

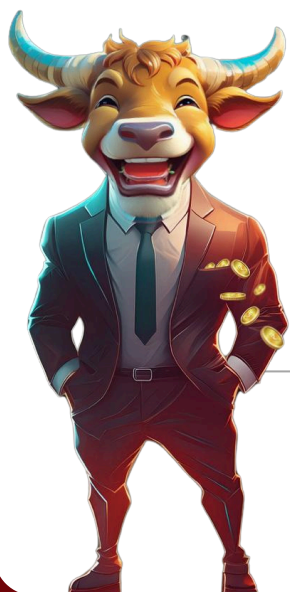
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अर्थ UNWRAPPED WEEKLY



NEWSFLASH

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RURAL FMCG'S MARKET GROWTH OUTPACES URBAN IN Q4 AS QCOM SEES GROWTH



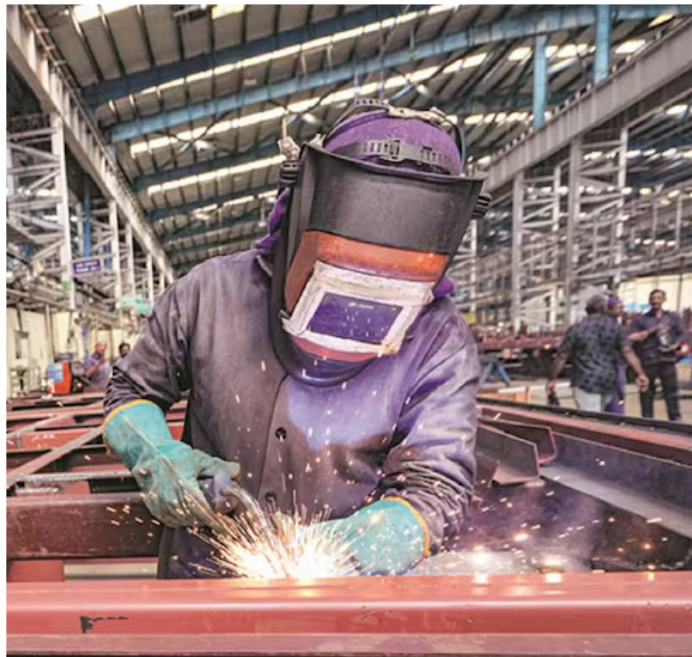
In Q4 FY25, India's FMCG sector saw rural market growth outpacing urban areas, despite urban markets contributing nearly two-thirds of total sales. Persistent food inflation dampened urban demand, while traditional trade channels like Kirana shops faced challenges. Conversely, modern trade, e-commerce, and quick commerce channels experienced robust growth, with quick commerce sales doubling year-over-year. FMCG companies anticipate improved profitability in FY26, citing expectations of moderating inflation and a normal monsoon.

GOVT SET TO EXCEED FY25 CAPEX TARGET OF RS 10.18 LAKH CRORE BY A MODEST MARGIN

The Indian government is on track to exceed its capital expenditure (capex) target of Rs. 10.18 lakh crore for the current fiscal year (FY25) by a small margin. This significant investment in infrastructure development is being driven by a strong focus on infrastructure projects across several sectors. The government aims to utilize the capex push to boost economic growth and create employment opportunities. The projected surplus is expected to contribute positively to overall economic activity and reinforce the government's commitment to infrastructure development.



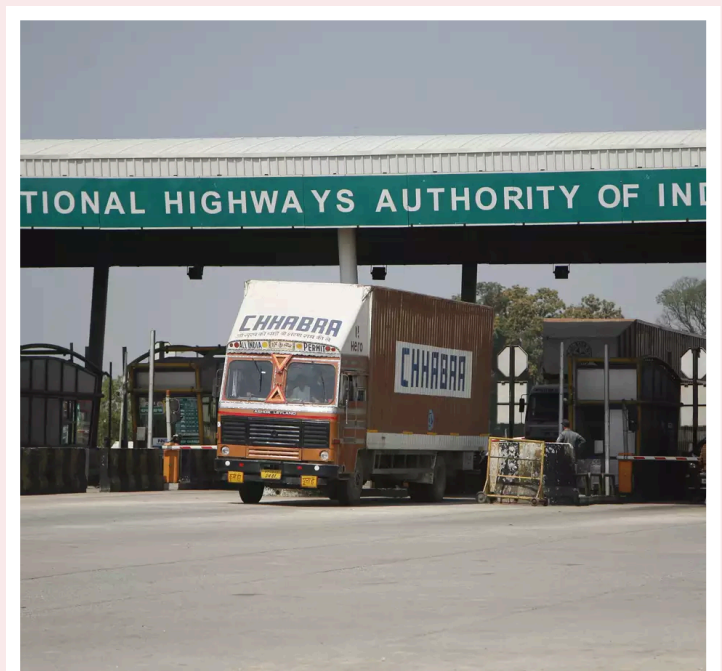
INDIA'S MARCH FACTORY ACTIVITY EXPANDS AT ITS FASTEST PACE IN 8 MONTHS



India's manufacturing activity surged in March, with the HSBC India Manufacturing PMI rising to 58.1 from 56.3 in February. Strong domestic demand boosted new orders and output, though export orders grew at a slower pace. Firms reduced inventories, leading to the fastest drop in finished goods stocks in over three years. Business expectations were optimistic, with 30 per cent of firms expecting higher output. Workforce expansion continued, though at a slower pace. Despite rising input costs, output price inflation slowed to its weakest level in a year.

NHAI'S OVERALL NH CONSTRUCTION INCREASES 9% TO 5,614 KILOMETRES IN FY25

In FY25, NHAI constructed 5,614 kilometers of highways, 9 per cent above its target but lower than the previous year's 6,644 kilometers. The slowdown was due to election-related delays and clearance issues. NHAI raised a record INR 17,738 crore through NHIT monetization. The overall construction target for FY25 was 10,421 kilometers, with 10,000 kilometers planned for the next year. Despite challenges, NHAI made significant progress in highway development.



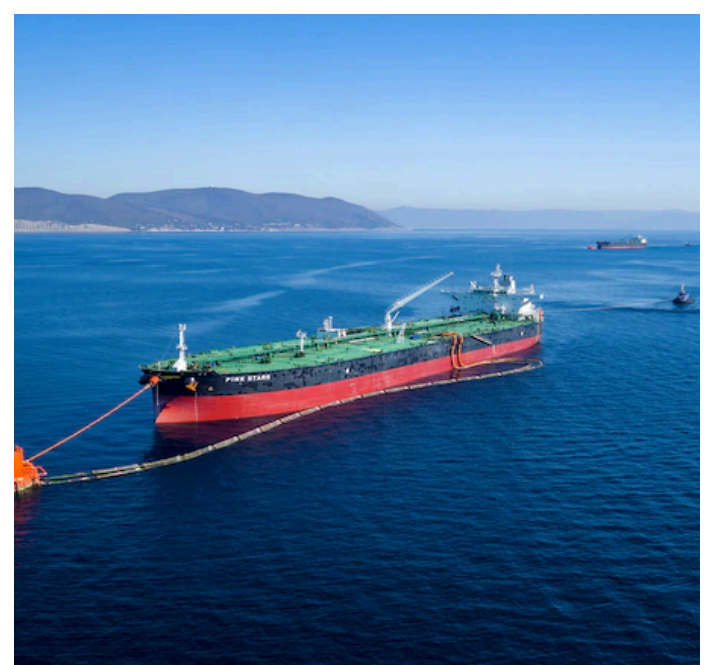
FED'S POWELL SAYS LARGER-THAN-EXPECTED TARIFFS LIKELY TO BOOST INFLATION, SLOW GROWTH



Federal Reserve Chair Jerome Powell stated that President Donald Trump's newly announced tariffs are larger than anticipated, likely leading to increased inflation and slower economic growth. He emphasized the uncertainty of the current economic outlook, with risks of both higher unemployment and inflation, complicating the Fed's objectives. Powell refrained from indicating any immediate policy response, highlighting the need to assess the evolving situation carefully.

INDIA LOADED UP MORE RUSSIAN OIL IN MARCH AS BIDEN ERA SANCTIONS FAIL TO CURB SUPPLY

India purchased 1.9 million barrels per day (bpd) of crude oil from Russia during March 2025 with its imports reaching eight months highest level despite U.S. imposed financial restrictions. The increase of 480,000 bpd month-on-month and 300,000 bpd year-on-year indicates poor enforcement of the current sanction regulations. According to experts, India will maintain its position as Russia's leading oil importing nation throughout 2025 unless additional stringent measures are put in place.



INDIA'S FOREX RESERVES NOW 4TH LARGEST GLOBALLY: FM NIRMALA SITHARAMAN



The fourth position for foreign exchange reserves in the world belongs to India as Finance Minister Nirmala Sitharaman stated, providing coverage for 11 months of imports. Upon undergoing thorough analysis this strong reserve position functions as both an economic stability and a protective shield for external disruptions and it encourages investor trust. India's robust foreign exchange reserves indicate both solid economic principles and cautious policymaking and the ability to endure global and geopolitical threats.

FOOD & BEVERAGES INFLATION TO MODERATE TO 4.9% IN FY26, SAYS ICRA

ICRA projects that food and beverages inflation in India will moderate to 4.9 per cent in FY26, down from an estimated 7 per cent in FY25. This anticipated decline is attributed to easing food prices, which may provide relief to low and middle-income households and potentially boost discretionary consumption. In February, food inflation dropped below 4 per cent for the first time in nearly two years, contributing to a decrease in the Consumer Price Index (CPI) inflation to 3.61 per cent. The decline was driven by a 1.1 per cent decrease in vegetable prices and deflation in pulses.



INDIA'S GROWTH TO BE HIGHEST AMONGST ADVANCED, EMERGING G20 NATIONS: MOODY'S



According to Moody's forecasts India's economic growth rate for 2025–26 will reach 6.5 per cent and position it as the G-20's top performer. Economic growth receives support through tax reforms and monetary easing as well as resistance against global capital movement changes. Inflation is forecasted at 4.5 per cent. The combined impact of INR 1 lakh crore tax relief along with RBI rate cuts creates demand growth. The low external vulnerability of India along with Brazil brings stability to the nation during global economic challenges.

US TARIFFS TO HIT INDIA'S GDP GROWTH, PROMPT MORE RATE CUTS

The recent 26 per cent tariffs imposed by the U.S. on Indian imports are projected to reduce India's GDP growth by 20 to 40 basis points in the FY25-26, potentially lowering it from RBI's forecast of 6.7 per cent to as low as 6.1 per cent. In response, analysts anticipate that the RBI may implement additional interest rate cuts totaling up to 75 basis points, bringing the policy repo rate down to 5.5 per cent. These measures aim to mitigate the economic slowdown and support domestic demand amid escalating trade tensions.



US SLAPS 26% RECIPROCAL TARIFF ON INDIA BUT OPPORTUNITY KNOCKS



India faces import tariff restrictions of 26 per cent after the U.S. applied trade barriers on their merchandise products. A financial impact of USD 8–10 billion on trade can arise from this decision which represents 0.2 per cent of India's GDP. Pharmaceuticals enjoy complete exemption from the tariffs yet India faces less restrictive tariffs than China and Vietnam which creates potential benefits for strategic reorganization and supply chain reshuffling as well as export market expansion.

INDIA, SRI LANKA SIGN 5-YEAR DEFENCE MOU DURING PM MODI'S COLOMBO VISIT

During PM Modi's visit India along with Sri Lanka agreed upon a five-year defence cooperation MoU which served as their initial significant defense agreement. The bilateral agreement between both nations involves official signatures that maintain legal and UN principles between the countries. The agreement grants both parties the right to cancel their engagement using a notice period of three months as it strengthens their combined training and military partnership.





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