



March 15, 2022 – Tuesday

### Key Developments

#### **Govt widens meaning of real estate business under FDI policy**

The government on Monday widened the meaning of 'Real estate business' under the foreign direct investment (FDI) policy which now includes dealing in land and immovable property to earn profit. According to a Press Note of the Department for Promotion of Industry and Internal Trade (DPIIT), it is clarified that FDI is not permitted in an entity which is engaged or proposes to engage in real estate business, construction of farm houses and trading in transferable development rights. It added that earning of rent/income on lease of a property, not amounting to transfer, will not amount to real estate business. "Real estate business means dealing in land and immovable property with a view to earning profit there from and does not include development of townships, construction of residential /commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships..." the note said.

<https://www.financialexpress.com/economy/govt-widens-meaning-of-real-estate-business-under-fdi-policy/2461005/>

#### **RBI drops pricing caps on micro loans: Change in definition of microfinance**

The Reserve Bank of India (RBI) on Monday released a revised framework for microfinance loans, putting an end to regulated interest rates in the segment and harmonising micro-lending norms across banks and non-bank lenders. The regulator also standardised the definition of microfinance loans, stating that all collateral-free loans, irrespective of end use and mode of application, processing and disbursal, provided to households with an annual income up to Rs 3 lakh shall be considered as microfinance loans. The latest framework is based on a consultation paper released by the RBI in June 2021.

<https://www.financialexpress.com/industry/banking-finance/rbi-drops-pricing-caps-on-micro-loans-change-in-definition-of-microfinance/2460889/>

#### **Govt extends Rs 20,000-cr Subordinate Debt scheme for MSMEs till March 2023**

The MSME Ministry Monday announced the extension of the Rs 20,000-crore Credit Guarantee Scheme for Subordinate Debt (CGSSD) by another year. Launched in June 2020, the scheme was initially valid till March 31, 2021, but was later extended till March 31, 2022, in order to "keep the avenues of assistance to stressed MSME units open," the ministry said in a statement. The latest extension was "on the basis of the requests received from the stakeholders of the scheme," the ministry added. The scheme provides credit facility via banks to the promoters of stressed MSMEs including special mention accounts (SMA)-2 and non-perform asset (NPA) accounts that are eligible for restructuring as per the Reserve Bank of India (RBI) guidelines on the books of the Lending institutions.

<https://www.financialexpress.com/industry/sme/msme-fin-govt-extends-rs-20000-cr-subordinate-debt-scheme-for-msmes-till-march-2023/2460596/>

#### **Vaccination for 12-14 age group to begin from March 16**

The Government, on Monday, expanded the vaccination drive for children in the age group of 12-14 from March 16, Health Minister Mansuk Mandaviya tweeted. The Covid-19 vaccine to be administered would be Corbevax, manufactured by the Hyderabad-based Biological E, the Ministry said. In addition, the comorbid condition for those

above 60 years of age to be eligible for precautionary doses has been removed. "The Union Government, after due deliberations with scientific bodies, has decided to start Covid-19 vaccination for 12-13 and 13-14 year age groups (those born in 2008, 2009 and 2010. i.e those who are already above 12 years of age) of population from 16 th March 16, 2022," the Ministry added.

<https://www.thehindubusinessline.com/news/covid-vaccination-for-children-in-12-15-yrs-group-to-begin-this-week-sources/article65223850.ece>

## Economy

### Retail inflation hits 8-month high in February: Price pressure seen rising further in March

Retail inflation scaled an eight-month peak of 6.07% in February, having hit the upper band of the Reserve Bank of India's (RBI's) medium-term target of 2-6% for a second straight month, as food inflation hit its highest since November 2020 and price pressure in the fuel segment continued to remain sticky. As oil marketing companies are set to soon pass on the spike in global crude oil prices to consumers after a tactical pause in the build-up to crucial assembly polls, inflationary pressure is only going to exacerbate in March, analysts caution. The latest inflation print and the rising threat of 'imported inflation' might make the RBI's accommodative policy stance look a bit untenable. A growing number of analysts now feel that the RBI has been wrong on inflation assumptions, and that it continued to tolerate higher inflation.

<https://www.financialexpress.com/economy/retail-inflation-hits-8-month-high-in-february-price-pressure-seen-rising-further-in-march/2460932/>

### Urban joblessness eased sharply after first Covid wave: Survey

The unemployment rate in urban India was 12.4% in the first quarter of FY22, as against 9.4% recorded in the previous quarter, but far lower than 20.9% prevailing in the year-ago quarter when the first Covid wave hit the country. The latest available results of the quarterly Periodic Labour Force Survey (PLFS), conducted by the ministry of statistics & programme implementation (MoSPI), also showed that 25.5% of urban youth in the 15-29 years age group remained unemployed in the January-March period of the current year, as against 34.7% in the year-ago quarter. As per PLFS norms, the activity status of a person is determined on the basis of reference period of last seven days preceding the date of survey, as her current weekly status (CWS). Unemployment rate is defined as the percentage of unemployed persons in the labour force.

<https://www.financialexpress.com/economy/urban-joblessness-eased-sharply-after-first-covid-wave-survey/2461017/>

### Rs 54,604-crore ECLGS loans for FY22 guaranteed: Finance ministry

The Finance Ministry on Monday said Rs 54,604 crore worth of loans were guaranteed under the Emergency Credit Line Guarantee Scheme (ECLGS) for micro, small, and medium enterprises for FY22 till the end of February. This is down from Rs 1.57 trillion worth of loans guaranteed in 2020-21. The number of guarantees issued stood at 2.16 million in 2021-22 against 9.04 million in 2020-21. ECLGS was launched in May 2020 as part of the Aatmanirbhar Bharat initiative by Finance Minister Nirmala Sitharaman to combat the economic slowdown due to the Covid-19 pandemic and the nationwide lockdown.

[https://www.business-standard.com/article/economy-policy/rs-54-604-crore-eclgs-loans-for-fy22-guaranteed-finance-ministry-122031500060\\_1.html](https://www.business-standard.com/article/economy-policy/rs-54-604-crore-eclgs-loans-for-fy22-guaranteed-finance-ministry-122031500060_1.html)

### Gross GST receipts in FY23 seen at 12% higher than estimate

Goods and services tax (GST) collections in FY23 on a gross basis could come in at an average of Rs 1.35 trillion a month, as against around Rs 1.2 trillion budgeted, according to official sources. This would mean gross collections in the year would be Rs 1.8 trillion more than estimated. Given that gross receipts are distributed among the Centre and states almost equally, the Centre's gross GST receipts, including compensation cess proceeds, could be some Rs 90,000 crore more than the budgeted Rs 7.8 lakh crore. Of course, the compensation cess proceeds go to the states entirely and the Centre also transfers 42% of the Central GST proceeds to states as per the Financial commission formula. In the current financial year, the Centre will be collecting about Rs 60,000 crore more in GST revenues than the budget estimate (BE). The extra CGST collections will give the much-needed headroom to the Centre in FY23 to

absorb revenue losses on account of likely excise duty cut on petrol and diesel to insulate consumers from high auto fuel prices if the Indian basket of crude remains over \$100/bbl for a long period.

<https://www.financialexpress.com/economy/gross-gst-receipts-in-fy23-seen-at-12-higher-than-estimate/2461024/>

### **Rupee unlikely to be majorly impacted due to Russia-Ukraine war: SBI research**

The ongoing conflict between Ukraine and Russia is unlikely to have any major impact on the Indian rupee and the forex volatility in the country (USD/INR) has been much less now as compared to the global financial crisis which took place in 2008, SBI said in its Ecowrap research report. The report said that though the conflict between the two CIS nations may drag on for now, it is expected that the USD/INR, the most tracked pair in the local forex market, will trade at an elevated zone. But ideally, the expected average range of the rupee is expected to be in the band Between Rs 76 to Rs 78 to the USD with an appreciated bias.

<https://www.financialexpress.com/economy/rupee-unlikely-to-be-majorly-impacted-due-to-russia-ukraine-war-sbi-research/2460871/>

## **Banking and Finance**

### **UPI on-boarding based on Aadhaar OTP may be delayed**

Consumers who do not own debit cards may have to wait a little longer to start making Unified Payments Interface (UPI) transactions. The deadline for launching Aadhaar OTP-based UPI on-boarding is likely to be extended further, well-placed sources told FE. At present, banks and other payment system players are expected to prepare their systems for launch by March 15. The National Payments Corporation of India (NPCI) had first floated the idea of implementing Aadhaar OTP-based UPI on-boarding in a circular dated September 8, 2021. The idea behind the concept was to further expand the user base of UPI by covering users who do not have debit cards or whose debit cards are inactive. The deadline for complying with the circular was December 15, 2021.

<https://www.financialexpress.com/money/missed-deadlines-upi-on-boarding-based-on-aadhaar-otp-may-be-delayed/2461096/>

### **Russia-Ukraine war impact: India can trade with Russia through non-sanctioned banks, lenders tell RBI**

Top bankers have told the RBI that despite sanctions on eight large Russian banks, Indian trade with Russia can be conducted through banks outside the sanctions. After a meeting convened at the behest of the RBI, which required them to assess how to proceed with trade with Russia and discuss policy options, the Indian Banks Association (IBA) is believed to have communicated to the central bank that while trade can be conducted through non-sanctioned banks, India still has to firm up a payment mechanism that would factor in a new rupee-rouble arrangement, and whether a third country currency (such as yuan) can be used as a benchmark for conversion for the trade settlement. There are also aspects that need a decision on whether fixed currency exchange be introduced between rupee and rouble or the ongoing system of market forces based free float be continued.

<https://www.thehindubusinessline.com/economy/russia-ukraine-war-impact-bankers-tell-rbi-trade-with-russia-can-be-conducted-via-non-sanctioned-banks/article65225094.ece>

### **Govt plans to float EoI for its stake sale in IDBI Bank next month**

The government plans to invite expression of interest to sell its stake in LIC-controlled IDBI Bank by the next month-end, a senior official has said. As part of the divestment, the government plans to sell its entire 45.48 per cent stake eventually. The government may look to sell around a 26 per cent stake in the bank, along with management control to attract investors, the official said. IDBI Bank became a subsidiary of LIC with effect from January 21, 2019, following the acquisition of an additional 8,27,590,885 equity shares. On December 19, 2020, IDBI Bank was reclassified as an associate company due to the reduction of LIC shareholding to 49.24 per cent following the issuance of additional equity shares by the bank under a Qualified Institutional Placement (QIP).

[https://www.business-standard.com/article/finance/govt-plans-to-float-eoi-for-its-stake-sale-in-idbi-bank-next-month-122031500029\\_1.html](https://www.business-standard.com/article/finance/govt-plans-to-float-eoi-for-its-stake-sale-in-idbi-bank-next-month-122031500029_1.html)

### **DPIIT notifies 20 pc FDI in LIC under automatic route**

The Department for Promotion of Industry and Internal Trade (DPIIT) on Monday notified a government decision to allow 20 per cent foreign direct investment (FDI) in IPO-bound LIC.

<https://economictimes.indiatimes.com/news/economy/policy/dpiit-notifies-20-pc-fdi-in-lic-under-automatic-route/articleshow/90209009.cms>

### **Buoyant wheat export market seen to cut FY23 food subsidy bill**

The government's food subsidy expenses next fiscal may witness a decline because of anticipated lower volume of procurement of wheat in the forthcoming rabi marketing session, because a possible surge in exports is pushing up domestic prices above the minimum support price (MSP). The Union Budget (2022-23) has made a provision Rs 2.06 lakh crore under food subsidy in 2022-23. Wheat has share of 45% in the total food subsidy expenses. Last month, the government had set a target of a record 44 million tonne (mt) in 2022-23 (rabi marketing session), which would commence from April 1. This target is unlikely to be achieved because farmers would prefer to sell in the markets where prices are prevailing above MSP. Mandi price of wheat in Madhya Pradesh, where harvesting activities are at its peak, is ruling around Rs 2,300 per quintal against the MSP of Rs 2,015 per quintal for the session. The state was to contribute about 13 mt of wheat to the central procurement drive annually.

<https://www.financialexpress.com/economy/buoyant-wheat-export-market-seen-to-cut-fy23-food-subsidy-bill/2461025/>

### **Finance ministry seeks nod for FY22 extra net spend of Rs 1.07 trillion**

The Centre has sought Parliament's consent to spend an additional Rs 1.58 trillion in the financial year ending March 31 (FY22). According to the third supplementary demand for grants tabled by Finance Minister Nirmala Sitharaman in the Lok Sabha on Monday, Rs 1.07 trillion will be the net cash outgo while the remaining amount of Rs 50,947 crore will be through savings of enhanced receipts. Some of the big items include Rs 14,902 crore for fertiliser subsidy and Rs 30,170 crore for credit-linked subsidy scheme houses for economically weaker sections. The Centre has also sought an additional outgo of Rs 13,050 crore for transferring Rs 20,000 crore to the National Investment Fund for the National Bank for Financing Infra-structure and Development as well as Rs 5,000 crore recapitalisation for insurance companies. However, this would only entail a cash outgo of Rs 4,950 crore.

[https://www.business-standard.com/article/economy-policy/finance-ministry-seeks-nod-for-fy22-extra-net-spend-of-rs-1-07-trillion-122031500056\\_1.html](https://www.business-standard.com/article/economy-policy/finance-ministry-seeks-nod-for-fy22-extra-net-spend-of-rs-1-07-trillion-122031500056_1.html)

## **Industry**

### **Retail business registers 10% growth in February this year, says RAI**

Retail business in India grew 10 per cent in February this year compared to the sales level in the same month last year, signalling that the sector is inching towards normalcy, RAI said on Monday. According to the latest business survey by the industry body Retailers Association of India (RAI), the rise witnessed last month marks a growth of 6 per cent compared to February 2020. Retail businesses across regions have indicated growth in February 2022, with sales in West India growing 16 per cent against the same month last year, RAI said in a statement. East India saw a growth of 4 per cent against the year-ago month, while North India grew 17 per cent as compared to February last year. Similarly, South India also witnessed a growth of 4 per cent against February last year, it added.

[https://www.business-standard.com/article/companies/retail-business-registers-10-growth-in-february-this-year-says-rai-122031400534\\_1.html](https://www.business-standard.com/article/companies/retail-business-registers-10-growth-in-february-this-year-says-rai-122031400534_1.html)

### **Two-wheeler companies target nine-fold increase in electric vehicles**

Top Indian two wheeler companies, including start-ups and legacy ICE manufacturers, are ramping up new capacity to hit over six million per annum by calendar year 2023 to meet the anticipated demand for electric vehicles. Estimates by Goldman Sachs indicate that the current capacity is around 0.67 million which means that the six million target represents a nine-fold increase in overall capacity. This does not include the capacities which Hero MotoCorp plans to build and which TVS Motor wants to expand.

[https://www.business-standard.com/article/companies/two-wheeler-companies-target-nine-fold-increase-in-electric-vehicles-122031500009\\_1.html](https://www.business-standard.com/article/companies/two-wheeler-companies-target-nine-fold-increase-in-electric-vehicles-122031500009_1.html)

### **Holi sales to mark beginning of bumper summer for FMCG firms, as consumers return to normal life**

FMCG companies expect a pick up in sales amid the Holi festival this year to lead into bumper business in the upcoming summer season. They are looking at a probable surge, with 40% of their annual sales in the upcoming summers, after two consecutive years of dampened sales due to Covid related restrictions and curfews. "Around 35-40 per cent of total annual sales comes from the summer season for FMCG companies and but this year it can be more than 40 per cent as COVID restriction has been lifted in major states of India," said Azaz Motiwala, Founder & CMD, IKON Marketing Consultants Pvt Ltd.

<https://www.financialexpress.com/industry/holi-sales-to-trigger-bumper-summer-for-fmcg-firms-as-consumers-return-to-normal-life/2459950/>

#### **Kitchen essentials prices rise on high costs, geopolitical tensions**

Kitchen essentials and packaged foods from chicken, milk and instant noodles to the ubiquitous potato have become costlier over the past couple of weeks. There is some respite for coffee drinkers, though, as coffee prices have fallen by 3% in the last fortnight after exports to Russia and Ukraine came to a standstill due to Russian invasion of Ukraine.

<https://economictimes.indiatimes.com/industry/cons-products/food/kitchen-essentials-prices-rise-on-high-costs-geopolitical-tensions/articleshow/90210426.cms>

#### **Pent up demand for trucks at half a million, opportunity of \$10 billion up for grabs**

The need to replace an ageing fleet and a revival in the economy may generate demand for close to half a million light-medium and heavy-duty trucks worth \$10 billion over the next 12-18 months, say industry players. Sales of trucks in the 5-55-tonnage range have already returned to pre-Covid levels this fiscal year, they said. The market had shrunk the previous two years, hurt by an economic slowdown and then due to the impact of the pandemic. At the current rate of recovery, sales may cross half a million vehicles in the next fiscal year starting April, more than doubling the industry turnover in two years.

<https://economictimes.indiatimes.com/industry/auto/lcv-hcv/pent-up-demand-for-trucks-at-half-a-million-opportunity-of-10-billion-up-for-grabs/articleshow/90187922.cms>

### **Agriculture**

#### **No. of farmers registering to sell wheat at MSP in Madhya Pradesh down 17%**

The number of farmers in Madhya Pradesh registering to sell wheat to state agencies has dropped by more than 17 per cent because of the rush for the cereal on the part of private players. This is owing to the spike in global prices because of the Russia-Ukraine crisis. Official sources said until March 10 (which was the last date for registration), around 1.98 million farmers applied to sell wheat to government agencies, while last year during the same period it was around 2.4 million.

[https://www.business-standard.com/article/economy-policy/no-of-farmers-registering-to-sell-wheat-at-msp-in-madhya-pradesh-down-17-122031500039\\_1.html](https://www.business-standard.com/article/economy-policy/no-of-farmers-registering-to-sell-wheat-at-msp-in-madhya-pradesh-down-17-122031500039_1.html)

### **Infrastructure**

#### **Coal shortage looms as Railways runs short of rakes**

The government expects a touch-and-go situation in terms of availability of coal to power stations in the coming summer and rainy seasons even as all departments are fighting odds to prevent a crisis similar to August last year. In a recent meeting chaired by cabinet secretary Rajiv Gauba, Indian Railways admitted that it has exhausted its rake availability capacity, people aware of the matter told ET.

<https://economictimes.indiatimes.com/industry/transportation/railways/coal-shortage-looms-as-railways-runs-short-of-rakes/articleshow/90210214.cms>

#### **Railways should consider increasing revenues through remunerative projects: Parl panel**

The Indian Railways should consider increasing its internal revenues by commissioning remunerative projects and monetising vacant land available with it, a Parliamentary Panel said on Monday. Also, while the responsibility of running Bharat Gaurav trains may be given to another service provider, the monitoring mechanism should remain

in the hands of the Indian Railways, said the report of the Parliamentary Standing Committee on Railways, which was tabled in Rajya Sabha on Monday.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-should-consider-increasing-revenues-through-remunerative-projects-parl-panel/articleshow/90209068.cms>

## Energy

### Niti Aayog for end to price curbs on local natgas

The NITI Aayog wants all price restrictions on locally produced natural gas eliminated and entire domestic output sold on the gas exchange, according to people familiar with the matter. The Aayog has sent its gas price reform proposal to the petroleum ministry for consultation. It also wants natural gas included in the ambit of the goods and services tax (GST), said the people. At present, most of the locally produced natural gas is sold at a price set every April and October by a government formula linked to international rates. Gas from difficult fields can receive market rates that can't rise beyond a government-prescribed ceiling linked to alternative fuels.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/niti-aayog-for-end-to-price-curbs-on-local-natgas/articleshow/90210421.cms>

### India hopes for oil from Iran, Venezuela; higher output from OPEC+ to cool prices

India, the world's third-largest energy-consuming and importing nation, is pinning hope on resumption of crude oil supplies from Venezuela and Iran as well as higher production from OPEC+ nations to help cool international oil prices that have hit multi-year highs. It will also evaluate the Russian offer to sell crude oil at discounted prices after considering aspects such as insurance and freight required to move the fuel from the non-traditional supplier. Replying to supplementaries during question hour in the Rajya Sabha, Oil Minister Hardeep Singh Puri said oil export from Venezuela and Iran had been hit due to sanctions.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/india-hopes-for-oil-from-iran-venezuela-higher-output-from-opec-to-cool-prices/articleshow/90206577.cms>

## Telecom

### Indian mobile handset market staring at more supply woes

China's decision to lock down tech hub Shenzhen due to a new wave of Covid-19 will potentially lead to more supply-chain disruptions for India's mobile handset industry. If the Shenzhen lockdown "extends beyond two weeks, then we will be looking at a muted January-March and a very slow April-June in India", Tarun Pathak, research director at industry analysis firm Counterpoint, said. The industry is wary not just of the lockdown in Shenzhen but the resurgence of the pandemic across China, as well as Vietnam, Thailand and South Korea, among other countries, market watchers said. Pathak said second quarters of the past two years have been tough for the industry due to Covid-19 outbreaks, and this would be the third successive second quarter which could be affected.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/indian-mobile-handset-market-staring-at-more-supply-woes/articleshow/90210577.cms>

## States

### Finance Minister Nirmala Sitharaman presents Rs 1.42 lakh crore J&K budget in Lok Sabha

Finance Minister Nirmala Sitharaman on Monday presented a Rs 1.42-lakh-crore budget for Jammu and Kashmir for the year 2022-23 in Lok Sabha, amid opposition accusations that the government was rushing the proposals through Parliament. Sitharaman also presented the supplementary demands for the year 2021-22 totalling Rs 18,860.32 crore for the Union Territory and moved a motion seeking suspension of certain rules to allow the House to take up the discussion on the same day.

<https://www.financialexpress.com/economy/finance-minister-nirmala-sitharaman-presents-rs-1-42-lakh-crore-jk-budget-in-lok-sabha/2460848/>

## External



### **February merchandise exports up 25%, imports surge 36%**

Merchandise exports hit \$34.6 billion in February, having risen by 25.1% from a year earlier and 24.6% from the pre-pandemic level (same month in FY20), the commerce ministry said on Monday. However, a 36.1% jump in imports to \$55.5 billion inflated trade deficit to \$20.9 billion in February from a five-month low of \$17.4 billion in the previous month. Analysts said this will keep current account deficit (CAD) at an elevated level at a time when the global crude oil prices have flared up in the wake of the Russia-Ukraine crisis. According to an ICRA estimate, the CAD may have crossed 3% of GDP in the October-December period of this fiscal for the first time since the June quarter of 2013. This may, however, recede a tad in the last quarter of this fiscal, it said.

<https://www.financialexpress.com/economy/february-merchandise-exports-up-25-imports-surge-36/2461003/>

### **Edible oil imports stood at 7,96,568 tonnes in the same month last year.**

India's edible oil imports rose 23 per cent to 9,83,608 tonnes in February mainly due to a sharp rise in shipments of refined palm oil, industry body SEA said on Monday. Edible oil imports stood at 7,96,568 tonnes in the same month last year. Total import of vegetable oils (edible and non-edible) increased to 10,19,997 tonnes as compared to 8,38,607 tonnes in February 2021, Solvent Extractors' Association of India said in a statement.

[https://economictimes.indiatimes.com/news/economy/foreign-trade/edible-oil-import-up-23-pc-to-9-84-lt-in-feb-refined-palm-oil-shipments-surge-on-lower-duty/articleshow/90203638.cms?utm\\_source=ETTopNews&utm\\_medium=HP&utm\\_campaign=TN&utm\\_content=23](https://economictimes.indiatimes.com/news/economy/foreign-trade/edible-oil-import-up-23-pc-to-9-84-lt-in-feb-refined-palm-oil-shipments-surge-on-lower-duty/articleshow/90203638.cms?utm_source=ETTopNews&utm_medium=HP&utm_campaign=TN&utm_content=23)

### **India and Canada to push for 'early progress' trade deal**

India and Canada will aim for an "early progress deal" as the first goal of trade negotiations that they have agreed to resume, Canadian trade minister Mary Ng said. "I had an excellent conversation with my Indian counterpart (Piyush Goyal) on relaunching negotiations for the trade pact. The teams will soon start negotiations," she said. "I am hoping we can conclude an early progress deal. I would like to describe it as an early progress deal rather than an early harvest deal."

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-and-canada-to-push-for-early-progress-trade-deal/articleshow/90189736.cms>

### **Sri Lanka to sign \$1 bn credit line with India to help pay for key imports**

Sri Lanka's finance minister will visit New Delhi on Tuesday to sign a \$1 billion credit line to pay for essential imports of food and medicine, an official said on Monday, as the island nation struggles with its worst financial crisis in years. The island's foreign reserves have dropped 70% in the last two years to \$2.31 billion in February, stalling critical imports including of fuel. Finance Minister Basil Rajapaksa, who first announced the Indian credit line in February, will sign an agreement for it on Wednesday to pay for essentials including medicine, wheat flour, sugar and rice. "Sri Lanka imports about \$2 billion worth of essential items from India annually, and this credit line will focus on the same items," Milinda Rajapaksha, an additional director general in the media ministry, told Reuters.

[https://www.business-standard.com/article/international/sri-lanka-to-sign-1-bn-credit-line-with-india-to-help-pay-for-key-imports-122031500027\\_1.html](https://www.business-standard.com/article/international/sri-lanka-to-sign-1-bn-credit-line-with-india-to-help-pay-for-key-imports-122031500027_1.html)