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S.NO.	TOPIC
1.	MANUFACTURING PURCHASING MANAGERS' INDEX (PMI)
2.	INDIA'S GDP GROWTH
3.	PRELIMS POINTERS

MANUFACTURING PURCHASING MANAGERS' INDEX (PMI)

SOURCE: [INDIAN EXPRESS](#)

WHY IN NEWS?

- India's manufacturing sector **demonstrated strong performance in November**, rebounding from an eight-month low in October.
- The **S&P Global India Manufacturing Purchasing Managers' Index (PMI) increased to 56**, indicating expansion.
- The noteworthy aspect of the results was a **significant easing of price pressures, with inflation reaching its lowest level in the current 40-month sequence**.
- This, coupled with growing **demand from both domestic and international clients**, contributed to the sector's success.
- The report suggests a positive outlook for India's manufacturing economy as **it concludes 2023, with expectations of continued strength in 2024**.
- The **data is based on responses from around 400 manufacturers**, reflecting increased output, easing inflationary pressures, and positive business sentiment.

UNDERSTANDING PURCHASING MANAGERS' INDEX (PMI):

- **Definition:**
 - ✓ The **Purchasing Managers' Index (PMI)** serves as a **crucial indicator** reflecting the **prevailing economic trends** in both **manufacturing and service sectors**.
 - ✓ It operates as a **diffusion index**, providing insights into whether **market conditions are expanding, contracting, or remaining stable**, as perceived by purchasing managers.
- **Purpose:**
 - ✓ The **primary objective** of the PMI is to **furnish timely and relevant information** about **current and future business conditions**.
 - ✓ It **caters to the decision-makers, analysts, and investors**, aiding them in **understanding the economic landscape**.
- **Key Components:**
 - ✓ The PMI **encompasses a monthly survey involving supply chain managers across 19 industries**, covering both upstream and downstream activities.
 - ✓ It captures the sentiments and perceptions of purchasing managers **regarding market conditions**, thus **servicing as a leading indicator** of overall economic activity.
- **Interpretation:**
 - ✓ **The PMI is a number from 0 to 100**.
 - ✓ A PMI **above 50 indicates an expansion** compared to the **previous month**.
 - ✓ A PMI **below 50 represents a contraction**.
 - ✓ A reading at **50 signifies no change**.
 - ✓ The **greater the deviation from 50**, the more **significant the level of change**.





INDIA'S RECENT MANUFACTURING SECTOR PERFORMANCE:

India's manufacturing sector **demonstrated a robust performance in November**, rebounding from an eight-month low, according to the **seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI)**.

Key Points:

- **PMI Increase:**
 - ✓ The PMI rose from **October's 55.5 to 56 in November**, indicating expansion, as any **value above 50 signifies growth**.
- **Price Pressures Eased:**
 - ✓ A notable feature of the results was a **significant easing of price pressures**.
 - ✓ Although **average purchasing costs increased**, **inflation rates reached the lowest point** in the current 40-month sequence of increases.
- **Output Growth:**
 - ✓ The manufacturing industry **showcased robust performance**, with output regaining growth momentum.
 - ✓ The growth of **output gathered pace in November**, driven by **strengthening client demand and favourable input supply** conditions.
- **New Business and Recruitment:**
 - ✓ Firms' ability to **secure new business**, both **domestically and internationally**, remained pivotal.
 - ✓ **Sustained growth in new orders** brought positive **implications for the labour market**, with recruitment on an upward trajectory.

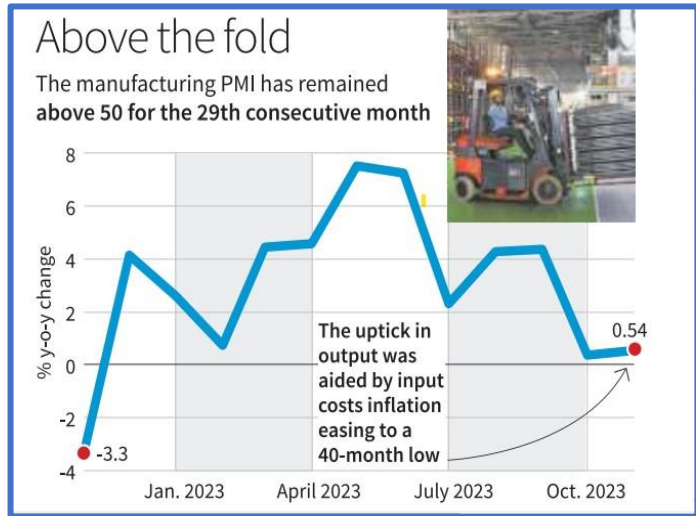


Figure 2: The Hindu

Significance of the Recent Growth:

- **Overall Economic Health:**
 - ✓ The **expanded capacities**, increasing workloads, and the necessity to replenish finished goods stocks collectively signal a robust state **for India's manufacturing economy as 2023 concludes**.
 - ✓ Expectations for a **strong performance continue into 2024**.
- **Inflationary Pressures:**
 - ✓ **Inflationary pressures saw a retreat**, marked by the **weakest rise in purchase costs since August 2020**.
 - ✓ The majority of firms opted to **maintain their fees unchanged since October**, contributing to a **stabilized economic environment**.
- **Concerns and Sentiment:**
 - ✓ While concerns about **near-term price increases** were evident in **business sentiment data**, there was a **muted increase in output charges** amid a **reduced inflationary atmosphere**.
 - ✓ This nuanced sentiment **reflects a cautious yet optimistic outlook**.
- **Supply and Demand Dynamics:**
 - ✓ **Despite the rise in prices for raw materials** and components in November, **improved availability at suppliers** and **subdued global demand** resulted in a significant retreat in cost pressures.
 - ✓ This highlights the **resilience of supply and demand dynamics** in managing economic challenges.

ADVANTAGES OF PURCHASING MANAGERS' INDEX (PMI):



➤ **Timeliness:**

- ✓ The **PMI is a monthly release**, providing **real-time insights** into the economic activity of the manufacturing or services sector.
- ✓ This timeliness enables **swift assessments by policymakers, analysts, and investors.**

➤ **Leading Indicator:**

- ✓ Recognized as a **leading indicator**, the PMI offers an **early indication of economic trends**, often **preceding changes** seen in **other indicators like GDP growth or employment numbers.**
- ✓ It serves as an **anticipatory tool for understanding economic shifts.**



➤ **Comprehensive Insight:**

- ✓ **By capturing information from various sub-components** such as **new orders, production, employment, supplier deliveries, and inventories**, the PMI offers a **comprehensive view of economic activity.**
- ✓ This **multifaceted perspective aids** in identifying potential bottlenecks or strengths within the sector.

➤ **Comparative Analysis:**

- ✓ The **PMI is constructed for easy comparison** across different periods and countries.
- ✓ Its **standardized scale facilitates interpretation**, and the **availability of PMI data** for numerous countries **globally allows for meaningful comparative analysis.**

Disadvantages of Purchasing Managers' Index (PMI):

➤ **Sample Bias:**

- ✓ The PMI relies on surveys from a **limited sample of companies**, potentially introducing sample bias.
- ✓ The surveyed companies **may not fully represent the diversity of the entire sector or economy**, leading to skewed insights.

➤ **Lack of Industry Details:**

- ✓ The index **might not offer detailed information** on which **industries are the primary drivers of growth or contraction.**
- ✓ This **limitation hinders a more nuanced understanding of the specific sectors** influencing the overall economic health.

➤ **Subjectivity in Survey Responses:**

- ✓ As the PMI **relies on subjective survey responses** from purchasing managers, **individual perceptions, biases, and temporary fluctuations** in business conditions can **impact the accuracy** of the data.
- ✓ The **interpretive nature of responses** introduces a level of subjectivity.

➤ **Volatility and Revisions:**

- ✓ Monthly PMI readings can be **volatile due to factors like seasonal variations**, supply chain disruptions, or shifts in market sentiment.
- ✓ This **volatility poses challenges in discerning longer-term trends.**
- ✓ Additionally, initial readings may be **subject to revisions based on more accurate information**, potentially altering the original interpretation.

➤ **Influence of External Factors:**



- ✓ The PMI might not fully capture the influence of external factors such as geopolitical events, changes in trade policies, or natural disasters.
- ✓ These significant external forces can have substantial impacts on economic activity, and their absence in the PMI limits its ability to reflect all potential implications accurately.

Way Forward:

To leverage the recent growth in PMI for economic advancement in India:

➤ **Strategic Policy Adjustments:**

- ✓ Policymakers should **assess the PMI trends** and consider **making strategic adjustments** in economic policies.
- ✓ Aligning policies with the insights from **PMI data can help capitalize on areas of strength and address potential challenges.**

➤ **Investment Promotion:**

- ✓ A **positive PMI reflects growth opportunities.**
- ✓ India can **use this momentum to attract investments** by showcasing a vibrant and expanding manufacturing sector.
- ✓ Investment promotion campaigns can highlight the **conducive business environment indicated** by the PMI.

➤ **Skill Development Initiatives:**

- ✓ As the **manufacturing sector expands**, investing in skill development programs becomes crucial.
- ✓ Ensuring the **workforce is equipped with the necessary skills can enhance productivity** and contribute to the **sustained growth indicated by the PMI.**

➤ **Global Trade Opportunities:**

- ✓ **Strengthening manufacturing capabilities** can position **India favourably in global trade.**
- ✓ **Leveraging the demand indicated by the PMI**, India can explore and **expand its export opportunities**, contributing to economic growth.



INDIA'S GDP GROWTH

SOURCE: [INDIAN EXPRESS](#)

WHY IN NEWS?

- The **National Statistical Office's** provisional estimates India's **GDP growth for Q2 FY24 stood at an impressive 7.6%**, surpassing market expectations and triggering upward revisions in full-year GDP forecasts.
- The **Reserve Bank of India's (RBI)** initial forecast of a **6.5%** growth rate now aligns with the revised projections, indicating the RBI's accurate anticipation of economic trends.

Analysis of GVA Data for Q2: Sectoral Trends:

➤ Agriculture and Allied Sectors:

- ✓ **Steady Decline:** Contribution from agriculture and allied sectors has witnessed a consistent decline.
- ✓ **Q2 Growth:** Agriculture grew by just **1.2%**, a significant drop from the **4.3%** during the pandemic year, indicating economic stress in rural India.
- ✓ **Persistent Deceleration:** This marks a **steady deceleration**, with consecutive quarters showing a decline, raising concerns about farm production recovery.

	2019	2020	2021	2022	2023
GVA total	4.23	-5.12	9.33	5.41	7.42
Agriculture, forestry and fishing	5.32	4.32	4.84	2.49	1.22
Industry	-2.14	3.24	8.11	-0.55	13.18
Mining and quarrying	-5.8	-8.06	10.63	-0.12	9.97
Manufacturing	-3.57	9.01	6.55	-3.83	13.91
Electricity, gas, water supply and other utility services	1.96	-3.93	10.8	5.96	10.06
Construction	1.09	-4.88	10.75	5.66	13.28
Services	7.43	-11.09	11.07	9.35	5.8
Trade, hotels, transport, communication and broadcasting services	6.44	-18.42	13.12	15.63	4.26
Financial services, real estate and professional services	8.38	-5.07	7.05	7.06	6.02
Public administration, defence and other services	7.04	-12.24	16.81	5.59	7.56

Base Year 2011-12 Y-o-Y% change (All data for Q2) Source: CMIE

➤ Industrial GVA Growth:

- ✓ **Remarkable Spike:** Industrial GVA growth rate surged by over **13%**, showcasing impressive performance.
- ✓ **Manufacturing Contribution:** Manufacturing, a key component, **grew close to 14%**, reminiscent of the high-growth phase seen between **2004 and 2008**.
- ✓ **Low Base Effect:** Growth rates benefit from a **low base**, especially considering manufacturing GVA was almost **minus 4%** in the same quarter of the **previous financial year**.
- ✓ **Employment Implications:** Higher GVA in manufacturing, construction, and mining bodes well for employment, particularly for **low-skilled workers**.

➤ Services Sector:

- ✓ **Sharp Deceleration:** The services sector, a crucial part of the economy, experienced a **significant deceleration**.
- ✓ **Growth Rate:** At **5.8%**, the services economy slowed compared to the **same quarter last year**.
- ✓ **Sub-Sector Performance:** Sub-sectors like "**trade, hotels, transport, communication, and broadcasting services**" grew just over **4%**, resembling the slow growth typical of agriculture.
- ✓ **Concerns:** The **slowdown in services** raises concerns about **overall economic growth**, as services play a **pivotal role in the economy**.

UNDERSTANDING ECONOMIC PERFORMANCE: NAVIGATING GDP AND GVA PERSPECTIVES

➤ Overview:

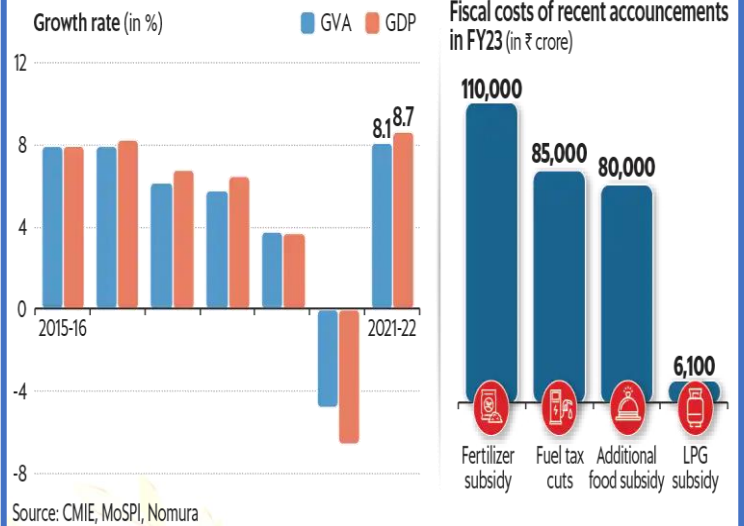
- ✓ Two primary metrics for assessing economic health: **GDP and GVA**.
- ✓ **GDP** focuses on **expenditure**, while **GVA** emphasizes **income**.



- ✓ **GVA defined by RBI as output value minus intermediary inputs, allocating "value added" to labour and capital.**
- **GVA: Examining Income Side:**
 - ✓ Reveals **income side of the economy.**
 - ✓ **Captures sector's value after deducting intermediary inputs.**
 - ✓ Allocates "value added" to primary factors like **labour and capital.**
 - ✓ Crucial for understanding **quarterly trends** without government interventions.
- **GDP: Unveiling Expenditure Patterns:**
 - ✓ Focuses on **how people spend money (expenditure side).**
 - ✓ Incorporates **indirect taxes** earned and **subtracts subsidies.**
 - ✓ Provides a **comprehensive view of national spending.**
 - ✓ Analysed for **broader, annual trends** in economic performance.
- **Discrepancy and Controversies:**
 - ✓ Difference between GDP and GVA termed as a discrepancy.
 - ✓ Controversies arise **during data releases.**
 - ✓ **Vital to resolve discrepancies** for **accurate economic assessments.**

The right measure

GDP and GVA growth rates have diverged since FY18, leading to questions about the right metric for the economy.



Significance of Recent GDP Growth estimation:

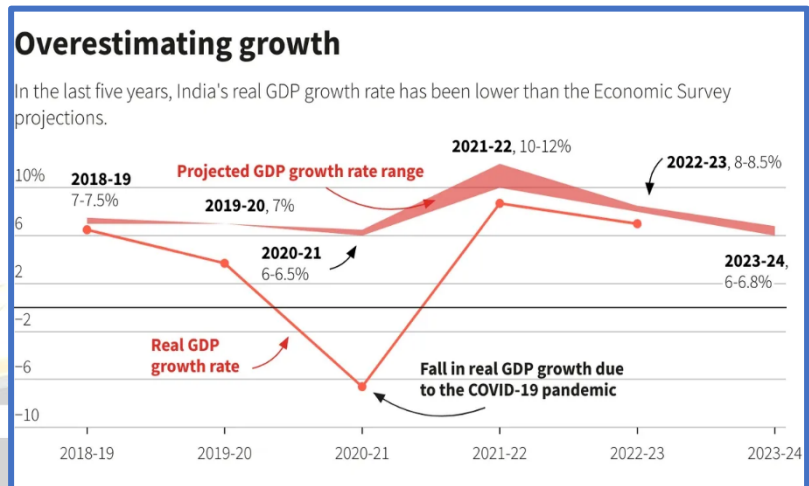
- **Economic Recovery Indicator:**
 - ✓ Q2 GDP growth serves as a **crucial indicator of India's economic** recovery post the challenges faced in the preceding quarters.
 - ✓ Reflects the **resilience of the economy and its ability to bounce back from adverse conditions.**
- **Policy Effectiveness Assessment:**
 - ✓ Provides **insights into the effectiveness of recent economic policies** and reforms implemented by the government.
 - ✓ Indicates whether **initiatives like the Atmanirbhar Bharat package** and **production-linked incentives** are yielding positive results.
- **Consumer and Investor Confidence:**
 - ✓ Positive GDP growth in Q2 can **boost confidence among consumers and investors.**
 - ✓ Rising confidence often **leads to increased spending, investment,** and overall economic activity.
- **Impact on Employment:**
 - ✓ GDP growth is **closely linked to job creation** and **employment opportunities.**
 - ✓ A robust Q2 performance can signify potential **improvements in the labour market,** positively impacting livelihoods.
- **Contribution to Global Economic Landscape:**
 - ✓ Demonstrates the ability to maintain stability despite global uncertainties and shocks.
 - ✓ A positive performance can **influence perceptions of India as a significant player in the international economic landscape.**
- **Investor Attractiveness:**



- ✓ Positive GDP growth enhances **India's attractiveness to domestic** and foreign investors.
- ✓ Signals a **favourable environment for investment and business expansion**.
- **Long-Term Growth Potential:**
 - ✓ A strong Q2 GDP performance **contributes to the assessment of India's long-term growth potential**.
 - ✓ Shapes expectations for **sustained economic development** and prosperity.

CHALLENGES AHEAD FOR GROWTH:

- **Sectoral Slowdown:**
 - ✓ **Services and agriculture sectors experienced a perceptible slowdown** in year-on-year growth during Q2.
 - ✓ **Services grew at 5.8%**, and **agriculture at 1.2%**, posing challenges for sustaining overall economic momentum.
- **Dependency on Government-Led Expenditure:**
 - ✓ **Government-led capital expenditure played a significant role in Q2 growth, with GFCF jumping 11.04%**.
 - ✓ **Overreliance on government spending raises concerns** about the sustainability of growth without diversified sources.
- **Private Consumption Slowdown:**
 - ✓ **Private final consumption expenditure (PFCE) recorded slower growth at 3.1%**, impacting overall consumption demand.
 - ✓ **Private consumption as a share of GDP reduced to 56.8%**, signaling potential challenges in stimulating private spending.
- **Shift in Consumption Composition:**
 - ✓ While government expenditure increased, **private consumption expenditure as a share of GDP decreased**.
 - ✓ Implies a shift in **the composition of spending, potentially affecting the overall balance of economic growth**.
- **Agri Outlook and Global Growth Concerns:**
 - ✓ **Weak agricultural outlook poses a challenge, impacting rural demand and overall economic growth**.
 - ✓ **Tepid global growth adds external pressures, influencing India's export-oriented sectors**.
- **Base Normalization and Global Trends:**
 - ✓ **Normalizing base and global economic trends** contribute to challenges in sustaining growth rates.
 - ✓ **The risk of external factors affecting India's growth trajectory** remains a concern.



Way Forward:

- **Diversification of Growth Sources:**
 - ✓ **Encourage diversification of sources** driving economic growth **beyond government-led initiatives**.
 - ✓ **Promote private sector participation** and investment to create a more balanced growth ecosystem.



- **Addressing Consumption Slowdown:**
 - ✓ Implement measures to boost private consumption, **including income growth initiatives and policies to enhance consumer confidence.**
 - ✓ Balancing government and **private sector contributions to overall demand.**
- **Ensuring Agriculture Sector Resilience:**
 - ✓ Implement policies to **address challenges in the agriculture sector**, ensuring resilience and **sustainable growth.**
 - ✓ Support rural development to **bolster agricultural income and demand.**
- **Monitoring Global Economic Conditions:**
 - ✓ Stay vigilant on **global economic trends and adjust policies** to navigate external challenges.
 - ✓ Strategic interventions **to mitigate the impact of external factors on India's export-oriented sectors.**
- **Long-Term Structural Reforms:**
 - ✓ Continue with long-term structural reforms to **enhance the resilience and competitiveness of the Indian economy.**
 - ✓ Address systemic issues that may **hinder sustained economic growth over the coming years.**





PRELIMS POINTERS:

TOPIC	DISCRIPTION
Green Credits scheme	<p>WHY IN NEWS?</p> <ul style="list-style-type: none">❖ Prime Minister Narendra Modi launched an initiative focusing on generating Green Credits through plantation on degraded wasteland.❖ During a high-level event at the ongoing climate talks or COP28 in Dubai, he highlighted that the Green Credits Initiative surpasses the commercial nature of carbon credits. <p>ABOUT GREEN CREDITS SCHEME</p> <ul style="list-style-type: none">❖ Launched by the Environment Ministry in October 2023, the Green Credits Programme is a novel initiative to incentivize positive environmental actions.❖ Goes beyond carbon credits by creating a market-based incentive for a range of environment-positive activities.❖ Incentive for Positive Environmental Impact:<ul style="list-style-type: none">☛ A Green Credit is a form of incentive awarded to individuals and entities actively involved in activities that positively contribute to the environment.☛ Voluntary in nature, it serves as a recognition and reward for environmentally beneficial actions.❖ Voluntary Incentivization under 'LiFE' Campaign:<ul style="list-style-type: none">☛ Initiated as part of the broader 'LiFE' campaign (Lifestyle for Environment), the Green Credits Program is a voluntary initiative by the government.☛ Its primary aim is to incentivize and acknowledge stakeholders for their voluntary contributions to environmental preservation and adoption of sustainable practices. <p>KEY FEATURES OF GREEN CREDITS SCHEME:</p> <ul style="list-style-type: none">❖ Encompass various environmental actions beyond carbon reduction.❖ Introduces a market-based incentive mechanism for broader environmental actions.❖ Targets private companies, encouraging their participation by purchasing green credits for CSR fulfilment.❖ Designed to benefit individuals and communities, expanding environmental stewardship beyond corporate entities.❖ Developing methodologies for measurement and verification, ensuring transparency in assessing environmental contributions.❖ Private companies can align CSR commitments with the Green Credits Programme, reinforcing the connection between corporate social responsibility and environmental sustainability.





A first: Woman officer to take over command of warship INS Trinkat

❖ Empowers communities and individuals to actively engage in environmentally beneficial activities, **fostering a sense of collective responsibility.**

WHY IN NEWS?

- ❖ The Navy has **appointed its first woman commanding officer**, in line with the philosophy of "**all roles-all ranks**" to deploy women in diverse roles.
- ❖ The officer Shaliza Dhami, a Lieutenant Commander, is **set to command INS Trinkat**, marking the **first instance of a woman assuming command of a naval ship.**

ABOUT INS TRINKAT

❖ **Design and Construction:**

- ☛ INS Trinkat, a **patrol vessel of the Indian Navy**, was designed and built by **Garden Reach Shipbuilders and Engineers in Kolkata, West Bengal.**
- ☛ The officer, a qualified navigation instructor, has experience in training observers and served as the **first woman officer in the Navy's Tupolev Tu-142 maritime patrol aircraft.**



❖ **Operational Roles:**

- ☛ The vessel undertakes **fisheries protection, anti-poaching, counter-insurgency**, and search-and-rescue operations in coastal areas and the exclusive economic zone.

❖ **Class Naming Convention:**

- ☛ It is part of a **class of vessels named after Trinkat Island**, one of the **Nicobar Islands**, located in the northeast Indian Ocean between the Bay of Bengal and the Andaman Sea.

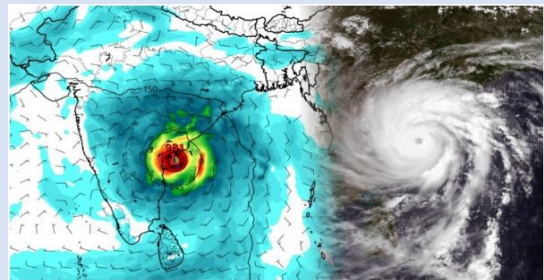
WOMEN IN THE INDIAN ARMED FORCES

- ❖ The **Indian Armed Forces have a total of 10,493 women officers**, including those in **medical services.**
- ❖ The **Army, Air Force, and Navy collectively contribute to this number**, with increasing opportunities for women in leadership positions.

Cyclone 'Michaung' in the Bay of Bengal

WHY IN NEWS?

- ❖ The cyclonic storm '**Michaung**' is forecasted to **reach the southwest part of the Bay of Bengal around December 3.**
- ❖ **Anticipated to make landfall on the south Andhra Pradesh and adjoining north Tamil Nadu coasts by December 4.**



ABOUT CYCLONE MICHAUNG

❖ **Origin of the Name 'Michaung':**

- ☛ The name '**Michaung**' was suggested by Myanmar.



- The term signifies **strength and resilience**, reflecting the characteristics of the cyclonic storm.
- 'Michaung' is poised to **become the fourth Bay of Bengal cyclonic storm and the sixth cyclone formed in the Indian Ocean in 2023.**
- Highlights the **active cyclone season** and the **need for continued monitoring and preparedness in the affected regions.**

NAMING PROCESS AND WORLD METEOROLOGICAL ORGANIZATION (WMO):

- ❖ The **WMO oversees** the naming process for **tropical cyclones globally.**
- ❖ **Regional specialized meteorological centers (RSMCs) and Tropical Cyclone Warning Centers (TCWCs)** propose names for cyclones in their respective areas.
- ❖ Cyclones receive names from **rotating lists managed by the WMO.**

