



● POLITY

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Gaza ceasefire agreement ready: U.S. and Hamas

INTERNATIONAL RELATIONS



CONTEXT: Israel and Hamas have agreed to a ceasefire in the Gaza Strip, signalling a potential end to the deadliest and most destructive phase of their conflict.

A deal has been reached following extensive negotiations in Doha, involving the release of dozens of hostages held by Hamas and hundreds of Palestinian prisoners in Israel. The agreement also aims to allow displaced Gazans to return to their homes and facilitate the delivery of much-needed humanitarian aid to the war-torn region. While three U.S. officials and one Hamas official confirmed the deal, the Israeli Prime Minister's office stated that final details are being worked out and require

Cabinet approval. The deal includes a six-week ceasefire, during which 33 hostages will be released in phases. Mediators in Doha are expected to officially announce the agreement soon, marking a potential turning point in the conflict.

The timeline and scale of displaced Palestinians returning to Gaza remain uncertain, along with whether the deal will end the war or prompt Israeli troop withdrawal—key demands from Hamas for releasing remaining hostages. Long-term issues about Gaza's governance and reconstruction after the devastating war also remain unresolved. The conflict began with Hamas's October 7, 2023, attack, killing 1,200 Israelis and capturing 250 hostages, to which Israel responded with a large-scale offensive, killing over 46,000 Palestinians, displacing 90 % of Gaza's population, and causing a humanitarian crisis. A prior truce in November 2023 saw over 100 hostages freed.

Months of talks

The U.S., Egypt, and Qatar facilitated months of indirect talks between Israel and Hamas, culminating in a ceasefire agreement amid intense pressure. The deal follows a ceasefire between Israel and Hezbollah in November, ending over a year of conflict linked to the Gaza war. Israel's air and ground offensive has killed over 46,000 Palestinians, with women and children comprising more than half, according to health officials. The UN reports that 90 % of Gaza's 2.3 million residents have been displaced, with extensive destruction to homes and critical infrastructure. U.S. President Joe Biden, who supported military aid to Israel but criticized civilian deaths, outlined a three-phase ceasefire plan on May 31, as his term ends and President-elect Donald Trump prepares to take office.



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INDIA'S TOP MOST CIVIL SERVANTS FOR COACHING

Submarine, 2 warships commissioned in one go

INTERNAL SECURITY



CONTEXT: INS Nilgiri, INS Vaghsheer, and INS Surat — three frontline platforms were commissioned on the same day in the Navy.

Prime Minister Narendra Modi celebrated India's first tri-commissioning event, dedicating two warships and a submarine to the nation as a step towards Atmanirbhar Bharat. The platforms include INS Nilgiri, the lead ship of Project 17A frigates; INS Vaghsheer, the final submarine of the Project 75 Kalvari class; and INS Surat, the last ship of Project 15B destroyers. Highlighting India's maritime heritage, Modi linked INS Nilgiri to the Chola naval

empire and INS Surat to Gujarat's ancient trade ties with West Asia.

'Not expansionist'

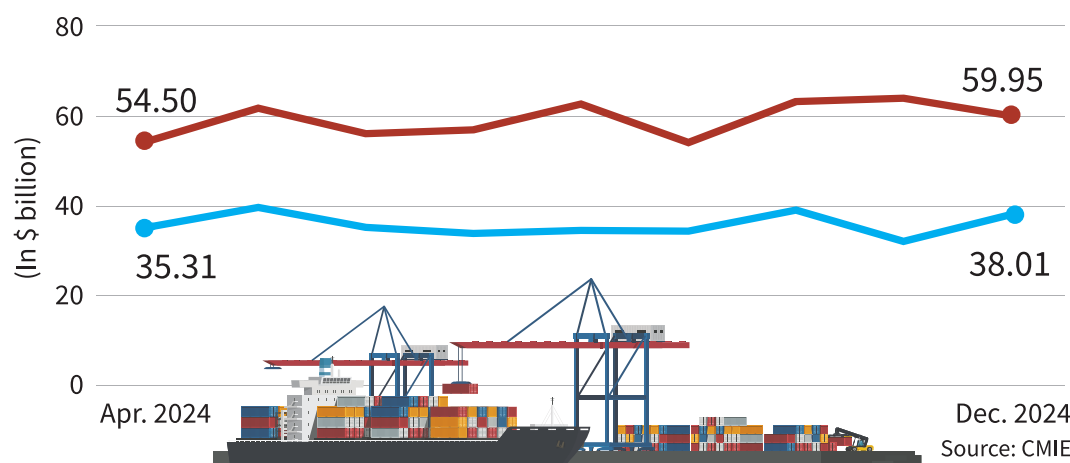
Prime Minister Narendra Modi emphasized India's vision as a global power focused on development, not expansion, and its reputation as a reliable partner, especially in the Global South. Highlighting the importance of self-reliance under the Atmanirbhar Bharat initiative, he noted that over 5,000 defense items are no longer imported, and 39 of the 40 naval platforms commissioned recently were domestically made. Defense Minister Rajnath Singh praised the event as a testament to India's growing strength in the Indian Ocean region.

Trade deficit in Dec. at three-month low; goods exports dip 1%

ECONOMICS & DEVELOPMENT

Export blip

Goods shipments shrank 1% in December, but the trade deficit narrowed to a 3-month low of \$21.9 billion with gold imports easing



CONTEXT: India's goods exports in December 2024 declined 1 % year-on-year to slightly over \$ 38 billion, while imports rose 4.9 % to nearly \$ 60 billion, narrowing the trade deficit to a three-month low of \$ 21.9 billion from November's record \$ 31.8 billion.

Gold imports that were feared to have spiked to a fresh high of \$14.9 billion in November, before the Centre corrected that tally by \$5 billion last week to \$9.9 billion. Gold imports dropped sharply to \$ 4.7 billion in December, following a correction in November's tally, but were still 55.4 % higher year-on-year. Commerce Secretary Sunil Barthwal downplayed export concerns,

noting consistent quarterly growth in shipments during a challenging year, with December marking only the third time in 2024-25 that exports surpassed \$ 38 billion.

Overall figures

India's goods exports rose 1.6 % year-on-year to \$ 321.7 billion from April to December 2024, while imports increased 5.15 % to \$ 532.5 billion, resulting in a trade deficit of \$ 210.8 billion, up 11.1 %. In December, the trade deficit grew 17% year-on-year. Petroleum imports rose 2.2 % in December, but petroleum product exports fell sharply by 28.6 %. For April to December 2024, petro product exports dropped 20.84% to \$49 billion, while imports rose 6.4 % to \$ 138.31 billion, largely due to a 20 % decline in petroleum prices. Excluding petroleum, non-petroleum exports increased 5.05 % in December and 7.05 % during the nine-month period.

Three Indian nuclear entities no more on U.S. restrictions list

INTERNATIONAL RELATIONS

CONTEXT: The United States removed restrictions on three Indian nuclear entities, over a week after National Security Adviser Jake Sullivan announced that Washington was finalising steps to “remove” hurdles for civil nuclear partnership between Indian and American firms.

The U.S. Bureau of Industry and Security (BIS) named Bhabha Atomic Research Centre (BARC), Indira Gandhi Atomic Research Centre (IGCAR), and Indian Rare Earths (IRE) as entities previously restricted under U.S. regulations. National Security Advisor Jake Sullivan announced at IIT-Delhi that the U.S. will lift these restrictions to enable cooperation between Indian nuclear entities and American companies.

By outgoing Biden team

The U.S. removed three Indian entities—Bhabha Atomic Research Centre (BARC), Indira Gandhi Atomic Research Centre (IGCAR), and Indian Rare Earths (IRE)—from its Entity List to advance the 2008 India-U.S. civil nuclear pact, enabling closer cooperation on critical minerals, clean energy, and technology. The move, announced shortly before Donald Trump’s inauguration, aims to bolster the U.S.-India strategic partnership. The Bureau of Industry and Security (BIS) stated this action supports U.S. foreign policy by reducing barriers to advanced energy collaboration and enhancing joint research and development efforts to meet shared energy security goals.

Agasthyar’s legacy to be the focus of Kashi Tamil Sangamam 3.0

ART & CULTURE

CONTEXT: Union Education Minister Dharmendra Pradhan announced the third edition of the Kashi Tamil Sangamam to focus on the legacy and philosophy of Maharishi Agasthyar highlighting Agasthyar's intellectual contributions form the foundation of Tamil language, literature, and India's shared cultural values and heritage. The third Kashi Tamil Sangamam will take place at Namoh Ghat in Varanasi from February 15 to 24, coinciding with the Kumbh Mela. Union Education Minister Dharmendra Pradhan inaugurated the registration process, expecting 1,200 delegates from Tamil Nadu. The event, organized by the Union Education Ministry, will feature the release of documents on Agasthyar temples in Tamil Nadu and Siddha medicine.

Union Education Minister Dharmendra Pradhan clarified that the Kashi Tamil Sangamam is focused on cultural integration and strengthening the timeless bonds between Tamil Nadu and Kashi, without any political motives. Participants will include students, teachers, writers, farmers, artisans, professionals, small entrepreneurs, women from various sectors, and individuals in start-ups, innovation, edu-tech, and research. This year, 200 Tamil-origin students from Central universities will also participate to deepen the connection between Kashi and Tamil Nadu, with a focus on encouraging youth participation across all categories.

The red flag as China's expansionist strategy rolls on

INTERNATIONAL RELATIONS

CONTEXT: India recently faced two incidents of Chinese aggression: the announcement of a dam on the Brahmaputra and the creation of two new counties in north-eastern Ladakh, threatening its territorial integrity and sovereignty.

India has condemned China's hydropower project as illegal and a challenge to its sovereignty, expressing concerns and vowing to safeguard its national interests. These actions are troubling, especially following recent agreements on troop disengagement along the Line of Actual Control, highlighting China's unpredictable regional approach.

The transboundary water issue

India and its South Asian neighbours, including Nepal, Bhutan, and Bangladesh, face challenges due to China's expansionist policies, including territorial encroachments and unilateral actions on transboundary rivers like the Brahmaputra and Indus. China's proposed massive dam near the China-India border, with an annual electricity generation capacity of 300 billion kilowatt-hours, poses significant risks for downstream countries, particularly India and Bangladesh. The dam could reduce water and silt flow, impacting agriculture, fisheries, and biodiversity, while the uncontrolled release of water during monsoons or geopolitical tensions could cause severe floods in India. In response, India is accelerating hydropower projects, investing \$1 billion to construct 12 hydropower stations in Arunachal Pradesh.

Border disputes, cartographic aggression

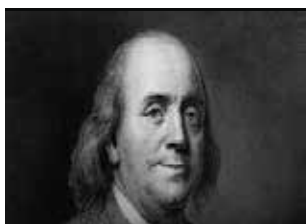
China is employing cartographic aggression, including renaming locations, creating new administrative counties, and incorporating disputed territories into official maps, to assert control and gain strategic leverage over regional adversaries. Its territorial disputes with India involve claims on Arunachal Pradesh and recent aggression in Ladakh, along with overlapping claims in Nepal and Bhutan. Notably, in 2023, China standardized 11 locations in Arunachal Pradesh, continuing similar actions from 2021 and 2017.

International law does not recognize territorial claims based solely on maps, as affirmed by the International Court of Justice in cases like the *Minquiers and Ecrehos* dispute. Effective administrative control and sovereignty are essential for determining territorial ownership. While China's cartographic aggression lacks legal validity, its efforts to establish a physical presence in disputed areas, such as building settlements, could pose future challenges for India.

The South Asian response

China's economic engagement with South Asian nations is overshadowed by ongoing territorial and water-related disputes, straining regional relations. Unlike Southeast Asian nations that address similar issues collectively through multilateral organizations like the Mekong River Commission (MRC) and ASEAN, South Asian countries, including India, handle their concerns with China bilaterally. This approach is influenced by the power imbalance between China and its smaller neighbours.

India, as South Asia's regional leader, should spearhead a unified response to China's growing influence and territorial ambitions. This can be achieved through regional forums, multilateral institutions, and enhanced diplomatic coordination. A comprehensive strategy focused on regional cooperation and diplomatic engagement is vital to safeguard India's sovereignty and ensure regional security against China's assertiveness.



"If you invest more in your education, then you are likely to get more interest in it."

–Benjamin Franklin

'India, China growth to soften in 2025'

ECONOMICS & DEVELOPMENT

CONTEXT: Moody's Ratings predicts that India and China will experience slower growth in 2025 compared to 2024, with U.S. trade policies presenting significant risks. However, India may benefit from tensions in U.S.-China economic relations.

Moody's projects that India's fiscal conditions will continue to limit its credit strength in 2025, with gradual fiscal consolidation expected due to government commitments to job creation and social welfare. India's debt is anticipated to remain significantly higher than the Baa-rated peer median, and debt affordability will remain weaker. Additionally, geopolitical risks, particularly defense spending due to tensions with China and Pakistan, will further strain India's fiscal position.

Nasscom, tech start-ups assessing digital data protection norms' impact

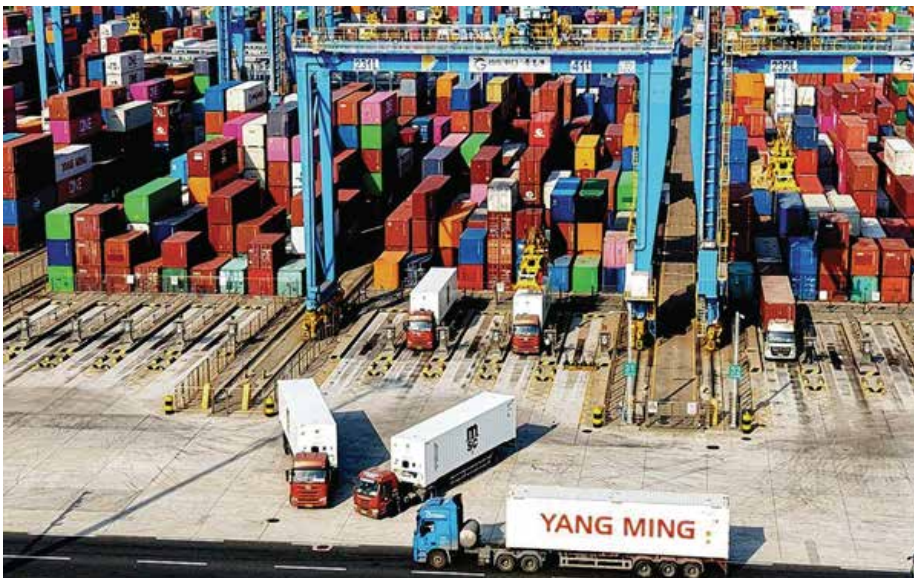
SCIENCE & TECHNOLOGY

CONTEXT: Nasscom is collaborating with the tech industry to assess the implications of the Digital Personal Data Protection Rules, 2025 draft and develop recommendations to strengthen the rules, ensure effective compliance, reduce uncertainty, and foster innovation.

Nasscom is actively engaging with stakeholders to provide input on the Digital Personal Data Protection Rules, 2025, with a submission deadline of February 18. It has highlighted the novel provision on data localization and cross-border data transfer restrictions, which require detailed analysis. The draft rules on security safeguards and consent for processing data of children and persons with disabilities are also being examined. The Tech Entrepreneurs Association of Mumbai (TEAM) called for discussions on ethical data use for AI, data deletion processes, and clarity on compliance aspects, advocating for a tiered approach based on company size to support innovation. TEAM also emphasized the need for rules to be made accessible in multiple languages to better engage civil society.

Renewed U.S. trade war threatens China's exports 'lifeline'

INTERNATIONAL RELATIONS



CONTEXT: China might not be able to rely on trade to steer it out of trouble as blistering tariffs being considered by U.S. President-elect Donald Trump threaten an already struggling economy.

China's exports have been a crucial driver of its economy, but growth in 2024 is expected to be among the lowest in decades, with a projected 4.9 % increase, slightly below the government's 5 % target. A surge in exports, reaching nearly \$ 3.5 trillion in 2024, was partly driven by U.S. importers stockpiling goods ahead of expected tariff hikes. However, exports are expected to weaken later in the year if Mr. Trump follows through on imposing 60 % tariffs on all Chinese goods. Despite this,

China's trade surplus in 2024 was historically significant, surpassing the surpluses of major economies like Germany, Japan, and the U.S. post-World War II.

China's trade surplus has significantly contributed to its GDP growth over the past three years, but this growth pillar may be threatened in 2025 due to retaliatory actions from the U.S. and European countries, who accuse China of unfair trade practices. The EU imposed additional duties on Chinese electric vehicles, and Mr. Trump has pledged to impose even higher tariffs on Chinese goods. A potential 20 % increase in U.S. tariffs could reduce China's GDP by 0.7 %. In response, China might weaken the yuan, reroute exports through third countries, or explore new markets. Notably, exports to Vietnam rose by nearly 18 % last year, making it China's third-largest export destination.

Domestic demand

In response to economic pressures, Beijing is implementing fiscal and monetary policy measures to boost demand in 2025. The central bank cut key interest rates to historic lows in October and signalled further rate cuts under a "moderately loose" monetary policy. Additionally, in November, Beijing introduced policies to support the struggling housing sector, including reducing deed tax rates for first and second homes in major cities like Beijing and Shanghai. These measures are part of a broader strategy to stimulate consumption and economic growth.

Near deflation

China came close to deflation in December, reflecting weak consumer spending since the end of strict anti-pandemic measures. To boost spending, authorities expanded a subsidy scheme to replace old household appliances and tech products. External pressures may require even more domestic policy support, according to economist Larry Hu. Analysts predict China's growth rate could slow to 4.4% in 2025 and potentially fall below 4 % in 2026.

Strong dollar shows 'U.S. exceptionalism' isn't isolationism

INTERNATIONAL RELATIONS



CONTEXT: The "U.S. exceptionalism" has undoubtedly helped drive Wall Street's record-busting returns in recent years.

The upcoming fourth-quarter U.S. earnings season highlights the global nature of American businesses, which, despite their strength, face challenges from weak foreign economies, low demand, and a strong dollar. The dollar's rapid appreciation is expected to significantly impact corporate profits, especially for firms with substantial international revenue. Analysts at Apollo Global Management note that over 41 % of S&P 500 firms' revenues come from abroad, the highest since 2013. These firms face two vulnerabilities: weaker demand from key trading partners like China, Canada, and Europe, and the reduced value of foreign revenues due to the stronger dollar. The dollar has risen 10 % since September and 7 % year-over-year, reaching its strongest level in over two years against a basket of G10 currencies. This trend is expected to continue, fuelled by strong U.S. growth and persistent inflation, which are lifting Treasury yields and altering investor expectations for the Federal Reserve's actions, with some predicting a rate hike rather than cuts.

Dollar idiosyncrasy

Despite disruptions to traditional economic theories since the pandemic, a 10 % year-on-year increase in the dollar is expected to reduce S&P 500 earnings by 3 %. While aggregate earnings per share for the fourth quarter are projected to grow by 9.5%, revenue growth is slower at 4.1 %, partly due to the strong dollar. Dollar strength typically leads to fewer revenue "beats," and this quarter's share of companies surpassing sales forecasts is expected to be lower than the 42 % from the previous period, when the dollar's rise was only 2 %. However,

Morgan Stanley's Mike Wilson suggests that the impact of the dollar's strength may be more selective, benefiting companies with low foreign sales exposure (less than 15 %). Companies like United Healthcare, T-Mobile, and Home Depot are outperforming, while larger firms with more international sales, like PepsiCo, IBM, and Oracle, are more vulnerable. While the dollar's strength hasn't yet significantly harmed corporate America's competitiveness, its persistence could indicate future challenges.

U.S. importers rush in goods from China as Trump tariff threat looms

INTERNATIONAL RELATIONS



CONTEXT: U.S. imports from China ended the year on a strong note, as companies stockpiled goods like apparel, toys, furniture, and electronics in anticipation of President-elect Donald Trump's planned new tariffs, which could escalate a trade war between the U.S. and China.

Mr. Trump, set to take office on Jan. 20, has threatened to impose tariffs ranging from 10% to 60% on Chinese goods. While his first term focused on Chinese parts and components, experts predict his next round of tariffs may target finished goods. This has led to an increase in China's exports of final goods to the U.S. as importers try to pre-empt potential tariffs.

Chinese trade officials reported a surge in December exports to record levels, amid concerns about rising trade protectionism in the U.S. and Europe. U.S. imports from China, including products like bedding, toys, and machinery, increased by 15% in 2023. While some U.S. retailers rushed to import goods to avoid potential tariffs, assessing the true impact on overall imports is challenging due to private data. Additionally, resilient U.S. consumer demand and the stockpiling of goods in response to shipping disruptions and labour disputes have further complicated the analysis.



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