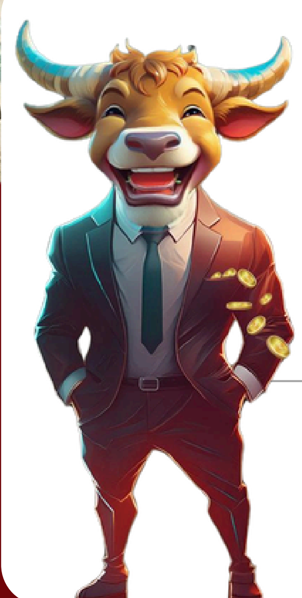
# India UNWRAPPED WEEKLY


## NEWSFLASH

11th May - 17th May



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## MODI'S UAE VISIT SECURES $5 BN INVESTMENTS, KEY ENERGY AND DEFENCE PACTS

Prime Minister Narendra Modi's UAE visit secured at least $5 billion in investment commitments for India and strengthened bilateral ties through key agreements in energy, defence and infrastructure. Both countries signed multiple pacts covering LPG supply, strategic oil reserves and broader economic cooperation. The visit also advanced discussions on trade, technology and security partnerships. Officials said the agreements would deepen strategic collaboration, enhance India's energy security and support long-term investment flows between the two nations.

## ₹ 3 FUEL PRICE HIKE MAY PUSH BACK THE CONSUMPTION STORY AMID HIGHER INFLATION

India's recent fuel price hike by ₹3 may weaken the country's consumption-driven growth story by raising inflation and reducing household purchasing power. Economists warned that higher petrol and diesel costs could increase transportation and production expenses, affecting consumer demand across sectors. Slower consumption may also delay private investment decisions and pressure economic growth prospects. Analysts expect inflationary pressures to persist if crude oil prices remain elevated, potentially complicating monetary policy and dampening investor sentiment in financial markets.

# INDIA'S APRIL RETAIL INFLATION RISES TO 3.48% AS FOOD PRICES INCREASE

India's retail inflation rose slightly to 3.48% in April from 3.40% in March, mainly due to higher food prices. Food inflation increased to 4.20%, driven by rising prices of tomatoes, coconut copra, and jewellery, although potato and onion prices declined sharply. Rural inflation stood at 3.74%, while urban inflation was 3.16%. Despite the increase, inflation remained below the Reserve Bank of India target of 4%, though concerns over rising global energy prices and weak monsoon conditions continue.

# INDIA'S GOODS EXPORTS ROBUST IN APR DESPITE SUPPLY CHAIN DISRUPTION

India's merchandise exports rose 13.8% year-on-year to $43.56 billion in April, the highest in four years, despite supply-chain disruptions caused by tensions in West Asia. Imports also increased 10% to $71.94 billion, widening the trade deficit to $28.38 billion. Growth in petroleum and electronic goods exports supported the rise, while services exports also grew strongly. However, trade with the UAE declined due to disruptions around the Strait of Hormuz. The government remains optimistic, focusing on market diversification and trade agreements to sustain export growth.

## INTRA-BRICS TRADE JUST 5% OF GLOBAL, SHOWS HUGE POTENTIAL

Commerce Secretary Rajesh Agrawal stated that intra-BRICS trade has grown 13 times, from $84 billion in 2003 to $1.17 trillion in 2024, but still accounts for only about 5% of global trade, showing strong potential for deeper economic integration. BRICS includes 11 developing nations, including India, China, Brazil, Russia, and UAE. Speaking at the 2nd BRICS Trade Meeting in Gandhinagar, he highlighted the need for balanced trade, stronger value chains, and greater services-sector opportunities. India currently chairs BRICS for the fourth time.

## GLOBAL BONDS BATTERED AS FLARING INFLATION SPOOKS INVESTORS

Global bond markets witnessed a sharp sell-off as rising inflation fears and higher oil prices unsettled investors. Concerns over the Iran conflict and energy supply disruptions pushed crude prices above $100 per barrel, raising expectations that central banks, especially the US Federal Reserve, may keep interest rates higher for longer. US Treasury yields climbed to yearly highs, while bond yields in Europe, Japan, and the UK also surged. The volatility also pressured global stock markets, as investors worried about slower economic growth and rising borrowing costs.

## NORTH AMERICA, NE ASIA, LATIN AMERICA DRIVE 35%+ OF INDIA'S EXPORTS

North America, Northeast Asia and Latin America together accounted for over 35% of India's exports in the first quarter of FY26, reflecting growing regional diversification in trade Government data showed North America remained the largest export destination, driven mainly by strong demand from the United States Exports to Northeast Asia also rose sharply due to higher shipments to China, Japan and South Korea However, exports to ASEAN and Gulf nations declined, highlighting uneven demand patterns.

## GOVT APPROVES ₹37,500 CRORE PLAN TO BOOST DOMESTIC COAL GASIFICATION

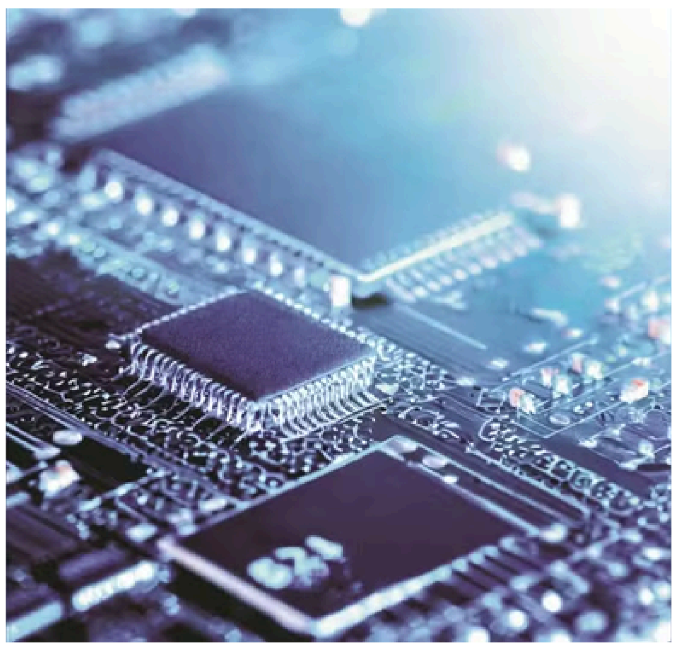
The Union Cabinet has approved a ₹37,500 crore scheme to promote coal and lignite gasification projects in India. The initiative aims to convert coal into synthetic gas (syngas) for producing fuels, fertilizers, chemicals, and power, helping reduce imports of LNG, methanol, ammonia, and urea. The scheme targets gasifying 75 million tonnes of coal and attracting investments worth ₹2.5–3 trillion by 2030. It is also expected to strengthen India's energy security, create around 50,000 jobs, and support cleaner coal utilization through modern technology.

## ROAD INVIT AUM TO GROW BY 30% TO ₹3.9 TRILLION IN FY27: CRISIL RATINGS

Crisil Ratings expects assets under management of road sector InvITs to rise 30% to Rs 3.9 trillion in FY27, driven by toll road monetisation by NHAI and hybrid annuity model asset sales. Toll roads currently account for 85% of InvIT assets due to rising traffic and inflation-linked toll hikes. Crisil said future additions will still favour toll projects, though their share may slightly decline as annuity assets gain traction through developers' continued monetisation efforts nationwide.

## WITH $20 BN SEMICONDUCTOR PUSH IN THE WORKS, INDIA MAY RIVAL ASIAN PEERS

India is considering a $20-billion incentive package to boost semiconductor manufacturing and compete with Asian chipmaking nations. The proposal would expand subsidies for fabrication plants, chip packaging and semiconductor design ecosystems. Officials say larger incentives are necessary because chip projects require massive investments and long gestation periods. The initiative supports India's strategy to reduce import dependence, strengthen supply chains, attract firms and develop semiconductor industry.



## INDIA'S APRIL UNEMPLOYMENT RATE INCREASES TO 5.2%

India's unemployment rate rose to 5.2% in April from 5.1% in March, marking a six-month high, according to government data. The increase was driven mainly by higher rural joblessness, while urban unemployment eased slightly Labour force participation and worker population ratios also declined marginally during the month Analysts said the data reflected mixed employment trends across sectors despite economic activity. Rising unemployment among youth and women remains a concern for policymakers and labour market observers.

## STEEL SAFEGUARD MEASURE HITS INDIA-UK TRADE PACT ROLLOUT

India's free trade agreement with the UK has faced delays after Britain introduced stricter steel safeguard measures, reducing tariff-free import quotas from July. Indian officials said the new curbs were not considered during negotiations and could weaken expected benefits for domestic steel exporters. Both countries are discussing a "creative solution" to resolve the dispute and operationalise the pact soon. The India-UK agreement is expected to boost bilateral trade and improve market access across several sectors.

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