



February 02, 2024 – Friday

Key Developments

Interim Budget 2024 at a Glance: From tax to capex

Union Finance Minister Nirmala Sitharaman on Thursday concluded presenting the 'Vote on Account' budget for FY25, her sixth consecutive one. It relied upon four major focus points as anticipated: Women, youth, farmers and the poor.

Key Announcements:

- Govt to build 2 crore houses under PM Aavas Yojana (Grameen)
- The government will launch the "Housing for Middle Class" scheme to encourage middle-class individuals to purchase or construct their own homes.
- Accelerate Saksham Anganwadi and Poshan 2.0 programs to enhance nutrition delivery, early childhood care, and development.
- Promotion of cervical cancer vaccination for girls aged 9-14.
- Extending health coverage under the Ayushman Bharat scheme to include all ASHA, Anganwadi workers, and helpers.
- Withdrawal of outstanding direct tax demand, with limits set at up to Rs 25,000 for issues up to FY10 and up to ₹10,000 for FY11-FY15, benefiting around 1 crore taxpayers.
- Fast-tracking Saksham Anganwadi and Poshan 2.0 for improved nutrition delivery and early childhood care and development.
- Expanding existing airports and undertaking comprehensive development of new airports under the UDAN scheme.
- Implementation of three major railway corridor programs under PM Gati Shakti to enhance logistics efficiency and reduce costs
- Enabling 1 crore households for rooftop solarization, providing up to 300 units of free electricity per month.
- New scheme for converting biomass into Compressed Bio Gas (CBG) and phased mandatory blending of CBG with natural gas to be used as fuel for vehicles and domestic supplies
- Establishment of a financial corpus of Rs 1 lakh crore that will provide low-cost or zero-interest loans for research and innovation

Key Numbers from Interim Budget 2024

- Fiscal deficit target for FY25 set at 5.1%, FY24 aim revised to 5.8% from 5.9%
- Capex target raised by 11.1% to Rs 11.11 lakh crore
- Tax receipts for 2024-25 projected at Rs 26.02 lakh crore
- Divestment target of Rs 50,000 crore for FY25
- Railways to get Rs 2.55 lakh crore, up from previous year's high of Rs 2.4 lakh crore.
- Gross market borrowing target for FY25 pegged at Rs 14.13 lakh crore
- Nominal GDP growth seen at 10.5%
- Provision of ₹75,000 crore, as a 50-year interest-free loan, to support milestone-linked reforms by state governments

Economy

Success of India grounded in pursuit of reforms over last years: IMF MD Kristalina Georgieva

The economic success of India is grounded in the pursuit of reforms over the last years, Managing Director of International Monetary Fund (IMF) Kristalina Georgieva said Thursday exuding confidence that it would achieve its goal of being a developed nation by 2047 by staying the course. "India has been a bright spot in the world economy, and it continues to be so. We are upgrading projections for Indian growth to 6.5 per cent in 2024. This comes on the back of fairly strong performance in 2023. The success of India is grounded in the pursuit of reforms over the last years," Georgieva told a group of reporters. Georgieva said that one very significant advantages of India is the bold actions on the digital front with the digital public infrastructure, digital ID and making digital a strong comparative strength of India allowing small entrepreneurs to tap into markets in the way they were not able to do before. "

<https://economictimes.indiatimes.com/news/economy/policy/success-of-india-grounded-in-pursuit-of-reforms-over-last-years-imf-md-kristalina-georgieva/articleshow/107339628.cms>

Banking and Finance

UPI transactions reach a record Rs 18.41 trillion in January: NPCI data

Unified Payment Interface (UPI) transactions clocked a new high in value in January by touching Rs 18.41 trillion, up marginally by 1 per cent from Rs 18.23 trillion in December. Transactions increased by 1.5 per cent to 12.20 billion, compared to 12.02 billion in October. In November, value was seen at Rs 17.4 trillion with 11.4 billion transactions. According to data shared by the National Payments Corporation of India (NPCI), January numbers were 52 per cent higher in volume and 42 per cent higher in value compared to the same month last financial year.

https://www.business-standard.com/finance/news/upi-transactions-reach-a-record-rs-18-41-trillion-in-january-npci-data-124020101108_1.html

IRDAI asks insurers to give coverage for AYUSH in health insurance policies

The insurance regulator has asked general insurers to put Ayurveda, Yoga, Naturopathy, Unani, Siddha, and Homeopathy (AYUSH) at par with other medical treatments in their health insurance policies, citing "increased popularity". The Insurance Regulatory and Development Authority of India (IRDAI) asked general insurance companies to have board-approved policy guidelines for AYUSH coverage and give policyholders an option to choose a treatment of their choice. The guidelines will be effective from April 1, 2024.

https://www.business-standard.com/finance/insurance/provide-coverage-for-ayush-in-health-insurance-policies-irdai-to-insurers-124020101145_1.html

Industry

Automakers post highest ever monthly passenger vehicle wholesales in Jan

The Indian auto industry posted its highest ever monthly domestic passenger vehicle (PV) wholesales in January 2024 at 394,571 units, on the back of rising demand for sport utility vehicles (SUVs) and removal of supply constraints. This is 13.9 per cent more than the figure in January 2023. The previous peak was seen in October 2023, with domestic sales touching 391,811 units during the festival period. During 2022-23, SUVs accounted for only 43 per cent of the automakers' total sales. However, this figure has risen to 50.1 per cent during the April-January period of 2023-24, Shashank Srivastava, senior executive officer, marketing and sales, Maruti Suzuki India (MSIL), told Business Standard.

https://www.business-standard.com/industry/auto/automakers-post-highest-ever-monthly-passenger-vehicle-wholesales-in-jan-124020101290_1.html

Consumer electronics companies expect surge in appliance penetration post Budget 2024's emphasis on housing & solar schemes

Consumer electronic companies expect a significant jump in penetration of household appliances like refrigerators, washing machines, AC and televisions in the next 2-4 years thanks to the interim budget's focus on housing for the

middle class, rural areas and solar energy schemes for households. Executives said these budget measures will act as a catalyst in sales for appliances since a jump in the housing sector is a huge positive for the industry. Havells India chairman and managing director Anil Rai Gupta said the housing schemes will open up huge opportunities for the electrical and appliance sales improving demand in the mid-to-long term, while the solarisation scheme will create opportunities to sell solar appliances.

<https://economictimes.indiatimes.com/industry/cons-products/durables/consumer-electronics-companies-expect-surge-in-appliance-penetration-post-budget-2024s-emphasis-on-housing-solar-schemes/articleshow/107327688.cms>

Rural recovery in store for consumer goods companies

Increased focus on rural housing and post harvest activities could help spur demand for daily household products and groceries in villages in the long term, said executives of leading consumer goods companies. Slower demand in rural markets has been dragging the overall growth of the fast-moving consumer goods (FMCG) segment for the past two years, and a normal monsoon coupled with a good harvest could help expedite rural recovery instead of budget sops, the executives said. "The budget was not a booster dose to recover things immediately, but more of a vision on how the economy will shape up in the next five years," said Angshu Mallick, chief executive of edible oil firm Adani Wilmar. "Rural income recovery in the short term will be dependent on agriculture production and this year's monsoon."

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/interim-budget-rural-recovery-in-store-for-consumer-goods-companies/articleshow/107335444.cms>

Infrastructure

New scheme for middle-class, infra push to boost realty sector: Industry

The Budget announcement for middle-class home buyers is anticipated to stimulate demand for residential properties and contribute to the overall advancement of the real estate sector, real estate developers and consultants said. In the interim Budget for 2024-25, Finance Minister Nirmala Sitharaman announced a scheme targeting middle class residing in rented houses, slums, chawls, and unauthorized colonies, facilitating their home ownership. Additionally, FM outlined plans to construct 2 crore more homes for the rural poor within the next five years under the ongoing PM Awas Yojana (Grameen).

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/new-scheme-for-middle-class-infra-push-to-boost-realty-sector-industry/articleshow/107332327.cms>

Energy

PM Modi to inaugurate power projects worth Rs 28,978 crore on Feb 3

Prime Minister Narendra Modi will inaugurate NTPC Ltd's Darlipali thermal power plant of 1,600 MW, Rourkela PP-II expansion project of 250 MW and lay the foundation stone for Talcher 2x660 MW in Odisha that have a total investment of Rs 28,978 crore on February 3. Darlipali unit is a pit-head station with supply pacts with Odisha, Bihar, West Bengal, Jharkhand, Gujarat and Sikkim. The 250 MW project of NTPC-SAIL Power Company Ltd is established in Rourkela Steel Plant to provide reliable power for the steel plant.

<https://economictimes.indiatimes.com/industry/energy/power/pm-modi-to-inaugurate-power-projects-worth-rs-28978-crore-on-feb-3/articleshow/107334206.cms>

Telecom

Next spectrum auction to be significantly smaller than last one, moving fast on it: Ashwini Vaishnaw

The next spectrum auction will be a "limited auction", one that is significantly smaller than the previous round, Communications Minister Ashwini Vaishnaw said on Thursday. The government is "moving fast" on it, he asserted. "The spectrum auction will be a limited auction because already a large part of the spectrum which was required by the industry was auctioned last year, but every financial year we are trying to have one auction," Vaishnaw told reporters. According to him, the government is working on a proposal where based on requirement, wherever smaller chunks were left out, those will be put to auction.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/next-spectrum-auction-to-be-significantly-smaller-than-last-one-moving-fast-on-it-ashwini-vaishnaw/articleshow/107334331.cms>

States

Rajasthan may see drop in mustard production during 2023-2024 crop season

Rajasthan, the country's largest mustard-producing state, may see a drop in production during the 2023-2024 crop season, traders said. The state contributes about 45-49 per cent to India's mustard production. Anil Chatar, joint secretary of the Mustard Oil Producers Association of India, said mustard sowing had increased in Uttar Pradesh (UP) but it declined in Rajasthan. Compared to last year, mustard sowing dropped 200,000 hectares to around 3.7 million hectares in 2023-24, he said, attributing this to low prices that farmers receive.

https://www.business-standard.com/industry/agriculture/rajasthan-may-see-drop-in-mustard-production-during-2023-2024-crop-season-124020101396_1.html

External

Domestic oil imports from Russia hit 12-month low in Jan as sanctions bite

India's crude oil imports from its top supplier Russia fell for a second straight month in January to their lowest in a year as tighter Western sanctions hit supply of light sweet Sokol grade, preliminary ship tracking data showed. The world's third-biggest oil importer and consumer boosted imports of Iraqi oil to offset the drop in Russian oil imports, according to the data. Imports from Russia declined 4.2 per cent to 1.3 million barrels per day (bpd), according to LSEG data. Data from ship tracking agency Vortexa showed a slide of 9 per cent to 1.2 million bpd.

"The narrowing of Russian crude discounts versus Middle Eastern crude, recent U.S. sanctions on shipowners carrying Russian crude above the price cap and rising tanker premiums as a result of the Red Sea attacks have made Russian crude less attractive for Indian refiners in recent months," said Serena Huang, Vortexa's head of APAC analysis.

https://www.business-standard.com/industry/news/domestic-oil-imports-from-russia-hit-12-month-low-in-jan-as-sanctions-bite-124020100486_1.html

Govt okays continuation of apparel exports incentive scheme till Mar 2026

The government on Thursday approved the continuation of an export incentive scheme - RoSCTL - for apparel, garments and made-ups up to March 31, 2026. The Rebate of State and Central Taxes and Levies (RoSCTL) scheme is aimed at compensating for the state and central taxes and levies in addition to the rebate provided under duty drawback scheme on export of apparel/garments and made-ups. "The Union Cabinet chaired by Prime Minister Narendra Modi approved the continuation of scheme for RoSCTL for export of apparel/garments and made-ups up to March 31, 2026," an official statement said.

https://www.business-standard.com/industry/news/govt-okays-continuation-of-apparel-exports-incentive-scheme-till-mar-2026-124020100377_1.html