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+918988885050  
+918988886060



[www.vajiraoinstitute.com](http://www.vajiraoinstitute.com)  
[info@vajiraoinstitute.com](mailto:info@vajiraoinstitute.com)



# **TODAY'S ANALYSIS**

## **(22 February 2025)**

### **TOPICS TO BE COVERED**

- **CELEBRATING A DECADE OF SOIL HEALTH CARDS**
- **ECONOMIC SURVEY: CHAPTER 3**
  - **GLOBAL ECONOMIC UNCERTAINTY & INDIA'S EXTERNAL  
SECTOR**

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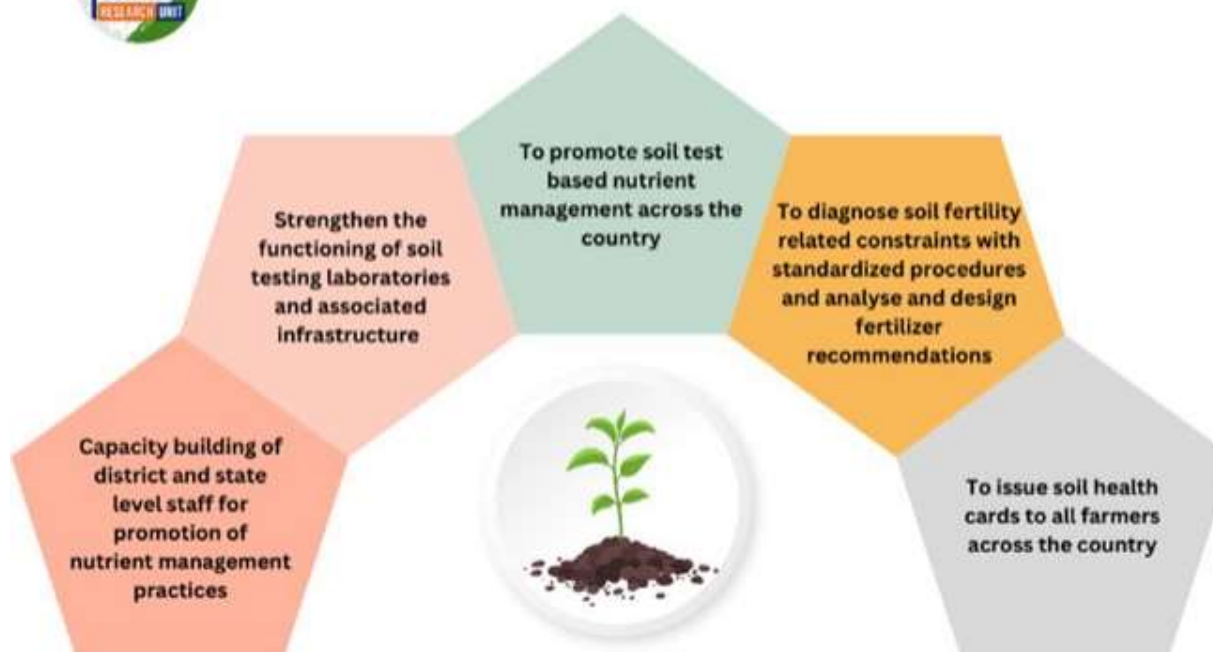
## CELEBRATING A DECADE OF SOIL HEALTH CARDS

### Introduction to the Soil Health Card Scheme:

- The **Soil Health Card Scheme** was launched by **Prime Minister Narendra Modi** on **February 19, 2015**, in **Suratgarh, Rajasthan**.
- The scheme was created to help **farmers** by providing them with information about their soil's **nutrient status**, alongside recommendations for improving **soil health** and **fertility**.
- The **Soil Health Card** gives data on **12 key parameters**, including **macro-nutrients (N, P, K, S)**, **micro-nutrients (Zn, Fe, Cu, Mn, Bo)**, and **soil pH, EC, OC**.
- This helps farmers apply the **right amount of nutrients**, improving soil health and **crop yields**



### Key Objectives of Soil Health Card



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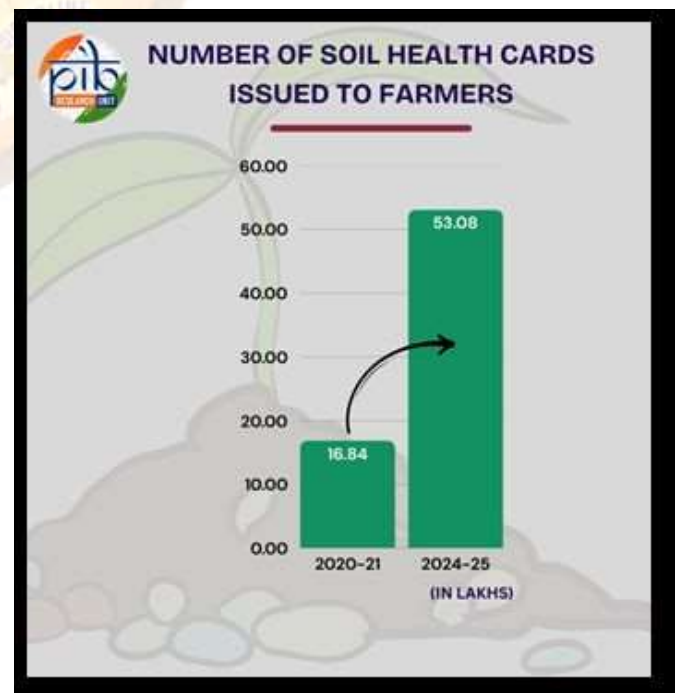


## TECHNOLOGICAL FEATURES & PORTAL

- The **Soil Health Card Portal** was created for easy access, offering soil health information in multiple languages and dialects.
- **Soil samples** are typically taken twice a year, after **Rabi** and **Kharif crops** are harvested, or when no crop is standing.
- The **SHC Mobile App**, introduced in 2023, enables **geo-mapping**, easy access to soil test results, and the generation of a **QR code** to directly link results to the portal.

## VILLAGE LEVEL SOIL TESTING LABS

- In **June 2023**, guidelines for setting up **VLSTLs** were issued.
- These labs can be established by rural youth, **Self-Help Groups (SHGs)**, or **Farmers Producers Organisations (FPOs)**.
- By **February 2025**, **665 VLSTLs** were set



up in **17 states**, increasing local testing capacity and empowering rural entrepreneurs.

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## SCHOOL SOIL HEALTH PROGRAM

- A pilot project, launched in collaboration with **ICAR, School Education Department,** and State Governments, aimed to educate students on soil health for **sustainable agriculture.**
- As of **2024, 1020 schools** are running the program, with **1000 soil testing labs** set up and over **125,000 students** enrolled.
- Students collect soil samples, conduct tests, and educate local farmers on the **recommendations** from the Soil Health Cards.

### Integration with Other Schemes:

- From **2022-23**, the Soil Health Card Scheme became part of the **Rashtriya Krishi Vikas Yojana (RKVY)** under the component **Soil Health & Fertility**, further integrating soil health efforts with broader agricultural policies.

### Impact of Technological Advancements:

- The **revamped Soil Health Card portal**, integrated with a **Geographic Information System (GIS)**, offers graphical data and maps for better monitoring and implementation.
- The **mobile app** allows farmers to easily access their soil health data and manage their farming practices more efficiently.
- The app restricts sample collection regions and auto-links test results.

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## **ECONOMIC SURVEY: (CHAPTER 3)**

### **GLOBAL ECONOMIC UNCERTAINTY & INDIA'S EXTERNAL SECTOR (PART 1)**

#### **Part 1: Introduction to Global Uncertainty**

##### **Political and Economic Uncertainty:**

- **Geopolitical Conflicts and Economic Fragmentation:** The world is experiencing growing uncertainty due to geopolitical conflicts, economic fragmentation, and climate events.
- **2024 Elections:** Over half the world's population participated in elections globally, causing further policy unpredictability and hindering growth.

##### **Impact on Growth:**

- **IMF Insights:** The International Monetary Fund (IMF) suggests that higher uncertainty can reduce output growth by 0.4 to 1.3 percentage points.
- **Economists' Views:** Keynes and Tobin emphasize that uncertainty increases risk and capital costs, leading to higher borrower defaults and lower output and prices in advanced economies.

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## Part 2: Global Trade Dynamics

- **Disruptions in Global Trade:**

- **Red Sea Disruptions (Nov 2023):** Conflicts in the Red Sea forced changes in global trade routes, increasing shipping costs and delivery times. This is significant for trade between Asia and Europe, as 40% of this trade passes through the region.
- **Hormuz Strait Conflicts:** The Hormuz Strait, a crucial energy trade route (21% of global petroleum liquid consumption), has also seen disruptions, leading to higher energy prices.
- **Climate Change Impacts:** Events like the drought in the Panama Canal jeopardize maritime trade, affecting 5% of global trade volumes that pass through this channel. These disruptions have led to uncertainty and a slowdown in international trade.

### Shifting Trade Patterns:

- **Rise in Protectionism:** Geopolitical shifts have led to a rise in protectionist policies and a reorganization of global supply chains.

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- **Friend-shoring and Near-shoring:** Countries are trading more with geopolitically similar nations and geographically closer regions to reduce costs and enhance supply chain resilience.
- **Trade Concentration:** Global trade is becoming more concentrated with fewer but more significant trade relationships (e.g., China-Russia, US-China).

### Part 3: Global Trade Performance

#### Growth Trends (2024):

- **Merchandise Trade:** Global merchandise exports grew by 3.5% year-on-year (YoY) and imports by 3% in Q3 2024.
- **Services Trade:** Global services exports and imports grew by 7.9% and 6.7% YoY in Q3 2024.

#### Developing vs Developed Economies:

- **Developing Economies:** Trade growth in developing nations had exceeded that of developed nations until Q3 of 2024.
- **Reversal in Trend:** In Q3 2024, developed economies saw positive trade growth, while East Asian economies, including major developing Asian countries, experienced negative growth.

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## Global Trade Forecast (2024):

- **Overall Growth:** Global trade is expected to exceed USD 33 trillion in 2024, breaking the 2022 record.
- **Services Trade:** Likely to grow by 7% YoY.
- **Goods Trade:** Projected to grow by 2% YoY, still below the 2022 peak.
- **Expansion:** Global trade is expected to grow by 3.3% or USD 1 trillion, with both goods and services contributing equally to this expansion.

## Part 4: Tariff Policies

### Global Growth in Regional Trade Agreements (RTAs):

- **Increase in RTAs:** The number of Regional Trade Agreements (RTAs) has risen sharply, from 22 in 1990 to 369 by August 2024.
- **Benefits:** These agreements promote free trade, encourage investment, and help reduce trading costs.

### Tariff Reduction and Global Trends:

- **Global Reduction:** Over the past few decades, there has been a global reduction in border tariffs, especially with the World Trade Organization (WTO) promoting free trade and policy collaboration.

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- **India and China:** Between 2000 and 2024, India reduced its average tariff rate on dutiable items from 48.9% to 17.3%, while China reduced tariffs from 16.4% to 8.3%.

### Commodity-wise Tariff Trends:

- **Agriculture:** The Most Favoured Nation (MFN) and preferential tariffs decreased by approximately 3% between 2012-2022.
- **Manufacturing:** Preferential tariffs fell by 1%.
- **Natural Resources:** Also saw declines in tariffs during this period.

### Part 5: India's Tariff Policy

#### Balancing Domestic Needs with Global Integration:

- **Sector Protection:** Sectors like agriculture and manufacturing are often shielded from foreign competition via tariffs.
- **Raw Materials Access:** Access to raw materials and intermediate goods is facilitated through low tariffs.
- **WTO Compliance:** India's tariffs are designed in compliance with WTO rules and have evolved to rationalize tariffs and address inverted duty structures.

#### Role of Tariffs in Industrial Policy:

- **Industrial Policy Design:** Tariffs can play a critical role in industrial policy, especially in helping new industries take off.

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- **Historical Examples:** Nations like the US and Germany used tariffs to develop their industries during the Industrial Revolution.
- **Industrialization Process:** Friedrich List emphasized that less developed nations should use tariffs to protect their industries as they developed.

## Part 6: Trend in India's Trade Performance

### Overall Growth:

- **Resilience and Recovery:** India's trade has been strong, overcoming global economic challenges. Despite a drop in FY20 due to the pandemic, exports bounced back in FY22 and FY23, setting new records.
- **FY25 Performance:** In FY25 (April-December), exports reached USD 602.6 billion, growing 6% compared to the previous year. Imports during the same period grew by 6.9%, totaling USD 682.2 billion.

### Trade Deficit:

- **Increase in Deficit:** The trade deficit increased to USD 79.5 billion (April-December 2024) due to higher imports.

### Sector-Specific Performance:

- **Non-Petroleum Exports:** Grew by 7.1%, with strong performance in sectors like pharmaceuticals, electronics, and engineering goods.

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- **Agricultural Exports:** Limited due to rising prices in commodities like cereals and pulses.
- **Merchandise Imports:** Non-oil, non-gold imports grew, showing strong domestic consumption. Items like machine tools, electronics, and transport equipment led the growth.

## Part 7: India's Textile Export Sector

### Textile Industry Overview:

- **Global Position:** India is the 6th-largest textile exporter in the world, contributing 2.3% to GDP and 12% to total exports. The sector employs over 45 million people.
- **Export Performance:** In 2023, India's textile exports reached USD 34 billion, with apparel making up 42% of this, followed by raw materials and finished goods.

### Key Export Markets:

- **Major Markets:** Europe and the US, accounting for 66% of apparel exports.
- **Competition:** India faces strong competition from countries like China, Bangladesh, and Vietnam.

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## Challenges:

- **High Costs and Complex Procedures:** Competitors like China and Vietnam have lower costs due to vertical integration, while India's complex value chains and regulations raise costs.
- **Trade Agreements:** Often favor competitors, reducing tariffs for them but not for India's textile products.

## Future Prospects:

- **Shift to Man-Made Fibres (MMF):** This shift offers India a chance to diversify and capture a larger market share, as MMF makes up 77% of global fibre consumption.
- **Vertical Integration and R&D:** Improving vertical integration and R&D can enhance India's competitiveness in the MMF market.

## Part 8: Government Initiatives for Textile Exports

### Policy Measures:

- **Schemes and Missions:** The government has introduced the PLI scheme (₹10,683 crore) to boost production and the National Technical Textiles Mission (NTTM) (₹1,480 crore) for innovation in MMF-based textiles.

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- **PM-MITRA Parks:** Aim to provide world-class infrastructure to attract foreign investment.

### Trade Agreements:

- **FTAs:** Agreements like UAE-India CEPA have reduced tariffs on Indian textiles, improving market access.

### Opportunities:

- **Sustainability and Eco-Friendly Textiles:** The global shift towards sustainability offers India an opportunity, especially with a focus on sustainable sourcing driven by EU regulations.



## Part 9: Diversification of India's Exports to New Markets

### Growth and Expansion of India's Export Landscape:

- **Evolution of Export Strategy:** India's export strategy has evolved significantly, with the country diversifying into new markets and products.
- **New Products:** From 1994 to 2022, India added many new products to its export basket and became a market leader in several cases.

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- **Examples:** India is now the leading exporter of shipping vessels, with almost 33% of the global market share. India has also expanded into the export of iron and steel alloys.

### Export Performance in FY25:

- **Noteworthy Performance:** India's export performance in the first eight months of FY25 has been strong despite challenging global conditions.
- **New Markets:** India has expanded its presence in new markets compared to the same period in the previous year (April-November 2023).

### Exploration of New Markets:

- **Categories of New Markets:**
  - **Absolutely New Markets:** Where no exports were observed in the same period of FY24.
  - **New Markets with Export Share of 0-0.1%:** This category saw growth greater than 25%.
  - **Promising Markets with Export Share of 0.1-1%:** Markets that saw exports grow by over 25% and reached over 1% of the total market share.

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## Growth Across Product Categories:

- **Key Products:**

- **Optical Items:** Exported to 14 new markets with a value of USD 16.6 million.
- **Cranes, Lifts, and Winches:** Exported to 12 new markets with a value of USD 23.1 million.
- **Office Equipment & Medical-Scientific Instruments:** Exports worth USD 62.7 million, expanding to nine new markets.

## Economic Impact:

- **Reduced Risks:** India's proactive export diversification reduces risks related to market volatility.
- **Sustainable Economic Growth:** This strategy ensures sustainable economic growth while mitigating risks from fluctuations in specific regions or markets.

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