



Public Finance

Divestment tally for FY24 likely about ₹15,000 crore'

The government's disinvestment receipts tally this year could end up being around ₹15,000 crore, a far cry from the ₹51,000 target set in the 2023-24 Budget, CareEdge Ratings said on Friday. Moreover, most corporate leaders expect the divestment target for 2024-25 to be scaled down to ₹40,000 crore, as per a survey of 120 industry captains on expectations from the upcoming Interim Budget conducted by the firm. *(The Hindu)*

Govt. expands financial services scope at IFSC

The government has expanded the scope of activities that can be undertaken at the International Financial Services Centre (IFSC) by including services such as book keeping, and accounting. As per a notification from the Finance Ministry, many services, including book-keeping, accounting, taxation, and financial crime compliance, have been included as part of financial services. *(The Hindu)*

Public capex thrust to slacken in 2024-25 ahead of elections

The upcoming general elections and the government's fiscal consolidation hopes for the next two years could lead to a moderation in public capex growth plans in the upcoming Interim Budget for 2024-25. The Centre has committed to bring down its fiscal deficit to 4.5% of GDP by 2025-26, from a target of 5.9% of GDP this year. India Ratings said on Tuesday that the Union government's capital expenditure growth is expected to slow down to 12% in 2024-25 from 37.4% laid down in this year's Budget. *(The Hindu)*

Interim Budget: Govt policies to focus on four priority groups, says FM

Union Finance Minister Nirmala Sitharaman said that the government would orient its policies towards improving the lot of four groups — the youth, women, farmers, and the poor — identified by Prime Minister Narendra Modi. Sitharaman will present the Interim Budget on February 1, while the Lok Sabha elections are expected in April-May. The minister said the government's efforts extended beyond financial support and had a focus on creating opportunities, such as those for the youth, through skill training. *(Business Standard)*

Govt to focus on strengthening agriculture, manufacturing sectors: Sitharaman

The Centre plans to focus on strengthening agriculture and manufacturing sectors to stimulate the economy, finance minister Nirmala Sitharaman said on Thursday. In an interaction with students at the Hindu College, Sitharaman said that modernising post-harvest practices to boost the country's agriculture ecosystem, and pushing manufacturing in sunrise industries such as renewable energy, semiconductors, material sciences, earth sciences and space industries are among the government's top priorities. *(Mint)*

Panchayats need to intensify efforts to augment revenue resources: RBI report

Panchayats need to intensify efforts to augment their own tax and non-tax revenue resources as well as improve their governance, a RBI report said on Wednesday. Finances of Panchayati Raj Institutions (PRIs) face constraints as they have limited own revenues from property taxes, fees and fines. *(The Economic Times)*



Taxation

Direct Tax to GDP ratio at all time high, cost of collection down

The direct tax-to-GDP (Gross Domestic Product) ratio reached an all time high of 6.11 per cent at the end of FY23, detailed data released on Tuesday by Central Board of Direct Taxes (CBDT) showed. The data also revealed that the cost of collection has come down to lowest level since FY15. According to Asian Development Bank (ADB), the tax-to-GDP ratio indicates the total tax revenue as a percentage of GDP which shows the share of a country's output that is collected by the government through taxes. *(BusinessLine)*

Govt raises import duty on gold, silver jewellery findings to 15% from 11%

The Finance Ministry has hiked import duties on gold and silver findings and coins of precious metals to 15 per cent from the existing 10 per cent. Import duty on gold and silver findings and coins of precious metals will now be 15 per cent. This includes Basic Custom Duty (BCD) of 10 per cent and 5 per cent of AIDC (Agriculture Infrastructure Development Cess), an official notification said. *(Business Standard)*

Crypto industry bats for lower taxation and a standardised regulatory framework

The Indian cryptocurrency industry, ahead of the Union budget 2024, is expecting the government to reconsider the current taxation structure on the virtual digital asset (VDA) class, establish a self-regulatory body for the crypto and block chain sectors, and create sandboxes to help start-ups in the sector thrive. The crypto exchanges in India have been losing trading volumes on the platform since the introduction of taxation as crypto users moved to offshore exchanges. However, the finance ministry's recent move to send show cause notices to offshore exchanges and block URLs subsequently has bought respite for domestic exchanges. *(BusinessLine)*

Reckless issuance of GST notices may lead to litigations, CBIC urges caution

The Central Board of Indirect Taxes & Customs (CBIC) has advised its officers to avoid issuing show cause notices (SCNs) under GST recklessly, as it will lead to litigations. This instruction has come as the new due date for issuing SCNs related to FY19 approaches its end on January 31, 2024. *(BusinessLine)*



National Accounts and State of the Economy

India will have surplus domestic coal by FY26

India will have surplus domestic coal by the financial year 2025-26 that can be used to run the imported coal-based (ICB) power plants, said Union Coal Minister Pralhad Joshi. Minister asserted that the government is aiming at boosting domestic production and reducing fossil fuel imports. The Union Cabinet approved Rs 8,500 crore financial incentives for coal gasification projects. *(Business Standard)*

Food processing contribution to GVA needs to quadruple to become developed nation by 2047

India's food processing sector's contribution to the country's Gross Value Added (GVA) need to quadruple to 7.2 per cent to become a developed nation by 2047, according to a report by Grant Thornton Bharat. Currently, the food processing sector's contribution to GVA stands at 1.8 per cent. The "Vikasit Bharat by 2047: Role of the Food Processing Sector" report by Grant Thornton Bharat said future strategies must be aligned to achieve the target of 10.4 per cent CAGR by 2047. *(BusinessLine)*



Banking and Monetary Policy

As liquidity deficit widens, RBI to infuse ₹2.5-lakh cr. liquidity via 15-day VRR

The Reserve Bank of India will infuse liquidity amounting to ₹2.50-lakh crore via a 15-day variable rate repo (VRR) auction on Thursday as the overall funds deficit in the banking system widened to ₹3.34-lakh crore as on January 23 as compared with ₹1.29-lakh crore as on January 1. This is even as the Centre has built up huge cash balances with the RBI as the inflows from GST (Goods and Service Tax) and advance tax remain unspent, say market experts. *(The Hindu)*

Banks to go in for big ATM push in the next 12-18 months

Banks are likely to see a big ATM refresh-cum-addition cycle in the next 12-18 months, involving replacement of about 40,000 ageing ATMs, and expansion of network by about 10,000, per industry estimates. All scheduled banks collectively added 4,452 ATMs (automated teller machines) in FY23, with their network standing at 2,19,513 as at March-end 2023, per RBI data. *(The Hindu)*

Central Bank of India's Q3 FY24 net profit rises 57% y-o-y to ₹718 crore

Central Bank of India (CBoI) reported a 57 per cent year-on-year (yoy) increase in third quarter net profit at ₹718 crore, aided by robust growth in non-interest income and decline in provisions towards bad loans and standard assets. The public sector bank had reported a net profit of ₹458 crore in the year ago quarter. Net interest income (difference between interest earned and interest expended) declined 4 per cent y-o-y to ₹3,152 crore against ₹3,285 crore in the year ago quarter. *(BusinessLine)*

Bank credit expansion projected at 15% in FY24, 12% in FY25: Icra

Rating agency Icra on Wednesday revised upward its bank credit growth projection at 14.9-15.3 per cent this fiscal, but said the same will lose steam and grow at 12 per cent next fiscal. At 14.9-15.3 per cent, the system level credit expansion in absolute terms will be Rs 20.4-20.9 lakh crore, it said, adding this will be the highest ever incremental bank credit growth and would surpass the previous high of Rs 18.2 lakh crore recorded in FY23 at a growth rate of 15.4 per cent. *(The Economic Times)*

RRB consolidation after FY-end review

The government may consider further consolidation in regional rural banks, or RRBs, after reviewing their performance against the targets fixed under the Sustainable Viability Plan (SVP) set for each lender. "An assessment will be carried out at the end of the

financial year, and based on that, we will draw a roadmap, if there is a need for further consolidation," said a government official aware of the matter. *(The Economic Times)*

Banks may alert RBI as rising funding costs sting amid sustained liquidity drainage

Banks are likely to make representations to the Reserve Bank of India (RBI) on sustained liquidity drainage that has pushed up funding costs for lenders despite unchanged policy rates for nearly a year. Liquidity has steadily declined with the central bank repeatedly stressing the primacy of maintaining price stability as Indian voters get ready to elect their next government this summer. *(The Economic Times)*



External Sector

Raise Budget outlays to support Indian exports'

In the face of slowing global demand, Indian exporters have urged the Centre to support R&D initiatives, raise Budget outlays for global marketing efforts and develop an Indian shipping line as foreign operators tend to arm twist smaller Indian firms. India's outward remittance on transport services is increasing with rising exports, the Federation of Indian Export Organisations (FIEO) president (officiate) Israr Ahmed said. *(The Hindu)*

Textile sector seeks changes in customs duty on fabrics

The first-ever meeting of the newly constituted Textile Advisory Group for man-made fibre under the Ministry of Textiles has offered hope for changes in customs duty on knitted fabrics to reduce imports. R.K. Vij, secretary general of the Polyester Textile Apparel Industry Association, said he raised the issue of "illegal and undervalued import of Chinese knitted fabric", which is mixed with woven fabric. Almost 1,000 tonnes of fabric is dumped in India daily due to the difference in customs duty for woven and knitted fabrics. *(The Hindu)*

The truth about India's booming toy exports

India's toy industry is minuscule. Yet, it figures prominently in the policy discourse — be it the bygone era of the "permit license raj", or the ongoing 'Make in India' regime. Between 2014-15 and 2022-23, toy exports increased by 239% and imports declined by 52%, turning India into a net exporter, as reported in a recent official press release. An unpublished case study by the Indian Institute of Management Lucknow (IIM-L), sponsored by the Department for Promotion of Industry and Internal Trade (DPIIT), reportedly credits the export success to various promotional efforts under the aegis of 'Make in India', initiated since October 2014. *(The Hindu)*

'At WTO, India may promise it won't export rice from its public stocks'

To break the impasse on public stockholding (PSH) for food security at the WTO—a top issue on India's agenda for the 13th Ministerial Conference in Abu Dhabi next month—India could give an undertaking that it will not export from its public stock in return for a permanent solution that gives it flexibility on its MSP programmes, research body Global Trade Research Initiative (GTRI) has suggested. *(The Hindu)*

'India has the potential to become an export hub for appliances, wearables'

The Consumer Electronics and Appliance Manufacturers Association (CEAMA) is pitching for a PLI scheme for the wearables sector at a time when India brands have been seeing

rapid growth in the segment. The industry association is also hoping for reduction in GST rates to make consumer durable and electronics products more affordable to boost demand for the industry. *(BusinessLine)*

‘Maruti to export electric cars before rolling out in India’

Maruti Suzuki India (MSIL) will start exporting its first ‘Made in India’ electric cars to Japan and Europe by the end of this year before launching them in the domestic market by early 2025, RC Bhargava, Chairman, MSIL, said. “We will start (rolling out) the electric vehicles by the end of this year. But the first lot of the EVs to be manufactured are going to be exported to Europe and Japan. Probably, we will start for domestic in 2025,” Bhargava told businessline. *(BusinessLine)*

Leather goods exports to dip by 13-15% this fiscal, to rebound strongly in FY25: Manufacturers’ body

Export of leather goods from India will dip by 13-15 per cent in the current fiscal, but will rebound strongly by around 20 per cent in FY25 on account of the depletion of existing stocks, and fresh orders, especially from Europe, where a harsh winter has created huge demand for leather goods, said K.R. Vijayan, Chairman, Indian Finished Leather Manufacturers’ and Exporters’ Association. *(BusinessLine)*

Global corn market will likely come under pressure on surplus output, weak demand

Corn (maize) prices will likely come under pressure this year in the global market on excess supplies and weak demand with higher ending stocks compounding the situation, global agencies and analysts say. Prices are already at a three-year low and this could come handy for Indian sectors such as poultry and starch manufacturers who are looking at imports in view of a surge in corn domestic rates. On the Chicago Board of Trade (CBOT), corn March contracts are currently ruling at \$4.45 a bushel (₹14,575/tonne), a three-year low. *(BusinessLine)*

Commerce ministry backs import tax cuts on gold bars: Govt officials

India's commerce ministry has backed a long-standing demand from the jewellery industry to reduce import tariffs on gold bars, government and industry officials said, amid concern the duties were further harming the country's faltering jewellery exports. The commerce ministry's support for lowering the tariffs comes ahead of the federal budget due next week. If a reduction in the taxes is accepted, Finance Minister Nirmala Sitharaman could announce the decision in her interim budget on Feb. 1. *(Business Standard)*

Space industry seeks liberal FDI policy, PLI scheme in Union Budget

India's nascent space sector has sought a liberal FDI policy on a par with the defence industry and production-linked incentive in the interim Budget that the government will present next week. The industry body Indian Space Association (ISpA) has also sought GST exemption for satellites, launch vehicles and ground equipment manufacturing, lower tax rates for external commercial borrowings and reduction of satellite sector withholding tax from 10 per cent to two per cent, given the low profit margins. *(Business Standard)*

Net FDI in India down to \$ 13.54 billion in Apr-Nov 2023, shows RBI data

The net foreign direct investment (FDI) in India, inflows minus the outflows, declined to \$13.54 billion in April-November 2023 from \$19.76 billion in the same period in 2022,

due to the fall in global inflows and a rise in repatriation of equity capital. The Reserve Bank of India's data (January 2024 bulletin) said FDI in India was \$21.39 billion and outflows were \$7.85 billion in April-November 2023. (*Business Standard*)



Agriculture and Rural Economy

April-Nov agri exports declined 10% on drop in cereal shipments

India's exports of agri-products, monitored by APEDA, fell by a tenth during the April-November period of FY24, mainly on account of a decline in shipments of cereals, excluding basmati rice. Agri exports for April-November stood at \$15.729 billion, a decline of 9.73 per cent over \$17.425 billion in the same period last year, per the latest provisional data released by APEDA. (*BusinessLine*)

Agri exports up 12% to \$19.7b in Apr-Dec

A 12 per cent increase in the export of major agriculture and processed products during the first three quarters of the current fiscal has buoyed the Agricultural and Processed Food Products Export Development Authority (APEDA) to target a record \$26-29 billion in this fiscal, against \$24.76 billion in 2021-22. "Since our (APEDA products) exports have already reached nearly \$20 billion, we will exceed the target and also increase from the previous year's level. (*BusinessLine*)

Indian edible oil importers may have wider choice as global soyabean output is set to rise

With global agencies forecasting over 6 per cent growth in world soyabean production this year, the Indian edible oil industry will likely have more options for imports. Some industry leaders feel that soya oil could compete with sunflower and palm oils for market share. Various agencies peg global soyabean crop at 392-398 million tonnes (mt) in 2024. (*BusinessLine*)

Electricity use in agriculture sector jumps to 37.1 per cent since 2009-10

The share of direct energy use in the form of electricity in the agriculture sector in India rose from 28.75 per cent in 2009-10 to 37.1 per cent in 2019-20 of the total energy use, according to a new data yearbook by The Energy Research Institute (TERI). The total commercial energy input to agriculture rose from 1496 A 10⁹ megajoules (MJ) in 2009-10 to 2050 A 10⁹ MJ in 2019-20, Both direct (electricity and fuel) and indirect (nitrogenous and phosphorus fertilisers, and pesticides) energy use in Indian agriculture have increased over the years. (*The Economic Times*)

Farmers forced to leave agriculture as government failed to maintain canals: JSP

Hundreds of farmers and labourers were migrating to other places as the government ignored irrigation completely in Vizianagaram district and Jana Sena Party's State Party activities-implementation secretary Babu Paluru submitted a report to the Party's Political Affairs Committee chairman Nadendla Manohar in Guntur on January 21 night, explaining the pending irrigation projects on Nagavali, Jhanjawati, Vegavati and others in Srikakulam district. In a press release, he said that the farmers and agriculture labourers who could not generate income through agricultural activities and were forced to migrate to other areas. (*The Hindu*)

Interim Budget 2024: FM Nirmala Sitharaman may significantly enhance allocation for farm sector schemes

The government is likely to significantly enhance allocation for key farm sector schemes and push credit in the interim Budget to boost rural economy as growth in the agriculture sector is projected to decelerate to 1.8% in 2023-24 from 4% a year ago. *(Mint)*



Industry, Manufacturing, Services and Technology

Telangana Deputy CM stresses linking SHGs with key sectors like agriculture, tourism and IT sector

Deputy Chief Minister Mallu Bhatti Vikramarka stressed the integration of self-help groups (SHGs) with key sectors such as agriculture, tourism, and IT during a budget review meeting with the Panchayat Raj, Rural Development, and Women and Child Welfare Departments here on Wednesday. *(The Hindu)*

Government aiming for zero thermal coal import by FY26, says Coal Minister Joshi

Coal minister Pralhad Joshi Thursday said his ministry will request imported coal-based power plants to consider switching to domestic fuel-based design and technology as production in India is set to rise. "Enough [domestic] coal will be available and will become competitive [for imported coal-based power plants]," Joshi said. The ministry is aiming for zero thermal coal import by FY26, he added. *(The Economic Times)*

Budget 2024: The fast charging for consumer durables' journey from Make in India to Innovate in India

The Indian market is undergoing a notable change in the consumer durables industry. The amalgamation of a burgeoning middle class in urban areas and the aspirational demand emanating from rural India, coupled with government reforms such as the Goods and Services Tax (GST), has set the stage for the electronics and appliances industry to envision a phase of exponential growth. *(The Economic Times)*

India expects fuel demand to grow 2.7% in the next fiscal year

India's fuel consumption is expected to rise 2.7% in the next fiscal year beginning on April 1, initial government estimates showed. Fuel consumption in 2024-25, a proxy for oil demand, could rise to 238.954 million tonnes from the revised estimate of 232.561 million tonnes for the current fiscal year, according to data from the website of the Petroleum Planning and Analysis Cell (PPAC). *(The Economic Times)*

Thermal power plants' capacity utilisation to rise to 69 pc in FY'25: ICRA

The capacity utilisation of thermal power plants will increase by a percentage point to 69 per cent in 2024-25, led by the growth in electricity demand and limited thermal capacity addition, says rating agency ICRA. ICRA's outlook for the thermal power segment is 'Stable', supported by the healthy improvement in the thermal plant load factor (PLF), coupled with the reduction in dues from state distribution utilities (discoms) following the implementation of the Late Payment Surcharge (LPS) scheme since August 2022, a statement said. *(The Economic Times)*

Union minister R K Singh says if required, more funds can be given for transport sector under green hydrogen mission

Union Minister R K Singh on Thursday assured stakeholders that if required, additional funds will be allocated under the National Green Hydrogen Mission for the decarbonisation of the transport sector. Chairing a meeting of government and industry stakeholders from the transport sector in the national capital, he emphasised the government's commitment to energy transition and India's Nationally Determined Contributions (NDC) commitment to reduce emissions intensity. *(The Economic Times)*

Tourism melts as snow abandons the hills

India's popular tourist destinations nestled in the Himalayas like Srinagar, Manali, Dalhousie, Shimla, Nainital, and Mussoorie, are experiencing an unusually snowless winter. This has dampened the spirits of the tourism industry which relies heavily on winter tourism. *(The Economic Times)*

Textile ministry may see marginal hike in budget allocation

The textile ministry is likely to see a marginal increase of 2.5% in its budget allocation for fiscal year 2024-25, two persons aware of the matter said. The ministry had received ₹4,389 crore allocation for the current fiscal year. This increase, though modest, aligns with the government's commitment to establish India as a key global player in the textile industry. *(Mint)*

Cabinet approves viability gap funding of ₹8,500 crore for coal gasification

The Cabinet on Wednesday chaired by Prime Minister Narendra Modi approved the scheme for the promotion of coal/lignite gasification projects of government PSUs and private sector with an outlay of Rs.8,500 crore towards incentive for coal gasification projects under three categories. *(Mint)*

Budget 2024: Apparel exporters seek tax incentives to boost manufacturing

Apparel exporters body AEPC on Wednesday sought tax incentives such as uniformity in GST and enhanced interest subsidies to boost domestic manufacturing and India's outbound shipments. The Apparel Export Promotion Council (AEPC) asked to provide tax concessions to apparel manufacturers adopting Environmental, Social, and Corporate Governance (ESG) and other international quality standards and compliances. *(Mint)*



News on Kerala

More houseboats to be given registration in Alappuzha: CM

The authorities will provide registrations for more houseboats, a major tourist attraction in the backwaters of Kerala, to make them adhere to safety standards and environment guidelines. The decision was taken at a high-level meeting, convened by Chief Minister Pinarayi Vijayan in Thiruvananthapuram *(Onmanorama)*

Is Centre alone responsible for Kerala's fiscal woes? Could Balagopal have done more?

The Kerala Cabinet, led by Chief Minister Pinarayi Vijayan, will assemble at Jantar Mantar in New Delhi on February 8 and shout slogans against the Centre's moves that the LDF believes is crippling both the state's finances and federalism. The latest indicators put out

by the Comptroller and Auditor General reveal two things about Kerala's fiscal management. One, resource mobilisation, a substantial chunk of which is in the hands of the Kerala government, is relatively poor. And two, Kerala is not behaving like it has been severely restricted by a lack of funds. *(Onmanorama)*

'E-Buses are profitable': KSRTC report disproves Transport Minister's claim.

The controversial argument of Transport Minister K B Ganesh Kumar, stating that electric buses are loss-making has been deemed incorrect according to the annual report of the KSRTC. On average, e-buses generate a profit of Rs 8.21 per kilometre, and this figure increased to Rs 13.46 in July 2023, as per the annual report. *(Onmanorama)*

Cement prices plummet, recession in construction sector likely culprit.

Cement prices have plummeted and the situation now is pretty similar to how it was during the pandemic. Just a month ago, a sack of cement cost Rs 430. This is the case with the wholesale rates of first quality cement. Their retail rates will be higher by Rs 5-10. The sudden stoppage of several government projects including the 'Life Mission' project owing to the financial crisis and the ongoing recession in the private construction sector are being cited as the major reasons for the current trend. *(Mathrubhumi English)*

Kerala to be made fully digitally literate by November 1

Chief Minister Pinarayi Vijayan on Monday convened a meeting to expedite the activities to declare Kerala as India's first fully digitally literate State by November 1. A committee headed by the Chief Minister will be formed to monitor the progress of the activities. The programme, which envisages to equip people from all sections to handle digital technology and carry out the basic tasks, is being carried out in a similar pattern to the literacy campaign witnessed in the State in the late 1980s *(The Hindu)*.

Regulatory commission flays KSEB for not sourcing power from restored contracts

Commission asks KSEB to submit resource adequacy plan within one month to ensure 24x7 reliable power supply at the least cost. It says that if companies are unwilling to supply power as per the agreement, KSEB must take legal action *(The Hindu)*.

State action plan for senior citizens on the cards

A state action plan for the welfare of senior citizens will be prepared soon, a meeting of the reconstituted State Council on Senior Citizens here has decided. Minister for Social Justice R. Bindu said the action plan would seek to expand the welfare programmes for the elderly and introduce more welfare schemes. *(The Hindu)*.

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