

NEWS DIGEST



NATIONAL NEWS

Pharma & consumer goods: Donald Trump's tariff threats, and where India could feel the heat

31/01/2025

Source:  The Indian EXPRESS

Trade

Former US President Donald Trump's fresh tariff threats could impact India's key exports, including pharmaceuticals, gems, and marine products. With India's trade surplus and dollar earnings tied to US trade policy, heightened scrutiny is likely if Trump returns to office. His push for "reciprocal" market access may bring new tariff barriers, as seen during his first term with Indian steel and aluminum. The White House also urged India to boost American security equipment purchases.

Mini Deal, Macro Focus: PM to Talk Trade in US

31/01/2025

Source:  ET THE ECONOMIC TIMES

Trade

Prime Minister Narendra Modi's upcoming visit to Washington DC will focus on a limited trade deal with the US, covering tariff concessions and broad investment agreements. This marks his first meeting with President Donald Trump in his second term. Preliminary discussions suggest a mini trade deal, similar to the US-Japan agreement. Modi is expected to seek US investment commitments, aiming for \$100 billion and one million local jobs, amid Trump's America First trade policy.

Trump calls for 'fair' trade ties with 'tariff maker' India



Trade

28/01/2025

Source: [Business Standard](#)

US President Donald Trump has criticized India, alongside China and Brazil, as major "tremendous tariff makers" and vowed to impose tariffs on countries harming the US. In a call with Prime Minister Modi, Trump urged India to increase procurement of American security equipment to create a "fair" trade relationship. This marks Trump's first public mention of India as a high-tariff nation in his second term. Modi is expected to visit the US in February, with immigration being a key discussion topic.

Budget 2025: Will FM Sitharaman give India's healthcare sector the boost it desperately needs?

30/01/2025

Source: [ET THE ECONOMIC TIMES](#)



Budget 2025

The upcoming Union Budget could introduce key measures to support India's "missing middle class," who lack health insurance. Bejon Misra, Founder of the Patient Safety and Access Initiative of India Foundation, suggests utilizing unspent Employees' State Insurance Corporation (ESIC) funds to improve healthcare access. Experts also advocate for tax exemptions on health insurance, increased healthcare spending to 5% of GDP, and a digital insurance repository to streamline policy access, ensuring better coverage for underserved populations.

Budget 2025: Insurance Sector Awaits Game-Changing Reforms



Budget 2025

28/01/2025

Source: [Business Line](#)

The Union Budget 2025 is poised to bring transformative reforms to India's insurance sector, aiming to boost growth and accessibility. Key reforms include a proposed increase in FDI limits from 74% to 100%, a roadmap for GST relief on premiums, and the introduction of composite licenses for insurers. Experts hope for a tax deduction for life insurance policies and more customer-centric value-added services. These measures are expected to drive financial inclusion and accelerate sector growth, advancing India's vision of "Insurance for All by 2047."

India's demographic edge: A key to addressing global healthcare crisis

30/01/2025

Source: [Business Standard](#)

Healthcare



With a projected shortfall of 10 million healthcare professionals worldwide by 2030, India's young workforce—600 million under 25—offers a strategic advantage. Countries like the US, UK, and Germany face severe shortages, while India itself needs 650,000 nurses and 160,000 doctors. Bridging these gaps requires policy and financial support in Budget 2025. Experts stress investment in training and infrastructure to meet both domestic needs and global demand, positioning India as a key healthcare talent hub.

AI mission takes off: Chip & model plans on board



28/01/2025

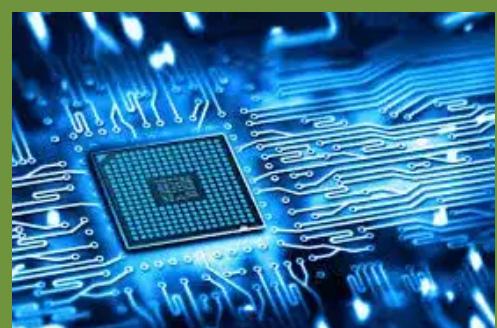
Source:  THE ECONOMIC TIMES

Artificial Intelligence

The IndiaAI Mission has secured commitments for 18,693 GPUs, with 10,000 already live, boosting India's AI capabilities. Minister Vaishnaw emphasized the strategic advantage of a common compute facility, enabling innovative AI models. Leading companies include Jio Platforms, E2E Networks, NxtGen, and Locuz. The government will subsidize 40% of GPU costs for the next three years. Vaishnaw also announced the launch of a framework for developing AI models tailored to Indian languages and culture, with initiatives in AI safety and application development for sectors like agriculture and climate change.

Critical Mineral Mission to Boost Semicon Sector

30/01/2025

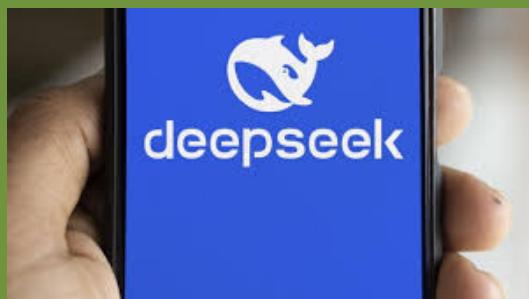
Source:  THE ECONOMIC TIMES

Technology

India has launched the National Critical Mineral Mission, investing Rs 34,300 crore (\$4 billion) over six years to secure vital resources for semiconductors and advanced tech. As Chinese AI dominance grows, India aims to build a resilient supply chain through domestic exploration, overseas mine acquisitions (50 by 2030-31), and processing facilities. Approved by the Cabinet, the initiative is key to India's clean energy transition and semiconductor ambitions, said I&B Minister Ashwini Vaishnaw.

INTERNATIONAL NEWS

Chinese AI leap triggers tech tumble by sowing doubt over chip spending



Artificial Intelligence

28/01/2025

Source: **FT**

Tech stocks fell sharply after China's AI startup DeepSeek unveiled a powerful language model using fewer Nvidia chips than expected. Nvidia plunged 17%, losing nearly \$600 billion in market value, its biggest single-day loss. Investors fear a "Sputnik moment" as China accelerates AI development. The Nasdaq dropped 3.1%, while Microsoft and other AI-heavy stocks declined. Analysts debate whether DeepSeek's advancements signal a real shift or if US firms will maintain dominance in AI innovation.

Trump's tariffs rhetoric creates global scramble to find new trading partners

28/01/2025

Source: **FT**



Trade

Countries worldwide are rushing to secure bilateral trade deals as Donald Trump's tariff rhetoric fuels fears of rising US protectionism. The EU has struck a trade deal with Mercosur, updated agreements with Mexico, and reopened talks with Malaysia. Policymakers recall strategies from Trump's first term, when nations sought alternative trade routes. Meanwhile, Trump has proposed tariffs of up to 100% on China and 25% on Canada, prompting a global scramble to protect supply chains and sustain trade volumes.

No Plan B for German Broken Economy



28/01/2025

Source: **WSJ****Economy**

Germany's export-driven economy faces mounting pressure as China reduces imports and U.S. tariff threats loom. Politicians have yet to offer alternatives. In Ingolstadt, one of Germany's wealthiest cities, Mayor Christian Scharpf is scrambling to fill a €100 million budget gap. Audi, once a major municipal taxpayer, has seen its profits plunge 91%, forcing job cuts. With key industries faltering, concerns grow over Germany's economic resilience and its reliance on exports amid shifting global trade dynamics.

Fed holds steady on rates

28/01/2025

Source: **WSJ****Economy**

The Federal Reserve decided to keep interest rates steady at 4.3%, signaling a pause after three consecutive rate cuts since September, when the rate was 5.3%. The decision marks a cautious "wait-and-see" approach, as the Fed assesses the need for further reductions from a two-decade high. President Trump criticized the move, urging more aggressive cuts to support the economy. The Fed's current stance reflects uncertainty about future economic conditions and inflation.

QUOTES OF THE WEEK

- **Ashwini Vaishnaw, Electronics and Information Technology Minister:** “The foundational models made in India will be able to compete with the best of the best in the world. With algorithmic efficiency, we can create these models in a much shorter time frame.”
- **Donald Trump, President, the United States:** “The United States has the largest amount of oil and gas of any country on Earth, and we’re going to use it. I think we have to focus on energy security. And energy security has to be about the fuels of the future,”
- **UN Secretary-General António Guterres:** "Make 2025 a new beginning, not as a world divided but as nations united. Pact for the Future" as a commitment to peace, disarmament, and global cooperation.”

DATA GRAPHICS

Households' Inflation Expectations Stay High Amid Surging Food Prices

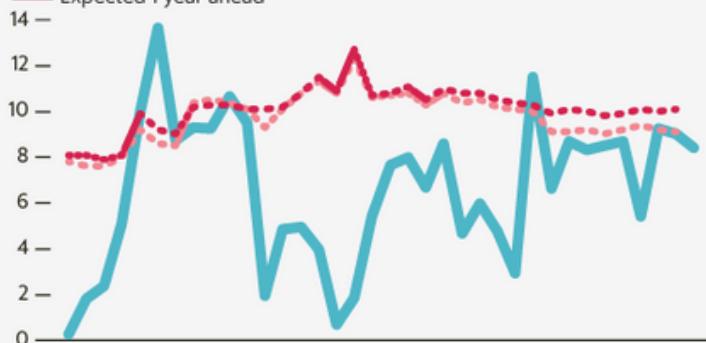
30/01/2025

Source: **mint**

Inflation expectations in households remain high due to elevated food prices

Households' median expectation of overall inflation rate vis-a-vis actual food inflation (in %)

Food inflation actual Expected 3 months ahead
Expected 1 year ahead



Months correspond to rounds of the RBI inflation expectations survey.
Source: RBI inflation expectations survey of households

CEOs Bet on Consumption, Infra Boost in This Budget

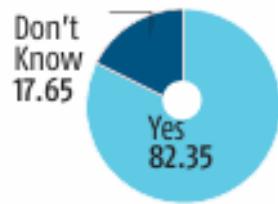
29/01/2025

Source: **Business Standard**

IN TOP EXEC'S' OPINION...

Based on a survey of 17 CEOs
(figures in %)

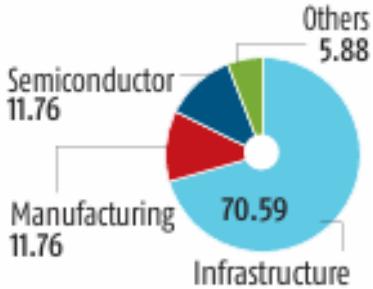
Q Do you believe the Budget will serve as a catalyst for boosting consumption?



Q Will Donald Trump's tariff policy affect India?



Q Which sector will receive the most focus in the Budget?



Q What impact will the Budget have on your company's growth prospects?



Q Will the Budget's tax proposals spur investment and jobs?



Q How do you rate past Budgets on digital infrastructure and innovation?



Q Will the upcoming Budget help India become a \$5 trillion economy?

