

INDIA FOCUS



Investing in people, economy and innovation defines the road map for a developed India

NARENDRA MODI,
Prime Minister

2024 budget is exceptionally important

EAM S JAISHANKAR,
Minister of External Affairs



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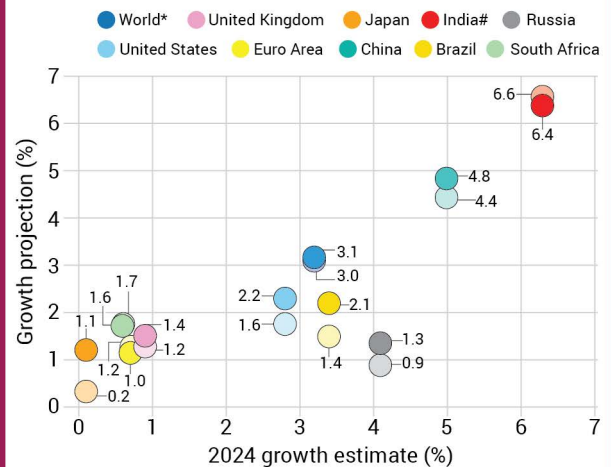
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Indian economy resilient despite global trade tensions: RBI bulletin

Amid challenges, economy getting support from agriculture sector and improving consumption



Global GDP Growth Projections



Note: *PPP weighted #India's data is on a fiscal year basis
Darker (lighter) shaded circles pertain to 2025 (2026) forecasts
Source: OECD Global Economic Outlook, March 2025

The Indian economy continues to demonstrate resilience and that is evident in the robust performance of the agriculture sector and improving consumption despite escalating trade tensions, said the Reserve Bank of India (RBI)'s bulletin issued in March.

The resilience of the global economy is being tested by escalating trade tensions and a heightened wave of uncertainty around the scope, timing and intensity of tariffs, said an article published in the bulletin. While engendering heightened volatility in global financial markets, these have also

caused apprehensions about a slow-down in global growth, it said. "Amid these challenges, the Indian economy continues to demonstrate resilience as evident in the robust performance of the agriculture sector and improving consumption."

The RBI said the views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

The reverberations of a tumultuous external environment, however, are being reflected in sustained foreign portfolio outflows, said the authors of the bulletin.

The article further said India's macroeconomic strength to face these challenges is bolstered by a decline in the headline inflation. The Consumer Price Index (CPI)-based inflation fell to a seven-month low of 3.6% in February 2025 on account of a correction in food prices.

Sound fiscal policies, a well-calibrated monetary framework and digital transformation initiatives are expected to provide a strong foundation for long-term sustainable economic growth, said the bulletin.

It also said that macroeconomic fundamentals remain strong, and economic growth is poised to sustain momentum driven by robust domestic demand, steady investment activity, and ongoing policy-driven infrastructure development along with a pick-up in government spending.

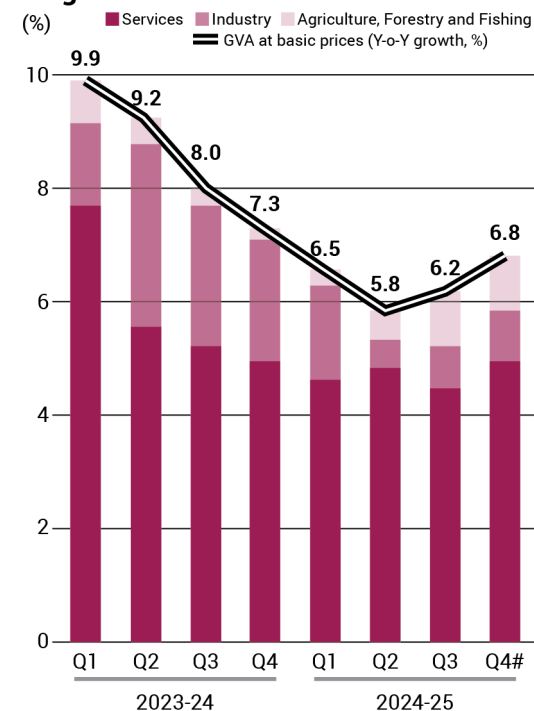
The article noted that the resilience of the global economy is being tested by escalating trade tensions and a heightened wave of uncertainty around the scope, timing and intensity of tariffs.

The article further said high frequency indicators suggest that aggregate demand continued to remain resilient in the fourth quarter of 2024-25.

"Activity indicators such as e-way bills and toll collections recorded double digit (y-o-y) growth in February 2025," it said.

Also high frequency food price data for March so far (up to 17th) show an increase in cereal prices, both for rice and wheat. Edible oil prices have firmed up as well – mainly driven by palm, soybean and sunflower oil. Pulses prices, on the other hand, continued to show broad-

Weighted Contribution To GVA Growth



Note: #Implicit growth
Source: NSO, and RBI staff estimates

based moderation.

Prices of key vegetables including potato, onion and tomato witnessed further correction.

According to the article, India's financial landscape is also navigating these external risks manifested through various channels while addressing domestic funding needs. ■

Fitch keeps India's FY26 GDP growth forecast at 6.5%, ups FY27 projection to 6.3%

Fitch Ratings has kept India's gross domestic product (GDP) growth forecast for FY26 unchanged at 6.5% and revised upwards its FY27 growth projection by 10 basis points to 6.3%.

Its March Global Economic Outlook report noted that while more aggressive-than-expected US trade policies pose a risk to its forecast, India is somewhat insulated due to its low reliance on external demand.

The report stated that the increase in tax-free income allowances and revised tax brackets in the budget will raise post-tax incomes and support consumer spending growth, albeit at a slower rate than this year.

While assessing the budget as broadly neutral for growth, Fitch Ratings said it expects a pick-up in capital spending over the next two financial years. "Business confidence remains high, and lending surveys point to continued double-digit growth in bank lending to the private sector... These factors – together with a reduction in the cost of capital – underpin our expectation of a pickup

in capital spending for FY26 and FY27," the report stated.

The Economic Survey has projected GDP growth for FY26 at 6.3-6.8%. As per official estimates, GDP growth in the current financial year is expected to be 6.5%.

India's real GDP growth slowed to 5.4% in the July-September 2024 quarter before rebounding to 6.2% in the following quarter.

Fitch Ratings noted that consumer confidence has edged down in recent months, and vehicle sales have eased significantly.

The report highlighted that lower inflation will boost real incomes, while labour market indicators – based on both official data and Purchasing Managers' Index (PMI) survey data – suggest steady employment growth and increased participation.

"Net exports have supported GDP growth this year due to a combination of strong export growth and falling imports. We expect this to normalise so that net exports' contribution to growth will be broadly neutral over FY26 and FY27," Fitch Ratings said. ■

India to become world's third-largest economy by 2028: Morgan Stanley

India will be the world's third-largest economy by 2028 as it becomes the world's most sought-after consumer market and gains share in global output, driven by macro stability influenced policy and better infrastructure, Morgan Stanley said.

From a \$3.5 trillion economy in 2023, the Indian economy is projected to expand to \$4.7 trillion in 2026, which will make it the fourth-largest in the world behind the US, China and Germany. In 2028, India will overtake Germany as its economy will expand to \$5.7 trillion.

According to Morgan Stanley, India was the 12th largest economy in the world in 1990, slipped to 13th position in 2000 before rising to 9th rank in 2020 and 5th in 2023. India's share in the world GDP is projected to rise from 3.5% to 4.5% in 2029.

It projects three scenarios for India's growth - Bear - where the economy expands to \$6.6 trillion by 2035 from \$3.65 trillion in 2025, Base - where it grows to \$8.8 trillion and Bull - where the size balloons to \$10.3 trillion.

It saw GDP per capita rising from \$2,514 in 2025 to \$4,247 in the Bear scenario in 2035, \$5,683 under the Base scenario and \$6,706 under the Bull scenario.

"India is likely gaining share in global output in the coming decades driven by strong foundational factors, including robust population growth, a functioning democracy, macro stability influenced policy, better infrastructure, a rising entrepreneurial class and improving social outcomes," it said in a report. "The implication is that India will be the world's most sought-after consumer market, it will undergo a major energy transition, credit to GDP will rise and manufacturing could gain share in GDP."

Talking of present times, Morgan Stanley said the growth is likely recovering. "High-frequency indicators were mixed in recent weeks but are distinctly better than a couple of months ago. We expect growth to recover after a 2H24 (second half of 2024) slowdown on fiscal and monetary policy support, with recovery in service exports." It expected GDP at 6.3% in the current fiscal year ending March 31 and 6.5% in the next.

Consumption recovery is expected to get broad-based as the income tax cuts propel urban demand, to support the buoyant trend in rural consumption levels. Within investments, it saw public and household capex driving growth, while private corporate capex recovered gradually. The strength in services exports bodes well for the labour market outlook, coupled with moderating inflation which is likely to improve purchasing power.

As such, domestic demand is expected to emerge as the key driver of growth, bolstered by

policy support, both on the monetary and fiscal front, it said.

Headline inflation has cooled from its near-term peak to track close to 4%, driven by moderating food prices while core inflation continues to remain well-behaved. The outlook for headline inflation hinges on food prices (46% of the CPI basket), which is expected to soften in the coming months.

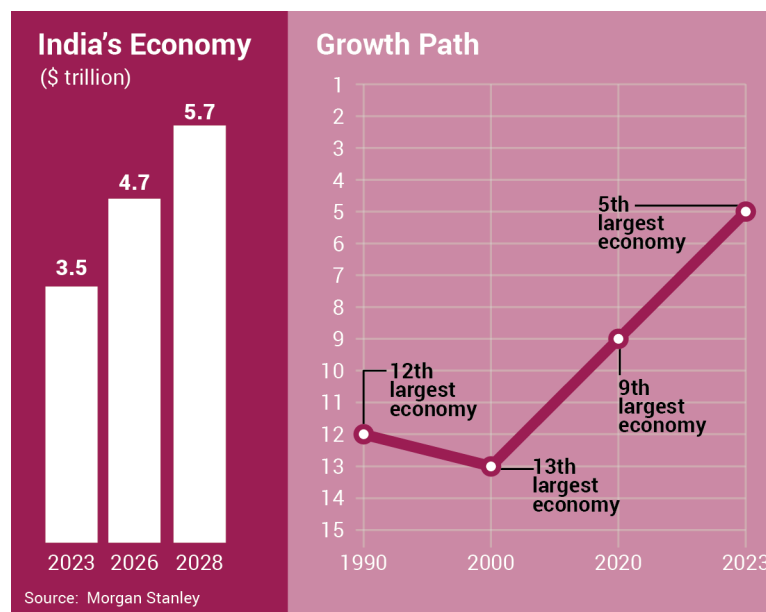
Morgan Stanley expects inflation will be 4.3% year-on-year in FY 2026-27, lower than 4.9% in FY 2025.

Within trade, the strength in service exports in part offsets the weak trend in goods exports due to tepid global demand. As such, the current account deficit is expected to remain benign, as it stays sub 1% of GDP in FY 2025-27, indicating continued resilience in the external balance sheet.

On the monetary policy front, the RBI is easing across all its levers -- rates, liquidity and regulations. It embarked on a rate easing cycle in the February policy and Morgan Stanley expected another 25 bps rate cut in the April policy.

On the fiscal side, the Budget aims at reinforcing growth recovery by spurring consumption (through income tax cuts) and spending mix in favour of capex; while at the same time keeping macro stability in check by maintaining fiscal prudence.

Stating that risks to growth stem from external factors, it said, "We closely monitor developments on trade and tariff policies by the US government, alongside the strength in the dollar, Fed's reaction function and global growth and financial conditions. On the domestic side, we track fiscal profligacy at the state level and/or any change in policy mix that would weigh on macro stability".



MACRO WATCH

Govt prioritises capital expenditure as key growth driver

Written using agency reports

The government has proposed a record effective capital expenditure (capex) of Rs 15.48 trillion for FY 2025-26, accounting for 4.3% of GDP. Of this, Rs 11.21 trillion (3.1% of GDP) has been allocated as core capex by the Centre. This significant investment aims to boost private sector participation, enhance global competitiveness and create new business opportunities.

Speaking at a post-budget webinar on “Regulatory, Investment, and Ease of Doing Business (EODB) Reforms,” Finance Minister Nirmala Sitha-



“Our government will now bring up the Jan Vishwas Bill 2.0 to decriminalise more than 100 provisions in various laws. It will further simplify processes for businesses”

Nirmala Sitharaman
Finance Minister

raman reaffirmed the government’s commitment to infrastructure-led growth. She emphasised that large-scale investments will strengthen industries, generate employment, and position India as a global economic powerhouse.

By fostering a business-friendly environment and strengthening the manufacturing sector, the government aims to attract domestic and foreign investments. Sitharaman stressed that these reforms will drive sustainable economic growth, improve industrial development, and enhance India’s position in the global economy. ■

India’s economic growth to exceed 6.5% in FY26: Moody’s

Written using agency reports

Moody’s Ratings projects India’s economic growth to surpass 6.5% in FY26, up from 6.3% in FY25, driven by

increased government capital expenditure, tax cuts, and monetary easing. The agency anticipates India to remain one of the fastest-growing large economies globally, despite a temporary slowdown in mid-2024.

The Finance Ministry’s Economic Survey estimates GDP growth for FY26 at 6.3-6.8%, while the current fiscal is expected to close at 6.5%. GDP growth had slowed to 5.6% in Q2 2024 but rebounded to 6.2% in the subsequent quarter.

Moody’s maintains a stable outlook for the banking sector but foresees a moderate decline in asset quality, particularly in unsecured retail, microfinance, and small business loans. Despite minor declines in net interest margins, bank profitability is expected to remain adequate. Loan growth is projected to slow to 11-13% in FY26, down from an average of 17% during FY22-FY24, as banks align lending with deposit expansion. ■

Nilekani lays path for India to reach \$8 trn by 2035

Written using agency reports

Infosys co-founder Nandan Nilekani said India will become the world’s most preferred IPO market by 2035, with a surge in start-ups driving economic growth. Speaking at the ArkamVC event in Bengaluru, he estimated that India will have 1 million start-ups by then, fuelling entrepreneurship through “binary fission.”

Nilekani outlined four crucial “Big Unlocks” needed to accelerate India’s growth from 6% to 8% and achieve an \$8 trillion economy: technology, entrepreneurship, formalisation, and capital access. He emphasised India’s digital transformation, citing the success of electronic toll payments and the DigiYatra initiative, which has benefited 14 million passengers since December 2022.

Highlighting India’s unified labour market, he pointed out stark disparities in state GDPs and fertility rates, noting that large-scale migration is reshaping regional economies. He stressed



“Today I will talk about four unlocks, which can change the trajectory of growth from 6% to 8% and GDP to go from \$6 trillion to \$8 trillion by 2035. Those four unlocks are technology, capital, entrepreneurship and formalisation”

Nandan Nilekani

the need to improve small business access to capital, calling it a major barrier to sustained growth.

Rather than broad policy shifts, Nilekani advocated for targeted solutions, referencing Aadhaar's success in revolutionising digital identity.

On artificial intelligence, he championed open-source AI models with Indian-language data to drive AI adoption at scale. He proposed AI applications in agriculture through an open agri network and in education to enhance learning outcomes.

Nilekani's vision underscores technology, entrepreneurship, and financial inclusion as critical drivers for India's rapid economic expansion. ■

MAKING CITIES SMART

PM announces creation of Rs 1 trn Urban Challenge Fund

Written using agency reports

Prime Minister Narendra Modi announced creation of a Rs 1 trillion Urban Challenge Fund, focusing on governance, infrastructure and financial sustainability, given that the country's urban population is projected to reach approximately 0.9 billion by 2047.

"Indian cities will be recognised for sustainable urban mobility, digital integration, and climate resilience plans," emphasised the PM in his virtual address at the post-budget webinar on employment.

Modi urged the private sector, particularly the real estate and industrial sectors, to prioritise and advance planned urbanisation. At the same time, he also stressed the importance of collaborative efforts to further initiatives like AMRUT 2.0 and the Jal Jeevan Mission.

Modi stated that this year's Union Budget paves the way for a stronger workforce and a growing economy. ■

REALTY RISE

India drives 16% surge in APAC office demand

Written using agency reports

India led the Asia-Pacific (APAC) office space demand in 2024, contributing significantly to the region's 15.9% year-on-year (YoY) growth, reaching 8.8 million sqm (94.7 million sq ft), according to Colliers' latest report. The second half of 2024 saw particularly strong leasing activity, with APAC demand rising 6.1% YoY to 4.7 million sqm (50.6 million sq ft).

India recorded 6.17 million sqm (66.4 million sq ft) of leasing activity in 2024, with a robust

second half driving 3.44 million sqm (37.0 million sq ft) of transactions — an 11% YoY increase. Bengaluru and Hyderabad accounted for more than half of India's Grade A space demand and supply. Technology firms and flex space operators made up 46% of leasing in the country's top six cities.

Despite a decline in new office supply across most APAC markets, India defied the trend with a 7% YoY increase, contributing 60% of the new supply in the region. Vacancy rates in India remained stable at 17%.

Colliers expects APAC office demand to strengthen in 2025, supported by stable economic growth and moderating inflation. India remains a key player, with global capability centres (GCCs) leasing 1.4 million sqm (~15 million sq ft) in H2 2024, accounting for over 40% of the total. Factors such as rental arbitrage, talent availability, and language proficiency will continue to drive India's office market expansion.

The outlook for 2025 remains positive, with demand for modern, flexible and sustainable office spaces gaining momentum across APAC. ■

CLEAN POWER

India poised to lead global green hydrogen revolution: Pralhad Joshi

Written using agency reports

The Union Minister for New and Renewable Energy, Pralhad Joshi, has reaffirmed India's commitment to becoming a global leader in green hydrogen production and utilisation. Speaking at the launch of India's first hydrogen-powered truck trials in New Delhi, he highlighted the National Green Hydrogen Mission (NGHM) as a key step toward energy self-sufficiency.

With a budget of Rs 197.44 billion, NGHM aims to position India as a hub for hydrogen production, storage, and industrial applications. Progress includes the allocation of 412,000 TPA of green



hydrogen production and approval of 3 GW of annual electrolyser manufacturing capacity. Seven pilot projects have been launched across sectors like transportation, steel and shipping, along with 88 safety and scalability standards.

India's 2030 targets include producing 5 million tonnes (MMT) of green hydrogen annually, installing 60–100 GW of electrolyser capacity, and adding 125 GW of renewable energy dedicated to hydrogen production. These efforts will reduce CO₂ emissions by 50 MMT per year, save Rs 1 trillion in imports, and attract Rs 8 trillion in investments. ■

Nuclear energy key to net zero goal, major expansion underway

Written using agency reports

Union Minister Jitendra Singh has emphasised the crucial role of nuclear energy in India's journey toward achieving net zero emissions by 2070. Speaking at a post-budget webinar organised by the NITI Aayog, he outlined the Union Budget 2024–25's ambitious plan to expand nuclear power capacity to 100 GW by 2047.

India's electricity demand is expected to grow four to five times by 2047. While renewable energy is expanding, nuclear power is essential for providing stable base-load energy. To meet the 100 GW target, India must add around 4 GW annually, which Singh says is feasible with strategic execution.

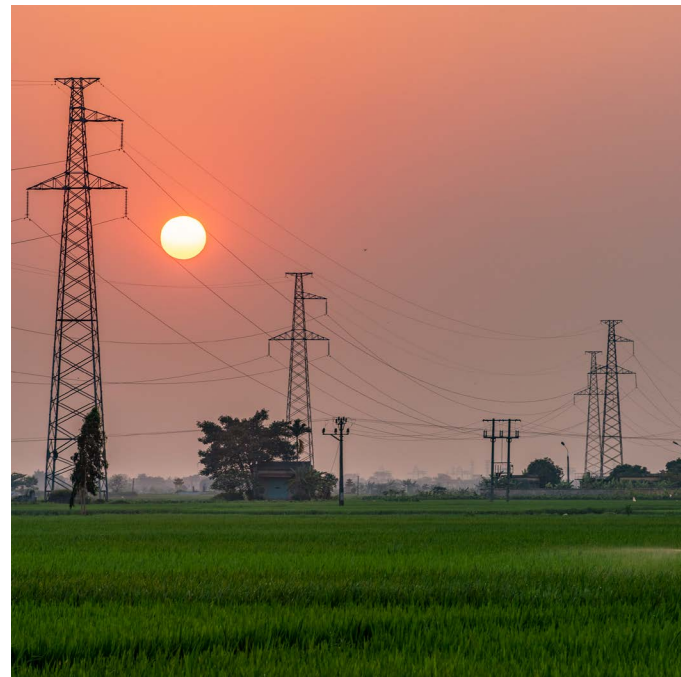
A major policy shift includes private sector participation in nuclear power projects, requiring legislative amendments to the Atomic Energy Act, Civil Liability for Nuclear Damage Act and Electricity Act. Opening the sector to private investment will enhance investor confidence and accelerate growth.

The Nuclear Power Corporation of India Limited (NPCIL) will contribute nearly half of the 100 GW target through domestic and global collaborations. Meanwhile, NTPC's joint venture, Ashwini, has begun constructing four 700 MWe PHWRs at Mahi-Banswara.

Additionally, Singh announced an R&D mission for small modular reactors (SMRs), aiming to develop five SMRs by 2033. These reactors, known for scalability, could be deployed in industrial zones and high-emission sectors. ■

Power supply to rural areas almost doubled in 10 years

Written using agency reports



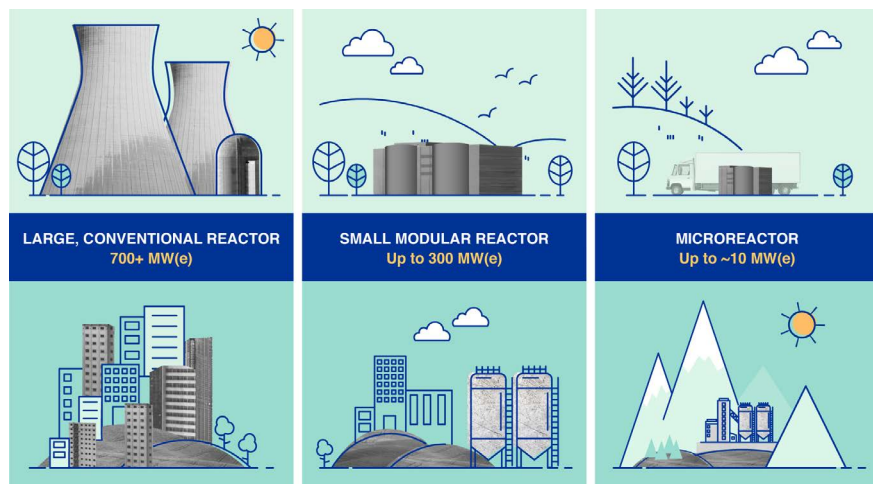
Rural power supply has increased from 12.5 hours in 2014 to 22.6 hours in 2025, while urban areas now receive 23.4 hours of electricity daily, according to Minister of Power and Minister of Housing and Urban Affairs Manohar Lal.

He said India made a remarkable progress in the power sector over the past decade, attributing the growth to flagship initiatives such as Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), PM Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), and the Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan for Particularly Vulnerable Tribal Groups (PVTG).

These programmes have significantly improved electricity accessibility nationwide including improving electricity supply in rural areas from 12.5 hours in 2014 to 22.6 hours in 2025, while urban areas now receive 23.4 hours of electricity daily.

Fossil-based capacity has grown by 46%, rising from 168 GW in 2014 to 246 GW in 2025. Non-fossil capacity has surged 180%, increasing from 80 GW to 220 GW as of January 2025.

India, once a net power importer, has become an energy exporter, with 1625 MU exported in 2025, said the Union Minister. He added that energy shortage has dropped from 4.2% in 2014 to just 0.1% in 2025, with ongoing efforts to eliminate shortfalls. ■



TRADE TALK

Export grew by 6.24% during April-February 2024-25

Written using agency reports

India's cumulative exports of both merchandise and services registered a 6.24% increase during April-February 2024-25 to \$750.53 billion, compared with \$706.43 billion in the year-ago period, said an IANS report quoting data released by the Ministry of Commerce and Industry.

The cumulative value of merchandise exports during April-February 2024-25 was \$395.63 billion, as compared to \$395.38 billion during the corresponding period of the previous year, registering a growth of 0.06%.

The estimated value of service exports during April-February of the current financial year is \$354.90 billion, up from \$311.05 billion in the corresponding period of 2023-24.

India's total exports of both merchandise and services during February this year was estimated at \$71.95 billion, registering a positive growth of 3.16% vis-a-vis the corresponding month last year, according to the official figures.

The cumulative non-petroleum exports during this 11-month period were valued at \$337.01 billion registering an increase of 6.43% from \$316.64 billion in the same period during 2023-24.

Major drivers of merchandise exports growth in February 2025 include electronic goods, rice, mica, minerals, ready apparel, and coffee. ■

FACTORY OUTPUT

Manufacturing sector pushes industrial output growth to 5% in Jan

Written using agency reports

India's industrial production growth accelerated to 5% in January 2025, driven by a rebound in manufacturing activity, according to official data released in March.

The government has also revised the December 2024 industrial output figure to 3.5% from the provisional estimate of 3.2% released in the previous month, an official statement said. The IIP growth in November 2024 was 5%. The pace of factory output growth stood at 5% in January 2025.

The country's factory output, measured in terms of the Index of Industrial Production (IIP), witnessed 4.2% growth in January 2024.

The data released by the National Statistical Office (NSO) showed that the manufacturing sector's output grew by 5.5% in January 2025, up from 3.6% in the year-ago month.

Mining production growth declined to 4.4% from 6% year-on-year.

Power output growth slowed to 2.4% in January 2025 from 5.6% a year ago.

In the April-January 2024-25 period, the IIP grew 4.2%, slower than 6% recorded in the year-ago period.

As per use-based classification, the capital goods segment growth accelerated to 7.8% in January 2024 against 3.2% in the year-ago period.

Consumer durables (or white goods production) grew by 7.2% during the reporting month against a growth of 11.6% in January 2024.

In January 2025, consumer non-durables output contracted 0.2% compared to a growth of 0.3% a year ago. ■

CHIPS ON TABLE

Semicon Mission-2 in works, mulling to support chip designs: IT secy

Written using agency reports

The government is ready with an outline of the next phase of India Semiconductor Mission (ISM) and discussions are on internally for its rollout, a senior government official was quoted by PTL.

The news agency quoted Ministry of Electronics and IT Secretary S Krishnan's speech at IESA Vision Summit, stating that the government is also mulling supporting ambitious chip design projects in the country as well as semiconductor packaging designs.

"The next stage of ISM is in the works. We have had discussions, discussions with many of the stakeholders, including many amongst you, as to how to design the programme. The design



"The government is also mulling supporting ambitious chip design projects in the country as well as semiconductor packaging designs"

S Krishnan

Secretary, Ministry of Electronics and IT

and the outline is ready, and there's undergoing detailed discussions internally in the government," he said.

Krishnan in his virtual speech said that the second phase of ISM proposes to provide support for gases and other elements that are required for semiconductor production.

He said that the first phase of ISM had a total outlay of Rs 760 billion comprising Rs 650 billion for chip manufacturing and packaging units, Rs 100 billion for modernising semiconductor lab at Mohali and Rs 10 billion for the design-linked incentive scheme. ■

India's semiconductor industry can grow to \$40 bn by 2030: IESA

The Indian semiconductor industry can grow to \$40 billion by 2030 by promoting the ecosystem around the supply chain, including chemicals and gases involved in the making of electronic chips, a senior official of industry body IESA said.

Speaking at IESA Vision Summit, India Electronics and Semiconductor Association (IESA) President Ashok Chandak said India needs to learn from the global centres of semiconductors as it is a very complex technology.

"Any chip making touches at least more than 10 countries. It is very complicated. If we have to make semiconductor manufacturing successful in India, we have to take care of the supply chain that includes gases, the chemicals, materials, and most of the supply chain has to happen with the plants that are going to manufacture semiconductors," Chandak said.

He said that in 2022 IESA had released a report on the groundwork that needs to be done from the semiconductor ecosystem and it has now released a report which details out all the manufacturing cases for India.

"Overall, we estimate that the supply chain related market worldwide is going to increase to \$420 billion by 2030 and if we aspire for about 10% share that means we are looking at a possible opportunity of \$40 billion. This could happen through some of the global companies moving

their base to India to make for India and also for exporting," Chandak said.

With the existing framework, India's semiconductor industry can grow to \$10 billion by 2030, according to the report.

The IESA report on semiconductor supply chain said India will require approximately 1.5 million skilled workers and 5 million semiskilled workers across the value chain by 2026-2027. ■

FLYING HIGH

DRDO conducts trials of life-support system for pilots onboard Tejas jets

Written using agency reports

The Defence Research and Development Organisation (DRDO) has successfully conducted high-altitude trials of an indigenous life support system for pilots onboard Tejas light combat aircraft.

The defence ministry said cutting-edge life support systems have been designed to generate and regulate breathable oxygen for pilots during flight, eliminating dependence on traditional cylinder-based oxygen.

With appropriate modifications, the system can also be adapted for use in MiG-29K and other aircraft, the ministry said.

The Integrated Life Support System (ILSS) underwent rigorous testing on the LCA-prototype vehicle-3 aircraft of Hindustan Aeronautics Limited (HAL) meeting stringent aeromedical standards in varied flight conditions, including altitudes of up to 50,000 feet above mean sea level and high-G maneuvers, a statement said.

"Following flight clearance from Centre for Military Airworthiness & Certification (CEMI-LAC), the system successfully met all specified parameters," the ministry said in a statement.

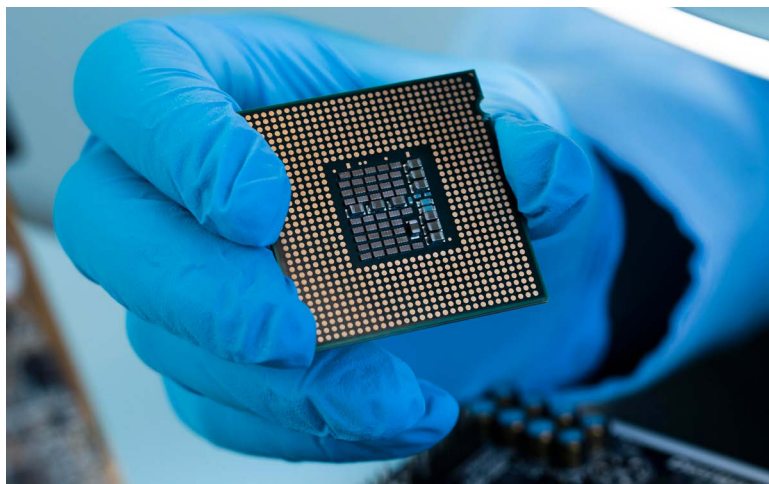
The system has been manufactured by L&T as a development cum production partner of the DRDO, reflecting a significant collaboration between the premier defence research institution and defence industries.

The ILSS has 90% indigenous content, furthering India's self-reliance in aerospace technology, according to the ministry. ■

Defence ministry inks Rs 29 bn contract with BEL for transportable radar

Written using agency reports

The defence ministry on Wednesday signed a Rs 29 billion contract with state-run Bharat Electronics Ltd (BEL) for procurement of transportable radar (Ashwini) for the Indian Air Force.





The radar has been indigenously designed and developed by Electronics and Radar Development Establishment of the Defence Research and Development Organisation (DRDO).

It is capable of tracking aerial targets from high-speed fighter aircraft to slow moving targets such as unmanned aerial vehicles and helicopters.

The defence ministry said acquisition of the radar will significantly enhance the operational preparedness of the Indian Air Force.

“As part of the government’s efforts to strengthen indigenous defence capabilities, the Ministry of Defence has inked a capital acquisition contract with BEL for the procurement of Low-level Transportable Radar, LLTR (Ashwini) at a cost of Rs 29 billion,” an official readout said. ■

Govt to set up SPV to make aircraft in India: Civil aviation minister

Written using agency reports

The government is in the process of setting a special purpose vehicle for making regional transport aircraft, Civil Aviation Minister K Rammohan Naidu said.

Replying to questions in the Rajya Sabha, the minister highlighted the steps taken by the government to promote aircraft component manufacturing and MRO (maintenance, repair and overhaul) activities, including having a uniform IGST rate.

India is one of the world’s fastest growing civil aviation markets and domestic carriers have placed orders for more than 1,500 planes as they expand their fleets to meet rising air traffic demand.

“We have changed the thought process that we have when it comes to manufacturing aircraft. We are saying that India is at the stage right now where we can manufacture, we can design and we can maintain an aircraft,” Naidu said.

Elaborating about the way forward, the minister said the government has adopted a holistic approach and is in the process of setting up a special purpose vehicle (SPV) for manufacturing regional transport aircraft.

“We have a plan to create an SPV for five years, which is going to bring in all the necessary stakeholders... study the existing picture in the country and create a road map...,” he said, and added that the idea is to make the aircraft in five years. ■

STRENGTHENING STEEL

PLI scheme to promote investments worth Rs 271 bn in steel sector

Written using agency reports

The Government of India has announced the Production Linked Incentive (PLI) Scheme for Specialty Steel aims to boost domestic manufacturing, reduce imports, and attract investments worth Rs 271 billion. This initiative is expected to generate 24 million tonnes of downstream capacity and create 14,760 direct jobs.

The Union Budget 2024-25 has also allocated a capital expenditure of Rs 11,111 billion, driving infrastructure development and increasing steel consumption.

To enhance raw material availability and reduce costs, the government has cut the basic customs duty on ferro nickel from 2.5% to zero. It has also extended the duty exemption on ferrous scrap until March 31, 2026. Additionally, the Steel Scrap Recycling Policy has been introduced to boost domestic scrap availability.

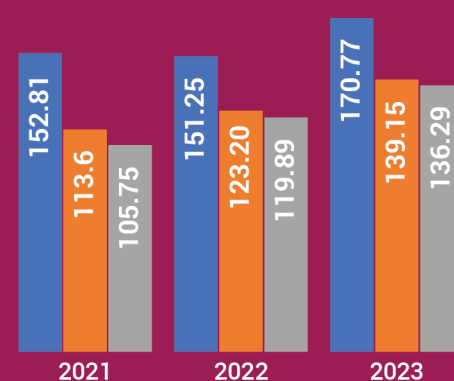
Furthermore, the Ministry of Steel has released a comprehensive report titled Greening the Steel Sector in India: Roadmap and Action Plan, outlining strategies for sustainable steel production and achieving net-zero emissions by 2070.

This information was provided by the Minister of State for Steel and Heavy Industries, Bhupathiraju Srinivasa Varma, in a written reply to the Lok Sabha. ■

Finished Steel

(In MT)

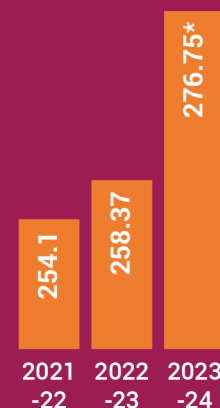
Capacity Production Consumption



Source: Joint Plan Committee(JPC);
MT=million tonnes

Iron Ore Production

(In MT)



Source: IBM, Nagpur;
*provisional

Govt gets 73 applications under 2nd round of PLI for specialty steel

Written using agency reports

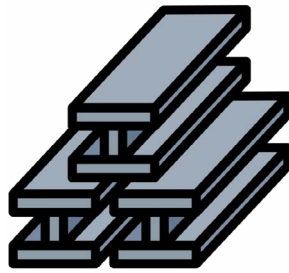
The government has received 73 applications under the second round of production linked incentive (PLI) scheme for specialty steel, Sandeep Poundrik, secretary in the Union steel ministry, said.

The PLI schemes were launched as part of the government's efforts to increase production of special steel in India to make the country self-reliant in high grade steel, the official said on the sidelines of the 'Catalyzing R&D in Indian Steel Sector' event in the national capital.

"We are ensuring that substandard steel is not imported into the country. So we are focusing on quality control orders so that both domestic and imported steel is of adequate quality and the products sold here are of adequate quality," he said.

In addition to that the government launched two rounds of PLI.

"We recently did a second round of PLI and we have received very good response in that. We have received 73 applications, 73 project applications and this will add about 16.5 million tonnes of specialty steel capacity in the country," Poundrik said.



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FINANCIAL INFLOW

New digital footprint-based credit assessment model for MSMEs launched

Written using agency reports

Union Finance Minister Nirmala Sitharaman launched the New Credit Assessment Model based on the scoring of digital footprints of MSMEs (micro, small and medium enterprises) in post-Budget interaction at Visakhapatnam.

The finance minister had in her Union Budget 2024-25 speech announced that public sector banks (PSBs) will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment.

PSBs will develop a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy.

"This credit assessment model will leverage the digitally fetched and verifiable data available in the ecosystem and devise automated journeys for MSME loan appraisal using objective decisioning for all loan applications and model-based limit assessment for both Existing to Bank (ETB) as well as New to Bank (NTB) MSME borrowers," said a finance ministry statement.

"The credit assessment model for MSMEs based on digital footprints is expected to be a significant improvement over the traditional assessment of credit eligibility based only on asset or turnover criteria. That will also cover MSMEs without a formal accounting system," added the finance ministry.

India to see \$600 bn in investments over next 3 yrs for startups: Experts

Written using agency reports

India can expect over \$600 billion in alternative investments in the next three years to fuel the startup ecosystem, according to experts.

This influx of capital is anticipated to foster innovation, support entrepreneurship, and create an enabling environment for new ventures to thrive, they said at the launch of Centre for Financial Markets (CFM) by IMT in Mumbai.



India's startup ecosystem is poised for significant growth, with projections indicating that over \$600 billion in private equity and venture capital (PE/VC) investments will flow into the country over the next three years, Atish Chattopadhyay, Director of IMT Ghaziabad, said in a statement.

This figure represents 13% of the estimated \$4.7 trillion required (including government investments, corporate retention, PE/VC funding, corporate debt, initial public offerings (IPOs), and other sources) to achieve a \$5 trillion economy by FY2027, he added.

As investors recognise the immense potential of Indian startups, the country is set for a transformative journey that could redefine its business and technology landscape.

Bilateral Developments

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Visit of Union Minister of Ports, Shipping & Waterways to Singapore

The Union Minister of Ports, Shipping & Waterways, Shri Sarbananda Sonowal, led a high-level delegation to Singapore during March 24-26, 2025, to participate in the Singapore Maritime Week and deepen the maritime cooperation between India and Singapore. In Singapore, Shri Sonowal witnessed the signing of a letter of intent to advance maritime digitalisation and decarbonisation via the establishment of a green and digital shipping corridor between India and Singapore. This collaboration leverages India's prowess in IT and green fuel innovation alongside Singapore's strategic strengths to drive the development and adoption of technologies that help in zero or near-zero greenhouse gas emissions as well as the development of cutting-edge digital solutions.



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India-Singapore Foreign Office Consultations

India-Singapore Foreign Office Consultations were held in Singapore on March 7. It was co-chaired by Secretary (East) Shri Jaideep Mazumder & Mr Luke Goh, Permanent Secretary (Development), Ministry of Foreign Affairs, Singapore.

The discussions focused on wide-ranging areas of bilateral and multilateral cooperation, including digitalisation, skill development, sustainability, healthcare & medicine, advanced manufacturing, connectivity, defence, trade & investments, culture and people-to-people exchanges, among others. They officials also discussed global and regional shared priorities and challenges.



Forthcoming Events In India

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I. India-ASEAN Buyer-Seller Meet (BSM)

Date & Venue: April 24, 2025; Holiday Inn, Singapore
Organiser: Trade Promotion Council of India (TPCI)
Contact: internationaldivision@tpci.in
Details: The Trade Promotion Council of India (TPCI) is organising the India-ASEAN Buyer-Seller Meet (BSM) on April 24 at Holiday

Inn, Singapore. This event will help a 20-member business delegation from India connect with over 40 buyers and importers from Singapore, Malaysia and Thailand. The delegation from India will comprise exporters and manufacturers of F&B products.

Website: <https://www.tpci.in/eventdefault/india-asean-buyer-seller-meet-on-food-and-beverages-singapore-malaysia-thailand/>

II. Bharat Telecom 2025

Date & Venue: May 6-7, 2025; Hotel Taj Palace, Sardar Patel Marg, Diplomatic Enclave, New Delhi-110 021
Organiser: Telecom Equipment & Services Export Promotion Council (TEPC)
Contact: sarbani.dsg@telecomepc.in
Details: The TEPC plans to organise Bharat

Telecom (previously known as India Telecom) 2025 at Hotel Taj Palace, Sardar Patel Marg, Diplomatic Enclave, New Delhi. It will be held on April 7-8, 2025, with financial support from the Department of Telecommunications, Ministry of Communications, Government of India. India Telecom is an international business expo.

Website: https://www.telecomepc.in/Home/viewEvent?psm_id=TzFheUJMRWJiZUJYR1p5aytkMGN1UT09

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