

OCTOBER 2023



MONTHLY NEWSLETTER



CENTRE FOR BUDGET STUDIES (CBS)
CUSAT

NEWS

MACROECONOMIC ANALYSIS



Recent surge in crude oil prices and bond yield poses great challenges, says RBI governor

The global economy is now facing a triad of challenges, said RBI Governor, Shaktikanta Das pointing towards the recent surge in crude oil prices and bond yield. He has identified three challenges facing the global economy: slow moderation in inflation, slowing growth with obstacles, and risks of financial stability. He expressed his concerns about the impacts of shocks, stating that they hamper the responses of central banks.



India to account for major share of refinery runs in AsiaPacific by 2045: OPEC

By 2045, India, the fourth-largest refiner in the world, will be primarily responsible for most refinery runs in the Asia-Pacific region (APAC), with the exception of China. As per the OPEC World Oil Outlook 2023 report, India is the single largest contributor to capacity additions in this region. India is anticipated to increase its crude oil refining capacity by up to 56.6 million tonnes annually over the next seven years, with 84% of that capacity coming from brownfield expansion and the remaining 9% coming from greenfield expansion.



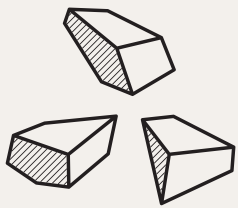
Improved forex reserve provided India's policymakers room for manoeuvre: BIS report

BIS is an international financial institution which is owned by member central banks with primary goal to foster international monetary and financial cooperation. "Several members noted that the development of deeper and more liquid FX markets in the past facilitated efficient price discovery during 2022 and reduced the need for FX interventions or capital flow measures (CFMs) (including China, Indonesia and Malaysia)," the report said.

NEWS

ECONOMIC POLICY

Coal dispatch may exceed one billion tonnes this fiscal: Coal Ministry



The Indian coal ministry expects this year's coal dispatch to exceed the one billion tonne mark. The ministry achieved a record-high performance by dispatching 500 MT of coal 23 days in advance, despite the monsoon season, in the first half of the year. The growth of coal transport to the power sector is 7.27%, while the non-regulated sector is 38.02%. Last financial year, 893.19 million tonnes of coal were dispatched, with Coal India Ltd (CIL) accounting for over 80% of domestic coal output.

India eases restrictions on laptop, tablet imports in policy dilution



India has announced that it will allow unrestricted imports of laptops and tablets, marking a departure from its previous strict stance. The move is part of a new import management system set to be implemented from November 1, which requires companies to register the quantity and value of their imports. The primary objective is to create a trusted and secure digital ecosystem. The decision comes as a relief to global laptop manufacturers, including those in the US.

Cabinet approves 4% DA hike for government employees, 7% MSF for 6 Rabi crops



The Union Cabinet has approved a 7% MSP hike for six Rabi crops and ₹20,773.7 crore for a transmission line for evacuating power from a 13 GW renewable energy project in Ladakh. The Indian government has increased the minimum support price (MSP) for wheat by ₹150 per quintal to ₹2,275 per quintal for 2024-25, marking the highest increase since 2014, and the support price for wheat, the main winter crop.

NEWS

FINANCIAL TECHNOLOGY

Google India launches 'Digi Kavach' to combat online financial fraud

Google has collaborated with the Fintech Association for Consumer Empowerment (FACE) to combat predatory digital lending apps on play store in India. The tech giant launched Digi Kavach at the 9th Edition of Google for India annual event, in Delhi.

India's Fintech funding records a 68% surge in Q3 CY23 : Reports

While there has been a slow pace in Fintechs and tech startups over the past 1 - 1.5 years, Fintech funding witnessed a 68% surge with a total of USD 436 million raised in the third quarter of 2023, revealed by Traxcn. It further adds that the funding was driven by late-stage rounds with an increase of over 140 percent.

G20 crypto resolution: Will it be a step forward for virtual digital asset regulation in India?

Crypto regulation was a key agenda of the G20 summit. While regulations and frameworks are yet to be finalized, a consensus emerged that a blanket ban was not feasible. This was based on the report formulated by the IMF and Financial Stability Board endorsed by G20 nations.

NEWS

INTERNATIONAL ECONOMICS

Extensive changes proposed to H-1B Visa Programme



US agencies overseeing the immigration process and policies have wide-sweeping changes in the H-1B visa program. The main reason for the proposed changes is to curb fraudulent activities and misuse of the earlier visa policies.

Now, Each individual will be entered into the selection process only once, regardless of multiple registrations that might be submitted on their behalf.

Russia House passes law pulling ratification of nuke-test ban treaty



On Wednesday, the Russian Parliament drafted a law withdrawing ratification of the global treaty banning nuclear weapons tests. The bill to deratify the Comprehensive Nuclear Test Ban Treaty (CTBT) was approved by 156 votes to zero in the Upper House after the Lower House also passed it unanimously.

Ashok Vaswani appointed as MD and CEO of Kotak Mahindra Bank



Ashok Vaswani, an accomplished and experienced leader in the banking industry, took on the role of CEO at Kotak Mahindra Bank, a prominent financial institution. His appointment signified a strategic move by the bank, capitalizing on his wealth of knowledge to navigate the evolving financial landscape and steer the institution towards continued success.



ARTICLES OF THE MONTH

>>> READ MORE

UNEVEN GAINS AND BOTTOM - 50 DISTRICTS

Intergenerational Educational Mobility in India

-Anirudh Krishna and Sekhar Bonu

Data from the National Family Health Survey-5 (2019-21) reveals impressive education gains among young Indians aged 20-40, with most having high school education, a significant improvement from their mothers' generation. Gender disparities have diminished, but educational gaps persist in specific districts, transcending state boundaries. Progress in these lagging areas will shape the next generation's education, necessitating localized innovation over standardized solutions.

READ MORE <<<

A Tale of Two Summits

-Anuradha M Chenoy

Two back-to-back multilateral summits, the BRICS and G20, are rightly considered 2023's very important meetings. Both these have successes, and challenges and provide indicators on the state of current geopolitics.

BRICS AND G20

>>> READ MORE

IMPORTANCE OF FINANCIAL SYSTEM

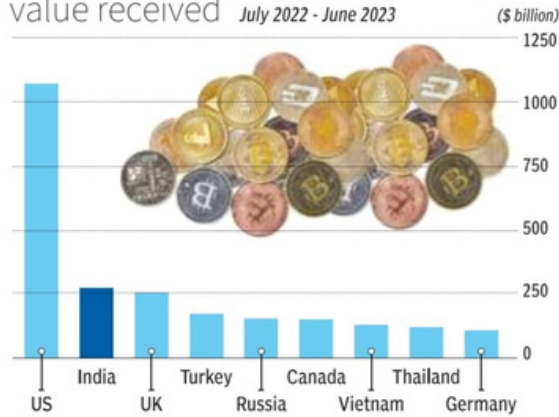
Role of Banks in Promoting Risky Financial Assets

-Devendra Kumar and Yang Chengyu

The financial system, with a focus on commercial banks, is essential for economic development. Prior research has explored their role in growth, poverty reduction, and women's empowerment, but their impact on risky financial asset investment remains relatively unexamined. In addition, recent studies are beginning to investigate the influence of technology on household participation in this area.

DATA POINT

Top countries by cryptocurrency value received July 2022 - June 2023

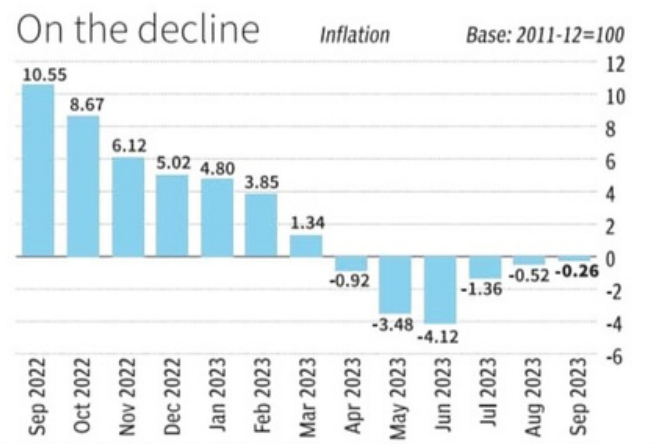


INDIA REMAINS 2ND LARGEST CRYPTO MARKET DESPITE HIGHER TAXATION

Notwithstanding 30 per cent tax on gains and tax deducted at source at the rate of 1 per cent, India remains among the top crypto markets in the world, a 2023 global report on crypto by Chainalysis says. The US leads the table. The report pegged transactions in India at over \$260 billion.

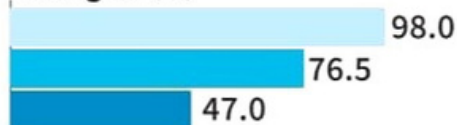
AT 0.26%, WPI STAYS IN NEGATIVE ZONE FOR 6TH STRAIGHT MONTH IN SEPTEMBER

Producer's inflation rate based on the Wholesale Price Index (WPI) remained in the negative zone for the sixth successive month at 0.26 per cent in September, government data released. The fall in prices of chemicals, mineral oils, textiles, metals & food cited as reasons for deflation

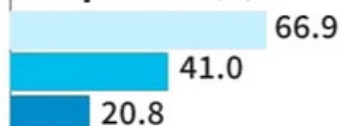


Source: Ministry of Commerce & Industry

Nitrogen (N)



Phosphorous (P)



Potash (K)



Sulphur (S)

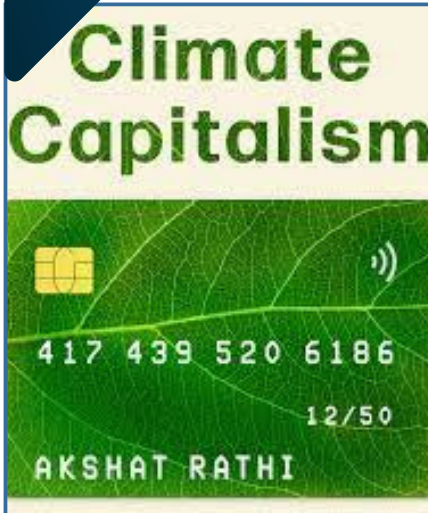


SUBSIDY ON PHOSPHOROUS, POTASH FERTILIZERS DROPS STEEPLY FOR RABI ON FALL IN RATES.

The Union Cabinet on Wednesday approved a ₹22,303 crore subsidy on phosphorous and potash fertilizers for the current Rabi season down from ₹51,875 crore allocated the previous 2022 Rabi season due to a drop in global rates of the nutrients.

SOURCE: THE HINDU BUSINESSLINE

BOOK RELEASES



CLIMATE CAPITALISM

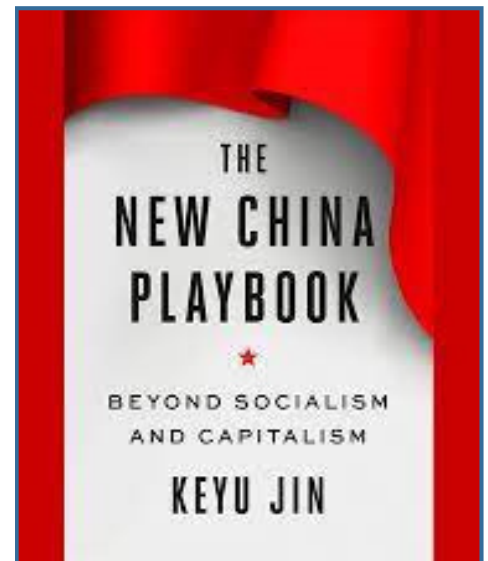
-AKSHAT RATHI

"Climate Capitalism" by Akshat Rathi presents a compelling argument for the intersection of business and environmental sustainability, offering practical insights on harnessing capitalism to combat climate change.

THE NEW CHINA PLAYBOOK: BEYOND SOCIALISM AND CAPITALISM

- KEYU JIN

"The New China Playbook" by Keyu Jin is an enlightening exploration of China's evolving economic and political landscape, bridging the gap between socialism and capitalism. It provides valuable insights into the country's unique model of development.



EASY MONEY



CRYPTOCURRENCY,
CASINO CAPITALISM, AND
THE GOLDEN AGE OF FRAUD

BEN MCKENZIE
with Jacob Silverman

EASY MONEY: CRYPTOCURRENCY, CASINO CAPITALISM, AND THE GOLDEN AGE OF FRAUD

- BEN MCKENZIE

"Easy Money" by Ben McKenzie is a thought-provoking critique of the world of cryptocurrency, exposing the challenges and vulnerabilities in the financial sector. It delves into the consequences of casino capitalism and warns against the golden age of fraud, offering a sobering perspective on the financial world's current state.

FACULTY ARTICLE

READ MORE <<<**HOW TO ENSURE A SUSTAINABLE GROWTH TO
THE FINTECH****-DR. SMITHA SONY**

In this transitory world where everything is changing, firms neglect to bring their focus towards a sustainable growth. As time passes, the fintech firms are ready to take higher risks to ensure growth at any cost. Here are some suggestions put forth by McKinsey, for the fintech firms to ensure a sustainable growth rather than having simply growth



STUDENT ARTICLE

READ MORE <<<**NOW THAT'S A PERFECT MATCH!****-ANN LOPEZ**

The Nobel Prize-winning Gale-Shapley algorithm, developed by Lloyd Shapley and David Gale, solves the Stable Marriage Problem by pairing men and women based on their preferences. It ensures stable matches, although not necessarily optimal. Alvin Roth extended its real-world applications, such as matching medical residents with hospitals and connecting kidney donors with recipients. The algorithm is also used in online advertising auctions, Indian agriculture, and dating apps.



CBS ORGANISED



The students of Centre for Budget Studies CUSAT, visited the Cochin branch of RBI on 10th October, 2023. The visit was part of the public awareness programme which was formally addressed by Mr. T.V Rao, General Manager, RBI, Kochi. While addressing the students, he shared his views on the growing market and scope for technology in the field of banking and finance and how RBI and NPCI (National Payment Corporation of India) takes lead in assisting the same.

The programme had two sessions in specific. The first session was on 'Clean money policy and security measures', handled by Mr. Sreenath L, Assistant Manager, RBI, Kochi. He gave wide insights regarding what clean money is and also discussed on the refunding policies with respect to Note Refunding Rules, 2009. The second session was on 'Monetary Policy Operation in India' was taken by Miss. Alice Sebastian, Assistant Advisor at DEPR, RBI. The session gave a deeper understanding regarding the price stability objective of monetary policies and various instruments like repo rate, SDR, open market operations, etc.

.After the sessions, students were given the opportunity to visit the library and resources section of the office which gave greater exposure to the students.



As part of Awareness Creation Programme, the students and the research scholars of Centre for Budget Studies, CUSAT organised a seminar on Knowing the Honourable Nobel Laureates in the field of Economics of 21st century. The seminar was conducted on 12th October, 2023. It was a programme wholly organised and presented by the students themselves.

Each student of the department presented the assigned nobel laureate and tried to understand the work for which they have been honoured with the Nobel Prize. The seminar brought enlightening spirits among the students to develop their research skills and know more about the contributions made by economists in other regions. The seminar covered Nobel laureates from the year 2000 - 23. The students tried their best to study the contributions of each Nobel laureate and analysed the evolution the subject from the early 20's to contemporary scenario.

After each presentation, a session of Q&A was conducted, in presence of research scholars, so as to provide a space for adding up their understanding of the applications of the work in the present day economy. The session inspired students to build their interests in the subject and to develop their research skills.

STUDENT ACHIEVEMENTS



The **Honourable Prime Minister, Shri Narendra Modi** interacted with all the Faculty Coordinators, and Student Volunteers of the '**G20 University Connect lecture in collaboration with RIS**' of all the host universities. CUSAT Vice Chancellor had nominated the faculty coordinators and student volunteers of the organising NSS CUSAT to attend the programme. **Ms. Sarigasree K.M.**, from **CBS CUSAT** was one amongst the nominated student coordinators who **represented Kerala at the G20 university connect in New Delhi.**

On 29th September, Students of PG-1, **Amal M Rajan, Sharen Rahael Koshy, and Koottala Kaavya Iyer** won **second place** in the **National Economics Fest** held by the **Department of Applied Economics, CUSAT "ARTHIKTA"** for the competition **"Prosperity Pioneers - Best Economist Team"**



CBS LINE

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