

Hasina quits

INTERNATIONAL RELATIONS



Bangladesh Prime Minister Sheikh Hasina resigned and fled the country on Monday noon after weeks of deadly unrest in killing more than 300 people. In Dhaka, Army Chief Gen. Waker-Uz-Zaman confirmed her resignation and urged protesters to stop the unrest and pledged to meet their demands and bring justice for those who were killed. The country is now set to have an

interim government.

'March to Dhaka'

On Monday, during the 'March to Dhaka' campaign led by Students Against Discrimination, thousands of protesters gathered in Dhaka despite a curfew order demanding Prime Minister Hasina's resignation. Although police attempted to control the crowds, they were unable to contain the surge of demonstrators. By around 3 p.m., protesters breached police barricades and entered the premises of Gonobhaban, the Prime Minister's official residence.

SC upholds nominations of Aldermen to Delhi corporation

INTERNATIONAL RELATIONS

The Supreme Court upheld the discretionary power of the Lieutenant-Governor (L-G) of Delhi to nominate 10 persons with special knowledge of municipal administration to the Municipal Corporation of Delhi, not bound by the aid and advice of the Council of Ministers. The legal question before the court was whether the L-G could nominate the 10 persons as a part of the statutory duty of his office or was he bound by the aid and advice of the Council of Ministers.



Justice Narasimha
Supreme Court of India

“The statutory power under Section 3(3)(b)(1) to name the 10 persons of special knowledge was vested in the L-G for the first time through the 1993 amendments to the DMC Act, 1957 in order to incorporate constitutional changes in Articles 239AA and 239AB (provisions which deal with the establishment of the Delhi government) of the Constitution in Part 9A concerning municipal administration. The power of the L-G to nominate is expressly given in the DMC Act, a parliamentary law. The L-G is to act as per the mandate of a statute and not guided by aid and advice of the Council of Ministers.”

NPAs on Mudra loans have come down in 2023-24

ECONOMICS & DEVELOPMENT

The Non-Performing Assets (NPA) associated with Mudra loans given out by public sector banks have come down in the current financial year. Mudra loan NPAs in private sector commercial banks was at 0.95 % in 2023-24 from a peak of 1.77 % in 2020-21 and 0.67 % in 2018-19.

NPAs ON MUDRA LOANS

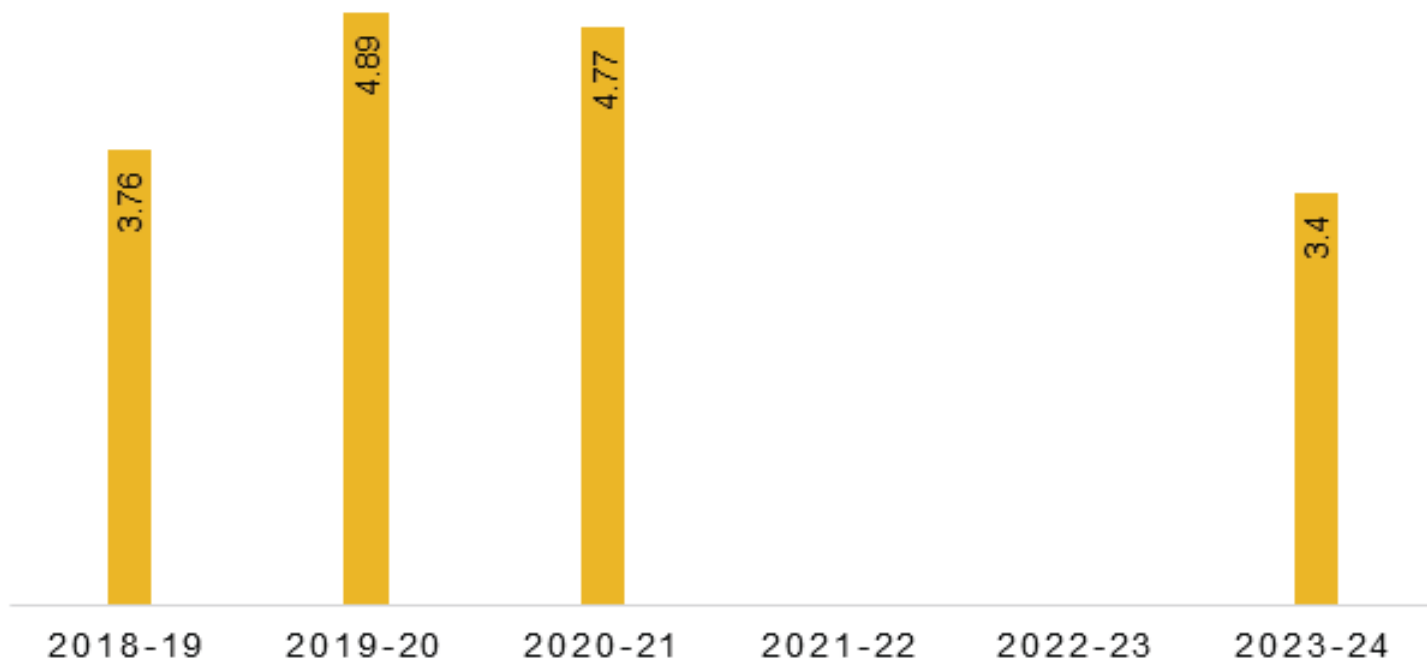


FIGURE: Column chart representation of NPAs on MUDRA loans.

Sensex falls 2.7 % amid global sell-off

ECONOMICS & DEVELOPMENT

The benchmark S&P BSE Sensex slumped almost 3 %, while Japan's Nikkei index plunged 12.4 %, its biggest one day drop since October 1987, while the Dow Jones Industrial Average, the S&P 500 and the Nasdaq Composite fell 2.2 %, 2.5 % and 3.1 %, respectively, as of 1404 GMT on Monday amid a deepening global sell-off, precipitated by fears that the U.S. economy may tip into a recession. The Sensex slid 2.74%, to close at 78,759.40. Losses were led by Tata Motors, which fell 7.3%, Adani Ports (5.9%), Tata Steel (5.3%), State Bank (4.3%), Power Grid (4.25%) and Maruti (4.17%).

All the major sectoral indices traded in the red, with metals and realty indices correcting sharply in the backdrop of weak global sentiment. The Indian rupee fell to its all-time low of 84.09 against the U.S. dollar, weakening by 37 paise in the session as the equity sell-off and foreign fund outflows weighed on sentiment in the currency.

Services PMI signals mild dip

ECONOMICS & DEVELOPMENT

HSBC India Services Purchasing Managers' Index (PMI) eased from 60.5 in June to 60.3 in July as services sector activity was robust in July, with international sales growing at the third-fastest pace in almost 10 years, even as rising input costs compelled firms to raise prices at a 7-year high pace.

July's performance marks three years of persistent output growth reported by about 400 services sector players surveyed for the index. Private sector activity, factoring in manufacturing firms, indicated a slightly slower pace of growth than June, with the Index cooling to 60.7 in July from 60.9.

Manufacturing led the upturn for the sixth successive month, but output prices were raised at the swiftest pace in almost 11-and-a-half years in July with goods producers reporting higher cost pressures than services firms.

Demand spurs prices

Stronger demand emboldened services firms to raise output costs charged to customers yet again. Service-sector activity rose at a slightly slower pace in July, with new business increasing further, primarily driven by domestic demand. Optimism levels about growth prospects over the next year improved over June levels.

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

India's steel trade deficit swells

ECONOMICS & DEVELOPMENT



The overall trade deficit in finished steel stood at ₹ 6,704 Crore for the first quarter of the fiscal (Q1FY25) (April - June 2024-25) with India importing finished steel worth ₹ 17,341 Cr. (\$ 2.079 bn.), while exporting finished steel worth ₹ 10,636 Cr. (\$ 1.275 bn.). In the same period last year viz. Q1FY24, the country had reported a trade surplus, with exports surpassing imports by as much as ₹ 3,698 Cr.

China competition

The trade deficit recorded between the end of May and end of June was ₹ 4,282 Cr.

The trade deficit widened by almost 60 % or by as much as ₹ 2,420 Cr. as the country's steel mills lost out on in key export markets to competition from China. On the other hand, imports during this period — particularly from China and Japan — saw a constant increase. Imports from China were 0.4 mt a year-ago period. In value terms, finished steel shipments were at \$677 million, up 32 % y-o-y. Japan saw a 170 % increase in imports to 0.5 mt, from 0.18 mt, and shot up by a 71% rise in value terms to \$ 435 million (\$ 255 million).

Losing out

During Q1 FY25, there was a 38% y-o-y decline in export volumes of finished steel to 1.3 million tonne (mt), with flat steel products falling by over 40% to 1.096 mt. In the same period last year, exports of finished steel were 2.05 mt of which flat steel products were 1.9 mt.



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EUROPEAN BUYERS (MT)

■ Q 1 FY 2023-24 ■ Q 1 FY 2024-25

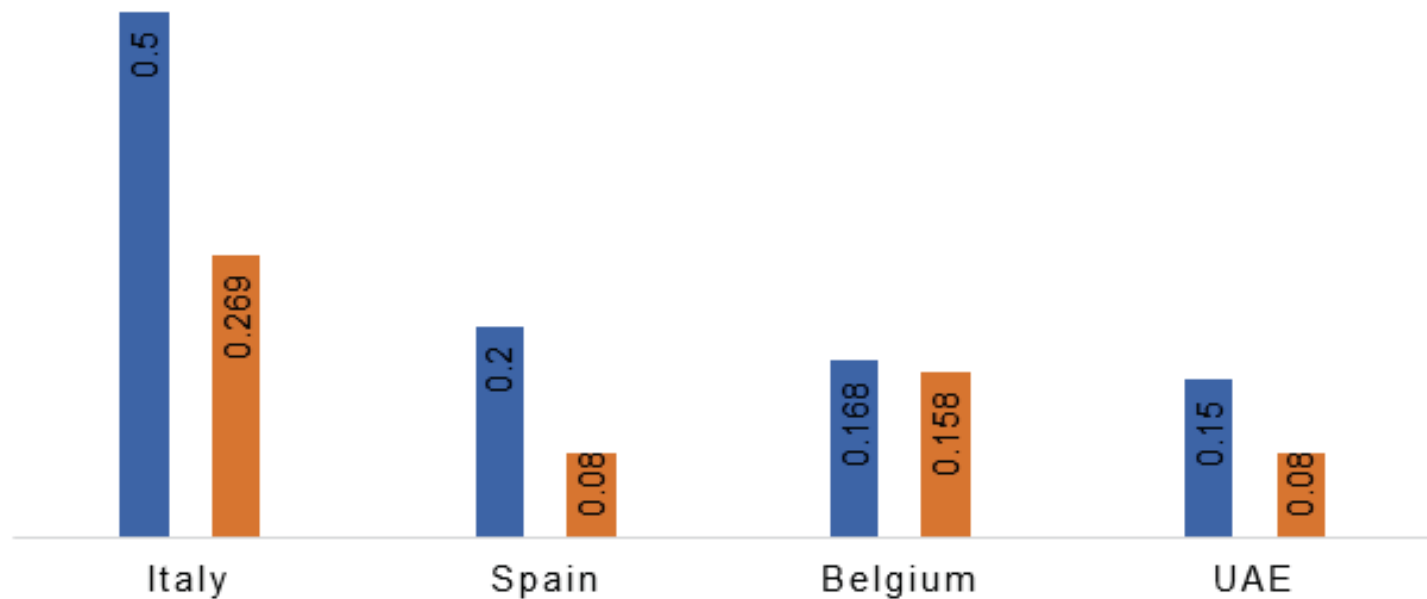


FIGURE: Column chart representation of the steel imports to major trading partners of India.

The report mentioned that Chinese steel imports increased by 40% in volume to 0.572 mt, overtaking Korea as the key supplier. Meanwhile, Nepal emerged as one of the top five sellers, although numbers remained low at 30,000 tonne (up 69 %) and valued at \$27 million (up 50% y-o-y). Volume-wise, hot rolled coil/strip (0.717 mt) was the item most imported. China was the largest import market for India.

SEBI to deter market abuse

ECONOMICS & DEVELOPMENT

The Securities and Exchange Board of India released the circular outlining the amendments made to the SEBI (Mutual Funds) Regulations, 1996, directing AMC's to set up institutional mechanisms to deter market abuse, including front-running and fraudulent transactions. CEOs, managing directors (MD) or any equivalent officials of asset management companies (AMC) 'responsible and accountable' for implementing mechanisms to deter potential market abuse.



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China's CMOC seek LME listing

INTERNATIONAL RELATIONS



China's CMOC and other miners have applied for copper from Democratic Republic of Congo (DRC) to be registered for delivery against London Metal Exchange (LME) contracts. Large amounts of copper from DRC, the world's second biggest copper producer, could arrive in LME-approved warehouses as soon as next year. For producers, LME brand status opens up financing opportunities in an oversupplied market. For an exchange that

has been unable to accept new Russian metal since April because of sanctions, it provides income from registration and warranting fees. CMOC's Tenke Fungurume (TFM), one of the rapidly expanding copper producers in the DRC with annual capacity of 450,000 metric tons, is having its copper tested at rod mills to ensure it meets LME requirements.

Last year, Democratic Republic of Congo (DRC) produced 2.7 million tonnes of copper, or 12 % of global supplies. But on a list of more than 100 LME-registered copper brands, only one is from DRC - SCM, produced by a joint venture between China Railway, Sinohydro Group and DRC mining authority. It has yet to deposit any of its DRC copper. Russian copper deposited before April, when sanctions took effect, accounts for a quarter of the amount, compared to a peak of 95% in 2021.

Weak market

Copper prices hit a record in May, driven by speculative fund-buying. A quick reversal followed as funds took profit and consumers scaled back orders. Longer term, demand is growing as the highly conductive metal is essential in electrification to shift the world to a less carbon intensive economy. At present, there is an oversupply in the market, largely because the world's biggest commodity consumer China is grappling with a weak economy, and local producers sold a record amount of copper overseas in June.

Much of that has been delivered into the LME's registered warehouses in Asia over the last two months. LME-listed copper is easier to finance than non-registered brands. The LME is the market of last resort and copper listed for storage in its warehouses can be delivered against copper futures traded on the exchange when their contracts expire. In its 2023 annual report, CMOC said it was aiming for LME delivery for copper produced at TFM and its Kisanfu (KFM) mines.

Ethical concerns

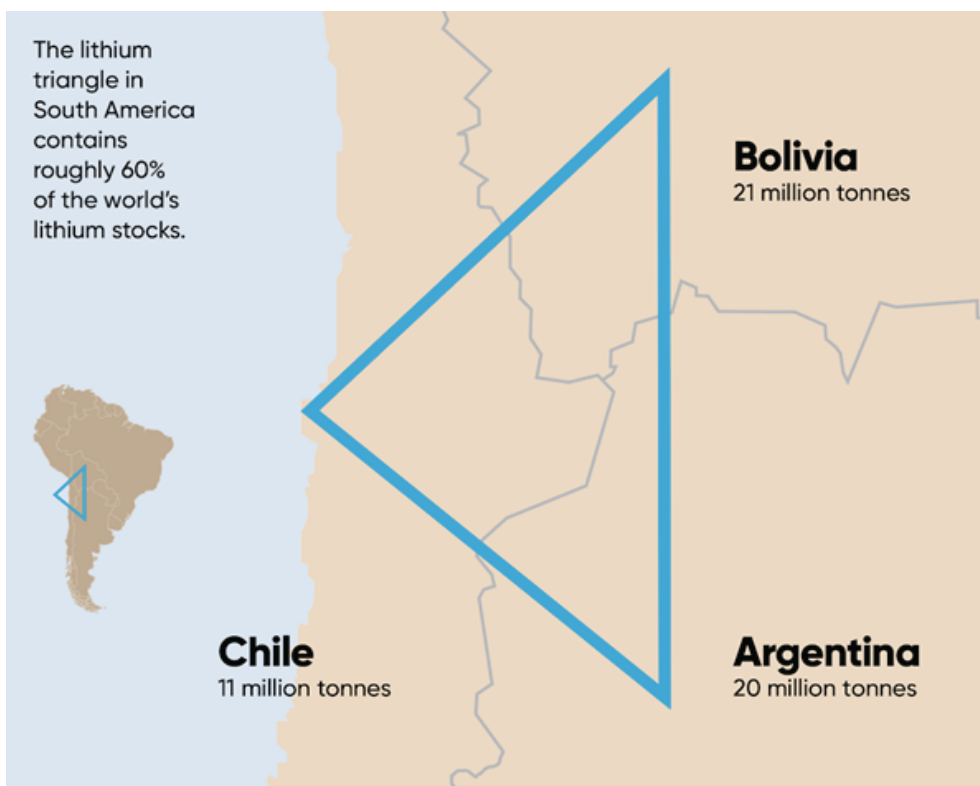
Planned output increases could boost CMOC's copper production to between 800,000 tons and 1 million tons by 2028 from an expected 570,000 tons this year. As DRC's prominence grows, some environmental, social and governance (ESG) investors have raised concerns about its place in the supply chain.

The biggest issue is informal mining or artisanal mining that involves people digging by hand using simple tools, a practice that has been associated with child labour and illicit trade. The unregulated mining often takes place next to major mines where reserves are known to be established.

To address ESG concerns, including informal mining, The Copper Mark, was set up as an independent body with backing from major consumer companies, as a voluntary scheme to endorse copper that has been produced sustainably. A CMOC spokesperson said then the label would be "conducive to the recognition of products on exchanges like LME, potentially leading to premiums". A Copper Mark report in June showed TFM had met 16 out of the 32-criterion assessed by the scheme's audit team. The Copper Mark status of TFM does not mean an absence of artisanal mining, the organisation said. On the contrary, the report found an estimated 10,000 artisanal miners in the area of the TFM mine, but said assessors found they were "typically cheerful on site". The organisation told Reuters it granted the Copper Mark to TFM on the condition it would work to improve the artisanal miners' working conditions.

Coal India eyes lithium in Chile

INTERNATIONAL RELATIONS



State-run Coal India (CIL) has submitted its Expression of Interest (EoI) in the Request For Information (RFI) floated by Government of Chile for the development of projects for the exploration, extraction and processing of lithium contained salts or other types of deposits in Chile. CIL has signed non-disclosure agreements with companies from different countries for checking feasibility of potential investment in the critical mineral projects.

Chile accounting home to half of the viable lithium reserves globally and

the world's second-largest lithium producer accounts for about 36 % of the global trade in Lithium. The Government of Chile in March 2024 announced new opportunities for private sector investors to partner with existing State-owned entities or to make a completely private investment, depending on the salt flat or type of business in lithium exploration. Under its National Lithium Strategy, Chile floated the RFI to invite domestic and foreign companies. Through special lithium operation contracts, the country will offer mining blocks for exploration and extraction of the critical mineral.

Iran's regional proxies

INTERNATIONAL RELATIONS



Regional militias armed by the Islamic Republic for decades could play a role as Iran threatens to respond to the suspected Israeli assassination of Hamas leader Ismail Haniyeh in Tehran. Iran's policy of arming militias took root in the aftermath of the 1979 Islamic Revolution. Iran, a major ally of the U.S. before the Islamic revolution provided major weapon systems including F-14 Tomcat fighter jets to the government of Shah Mohammad Reza

Pahlavi. After the revolution and the U.S. Embassy hostage crisis, those shipments and maintenance programmes stopped. Iran's eight-year war with Iraq in the 1980s destroyed much of its arsenal. International sanctions on Iran, including over its nuclear programme, also have kept it from receiving new arms while Israel and Gulf Arab states allied with the U.S. have received advanced weapons. Iran relies on militias as an asymmetric threat to squeeze both Israel and the U.S.

Iran's arming began in earnest in the 1980s with Shia forces in Lebanon fighting against Israel. They became the Hezbollah militia. The arming expanded with the 2003 U.S.-led invasion of Iraq that toppled Saddam Hussein, a long-time foe of Tehran. Iran strongly backed Syrian President Bashar al-Assad in his country's long war. These militias make up Iran's self-described "Axis of Resistance". In Iraq, Iran supported a slew of forces that mobilised in 2014 to battle the Islamic State group. Those state-sanctioned, mainly Shia militias, known as the Popular Mobilisation Forces, have grown into a powerful political faction, armed with rockets, drones and other weaponry. The International Institute for Strategic Studies puts their strength at some 1,80,000 fighters. Other smaller or little-known militant groups have emerged and claimed attacks against U.S. forces as well amid this Israel-Hamas war. Iran-backed armed groups attacked U.S. personnel in Iraq more than 60 times between October and February. The deadliest came on January 28, when the U.S. said

a drone launched by Iranian-backed Iraqi militias hit a facility known as Tower 22 in Jordan on the Syrian border, killing three American troops and wounding dozens of others. In response, U.S. airstrikes hit more than 85 targets at seven locations connected to the militias or the Guard's expeditionary Quds Force.

Overwhelming arsenal

Hezbollah was formed in 1982 during Israel's occupation of southern Lebanon and remains a significant concern for Israel due to its extensive missile arsenal and experienced forces. Despite Israel's advanced missile defence systems, such as the Iron Dome, a coordinated attack from Hezbollah could overwhelm these defences'. Estimates indicate that Hezbollah possesses around 150,000 rockets and missiles, including precision-guided ones, as well as drones and surface-to-air missile systems. In 2021, Hezbollah's leader Hassan Nasrallah claimed the group had 100,000 trained fighters.

Despite being Sunni, Hamas and Islamic Jihad have received weapons and materials from Iran. Following the October 7 Hamas attack that resulted in the deaths of around 1,200 people and 250 hostages, Israel has conducted a military campaign in Gaza. As of now, this conflict has led to the deaths of at least 39,580 Palestinians, according to Gaza's Health Ministry, which does not differentiate between civilians and militants. Israel claims to have killed approximately 15,000 militants during the war.

The Houthis have controlled Yemen's capital, Sana'a, since 2014 amid the ongoing civil war and adhere to the Shia Zaydi faith. With support from Iran, they have developed capabilities to launch drone and missile attacks that disrupt shipping in the Red Sea and even reach Israel. The U.S. Navy's attempts to stop these assaults have resulted in intense combat, the most significant since World War II, but have not completely halted the attacks. The extent of Iran's direct control over the Houthis remains debated among experts. The Houthis have increased their international profile while suppressing dissent domestically, claiming to have recruited 200,000 additional fighters, alongside a core force of about 20,000 fighters according to the International Institute for Strategic Studies.

In April following an Israeli attack on the Iranian Embassy compound in Syria, Iran launched 170 bomb-carrying drones, more than 30 cruise missiles and more than 120 ballistic missiles toward Israel. Israel, the U.S. and other nations shot down most of the projectiles, some of which came from Yemen. Iran could launch a similar assault, but this time Hezbollah may get involved as the militia seeks revenge for the Israeli strike last week killing senior commander Fouad Shukur. Such an assault could strain Israeli air defences, meaning more missile strikes raising the risk of casualties — and of a further escalation experts fear could lead to a wider regional war.

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