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# India UNWRAPPED WEEKLY



## NEWSFLASH

9<sup>th</sup> February - 15<sup>th</sup> February

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## RETAIL CPI INFLATION MODERATES TO 5.1% IN JANUARY 2026



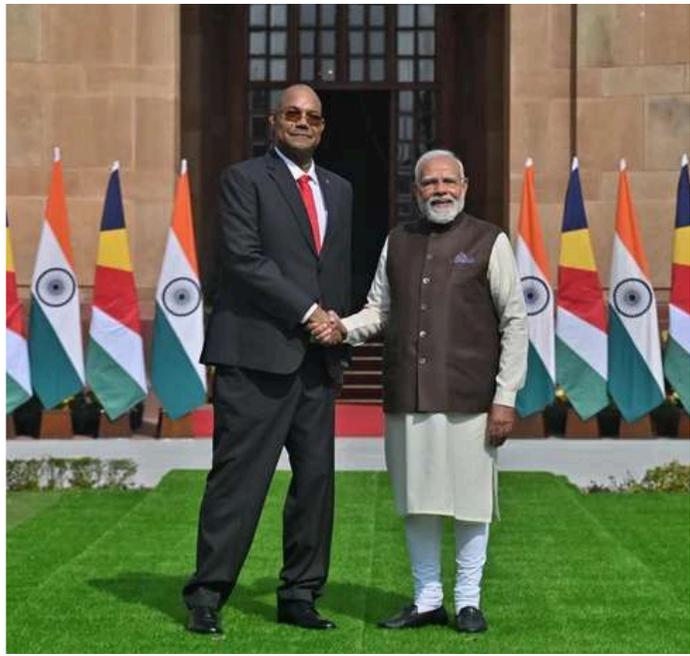
India's retail Consumer Price Index (CPI) inflation eased to 5.10% in January 2026 from 5.4% in December, driven by softer food price increases and moderating fuel costs, according to official data. While food inflation remained elevated, softer vegetables and cereals prices helped restrain overall inflation. Core inflation, which excludes volatile food and fuel categories, also trended lower, reflecting easing pricing pressures in the services and manufactured goods segments. The moderation supports the Reserve Bank of India's inflation outlook as policymakers balance demand stability with durable price control.

## RBI ALLOWS NBFCs TO FACTOR DEFAULT LOSS GUARANTEES IN ECL PROVISIONS

The Reserve Bank of India has permitted NBFCs to include default loss guarantees provided by digital lending partners while calculating expected credit loss provisions, subject to accounting norms. The clarification applies where guarantees are part of loan contracts, with lenders required to adjust provisions as coverage reduces, ensuring prudent risk management.



## INDIA ANNOUNCES \$175 MILLION ECONOMIC PACKAGE FOR SEYCHELLES



India has announced a \$175 million economic assistance package for Seychelles aimed at enhancing infrastructure, climate resilience, and development cooperation between the two nations. The package includes concessional financing and support for key sectors such as transport, renewable energy, and healthcare. The initiative reinforces India's strategic engagement in the Indian Ocean region and highlights its commitment to strengthening bilateral ties through sustainable development partnerships and regional cooperation.

## FALL IN OUTWARD REMITTANCES EASES INDIA'S CURRENT ACCOUNT DEFICIT

A notable decline in India's outward remittances has helped cushion the country's current account deficit, giving temporary relief to external balances amid global financial pressures. Analysts attribute the slowdown in remittances to shifting global economic conditions and exchange rate movements, easing pressure on the deficit which had widened due to elevated import costs. Despite this relief, economists caution that underlying trade imbalances and volatile external demand remain key risks for India's external sector in the near term.



## INDIA WINDING DOWN RUSSIAN OIL PURCHASES BOOSTS U.S. ENERGY SECTOR: USTR

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India's reduction of crude oil imports from Russia has created new opportunities for U.S. energy exporters, the Office of the United States Trade Representative (USTR) said, bolstering trans-Pacific energy trade. The shift reflects broader geopolitical realignments and India's diversifying energy supply strategy, resulting in increased U.S. oil and gas shipments to meet Indian demand. The USTR highlighted the positive impact on American producers while noting India's quest for secure and diversified energy partnerships amid evolving global market dynamics.

## GOLDMAN SACHS RAISES INDIA FY27 GROWTH FORECAST TO 7% AS POLICY UNCERTAINTY EASES

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Global investment bank Goldman Sachs has upgraded its GDP forecast for India to 7.0% in fiscal 2027, citing improved macroeconomic momentum and reduced policy uncertainty. The revised projection reflects stronger consumption indicators, robust investment activity, and supportive global growth prospects. Analysts noted that sustained reforms and stable monetary policy underpinned confidence in India's growth trajectory, even as external risks such as trade tensions and commodity price volatility persist.



## **INDIA-UK FTA GIVES BRITAIN FIRST-MOVER EDGE OVER EU, BRITISH PARLIAMENT REPORT SAYS**

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A British Parliamentary report highlighted that the prospective India-UK Free Trade Agreement (FTA) could give the United Kingdom a first-mover advantage over the European Union in securing economic access to the Indian market. The report emphasised potential UK gains in services, investment, and regulatory cooperation compared with slower EU negotiations, underscoring strategic gains from early market integration. UK policymakers expressed optimism that enhanced trade ties with India would support jobs, growth, and bilateral commercial engagement.

## **FREE TRADE AGREEMENT LIFTS HOPES OF INDIA-EU ORGANIC FOOD TRADERS**

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Organic food traders in India and the European Union are optimistic that a potential Free Trade Agreement (FTA) will boost bilateral organic produce exchanges by reducing tariff barriers and harmonising standards. Industry representatives cited increased investor interest and supply chain diversification as key benefits, with traders expecting greater access to premium EU markets and enhanced opportunities for Indian organic exporters. The FTA discussions signal deepening agricultural cooperation and prospects for sustainable trade expansion.



## **RBI DIGITAL PAYMENTS INDEX RISES TO 516.76 IN SEPTEMBER 2025 ON WIDER ADOPTION**

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The Reserve Bank of India's Digital Payments Index (DPI) surged to 516.76 in September 2025, reflecting significant growth in digital transaction adoption across the country. The rise underscores broader financial inclusion, expanding digital infrastructure, and increased consumer uptake of non-cash payment methods. RBI officials noted that enhanced interoperability, merchant acceptance, and user convenience have propelled digital payment penetration, supporting India's transition towards a more connected and technology-driven financial ecosystem.

## **US ALLOWS MAJOR OIL COMPANIES TO RESUME OPERATIONS IN VENEZUELA**

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The United States has permitted major global oil companies to restart operations and pursue new energy investments in Venezuela, marking a significant easing of sanctions. Payments will be channelled through monitored mechanisms, while restrictions tied to geopolitical concerns remain. The move is expected to revive Venezuela's energy sector and expand global energy supply.



## ANDHRA PRADESH PRESENTS ₹3.32 LAKH CRORE BUDGET FOR 2026-27 WITH WELFARE, DEVELOPMENT FOCUS



Andhra Pradesh unveiled a ₹3.32 lakh crore budget for 2026-27 with a strong focus on welfare and infrastructure development. The budget projects a revenue deficit of ₹22,000 crore and a fiscal deficit of nearly ₹76,000 crore, while allocating major funds to backward classes, education, healthcare, and rural development. The government described the budget as growth-oriented and aimed at inclusive development across the state.

## EU TO UNVEIL PLAN TO DEEPEN SINGLE MARKET, BOOST CAPITAL MARKETS UNION

The European Commission will present a plan in March 2026 to strengthen the EU single market and accelerate the Capital Markets Union initiative. The proposal aims to mobilise trillions in savings, improve cross-border investments, and enhance regulatory integration. The initiative is part of broader efforts to improve competitiveness across the 27-nation bloc.



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