

# BIZ & BEYOND

## Breaking News

### The Campus Grapevine

- Time to keep fingers crossed if Trump sticks to tariff- only tax plan Article by Dr Siddharth Gavhale

## Global Market Watch: A Snapshot in Time

This market snapshot reveals a downturn in traditional asset classes (indices and most commodities) contrasted by a notable upswing in the cryptocurrency market. While precious metals and oil prices declined, natural gas saw a slight increase. Against the Indian Rupee, the US Dollar appreciated marginally, while other major currencies depreciated. The data highlights the dynamic and often divergent nature of different financial markets.

The data suggests a generally negative trend in traditional markets (indices and commodities, except for Natural Gas) and a positive trend in the cryptocurrency market. The US Dollar slightly strengthened against the Indian Rupee, while other major currencies weakened. It's important to note that this is just a snapshot in time, and market conditions can change rapidly..

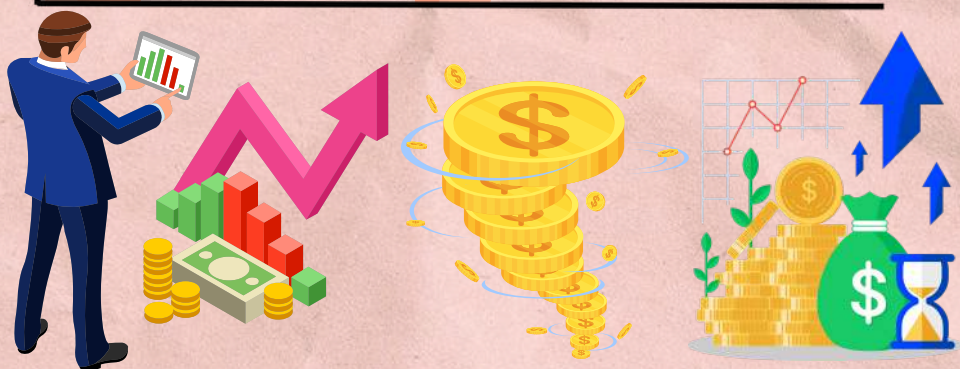
Index	Change
Sensex	77,580.31 ▼ -2.40%
Nifty50	23,532.70 ▼ -2.55%
S&P 500	5,870.62 ▼ -2.08%
NASDAQ	18,680.12 ▼ -3.15%

Currency	Change
JPY/INR	0.55 ▼ -1.79%
EUR/INR	88.96 ▼ -1.66%
USD/INR	84.48 ▲ 0.12%
GBP/INR	106.67 ▼ -2.18%



Commodity	Change
Gold(US\$/OZ)	2,561.54 ▼ -4.56%
Silver(US\$/OZ)	30.23 ▼ -3.42%
WTI Crude Oil	66.45 ▼ -5.58%
Natural Gas	2.68 ▲ 0.75%

Crypto	Change
BTC	89,640.30 ▲ 17.10%
ETH	3,191.92 ▲ 18.52%
USDT	1.00 ▲ 0.00%
BNB	619.00 ▲ 3.48%



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## We have a huge appetite for India talent

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**FICO, a US-based data and analytics company, is  
highly optimistic**

The interview didn't specifically mention challenges in the India market. Overall, FICO is bullish on India's fintech growth and is focusing on partnerships, local talent, and technological innovation to capitalize on the opportunities in the country.



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### KEY POINTS

**India's Importance:** FICO sees India as one of its top potential revenue markets in the coming years. They've been present in India since the early 2000s, with a large technology center in Bengaluru employing a third of their global workforce.

More  
Specifically



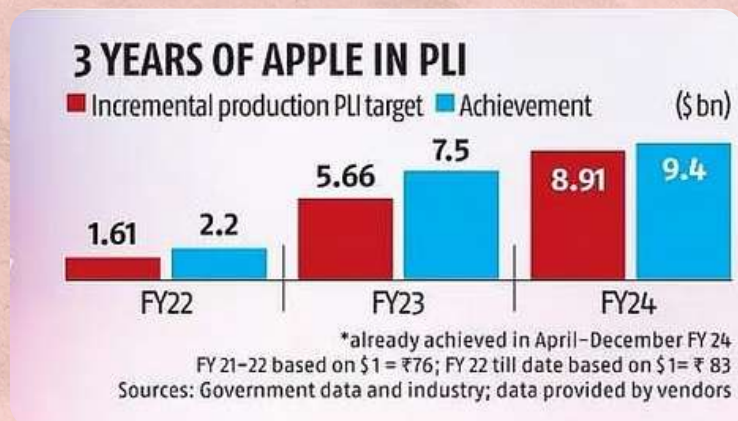
- **AU Small Finance Bank:** Uses FICO's platform to automate vehicle loan decisions, focusing on financial inclusion in rural markets.
  - **Axis Bank:** Integrating FICO's platform to improve credit card customer experiences.
-

## Apple targets 32% of iPhone production and 26% of value in India by FY27



Apple and its vendors are significantly increasing iPhone production in India, aiming for 32% of global production volume and 26% of value by FY27. This represents a major shift from China and could mean over \$34 billion in production value for India, assuming stable global iPhone sales.

**Challenges Remain:** India needs to address cost disadvantages compared to China and Vietnam, including component tariffs, labor laws, and logistics, to maintain this momentum. Meeting value-addition targets under the PLI scheme is also crucial. This increased production signifies India's growing role in global electronics manufacturing and its potential to become a major hub for Apple. However, continued government support and addressing cost competitiveness remain key for long-term success.



**External Factors:** Potential US tariffs on Chinese goods could further accelerate the shift to India.

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# India thermal coal imports fall at fastest pace in 15 months

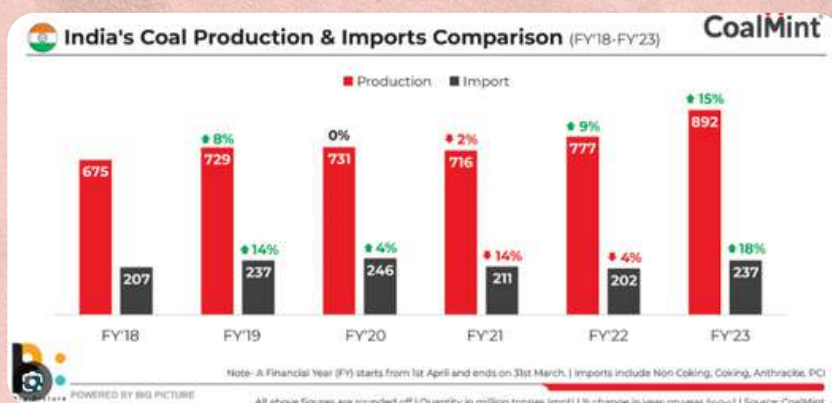
## India thermal coal imports fall at fastest pace in 15 months

India's thermal coal imports plummeted by nearly a third in October compared to the previous year, marking the steepest decline in 15 months. This drop is attributed to reduced power demand and a rise in clean energy generation

- Significant Decline: Imports fell by 31.8% to 13.56 million metric tons, the first consecutive monthly decrease since July 2023.



**Future Outlook:** Despite expectations of a short-term uptick in purchases, annual imports are not expected to surpass 2023 levels due to high port inventories. Shipments are projected to fall further in the last two months of 2024.



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# MUFG (Japan's largest bank)

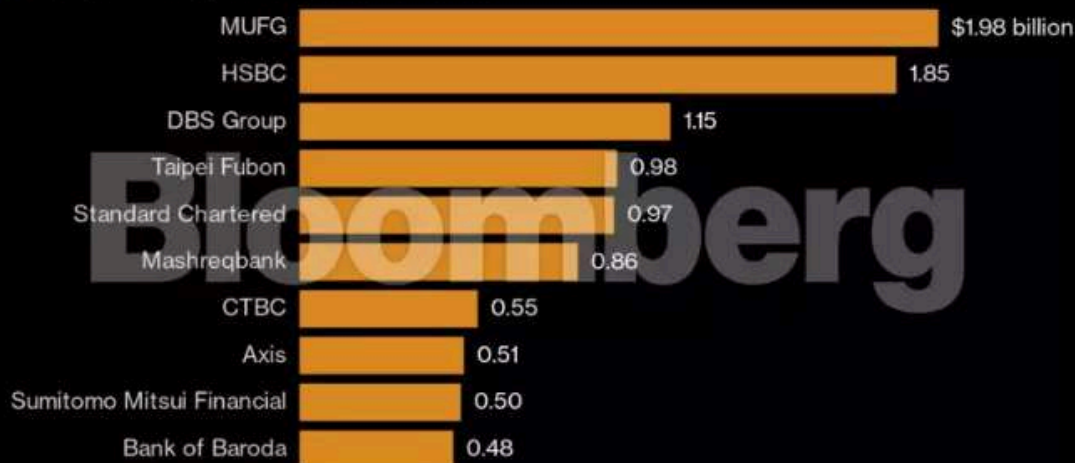
## Japan's biggest bank looking for acquisition targets in booming India

Mitsubishi UFJ Financial Group Inc., Japan's largest lender, is actively seeking acquisition targets in India to boost its presence in the country. MUFG aims to increase its investments in India and achieve annual returns of 20% within 10 years. The bank sees opportunities in India's growing energy demand and expanding financial sector.

### MUFG Leads in Managing Foreign-Currency Loans in India

Bank's loan deals so far this year exceed HSBC, DBS

Foreign-currency loans to Indian borrowers



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# **SBI Launches Climate Fund; Vedanta Invests in Display Glass**

## **State Bank of India unit to raise Rs 2,000 crore for climate fund**

SBI Ventures Ltd., a unit of State Bank of India, is raising funds for its third climate fund. The fund aims to gather 20 billion rupees. It will focus on investments in small and mid-sized companies. These companies will work towards environmental goals like waste recycling and emission reduction. The fund will primarily seek equity partnerships in these companies.



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## **Vedanta Group plans to invest USD 500 mn in AvanStrate Inc**

Vedanta Ltd., a metals and mining company, announced a planned investment of nearly USD 500 million in its display glass unit, AvanStrate Inc. The investment aims to bolster ASI's research, development, and manufacturing capabilities to meet the increasing global demand for advanced display glass solutions.



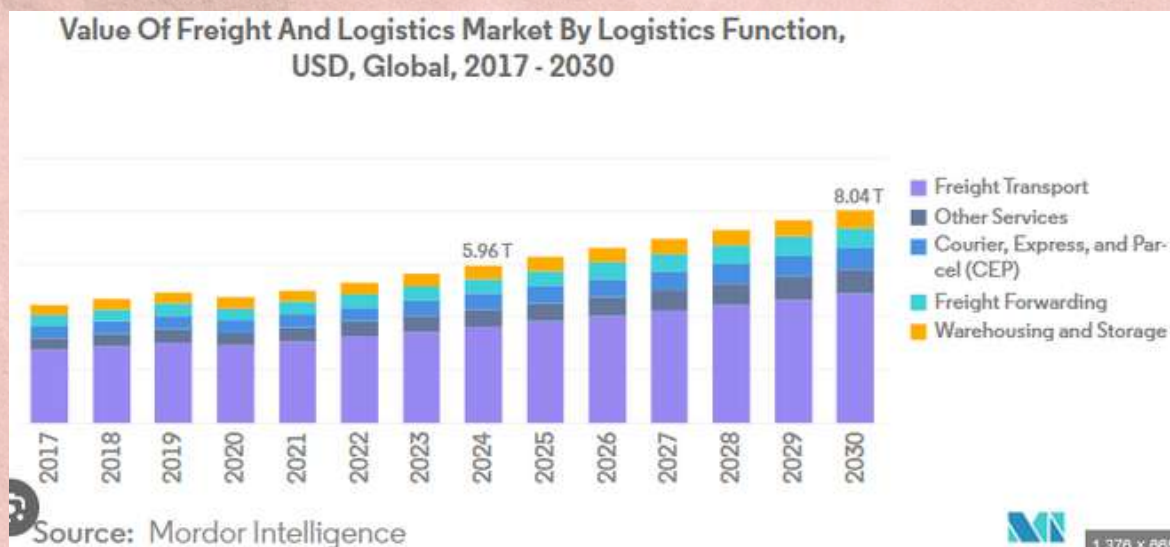
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# Infra, transport sector leaders

## Infra, transport sector leaders expect growth in earnings, headcount in next 3 years: Report

India is poised to undertake a massive infrastructure development program, demanding significant capital investment. A global survey of infrastructure and transportation CEOs reveals optimism for growth but highlights concerns about ESG expectations and climate change impacts. CEOs acknowledge the public's reliance on businesses to address societal issues and are prepared to prioritize reputation over short-term profits.



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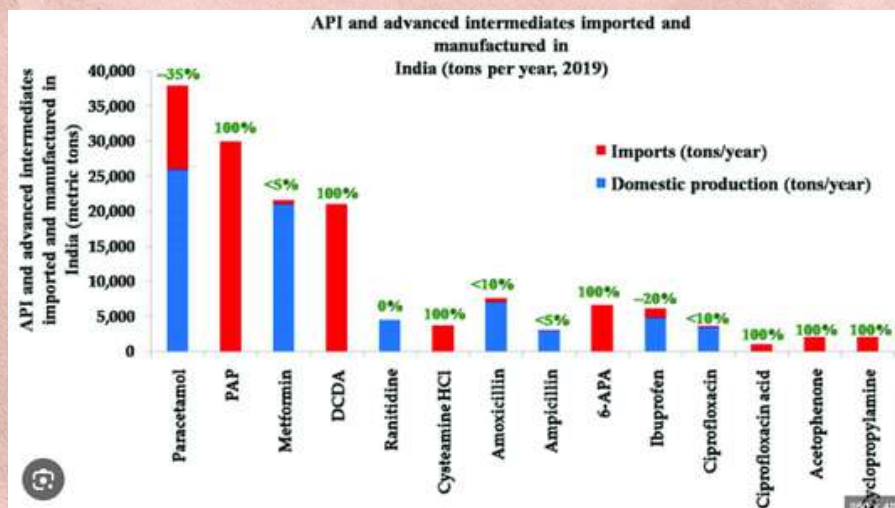
## SoftBank and Nvidia Partner to Build Japan's Most Powerful AI Supercomputer



SoftBank Group Corp. is partnering with Nvidia to build Japan's most powerful AI supercomputer, marking the first use of Nvidia's new Blackwell design chips. This move underscores SoftBank's ambition to become a major player in the AI field.

### Partnerships and Testing:

SoftBank Corp., the telecom unit, will collaborate with Fujitsu and Red Hat to test the new AI-powered network. This development positions SoftBank as a frontrunner in deploying advanced AI infrastructure and signals a significant push for AI adoption in Japan. It also reflects Nvidia's strategy to expand its reach beyond a few large US customers and promote AI development on a national scale.



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# Time to keep fingers crossed if Trump sticks to tariff-only tax plan

Article by Dr Siddharth Gavhale  
Gavhale

## Time to keep fingers crossed if Trump sticks to tariff-only tax plan

Historical data from various government sources show the growing gap between tariff revenue and federal income requirements

DR SIDDHARTH GAVHALE  
AND SUSHMITA KUMARI

DURING his campaign activities, Donald Trump put into practice a tax reform proposal that includes a daring and ambitious America: eliminating income tax and go with just tariffs to generate tax revenue. This solution, which draws inspiration from America around the period before the 16th Amendment, is going back in time when the government was financed by only tariffs. Economists, politicians and all nations, which export to the USA, are debating on whether a model of the 1800s could be implemented successfully without causing real problems in the era of digitalization and globalization.

To get the answer about the practicability of the proposal, we have carefully examined data from the Congressional Budget Office, Treasury Department, and Bureau of Economic Analysis. A comprehensive analysis of two decades of federal revenue data reveals the stark reality of Trump's proposal. First and foremost, the historical data demonstrates the growing gap between tariff revenue and federal income requirements.

The analysis of federal revenue data reveals several key trends that underscore the challenges of relying solely on tariffs to fund the government. First, there is a growing revenue gap: federal revenue requirements have surged from \$1.78 trillion in 2003 to \$4.89 trillion in 2022, yet tariff revenue has only grown modestly, from \$19.9 billion to \$93.8

billion over the same period. The increase in tariff requirements would be dramatic. To replace just the (estimated) individual income tax in 2024, tariffs would need to jump from the current rate of 3.10 per cent to approximately 80.56%—a massive 26-fold increase.

Historical data indicates that even slight increases in tariff rates tend to decrease import volumes, suggesting that extremely high rates could significantly reduce the trade they are meant to tax. Tariff revenue has proven to be volatile, particularly during economic downturns, with notable drops in 2009 and 2020. This volatility raises concerns about tariffs as a stable revenue source, as they may be unreliable for funding essential government services in times of economic hardship.

Federal revenue data from 2003 to 2024 reveals that substantial blows will be inflicted if Trump relies entirely on tariffs as federal revenue. In 2022, the total federal revenues reached the amount of \$4.89 trillion, with individual income tax participation of \$2.32 trillion. Meanwhile, duties are bringing in only \$93.8 billion at a 3.11 per cent on average. In order to pay the same money as income tax, those tariffs will have to grow to 77.16 per cent, and the total federal revenue will be at an unfeasible rate of 162.24 per cent. Such useful high tariff rates make a transport vehicle, the price of which is \$35,000, to swell to \$62,006; thus, prices of hardware, laptops, and home appliances will follow the uptrend too. The



Despite the image of tax-free living that eliminates income tax conjures, when contemplating this change, one should ponder at wider and graver consequences for the economy

retail, manufacturing, and technology firms, which are mainly dependent on imported commodities, complain of job cuts in the millions, supply chain breakdowns, and loss of competitiveness in the future leading to economic instability.

History, as well as international data, shows similar things that were done that caused unresolved issues. Brazil, Argentina and Mexico had falls in trade volumes, GDP, and foreign investment due to high-tariff policies. Although tariffs in the U.S. over the past 20 years grew federally by 371 per cent, from a relatively small base, the inflation of the import tariffs has been sensitive to the rate of tariffs.

Some well-known schol-

ars like Dr. James Chen, argue or caution that tariffs alone cover federal program funding (like social security, medicare, national defence) and potentially isolate the U.S. economy from the world market. Moreover, this kind of protectionist strategy could also lessen the affordability of goods and the sustainability of specific sectors, at the same time instigating the setting up of counter-trade barriers, thus causing a decrease in imports and a weakened economic basis. To sum up, despite the image of tax-free living that eliminates income tax conjures, when contemplating this change, one should ponder at wider and graver consequences for the economy.

The data reveals that to

replace income tax with tariffs, the government would need to hike the current 3.1 per cent tariffs to 162 per cent to cover the federal revenue targets. This would lead to a large cost increase for imported goods, with a possible spread of negative effects throughout the economy. Economic historians and policy analysts point to similar high-tariff policies in other countries that led to a decrease in trade volumes and recession. Historical tariff revenue fluctuations during recessions, as well as the complicated nature of modern international trade, would thus meet serious structural barriers to implementation. As tax reform discussions continue, the figures indicate that a complete shift back to a tariff-based system would mean the fundamental reorganization of not only federal funding but also international trade relationships.

The historical data and economic analysis suggest that redesigning income tax as a tariff would necessitate such severe rates that it would be a fundamental change to the economy, and lifestyle of American citizens.

The proposal's implementation would be most likely to be the source of more problems than solutions, especially in the field of domestic markets as well as international trade relationships.

(Dr. Siddharth Gavhale is an Assistant Professor at DY Patil International University, Akurdi, Pune; Sushmita Kumari is a Doctoral Scholar at Vinoba Bhave University, Jharkhand)

# Time to keep fingers crossed if Trump sticks to tariff- only tax plan

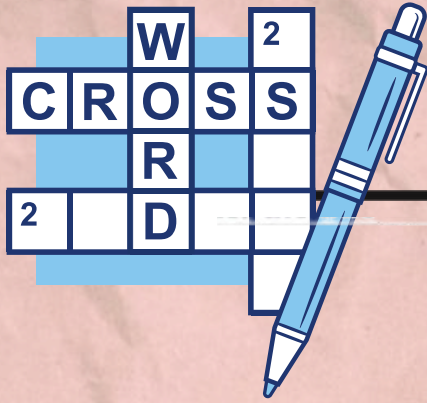
## Conclusion

The analysis suggests that relying solely on tariffs to replace income tax is highly problematic. The revenue generated by tariffs falls far short of what's needed to fund the government, necessitating a massive tariff increase that would severely impact the economy. This would lead to increased prices on imported goods, job losses in manufacturing and retail, and supply chain breakdowns, potentially crippling US economic competitiveness.

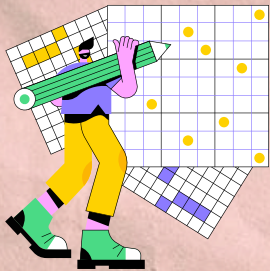
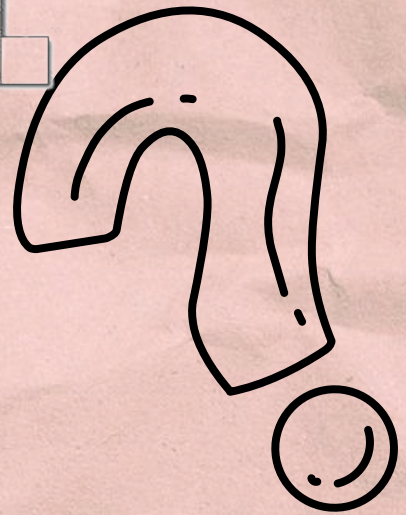
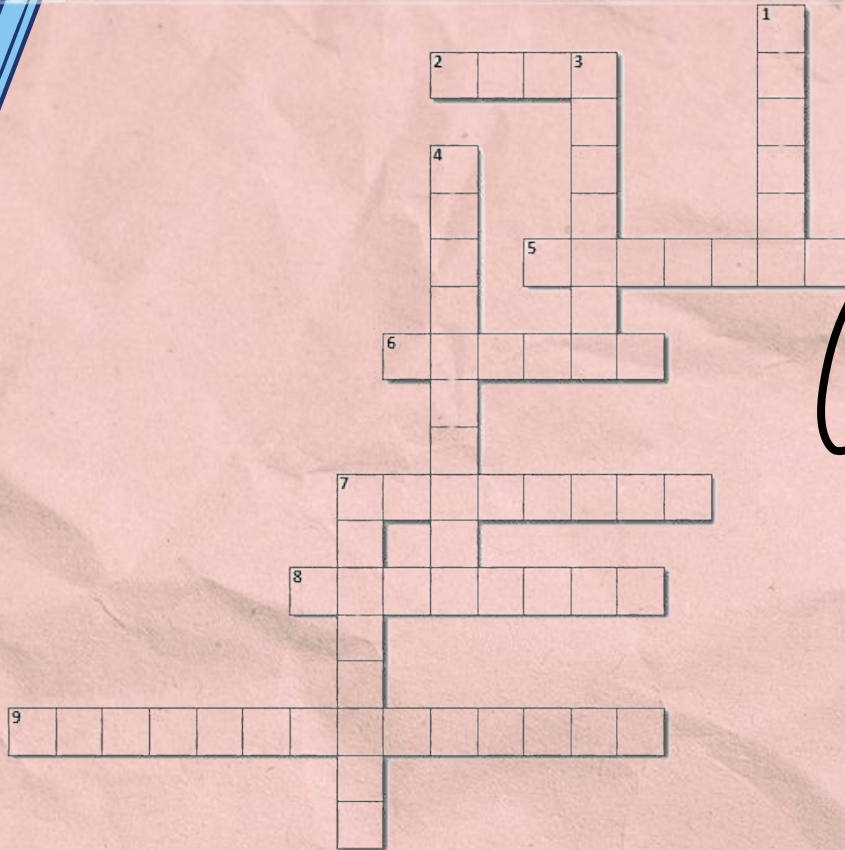


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## Across

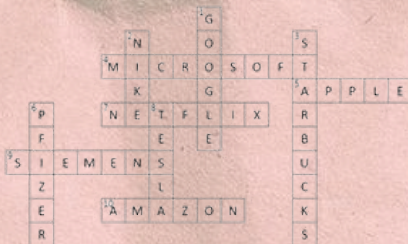
2. A cyber attack that overwhelms a system with traffic.
5. Software designed to disrupt or damage a system.
6. A network of infected devices controlled by a hacker.
7. Redirecting users from legitimate websites to fraudulent ones.
8. A network security system that monitors and controls incoming traffic.
9. The process of verifying the identity of a user or device.

## Down

1. An individual who gains unauthorized access to systems.
3. Software that secretly monitors user activity.
4. Malware that locks files and demands payment for access.
7. A fraudulent attempt to obtain sensitive information.

**Submit the solution**

**Spoiler Alert: Crossword Solution**  
Inside ( Issue 8 )



## Across

4. Software giant known for Windows (MICROSOFT)
5. Smartphone manufacturer based in Cupertino (APPLE)
7. Entertainment streaming service with a red "N" logo (NETFLIX)
9. German engineering and technology company specializing in industrial automation (SIEMENS)
10. Giant online retailer founded by Jeff Bezos (AMAZON)

## Down

1. Search engine giant, also a verb (GOOGLE)
2. Sportswear giant with a swoosh logo (NIKE)
3. Coffeehouse chain with a green mermaid logo (STARBUCKS)
6. Pharmaceutical giant that developed Lipitor (PFIZER)
8. Electric car manufacturer led by Elon Musk (TESLA)



# The Team

# The WordSmiths



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The Wordsmiths aims to empower students with knowledge, foster critical thinking, and contribute to a more informed and engaged campus community.

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