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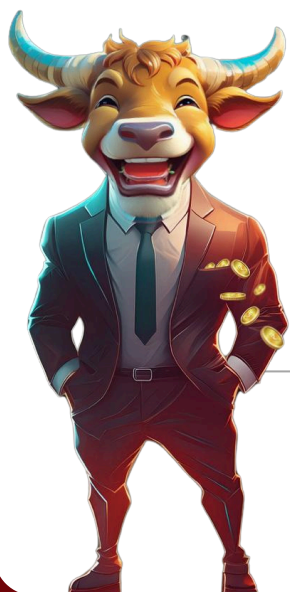
ICFAI BUSINESS SCHOOL

MUMBAI



# अनंदा

## UNWRAPPED WEEKLY



## NEWSFLASH

21st April- 27th April

Design Credits - Kunwarjeet Singh Rautela & Dhairya Mehta

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## NET ECB INFLOWS MORE THAN DOUBLE IN APR-FEB; HIGHEST IN AT LEAST 5 YEARS



India's net External Commercial Borrowing (ECB) inflows surged to \$20.3 billion that was more than doubling in a period between April 2024 and February 2025 and was the most in five years at least. This rapid growth was primarily attributed to lower global interest rate measures, which made borrowing cheaper. ECB registrations amounted to \$50.1 billion, while disbursements totaled \$46.1 billion over the period. These high ECB inflows indicate increased investor confidence in India, and some of this foreign capital can be put to use for India's growth and development.

## INDIA, NETHERLANDS DISCUSS WAYS TO STRENGTHEN TRADE, INVESTMENTS TIES

India and the Netherlands are making efforts to strengthen their trade and investment relationship. During his visit to The Hague, Commerce Secretary Sunil Barthwal discussed new ways to increase cooperation through the Joint Trade and Investment Committee. Both countries are looking to work more closely in important areas like startups, technology, and space. India's exports to the Netherlands grew by 1.75%, reaching \$22.76 billion in 2024–25. The talks show that both sides are interested in building a strong and growing partnership.





## FPI OUTFLOWS FROM INDIAN DEBT MARKET HIT \$2.27 BILLION IN APRIL, BIGGEST SINCE 2020



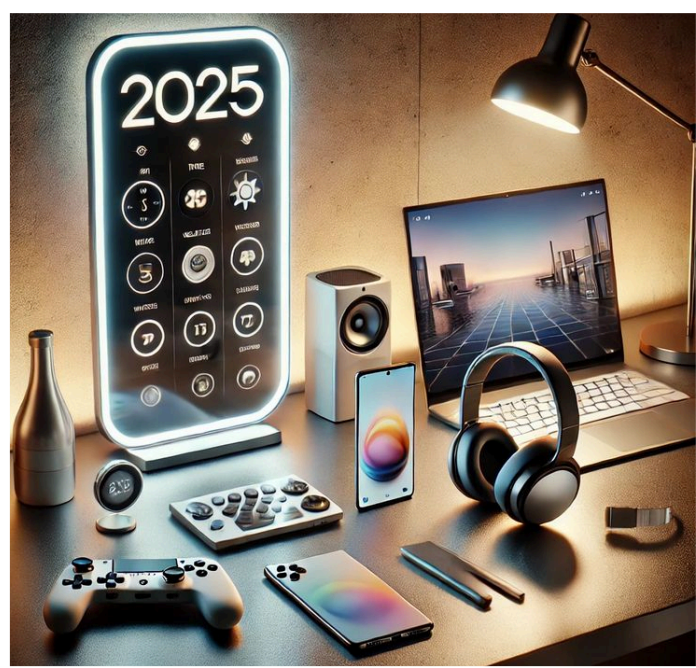
In April 2025, Foreign Portfolio Investors (FPIs) pulled out \$2.27 billion from India's debt market. This was the biggest monthly outflow since May 2020. Before this, India had seen four months of steady inflows. The main reason for the outflows is the narrowing gap between Indian and U.S. bond yields. India's 10-year bond yield fell from 6.6% to 6.33%, while U.S. yields rose from 3.99% to 4.35%. As a result, U.S. bonds became more attractive. This may impact India's financial markets.

## AS FOREIGN LOANS TURN COSTLY, INFRASTRUCTURE DEBT TO SEE DOMESTIC REFINANCING

Indian infrastructure firms have been shifting from foreign loans to domestic refinancing. The trend is due to foreign borrowing costs rising because of higher global interest rates and a weaker rupee. Other countries are more expensive, and they are now finding better and cheaper methods to raise local funds. The domestic banks and institutions are giving good terms with refinancing. We will also see more appetite for rupee denominated bonds and loans. This is also expected to lower currency risks and strengthen India's financial markets.



## **CENTRE MULLS 10% CAP ON CHINESE EQUITY IN ELECTRONICS JOINT VENTURES**



The Government of India is exploring a 10% cap on Chinese equity in an electronics joint venture (JV) with technology transfer. The goal is to develop operations in India and reduce reliance on foreign technology. Possibly, for U.S. or European companies relocating from China to India, there may be exceptions to allow Chinese suppliers, in such cases, to have 49% equity. Each JV would be assessed on a case-by-case basis. It is also part of India's plan to create a self-reliant electronics manufacturing sector.

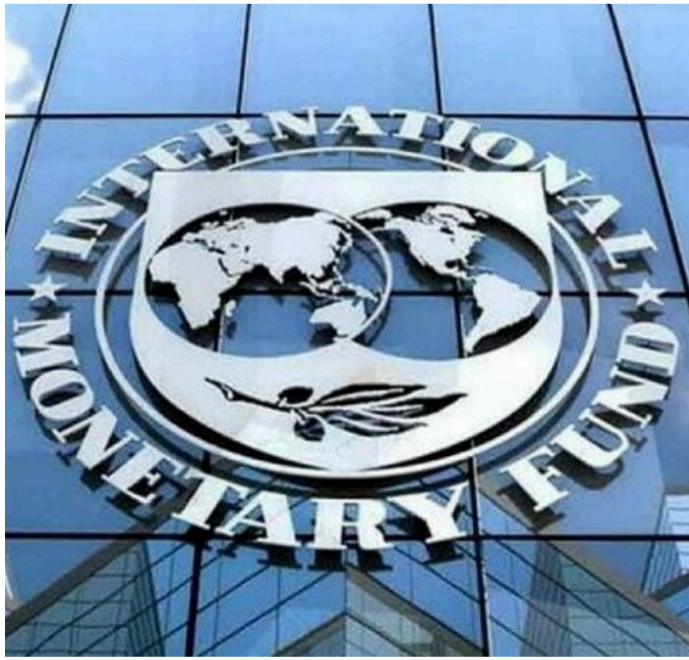
## **INDIA CONSIDERS ALLOWING 49% FOREIGN STAKES IN NUCLEAR POWER PLANTS**

India is thinking about allowing foreign firms to own up to 49% equity in nuclear power plants to boost clean energy output. The government is looking to amend the Civil Liability for Nuclear Damage Act and the Atomic Energy Act to allow private and foreign investment developers to build and operate nuclear plants and atomic fuel. The proposed changes will be tabled as part of the July monsoon session of parliament. India has 8 GW of nuclear capacity, and it will expand nuclear capacity to 100 GW by 2047.





## **IMF CUTS INDIA'S FY26 GROWTH FORECAST TO 6.2% AMID RISING TRADE TENSIONS**



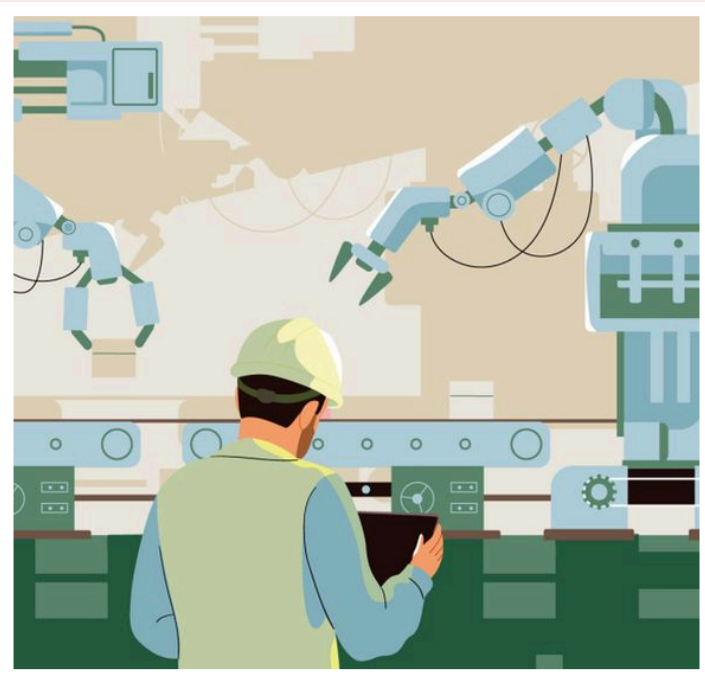
The International Monetary Fund (IMF) has lowered India's GDP growth forecast for fiscal year 2025–26 to 6.2%, from 6.5% forecasted earlier. This reduction accounts for increased global trade tensions and uncertain economic prospects that are largely attributable to U.S. tariffs. Despite this, the outlook for the economy of India remains fairly stable, helped by strong private consumption with the rural economy particularly performing well. The IMF revised inflation down slightly with the average consumer price inflation anticipated to be 4.2% in FY26 and 4.1% in FY27.

## **SAUDI INVESTMENTS TO INDIA HAVE JUMPED 60X IN A DECADE**

Saudi Arabian investment in India has increased more than 60 times in the last decade which demonstrates improving economic ties. In 2014, Saudi Arabia invested \$51 million for 47th place in foreign investment into India. This was \$3.13 billion by 2020 (0.6 per cent of India's total foreign direct investment (FDI). The share went down to 0.45 per cent in 2024, but the investment value continues to increase. Growth is focused in infrastructure, energy, and tech sectors. Many Indian firms gain significant contracts in Saudi Arabia.



## **APRIL COMPOSITE PMI AT 60 AS BIZ GROWTH HITS 8-MONTH HIGH ON EXPORT SURGE**



India's private sector expanded at its highest rate in eight months in April 2025, with the composite Purchasing Managers' Index (PMI) coming in at 60.0 from 59.5 in March. The growth was thanks in part to a large spike in export orders, particularly in manufacturing, where the PMI rose to a one-year high of 58.4. While strong service sector growth continued, the PMI reached a four-month high of 59.1. One area of concern expressed in the survey was a decline in business confidence, particularly over possible U.S. tariffs.

## **VC INVESTMENT IN INDIA DIPS TO \$2.4 BILLION AS INVESTORS FRET AMID GLOBAL UNCERTAINTIES**

Venture capital (VC) investment in India is \$2.4 billion in Quarter 1 of 2025, down from \$2.6 billion in the previous quarter. The decline is due to uncertainties globally which have caused investors to become more cautious. However, India continues to attract VC funding in different sectors including e-commerce, quick commerce, payments and lending. Experts have said that the short term is likely to be a softer VC environment but remain optimistic about the long term, based on strong fundamentals of the Indian economy and upcoming IPOs from startups.





## **TRADE WAR'S HIT ON INDIAN ECONOMY LIKELY TO BE LIMITED, SAYS RBI BULLETIN**



The Reserve Bank of India's April 2025 bulletin indicates that India's economy remains resilient amid global trade tensions. Despite potential impacts from weakened external demand, domestic consumption and investment are expected to sustain growth. Liquidity measures since mid-January have stabilized money markets, with softened short-term rates. India's low external debt-to-GDP ratio and substantial foreign-exchange reserves further bolster its economic stability. The agricultural sector shows promise due to favorable harvests, though rising temperatures pose risks.

## **INDIA LIFTED 171 MN PEOPLE ABOVE EXTREME POVERTY LINE IN 10 YRS: WORLD BANK**

India has lifted 171 million people above the extreme poverty line over the past decade. The proportion of people living on less than \$2.15 per day dropped from 16% in 2011–12 to just 2.3% in 2022–23. This decline was most noticeable in rural areas, where poverty fell from 18.4% to 2.8%. Additionally, using a higher poverty threshold of \$3.65 per day, poverty fell from 61.8% to 28.1%, benefiting 378 million people. These improvements are attributed to targeted government programs and economic growth.





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