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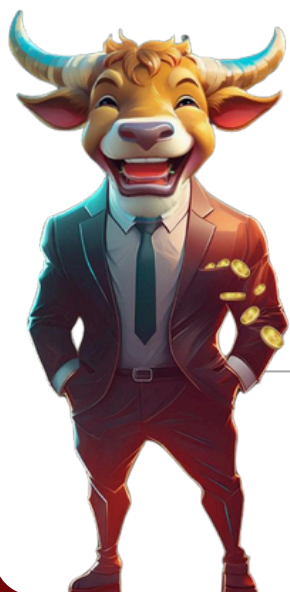
ICFAI BUSINESS SCHOOL

MUMBAI



India

UNWRAPPED WEEKLY



NEWSFLASH

2nd March - 8th March

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WEST ASIA TURMOIL PUTS \$11.8 BILLION OF INDIA'S FARM EXPORTS AT RISK



The rising tensions between Israel and Iran are affecting India's agricultural exports. Iran is India's biggest importer of basmati rice, with over 200,000 tonnes of exports on ships because of the tensions in the region. Exports of tea worth ₹7 billion are also at stake. India depends on West Asia for over 40% of its urea and phosphatic fertilizer imports. Three Indian fertilizer manufacturers have reduced their urea production after a sharp drop in Qatar's supply of liquefied gas, or LNG, pushed up prices by about \$80 per ton.

BEST DEAL, STRONGEST BOND: INDIA LEADS THE PACK IN US TRADE RACE

Commerce Minister Piyush Goyal, in his address at Raisina Dialogue 2026, announced that the best trade deal between the US and a rival country has been achieved by India and that the partnership is "very powerful" and multi-dimensional. India gets the lowest reciprocal tariff of 18% as opposed to 35% in the case of China, and zero tariffs are applicable in certain export areas, including the pharmaceutical industry.



INDIA SAYS IT NEEDS TO BUILD RESOURCE BUFFERS, REPRIORITISE FISCAL SPENDING



Finance Minister Nirmala Sitharaman indicated a clear change in strategy, with a clear emphasis on the need to build resource buffers and carefully reprioritise spending as global uncertainties increase. There are plans to increase infrastructure and domestic manufacturing investments, with capital expenditure being raised to ₹12.2 lakh crore for FY27. India's fiscal deficit for FY27 stands at 4.3% of GDP, compared to FY26's figure of 4.4% of GDP. India has also sought to reduce external pressures by signing crucial trade deals, including one with the European Union.

INDIA'S FY27 PROMISE MEETS WEST ASIA PERIL: FINMIN SOUNDS THE ALARM

India starts FY27 with a projected growth rate of 7.0-7.4%, driven by robust domestic demand and solid macroeconomic fundamentals. Nevertheless, the Finance Ministry has indicated that the West Asia conflict could have profound and lasting impacts, which are not fully understood, and which could impact the exchange rate, the current account deficit, and inflation. The conflict has been worsened by the US-Israel strikes in Iran, which have disrupted the flow of oil through the Strait of Hormuz, which carries 20% of the world's oil traffic.



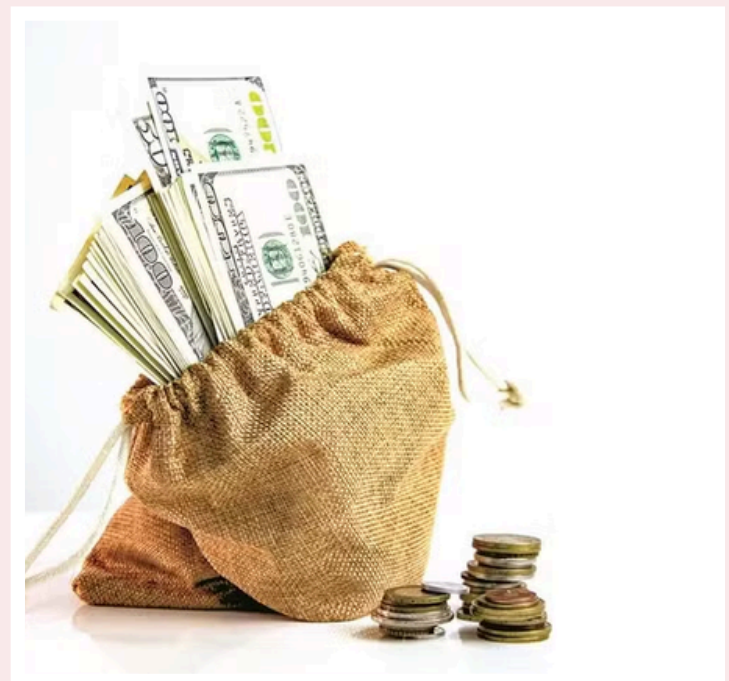
INDIA FACES RUPEE, INFLATION RISKS FROM WEST ASIA CONFLICT



Moody's has also stated that there are chances of a rise in the Indian Rupee, increased inflation, and a widening current account deficit if the West Asian crisis leads to a rise in energy prices, as India imports 46% of its oil and gas from the region. In a prolonged conflict scenario, if Brent crude prices average above \$100 a barrel, the global economy will be forced to tighten financial conditions and raise interest rates.

INDIA'S FOREX RESERVES HIT RECORD \$728.5 BN ON GOLD, CURRENCY GAINS

India's foreign exchange reserves have reached a record high of \$728.49 billion during the week ending February 27, beating the previous high of \$726 billion achieved on February 13. The total reserves have increased by \$4.88 billion, with the gold reserves going up by \$4.14 billion to \$131 billion due to a 3.36% increase in gold prices to \$5,278/oz. Foreign currency assets have also increased by \$561 million. The total increase in the Indian forex reserves during the current financial year is \$63 billion.



INDIAN HOUSEHOLDS FACE A LOOMING FUEL CRUNCH AS WEST ASIA CRISIS DRAGS ON



India may face a potential cooking gas shortage in the coming weeks as escalating conflict in the Persian Gulf disrupts shipments of LPG. Cargoes carrying oil and ILPG remain stuck near the Strait of Hormuz, raising concerns about an energy crisis and possible inflation. India, the world's second-largest LPG importer, relies heavily on Middle Eastern supplies. Although alternative sourcing from US, Russia, or Argentina is possible, volumes are limited. Current LPG stocks may last about 30 days while contingency plans are being discussed.

PM NARENDRA MODI ASKS INDUSTRY TO MAKE THE MOST OF TRADE DEALS

Prime Minister Narendra Modi said at a webinar on MSMEs, that procurement decisions should consider durability, sustainability, and long-term value rather than just the lowest price. Reforms in MSME classification and government policies have improved access to finance, markets, and technology for small businesses. The government supports MSMEs through initiatives that enhance competitiveness, innovation, and integration into global supply chains.



JAPAN AND INDIA RENEW \$75 BN BILATERAL SWAP PACT TO BOOST FINANCIAL SAFETY



India and Japan have renewed their Bilateral Swap Arrangement (BSA) from 28 February 2026, keeping the facility size unchanged at up to \$75 billion, according to the Reserve Bank of India. The agreement was signed between the Bank of Japan, acting for Japan's Ministry of Finance, and the RBI through the third amendment and restatement of the pact. The arrangement aims to strengthen financial safety nets, deepen bilateral financial cooperation, and support regional and global financial stability during economic uncertainties.

WEST ASIA CRISIS: RUPEE BREACHES 92 AGAINST \$, RBI BUYS GOVT BONDS

The INR weakened to its lowest level in nearly three weeks as the USD strengthened in global markets. Rising crude oil prices and continued foreign fund outflows also pressured the currency. Analysts noted that higher oil costs increase India's import bill. Market participants are closely watching upcoming US economic indicators and policy signals from the Federal Reserve, which could influence global capital flows.



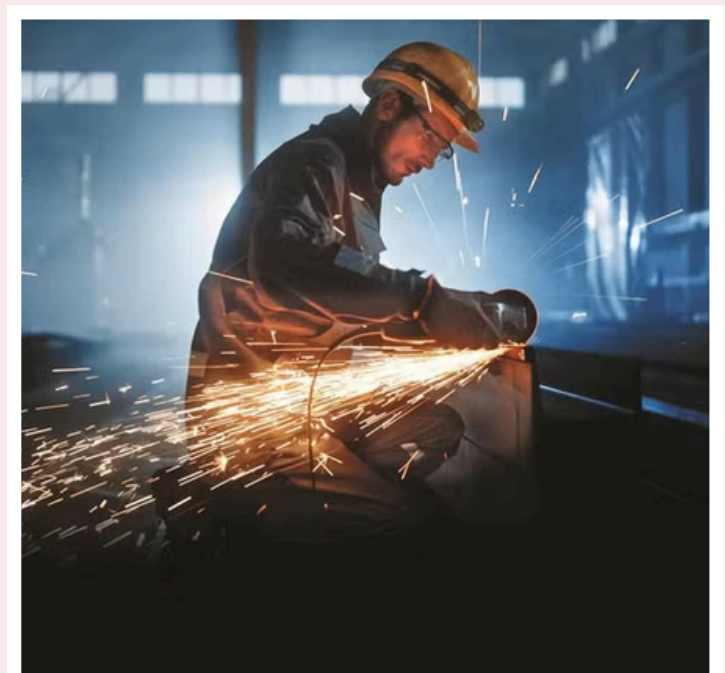
SCIENCE, TECHNOLOGY AND TALENT: PILLARS OF INDIA-CANADA RENEWED PARTNERSHIP



Canadian Prime Minister Mark Carney's visit to India, focused to deepen collaboration in energy transition, artificial intelligence, critical minerals, talent mobility, and digital infrastructure. They also launched a Strategic Energy Partnership and renewed the Energy Dialogue to promote clean energy cooperation. The initiatives highlight a shared commitment to sustainable development, technological innovation, and stronger bilateral ties addressing global economic and energy challenges.

INDIA'S INDUSTRIAL OUTPUT FALLS TO 4.8% IN JAN 2026 AGAINST 8% IN DEC 2025

India's industrial output, measured by the Index of Industrial Production (IIP), grew 4.8% in January 2026, slightly lower than the revised 8% growth recorded in December 2025. The slowdown was mainly due to weaker performance in mining and manufacturing sectors. Manufacturing growth moderated to 4.8%, while mining expanded 4.3%. Power generation increased 5.1% YoY. Infrastructure and construction goods showed the strongest growth, while consumer non-durables experienced a contraction during the month.



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