



Public Finance

8th Pay Commission effective from January 1: Salary hike, pension, fitment factor explained for central govt employees

The Prime Minister Narendra Modi-led, Union Cabinet-approved, 8th Pay Commission is set to be effective from 1 January 2026, as the central government employees now focus on their upcoming salary hike, pensions and fitment factor among other things. The 8th Pay Commission is set to revise the pensions, allowances, and salaries of current and retired central government employees. Along with the salary hikes, the commission will also adjust the Dearness Allowance (DA) of the employees to factor in the inflation factor. *(Mint)*

States' debt burden and fiscal gaps persist, leaving capital spending muted

Bringing down India's debt to gross domestic product (GDP) ratio will be the core priority for the government from the next financial year, which begins on April 1, Finance Minister Nirmala Sitharaman said last week. The high debt to GDP ratio in some states is a cause of "worry", she said, echoing post-pandemic assessments made by the Reserve Bank of India (RBI). The FRBM Review Committee had in 2017 recommended that states reduce their debt to 20 per cent of gross state domestic product (GSDP) by FY23. That has not happened: The RBI projects that aggregate state debt will rise to 27 per cent of GSDP by FY27, up from 26 per cent in FY20, indicating that medium-term consolidation targets remain out of reach. *(Business Standard)*

Budget 2026: Fiscal consolidation in focus as India targets leaner deficit

The next budget, like earlier budgets, will be a continuation of achieving Viksit Bharat goals of growth, inclusion and sustainability, EAC-PM chairman S Mahendra Dev told ET Bureau's Yogima Seth. In the 2021-22 budget, it announced its intention to reach a fiscal deficit level below 4.5% of GDP by 2025-26. The country is well on track to achieve this, he said. "Similarly, the Central debt is on a declining path... the government plans to stick to the goal of a debt-to-GDP ratio of 56.1% in FY26." The upcoming budget is expected to continue prioritising public capital expenditure, which can catalyse private investment. *(The Economic Times)*

BofA warns India's state debt surge could pressure bonds, keep rates high

India must find ways to reduce borrowings by its provinces as a record issuance by them will weigh on bonds and keep interest rates high, according to a veteran trader at Bank of America Corp. States are likely to borrow ₹4.5 trillion (\$50.2 billion) in the three months through March, a 60 per cent jump over the current quarter, according to estimates by Vikas Jain, head of India fixed income, currencies and commodities trading. That puts them on course to hit a record supply in the fiscal year that ends March 2026. *(Business Standard)*

Budget 2026-27: CII proposes 4-point fiscal plan to strengthen India's macroeconomic stability

The industry chamber, Confederation of Indian Industries (CII), on Thursday proposed a four-pronged fiscal strategy for the Union Budget 2026-27. "India has achieved a rare convergence of high growth, low inflation, and improving fiscal indicators. The next Union Budget must continue this momentum through disciplined fiscal management and deeper institutional reforms," Chandrajit Banerjee, Director General of CII said in a statement. (*BusinessLine*)

Govt hasn't procured books for libraries for four years now, local bodies owe department ₹526.83 crore collected as library cess

The last time the Department of Public Libraries (DPL), which runs 1,131 public libraries in the State, bought books was in 2021 and never again in the last four years. This has not only rendered these libraries outdated, but has also dealt a major blow to the Kannada publishing industry. The crux of the problem lies in how the local bodies, which collect a Library Cess as part of the property tax, do not regularly transfer them to the DPL. This has been an issue for decades now and at the end of the 2024-25 financial year, DPL has an outstanding of a whopping ₹526.83 crore. (*The Hindu*)

UP govt tables supplementary demands of ₹24,497 crore for FY2026

Uttar Pradesh Finance Minister Suresh Kumar Khanna on Monday presented supplementary demands for grants of ₹24,496.97 crore for the current financial year to meet immediate revenue requirements, while simultaneously boosting capital investment to strengthen the infrastructure sector. Presenting the demands in the State Assembly, Khanna said the supplementary budget had been brought to ensure continuity of development in the state, provide additional resources to priority sectors and accelerate schemes in line with evolving needs. (*BusinessLine*)

Fiscal position of Centre and States remained resilient in first half of FY26

The fiscal position of the Centre and States remained resilient during H1:2025-26. Their receipts were broadly in line with trends observed during H1: 2024-25. Both the Centre and States have demonstrated commitment to prudent fiscal management through containment of revenue expenditure, while maintaining capital expenditure. This has resulted in improvement in the quality of expenditure for the Centre as well as States, which bodes well for medium-term growth prospects and fiscal consolidation. During H1:2025-26, moderation in tax receipts was partially offset by robust non-tax revenue as well as non-debt capital receipts of the Centre. (*Business Standard*)

Capex stays king as Budget FY27 balances growth with deficit control: EY Report

The government prepares to present the Union Budget for the Financial Year 2027, the broad contours of fiscal strategy are coming into focus namely support growth through capital spending, while staying firmly committed to deficit reduction, said a report by EY. EY in its Economy Watch - Monitoring India's macro-fiscal performance, said India enters the Budget season on a strong economic footing. Real GDP grew 8.2% in Q2 FY26, driven by balanced expansion in manufacturing and services, while inflation has fallen to a near-record low of 0.7%, giving policymakers room to prioritise growth without stoking price pressures, it highlighted. (*The Economic Times*).



UP's GST assessee base to hit 21 lakh, State adds 35,000 in Nov

Uttar Pradesh added more than 35,000 GST assessees in November, in the first month of granting registration within three days, data from the GST portal showed. This is the highest increase among the States, followed by Maharashtra, Gujarat, Tamil Nadu and Karnataka. Given the trend, UP's GST assessee base is all set to touch 21 lakh. Data showed that as of November 30, the total number of GST assessees was more than 1.58 crore, compared to more than 1.56 crore as on October 31. *(BusinessLine)*

Reduce GST on air purifiers': Delhi HC raps Centre over pollution crisis

The Delhi High Court on Wednesday criticised the central government for "not doing enough" to deal with the national capital's worsening air pollution, Bar and Bench reported. A Division Bench of Chief Justice Devendra Kumar Upadhyaya and Justice Tushar Rao Gedela said if authorities are unable to ensure clean air for citizens, the least they can do is reduce the goods and services tax (GST) on air purifiers, which currently stands at 18 percent. *(Business Standard)*

India cuts GST, revamps tax regime in 2025, I-T Act in effect from April 1.

India overhauled its tax regime in 2025 with sharp cuts in Goods and Services Tax (GST) rates and a higher income tax exemption limit, with the spotlight now turning to customs duty rationalisation and procedural simplification in the coming Budget. Next year will see the new simplified Income Tax Act, 2025, to come into effect from April 1, replacing the over six-decade-old current Income Tax Act, 1961. *(Business Standard)*

PwC seeks clarity on GST input tax credit for data centre construction

The government should provide clarity on whether the infrastructure of hyperscale data centres qualifies as 'plant and machinery' or civil structures, to help them be eligible for Input Tax Credit (ITC) on construction-related activities, tax advisory firm PwC has recommended. Data centres have unique operational requirements, operate with integrated infrastructure, and are purpose-built so they cannot be repurposed for any other use, PwC said. *(Business Standard)*



Infrastructure capex growth normalising, private investment edging up

Between FY26 and FY30, infrastructure capex is expected to rise to ₹90-100 trillion, up 60 percent from ₹59 trillion over FY21 and FY25. This time, the private sector is expected to dominate the capex on the back of favourable amendments by the government on development models. During FY21-25, central and state capex formed 90 percent of the overall infrastructure capex. *(Business Standard)*

India's state-wise investment gap has deeper roots than just poverty

The following three states — Gujarat, Andhra Pradesh, and Odisha — present a more diverse picture. Together these states account for 42 per cent of total new investment. In terms of per capita income, however, they are quite different — Gujarat is among the high-income states, Andhra Pradesh among the middle-income states, and Odisha is a low-income state. India's uneven state investment reflects differences in public spending and governance, not just income levels, with higher public capex and project completion linked to stronger private investment. *(Business Standard)*

Budget 2026 should widen tax base, boost investment incentives: Report

At the core of the advisory is a push for policy certainty and compliance-led growth-anchored in freezing peak tax rates, widening the direct tax base through technology instead of rate hikes, steering clear of MRP-based taxation after the compensation cess sunsets, completing the GST input credit chain, incentivising productive reinvestment of profits, and stepping up action against the parallel economy, including smuggling and illicit trade. *(Business Standard)*

A grand vision and the great Indian research deficit

The scale of India's R&D deficit is best illustrated by a few stark numbers. Despite having 17.5% of the world's brains (since it is home to 17.5% of the world's population), India produces only a meagre 3% of the world's research output. This disparity highlights a fundamental failure in leveraging its massive demographic dividend to generate high-value research. Recent reports from the World Intellectual Property Organization (WIPO) suggest a mixed picture: dramatic growth from a very low base, but overall an unimpressive performance. *(The Hindu)*

Overall economic activity has held up: RBI Bulletin

Notwithstanding a sharp uptick in real GDP growth in Q2, the nominal GDP registered a four-quarter low growth of 8.7%. The narrowing of the gap between nominal and real GDP growth reflected the moderation in the GDP deflator to a low of 0.5%," they said. The officials said while the low GST revenue collections were largely influenced by GST rate rationalisation, other available high-frequency indicators of increase economic activity such as e-way bills, petroleum pick-up consumption and digital payments, registered a pick-up in growth. *(The Hindu)*



Banking and Monetary Policy

SBI to revisit policy on construction finance for housing projects, says chairman

State Bank of India (SBI) Chairman C S Setty on Saturday said that the bank will reassess its policy on construction finance for residential real estate, but stressed that accountability and transparency will be key factors in determining interest rates for such loans. At present, the bank has almost negligible presence in construction finance for housing projects, but it is slowly building a book on commercial real estate, especially office space. "So how do we work out on the construction (finance), particularly on the residential real estate, is something that we are working on. But it is also a fact that many of the people who have been aggressive on the residential real estate market have

burned their hands," he said, while reminding realtors of past cases of failures due to overleveraging. *(BusinessLine)*

Liquidation of overseas JV: BoB, IoB and UBoI collectively receive \$73.4 million

Bank of Baroda (BoB), Indian Overseas Bank (IoB) and Union Bank of India (UBoI) have received \$29.39 million, \$25.71 million and \$18.36 million, respectively, from the liquidator towards the interim distribution of capital repatriation on account of Member's Voluntary Liquidation (MVL) of India International Bank (Malaysia) Bhd (IIBMB). The three public sector banks had a three-way partnership in IIBMB, with BoB, IoB and UBoI holding 40 percent, 35 percent, and 25 percent stakes, respectively. In rupee terms, BoB, IoB and UBoI have received about ₹264 crore, ₹231 crore and ₹165 crore, respectively. *(BusinessLine)*

Home loan book set to cross ₹10 lakh cr next fiscal year on strong demand: SBI chief

State Bank of India (SBI), the country's largest lender, is poised to achieve another milestone with its home loan portfolio expected to cross the ₹10 lakh crore mark next fiscal year, driven by robust demand and a favourable low-interest-rate regime. "Today my home loan portfolio is more than ₹9 lakh crore...this is the single largest business unit in the bank, over 20 per cent of our total assets," SBI Chairman C S Setty told PTI. At 14 per cent growth rate, SBI is well on the path to achieve a milestone of ₹10 lakh crore home portfolio next financial year, he said. SBI's home loan portfolio crossed ₹9 lakh crore mark last month, making it the biggest mortgage loan provider in the country. The bank closed FY25 with the home loan book at ₹8.31 lakh crore, registering 14.4 per cent growth over the previous financial year. *(BusinessLine)*

MPC likely to remain on extended pause; further rate cuts hinge on inflation trend: Report

The Reserve Bank of India's Monetary Policy Committee (MPC) is likely to remain on an extended policy pause after its recent rate cut, with any further monetary easing contingent on inflation consistently undershooting its current trajectory, ICICI Bank's Economic Research Group has asserted, after analysing the minutes of the December monetary policy. "We expect MPC to be on an extended pause. Any additional easing is possible only if inflation prints are consistently below current trajectory. In February, MPC would like to assess the impact of the new GDP and CPI series on the headline numbers," the ICICI Bank report read. *(BusinessLine)*

RBI may further cut repo rate by 25 bps to 5% in February policy meet: UBI report

The Reserve Bank of India (RBI) may reduce the repo rate by 25 basis points (bps) in its February monetary policy meeting, taking the benchmark rate down to 5 per cent, according to a report by Union Bank of India. The report highlighted that there is scope for a final 25 bps rate cut either in February or April 2026, given the central bank's dovish policy guidance. It noted that the RBI has made multiple references to benign inflation conditions and subdued underlying price pressures. The report added that if the impact of around 50 bps inflation from gold is adjusted, inflation pressures appear even more moderate. "We see scope for final 25bps rate cut in Feb or April 2026. Given the dovish policy guidance, we cannot rule out the possibility of a final 25bps rate cut in Feb'26 meeting to 5.0 per cent repo rate, even as the timing of final rate cut is usually difficult to call," the report stated. *(BusinessLine)*

Insurance Bill for 100% FDI now law, dates for implementation to be notified later

The government has notified 'Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill' that ushers in major reforms in the insurance sector, besides raising the foreign direct investment limit to 100 per cent from the existing 74 per cent. "It shall come into force on such date as the Central Government may, by notification in the Official "Gazette, appoint," the notification said after President Droupadi Murmu assented the bill, post passage by the Parliament during just concluded winter session. New act amends three existing acts: Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the Insurance Regulatory and Development Authority Act, 1999. *(BusinessLine)*

BharatPe & YES BANK launch 'Pay Later with BharatPe', an instant Credit on UPI

BharatPe, one of India's leading fintech company, in partnership with YES BANK, on Monday announced the launch of 'Pay Later with BharatPe' Credit on UPI, powered by NPCI. This new product is designed to democratize access to credit across Bharat, enabling both consumers and merchants to manage their financial needs with ease. According to a company statement, 'Pay Later with BharatPe' consumers can now make payments using a Credit Line across all merchant touchpoints. This includes scanning any UPI QR code, shopping online, or paying for recharges, or bill payments on the BharatPe app. According to a company statement, 'Pay Later With BharatPe' offers instant UPI credit with zero paperwork or delays, allowing users to spend daily and repay monthly either in full or via flexible 3-12 month EMIs. *(BusinessLine)*

Lenders cannot levy pre-payment charges on floating rate loans granted to individuals, MSEs from Jan 1, 2026

Banks and non-banking finance companies (NBFCs) cannot levy pre-payment charges on floating rate loans granted to individuals for non-business purposes and to individuals and micro and small enterprises (MSEs) for business purposes, according to RBI's directions in this regard, which come into effect from January 1, 2026. A small finance bank, a regional rural bank, a tier 3 primary (urban) cooperative bank, state cooperative bank, central cooperative bank and an NBFC-ML (non-banking finance company - middle layer) granting loans for business purpose to individuals and MSEs, with or without co-obligant(s), cannot levy any pre-payment charges on loans with sanctioned amount/limit up to ₹50 lakh. *(BusinessLine)*

Share of non-bank sources in incremental funding to commercial sector goes up to 45% from 43%

Total flow of financial resources to the commercial sector during FY2026 so far (up to November 28) remained strong, bolstered by robust greater non-bank intermediation, according to RBI's latest monthly bulletin. Total flow of resources to the commercial sector in the current financial year so far at ₹22,56,691 crore, was higher by ₹4,21,989 crore over the year ago period. Within this, the flow of resources to the commercial sector from banks (non-food credit) at ₹12,40,071 crore was higher by ₹1,91,452 crore. *(BusinessLine)*

Bankers urge RBI action as rupee forward premiums hit multi-year highs

Bankers are urging the Reserve Bank of India to intervene as a surge in dollar liquidity heading into year-end and pressure in the non-deliverable forward market have pushed rupee forward premiums to multi-year highs. Outsized moves in the forward market intensified over the last week as the dollar glut collided with regulatory and balance-sheet constraints, leading to a spike in premiums. Half a dozen bankers said central bank intervention will be necessary to ease the pressure. The one-month

dollar/rupee forward premium rose to 55 paise on Tuesday, its highest level in more than six years and over three times the level at which it was at the end of November. *(BusinessLine)*

Credit Card issuance declines in Q2FY26 amid slowing consumer credit growth: JM Financial

India's credit card industry is witnessing a clear slowdown in growth, with new card issuance declining sharply even as private sector banks continue to consolidate their dominance, according to a recent report by JM Financial Institutional Securities. The number of new credit cards issued fell to 4.4 million in the second quarter of FY26, a steep 28 per cent year-on-year decline compared with 6.1 million cards issued in the same period last year, the report said. As a result, growth in cards in circulation remained muted at 6 per cent year-on-year, underscoring a broader moderation in consumer credit expansion. *(BusinessLine)*

RBI announces ₹2 lakh crore OMO, \$10 billion dollar swap to boost liquidity

The Reserve Bank of India (RBI) has decided to double up on liquidity infusion measures for the banking system, announcing that it will conduct open market purchase (OMO) of Government Securities (G-Sec) aggregating ₹2 lakh crore and a USD/INR three-year Buy/Sell Swap auction of USD 10 billion. The aforementioned liquidity injection measures follow the banking system's liquidity deficit of ₹54,852 crore as of December 22, 2025. "System liquidity turned into a deficit in the second half of December (up to the 19th) on account of a buildup in government cash balances due to advance tax payments. To offset the transient liquidity tightness, the Reserve Bank conducted variable rate repo auctions. *(BusinessLine)*

G-Secs rally on RBI's liquidity infusion announcement worth ₹2.90 lakh cr

The government securities (G-Sec) market on Wednesday was buoyed by Reserve Bank of India's announcement on liquidity injection measures, with the yields seeing a sharp decline. Yield of the benchmark 10-year G-Sec (6.48 percent GS2035) closed about 9 basis points lower at 6.54 percent against previous close of 6.63 percent. Price of this security rose about 63 paise. Bond yield and price are inversely correlated and move in opposite directions. *(BusinessLine)*

RBI postpones implementation of Phase 2 of Cheque Truncation System

The Reserve Bank of India (RBI) has postponed the implementation of Phase 2 of Continuous Clearing and Settlement on Realisation in Cheque Truncation System (CTS) until further notice. The central bank said this is to give banks more time to streamline their operations. Phase 2 of Continuous Clearing and Settlement on Realisation in CTS was to start on January 3, 2026. The aforementioned development comes in the wake of glitches encountered during the implementation of Phase 1. Businessmen and individual customers of banks faced delays in cheque clearance after the RBI introduced the same-day cheque clearance facility on October 4, 2025. *(BusinessLine)*

RBI likely to infuse up to ₹2.5 lakh crore liquidity in Q1 of 2026 with additional 2-3 lakh crore in rest year: Report

The Reserve Bank of India is expected to inject liquidity of around ₹1.5 lakh crore to ₹2.5 lakh crore during the first quarter (January-March) of calendar year 2026 through open market operations (OMOs), according to a report by HSBC Asset Management. The report said that beyond the first quarter, the RBI may conduct additional OMOs worth ₹2 lakh crore to ₹3 lakh crore during the rest of 2026. This would largely depend on the

extent of accretion or depletion of foreign exchange assets on the central bank's balance sheet. It stated "We expect 1.5-2.5 lakh cr of OMO in Q1 2026, with potentially another 2-3 lakh cr OMO in the rest of the calendar year". (*BusinessLine*)

PSB consolidation to gain momentum in 2026 as govt eyes big, world-class banks

Consolidation in public sector banks is expected to gain momentum in the coming year, as the government has expressed its desire to have more big, world-class banks in the country to fuel the next phase of growth for Viksit Bharat by 2047. Last month, Finance Minister Nirmala Sitharaman said India needs many big, world-class banks, and work in this regard has already commenced. The government has initiated discussions with the Reserve Bank and public sector banks, she had said, dropping enough hints about consolidation in the public sector space. (*BusinessLine*)

NBFCs raise ₹635 billion across 24 IPOs in 2025, accounting for 26.6% of total proceeds

In 2025, India's primary equity market scaled new heights as companies raised a record ₹1.95 trillion through more than 365 initial public offerings (IPOs), according to a latest strategy report by Motilal Oswal Financial Services. In the last two years, ₹3.8 trillion were raised across 701 IPOs in the primary market. In 2024, ₹1.90 trillion was mobilised through 336 IPOs. The resurgence of NBFCs and the strategic re-entry of banks into the primary fundraising arena also took the centrestage in this time period. Credit intermediaries, especially NBFCs, emerged as key beneficiaries of investor appetite, while banks recalibrated their capital-raising playbooks through selective IPOs, QIPs and OFS. (*BusinessLine*)

GST exemption boosts health insurance coverage, average sum insured jumps 31%: Report

The government's decision to exempt Goods and Services Tax (GST) on health insurance from 18 percent to nil has led to a sharp rise in health cover sizes, with the average sum insured increasing by 31 percent, according to a report by Policybazaar. The report said that after the removal of GST, the average health insurance cover increased from ₹14.5 lakh in the pre-GST period to ₹19 lakh in the post-GST period. This indicates that people are now choosing higher levels of health coverage, as insurance has become more affordable. (*BusinessLine*)

CICs seek RBI nod to use utility bill data for Grameen Credit Score

Credit Information Companies (CICs) have represented to the Reserve Bank of India (RBI) and the Government that they should be allowed to tap non-credit data, such as utility bill payments, for arriving at the Grameen Credit Score (GCS). Incorporating non-credit data into GCS can help lenders better assess the creditworthiness of prospective borrowers with limited credit history in rural areas, furthering financial inclusion and increasing rural credit coverage. (*BusinessLine*)

Private banks lead small business lending; PSBs lost share in last 2 years: Report

Private banks continue to dominate enterprise lending to small businesses in India, closely followed by public sector banks (PSBs), though the latter have seen a decline in their market share over the past two years, according to a report by Small Industries Development Bank of India (SIDBI) and CRIF High Mark, India's first full-service credit information bureau. The report noted that while private banks remain the primary lenders to enterprises, non-banking financial companies (NBFCs) are steadily gaining share, particularly among sole proprietors, where they now command over 41 per cent

of the lending share. In the study, "small business" is defined as enterprises with an aggregated credit exposure of not more than Rs 5 crore from the formal lending system. *(The Economic Times)*

Banks seek certification on source of overseas transfers

Some of the high-street banks are asking for testimonials on 'sources of funds' as wealthy Indians are tempted to move money abroad with the rupee sliding against the US dollar. In the past one month at least two large Mumbai-headquartered private sector banks have told local high net worth individuals (HNIs), non-resident Indians (NRIs), and even a movie production company that the sources of money which would be remitted overseas must be validated by a chartered accountant. In fact, the banks are even insisting that the CA certifying the fund details should be picked from the list of accountants empanelled with them. *(The Economic Times)*

Credit card spending cools to pre-festive levels in Nov

Credit card spending tapered off by over 11% in November and normalised to pre-festive season levels as festive fervour cooled, with total spends falling to ₹1.90 lakh crore, compared with ₹2.14 lakh crore recorded in October, Reserve Bank of India (RBI) data showed. However, on a year-on-year basis, spending rose by nearly 12%, up from ₹1.71 lakh crore in November last year. Meanwhile, card issuers continued to add new cards, with a month-on-month increase of 847,000 cards, taking the total number of credit cards in circulation to 114.8 million. *(The Economic Times)*

PNB reports Rs 2,434 crore borrowal fraud linked to former SREI promoters to RBI

State-owned Punjab National Bank (PNB) on Friday said it has reported a borrowal fraud of Rs 2,434 crore to the Reserve Bank of India (RBI), involving the erstwhile promoters of SREI Equipment Finance (SEFL) and SREI Infrastructure Finance (SIFL). The borrower fraud related to SEFL stood at Rs 1,240.94 crore and the PSU bank has made 100% provision for the outstanding amount, the lender said in its filing to the exchanges. *(The Economic Times)*



External Sector

Despite tariffs, India's exports to US on uptrend since Sept, tariff-hit sectors not worst performers: Report

Despite tariffs remaining in place, India's exports to the United States have shown a pickup since September, while sectors that were expected to be hit harder by tariffs have not underperformed as sharply as those considered relatively insulated, according to a data-based report by DSP Mutual Fund. The data shows that India's exports to the US declined from \$8.8 billion in May 2025 to a low of \$5.4 billion in September 2025. Since then, exports have recovered to \$6.3 billion in October and further to \$7.0 billion in November. However, the report noted that the data window is short, and it would be premature to call this a trend, but the improvement complicates the narrative that tariffs alone are driving the slowdown. *(BusinessLine)*

Landmark free trade milestone in 2025 injects momentum behind stronger India-UK ties

The highly anticipated free trade deal between India and the UK, in the works for over four years, came to fruition in 2025, alongside a 'Vision 2035' pact to revitalise bilateral ties beyond the realm of trade and investment. The Free Trade Agreement (FTA) negotiations dominated the headlines for the major part of the year as both sides looked determined to get the deal over the line and formally signed off during Prime Minister Narendra Modi's visit to the UK in July. Keir Starmer, celebrating his own one-year mark as British Prime Minister, laid out an especially warm reception for Modi over cups of chai at his countryside residence Chequers, near London. *(BusinessLine)*

Engineering exports cross \$11 b in November as shipments to US, EU rise

Engineering exports from India crossed the \$11-billion mark in November for the first time this fiscal posting an increase of 23.76 percent (year-on-year) despite the US tariffs. The rebound in engineering exports, after a sharp decline in October, was due to growth in exports to markets such as the EU and the US, as well as a low-base effect, per an analysis by exporters' body Engineering Export Promotion Council (EEPC) of India. Exporters, however, need to remain cautious given the rising volatility in global trade, the report cautioned. Engineering exports crossed the \$11-billion mark in November 2025...this is a testament to the relentless effort of the exporting community, which quickly recovered from the 17 percent year-on-year decline in engineering exports in October 2025. The growth story of engineering exports reflects the positive trend in global trade," said Pankaj Chadha, Chairman, EEPC India. *(BusinessLine)*

Gold reserves, foreign currency assets push forex kitty by \$4.4 bn

India's foreign exchange reserves rose by \$4.37 billion to \$693 billion in the week ended December 19, driven by an increase in gold reserves and foreign currency assets, latest data from the Reserve Bank of India (RBI) showed. The rise in foreign currency assets is attributed to the RBI's USD/INR buy-sell swap auction of \$5 billion conducted on December 16, with the transaction settled on December 18. According to the data, gold reserves increased by \$2.6 billion during the reported week, while foreign currency assets rose by \$1.6 billion to \$559 billion. India's forex reserves had hit a record high of \$705 billion in September 2024. *(Business Standard)*

India's Russian oil imports down 18% in Jan-Oct 2025, US imports zoom 83%

India's Russian crude oil imports fell 17.8 per cent in value in the first ten months of 2025 amid Western sanctions, a report by data analytics firm Rubix Data Sciences said. Imports stood at \$37.1 billion during January and October, compared with \$45.12 billion a year earlier. Russian oil accounted for 32 per cent of India's total oil imports during the same period, down by 4 per cent year-on-year (Y-o-Y). The report, titled 'The Year That Tested Trade How India Fared in 2025', attributed the decline to the European Union's (EU) ban on fuel products refined from Russian crude, along with steep tariffs imposed by the United States (US) on India's imports of Russian oil. The US also imposed sanctions on Rosneft and Lukoil, two of Russia's largest producers of crude. *(Business Standard)*

India in talks with US to join Pax Silica silicon supply chain block

India and the United States are holding talks on New Delhi's potential entry into Pax Silica, a US-backed silicon supply chain alliance focused on critical minerals and advanced technologies, US Undersecretary of State for Economic Affairs Jacob Helberg said. Helberg said India could join the initiative in the first half of 2026, alongside other

prospective partners, as the US-led framework expands. Pax Silica has been positioned as a strategic response to China's growing influence in artificial intelligence and semiconductor manufacturing. Speaking to Bloomberg in the US, Helberg also pointed to the likely involvement of the European Union and Taiwan in the broader global supply chain arrangement for critical minerals. He further confirmed that the US will participate in the IndiaAI Impact Summit, scheduled to be held in New Delhi in February next year, according to The Economic Times. *(Business Standard)*



Agriculture and Rural Economy

Use of chemical fertilisers root cause of many diseases, says Amit Shah; pitches for natural farming

Union Home Minister Amit Shah on Thursday termed chemical fertilisers as the root cause of many diseases and made a strong pitch for natural farming, saying it not only increases farmers' income but also saves water and promotes public health. *(The Economic Times)*

Scientists should take technology to farms, says Minister

R.B. Thimmapur, District-in-charge Minister, has urged horticulture scientists to take advanced cultivation and harvest technology to farms. "Research and development should not be limited to universities and institutions. They should be taken to farmers to help them achieve better yields and materialise better market prices," he said. He was speaking at the inauguration of the Horticulture Mela in the University of Horticulture Sciences in Bagalkot. *(The Hindu)*

ICAR lab transfers pest control tech to agri startup HSRP for commercial use

The Bengaluru-based startup received the technologies—a white grub trap and a fruit fly trap—from an NBAIR team for on-field commercial use, an ICAR-NBAIR statement said. The two technologies offer residue-free, cost-effective alternatives to conventional chemical pest control methods, it added. *(The Economic Times)*

India's clean energy transition's biggest potential lies in agriculture

In a small village in Odisha, a group of women farmers turned rising temperatures into an opportunity. With support from the Harsha Trust, the Markoma Women Farmer Producer Company (FPO)—a collective of more than 460 farmers—set up a 5 metric tonne Ecozen solar-powered cold storage unit to serve local vegetable growers. Piloted in 2018 after a careful assessment of farmer needs, the initiative has reduced post-harvest losses, improved productivity, stabilised prices through organised market linkages, *(Business Standard)*

India, Denmark reaffirm ties in health, agriculture, and green partnership

Union Health Secretary Punya Salila Srivastava met with a Danish delegation led by Ambassador of Denmark to India, Rasmus Abildgaard Kristensen, to discuss ongoing and emerging areas of bilateral cooperation. According to a post on X by the Ministry of Health, both sides met on Thursday and reaffirmed their commitment to strengthening India-Denmark collaboration in health, food, and agriculture, while advancing the Green Strategic Partnership. *(Business Standard)*



Jindal Steel: Why you can accumulate this stock

Jindal Steel has commissioned two plants in H1FY26 and expects to commission a third facility by FY26-end. The recent additions should drive the established capacity from 9.6 mtpa (million tonnes per annum) to 15.6 mtpa by FY26. The company is expected to increase output significantly from the current 2 mtpa per quarter in the next two years. The operating and financial leverage, post commercialisation, associated with the scale-up will be the next phase of growth for the company. *(BusinessLine)*

China issues rare earth licences to a few more Indian companies

China is continuing its trickle of rare earth export licences for Indian companies, more than eight months after imposing strict export restrictions, but a majority of applicants are still left out in the cold. According to official sources, a handful of entities—including dealers for M&M and Maruti Suzuki, Honda scooter suppliers, and Bosch—were recently granted approvals. *(BusinessLine)*

With 3 months left to PLI scheme on mobile phones, industry urges government to prepare for PLI 2.0

With barely three months left before the production-linked incentive (PLI) scheme for large scale electronics manufacturing winds down, the industry is anxious over lack of clarity from the government on whether it will be extended or replaced by a successor. Analysts warn continued policy support will be crucial to sustain export-led growth in electronics, particularly smartphones, which have emerged as a major driver of India's merchandise exports. *(BusinessLine)*

'India will never open up its dairy sector to any country'

India will never open up its dairy sector and has ensured its protection in the India-New Zealand free trade agreement (FTA) concluded on Monday, Commerce and Industry Minister Piyush Goyal has said. "We have protected all our sensitivities, like farmers' interest in rice, wheat, dairy, soya and various other farm products, where we have not given any access. We have also been conscious of protecting our MSMEs and start-ups and innovators get big opportunities in New Zealand. It is a win-win," Goyal said on Monday. *(BusinessLine)*

India's first indigenous water-soluble fertilizer pilot plant launched in Nagpur

India has completed its first indigenous water-soluble fertilizer (WSF) pilot plant in Nagpur, marking a significant step towards reducing the country's import dependence on specialty fertilizers. Anupam Agnihotri, Director, Jawaharlal Nehru Aluminium Research Development and Design Centre (JNARDDC), on Monday inaugurated phase-1 of a soluble fertilizer pilot plant in Nagpur. Supported by JNARDDC-funded research, the facility was completed nearly a month ahead of schedule. *(BusinessLine)*



Kerala seeks restoration of slashed crores from borrowing limit, submits memorandum to Centre

The Kerala State government has urged the Union government to restore significant reductions in its borrowing limit, citing serious fiscal stress caused by revenue shocks and borrowing constraints. The State has sought the reversal of ₹5,944 crore deducted from its borrowing limit for the last quarter of 2025–26, reportedly due to off-budget borrowings by special purpose vehicles (SPVs). In addition, it has requested the restoration of ₹965.16 crore cut in April 2025 to offset a shortfall in the IGST balance, and ₹3,323 crore deducted in connection with the Guarantee Redemption Fund (GRF). *(The Hindu)*

Kerala CM alleges 'financial blockade' by Centre

Kerala Chief Minister Pinarayi Vijayan alleges the Union government is imposing a financial blockade. He states reduced borrowing limits and central transfers are straining Kerala's finances and development plans. Vijayan highlights cuts to borrowing capacity and declining central tax shares. *(The Economic Times)*

Kerala MVD warns quick-commerce firms over rash driving by riders

Kerala's Motor Vehicles Department has issued notices to quick-commerce platforms like Blinkit, Swiggy, Zepto, and Bigbasket, demanding policy overhauls within 15 days. This action follows a rise in traffic violations and reckless driving by delivery riders, driven by pressure for ultra-fast deliveries. The department stressed that public safety must not be compromised for commercial competition. *(The Economic Times)*

Kerala mental health startup Oppam raises ₹1.5 crore in seed funding

Kerala-based mental health startup Oppam has raised ₹1.5 crore in seed funding to expand access to culturally rooted mental health care. The funding round is led by Phoenix Angels, along with participation from angel investor Sandeep Balaji and his network, and a few founders from the Kerala startup ecosystem. *(BusinessLine)*

Godrej strengthens presence in Kerala for home lockers with exclusive store in Kochi

Kerala's home security market is growing at approximately 20 percent year-on-year, while the commercial and institutional security segment is expanding at around 15 percent, according to Pushkar Gokhale, Business Head, Security Solutions business of Godrej Enterprises Group. Demand from Tier II and Tier III towns has also been on the rise, opening opportunities to strengthen penetration across suburban and semi-urban markets, he said while launching a new exclusive store in Kochi. *(BusinessLine)*

GULATI INSTITUTE OF FINANCE AND TAXATION
GIFT Campus, Chavadamukku,
Sreekariyam, Thiruvananthapuram, Kerala - 695017
Phone : 0471 2596970, 2596980, 2590880, 2593960
Fax : 0471 2591490
Email : giftkerala@gmail.com



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