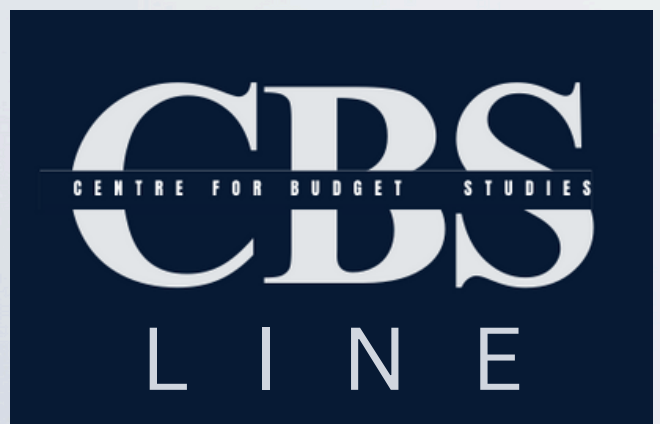


**MAY 2025**



**MONTHLY NEWSLETTER**

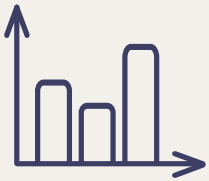


CENTRE FOR BUDGET STUDIES (CBS)  
CUSAT

## NEWS

### MACROECONOMIC ANALYSIS

#### Net FDI Slumps 96% in FY25 to \$353 Mn, Gross FDI Robust



India's net foreign direct investment (FDI) dropped sharply by 96% in 2024–25 to just \$353 million, down from \$10.1 billion the previous year, as per the RBI's latest bulletin. Despite strong gross inflows, the decline was driven by higher repatriation of earnings by foreign firms and increased outward FDI by Indian companies. This marks a continued downward trend since 2020–21, when net FDI was \$44 billion, reflecting significant post-pandemic shifts in capital movement patterns.

#### Core Infrastructure Sector Growth Slows to 8-Month Low in April



Growth in India's eight core infrastructure sectors dropped to an eight-month low of 0.5% in April 2024, mainly due to a decline in the production of crude oil, refinery products, and fertilizers. This marks a sharp slowdown compared to 6.9% growth in April 2023 and 4.6% in March 2024. The last time such low growth was recorded was in August 2023, with a contraction of 1.5%.

#### Unemployment at 5.1% in April, Female Labour Force Participation Rises: PLFS



India's unemployment rate in April 2024 stood at 5.1% for individuals aged 15 and above, according to the Ministry of Statistics' revamped Periodic Labour Force Survey (PLFS). Male unemployment was 5.2%, while female unemployment was 5%. Rural unemployment was lower at 4.5% compared to urban unemployment at 6.5%. A concerning 23.7% unemployment rate was recorded among urban females aged 15–29. The overall Labour Force Participation Rate (LFPR) was 55.6%, and the Worker Population Ratio (WPR) stood at 52.8%.

## NEWS

### ECONOMIC POLICY

#### Will take more than a year for India - U.K. FTA to kick off



The India-UK Free Trade Agreement (FTA) is unlikely to be implemented for at least a year, as legal vetting alone is expected to take three months, according to a senior official. Although negotiations have concluded, the agreement must undergo thorough legal review by both countries and later be ratified by the U.K. government, involving multiple stages. Despite the delay, officials are optimistic that the FTA will ultimately boost trade relations and enhance economic cooperation between the two nations.

#### CCI notifies new definitions to curb predatory pricing



The Competition Commission of India (CCI) has revised cost definitions to better assess predatory pricing under the Competition Act of 2002, which targets pricing below cost to eliminate competitors. This regulatory update offers clearer guidelines for determining costs, enhancing transparency and enforcement. By refining cost calculations, the CCI aims to strengthen its framework against anti-competitive practices. The move is expected to affect industries where aggressive pricing has raised concerns about monopolistic behavior and market distortion, promoting fair competition and market integrity.

#### Higher defence spending won't stretch India's finances

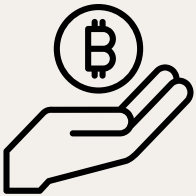


Leading economists state that the Central Government has sufficient fiscal space to increase defence spending without breaching the 4.4% fiscal deficit target for this financial year. Historically, India has maintained fiscal discipline during heightened tensions with Pakistan, barring major conflicts or global crises. With a strong revenue outlook and expenditure flexibility, this trend is expected to continue. The Ministry of Defence plans to request an additional ₹50,000 crore in December, which the government can absorb through higher revenues and strategic spending adjustments.

## NEWS

### FINANCIAL TECHNOLOGY

#### **Cognizant Opens Tech Fin Centre at GIFT City**



Cognizant inaugurated a new 60,000 sq. ft. TechFin centre at GIFT City in Gandhinagar, Gujarat. The facility initially accommodates 600 associates, with plans to expand to 2,000 over three years. The centre focuses on digital engineering, AI, cybersecurity, and analytics to support global clients in banking, financial services, insurance, and fintech.

#### **Periodic KYC update in bank account to become easier; RBI proposes new draft rules, allows time till June 30, 2026, to do KYC for these customers**



The RBI has issued a draft comment on simplifying KYC rules. The proposed rules will make the bank customers' lives easier in case of periodic KYC updation requirements. The rules also propose the ease of onboarding first-time customers in the case of KYC. Read on to know the proposed rules.

#### **QuickPay Receives RBI's In-Principle Approval for Payment Aggregator License**



QuickPay, the fintech arm of Quicktouch Technologies, has secured in-principle approval from the Reserve Bank of India (RBI) for a Payment Aggregator license under the Payment and Settlement Systems Act, 2007. This milestone moves QuickPay a step closer to fully operational status under the supervision and regulatory framework of the RBI.

## NEWS

### INTERNATIONAL ECONOMICS

#### Central European Banks Brace for Tariff Impacts Amid Rising Risk Costs



Major banks in Central Europe, including Austria's Raiffeisen Bank International and Czech units of Société Générale and KBC Group, are tightening risk management in response to global economic uncertainty and new U.S. tariffs. EU countries face a 10% levy on some goods, with others still subject to 25%. Raiffeisen conducted stress tests and added €71 million in loss buffers, while Komerční banka booked 500 million koruny in reserves but remains cautiously optimistic about maintaining a low risk outlook for the year.

#### India Becomes World's 4th Largest Economy, Surpasses Japan: NITI Aayog CEO



India has surpassed Japan to become the world's fourth-largest economy with a nominal GDP of USD 4 trillion, according to IMF data, announced NITI Aayog CEO BVR Subrahmanyam. Previously ranked fifth until 2024, India now trails only the US, China, and Germany. Speaking at the 10th NITI Aayog Governing Council meeting, Subrahmanyam expressed confidence that India could rise to the third position within the next 2-3 years if current economic strategies continue as planned.

#### G7 Pledges Action on Global Economic Imbalances, Considers Further Russia Sanctions



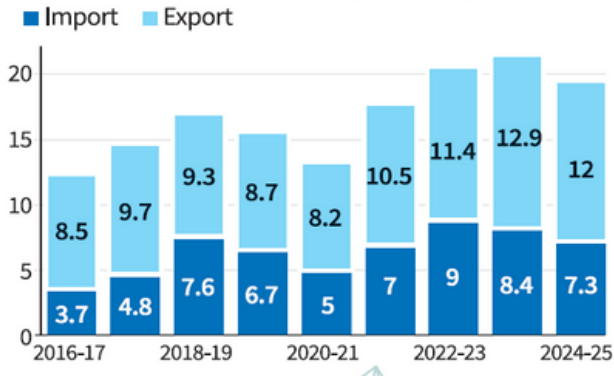
G7 finance ministers and central bank governors, meeting in Canada, pledged to address global economic imbalances and signaled potential expanded sanctions on Russia. They highlighted the need to counter "non-market policies," widely seen as aimed at China's state-led model. The final communique emphasized creating a level playing field, ensuring transparency, and building resilient supply chains, while urging coordinated action against market concentration and unfair trade practices to safeguard international economic security.



## DATA POINT

### INDIA-U.K. GOODS TRADE SURGED 60% IN EIGHT YEARS; IMPORTS NEARLY DOUBLED

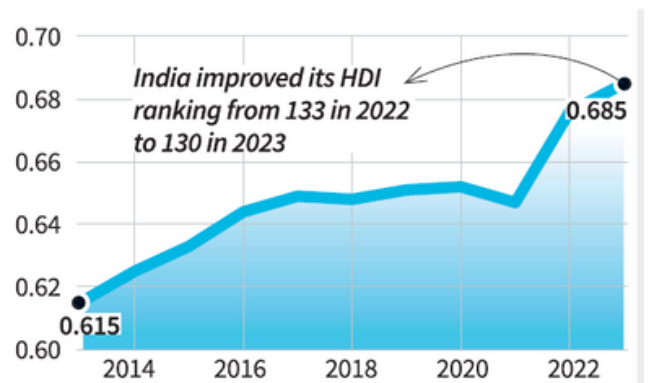
India's trade with the U.K. (In \$ billion)



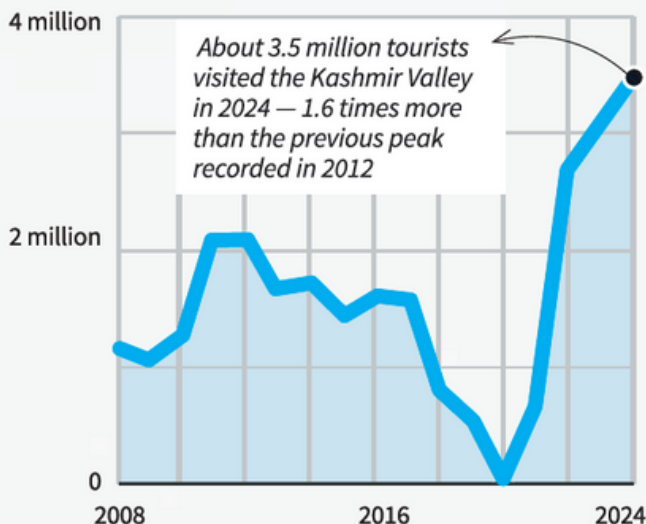
India-U.K. goods trade has witnessed a significant 60% increase over the past eight years, signaling deepening economic engagement between the two countries. Notably, India's imports from the U.K. nearly doubled during this period, reflecting a rising demand for British goods. This growth highlights the strengthening bilateral trade relationship and underscores the potential benefits of the forthcoming India-U.K. Free Trade Agreement (FTA), which aims to further enhance economic cooperation, reduce trade barriers, and support mutual growth across key sectors.

### INDIA UP THREE SPOTS TO 130 AMONG 193 NATIONS IN HDI, BUT INEQUALITY PERSISTS

India has risen three positions to rank 130 out of 193 countries in the latest Human Development Index (HDI), indicating progress in key areas such as health, education, and income. However, the report highlights that deep-rooted inequality continues to hinder the country's overall development. Disparities across regions, gender, and social groups remain significant. Experts stress the importance of inclusive policies and targeted interventions to ensure that the benefits of development are equitably distributed and sustainable in the long term.



**Chart 1:** The chart shows the number of tourist arrivals to the Kashmir Valley from 2008 to 2024



### J&K'S ECONOMY AND TOURISM IN PERIL AFTER PAHALGAM MASSACRE

The recent Pahalgam massacre, which claimed 26 lives, has severely impacted Jammu and Kashmir's economy, especially its tourism sector. Once contributing around 7% to the region's GDP, tourism has seen mass cancellations and plummeting hotel occupancy rates. The attack disrupted what was expected to be a record year for tourism, ahead of the crucial Amarnath Yatra season. Over 15,000 flight bookings to Srinagar were cancelled. While efforts to revive tourism are underway, experts stress the need for peace and strategic recovery to restore confidence.



## ARTICLES OF THE MONTH

### HUMAN DEVELOPMENT

#### ➤➤➤ READ MORE

#### Human Development Is Stuck in a Rut

India's human development has improved marginally, moving up only five HDI rankings from 2015 to 2023, despite a solid 1.31% annual growth rate. However, inequality in health, education, and income continues to weigh heavily, exacerbated by gender disparities. India's HDI falls sharply when adjusted for inequality, with the female HDI much lower than the male. Female per capita income is only one-third of males, and work participation and educational attainment remain low. Despite these challenges, India's robust AI sector and a growing number of women in STEM offer hope for accelerated human development in the coming years.

#### READ MORE <<<

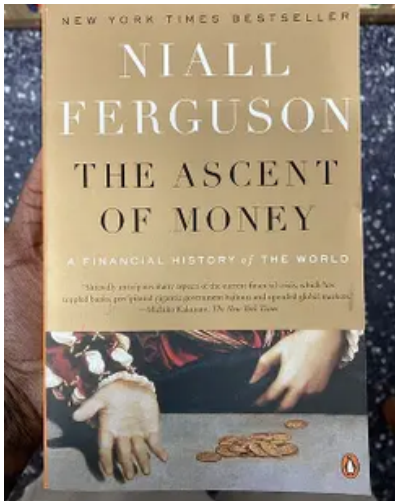
#### Poverty and Inequality in India

Arvind Panagariya, Vishal More

### POVERTY AND INEQUALITY

This paper offers four findings. First, rural poverty saw a modest decline despite the onset of COVID-19 in 2019–20 and fell as sharply in 2020–21 as it had in 2018–19. Second, urban poverty rose modestly in 2020–21, with the declining trend restored by the April–June 2021 quarter. Third, these trends hold for different social and religious groups, including Scheduled Castes, Scheduled Tribes, Hindus and Muslims. Finally, as measured by the Gini coefficient, income distribution saw a sharp decline in the rural, urban, and rural and urban areas combined.

## BOOK RELEASES

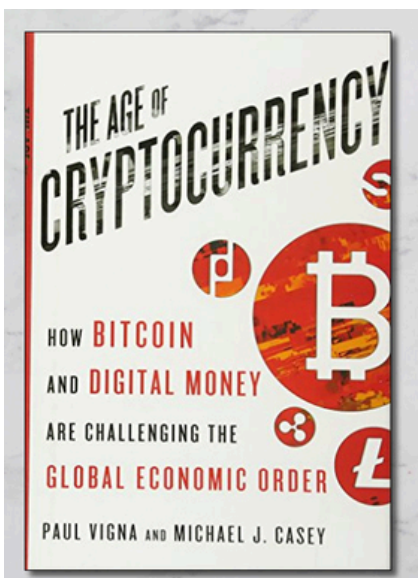
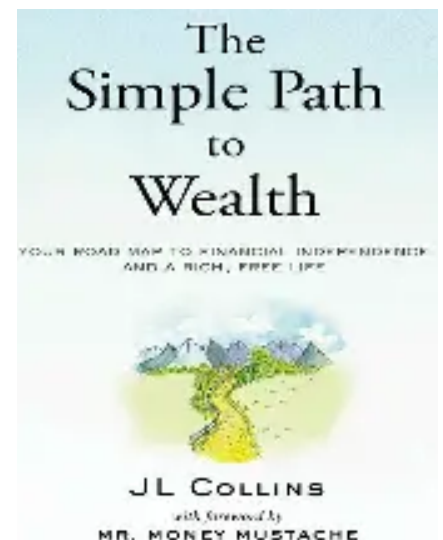


### THE ASCENT OF MONEY - NIALL FERGUSON

This book explores how financial innovations like banking, credit, and markets have driven economic growth and shaped history. Ferguson shows how money and finance have influenced the rise and fall of nations, linking economic development closely to political power.

### THE SIMPLE PATH TO WEALTH - J.L. COLLINS

A straightforward guide to personal finance, this book advocates low-cost index fund investing, saving, and avoiding debt. Collins provides clear, practical advice for building wealth and achieving financial independence without complexity.



### THE AGE OF CRYPTOCURRENCY - PAUL VIGNA & MICHAEL J. CASEY

This book explains how cryptocurrencies and blockchain technology work and their potential to transform finance. Vigna and Casey highlight both the opportunities and challenges of digital currencies in reshaping the global economy.



## CBS ARTICLES



### INDIA'S TWIN ECONOMIC REALITIES – MARCHING TOWARDS FORMALIZATION, DROWNING IN DEBT?

**ARJUN AJITH**

India's economy is navigating two contrasting paths: a strong move toward formalization and a worrying rise in household debt. On one side, digitization, tax compliance, and financial inclusion have boosted formal economic activity, with GST registrations doubling since 2017 and a significant shift from informal to formal markets in sectors like real estate and consumer goods. However, this progress is overshadowed by a sharp decline in household savings—down 84% since 2000—and a surge in personal debt, now at a record 42.9% of GDP. Most borrowing is not for asset creation but to meet basic expenses, with NBFCs and fintech firms driving small-ticket lending. This trend reflects rising financial distress rather than prosperity. To ensure sustainable growth, India must strengthen financial literacy, encourage long-term savings, and regulate lending practices. Without addressing household financial fragility, the gains from economic formalization may rest on an unstable foundation, undermining the country's long-term economic health.

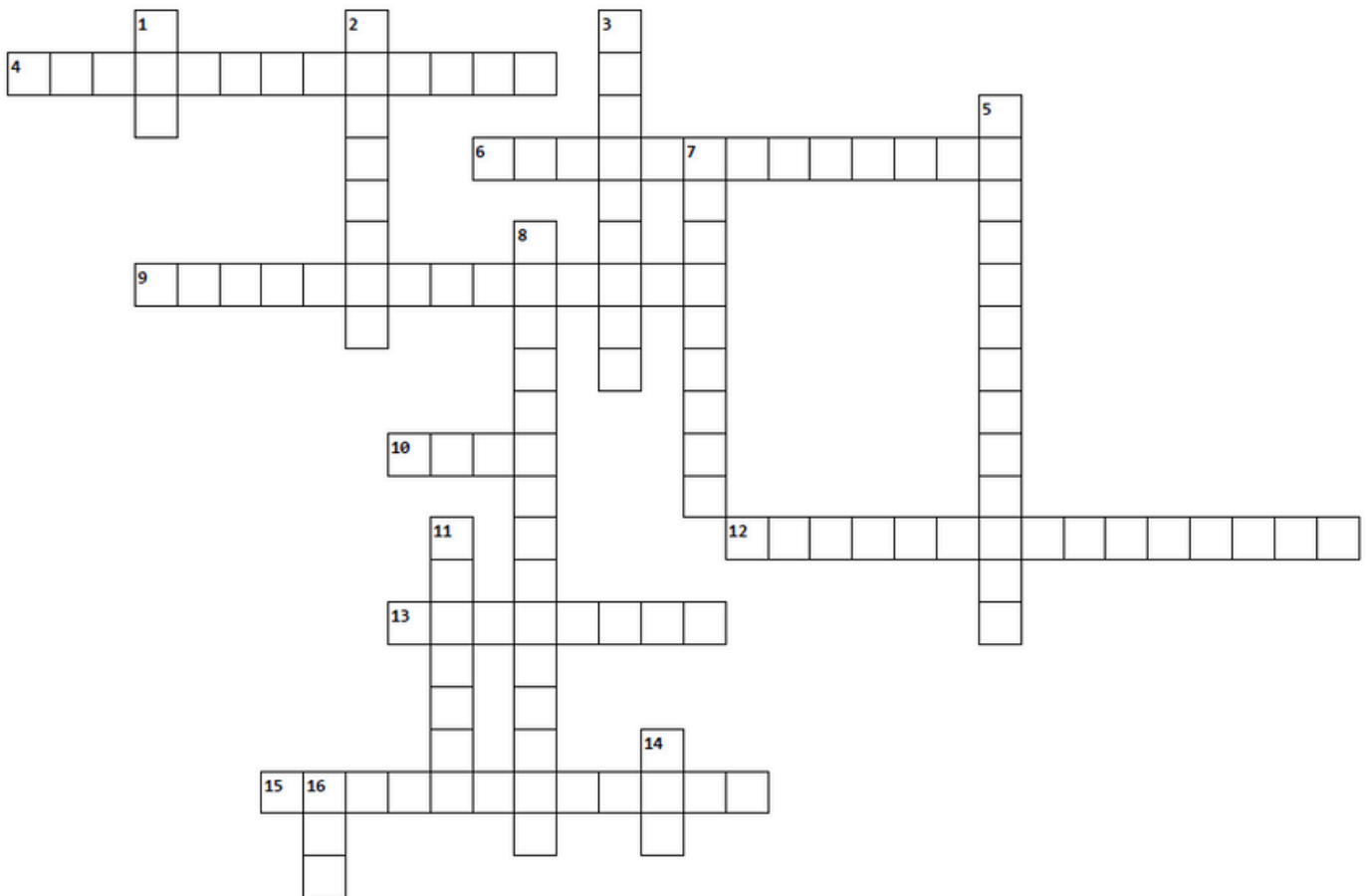
**>>> READ MORE**

"Development is about expanding the real freedoms that people enjoy—not just economic growth but financial security, education, and health."

— Amartya Sen

# CROSSWORD

## FINTURA VI - FUN IN FINANCE



### Across

4. Lending outside traditional banks.
6. WTO's 2023 global trade reform pact.
9. The process of separating a company's assets to create new securities backed by cash flows.
10. LIBOR's replacement in global lending.
12. Economist behind Modern Monetary Theory.
13. Instant redemption system for mutual funds.
15. Misleading ESG claims by firms.

### Down

1. RBI tool to absorb excess liquidity.
2. India's market volatility index.
3. Yield curve signal often preceding recessions.
5. Brief rally after sharp market fall.
7. Japan's ultra-loose monetary policy experiment.
8. Inflation-wage loop that fuels further inflation.
11. Startup valued over \$1 billion.
14. Measures industrial output.
16. Profitability ratio for shareholder equity.



**CBS SCOOP**

**MSc. Econometrics & Financial Technology  
at Centre for Budget Studies**

**IOA** | Institute of Analytics  
Recognized Programme

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ACCREDITED!!**

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CBS has reached a significant milestone with the Institute of Analytics (IoA), UK officially accrediting its flagship programme MSc. Econometrics and Financial Technology.

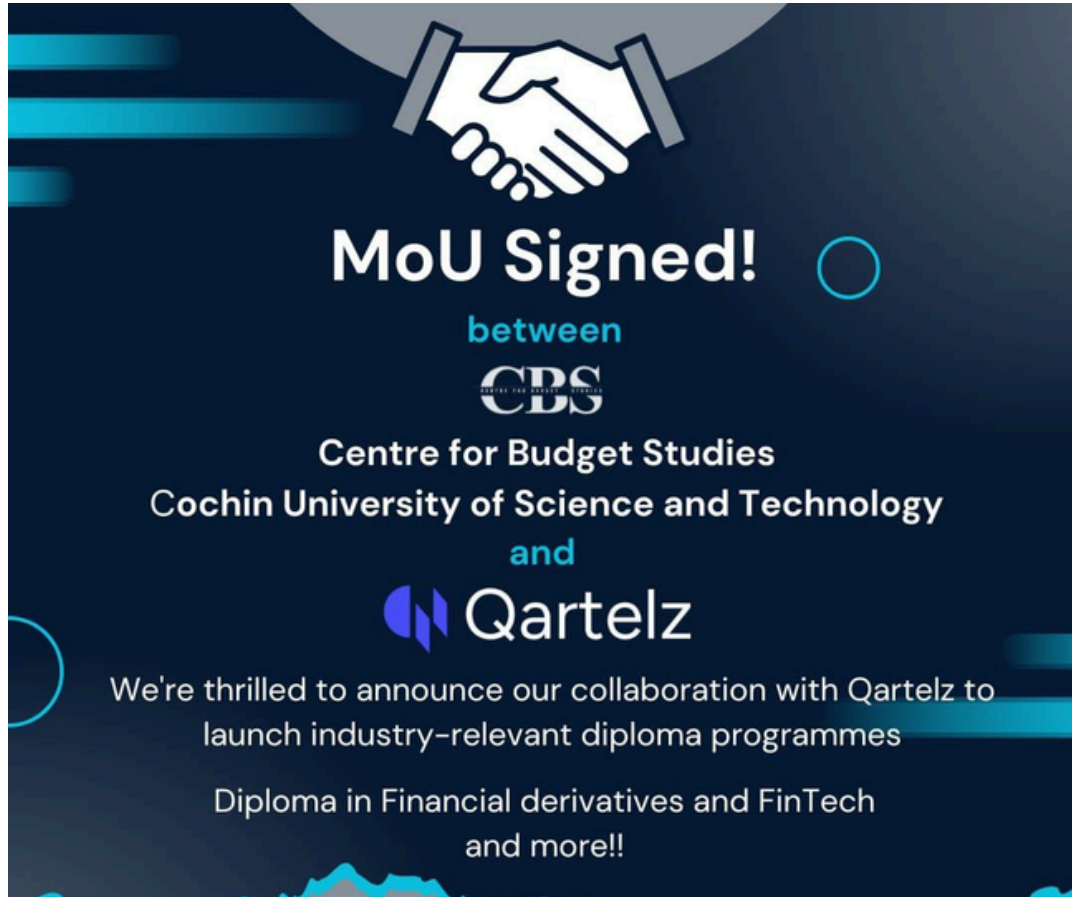


Centre for Budget Studies flagship programme receives recognition from the Institute of Analytics (IoA), U.K., a global benchmark for excellence in Data and Analytics education.

This means global exposure, industry-aligned training and career-ready credentials for our students.



## CBS SCOOP



We're excited to announce that the Centre for Budget Studies (CBS), CUSAT is partnering with Qartelz Edtech India Pvt Ltd to create new pathways for student growth and industry engagement.

Here's what's on the horizon:

- Upcoming diploma courses in Financial Derivatives & FinTech
- Internships & hands-on training
- Skill development programs & expert-led sessions

This partnership is a step toward bridging academics and industry, equipping our students with the skills that matter.

## CBS SCOOP



**CENTRE FOR BUDGET STUDIES**  
**COCHIN UNIVERSITY OF SCIENCE AND TECHNOLOGY**

## Applications Invited for Admission to the PhD Programme in Social Sciences - 2025

The Centre for Budget Studies (CBS) invites applications for its full-time **PhD Programme in Social Science** as per the prevailing CUSAT PhD admission guidelines.

**Eligibility:**

- Master's degree in Economics/Commerce/Management
- Minimum 55% marks (General) / 50% (OBC/SC/ST/PWD/EWS)
- Entrance test (JRF holders exempt) & interview

Candidates may download the application from the CUSAT website using this link :

<https://cusat.ac.in/student/phd-regulations>

**Last Date to Apply: 31/05/2025**

For more information :

☎ 0484 2862735 , 80785 99733    ✉ [budget@cusat.ac.in](mailto:budget@cusat.ac.in)

## CBS SCOOP

## VACANCY



# POST-DOCTORAL FELLOWSHIP AT CBS, CUSAT

The Centre for Budget Studies (CBS), Cochin University of Science and Technology (CUSAT), invites applications for a Post-Doctoral Fellowship.

**Eligibility:**

- PhD in Economics or related disciplines
- A strong interest in Public Finance and related research areas
- A record of academic research and publications is desirable

How to Apply: Interested candidates may send their application along with a detailed CV to:

The Director, Centre for Budget Studies, CUSAT  
Email: [director.cbs@cusat.ac.in](mailto:director.cbs@cusat.ac.in)

Deadline : **30 May 2025**



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# **CBS LINE**

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