



नाबाई



ECONOMY

State of the Indian Economy

GDP growth may be close to 7.5% in FY25:

Reserve Bank of India (RBI) increased its projections for India's Gross Domestic Product (GDP) growth to 7.2% from 7% in FY25. Growth projections have been upgraded by various other agencies as well with the median projection at 6.9%. Underpinned by the buoyancy in economic activity witnessed in the first quarter, a keen policy focus on investment and the expectations of a normal monsoon, India's economy may grow by close to 7.5% in 2024-25, the National Council of Applied Economic Research (NCAER) said. High-frequency indicators showed that the domestic economy continues to remain resilient. The Purchasing Managers' Index (PMI) for both manufacturing and services kept the expansionary momentum despite slowing down a bit in May 2024.

Services PMI rises in June after May break

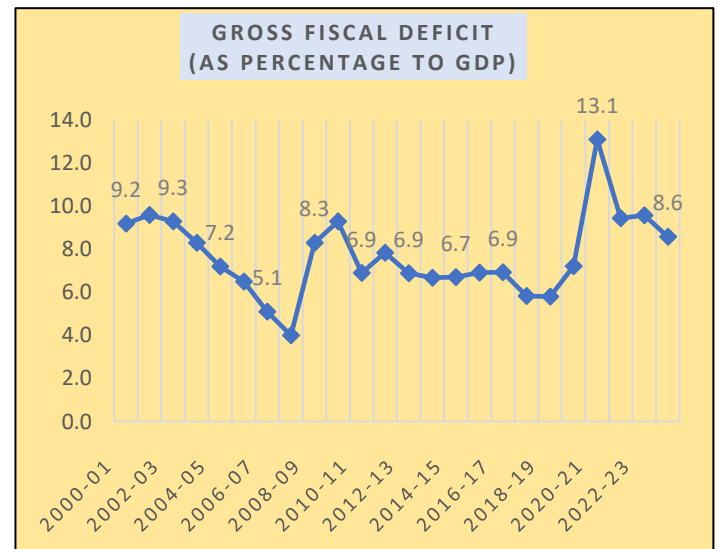
on new orders: Services activity across the country improved in June 2024, with the HSBC India Services Business Activity Index, or services PMI, rising to 60.5 during the month from five-month low of 60.2 in May 2024. The uptick was mainly a result of stronger rise in new orders and an "unprecedented expansion" in international sales, a release by S&P Global said.

The manufacturing activity also witnessed a considerable recovery in June 2024, largely due to the same reason. Data released on 01 July 2024 showed manufacturing PMI rising to 58.3 from 57.5 in May 2024. During June 2024, services firms witnessed a record expansion in international orders from Asia, Australia, Europe, Latin America, the Middle East and the US, the global ratings agency said. Anecdotal evidence highlighted a mixture of short-term and permanent hires for junior, medium and senior level positions, S&P Global said.

Fiscal deficit drops to under 5% from 9% levels in the past four years:

The Comptroller General Accounts reported that India's fiscal deficit was ₹16.54 lakh crore in FY24 as against the target

of ₹17.86 lakh crore, according to the data obtained by the Comptroller General Accounts. The Centre's fiscal deficit stood at 5.6% of GDP in FY24, below the revised estimate of 5.8%. During 2020-21, the fiscal deficit had surged to 9.3% of GDP, reflecting unprecedented spending on health and economic relief measures amidst the pandemic-induced economic downturn. In absolute numbers, the fiscal deficit was ₹18.21 lakh crore. This was lower than the 9.5% estimated by the Finance Ministry in the revised Budget estimates, according to data that was revealed by the Controller General of Accounts.



Source: DBIE-RBI

GST mop-up rises 8% in June, slowest rate in about 3 years:

Gross Goods and Services Tax (GST) collections came in at ₹1.74 trillion in June 2024 (May transactions), up 8% on year, according to official sources. This was against ₹1.73 trillion collected in the previous month. The year-on-year growth rate during June was the slowest in around three years. The slowdown in GST revenue growth could be attributed to slower economic activity during the election period, and a plateauing of the collections after reporting a robust trend for a long period. During June 2024, the government settled



₹39,586 crore to the Central GST from Integrated GST collections, and ₹33,548 crore to State GST, the source said. Timely audits, scrutiny measures, and effective enforcement by the Central Board of Indirect Taxes and Customs (CBIC) have contributed to the impressive collections, which crossed the 1.5 trillion marks for the fourth-straight month.

Kharif sowing off to a brisk start: Despite a week-long monsoon break between 17-22 June, 2024, sowing of kharif crops has got off to a brisk start. At 24.07 million hectares (MH), the combined sown area of key crops namely paddy, pulses, oilseeds, sugarcane and cotton, were up 32% on year, according to data released by the agriculture ministry. This allays the fears of another spurt in food inflation, which has been stickier than the headline inflation in recent months. While the area under paddy, the most important kharif crop, stood at the same level as a year ago, sowing of pulses (181%) and oilseeds (155) saw sharp spikes. The agriculture ministry has set a target of record food grains production of 340 million tonne (MT) during 2024-25 crop year (July-June), 3.4% higher than 328.8 MT estimated during previous crop year.

Inflation Outlook

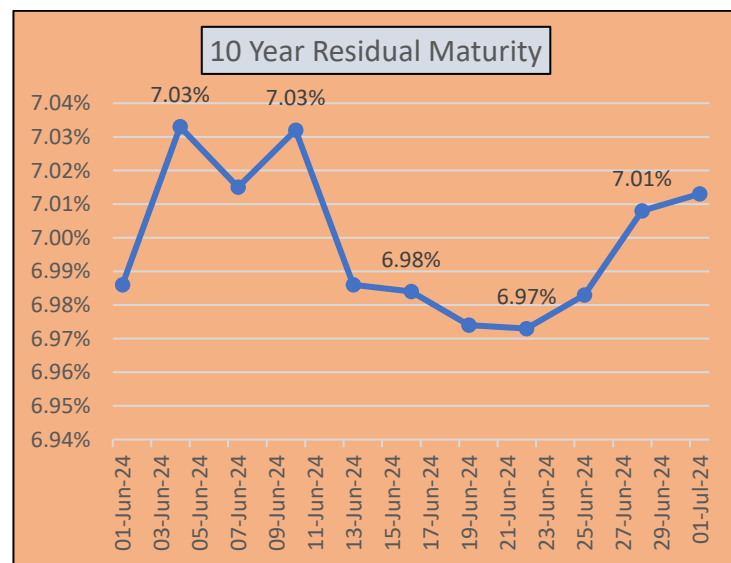
WPI inflation scales 15-month high of 2.61% in May 2024: India's wholesale price index (WPI) inflation has soared to 2.61% in May 2024 on an annual basis, as per the data released by the Ministry of Commerce & Industry. The surge is primarily driven by an increase in the wholesale prices of food products, crude petroleum, natural gas, mineral oils, and manufactured products, an official release said. The inflation rate of manufactured products, which has the highest weightage in wholesale price index, has increased 0.64% in May 2024 as compared to 0.5% in April 2024. The whole inflation of food articles increased to 9.82% in May 2024, as compared to 1.63% in the same month last year.

Within food articles, the maximum wholesale inflation was recorded for potatoes at 64.05%.

CPI inflation slowing to a 12-month low of 4.75% in May: Consumer price index (CPI) inflation, also referred to as the retail inflation, has softened to a 12-month low of 4.75% in May 2024, as per the official data. Inflation in the fuel and light segment shrunk by 3.83% in May 2024. In the housing sector, inflation grew at 2.56%, whereas it stood at 2.74% in the clothing and footwear segment. While India's overall retail inflation softened to 4.75% in May 2024, food inflation remained elevated at 8.69%.

Interest Rate Outlook

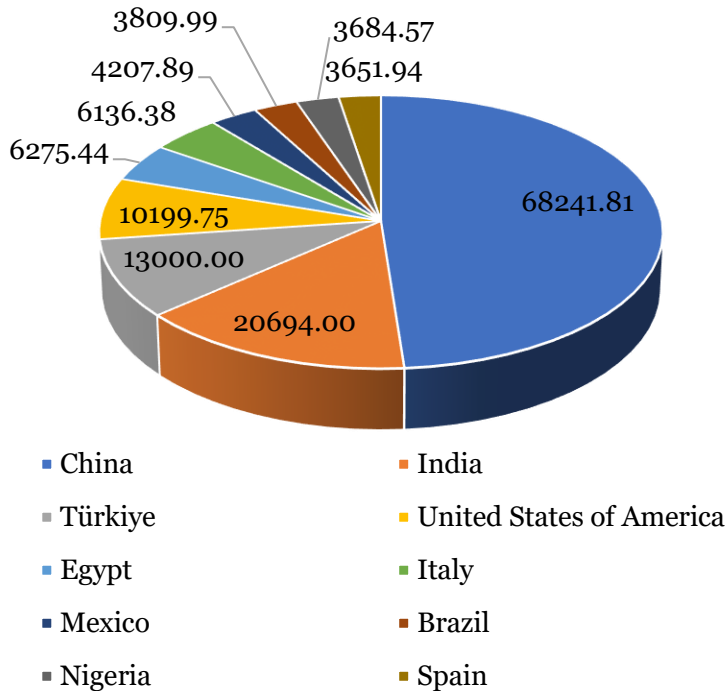
Global debut- Government bonds enter JP Morgan's index: Indian govt bonds made their entry into the JP Morgan emerging market bond index on Friday, a development that can reduce the cost of long-term borrowings for businesses, add stability to the rupee and improve the country's balance of payments position. It also enhances the visibility of Indian bonds and their credibility, attracting investment from a wider range of foreign investors. It is estimated that \$20-25 billion of foreign investment will flow into India in FY25, given that Indian bonds will have a 10% weightage in the index.



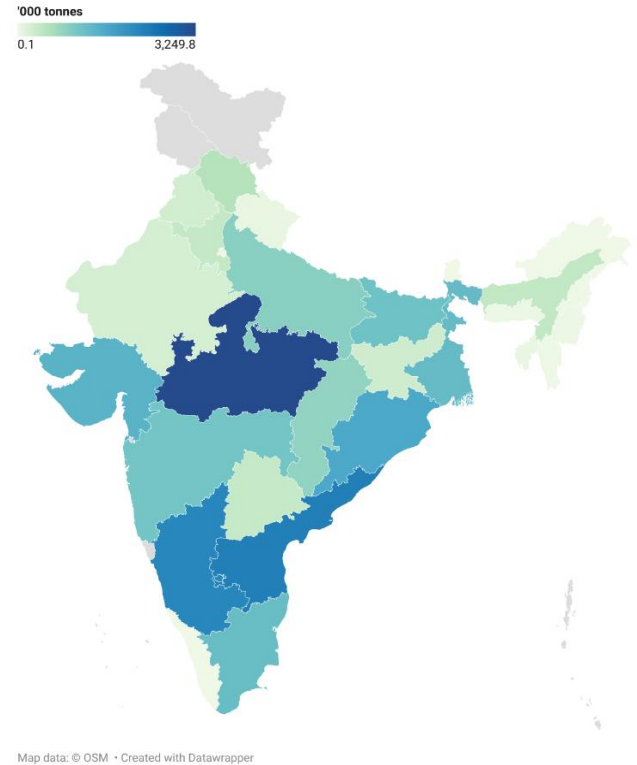
Source: worldgovernmentsbonds

Dashboard on Agricultural Commodity: Tomato

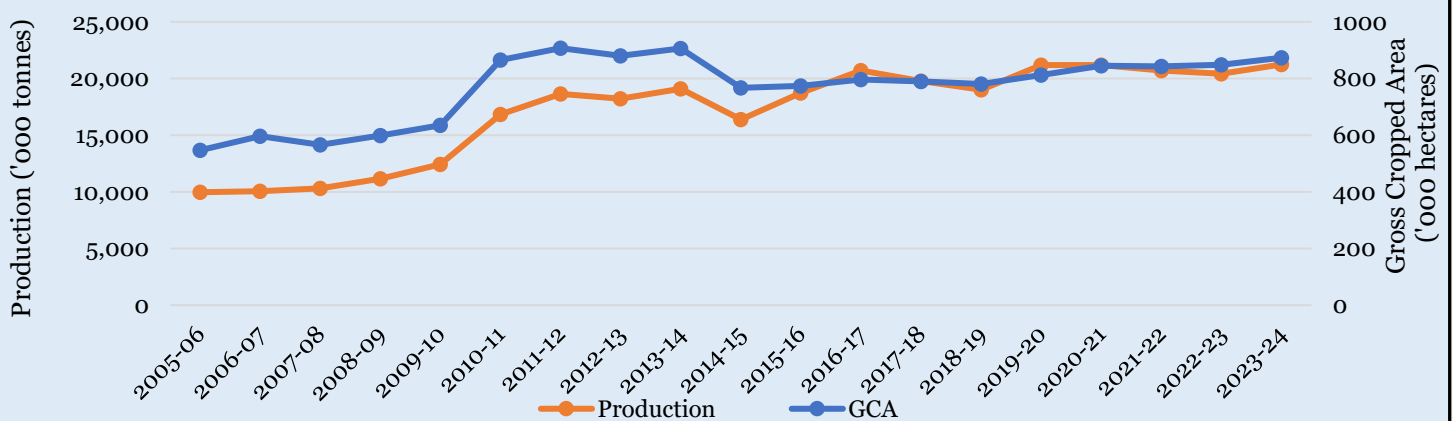
Top 10 Tomato producing countries (2022)
('000 tonnes)



Statewise Tomato Production (2022-23)



Trends in Area Under Cultivation and Production of Tomato in India (2005-06 to 2023-24)



All India Average Retail and Wholesale Prices Of Tomato

	08-07-2024	01-07-2024	24-06-2024	17-06-2024	08-06-2024
Retail Price (₹/kg)	62.06	53.36	49.95	39.72	34.86
% variation of current price (₹62.06) over	-	16.3	24.24	56.24	78.03
Wholesale price (₹/qtl.)	4976.16	4199.21	3929.27	3029.94	2654.53
% variation of current price (₹4976.16) over	-	18.5	26.64	64.23	87.46

Report THINK

Water For Shared Prosperity Report 2024:

The World Bank's new report "*Water for Shared Prosperity*," released at the 10th World Water Forum in Bali, Indonesia, highlights the alarming global water crisis and its implications for human and economic development worldwide. This report was released on May 22, 2024. It explores the connection between water, economic growth, and shared prosperity. It also highlights the global inequalities in water access.

Major Findings of the report are as under:

Health and Education: As per WHO, in 2022, 2.2 billion people lacked access to safely managed drinking water services and 3.5 billion lacked that to safely managed sanitation. Water is crucial for equal opportunities in health and education. Studies show that a direct link exists between reliable water supply and good health. Access to water, especially early in life, has lasting benefits across generations, particularly amongst vulnerable communities. A lack of water in infancy can lead to poverty and malnutrition for generations. Children with access to running water and sanitation not only tend to do better in school but also attain higher levels of education.

Environment: Water provides a habitat for aquatic life, fosters biodiversity, and allows nutrient transport within and among ecosystems. Water acts as a coolant to regulate temperature and influences or even defines weather and climate patterns. It creates landscapes through erosion and sedimentation. In short, water sustains life, fosters biodiversity, and makes our uniquely blue planet liveable.

Jobs and Income: Water is vital for production and significantly affects economic growth, job creation, and wages. In developing nations, where agriculture and fishing are primary sources of income, employment depends heavily on water-intensive sectors and is highly sensitive to water availability. These sectors account for 56 percent of jobs in low-income countries but only 20 percent in

high-income countries. In Sub-Saharan Africa, where 62 percent of jobs rely on water, low rainfall often results in significant negative GDP growth.

Peace and Social Cohesion: The management and distribution of shared water resources can influence social cohesion and the likelihood of conflicts at local, national, and international levels. Effective and fair management of water resources can build trust, inclusivity, and cooperation among communities and promotes peace. Conversely, poor management can intensify existing conflicts or trigger new ones. Countries with large populations, politically excluded ethnic groups, and low levels of human development are particularly vulnerable to civil unrest caused by disruptions in water supply.

Major Policy Recommendations of the report are as under:

Resilience to Extreme Hydro-Climatic Risks: The report emphasizes the need to protect the poorest populations from the impacts of climate change by establishing robust and inclusive early-warning systems, developing insurance programs for weather risks, and scaling up social protection schemes to support communities affected by floods and droughts.

Water Resources Development and Coordinated Allocation: To ensure sustainable water management, the report suggests scaling up nature-based solutions through innovative financing and evidence-based approaches. It also calls for the adoption of water accounting to inform allocation decisions and improve coordination among water users through information sharing and financial incentives.

Equitable and Inclusive Service Delivery: For the effective delivery of water services, the report recommends increasing financing through institutional and tariff reforms, establishing participatory water governance, creating an enabling regulatory environment to foster innovation, and improving coordination among institutions responsible for water, health, education, and urban planning.

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