

RBI's State of Economy

Context: Food inflation, despite some signs of moderation, remains elevated and a potential source of risk to the disinflation trajectory, the 'State of the Economy' article published in the RBI's March bulletin said.

Global State of Economy

- **IMF:** raised global growth forecast for 2024 to 3.2%
- **Consumer sentiments** improved
- **Inflationary pressures** receded from year ago highs
- Broadly **stable employment prospects**

Table II.1: GDP Growth Projections – Select AEs and EMES

Projection for	2024		2025	
	April 2024	January 2024	April 2024	January 2024
World	3.2	3.1	3.2	3.2
AEs				
US	2.7	2.1	1.9	1.7
UK	0.5	0.6	1.5	1.6
Euro area	0.8	0.9	1.5	1.7
Japan	0.9	0.9	1.0	0.8
Emerging Market Economies (EMEs)				
Brazil	2.2	1.7	2.1	1.9
Russia	3.2	2.6	1.8	1.1
India*	6.8	6.5	6.5	6.5
China	4.6	4.6	4.1	4.1
South Africa	0.9	1.0	1.2	1.3

*: Data is on a fiscal year basis.
Source: IMF.

Indian economy status

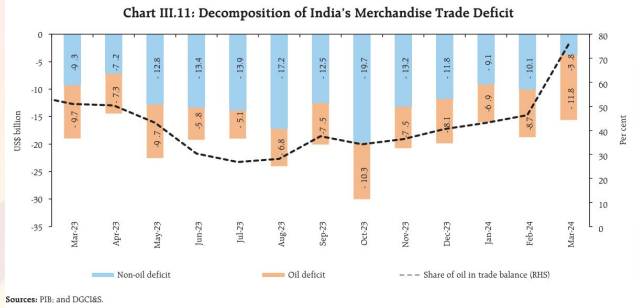
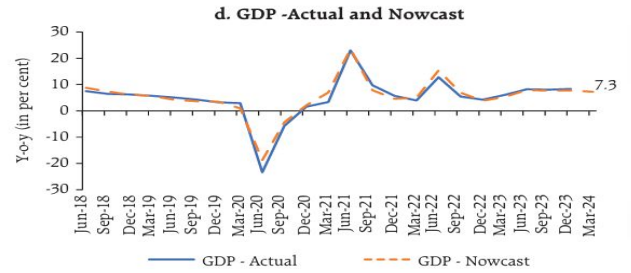
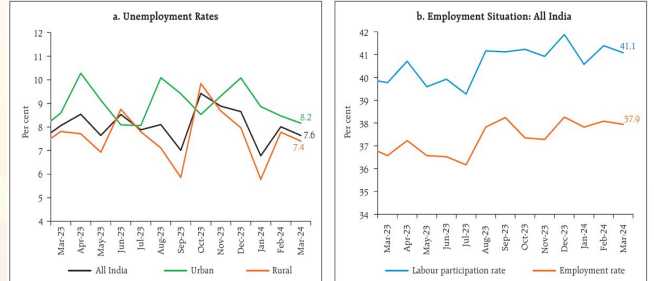
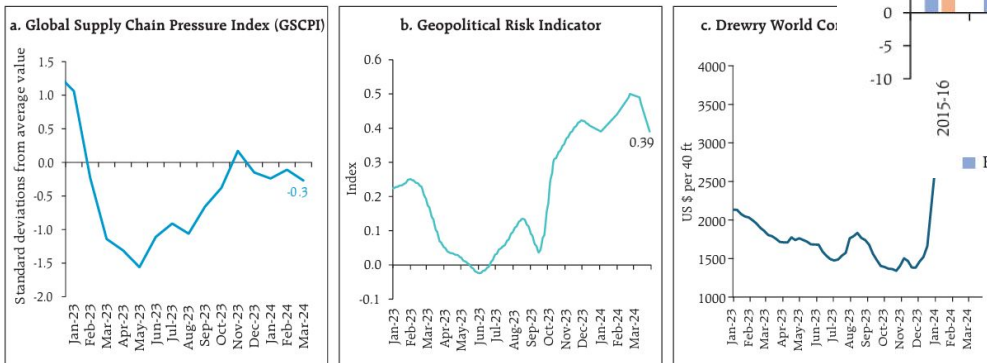


Chart III.4: Labour Market Conditions

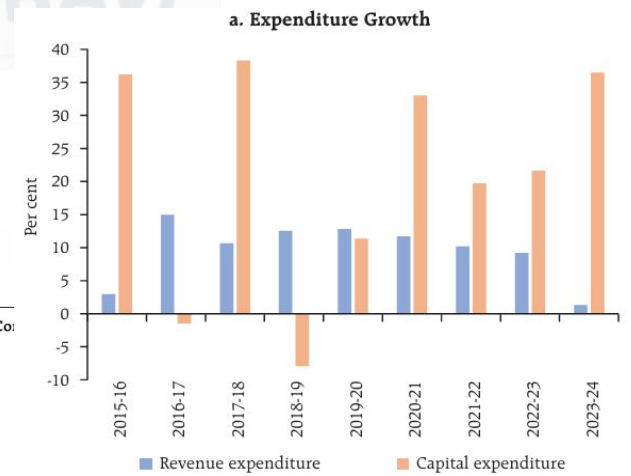


Source: CMIE.

Chart II.2: Trends in Supply Chain Pressures and Geo-political Risks



Notes: 1. GSCPI reflects data on transportation costs and manufacturing indicators.
2. The WCI assessed weekly by Drewry reports actual spot container freight rates for major east west trade routes. The composite represents a weighted average of the 8 shipping routes by volume and is reported in USD per 40-foot container.
Sources: Federal Reserve Bank of New York; BlackRock Investment Institute, March 2024; and Bloomberg.

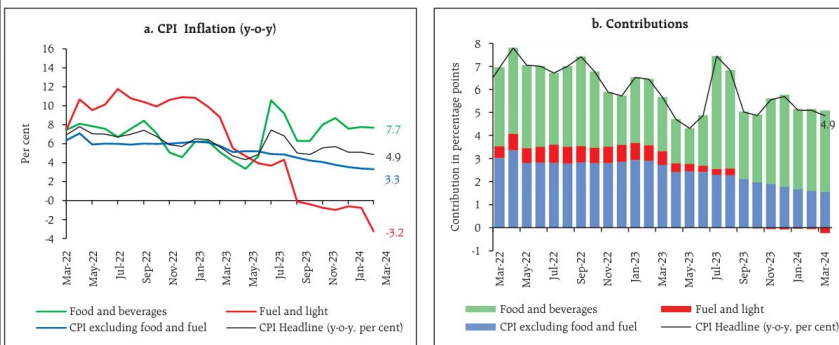


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Risks to inflation in near-term

- **Food inflation**
 - Careful monitoring
 - Above normal Southwest monsoon this year
- **Inflation and extreme weather events**
 - World Meteorological Organization's "State of the Global Climate 2023"
- Inflation and **prolonged geopolitical tensions**

Chart III.26: Trends and Drivers of CPI Inflation



Sources: NSO, and RBI staff estimates.

Other observations

- Indian economy must **grow at a rate of 8%-10% per annum over next decade** to reap **demographic dividend**
 - from **2018 till 2055**
 - extracting the maximum possible contribution of its young and rising labour
- **Asian Development Bank:** resurgence of private investment
 - Sustained **domestic demand**
 - **Public** capital expenditure
 - **Improved credit ratings**



Left-wing insurgency

Context: Security forces dealt a decisive blow to the Maoists on April 14 in Kanker district, Chhattisgarh, near the Maharashtra border.

Where it all began

- **1967:** Naxalbari in West Bengal
 - Charu Majumdar and Maoists
- **1972:** custody death of Charu Majumdar
 - **Red Corridor**
- **1990s:** Government's response
- **2004:** CPI-Marxist (~40 groups)
- **2006:** spread to peak 200 districts
 - Rocket launchers, AK47, etc
- **2010:** Dantewada attack



Government initiatives :

- **Presence** of the CRPF, NIA, ED
- **Modernisation** of forces
 - Erection of **mobile towers**
- **Successful examples:**
 - **Andhra Pradesh:** Greyhounds.
 - **Maharashtra:** Local police and the C60 force.
 - **West Bengal:** confidence building in Jangalmahal

- **Chhattisgarh:** Salwa Judum; District Reserve Guard
- **Jharkhand:** Jharkhand Jaguars.
- **Odisha:** interventions in Koraput.
- **ROSHNI**
- **Juvenile Justice** (Care and Protection of Children) Act, 2015
 - Children in Conflict with Law
 - Children in Need of Care and Protection
- **Aspirational Districts Programme**

Where the government falls short

- **States pass the buck to Centre**
- The **whole-of-government approach** is missing on the ground
- **Political Economy:**
 - **D Bandopadhyay Committee (2006)**
 - **Socio-economic causes** (poverty, basic utilities)
 - LWE
 - weaponise socio-economic issues
 - Locals' dilemma
 - **Land alienation and displacement**
 - **Adivasi Rights**
 - Eg: Forest Conservation Act, 2023
- **World Inequality Lab:** share of wealth with the top 1% was 40.1% in 2022-2023



PMAY-U Scheme

Context: Two more years have passed since the supposed completion of the scheme.

About scheme :

- **“Housing for All”**
- **Centrally sponsored scheme**
 - Ministry of Housing and Urban Affairs
- **Rehabilitation of slum dwellers**
 - 40% (World Bank: 49%)
- By 2022; December 31, 2024

Components :

- **Beneficiary-led Construction (BLC)**
 - Targets **EWS & LIG** categories.
 - Central assistance for constructing new houses on own land.
 - Subsidy amount:
 - EWS: Up to ₹1.5 lakh
 - LIG: Up to ₹1.5 lakh
- **In-situ Redevelopment (ISSR)**
 - Focuses on slum redevelopment.
 - Affordable, basic amenities-equipped houses within slum areas.
- **Credit Linked Subsidy Scheme (CLSS)**
 - Targets **MIG** categories.
 - Provides interest rate subsidy on home loans availed from banks.
 - Applicable for purchase or construction of new houses.
- **Affordable Housing in Partnership (AHP)**
 - Public-private partnerships for building affordable housing.
 - Collaboration between government agencies and private developers.

How has the scheme planned out ?

- Spent over \$29 billion in last 5 years
- Shortage of apx **20mn** houses in **rural** areas and **3mn** in **urban** centres
- **ICRIER study:** urban housing shortage increased by 54%, from 1.88 crore in 2012 to 2.9 crore in 2018

- **PMAY dashboard:** shortfall of apx 40 lakh houses from the sanctioned and completed segments.
 - Only 2,10,552 houses have been sanctioned for eligible beneficiaries.
 - Report by Newslandry: PMAY-U has only addressed a 25.15% of the housing shortage by delivering 80 lakh homes
 - Families to be rehabilitated under ISSR just about 2.5% of total beneficiaries
 - ‘This means in-situ slum redevelopment has failed’

Ailments

- **Centre’s contribution** about 25%, or ₹2.03 lakh crore
 - Beneficiary (60% or ₹4.95 lakh crore)
 - State governments + Urban Local Bodies (₹1.33 lakh crore)
- **Vertical growth** of such settlements created **more problems**
 - Cost of public utilities
- **Squeezed spaces** dissuade people
- **Land** under airports, railways, etc., for ISSR
- **ISSR plans not inclusive** (by consultants)
- **Dichotomy** existing between the city’s master plans and PMAY-U
 - transit-oriented development models by Delhi Development Authority

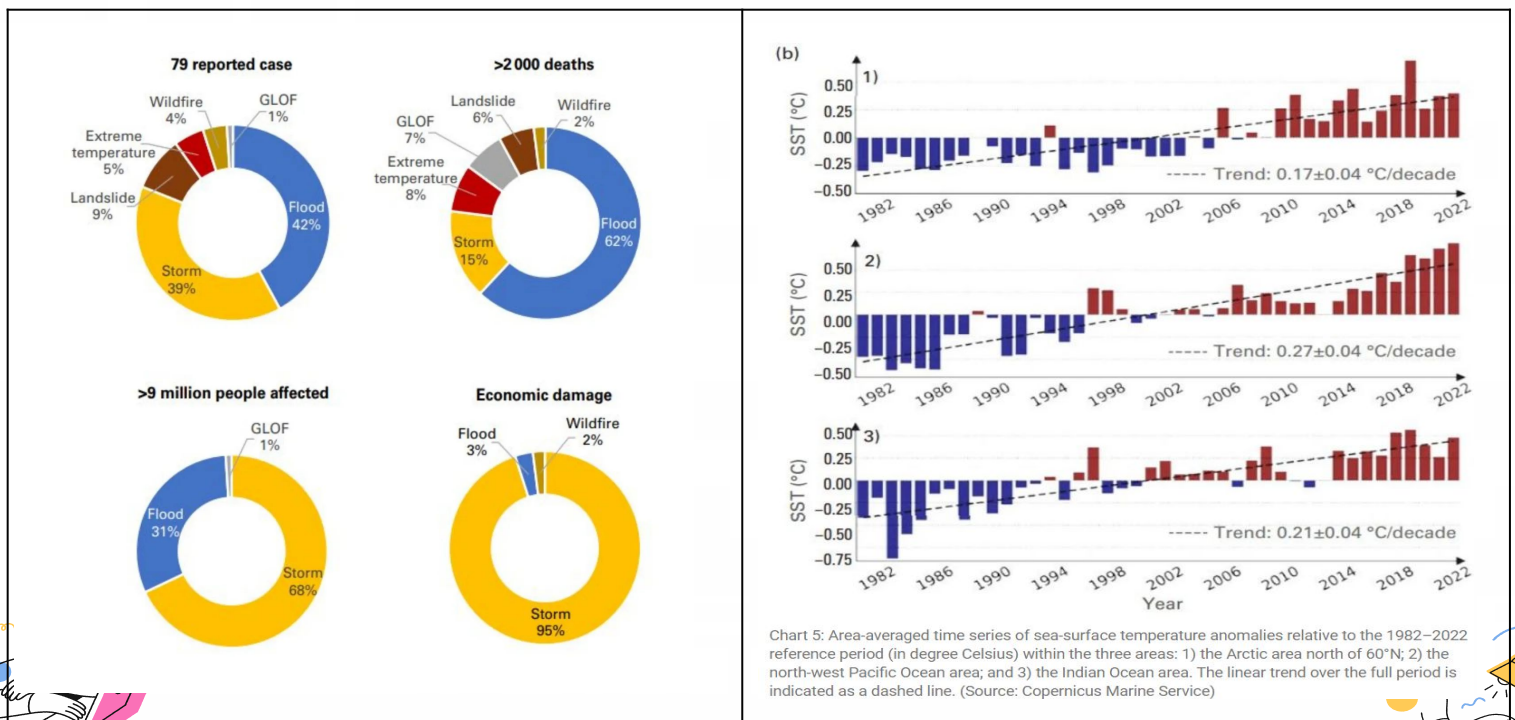


Context: Coal-based thermal plants can use linkage coal to offer surplus power in the power market, the Ministry of Power clarified

- **Hotter-than-normal summer!**
 - Peak demand to a record **260 GW!**
- Section 9(5) of the **Electricity (Late Payment Surcharge and Related Matters) Rules, 2022**
 - thermal power plants can use coal supplied through **long term contracts** to sell surplus electricity in the power exchange
- **Other Steps taken to mitigate power shortages**
 - MoC's instructions to 15 imported coal-based thermal power plants to operate at full capacity until October 15, 2024
 - Gas-based thermal plants to remain operational from May until the end of June

State of the Climate in Asia 2023

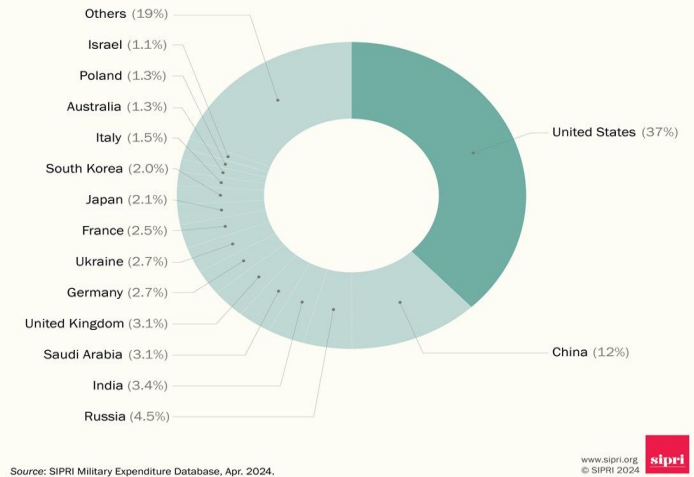
Context: Asia is warming faster than the global average, according to the latest World Meteorological Organisation report



1. SIPRI Report

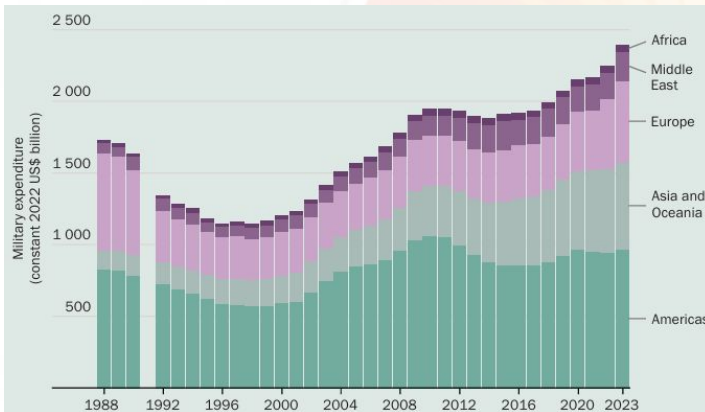
The top 15 spenders account for over 80% of world military expenditure in 2023

The United States remained the biggest spender globally with a 37% share of the world total.



Source: SIPRI Military Expenditure Database, Apr. 2024.

www.sipri.org
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2. Adjusted Gross Revenue

AGR is a levy on telecom operators in India. It's a usage and licensing fee paid to the **Department of Telecommunications (DoT)**. It is divided into two parts:

- Spectrum Usage Charges (SUC)** - typically 3-5% of AGR
- License Fee (LF)** - typically 8% of AGR

Calculation of AGR:

- DoT: **all revenues** earned by a telecom operator, **including non-telecom sources** like interest on deposits or asset sales.
- Telecom companies argue** AGR should only include revenue generated from core telecom services.



3. Ethylene Oxide

- Pesticide** classified as **Group 1 carcinogen** by **International Agency for Research on Cancer**
 - Used by the spice industry as a **fumigant to reduce microbial contamination**
 - Colourless**, highly **flammable** and very **reactive** gas that **kills** bacteria, viruses and fungi.
 - It is an **industrial chemical**.
- Can damage DNA** during sterilisation procedures.
- Risk** of cancers like leukemia, stomach cancer and breast cancer.
- Can lead to respiratory irritation and lung injury, headache, nausea, vomiting, diarrhoea and shortness of breath.
- Banned** by the European Union (EU) in 2011

4. NOTTO ID

- All cases of organ transplants, whether from a living or deceased donor, will be allocated a unique **National Organ and Tissue Transplant Organisation ID** for both the donor and the recipient
 - generated by the hospital from the NOTTO website
 - eliminate commercial dealing in organs
- NOTTO-ID is mandatory for considering allocation of organs**

