JULY 2025

CBS LINE

MONTHLY NEWSLETTER

CENTRE FOR BUDGET STUDIES(CBS)
CUSAT


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SPARDHA 2025
NATIONAL LEVEL INTER-COLLEGIATE FEST
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MACROECONOMIC ANALYSIS

CHINA UNVEILS POLICY PUSH TO ATTRACT GLOBAL CAPITAL

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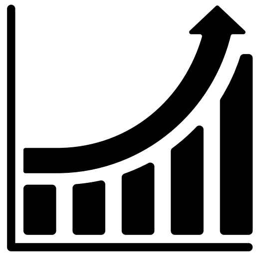
In response to a sharp 13.2% year-on-year drop in foreign direct investment (FDI) from January to May 2025, China has introduced new measures to encourage overseas investors to reinvest their profits within the country. The plan includes allowing reinvestment through new ventures, capital expansion in existing firms, and equity acquisition in Chinese companies. To support this, China is offering tax incentives, easing approval processes for shareholder loans and Panda Bonds, and enabling cost-saving options like long-term industrial land leasing. Local governments will create dedicated project databases and provide support services to facilitate reinvestment. Financial institutions have also been directed to develop innovative products to attract and assist foreign enterprises in reinvesting within China.

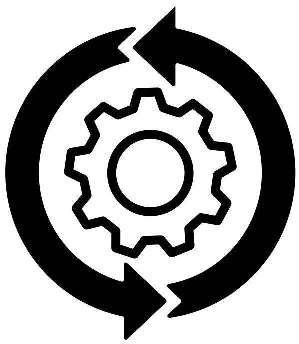


BALANCING GROWTH AND GLOBAL TENSIONS: INDIA MOVES FORWARD

India's automobile exports rose by 22% year-on-year in the April–June quarter, reaching 1.46 million units, driven by record passenger vehicle (PV) shipments and strong growth in two-wheelers, commercial vehicles, and three-wheelers. Passenger vehicle exports hit an all-time high of 204,330 units, with Maruti Suzuki leading the segment by exporting over 96,000 units capturing a 47% share. Growth was supported by strong demand in regions like the Middle East, Latin America, Japan, and neighboring countries, along with export gains under Free Trade Agreements. Two-wheeler exports rose 23%, commercial vehicle exports 23%, and three-wheeler exports surged 34%, reflecting India's growing presence in global auto markets.

AUTO BOOM HITS THE FAST TRACK

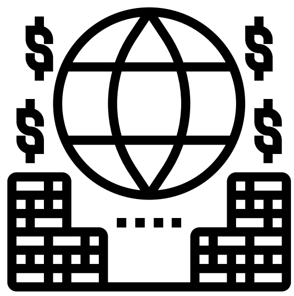
The Indian economy is expected to grow at 6.5% in FY26 despite global geopolitical tensions and trade uncertainties, according to S Mahendra Dev, Chairman of the Economic Advisory Council to the Prime Minister (EAC-PM). Growth will be supported by low inflation due to a good monsoon, a series of RBI rate cuts, rising government capital expenditure, and improving private consumption. Although the IMF and World Bank have slightly lowered their growth forecasts, strong domestic indicators and controlled inflation with June CPI at 2.10% and food inflation at -1.06% signal economic resilience. Dev also highlighted the rise in gross FDI inflows and called for improved ease of doing business to unlock more private sector investment.



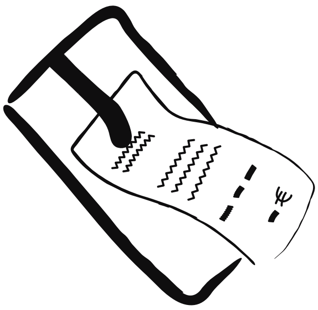
ECONOMIC POLICY

INDIA OPENS DOORS TO EFTA – TRADE FLOWS AND INVESTMENTS SET TO SURGE

India's trade agreement with the European Free Trade Association (EFTA) is set to be implemented from October 1, 2025, following 16 years of negotiations. This pact includes a first-of-its-kind commitment—$100 billion in investments over 15 years—making it unique among all trade deals India has signed so far. In exchange, India will open 82.7% of its tariff lines to products from EFTA nations, including Swiss watches, chocolates, and cut and polished diamonds. Switzerland, the largest trading partner of India within the bloc, is expected to lead the investment inflow. The remaining three members—Iceland, Liechtenstein, and Norway—currently have relatively low trade volumes with India. This deal is expected to boost foreign investment and strengthen India's integration into global trade networks.



INCOME TAX BILL 2025: SELECT COMMITTEE SUGGESTS KEY REFORMS FOR CLARITY AND CONSISTENCY



On July 21, 2025, the Select Committee of the Lok Sabha, led by BJP MP Baijayant Panda, submitted its report proposing crucial amendments to the Income Tax Bill, 2025. The committee aimed to enhance clarity and consistency in the law by refining key definitions and eliminating ambiguities. Notable suggestions included updating the definition of 'capital asset' in line with the Finance Act 2025 and replacing outdated references from the repealed Income Tax Act, 1961. The report also recommended clearer definitions for terms such as 'infrastructure capital company' and aligning classifications of micro and small enterprises with the MSME Act. To minimise tax disputes, the panel proposed sharper definitions for deductions related to house property income, research spending, and expense payments. It also highlighted inconsistencies in donation and pension provisions and suggested clearer differentiation between 'income' and 'receipts' for non-profits, while raising concerns about the implications of removing the 'deemed application' clause.

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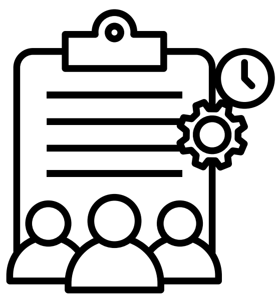
FROM GALWAN TO GREEN SIGNAL?NITI AAYOG PROPOSES FDI EASING FOR CHINA

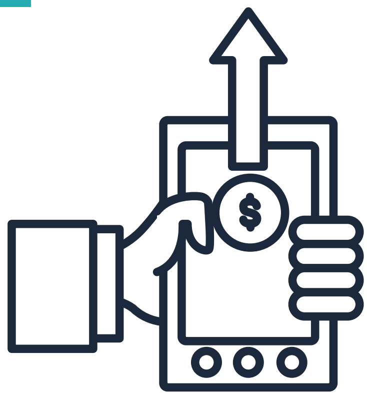
NITIAayog has proposed easing FDI rules for Chinese firms, suggesting they be allowed to invest up to 24% in Indian companies without security clearance. This move aims to revive India's declining FDI inflows, which dropped sharply to $353 million last year from $43.9 billion in 2021. The proposal, still under review by key ministries and the PMO, comes amid cautious efforts to rebuild India-China ties after the 2020 Galwan clash. If approved, it could reopen doors for Chinese investments shelved under current curbs.



FINANCIAL TECHNOLOGY

INTERNATIONAL PAYMENTS GETS EASY FOR INDIANS ,GLOBAL MAJOR PAYPAL INTEGRATES WITH UPI

Global payments firm PayPal on July 23 announced PayPal World, that connects India's Unified Payments Interface (UPI) and some of the world's other largest digital wallets, to enable seamless international payments and money transfers across borders. Its partners for the platform include National Payments Corporation of India - India's payments authority that operates UPI, Brazil's Mercado Pago, Tencent Holding's Tenpay Global and Venmo.

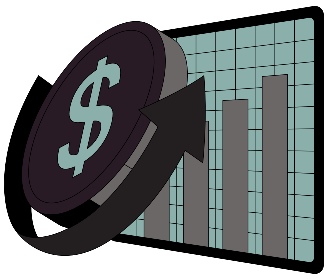


FACE REPORT OUT: 66% OF LOANS FROM INDIAN FINTECH FIRMS WENT TO CUSTOMERS AGED BELOW 35

Report by the Fintech Association for Consumer Empowerment (FACE) reveals that 66% of loans disbursed by Indian fintech companies were directed towards borrowers under the age of 35. In FY 2024–25, fintech non-banking financial companies (NBFCs) issued loans worth around ₹1.06 lakh crore across 10.9 crore personal loan accounts. Although the average loan size was just ₹9,786, a significant portion of the total value came from loans above ₹50,000. The report highlights that young, creditworthy individuals in Tier III and smaller towns are becoming key targets for digital lending, with 39% of loans reaching these areas and Female participation in fintech lending reached 16% of sanctioned value..

FINTECH SELF-REGULATOR ISSUES CODE OF CONDUCT FOR REGTECH COMPANIES

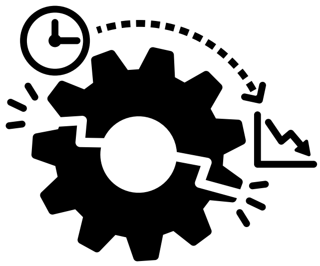
FACE, the self-regulatory organisation for fintechs, has issued a code of conduct for regulatory technology (regtech) companies, . The code covers multiple policy themes such as engagement with regulators, innovation, data privacy and security, partnerships, employee training and conduct, and grievance redressal. It aims to improve industry accountability and foster stronger trust among consumers and regulators. Members of FACE that provide regulatory technology products must implement the code within six months. Such companies are not directly regulated by financial sector regulators. This initiative is part of FACE's broader efforts to strengthen self-regulation and responsible innovation within India's fast-growing digital finance ecosystem.



INTERNATIONAL ECONOMICS

GLOBAL GROWTH FORECAST DIMMED: TRADE WARS CAST LONG SHADOWS

.The International Monetary Fund (IMF) has issued a sobering update to its World Economic Outlook, projecting a significant slowdown in global economic growth. The primary culprit. Escalating trade barriers and persistent policy uncertainty are dampening activity across major economies like the US, EU, and China . This revised outlook aligns with warnings from other international bodies, signaling a challenging period ahead for the world economy.



TARIFF TROUBLES DEEPEN: GLOBAL TRADE BRACES FOR NEW BLOWS

The ongoing trade disputes, particularly between the United States and China, continue to escalate, fueling uncertainty across global markets. As the ninety-day suspension of reciprocal tariffs draws to a close, the specter of new levies looms large, threatening to further disrupt international supply chains and potentially exacerbate inflationary pressures in key economies. Businesses and policymakers are closely watching developments for signs of further escalation.

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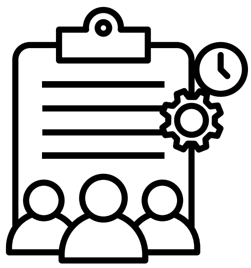
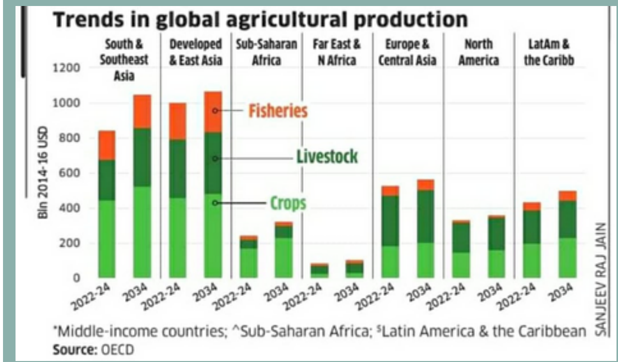
CENTRAL BANKS DIVIDED: NAVIGATING THE GLOBAL INFLATION MAZE

Policymakers at the world's leading central banks are charting increasingly divergent courses as they confront varying inflation trends. While the US Federal Reserve has paused its easing cycle amidst lingering inflation concerns, the European Central Bank (ECB) is nearing the end of its rate-cutting phase. In contrast, some Asian central banks have surprised markets with aggressive rate cuts, reflecting a complex global economic environment where balancing price stability with growth remains a delicate challenge .



DATA POINT

WHO'S FEEDING THE FUTURE? A LOOK AT GLOBAL AGRICULTURAL SHIFTS

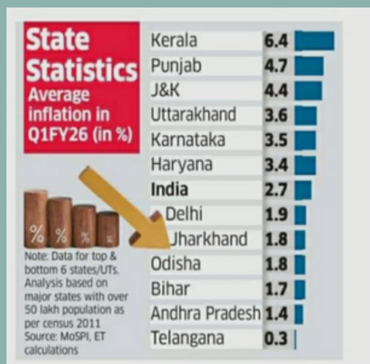


Global agricultural output is projected to grow steadily over the coming decade, with livestock leading the expansion, followed by crops. Middle-income regions—particularly in Asia, Africa, and Latin America—will drive the majority of this growth.South & Southeast Asia and Developed & East Asia are expected to see the most significant increases across crops, livestock, and fisheries. Sub-Saharan Africa and Latin America will also contribute notably, especially through crop and livestock production.

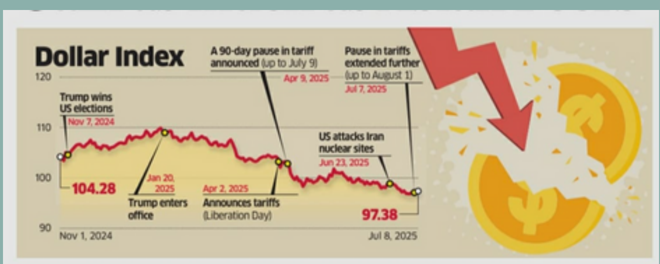
Regions like Europe, Central Asia, and North America will observe moderate growth with balanced contributions from all sectors.

KERALA TOPS, TELANGANA TAMES: A TALE OF INFLATION EXTREMES

While India's overall inflation remained subdued in the first quarter, the chart reveals a striking variation across states. Kerala clearly leads the inflation chart, indicating intense price pressure, while Telangana sits at the lowest end, reflecting remarkable price stability. The graph draws attention to how inflation is not a uniform experience—some states are navigating sharper cost surges, particularly in food and daily essentials, while others are managing to hold prices down effectively..



DOLLAR INDEX FALLS , RUPEE LAGS BEHIND



The U.S. dollar index has fallen over 12% in the past seven months, dropping to around 96 in July 2025 from a high of 109.9 in January, mainly due to tariff-related policies, geopolitical tensions, and shifts in global economic trends. While Asian currencies strengthened during this decline, the Indian rupee lagged because of domestic vulnerabilities like energy shocks and political risks, with the RBI intervening only modestly. Analysts note that the dollar's fall reflects deeper structural changes in trade, monetary policy, and capital allocation, and it is expected to decline further to around 94 levels.

SPOTLIGHT

NEERAJ'S GOLDEN THROW SPECTACLE

Neeraj Chopra triumphed at the inaugural Neeraj Chopra Classic in Bengaluru on July 5, clinching gold with a stunning 86.18 m opening throw. The crowd of over 14,500 watched international stars like Julius Yego and Thomas Röhler compete, as Chopra showcased his ambition to build a premier athletics platform in India.

BRICS SUMMIT: GLOBAL SOUTH TAKES THE STAGE

At the 17th BRICS Summit in Rio de Janeiro on July 6–7, the expanded bloc—including newly admitted Indonesia—signed the Rio Declaration, focusing on artificial intelligence governance, climate action, global health, and reforming international institutions. India is set to chair BRICS in 2026, hosting the next summit

INDIA'S FIRST WEATHER DERIVATIVES MARKET GOES LIVE

India has rolled out its first-ever weather derivatives market, backed by NCDEX and IMD, offering rainfall-based and climate-indexed contracts to help farmers, businesses, and financial institutions hedge against weather variability. This pioneering move brings market based tools to climate risk management

MARKET SNAPSHOTS

**AS ON 25/07/2025*

NIFTY50	
Open	25,541.80
Close	24,837 (-2.76%)
High	25,712 (+0.67%)
Low	24,837 (-2.76%)

FII/DII Activity	
FII	- ₹28,529 Cr
DII	+₹37,687 Cr

SENSEX30	
Open	82,000.00
Close	82069 (+0.69%)
High	82784 (+0.96%)
Low	81807 (-0.23%)

TOP NEWS

1. L&T's Buildings & Factories division bagged orders worth up to ₹5,000 crore. This win boosts its order book and signals strong momentum in infrastructure demand.

2. Bharat Dynamics secured a ₹809 crore defence order from the Ministry of Defence. The order strengthens its position in India's growing indigenous defence sector.

3. Bajaj Finance missed its Q1 estimates Despite 22% YoY NII growth, . The miss led to concerns about NBFC margin pressures and valuation risks.

4. Infosys reported a Q1 FY26 beat on both revenue and net profit. The results uplift sentiment for the IT sector amid global macro headwinds.

5. Nestle India missed Q1 profit estimates despite price hikes and rural demand recovery. Signals a mixed outlook for FMCG sector amid inflation and competition.

Disclaimer: The stock market content is for informational purposes only and does not constitute financial advice. Readers should exercise discretion and consult professionals before making investment decisions.

The Educators' Pen

The Customer is King: A Shift in Indian Financial Advisory

Dr. Elizabeth Joy

In the world of business, one truth stands tall — the customer is king. If an industry forgets that, decline is only a matter of time.

India's financial advisory space is still evolving. The stock market, while full of opportunity, has long been a confusing and intimidating place for the average investor. Stories of fraud, unethical practices by brokers, and complex instruments have scared away many. Despite government efforts and tax-saving incentives, retail participation remained limited.

Continuous efforts are seen over these years.

Regulators like SEBI have tightened the screws on malpractices. Post-COVID, we've seen a dramatic shift whereby more investors are entering the market, fueled by easier access to information, growing financial literacy through finfluencers, and tech-driven platforms. Today, investing is no longer exclusive to the elite; it's a hot topic among millennials and young earners.

This boom has shaken up the broking industry. Once-profitable practices have been challenged by zero brokerage models, tighter compliance, and a more informed customer base. Many traditional brokerage houses have either shut down or merged with larger players.

What's the biggest learning from this shift?

Client interest must come first. Sustainable success lies not in short-term profits but in building trust, offering transparency, and aligning advice with investor goals.

The future of India's financial advisory industry centres on this one principle — serve the king well. A transparent, ethical, and goal-based advisory approach isn't just good practice; it's the only way forward.

CBS ARTICLES

It was a long-time wish to visit the northern part of Kerala, especially Kasargod, the land of seven languages. I had gone to Kasargod without considering the red alert due to heavy rain in Kasargod. After getting into Kasargod railway station at noon, I took a bus to Bakel Fort, my first destination. Bekal Fort is the largest fort in Kerala, situated on the shores of the Arabian Sea, which was constructed by Shivappa Nayaka of Keladi in 1650 AD.

A Weekend in Kasargod

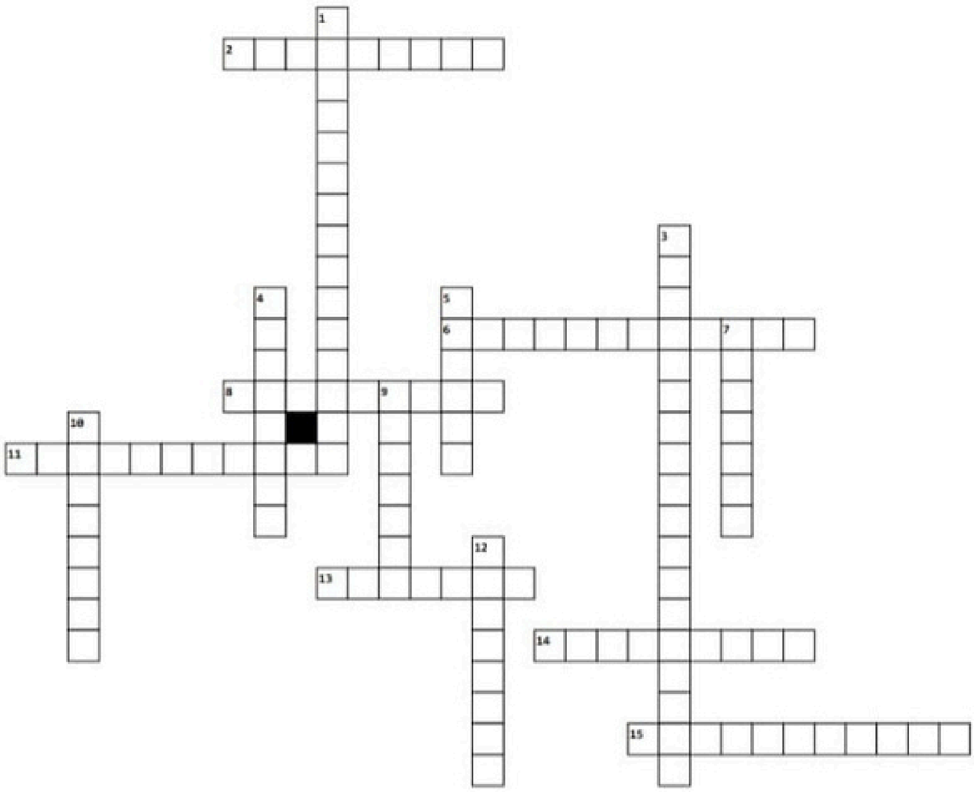
-Manu Prasad

Bakel Fort is very beautiful with beautiful scenes of the sea touching the land, wind, and its ancient construction style. While I was walking inside of Bakel Fort from its entrance, I was very happy to see the historical marvel. At that evening time, the climate was pleasant with a clear sight of the sun. On top of Bakel Fort, I have enjoyed the beauty of the Arabian seashore, and I have started to record a vlog. But soon the climate changed; heavy wind came from the sea to the fort side along with rain. It was the worst rain I have ever faced in my life. I have taken my umbrella to cover from rain, but the wind didn’t allow me to escape from rain. My umbrella soon becomes like a parachute to fly. In that heavy rain, guards came and asked to move out from the fort. In that heavy rain, with a wet dress, I have taken my next bus to Kahnangad Town.

It was a Sunday. I had booked my stay at Ananthashram in Kanhangad, for which I needed to take another bus from Kanhangad bus station. I was afraid of the weather at this Sunday evening time, I will get buses to that side. When I reached Kanhangad town, I wondered completely. because the city was very active with public transport, like what I had in my childhood in my hometown, now completely lost. Ananthashram is a spiritual space in Kasargod, which offers free stay and food for backpackers. I have gone to Ananthashram and take a good rest.
On the next morning, I started my solo trekking to Manjampothi Kunnu, which is a hillock nearer to Kasargod, in a light rain. On top of the hill,there is a Hanuman temple. At that time, may be due to rain, the ways was empty. The hillock was very beautiful and pieaseful. I have done meditation for some time. When I opened my eyes after meditaion,the rain had gone and morning sun came, which offered me a another beutifl view of arabian see in distant. At that moment I taken a breathe and and thought the same Manthra I always chant, “lets memmories take rest, dive into new stories”.

CROSSWORD

FINTURA 2.0 - FUN IN FINANCE



Down

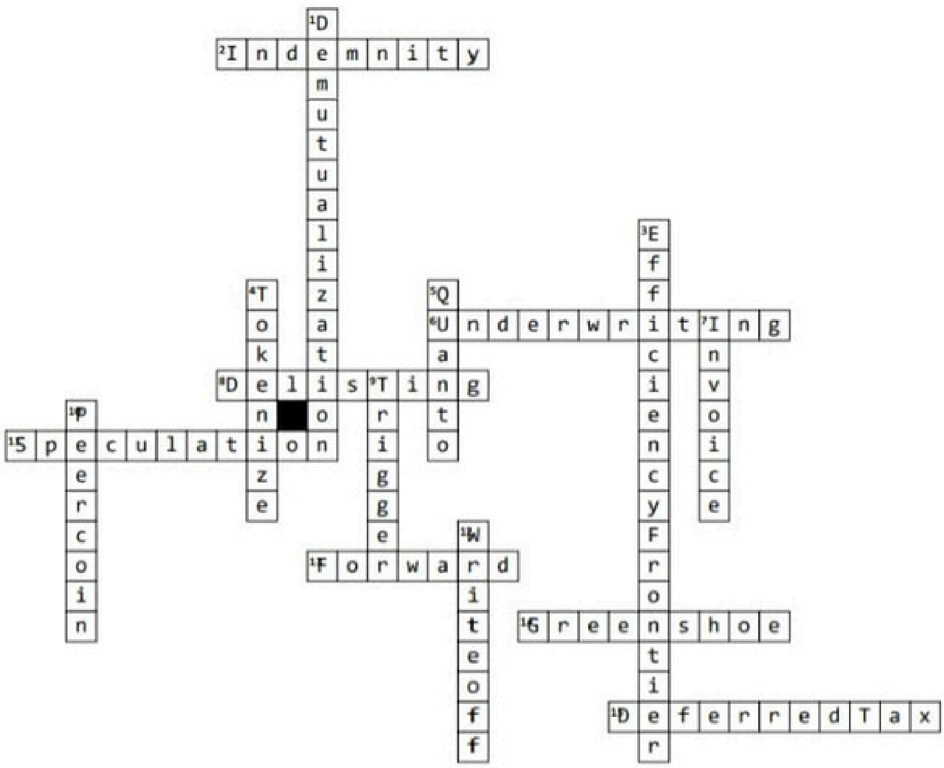
1. Conversion of a mutual company to public.
3. Optimal portfolio combinations for risk-return
4. Convert assets into blockchain units.
5. Derivative with payout in different currency.
7. Document requesting payment for goods/services.
9. Event that activates a financial action.
10. Cryptocurrency using proof-of-stake
12. Removal of asset from balance shee

Across

2. Compensation for financial loss
6. Assessing risk in issuing securities.
8. Removal of a stock from an exchange.
11. Risky investment aiming for large gain.
13. Customized contracts for future transactions.
14. Option to issue extra shares post-IPO.
15. Timing difference between accounting and tax profit.

SOLVED CROSSWORD

FINTURA 2.0 - FUN IN FINANCE



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FINTURA 2.0 - FUN IN FINANCE

EVENT ECHOES *A CBS BULLETIN*

GRADUATION DAY AT CBS

The Centre for Budget Studies (CBS) proudly organized its first Graduation Day on June 21st. It was a memorable occasion as 19 students successfully completed their academic journey and graduated from the Centre. The event was graced by Shri. C. Balagopal, Chairperson of KSIDC, who was the Chief Guest. He shared thoughtful and encouraging words with the students. The day was filled with joy, pride, and warm memories, marking an important milestone for both the graduates and CBS.

CBS INTERNSHIP PROGRAM – MAY 2025 BATCH SUCCESSFULLY CONCLUDES

The Centre for Budget Studies (CBS), CUSAT, successfully concluded the second batch of its Internship Program for the month of May 2025. The program witnessed enthusiastic participation from students across various regions, who brought with them a spirit of inquiry and a fresh academic outlook.

Designed to provide hands-on exposure in the fields of econometrics, financial technology, and data analysis, the internship enabled students to apply theoretical knowledge in real-world contexts. The collaborative environment fostered learning, innovation, and professional development.

CAREER INSIGHTS INTO DATA SCIENCE

The Centre for Budget Studies, in collaboration with the National Employment Service Kerala, organized a Career Guidance Session on Data Science on 8th July 2025. The session was led by Mr. Alwin Poulose, Assistant Professor at IISER Trivandrum, who provided insightful guidance on the scope, structure, and career opportunities in data science and AI. Covering key concepts such as machine learning and ethical AI, he also offered a roadmap for aspiring professionals. The session ended with an engaging interaction, leaving participants inspired to pursue careers in this dynamic field.

CBS LINE

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