

# Weakening ₹ may not be shot in the arm for pharma exporters

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The recent depreciation of the Indian rupee against the US dollar may not necessarily bode well for India's pharmaceutical exporters in the immediate term, experts said.

While some believe the devaluing rupee will have little immediate impact on exports due to annual contracts being hedged against currency fluctuations, others warn that smaller players may lower prices in response to the currency tailwind, potentially triggering price renegotiations. Exporters note the higher import costs for active pharmaceutical ingredients (APIs) could offset the gains from the export surge.

Last week, the rupee weakened against the US dollar, reaching a fresh closing low of 85.76.

Sudarshan Jain, director general of the Indian Pharmaceutical Alliance (IPA), said the annual contracts with US wholesalers are typically hedged against currency fluctuations.

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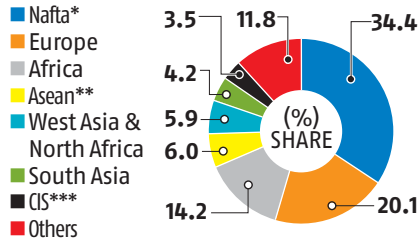
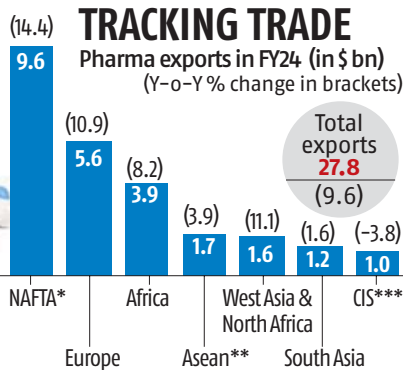


**VOLATILE  
CURRENCY  
PART-I  
PHARMA**



## MAPPING THE IMPACT

- No immediate impact anticipated as annual contracts are hedged for currency fluctuations
- Intensifying competition within Indian exporters may lead to renegotiation of prices in contracts
- Rising API import bill to offset the weak rupee benefit largely



\*North American Free Trade Agreement; \*\*Association of Southeast Asian Nations; \*\*\*Commonwealth of Independent States

Source: DGCIIS

# Public expenditure may pick up pace despite capex shortfall, say experts

QuantEco has projected a GDP growth rate of 6.5 per cent for FY25. Kumar said the projection took into account that H2, which carries a higher weighting than H1, will have a growth rate of around 6.8 per cent.

Several agencies and analysts have downgraded their growth expectations for the financial year. India's growth forecast for 2024-25 was revised downward by Fitch Ratings to 6.4 per cent from its earlier estimate of 7 per cent. Goldman Sachs adjusted its forecast for the financial year to 6 per cent, down from 6.4 per cent.

Both these forecasts are lower than the finance ministry's estimate of 6.5 per cent for FY25.

The ministry in its monthly economic report said the growth outlook for October-December appeared bright, with rural demand remaining resilient and urban demand picking up in the first two

months of the quarter.

The ministry said strong growth in sales of two- and three-wheelers and tractors in October and November pointed to resilient rural demand, while a robust pick-up in air passenger traffic in the period indicated recovery in urban demand.

Deloitte India expects growth to be between 6.5 and 6.8 per cent, based on strong services-sector output and sustained agriculture performance.

Public expenditure, economists say, is expected to be better even if there is some shortfall in capex, driving better growth in the coming quarters.

"The government will likely keep pushing capex, which has been lagging this financial year. There will be effort at the Centre to revive spending over the remaining months of this financial year," said Rumki Majumdar, economist, Deloitte India.

