



Public Finance

Fiscal prudence won't affect liquidity for government procurement: Expenditure Secretary

Expenditure Secretary V Vaidyanathan on Wednesday assured that the FY 27 budget has provided sufficient liquidity in the system for government procurement, and bidders do not need to worry about payment issues. He said that the public finance management system has moved almost entirely online, and that all transactions are fast, transparent, and trackable. "The focus is on predictability in government procurement," he said while addressing the Global Procurement Summit organised by All India Management Association (AIMA) in partnership with the Finance Ministry. (*BusinessLine*)

India to ensure record borrowing plan doesn't disrupt markets: Official

The Indian government will use various instruments, including bond switches, to ensure its record borrowings in the fiscal year starting April do not unsettle the market or push up yields, a senior finance ministry official said. The borrowing plan will make sure rates are competitive and the market is not "disturbed," Economic Affairs Secretary Anuradha Thakur told Reuters in an interview on Tuesday. "Healthy markets are equally important for us," she said, adding that uncertainty around the US-India trade deal has ended, lifting investor sentiment. (*Business Standard*)

Union Budget 2026: 16th Finance Commission recommends 41% tax devolution to States, increased share to South India

The Sixteenth Finance Commission has recommended that the Central Government retain the 41% share of tax devolution to the States that had been implemented since 2021. Finance Minister Nirmala Sitharaman, in her Budget 2026 speech on Sunday, announced that the Centre has accepted the 16th FC's recommendations. "The Government has accepted the recommendation of the Commission to retain the vertical share of devolution at 41%," Ms. Sitharaman said. (*The Hindu*)

Finance Commission nudges states to mirror Centre's PSU policy

The financial performance of State Public Sector Enterprises (SPSEs) underscores the urgent need for comprehensive reforms at the State level, aligned with the Union government's New Public Sector Enterprise (PSE) Policy, the 16th Finance Commission said in its report. As per the latest available data, nearly 50% per cent of SPSEs—541 out of 1,107 enterprises for which profit and loss data are available—are either loss-making or earning zero net profit. (*Financial Express*)

India moves from deficit to a debt-based fiscal pillar to tackle external shocks

India's Union budget for FY27 marks a clear shift in the Centre's fiscal framework, with the government formally moving from a focus on annual fiscal deficit reduction to a debt-to-GDP regime of budget discipline that is designed to absorb external shocks without derailing medium-term consolidation. The new approach comes after the Centre sharply reduced its fiscal deficit from pandemic-era highs, and at a time of rising global uncertainty driven by trade disruptions, geopolitical risks and volatile capital flows.

(Mint)

Budget 2026: Consolidation pace moderates as debt-to-GDP cut by 50 bps, fiscal deficit 1 bps in FY27

The Union government has outlined a new fiscal architecture anchored in a gradual but sustained reduction in the debt-to-GDP ratio. Under this framework, central government debt is projected to decline to 55.6% of GDP in 2026–27, with the fiscal deficit estimated at 4.3% of GDP. This marks a measured start to the fiscal consolidation process, shaped by existing constraints on tax revenues and the continuing need to maintain momentum in public capital expenditure. In the 2025–26 revised estimate (RE), central government debt was placed at 56.1% of GDP, while the fiscal deficit stood at 4.4% of GDP. *(Financial Express)*

Union Budget 2026 lowers fiscal deficit target for FY27 to 4.3%; pace of consolidation slows

The Centre's fiscal deficit, which is broadly the amount by which its expenditure exceeds its revenue, has been set at 4.3% of Gross Domestic Product (GDP) for the financial year 2026-27, with the government targeting a debt-to-GDP ratio of 55.6%, Finance Minister Nirmala Sitharaman announced in her Budget 2026-27 speech. *(The Hindu)*

States utilise less than half of FY26 capex budget in Apr-Dec period

After the first three quarters of 2025-26 (April-December), states have managed to spend just 45.8 per cent, or ₹3.8 trillion, of their combined annual budgeted capital expenditure (capex) of ₹8.35 trillion, according to an analysis of monthly accounts for 20 states released by the Comptroller and Auditor General (CAG) of India. The subdued pace of capital spending by states contrasts sharply with the Centre's performance during the same period. *(Business Standard)*



Taxation

Tax holiday for GIFT City businesses doubled to 20 years

The Budget has extended the tax holiday for corporates in the International Financial Services Centre (IFSC) to 20 years from 10 years. The provisions of Section 147 provides for deduction of 100 percent on certain incomes to the units of IFSC and Offshore Business Units (OBC). This is available for 10 consecutive years out of 15 years for units in IFSC and 10 consecutive years for OBUs. *(BusinessLine)*

Union Budget 2026: Tax holiday for foreign cloud companies using Indian data centres

In a bid to attract global cloud providers and scale up critical digital infrastructure, the Union Budget 2026 has announced a long-term tax holiday and safe harbour framework for foreign companies sourcing data centre services from India. The Budget proposed a tax holiday up to 2047 to any foreign company that provides services to any part of the world outside India by procuring data centre services in the country. (*BusinessLine*)

Budget 2026 land acquisition tax break: Experts decode gains and limits

Landowners whose property is acquired by the government for development activities, including expansion of infrastructure, industrialisation and urbanisation under the RFCTLARR Act, will not have to pay income tax on the compensation received, under a key Budget 2026 proposal. The move gives statutory clarity and widens the scope of tax relief, especially for urban and non-agricultural land parcels. (*Business Standard*)

SGB tax change: secondary market buyers lose capital gains exemption from April

The Budget has clarified that the capital gains tax exemption on sovereign gold bonds will not apply to investors purchasing them in the secondary market and holding them to maturity. With the sharp rise in gold prices, the change in tax benefits for SGBs will be a major money-spinner for the government. The shift means only original subscribers who hold the SGBs to maturity will get the full tax exemption, while all second-hand buyers will lose it from April 1. (*BusinessLine*)

Relaxation in jail term on ITR filing offence in Budget 2026: Pay fine or 2 years jail instead of 7 years if ITR not filed and tax is above Rs 50 lakh

Budget 2026 has introduced a significant change by rationalising the income tax penalty and prosecution rules. O.P Yadav, former commissioner of income tax, had pointed out in his article for ET Wealth Online why the government needs to simplify these tax penalty and prosecution rules. (*The Economic Times*)



National Accounts and State of the Economy

RBI revises FY26 GDP growth forecast to 7.4% from 7.3% earlier

Malhotra said that several measures announced in the Union Budget, along with the India-EU trade deal, are expected to provide a boost to economic momentum. He noted that these initiatives, coupled with stronger export performance, will support overall growth and help further strengthen the economy. (*Business Standard*)

India's defence budget: A case for higher allocation

India's defence expenditure since 1960 to 2024, as a percentage of its GDP, has averaged nearly 3% (World Bank data) and to many, this is impressive. It is not. In the context of India's rapidly evolving security requirements, its defence budget is middling. Our security outlays must be assessed in the context of the resources committed by nations

that pose a threat to India, rather than in isolation. To maintain a strong military, India has to take allocation to at least 5% of its GDP in the short to medium term. *(The Hindu)*

Economic Survey confirms distress under BJP government: Kharge

He said manufacturing growth had declined from an average of 7.4% during the UPA years to 3.54% under the current government, while the sector's share in GDP remained stuck at about 13%, well short of the 25% target promised under the "Make in India" programme. Household savings had declined from 7.4% to 5.3%, according to official estimates and 51% of the annual highway construction target remained incomplete. "The mess is yours, the legacy is yours. Now, show us the solution if you have one," he said. *(The Hindu)*

Why India is resetting GDP and CPI base years and what the change means

Union Finance Minister Nirmala Sitharaman has presented the Budget 2026–27, attention has shifted to the revision of baseline GDP and inflation numbers, scheduled for the end of this month. While the Budget speech made only a passing reference to the exercise, the rebasing of GDP and inflation data will reshape how the economy is measured, compared, and interpreted in the years ahead. From growth rates and inflation readings to fiscal ratios and policy targets, a simple change in the reference year can alter headline numbers without any real change on the ground. This makes it essential to understand what this reset involves, why it is being undertaken now, and what it does—and does not—mean for households and businesses. *(Business Standard)*

Debating Union Budget 2026 as turning point or tinkering

The annual Budget is a political document responding to short to medium-term economic challenges. Formally, it is an annual revenue and expenditure statement outlining the government's priorities. As with any financial statement, the fine print matters the most, not obvious from the media headlines. Yet, it is useful to read the Budget closely to glean the broad direction of economic policy, especially as there are no other long-term policy documents or explicit economic targets in the public domain to locate the annual Budget. *(The Hindu)*

The Budget and the imperative of fiscal consolidation

Taken together, the Budget presents a good road map to achieve the status of a developed country by 2047. It has highlighted the critical areas where the government and country must focus on. Sustained growth needs monetary and fiscal stability. The path of fiscal consolidation requires a relook. It must be stressed that the limit of fiscal deficit at 3% of GDP has a strong logic behind it. If the Centre and States take 8%-9% of GDP, the investible resources available for the private sector will come down strongly. In this situation, it is difficult to expect private investment to pick up. The Centre's emphasis on capital expenditure has played an important role in supporting GDP growth. As a percentage of GDP, the Centre's capital expenditure, in the post-COVID-19 years, has been at a high level. *(The Hindu)*



Banking and Monetary Policy

RBI MPC keeps repo rate unchanged at 5.25%, maintains 'neutral' stance

The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) on Friday kept the repo rate unchanged at 5.25 percent. RBI Governor Sanjay Malhotra announced the decision after the policy meeting. In its policy meeting, which took place between February 4-6, the committee continued with the 'neutral' stance. The latest move follows a series of rate reductions last year. Since February 2025, the MPC has lowered the repo rate by a total of 100 basis points (bps) through three consecutive cuts. This brought the policy rate down from 6.5 percent in February to 5.5 percent in June. One basis point equals one-hundredth of a percentage point. The standing deposit facility (SDF) rate was kept at 5 percent. *(Business Standard)*

Indices trade with minor losses; PSU bank share decline

The key equity benchmarks traded with small losses in the early afternoon after the Reserve Bank of India (RBI) maintained a status quo in its latest policy announcement. As widely expected by the Street, the Monetary Policy Committee (MPC), chaired by Governor Sanjay Malhotra, retained a neutral stance and left all key interest rates unchanged, keeping the benchmark repo rate steady at 5.25%. *(Business Standard)*

Rate sensitive shares trade mixed; PSU Bank index down 2% post RBI policy

Share price of rate sensitive sectors such as financials including banks and non-banking financial companies (NBFCs), automobiles and real estate were trading on a mixed note after the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) on Friday kept the repo rate unchanged at 5.25 per cent with 'Neutral' stance. *(Business Standard)*

Treasury income supports public sector banks' earnings in Q3 FY26

Public sector banks' profitability during the third quarter of the current financial year largely supported healthy treasury income, which helped offset muted net interest income (NII) growth. Despite hardening of yields on government bonds, banks were able to book treasury gains by participating in IPOs, earning commission on buy/sell currency swaps and Open Market Operation (OMO) purchase auctions, among other things. While credit growth expanded this quarter, slower growth in deposits capped the NII growth. *(Business Standard)*

RBI asks banks to stay open on March 31 to close FY26 govt accounts

The Reserve Bank of India (RBI) on Tuesday said the government has asked banks handling government receipts and payments to remain open on March 31, 2026, to ensure that all government transactions are accounted for within the current financial year. Hence, the RBI has asked agency banks to keep all branches dealing with government business open for customer transactions on Tuesday, March 31. *(Business Standard)*

SBI raises \$1 billion from MUFG via social loan

State Bank of India (SBI), the country's largest lender by assets, has raised \$1 billion (about Rs 9,100 crore) through a five-year loan from Japan's largest lender, Mitsubishi UFG Financial Group (MUFG), in the first social loan of its kind raised by a bank in the country. The public sector lender plans to deploy the funds to lend to women or businesses helmed by women, documents accessed by ET showed. *(The Economic Times)*

RBI's box-checking is old for new-age frauds, big shift on way for bank supervision

Reserve Bank of India is considering a revamp of how it supervises lenders, shifting from a traditional box-checking exercise to a deeper examination of banks' business models, according to people familiar with the matter. India's financial regulator plans to examine in greater depth how banks conduct their business instead of analyzing ratios in isolation at every inspection, said the people, who asked not to be identified because the discussions are private. *(The Economic Times)*

Banking review panel key to Viksit Bharat push: Bandhan Bank founder

Bandhan Bank founder and Group Chairman Chandra Shekhar Ghosh on Monday said the Union Budget's proposal to set up a High Level Committee on Banking for Viksit Bharat is a significant step towards aligning the banking sector with India's next phase of growth, while safeguarding financial stability, inclusion and consumer protection. In the budget, Finance Minister Nirmala Sitharaman proposed formation of the panel to comprehensively review the banking sector, and align it with India's next phase of growth, while safeguarding financial stability, inclusion and consumer protection. *(The Economic Times)*

India may raise foreign investment cap in state-run banks to 49%

The Indian government is actively conducting inter-ministerial discussions to increase the foreign direct investment (FDI) ceiling in state-owned banks from the current 20% to 49%, financial services secretary M. Nagaraju said on Monday, reported Reuters. "The government is holding inter-ministerial consultations to raise the FDI limit in state-run banks to 49% from 20%," he said. ET had earlier reported that the finance ministry has been consulting the Reserve Bank of India (RBI), the country's banking regulator, over the past few months, and that the proposal has not yet been finalised, sources said. *(The Economic Times)*

RBI MPC Meet: RBI allows banks to lend to REITs, boosting long-term funding

The Reserve Bank of India on Friday allowed banks to lend to Real Estate Investment Trusts (REITs), a move aimed at broadening credit access for the real estate investment ecosystem and supporting long-term funding for income-generating commercial assets. The decision was announced alongside the RBI's first review of the 2026 calendar year, in which the Monetary Policy Committee (MPC) kept the benchmark repo rate unchanged at 5.25%, maintaining a pause after cumulative rate cuts of 125 basis points since February 2025. Announcing the policy, RBI Governor Sanjay Malhotra said the MPC had opted for continuity as it assessed the transmission of earlier easing measures and evolving domestic and global macroeconomic conditions. *(The Economic Times)*

RBI MPC: India's central bank to stand pat as trade deal reduces urgency on rate cuts

Reserve Bank of India (RBI) is expected to keep policy rates unchanged in its Monetary Policy Committee (MPC) on Friday, while focusing on improving the pass-through of the previous year's rate cuts, with a U.S.-India trade deal alleviating the need for more immediate support to the economy. A large majority of economists polled by Reuters before the deal was announced on Monday—59 of 70—had expected a status quo in rates, but a minority had called for another cut as inflation remained low and U.S. tariffs threatened to disrupt India's strong run of economic growth. The Reserve Bank of India (RBI) has already cut rates by 125 basis points since last February, bringing the policy repo rate down to 5.25%. (*The Economic Times*)



External Sector

Rupee rises 14 paise to close at 90.33 against U.S. dollar

The rupee appreciated 14 paise to close at 90.33 (provisional) against the U.S. dollar on Thursday (February 5, 2026), on trade deal optimism and overnight decline in commodity prices, even as the upside remained capped as investors look for more clarity on the India-U.S. trade deal. Forex traders said significant corporate dollar demand and a weak trend in domestic equities restricted the upside for the local unit. At the interbank foreign exchange market, the rupee opened at 90.52 against the U.S. dollar, then gained some ground to 90.40, registering a gain of 7 paise over its previous close. (*The Hindu*)

Silver, gold futures tumble 10% as strong U.S. dollar, Fed jitters spark selloff

Silver and gold prices snapped a two-day rebound and declined sharply up to 10% in the futures trade on Thursday (February 5, 2026) amid weak trends in the international markets and a strong U.S. dollar. On the Multi Commodity Exchange (MCX), silver for March delivery dropped by ₹26,850, or 10%, to ₹2,42,000 per kilogram. In the previous session, the white metal had settled at ₹2,68,850 per kg. Similarly, gold for April contract depreciated by ₹2,310, or 1.51%, to ₹1,50,736 per 10 grams as compared with Wednesday's (February 4, 2026) closing level of ₹1,53,046 per 10 grams. (*The Hindu*)

Indian benchmark indices soar 3% as Trump cuts tariff to 18%

Benchmark Nifty50 soared 3% to 25834.6 points as of 12:17 p.m. on February 3, 2026, after U.S. President Donald Trump announced that reciprocal tariffs on Indian imports will be reduced to 18%. The BSE Sensex 30 is also up 84077.5 points at the same time. The Nifty 50 opened at 26308.05 and shot to 26341.2, the day's high and slid to the day's low of 25641.3 points. "It was an honor to speak with Prime Minister Modi, of India, this morning. He is one of my greatest friends and a Powerful and Respected Leader of his Country," Mr. Trump wrote on his social media handle in the late hours of February 2. "We spoke about many things, including Trade, and ending the War with Russia and

Ukraine. He agreed to stop buying Russian Oil, and to buy much more from the United States and, potentially, Venezuela. This will help END THE WAR in Ukraine, which is taking place right now, with thousands of people dying each and every week!" Mr. Trump said. (*The Hindu*)

US pitches Venezuelan crude to India as its Russian oil imports slow

The United States, which threatened to impose tariffs on India last year for buying Venezuelan oil, has told Delhi it can resume those purchases soon to help replace imports of Russian oil, three sources familiar with the matter told Reuters. India pledged to slash Russian crude oil purchases after Washington also hiked tariffs related to that activity, and India is on track to lower its Russian oil imports by several hundred thousand barrels per day in the coming months, according to the sources, who declined to be identified. President Donald Trump imposed 25 per cent tariffs on countries buying Venezuelan oil in March 2025, and his administration ramped up a campaign against Venezuelan President Nicolas Maduro, whom US forces captured on January 3. (*Business Standard*)

India-China bilateral trade reached \$155 billion in 2025: Envoy

The India-China bilateral trade reached a "record high" of USD 155 billion in 2025, clocking a year-on-year growth of over 12 per cent, Chinese ambassador Xu Feihong said on Tuesday. Xu said China supports India's BRICS presidency, stands ready to strengthen multilateral coordination with New Delhi and is committed to work together to advance the development of the Global South. The "successful" meeting between Prime Minister Narendra Modi and Chinese President Xi Jinping at Tianjin last August resulted in a new level of improvement in the ties including people-to-people exchanges. (*BusinessLine*)

India, GCC bloc set to resume free trade talks after a long hiatus

India and the six-member Gulf Cooperation Council (GCC) have formally signed the terms of reference (ToR) to resume negotiations for a comprehensive Free Trade Agreement (FTA) ending a long pause in negotiations that originally began in 2004 but were suspended in 2011. This marks a major step toward a bloc-wide deal with Saudi Arabia, the UAE, Qatar, Kuwait, Oman, and Bahrain which will open another major trade corridor, Commerce & Industry Minister Piyush Goyal said on Thursday. "Together with trade deals with the UAE and Oman, this FTA with the GCC will unleash new opportunities for Indian goods and services, MSMEs, entrepreneurs, skilled youth & professionals, and attract massive investments. (*BusinessLine*)

Exporters on guard as duty remission funds slashed for FY27

Exporters are concerned about the sharp reduction in outlay for the two flagship input-duty remission schemes, RoDTEP and RoSCTL, even as expectations persist that funding could be topped up in the revised budget estimate after the rate rationalisation exercise concludes. "Allocation under both the schemes is substantially down. We expect that the revised budget estimate will increase the allocation as these refund schemes of duty neutralisation are crucial for our exports," said Ajay Sahai, Director General, Federation of Indian Export Organisations. (*BusinessLine*)



Agriculture and Rural Economy

Economic Survey points to decrease in agricultural growth in 2025-26

The Economic Survey, tabled in Parliament on Thursday (January 29, 2026), has noted that the average annual growth rate in the agriculture and allied sector over the last five years has been around 4.4% at constant prices. However, in the second quarter of 2025-26, the agriculture sector registered a growth of 3.5%, almost one percentage point less than the average. “The decadal growth of 4.45% (2015-16 to 2024-25), the highest in comparison to previous decades, has primarily resulted from the strong performance in livestock (7.1%) and fishing and aquaculture (8.8%), followed by the crop sector at 3.5%,” it added. *(The Hindu)*

How India is likely to shield its farmers in US trade deal

India and the United States have struck a trade deal to cut U.S. tariffs on Indian goods to 18% from 50% in exchange for New Delhi halting purchases of Russian oil and lowering trade barriers. Both sides have shared the broad outlines of the deal but not the details, with early indications suggesting India will grant the U.S. only limited access to its agricultural market. India, which bans genetically modified (GM) food crops, is unlikely to lower tariffs on imported farm goods such as corn, soybeans and soymeal as it seeks to protect millions of small farmers who eke out a living on meagre incomes. *(The Economic Times)*

Agriculture Budget at Rs 1.32 lakh crore, focused on farmers’ progress and development: Shivraj Singh Chouhan

Union Minister for Rural Development and Agriculture & Farmers’ Welfare Shivraj Singh Chouhan on Sunday described the Union Budget 2026–27 as “historic and unprecedented”, saying it lays a strong foundation for building a developed and self-reliant India. Addressing the media, Chouhan noted that this was the 12th Union Budget presented under Prime Minister Narendra Modi’s leadership and the ninth consecutive Budget presented by Nirmala Sitharaman, making her the first woman Finance Minister to achieve the milestone. *(dd news)*

India holds firm on agriculture, dairy in US trade talks : Explainer

India has completely protected the interests of its agriculture and dairy sector in the India-US trade agreement. Agriculture and allied activities such as animal husbandry form the backbone of India's rural economy, providing employment to over 700 million people. Unlike in developed economies, where agriculture is highly mechanised and corporatised, in India, it is a livelihood issue. Granting import duty concessions in agriculture for companies of developed countries that heavily subsidize their farmers would mean an influx of cheap food grains and products into India. It would severely impact Ind. *(The Economic Times)*

Tech analysts expect up to 15% upside in these 4 agriculture-related shares

Tech analysts Drumil Vitlani of Bonanza and Aakash Shah of Choice Equity Broking decode trading strategy in Apex Frozen Foods, Rallis India, Coromandel and Tata Consumer Products ahead of Budget 2026. The analyst recommends a 'Buy on dips' approach in the range of ₹285 - ₹290 for Apex Frozen Foods stock with a projected upside target of ₹312 and ₹318 levels. This translates into a potential upside of 5.7 percent from current levels. (*Business Standard*)

India has overtaken China in rice production, says Agriculture Minister Shivraj Singh Chouhan

Union Agriculture Minister Shivraj Singh Chouhan called the Congress a “factory of lies” and said that the Opposition party was spreading misinformation about the recently passed Viksit Bharat Guarantee for Rozgar and Aajeevika Mission (Gramin) Bill. He said Leader of Opposition in the Lok Sabha Rahul Gandhi was not present in the House when the Bill was taken up for debate and the Opposition did not want to listen to the details of the Bill. (*The Hindu*)



Industry, Manufacturing, Services and Technology

AI tools will augment, not disrupt, role of IT services: Nasscom

Dismissing concerns that AI could replace SaaS and eventually the IT services industry after a sharp sell-off in software stocks, IT industry body Nasscom said AI tools will not bypass India’s tech services sector, but will instead redefine and augment its role. Nasscom explained that Indian technology services companies work closely with global enterprises that operate complex technology environments, with interconnected systems and fragmented data. Creating business value from AI requires coordination, with humans in the loop who understand business context, industry knowledge, and enterprise workflows. (*BusinessLine*)

DPIIT revises definition of start-up, introduces deep-tech category

The Centre now explicitly recognises ‘deep-tech’ start-ups and will allow such companies to be considered as start-ups for 20 years after incorporation. The Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry Of Commerce has issued a notification modifying its erstwhile 2019 Rules for recognition of start-ups. The new rules define a deep-tech start-up as an entity operating on new scientific or engineering knowledge with high R&D spend and creating intellectual property (IP). (*BusinessLine*)

Budget’s manufacturing thrust

Focus on reviving the manufacturing sector has once assumed centre stage in the NDA government’s growth strategy, with Finance Minister Nirmala Sitharaman proposing three specific interventions pertaining to this sector in her 9th Union Budget for 2026-27. These interventions include, scaling up manufacturing in seven “strategic and

frontier sectors”, rejuvenating legacy industrial sectors, creating “Champion MSMEs”. *(BusinessLine)*

Leveraging Budget: Centre seeks industry roadmap for aviation push

The Centre has asked the aviation industry to submit proposals on measures to boost domestic manufacturing, aircraft leasing and related activities by effectively utilising provisions announced in the Budget. Senior officials from the Ministry of Civil Aviation held a consultative meeting with industry leaders on Thursday to discuss a roadmap for the sector’s growth. *(BusinessLine)*

Forging a high-tech manufacturing renaissance

The backdrop to this Budget was hardly forgiving. India entered the year with strong domestic momentum, yet the global environment was clouded by trade frictions, geopolitical tension and rising energy risks. Fiscal space, too, was not limitless, with tax buoyancy softer than expected. In that setting, the decision to stay the course on fiscal consolidation while stepping up capital expenditure provided the stability from which industrial policy could operate with credibility. *(BusinessLine)*

Trillion-dollar investments likely to come into datacentre sector

India’s data centre industry is on the cusp of a trillion-dollar investment cycle as it sits at the intersection of three irreversible forces: explosive digital demand, geopolitical realignment, and infrastructure-scale policy support. With over a billion people coming online, AI and cloud workloads multiplying exponentially, and data localisation becoming a strategic imperative, the computer is no longer a technology asset, it is national infrastructure. *(BusinessLine)*

India’s semiconductor moment depends on capability, not just capacity

Semiconductors are a high-investment, long-term business. Outcomes are not determined by announcements alone, but by how consistently policy, capital and execution align over a decade or more. In that context, the government’s decision to launch India Semiconductor Mission (ISM) 2.0 with an enhanced outlay of ₹40,000 crore is an important progression from building assets to building capability. *(BusinessLine)*

Explained: What Anthropic’s latest launch means for Indian IT

Anthropic’s launch of new automation plug-ins for its Claude Cowork agent has rattled global technology markets, triggering a sell-off in software stocks and intensifying investor concerns that advanced AI could disrupt labour-heavy outsourcing models, with India’s IT services sector emerging as one of the most exposed. *(BusinessLine)*



Kerala to bear half cost of Sabari rail project

The Kerala government will fund 50% of the Angamaly-Erumely Sabari railway project, allocating Rs 1,900 crore through KIIFB. This decision aims to expedite the long-pending project, crucial for Sabarimala pilgrims and regional economic growth. The state's commitment addresses the Union government's demand for a 50% state share, with plans to extend the corridor to Vizhinjam Port. (*The Economic Times*)

Budget 2026 disappoints Kerala; 16th Finance Commission raises State's tax share

The 'Sunday Budget' presented by Union Finance Minister Nirmala Sitharaman was largely disappointing for Kerala, with the State's inclusion in the Dedicated Rare Earth Corridor scheme emerging as the only major gain. Key demands in Kerala's wish-list—a request for a ₹21,000 crore 'Special fiscal Correction Package' to overcome "the current year's borrowing constraints" and an All India Institute of Medical Sciences (AIIMS)—remained unfulfilled. (*The Hindu*)

Revenue e-literacy project launched in Chathannur

Revenue Minister K. Rajan has launched the Revenue e-Literacy Mission in Chathannur to make it India's first fully revenue-digitally literate constituency by enabling citizens to access government services independently through mobile phones. The initiative targets 65,000 households with community-based training, digital support through a YouTube channel and mobile app, and plans to install self-service kiosks in government offices with volunteer assistance to ensure inclusive digital governance. (*The Hindu*)

₹100 Cr incentive; a new revenue source: Union Budget boosts Kerala's municipal bond drive

The Seventh State Finance Commission (SFC) has officially urged Kerala's local bodies to tap into the municipal bond market to raise extra funds. Tabled just days ago, the commission's report suggests that these bonds should fund major projects that are both profitable and good for the public. To make this work, the SFC recommends setting up a new Board of Finance for Local Governments to help councils manage their borrowing and reach their borrowing and reach their full revenue potential. (*Mathrubhumi.com*)

Datanomics: Kerala becomes first state to unveil 'Elderly Budget'

Kerala Finance Minister K. N. Balagopal has announced an 'Elderly Budget' as part of the state Budget, making Kerala the first state in India to introduce such an initiative, with ₹46,236.52 crore allocated for senior citizens in the FY27 estimates, accounting for 19.07 percent of the total Budget. However, about 68 percent of this allocation is expected to go toward pensions for retired government employees, an obligatory expenditure, even as the move gains significance in the context of Kerala's rapidly ageing population, which is projected to rise by 47 percent between 2011 and 2026 well above

the national increase of 36 percent, and has consistently remained 4–8 percentage points higher than the all-India share since 2011. (*Business Standard*)

Centre announces ₹3,795-crore budgetary outlay for rail development works in Kerala

Union Railway Minister Ashwini Vaishnaw announced a ₹3,795 crore outlay for rail projects in Kerala for 2026–27, clarifying that it reflects the total cost of ongoing works rather than annual spending. He assured support for the proposed high-speed rail project but gave no timeline, while surveys and DPRs for multiple line-expansion projects are under way. The Southern Railway said infrastructure works worth ₹18,041 crore, including redevelopment of 35 stations under the Amrit Station Scheme, are currently in progress in the State. (*The Hindu*)

Kerala Assembly passes resolution demanding withdrawal of VB-G RAM G Act

The Kerala Assembly has passed a resolution. It demands the central government withdraw the new VB-G RAM G Act. The state wants the MGNREGA scheme restored. This follows similar moves by Karnataka, Telangana, and Tamil Nadu. The new act places a significant financial burden on states. It also removes rights-based provisions crucial for poverty alleviation. (*The Economic Times*)

Kerala gets electronics manufacturing boost as major investments take off

Kerala is poised for a significant leap in its electrical and electronics manufacturing sector, with two major investment projects set to become operational at KINFRA industrial parks. The first is the V-Guard Innovation Campus at the KINFRA Electronics Manufacturing Cluster in Kakkanad. Spread across three acres, the first phase features an 11-storey building with a built-up area of over 1.10 lakh sq ft. Conceived as a Research & Development and Learning & Development hub, the campus integrates innovation, knowledge sharing and customer engagement under one roof. (*BusinessLine*)

Kerala Budget: A Budget for the State's 'New Normal'

Kerala's 2026–27 Budget, presented by K. N. Balagopal, reflects a “new normal” of managing development under tight fiscal constraints while protecting welfare commitments. With higher own-revenue mobilisation and a declining debt ratio, the Budget balances fiscal prudence with strong social priorities, including India's first “elderly budget,” enhanced pensions, wider social security, and support for women, gig, and unorganised workers, alongside continued decentralisation and infrastructure investment through Kerala Infrastructure Investment Fund Board. (*BusinessLine*)

Kerala Tourism Minister Riyas says inclusive tourism is a shared responsibility

Kerala Tourism Minister P. A. Mohammed Riyas said inclusive and accessible tourism is a shared responsibility, not a special service, while inaugurating the Kerala for All Conclave in Kochi. He highlighted Kerala's first-of-its-kind design policy for inclusive tourism, noted that other States are following the model, and stressed the need for barrier-free infrastructure, trained personnel, technology, and community participation to make tourism accessible to all. (*BusinessLine*)

[KERA invites agri-biz players from across India to partner with Kerala FPCs](#)

The Kerala Government, in assistance with the World Bank, under the Kerala Climate Resilient Agri-Value Chain Modernization (KERA) project has invited agri-business players from across the country to forge alliances with Farmer Producer Companies (FPCs) in Kerala. Addressing media persons in Mangaluru on Thursday, Suresh C Thampi, Kerala's Deputy Director of Agriculture and Procurement Officer of KERA, said the initiative aims to create sustainable linkages that connect Kerala's premium agricultural produce to local, national and international markets, ensuring farmers receive better prices and a secure market linkage. *(BusinessLine)*

[Budget 2026: Rare-earth hubs to be set up in Odisha, Kerala, Andhra, TN](#)

India's push to boost domestic rare-earth magnet manufacturing gained momentum in Union Budget 2026, with Finance Minister Nirmala Sitharaman proposing dedicated rare-earth corridors in Odisha, Kerala, Andhra Pradesh and Tamil Nadu to reduce import dependence and strengthen strategic manufacturing. Placed within a broader plan to scale up seven key manufacturing sectors, the initiative aims to support mining, research and production while generating jobs and improving productivity. Experts such as Rishabh Jain of Council on Energy, Environment and Water welcomed the move but cautioned that its success would depend on strong offtake guarantees, greater R&D investment and effective technology transfer. *(Business Standard)*

[Kerala to urge Centre to fast-track approval for Thiruvananthapuram Outer Ring Road project to aid Vizhinjam operations](#)

The Kerala government will again urge the Centre to expedite approval for the Vizhinjam–Navaikulam Outer Ring Road (ORR) in Thiruvananthapuram, citing the strategic importance of the project following the commissioning of Vizhinjam International Seaport. Public Works Minister P. A. Mohamed Riyas told the Assembly that despite the State agreeing to share land acquisition costs, waive GST and royalty, and bear liabilities of over ₹1,629 crore, final Central approval is still pending. While consultations and assurances have been made by the Union Ministry, the delay is attributed to a detailed alignment study and pending environmental clearance by National Highways Authority of India, prompting the State to seek urgent clearance from the Centre. *(The Hindu)*

[Amid uncertainty, Kerala decides to move ahead with first phase of RRTS project](#)

The Kerala government has given in-principle approval for a 583-km Regional Rapid Transit System (RRTS) from Thiruvananthapuram to Kasaragod and will begin Phase 1, the 284-km Travancore line up to Thrissur, seeking Central clearances. Planned as a largely elevated, metro-integrated project with phased funding by the State, Centre and international loans, the RRTS is projected as an alternative to the SilverLine to reduce land acquisition, public opposition and reliance on private vehicles, even as Union Railway Minister Ashwini Vaishnaw reiterated that a high-speed rail would eventually come to Kerala. *(The Hindu)*

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