

Landslides flatten Wayanad villages

DISASTER MANAGEMENT

At least 122 persons were killed and 197 injured after multiple landslides flattened some three villages in Vythiri taluk of the hilly Wayanad district of Kerala early on Tuesday. The death toll is expected to climb as more persons are feared dead. The Kerala government declared a state of mourning on Tuesday and Wednesday.



FIGURE: Schematic representation of the land slide phenomenon

An intense rescue effort involving State and Central forces was under way in the Mundakkai, Chooralmala and Attamala localities. Prime Minister Narendra Modi has announced an ex gratia payment of ₹ 2 lakh for the next of kin of the deceased and ₹ 50,000 for the injured.

The first landslide occurred at 2 a.m. with the cascading wave of sodden mud, boulders, and uprooted trees measuring at least two floors in height. The second landslide

occurred at 4.10 a.m. The moving landmass roared over the devastated locality and plunged into the swollen river, changing its course and flooding neighbouring localities. The second landslide wiped out the Chooramala bridge across the Iruvanipuzha, cutting off the disaster site from search and rescue teams. Hundreds of landslide survivors hunkered down in nearby hill resorts and schools, waiting for rescue workers to evacuate them to safer ground.

Indian duo wins a bronze

PERSONALITIES



Manu Bhaker and her team mate Sarabjot Singh of India won a bronze medal in the 10m air pistol mixed team event on Tuesday. Earlier, Manu Bhaker won a bronze medal in the 10m air pistol individual event on Tuesday.

Duty hike on lab chemicals alarms scientists

ECONOMICS AND DEVELOPMENT

Basic customs duty on laboratory chemicals, a critical component of research increased from the existing 10 % to 150 %. Imported chemicals, reagents, and enzymes vital to experimental research across nearly every domain of scientific research come under the category of laboratory chemicals. Most of them are expensive niche products estimated by researchers as chemicals that usually cost ₹ 1 lakh to now cost ₹ 2.5 lakh.

The Customs Department defines laboratory chemicals as all chemicals, organic or inorganic, whether or not chemically defined, imported in packings not exceeding 500 grams or 500 milliliters and which can be identified with reference to the purity, makings or other features to show them to be meant for use solely as laboratory chemicals. A notification on July 27 extended exempt customs duties until March 2029 for publicly funded research and development organisations, which have a specific registration certificate from the Department of Scientific and Industrial Research.

Gold customs duty cut to slice sovereign bond-redemption outgo

ECONOMICS AND DEVELOPMENT

The Budget has proposed a cut in customs duty on gold from 15 % to 6 % to lower the outgo on redemption of Sovereign Gold Bonds (SGBs) and making fresh investment in these bonds more attractive. The government has collected ₹ 72,274 Cr via issuance of SGBs since 2015.

A cut in customs duty reduces the price of the yellow metal lowering the redemption price to be paid by the Government to investors. Besides, fresh SGB issuances will become attractive as investors will have to invest less to buy an SGB.

The Sovereign Gold Bond (SGB) scheme was floated in 2015 to reduce the demand for physical gold and shift a part of the domestic savings used for the purchase of gold, into financial savings. Foreign exchange outflow reduces when demand for physical gold declines. On maturity, SGBs are redeemed in rupees and the redemption price is based on the simple average of the closing price of gold of 999 purity of the previous three business days from the date of repayment, published by the India Bullion and Jewellers Association Ltd.

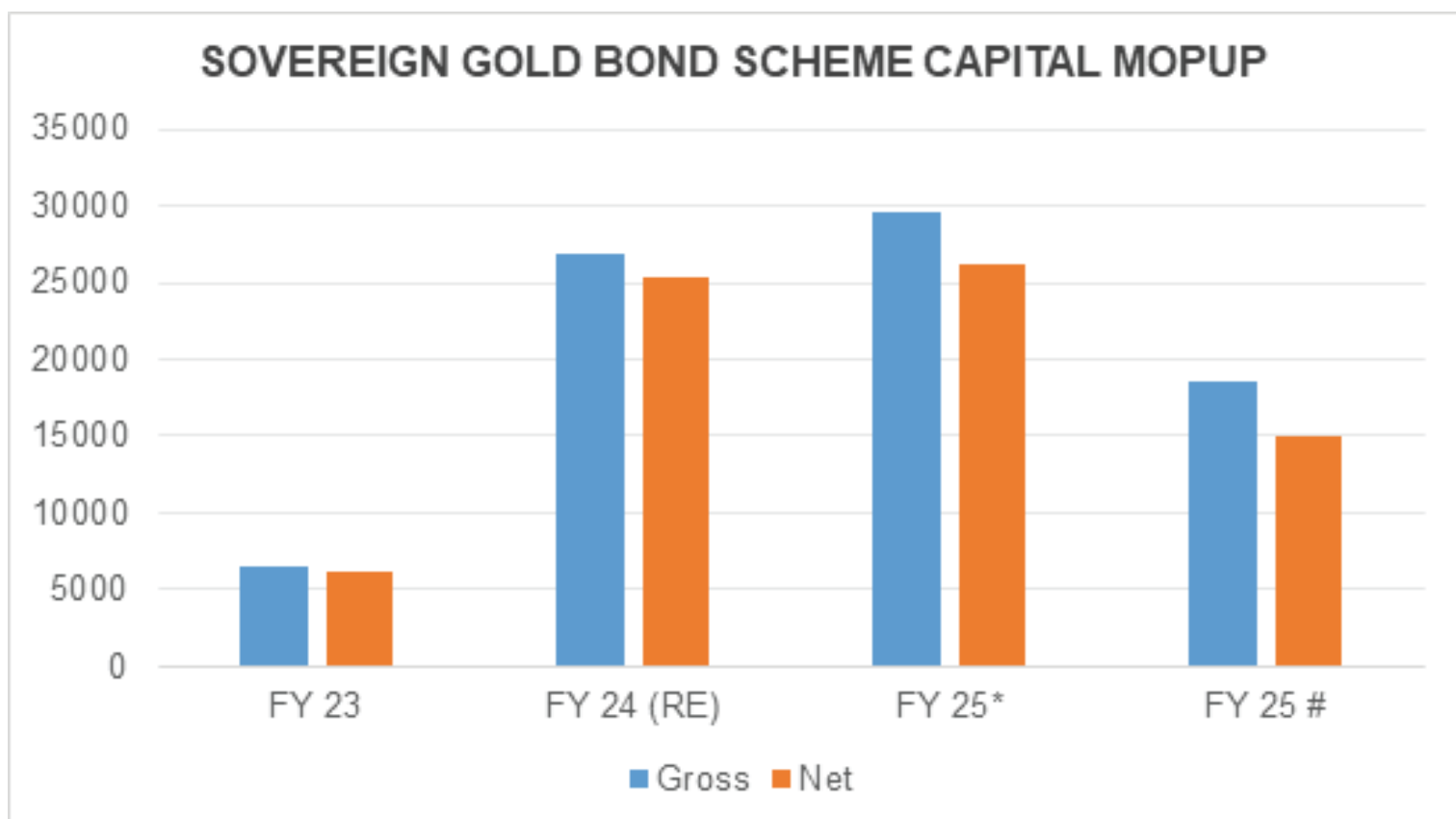


FIGURE: Column chart representation of capital raised via Sovereign Gold Bond Scheme.

The price of gold per gm in 2015, 2016, and 2017 ranged between ₹ 3,100 and ₹ 3,500. Its pre-Budget level was ₹ 7,200 per gm. SGBs, classified as Government Securities and represent borrowings by the government, will cost the exchequer a lot when they are redeemed.

RBI has not issued a SGB since February and the next issue, which is expected in a few days, will see good buying interest. The Government plans to raise ₹ 18,500 crore via SGBs in FY 25, about 31 % less compared with ₹ 26,852 crore it actually raised in FY 24. However, SGB redemption is higher at ₹ 3,500 crore in FY 25 compared to ₹ 1,500 crore in FY 24.

RBI lays down framework to classify wilful defaulters

ECONOMICS AND DEVELOPMENT

The Reserve Bank of India (RBI) issued Master Direction on treatment of wilful and large defaulters laying down a regulatory framework and procedures for classification of borrowers as wilful defaulters. This plays a crucial role in maintaining the integrity of the financial system by outlining the measures and consequences for borrowers who deliberately default on financial obligations.

‘RBI’s LCR tweak may hit credit growth, NIM’

ECONOMICS AND DEVELOPMENT

The Reserve Bank of India’s (RBI) proposed new norms tightening Liquidity Coverage Ratio (LCR) may lead to a short-term slowdown in credit growth and a cut in Net Interest Margins(NIM). The RBI’s draft changes in LCR, refers to the maximum limit of High-Quality Liquid Assets (HQLA) banks must hold to pay off short-term liabilities. The LCR in Q4 FY24 was 130 %. This would drop to 113 % to 116 % when the norms kicked in, observed ICRA. The order is likely to become effective from April 1, 2025.

The move may reduce credit growth and NIM in the short run. The change would mean banks would have to shore up more to compensate for the cut in deposits. In the long run, however, the norms would likely raise banks’ resilience. The impact was likely to be felt more in private sector banks as they would have to change business strategies to compensate for the loss.

United States overtakes UAE as India's second largest LNG supplier

ECONOMICS AND DEVELOPMENT

The U.S. displaced the UAE to emerge as India's second largest supplier of Liquefied Natural Gas (LNG) in 2023, accounting for 3.09 million tonne (mt). The U.S. supplied India 1.8 mt LNG in the pre-pandemic period (2019) and the quantity increased to 3.86 mt in 2021. Sellers were more incentivised to sell volumes to India to save freight costs with close proximity of India via the Cape of Good Hope for U.S. LNG cargoes, compared to North Asia. Qatar remained India's largest LNG supplier for five years running (2019-2023); cargoes topped 10 mt, barring in 2019 when it stood at 9.7 mt. In 2023, shipments from Qatar rose to a high of 10.92 mt.

The U.S. also emerged as the world's largest LNG exporter in 2023. The U.S. overtook Qatar and Australia with strong growth in liquefaction capacity due to investments made several years ago in 2023. Total U.S. LNG exports were about 15 % higher year-on-year at 89 mt. LNG is emerging as a substitute fuel in the transition towards green energy.

India, the fourth largest LNG importer, scaled back in 2022 owing to rising prices and shipments from the U.S. declined to 2.16 mt. On the other hand, the UAE's share rose from 2.6 mt in 2019 to 3.32 mt in 2020, slipped to 2.59 mt in 2022 and again rose to 2.85 mt last year.

Another notable development during this period is the decline in the share of African nations in India's LNG imports. According to IGU data, Nigeria and Angola, which supplied 2.7 mt and 2.9 mt LNG, respectively, to India pre-pandemic (2019), saw their cargoes shrink to 0.73 mt each in 2023. The share of both African nations has been declining since 2021.



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Israel targets senior Hezbollah leader in Beirut air strike

INTERNATIONAL RELATIONS

An Israeli air strike targeted a senior Hezbollah commander in Beirut's southern suburbs late on Tuesday in what the Israeli military said was retaliation for a cross-border rocket attack three days before that killed 12 children and teenagers. A loud blast was heard and a plume of smoke could be seen rising above the southern suburbs — a stronghold of the Iran-backed Lebanese armed group Hezbollah — at around 7:40 p.m.

Fate unclear

A senior Lebanese security source said a senior Hezbollah commander had been the target of the air strike and his fate remained unclear. Lebanon's state-run national news agency said an Israeli air strike had targeted the area around Hezbollah's Shura Council in the Haret Hreik neighbourhood of the capital.

Beirut has been on edge for days ahead of an anticipated Israeli attack in reprisal for the rocket strike on the Israeli-occupied Golan Heights on Saturday that killed the 12 youngsters in a football field in a Druze village. Hezbollah has denied involvement in that attack.

Taliban disavows Afghan diplomatic missions abroad

INTERNATIONAL RELATIONS

The Taliban disavowed many Afghan diplomatic missions overseas, saying it will not honour passports, visas and other documents issued by diplomats associated with Afghanistan's former Western-backed administration. It is the Taliban's latest attempt to seize control of diplomatic missions since returning to power in 2021. Many of their leaders are under sanctions and no country recognises them as Afghanistan's legitimate rulers. The country's seat at the UN is still held by the former government that was led by Ashraf Ghani.



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France shifts stance over disputed Western Sahara

INTERNATIONAL RELATIONS

France has backed Morocco's autonomy plan for the disputed Western Sahara, shifting a decades-old position and adding itself to a growing list of countries to align with Morocco as a UN-mediated peace process remains stalled.

France's President Emmanuel Macron in a letter to King of Morocco Mohammed VI endorsed the proposal of Morocco in 2007 that offered limited autonomy under its sovereignty the "only basis" to solve the conflict in Western Sahara. The shift deals a blow to the pro-independence Polisario Front, which has for decades claimed to be the legitimate representative of the indigenous Saharawi people.

Major victory

France's shift came as a major victory for Morocco and followed similar shifts from the U.S., Israel, Spain and a growing list of African nations with which Morocco aims at deepening trade ties. The move was preemptively rebuked by both Morocco's regional foe Algeria and the Polisario Front in the days leading up to the publication of letter. The Polisario's Mohamed Sidati accused France of acting at odds with international law and backing Moroccan expansionism as its influence wanes throughout Africa.

"The present and future of Western Sahara fall within the framework of Moroccan sovereignty. France intends to act consistently with this position at both national and international level."

Emmanuel Macron
President, France



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China's top leaders vow to improve confidence in its slowing economy

INTERNATIONAL RELATIONS

China's powerful Polit Bureau (PB) has endorsed the ruling Communist Party's long-term strategy for growing the economy by encouraging more consumer spending and weeding out unproductive companies to promote "survival of the fittest."

A statement issued on Tuesday after the meeting of the 24 highest leaders of the party warned that coming months would be tough, perhaps alluding to mounting global uncertainties ahead of the U.S. presidential election in November.

"There are still many risks and hidden dangers in key areas," it said, adding that the tasks for reform and stability in the second half of the year were "very heavy."

The PB promised unspecified measures to restore confidence in financial markets and boost government spending, echoing priorities laid out by a wider meeting of senior party members earlier in July. After that gathering, China's central bank reduced several key interest rates and the government doubled subsidies for electric vehicles bought to replace older cars as part of the effort to spur growth.

The PB's calls to look after low- and middle-income groups reflect pledges to build a stronger social safety net to enable families to spend more instead of socking money away to provide for health care, education and elder care. But it provided no specifics on how it will do that.

"This sounds promising on paper. But the lack of any specifics means it is unclear what it will entail in practice," Julian Evans-Pritchard of Capital Economics said in a commentary. The party's plans for how to improve China's fiscal policies at a time of burgeoning local government debt were "short on new ideas," he said.

Instead, the emphasis is on moving faster to implement policies such as the government's campaign to convince families to trade in old cars and appliances and redecorate their homes that includes tax incentives and subsidies for purchases that align with improved efficiency and reducing use of polluting fossil fuels.

Under President Xi Jinping, China has prioritised developing industries using advanced technologies, a strategy that has made the country a leader in some areas but also led to oversupplies that are now squeezing some manufacturers, such as makers of solar panels.

'Vicious competition'

The statement vowed support for "gazelle enterprises and unicorn enterprises," referring to new, fast-growing companies and high-tech start-ups. It warned against

“vicious competition” but also said China should improve mechanisms to ensure “survival of the fittest” and eliminate “backward and inefficient production capacity.”

The document also highlighted longstanding concerns. The countryside and farmers need more support to “ensure that the rural population does not return to poverty on a large scale,” it said. It also condemned what analysts have said is widespread resistance to fresh initiatives, saying that “formalism and bureaucracy are stubborn diseases and must be corrected” and warning that economic disputes should not be resolved by “administrative and criminal means.”

“Doing nothing is very hard to do. You never know when you’re finished.”—Leslie Nielsen



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