

# **WEEKLY NEWS WRAP**

October 5, 2024 / 100



# ECONOMY

## View: India won't grow without taking on the world

Date: 4 October 2024



Indian manufacturing has grown slowly under Modi's "Make in India" policy, with limited success in boosting the sector. While export-driven areas like mobile phones have thrived, others have lagged due to protectionist measures. Manufacturing's share of GDP has stagnated at around 15%, with exports dropping from 20% in 2012-13 to below 7% last year. To enhance productivity and global competitiveness, the government must prioritize improving logistics and fostering public-private cooperation rather than focusing solely on reducing imports.

Source: The Economic Times

# TRADE

## A \$200 bn target, but a \$5 bn reality: Why India needs to fix its ecom export landscape

Date: 3 October 2024

India's trade deficit reached a 10-month high of \$29.65 billion in August, with exports declining by 9.3% and imports rising by 3.8%. While the government maintains that the trade deficit is not worrisome for a fast-growing economy, experts highlight challenges such as rising logistics costs and geopolitical tensions. Industry stakeholders suggest boosting exports by enabling manufacturers to directly reach global customers, bypassing the B2B route. Persistent external pressures continue to weigh on merchandise exports, adding to trade deficit concerns.



Source: The Economic Times

# STEEL

## Indian steel majors best-placed producers globally: Nomura

**Date: 3 October 2024**



India's steel industry is set to add approximately 23 million tonnes (MT) of crude steel capacity between FY24 and FY27, reflecting a compound annual growth rate (CAGR) of 4.8%, consistent with the sector's long-term growth trend. Major players like JSW, JSPL, Tata Steel, and ArcelorMittal & Nippon Steel will drive nearly 87% of this expansion. Despite this significant capacity increase, experts believe the Indian steel sector is entering a favorable phase, with robust growth expected in the coming years.

**Source: The Economic Times**

# RENEWABLE ENERGY

## India's green electricity tariffs may lead to financial losses for distribution companies

**Date: 4 October 2024**

India's plan to promote green electricity through proposed tariffs may lead to significant financial losses for distribution companies, according to a study by the Centre for Social and Economic Progress (CSEP). The power ministry's initiative aims to increase renewable energy adoption among large consumers by introducing green tariffs. However, these tariffs are set around 15% below the average cost of supply, potentially worsening the financial strain on distributors, especially if high-paying commercial and industrial consumers shift to these lower-cost options.



**Source: The Economic Times**

## AUTOMOTIVE

### Car sales decline for third straight month in September

**Date: 2 October 2024**



Car sales have declined for three consecutive months, despite automakers offering significant discounts. Major brands like Maruti Suzuki, Hyundai, and Tata Motors reported lower sales, while Mahindra & Mahindra and Toyota saw increases. Industry estimates show 355,000-360,000 passenger vehicles sold in September, a 1-2.5% drop from the same period last year. Sales also fell by 1.8% in August and 2.5% in July. However, two-wheeler and tractor sales have shown positive growth, and automakers remain hopeful for the festive season.

**Source: The Economic Times**

## RBI

### RBI seeks data on volume drop from P2P players post new rules

**Date: 4 October 2024**

The Reserve Bank of India (RBI) has sought data from Peer-to-Peer (P2P) lending platforms on loan disbursements since its new regulations took effect. Aiming to evaluate the impact, the RBI issued a questionnaire requesting detailed information on loans issued after August 17, following the regulatory changes. P2P platforms have reported sharp declines in business, with some seeing up to a 90% drop in transaction volumes. This survey will provide insight into how the sector is adapting to the revised regulatory framework.



**Source: Business Today**

# News from International Publications

## Claudia Sheinbaum Elected as Mexico's First Female President

**Date: 1 October 2024**



Claudia Sheinbaum, former mayor of Mexico City, is set to become Mexico's first female president after a decisive win in the election viewed as a referendum on the leftist policies of outgoing President Andrés Manuel López Obrador. Sheinbaum, representing the ruling Morena party, secured 58.6% of the votes with 73% of ballots counted, according to Mexico's election agency. Her victory gives Morena enough power in Congress to push through significant and potentially controversial constitutional changes.

**Source: The Wall Street Journal**

## In Japan, ruling party's decades of dominance raise concerns about democracy

**Date: 30 September 2024**

Shigeru Ishiba officially became Japan's prime minister, succeeding Fumio Kishida, who resigned due to record-high disapproval of the ruling Liberal Democratic Party (LDP). Ishiba, like Kishida, is a second-generation LDP politician, with the party continuing its long-standing dominance, governing Japan for all but four of the past 69 years. On Monday, Ishiba called for an early election on October 27 for the lower house, which could further solidify the LDP's political power despite public discontent.



**Source: The Washington Post**

# News from International Publications

## China stimulus blitz ignites market

**Date: 1 October 2024**



China's recent flurry of stimulus measures has yet to prove whether it will revive slowing economic growth, but its effect on stock markets is clear. In just 35 minutes of trading on Monday, \$143 billion worth of stocks were exchanged in Shanghai, Shenzhen, and Beijing—marking the fastest time in the country's history to reach one trillion yuan in trading. This surge highlights the immediate impact of the stimulus on China's financial markets, even as broader economic results remain uncertain.

**Source: The Wall Street Journal**

## Inflation in Eurozone drops below 2% target

**Date: 1 October 2024**

Eurozone inflation dropped below the European Central Bank's 2% target for the first time in over three years, signaling that the prolonged effort to control rising prices may be nearing its end. In September, consumer prices across the 20 eurozone nations rose by 1.8% year-on-year, a decrease from the previous month. This marks the first time since June 2021 that inflation has fallen below the ECB's target, offering a sign of easing inflationary pressures.



**Source: The Washigton Post**

# News from International Publications

## Reeves seeks closer Brussels dialogue with plan to join Eurogroup meeting

**Date: 30 September 2024**



Rachel Reeves aims to attend a meeting of EU finance ministers by year-end as Labour seeks to strengthen cooperation with the bloc on economic policy. While discussions are ongoing, officials view this as a positive step toward improving relations post-Labour's rise to power. The Eurogroup is set to meet on December 9 in Brussels, where dialogue will likely focus on UK and European economic developments, common interests like the G7 agenda, and Europe's financial support for Ukraine.

**Source: Financial Times**

## Historic poll win in Austria projected for far-right party

**Date: 25 September 2024**

Austria's far-right Freedom Party (FPÖ) is poised for a historic electoral victory, consolidating pro-Russian and anti-establishment forces in central Europe. Projected to win 29.1% of the vote according to the first official estimate—which includes exit polls and partial results and is typically reliable—the result strengthens the claim of its leader, Herbert Kickl, to become Austria's next chancellor. The FPÖ, one of Europe's oldest populist right parties, has adopted increasingly hardline stances on immigration and the Ukraine war under Kickl. This marks the first time the FPÖ has led in a national election.



**Source: Financial Times**

# News from International Publications

## Starmer must set clear goals for reset of EU ties, warn diplomats

**Date: 1 October 2024**



Sir Keir Starmer faces pressure to clarify his plans for improving the UK's Brexit deal during a meeting with European Commission President Ursula von der Leyen this week, diplomats and analysts warn. The meeting in Brussels comes nearly three months after Starmer took office, amid cabinet divisions over a potential youth mobility deal with the EU, which would allow young people to work and travel freely. Senior EU diplomats have expressed frustration over the UK's lack of clear objectives for the post-Brexit relationship.

**Source: Financial Times**

## GDP revised down on signs of increased consumer caution

**Date: 1 October 2024**

The UK economy grew more slowly than initially estimated in the second quarter, as household savings surged to their highest level since 2021, highlighting challenges for the government. GDP grew by 0.5% from April to June, down from the original estimate of 0.6% and slower than the 0.7% growth in the first quarter, according to the Office for National Statistics. The household saving ratio jumped to 10%, up from 8.9%, suggesting consumer caution limited spending, which rose only 0.2% during the period.



**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.*