

**MARCH 2025**



**MONTHLY NEWSLETTER**



CENTRE FOR BUDGET STUDIES (CBS)  
CUSAT

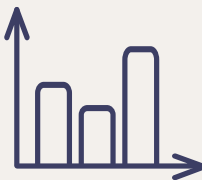
## NEWS

### MACROECONOMIC ANALYSIS



#### **Wholesale inflation climbs up to 2.38% as manufacturing products become dearer**

Wholesale inflation increased to 2.38% as cost of manufactured products increased in February 2025, from 2.31% in the previous month, according to data from Ministry of Commerce and Industry. Inflation of manufactured products increased to a two-year high of 2.86% in the reporting month. “Excluding food, core manufactured WPI inflation rose to 1.3% y-o-y from 1.0% in January. We think core WPI inflation may rise gradually over the coming months, reflecting the rise in international metal prices in February” according to Aastha Gudwani, India Chief Economist at Barclays research.



#### **India's goods trade deficit at a 42-month low on reduced gold, silver and crude imports**

India's goods trade deficit fell to a 42-month low of \$14.05 billion in February 2025, down from \$22.9 billion in January, as imports of gold, silver, and crude declined, according to the Ministry of Commerce and Industry. Gold and silver imports hit an eight-month low of \$2.7 billion, while crude and petroleum imports dropped to \$11.89 billion, the lowest since July 2023. Exports stood at \$36.9 billion, while imports fell to a 22-month low of \$50.9 billion.



#### **IMF Unveils New Global Macroeconomic Standards**

The International Monetary Fund (IMF) has published the seventh edition of the Integrated Balance of Payments and International Investment Position Manual (BPM7), updating global standards for compiling external sector statistics. This edition addresses significant changes in the global economy since 2009, including increased economic interconnectedness, digitalization, and financial market innovations. Developed over several years with input from the IMF Committee on Balance of Payments Statistics and the global community of statisticians, BPM7 aims to guide member countries in producing high-quality, internationally comparable data. The IMF encourages countries to implement these standards by 2029–2030 and will support this transition through additional guidance and technical assistance.

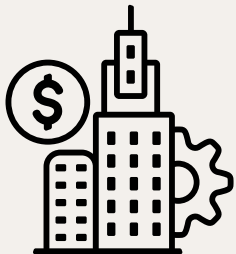
## NEWS

### ECONOMIC POLICY



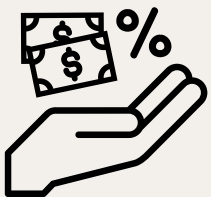
#### **“Worst seems to be behind” ; Indian economy shows signs of recovery**

Indian economy is showing signs of recovery after a weak third quarter of 2024, with improvements in new orders, agriculture exports, rural wages, IIP, steel production, auto sales, and tax collections, according to a BNP Paribas report. The NSO projects GDP growth at 6.4% for FY25, rising to 6.7% in the second half. Food inflation eased by Q4 2024, offering some relief. The Union Budget FY25-26 focuses on fiscal consolidation, with a 7.4% rise in capital expenditure and a fiscal deficit target of 4.4% of GDP for FY26.



#### **Karnataka Industrial Policy 2025-30 and Global Investor Meet 2025**

Karnataka’s Global Investor Meet 2025 attracted investment proposals worth Rs. 10.27 trillion, focusing on renewable energy, core manufacturing, and infrastructure development. The state’s Industrial Policy 2025-30 aims to create 2 million jobs by 2029 and boost manufacturing growth by 12% annually. Notably, 75% of investments are directed towards regions outside Bengaluru to promote balanced growth. Karnataka also signed MoU with Swiss companies to enhance global partnerships. The policy highlights sustainable growth strategies, fostering innovation and attracting international investments.



#### **More interest rate cuts on way, signal MPC minutes**

The Reserve Bank of India is expected to implement more interest rate cuts in the coming months to boost economic growth. The Monetary Policy Committee (MPC) has shifted its immediate focus from controlling inflation to fostering growth. The recent 25 basis points cut in the repo rate to 6.25% reflects this change, with further cuts likely. Major focus is to help accelerate economic expansion, potentially breaking ranks with price-focused peers in key developed markets, as fostering growth seemingly begins to outweigh inflation taming as an immediate priority for the Monetary Policy Committee (MPC).

## NEWS

### FINANCIAL TECHNOLOGY



#### **Made-in-India smartphone shipments rose 6% in 2024: Apple, Samsung drove 94% of exports**

Smartphone manufacturing in India is expected to grow in double digits in 2025, alongside increasing local value addition. As per the report, Samsung was the top smartphone manufacturer in India in 2024, recording 7% year-on-year (YoY) growth. Vivo secured the second spot with 14% YoY growth, capturing a 14% shipment share, attributed to its offline retail expansion and enhanced distribution network.



#### **Government seeks 5% UPI market share for Bhim by 2028**

The Indian government aims to increase the BHIM app's UPI market share from 0.2% to 5% by 2028. To achieve this, efforts include enhancing BHIM's backend to support 10,000 transactions per second by September 2025, up from 5,000 in January 2025, and revamping its user interface and experience. These initiatives aim to challenge the dominance of PhonePe and Google Pay, which currently hold over 85% of the UPI market.



#### **RBI-fintech meet discusses expanding digital payments market, checking fraud**

On March 5, 2025, the RBI officials, including Governor Sanjay Malhotra, met with fintech industry leaders to discuss strategies for expanding digital payments beyond the top 200 million users and addressing challenges such as fraud prevention and transaction charges. The RBI stressed responsible innovation and compliance, while participants highlighted language barriers, user awareness, and concerns over merchant discount rates. The meeting aligns with efforts to enhance cybersecurity, including RBI's Digital Payments Intelligence Platform and government-fintech coordination on fraud prevention.



## NEWS

### INTERNATIONAL ECONOMICS



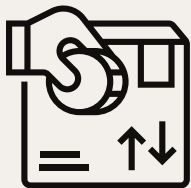
#### **Global Economic Outlook Uncertain as Growth Slows, Inflationary Pressures Persist, and Trade Policies Cloud Outlook**

The OECD's latest Interim Economic Outlook projects global growth slowing to 3.1% in 2025 and 3.0% in 2026, with varying trends across regions. U.S. GDP is expected to decline from 2.2% in 2025 to 1.6% in 2026, while the Euro area is set for modest growth of 1.0% in 2025 and 1.2% in 2026. China's economy will slow from 4.8% this year to 4.4% in 2026. Inflation remains a concern, with G20 inflation revised upwards to 3.8% in 2025 and 3.2% in 2026, driven by high services prices and resurging goods inflation. Amid slower growth, persistent inflation, and uncertain policies, the global economy faces increasing headwinds.



#### **US Fed Likely to Stand Pat on Interest Rates, Economic Projections to Steer Market Sentiment**

The US Federal Reserve is widely expected to keep the federal funds rate unchanged at its current range of 4.25–4.50%, maintaining a cautious stance amid economic uncertainties. While the decision aligns with market expectations, focus will shift to the Fed's updated economic projections and future policy guidance. Investors will closely watch for signals on potential rate cuts, with dovish commentary likely to boost equities and weaken the US dollar, benefiting emerging markets like India. A more hawkish tone, however, could strengthen the dollar and dampen risk sentiment, leading to market volatility.



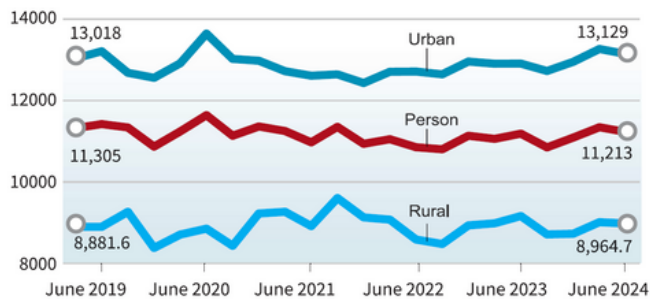
#### **New Zealand Set to Finalize FTA with India Within 60 Days**

India and New Zealand aim to ink a comprehensive free trade agreement (FTA) covering the entire gamut of issues in the next 60 days. At a Ficci event Tuesday, New Zealand Prime Minister Christopher Luxon said that he looks forward to the agreement in 60 days' time and commerce and industry minister Piyush Goyal said that the proposed pact could increase bilateral trade by 10 times from \$1.75 billion at present in 10 years and expand trade in farm products, pharma, critical minerals and tourism.

## DATA POINT

### INCOME LEVELS OF SALARIED CLASS HAVE STAGNATED IN RECENT YEARS

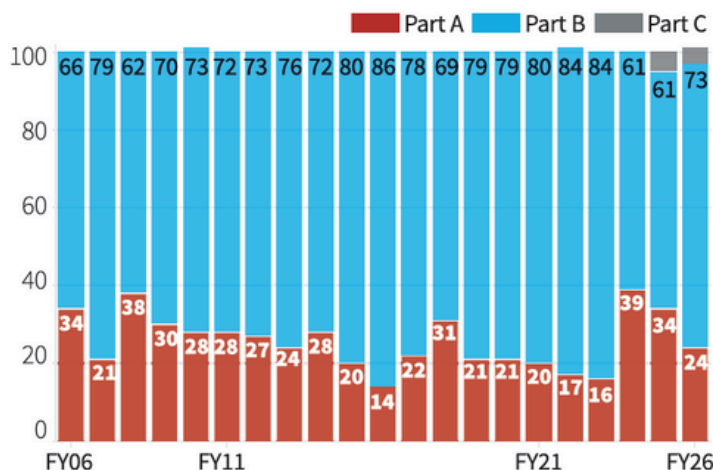
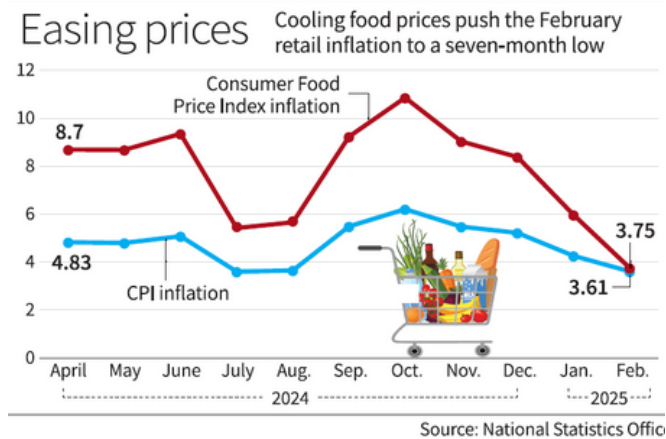
**Chart 1:** The chart shows the average wage/salary earnings (in ₹ and in real terms) by regular wage/salaried employees in current weekly status



Income stagnation among the salaried class has become a significant concern in recent years. Despite overall economic growth, real wages have remained flat due to factors like low wage growth, inflation, and structural labor market challenges. The income gap between top executives and average employees has widened, worsening inequality. The COVID-19 pandemic further exacerbated the situation, leading to job losses, pay cuts, and reduced hiring. Policymakers are urged to address these issues through measures such as revising minimum wages, strengthening labor protections, and incentivizing job creation. Ensuring equitable income growth and financial stability for the salaried workforce is crucial for fostering inclusive economic development.

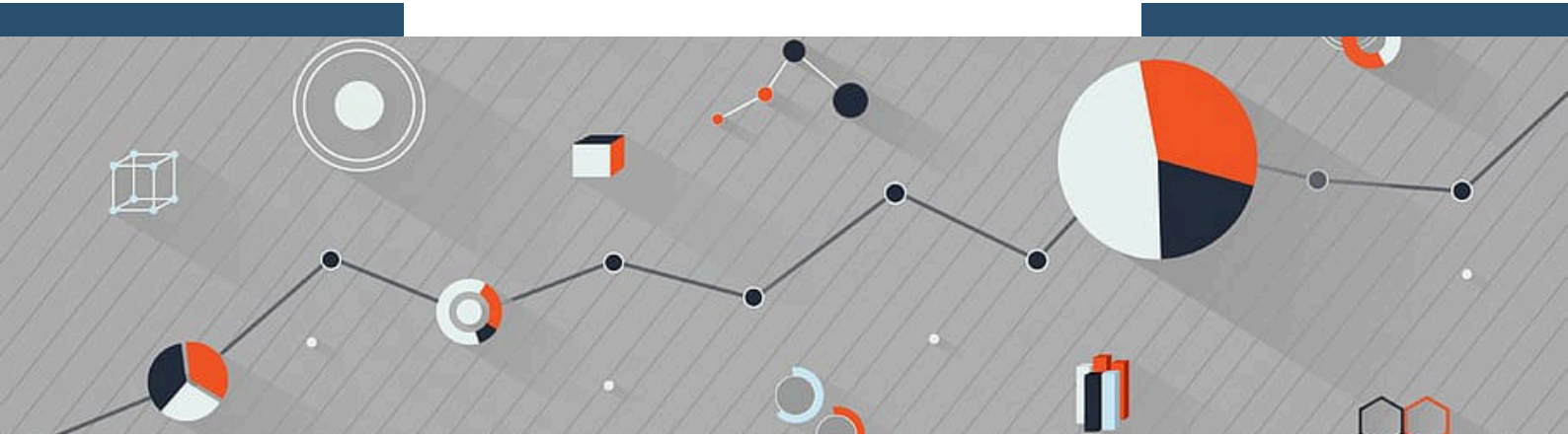
### RETAIL INFLATION AT 7-MONTH LOW AS FOOD PRICES DECLINE

Retail inflation in India fell to a 7-month low, primarily due to a decline in food prices, particularly vegetables, pulses, and edible oils. However, core inflation, excluding food and fuel, remained high, reflecting persistent price pressures in other sectors. The drop in food prices offered some relief to households, but rising fuel and housing costs continued to strain budgets. Economists warn that global commodity price fluctuations and supply chain disruptions could threaten inflation stability. The Reserve Bank of India faces the challenge of balancing inflation control with the need to support economic growth amid these complex dynamics.



### GOVERNMENT TALKS BIG ON GENDER BUDGET, DELIVERS LITTLE

Urban consumers in India are facing economic challenges as 55% reported stagnant income levels in January 2025, marking an 11-year high. Despite a slight easing of retail inflation to 4.31%, concerns over stagnant incomes and job opportunities are overshadowing any optimism about reduced expenses. The Reserve Bank of India's Consumer Confidence Survey, covering 6,081 respondents across 19 major cities, revealed that 93% reported an increase in commodity prices, though this was the lowest since July 2024. Spending on essential items increased for 87.6% of respondents, the lowest since September 2024. Furthermore, 42.7% reported a decline in job opportunities, and 43% felt the overall economic situation had worsened. These data points highlight growing financial pressures and a pessimistic economic outlook among urban residents.



## ARTICLES OF THE MONTH

### FINANCE AND ADVANCED TECHNOLOGY

#### >>> READ MORE

#### Fintech Solutions for Supply Chain Financing of Small and Medium Enterprises in India

-[Naveen Kumar Kt](#)

Fintech solutions are transforming supply chain financing for SMEs in India by leveraging digital platforms, blockchain, and AI. These technologies streamline credit access, reduce transaction costs, and enhance transparency. By integrating with supply chains, fintech enables faster invoice processing, working capital management, and risk assessment. This innovation addresses traditional financing challenges, empowering SMEs to improve cash flow, expand operations, and contribute significantly to India's economic growth

#### READ MORE <<<

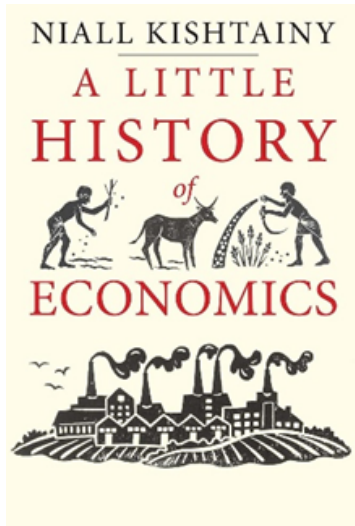
#### Developmental Spending and Its Impact on Income Inequality

-[TSahil Verma](#), [Bimal Kishore Sahoo](#), [Sunandan Ghoshh](#)

### INEQUALITY AND GROWTH

Developmental spending seeks to reduce income inequality by investing in education, healthcare, and infrastructure. While it can uplift marginalized communities and promote inclusive growth, its success depends on efficient implementation and targeting. Challenges like inadequate allocation, corruption, and poor governance often hinder its impact. Effective policies must prioritize equitable resource distribution, improve access to basic services, and ensure accountability in developmental programs to address inequality meaningfully.

## BOOK RELEASES

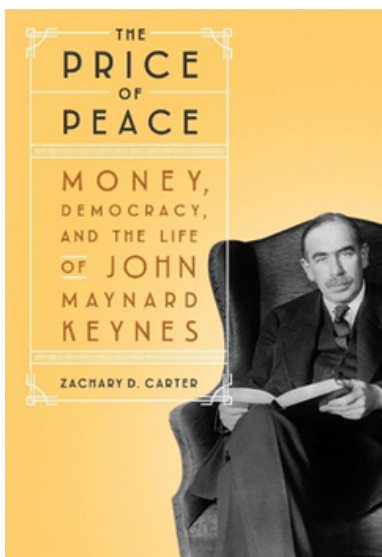
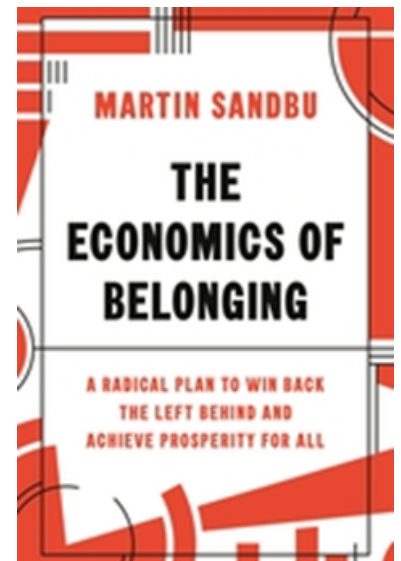


### A LITTLE HISTORY OF ECONOMICS – NIALL KISHTAINY

The book offers a concise yet insightful journey through the history of economic thought, explaining how key ideas shaped the world. Kishtainy introduces influential economists like Adam Smith, Karl Marx, and Keynes, linking their theories to major historical events such as the Industrial Revolution and financial crises. Covering topics like capitalism, socialism, free markets, and government intervention, the book presents complex concepts in an accessible way, making it an excellent introduction for anyone interested in understanding how economies evolve over time.

### THE ECONOMICS OF BELONGING: A RADICAL PLAN TO WIN BACK THE LEFT BEHIND AND ACHIEVE PROSPERITY FOR ALL - MARTIN SANDBU

Rising economic inequality and social divisions are at the heart of this book, which argues for inclusive policies to create shared prosperity. Sandbu critiques past economic models and proposes bold reforms such as stronger labor protections, wealth redistribution, and public investment. He presents a new economic framework designed to ensure broad-based growth and stability.

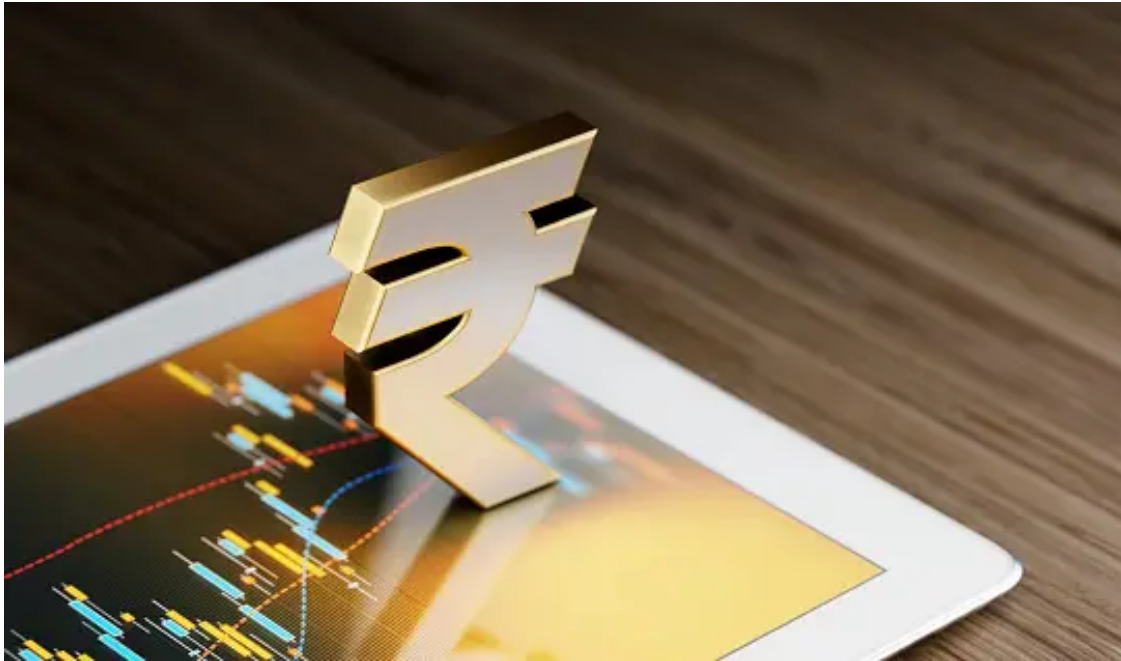


### THE PRICE OF PEACE: MONEY, DEMOCRACY, AND THE LIFE OF JOHN MAYNARD KEYNES – ZACHARY D. CARTER

John Maynard Keynes revolutionized economics while shaping politics, finance, and society. This book examines his influence on economic policies during global crises and his vision for a more equitable financial system. Carter explores Keynes's ideas on government intervention, financial stability, and social progress, highlighting their lasting impact on democracy and inequality.



## CBS ARTICLES



### PER CAPITA STATE GDP: A DOUBLE-EDGED SWORD IN INDIA'S TAX DEVOLUTION

**ALPHONS LAL**

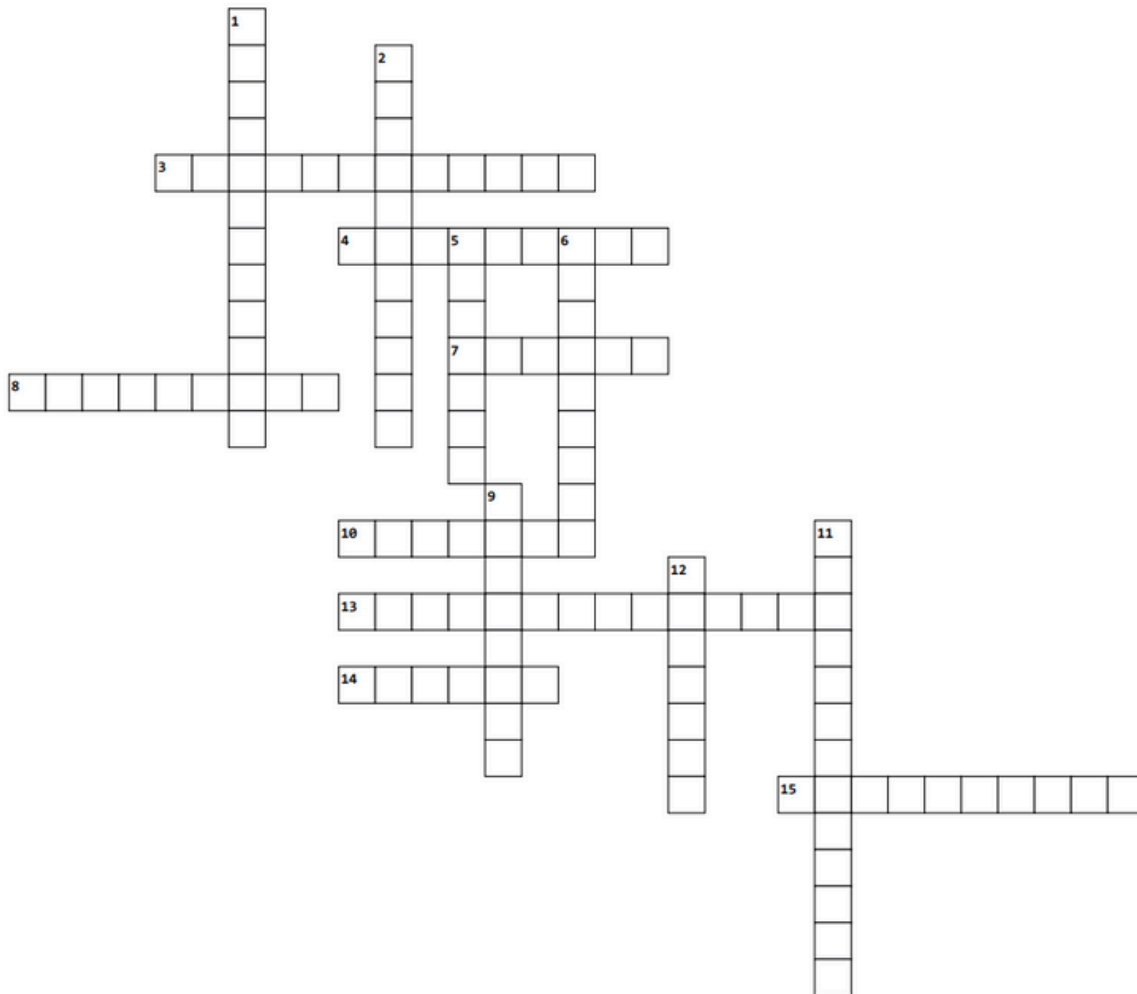
The use of per capita state GDP as a criterion for tax devolution in India presents both advantages and challenges. On one hand, it promotes equity by directing more funds to economically weaker states, aiding in infrastructure, healthcare, and education. It also incentivizes states to boost economic growth and ensures transparency in fund allocation. However, relying solely on per capita GDP overlooks critical factors like population size, poverty levels, and infrastructure needs, potentially leading to inequitable resource distribution. Short-term GDP fluctuations can also destabilize funding. A more comprehensive approach, as adopted by the 15th Finance Commission, incorporating factors like population, forest cover, and income distance, is essential for balanced and sustainable development. This multi-faceted strategy ensures fair resource allocation, reduces regional disparities, and fosters inclusive growth across India.

**>>> READ MORE**

"In the midst of chaos, there is also opportunity— Sun Tzu ."

# CROSSWORD

## FINTURA IV - FUN IN FINANCE



### Across

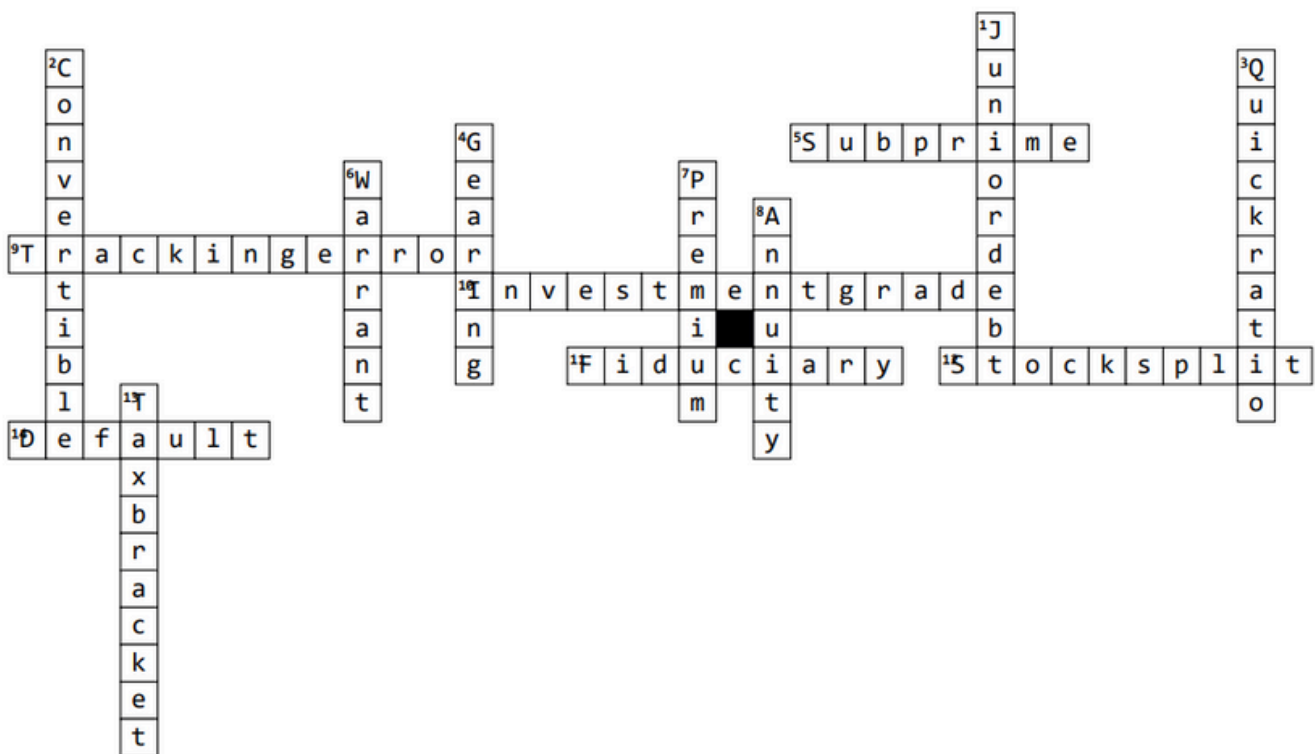
3. A currency traded or held outside its home country.
4. Denying loans or financial services based on demographic factors.
7. Variables used to measure the risk and potential profitability of options.
8. The right to use property for a fixed time without ownership.
10. A financial expert who assesses risk.
13. Removing legal status from a currency.
14. An options strategy used to cap potential losses or gains.
15. Economies or markets move independently of each other.

### Down

1. A strategy to offset interest rate risk in bond portfolios.
2. A measure of return per unit of risk for an investment.
5. A stock or sector that underperforms the market.
6. Compensation for financial loss or damage.
9. Rapid stock purchase at market opening
11. A market trend where stock prices tend to rise in the new year.
12. Collateral markdown for risk.

## SOLVED CROSSWORD

### FINTURA III- FUN IN FINANCE



#### ACROSS

5. LOAN FOR POOR CREDIT SCORES.
9. DIFFERENCE BETWEEN PORTFOLIO RETURNS AND ITS BENCHMARK.
10. RATING INDICATING LOW CREDIT RISK.
11. TRUST RELATIONSHIP INVOLVING ASSET MANAGEMENT.
12. INCREASE IN THE NUMBER OF OUTSTANDING SHARES.
14. FAILURE TO REPAY A LOAN.

#### DOWN

1. DEBT THAT IS SUBORDINATE TO SENIOR NOTE.
2. SECURITY THAT CAN BE EXCHANGED.
3. MEASURE OF A COMPANY'S SHORT-TERM LIQUIDITY.
4. MEASURE OF COMPANY'S FINANCIAL LEVERAGE.
6. SECURITY GIVING PURCHASE RIGHTS.
7. COST OF INSURANCE.
8. FIXED PAYMENT MADE AT INTERVALS.
13. RANGE OF INCOME SUBJECT TO A CERTAIN TAX RATE.

## CBS ORGANISED



The Centre for Budget Studies (CBS), CUSAT, hosted an insightful invited talk on **"Practical Aspects of Algo Trading"** on **March 20, 2025**. The session, led by **Mr. Akshay Aggarwal, Managing Director of Acumen Capital Market Ltd.**, provided an in-depth understanding of algorithmic trading, its applications, and market impact. He discussed key strategies, regulatory frameworks in modern trading. The talk emphasized automation's growing influence in financial markets, with real-world case studies illustrating its practical applications. A dynamic Q&A session followed, where students and faculty engaged in discussions about career opportunities, risks, and future trends in algo trading. The session successfully bridged the gap between theoretical finance and real-world trading strategies, equipping participants with valuable industry insights. Overall, the event was highly informative, fostering interest in quantitative finance and algorithmic trading among attendees.

On **March 27, 2025**, a significant **'Anti-Drug Abuse Legal Awareness Campaign'** was successfully conducted at Centre for Budget Studies, Cusat, Kochi. The initiative was led by research scholars **Rakesh and Aswathy from the School of Legal Studies (SLS)**, and was jointly organized by SLS Cusat, the Cochin University Legal Aid Clinic, NSS CUSAT, the Department of Physical Education, and the Fourth Wave Foundation. The campaign aimed to educate students on the critical legal aspects and detrimental consequences of drug abuse. The session commenced with an overview of alarming drug abuse statistics in Kerala, highlighting the concerning rise in substance use, particularly among young adults. They detailed various drug-related offenses under the Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985, and the stringent penalties associated with them. A crucial aspect highlighted was the severe impact of drug offenses on future employability, with most companies conducting background checks. Furthermore, the campaign addressed the adverse effects of a criminal record related to drug abuse on visa applications for international travel and studies, potentially leading to denial or revocation. The session concluded with practical advice on controlling drug abuse, emphasizing the importance of choosing good friends, developing refusal skills to resist peer pressure, and knowing where to seek help, including counseling centers and support groups available within and outside the university.



On **March 27, 2025**, the **Kerala State Civil Service Academy**, in collaboration with the **CUSAT Employment Bureau**, conducted an orientation session on civil service exam preparation. The session was led by **Jithin**, a tutor at the academy and a civil service mains-qualified candidate.

Jithin provided insights into approaching the **Kerala Administrative Service (KAS) and Civil Services Examination** with confidence. He outlined the exam syllabus, effective preparation strategies, and techniques to tackle each question efficiently. The session aimed to dispel fears associated with these competitive exams and encourage aspirants to pursue their goals with the right mindset. The class was highly informative and motivational, equipping students with a clear roadmap for structured preparation.





## STUDENT ACHIEVERS



PLACEMENT CELL,  
CENTRE FOR BUDGET STUDIES, CUSAT

*Congratulations!!*



ARJUN KRISHNA M.



AMAL M. RAJAN



FATEEN MOHAMED

PLACED AT



M.Sc Econometrics and Financial Technology  
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# CBS LINE

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