of India and the finance ministry to spur economic growth. *(The Economic Times)*



Banking and Monetary Policy

RBI Working Group bats for tighter norms for State guarantees

A RBI Working Group constituted in July 2022 to, among other things, prescribe a uniform guarantee ceiling for States, recommended on Tuesday that the word 'Guarantee' should include all instruments, which create an obligation, contingent or otherwise, on part of the State Government. As per the recommendations, States must clearly define the purpose for which government guarantees are issued. *(The Hindu)*

Reduce on-lending to smaller peers: RBI tells NBFCs

In a bid to further streamline the unsecured loans market, the Reserve Bank of India has asked some of the larger non-banking finance companies to curtail their lending to smaller peers. It has been observed that these smaller NBFCs, reckoned as digital lenders and fintech lenders, often play a dominant role in the unsecured loans space, particularly

the small-ticket personal and business loans segment. These players often tap the large NBFCs as their primary source of funding, as availing bank funding could be challenge for them. *(BusinessLine)*

Yes Bank becomes first Indian bank to conduct export finance transaction on RXIL's ITFS platform

Yes Bank on Wednesday became the first Indian bank to execute an export finance transaction on the International Trade Financing Services Platform (ITFS) of RXIL Global IFSC Limited (RXIL), a leading cross-border fintech company registered under the International Financial Services Centres Authority (IFSCA). *(The Economic Times)*

RBI circular: Central Bank proposes to tighten norms for accepting public deposits by HFCs

The Reserve Bank on Monday proposed to tighten norms for housing finance companies by reducing the maturity period for public deposits to five years and enhancing the requirement of maintaining liquid assets against liabilities. Currently, housing finance companies (HFCs) are allowed to accept or renew public deposits repayable after a period of 12 months or more but not later than 120 months from the date of acceptance or renewal of such deposits, the RBI said in a draft circular, inviting comments by February 29. *(The Economic Times)*

RBI preps India's top banks to face a 'de-dollarised' world

The Reserve Bank of India (RBI) has alerted high-street banks to get ready for an emerging multi-currency world amid measures to internationalise the rupee. Banks were advised by senior RBI officials during an interaction in Kochi on Saturday to prepare themselves for the changes that would be needed to deal in multiple currencies in an evolving market where the US dollar would not be the only and obvious choice for the settlement of cross-border trades and other transactions. *(The Economic Times)*



External Sector

Government levies 50% export duty on molasses

The government has imposed 50% duty on exports of molasses, a by-product of sugarcane used as raw material for alcohol production, with effect from January 18. A Finance Ministry notification said molasses resulting from the extraction or refining of sugar will attract 50% export duty. In another notification, the Finance Ministry extended the existing concessional duty rates on imports of crude and refined edible oils — palm, soyabean and sunflower — by one year till March 31, 2025. *(The Hindu)*.

Exports marginally up at \$38.45 bn in December; trade deficit narrows

The country's exports edged up 1 per cent to \$38.45 billion in December 2023 while the trade deficit narrowed to a three-month low of \$19.8 billion, official data released on Monday showed. Imports declined by 4.85 per cent to \$58.25 billion in December last year due to a dip in crude oil shipments. *(Business Standard)*

Leather exporters seek fiscal incentives in Budget

The Council for Leather Exports (CLE) has asked the government to provide fiscal incentives in the Budget such as the PLI scheme and reinstatement of import duty

exemption on certain goods to boost manufacturing and exports. The council has also suggested the government consider permitting the export of all value-added leathers, including crust leathers, freely without any export duty, norms, inspection, testing or certification. *(Financial Express)*

India could ease China investment curbs if border stays calm

Border tensions, the biggest irritant to relations between the nuclear-armed Asian giants, have eased, which could lead to improved investment ties, top industrial policy bureaucrat Rajesh Kumar Singh told Reuters on Wednesday at the annual World Economic Forum meeting in Davos, Switzerland. *(The Economic Times)*

Leverage free trade agreements to our benefit, Piyush Goyal tells industry

Commerce and Industry minister Piyush Goyal on Tuesday chaired the second meeting of the reconstituted Board of Trade (BoT) that focused on reviewing India's export performance to achieve the \$2 trillion export target by 2030. The minister urged the industry to leverage the free trade agreements (FTAs) signed by India to its benefit. *(Business Standard)*



Agriculture and Rural Economy

Budget: Rural economy may see a boost

Finance Minister Nirmala Sitharaman is gearing up to present her sixth consecutive Budget on February 1. The focus of the budget is likely to be on infusing more funds into the hands of the public, with potential adjustments to tax slabs or an increase in standard deductions as possible avenues for achieving this goal. Another proposal is related to increasing the funds under the rural employment guarantee scheme MGNREGA and higher payout for farmers, reported PTI. *(The Economic Times)*

Samyukt Kisan Morcha gives call for rural strike on February 16

The Samyukt Kisan Morcha (SKM), the umbrella organisation of about 500 farmers' outfits, has called for *grameen bandh* (rural strike) on February 16 against the farm policies of the Centre. The All-India Convention of the SKM, held in Jalandhar on Tuesday, also decided to seek alternative policies in the farm sector based on production cooperatives and other people-centric models. *(The Hindu)*

Government should support paddy, rubber farmers: Infarm

The Indian Farmers' Movement (Infarm), a combine of farmers under the Kerala Catholic Bishops' Council, has slammed the government for plunging paddy farmers into debt. A circular issued by Infarm chairman Bishop Remigius Inchinaniyil said the government should display urgency to provide farmers with the rubber price promised in its manifesto. *(The Hindu)*

Real change in agriculture will come from cooperatives: Niti Aayog's Ramesh Chand

Member of the National Institution for Transforming India (Niti Aayog) Ramesh Chand has been helping governments at the Centre and States to draft policies on agriculture, food production, distribution and climatic resilience. A former professor with the Indian Council of Agriculture Research, Mr. Chand stands for reforms in agriculture systems. *(The Hindu)*

India Stands Firm: No negotiations on agriculture until WTO members reach permanent solution on food grain stockholding

India asserted that it will not engage in negotiations in any other aspects of the agriculture sector until a permanent solution is reached on public stockholding for food grains by WTO members, according to government sources. *(ThePrint)*

India's Oct. 1 to Jan. 15 sugar output drops 7% y-o-y

Indian mills produced 14.87 million metric tons of sugar between Oct. 1 and Jan. 15, a 7% fall from the previous year, because of lower output in key producing states Maharashtra and Karnataka, a leading industry body said on Wednesday. Maharashtra's sugar production fell to 5.1 million tons from 6.09 million tons, while Karnataka's dropped 12.7% to 3.1 million tons, the National Federation of Cooperative Sugar Factories said. Production in Uttar Pradesh meanwhile rose 14.8% to 4.61 million tons. *(The Hindu)*



Industry, Manufacturing, Services and Technology

Karnataka signs MoUs worth ₹22,000 crore with 7 companies

On Day 2 at the World Economic Forum Davos 2024, Karnataka signed a Memorandum of Understanding (MOUs) worth ₹22,000 crore with global industry leaders Microsoft, Web Werks, Hitachi and four other companies. These partnerships are poised to propel the State into a new era of technological advancement, infrastructure development, and economic growth. *(BusinessLine)*

Regulating India's online gaming industry

Online services have become central to how most of us live our lives. With a staggering 692 million Internet users, India has the world's second-largest Internet user base and ranks eighth globally in terms of time spent on mobile apps. The average daily mobile app usage has surged to 4.9 hours, a 32% increase since 2019. Notably, a significant 82% of usage is dedicated to media and entertainment with social media accounting for roughly half of this engagement. *(The Hindu)*

Wings India 2024. Domestic passenger traffic will reach 300 million by 2030

Domestic passenger air traffic is expected to reach 300 million per annum by 2030 from 153 million in 2023, according to Union Minister for Civil Aviation and Steel Jyotiraditya Scindia. The domestic market has grown at a CAGR of 15.3 percent and international travel has grown by 6.1 percent in the last 10 years. India is the third largest domestic market and the seventh in international civil aviation. "We will still be one of the under-penetrated markets among the top 20 in the world," Scindia said. *(BusinessLine)*

IT services emerge as top segment in global IT industry spending: Gartner

Worldwide IT spending is expected to total \$5 trillion in 2024, an increase of 6.8 per cent from 2023, according to the latest forecast by Gartner. This is down from the previous quarter's forecast of 8 per cent growth. However, within the total IT spend, IT services have become the largest segment and are expected to grow 8.7 per cent in 2024. *(Business Standard)*

Alco-bev industry in tight spot over shrinking margins as states keep MRP constant: ISWAI's Nita Kapoor

The Indian alcohol industry is grappling with shrinking margins, thanks to the rising cost of raw materials used to produce alcohol, while the state governments are keeping the maximum retail price (MRP) constant. The raw materials for manufacturing alcohol include extra neutral alcohol (ENA), glass, labels, closures, paper packaging, and miscellaneous materials. *(Mint)*

Metallurgical coal manufacturer body flags concern over met coke influx at prices below output cost

Association of producers and suppliers of metallurgical coal on Monday expressed concerns over the "influx of met coke at prices below the domestic cost of production" and sought the government's intervention to resolve the issue. Metallurgical coal is a grade of coal that can be used to produce good-quality coke. *(Mint)*

Lower licence fee, Customs duty on telcos' wish list

Telecom companies have urged the government to abolish the universal services obligation fund (USOF) levy, reduce licence fee, and bring in exemptions from Customs duty on import of telecom equipment and goods and services tax (GST). *(Financial Express)*



News on Kerala

Kerala CM Pinarayi Vijayan to lead protest against Centre's 'financial embargo' on State at Jantar Mantar on Feb. 8

A crucial Left Democratic Front (LDF) State committee meeting here on January 16 (Tuesday) resolved to take the fight against the Centre's "crippling financial embargo" on Kerala to New Delhi by announcing a high-profile protest led by Chief Minister Pinarayi Vijayan at Jantar Mantar on February 8. *(The Hindu)*

Gujarat, Kerala, Karnataka best performing States in developing startup ecosystem: DPIIT

Gujarat, Kerala and Karnataka have emerged as the best-performing States in developing startup ecosystems for budding entrepreneurs, according to the ranking of States and Union Territories (UTs) by the Department for Promotion of Industry and Internal Trade (DPIIT). *(The Hindu)*

Thiruvananthapuram to host first edition of Global Science Festival of Kerala

In 1989, the city of Edinburgh in the UK made space to celebrate science on the lines of its flamboyant four-decades-old art festival. The fest the Scottish capital organized was the first such in the modern world, and it grew to be a hit to repeat itself annually. Over the years, it evolved to become the stately Edinburgh Science Festival, which has since inspired several similar events across the world. *(New Indian Express)*.

The Kerala government might soon approve the production of light alcohol from fruits

The Kerala government will soon give a nod to the production of fruit-based alcohol, a decision which will be considered in the upcoming Assembly Finance Subject Committee. This has been a much-demanded policy change insisted on by farmer organisations to

include pineapples, jackfruit, bananas and cashews among other fruits to increase the value output of their overall production. In 2022, new legislation for the Kerala Small Scale Winery Rules incorporated Assembly Subject Committee amendments to approve the production of Hortiwine by manufacturing units. *(Onmanorama)*

KSRTC to reschedule unprofitable services: Minister

The Kerala State Road Transport Corporation (KSRTC) will reschedule the unprofitable services as part of its cost-cutting measures, Transport Minister K.B. Ganesh Kumar has said. Talking to the reporters here on Wednesday, Ganesh Kumar said KSRTC would discontinue redundant routes and modify some as part of cost cutting. He said each bus would be subject to cost accounting. *(The Hindu)*

KSEB plans power purchase to avert load-shedding, surcharge hike imminent

The Kerala State Electricity Regulatory Commission will assess the need for purchasing additional power to prevent load-shedding in April and May. The commission has planned to purchase 200 megawatts of power at the rate of Rs. 8.69 per unit from 3 companies. This will cause an additional financial burden to the consumers as a surcharge. *(Onmanorama)*

Digital mapping identifies 1,271 water sources in Wayanad

As many as 1,271 water sources, including rivulets and streams, have been identified in Wayanad district under the two digital mapping campaigns to rejuvenate waterbodies in the district, especially the Kabani River, a major tributary of the Cauvery *(The Hindu)*.

KSRTC in Kerala to introduce 'Where is my KSRTC' app to track buses

The Kerala State Road Transport Corporation (KSRTC) will introduce an app called 'Where is my KSRTC' to track buses in the line of 'Where is my train app', Kerala Transport Minister K.B. Ganesh Kumar has said. Speaking to the media here on Thursday, the Minister said the KSRTC also has plans to set up a control room to coordinate the GPS installed on the buses *(The Hindu)*.

Kerala makes it mandatory to have preparation and use-by time on food parcels

Labels that specify the time when food was prepared should be displayed compulsorily on food parcels, the Commissioner of Food Safety in Kerala has said. Labels fixed to food parcels should display the time food is prepared and the time by which it should be consumed *(The Hindu)*.

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