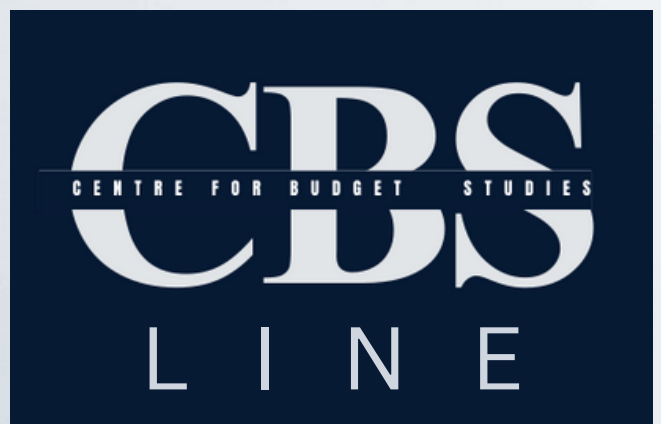


FEBRUARY 2024



MONTHLY NEWSLETTER



CENTRE FOR BUDGET STUDIES (CBS)
CUSAT

NEWS

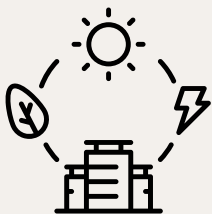
MACROECONOMIC ANALYSIS

India's GDP to grow at around 6.75-6.8% in FY25, says Bank of Baroda



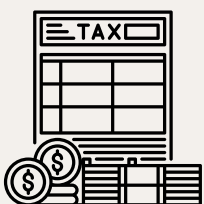
A recent report forecasts India's GDP growth to hover around 6.75% to 6.8% in FY25, with the current fiscal year projected at 6.8%. The report attributes India's relatively favourable economic position to robust domestic demand and sustained government investments in capital expenditure. RBI's projections for FY24 stand at 7% growth. The report anticipates a 2.1% growth rate for the agriculture sector in Q3FY24, lower than initial estimates, while industrial growth is expected to reach 8%, and services to achieve 6.7% during the same period.

India should become exporter of green energy by 2047 to attract capital: Amitabh Kant



During the 'Raisina Dialogue 2024', G20 sherpa Amitabh Kant emphasised India's need to transition into a net exporter of green energy by 2047 to allure investment. He envisaged a future where investments predominantly flow into renewable energy sectors, asserting that countries embracing green energy will be more attractive to investors. Kant proposed that by 2050, India should aim to fulfill 90% of its energy demands from renewable sources, underscoring the necessity for a conducive policy framework, strong leadership, and adequate financing to drive the renewable energy agenda.

Will take up EU's carbon tax issue strongly: Goyal



Minister Piyush Goyal articulated India's apprehensions regarding non-tariff barriers and carbon taxation, particularly highlighting concerns over CBAM. He underscored India's commitment to addressing CBAM within the framework of WTO regulations and through bilateral negotiations with the EU. Scheduled to take effect from January 1, 2026, CBAM could potentially impact sectors such as steel, cement, and fertilizers, with anticipated tax rates ranging from 20% to 35% on specific imports into the EU.

NEWS

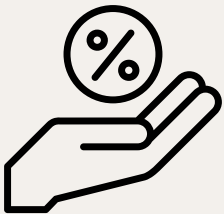
ECONOMIC POLICY

Renewable sector to add 25 GW in 12-15 months on upsurge tendering activity & drop in module prices



Industry analysts predict a swift advancement in the renewable energy domain over the upcoming 12-15 months, with an estimated addition of 25 GW in capacity. By March 2025, India's renewable energy capacity, excluding hydro, is poised to soar to about 170 GW, propelled by heightened tendering activity. This encompasses over 16 GW of projects already tendered in the ongoing fiscal year, along with an additional 17 GW currently in progress through central nodal agencies.

RBI MPC Meeting 2024: Interest rates unchanged for sixth time in a row



The Reserve Bank of India did not hike its lending rate (repo rate), in line with the consensus expectations of market watchers and economists. The repo rate was left unchanged at 6.5%, as announced in the December policy. The MPC also left the Marginal Standing Facility (MSF) and Standing Deposit Facility (SDF) rates unchanged at 6.75% and 6.25% respectively.

Union Budget 2024-25 Unveils Fiscal Roadmap



The Union Budget presented earlier in February outlined the government's economic priorities for the year. Key focus areas included:

- **Fiscal consolidation:** Aiming to reduce the fiscal deficit to 5.1% of GDP in 2024-25 and 4.5% by 2025-26.
- **Infrastructure spending:** Increased allocation of 3.4% of GDP for capital expenditure to boost infrastructure development.
- **Green initiatives:** Measures to support achieving net-zero by 2070, including promoting renewable energy and electric vehicles.

NEWS 

FINANCIAL TECHNOLOGY

Razorpay Launches AI Chatbot RAY, Marketing Suite Engage To Expand Offerings



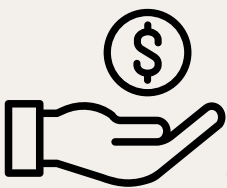
Joining the list of startups leveraging artificial intelligence (AI), fintech unicorn Razorpay on Friday (Feb 23) unveiled an AI chatbot for payments and payroll management, RAY. RAY is a generative AI-powered payroll management assistant which is designed to offer seamless payment management solutions to ecommerce companies through voice and text commands. Commenting on the new products, Razorpay’s cofounder and MD Shashank Kumar said, “We are heavily leveraging the true power of AI in our products, Razorpay is all in for AI.”

After six-year battle, PayPal registers with FIU under Anti Money Laundering Law



US-based online payment gateway PayPal has officially registered its operations with the Financial Intelligence Unit of India, six years after a legal battle between both the entities. PTI reported that the company has completed the formal procedure of being designated as a reporting entity under the Prevention of Money Laundering Act (PMLA) recently and has submitted the requisite documents to the FIU. In Dec 2020, the federal anti-money laundering agency levied a penalty of INR 96 Lakh against the global online payments giant, alleging non-compliance with the PMLA by failing to register as a reporting entity.

PayU taps NPCI to offer credit line on UPI for merchants



Fintech platform PayU on Wednesday (Feb 14) said it has joined hands with the National Payments Corporation of India (NPCI) for merchants to accept digital payments via credit line. The ‘Credit Lines on UPI’ feature integrates the functionality on the PayU application. To further embed innovation in this integration and empower both big and small merchants with valuable digital payments insights, PayU will soon share information about the relevant identifiers related to the type of credit the consumer has undertaken, such as pay-later and personal loans. Merchants can then leverage this information to form growth strategies and create relevant, customised products for better customer experience.

NEWS 

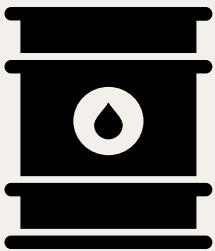
INTERNATIONAL ECONOMICS

US jobless claims reach lowest level in a month



Applications for jobless benefits fell to their lowest in five weeks, despite more layoffs. The Labor Department reported a decrease of 12,000 in unemployment claims to 201,000 for the week ending Feb 17. Many economists expected the rapid interest rate hikes would weaken the labour market and potentially tip the country into recession, but it hasn't happened. Jobs have remained plentiful and the economy has held up better than forecast due to strong consumer spending.

Russia's disrupted oil trade crimps margins for Indian refiners



India's state-run refiners are facing challenges as Russian oil becomes more expensive and less accessible due to higher freight rates and US sanctions. The attacks in the Red Sea by Houthi rebels have disrupted fuel trade, impacting Indian refiners and potentially eroding their competitive edge. India has to import 88% of its crude needs and the nation took advantage of cheaper Russian oil following the war in Ukraine as others shunned Moscow's barrels. But the trade, which has helped put the state-owned refiners on track for a rebound in net income this year, is under pressure.

Pressure grows on China for big policy moves to fix economy



China's leaders are under significant pressure to make bold policy decisions to safeguard the economy's long-term growth potential ahead of the annual meeting of China's parliament. The country faces challenges such as slowing growth, deflation, and a property market slump. Unlike in 2015, China's policy options are limited due to a spent ammunition of devaluation, tightening capital accounts, and slashed interest rates. Tommy Wu, a senior China economist at Commerzbank, said, "2024 is a crucial year for China to stabilize the economy. However, the current situation is a lot more complicated."



ARTICLES OF THE MONTH



READ MORE

[Informal Sector in India: Competition or Collaboration?](#)

-Himadrija Chakraborty, Saumya Chakrabarti

Reviewing the vast literature on the informal sector in India, it is seen that competition, or lack of it, happens to be a crucial issue in analysing firm structure, market structure, and firm dynamics. The probable role of intra- and extra-firm collaboration in this context is largely under-researched and is explored in this article.

READ MORE

[Persistence and Volatility-weighted Measures of Core Inflation for India](#)

-Rahul Agarwal, Rohan Bansal, Pankaj Kumar, K M Neelima

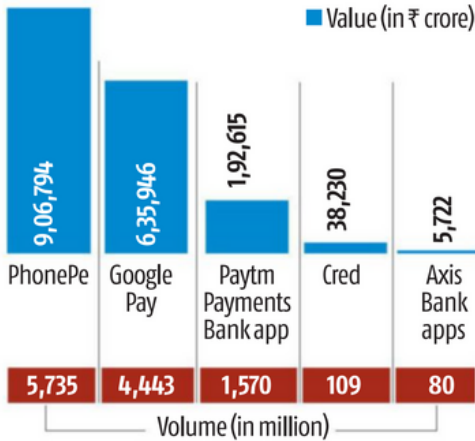
Unlike exclusion-based measures which remove food and fuel entirely from core inflation, the proposed core measures, using alternative weighting schemes, assign higher weight to the more persistent and less volatile groups in both food and non-food components to capture the more durable part of inflation. We show that our constructed indices satisfy the common properties of core inflation as (i) an unbiased estimate, (ii) a smoother and persistent component, and (iii) a good predictor of headline inflation, thus providing an alternative gauge of underlying inflation.

**CAPTURING MORE
DURABLE PART OF
INFLATION**

DATA POINT

TOP UPI APPS

Transaction data for January 2024



Source: National Payments Corporation of India (NPCI)

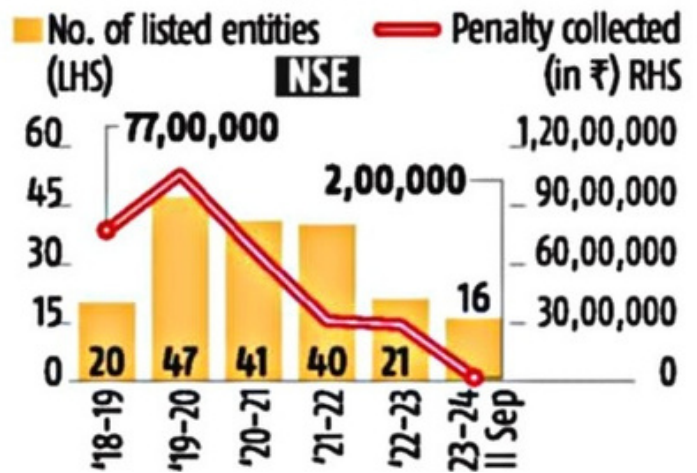
NPCI ASKED TO HELP PAYTM APP CONTINUE OPERATIONS

The RBI has barred Paytm Payments Bank from accepting fresh credits in its customer accounts or mobile wallets after March 15. As of January 2024, Paytm Payments Bank was the third-largest platform for UPI payments share of around 15 per cent. The RBI has also allowed banks and non-banks to issue prepaid payment instruments (PPIs) for public transit services such as metro, buses, rail, waterways, tolls and parking.

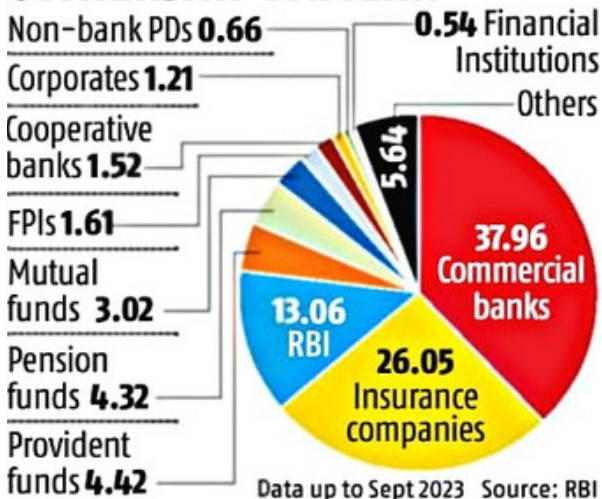
FEWER LISTED FIRMS FAILING TO GET WOMEN DIRECTORS

SEBI had fined 20 firms till September for FY24 against 64 in FY20. The Company Law requires that every listed company and every unlisted public company having paid-up share capital of over Rs.100 crore, or having turnover of over Rs.300 crore must appoint at least one woman director on its board.

Firms facing fine in indices



INDIA GOVT BOND OWNERSHIP PATTERN

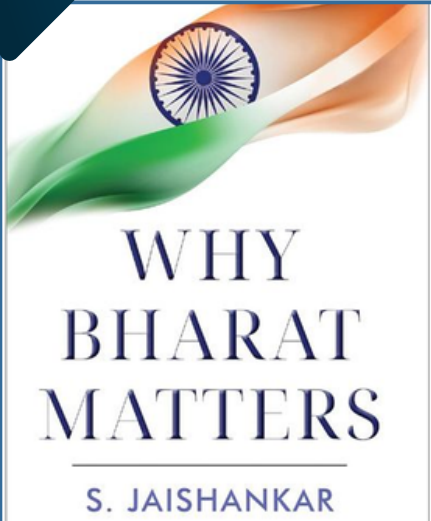


INDIA GOVERNMENT BOND OWNERSHIP PATTERN

The activation of the J P Morgan Index in June will be critical moment for India's corporate world. While inflows into G-Secs are given, the secondary effects of these in the corporate bond market are to be watched. Infrastructure assets are becoming strong contenders for investment. The elephant in the room is the success of the IBC. It would not be misplaced to expect an India sovereign rating upgrade.

SOURCE: BUSINESS STANDARD

BOOK RELEASES



WHY BHARAT MATTERS

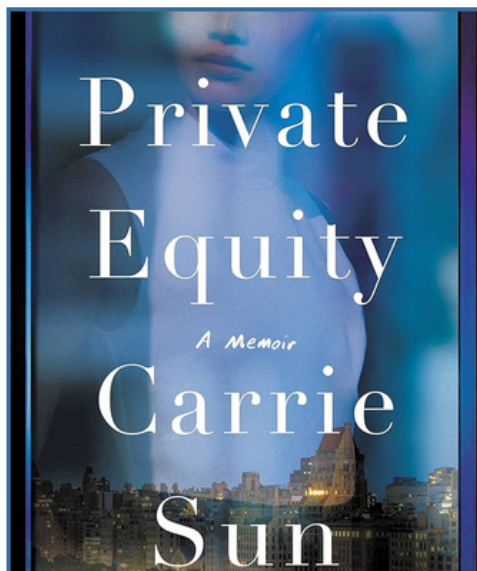
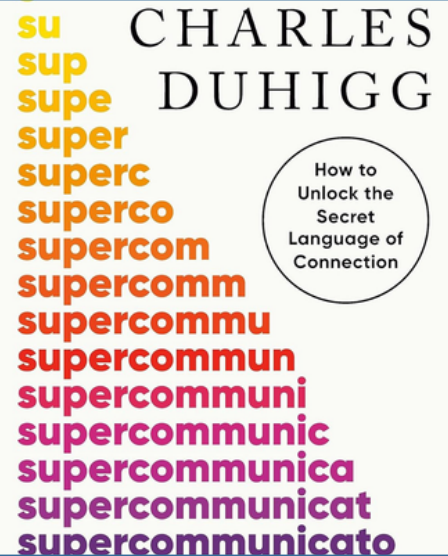
-S JAISHANKAR

The book explores the rise of India as a global power and its impact on the world. The author posits that India is a "civilizational state" with a unique history and culture that will shape its future role in the world. The foreign policy of India vis-à-vis China, Russia and the United States are discussed in detail. Some of the challenges India currently faces are also explained with emphasis on terrorism, inequality and poverty.

SUPERCOMMUNICATORS: HOW TO UNLOCK THE SECRET LANGUAGE OF CONNECTION

- CHARLES DUHIGG

The book explores the science and art of communication, and how anyone can learn to be a supercommunicator. The introductory idea is that in every conversation, there are three underlying areas-analytical, emotional, and identity-based. The author lists typical conversational mistakes and offers advice on how to avoid them. Examples are provided of real-world supercommunicators.



PRIVATE EQUITY: A MEMOIR

- CARRIE SUN

The author describes her life journey, working as the sole assistant to the billionaire founder of a prestigious hedge fund. Her increasing workload in a competitive environment where people are expected to make personal sacrifices drives her into self-doubt. Her basic ideals are called into question as she observes the excesses and brutal methods of the wealthy elite. It poses interesting queries regarding aspiration, achievement, and the search for a purposeful life.



STUDENT ARTICLE

READ MORE
ECONOMIC GROWTH: A CAUSE OF LANGUAGE DISAPPEARANCE

-ASWATHY J

A tribal group is battling a significant issue. Madhika, their mother tongue, is in decline. There are currently just two native speakers of the language remaining in the village. It is estimated that 66 percent of the world's documented languages may go extinct. One language frequently becomes the dominant language in a country's governmental and educational realms as economies grow. It is important to remember that languages are fundamental components of power and communal identity.

“ WE MUST ARM OURSELVES WITH PATIENCE AND HUMILITY AND LISTEN TO THE POOR WHAT THEY WANT. THIS IS THE BEST WAY TO AVOID THE TRAP OF IGNORANCE AND IDEOLOGY ON OUR SIDE. ”



ABHIJIT BANERJEE, BORN ON 21 FEBRUARY, WHO TURNED 63 THIS YEAR AND ESTHER DUFLO, 51, HIS WIFE, OVER THE YEARS, HELPED BY FIELD STUDIES USING RANDOMISED TRIALS IN INDIA AND AFRICA, TRIED TO MAKE SENSE OF WHAT THE POOR ARE ABLE TO ACHIEVE AND WHERE AND FOR WHAT REASON THEY REQUIRE A NUDGE.

STUDENT ARTICLE

READ MORE

PENSION FOR INDIAN FARMERS: A REVIEW

-ABEL B PUNNACHALIL

On 13 February 2024, farmers across India marched to the national capital, Delhi to raise their voices for issues concerning them and urge the government of India to take appropriate action. One of the major demands raised by them was to grant every farmer over the age of 60 years an assured pension of ₹10,000 a month. It has led to heated debates with both merits and drawbacks to the implementation of such a scheme. Both the competing viewpoints are examined here.

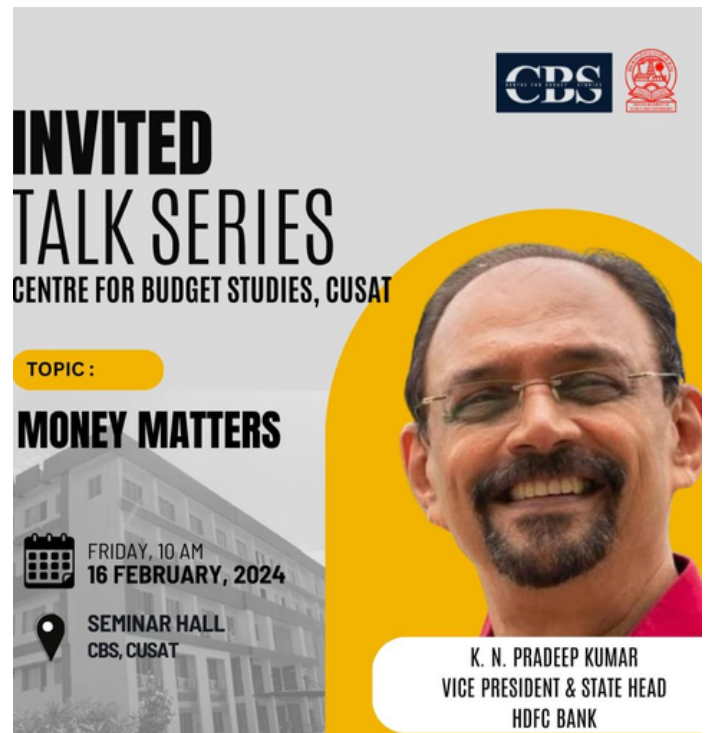



CBS ORGANISED



From **February 11-14**, the Centre for Budget Studies held its invited talk series on the topic '**Macroeconomics**'. The students were provided with a deep understanding of macroeconomics, the IS-LM model, and the open economy by the expert invited, **Prof. Dr. Ramachandran M., Pondicherry University**. Over the course of 4 days, students were equipped with a detailed, graphical, theoretical, and mathematical understanding of the Keynesian economics, IS-LM framework and open economy macroeconomics.

On February 16, as part of the invited talk series, Centre for Budget Studies held an insightful session on the topic '**Money Matters**'. The resource person invited was **Mr. K. N. Pradeep Kumar, Vice President, and State Head of HDFC Bank**. Financial freedom, investment alternatives, portfolio management, economic growth and career prospects were among the wide range of topics discussed. The students also got a chance to clear their doubts regarding various investment options available in the country.




CBS 


INVITED TALK SERIES

CENTRE FOR BUDGET STUDIES, CUSAT

TOPIC:

MONEY MATTERS

 **FRIDAY, 10 AM**
16 FEBRUARY, 2024

 **SEMINAR HALL**
CBS, CUSAT

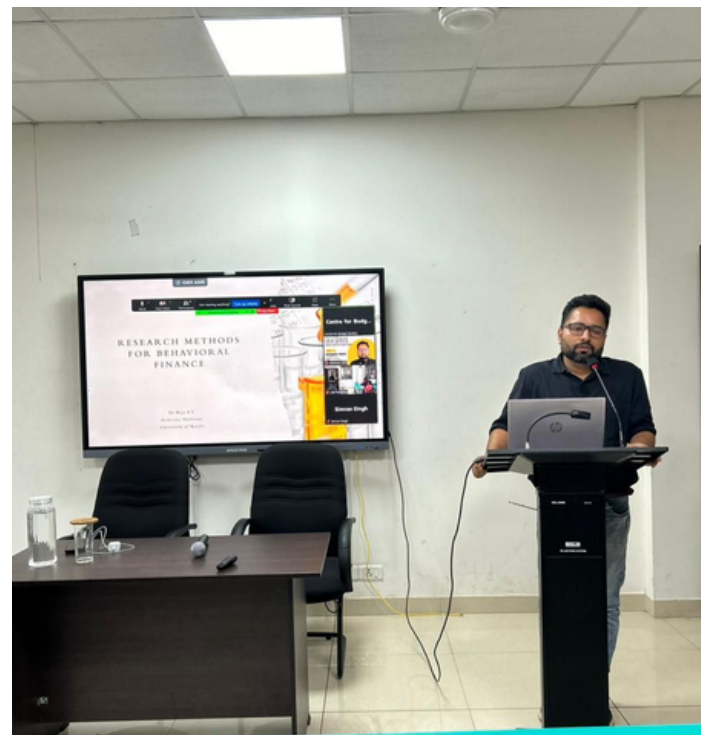
K. N. PRADEEP KUMAR
VICE PRESIDENT & STATE HEAD
HDFC BANK

CBS ORGANISED



On **February 22**, Centre for Budget Studies held its invited talk series on the topic '**Indirect Taxation in India**'. The students were provided with a deep understanding of **Goods and Services Tax** in India by the expert invited, **Dr. Ramalingam, Associate Professor, GIFT, Trivandrum**. The students were equipped with a detailed and mathematical understanding of tax incidence and impact, CGST, SGST, and IGST, and their objectives.

On **February 23**, Centre for Budget Studies held its invited talk series on the topic '**Behavioural Finance**'. The expert invited, **Dr. Biju A.V., Associate Professor, Kerala University**, equipped students with a detailed understanding of the emergence of behavioural finance, nudges, sludges, biases, economic policies and their implications, etc. and discussed some empirical results from various research projects undertaken by him.



STUDENT ACHIEVERS

PLACEMENT CELL
CENTRE FOR BUDGET STUDIES

Congratulations!




HARIPRIYA **ANAKHA ROY**

PLACED AS
Officer in Junior Management Grade 1
AT
FEDERAL BANK
YOUR PERFECT BANKING PARTNER

M.Sc Econometrics and Financial Technology
2022-24

Anakha Roy and **Haripriya**, second-year students at Centre for Budget Studies, secured campus placement at the **Federal Bank** as **Junior Management Officers in Grade 1**. We extend our heartfelt congratulations and wish them a successful future.

Centre for Budget Studies extends hearty congratulations to our vibrant students **Ankitha S, Aswathy J, Denimol Raju, Haripriya, Jisha Judson, Josna Tressa Philip, Mariyambi Thajudeen, Sarigasree KM** and **Tiya Jacob** for securing placements at **Accenture** in India. We wish them a wonderful career ahead.

CBS 

Congratulations!





ANKITHA S **ASWATHY J** **DENIMOL RAJU**





HARIPRIYA **JISHA JUDSON** **JOSNA TRESSA PHILIP**





MARIYAMBI THAJUDEEN **SARIGASREE K M** **TIYA JACOB**

Placed at
accenture

CBS LINE

VOL-I ISSUE-8

Chief Editor

Dr. Santhosh Kumar P.K

Student Editor

Aswathy J

Sub-Editors

Haripriya

Aishwarya

Committee

Abel B Punnachalil

Athira V

Koottala Kaavya Iyer

Josna Tressa Philip

Ann Lopez

Anakha Roy

Subin Muhammed N.S

Santhwana T.S

**See you next month in your inbox
To receive the monthly newsletter,
Subscribe by clicking on the icon**



**Share your thoughts and feedback
with us through mail**

