



ECONOMY

State of the Indian Economy

India's sovereign credit rating at BBB-

Global rating agency Fitch on 29 August 2024 affirmed India's sovereign credit rating at BBB- with a stable outlook citing its strong medium-term growth outlook, solid external finance position and strengthening fiscal credibility. In May 2024, Standard & Poor's Global Ratings revised India's credit outlook from stable to positive while maintaining the long-term sovereign credit rating at the lowest investment grade of BBB- indicating that an upgrade in the credit rating could occur if India's fiscal deficit narrows, and if the central bank effectively controls inflation over time. Moody's currently rates India as 'Baa3' with a stable outlook.

India's manufacturing PMI drops to 3-month low at 57.5 in August:

As per data released by S&P Global on 2nd September 2024, India's manufacturing activity recorded a drop to 57.5 in August 2024, in comparison to 58.1 in July 2024. However, the manufacturing activity remained above its long-run average of 54.0, signalling a substantial improvement in operating conditions. The Indian manufacturers reported softer increases in new business and output during August 2024. While business confidence retreated, firms scaled up buying levels in a bid to safeguard against input shortages. The latest upturn in pre-production inventories was one of the strongest seen in 19-and-a-half years of data collection with a moderation in cost pressures being the driving factor behind the rise in purchasing activity.

Finance Ministry projects real GDP growth of 6.5-7% for FY25:

According to finance ministry, India's economic momentum remains strong despite a somewhat erratic monsoon. According to a report released on 22nd August 2024, the finance ministry projected real GDP growth of 6.5-7% for the current fiscal year. Domestic economic resilience is reflected in the robust performance of manufacturing and services sectors. Manufacturing growth has been driven by increased demand, higher new export

orders, and rising output prices. Despite the monsoon's irregularities, replenished reservoirs expanding manufacturing and services sectors contribute to economic stability. Tax collections, including indirect taxes, and bank credit are also growing healthily.

GST from imports hit Rs 50,000-cr in Aug:

Goods and Services Tax (GST) revenues from imports touched an all-time high of close to Rs. 50,000 crore in August 2024. GST revenues from imports as a share of the tax mop-up from domestic transactions touched 40% in August 2024, sharply up from 22.7% in April 2024 and 35.8% in July 2024. Gross fixed capital formation grew a robust 7.5% in year in April-June 2024, and increased its share in the gross domestic product (GDP) to 34.8% from 34.6% in the year ago quarter despite polls-induced slump in government capex.

Domestic food market to grow 47% to reach \$1274 billion by 2027:

According to a survey published by the Confederation of Indian Industry (CII), the country's food sector is predicted to expand by more than 47% and reach \$1,274 billion by 2027. The report highlighted that Tamil Nadu leads India's export of processing fruits, juices and nuts, with a 33% share by quantity and 27% by value, exporting 2,08,370 metric tonnes worth USD 220.81 million in 2023-24. According to the report titled 'Food Processing Sector in India – Potential for Southern States' the food processing industry in India is witnessing innovative startups emerging with cutting-edge technology.

PM released 109 high-yielding, climate-resilient seed varieties developed by ICAR:

New varieties developed by the Indian Council of Agricultural Research (ICAR), were released by Hon'ble PM that covered 61 different crops, including 34 field crops and 27 horticultural crops. The newly introduced field crop varieties include cereals, millets, forage crops, oilseeds, pulses, sugarcane, cotton, and fibre crops. For horticulture, the release featured new varieties of fruits, vegetables, plantation crops, tubers, spices, flowers,



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and medicinal plants with an aim to incentivise farmers for adopting sustainable farming and climate-resilient agricultural practices.

Rs. 14,000 crore approved for seven major agricultural schemes: The Cabinet has given green light to seven major agricultural schemes, with total outlay of approximately Rs. 14,000 crore. It includes a Rs. 2,817 crore Digital Agriculture Mission and a Rs. 3,979 crore scheme dedicated to crop science. The Cabinet also approved a Rs. 2,291 crore initiative to enhance agricultural education and management, and a Rs. 1,702 crore scheme aimed to promote sustainable livestock health and production. Additionally, a significant Rs. 860 crore scheme was approved for sustainable horticulture development. Other approved schemes include a Rs. 1,202 crore program to strengthen Krish Vigyan Kendra and a Rs. 1,115 crore initiative for Natural Resource Management.

10 years of PM Jan Dhan Yojana: A decade after its launch in 28th August, 2014, the number of operative non-frill bank accounts under the Pradhan Mantri Jan Dhan Yojna (PMJDY) stands at an impressive 531 million, with cumulative deposits in them crossing Rs. 2.31 lakh crore. The average cash deposits per account is seen to be over Rs. 4,500. According to an estimate, the trinity of Jan Dhan-Aadhaar-Mobile (JAM) has helped prevent Rs. 2.75 lakh crore of public money from going into the wrong hands. Of the Jan Dhan accounts, 55.6% or 295.6 million belong to women, giving a big push to their financial empowerment. Public sector banks account for 414.2 million or 78% of the total accounts, followed by regional rural banks at 98.9 million (18.6%). In terms of deposits, state-owned banks account for Rs. 1.79 lakh crore or 76% of the total balance.

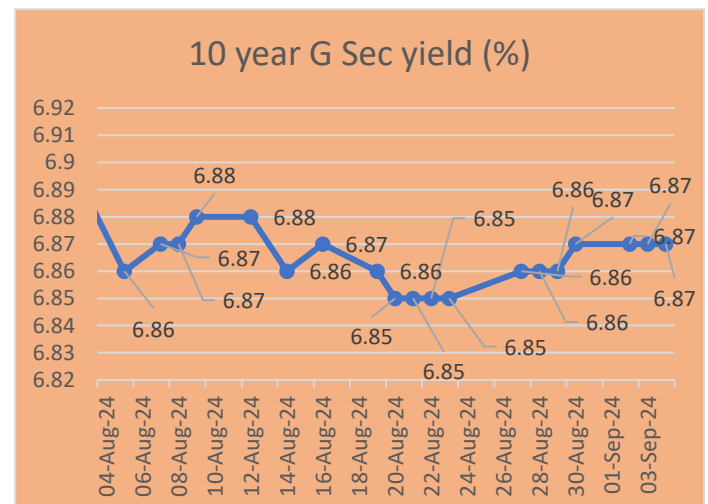
Inflation Outlook

RBI MPC maintains status quo on policy rates: The RBI's Monetary Policy Committee (MPC) held from 6th – 8th August 2024 kept the policy rates unchanged for the 9th consecutive time, by keeping repo rate steady at 6.5%, SDF at 6.25% and MSF and

bank rate at 6.75%. On the inflation front, RBI kept its inflation projection unchanged at 4.5% for FY2025. However, it increased quarterly estimates for 2nd and 3rd quarter of FY2025 by 60 & 10 bps respectively while for 4th quarter of FY2025 estimate reduced by 20 bps. The central bank governor highlighted that the high inflation pressures persisted across major food items which has a significant weight in the CPI basket, resulting in elevated inflation headline print. A degree of relief in food inflation may be expected from the pick-up in the south-west monsoon and healthy progress in sowing.

Interest Rate Outlook

10-year government bond yield: The yield on the Indian 10-year government bond held below the 6.85% mark in September 2024, its lowest level in over two years amid bets of incoming dovish pivots from the Fed and the RBI, in addition to a strong fiscal backdrop. The latest data showed that Indian inflation fell below the RBI's target at 3.7% in July 2024, the softest in five years, while GDP growth slowed more than expected to 6.7% annually in the June quarter. The data added to bets of an RBI rate cut in October 2024, aligning with the incoming monetary loosening by the Fed. This magnified the support for bonds from the prudent fiscal backdrop set by the Indian government, reducing the risk premium on bonds and lowering the outlook of debt supply in the financial year.



Source: worldgovernmentbonds.com



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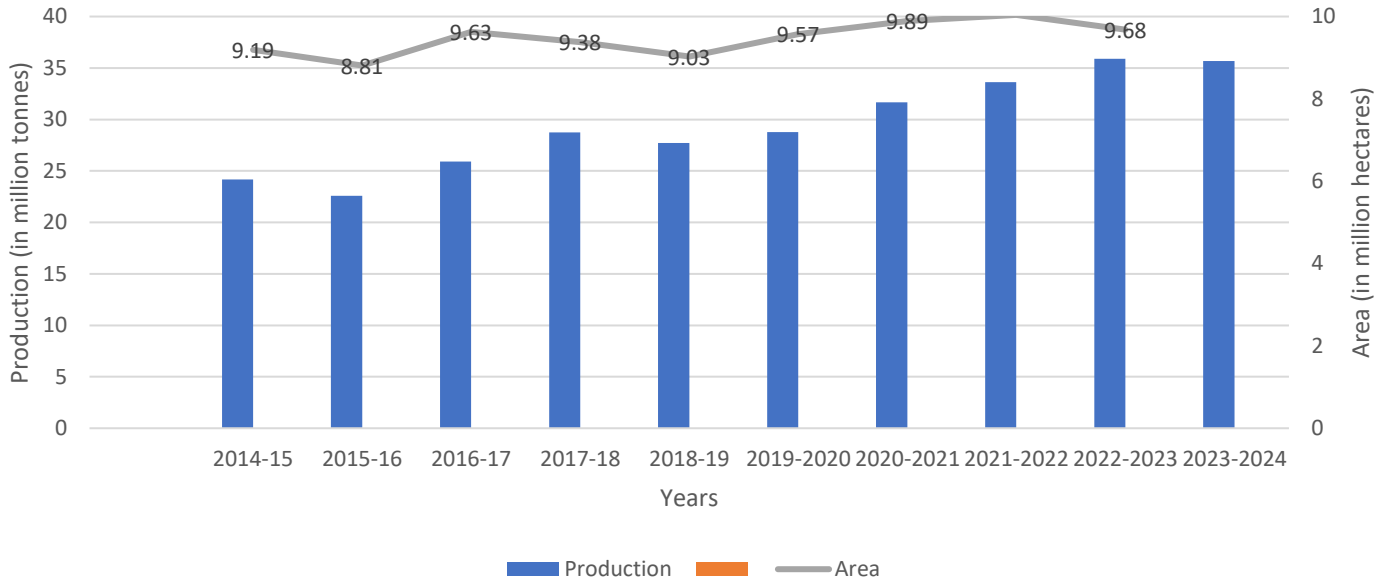
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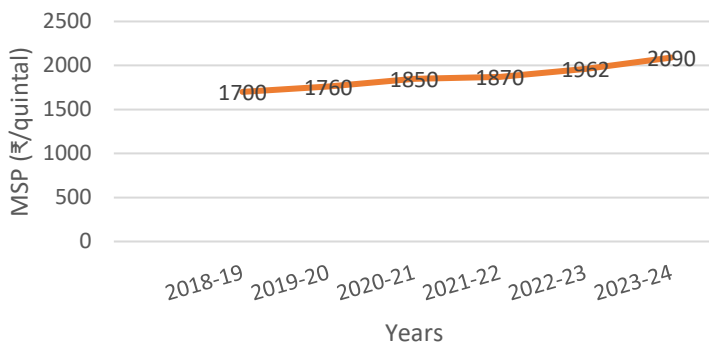
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Dashboard on Agricultural Commodity: Maize

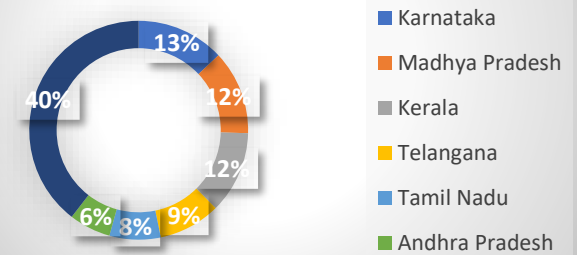
Area and Production of Maize



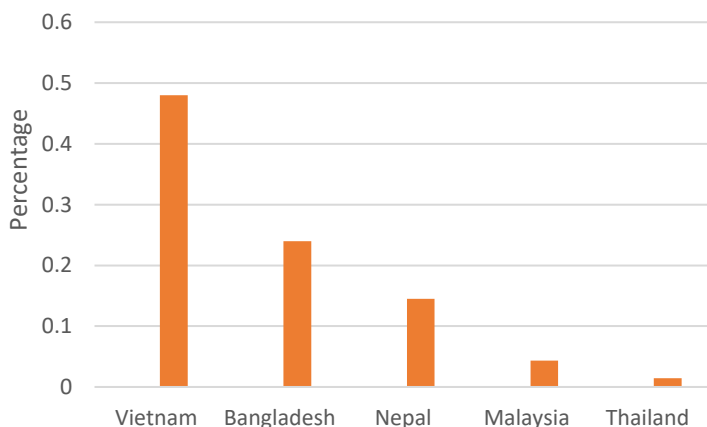
MSP of maize (₹ per quintal)



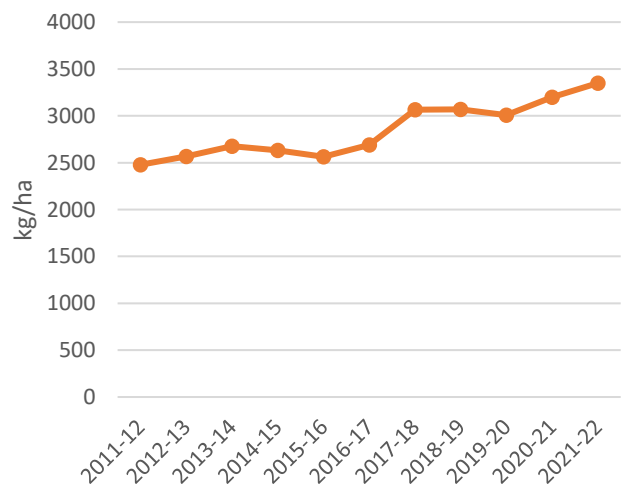
Share of states in maize production (%)



Major export destinations for Indian maize



Yield





Report THINK

Sustainable Development Goals Report

2024: The UN Sustainable Development Solutions Network (SDSN) released Sustainable Development Goals Report 2024 recently. The Sustainable Development Goals (SDGs) were established in 2015 as part of the 2030 Agenda for Sustainable Development, with the ambitious aim of addressing global challenges such as poverty, inequality, climate change, environmental degradation, peace, and justice. This report provides a detailed update on the world's progress on sustainable development goals from 2015 to 2024 as the international community strives to fully realize the ambitions and principles of the 2030 Agenda for Sustainable Development.

The key takeaways from the report are as under:

1. Overall global performance

Only 17% of the SDG targets are on track to be achieved by 2030. This is an alarmingly low percentage, indicating that the majority of the goals are unlikely to be met within the designated timeline. Over one-third of the targets have either stalled or regressed, highlighting a significant setback in global development efforts. The report attributes this to a combination of factors, including inadequate financial support, insufficient political will, and the impact of global crises.

2. Gender Equality in Education

One of the notable successes highlighted in the report is the achievement of gender parity in education in most regions. Girls are now achieving educational outcomes on par with boys, which is a significant milestone towards gender equality.

3. Health Improvement

The report also points to advancements in health, particularly the reduction in HIV infections and the introduction of new malaria vaccines. These vaccines are expected to save millions of lives in the coming years.

4. Digital and Green Transitions

Although progress is slow, the report acknowledges the increasing adoption of digital technologies and

renewable energy. These transitions are critical for sustainable development, though they need to be scaled up significantly to meet global targets.

5. Conflict and Instability

The report emphasizes that ongoing conflicts in regions like Ukraine, Sudan, and the Middle East have severely disrupted development activities. These conflicts have not only caused immense human suffering but have also diverted resources away from development to immediate humanitarian needs.

6. Climate Change

The acceleration of climate change is another major concern. The report notes that while there has been some progress in renewable energy adoption (with renewables now constituting 30% of global electricity supply), the overall pace of the green transition is far too slow. Climate change continues to pose an existential threat to many communities, particularly in vulnerable regions.

7. Economic Challenges

Financial instability, driven by factors such as inflation, debt burdens, and insufficient international financial cooperation, has further hindered progress. Many developing countries lack the fiscal space to invest in sustainable development, exacerbating inequalities and slowing down progress on multiple SDGs.

8. Recommendations

i. The report calls for immediate action to end conflicts and build sustainable peace. This includes not only diplomatic efforts but also increased support for displaced populations and investment in peacebuilding initiatives.

ii. Countries are encouraged to put forward ambitious national climate action plans that align with the 1.5°C target. Additionally, there is a need for a surge in investment in digital connectivity, which can drive economic growth and social inclusion. These transitions must be managed in a way that promotes gender equality and social justice.

iii. The report stresses the importance of enhancing financial support for developing countries.

Click here for the [Full Report](#).