

## NEWS ROUND UP



# NATIONAL NEWS

## Tax break will give a fillip to slowing economy: Centre

3/02/2025

Source:  THE HINDU



Economy

The Centre has significantly reduced the income tax burden, making annual incomes up to ₹12 lakh tax-free. Finance Secretary Tuhin Kanta Pandey stated the move aims to ease public “angst” and stimulate economic growth by boosting demand, savings, and investments. The government will forego ₹1 lakh crore in revenue, but Pandey expects widespread economic benefits. He emphasized trusting people’s financial choices, saying, “Lakshmi baantne se badhti hai,” implying wealth grows when distributed.

## 'Budget measure target 6.8% GDP growth in the next fiscal'

3/02/2025

Source:  FINANCIAL EXPRESS



Economy

The Centre’s substantial tax relief aims to boost consumption and investment, potentially driving 6.8% GDP growth next year, Economic Affairs Secretary Ajay Seth said. The government remains committed to fiscal consolidation, targeting a debt-GDP ratio of around 50% by FY31. Seth emphasized steady fiscal discipline while adapting to economic conditions. The tax cuts primarily benefit middle-class earners, addressing past economic concerns and encouraging industry investment. He assured a balanced approach to growth and fiscal stability.

## Putin aide's trip this week to help boost ties with Russia



3/02/2025

Source:



Trade

Vyacheslav Volodin, Chairman of Russia's State Duma and close aide to President Vladimir Putin, is visiting India to strengthen inter-parliamentary relations. This visit precedes a potential trip by President Putin for the annual summit. Despite global geopolitical challenges, India and Russia continue to maintain robust ties, focusing on defense, security, and trade cooperation. Volodin emphasized the failure of Western attempts to isolate Russia and highlighted India's role as a strategic partner with longstanding trust and mutually beneficial cooperation.

## India weighs plan as tariff war flares

3/02/2025

Source: **mint**



Trade

In response to U.S. President Donald Trump's recent tariff actions against Mexico, Canada, and China, India is formulating a comprehensive strategy to prevent a potential trade conflict with the U.S. The plan includes reviewing import tariffs on over 30 items, such as luxury cars and solar cells, to enhance U.S. imports. Additionally, India is prepared to repatriate approximately 18,000 illegal Indian migrants from the U.S. These measures aim to strengthen bilateral trade relations and address U.S. concerns.



## India-UK FTA talks likely to resume this month



Trade

3/02/2025

Source: **Business Standard**

India and the United Kingdom are set to resume Free Trade Agreement (FTA) negotiations on February 24, 2025, after nearly a year-long hiatus. UK Secretary of State for Business and Trade, Jonathan Reynolds, will lead a delegation to New Delhi for this 14th round of talks. The discussions aim to bridge existing differences and finalize the FTA, which is expected to enhance bilateral trade, currently valued at \$21.34 billion in 2023-24.

## India stands to win US-China trade war

4/02/2025

Source: **ET THE ECONOMIC TIMES**



Trade

India is poised to benefit from the ongoing US-China trade war, with exporters reporting increased orders and values. Sectors such as electrical machinery, auto components, and pharmaceuticals are expected to see significant gains as US tariffs on Chinese goods create opportunities for Indian products. However, officials caution that India may still face some negative impacts from the trade tensions.

## Meity to reach out to global network of AI & ML experts

4/02/2025

Source: **Business Standard**



Artificial Intelligence

The Ministry of Electronics and Information Technology (MeitY) plans to engage a global network of AI and machine learning experts to mentor companies and startups in developing India's domestic AI foundation model. This initiative is part of the ₹10,372 crore India AI mission, aiming to establish a robust AI framework. MeitY will collaborate with researchers, academics, and industry leaders from top universities and companies worldwide to provide guidance during the initial phase of this project.

## India gets cracking on AI chip, plans rollout by '27

5/02/2025

Source: **mint**



Artificial Intelligence

The Ministry of Electronics and Information Technology (MeitY) and the Centre for Development of Advanced Computing (C-DAC) are collaborating to develop India's proprietary AI chip, essential for running large language models like ChatGPT. This initiative aims to reduce dependence on foreign processors and enhance domestic capabilities in AI hardware. The project reflects India's commitment to advancing its technological infrastructure and fostering innovation in the AI sector.

## India turns hotspot for smartphone brands



3/02/2025

Source: **Business Standard**

Technology

India has become a key market for smartphone brands, with Chinese companies like Xiaomi, Oppo, Vivo, and Realme collectively holding 58% of the market share as of March 2024. In the premium segment, Apple and Samsung have increased their presence, with India accounting for 6% of Apple's global iPhone sales and 12% of Samsung's global smartphone sales in Q4 2024. The iPhone 15 was the best-selling smartphone in India during this period.

## Cement firms weather Q3 lull with unique strategies

4/02/2025

Source: **Business Standard**



Cement

India's top five cement manufacturers reported a decline in earnings for Q3 FY25 despite a 4-5% growth in industry-wide demand. UltraTech Cement posted a 10% volume increase, while Ambuja Cements saw a 17% rise. However, increased fuel and operational costs impacted margins. Companies are adopting different strategies to navigate market challenges, including cost-cutting, capacity expansion, and pricing adjustments. With infrastructure projects driving demand, cement makers remain optimistic about long-term growth despite short-term profitability concerns.

# INTERNATIONAL NEWS

## Trump agrees to pause tariffs on Mexico, Canada



Trade

4/02/2025

Source: [The Washington Post](#)

President Donald Trump has granted Mexico and Canada a 30-day reprieve on U.S. tariffs set to take effect Tuesday. The decision follows talks with leaders from both nations, who agreed to intensify efforts against illicit drug trafficking and illegal migration. Mexican President Claudia Sheinbaum secured an extension by deploying 10,000 border guards, while Canadian Prime Minister Justin Trudeau negotiated tariff relief in exchange for immigration policy discussions. The move aims to prevent economic shocks and rising inflation in the U.S.

## China prepares to talk trade with Trump

4/02/2025

Source: [WSJ](#)

Trade



Beijing is preparing an opening bid to counter further U.S. tariffs and technology restrictions from the Trump administration. China aims to revisit a previous trade deal but may face resistance from Washington. Trump's latest 10% tariff increase signals growing pressure, though not at maximum levels. China plans to challenge the tariffs at the World Trade Organization. Meanwhile, bipartisan support in the U.S. for stricter trade measures could lead to further tariffs and restrictions on Chinese-made products and components.



## US-EU trade war would put at risk world's most valuable alliance



Trade

4/02/2025

Source: **WSJ**

European leaders are preparing for a trade battle with the U.S. after President Trump targeted EU nations over trade imbalances. Trump claims Europe has taken advantage of the U.S. and is considering tariffs. EU officials warn that a trade war would have no winners, as the U.S.-EU trade and investment relationship is the world's largest. While Europe seeks cooperation, tensions remain over trade deficits and military spending, raising concerns about economic and geopolitical stability between the allies.

## US renewables curbs risk crisis, warns industry

5/02/2025

Source: **FT**



Renewable Energy

Industry leaders warn that President Trump's restrictions on renewable energy could trigger an electricity crisis in the U.S., increasing costs and benefiting China in the global AI race. The administration has halted offshore wind projects and slashed green energy incentives. Experts predict utilities must boost power generation by 26% by 2028 to meet demand, with AI alone driving 45% of this growth. The move threatens the nation's cheapest energy source at a time of rising electricity needs.



## Pollution hid global warming, study claims



Climate

5/02/2025

Source: **FT**

A new study claims that pollution has masked global warming for years, with recent reductions in sulphur emissions revealing the true extent of climate change. Scientist James Hansen warns that the world is now on track to exceed the 2°C Paris Agreement target by 2045. Researchers found that aerosols previously cooled the planet by reflecting sunlight, but stricter shipping regulations have led to record temperatures. Experts caution that global warming is accelerating, making climate goals increasingly difficult to achieve.

## Trump faces backlash from business as trade war sounds inflation alarm

3/02/2025

Source: **FT**

Inflation



Donald Trump faces backlash from businesses and his own party over new tariffs on major U.S. trading partners. Industry leaders warn the tariffs, including 10-25% levies on imports from China, Mexico, and Canada, will raise consumer prices and disrupt supply chains. Canadian PM Justin Trudeau and Mexico's President Claudia Sheinbaum announced retaliatory tariffs. Critics argue the measures won't solve trade deficits but will hurt American families. Economists fear inflationary pressures and economic instability from escalating trade tensions.

## India seeks to revive economy with tax cuts



4/02/2025

Source: **FT**

Economy

India's government has introduced tax breaks for the middle class and businesses to revive economic growth. Finance Minister Nirmala Sitharaman announced a rise in the personal income tax threshold and lower rates on taxable income. The budget also aims to ease business regulations and attract investment. Experts note these measures will boost consumption but highlight inflation concerns. India's economy, growing at 6.4% in 2024, faces global trade challenges and supply chain risks, impacting its recovery efforts.

## QUOTES OF THE WEEK

- **Ashwini Vaishnaw, Minister for Railways; Information & Broadcasting; Electronics & IT, Government of India:** "Our young entrepreneurs, our startups, our researchers, they are really, really focused on getting to that next level of innovation which will reduce the cost. Our country sent a mission to the Moon at a fraction of the cost that many other countries spent. Why can't we do a (AI) model which will be a fraction of the cost that many other countries do?"
- **Sanjay Malhotra, Governor, Reserve Bank of India:** "The Monetary Policy Committee observed that inflation has eased, aided by a favourable outlook on food prices and the ongoing impact of previous monetary policy measures. This trend is expected to continue, with inflation gradually aligning with the target in 2025-26."
- **Sanjay Kumar Agarwal, Chairman, CBIC:** "Central government wants to provide relief to policyholders, so we don't want any situation where they have to pay higher costs. Currently, multiple GST rates apply to similar goods such as food items, resulting in litigation. This needs to be corrected."
- **Maurice Obstfeld, former Chief Economist, The International Monetary Fund:** "Donald Trump's policies are 'America First, Second, Third, Fourth...', all the way down the line. his approach fails to recognise that American prosperity depends on global well-being. Earlier generations of US leadership put America first also through its ability to influence global outcomes for the better. I worry we are returning to a 'might makes right' world, as seen in the 1930s and that wasn't a happy, prosperous or secure place."



DATA GRAPHICS

Tier-II Cities: A new frontier for GCCs

3/02/2025

Source: **Business Standard**

The Budget 2025-26, tabled on Saturday, proposed a national framework to support the growth of global capability centres (GCCs), particularly in Tier-II cities. In recent years, India has witnessed a surge in GCCs, with a notable shift toward expansion beyond metro hubs.

**SHIVANI SHINDE**

**WHY TIER-II CITIES ARE GAINING TRACTION**

- Workforce demand in Tier-II cities has increased by **30-40%** across sectors
- **11-15%** of India's tech talent currently resides in Tier-II and Tier-III cities
- Tier-II cities offer a **10-35%** lower cost of living than their nearest Tier-I counterparts
- Talent costs are **25-30%** lower, with **50%** savings in real estate rentals compared to metro hubs
- Start-ups in emerging cities grew by **50%** from 2014-2018, with projections of **2.2X** growth by 2025
- More than **140** GCCs are now established in Tier-II cities

**GCC TALLY IN 2024**

While new GCCs continue to prefer Tier-I cities, established players are expanding into Tier-II locations to leverage cost advantages, infrastructure growth, and a growing talent pool

	New units	Expansions	Total
Bengaluru	22	20	42
Hyderabad	18	20	38
Pune	6	11	17
Chennai	5	10	15
Mumbai	2	4	6
Delhi/NCR	4	6	10
Non-metro cities	8+	10+	13+

Note: Tier-II cities include Ahmedabad, Bhubhaneshwar, Kochi, Vadodra, etc

Source: ANSR


The green cost of generative AI

3/02/2025

Source: **ET THE ECONOMIC TIMES**

The surge in generative artificial intelligence is being met with growing fears about the technology's ecological footprint. Here are a few key figures:

- **Every request** made to OpenAI's chatbot consumes 2.9 watt-hours of electricity
- **That is** ten times more than the equivalent figure for a Google search, says IEA
- **OpenAI claims** that ChatGPT now has **300 million** weekly users with 1 billion requests every single day
- **Beyond ChatGPT**, there are thousands of other chatbots
- **In 2023**, data centres accounted for almost **1.4%** of global electricity consumption, says Deloitte
- **With massive** investments into GenAI, the figure is expected to reach **3%** by 2030 – or 1,000 terawatt-hours



**Up to 40% of data centres built for AI apps could face electricity shortages by 2027:** GARTNER

**The IEA forecast 75%+ increase in data centres' power consumption by 2026**

**Training one of the large language models (LLMs) that power chatbots generates around 300 tonnes of greenhouse gas carbon dioxide**

- **Beyond energy**, GenAI also consumes water, especially for cooling computer hardware
- **GPT-3 requires** around half a litre of water to generate between 10 and 50 responses, according to researchers at the University of California

**INCREASED AI DEMAND FOR WATER IS FORECAST TO AMOUNT TO BETWEEN 4.2 BILLION AND 6.6 BILLION CUBIC METRES**

**Around 2,600 tonnes of electronic waste such as graphics cards, servers and memory chips emerged from GenAI apps in 2023:** Nature Computational Science journal

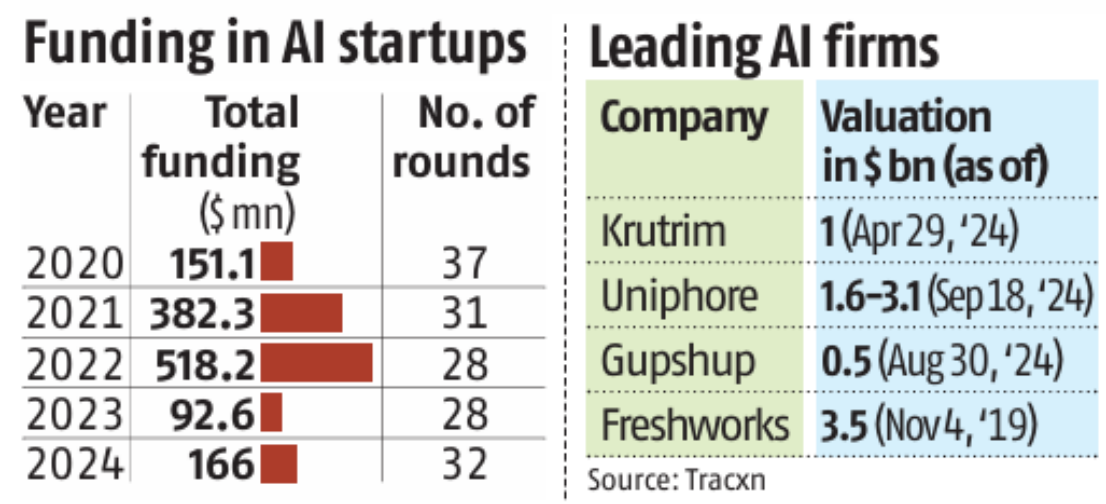
TEXT: AFP

DATA GRAPHICS

India's AI landscape

5/02/2025

Source: **Business Standard**



Are we spending enough to fight climate change?

6/02/2025

Source: **mint**

