



● POLITY

● ECONOMICS

● TECHNOLOGY

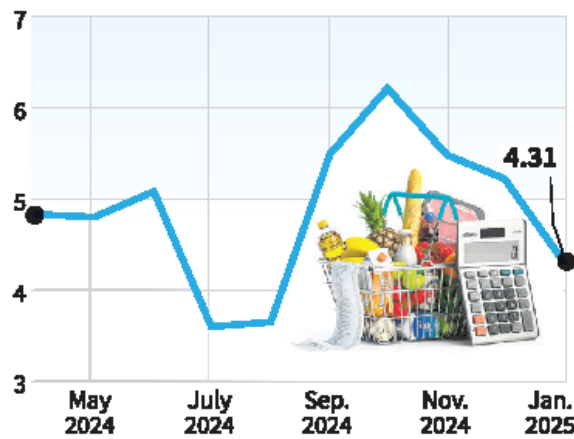
● ECOLOGY

India's retail inflation cools to five-month low of 4.31% in Jan.

ECONOMICS & DEVELOPMENT

Downward trend

The chart shows retail price inflation (in %), measured by the Consumer Price Index, from April 2024 to January 2025. Retail inflation fell to a five-month low in January 2025, due to the decline in the price rise of vegetables, eggs, and pulses



India's retail inflation eased to a five-month low of 4.31% in January 2025, down from 5.22% in December. The slowdown was driven by a deceleration in food price rises, particularly vegetables, which saw a sharp decline in inflation. However, edible oils and fruits experienced significant price increases. Urban inflation dropped to 3.87%, below the RBI's target of 4%, while rural inflation remained above the target at 4.64%.

The RBI recently reduced interest rates by 0.25% in response to easing inflation and economic growth concerns. Despite overall inflation cooling, economists worry about imported inflation due to the depreciation of the rupee, which could raise the cost of edible oils, fertilizers, and petroleum.

Key inflation drivers included coconut oil, potatoes, garlic, and peas, with Kerala and Odisha experiencing the highest inflation. The decline in vegetable prices, along with lower inflation in items like eggs, pulses, and cereals, contributed to the overall decrease in inflation.

IMEC project gains traction as PM holds talks with Macron

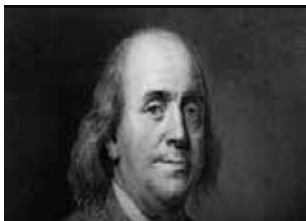
INTERNATIONAL RELATIONS



India and France reaffirmed their commitment to the India-Middle East-Europe Corridor (IMEC) project during Prime Minister Narendra Modi's visit to France. The IMEC, which aims to connect India to Europe via sea and land routes, was initially discussed at the G-20 Summit in September 2023, but progress stalled due to the Gaza conflict. Both nations emphasized the project's potential to boost prosperity for India and Europe.

Additionally, India and France agreed to collaborate on the development of small and advanced modular nuclear reactors, seen as an essential part of their energy strategy. The two leaders also inaugurated the new Indian Consulate General in Marseille, a city

with historical ties to India from World War I, and discussed the city's role in enhancing connectivity and sustainable growth. Marseille will host the Mediterranean edition of India's Raisina Dialogue later this year.



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

—Benjamin Franklin

Public Accounts Committee asks Centre to review toll tax rule for National Highways

POLITY & GOVERNANCE

The Public Accounts Committee, chaired by Congress leader K.C. Venugopal, has directed the government to review the current toll tax rules for National Highways. The committee discussed the "Levy and regulation of fees, tariffs, and user charges" on public infrastructure, noting that the existing toll rates, based on the 2008 NH Fee Rules, no longer reflect the increased vehicular traffic. Panel members recommended lowering the base toll rates due to higher revenue from more vehicles.

The committee also raised concerns about concessionaires failing to meet agreements, including road maintenance, addressing high-risk intersections, and providing passenger amenities. Long traffic jams at toll gates, despite the implementation of FASTags, were also highlighted, with Paliyekkara Toll Plaza as an example. The Centre is testing an "Automatic Number Plate Recognition" system on select highways to address these issues.

Navy eyes fleet of 400 planes to boost maritime security

INTERNATIONAL RELATIONS

The Indian Navy has outlined plans to strengthen its air capability with a fleet of 400 aircraft over the next two decades, aiming to enhance maritime security and its combat and civilian roles. The "Atmanirbhar Indian Naval Aviation Technology Road map, 2047" envisions a modernized fleet, including a fifth-generation twin-engine deck-based fighter aircraft, long-range maritime reconnaissance aircraft, and amphibious aircraft. The Navy is also exploring options for developing multi-role helicopters, heavy-lift helicopters, and uncrewed aerial systems. Additionally, the Navy plans to induct the C-295 medium-range maritime reconnaissance aircraft, manufactured by TATA Advanced System Ltd. Admiral Dinesh Kumar Tripathi emphasized the need to address emerging threats from non-state actors and rapidly advancing technologies in the maritime domain.

India may revive plan to procure six more P-8I aircraft from U.S.

INTERNATIONAL RELATIONS

India is looking to revive discussions on procuring six additional P-8I long-range maritime patrol aircraft from the U.S., with this topic expected to be raised during talks between Prime Minister Narendra Modi and U.S. President Joe Biden. The P-8I, critical for submarine hunting and long-range surveillance, is vital due to the growing Chinese naval presence in the Indian Ocean Region. India had previously contracted 12 P-8Is and is now seeking six more, with preliminary discussions on pricing underway. Additionally, India aims to co-produce General Electric F414 jet engines and Stryker infantry combat vehicles with the U.S. under technology transfer.

India also signed a \$3.5 billion deal for 31 MQ-9B Sea Guardian UAVs, set to begin deliveries in 2029, to complement the P-8I fleet. The U.S. State Department had approved the potential sale of six additional P-8I aircraft in 2021, with the deal estimated at \$2.42 billion.

TRAI tightens rules against spam calls and text messages

POLITY & GOVERNANCE

The Telecom Regulatory Authority of India (TRAI) on Wednesday notified tighter rules for spam calls and text messages over telecom networks. Under the fresh amendment to the Telecom Commercial Communications Customer Preference Regulations, 2018, telcos are required to accept complaints against spam after up to a week of receiving such calls, act on unregistered telemarketers faster (within five days), and impose lower tolerance thresholds for reported spammers.

Legitimate business messages will now have further disclosure requirements. "Customers will be able to identify the type of commercial message by just looking at its [SMS sender] header as "-P", "-S", "-T", and "-G" will be suffixed for identification of promotional, service, transactional, and government messages, respectively," the TRAI said.

Repeated violators will face further action. "For the first violation of the regulatory threshold, outgoing services of all telecom resource[s] of the sender will be barred for 15 days," it said. "For subsequent violations, all telecom resources of the sender, including PRI/SIP trunks, will be disconnected across all access providers for a period of one year and the sender will be blacklisted."

Financial disincentives of ₹2 lakh–₹10 lakh have also been prescribed for telcos who misreport the spam complaints they receive from users. Recent steps taken by telcos to block spam calls using artificial intelligence have now been baked into regulation. "Access providers are mandated to analyse call and SMS patterns based on parameters such as unusually high call volumes, short call durations, and low incoming-to-outgoing call ratios," it said. The DND (Do Not Disturb) app has been updated. The app allows users to report SMS and call spam to their telcos.

AI can make drug-testing precise, and relevant to human biology

SCIENCE & TECHNOLOGY

On January 6, the U.S. FDA proposed draft guidelines for using artificial intelligence (AI) in assessing the safety and effectiveness of drugs. The FDA noted a sharp rise in AI-related submissions from drugmakers, highlighting its potential in overcoming the limitations of traditional drug development, which is costly and time-consuming. AI can enhance drug discovery, predict responses in vulnerable populations, and identify potential side effects. However, challenges include the quality of training data, biases, and the lack of transparency in AI models.

The FDA's draft guidelines emphasize a stepwise approach to assessing AI models' credibility, focusing on their application in the preclinical phase to improve the quality of data and reduce animal testing. The guidelines also stress continuous monitoring of AI models due to their ability to self-learn. Similar documents have been released by the European Medicines Agency and the International Council for Harmonisation, and India has also allowed computational models for drug safety assessments. The FDA's guidelines aim to harmonize expectations and ensure consumer safety in the evolving AI landscape in drug development.

Nuclear energy — dangerous concessions on liability

INTERNATIONAL RELATIONS

The Indian government's proposal to amend the Atomic Energy Act and the Civil Liability for Nuclear Damage Act, as announced by Finance Minister Nirmala Sitharaman, has raised concerns about nuclear safety. The amendments could indemnify suppliers, potentially undermining the protection of victims in the event of a nuclear accident. The current law limits the operator's liability to ₹1,500 crore, which is far below the potential cost of a nuclear disaster. This cap has been criticized as unfair to victims, especially given the role of suppliers in design defects that contributed to past accidents like Fukushima.

Despite pressure from U.S. nuclear corporations, the law allows operators to recoup compensation from suppliers if accidents are caused by defective equipment. However, some U.S. suppliers have lobbied for complete indemnity, which could remove any financial incentive for them to ensure reactor safety. The UPA government previously attempted to dilute the right of recourse, and the current government has continued this trend to appease suppliers.

The article also highlights the high costs of the American AP1000 reactor, which have led to significant delays and budget overruns in the U.S. This raises concerns about the economic viability of importing such reactors to India. Despite claims of superior safety, the reluctance of suppliers to accept liability exposes the risks associated with nuclear energy. Critics argue that the government's push for these amendments prioritizes U.S. corporate interests over the safety and well-being of Indian citizens.



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Wilful violation

POLITY & GOVERNANCE

The Supreme Court of India questioned Tamil Nadu Governor R.N. Ravi over his repeated refusal to grant assent to certain Bills, despite the constitutional requirement to do so after they are passed a second time by the State Assembly. The Court's 2023 ruling stated that when a Governor withholds assent, the Bill should be returned to the legislature, and if passed again, the Governor must grant assent. However, Mr. Ravi referred these Bills to the President, instead of granting assent, citing potential conflict with central laws. The Attorney-General argued that the Governor was right to do so due to issues with university vice-chancellor appointments, and that the Bills should not be considered valid after being withheld.

The article criticizes the Governor for delaying or blocking legislation and for failing to follow constitutional procedures. It highlights concerns that Mr. Ravi is using his powers to prevent laws that do not align with his views. The Union government is urged to address the challenges his actions pose to constitutional governance in Tamil Nadu.

Budgeting for a gender-inclusive 'Viksit Bharat'

ECONOMICS & DEVELOPMENT

The Union Budget 2025-26 highlights the government's commitment to inclusive development, focusing on four key groups: the poor, youth, farmers, and women. A significant step forward is the increase in the gender budget allocation to 8.8% of the total Budget, the highest in two decades, with ₹4.49 lakh crore dedicated across 49 Ministries. This reflects a strong push for women-led development, with key initiatives aimed at increasing women's participation in the workforce, including programs for skill development, entrepreneurship, and social security.

The Budget also targets gig workers, many of whom are women, with measures to formalize their status and provide social security and financial benefits. Additionally, it focuses on empowering women in agriculture and entrepreneurship through improved access to financial resources and simplifying documentation. The establishment of Centres of Excellence for AI and new schemes for women entrepreneurs also demonstrate a forward-thinking approach.

Overall, the Budget sets a robust foundation for women's economic empowerment, aiming for 70% women's participation in economic activities by 2047, though successful implementation will require continued efforts in policy execution, infrastructure, and societal transformation.

Averting Engels' pause

INTERNATIONAL RELATIONS

At the AI Action Summit in Paris on February 11, Prime Minister Narendra Modi emphasized India's commitment to AI governance, stressing the need for standards that uphold shared values, address risks, and build trust. India's approach, outlined in a joint statement with over 50 countries, focuses on trust, safety, and universal access. While AI offers significant potential for innovation, the Prime Minister acknowledged concerns about job losses and stagnant wages, especially in sectors like IT and services. He highlighted the importance of proactive policy responses to avoid economic strain.

The summit also addressed AI's growing energy consumption, with a focus on sustainable AI development powered by renewable sources. India aims to develop AI models tailored to its needs, leveraging emerging efficiencies without replicating high-investment, low-return models seen in other markets. The IndiaAI Mission's initiatives, such as subsidized access to GPU clusters, support this goal. Additionally, scaling AI education and skills training will be essential to retain talent and ensure India remains competitive in the global AI landscape.

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Implications of the AI Diffusion Framework

SCIENCE & TECHNOLOGY

The Biden-Harris administration introduced the Framework for Artificial Intelligence (AI) Diffusion, aiming to preserve U.S. dominance in AI technology, balance innovation with national security, and prevent adversaries from gaining strategic advantages in AI. The framework extends export controls on AI technology, including chips and AI model weights, with countries categorized into three tiers: close allies (no restrictions), adversaries (strict controls), and others (limited access).

While the framework prioritizes the U.S. and its allies, it could hinder the development of AI outside the U.S., including in India, which is placed in the second tier. This may discourage investments in Indian subsidiaries of U.S. companies, slow innovation, and cause India to reconsider its dependence on U.S. technology. The policy could strain the U.S.-India partnership, especially considering their collaboration on technology and regional security. As global AI advancements continue, the framework could lead to unintended consequences, with countries seeking to develop independent AI ecosystems.

SC to hear pleas challenging validity of CEC appointment law on Feb. 19

POLITY & GOVERNANCE



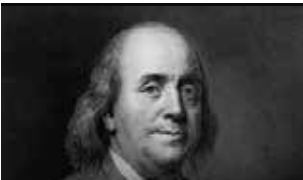
The Supreme Court has postponed the hearing on petitions challenging the legality of a new law that gives the Union government a dominant role in appointing the Chief Election Commissioner (CEC) and Election Commissioners. The hearing is now set for February 19, just after the retirement of incumbent CEC Rajiv Kumar on February 18. Advocate Prashant Bhushan, representing the petitioners, emphasized the urgency due to the CEC's retirement, but Justice Kant assured that the court's decision on the law's validity would apply regardless of the timing. The petitions

question whether Parliament can bypass or amend a Supreme Court judgment through legislation. The law in question, passed in December 2023, is seen as an attempt to dilute a March 2023 Constitution Bench judgment.

Should convicted persons contest elections?

POLITY & GOVERNANCE

The Supreme Court is hearing petitions seeking a lifetime ban on convicted persons from contesting elections. Under Section 8(3) of the Representation of the People Act, 1951 (RP Act), individuals convicted and sentenced to over two years in prison are disqualified from elections for six years after release. Section 8(1) disqualifies individuals convicted of heinous crimes like rape or corruption regardless of sentence length. Previous judgments have supported the decriminalization of politics, including mandating criminal record disclosures and striking down provisions that allowed convicted legislators to continue their terms. The current petition argues for a lifetime ban, questioning how convicted individuals can become lawmakers if they're barred from government jobs. The Central government has argued that MPs and MLAs aren't bound by service conditions. The petition also highlights concerns over the increasing criminalization of politics, with a significant percentage of MPs facing criminal charges. The Law Commission and Election Commission have recommended barring individuals charged with serious crimes from elections, though political consensus on this has been lacking. The Court may review the Election Commission's power to reduce disqualification periods for convicted persons.



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—Benjamin Franklin

A 11-year high of 55% urban residents report stagnant income in 2025

ECONOMICS & DEVELOPMENT

Mixed feelings

The data for the charts were sourced from the RBI's Consumer Confidence Survey - January 2025



Chart 1: Share of respondents (%) who said that the prices of commodities had increased/decreased/stayed the same

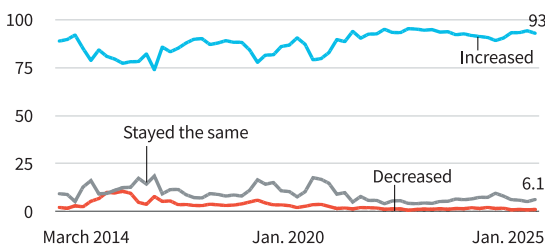


Chart 2: Share of respondents (%) who said that the spending on essential items had increased/decreased/stayed the same

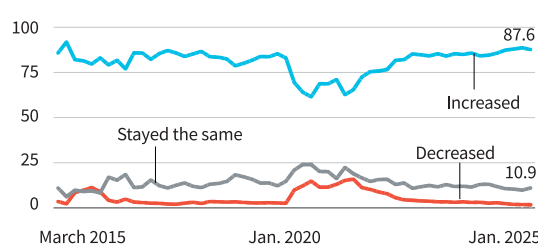


Chart 3: Share of respondents (%) who said that spending on non-essential items had increased/decreased/stayed the same

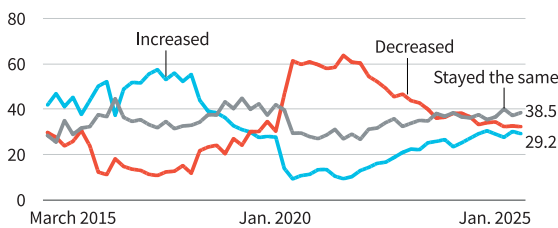


Chart 4: Share of respondents (%) who said that their income levels had increased/decreased/stayed the same

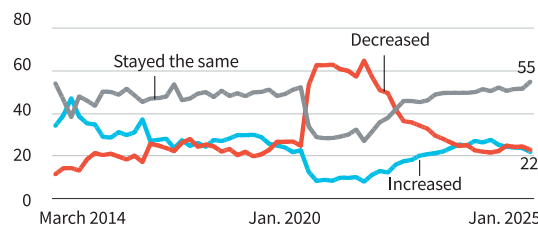


Chart 5: Share of respondents (%) who said that job opportunities had improved/worsened/stayed the same

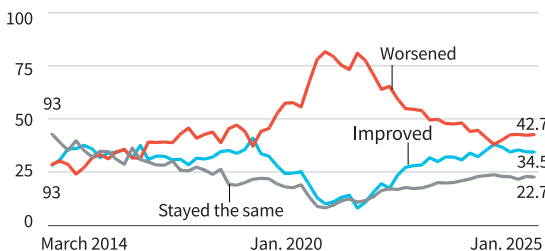
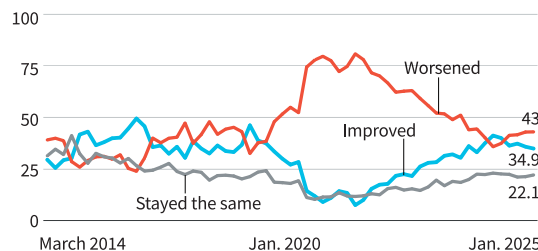


Chart 6: Share of respondents (%) who said that general economic situation had improved/worsened/stayed the same



Urban consumers in India began the new year with both hope and concern. On the one hand, India's retail inflation eased to a five-month low of 4.31% in January, providing some relief to consumers by reducing the pressure on their household expenses. On the other, worries about the employment scenario continued to weigh on them. Income levels too have been stagnant — in January, 55% of urban consumers reported that their income levels had remained unchanged compared to the same period last year. This is the highest such share in nearly 11 years.

As concerns over stagnant income levels overshadowed any optimism about reduced expenses, a growing share of urban consumers remained pessimistic about the broader economic outlook as the new year began, says the Reserve Bank of India's Consumer Confidence Survey, which was conducted across 19 major cities in January. It covered 6,081 respondents, of which 52.4% were women.

Chart 1 shows the share of respondents who said that the prices of commodities had increased/decreased/stayed the same in January 2025 compared to a year ago. The share of respondents who reported an increase in prices in January this year (93%) was the lowest since July last year. Around 1% of the respondents said that prices had declined, which has been the case since the pandemic. An increasing share said that prices had continued to remain the same.

Chart 2 shows the spending perception on essential items. The 87.6% who said that spending on essential items had increased was the lowest since

September 2024. Less than 2% of the respondents felt that spending on essential items had declined, aligning with the past trend. Close to 11% felt that it had remained the same.

Chart 3 shows perceptions of spending on non-essential items. There was a slight increase in the share of respondents who reported that their spending on non-essential items had remained unchanged compared to a year ago. The share of those

who stated that their spending had increased declined marginally in January 2025.

Overall, on the spending front, conditions have slightly improved or have at least not deteriorated further, as reflected in Charts 1, 2, and 3.

Chart 4 shows perceptions of income levels. The share of respondents who reported that their income levels had remained unchanged compared to a year ago reached a record high in January. There was a decrease in the share of respondents who indicated a decline or an increase in their income.

Chart 5 shows urban consumers' perceptions of employment. About 42.7% reported a decline in job opportunities compared to a year ago. Following the sharp drop in the employment sentiment during the pandemic, there had been a steady recovery since, with an increasing share of respondents reporting improved job opportunities. However, this trend reversed in mid-2024, as pessimism about the job market began to grow. This pessimism has deepened further in the current year.

Charts 4 and 5 reveal growing challenges on the income front. Job opportunities are becoming increasingly scarce, and those who are employed are grappling with stagnant income levels, highlighting the mounting financial pressures faced by urban consumers.

Pessimism over stagnant income levels has had a significant impact on consumers, with 43% of them stating that the overall economic situation had worsened in January compared to the same period last year. This is the highest such share in at least a year (**Chart 6**).

What is contributing to the downturn in Indian markets?

ECONOMICS & DEVELOPMENT

The BSE Sensex has closed lower for six consecutive days, driven by a sell-off among foreign institutional investors (FIIs) and concerns over mixed earnings and the potential tightening of the U.S. tariff regime. U.S. President Donald Trump's directive to restore tariffs on steel and increase aluminum tariffs to 25% has negatively impacted Indian markets. This move raises concerns about increased competition from cheaper Asian exports, particularly steel, affecting Indian manufacturers like JSW Steel.

Foreign money is moving away from Indian markets as FIIs and FPIs shift to U.S. bonds, attracted by safer returns amid weak domestic earnings growth, high valuations, and inflation exceeding the RBI's target. The outflow of foreign investment is strengthening the U.S. dollar and weakening the Indian rupee. FIIs have sold a significant amount of Indian equities this year, and while domestic institutional investors are compensating for this, market sentiment remains impacted.

Looking ahead, tightening trade policies under Trump, geopolitical tensions, and global economic slowdown may continue to affect the markets. While the return of FIIs to India is uncertain, signs of growth recovery and a decline in the dollar could encourage their return. SIP flows are expected to remain strong, helping absorb the selling pressure.

Centre's new Immigration Bill likely to have provisions denying entry to foreigners

POLITY & GOVERNANCE

The Immigration and Foreigners Bill, 2025, set to be introduced in Parliament, aims to address national security and sovereignty as grounds for denying entry or stay to foreign nationals. It may include provisions to block entry based on a foreigner's relations with another state. The Bill is expected to repeal and replace the outdated Foreigners Act, 1946, Passport (Entry into India) Act, 1920, and Registration of Foreigners Act, 1939, as well as the Immigration (Carriers' Liability) Act, 2000.

The proposed law will aim to clarify the functions of Immigration Officers, set obligations for universities and medical institutions regarding foreign students or patients, and may impose a burden of proof on individuals to prove they are not foreign nationals. Immigration Officers and the Bureau of Immigration would receive legal backing. Penalties for entering India without valid documents may include imprisonment of up to five years and fines up to ₹5 lakh, while using fraudulent documents

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As PM Modi lands in U.S., Musk's Starlink steals a march into Bhutan

SCIENCE & TECHNOLOGY



Elon Musk's Starlink has expanded into South Asia, launching its services in Bhutan, becoming the 121st country to join its network. India has not yet granted permission for Starlink to operate, citing security, privacy concerns, and potential conflicts with the local telecom industry. As Prime Minister Narendra Modi visits Washington for talks with U.S. President Donald Trump, the future of Starlink's plans in India may be discussed. In Bhutan, officials see Starlink as a valuable alternative for global connectivity, given the country's landlocked position, though there are concerns about maintaining the sustainability of Bhutan's national communications infrastructure.

IIP growth skids to four-month low of 3.2%

SCIENCE & TECHNOLOGY

India's industrial output growth dropped to 3.2% in December, its lowest in four months. Manufacturing and mining sectors grew by 3% and 2.6%, respectively, while consumer non-durables saw a significant decline of 7.6%. Electricity generation increased by 6.2%. The National Statistics Office revised November's industrial growth down to 5% from 5.2%. Despite the overall dip, sectors like capital goods, consumer durables, and infrastructure showed positive growth. However, the contraction in consumer non-durables signals ongoing weakness in household demand. Experts predict further moderation in industrial growth for January.

UN report finds rights violations under both Hasina, interim govt.

INTERNATIONAL RELATIONS

A report by the UN Office of the High Commissioner for Human Rights (OHCHR) has highlighted large-scale repression in Bangladesh during July-August 2024, after the fall of the Awami League government. The report alleges that violence against minority Hindus and indigenous communities, especially in the Chittagong Hill Tracts, occurred under the interim government. The violence was reportedly coordinated by political leadership, involving police, military, and other actors. Mobs engaged in revenge violence, including killings and attacks on religious sites. The Mohammad Yunus government has acknowledged the report but suggested that the attacks were driven by multiple intersecting motives, including discrimination and local disputes.

Putin, Trump hold phone call, agree to meet in future

INTERNATIONAL RELATIONS

Russian President Vladimir Putin and U.S. President Donald Trump discussed ending the war in Ukraine, with Putin inviting Trump to Moscow for future talks. The two leaders also discussed West Asia, bilateral relations, Ukraine, and a potential prisoner exchange. Ukrainian President Zelenskyy also spoke with Trump following his call with Putin. Meanwhile, U.S. Defense Secretary Pete Hegseth stated that a return to Ukraine's pre-2014 borders was unrealistic and that NATO membership for Ukraine was not part of the solution. He also urged NATO allies to take more responsibility for Europe's security.



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