

veKLY NEWSWRAP

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ECONOMY

India needs 75 yrs to reach quarter of US per capita GDP: World Bank

Date: 2 August 2024



The World Development Report 2024 predicts China will need over 10 years, Indonesia nearly 70 years, and India 75 years to reach a quarter of US per capita income. India's growth faces serious challenges, risking its goal of becoming a \$30 trillion economy by 2047. Global economic fragmentation and geopolitical tensions further impede progress. India's firms struggle with growth, lacking effective resource allocation. The World Bank warns many nations face a "middle-income trap," hindering progress to high-income status.

Source: Financial Express

TRADE

Crude oil output costs to rise by \$1 per barrel on Union Budget move

Date: 1 August 2024

The removal of duty exemptions for chemicals essential to crude production in the latest budget, has raised production costs by \$1 per barrel, and led to an annual cost increase of about \$40 million, officials at upstream companies said. Specific chemicals used for enhanced oil recovery (EOR) in ageing fields, have seen duty exemptions being removed, they stressed. One such chemical is Partially Hydrolyzed Polyacrylamide (HPAM), a widely used polymer in the oil and gas industry.



Source: Business Standard

GREEN ENERGY

Transforming urban transport: Can electric buses lead India's green transit revolution?

Date: 2 August 2024



In her Budget speech, Finance Minister Nirmala Sitharaman announced measures for infrastructure, manufacturing, healthcare, education, startups, and green energy. Key highlights include initiatives for critical minerals and green transition to achieve net-zero goals, AUSC technology for thermal power, pumped hydro storage, and the abolishment of angel tax. The extension of the PLI scheme and a fund for solar infrastructure will boost solar PV manufacturing. Measures for energy efficiency and smart meters aim to support renewable energy targets and reduce carbon footprints.

Source: The Economic Times

AUTOMOBILE

Electric vehicle subsidy extended by two months – September 30 new deadline

Date: 29 July 2024

The Electric Mobility Promotion Scheme (EMPS) launched on April 1, 2024, aims to promote electric two-wheelers and three-wheelers, supporting the manufacturing ecosystem with a target of 5,60,789 vehicles (5,00,080 two-wheelers and 60,709 three-wheelers). This follows the FAME II program, which subsidized 13.65 lakh two-wheelers over three years before ending in March 2024. After FAME II, EV sales dropped, and with EMPS ending in September, a long-term solution for India's electric mobility ecosystem is awaited.



Source: Financial Express

MSME'S

Priority bank credit to MSMEs jumps 14% in June: RBI data

Date: 2 August 2024



Gross bank credit to MSMEs under priority sector lending reached Rs 25.31 lakh crore in June, a 14.2% increase from Rs 22.16 lakh crore in June 2023. Priority lending targets sectors like agriculture, education, housing, and renewable energy to support inclusive growth. Credit to micro and small enterprises grew by 14.2%, while credit to medium enterprises rose 14.3%. Despite growth, Crisil predicts a slowdown in MSME credit growth to around 15% in FY24. Measures to boost MSME credit include a Rs 100 crore credit guarantee scheme and increased Mudra loan limits.

Source: Financial Express

TELECOM

DoT allocates airwaves to all three telecom companies

Date: 2 August 2024

The Department of Telecommunications (DoT) has allocated spectrum to all three private telecom operators who purchased airwaves in the June auction. The companies had made the upfront payments on July 26, allowing DoT to garner over ₹1,000 crore from the spectrum sale.



Source: The Economic Times

TECHNOLOGY

20 new Software Technology Parks of India (STPI) approved

Date: 30 July 2024



The Software Technology Parks of India (STPI), under MeitY, has established 65 centers and approved 20 more. The 2012 Electronics Manufacturing Clusters (EMC) Scheme, which ended in 2017, approved 19 Greenfield EMCs and 3 Common Facility Centres across 15 states. To further enhance infrastructure, MeitY introduced EMC 2.0 on April 1, 2020, approving 5 EMC projects and 1 Common Facility Centre in 6 states. This update was provided by Minister Jitin Prasada in a Lok Sabha written reply.

Source: Times of India

News from International Publications

Vice President's Policy on China Likely Wouldn't Veer From Biden's

Date: 1 August 2024

Vice President Kamala Harris has criticized China's actions in the South China Sea and supported Taiwan's self-defense, but her meeting with Xi Jinping urged open communication. Her foreign policy towards China, if elected president, is expected to align with Biden's approach, focusing on alliances and addressing human rights and cyber theft. Despite tensions over issues like China's support for Russia, Harris aims to strengthen ties in the Indo-Pacific. Her limited foreign policy record and visits to Asia signal a commitment to countering Beijing's assertiveness.



Source: Financial Times

Polls put Harris and Trump level in race for White House

Date: 1 August 2024



On the up: Kamala Harris, centre, high fives supporters at a campaign rally in Atlanta, Georgia, on Tuesday

Vice President Kamala Harris is now level with former President Donald Trump in the polls, a week into her presidential campaign. After President Joe Biden's withdrawal and endorsement of Harris, she closed the polling gap, improving in key battleground states like Michigan and Wisconsin. Harris gained support among Black, Latino, young, female voters, and independents, though slightly declining with voters over 50. Predictive markets show her as a slight underdog. Her campaign raised \$200 million in less than a week, boosting Democratic enthusiasm.

Source: Financial Times

News from International Publications

Eurozone Economy Grows Slightly Amid German Weakness

Date: 31 July 2024

Eurozone growth remained steady at 0.3% in Q2, despite Germany's unexpected contraction. Larger economies like France and Spain, boosted by a surge in tourism, exceeded growth expectations. However, weak demand and geopolitical pressures hinder Germany's manufacturing sector. Although inflation is decreasing, the European Central Bank has lowered interest rates to stimulate demand and investment. The eurozone faces challenges from global economic conditions, notably low Chinese consumer demand impacting corporate profits and production.



Source: Wall Street Journal

First Solar seeks to take shine off China rivals through innovation

Date: 30 July 2024



First Solar, the largest U.S. solar manufacturer, has opened the country's largest solar research facility in Ohio. This \$500 million investment aims to innovate solar technology, particularly focusing on the unproven but potentially revolutionary perovskites. Amid intense competition with China and despite industry challenges due to low panel prices, First Solar continues to expand, bolstered by the Inflation Reduction Act's subsidies. While pushing for greater trade protections, the company's strategic focus on innovation and vertical integration offers reliability in a volatile market.

Source: Financial Times

News from International Publications

Gulf and India top list in push for trade deals

Date: 30 July 2024

The Labour government prioritizes trade deals with the Gulf Cooperation Council (GCC) and India, aiming to start talks in the autumn. Business and Trade Secretary Jonathan Reynolds plans to resume negotiations initiated by the Conservative government, including agreements with Israel, South Korea, Switzerland, and Turkey. Although previously seen as a major Brexit benefit, a US deal is absent from the list. Prime Minister Keir Starmer seeks an improved EU trade relationship. The government will publish a trade strategy to boost the economy and support net-zero ambitions.



Source: Financial Times

After embracing her ties to country, India now seems uncertain about Harris

Date: 29 July 2024



When Kamala Harris joined the 2020 Democratic ticket, her Indian heritage garnered excitement in India. However, as she nears a presidential nomination, the enthusiasm has waned due to perceived detachment from her Indian roots and critical comments on Indian democracy and human rights. Despite hosting Diwali celebrations and acknowledging her Indian ancestry, Harris is seen more as an American politician. Analysts suggest her Indian identity may not be politically advantageous, and her role in US-India relations has been minimal compared to other officials.

Source: The Washington Post

News from International Publications

Meloni pledges 'relaunch' of ties with China on first day of visit

Date: 29 July 2024

Italian Prime Minister Giorgia Meloni began a visit to China, pledging to "relaunch" bilateral relations after Italy's withdrawal from the Belt and Road Initiative (BRI). Meloni and Chinese Premier Li Qiang signed a three-year "action plan" to boost industrial cooperation and a food safety deal. Meloni emphasized the need for a fairer trade relationship and better market access. The visit aims to stabilize economic ties despite geopolitical uncertainties, with Meloni scheduled to meet President Xi Jinping next. The focus remains on maintaining beneficial economic relations with China.



Source: Financial Times

Reeves set to accuse Sunak of cover-up on public finances

Date: 29 July 2024



Rachel Reeves will accuse former PM Rishi Sunak of hiding the true state of public finances, as she announces spending cuts and prepares for autumn tax rises. Jeremy Hunt counters, accusing Reeves of making excuses for planned tax increases. Reeves claims a £20bn deficit was concealed, and will address capital project cuts and spending pressures, setting the Budget for October. The Treasury has not denied potential tax hikes, with options like raising capital gains tax and cutting pension relief on the table.

Source: Financial Times