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NEWSFLASH

17th February - 23rd February

Design Credits - Foram Mistry & Vansh Chhabra

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INDIA'S JANUARY MERCHANDISE TRADE DEFICIT WIDENS TO \$23 BILLION



India's merchandise trade deficit widened to \$22.99 billion in January 2025 from \$21.94 billion in December, as exports fell 2.4% while imports rose 10.3% YoY. Key export drivers included electronics, pharmaceuticals (up 21.46%), gems & jewellery (up 15.95%), and rice (up 44.61%). April-January merchandise exports grew 1.2% to \$358.91 billion, while imports rose 7.4% to \$601.90 billion. However, strong services exports (up 14.5%) helped narrow the overall trade deficit to \$2.67 billion in January and \$87.47 billion in FY25 so far.

JAPAN'S ECONOMY EXPANDS IN Q4, BUT CONSUMPTION REMAINS A CONCERN

Japan's Q4 GDP grew 0.7% QoQ & 2.8% annualized, surpassing forecasts due to strong exports, while domestic demand remained weak. Capital expenditure rose 0.5% but missed expectations. The growth was driven by historical data revisions, masking underlying weakness. Consumer spending is expected to stay sluggish in early 2025, pressured by yen depreciation & inflation. Despite Q4 growth, annual GDP slowed sharply to 0.1% from 1.5% in 2023. The Nikkei 225 fell 0.29%, while the yen strengthened 0.2%.



SEBI CANCELS LICENSES OF 19 FOREIGN VC INVESTORS



SEBI canceled the registration of 19 foreign venture capital investors (FVCIs) from Mauritius, Singapore, and Cyprus for regulatory violations. Many were defunct, with 11 inactive for over five years. Despite show-cause notices in December 2024, no responses were received. Custodians confirmed they held no securities in India. SEBI found they failed to file reports, disclose activity discontinuation, or update addresses. The entities no longer met eligibility criteria, leading to their deregistration.

UNEMPLOYMENT RATE IN URBAN AREAS DIPS TO 6.4% IN DECEMBER QUARTER

India's urban unemployment rate for people aged 15 years and above dipped to 6.4% in Q3 FY25, unchanged from the previous quarter but lower than 6.5% a year ago, as per NSSO's PLFS. Female unemployment fell to 8.1% from 8.6%, while male unemployment remained at 5.8%. Labour force participation increased to 50.4% from 49.9% a year ago. PLFS, launched in 2017, provides quarterly labour indicators, measuring employment trends based on a weekly status approach over a seven-day survey period.



SEBI PLANS SIM BINDING, BIOMETRICS TO CURB TRADING FRAUD



SEBI has proposed enhanced security measures for online trading, including SIM-binding and mandatory biometric authentication, to prevent unauthorized access and fraud. A SIM-binding mechanism will link trading accounts to registered mobile devices, while biometric authentication will be required for logins. Investors can monitor active sessions, set trade limits, and temporarily lock accounts. Initially, the system will be voluntary for top 10 stockbrokers before becoming mandatory. SEBI has invited public feedback on the proposals until March 11, 2025.

RBI LAUNCHES 'RBIDATA' APP FOR ECONOMIC TRACKING & MORE

The RBI launched the RBIDATA mobile app on February 18, providing macroeconomic and financial data in a user-friendly, visually engaging format. The app offers access to 11,000 economic data sets, time series data in charts, and downloadable reports. Key features include a search function, popular reports section, and banking outlet locator within 20 km. Users can also access SAARC economic data. Available on Android and iOS, the app aims to assist researchers, students, and the public while gathering user feedback for improvements.



INDIA-UK TO RESUME FREE TRADE AGREEMENT TALKS AFTER YEAR-LONG PAUSE



India and the UK are set to resume Free Trade Agreement (FTA) talks after a year-long pause, initially halted due to the UK's 2024 general elections. UK Business and Trade Secretary Jonathan Reynolds will visit India to meet with Commerce Minister Piyush Goyal, signaling the restart of negotiations. The talks will likely focus on issues like worker mobility, tariff reductions on goods like Scotch whisky, and the impact of the UK's Carbon Border Adjustment Mechanism. Bilateral trade has grown significantly, from \$17.5 billion in FY22 to \$21.34 billion in FY24.

RBI UNVEILS \$10 BILLION FX SWAP TO BOOST RUPEE LIQUIDITY

The Reserve Bank of India (RBI) will conduct a \$10 billion three-year dollar/rupee swap on February 28, infusing around 870 billion rupees into the banking system amid persistent cash shortages. This follows a \$5.1 billion six-month swap earlier, which failed to ease liquidity constraints. Analysts believe the move signals a shift in RBI's forex strategy, ensuring durable liquidity for effective rate transmission and a potential tolerance for a weaker rupee. The swap is expected to impact bond yields, reduce the need for open-market operations, and support financial system stability.



RBI MPC MINUTES: NAGESH KUMAR PUSHED FOR 50 BPS RATE CUT AMID SLOWDOWN



RBI MPC member Dr. Nagesh Kumar advocated for a 50 bps rate cut due to economic slowdown but ultimately voted for a 25 bps cut, citing global uncertainties, as per MPC minutes. He emphasized the need to revive growth, highlighting manufacturing sector weakness. Kumar had pushed for a rate cut since October 2024, noting that moderating inflation provided room for easing. The RBI MPC reduced the repo rate to 6.25% in February, with the next meeting set for April 7-9, 2025.

RUPEE DIPS ON WEAK EQUITIES, IMPORTER DEMAND BUT ENDS WEEK HIGHER

The Indian rupee weakened slightly on Friday, closing at 86.71 against the U.S. dollar due to importer demand and weak equities, despite early gains from a softer dollar. The rupee ended the week 0.1% higher. Foreign investors have sold over \$11 billion in Indian stocks in 2025, pressuring equities. The dollar index rose to 106.6, while Asian currencies gained. Traders noted dollar-rupee swaps by state-run banks, possibly on behalf of the RBI, to manage liquidity amid ongoing market volatility.



PRIVATE SECTOR ACTIVITY RISES TO SIX-MONTH HIGH OF 60.6 IN FEBRUARY



India's private sector activity expanded at its fastest pace in six months, with the HSBC Flash India Composite PMI rising to 60.6 in February from 57.7 in January. Services activity surged to 61.1, while manufacturing slipped to 57.1. Strong global restocking boosted new export orders, improving business optimism. Input costs eased, but output prices rose, benefiting goods producers. However, concerns remain over weak manufacturing output and stagnant unemployment, with more workers shifting to services and agriculture in Q3.

INDIA, US AGREE TO CUT TARIFFS VIA 'MUTUALLY- BENEFICIAL' TRADE DEAL

India and the US have agreed to cut tariffs on select goods under a proposed Bilateral Trade Agreement (BTA) to boost trade, targeting \$500 billion by 2030. Talks, initiated during Trump's first presidency, were shelved by Biden but are now revived. The deal aims to enhance exports of industrial and labor-intensive goods while remaining separate from US reciprocal tariffs. The US, focused on larger trade deficits with China and Mexico, runs a \$40 billion deficit with India, its top export destination.



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