

## WHAT'S NEW

### International Developments

- Reserve Bank of New Zealand lifted the official cash rate by 50 bps to 5.25%, the highest since December 2008.
- Bank of Japan while retaining its policy settings announced a review of its longstanding monetary easing measures, with a planned time frame of around one to one and a half years.
- FOMC members anticipate that some additional policy firming may be appropriate to attain a sufficiently restrictive policy stance to return inflation to 2%.
- Bank of Japan Governor Kazuo Ueda signaled there would be no significant changes to monetary policy.
- The Fed's Beige Book survey indicates stalling in the US economy in recent weeks.
- Real GDP in the US increased at a 1.10% annualized rate in Q1:2023.
- China recorded a GDP growth of 4.50% in Q1-2023.
- GDP in the euro zone grew at an annualized 1.90% in Q4:2022
- The annual inflation rate in the US slowed for a ninth consecutive period to 5% in March 2023.
- China's annual inflation rate fell to 0.70% in March 2023, from 1.0% in February.
- The annual inflation rate in Japan inched lower to 3.20% in March 2023 from 3.30% in February.
- Producer prices in Japan increased by 7.20% from a year earlier in March 2023.
- British consumer price inflation eased marginally to 10.10% in March from February's 10.40%.
- The US trade deficit in goods narrowed to \$84.60 billion in March 2023.
- China's trade surplus widened to \$88.19 billion in March 2023.
- The FAO's Food Price Index fell by 2.10% sequentially in March with cereals and edible oils driving it lower.
- The World Trade Organisation expects world trade to grow by a meagre 1.70% in 2023 due to global uncertainties.

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<p><b>International Developments</b></p>	<ul style="list-style-type: none"> <li>• IMF revised its global growth forecasts lower to 2.80% from 2.90% for 2023, and to 3% from 3.10% for 2024.</li> <li>• The IMF projected a significant fall in real interest rates in emerging economies in the long term with that of China to be near zero by 2050 led by demographics and productivity factors.</li> <li>• IMF First Deputy Managing Director Gita Gopinath suggested that the Federal Reserve alter its monetary policy framework to reflect a world of more frequent supply shocks and a greater risk of elevated inflation.</li> <li>• Saudi Arabia and other OPEC+ oil producers announced oil output cuts of around 1.16 million barrels per day starting May.</li> <li>• The International Energy Agency (IEA) termed the decision of OPEC+ to cut oil production as "risky for the global economy", saying it may push up already high prices.</li> </ul>
<p><b>Indian Economy</b></p>	<ul style="list-style-type: none"> <li>• The gross GST revenue collected in April 2023 was ₹187035 crore of which CGST is ₹38440 crore, SGST is ₹47412 crore, IGST is ₹89158 crore (including ₹34972 crore collected on import of goods) and cess is ₹12025 crore (including ₹901 crore collected on import of goods).</li> <li>• India's overall exports (Merchandise and Services combined) in March 2023 contracted 7.53% over March 2022 to \$66.14 billion while overall imports contracted 7.98% to \$72.18 billion. Overall trade deficit for March 2023 is estimated at \$6.04 billion.</li> <li>• India's overall exports grew 13.84% in FY23 to \$770.18 billion while overall imports grew 17.38% to \$892.18 billion. The trade deficit worsened to \$122 billion in FY23 from \$83.53 billion in FY22.</li> <li>• The Index of Industrial Production (IIP) expanded 5.60% in February 2023 as against a growth of 1.20% in February 2022. The IIP registered a growth of 5.50% in April-February FY23.</li> <li>• The eight core industries with a combined weight of 40.27% in the Index of Industrial Production (IIP) registered a growth of 3.60% in March 2023 (provisional) compared to growth of 4.80% in March 2022. The eight core industries registered a growth of 7.60% during FY23 as against a growth of 8.90% in FY22.</li> <li>• Provisional annual inflation rates based on all India general CPI Rural,</li> </ul>

**Indian Economy**

Urban and Combined for March 2023 stood at 5.51%, 5.89% and 5.66%. Inflation rates (final) for Rural, Urban and Combined for February 2023 were 6.72%, 6.10% and 6.44% respectively.

- The annual rate of inflation, based on monthly WPI, stood at 1.34% (provisional) for March 2023 as compared to 3.85% in February 2023. The final WPI for January 2023 stood at 4.80%.
- Year-on-year CPI-IW inflation based on all-items stood at 5.79% for March 2023 as compared to 6.16% for February 2023 and 5.35% in March 2022.
- Point to point rate of inflation based on the CPI-AL and CPI-RL stood at 7.01% & 6.94% in March 2023 compared to 6.94% & 6.87% respectively in February 2023 and 6.09% and 6.33% respectively March 2022.
- India's holding of US Treasury Securities at the end of February 2023 stood at \$231.20 billion vis-à-vis \$232.0 billion at the end of January 2023.
- The IHS Markit India Manufacturing PMI in India rose to 57.2 in April from 56.4 points in March. Services PMI soared to 62.0 from 57.8 in March. The Composite PMI in India jumped to 61.6 in April from 58.4 in March.
- India's unemployment rate rose to 8.11% in April from 7.80% in March as per CMIE data. Urban unemployment rate rose to 9.81% while rural unemployment rate fell to 7.34%.
- The assets under management (AUM) of the Indian mutual fund industry increased to ₹41.30 lakh crore at end of April 2023.
- Indian Meteorological Department (IMD) expects India to see a normal monsoon this year with a long-period average (LPA) of 96% between June and September. El Nino's impact might be felt during the second half of the monsoon season.
- India is likely to witness "below normal" rainfall in the upcoming monsoon between June and September with an LPA of 94%, private weather forecaster Skymet warned.
- In its latest Fiscal Monitor report, IMF said India's combined debt-to-GDP ratio will rise to 83.20% in FY24 and will hit a high of 83.80% in FY27 before it starts to moderate.
- IMF cut India's FY24 GDP growth forecast by 20 bps to 5.90% and for

<b>Indian Economy</b>	<p>FY25 by 50 bps to 6.30%.</p> <ul style="list-style-type: none"> <li>• The World Bank and the Asian Development Bank cut their FY24 India economic growth forecasts by 30 and 80 bps to 6.30% and 6.40% respectively, citing risks to the outlook arising from both global and domestic factors.</li> <li>• Finance Minister Nirmala Sitharaman said that India is poised for a more important role in global value chains.</li> <li>• Finance Minister Nirmala Sitharaman said the inflation has been kept at 6% or below despite adverse circumstances as a result of the Covid-19 pandemic and the Russia-Ukraine conflict.</li> <li>• The Finance Ministry reiterated that downside risks to the official forecast of 6.50% for real GDP growth in FY24 dominate upside risks.</li> <li>• The 16th Finance Commission (SFC) will be constituted in the current calendar year.</li> <li>• India on an average imported almost 1 million barrels per day (mb/d) of crude oil from Russia in FY23 surpassing China.</li> <li>• Crisil and Icra indicated that the outlook on the credit quality of Indian corporates will be positive for FY24 due to low leverage, domestic demand, healthier banks and uptick in capital expenditure.</li> </ul>
<b>Reserve Bank of India:</b> (Source: <a href="http://rbi.org.in">http://rbi.org.in</a> )	<ul style="list-style-type: none"> <li>• The rate of interest on FRB 2028 applicable for the half year April 4, 2023 to October 3, 2023 shall be 7.88% p.a.</li> <li>• The rate of interest on FRB 2034 applicable for the half year April 30, 2023 to October 29, 2023 shall be 7.93% per annum.</li> <li>• RBI announced the framework for acceptance of Green Deposits.</li> <li>• RBI decided that currently it is not necessary to activate the countercyclical capital buffer.</li> <li>• RBI notified amendments to the Master Direction on KYC.</li> <li>• RBI notified Master Direction on outsourcing of information technology services.</li> <li>• RBI notified on APConnect, its software for online application for Full</li> </ul>

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<p><b>Reserve Bank of India:</b> (Source: <a href="http://rbi.org.in">http://rbi.org.in</a>)</p>	<p>Fledged Money Changers and non-bank Authorised Dealers Category-II.</p> <ul style="list-style-type: none"> <li>• RBI notified Master Circular for Prudential Norms on Capital Adequacy - Primary UCBs.</li> <li>• RBI notified on provisioning for standard assets by primary UCBs - revised norms under four-tiered regulatory framework.</li> <li>• RBI notified revised instructions on General Credit Card (GCC) Scheme.</li> <li>• RBI notified on remittances to IFSCs under the Liberalised Remittance Scheme (LRS).</li> <li>• RBI simplified the application process for registration of Core Investment Companies.</li> <li>• RBI released draft circular on Fair Lending Practice - Penal Charges in Loan Accounts.</li> <li>• RBI launched quarterly order books, inventories and capacity utilisation survey for January - March 2023 (Round 61).</li> <li>• RBI launched quarterly industrial outlook survey for April-June 2023 (Round 102).</li> <li>• RBI launched 37th round of quarterly services and infrastructure outlook survey for Q1:2023-24.</li> <li>• RBI launched Consumer Confidence Survey (CCS) for the month of May 2023.</li> <li>• RBI launched Inflation Expectations Survey of Households (IESH) for the month of May 2023.</li> <li>• RBI released the results of Forward Looking Surveys.</li> <li>• RBI released Minutes of the Monetary Policy Committee meeting of April 2023.</li> <li>• RBI released data in overseas direct investment for March 2023.</li> <li>• RBI released data on ECB/FCCB/RDB for February and March 2023.</li> <li>• RBI released data on lending and deposit rates of Scheduled Commercial Banks for April 2023.</li> </ul>
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**Reserve Bank of India:**  
(Source:  
<http://rbi.org.in>)

- RBI released data on sectoral deployment of bank credit for March 2023.
- RBI released data on India's international trade in services for February 2023.
- RBI appointed Shri Neeraj Nigam as new Executive Director.
- RBI released Working Papers:
  - Impact of Foreign Direct Investment on Profitability - Evidence from the Indian Corporate Sector;
  - Did COVID-19 Affect Households Differently? Understanding Heterogeneity in Consumer Confidence; and
  - Reading Consumers' Minds - An Analysis of Inflation Expectations.

**Resolution of the Monetary Policy Committee (MPC) April 3, 5 and 6, 2023 - Highlights**

- The MPC left the policy repo rate under the LAF unchanged at 6.50%. The SDF rate remains at 6.25% and the MSF rate and the Bank Rate at 6.75%.
- The MPC will remain focused on withdrawal of accommodation to ensure that inflation progressively aligns with the medium-term target of 4% within a band of +/- 2%, while supporting growth.
- Assuming an annual average crude oil price (Indian basket) of \$85 per barrel and a normal monsoon, CPI inflation is projected at 5.2% for FY24, with Q1 at 5.10%, Q2 at 5.40%, Q3 at 5.40% and Q4 at 5.20%, and risks evenly balanced.
- Real GDP growth for FY24 is projected at 6.50% with Q1:FY24 at 7.80%; Q2 at 6.20%; Q3 at 6.10%; and Q4 at 5.90%, with risks evenly balanced.
- The MPC will continue to keep a strong vigil on the evolving inflation and growth outlook with readiness to act, should the situation so warrant.
- All members of the MPC unanimously voted to keep the policy repo rate unchanged at 6.50%.
- Prof. Jayanth R. Varma expressed reservations on the focus on withdrawal of accommodation.
- The minutes of the MPC's meeting will be published on April 20, 2023.

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<p><b>Reserve Bank of India:</b> (Source: <a href="http://rbi.org.in">http://rbi.org.in</a>)</p>	<ul style="list-style-type: none"> <li>• The next meeting of the MPC is scheduled during June 6-8, 2023.</li> </ul> <p><b>Statement on Developmental and Regulatory Policies</b></p> <ul style="list-style-type: none"> <li>• Financial Markets <ul style="list-style-type: none"> <li>○ Banks with IBUs were permitted to offer INR NDDCs to resident users in the onshore market.</li> </ul> </li> <li>• Regulation and Supervision <ul style="list-style-type: none"> <li>○ A secured web based centralised portal named as 'PRAVAAH' will gradually be extended to all types of applications made to RBI across all functions.</li> <li>○ RBI will develop a web portal to enable search enhanced by use of certain AI tools across multiple banks for possible unclaimed deposits based on user inputs.</li> <li>○ RBI will put in place a comprehensive framework for strengthening and improving the efficacy of the grievance redress mechanism and customer service provided by the credit institutions and Credit Information Companies.</li> </ul> </li> <li>• Payment and Settlement Systems <ul style="list-style-type: none"> <li>○ The scope of UPI will be expanded by enabling transfer to / from pre-sanctioned credit lines at banks, in addition to deposit accounts.</li> </ul> </li> </ul>
<p><b>CCIL</b></p>	<ul style="list-style-type: none"> <li>• CCIL Forex segment saw highest daily gross volume settlement of \$225.98 billion on April 28, 2023 (Previous highest daily gross volume settled being \$194 billion on April 29, 2022).</li> </ul>