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THE RETURN OF THE "INTERESTING TIMES": AN OPPORTUNE TIME FOR INDIA?

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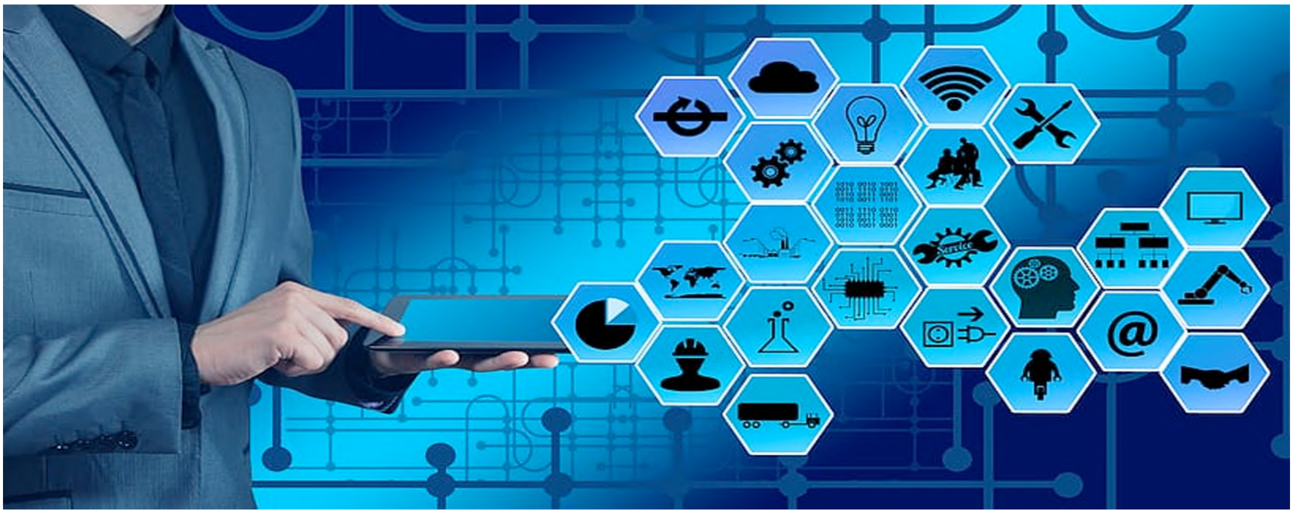
Technology has developed remarkably over the centuries. But the pace of technological change has intensified considerably in the last few decades. Cybercrime has also significantly increased in this age of rapid technological development and automation. Since the onset of COVID-19 in 2020, the world has been living in a "VUCA" (Volatile, Uncertain, Complex, Ambiguous) world. A simple search of the phrase "*May you live in interesting times*" shows that this phrase is commonly referred to as an ancient Chinese curse. "*Interesting times*" mean an era of turmoil and tumult, upheaval and strife.

With the return of the US President Donald Trump, the phrase "*interesting times*" has once again assumed importance. We have seen how the "Trump tariff" created market volatility, despite the 90-day pause. Fear factors are on as each morning after waking up, we rush to the newspaper headlines to check out how volatile things are- "*sail on/in the sea*".[1]



[1] "Sail on the sea": This emphasizes the surface of the sea, like a sailboat or a ship using the water for travel. On the other hand, "Sail in the sea": This suggests being within the sea, perhaps underwater in a submarine or a boat that is submerged.

The apparent direct war between the two giant economies has made the future course uncertain and interesting. The global economic order is also assuming importance through the transition from bipolar to multipolar order, with protectionism gradually replacing globalisation. In other words, the process of globalisation has altered its nature in more strategic and careful bilateralism between different groups of nations.

The "*retaliation*" and "*counter-retaliation*" (responding to a previous act of retaliation with a counter-action) between the two most powerful economies has started taking an unpleasant form. China has warned countries that striking any deal with the US will cost them dearly. China's state-backed funds are pulling back from investing in the funds of the US-headquartered private capital firms, and an escalating trade war situation between the two largest economies.

However, this era can be an opportune time for India with a carefully designed strategic interaction between the two giant economies. Chinese ambassador Xu Feihong in his twitter post, shared "*Share with you my interview with The Times of India. We talked about high-level exchanges, economic ties, US tariffs, etc. I am fully confident in the future of China and India relations*." He stressed, "*China has never imposed mandatory restrictions on the export of relevant equipment or travel of personnel to India. We hope India will take China's concerns in the economic and trade field seriously, provide a fair, transparent, and non-discriminatory business environment for Chinese Enterprises*."[2]

Despite China's weak momentum for FDI, China kicked off an "*Invest in China*" programme last year. China is also trying "vigorously encouraging" foreign investment, including pilot programmes for opening up the service industry, as well as the Internet, telecom, healthcare, and education sectors, along with an enabling environment so that foreign enterprises will have the same treatment as domestic firms in procurement, regulation, and licensing.

However, a potential fear is the Chinese dumping. India imposed a 12 per cent safeguard duty on some steel products to stem unbridled imports from China.

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[2] https://x.com/China_Amb_India/status/1913487403895193753/photo/2

Another recent possible stress appears in the backdrop of the shocking terrorist attack that took place in Pahalgam, Kashmir, where China lacks any clear sympathy/support for India.

While engaging in a discussion with China and other countries, the Government of India (GoI) is also affiliated with Washington in preparing a strategy to capture the opportunity in engaging with US firms exiting China, and targeting industries/sectors like electronics, pharmaceuticals, chemicals, air conditioners, toys, among others.

Some ongoing notable investments are Dixon Technologies investing ₹1,000 crore in Tamil Nadu to manufacture laptops for HP and Lenovo; Alphabet Inc is in the process of discussion with Dixon and Foxconn about moving manufacturing of Google's Pixel smartphone from Vietnam to India; the Taiwanese brand Asus is partnering with VVDN to set up an assembly line in Manesar.[3]

India's macro scenario remains robust with a rebound in the stock market as the Sensex reclaimed the 79k level, while the Nifty increased above the 24k. The BSE Bankex has regained almost 400 points, led by a robust rally in bank stocks, despite some slowdown in the US markets, weighed down by President Donald Trump's escalating criticism of Federal Reserve Chair Jerome Powell and renewed uncertainty around global trade.

India's core sector growth recovered to 3.8 per cent in March'25 from a five-month low of 3.4 per cent in Feb'25. The YoY rise in the core sector inched up slightly to 3.8 per cent in March 2025, led primarily by the higher growth in electricity generation (increased by 6.2 per cent in March'25) amid rising temperatures. Coal production (weight: 10.33 per cent) increased by 1.6 per cent in March 2025 over March 2024. Its cumulative index increased by 5.1 per cent during April to March, 2024-25 over the corresponding period of the previous year. Both crude oil and natural gas production have declined by 1.9 and 12.7 per cent, respectively, in March'25 (YOY). Petroleum refinery products and fertiliser increased by 0.2 and 8.8 per cent respectively, while steel and cement production increased by 7.1 and 11.6 per cent respectively in March'25.

[3] According to various media news reports like the Core with Morning brew, ET etc.

Therefore, barring crude oil and natural gas, all other industries have grown reasonably, with cement (11.6 per cent) and electricity (6.2 per cent) showing impressive growth.

Gold prices soared to a fresh high on 21 Apr'25 as the US dollar index (DXY) in the global markets plunged by 1.13 per cent to a three-year low of 98.10. The dollar index gauges the greenback's strength against a basket of six currencies. Gold prices in India were near ₹ 1 lakh for 10 gm, including 3 per cent GST, on the back of global developments. Gold prices on 22 Apr'25 have increased further to hit a new high of ₹98,484 per 10 gms against ₹96,670/10 gms on 21 Apr'25.

On MCX, futures gold for Dec'25 delivery traded at ₹99,298 per 10 grams, while June'25 contracts were traded at ₹97,279 after hitting a high of ₹99,358. Spot gold on Comex hit a record high of $3,473 an ounce. US gold futures rose 1.7 per cent to $3,482 per ounce. According to the World Gold Council (WGC) data, global gold spot prices on 22 Apr'25 reached US$ 3322.90/oz.

It is interesting to note that countries like Vietnam, Thailand and Taiwan are gradually increasing their share with the US and China taking advantage of the tense trade relations between the two giant economies. India should not be behind the curve. India is also proactively trying to capture the advantage. India needs to focus on strengthening manufacturing instead of simply assembling. Given the complexities involved, the move will be gradual and careful.