ICICI PRUDENTIAL MUTUAL FUND

THE MONTH GONE BY

An insightful roundup of relevant stories in the recent month backed by interesting data points

In an extraordinary tale of resilience, two NASA astronauts stranded on the International Space Station for nine months have successfully returned to Earth on March 18, 2025.

Originally, they had scheduled an eight-day expedition to conduct experiments in microgravity. However, the propulsion system of the spacecraft developed issues, extending the eight-day mission to nine months. While adapting to these adverse conditions, the astronauts had to manage the limited supply of food and other essentials to sustain over the months.

Despite facing numerous challenges, the astronauts completed over 150 scientific experiments during 286 days in space. Additionally, the female astronaut spacewalked for 62 hours and nine minutes, setting a new record!

This image is only for representation purpose.

Just as how the astronauts faced unforseen adversities, the equity markets are currently trapped in a whirlwind of challenges. Investors can consider investing in mutual fund schemes with a flexible mandate, where the fund manager has the flexibility to change the allocation based on market conditions.

While we ponder about the course ahead, it is important to connect the dots with key market events of March 2025.

The resurgence of policy uncertainties unnerves investors

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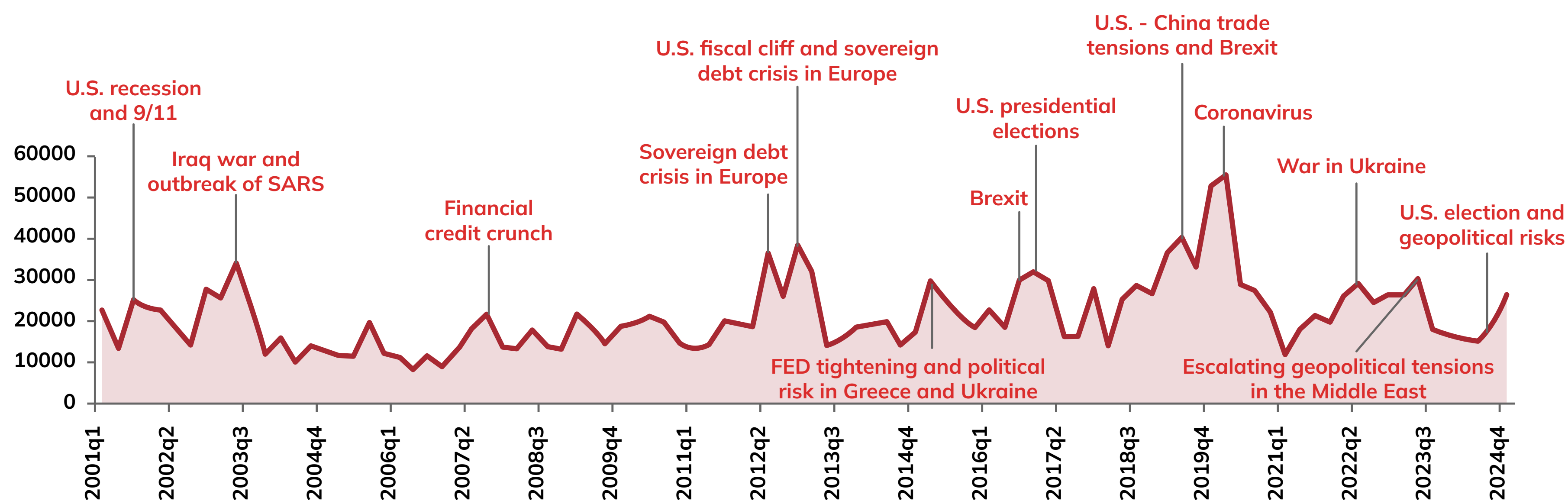
The World Uncertainty Index spiked significantly in 2018 as tariff wars between the United States and China took center stage. Additionally, 2018 was a crucial year for Brexit negotiations between the United Kingdom and the European Union. **The flaring uncertainties subsided post-2020 but resurfaced in late 2024** with concerns around new trade restrictions and tighter immigration policies that could be implemented by the newly-elected U.S. president.

Global economies are now caught in a storm of escalating trade wars and flaring geopolitical turmoil, that tend to have a contagion effect on emerging economies. Policymakers are walking a tightrope, having to balance the strain of rising prices fueled by the tariffs levied, the impact on economic growth and a weakening domestic currency.

WORLD UNCERTAINTY INDEX (OVERALL POLICY UNCERTAINTY)



Source: RBI Bulletin, March 2025. The World Uncertainty Index (WUI) measures overall uncertainty across the globe, using frequency counts of 'uncertainty' (and its variants) in the quarterly Economist Intelligence Unit (EIU) country reports. The index is an unbalanced GDP-weighted average for 142 countries. U.S.: United States. SARS: Severe acute respiratory syndrome. FED refers to U.S. Federal Reserve. q: quarter.

Indian equity markets in choppy waters

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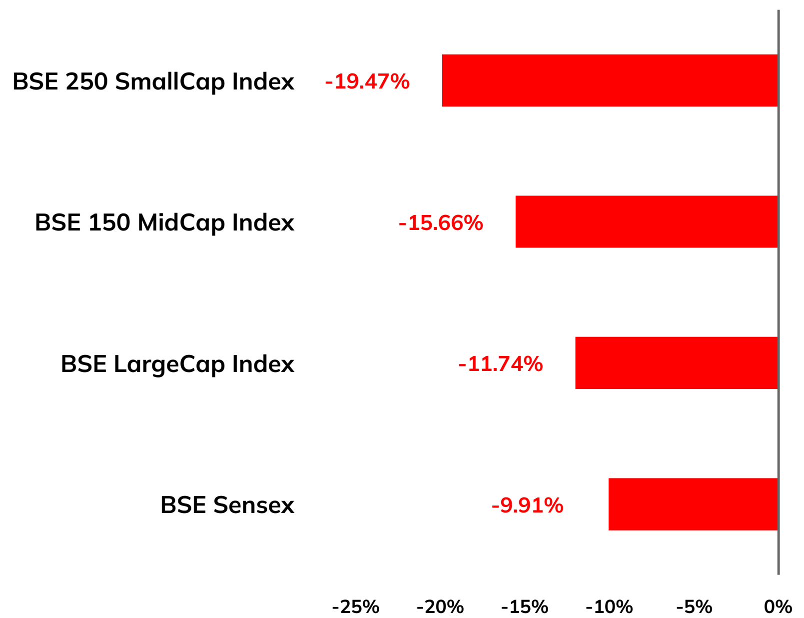
Indian equity markets have been grappling with uncertainties stemming from U.S. trade policies, foreign portfolio outflows and subdued corporate earnings.

On March 28, 2025, the BSE Sensex rebounded to 77,414 from 72,700 levels observed in early March 2025 – India's macroeconomic factors are improving as retail inflation eased, trade deficit narrowed and the Reserve Bank of India (RBI) took proactive steps to improve liquidity in the financial system. Foreign Portfolio Investors sold Indian equities worth ₹3,973 crore in March 2025*, which is much lesser than the outflows observed in the preceding months of 2025.

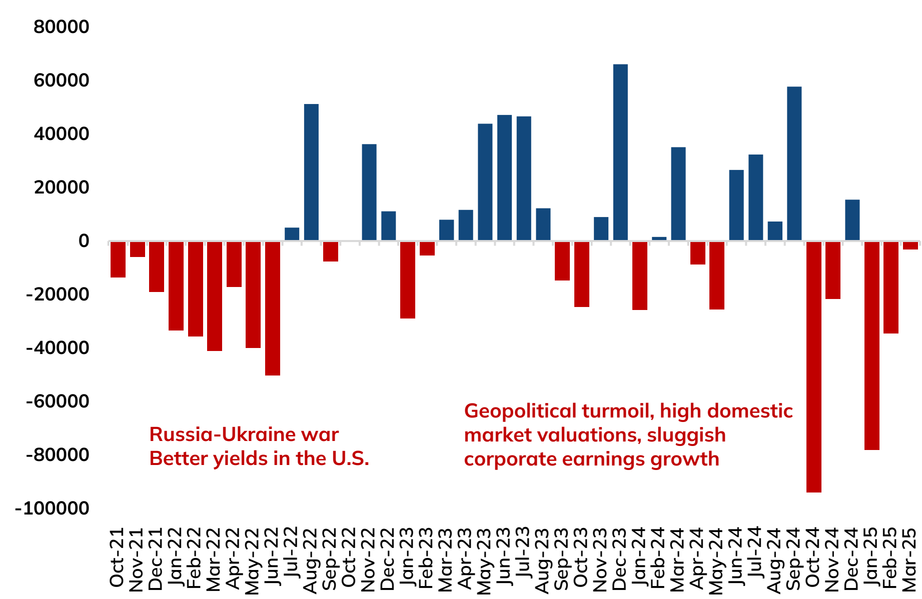
However, the burning question arises, 'Is this the dawn of a sustained market recovery or merely a short-lived dead cat bounce?'

INDEX RETURNS SINCE THE SEPTEMBER 26, 2024 HIGH (%)



Source: Returns calculated from the September 26, 2024 high to the March 28, 2025 closing level. Past performance may or may not sustain in future.

MONTHLY FPI NET INVESTMENTS IN INDIAN EQUITIES (₹, CRORE)



Source: National Securities Depository Limited (NSDL).
*March 2025 data is up to March 28, 2025.

The U.S. Federal Reserve kept interest rates unchanged in March 2025

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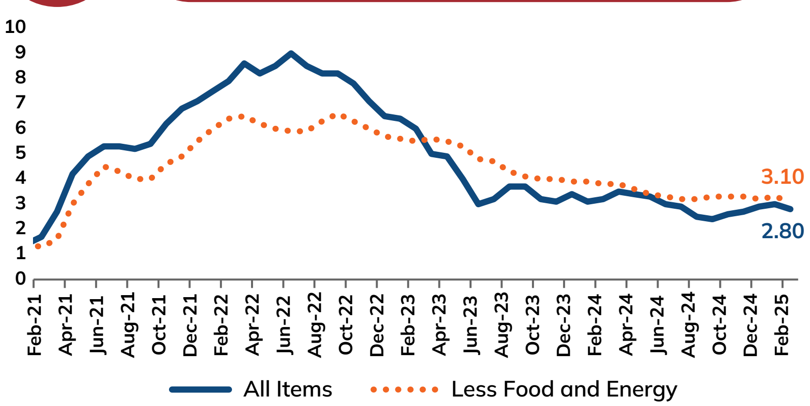
Amid inflationary pressures stemming from a slew of tariffs imposed, the U.S. Federal Open Market Committee (FOMC) kept its benchmark interest rate steady, within the target range of 4.25%-4.5%.

Rising prices could be a thorny problem: While inflation has eased significantly from the June 2022 high of 9%, it is still above the long-term target of 2%. After considering the impact of the tariffs imposed, the Federal Reserve raised its core inflation projection for 2025 to 2.8% from the earlier estimate of 2.5%.

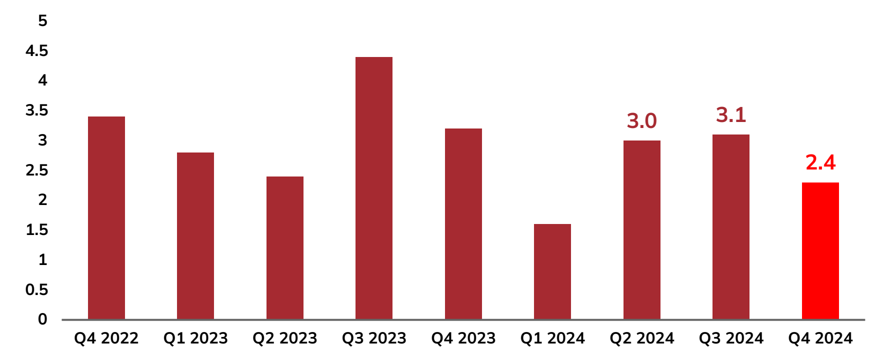
Growth outlook lowered: The gross domestic product (GDP) growth forecast has been lowered to 1.7% in 2025, down from the previous estimate of 2.1%, reflecting concerns around slowing economic activity and tepid consumer spending.

U.S. CONSUMER PRICE INDEX (%)



Source: U.S. Bureau of Labor Statistics, Year-on-year % change.

U.S. REAL GROSS DOMESTIC PRODUCT (%)



Source: U.S. Bureau of Economic Analysis. Q4 2024 data is the third estimate. Percent change from preceding quarter.

The U.S. job market growth has picked-up: In February 2025, 151,000 jobs were added to the U.S. economy, up from 125,000 jobs in January 2025. The U.S. Federal Reserve has revised the year-end unemployment rate forecast to 4.4% from 4.3%.

Decision to slow the pace of balance sheet drawdown: The U.S. Fed announced that it would reduce the monthly cap on U.S. Treasuries redemption to $5 billion from $25 billion, effective on April 01, 2025.

Impact of the U.S. import tariff hike on steel and aluminium

In March 2025, the U.S. imposed sweeping 25% tariffs on steel and aluminium imports with an aim to boost domestic manufacturing.

STEEL

Canada, Brazil and Mexico have been major steel exporters to the U.S. market during 2024.

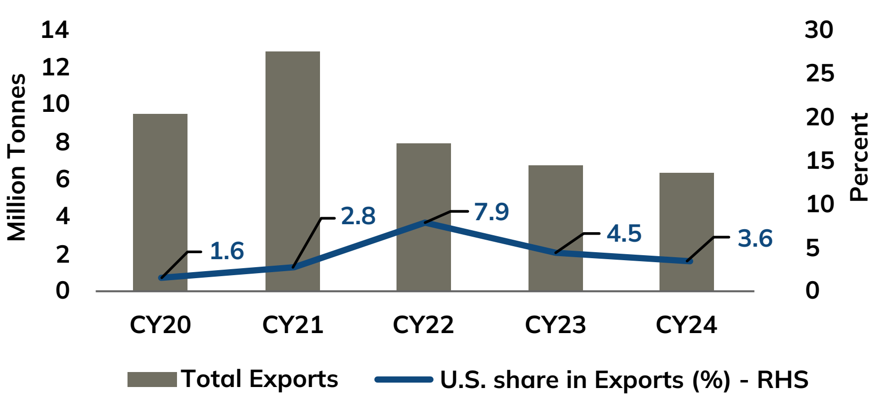
India has been a net importer of finished steel during 2023-24 with import of 8.32 million tonnes (Source: Ministry of Steel). **India's direct steel exports to the U.S. accounts for around 4% of its total exports in 2024, which is relatively low.** As a result, the direct impact on the sales volume of India's steel sector may not be significant on implementation of the tariffs.^

ALUMINIUM

Canada has been the largest exporter of aluminium to the U.S., followed by the UAE and China.

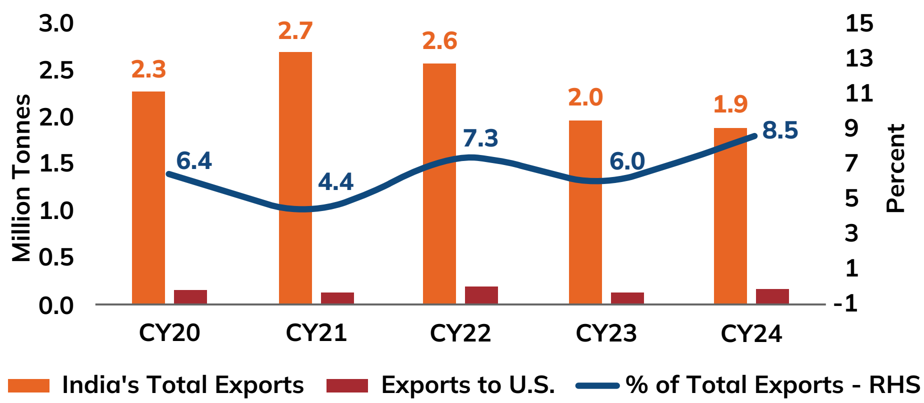
India's direct aluminium exports to the U.S. are around 6%-8%. India continues to be one of the lowest-cost aluminium producers globally, owing to the availability of quality bauxite reserves. India's cost competitiveness in the global market could help domestic aluminium producers combat challenges arising from tariffs imposed by the U.S.^

INDIA'S TOTAL STEEL EXPORTS AND THE SHARE OF U.S. IN IT



Source: ^CareEdge Ratings Report as on February 2025. JPC, U.S. Department of Commerce. RHS: Right-hand side.

INDIA'S ALUMINIUM EXPORTS AND THE SHARE OF U.S. IN IT



Source: ^CareEdge Ratings Report as on February 2025, CMIE, U.S. Department of Commerce. U.S.: United States. RHS: Right-hand side. UAE: United Arab Emirates.

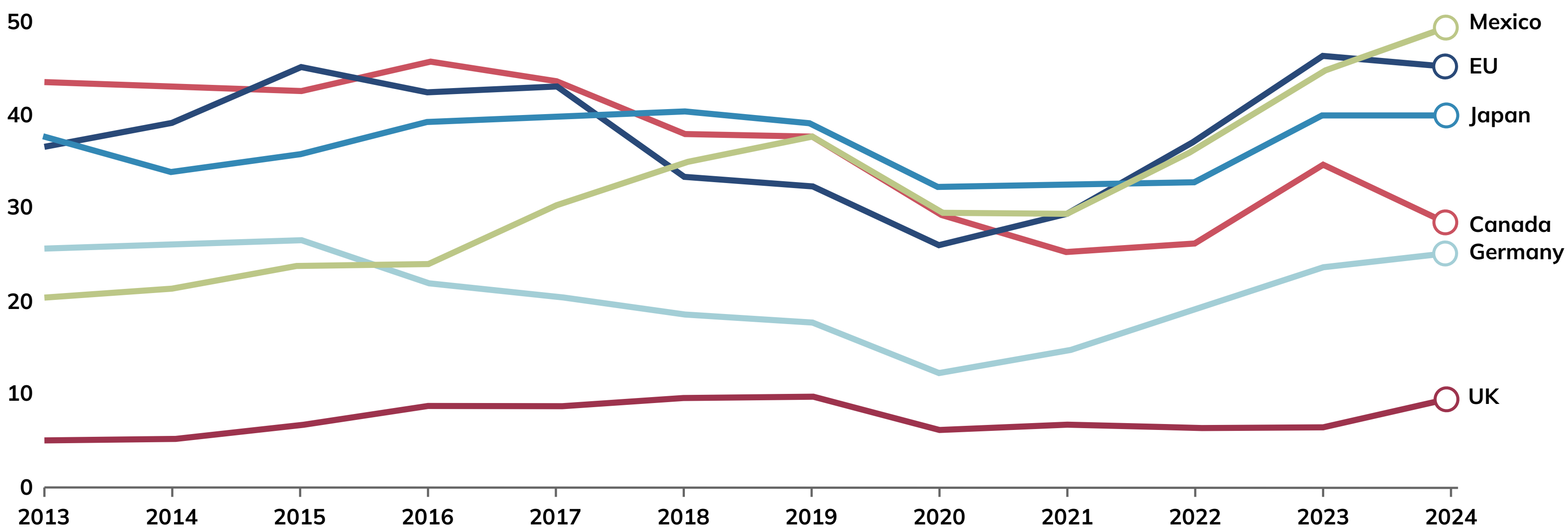
U.S. tariffs on automobiles sends shockwaves across global automotive markets

The U.S. plans to levy a sweeping 25% tariff on imported automobiles and auto parts from April 03, 2025 to strengthen domestic manufacturing. The import tax would also apply to key auto parts including engines, transmissions, powertrain parts and electrical components.

The move could pose risks for American automakers, that rely heavily on automobile import components from key trade partners, such as Mexico, Japan, European Union, Canada and Germany. Higher import costs could squeeze profit margins of businesses, which may lead to an increase in the price of the automobiles, thereby pinching the wallets of buyers.

In case of passenger cars, India exported a modest $8.9 million worth of vehicles to the U.S. in 2024, which is merely 0.13% of the country's car exports, indicating that the impact of the tariffs on Indian exports could be relatively lower.

ANNUAL VALUE OF U.S. AUTO IMPORTS INVOLVING SOME OF THE KEY TRADE PARTNERS ($, BILLION)



Source: U.S. Census Bureau, Financial Times. U.S.: United States. EU: European Union. UK: United Kingdom.

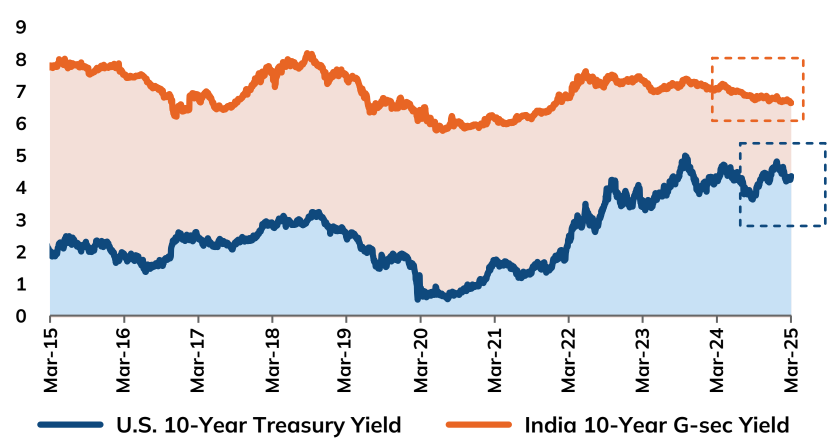
The trajectory of bond yields

Amidst economic uncertainties, the U.S. 10-Year Treasury yield rose to around 4.31% on March 25, 2025:

The University of Michigan's consumer sentiment index reading for March 2025 declined to 57.9, the lowest level since November 2022: Consumer sentiment dampened as concerns loomed over rising price levels and ballooning U.S. national debt levels, which could meddle with the growth outlook.

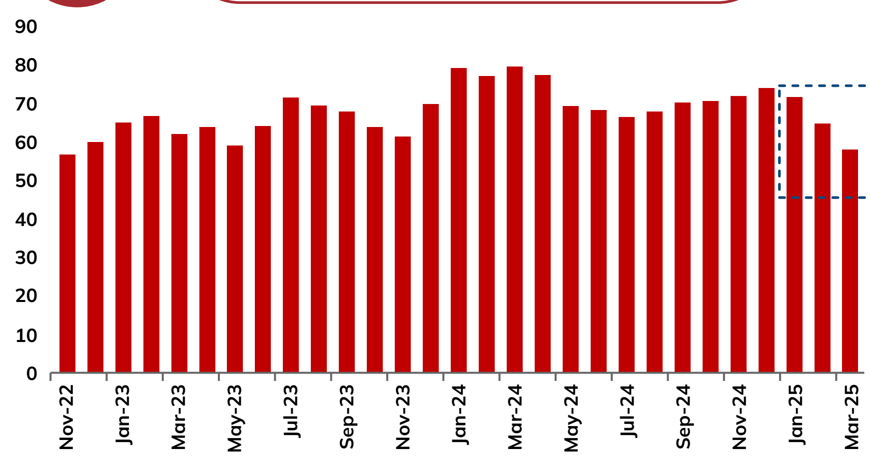
The U.S. economy grew at a slower pace in Q4 2024: The U.S. real gross domestic product (GDP) slowed to an annualized rate of 2.4% in Q4 2024, down from 3.1% in the previous quarter due to a drop in private investment. (Source: U.S. Bureau of Economic Analysis, third estimate).

10-YEAR GOVERNMENT BOND YIELDS (%)



Source: Reuters. Data as on March 25, 2025. G-sec: Government Securities.

UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT INDEX



Source: CEIC, CareEdge Research Report. Data as on March 14, 2025.

On the domestic front, the Indian 10-Year G-Sec yield softened from 6.70% on February 24, 2025 to 6.63% on March 25, 2025. The Reserve Bank of India conducted daily variable rate repo (VRR) auctions, open market operations (OMO) and dollar/rupee buy-sell swap auctions to ease market liquidity. **In March 2025, Foreign Portfolio Investors infused ₹37,789 crore in the Indian debt market** (Source: NSDL, Data as on March 28, 2025. Debt includes Debt-General Limit, Debt VRR and Debt FAR. VRR: Voluntary Retention Route. FAR: Fully Accessible Route). **India's inclusion in the FTSE Russel's Emerging Markets Government Bond Index by September 2025 could further attract foreign investment.**

The Indian Rupee makes a comeback

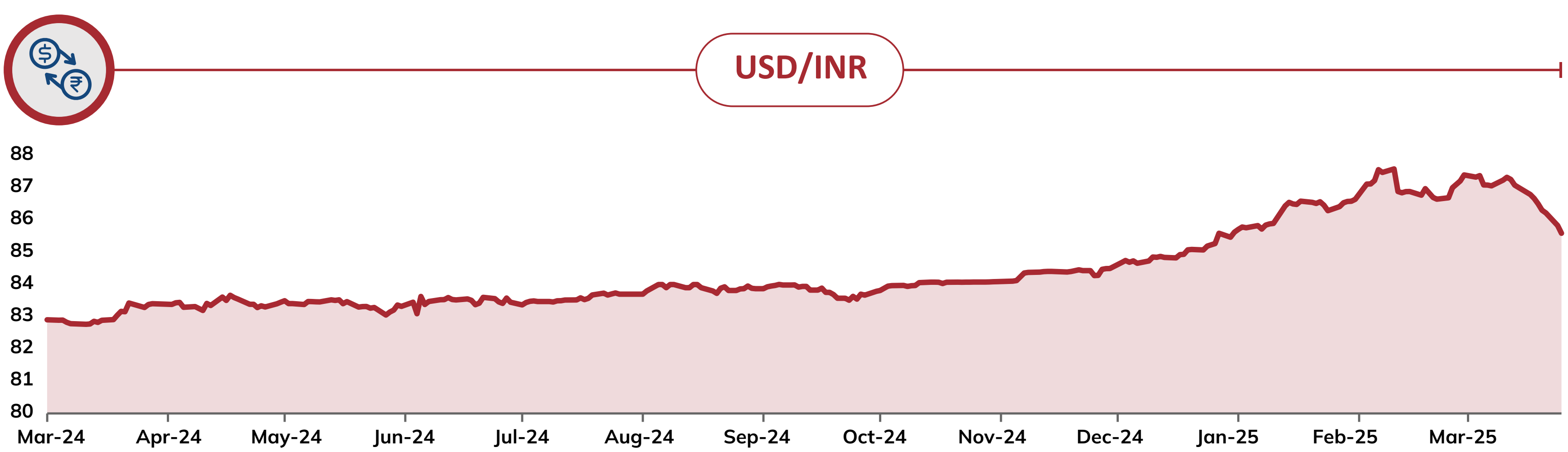
The Indian Rupee recouped from the low of 87.58 in February 2025 to 85.59 on March 25, 2025. Which factors have supported the rupee?

The potential impact of trade restrictions on U.S. economic growth weighed on the U.S. Dollar Index (DXY), that dropped to 104 levels in March 2025.

Brent crude oil prices have eased to around $73/barrel in March 2025, which is a positive development for a country, like India, that imports over 80% of its oil requirements.

India's merchandise trade deficit has narrowed considerably to $14.05 billion in February 2025 from $22.99 billion in January 2025 due to a sharp contraction in imports. As the trade balance of an economy improves, the demand for the domestic currency may increase gradually.

In March 2025, Foreign Portfolio Investors infused ₹37,789 crore in the Indian debt market, which aided the Indian Rupee (Source: NSDL, March 2025 data is as on March 28, 2025. Debt includes Debt-General Limit, Debt VRR and Debt FAR).



Source: Reuters, Data as on March 25, 2025. VRR: Voluntary Retention Route. FAR: Fully Accessible Route.

India's foreign exchange reserves rose to $654.27 billion on March 14, 2025. (Source: Reserve Bank of India). A healthy level of foreign exchange reserves is vital for an economy as it acts as a buffer against global financial turbulence, which could be directed to defend the rupee in times of volatility.

How did the RBI manage liquidity in the system?

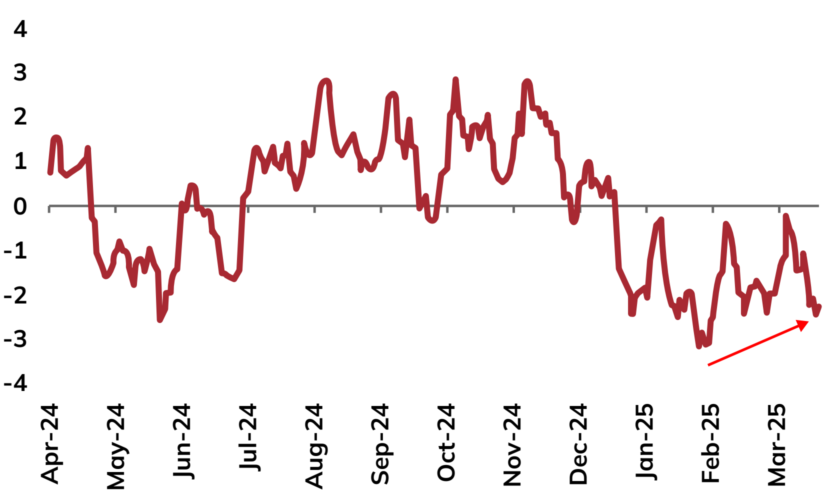
The Reserve Bank of India has swiftly tackled liquidity shortages by conducting open market operations (OMO), daily variable rate repo (VRR) auctions and dollar/rupee buy-sell swap auctions.

Open Market Operations (OMOs): OMO is a monetary tool used by the central bank to purchase or sell government securities with an aim to manage liquidity into the system.

Variable Rate Repo (VRR) auctions: The VRR is a short-term liquidity adjustment tool employed by the RBI to supply funds to the banking system. Under this mechanism, the interest rate is determined through an auction process.

Dollar/rupee buy-sell swap auctions: The central bank purchases U.S. Dollars from banks in exchange for Indian Rupees and subsequently enters into an agreement with banks to sell the U.S. Dollars at a later date.

BANKING SYSTEM LIQUIDITY (₹ LAKH CRORE)



Sources: RBI, CEIC. Data as of March 18, 2025, Negative values denote liquidity deficit.

Date	Action	Amount
Jan 30, 2025	Open Market Purchase of G-Secs	₹20,002 Crore
Jan 31, 2025	USD/INR Buy/Sell Swap Auction - 6 Month tenure	USD 5.1 Billion
Feb 07, 2025	56-day VRR auction	₹50,010 crore
Feb 13, 2025	Open Market Purchase of G-Secs	₹40,000 Crore
Feb 14, 2025	49-day VRR auction	₹75,003 crore
Feb 20, 2025	Open Market Purchase of G-Secs	₹40,000 Crore
Feb 21, 2025	45-day VRR auction	₹57,951 crore
Feb 28, 2025	USD/INR Buy/Sell Swap Auction - 36 Month tenure	USD 10.06 Billion
Mar 12, 2025	Open Market Purchase of G-Secs	₹50,000 Crore
Mar 18, 2025	Open Market Purchase of G-Secs	₹50,000 Crore
Mar 24, 2025	USD/INR Buy/Sell Swap Auction - 36 Month tenure	USD 10 Billion
Mar 25, 2025	Open Market Purchase of G-Secs	₹50,000 crore
Mar 28, 2025	5-day VRR auction	₹1,00,000 crore

Source: RBI. RBI: Reserve Bank of India. G-Secs: Government Securities. March 28, 2025 auction includes notified amount.

The relative stability of Gold continues to captivate investors

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Uncertainty has become the undertone across global markets. Gold prices crossed $3000/ounce in March 2025, surging around 17% since December 31, 2024.

Which factors are driving gold prices?

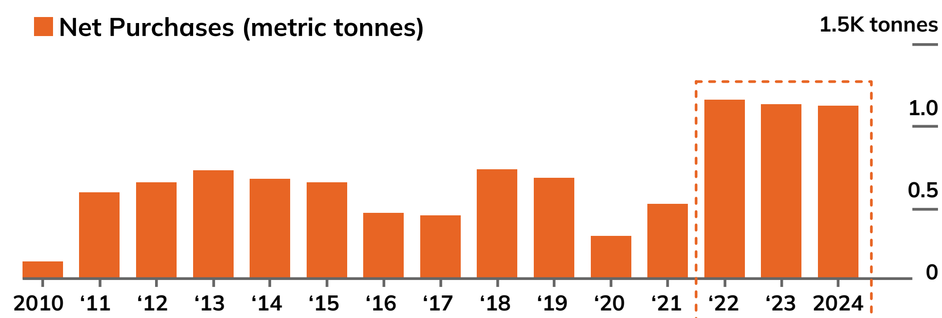
Flaring geopolitical tensions in the Middle East have boosted the appeal of gold.

The impact of U.S. tariffs on global trade compelled investors to lean towards a relatively stable asset.

Central banks have increased gold purchases since 2022 to diversify reserves amid global uncertainties.

Gold is used as a component in the manufacturing of artificial intelligence-enabled devices.

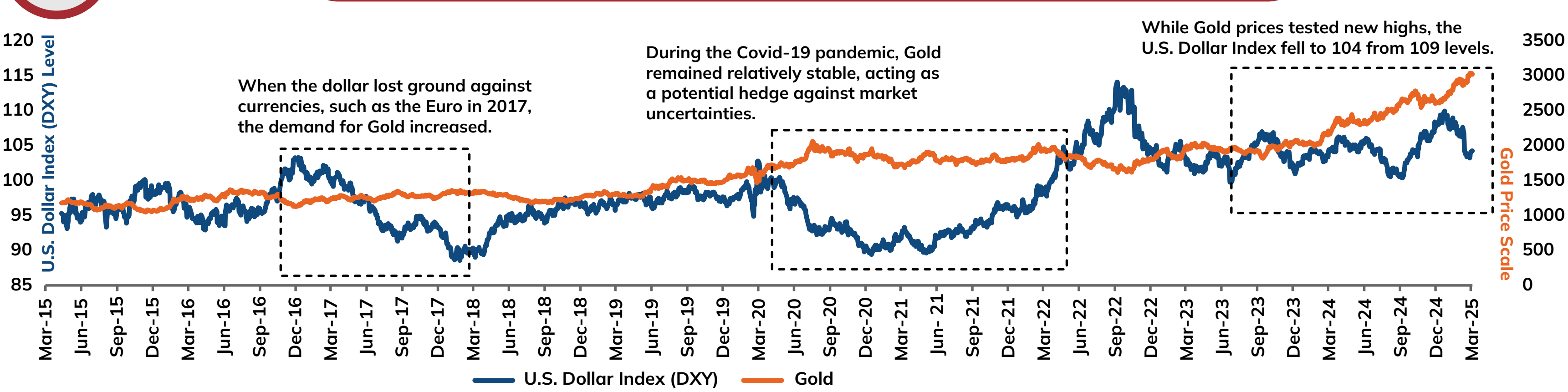
CENTRAL BANKS SPEED UP GOLD PURCHASES AFTER 2022



Source: Metals Focus, Refinitiv GFMS, World Gold Council.
Note: Net purchases of official gold holdings are as on December 2024.

Traditionally, gold has shared an inverse relationship with the U.S. Dollar, which indicates that a weaker dollar could increase the demand for the precious metal. **The U.S. Dollar Index skid from 109 levels in January 2025 to 104 in March 2025 amidst concerns that the trade war could dampen economic growth.**

GOLD PRICES (LBMA, $/OUNCE) AND U.S. DOLLAR INDEX LEVEL



Source: LBMA: London Bullion Market Association and Reuters. Data as on March 25, 2025. The gold price in India was around ₹87,751/10 gms on March 25, 2025.

Easing oil prices provide relief to countries heavily dependent on oil imports

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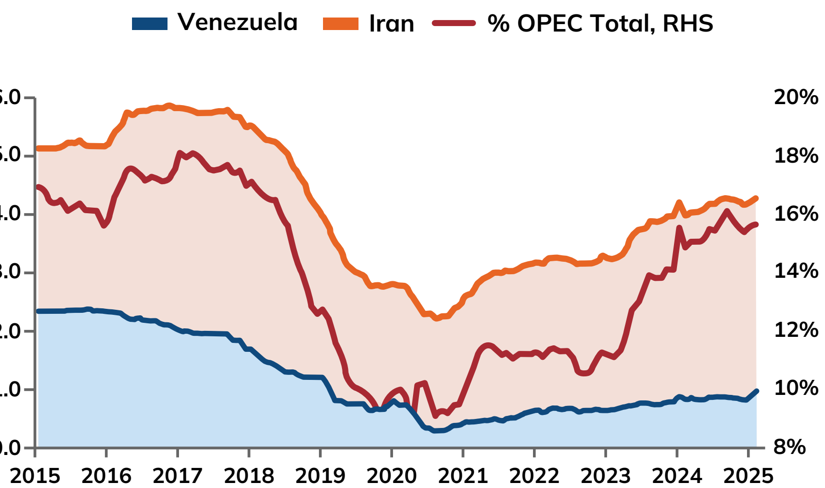
Brent crude oil prices plunged from $82/barrel in January 2025 to around $73/barrel in March 2025 as geopolitical fragmentation and trade tensions clouded the oil demand outlook.

Geopolitical unrest poses risks to global oil supply chains: In March 2025, Israel launched ground operations in Gaza after conducting air strikes, darkening the clouds of war.

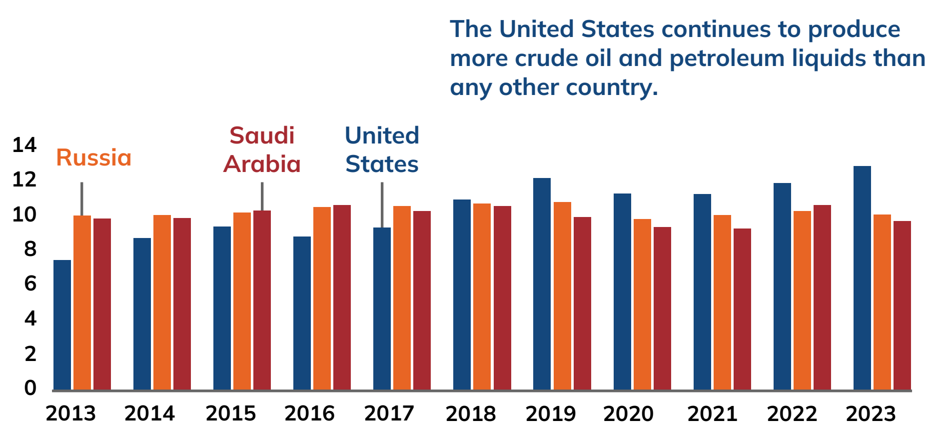
U.S. levies tariffs on Venezuela oil import: In March 2025, the U.S. issued new sanctions intended to impact Iranian oil exports. Additionally, in April 2025, the U.S. plans to levy a 25% tariff on countries buying oil from Venezuela – a move that would impact China and other Asian countries that import a large portion of oil from Venezuela.

CRUDE PRODUCTION FROM SANCTIONED PRODUCERS (MILLION Bpd)



Source: Bloomberg, Saxo. Bpd: barrels per day. RHS: Right-hand side. OPEC: Organization of the Petroleum Exporting Countries.

AVERAGE ANNUAL CRUDE OIL AND CONDENSATE PRODUCTION FROM TOP THREE GLOBAL PRODUCERS (MILLION Bpd)



Source: U.S. Energy Information Administration, International Energy Statistics. Report as on December 26, 2024. Bpd: barrels per day.

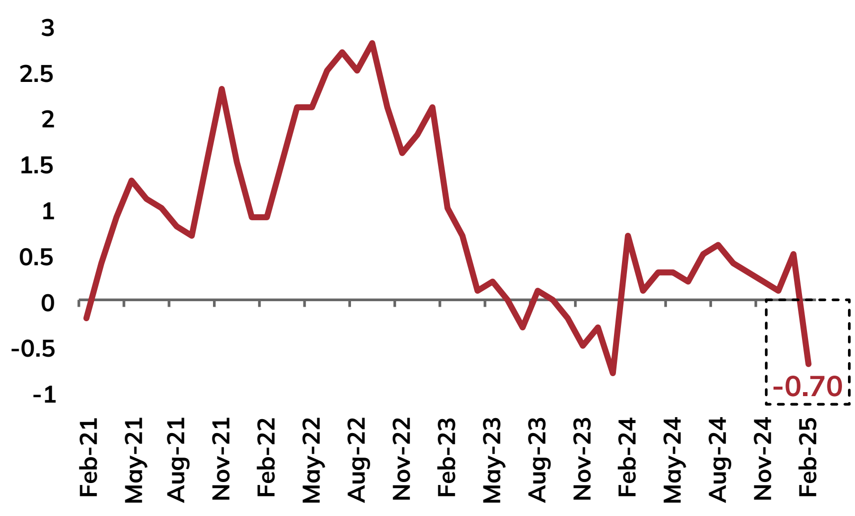
In a quest to stabilize the oil market, the OPEC cartel is likely to gradually unwind production curbs in April 2025, which could boost oil supply and contribute to lower prices.

China's consumer inflation turns negative for the first time in 13 months

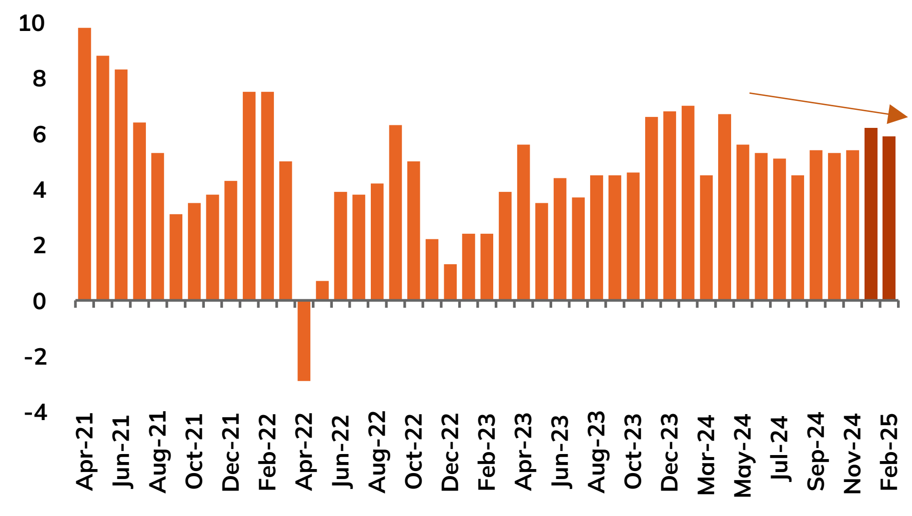
China's deflation spiral has become difficult to repair with China's consumer price index (CPI) foraying into the negative territory in February 2025, reversing the earlier 0.5% increase recorded in January 2025. Food prices dropped 3.3% in February 2025, seasonal demand waned and households remained cautious about spending amid challenges simmering in the job market.

Exports also wobbled as weak domestic demand and escalating U.S. trade tariff tensions continue to nag. **China's trade surplus surged to $170.52 billion in January-February 2025 as imports plunged 8.4% year-on-year,** the steepest decline since July 2023. **China's industrial production slowed to 5.9% year-on-year in January-February 2025** from the 6.2% growth in December 2024 as companies face difficulties in operations.

CHINA'S CONSUMER PRICE INDEX (%)



CHINA'S INDUSTRIAL PRODUCTION (%)



Source: National Bureau of Statistics of China

China has set an ambitious economic growth target for 2025 at around 5%, while lowering the annual inflation target to around 2% from the previous 3% target. To spur business investment, the government plans to issue 1.3 trillion yuan of ultra-long special treasury bonds in 2025, up 300 billion yuan from last year (Source: China's State Council).

India's Retail Inflation falls below the RBI's medium term target of 4%

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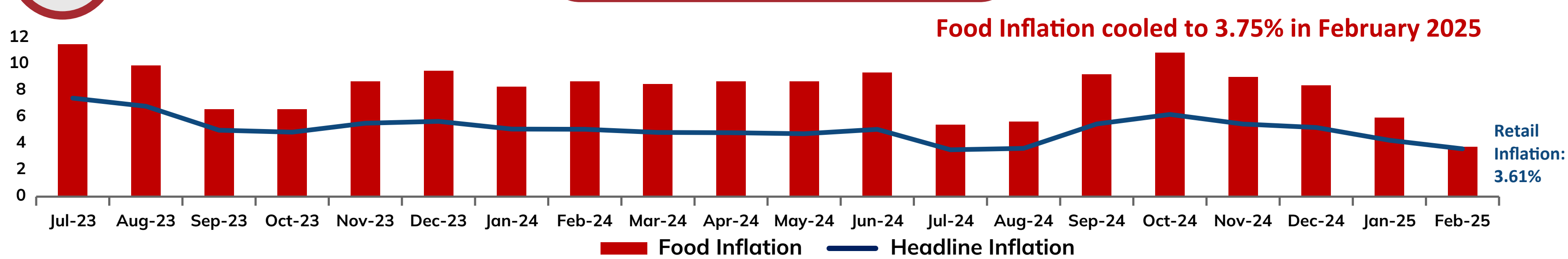
At a time when the Indian economy is beset with global uncertainties, dwindling real household income and tepid corporate earnings growth, a softening retail inflation provides solace to the central bank.

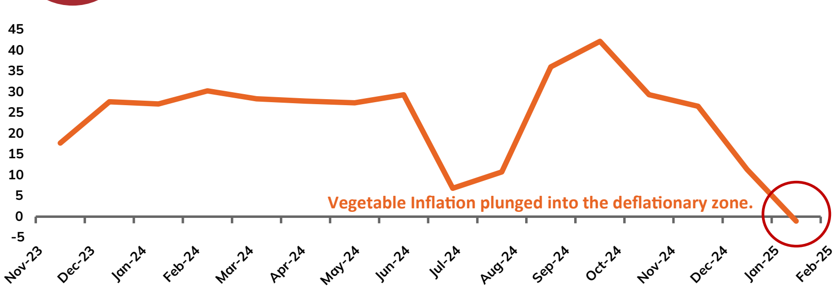
India's retail inflation, measured by the Consumer Price Index (CPI), cooled to a seven-month low of 3.61% in February 2025, largely driven by easing food prices. **However, core inflation, which excludes food and fuel, remains sticky at 4.1%, surpassing the headline CPI inflation print of February 2025.** The arrival of fresh Rabi harvests and comfortable reservoir levels augur well for food inflation, which would support consumption.

INDIA'S INFLATION RATE (%)



Households have a reason to rejoice as Vegetable inflation plunged to -1.07% year-on-year in February 2025 from 11.35% in the preceding month, reversing the previous soaring price trend. **While the prices of vegetables, cereals, meat, eggs, milk and pulses softened, that of fruits and oils and fats rose.**

VEGETABLE INFLATION (%)



Group	Weightage	Feb-25 (YoY)	Jan-25 (YoY)
Food and beverages	45.86%	3.8%	5.7%
Pan, tobacco and intoxicants	2.38%	2.4%	2.3%
Clothing and footwear	6.53%	2.7%	2.7%
Housing	10.07%	2.9%	2.8%
Fuel and light	6.84%	-1.3%	-1.4%
Miscellaneous	28.32%	4.8%	4.4%

Source: Centre for Monitoring Indian Economy (CMIE), Ministry of Statistics and Programme Implementation (MOSPI).
Data as on February 2025. YoY: Year-on-Year

India's Merchandise Trade Deficit fell to its lowest level since August 2021

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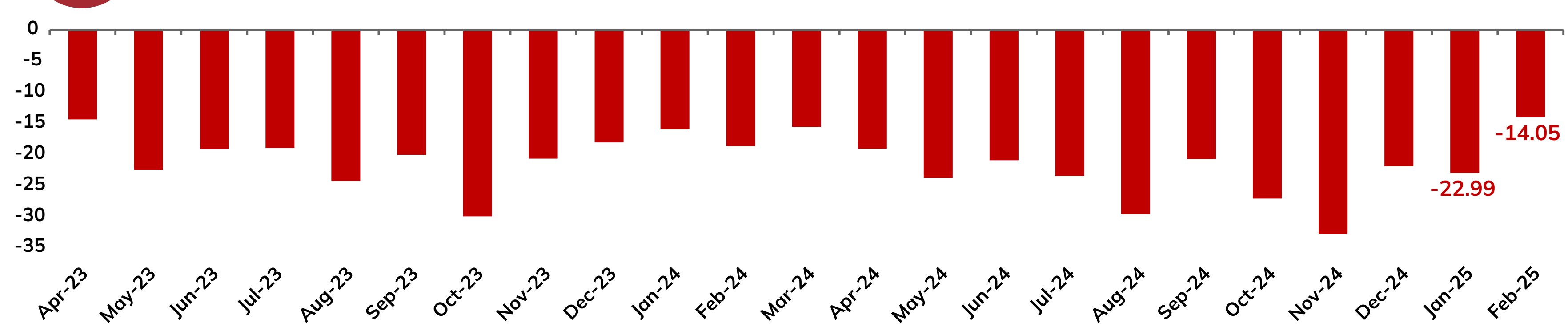
India's merchandise trade deficit declined significantly to $14.05 billion in February 2025 from $22.99 billion in January 2025 due to a sharp contraction in imports amid rising global economic uncertainties.

INDIA'S MERCHANDISE TRADE BALANCE ($, BILLION)



India's merchandise imports dropped to $50.96 billion in February 2025 compared to $59.42 billion in January 2025. The biggest drag in imports came from a drop in crude oil and gold imports.

a) **Crude oil imports fell to $11.8 billion in February 2025,** recording a 29.6% year-on-year decline.

b) **Gold import bill slipped to $2.3 billion in February 2025,** registering a significant 63% year-on-year decline.

While imports fell compared to the previous month, India's merchandise exports remained steady at $36.91 billion in February 2025 compared to $36.43 billion in January 2025.

Major drivers of merchandise exports growth include Electronic Goods, Rice, Coal, Minerals, Coffee and Readymade garment of all Textiles.

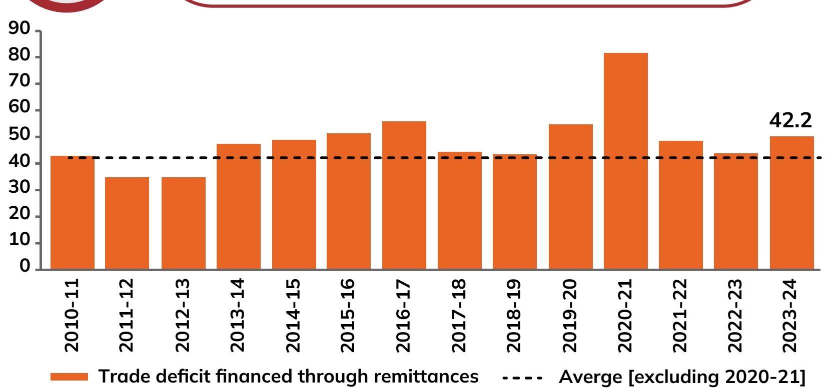
Source: Ministry of Commerce and Industry.

Inward remittances fund a significant portion of India's merchandise trade deficit

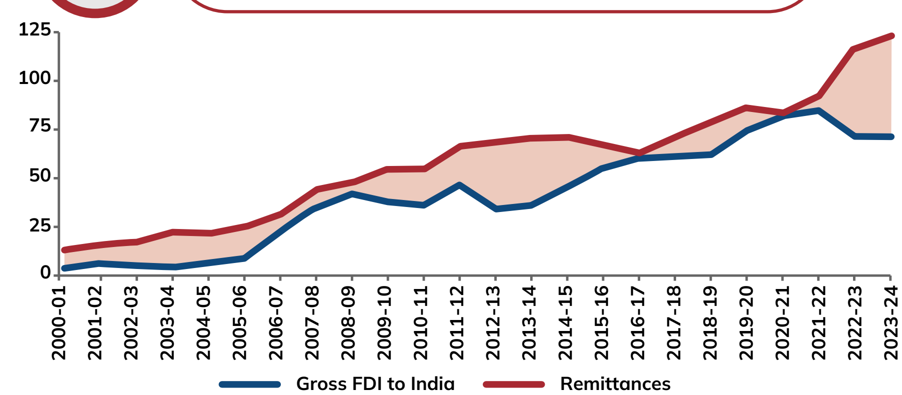
With the growing trend of workforce travelling to other countries, remittances have emerged as an important source of foreign earnings for several developing countries. **India's remittances have more than doubled from $55.6 billion in 2010-11 to $118.7 billion in 2023-24.**

Inward remittances have generally surpassed India's gross inward Foreign Direct Investment (FDI) since the beginning of the century, thus acting as a stable source of foreign earnings.

INDIA'S TRADE DEFICIT FINANCED THROUGH REMITTANCES (%)



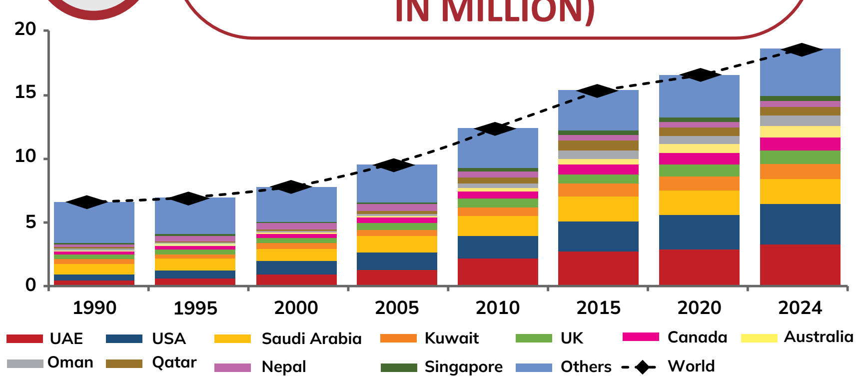
REMITTANCES REMAIN HIGHER THAN FDI INFLOWS (U.S. $, BILLION)



Source: RBI Bulletin, March 2025.

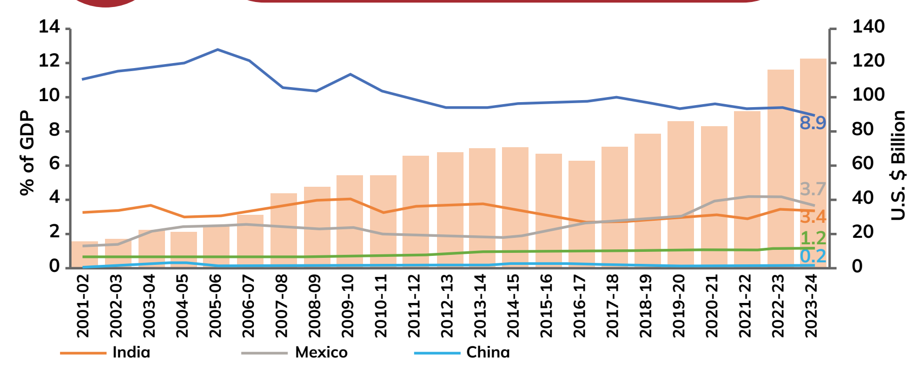
India's remittances are around 3% of the Gross Domestic Product (GDP) since 2000, while that of China has remained below 0.3%.

COUNTRY-WISE SHARE OF INDIA'S MIGRANT STOCK (NUMBER IN MILLION)



Source: United Nations Department of Economic and Social Affairs (UNDESA). USA: United States of America. UAE: United Arab Emirates.

INWARD REMITTANCES: MAJOR COUNTRIES (% OF GDP)



Note: Data for all countries, excluding India. are a calendar year basis.
Source: RBI and World Bank. GDP: Gross Domestic Product.

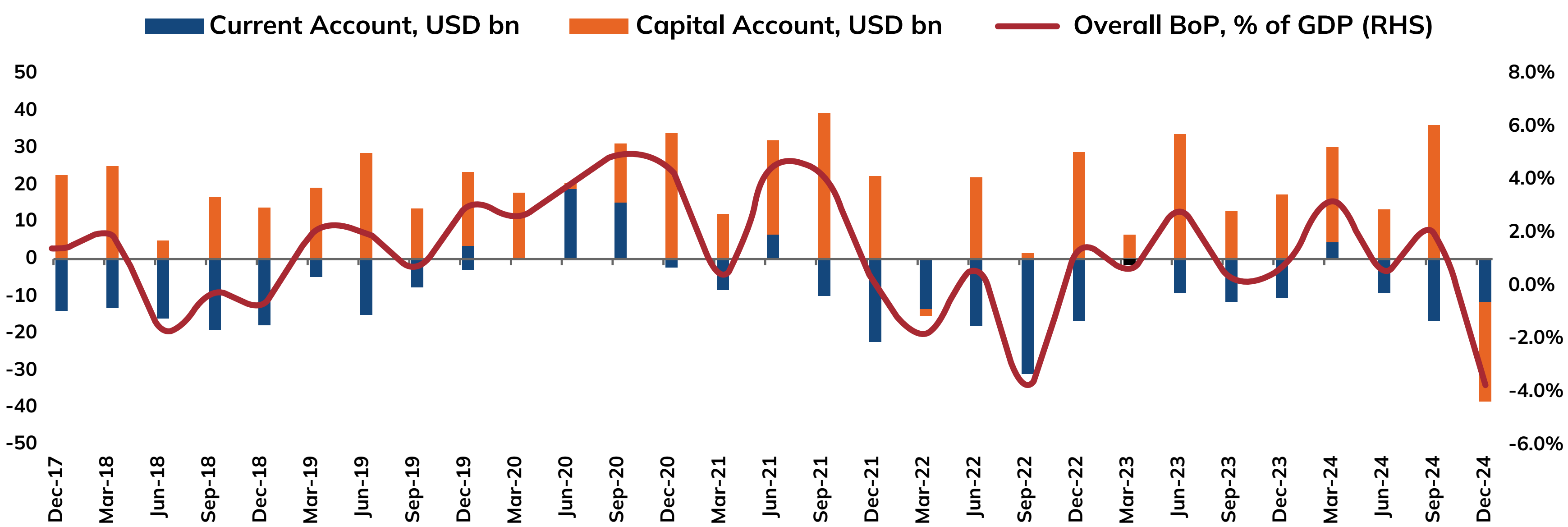
India's Current Account Deficit narrowed or widened?

India's current account deficit stood at $11.5 billion (1.1% of the GDP) in the Q3 2024-25, compared to $10.4 billion in Q3 2023-24.

During the December quarter, India's net services receipts increased to $51.2 billion from $45.0 billion recorded a year ago. Services exports have increased across major categories, such as business services, computer services, transportation services and travel services.

Net outgo on the primary income account, primarily reflecting payments of investment income, increased to $16.7 billion in Q3 2024-25 from $13.1 billion in Q3 2023-24. Additionally, **Private transfer receipts,** which mainly represents remittances by Indians working overseas, rose to $35.1 billion in Q3 2024-25 from $30.6 billion in Q3 2023-24.

TREND IN INDIA'S BALANCE OF PAYMENTS



Source: CEIC, Morgan Stanley Research. BoP: Balance of Payments. GDP: Gross Domestic Product. Bn: Billion. RHS: Right-hand side.

India's balance of payments stood at a record deficit of $37.7 billion in the October-December 2024 quarter, compared to a surplus of $6 billion in the year-ago period. **The capital account deficit widened primarily** due to broad-based outflows of foreign capital.

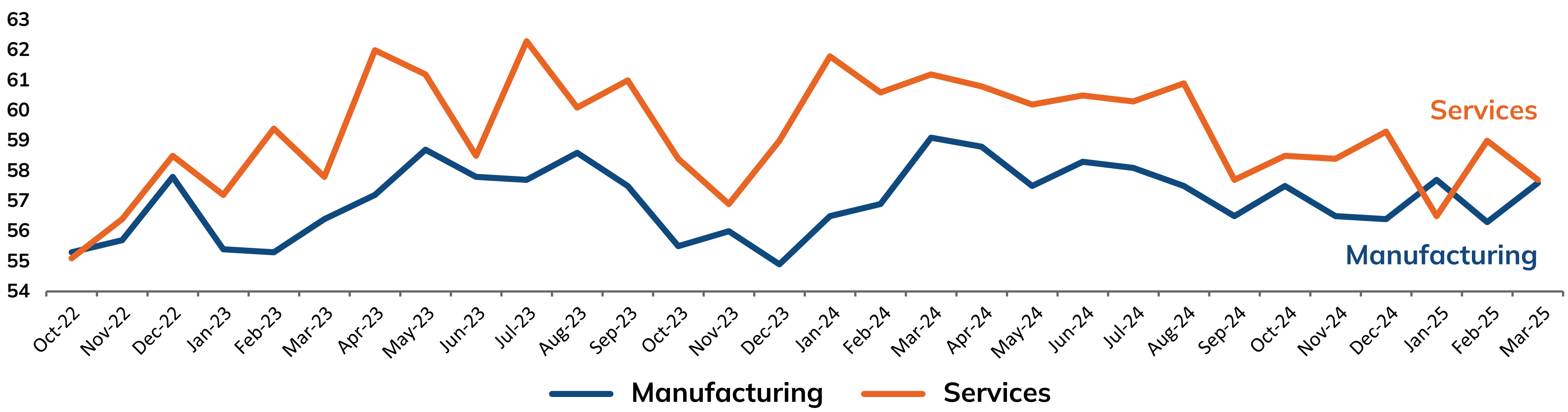
India's private sector growth in March 2025 – Manufacturing stole the limelight

India's private sector economy ended FY25 on strong footing, driven by robust expansion in new business output.

The HSBC Flash India Manufacturing PMI increased from 56.3 in February 2025 to 57.6 in March 2025: The manufacturing sector was in a bring spot as operating conditions improved and quicker increases were registered in sales compared to the service economy. Additionally, manufacturing companies registered a faster increase in new businesses from abroad compared to their services counterparts.

While manufacturing activities expanded, services lost momentum, with the HSBC Flash India Services PMI Business Activity Index slipping to 57.7 in March 2025 from the earlier 59 level: Private sector businesses reported an increase in operating expenses with greater outlays on copper, electronics, food, leather, medical equipment, rubber and vehicle spare parts.

INDIA'S PURCHASING MANAGERS' INDEX (PMI)



The HSBC Flash India PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. GDP: Gross Domestic Product.

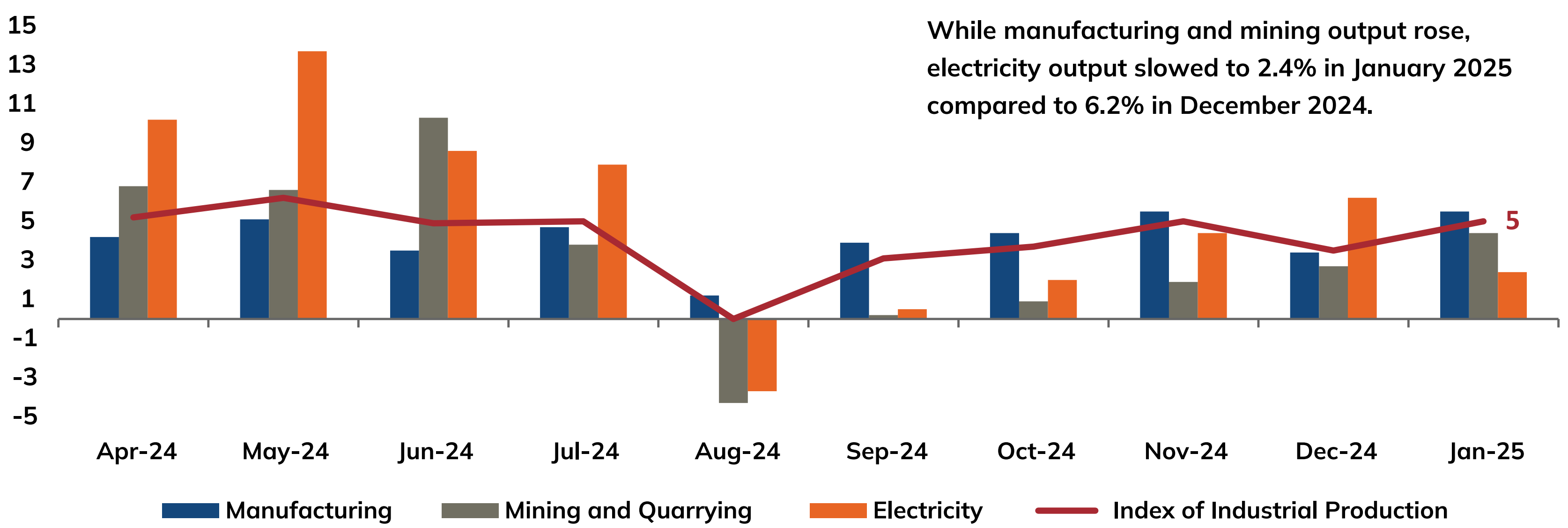
Business confidence remained positive in March 2025, but the overall level of sentiment slipped to a seven-month low as the Indian private sector has to combat fierce competition and higher input price inflation.

India's Industrial Production (IIP) rises

India's industrial production rose to an eight-month high of 5% in January 2025, up from 3.5% in the preceding month, supported by growth in the manufacturing and mining sector.

Manufacturing output accelerated to 5.5% in January 2025 from 3.4% in December 2024. The mining output expanded 4.4% in January 2025 compared to the 2.7% growth recorded in the previous month. **Easing food inflation, easing income tax burden as announced in the Union Budget 2025 and a lower borrowing cost paves the way for higher domestic demand, which would contribute to factory output.**

INDEX OF INDUSTRIAL PRODUCTION - MANUFACTURING, MINING AND QUARRYING, ELECTRICITY (YEAR-ON-YEAR %)



Source: Ministry of Statistics and Programme Implementation (MOSPI), CareEdge Ratings.

Within the use-based classification, the output of infrastructure and construction goods grew by 7% in January 2025. Going ahead, the government's thrust on capital expenditure augurs well for the performance of infrastructure-related segments.

Unfolding women's role in India's financial growth story

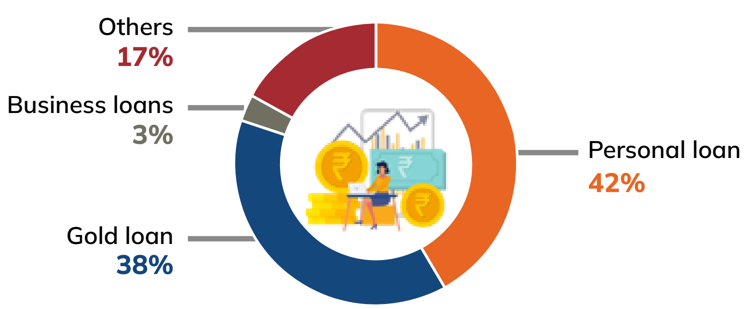
ICICI PRUDENTIAL MUTUAL FUND

From farms to small-scale industries and from corporate leaders to business management, women are increasingly stepping into roles as innovators across industries. **The Female Labour Force Participation Rate (FLFPR) has steadily increased from 23.3% in 2017-18 to 41.7% in 2023-24, largely fueled by the increased economic participation of rural women.**

The NITI Aayog report of March 2025, highlights women's growing economic participation and financial inclusion, particularly in rural areas:

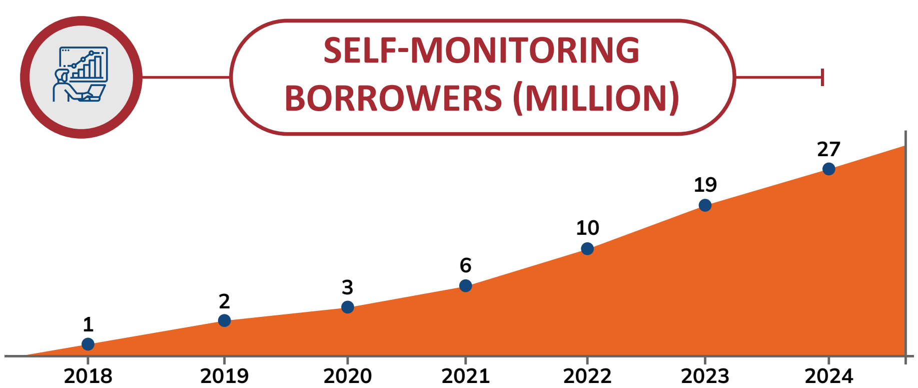
The number of women borrowers availing retail credit in India has increased at a Compound Annual Growth Rate (CAGR) of 22% between 2019 and 2024, indicating that women are progressively leveraging credit to meet both personal and professional goals. **Interestingly, 60% of the borrowers hail from semi-urban and rural areas, indicating the growing financial footprint beyond metro cities.**

Share by Credit Product Type Loan Originations by Women in 2024

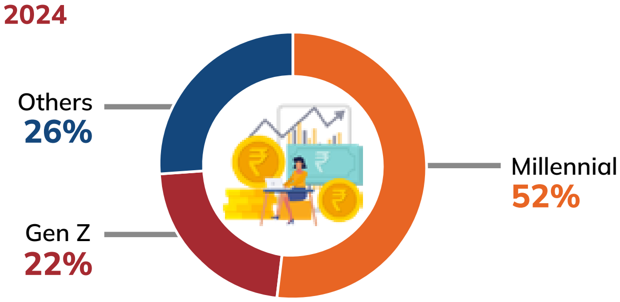


Credit for personal finance needs (personal loans, consumer durable loans, home ownership, vehicle loans) continues to be a major share of credit availed by women.

There has been a 42% year-on-year rise in women self-monitoring their credit, indicating higher financial awareness and credit management to make informed financial decisions.



Age-Wise Distribution of Self-Monitoring Women Consumers in 2024



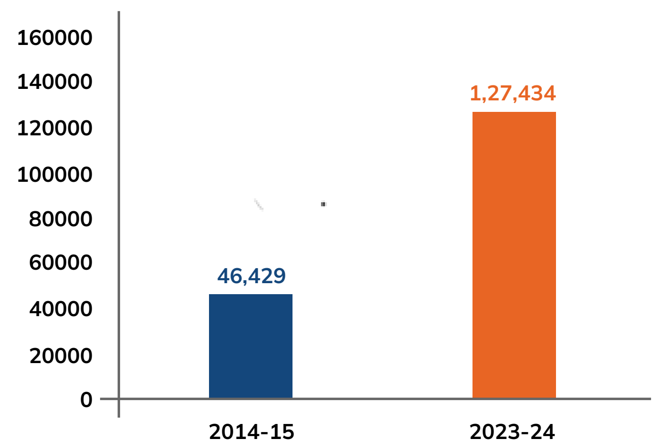
Source: Niti Aayog, Data for the year 2024.

More power to India's defence sector

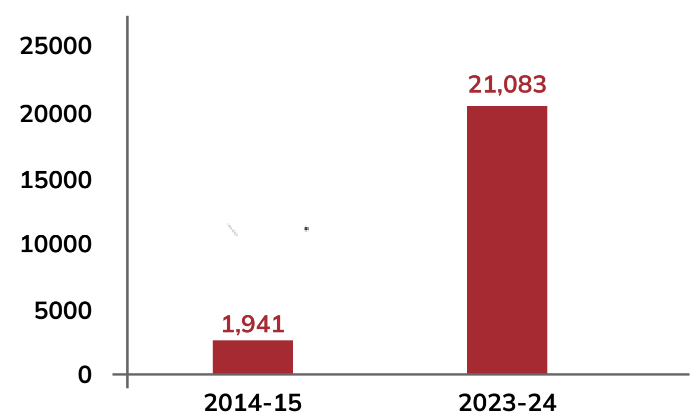
65% of India's defence equipment is now manufactured domestically, a commendable shift from the earlier 65-70% import dependency, indicating India's self-reliance in defence. **India's defence production has grown at a remarkable pace** since the launch of the 'Make in India' initiative, reaching a record ₹1.27 lakh crore in FY 2023-24.

India's defence exports surged by 32.5% year-on-year, rising from ₹15,920 crore in FY 2022-23 to ₹21,083 crore in FY 2023-24. **India exports defence equipment to over 100 countries,** with the USA, France, and Armenia emerging as the top buyers in 2023-24.

VALUE OF INDIA'S DEFENCE PRODUCTION (₹ CRORE)



GROWTH IN INDIA'S DEFENCE EXPORTS (₹ CRORE)



Source: Ministry of Defence. March 24, 2025. USA: United States of America.

Foreign Direct Investment (FDI) in the defence sector was liberalized in September 2020 to attract foreign investment, allowing up to 74% FDI through the automatic route and above 74% through the government route.

A blend of government initiatives, increased domestic participation and a focus on innovation has strengthened India's defence capabilities. **The government aims to achieve ₹50,000 crore in defence exports by 2029,** reinforcing India's role as a global defence manufacturing hub while augmenting economic growth.

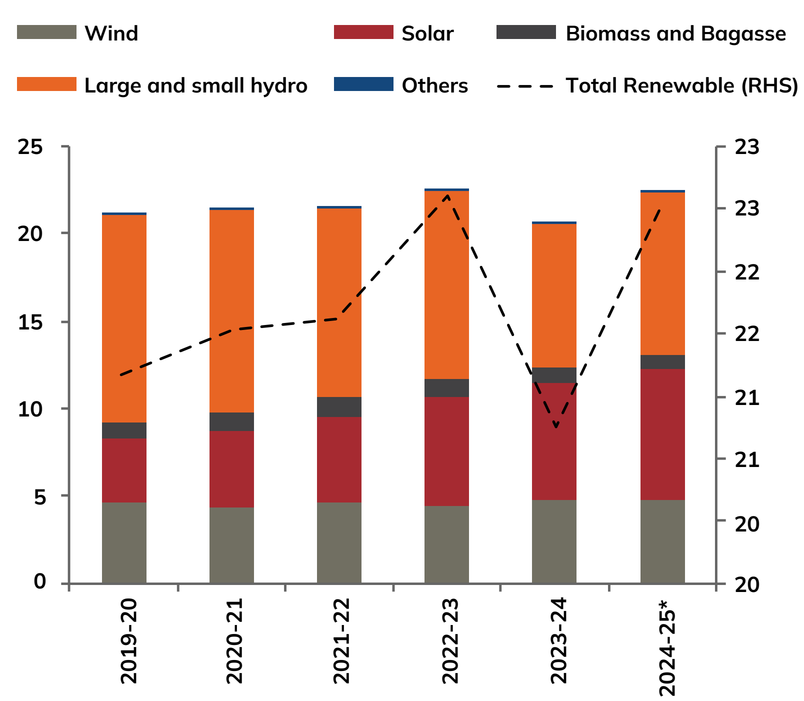
India's milestone of 100 GW Solar Power Capacity

ICICI PRUDENTIAL MUTUAL FUND

India continues to focus on electricity generation from renewable sources, especially solar. India's solar power sector increased from 2.82 GW in 2014 to 100 GW in 2025 (Source: Ministry of New and Renewable Energy, February 2025). This milestone highlights India's vision of becoming a renewable energy powerhouse; facilitating clean, sustainable and affordable access to energy.

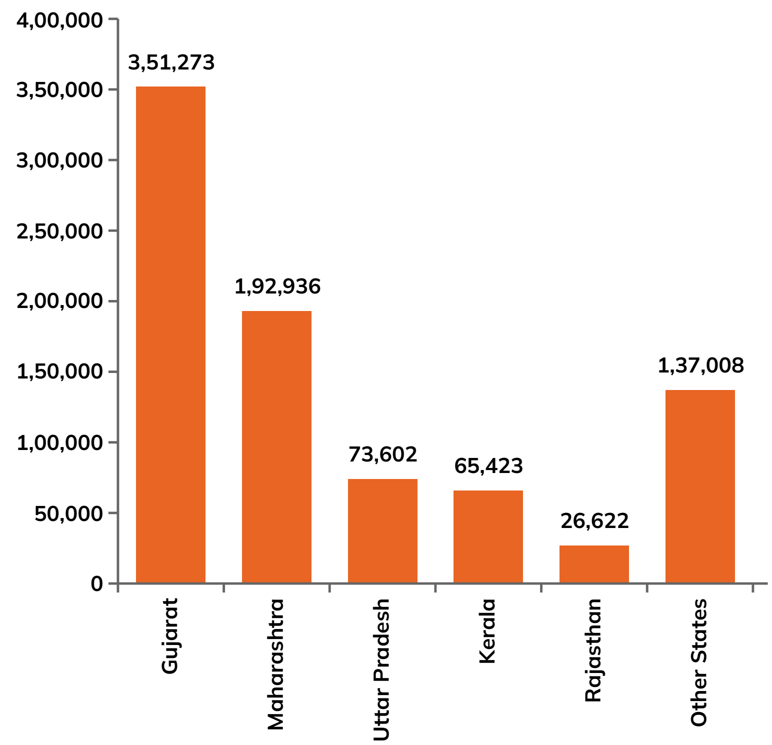
With the objective of supplying solar power to one crore households by March 2027, PM Surya Ghar: Muft Bijli Yojana (PMSGMBY) facilitates the installation of rooftop solar panels. As of March 10, 2025, 10.09 lakh installations of rooftop solar have been completed across the country.

ELECTRICITY GENERATION FROM RENEWABLE RESOURCES (%)



Source: Central Electricity Authority. RBI Bulletin March 2025.
GW: Gigawatt. *Data up to January 2025. RHS: Right-hand side.

ROOFTOP SOLAR PANELS INSTALLATIONS UNDER PMSGMBY (NUMBER OF HOUSEHOLDS)



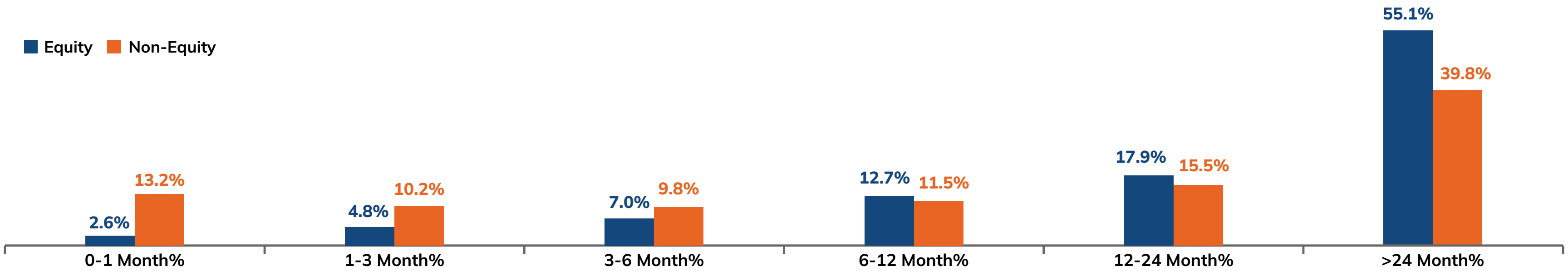
Source: PIB. RBI Bulletin, March 2025

Other Key Developments

ICICI PRUDENTIAL MUTUAL FUND

Fact related to holding period of Equity assets: Equity assets have a longer average holding period as compared to non-equity assets.

55.1% OF THE INDUSTRY'S EQUITY ASSETS STAY INVESTED FOR MOVE THAN 2 YEARS



Source: AMFI report. Equity and Non-equity schemes as per AMFI classification. Data as on December 31, 2024.

India's Foreign Direct Investment Flows: Gross inward foreign direct investment (FDI) continues to remain strong, growing by 12.4% year-on-year to US$ 67.7 billion during 2024-25 (April-January) from US$ 60.2 billion over the corresponding period a year ago. Manufacturing received the highest share of equity inflows, followed by financial services, electricity and other energy and communication services, together accounting for more than 60% of the flows (Source: RBI Bulletin, March 2025).

The Reserve Bank of India has issued the revised guidelines on Priority Sector Lending (PSL) on March 24, 2025, which will come into effect from April 01, 2025:

i) Enhancement of several loan limits, including housing loans for enhanced PSL coverage.

ii) Broadening of the purposes based on which loans may be classified under 'Renewable Energy'.

iii) Revision of overall PSL target for UCBs to 60% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposures (CEOBSE), whichever is higher.

iv) Expansion of the list of eligible borrowers under the category of 'Weaker Sections', along with removal of the existing cap on loans by Urban Cooperative Banks (UCBs) to individual women beneficiaries.

The enhanced coverage of the revised guidelines is expected to facilitate better targeting of bank credit to the priority sectors of the economy (Source: RBI).

Other Key Developments

All-India house price index (HPI): The All-India Housing Price Index (HPI), based on property registration data from ten major cities, is an important economic indicator published by the Reserve Bank of India (RBI) to track changes in residential property prices across major cities in India. The All-India house price index (HPI) increased by 3.1% year-on-year in Q3 2024-25 compared to 4.3% in the previous quarter. (Source: RBI)

India-Japan renew bilateral currency swap agreement: Japan and India have renewed the Bilateral Swap Arrangement (BSA), effective from February 28, 2025, for up to $75 billion. The BSA is a two-way arrangement in which both authorities can swap their local currencies in exchange for the U.S. dollar. The BSA could further deepen financial cooperation between the two countries and contribute to regional and global financial stability.

India and Mauritius Pact: In March 2025, India and Mauritius deepened their partnership with eight pacts linked to trade, maritime security and financial collaboration. The Reserve Bank of India (RBI) and the Bank of Mauritius (BOM) would promote the use of the Indian Rupee and the Mauritian Rupee (MUR) for cross-border transactions, which is a significant move to strengthen the bilateral cooperation between the countries. The Indian government also announced the 'MAHASAGAR' (Mutual and Holistic Advancement for Security and Growth Across Regions) vision, re-iterating India's focus on enhancing security, trade and development cooperation across the Global South.

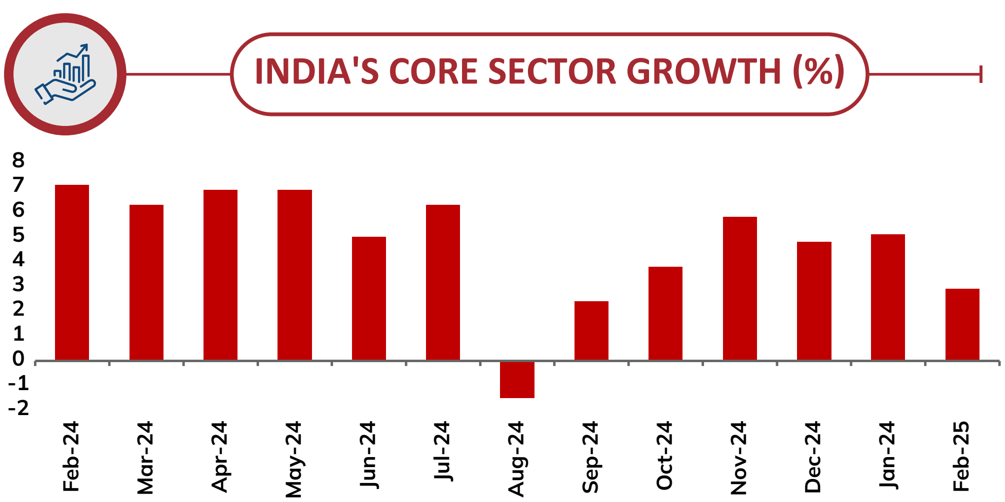
German parliament passed a historic debt reform: In March 2025, Germany announced a fiscal package that aims at bolstering defence and infrastructure spending: a) Plan to build a €500 billion infrastructure fund over the next 12 years of which €100 billion will be allocated to the Climate Transition Fund. b) Defence spending of more than 1% of the Gross Domestic Product (GDP) would be exempted from the constitutional debt brake. c) The bill will also raise the borrowing limit for state governments to 0.35% of the GDP.

A step towards promoting cashless India: The Union Cabinet has approved a ₹1,500 crore incentive scheme for FY 2024-25 to promote low-value BHIM-UPI (P2M) transactions and encourage digital payments among small merchants. This initiative would support the Government's goal of boosting digital payments, encouraging small merchants to adopt UPI and promoting financial inclusion (Source: Ministry of Finance. UPI: Unified Payments Interface. P2M: Peer to Merchant).

Other Key Developments

Government plans to extend duty-free import of peas: As per estimates, India's yellow peas import stood at 30 lakh tonnes out of 67 lakh tonnes of overall pulses imported during 2024. Amid global tariff flux, the Indian government imposed a 10% import duty on lentils, effective from March 08, 2025, to boost domestic supply. Additionally, the duty-free import of yellow peas has been extended until May 31, 2025.

India's core sector growth: India's eight core industries recorded a 2.9% year-on-year growth in February 2025, a decline from the 5.1% growth witnessed in January 2025. While the production of Cement, Fertilizers, Steel, Electricity, Coal and Refinery Products recorded positive growth in February 2025, slowdown was observed in crude oil and natural gas production.



Growth in February 2025 (%)	
Coal	1.7
Crude Oil	-5.2
Natural Gas	-6
Petroleum Refinery Products	0.8
Fertilizers	10.2
Steel	5.6
Cement	10.5
Electricity	2.8

Source: Ministry of Commerce & Industry. *Provisional Numbers

India's Wholesale Price Index (WPI) inches up: India's WPI inflation increased marginally to 2.38% in February 2025 from 2.31% in January 2025, primarily due to an increase in fuel and power prices along with manufactured food products (Source: Office of the Economic Advisor).

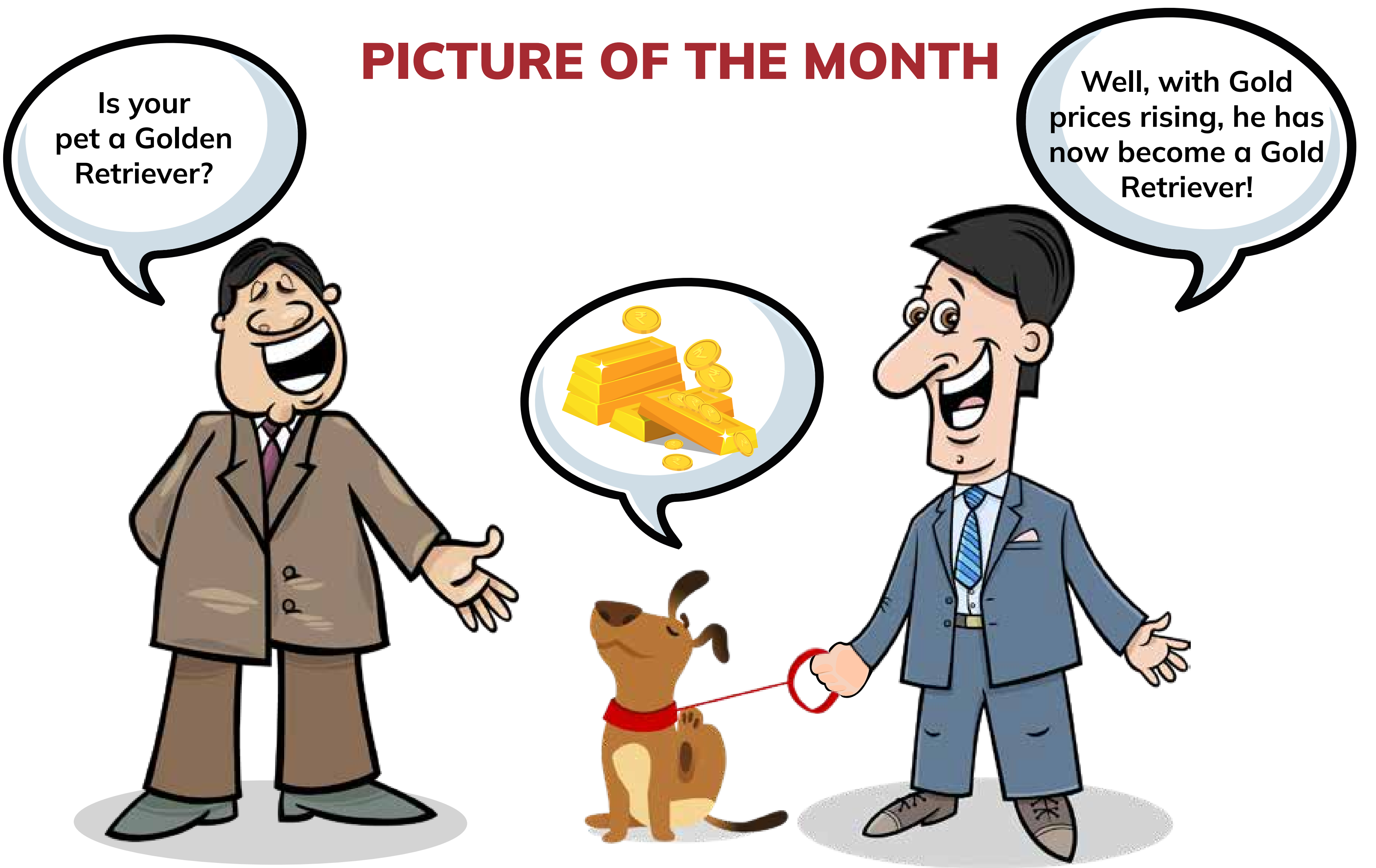
Cabinet approves Electronics Component Manufacturing Scheme: In March 2025, The Union Cabinet approved the Electronics Component Manufacturing Scheme with a funding of ₹22,919 crore to strengthen electronics supply chain and large investments in the electronics component manufacturing ecosystem (Source: Cabinet Press Release).

Increase in FPI disclosure threshold: On March 24, 2025, the Securities and Exchange Board approved a key change in its regulatory framework for foreign portfolio investors, increasing the disclosure threshold from ₹25,000 crore to ₹50,000 crore. This move aims to enhance market transparency and ensure better compliance with regulations.

And it is a wrap for the month

The course of the global economy would be shaped by the brewing trade tariff policies, inflationary pressures emanating from tariffs and the flaring geopolitical tensions. Domestically, economic growth is poised to sustain momentum driven by robust manufacturing activities, an uptick in domestic demand, steady investment activity and an increase in government spending. Investors now await the Reserve Bank of India's monetary policy decision, the trajectory of inflation and the further movement of precious metals, such as Gold.

PICTURE OF THE MONTH



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