

veKLY NEWSWRAP

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ECONOMY

Bangladesh Crisis: How is the Indian economy affected by the political turmoil?

Date: 7 August 2024



Bangladesh Prime Minister Sheikh Hasina, who prioritized economic progress, resigned in August 2024 amid violent protests. Her departure threatens India-Bangladesh trade relations, which had flourished under her leadership, particularly in sectors like textiles, medical tourism, and infrastructure. Despite the crisis, experts suggest that the overall impact on India's trade will be minimal due to its diversified export portfolio. However, specific industries like cotton yarn may face disruptions, and ongoing projects and investments might be delayed, affecting connectivity and future agreements.

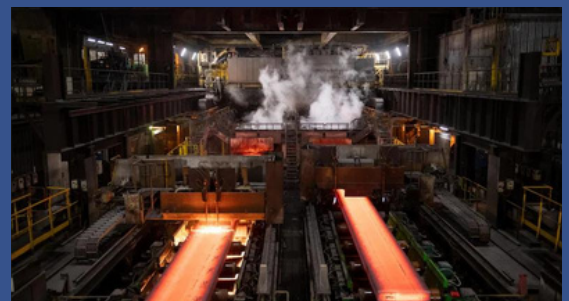
Source: Financial Express

TRADE

Germany's proposed low emission steel standard may hurt India biz: GTRI

Date: 9 August 2024

Germany's proposed Low Emission Steel Standard (LESS) presents new challenges for India's steel industry, already struggling with declining exports, increased imports, and Europe's carbon tax. While not legally bound to follow LESS, Indian producers risk losing competitiveness in global markets by not aligning with it. LESS categorizes steel based on carbon emissions, potentially harming India's exports. GTRI suggests investing in low-carbon technologies and aligning national standards with LESS to remain competitive in the evolving global market.



Source: Business Standard

STEEL

Mineral taxation greenlit by Supreme Court, could raise steel costs by ₹1,500 per tonne

Date: 8 August 2024



The judgment arrives amid ongoing debates over fiscal federalism and is seen as a pivotal move that could lead to increased production costs across several core sectors of the economy. "The ruling might elevate production costs, affecting miners' profitability and future investments," said Anshuman Bharati, a credit analyst, S&P Global Ratings. He further noted, "This in turn could reverberate to sectors that consume these materials, such as steel, aluminium, cement, oil and gas, and coal."

Source: The Economic Times

ELECTRONICS

Rs 1.82 trillion GST from mobile phones 5 times what PLI allocated

Date: 8 August 2024

The Indian Cellular Association (ICEA) estimates that GST collections from mobile devices will reach ₹3.09 trillion between FY21 and FY26, significantly exceeding the ₹34,149 crore allocated to the mobile device Production Linked Incentive (PLI) scheme. However, actual PLI disbursements may decrease to around ₹31,000 crore as some eligible firms have not qualified. ICEA Chairman Pankaj Mahendroo noted that the initial 12% GST rate in 2020 was sufficient to self-fund the mobile PLI, despite the current 18% GST rate.

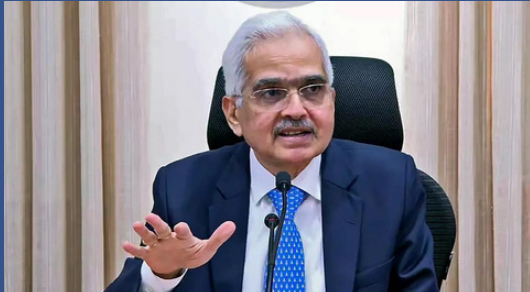


Source: Business Standard

RBI

RBI flags potential risks and challenges in financial sector

Date: 9 August 2024



The Reserve Bank of India (RBI) has highlighted potential risks in the financial sector, including banks' increased reliance on bulk deposits to meet credit demand, rapid growth in certain personal loan segments, and top-up loans. RBI Governor Shaktikanta Das emphasized the need for proactive risk management, urging banks to mobilize household savings and adhere to regulatory guidelines. He also stressed the importance of robust IT and cybersecurity frameworks, following a global IT outage, to maintain operational resilience in the increasingly tech-dependent financial landscape.

Source: The Hindu Business Line

AUTOMOBILE

EV sales rose 55.2% to 179,000 units in July led by two-wheelers : FADA

Date: 6 August 2024

In July, electric vehicle (EV) sales in India surged by 55.2% year-on-year to 179,038 units, driven primarily by a 96% increase in electric two-wheeler sales, totaling 107,016 units. Electric three-wheeler sales grew by 18.18% to 63,667 units, while commercial EV sales doubled to 816 units. However, electric passenger vehicles saw a slight decline of 2.92%. FADA President Manish Raj Singhania attributed the growth to attractive discounts and the anticipated end of the Electric Mobility Promotion Scheme (EMPS), which has been extended to September 30 with increased funding.



Source: Business Standard

TELECOM

New quality norms to raise compliance burden, costs for telecom firms: COAI

Date: 4 August 2024



India's telecom service providers, represented by the Cellular Operators Association of India (COAI), expressed disappointment with the new quality of service (QoS) norms set by the Telecom Regulatory Authority of India (Trai). The regulations introduce stricter benchmarks, monthly reporting, and penalties, significantly increasing compliance costs without clear benefits to consumers. COAI highlighted challenges like right of way issues, electromagnetic interference, and external factors impacting service quality. Despite these concerns, telcos remain committed to enhancing infrastructure and adopting advanced technologies for better service.

Source: The Mint

News from International Publications

Cracks in economy pose risks to Harris

Date: 6 August 2024

Recent economic turbulence is being leveraged by Donald Trump's campaign to challenge Vice President Kamala Harris, highlighting economic instability as a key election issue. Trump has repeatedly emphasized the downturn, linking it to Harris and "Bidenomics." Despite Harris's gains since President Biden exited the race, Trump maintains an advantage on economic perceptions. Democrats argue it's premature to judge the economy's direction, with months of data still pending. The Harris campaign counters by pointing to Trump's economic track record and defending Biden's stewardship.



Source: The Wall Street Journal

China's manufacturing subsidies lead world

Date: 6 August 2024



China leads the world in manufacturing subsidies, spending nearly \$250 billion in 2019, outpacing the U.S., EU, and other Asian countries. This financial support is driving global backlash and dominating key industries like clean energy and computer chips. Ninety-nine percent of Chinese public companies disclose receiving subsidies, which fuel their competitive edge. Despite Western nations' attempts to boost their industries, they struggle to match China's state-backed industrial policies. The Biden administration has allocated funds to revive American manufacturing, but challenges remain.

Source: Wall Street Journal

News from International Publications

Interim government will be formed in the coming days, army chief says

Date: 6 August 2024

Protests in Bangladesh have intensified after Prime Minister Sheikh Hasina fled to India amid escalating unrest. Protesters, celebrating her departure, vandalized a statue of the nation's founding president. The government plans to impose an interim administration, with elections likely delayed until November. Supporters of Hasina's ruling party face off against opposition factions, as violence and chaos grip the streets. Hasina's son defended her legacy, while citizens demand justice and a return to stability after weeks of turmoil.



Source: The Washington Post

World investors panic at signs of slowdown

Date: 6 August 2024



Global financial markets experienced a sharp decline on Monday due to fears of a U.S. recession in an election year. Wall Street suffered significant losses, with the Dow, Nasdaq, and S&P 500 all down sharply. Japan's Nikkei 225 and South Korea's Kospi also saw substantial drops. Tech stocks, including Nvidia, Apple, and Microsoft, were hit hard. The sell-off followed a weak U.S. jobs report, raising concerns about prolonged high interest rates. Economic anxieties quickly became a central issue in the presidential campaign.

Source: The Washington Post

News from International Publications

Harris bets on Walz as running mate to draw in more working-class voters

Date: 7 August 2024

Kamala Harris selected Minnesota Governor Tim Walz as her vice-presidential running mate for the upcoming U.S. presidential election. Walz, a former football coach, National Guardsman, and "labour champion," is seen as a strong candidate to appeal to working-class and rural voters in swing states. His selection was praised by both progressive and centrist Democrats. Walz, who has emerged as a prominent national figure, was chosen over other top contenders. The Trump campaign criticized the pick, labeling Walz a "radical leftist."



Source: Financial Times

Global stock markets fall sharply as fear over US recession drive sell-off

Date: 6 August 2024



Global stock markets plunged amid fears of a U.S. recession, with Japan's Topix suffering its worst day since 1987, dropping 12.2%. On Wall Street, the Nasdaq and S&P 500 fell sharply, though they later recovered some losses. The Vix "fear gauge" hit its highest level since 2020. Concerns over the Federal Reserve's slow response to economic weakness fueled market panic, with expectations of rapid interest rate cuts. The sell-off was worsened by the unwinding of the yen carry trade, and Donald Trump seized on the turmoil to criticize the Biden administration.

Source: Financial Times

VEKLY NEWSWRAP, a VeKommunicate property, is a round up of important national and international news from different sector, during the last one week. The information is compiled basis the 'sources' mentioned.