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ECONOMY

India to contribute more to global economy in the next 80 years: Veteran Economist KV Subramanian

Date: 4 July 2024



As India’s economy transforms into the fifth largest in the world, its global economic role evolves. Krishnamurthy V Subramanian, Executive Director of the International Monetary Fund, addressed the G-24 Intergovernmental group on this shift. He emphasized the increased influence of emerging economies, highlighting India's significant role. Subramanian, stated, “Emerging economies today carry far more weight in the global economy than eighty years back. Policies that foster this growth will be enormously beneficial for the global economy.” He predicted that India's contribution to global growth will be substantially larger over the next eighty years.

Source: Times Now

TRADE

India may gain from trade actions against China: IMF

Date: 3 July 2024

International Monetary Fund (IMF) chief economist Pierre-Olivier Gourinchas stated that India might benefit from tariffs and other actions against China. At the TN Srinivasan Memorial lecture, he noted, “India is already benefiting from large FDI inflow since 2020.” He suggested that India could gain more if higher tariffs extend to countries heavily trading with China. However, he cautioned that such measures might not yield large gains and could affect trade, capital, and labor flows, making global cooperation on issues like climate and debt more challenging.



Source: The Times of India

STEEL

Steel body wants merger of three Companies with SAIL for synergy

Date: 5 July 2024

The Steel Executives Federation of India (SEFI) urged the steel ministry to merge Rashtriya Ispat Nigam Limited (RINL), Ferro Scrap Nigam Limited (FSNL), and Nagarnar steel plant with the Steel Authority of India Limited (SAIL). Representing several major firms, SEFI proposed this merger to form a mega public sector undertaking, addressing issues like inadequate human resources and raw materials. This could help SAIL achieve its 35 million tonnes capacity expansion target by 2030.



Source: The Economic Times

GREEN ENERGY

Budget 2024: Industry expects sops to replace gray with green hydrogen, easier land acquisition

Date: 5 July 2024



The Ministry of New and Renewable Energy has issued guidelines for funding testing facilities, infrastructure, and institutional support under the National Green Hydrogen Mission. These norms aim to identify gaps in existing testing facilities for components, technologies, and processes in the green hydrogen value chain. They also support the creation and upgrading of facilities for safe and secure operations. With a budgetary outlay of ₹200 crore until the financial year 2025-26, part of the ₹19,744 crore mission, the National Institute of Solar Energy will oversee the scheme's implementation.

Source: The Economic Times

TELECOM

Telecom tariff hike: Govt, regulator won't intervene in matter

Date: 4 July 2024

The government and telecom regulator have no intention of intervening in telcos' price increases, as tariffs in India remain among the world's cheapest. Officials emphasize the need for companies to improve service quality. "There is enough competition in the telecom sector, and the situation does not require intervention," an official told ET anonymously. India's three private telcos raised mobile tariffs by 11-25%, effective this week. Analysts predict this will increase urban household spending on telecom services to 2.8% of expenditures in fiscal 2025 from 2.7% in FY24. The price hike follows a three-year gap.



Source: The Economic Times

BANKING

RBI Governor urges banks to step up efforts against 'mule accounts' & intensify customer awareness initiatives

Date: 3 July 2024



In a meeting with MDs and CEOs of public and select private sector banks, RBI Governor Shaktikanta Das urged intensified efforts against 'mule accounts' and enhanced customer awareness to curb digital fraud. He emphasized robust cybersecurity controls and managing third-party risks. Das noted improvements in asset quality, loan provisioning, capital adequacy, and profitability. Acknowledging the banking sector's resilience, he highlighted the need to further strengthen governance standards, risk management practices, and compliance culture in banks.

Source: The Economic Times

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News from International Publications

Le Pen's far-right defeats Macron in first round of French snap election

Date: 1 July 2024

Marine Le Pen's far-right Rassemblement National (RN) made significant gains, securing 34% of the vote in France's snap parliamentary elections' first round. President Macron's centrist Ensemble alliance trailed with 20.3%, while the leftwing Nouveau Front Populaire captured 28.1%. The results indicate a potential shift towards nationalist governance, which could have profound implications for Europe. Le Pen praised the outcome as a rejection of Macron's administration, foreseeing a path for RN to lead the National Assembly pending the final round on July 7.



Source: Financial Times

Tories braced for bleak night as polls put Labour on track for landslide win

Date: 4 July 2024



Britain is heading to the polls with Keir Starmer's Labour Party predicted to win in a historic landslide, potentially surpassing Tony Blair's 1997 victory. Polls indicate a Labour majority of over 200 seats, with Conservatives facing their worst defeat since 1906. Rishi Sunak's ally Mel Stride anticipates a massive Labour win, and Rupert Murdoch's The Sun has endorsed Starmer, further dampening Tory morale. Polls project Labour winning 431 seats, Conservatives 102, and Liberal Democrats a record 72. Labour strategists worry about voter complacency due to assured victory. Despite Sunak's warnings, Labour maintains a consistent 20-point lead.

Source: Financial Times

News from International Publications

Democrats defend Biden as poll shows mounting doubts over fitness for office

Date: 1 July 2024

Amidst criticism following a poor debate showing, leading Democrats rallied to support Joe Biden. His campaign intensified efforts to mitigate fallout, with calls emerging from within the party for the 81-year-old President to step aside in favor of a younger contender, citing age and fitness concerns. A CBS News-YouGov poll indicated 72% of voters believe Biden should not seek reelection, a notable increase from February's 63%. The developments underscore growing unease within the Democratic ranks about Biden's candidacy.



Source: Financial Times

EU leaders fear another Trump presidency

Date: 1 July 2024



During a meeting with an EU leader earlier this year, the European delegation initially found President Biden sharp and cogent, until he ended with the same anecdote he started with, causing concern. Worries about Biden's age, mental acuity, and ability to beat Donald Trump in November have grown in European capitals, with fears over the impact of a Trump return on transatlantic trade, security, and Ukraine. Biden's disastrous debate performance on Friday intensified these concerns, prompting rare open criticism from European officials.

Source: Financial Times

News from International Publications

'Food wars' warning as global supplies wane

Date: 1 July 2024

Geopolitical tensions and climate change are leading to potential "food wars" as countries clash over shrinking supplies, according to a major agricultural commodity trader. Speaking at a recent conference, Verghese highlighted that government-imposed trade barriers to protect domestic food stocks have worsened food inflation. While big agricultural traders saw record profits in 2022 due to the Ukraine conflict, they are accused of price mark-ups. Verghese argued that government interventions, with 1,266 trade barriers from 154 countries, have exaggerated the demand-supply imbalance.



Source: Financial Times

Crude oil prices rally to two-month high ahead of peak US driving season

Date: 4 July 2024



Thousands of Chinese engineers and technicians are struggling to obtain Indian visas, creating a bottleneck that challenges India's ambition to become a key "China plus one" manufacturing hub. Pankaj Mohindroo, chair of the India Cellular & Electronics Association, stated that the flow of critical skills for the electronics industry has halted. Over the past two to three years, numerous Chinese business and employment visa applications have been rejected, with many others deterred from applying due to fear of rejection. In 2020, India imposed stringent curbs on Chinese business amidst the Covid-19 pandemic and deadly border clashes. The external affairs and home ministries have not commented on the backlog.

Source: Financial Times

News from International Publications

European groups urge Brussels action to halt threat of cheap Chinese imports

Date: 2 July 2024

Major European industrial groups are urging Brussels to enforce stricter subsidy rules to protect the region's hydrogen equipment sector from inexpensive Chinese imports. They propose "made in Europe" criteria to safeguard local manufacturers, as Chinese equipment costs less than half of European counterparts. The push, backed by 20 firms like Siemens Energy and Thyssenkrupp Nucera, reflects concerns over European industrial leadership amid competitive pressures. This effort coincides with the EU's firmer stance on China, including tariffs on electric vehicles and investigations into solar and wind sectors.



Source: Financial Times

FDA to ban BVO, an additive used in some sodas, sports drinks

Date: 4 July 2024



The FDA has revoked its authorization for using brominated vegetable oil (BVO) in food and beverages, effective August 2, because safety concerns based on studies with the NIH indicate potential adverse health effects. BVO, modified with bromine, is used in some sports drinks and sodas but is now found in a few U.S. beverages. Major brands like Coca-Cola and PepsiCo have already removed BVO from their products. The Environmental Working Group praised the decision, urging consumers to read labels. BVO is banned in California, the EU, India, and the UK due to health risks like bromine toxicity. Other companies have one year to comply.

Source: The Washington Post

News from International Publications

Iran Withstands U.S. Pressure, Extends Its Global Influence

Date: 2 July 2024

The winner of Iran's presidential election will face domestic unrest and an economy crippled by sanctions but will benefit from Iran's increased international influence. Under Supreme Leader Ayatollah Ali Khamenei, Iran has aligned with Russia and China, moving away from Western integration. Despite ongoing U.S. sanctions, oil sales to China, and weapons deals with Russia have provided crucial support. Iran has also capitalized on U.S. policy errors in the Middle East. Consequently, Iran now poses a significant threat to the U.S. allies, with a stronger military presence and Iranian-backed groups attacking Saudi oil facilities and controlling Iraqi policies



Source: The Wall Street Journal

U.K. Conservatives Face Sweeping Defeat In Coming Election

Date: 3 July 2024



Prime Minister Rishi Sunak is expected to be ousted, with the Conservative Party facing its worst defeat in over a century. Polls indicate the Labour Party, led by Keir Starmer, will win by a 20-point margin, ending 14 years of Tory rule. The Conservatives are projected to win just 20% of the vote, down from 43.5% in 2019, potentially securing only 64 seats in Parliament. Sunak's campaign has been marred by errors, despite his calls for a strong opposition.

Source: The Wall Street Journal