

# **ve**KLY NEWSWRAP

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# ECONOMY

## The fuel secretly powering India’s economy – GCCs

**Date: 20 June 2024**



The rapid growth of global capability centres (GCCs) in India is driving various sectors and significantly boosting the economy. These centres provide technical, operational, research, and innovation services to major global corporations, acting as a "force multiplier" for the Indian economy, according to industry experts. Over 1,600 GCCs currently operate in India, employing around 1.5 million people and generating about \$46 billion in revenue. With substantial growth projected, GCCs are becoming strategic assets for companies and investors, fostering innovation and job creation across industries.

**Source: The Economic Times**

# TRADE

## Government eyes funds from UK, Saudi, Japan for infra push

**Date: 21 June 2024**

The government is seeking funds from the UK, Saudi Arabia, and Japan to finance its mega infrastructure projects, discussing new structures to route the funds. Unlike previous broad commitments, the finance ministry and Niti Aayog are now offering specific projects to investors, such as a ring road around a tier II city or a large highway. Projects are being designed to address investor concerns, with equity offered in special purpose vehicles for execution. An "infrastructure bridge" with the UK is in advanced stages, while talks with Saudi Arabia aim to activate a \$100 billion commitment, though the response has been tepid so far, sources told TOI.



**Source: The Times of India**

## STEEL

### Domestic demand for steel soars in India, country turns net importer in FY24: CRISIL Report

Date: 20 June 2024

India, previously a net steel exporter since 2017, became a net importer in fiscal 2024, with a steel trade deficit of 1.1 million tonnes, according to CRISIL. This shift is driven by rising domestic demand and increased imports from major steel-producing nations. Finished steel imports reached 8.3 MT in fiscal 2024, a 38% year-on-year increase. China, South Korea, Japan, and Vietnam were key suppliers, with China alone exporting 2.7 MT. South Korea and Japan contributed 2.6 MT and 1.3 MT, respectively, highlighting a significant change in India's steel trade dynamics.



Source: The Economic Times

## GREEN ENERGY

### Renewable energy companies look abroad for green hydrogen plants

Date: 21 June 2024



Renewable energy companies, including Hero Future Energies and Renew, are planning to establish green hydrogen plants abroad, while Adani New Industries and Avaada Group are negotiating with global companies for offtake agreements. Hero Future Energies (HFE), part of Hero Group, is considering green hydrogen plants in the UK and Europe with partners, according to Srivatsan Iyer, HFE's global CEO. HFE collaborates with Tier 1 electrolyser OEMs like Ohmium International to develop 1,000 MW of green hydrogen production in India, the UK, and Europe. HFE is also exploring use cases for green hydrogen and aims to scale up its projects through strategic partnerships across the value chain.

Source: The Financial Express

# PHARMACEUTICAL

**Domestic drugs formulations market to be worth Rs 5.5 trn by 2034:**

**Report**

**Date: 14 June 2024**

The domestic pharmaceutical formulations market is projected to reach Rs 5.5 trillion by 2034, growing at a compound annual growth rate (CAGR) of 10%, according to Avendus Capital. The report highlights growth potential in smaller towns and rural areas. It predicts a shift from doctor-branded prescriptions to a diversified marketing mix driven by strict quality regulations and streamlined supply chains. "Despite India's reputation as the pharmacy of the world, there is significant under-penetration in the domestic market, especially in Tier II/III+ towns and rural areas," said Anshul Gupta, managing director and head of health care investment banking at Avendus Capital.



**Source: Business Standard**

## FMCG

**FMCG market to see muted growth in April-June quarter**

**Date: 21 June 2024**



The Rs 5-trillion FMCG market is expected to experience muted growth in the April-June quarter despite a rural resurgence, according to Kantar. The research firm noted flat sequential growth in the March quarter, attributing this to a base effect that will diminish by December 2024. Kantar predicts FMCG growth will revive by the December quarter, driven by rural areas. The domestic FMCG market saw overall value growth of 5.4% in the March quarter, with volume growth at 5.2%. Similar growth rates were observed in the December 2023 quarter, Kantar reported.

**Source: The Financial Express**

## BANKING

**Rupee falls to record low against US dollar; weakens past 83.60/\$**

**Date: 20 June 2024**

The Indian rupee hit a record low against the US dollar, driven by strong demand from local importers and a broader surge in the greenback. The rupee fell to 83.62 against the dollar, down from the previous session's close of 83.4550. The dollar index, which measures the greenback's strength against six currencies, rose by 0.18% to 105.44, impacting most Asian currencies and the Chinese yuan, which reached its weakest level since November 2023. Bloomberg reported that the dollar's strength followed the Swiss National Bank's interest rate cut, highlighting the divergence in global monetary policies as the Federal Reserve delays easing.



**Source: Mint**



# News from International Publications

## Modi seems unlikely to change ways after election setback

**Date: 17 June 2024**

In 2016, Prime Minister Narendra Modi faced a major crisis after he abruptly demonetized large currency notes to combat corruption, plunging India's economy into turmoil. Patients couldn't pay doctors, truck drivers blocked highways, and people died waiting to exchange bills. Despite demands for an apology, Modi staunchly defended his decision, accusing critics of corruption. Eight years later, after a significant electoral setback on June 4 requiring a coalition government, Modi's assertive and unapologetic leadership remains unchanged, demonstrating the enduring influence of one of India's most powerful prime ministers.



**Source: The Washington Post**

## China pursuing 'significant' nuclear growth, report says

**Date: 17 June 2024**



China is undergoing a major expansion of its nuclear capabilities and may match the intercontinental ballistic missile count of the U.S. or Russia by 2030, per a new global analysis. The Stockholm International Peace Research Institute (SIPRI) reports that China is growing and modernizing its nuclear arsenal, increasing its stockpile from 410 warheads last year to 500 as of January. While the global number of nuclear warheads is declining due to the phasing out of Cold War-era weapons, SIPRI warns of a steady rise in operational warheads ready for rapid deployment in conflicts.

**Source: The Washington Post**

# News from International Publications

## Reeves pledge to tear down EU trade barriers in reset for relations

**Date: 17 June 2024**

Shadow Chancellor Rachel Reeves plans to dismantle EU trade barriers and attract billions through an early investment summit if Labour wins. In an interview with the Financial Times, Reeves signaled a robust effort to review Boris Johnson's Brexit deal, aiming for closer alignment with EU rules in sectors like chemicals and better terms for London's workers. She emphasized improving trade relations with Europe and forging global deals, pledging to rejuvenate Britain's global image. Her remarks indicate Labour's intent to pursue improved trade terms with the EU, challenging the Conservative post-Brexit stance with Brussels and moving away from regulatory divergence fixation.



**Source: Financial Times**

## Russian gas overtakes US imports to Europe in spite of war

**Date: 17 June 2024**



In May, Europe saw a resurgence in gas imports from Russia, surpassing supplies from the U.S. for the first time in nearly two years. Despite efforts to reduce dependency post-Ukraine invasion, this reversal highlights ongoing challenges. Eastern European nations, in particular, still heavily rely on Russian imports. The shift underscores the complexities of diversifying Europe's energy sources. Despite increased LNG imports and the U.S. emerging as a major supplier since 2022, Russia's gas maintains a significant share in the region.

**Source: Financial Times**

# News from International Publications

## Renewables chief urges brake on China tariffs

**Date: 17 June 2024**

The CEO of NextEra Energy Resources, Rebecca Kujawa, has cautioned President Joe Biden against imposing additional trade tariffs on Chinese clean energy technologies, citing potential setbacks to the green transition. Kujawa, in an interview with the Financial Times, emphasized that tariffs are driving up costs for consumers and complicating the achievement of the nation's clean energy targets. She highlighted the increased uncertainty caused by tariffs, noting that any disruptions in the development process could lead to higher expenses for customers and pose challenges in realizing the Biden administration's clean energy objectives.



**Source: Financial Times**

## AI will widen inequality, IMF warns

**Date: 18 June 2024**



The IMF has expressed "profound concerns" about massive labor disruptions and rising inequality as societies transition to artificial intelligence, urging governments to protect their economies. In a recent report, the IMF emphasized the need for improved unemployment insurance, warning that AI could result in the loss of higher-skilled jobs, unlike past disruptive technologies. While acknowledging the significant potential of generative AI to enhance productivity and public service delivery, the IMF also highlighted the risks of severe labor market upheavals and increasing inequality, calling for proactive measures to mitigate these challenges.

**Source: Financial Times**



# News from International Publications

## Australia's China trade rebounds to record

**Date: 18 June 2024**

Australia's trade with China has surged to record levels over the past year, recovering from a damaging dispute triggered by the Covid-19 pandemic despite ongoing regional security tensions. In 2023, total trade with China reached A\$219 billion (\$145 billion), up from A\$168 billion in 2019, according to Australian government data. The significance of these trade ties was highlighted this weekend as Chinese Premier Li Qiang began a four-day visit, including stops in Australia's mining and winemaking regions. This trip underscores the importance of Australian commodities to China, even as Canberra strengthens security ties with Washington.



**Source: Financial Times**

## Pakistan rice exports surge after India sales restrictions

**Date: 18 June 2024**



Pakistan is exporting record amounts of rice to global markets, benefiting from trade restrictions imposed by India, the world's largest exporter. Pakistan, the fourth-largest exporter, saw its rice exports surge to nearly 5.6 million tonnes in the 11 months ending in May, a 60% increase from the same period a year earlier, according to official statistics. The value of these exports rose to \$3.6 billion, up from \$2 billion in the previous period. This boom follows India's export restrictions on certain rice types last year, aimed at controlling domestic prices amid election-related supply concerns after a volatile monsoon.

**Source: Financial Times**

# News from International Publications

## Poll predicts prime minister to lose seat in Tory wipeout

**Date: 20 June 2024**

Rishi Sunak is poised to become the first sitting prime minister to lose his seat at a general election, according to a poll predicting a disastrous outcome for the Conservative party. The Savanta and Electoral Calculus analysis for The Telegraph shows Labour potentially winning 516 MPs, giving Sir Keir Starmer a massive 382-seat majority, surpassing Tony Blair's 1997 and 2001 landslides. The forecast suggests the Conservatives could plummet to as few as 53 seats, down from 365 in the 2019 election, while the Liberal Democrats might rise to 50 seats, up from 11, challenging the Tories as a leading opposition party.



**Source: Financial Times**