



India holds fire as Trump slaps tariffs

INTERNATIONAL RELATIONS

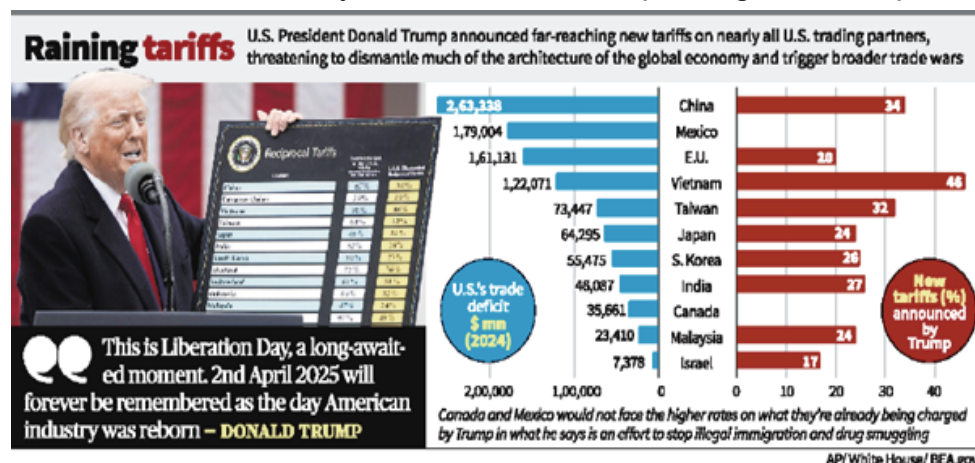
On April 2, 2025, U.S. President Donald Trump announced the implementation of significant "reciprocal tariffs" on imports from various trading partners, including India, as part of his efforts to reduce the U.S. trade deficit. The tariffs, ranging from 10% to 49%, will begin on April 5, with higher tariffs for countries with the largest trade deficits, such as India, which will face a 27% tariff on its exports to the U.S. despite ongoing trade negotiations. This move led to market declines globally, including a 3% drop in the Dow Jones and a 4% drop in the NASDAQ. Trump's decision was based on his use of the International Emergency Economic Powers Act (IEEPA) of 1977, citing the trade deficit as a "national emergency." Despite the significant economic impact, India's official response remained relatively calm.

In response to the new U.S. tariffs, India's Commerce Ministry issued a statement on April 2, 2025, acknowledging the potential impact of the measures and engaging with stakeholders to assess the situation. While expressing concern, India also emphasized its commitment to continuing talks for a Bilateral Trade Agreement (BTA) with the U.S., aiming to increase bilateral trade to \$500 billion by 2030. Unlike other affected countries, India did not threaten countermeasures but highlighted potential opportunities arising from the tariffs, noting that India's tariff rate was lower than those faced by rivals like Vietnam and Thailand. However, India's diamond and jewelry sector, which exports \$10 billion to the U.S., could be significantly affected, prompting calls for faster BTA negotiations to mitigate the impact.

Industries take stock

The auto industry in India does not expect significant impact from the U.S. tariffs, as automobiles and auto parts

were excluded. However, Boeing may face supply chain challenges, potentially delaying aircraft deliveries. President Trump criticized India, Thailand, and Vietnam for what he called "vicious attacks" on U.S. workers, citing tariffs on motorcycles. This was despite India lowering tariffs on foreign motorcycles, from 100% in 2017 to 30% in 2025. In his executive order, Trump emphasized the need to address trade imbalances, comparing India's average tariff rate of 17% with China's 7.5% and the EU's 5%, and highlighted concerns over high tariffs on items like cars, rice, and network equipment.



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Expect Telangana CM to exercise restraint: SC

POLITY & GOVERNANCE

The Supreme Court of India stated on Thursday that it has the authority and responsibility to ensure that Speakers do not delay decisions on disqualification petitions under the anti-defection law (Tenth Schedule of the Constitution) until the end of a legislative assembly's tenure. The Court criticized the practice of waiting until the last months of a House's term to dismiss petitions, asserting it would not allow the law to be undermined. The comments came during a hearing regarding petitions from Bharat Rashtra Samithi leaders, urging the Telangana Assembly Speaker to act on disqualification proceedings for 10 MLAs who switched allegiance to the ruling Congress. The Court is now addressing whether constitutional courts can impose a specific timeline for Speakers to decide on such petitions, a step it has avoided in the past, only requesting action within a "reasonable time."

The Supreme Court would not remain a silent spectator and watch from the gallery as a Speaker waited till six months before the end of the tenure of a Legislative Assembly only to say 'now there is no time left'

SUPREME COURT BENCH



During the ongoing case, Justice Gavai criticized the Telangana Speaker for not providing a timeline to decide disqualification petitions, prompting the court to set a deadline itself. The Bench also expressed strong disapproval after senior advocate C.A. Sundaram highlighted comments by Telangana Chief Minister Revanth Reddy, who allegedly spoke on behalf of the Speaker and dismissed the possibility of a by-election for defected MLAs. Justice Gavai recalled a previous instance in September 2024 when the court had shown leniency towards Reddy after he apologized for comments on a separate case. Justice Gavai urged the Chief Minister to exercise restraint and emphasized that the judiciary expects similar restraint from the executive and legislature. The court has now reserved its judgment on the case.

Engineering goods to take a hit, exporters of textiles see ray of hope

ECONOMICS & DEVELOPMENT

Following the imposition of a 27% reciprocal tariff by the U.S. on Indian imports, exporters in India have called for an



early conclusion of a Bilateral Free Trade Agreement (BTA) to mitigate the impact of the tariffs. While the tariffs present challenges, India's position is relatively favourable compared to competitors like Vietnam (46%), China (34%), and Indonesia (32%). Certain sectors, such as apparel, gems and jewellery, and chemicals, may benefit from export diversions. However, engineering exporters are concerned, predicting a \$4-5 billion drop in exports in the first year, urging diversification into new markets like the EU, U.K., Canada, and GCC. The textile and apparel sector remains optimistic, as the U.S. tariff is lower than those faced by competitors, and continued strategic engagement is essential while also exploring new export destinations.

Indices weather Trump tariffs, rupee is stronger

ECONOMICS & DEVELOPMENT

Indian stock indices showed a mixed response to U.S. President Donald Trump's tariff actions, initially reacting negatively but recovering later in the day. The Nifty index opened sharply lower by 182 points but regained most of its losses, closing down by 0.35%. The Sensex closed 0.42% lower, shedding 322 points. Compared to other Asian markets, India's losses were relatively modest, with China, Hong Kong, Thailand, and Vietnam experiencing steeper declines. Sectors such as pharma, healthcare, and PSU banks performed well, while IT, auto, and metals saw significant losses. Investors seemed to have priced in the effects of the tariffs, and the clarity provided by the announcement helped reduce volatility.

Rupee recoups

The Indian rupee initially weakened by 26 paise, reaching 85.78 against the U.S. dollar due to news of the tariffs but later recovered. It closed 22 paise stronger at 85.30, marking its highest close since December 26, 2024. The rupee's recovery was supported by a weakening dollar index and stable equity markets. Analysts attributed the dollar's weakness to concerns that the tariffs could increase the likelihood of a U.S. recession, which, if combined with inflation, would negatively impact the U.S. economy.

Indian seafood exporters get the 'sinking' feeling

ECONOMICS & DEVELOPMENT



U.S. President Donald Trump's 27% tariff on Indian goods will significantly impact Indian seafood exports, which totalled \$7.38 billion in 2023-24. India, the largest seafood exporter to the U.S. with a 35% market share, faces a competitive disadvantage, as its rival Ecuador is only subject to a 10% tariff. This 17% difference raises concerns for India's seafood sector, particularly since frozen shrimp, the bulk of India's seafood exports, is heavily affected. In 2023-24, India exported 17.81 lakh tonnes of seafood, earning ₹60,523 crore, with the U.S. being the largest importer, accounting for 2.97 lakh tonnes worth about \$488 million.

Electronics industry gets tariff breather

ECONOMICS & DEVELOPMENT

Electronics manufacturing firms and industry associations expressed relief that the U.S.'s 27% reciprocal tariffs on Indian exports did not affect semiconductors. Ajai Chowdhry, chairman of the India Electronics and Semiconductor Association (IESA), noted that India could gain a competitive edge over countries like Vietnam and China in the electronics sector due to their higher tariffs. However, this advantage depends on Vietnam's ability to secure a trade deal with the U.S. and India's success in negotiating a bilateral trade agreement. The India Cellular and Electronics Association raised concerns about lower tariff rates for countries like Brazil, Turkey, Saudi Arabia, UAE, and the Philippines, which could undermine India's competitiveness.

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EU 'prepared to respond' to tariffs, but open for talks

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After U.S. President Donald Trump announced tariffs on various trade partners, including a 20% tariff on EU goods, European Commission President Ursula von der Leyen expressed regret and stated that the EU was prepared to respond, while leaving room for negotiations. She criticized the tariffs for creating uncertainty and chaos, noting that they would negatively impact people globally. Von der Leyen confirmed the EU's preparations for countermeasures and was monitoring the potential dumping of cheap goods by third countries. She emphasized that relying on tariffs would not resolve the issue and called for reforms to the global trading system. Additionally, she highlighted the EU's efforts to reduce bureaucratic barriers and reassured Europeans that the European Single Market would provide stability in tough times.

China 'firmly opposes' U.S. tariffs, pledges retaliation

INTERNATIONAL RELATIONS

China strongly opposed the new U.S. tariffs, including a 34% tariff on its exports, and vowed to take countermeasures to protect its rights and interests. The Chinese government argued that the tariffs violated international trade rules and would harm both U.S. and global economic interests, disrupting international supply chains. The tariffs were an extension of previous levies imposed by the U.S. China condemned the U.S. for its protectionist practices but emphasized that communication between the two countries on trade issues was ongoing. The Chinese Foreign Ministry warned that protectionism has no solution and noted widespread international opposition. In response, China had already imposed tariffs on U.S. agricultural goods, and these new U.S. duties could hurt China's economic recovery, which is already facing challenges such as a debt crisis in the property sector and weak consumption.

The other space race — the geopolitics of satellite net

INTERNATIONAL RELATIONS

India's partnership with SpaceX for Starlink services through Airtel and Jio marks a significant shift in connectivity, national sovereignty, and economic power in the digital era. These partnerships provide high-speed internet to remote regions of India without the infrastructure costs of traditional networks, benefiting both Indian telecom companies and SpaceX. However, the collaboration also involves geopolitical considerations, as communications infrastructure is linked to national security. With Starlink's global influence, concerns arise about the U.S.'s digital dominance, especially as China develops its own satellite network. India's decision to partner with Starlink instead of China could indicate a geopolitical shift. Additionally, Starlink's growing dominance in the low Earth orbit internet market raises concerns about monopolistic control, competition, and the risks of private companies influencing critical infrastructure, as seen with SpaceX's actions in Ukraine in 2022.

Economic value versus geopolitical control

India faces a strategic decision regarding its long-term digital sovereignty as it partners with SpaceX for Starlink services through Airtel and Jio. While ISRO continues to develop indigenous satellite capabilities, this will require significant investment and time. The partnership model with Airtel and Jio provides a balance of technological benefit and sovereignty, with provisions for technology transfer and local data storage, which could enhance India's capabilities and safeguard against monopolistic behaviour. However, the absence of Bharat Sanchar Nigam Limited (BSNL) from these partnerships is notable. As a state-owned enterprise with a rural presence, BSNL could have offered broader reach and allowed for more government oversight of critical technology. Its exclusion represents a missed opportunity despite its financial struggles.

A technology evolution, challenges

The partnerships between SpaceX and Indian companies like Airtel and Jio may set a precedent for global internet governance with geopolitical implications, balancing technological progress and strategic autonomy. For SpaceX and Elon Musk, these collaborations offer commercial opportunities and political legitimacy, while addressing India's regulatory concerns. However, the success of satellite internet in bridging digital divides depends on affordability and accessibility for rural populations, potentially requiring government subsidies or innovative pricing models. As satellite internet grows, governance challenges like orbital debris and space traffic control will require international cooperation. Ultimately, the challenge for all stakeholders will be to leverage satellite connectivity while maintaining autonomy, as orbital assets become as strategic as terrestrial ones.

Bangladesh events, a reflection of South Asia's minorities

INTERNATIONAL RELATIONS

Since the deposition of Prime Minister Sheikh Hasina in August 2024, political developments in Bangladesh, including violence against Hindus, have raised concerns about the status of religious minorities in the country. When viewed in the broader context of the situation for Muslims in India and minorities in Pakistan, the condition of minorities across South Asia has significantly worsened since Partition. Not long ago, religious minorities in India, especially Muslims, were relatively better off compared to those in Pakistan and Bangladesh, but current political trends suggest a continued decline in their conditions across the region.

A subject that is still in focus

The Partition of British India in 1947, intended to resolve the Hindu-Muslim question, has left a lasting legacy of political disputes and tensions. The management of Partition, and its ongoing impact, has been a key issue in South Asia, fuelling Hindutva nationalism in India and creating socio-political categories like Mohajirs in Pakistan and Bangladeshi refugees in India. The Kashmir issue and the challenges faced by other minorities, such as Sikhs and Christians, have made the minority question central to regional stability.

Post-Partition, the movement of people led to a serious minority issue in India and Pakistan. Key Indian leaders, including Syama Prasad Mookerjee and B.C. Roy, proposed solutions like population exchanges, while Sardar Patel suggested military occupation of East Pakistan to address the refugee crisis. The Nehru-Liaquat Ali Accord of 1950 aimed to resolve the minority issue and prevent war, but it ultimately failed to protect Bengali Muslims in East Bengal, leading to the creation of Bangladesh in 1971. The two-nation theory, originally intended for India and Pakistan, ultimately resulted in the formation of three nations in the subcontinent.

India-Bangladesh ties need recalibration

The relationship between India and Bangladesh is influenced not only by Bangladesh's gratitude for India's role in its liberation but also by concerns over the treatment of Hindus in Bangladesh. Recent violence against Hindus has raised questions about whether it is politically motivated or part of a broader pattern of persecution. Some argue that India has made a mistake by focusing its relations with Bangladesh primarily on Sheikh Hasina's family. By framing the issue of Hindu persecution as a bilateral matter, India seeks to redefine its approach to Bangladesh. Given the fragile secular fabric of Bangladeshi society, India should focus on strengthening its ties with the broader Bangladeshi population and democratic institutions, rather than prioritizing a specific political family.

The overall picture

The fate of religious minorities in India, Pakistan, and Bangladesh is closely connected, highlighting the need for new approaches and institutions to protect their rights. The lessons from the Nehru-Liaquat Ali alliance remain relevant today, suggesting that a shared history can lead to a common future. Discussions on Partition must be revived to improve Hindu-Muslim relations in South Asia. To safeguard minority rights, it is essential to pursue secular democracy initiatives in India, Pakistan, and Bangladesh. When political leaders focus only on the rights of co-religionists in other countries, it undermines broader commitments to minority rights and promotes majoritarian ideologies, fostering conditions for hatred and violence.

Data and federalism

POLITY & GOVERNANCE

NITI Aayog, in collaboration with NCAER, launched the NITI NCAER States Economic Forum, a portal that aggregates data and analysis on State finances in India. The portal provides State-wise reports on macroeconomic indicators, human development statistics, and trends in the devolution of central funds. While the data is drawn from established sources like the 2011 Census and the Periodic Labour Force Survey, its comparative presentation across States helps highlight fiscal disparities and development trends. This portal is timely amid renewed scrutiny of Centre-State relations and fiscal federalism, especially in southern States. Despite concerns over the quality of economic data, the portal's user-friendly format can facilitate fact-based discussions on contentious issues such as revenue-sharing and political power-sharing between the Union and the States.

The effective use of data from the NITI NCAER States Economic Forum relies on ongoing engagement by States, particularly through bodies like the Sixteenth Finance Commission. For India's federal structure to work equitably, regional data must inform policies that ensure fair representation, resource allocation, and administrative responsibility. However, discussions on federalism often become polarised, focusing on issues like language policy or delimitation. Balancing centralization and regional concerns requires cooperation based on evidence and mutual understanding. The new data platform is

a valuable tool for promoting informed discussions on governance, development, and the future of Indian federalism, though it is not a complete solution.

Instant injustice

POLITY & GOVERNANCE

Arbitrariness and bias in law enforcement have long undermined the rule of law in India, with issues like custodial torture, extrajudicial killings, and property demolitions becoming prevalent, often targeting political opponents and criminal suspects. The Supreme Court of India recently addressed this disturbing trend, particularly condemning the 2021 illegal demolition of properties by the Prayagraj Development Authority in Uttar Pradesh. The Court emphasized the violation of fundamental rights, including the right to shelter under Article 21, and ordered compensation of ₹10 lakh to each affected homeowner. The Court's strong remarks reaffirm the core principles of due process, fairness, and the presumption of innocence, highlighting the importance of adhering to the rule of law.

Despite the Supreme Court's strong disapproval of property demolitions by authorities, the practice continues, particularly in BJP-ruled States, and has spread to others like Punjab under the Aam Aadmi Party. This trend reflects a troubling acceptance of state high-handedness, undermining governance standards. While the state must combat issues like mob lynching, it is concerning when it adopts mob-like tactics itself. The Supreme Court must ensure its orders are consistently enforced across India to curb this issue.

Why are undersea cables important?

INTERNATIONAL RELATIONS

India is getting new cable landing systems coming online gradually. The latest addition is Airtel's 2Africa Pearls system, which has investments from Facebook parent Meta, adding 100 terabits per second of capacity to India's international bandwidth. Earlier this year, the SEA-ME-WE-6 cable was also landed in Chennai and Mumbai.

What are undersea cables?

Undersea cables are crucial for global internet connectivity, linking internet service providers and telecom operators across countries. These cables, made of fiber optic strands, are designed to withstand the harsh conditions of the ocean floor and handle large volumes of data. At landing points, they connect to landing stations, providing access to major networks. These cables are responsible for 90% of data, 80% of global trade, and a significant portion of financial transactions and government information. Each cable has a high capacity, supporting thousands of telecom users, and connects to terrestrial networks that extend connectivity inland.

Does India have enough undersea cables?

India has two major hubs for cable landing sites: Mumbai and Chennai, with most subsea cables landing in a small area in Versova, Mumbai. The country has 17 cable systems, including two domestic projects to connect the Andaman and Nicobar Islands and Lakshadweep Islands. Laying these cables takes years and costs millions of dollars, with existing infrastructure generally handling current internet traffic. However, experts like Anil Tandan and Aruna Sundararajan warn that as data traffic continues to grow, India may face capacity challenges in the future. India currently holds around 1% and 3% of global shares for cable landing stations and subsea cable systems, respectively.

What are some risks surrounding undersea cable deployment in India?

India is vulnerable to disruptions in subsea cables, as more cables land in Singapore than in all of India. A recent example of this vulnerability occurred when cuts in the Bab-el-Mandeb Strait, likely caused by Houthi rebel strikes, affected 25% of India's internet. While excess capacity in other networks has prevented significant disruption so far, future damage to multiple cables in critical regions like the Red Sea could severely impact internet connectivity. Additionally, most subsea cable routes follow traditional shipping trade routes, which may not always be ideal for internet infrastructure resilience.

What can be done to bolster India's subsea cable infrastructure?

Laying subsea cables in India is hampered by excessive regulatory hurdles, requiring around 51 permissions from various government departments. This extensive approval process delays projects, with most effort spent on securing territorial waters. Additionally, subsea cables are often damaged by fishing trawlers, and India lacks sufficient domestic repair vessels and cable storage capacity. There is a call for greater investment in local infrastructure to improve cable repair capabilities and streamline regulations for faster implementation.

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What challenges does Greenland's new PM face?

INTERNATIONAL RELATIONS

In Greenland's March elections, Jens-Frederik Nielsen was elected Prime Minister. The Demokraatit party gained significant ground, increasing its seats from three to ten, while the ruling coalition of Inuit Ataqatigiit (IA) and Siumut lost 11 seats. The election attracted global attention after U.S. President Donald Trump expressed interest in purchasing the island.

What is Greenland's political system?

Greenland is a self-governing territory of Denmark with a population of about 57,000. It has a parliamentary democracy with a 31-seat unicameral Parliament, where members are elected every four years through proportional representation. While the government must pass a vote of confidence to assume power, it does not have full authority over defence, constitution, citizenship, and fiscal policy. The five main political parties are Demokraatit (centre-right), Naleraq, Atassut, and the left-wing IA and Siumut. Traditionally, Siumut and Inuit Ataqatigiit have dominated, but for the first time, Demokraatit has broken this dominance by winning the recent election.

What were the key electoral issues?

Voters in Greenland were primarily concerned with independence, healthcare, and the fishing industry. Four out of five political parties, including Demokraatit, support independence from Denmark, with Demokraatit advocating for a "free association" model with the U.S. or Denmark. Another major issue was the healthcare system, which lacks adequate staff, especially in remote areas. Demokraatit called for reforms to prioritize care over administrative costs. Additionally, Demokraatit's victory was driven by dissatisfaction in the fishing sector, particularly after a law was passed that negatively affected seafood exports, a key part of Greenland's economy.

What are the internal and external challenges for the new PM?

Mr. Nielsen faces significant challenges in stabilising Greenland's economy, which is heavily dependent on fisheries and vulnerable to market fluctuations and climate change. He needs to diversify revenue sources through mining and tourism while considering environmental and local community needs. Improving public services, especially in education, healthcare, and infrastructure, is also a priority. Additionally, he must address social welfare issues like substance abuse and unemployment within a coalition government with differing views on independence.

Externally, Mr. Nielsen must navigate Greenland's strategic geopolitical position, balancing relations with Denmark, the U.S., and China. He needs to manage Greenland's autonomy while securing financial support from Denmark and addressing China's investments in rare earth minerals. Additionally, he must balance Greenland's foreign policy amidst Russian activity in the Arctic, while strengthening NATO's presence. A careful diplomatic strategy will be crucial for Mr. Nielsen.




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