

veKLY NEWSWRAP

August 17, 2024 / 93



ECONOMY

Rural economy is driving India's growth, Govt capex in infra will stimulate it

Date: 16 August 2024



The rural economy in India has outpaced urban areas in growth due to increased government spending, favorable monsoon conditions, and improved sowing data, as highlighted by a report from Anand Rathi. While growth is expected to moderate post-elections, infrastructure development, driven by Rs 11.1 trillion in capital expenditure, should continue to support rural demand. The report also notes India's strong GDP growth and positive fiscal outlook, with efforts to reduce the fiscal deficit potentially leading to an improved credit rating.

Source: The Economic Times

TRADE

Indian rice export rates fall on muted demand, prospects of higher supply

Date: 16 August 2024

Indian rice export prices declined this week due to subdued demand and expectations of higher production, with the 5% broken parboiled variety quoted at \$536-\$540 per metric ton. The Indian rupee's depreciation boosted exporters' returns. In contrast, Vietnam's 5% broken rice rose to \$570 per ton, driven by strong exports to Indonesia and Africa. Vietnam's July rice exports surged 46.3%, while Thailand's prices slightly increased to \$567 per ton. Bangladesh's domestic rice prices remained high despite good inventory.



Source: Business Standard

PHARMACEUTICAL

India's medicine, antibiotics exports gaining share in US, Italian markets

Date: 15 August 2024



India's pharmaceutical exports, particularly medicines and antibiotics, are gaining significant market share in the US and Europe. In 2023, India became the third-largest supplier of medicines to the US, increasing its market share to 13.1% with exports worth \$9 billion. India's antibiotic exports to Italy also rose, doubling its market share to 2.12%. Additionally, India's share in Germany's MRI apparatus market grew to 1.7%. These gains reflect the government's focus on boosting domestic pharma and medical device manufacturing, supported by the Production Linked Incentive (PLI) scheme.

Source: The Economic Times

STEEL

NMDC Steel hits 1 million tonne liquid steel output

Date: 15 August 2024

NMDC Steel Limited (NSL) achieved a production milestone of 1 million tonnes of liquid steel within a year of starting operations and is set to produce 1 million tonnes of hot rolled coils by August 23, 2024. The company's advanced steel plant in Nagarnar, Chhattisgarh, has produced 1.5 million tonnes of hot metal since its blast furnace launch in August 2023. Built with a Rs 22,900 crore investment, the plant aims to supply critical steel for infrastructure, automotive, and military needs.



Source: The Times of India

AUTOMOBILE

India's auto sector faces skill gap; 2 lakh EV-ready workers needed by 2030

Date: 16 August 2024



The Indian automotive industry will require up to 2 lakh skilled professionals by 2030 to achieve the government's 30% electric vehicle (EV) adoption target, according to the Society of Indian Automobile Manufacturers (SIAM). A total talent investment of ₹13,552 crore is expected for hiring and training. SIAM highlighted the need for specialized skills in battery technology, electronics, and motor design. The industry will need to add 30,000 EV-ready workers annually, with 43% of technical skills requiring fresh training due to minimal overlap with internal combustion engine (ICE) technology.

Source: Hindustan Times

RENEWABLE ENERGY

Renewable energy storage capacity to rise from 1 GW to 6 GW by year 2027-28

Date: 16 August 2024

India's renewable energy storage capacity is expected to surge from less than 1 GW in March 2024 to 6 GW by fiscal 2028, driven by a strong project pipeline, according to Crisil Ratings. This growth is crucial for integrating the increasing share of renewable energy into the power grid. Despite slow project implementation, government efforts to develop storage infrastructure, including standalone systems and storage-linked projects, are underway. India's ambitious targets include 500 GW of non-fossil electricity capacity by 2030 and net-zero emissions by 2070.



Source: The Economic Times

TELECOM

Telecom players' Arpu growth falls to 7.5% in FY24, shows govt data

Date: 15 August 2024



India's Average Revenue Per User (Arpu) for telecom players rose 7.5% in FY24, slower than the 20% growth in FY23. The overall monthly Arpu increased to ₹149, with prepaid Arpu rising 8% to ₹146.37. Postpaid Arpu grew 4.4% to ₹184.63 but remained below FY22 levels. The telecom sector's adjusted gross revenue (AGR) grew 8.24% to ₹2.7 trillion. Reliance Jio led with an AGR of ₹97,868 crore, while Bharti Airtel saw the highest growth at 12.12%. Spectrum usage charge collections declined due to 5G auction policy changes.

Source: Business Standard

News from International Publications

Inflation Hits Lowest Level Since 2021 in U.S.

Date: 15 August 2024

Inflation fell below 3% in July for the first time since 2021, with the consumer-price index rising 2.9% year-over-year, slightly under economists' expectations. Core inflation also hit a three-year low at 3.2%. This broad inflation slowdown may prompt the Federal Reserve to cut interest rates soon, shifting focus to potential labor market weaknesses. While housing costs increased, improvements in other sectors offset this. Markets reacted mildly, with major stock indexes rising and Treasury yields dipping.



Source: The Wall Street Journal

Chinese battery industry faces consolidation wave amid fierce competition

Date: 13 August 2024



China's battery industry is undergoing consolidation, with 19 gigafactory projects canceled or postponed this year due to overcapacity and declining EV sales. Smaller players are exiting as major companies continue expanding. New regulations are phasing out weaker firms, reducing China's 2030 battery capacity by 3%. The industry's shakeout is driven by competition, regulatory challenges, and profit declines, leaving top-tier manufacturers to dominate, though they face hurdles in global expansion due to regulatory and geopolitical complexities.

Source: Financial Times

News from International Publications

Harris leads Trump on economy in poll that marks sharp sentiment shift

Date: 12 August 2024

A new poll shows more Americans trust Kamala Harris over Donald Trump to handle the economy, with 42% favoring Harris compared to 41% for Trump. This marks a shift in voter sentiment following President Biden's withdrawal from the race. Despite Harris' improved numbers, underlying economic unease still benefits Trump, with 42% believing they would be better off if he won another term. Harris also has a higher approval rating than Biden, with 46% of voters approving of her performance as vice president.



Source: Financial times

Harris's Economic Team Takes Shape

Date: 15 August 2024



President Kamala Harris's economic vision aims to differentiate her from President Biden while maintaining key aspects of his policies. Her platform will focus on affordable housing, lowering costs for families, tackling corporate excess, and supporting small businesses. Harris plans to emphasize her background as a prosecutor and her advocacy for women, children, and minorities. While avoiding detailed proposals, her agenda will address issues like paid family leave, child care, healthcare, and an expanded child tax credit. Harris seeks to contrast her approach with former President Trump's.

Source: The Wall Street Journal

News from International Publications

Large western businesses fret over sluggish China demand

Date: 12 August 2024

Businesses are experiencing declining demand in China due to a slowing economy, shrinking appetite for foreign brands, and intense domestic competition. WPP reported a 25% drop in Chinese sales. China's weak property market and economic uncertainty have reduced consumer spending, especially on non-essential goods. Foreign carmakers, particularly German brands, are losing market share to domestic rivals amid the shift to electric vehicles, further intensifying the challenges for multinational companies.



Source: Financial Times