



NITI Aayog

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# *arth*NITI

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SPECIAL FEATURE: SUSTAINABLE DEVELOPMENT GOALS INDIA INDEX



## Team ArthNITI

Ajit Pai, Devashish Dhar, Indrani Dasgupta, Janak Priyani, Pankhuri Dutt, Ranveer Nagaich, Utkarsh Katyaayun, Urvashi Prasad, and Alen John (Edition Contributor for Sustainable Development Goals India Index)



# FROM THE VICE CHAIRMAN'S DESK

Growth-enhancing measures are the need of the hour to achieve India's potential growth rate of 7%–8% per annum. Low investment, muted consumption expenditure and lagging exports have contributed most to the current slowdown, which we are confident will soon be behind us. Some green shoots of recovery are now visible with the Purchasing Managers' Index (PMI) for both manufacturing and services showing a smart rise to above 52 that likely signifies expansion. However, the government's ability to finance a large stimulus is admittedly constrained. Therefore, attention will have to be on alternate measures to stimulate a recovery.

There have already been plenty of measures taken by the Government in the recent past, including the historic decision to lower corporate tax rates in September 2019. The equity markets have responded positively and strongly to these measures and recorded all-time highs. Still, all eyes are now on Budget 2020 for further growth-enhancing measures.

As mentioned earlier, there are signs of some green shoots in the most-recent high-frequency data for the Indian economy. Passenger-vehicle sales have expanded after months of continuous decline. Three months of negative IIP growth was seen to have reversed in November. PMI, a three-to-six-month leading indicator for the economy, expanded for both the manufacturing and services sector, auguring well for growth in the future. FDI flows have remained robust with cumulative equity inflows from April to November 2019, reaching \$26.1 billion, an increase of 15% over the same period in 2018.

Growth, equity and sustainability can no longer be viewed as mutually exclusive. We cannot achieve one goal while neglecting the other two. Our policy design should, therefore, always have these three principle goals, which are also enshrined in the Sustainable Development Goals (SDGs) or the Global Agenda 2030, for the achievement of which, all UN members have given their unequivocal commitment.

This year marks the fifth year since the adoption of the Sustainable Development Goals. India's global responsibility is underlined by the well-recognized fact that Agenda 2030 will not be

achieved if India fails to reach its nationally accepted SDGs. NITI Aayog has been entrusted with the role of seeing the SDGs mainstreamed into the national development strategy and translated into policy action.

This requires the active adoption of the Goals both at the Central and state government levels. It is important to realize that in a federal structure such as ours, the state governments have as much role to play in the attainment of Agenda 2030 as the Central government.

NITI Aayog has worked closely with all state governments and Central government ministries and departments to develop localized targets that measure the progress India has made in achieving these ambitious goals.

Continuing with our mandate of competitive federalism, NITI Aayog has also developed the SDG Index, which ranks Indian states on the progress made in the achievement of the SDGs. This Index has received international recognition for being the first and perhaps the only official effort to mainstream SDGs at the sub-national level. The findings of the second edition of the SDG Index are reported in this edition of *ArthNITI*.

Continuing with the spirit of cooperative and competitive federalism, this edition of *ArthNITI* will also contain a section on the 'States of the Nation'. Here, states are compared on broad indicators such as economic growth, per-capita income and industrialization, amongst others. Future editions will cover individual states in depth.

We have also included a section on global capital markets in this edition, with a view towards uncovering investor sentiment in global and Indian markets.

I welcome your feedback on these new features, along with our regulars in this newsletter.



Dr Rajiv Kumar,  
25 January 2020,  
New Delhi

# G20: The Macro Scene

## Real Sector

	% Share of World GDP, 2018	GDP Per Capita (\$), 2018	Latest GDP Growth (%)*	Inflation (y/y, %)*	Industrial Output Growth (y/y, %)*	Manufacturing (%) of GDP, 2018
USA	23.9	62,641.0	2.1 Q3	2.1 Nov	-0.8 Nov	11.2
China	15.9	9,770.8	6.0 Q3	4.5 Dec	6.2 Nov	29.4
Japan	5.8	39,286.7	1.9 Q3	0.5 Nov	-8.1 Nov	20.7
Germany	4.7	41,463.6	0.5 Q3	1.5 Dec	-2.6 Nov	9.9
UK	3.3	42,943.9	1.1 Q3	1.5 Nov	-1.6 Nov	14.2
France	3.2	41,463.6	1.4 Q3	1.4 Dec	1.3 Nov	9.9
India	3.2	2,015.6	4.5 Q3	7.3 Dec	1.8 Nov	15.0
Italy	2.4	34,318.4	0.2 Q3	0.5 Dec	-0.6 Nov	15.0
Brazil	2.2	8,920.8	1.2 Q3	4.3 Dec	-1.7 Nov	9.7
Canada	2.0	46,124.7	1.7 Q3	2.2 Nov	-0.4 Nov	10.6
Russia	1.9	11,288.9	1.6 Q3	3.0 Dec	0.3 Nov	12.3
Korea, Rep.	1.9	31,362.8	2.0 Q3	0.7 Dec	-2.9 Aug	27.2
Australia	1.7	57,305.3	1.7 Q3	1.7 Sep	2.7 Sep	5.8
Mexico	1.4	9,698.1	-0.2 Q3	2.8 Dec	-2.1 Nov	17.0
Indonesia	1.2	3,893.6	5.1 Q3	2.7 Dec	3.0 Nov	19.9
Saudi Arabia <sup>^</sup>	0.9	23,219.1	0.5 Q2	-0.3 Nov	-4.0 Nov	12.8
Turkey	0.9	9,311.4	0.5 Q3	11.8 Nov	5.1 Nov	14.2
Argentina	0.6	11,652.6	-1.1 Q3	51.4 Nov	-4.5 Nov	12.8
South Africa	0.4	23,219.1	0.2 Q3	3.6 Nov	-2.9 Nov	11.8
EU	21.9	9,770.8	1.4 Q3	1.3 Dec	-1.3 Nov	14.2

Source: OECD, IMF, World Bank and Trading Economics. \* calendar year 2019, unless otherwise stated. Japan and the US 2017 values. <sup>^</sup>YTD values for industrial output.

## Financial and External Sectors

	Interest Rates			External Sector				Inward Revenue (\$ bn)
	10Y Bond*	Bank Lending Rate	\$/LCU* (%/y/y)	(% of GDP, 2018)				
				Current Account	Trade	Exports	Imports	
USA	1.91	4.75 Dec	1	-2.4	27.1	12.1	15.0	3,567.5
China	3.17	3.25 Dec	7.0 (1.2)	0.4	38.2	19.5	18.7	2,910.1
Japan	-0.02	0.95 Nov	108.5 (-1.2)	3.5	34.6	17.8	16.8	1,231.2
Germany	-0.19	2.04 Nov	0.9 (1.9)	7.3	87.2	47.0	40.2	2,145.4
UK	0.82	1.75 Dec	0.8 (-4.0)	-3.8	61.3	29.9	31.4	1,139.4
France	1.71	1.71 Nov	0.9 (1.9)	-0.3	63.4	31.3	32.1	1,134.8
India	6.56	9.40 Dec	71.4 (2.5)	-2.4	43.1	19.7	23.4	658.6
Italy	1.43	1.83 Nov	0.9 (1.9)	2.4	61.0	31.8	29.3	755.6
Brazil	6.76	20.89 Nov	4.0 (3.6)	-0.8	29.1	14.8	14.3	303.4
Canada	1.70	3.95 Dec	1.3 (-4.7)	-2.7	65.9	31.9	34.0	647.4
Russia	6.23	8.17 Oct	62.3 (-10.6)	6.9	51.5	30.7	20.8	569.4
Korea, Rep.	1.67	3.18 Nov	1,153.9 (3.4)	4.7	83.0	44.0	39.0	765.7
Australia	1.37	7.92 Dec	1.4 (0.2)	-2.1	43.0	21.7	21.3	377.4
Mexico	6.84	8.09 Dec	18.9 (-3.8)	-1.8	80.3	39.2	41.1	527.2
Indonesia	7.05	10.20 Nov	13,882.5 (-3.7)	-3.0	43.0	21.0	22.1	229.1
Saudi Arabia <sup>^</sup>	2.07	2.23 Nov	3.8 (0.0)	9.0	66.5	39.7	26.8	332.6
Turkey	12.00	12.74 Dec	6.0 (12.4)	-3.5	60.4	29.6	30.8	230.7
Argentina	51.92	69.75 Dec	59.9 (59.0)	-5.4	30.8	14.4	16.4	82.6
South Africa	8.23	10.00 Dec	14.0 (-2.3)	-3.7	59.8	30.1	29.7	118.3
EU	-0.14	1.91 Dec	0.9 (1.9)	-	86.5	44.7	41.7	10,653.6

Source: World Bank, Investing.com, Bloomberg, BIS and Trading Economics. \*Daily Nominal Exchange Rate, as of 31.12.19 (- sign indicates appreciation) Bond yield as of 31.12.2019. <sup>^</sup>52 W yield. Inward revenue = export of goods and services + primary income + remittances.

## Commodities and Markets

Data as of 31 December 2019		
Commodity	Price (\$)	Price (INR)
Copper (MT)	6,077	4,53,500
Iron Ore - 62% Fe (MT)	92.7	2,560.0*
Aluminium (MT)	1,771.0	1,40,500.0
Steel (Rebar, MT)	441.9	36,500
Brent Crude Oil (bbl)	65.9	4,401.0
Coal 6,000 GCV (MT)	66.2	2,737 <sup>^</sup>
Natural Gas (MMBtu)	2.2	156.0

Source: \$ Prices from World Bank Commodity Prices Pink Sheet. London Metal Exchange. Rs. Prices from MCX, \*NMDC (64% Fe). <sup>^</sup>CIL Notified Price

	31 December 2019	31 December 2018
DJIA	28,538.44 (22.3)	23,327.46
NASDAQ 100	8,733.07 (38.0)	6,329.97
Shanghai Composite	3,050.12 (22.3)	2,493.90
Nikkei 225	23,656.62 (18.2)	20,014.77
FTSE 100	7,542.40 (12.1)	6,728.10
Hang Seng	28,189.75 (9.1)	25,845.70
STI	3,222.83 (5.0)	3,068.76
BSE Sensex	41,253.74 (14.4)	36,068.33

Source: Yahoo Finance. % change from last year in brackets.

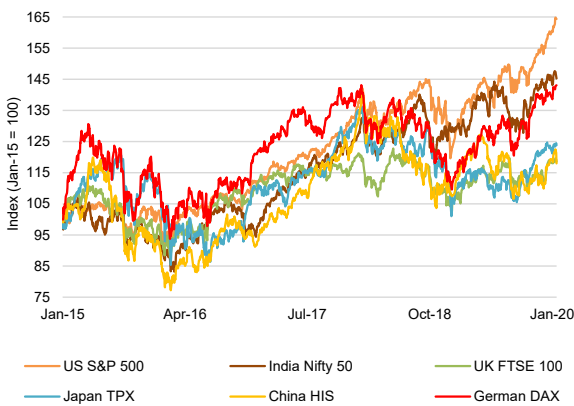
# 1 THE BIG PICTURE

## Markets

Stock prices generally reflect investor expectations of future prospects. Despite global headwinds from trade wars and protectionism, major global stock markets reflect improving investor sentiments. The US S&P 500 retained the title of the best-performing market index over a five-year and a one-year period. This was followed by India's Nifty 50 and Germany's DAX, respectively, for a five-year period. British markets, as reflected by the FTSE 100, have fared relatively poorly amid Brexit and political uncertainty.

<b>US S&amp;P 500</b>	164.3	<b>UK FTSE 100</b>	118.5	<b>China HIS</b>	118.0
<b>India Nifty 50</b>	145.3	<b>Japan TPX</b>	123.8	<b>German DAX</b>	143.1

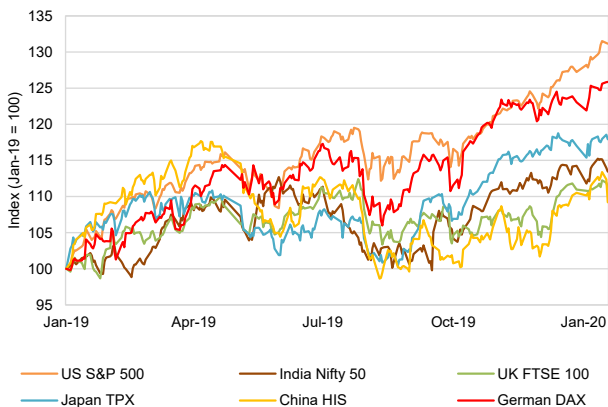
Stock Markets' Comparison over 5 Years



(Source: Bloomberg)

<b>US S&amp;P 500</b>	131.2	<b>UK FTSE 100</b>	111.3	<b>China HIS</b>	109.2
<b>India Nifty 50</b>	113.4	<b>Japan TPX</b>	117.9	<b>German DAX</b>	125.9

Stock Markets' Comparison over 1 Year

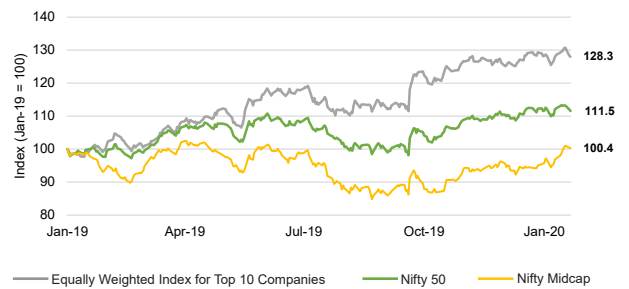


(Source: Bloomberg)

Over a one-year period, the DAX has gained momentum and almost taken the top spot. India's Nifty 50 lost

momentum compared to global markets from September 2018 to September 2019 but has rebounded since October 2019. While domestically the two main indices—Nifty 50 and the BSE Sensex—resume setting record highs, the momentum appears to be predominantly driven by the top 10 stocks.

Returns on Nifty 50, Midcap Stocks and Top 10 Companies

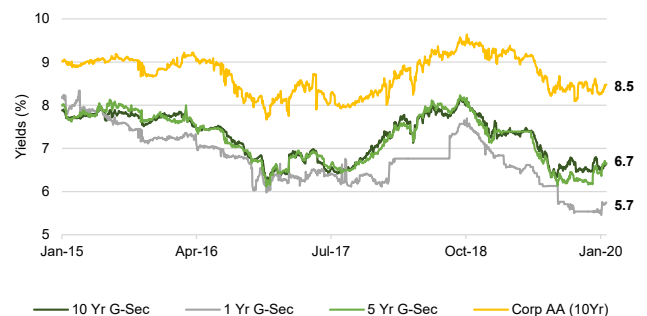


(Source: Bloomberg)

Midcap stocks, with their higher beta, have delivered higher returns relative to the Nifty 50 stocks on the way up. With Nifty 50, only few of the largest companies have seen a positive movement in price over the last year. While, an equally weighted index of the top ten Nifty 50 companies grew 29.3% over CY19, the Nifty 50 index grew by only 12.2% over the same period, reflecting a 'flight to quality' even in India's largest capitalized companies. However, a positive sign for investor sentiments is that midcap stocks have started to appreciate since September 2019.

The spread between ten-year G-Sec and ten-year AA corporate bonds has been elevated and is rising. The cost of borrowings for majority of the corporates remains well below the economy's growth rate. High number of companies with less than comfortable interest coverage ratios persist, suggesting that deleveraging could drive equity markets even in a sluggish growth environment. We will have to wait for an acceleration in credit growth for an increase in the slope of stock appreciation.

Bond Yields



(Source: Bloomberg)

# 1 THE BIG PICTURE

## Can We Depend on Global Trade & Growth?

The first phase of the trade deal signed between the two largest economies (US and China) provides some optimism for growth prospects of the global economy. The global economy had a CAGR of 1.8% for the period 2008–18 (against a CAGR of 3.5% for the period 1990–2008) and has not yet fully recovered from the global financial crisis. The World Bank in its January 2020 Global Economic Prospects has pegged global growth for 2020 at 2.5%. Is the trade deal sufficient to revitalize global trade and resume its growing trajectory going further?

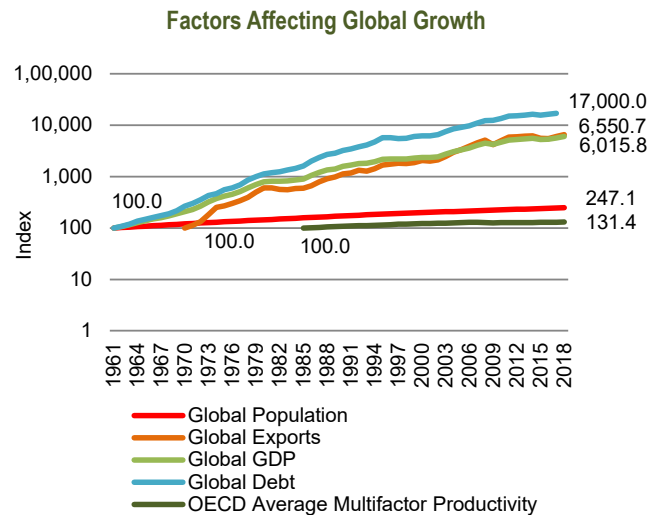
Global growth is broadly driven by population growth, productivity growth, global credit growth and trade growth. Increasing trade has facilitated productivity growth even though population growth has been slowing down since the 1980s. Apart from trade, the most important factor that has contributed significantly to global growth since the 1980s is increasing credit globally.

The global economy is going through its slowest period of growth since the financial crisis of 2008, driven predominantly by slowing trade and very high levels of debt. While the US and China were struggling to solve trade conflicts, another trade conflict boiled up in East Asia between Japan and South Korea. Both these trade conflicts have significantly affected manufacturing activity across most of the globe.

According to estimates by the US Congressional Budget Office, changes in the US and foreign trade policies are expected to lower the level of real US GDP by 0.3% by 2020.<sup>1</sup> Similarly, analysis by the US Federal Reserve shows that the tariffs will have a long-run impact of reducing China's real GDP by 0.25%. The note also mentions that the analysis does not take into account any indirect effects from the trade war, such as impact on investments, and suggests that the actual impact could be much higher. The reduction is caused by increased tariffs that lead to major shifts in supply chains across the world and have reshaped the balance of trade for the future.<sup>2</sup> The first phase of the deal leaves two-thirds of the US's tariffs on Chinese imports as is and requires China to import more products from the US. As per the US Chamber of Commerce, more than half of the states

1. [https://www.cbo.gov/system/files/2019-08/55551-CBO-outlook-update\\_0.pdf](https://www.cbo.gov/system/files/2019-08/55551-CBO-outlook-update_0.pdf)  
 2. <https://www.federalreserve.gov/econres/notes/feds-notes/long-run-effects-on-chinese-gdp-from-us-china-tariff-hikes-20190715.htm>  
 3. <https://www.bloomberg.com/news/articles/2020-01-15/u-s-china-sign-phase-one-of-trade-deal-trump-calls-remarkable>  
 4. *Global Economic Prospects: Slow Growth, Policy Challenges*. World Bank, January 2020.

in the US face retaliatory tariffs on 25% of their exports to the EU and China. As long as the tariffs continue, global trade will be impacted negatively and there could be further permanent shifts in the way business is done globally.<sup>3</sup>



Source: World Bank and OECD; NITI Analysis

The global trade scenario is still murky. Both the US–China and Japan–South Korea trade tussles are far from resolved. The world is also experiencing the impact of tensions between Iran and the US. The World Bank notes in its January 2020 Global Economic Prospects that if trade tensions de-escalate the growth projections are likely to move up from the current projections of 2.5% for 2020. It also notes that, however, downside risks predominate, including a re-escalation of global trade tensions, major economies experiencing a sharp slowdown and financial market shocks in emerging markets.<sup>4</sup> The International Monetary Fund recently announced its forecasts for global growth at 3.3% for 2020 up from 2.9% in 2019. IMF is also optimistic that the first phase of the trade deal between the US–China might see manufacturing activity and global trade bottoming out.

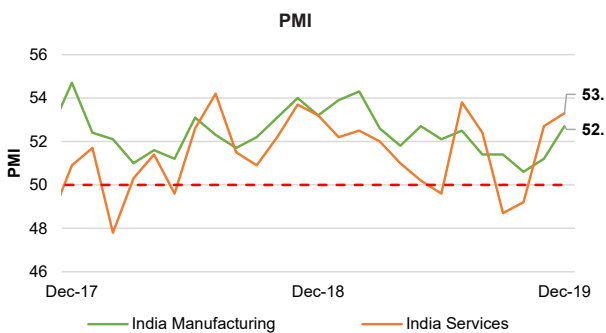
With global debt also having reached unprecedented levels, there are no visible drivers for global growth to reach previous highs. Currently, India is the least levered amongst the G20 providing the largest runway for growth among large economies. Asia and Africa are likely to be the medium-term drivers of global growth.

It is certainly encouraging that the trade issues are being resolved and countries are acknowledging the value of free-trade. However, high levels of global debt are a major concern as it is already at an unprecedented 300% of global GDP. It is the single biggest risk factor for the global economy and further sharp increases in debt may lead to periods of global instability.

## Indian Macro

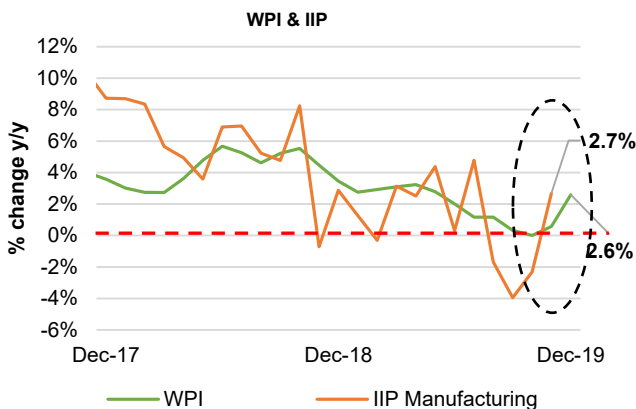
The Indian economy has had a decelerating growth trajectory for 1.5 years. Real GDP grew at 4.5% y/y in SepQ 2019, more than 350 bps fall over six quarters. Gross Fixed Capital Formation grew by 1.0% y/y in SepQ 2019 and GDP growth was primarily supported by Government Final Consumption Expenditure (GFCE), which grew 15.6% y/y in SepQ 2019. The private sector continues to show low investment appetite and consumption demand, the government's fiscal situation remains tight, and the financial-sector growth remains sluggish. However, there is compelling evidence of green shoots emerging.

India's PMI, considered a three to six month leading indicator, rose for the second straight month in December 2019. PMI Manufacturing rose to 52.7 and PMI Services to 53.3. Over the same period, Global PMI Manufacturing fell to 50.1 from 50.3 and Global PMI Services rose to 52.1 from 51.6. A PMI above 50 generally indicates expansion and below 50 indicates contraction.



(Source: IHS Markit)

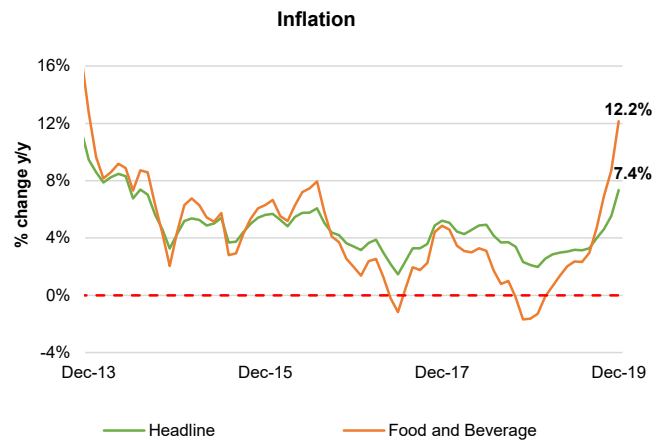
The Wholesale Price Index (WPI) growth jumped to 2.59% y/y in December 2019, following growth of 0.58% y/y in the previous month and 3.46% y/y in the same month of the previous year. The Index of Industrial Production (IIP), rebounded in November 2019 by 1.82% y/y, following a decline of 3.99% y/y in the previous month, and meagre growth of 0.24% y/y in the same month last year.



(Source: IHS Markit)

WPI and IIP Manufacturing suggest an uptick in manufacturing activity.

CPI headline inflation breached RBI's target upper bound, reaching 7.35% y/y in December 2019, following growth of 5.54% y/y in the previous month and growth of 2.11% y/y in the same month previous year. The rise can be attributed to CPI Food and Beverage, which recorded the highest growth since December 2013. CPI Food and Beverage grew by 12.16% y/y in December 2019, following growth of 8.73% y/y in the previous month and a negative print of -1.64% y/y in the same month of the previous year. A 60.50% y/y rise in vegetable prices in December 2019 is the major driver for rising food prices.



(Source: MoSPI)

GFCE has supported the majority of GDP growth in the last few quarters but the fiscal situation has tightened. Although, several macroeconomic indicators signal an impending recovery, the sustainability of a reacceleration in economic growth depends on improving credit growth, investment appetite and consumption demand.

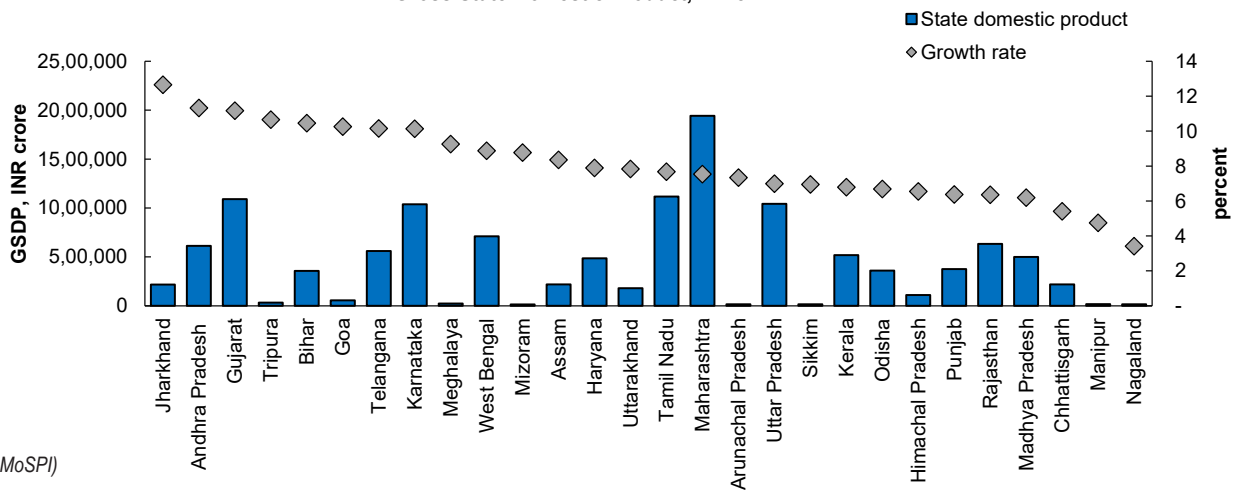
# 2 STATE OF THE STATES

## States of the Nation

The States of the Nation is a synopsis of the economic performance of Indian states. The section will evaluate economic indicators and development issues associated with each state. The first in the series is a comparison

of the states on economic indicators like Gross State Domestic Product (GSDP), growth rate, and per capita Net State Domestic Product (NSDP); development indicators like poverty and inequality; and infrastructural indicators like access to financial institutions, roads and teledensity. These indicators are interlinked and contribute to the welfare of a state.

Gross State Domestic Product, FY18

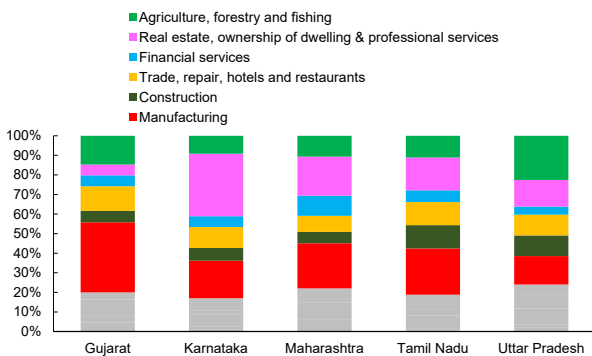


(Source: MoSPI)

In FY18, Maharashtra, Tamil Nadu, Gujarat, Uttar Pradesh, and Karnataka had the highest GSDP (at constant prices) in the country, and together they have contributed to almost half of the country's GSDP every year between FY12 and FY18. Jharkhand, Andhra Pradesh, Gujarat, Tripura and Bihar were the five fastest-growing states in FY18 with an annual growth rate of 10% or more

In FY18, tertiary sectors like real estate, financial services and transport along with manufacturing from the secondary sector and agriculture were some of the largest contributors to the leading states. In Gujarat, manufacturing had the highest share in economic activity, followed by agriculture and trade. In Karnataka, real estate had the largest share followed by manufacturing and trade. In Maharashtra, manufacturing had the highest share followed by real estate, agriculture and financial services. In Tamil Nadu, manufacturing had the highest share followed by real estate and trade. In Uttar Pradesh, agriculture had the largest share followed by manufacturing and real estate. Agriculture, manufacturing and trade sectors

State with Highest GSDP - Share of Sectors in Gross Value Added, FY18

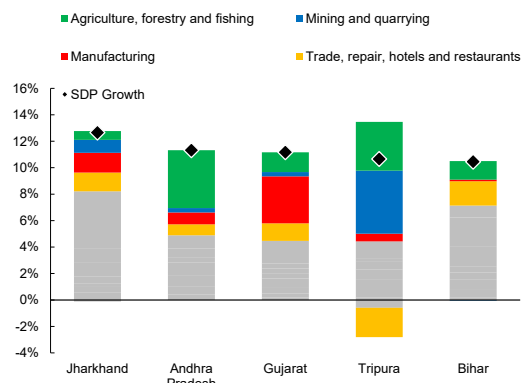


(Source: MoSPI)

Note: Grey bars indicate other sectors

On average, in India, the tertiary sector—which includes trade, transport, financial services, real estate, public administration and other services—is the largest contributor to the gross value added to the economy followed by the secondary sector, which includes manufacturing, electricity and construction sectors. The primary sector that includes agriculture, forestry, fishing, and mining and quarrying has the smallest share in the gross value added by economic activity.

Fastest Growing States- Contributors to Growth, FY18



(Source: MoSPI) | Note: Grey bars indicate other sectors



# 2 STATE OF THE STATES

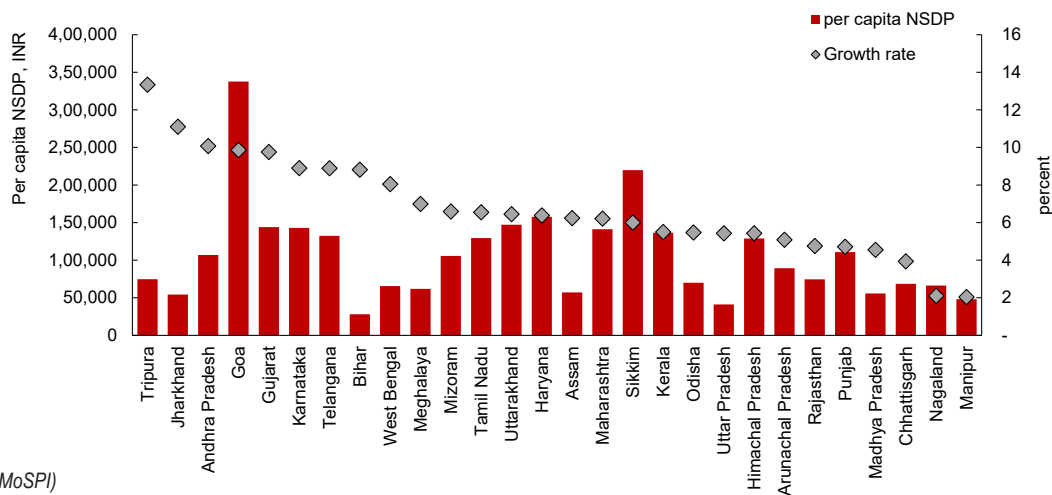
were also among the largest contributors to the growth of the five fastest-growing states in FY18. Andhra Pradesh, Tripura and Bihar had high growth rates in the agriculture sector while in Gujarat and Jharkhand, growth was dominated by the manufacturing sector.

In terms of per capita NSDP (at constant prices), Goa,

Sikkim, Haryana, Gujarat and Uttarakhand were the highest-ranked states in FY18. Madhya Pradesh, Jharkhand, Manipur, Uttar Pradesh and Bihar had the lowest per capita NSDP. Bihar and Uttar Pradesh are among the most populous states of the country.

When the states were ranked on the annual growth rate of

Per Capita Net State Domestic Product, FY18



(Source: MoSPI)

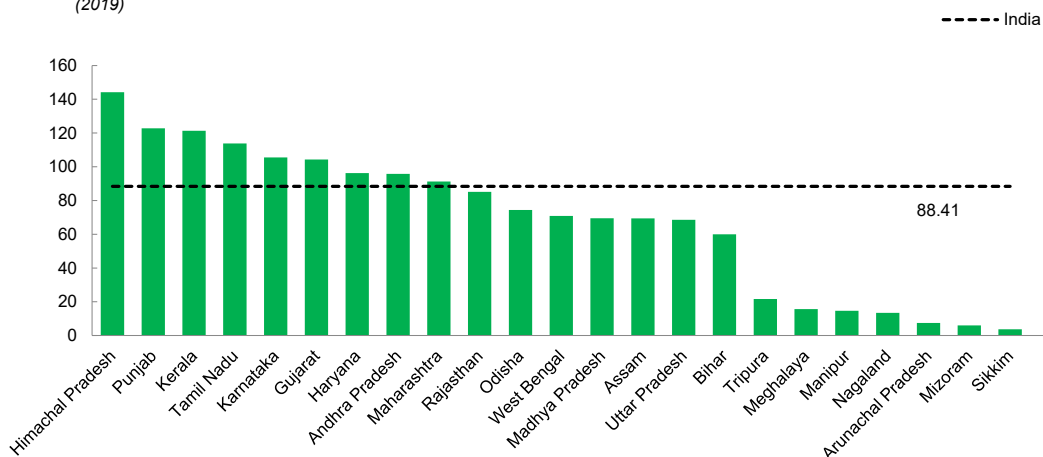
per capita NSDP, the pattern was different. Jharkhand and Tripura, which had low per capita NSDP in FY18, had the highest growth rates of 11.10% and 13.34%, respectively. Punjab, Madhya Pradesh, Chhattisgarh, Nagaland and Manipur recorded the lowest growth rates. Manipur was the only state that had a low per capita NSDP and a low growth rate in FY18.

Economic growth and development are essential for reducing poverty and inequality. The number of people living below the poverty line, Gini coefficient and the Palma ratio are some common indicators of measuring poverty and inequality in a region. Gini coefficient measures the extent of the dispersion of income among individuals or households and a higher Gini coefficient

indicates higher inequality. Palma ratio, another measure of inequality, is the ratio of the income of the richest 10% individuals or households to the income of the poorest 40% individuals or households. A higher Palma ratio also indicates higher inequality. 22% of the Indian population lived below the national poverty line. Of the population of Bihar, Arunachal Pradesh, Manipur, Jharkhand and Chhattisgarh, 34% to 40% lived below the poverty line. In comparison, states like Goa, Kerala, Himachal Pradesh, Sikkim and Punjab had a population of 8% or less living below the poverty line.

Urban India had higher inequality than rural India as indicated by their Gini coefficients of 0.36 and 0.28,

Mobile teledensity (2019)



(Source: Ministry of Communications)

# 2 STATE OF THE STATES

respectively. The Palma ratio of rural households was 0.92 and urban households was 1.41. This indicates that the richest 10% households in urban areas were 1.41 times richer than the bottom 40% households in urban India. In contrast, in rural areas, household income of the richest 10% was almost equal to the poorest 40%. The lower Gini coefficient and Palma ratio in rural households probably indicate that the income levels were low across all income groups. The rural areas of Arunachal Pradesh and Kerala had the highest inequality as reflected by their Gini coefficient of 0.35 and 0.36, respectively, and Palma ratio of 1.34 and 1.18, respectively. Urban households in Karnataka, Haryana and Kerala had the highest level of inequality with a Gini coefficient of 0.40 or more and Palma ratio between 1.72 and 1.83.

Other factors associated with higher growth rates are access to financial institutions and better infrastructure facilities. By 2019, almost all households had access to a bank account with an average 13 banking outlets serving 1 lakh people. However, the poorer states and those with higher population like West Bengal, Madhya Pradesh, Uttar Pradesh and Bihar had lower share of banking outlets. According to the Ministry of Rural Development, by 2018–19, almost 70% of the targeted habitations were connected by all-weather roads under the Pradhan Mantri Gram Sadak Yojana. However, north-eastern states like Nagaland and Meghalaya, along with Rajasthan, that have a difficult terrain, had poorer connectivity than the national average. India had a national average mobile

teledensity of 88. Himachal Pradesh, Kerala and Punjab had a mobile teledensity of more than 100 and they also have a larger share of internet subscribers compared to other states.

The growth of a state also depends on its ability to attract private investments and the ease-of-doing business. NITI Aayog came out with a state Innovation Index in 2019. The index ranked the states on seven pillars: human capital, investment, knowledge employment, business environment, safety and legal environment, and two performance indicators, knowledge output and knowledge diffusion. According to this, Karnataka, Tamil Nadu, Maharashtra, Telangana and Haryana were the top five states.

Economic growth along with robust social, institutional and development policies contribute to a state's welfare. For instance, Kerala has a moderately high per capita NSDP. It is also one of the best-performing states in the health and education sectors but has high levels of inequality. Maharashtra with a high GSDP, per capita NSDP, population base and a sound growth rate had moderate levels of poverty and inequality. In comparison, smaller states like Manipur and Nagaland had lower inequality but lagged behind in development and growth indicators. Going ahead, we will analyse the economic and social policies of the states to understand their growth and development trends.

## Sustainable Development Goals India Index 2019–20

### Overview

The Sustainable Development Goals (SDGs) is the world community's response to the myriad challenges threatening the planet and its life. The goals are designed to advance well-being and prosperity of all humans and the flourishing of all ecosystems and their lives, today and in the future. India is home to one-sixth of humanity and countless species of flora and fauna, as such its success in achieving the SDGs is crucial to the world attaining them. India is well aware of this responsibility, has adopted the SDG framework, and has committed to fully align its development agenda with the SDGs to enable timely achievement of the goals and their targets.

However, SDG action cannot be limited to the national level. Given the federal structure of the country and the division of powers and responsibilities between the Central and state governments as per the Constitution, for the SDGs to be achieved at the national level, it is imperative for the states to play the leading role.

NITI Aayog carries the mandate of overseeing the adoption and monitoring of SDGs in the country. NITI Aayog believes in the mantra 'what gets measured gets done'. This, coupled with the approach of cooperative and competitive federalism, resulted in the concept of the SDG India Index. The Index is the world's first government-led sub-national measure of SDG progress. It measures the progress of all states and union territories in their journey towards achieving the SDGs. The first edition of the Index was launched in December 2018; the second came out on 30 December 2019. A dashboard has been developed for the Index, with interactive visualization, which is in the public domain.

The Index adopts a methodology in which the status of each SDG, and the performance of each state and union territory, and that of the country overall, are measured on a scale of 0 to 100, where 100 implies achieving the target and 0 indicates worst performance.

While the 2018 edition of the Index covered 13 SDGs (SDGs 12, 13, 14 and 17 were excluded), the 2019 edition covers all the goals, with ranking on 16 SDGs and a qualitative assessment on SDG 17. While the 2018 edition used 62 indicators, the 2019 edition includes 100 indicators. In this manner, the 2019 edition of the Index is more robust, comprehensive, and refined compared to its first edition. The indicators used in the 2019 Index are derived from the Ministry of Statistics and Programme Implementation's National Indicator Framework (NIF), which makes the Index aligned to the NIF.

Launch of the SDG India Index and Dashboard 2019–20 on 30 December 2019



# 3 POLICY & PROGRAMME

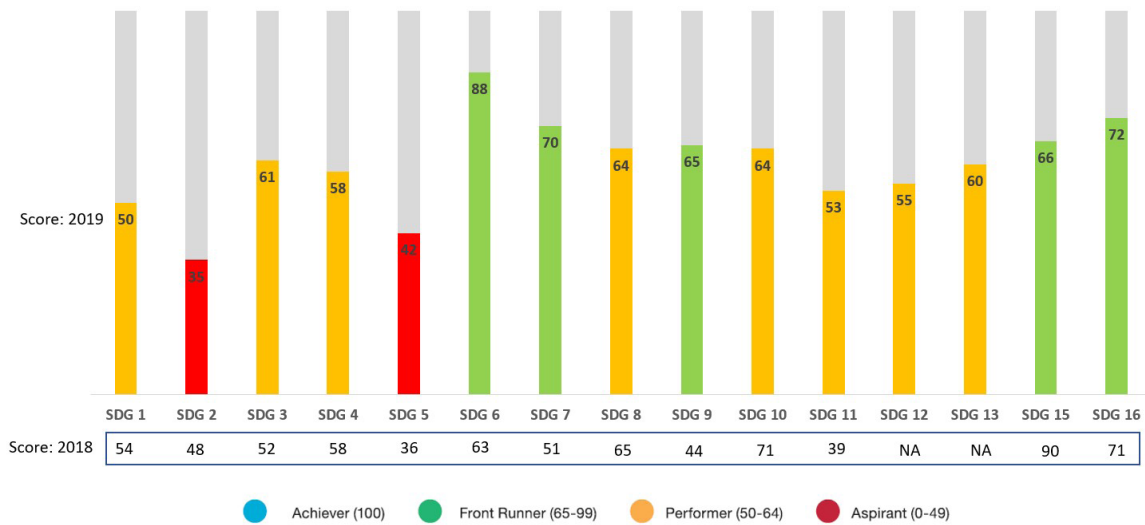


Figure 1: Goal-Wise Score for the Country for 2019–20. Numbers in the Box at the Bottom Denote Score in 2018

## Results

The composite score for India as per the 2019 edition of the Index is 60, which is an improvement from the 2018 score of 57. The highest score was achieved in SDG 6 (clean water and sanitation): 88, the lowest in SDG 2 (nutrition and zero hunger): 35.

The biggest improvement from 2018 to 2019 are in SDGs 6 (+25), 7 (+19), and 9 (+21). The commendable improvement in SDG 6 can be attributed to the success of Swachh Bharat Mission and Jal Jeevan Mission. The progress in SDG 7 is largely due to the universal electrification of households under the Saubhagya scheme and provisioning of clean cooking fuel under the Ujjwala scheme. The advancement in SDG 9 can be credited to the coverage of habitations under Pradhan Mantri Gram Sadak Yojana and the commendable strides made in digital inclusion, and internet and mobile penetration. India’s progress in the Ease-of-Doing-Business global ranking from 77 in 2018 to 63 in 2019 also has contributed to the improvement under SDG 9.

Among the states, Kerala scored the first rank with a score of 70. Himachal Pradesh came second with 69. Among the union territories, Chandigarh secured the top position with a score of 70 and Puducherry came second with 66. Delhi has come fifth among the nine union territories with a score of 61.

Three states shared the third rank, Andhra Pradesh, Tamil Nadu, and Telangana, with a score of 67. Arunachal Pradesh, Jharkhand and Bihar stood at the bottom of the table, with scores of 53, 53 and 50, respectively.

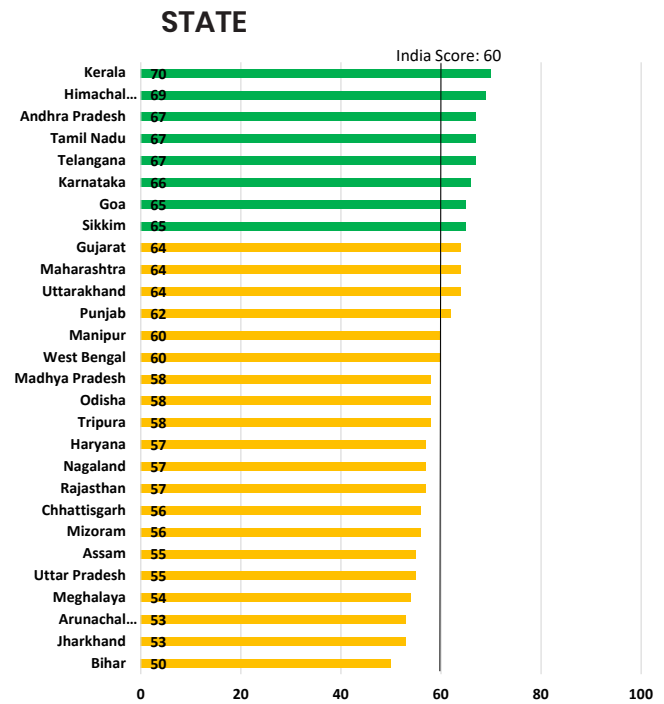


Figure 2: State-Wise Composite Score

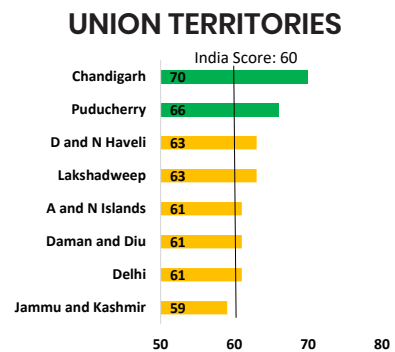


Figure 3: UT-Wise Composite Score

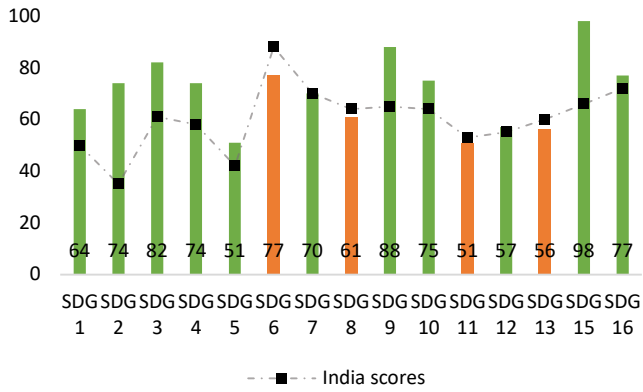


Figure 4: Goal-Wise Score of Kerala, the State at the Top of the Table, and Country Score (Line)

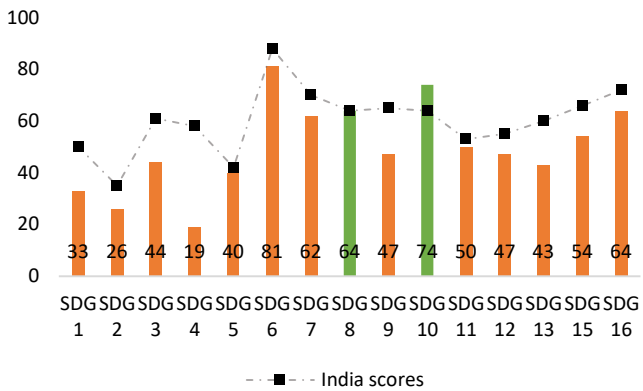


Figure 5: Goal-Wise Score of Bihar, the State at the Bottom of the Table, and Country Score (Line)

## Improvements

All three states that scored less than 50 in 2018 (Assam, Bihar, and Uttar Pradesh) and were in the category of 'Aspirants' have improved their score to above 50 and graduated to the category of 'Performer' with scores falling in the range of 50 to 64. Five states that scored between 50 and 64, including both (Andhra Pradesh, Goa, Karnataka, Sikkim, and Telangana), have scored 65 or more in 2019, thereby moving from 'Performer' category to 'Front Runner' category.

States	2018 Rank	2019 Rank	Direction of change
Kerala	1	1	Blue bar
Himachal Pradesh	1	2	Red triangle down
Tamil Nadu	3	3	Blue bar
Andhra Pradesh	4	3	Green triangle up
Goa	4	7	Red triangle down
Gujarat	4	9	Red triangle down
Karnataka	4	6	Red triangle down
Maharashtra	4	9	Red triangle down
Telangana	9	3	Green triangle up
Punjab	10	12	Red triangle down
Uttarakhand	10	9	Green triangle up
Manipur	12	13	Red triangle down
Mizoram	12	21	Red triangle down
Rajasthan	12	18	Red triangle down
Chhattisgarh	15	21	Red triangle down
Sikkim	15	7	Green triangle up
West Bengal	17	13	Green triangle up
Haryana	18	18	Blue bar
Tripura	18	15	Green triangle up
Madhya Pradesh	21	15	Green triangle up
Meghalaya	21	25	Red triangle down
Arunachal Pradesh	23	26	Red triangle down
Nagaland	23	18	Green triangle up
Odisha	23	15	Green triangle up
Jharkhand	26	26	Blue bar
Assam	27	23	Green triangle up
Bihar	28	28	Blue bar
Uttar Pradesh	29	23	Green triangle up

Figure 6: States and Ranks in 2019 and 2018

Union Territories	2018 Rank	2019 Rank	Direction of change
Chandigarh	1	1	Blue bar
Puducherry	2	2	Blue bar
Daman and Diu	3	5	Red triangle down
Delhi	4	5	Red triangle down
Lakshadweep	4	3	Green triangle up
A and N Island	6	5	Green triangle up
Dadra and Nagar Haveli	7	3	Green triangle up
Jammu & Kashmir and Ladakh	20	8	Red triangle down

Figure 7: UTs and Ranks in 2019 and 2018

# 3 POLICY & PROGRAMME

## Fastest movers

The biggest improvement from 2018 was achieved by Uttar Pradesh, with an increase of 13 points in its score and a jump in rank from twenty-ninth to twenty-third. Odisha and Sikkim came second, with a jump of seven points each. While Odisha jumped from the twenty-third position to the fifteenth, Sikkim improved from fifteenth to seventeenth rank. These states have achieved commendable progress in SDGs 6 (clean water and sanitation), 7 (affordable and clean energy), 9 (industry, innovation, and infrastructure), due to the success of the various government schemes and programmes in these areas.

## Individual State/Union Territory Profiles

In addition to ranking, the 2019 edition of the Index report also has a section on profiles of all states and union territories focusing on their relative performance and indicator values. This will encourage evidence-based policymaking by supporting states and union territories to benchmark their progress, identifying priority areas, and sharing best practices.

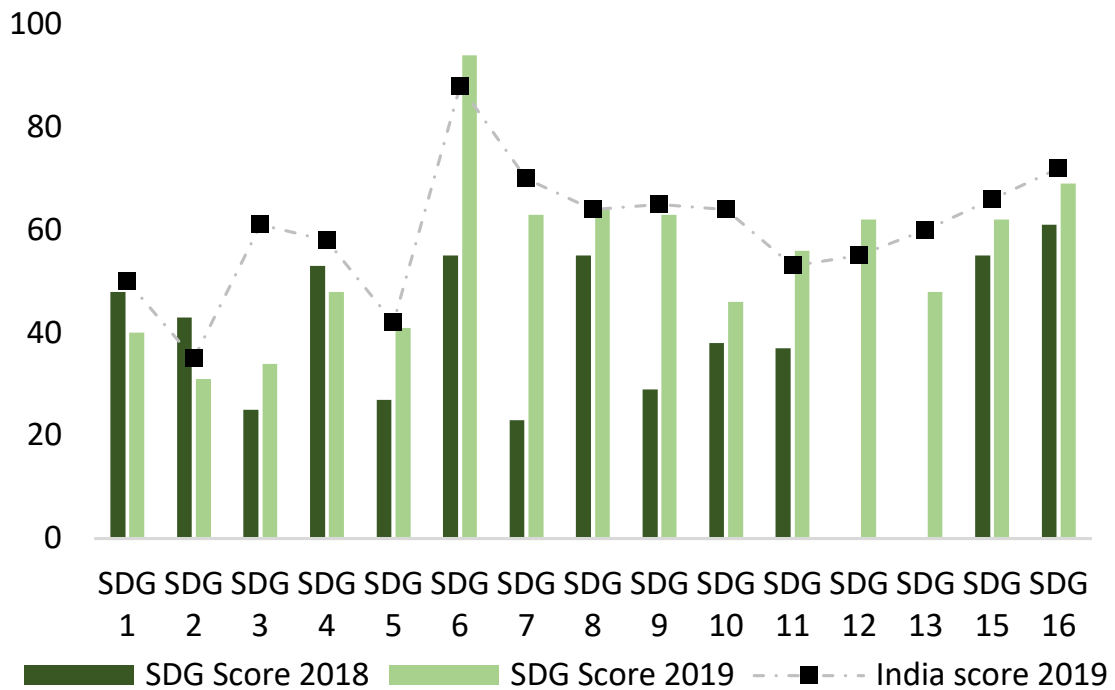


Figure 8: Goal-Wise Change in Score from 2018 to 2019 for Uttar Pradesh, the Fastest Mover

# 3 POLICY & PROGRAMME

## SDG Index Dashboard

The online dashboard for the Index has been revamped—the new dashboard hosts state-of-the-art visualization and analysis tools for data at the national, state and union territory levels to collect and analyse feedback. The dashboard will greatly help the governments, civil society, think tanks, and the academia in carving out useful insights, which the states and union territories can use for faster progress under the SDG framework.

The Index is designed to function as a tool for focused

policy dialogue, formulation and implementation, and moving towards development action pegged to globally recognizable metrics. It will also help highlight crucial gaps related to monitoring SDGs and the need for improving statistical systems at the national, state and union territory levels.

**The Index report can downloaded from:** [https://niti.gov.in/sites/default/files/2019-12/SDG-India-Index-2.0\\_27-Dec.pdf](https://niti.gov.in/sites/default/files/2019-12/SDG-India-Index-2.0_27-Dec.pdf).

**The Index dashboard can be accessed at:** <http://sdgindiaindex.niti.gov.in/>.



End poverty in all its forms everywhere

## World Bank Jan Economic Prospects Puts Global Growth at 2.5% for 2020

World Bank January Economic Prospects put global growth at 2.5% for 2020. One of the focus areas is factor productivity, as productivity growth has been the major source of per-capita income growth in emerging economies. Since the global financial crisis, labour productivity growth has slowed, raising concerns about global growth and overall economic progress and development.

**Read more:** <http://pubdocs.worldbank.org/en/778161574888355532/Global-Economic-Prospects-January-2020-Topical-Issue-1.pdf>

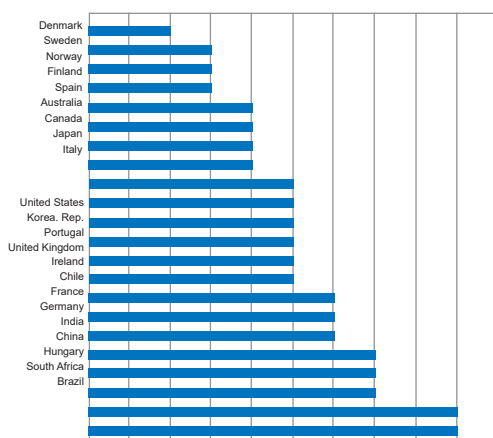
## China and US Sign First Phase of Trade Deal

The two largest economies caught in a trade tussle recently signed the first phase of the much-awaited trade deal. However, this deal leaves much of the impact of the trade conflict to be countered, but some see it as a respite from further rise in tariffs.

**Read more:** <https://edition.cnn.com/2020/01/19/perspectives/us-china-phase-one-trade-deal/index.html>

## India 76<sup>th</sup> on World Economic Forum's Global Social Mobility Index 2020

Number of generations it would take for those born in a low-income family to approach mean income



India ranked 76<sup>th</sup> out of 82 economies in the Global Social Mobility Index 2020 by the World Economic Forum. The Global Social Mobility Index is designed to provide policymakers with means to identify areas for improving social mobility and promoting equally shared opportunities in their economies, regardless of development.

**Read more:** [http://www3.weforum.org/docs/Global\\_Social\\_Mobility\\_Report.pdf](http://www3.weforum.org/docs/Global_Social_Mobility_Report.pdf)

## New Coronavirus in China Becomes Major Public Health Concern

An outbreak of a new coronavirus in China has spread to more cities, as the number of patients tripled and a third person died, raising Chinese and global public health concerns

**Read more:** <https://reut.rs/37KWYao>

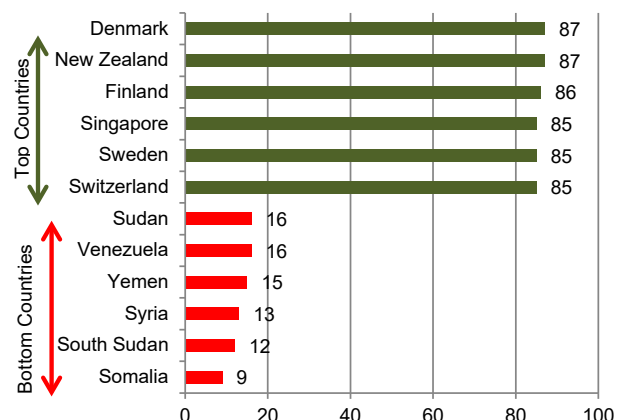
## Climate-Linked Risks May Dominate This Year: Global Risks Report



The Global Risks Report 2020 by the World Economic Forum, estimates that the five most likely global risks in 2020 would all be climate related, while five most potent ones would be climate action failure, weapons of mass destruction, biodiversity loss, extreme weather and water crises.

**Read more:** <https://bit.ly/3aOljgE>

## India slips to 80<sup>th</sup> rank in Corruption Perceptions Index 2019



India ranked 80<sup>th</sup> out of 180 countries on Transparency International's Corruption Perceptions Index 2019. India's score, however, remains the same at 41 as last year.

**Read more:** <https://bit.ly/2Rwo6EG>



## PM Chairs Economists' Meet in NITI Aayog on 9 January

NITI Aayog organized a meeting with various senior economists, private equity and venture capitalists, business leaders from manufacturing, travel and tourism, apparel and FMCG, analytics, subject experts in the fields of agriculture, science and technology and finance on 9 January. The meeting was chaired by Hon'ble Prime Minister Narendra Modi.



## IEA Launches In-Depth Review of India's Energy Policies

In partnership with NITI Aayog, International Energy Agency (IEA) on 10 January released the first in-depth review of India's energy policies. Dr Fatih Birol (Executive Director of the IEA) presented the key findings of the review in the presence of Pralhad Joshi (Minister of Coal), Dharmendra Pradhan (Minister of Petroleum and Natural Gas and Minister of Steel), RK Singh (Minister for Power and Renewable Energy), Dr Rajiv Kumar (Vice Chairman, NITI Aayog), Amitabh Kant (CEO of NITI Aayog), and others.



## NITI & Ladakh Signs MoU for Infrastructure Projects

In an important initiative to promote the development of key infrastructure sectors in the newly constituted union territory of Ladakh, NITI Aayog entered into a memorandum of understanding with the UT's administration on 17 January. Under this, NITI Aayog will be supporting Ladakh through its key initiative 'Development Support Services to States for Infrastructure Projects (D3S-i)'.



## AIM & UNDP host 3-day Youth Co:Lab National Innovation Challenge

Atal Innovation Mission and United Nations Development Programme hosted a three-day-long Youth Co:Lab national innovation challenge in Delhi from 17–19 January after a series of successful challenges held in two phases across the country. Youth Co: Lab aims at fostering technology, promoting youth leadership and social entrepreneurship in India.



## 'India's Trillion-Dollar Opportunities': An Interaction with Vivek Wadhwa

NITI Aayog CEO Amitabh Kant chaired an interactive presentation on India's trillion-dollar opportunities, delivered by Vivek Wadhwa, a distinguished fellow and professor at Carnegie Mellon University's College of Engineering and a distinguished fellow at Harvard Law School's Labor and Worklife Program.



## NITI Aayog releases its vision for the National Data and Analytics Platform

NITI Aayog released its vision for the National Data and Analytics Platform on 23 January. The platform aims to democratize access to publicly available government data. The vision document was released by Dr Rajiv Kumar, Vice Chairman, NITI Aayog, in the presence of Amitabh Kant, CEO, NITI Aayog, senior officials from various ministries and state governments, academics and researchers.



## NITI Aayog, Ministry of Railways Host Consultation on 31 December 2019

Co-chaired by NITI Aayog CEO Amitabh Kant and Railway Board Chairman Vinod Kumar Yadav, NITI Aayog and Railways Ministry hosted an interactive stakeholder consultation on private-sector participation in passenger train operations in Indian Railways.







**NITI Aayog**