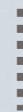


SEPTEMBER 2023



MONTHLY NEWSLETTER

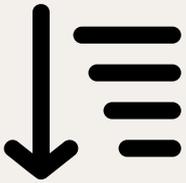


CENTRE FOR BUDGET STUDIES (CBS)
CUSAT

NEWS 

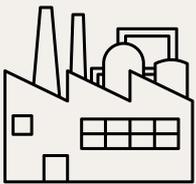
MACROECONOMIC ANALYSIS

Wholesale inflation declines for fifth consecutive month to 0.5% in August



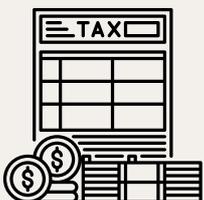
The wholesale inflation rate has decreased for the fifth consecutive month in August to 0.52% from 1.4% in July. It will empower the RBI to hold interest rates at current levels ahead of the Monetary Policy Committee in October. The last time the rate hiked was in February and it was raised to 6.5%. However, experts warned that wholesale prices could rise in September caused by the rising crude oil prices.

IIP growth at 5-month high, retail inflation below 7%



The Index of Industrial Production (IIP) has risen 5.7%, marking a five-month high in industrial growth in July. It was a result of the accelerated demand due to the festive season ahead and recovery of manufacturing sector. At the same time, the Consumer Price Index decreased to 6.8% in August compared to 7.4% in July as a consequence of the decline in vegetable prices. This allows RBI to maintain the interest rates at present, without fear of decreasing growth

Net direct tax collection up 23.5% till mid-Sept on better advance mop-up

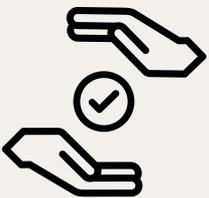


The Centre's direct tax collections in April 1-September 16 period stood at Rs. 8.65 trillion. These included corporation tax (CIT) at Rs. 4.16 trillion and personal income tax (PIT), including STT at Rs. 4.47 trillion, according to provisional figures released by the finance ministry. The direct tax collections so far account for 47.4% of the target for the full financial year. The direct tax receipts (before devolution to states) in FY24 are budgeted at Rs.18.23 trillion.

NEWS 

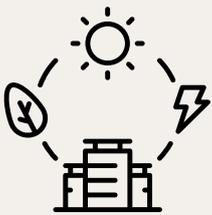
ECONOMIC POLICY

Trade settlement in 1 hr? Sebi plans early 2024 rollout



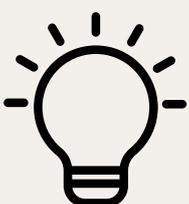
Chairperson Madhabi Puri Buch stated that the SEBI intends to usher in the era of one-hour trade settlement by early next year, which will be a forerunner to instantly settling trades. "Technology already exists to launch up to a one-hour settlement; we just have to make it happen," Puri Buch said. Sebi is also planning to launch the ASBA (Application Supported by Blocked Amount)-like model for the secondary market by January.

India set to emerge as green fuel hub for shipping sector



The Union government is trying to make India serve as a green energy, ammonia, and methanol refuelling hub for the shipping industry. The Union Minister for power, new and renewable energy R K Singh said India will provide these green fuels at the cheapest rates. The International Solar Alliance (ISA) announced the setting up of a Green Hydrogen Innovation Centre (GHIC) to support the production, utilisation, and trade of green hydrogen.

The Union Cabinet approves viability gap funding (VGF) for setting up 4000-megawatt battery energy storage systems by 2030-31



It will cost ₹3760 crore from the budget, of which financial support is confined to 40% of the capital cost of the project. It aims to attain a storage cost of ₹5.50-6.60 per unit, which will make renewable energy sources more sustainable in meeting peak energy demand. The funds will be distributed in five tranches, and a minimum of 85% of the project capacity will be available to the power distribution companies.

NEWS 

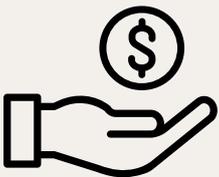
FINANCIAL TECHNOLOGY

UPI Transactions cross 10 billion mark in August



The National Payments Corporation of India (NPCI) has recorded 10.5 billion monthly transactions by United Payments Interface (UPI) in August. The value of funds settled stood at ₹15.7 lakh crore, with 473 banks currently live on the network. In the last two years, UPI payments has seen three-fold rise in adoption. NPCI hopes to reach 30 billion transactions per month or a billion transactions daily.

Indian Fintech to generate \$190 billion revenues by 2030, says report



A report from the venture capital firm Matrix Partners and consulting firm Boston Consulting Group (BCG) has projected revenues of \$190 billion from Indian fintech companies by 2030. In 2022, the industry's revenues were \$17 billion. The market is expected to expand, based on demand arising from financial inclusion. The report included the views of 70 founders and investors across different fintech categories.

Discussions on for fintech regulator, framework expected by fiscal-end



Industry bodies are in discussions with the RBI for a fintech SRO (self-regulatory organisation). RBI's understanding behind the push for an SRO seems to be that because it can't govern everybody, it will regulate banks and NBFCs, and through them, digital lenders and fintechs. An SRO structure will help avoid over-regulation from these entities and also create an additional layer of supervision and communication, industry players said.

NEWS 

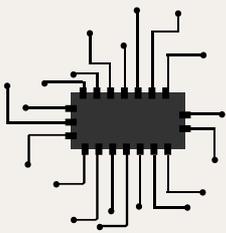
INTERNATIONAL ECONOMICS

Rupee depreciates in August on weak yuan



The stronger dollar and weaker Chinese yuan caused the rupee to lose 0.6% of its value, or 54 paise, in August, according to dealers. The dollar index increased by 2.4% in August. On August 17, the exchange rate had dropped to an all-time low, closing at 83.15 to the US dollar. The RBI acted in the currency exchange market by selling dollars to protect the currency from future declines.

India's focus shifts from exports to import substitution



After several detours, including the most recent 2.0 PLI for IT, the 40 eligible candidates have applied for hardware. This scheme will aid in lessening India's excessive reliance on imports (80% of computers are imported), particularly those from China, which comprise laptops, tablets, and servers. Dell, Flex, Wistron, and Rising Star were among the 19 companies (14 Indian and 5 international) that submitted applications for the programme, and 14 of them received approval.

Oil prices rise as Russia fuel export ban stokes supply concerns



Oil prices rose on Friday as renewed global supply concerns from Russia's fuel export ban counteracted demand fears driven by macroeconomics headwinds and high interest rates. Russia temporarily banned exports of gasoline and diesel to all countries outside a circle of four ex-Soviet states with immediate effect to stabilize the domestic fuel market. The ban will bring new uncertainty into an already tight global refined product supply picture and the prospect that the impacted countries will be seeking to bid up cargoes from alternative suppliers.



ARTICLES OF THE MONTH

PROPERTY TAX REFORMS IN THE STATE OF KERALA

➤➤➤ READ MORE

Making Sense of the Property Tax Increase in Kerala
-Muhammed Riyas MP

Recently, the Kerala government revised property tax rates, which has attracted criticism from various corners. This article aims to comprehensively examine the fiscal compulsion and inevitable nature of property tax reforms in the state. It argues that the property tax rate in the state is the lowest and an increase in rates is necessary to meet the growing demands for public services and infrastructure, and to ensure a sustainable fiscal future for urban local governments in Kerala.

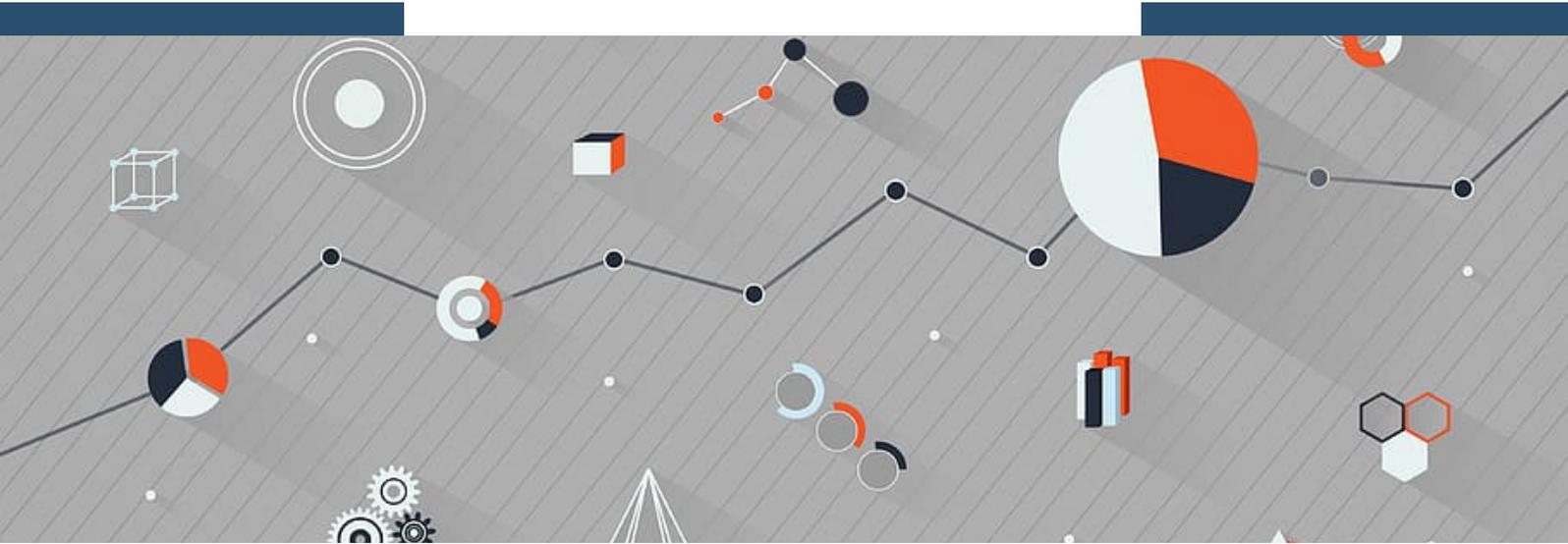
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Foreign Direct Investment, Trade Openness, and Economic Growth: An Empirical Investigation of India

-Manoj Kumar Agarwal, Waheedullah Hemat

Foreign direct investment has a positive and significant impact on economic growth in the short run, whereas that of trade openness is both in the long and short run. The economic growth of India is caused by FDI, trade openness, and exchange rate, separately as well as together, in the short run. The findings advocate for measures and regulations to manage FDI and prioritise human capital development, financial sector enlargement, and trade expansion as well as improved trade policy reforms to eliminate numerous trade restrictions to ensure sustained long-run economic growth in the country.

SUSTAINING LONG-RUN ECONOMIC GROWTH IN THE COUNTRY



ARTICLES OF THE MONTH

INFLATION EXPECTATION FORMATION AMONG HOUSEHOLDS

➤➤➤ READ MORE

Role and Impact of Inflation Targeting Regime on Household's Expectations

-Rahul Ranjan, Hrushikesh Mallick

The inflation targeting regime has almost no impact on households' inflation expectation formation. The article finds a very high correlation between the three-month-ahead households' IE and current inflation perception. It argues that the IE depends on households' realization of current inflation, providing much less space for other factors like regime shifts to IT. It further questions the fundamental need for awareness regarding the IT regime for it to affect the IE formation among households.

READ MORE <<<

Exploring Alternative Stratification Variables for Sampling of Households in the PLFS

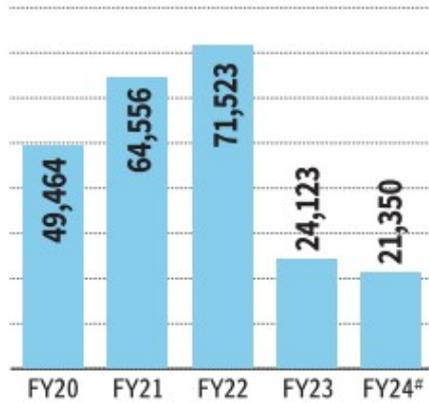
-G C Manna, D Mukhopadhyay

The Periodic Labour Force Survey provides employment - unemployment statistics for both the rural and urban areas on an annual basis and also quarterly estimates of key employment-unemployment indicators for the urban areas. Sample households interviewed in the survey are randomly selected after due stratification of the households residing in the selected villages and urban blocks. As against the existing stratification variable, this article explores alternative variables which are likely to fare better for stratification and sampling of households in the PLFS. It also examines the sample allocation of number of households per village and urban block to different strata of households for possible refinements.

THE DIFFERENT STRATA OF HOUSEHOLDS

DATA POINT

Net investment in ₹ crore



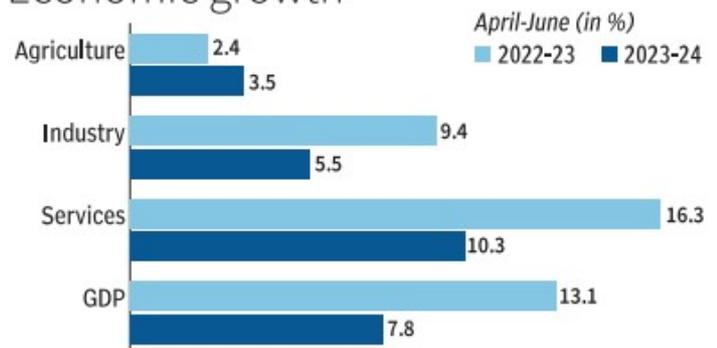
AS PRIMARY MARKET SIZZLES, FPI POURS RS21,350 CRORE INTO IPOS IN APRIL-AUGUST

The inflows in the first five months of the current fiscal are already about 90 percent of FPI investments in the primary market in the whole of the previous fiscal. FPI investments in the primary market touched an all-time high of ₹71,523 crore in FY22 when India Inc. mopped a record ₹1.11 lakh crore through public issues.

GOVERNMENT SPENDING, THE AGRICULTURE SECTOR BUOY UP GDP GROWTH TO 7.8% IN Q1

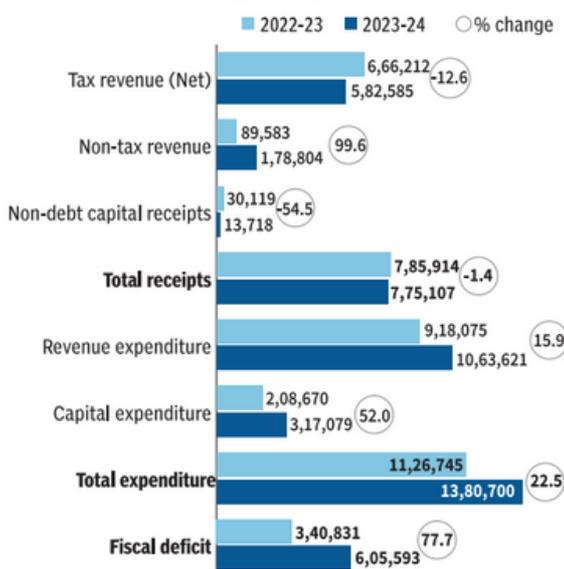
In Q1, agriculture led with 3.5% growth up from 2.4% in the corresponding previous period. But manufacturing slowed to 5.5% (9.4%) and services grew to 10.3% (16.3%). The government frontloading its capital expenditure has supported investment demand so far. However, amid evolving conditions, private capex will have to match up to sustain the growth momentum.

Economic growth



Fiscal health

(in ₹ crore)

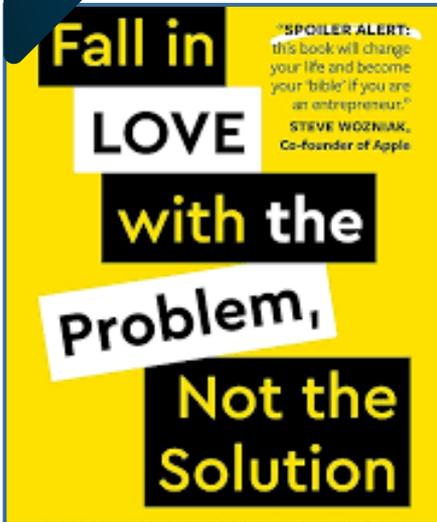


FISCAL DEFICIT SOARS TO 34% OF BUDGET ESTIMATE IN APRIL-JULY

Upfronting of tax devolutions and higher expenditure pushed the Centre's fiscal deficit to ₹6.1 lakh crore or 34 percent of the budget estimate during the April-July period of the current fiscal (2023-24). This is nearly 78 percent higher than last fiscal. During the period under consideration, the total expenditure incurred by the Centre was over ₹13.8 lakh crore, which is nearly 31 per cent of BE 23-24.

SOURCE: THE HINDU BUSINESSLINE

BOOK RELEASES



FALL IN LOVE WITH THE PROBLEM, NOT THE SOLUTION

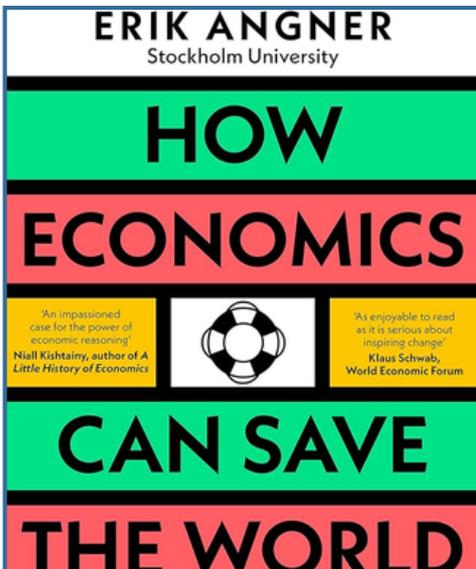
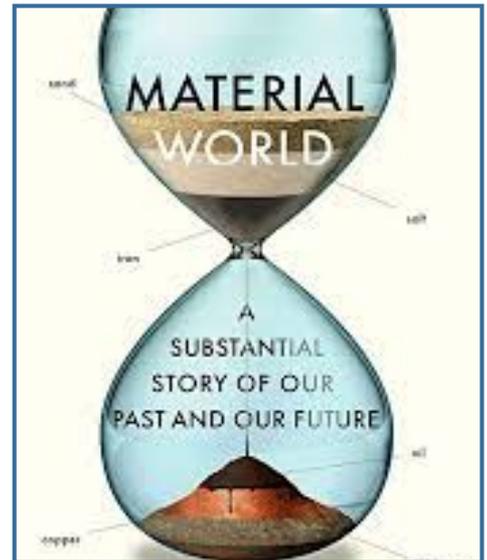
-URI LEVINE

The founder of Waze and Moovit, Uri Levine - one of the world's most successful entrepreneurs - is committed to spreading entrepreneurial thinking so that other founders, managers, and employees in the tech space can build their own highly valued companies.

MATERIAL WORLD: A SUBSTANTIAL STORY OF OUR PAST AND FUTURE

- ED CONWAY

Ed Conway travels the globe - to uncover a secret world we rarely see. Revealing the true marvel of these substances, he follows the mind-boggling journeys, miraculous processes, and little-known companies that turn the raw materials we all need into products of astonishing complexity.



HOW ECONOMICS CAN SAVE THE WORLD: SIMPLE IDEAS TO SOLVE OUR BIGGEST PROBLEMS

- ERIK ANGNER

The challenges of climate change, inequality, hunger and a global pandemic mean our way of life seems more imperiled and society more divided than ever; but economics can help! It provides a lens through which we can better understand how things work, design clever solutions, and create the conditions in which we can all flourish.



FACULTY ARTICLE

➤➤➤ READ MORE

GLOBAL LABOUR ARBITRAGE AND ITS IMPACT

-SREEJA V SHARMA

Arbitrage was earlier restricted only to commodities that could be traded easily in the markets. But now arbitrage has become possible even in the labour markets. The shifting of jobs from the prosperous nation to the developing one creates a win-win situation for both the countries. Benefits of global labour arbitrage are reduced labour cost, a more diverse workforce – and the innovation and insight this can produce. 30-40% of the more than 300,000 technology jobs lost to layoffs globally could move to outsourcing hubs like India in the coming months.

“**IN A FINITE WORLD, HIGH GROWTH RATES MUST SELF-DESTRUCT. IF THE BASE FROM WHICH THE GROWTH IS TAKING PLACE IS TINY, THIS LAW MAY NOT OPERATE FOR A TIME. BUT WHEN THE BASE BALLOONS, THE PARTY ENDS.**

KNOWN AS THE ORACLE OF OMAHA, WARREN BUFFETT IS ONE OF THE MOST SUCCESSFUL INVESTORS OF ALL TIME AND ON AUGUST 30 THE INVESTING LEGEND TURNED 93 AND CONTINUES TO ADD TO HIS LEGACY.

”



STUDENT ARTICLE

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INDIA'S MOMENT ON THE INTERNATIONAL STAGE: THE G20 SUMMIT

-ANAKHA ROY

Every Indian felt a sense of pride as a result of the nation's unmatched efforts in hosting the G20, which also strengthened the country's reputation as a world leader. In attendance at the summit's three sessions, titled "One Earth," "One Family," and "One Future," respectively, were heads of state from 17 of the 20 original members. The big takeaway is the New Delhi Declaration and inducting the African Union at the summit. The G20 summit in India has been a kaleidoscope of cultures, united in vision.



CBS ORGANISED



On September 5, the Centre for Budget Studies conducted a **workshop on Financial Stability Reports** led by a team of experts from the Reserve Bank of India (RBI). The resource persons were **Mr. Ayyapan Nair, General Manager, FSD, RBI, Mumbai**, and **Ms. Sangeetha Mathews, Assistant General Manager, FSD, RBI, Mumbai**. The workshop helped students gain insights into the intricacies of financial stability, a real-world understanding of the financial sector, and its crucial role in the economy.

On September 12, the Centre for Budget Studies organized an **insightful session on “Retail Credit and Risk”**. The students were provided with a deep understanding of how retail credit has evolved over the years by the expert invited, **Mr. Baiju Karan, Deputy General Manager, South Indian Bank**. Concepts such as credit bureaus and scorecards were discussed in detail, questions raised by students regarding loans, credit cards, etc. were addressed, and the expert gave tips on handling loans.



Centre for Public Policy Research (CPPR) and Centre for Budget Studies (CBS) conducted a **workshop on “Public Policy and Role of Markets”** on September 21. The speakers were **Mr. Kannan P R, Associate CPPR Academy**, and **Rahul V Kumar, Research Fellow, CPPR**, who introduced the students to the idea of public policies in the country, their implementation, and their outcomes. In the second half of the workshop, **CPPR YLF Fellows, Gaurishankar and Harsha** held an insightful session on **“Role of Electoral Literacy Clubs”**.



CENTRE FOR BUDGET STUDIES (CBS)
COCHIN UNIVERSITY OF SCIENCE AND TECHNOLOGY



TWO-DAY NATIONAL SEMINAR

**HEADWAY TO A GREEN WORLD:
EXPLORING DEVELOPMENT THROUGH SUSTAINABILITY**

The Centre for Budget Studies (CBS), CUSAT is honoured to organize a two-day National Seminar on Sustainable Development during November 17-18, 2023 at CBS.

CBS invites submission of scholarly papers on various domains of sustainability. Academicians, researchers, students, and experts can submit theoretical and empirical papers addressing various topics in this domain.



**THEME I :
ECONOMY, ENVIRONMENT
AND SUSTAINABILITY**

- Sectoral economic growth in India
- Sustainable Development Goals (SDGs)
- Circular Economy and Green Economy
- Energy and Emission
- Infrastructure and Tourism
- Cities and urban development
- Climate change

**THEME II:
SUSTAINABLE PRACTICES AND
PARTICIPATION**

- Production and Consumption Behaviour
- Green Business and Entrepreneurship
- Sustainable Building and housing architecture

**THEME III:
INNOVATION, FINANCE AND
MANAGEMENT**

- Reuse, Reduce and Recycle
- Sustainable supply chain management
- Waste Management
- Policy and governance
- Digital innovation for sustainability
- Traditional Knowledge and Indigenous Practices

Submission Guidelines:

- The abstract/extended abstract must include title, keywords and author/s name, and designation.
- All abstracts should be mailed to cbscusat.seminar@gmail.com
- The abstract must be sent in English in a PDF format.
- Selected papers will be considered in an edited book.
- No Seminar Fee and TA will be provided to paper presenters according to prescribed guidelines.

Individuals interested in participating in the seminar may register by filling out the Google form below.

Google form link :
<https://forms.gle/ceZw6mYWuxHKi81u9>



IMPORTANT DATES



FOR MORE INFORMATION:

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+91 9495461273 | +91 7025840080

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