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IN THIS ISSUE

ECONOMY

Beyond 2025: Ensuring Economic Development

Global growth is expected to remain at 2.7 per cent in 2025–26. However, the global economy seems to be stabilising at a relatively low growth rate that may not be sufficient to drive sustained economic development. Potential challenges such as increased policy uncertainty, unfavourable changes in trade policies, ongoing geopolitical tensions, persistent inflation, and natural disasters linked to climate change compound this.

	2024e	2025f	2026f
World	**2.7**	**2.7**	**2.7**
Advanced economies	**1.7**	**1.7**	**1.8**
United States	2.8	2.3	2.0
Euro area	0.7	1.0	1.2
Japan	0.0	1.2	0.9
Emerging market and developing economie	**4.1**	**4.1**	**4.0**
East Asia and Pacific	4.9	4.6	4.1
China	4.9	4.5	4.0
Indonesia	5.0	5.1	5.1
Thailand	2.6	2.9	2.7
Europe and Central Asia	3.2	2.5	2.7
Russian Federation	3.4	1.6	1.1
Türkiye	3.2	2.6	3.8
Poland	3.0	3.4	3.2
Latin America and the Caribbean	2.2	2.5	2.6
Brazil	3.2	2.2	2.3
Mexico	1.7	1.5	1.6
Argentina	-2.8	5.0	4.7
Middle East and North Africa	1.8	3.4	4.1
Saudi Arabia	1.1	3.4	5.4
Iran, Islamic Rep.	3.0	2.7	2.2
Egypt, Arab Rep.	2.4	3.5	4.2
South Asia	6.0	6.2	6.2
India	6.5	6.7	6.7
Bangladesh	5.0	4.1	5.4
Pakistan	2.5	2.8	3.2
Sub-Saharan Africa	3.2	4.1	4.3
Nigeria	3.3	3.5	3.7
South Africa	0.8	1.8	1.9
Angola	3.2	2.9	2.9

Source: World Bank
Note: e = estimate; f = forecast.

In this environment, emerging market and developing economies (EMDEs)—which account for 60 per cent of global growth—are expected to enter the mid-21st century with per capita income gains that suggest a much slower pace of convergence with the living standards found in advanced economies than they have experienced in the past. Without significant adjustments, most low-income countries are unlikely to advance to middle-income status by mid-century.

Implementing policy measures at both the global and national levels is crucial to reverse these trends and promote long-term growth and development. These measures should aim to create a more favourable external environment, strengthen macroeconomic stability, eliminate structural constraints, and address the challenges posed by climate change.

ECONOMY

India's dominance in the global economic landscape

India is poised to lead the global economic landscape, maintaining its position as the fastest-growing major economy over the next two fiscal years. According to the World Bank's Global Economic Prospects (GEP) report, India's economy is projected to expand at 6.7% in FY26 and FY27, significantly outpacing global and regional counterparts. With global growth expected to remain at 2.7% in 2025-26, this strong performance highlights India's resilience and growing influence in shaping the world economy.

The GEP report attributes this sustained momentum to a dynamic services sector and a revitalised manufacturing base driven by transformative government initiatives. Efforts to modernise infrastructure, streamline taxation, and enhance business conditions fuel domestic expansion, positioning India as a pillar of global economic stability. As China's growth slows to 4% next year, India's economic rise is more than a statistic—it is a testament to ambition, innovation, and immense potential.

The International Monetary Fund's (IMF) latest World Economic Outlook (WEO) also underscores India's strong growth trajectory. The IMF forecasts India's economy to grow at a robust 6.5% in both 2025 and 2026, consistent with earlier projections. This steady growth reflects India's solid economic fundamentals and ability to maintain momentum despite global uncertainties. The alignment of forecasts from both the World Bank and IMF highlights India's resilience and sustained economic strength, cementing its role as a key player in the global economy.

India's Scenario

- India is set to maintain its position as the fastest-growing major economy in FY26 and FY27, reinforcing its leadership in the global economic landscape.
- The country's economy is projected to expand at a steady annual rate of 6.7% during these fiscal years.
- India's services sector is expected to remain strong while manufacturing activity will gain momentum, supported by government initiatives to enhance logistics infrastructure and streamline taxation.
- Private consumption is likely to accelerate, driven by a strengthening labour market, improved access to credit, and lower inflation.
- Investment growth in India is expected to remain robust, supported by increasing private sector investments, healthier corporate balance sheets, and favourable financing conditions.
- Since 2000, Emerging Market and Developing Economies (EMDEs) have undergone a major transformation. They now contribute approximately 45% of global GDP, up from 25% at the turn of the century.
- India, China, and Brazil—the three largest EMDEs—have collectively accounted for nearly 60% of annual global growth since the beginning of the 21st century.

WORLD TRADE UPDATES

WTO Upholds EU's Climate-Based Measures in Palm Oil Dispute with Indonesia

The WTO has upheld the EU's climate-based policies under the Renewable Energy Directive (RED II) following a dispute filed by Indonesia (DS593) over restrictions on palm oil-based biofuels classified as high-risk for increasing greenhouse gas emissions due to deforestation. The EU's measures set renewable energy targets for the transport sector and limit the use of food and feed crop-based biofuels to meet these goals.

Disclaimer: Image created by AI

RED II aims to reduce emissions by limiting biofuels linked to indirect land-use change, where converting food crops to biofuel leads to deforestation elsewhere. Indonesia has argued that these rules unfairly target palm oil. A similar WTO case (DS600) brought by Malaysia resulted in a ruling on April 26, 2024, with EU-Malaysia compliance discussions ongoing.

India Launches Safeguard Probe on Steel Imports

India has initiated a safeguard investigation into rising imports of non-alloy and alloy steel flat products, filed by the India Steel Association. The Directorate General of Trade Remedies (DGTR) will assess the impact of imports on domestic producers, who have sought protective measures for four years.

The DGTR will investigate imports of hot-rolled coils, sheets, and plates, hot-rolled plate mill plates, cold-rolled coils and sheets, and metallic-coated steel coils and sheets, including galvanneal, coated with zinc or aluminium-zinc or zinc-aluminium-magnesium and colour-coated coils and sheets, falling under HS codes 7208, 7209, 7210, 7211, 7212, 7225, and 7226.

The investigation will cover imports from October 2023 to September 2024, following an earlier anti-dumping investigation on hot-rolled flat products from Vietnam. India, a net steel importer in FY 2023-24 and early FY 2024-25, saw finished steel imports reach 6.51 million metric tons between April and November 2024, primarily from China, South Korea, Japan, and Vietnam.

Steel Minister H.D. Kumaraswamy has proposed raising duties on Chinese steel imports from 7.5% to 10-12% to support domestic mills. The industry awaits further developments as the investigation unfolds, which will take a few months to complete.

FTAS/ BILATERALS

India – EFTA trade pact likely to be implemented by 2025

The free trade agreement (FTA) between India and the European Free Trade Association (EFTA)—comprising Iceland, Liechtenstein, Norway, and Switzerland signed on 10th March 2024 as the Trade and Economic Partnership Agreement (TEPA). It includes a landmark investment commitment of US$ 100 billion over 15 years to create 1 million direct jobs in India. In return, India will gradually reduce customs duties on Swiss watches, chocolates, and polished diamonds.

The agreement has already received significant political backing, with the Swiss Council of States approving it. It now awaits final approval from Switzerland's National Council. While the lengthy ratification processes in India and the EFTA nations have contributed to delays, it is expected to come into force by the end of 2025.

NEDA Board Philippines approved Philippines – South Korea FTA

The National Economic and Development Authority (NEDA) Board approved an executive order to implement the Philippines-Korea Free Trade Agreement (PH-KR FTA) alongside two major

infrastructure projects totalling P63.2 billion. The EO, covering tariff commitments from the PH-KR FTA signed on 7th September 2023, will grant Korea duty-free access to 11,164 Philippine products—valued at US$3.18 billion and comprising 87.4% of Korea's imports from the Philippines.

New Zealand ratifies revised ASEAN – Australia – New Zealand FTA

New Zealand has ratified the upgraded ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) agreement, reinforcing economic ties with ASEAN—a key trading partner comprising ten Southeast Asian nations. Since the original AANZFTA took effect in 2010, trade with the region has more than doubled to exceed US$9 billion annually.

The upgrade aims to reduce trade barriers, improve trade in services, and boost e-commerce, while also modernizing customs procedures, investment protections, intellectual property safeguards, and sustainability provisions. The upgradation of FTA, opens up significant opportunity for New Zealand exporters in sectors such as dairy, meat, forestry, technology, education, and e-commerce. The agreement will come into force once ratification is completed by New Zealand, Australia, and four ASEAN member states.

FTAS/ BILATERALS

Thailand plans to expand its network through FTAs

Thailand is actively pursuing additional FTAs this year to boost its economic recovery. The country is set to sign its first FTA with European nations through the Thailand-EFTA pact—linking with Switzerland, Norway, Iceland, and Liechtenstein—during the World Economic Forum in Davos.

Commerce Minister Pichai Naripthaphan stated plans to pursue additional FTAs in 2025, targeting a 3% economic growth rate. The government is focusing on enhancing trade partnerships, attracting foreign investments and ensuring economic stability while also addressing food security.

In addition, Thailand is aiming to finalise deals with key partners including the EU, South Korea, ASEAN-Canada, and Bhutan, while its FTA with Sri Lanka is expected to come into effect in early 2025. Commerce Minister Pichai Naripthaphan emphasized that these agreements will enhance trade and investment, strengthen Thailand's competitive edge, and leverage its strategic position as a regional trade hub, with negotiations also expanding to address modern trade issues like digital trade and supply chain collaboration.

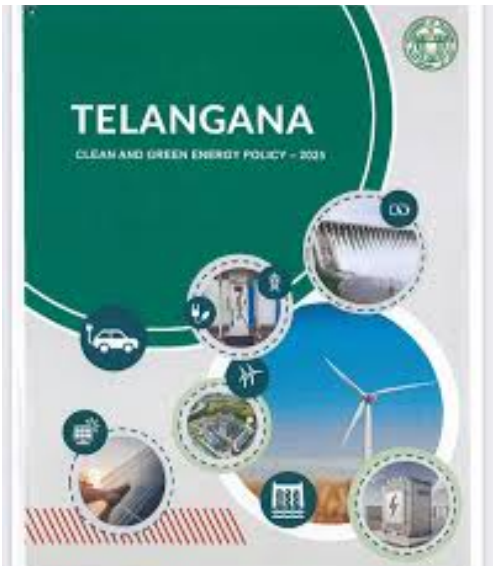
Meghalaya Power Policy focus on T&D System Efficiency

The Meghalaya Power Policy 2024, effective until March 31, 2030, is designed to establish a sustainable, inclusive, and efficient energy system. It seeks to streamline power generation, transmission, and distribution while promoting renewable energy sources such as hydro, solar (with a target of 100 MW by 2030), wind, and pumped storage systems. The policy also emphasises environmental responsibility in line with guidelines from the Ministry of Environment, Forest and Climate Change. It aims to enhance the transmission network and improve distribution efficiency by reducing losses through the adoption of smart meters and improved urban grid management.

To support its goals, the policy introduces a State Power Trading Company to manage power purchase agreements and short-term transactions, and it sets progressively increasing renewable purchase obligations. Financial incentives —including land lease benefits, a two-year waiver on transmission charges, and exemptions from cross-subsidy surcharges—are provided to encourage development.

Oversight is ensured by a High-Power Committee under the Meghalaya State Investment Promotion and Facilitation Act, 2024, and a State Level Committee chaired by the power minister responsible for project development and land transfers. Additional initiatives include the creation of a dedicated fund for research and development in green hydrogen, battery energy storage, and biomass power, as well as promoting public-private partnerships for solar-based EV charging stations and decentralised energy solutions in rural areas.

Telangana Renewable Energy Policy 2025: Paving the Way for a Sustainable Future



Telangana's renewable energy policy 2025 aims to add 20,000 MW of renewable energy and storage capacity by 2030, with targets of 30.54 GW by FY 2030 and 47.06 GW by FY 2035. The initiative, valid until 2035, is expected to attract ₹1.98 lakh crore in investments and create 1.14 lakh jobs over the next decade.

A range of incentives supports this ambitious plan. The policy offers stamp duty reimbursement on land acquisitions, an eight-year electricity duty exemption for MSMEs using solar and wind power, and streamlined approvals via the TS-iPASS system—eliminating the need for pollution control board clearances. Additionally, land designated for renewable projects will be reclassified as non-agricultural and available at minimal lease costs, while initiatives such as rooftop solar installations and floating solar projects on reservoirs are actively promoted.

Further, the state plans to boost infrastructure and innovation by installing 6,000 EV charging stations by FY 2030 (rising to 12,000 by FY 2035) and generating green hydrogen—418 KTPA by FY 2030 and 554 KTPA by FY 2035. Telangana Power Generation Corporation (TGGENCO) and Telangana Renewable Energy Development Corporation (TGREDCO) will serve as nodal agencies, and an incubation center with a ₹500 million fund will support startups and drive further advancements in the renewable energy sector.

OPINION COLUMN

Empowering MSMEs for Supply Chain Resilience: An Economic Imperative

Aditya Sinha

Micro, Small, and Medium Enterprises (MSMEs) are often described as the backbone of any economy. In India, they contribute approximately 30% to the GDP and employ over 110 million people, playing a pivotal role in industrial development and exports (approximately 45%). Yet, their potential in building resilient supply chains remains underexplored. Strengthening MSMEs for supply chain resilience is not just a business necessity but an economic imperative with far-reaching benefits for growth, employment, and global competitiveness.

The Role of MSMEs in Supply Chains

MSMEs serve as critical nodes in supply chains, providing raw materials, components, and services to larger firms. Their agility and adaptability enable them to respond quickly to market changes. However, unforeseen disruptions—such as the COVID-19 pandemic, geopolitical tensions, or sudden tariff hikes—expose their vulnerabilities. Empowering MSMEs to withstand and recover from such shocks is essential for ensuring supply chain continuity and economic stability.

Economic Benefits of Empowering MSMEs

- **Enhancing Supply Chain Resilience:** Diversifying supply chains by incorporating a robust MSME network reduces dependence on single-source suppliers or geographies. This minimizes risks associated with global disruptions. Resilient MSMEs translate into resilient supply chains, ensuring uninterrupted production and delivery of goods.
- **Boosting Economic Growth:** Investing in MSMEs enhances their productivity and innovation capacity. A stronger MSME sector leads to higher output, contributing directly to GDP growth. Moreover, resilient supply chains attract foreign investment, as businesses seek stable and diversified sourcing options.
- **Creating Employment Opportunities:** MSMEs are labour-intensive, providing jobs across rural and urban areas. Strengthening their role in supply chains can create additional employment opportunities, particularly for unskilled and semi-skilled workers, thereby addressing income inequality and fostering inclusive growth.
- **Promoting Regional Development:** Empowering MSMEs in tier-2 and tier-3 cities, as well as rural areas, decentralizes industrial activity. This reduces the concentration of economic activity in metropolitan hubs, promoting balanced regional development and reducing migration pressures.
- **Driving Export Competitiveness**: MSMEs are integral to the export ecosystem, contributing to all three – manufacturing, trade, and services. Strengthening their capacity improves product quality, reduces lead times, and enhances global competitiveness, boosting export revenues.
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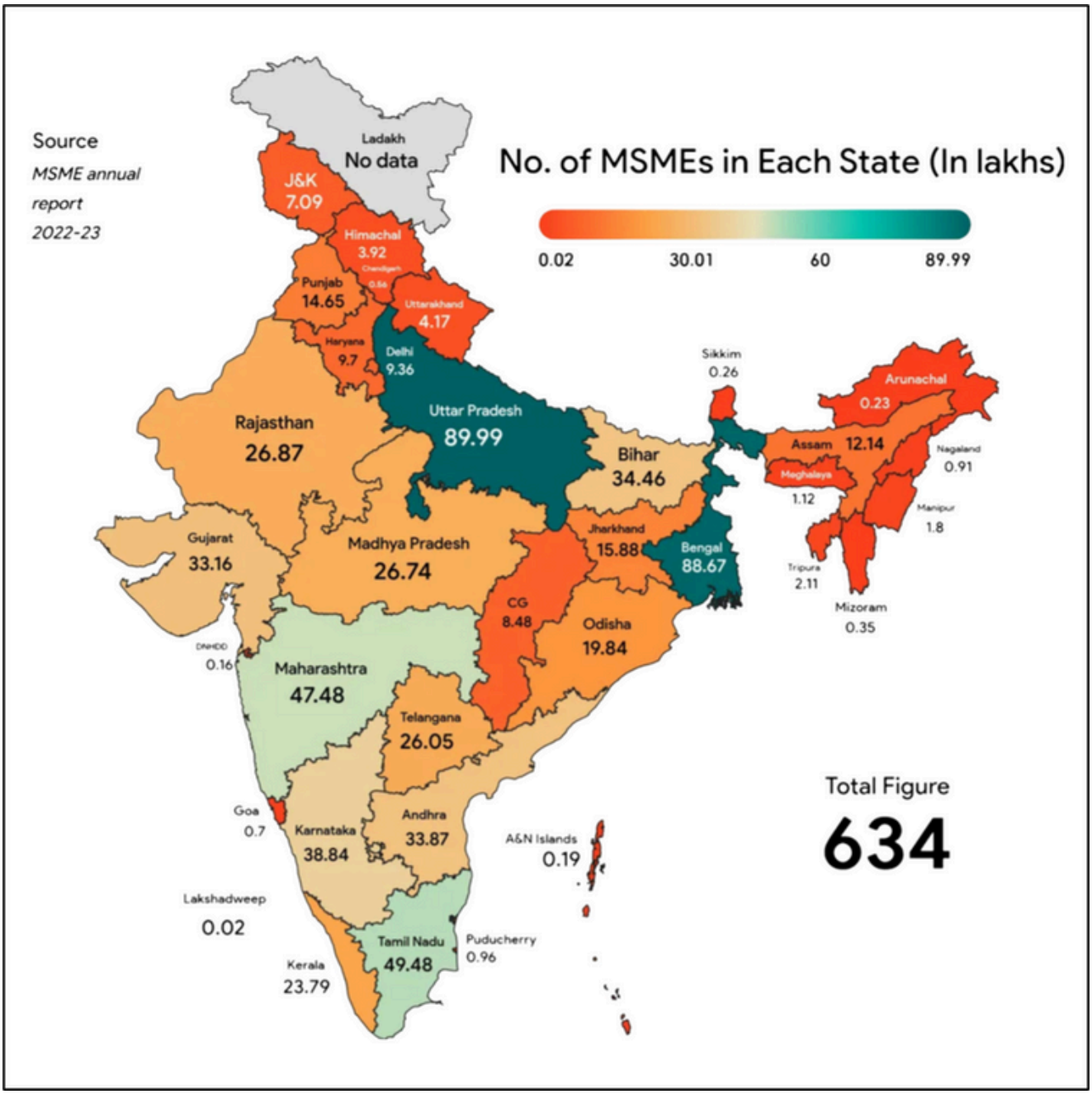


Source: Annual Report 2022-23, Ministry of Micro, Small and Medium Enterprises, Government of India

Policy Measures to Empower MSMEs

- **Access to Finance:** MSMEs often face liquidity challenges due to limited access to credit. Governments and financial institutions must design tailored credit schemes, ensure timely disbursement of loans, and encourage alternative financing models like supply chain financing and venture capital.
- **Technology Adoption**: Investing in digital tools and automation can enhance MSME efficiency and scalability. Subsidized access to technology, digital literacy programs, and partnerships with tech firms can facilitate this transition.
- **Infrastructure Development:** Upgrading infrastructure, such as industrial parks and logistics hubs, reduces operational costs for MSMEs. Connectivity improvements enable better integration into regional and global supply chains.

- **Skill Development:** Targeted training programs can upskill the MSME workforce, equipping them to meet evolving market demands. Collaboration with industry associations and educational institutions can ensure alignment with supply chain requirements.
- **Policy Simplification:** Simplifying regulatory processes and reducing compliance burdens will encourage MSMEs to participate actively in formal supply chains. Streamlined tax policies and incentives for innovation can further stimulate growth.

Collaborative Approach

Empowering MSMEs for supply chain resilience requires a collaborative approach. Governments (Union and States), large corporations, financial institutions, and industry bodies must work together to create an enabling ecosystem. Public-private partnerships can drive investment in infrastructure, technology, and training, while industry associations can provide mentorship and market linkages.

The economic benefits of empowering MSMEs extend far beyond the enterprises themselves. A resilient MSME sector strengthens supply chains, boosts economic growth, creates jobs, and enhances global competitiveness. In a world fraught with uncertainties, this is not merely an option but a necessity. Policymakers and industry leaders must act decisively to unlock the full potential of MSMEs, ensuring a resilient future.

OPINION COLUMN

Strengthening the Science-Policy Interface to Combat the Global Chemicals and Waste Crisis

Pragya Prakash

The world stands at a crossroads in its fight against the mounting crisis of chemicals and waste pollution. This global threat, which endangers human health, biodiversity, and the environment, demands urgent and coordinated global action. Despite increasing awareness, the lack of an effective science-policy interface is hampering the ability of policymakers to address this issue swiftly and efficiently.

Scientific evidence paints a grim picture. The 2019 Global Chemicals Outlook II by the United Nations Environment Programme (UNEP) revealed that the global chemical industry, valued at over $5 trillion in 2017, is projected to double by 2030. Waste generation, too, is on a steep rise, with the World Bank estimating an increase from 2.01 billion tonnes in 2016 to 3.40 billion tonnes by 2050. Alarmingly, at least 33% of this waste is mismanaged, leading to open dumping or burning, further exacerbating pollution.

The human cost of this crisis is staggering. A landmark study published in The Lancet Planetary Health in 2022 found that pollution causes 9 million deaths annually, making it the largest environmental risk factor for disease and premature death. Hazardous chemicals, plastic waste, and pharmaceuticals are released in alarming quantities, contaminating ecosystems and accumulating in human and material stocks.

Yet, the response to this crisis remains fragmented. International policymakers lack a unified mechanism to access the latest scientific evidence, delaying the formulation and implementation of effective interventions. To bridge this gap, mobilisations are underway to establish a global science-policy panel on chemicals, waste, and pollution prevention—a move that could transform the landscape of global environmental governance.

The Case for a Global Science-Policy Panel

Lessons from existing science-policy bodies such as the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) demonstrate the critical role such platforms play in addressing global crises. By providing evidence-based recommendations, horizon scanning, and assessments, these panels help policymakers prioritize actions and allocate resources effectively.

In 2022, the United Nations Environment Assembly (UNEA) adopted a resolution to establish a science-policy panel for chemicals, waste, and pollution prevention. This landmark decision has the potential to fill a crucial gap in global governance, enabling policymakers to act on up-to-date scientific evidence and avoid the devastating consequences of inaction.

Immediate Action Needed

While establishing a global science-policy panel is a step in the right direction, the urgency of the crisis demands immediate action. As UNEP Executive Director Inger Andersen aptly noted, "We need to close the time between scientific discovery and action—or we will be in deeper trouble."

The path forward must prioritise sustainable materials management, circular business models, and robust regulatory frameworks. Governments must also ensure the public's access to accurate scientific information, fulfilling the human right to science as enshrined in the Universal Declaration of Human Rights.

A Global Call to Action

The chemicals and waste crisis is not an isolated challenge—it intersects with the planetary crises of climate change and biodiversity loss. Addressing this issue requires a holistic and collaborative approach, bringing together governments, scientists, civil society, and industry leaders.

As we approach critical milestones in the establishment of a global science-policy panel, the world must seize this opportunity to turn scientific knowledge into decisive action. The cost of inaction is too high—for our health, our ecosystems, and future generations.

The time to act is now.

OPINION COLUMN

The Global Trade of Critical Minerals and Its Impact on India

Saloni Goyal

Critical minerals are becoming increasingly vital to economies and industries around the world in the present era of technological advancement. These minerals include lithium, cobalt, rare earth elements (REEs), and others essential for producing electric vehicles, batteries, renewable energy technologies, and high-tech applications. As countries scramble to secure these resources, global trade dynamics in critical minerals are changing rapidly, posing challenges and opportunities for nations like India.

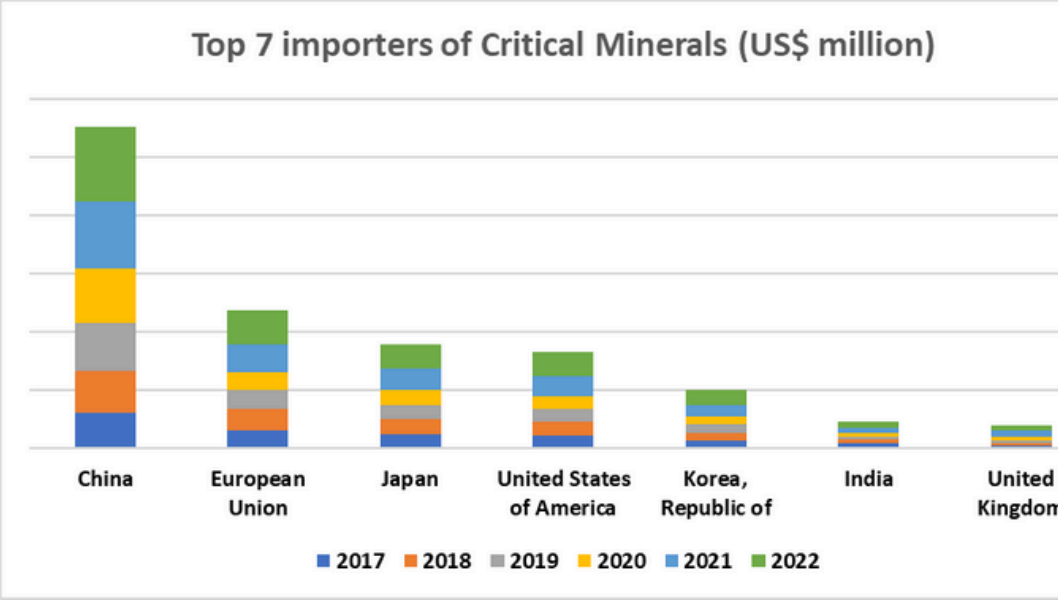
Understanding Critical Minerals

Critical minerals are not only essential for economic and technological development but also face supply chain risks due to geopolitical tensions, trade policies, and environmental restrictions. With the world increasingly shifting towards green technologies, there is a surging demand for minerals that support clean energy transitions. For instance, lithium and cobalt are key components of rechargeable batteries, while rare earth elements are crucial for advanced electronics and energy-efficient technologies.

Global Trade Landscape

The global trade landscape for critical minerals is dominated by a few key players. China, for instance, is a powerhouse that produces rare earth elements and controls a significant portion of the world's supply. Australia is a major supplier of lithium, while the Democratic Republic of Congo (DRC) is the leading producer of cobalt. These countries have capitalised on the rising demand, and their influence can substantially affect global prices and availability.

The United States and European Union have recognised the strategic importance of critical minerals and are developing policies to ensure stable supplies and reduce reliance on foreign sources. Initiatives aimed at recycling, substitution, and developing domestic mining capabilities are being emphasised as part of a comprehensive strategy to secure these vital resources.

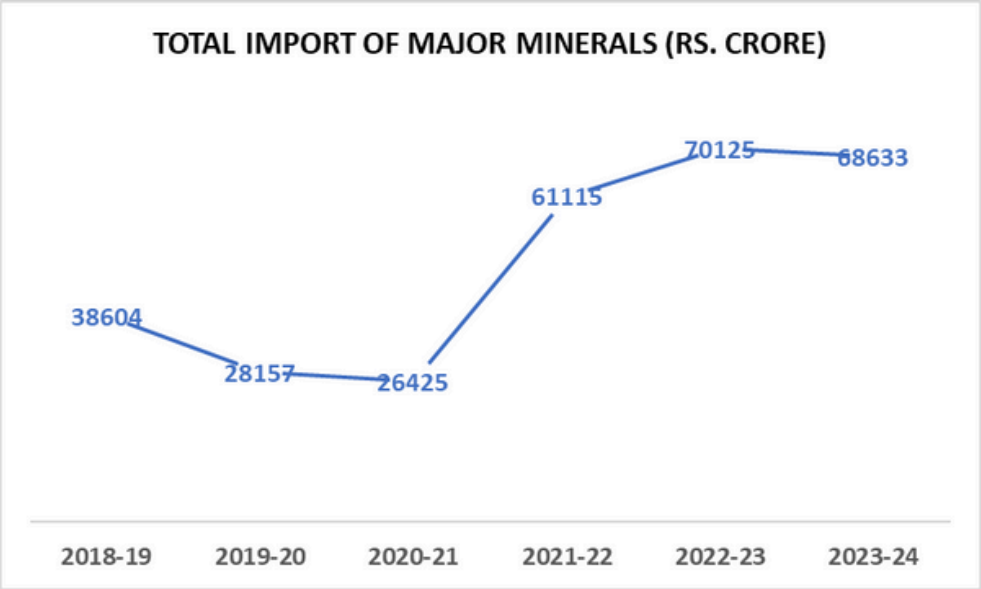


Source: WTO

Impact on India

For India, the importance of critical minerals cannot be overemphasized. India is on the cusp of a technological revolution, with its ambitious plans in renewable energy and electric mobility. With a vision to have 500 GW of renewable energy capacity by 2030 and fostering electric vehicles under Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme, India's need for critical minerals will surge manifold.

Today, India possesses few indigenous reserves of most key minerals. This situation poses a big threat, as dependence on imports may create supply and price volatility. For example, India imports cobalt and lithium extensively for battery production, which makes its economic and energy security vulnerable to fluctuations in the dynamics of global markets.



Source: Ministry of Mines

In an attempt to limit these vulnerabilities, India is working to increase local production of strategic minerals through mining opportunities, cooperation with foreign nations, and investments in processing and extraction technologies. Incentives for indigenous exploration, processing capacities, and recycling efforts are beginning to come into focus with the aim of building a secure supply chain.

Future Directions

The future of critical minerals trade is complex, influenced by geopolitical trends, environmental concerns, and technological changes. For India, establishing a robust ecosystem to manage these minerals is crucial. By fostering international collaborations and encouraging local industry participation, India can position itself not only as a consumer of critical minerals but also as a potential supplier.

Ultimately, navigating the challenges and opportunities in the critical minerals trade will require comprehensive policies, strategic investments, and collaborative efforts on both domestic and international fronts. As the global landscape continues to evolve, India's proactive approach could play a significant role in determining its economic trajectory in the coming years.

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