

The Hindu Important News Articles & Editorial For UPSC CSE

Thursday, 17 April, 2025

Edition: International Table of Contents

<p>Page 04 Syllabus : GS 2 : International Relations</p>	<p>Northeastern region is gateway to Southeast Asia, says Jaishankar</p>
<p>Page 07 Syllabus : GS 3 : Environment</p>	<p>Studied over 21 years, new species of frog named after Assam college</p>
<p>Page 09 Syllabus : GS 2 : Indian Polity</p>	<p>Call for permanent settlement for tribals</p>
<p>Page 10 Syllabus : GS 2 : International Relations</p>	<p>How China is fighting U.S. tariffs</p>
<p>In News</p>	<p>Hampi</p>
<p>Page 08 : Editorial Analysis: Syllabus : GS 3 : Indian Economy</p>	<p>Shaping a response to the U.S.'s reciprocal tariffs</p>

Quality education

In a recent address at the North East Investors Summit 2025, External Affairs Minister Dr. S. Jaishankar underscored the strategic importance of India's Northeastern Region (NER) as a gateway to Southeast Asia. His remarks countered controversial statements from Bangladesh's interim leadership describing the region as "landlocked" and instead positioned it as a fulcrum of India's Act East and connectivity initiatives.

Northeastern region is gateway to Southeast Asia, says Jaishankar

Kallol Bhattacharjee

NEW DELHI

Weeks after the Chief Adviser of Bangladesh's interim government, Muhammad Yunus, referred to India's northeastern region as "landlocked", External Affairs Minister S. Jaishankar on Wednesday highlighted the region as a "gateway to Southeast Asia".

In a virtual address to the Ambassadors' meet of the North East Investors Summit, 2025, Mr. Jaishankar spoke about the potential of the region and encouraged investors to take advantage of what it had to offer.

"The northeastern region is at the heart of many key Indian policies – it could be 'neighbourhood' first, Act East or BIMSTEC. The northeast adjoins five of our neighbours on land.



Its boundaries are the interface between the Indian subcontinent and the ASEAN. Many of our recent initiatives involving immediate neighbours emanate from this very region," Mr. Jaishankar said.

The remarks from the External Affairs Minister comes a fortnight after Mr. Yunus created controversy by referring to the northeastern region as a "landlocked" territory that could be an "extension" of

 It is at the heart of many key Indian policies – it could be 'neighbourhood' first, Act East or BIMSTEC. The northeast adjoins five of our neighbours on land

S. JAISHANKAR
Minister of External Affairs

the Chinese market. The Ministry of External Affairs had not made an official response, though India terminated transshipment of cargo from Bangladesh through India's land and airports citing "congestion" following the remarks.

"Highlighted the growing relevance of the northeast – as a gateway to Southeast Asia, a tourism hub and a contributor to the global workplace," said

Mr. Jaishankar in a remark on X.

"We are seeking to address long-standing challenges, some emanating from our past history," Mr. Jaishankar said, highlighting the 'Purvodaya' scheme of the Government of India that he described as an "endeavour in that regard". Mr. Jaishankar also said the government had highlighted the tourism potential of northeastern States during the run-up to the 2023 G-20 summit in Delhi when some of the preparatory meetings had been held there. He also spoke of the trilateral highway that aims to connect India and Thailand through Myanmar and the Kaladan Multimodal Transit Transport Project (KMTTP) that was conceived to connect the northeast with Myanmar's port of Sittwe.

Key Highlights:

1. Strategic Positioning of Northeast India:

- Borders five countries — China, Bhutan, Nepal, Bangladesh, and Myanmar.
- Acts as a geographic and cultural bridge between South Asia and Southeast Asia.
- Central to India's Act East Policy, Neighbourhood First, and BIMSTEC strategy.

2. Connectivity Projects Highlighted:

- Trilateral Highway: India–Myanmar–Thailand highway for overland trade and people-to-people connectivity.
- Kaladan Multimodal Transit Transport Project (KMTTP): Links Mizoram with Myanmar's Sittwe port, improving access to the Bay of Bengal.
- Tourism and Trade Corridors: Northeast as a hub for eco-tourism and cultural exchange.

3. Rebuttal to "Landlocked" Label:

- The term "landlocked" implies geographical disadvantage. However, NER is land-connected, not landlocked, and offers access through multimodal transport corridors via Bangladesh and Myanmar.
- India's termination of cargo transshipment through Bangladesh post the "extension of Chinese market" remark reflects the sensitive geopolitical undercurrents.

Significance for India's Foreign and Domestic Policy:

A. Geopolitical:

- Counters China's influence in South and Southeast Asia.
- Reinforces sub-regional integration through BIMSTEC, BBIN (Bangladesh, Bhutan, India, Nepal), and India-ASEAN.
- Enhances soft power via tourism, cultural exchange, and infrastructure diplomacy.

B. Economic:

- Potential for NER to become a manufacturing and logistics hub.
- Access to ASEAN markets, contributing to India's regional value chains.
- Leverages the Purvodaya initiative to integrate eastern India with broader economic reforms.

C. Social and Cultural:

- Promotes inclusive development and mainstreaming of the Northeast.
- Reduces alienation through investment, connectivity, and regional pride.

Challenges:

- Insurgency and internal security issues in some states.
- Infrastructural bottlenecks, including poor roads and communication.
- Geopolitical sensitivities with Bangladesh and Myanmar.
- Environmental concerns in ecologically sensitive zones.

Conclusion:

Positioning the Northeast as a “gateway to Southeast Asia” reflects a shift from a peripheral security-centric approach to a development and connectivity-driven vision. With strategic projects like the Trilateral Highway and KMTTP, the region holds promise not only for regional integration but also for enhancing India’s geopolitical standing in Indo-Pacific dynamics.

UPSC Mains Practice Question

Ques :The Northeastern Region of India is no longer a frontier but a gateway." Examine this statement in the light of India’s Act East Policy and recent developments in regional connectivity. **(250 Words)**



A 21-year-long scientific investigation has led to the discovery of a new frog species — *Leptobrachium aryatium* — in the Garbhanga Reserve Forest near Guwahati, Assam. This discovery highlights the hidden biodiversity in urban fringes and underlines the urgent need for habitat conservation amidst expanding cityscapes.

Key Highlights of the Discovery:

1. New Species Description:

- *Leptobrachium aryatium* is named after Arya Vidyapeeth College, one of Assam's prestigious educational institutions.
- Notable features include fiery orange-and-black eyes, a reticulated throat pattern, and a distinctive call at dusk.
- Its discovery adds to the cryptic diversity in the genus *Leptobrachium*, which now contains 38 known species.

2. Research and Collaboration:

- The study was conducted by four zoologists from local institutions and NGOs over two decades.
- Initial misidentification as *Leptobrachium smithi* was corrected using morphological, DNA, and acoustic analyses.

Environmental Significance:

1. Importance of Garbhanga Reserve Forest:

- Acts as a climate and water regulator for Guwahati.
- Habitat for elephants, butterflies, rare birds, reptiles, and amphibians.
- Urbanisation is threatening this biodiversity hotspot through habitat destruction.

2. Role of Local Institutions in Conservation:

- The naming of the species honours local academic contributions and underlines how academic institutions can serve as biodiversity custodians.



Leptobrachium aryatium, a new-to-science frog recorded from a reserve forest on the edge of Guwahati. SPECIAL ARRANGEMENT

Studied over 21 years, new species of frog named after Assam college

Rahul Karmakar

A study spanning 21 years has yielded a new species of frog named after an Assam college that helped a locality shed its identity as a hub of country liquor production.

Guwahati's Aryanagar used to be called *Sharabbhati*, meaning a place for brewing liquor. The locality was renamed to give it the respectability that the local authorities felt Arya Vidyapeeth College, one of Assam's most reputed educational institutions in the vicinity, deserved.

Leptobrachium aryatium, a frog new-to-science recorded in the Garbhanga Reserve Forest in the southwestern part of Guwahati bordering Meghalaya, is now wearing the college's name.

The frog has been described by four zoologists, associated with Arya Vidyapeeth College either as alumni or faculty members, in the latest issue of the journal *Zootaxa*.

They are Jayaditya Purkayastha of Guwahati-based NGO Help Earth; Dipankar Dutta of the University of Science and Technology, Meghalaya; Jayanta Gogoi of Arya Vidyapeeth College; and Sajib Sengupta of Assam Don Bosco University.

"This frog stood out with its fiery orange-and-black eyes, a unique reticulated throat pattern, and a smooth, rhythmic call at dusk. Scientific analysis of its appearance, DNA, and call patterns confirmed that this was a previously unknown species," Dr. Purkayastha said.

DNA and call patterns confirmed that this was a previously unknown species. It is named after a prominent college in the locality where it was discovered

The genus *Leptobrachium*, comprising a group of stocky frogs with broad heads, relatively short hind limbs, and distinctively coloured eyes, currently consists of 38 species and is widely distributed across Southern China and India to islands of the Sunda Shelf and the Philippines.

Studied first in 2004, the frog from the Garbhanga Reserve Forest was initially identified as the *Leptobrachium smithi*. "Not much work was being done on this genus for a long time. Recent molecular and morphological studies revealed significant cryptic diversity within the genus, describing several new species, particularly in Southeast Asia and the Indo-Burma region," Dr. Purkayastha said.

The quartet of zoologists reverted to their old data on their subject, and after tallying them with the new studies on the other species in the genus, established *Leptobrachium aryatium* as a distinct species.

The study has put the spotlight on the Garbhanga Reserve Forest, a biodiversity hotspot that has been threatened by urban sprawl and habitat destruction.

A reserve forest that helps regulate Guwahati's climate and water systems, Garbhanga is home to elephants, butterflies, and rare birds, apart from reptiles and amphibians such as *Leptobrachium aryatium*.

rahul.karmakar@thehindu.co.in

- The transition of Aryanagar from a liquor brewing hub to an educationally driven identity shows positive social transformation through education.

Broader Implications for India:

1. Cryptic Biodiversity in India:

- India's biodiversity, especially in Indo-Burma and Eastern Himalaya hotspots, is underexplored.
- Long-term research is essential to uncover such hidden species and protect them before they are lost to urban sprawl.

2. Urban Conservation Challenges:

- Cities like Guwahati face a dual challenge — expanding urban infrastructure while preserving ecological buffers.
- The case of Garbhanga highlights the need for urban biodiversity integration in planning.

Conclusion:

The discovery of *Leptobrachium aryatium* not only enriches India's herpetofaunal diversity but also sends a clear message on the ecological value of long-term research and the role of urban-adjacent forests in sustaining biodiversity. Such findings should catalyse better policy attention to conservation in urban and peri-urban zones, and promote citizen-scientist and institutional engagement in ecological stewardship.

UPSC Mains Practice Question

Ques : *In the context of increasing urbanisation in India, discuss the importance of urban-peripheral forests in biodiversity conservation, citing recent discoveries like *Leptobrachium aryatium*. (250 words)*

India's counter-insurgency strategies, particularly against Maoist violence in Chhattisgarh, have led to the internal displacement of thousands of tribal communities. These internally displaced persons (IDPs), especially the Gutti Koya tribals, face legal, social, and economic exclusion despite contributing significantly to the state's security operations. The call for a permanent and humane rehabilitation policy has grown louder amid institutional apathy.

Call for permanent settlement for tribals

In 2005, around 50,000 Gond tribals were forced to migrate to then-undivided Andhra Pradesh (now parts of Telangana) when the Government of India embarked on the 'strategic hamleting' programme – an approach used in south Vietnam in the 1960s – to eliminate Maoists in Chhattisgarh. The project, however, was a failure. The tribals, who the government had relocated to roadside camps, have long gone back home to the deep forests, and while some, who could not go back in fear of Maoists, joined the security forces.

Some of these dislocated tribals are now the backbone of the current military successes of security forces against Maoists in Chhattisgarh. Many Maoists who have surrendered have also joined them. Unlike central paramilitary forces and local non-tribal police, these tribals know the language and terrain of the area, and have proven to be game-changers, especially for Home Minister Amit Shah, who has announced that the war against Maoists will be over by March 31, 2026.

Through the years
The Strategic Hamlet Program to fight communist revolutionaries is not new in India. Just after Independence, at the end of 1949, the new Government of India also shifted tribals from forests to roadside camps to fight the Telangana communist revolutionaries after the surrender of the Nizam. They had recruited hundreds of tribals as "special police constables" to fight the communist *dalams*, although they mostly possessed rudimentary weapons such as spears and axes and had no military training. One such special group of Koya tribals was the "Tiger Squad," which had around 300 members.

The Strategic Hamlet strategy was more successful in Mizoram in the 1960s, where the government eventually reached a peace deal with the Mizo fighters. Much later, in 2019, when the same Mizo



Shubhramshu Choudhary

author of 'Let's call him Vasu: With Maoists in Chhattisgarh'. He is also an active member of the New Peace Process there

Most of the displaced tribals, mainly from the new generation, are attracted towards more economic opportunities available in Andhra Pradesh and Telangana

tribals started a fight with fellow Bru (Reang) tribals – causing thousands to flee to nearby Tripura – the Government of India came to their rescue with a Bru rehabilitation plan.

However, the government has not shown kindness towards the Gutti Koya tribals (as they are known in Andhra Pradesh and Telangana), who have been living precariously on illegally occupied forest lands for almost 20 years. In a recent meeting of the National Commission of Scheduled Tribes (NCST), a representative from the Chhattisgarh government stated that around 10,000 Gond tribals have been displaced to other States due to ongoing violence, and most of them do not want to return. Representatives from Telangana and Andhra Pradesh reported that they have 24,000 and 8,000 displaced tribals, respectively, from Chhattisgarh.

The NCST has ordered a proper survey of the displaced people in three months. The same order was issued in 2019, but Chhattisgarh said they could not conduct the survey then, due to the COVID-19 pandemic. The attitude of the Chhattisgarh government has slightly improved. In a written reply to a Congress MLA from Bastar a few years ago, the then Home Minister of Chhattisgarh stated in the Vidhan Sabha: "Because no tribal has been displaced due to ongoing violence in Bastar to other States, hence there is no question of their rehabilitation."

In the absence of any national or international law for Internally Displaced People (IDPs) which India abides by, these tribals have been the subject of atrocities over the years – from forest officials, police, and even local tribals who view them as encroachers on their resources. Maoists have not allowed them to go back, and State authorities in Andhra Pradesh and Telangana are reluctant to treat them as tribals.

As per Clause 3.1(m) of the Forest Rights Act (FRA), if a tribal person was forced to vacate a

forest land under her possession before the cut-off date of December 13, 2005, the State must provide her with alternative forest land. Many IDPs in Andhra Pradesh and Telangana have applied under this clause, requesting alternative forest land in these States. However, the Chhattisgarh government has been sitting on those applications for over five years. The clause does not say that alternative land cannot be given in a different State. Yet, Chhattisgarh has not raised the issue with either the Ministry of Tribal Affairs in Delhi or Andhra Pradesh and Telangana, despite repeated requests.

Under the 2019 Bru Rehabilitation Plan, Bru tribals were given the option of either going back to Mizoram or staying back in Tripura with lesser State support. Over the past 20 years, a new generation of Gutti Koya tribals has grown up in Andhra Pradesh and Telangana, but they have been denied State support as tribals because both governments treat them as "migrants who cannot be given tribal status." In the NCST meeting, representatives of both States said, "We try to give support to these displaced tribals on humanitarian grounds, but we cannot do much. The Central Home Ministry should intervene here, as they have done in the case of other Internally Displaced People elsewhere."

Most of the displaced tribals, mainly from the new generation, are attracted towards more economic opportunities available in Andhra Pradesh and Telangana and wish to stay. Telangana has taken over farmlands of many displaced tribals, planting trees there as part of a renewed effort to push them back to Chhattisgarh, and Andhra Pradesh has discouraged any efforts to build new houses in the forest by violently destroying them. Courts have occasionally offered relief to displaced tribals, but they are looking for a permanent settlement so that the new generation can live a life of dignity.

Key Issues Highlighted:

1. Historical Context of Strategic Hamlet Policy:

- Inspired by the Vietnam model, used by India in Telangana (post-Independence) and later in Chhattisgarh (2005) to isolate Maoists from tribal support.
- Led to mass displacements of around 50,000 Gond tribals to undivided Andhra Pradesh (now AP and Telangana).
- These “strategic hamlets” failed, and many tribals returned or remained stuck in unsafe, makeshift arrangements.

2. Contribution of Displaced Tribals:

- Some displaced tribals joined security forces and played a key role in counter-insurgency operations.
- Their knowledge of terrain and local language proved vital — turning them into strategic assets.

3. Current Status and Neglect:

- Displaced tribals face statelessness-like conditions — denied Scheduled Tribe status, forest rights, welfare access.
- Telangana and Andhra Pradesh governments treat them as “migrants”, not locals.
- Lack of clarity in law: No dedicated law for IDPs in India; existing laws like the Forest Rights Act (FRA) are underutilized.

4. Forest Rights Act & Administrative Inertia:

- Clause 3.1(m) of FRA entitles displaced tribals to alternative forest land.
- Applications from Gutti Koya tribals remain pending for over five years, with no inter-state coordination between Chhattisgarh, AP, and Telangana.
- Chhattisgarh has not approached the Centre despite FRA allowing rehabilitation even in other States.

5. Discriminatory Treatment & Human Rights Concerns:

- Tribals face harassment from:
 - Forest officials and police,
 - Maoists (preventing return),
 - Local communities viewing them as resource competitors.
- States like Tripura handled Bru tribals’ displacement more effectively with central support — exposing inconsistent application of IDP relief frameworks.

Broader Implications:

A. Governance and Federal Gaps:

- No central mechanism to manage inter-state rehabilitation of tribals.
- State borders hinder holistic rehabilitation despite shared tribal heritage and culture.

B. Legal and Policy Failure:

- Lack of a National Policy for IDPs despite repeated recommendations.
- Displaced tribals fall through the cracks of existing tribal welfare, forest rights, and disaster response frameworks.

C. Intergenerational Impact:

- New generation of displaced tribals is growing up without access to:
 - Land rights
 - Basic education and healthcare
 - Cultural recognition
- Permanent settlement is essential for restoring dignity, identity, and development pathways.

Conclusion:

The Gutti Koya tribals represent a larger crisis of internal displacement without recognition in India. While their contribution to national security is acknowledged, their basic human and constitutional rights remain denied. It is time for the Union and State governments to adopt a coordinated, rights-based, and long-term rehabilitation framework, ensuring that displaced tribals are not abandoned in legal limbo.

UPSC Mains Practice Question

Ques : *The internally displaced tribal communities in India suffer due to lack of legal recognition and policy support. In light of the Gutti Koya case, discuss the need for a national framework for rehabilitation of internally displaced persons (IDPs). (250 words)*

The U.S.-China trade war, triggered by former President Donald Trump's "America First" policy, marked a significant departure from global trade norms. Using reciprocal tariffs as instruments of coercion, the U.S. aimed to realign global trade balances in its favor. However, China's unexpected and calculated retaliation showcases how economic hedging and long-term diversification strategies can effectively counter aggressive unilateralism.

How China is fighting U.S. tariffs

The most unexpected development following the launch of Trump's trade war has been China's retaliation. Its long-term strategy of hedging against risk, from the actions of an aggressive trade partner, has enabled the country to counter one of the worst trade-related escalations in modern history.

ECONOMIC NOTES

Biswajit Dhar

In the three months since U.S. President Donald Trump launched his "America First" trade policy, welcoming trade to extract concessions from his partner countries, there are indications that it could bring the global economy to its knees. "Reciprocal tariffs" were proposed as a key component for eliminating what Mr. Trump perceived as "unfair trade practices" of partner countries. But on April 9, the day this instrument was to take effect, President Trump did a turnaround and the implementation of "reciprocal tariffs" was postponed by 90 days for all 57 target countries, except China.

The objective of the U.S. administration is to compel its trade partners to negotiate bilateral agreements within the stipulated period, through which they offer concessions to American stakeholders. The Trump administration's expectation is that trade partners would then be forced to reduce their trade deficits vis-à-vis the U.S., an overarching trade policy objective of the new President.

A trade war
China had declared right from the beginning, even as the U.S. President was laying down the contours of this aggressive trade policy, that it would challenge the decision to impose "reciprocal tariffs". And as anticipated, China announced its decision to impose retaliatory tariffs equivalent to the 34% "reciprocal tariff" that it faced, in response to which Mr. Trump imposed an additional tariff of 50%, raising the overall tariff burden to 104%. China then escalated the trade war by imposing 125% tariffs on all its imports from the U.S., which led to the White House increasing tariffs again to 145%.

However, in the midst of this escalation, Washington tacitly admitted to the potential impact these tariffs would bring by exempting a number of critical electronic goods, including computers, laptops, smartphones, and semiconductor devices, from such tariffs, reflecting the overwhelming dependence of the U.S. on import of these products. There is still confusion about the same in the Trump administration, which was evident when Commerce Secretary, Howard Lutnick, informed that tariffs on electronics products would be included within semiconductor tariffs in a "month or two", only to be contradicted by the President, who declared that these tariffs would be imposed sooner. The "America First" trade policy is causing much chaos, with its adverse implications impossible to gauge at this juncture.

Two sets of issues arise as Donald Trump's trade war continues to hold the global economy to ransom. First, can the 90-day pause in the implementation of "reciprocal tariffs" provide the Trump team opportunities to stitch together at least a few agreements that would allow the "dealmaker" President to wax eloquent about his accomplishments? Secondly, what explains Xi Jinping's extraordinary defiance against Donald Trump's all-out attempt to corner Beijing? And more importantly, does Mr. Xi have a strong trump card with which he can effectively counter Donald Trump and his "America First" trade policy?

The U.S.'s negotiating agenda
Though Donald Trump's decision to pause the implementation of "reciprocal



THE GIST

China had declared right from the beginning, even as the U.S. President was laying down the contours of this aggressive trade policy, that it would challenge the decision to impose "reciprocal tariffs".

Though Donald Trump's decision to pause the implementation of "reciprocal tariffs" to push his trade partners to conclude bilateral deals made immediate headlines, the move was part of a strategy that the President's advisers had worked out well before the took office.

By diversifying its exports as a part of its defensive strategy, China is in a position to leverage its two significant strengths to force the hands of its aggressor.

tariffs" to push his trade partners to conclude bilateral deals made immediate headlines, the move was part of a strategy that the President's advisers had worked out well before he took office. Stephen Martin, chair of the U.S. council of economic advisers, had argued in a paper published immediately after Donald Trump's election as President that "tariffs create negotiating leverage for incentivising better terms from the rest of the world on both trade and security terms. America would encourage other nations to move to lower tariff rates, improving burden sharing". Peter Navarro, senior counselor for trade and manufacturing, explained that the 90-day pause was "part of a calculated negotiating tactic", and "a demonstration of Trump's signature dealmaking style".

These explanations would no doubt be immensely satisfying for the President, but the question is whether trade deals can actually be re-negotiated with at least a few targeted countries. This seems improbable for at least two reasons. Under the Trump administration, the U.S.' negotiating approach has undergone a major change, as the *de jure* trade negotiator, the U.S. Trade Representative (USTR) is no longer in charge of negotiations. Peter Navarro revealed that Trump, "the boss, is going to be chief negotiator. Nothing is done without him looking very carefully at it". When the head of the government of the world's largest economy decides to micro-manage trade deals, it is possibly safe to conclude that negotiations would be a non-starter.

A second problem for the U.S. is that it has a gargantuan negotiating agenda, a peek into which was provided in a recent USTR report – the National Trade Estimate Report on Foreign Trade Barriers. This report highlights "significant foreign barriers to U.S. exports, U.S. foreign direct investment

and U.S. electronic commerce" in India and 56 other countries. It identifies "unfair trade practices (undermining) U.S. exporters' competitiveness and, in some cases, (preventing) U.S. goods from entering the foreign market entirely". It can, therefore, be argued that unless these "unfair trade practices" identified by the USTR are removed, the U.S. President's aspiration of "Making America Great Again" cannot be realised.

If Trump has to secure this grand bargain, India, for instance, would have to open its agricultural markets for U.S. agri-business, lower its agricultural subsidies, discontinue its public distribution system, and amend its Patents Act to risk the future of India's generic pharmaceutical companies providing affordable medicines. India would also have to discontinue policies that the U.S. has repeatedly not flagged, including data localisation, and regulations on genetically modified crops and dairy products. Would India and other targeted countries allow Donald Trump to coerce them into amending their laws and policies to "clinch" a trade deal?

China's strategy
The most unexpected development following the launch of Trump's trade war has been China's retaliation. In his first term as President, Mr. Trump had forced China to ink an enforceable Economic and Trade Agreement in 2020, according to several of his demands. But over the past five years, the nature of the U.S.-China trade relationship has changed drastically, which could explain the push back from the world's second largest economy. In 2018, the U.S. was China's largest export market with a 19.2% share. But over the past six years, China reduced this figure to below 15% and in the first quarter of 2025, only 13.5% of China's

exports reached the U.S. At the same time, China has diversified its export markets, with ASEAN emerging as the most significant destination. Several major economies, including India, Vietnam, and the Russian Federation, have seen an appreciable increase of the Chinese footprint in their economies. This is a remarkable instance of hedging against risk, from the actions of an aggressive trade partner, which has enabled China so far to counter one of the worst trade-related escalations in modern history.

By diversifying its exports as a part of its defensive strategy, China is in a position to leverage its two significant strengths to force the hands of its aggressor. The first is China's control over the rare earth market, accounting for 92% of global output. China has already shown its hand by imposing export restrictions on seven types of rare earth minerals in the past few days. A second advantage for China is its position as the second largest holder of U.S. Treasury bonds, but in recent years, it has been gradually selling its holdings. Since 2018, China has reduced its holdings from \$1.2 trillion (22% of the total) to \$761 billion (less than 15%) in January 2025 (see Charts). Though it seems unlikely at this juncture that China would take the risk of dumping its holding to challenge the U.S., any further escalation of the trade war can alter the situation.

Given this grave risk of economic disruption, major economies must coordinate their efforts to ensure that the U.S. President abandons unilateralism, and reposes his faith in multilateralism as the way forward. *Biswajit Dhar is a retired Professor, Jawaharlar Nehru University and Distinguished Professor, Council for Social Development.*

Key Dimensions of Analysis:

1. The Genesis of the Trade War:

- The U.S. imposed “reciprocal tariffs” to punish what it perceived as “unfair trade practices”.
- China responded tit-for-tat, triggering an escalatory cycle — leading to tariffs as high as 145% from the U.S. and 125% from China.
- The Trump administration exempted critical electronic goods, reflecting U.S. dependence on Chinese tech inputs.

2. U.S. Strategy and Its Challenges:

- Negotiating Tactics: Trump centralized trade negotiations, sidelining the U.S. Trade Representative (USTR).
- Unrealistic Agenda: USTR's 57-country target list with wide-ranging demands — from agriculture to patents — is practically infeasible in 90 days.
- India as an Example: U.S. demanded India dismantle key welfare systems (PDS), data localization rules, and amend the Patents Act — a move against public interest.

3. China's Calculated Counter-Strategy:

- Export Diversification: Reduced reliance on U.S. — U.S. share in China's exports fell from 19.2% (2018) to 13.5% (2025).
- New Markets: Increased focus on ASEAN, India, Vietnam, and Russia.
- Rare Earth Monopoly: China controls 92% of global rare earth production — a key leverage in global supply chains.
- U.S. Treasury Bonds: China reduced its holdings from \$1.2 trillion to \$761 billion (2025), signaling a gradual strategic decoupling.

4. Global Implications:

- The trade war risks destabilizing global supply chains and escalating economic uncertainty.
- Washington's actions reflect a breakdown of trust in multilateral institutions (WTO), promoting transactional bilateralism.
- China's resilience highlights the importance of economic foresight, diversification, and strategic autonomy.

Conclusion:

The U.S.-China trade conflict underscores the vulnerabilities of hyper-nationalist trade policies and the power of long-term economic planning. While Trump's tariffs aimed to bend trade partners, China's retaliation illustrates the efficacy of structural reforms and diversified partnerships. Going forward, a return to multilateralism and cooperative engagement is crucial to prevent further disruption to the global economic order.

Way Forward:

- For the U.S.: Re-engage with WTO frameworks, rebuild alliances, and reduce policy volatility.
- For India and other nations: Maintain strategic autonomy, diversify trade partners, and uphold domestic policy sovereignty in the face of external pressure.
- Global Community: Foster collective responses to economic aggression through forums like G20, BRICS, and UNCTAD.

UPSC Mains Practice Question

Ques :China's response to the U.S. 'America First' trade policy reflects its long-term strategic foresight and risk-hedging approach in global trade. Discuss how China countered U.S. trade aggression and highlight the key lessons India can draw from this episode.(250 words)



In News : Hampi

Recently, a mantapa at Virupaksha Temple collapsed due to heavy rain, sparking concerns over neglect.



About Hampi

- Hampi was the capital city of the Vijayanagara Empire, established in 1336 CE by Harihara I and Bukka Raya I of the Sangama Dynasty.
- Location: Traditionally known as Pampakshetra of Kishkindha, Hampi is located in central Karnataka on the banks of the Tungabhadra River.
- Foreign travellers like Domingo Paes described Vijayanagara as “as large and beautiful as Rome”, highlighting its architectural grandeur and prosperity.
- The empire fell in 1565 CE after the Battle of Talikota, where the Deccan Sultanates defeated Rama Raya, leading to mass destruction. The city reportedly burned for six months.
- Hampi remained forgotten until the late 18th century when British antiquarian Colin Mackenzie mapped it in 1799, creating the first cartographic records.
- Early photographs and restoration attempts were made by British officials like Alexander Greenlaw, showcasing colonial-era interest in Indian heritage.

- The first major conservation initiative, the Hampi National Project, was launched in 1976.
- Excavations revealed key sites such as the Vitthala Temple bazaar, Pushkarini (stepped tank), and Paan-supari bazaar.
- Prominent landmarks include the Virupaksha Temple, Lotus Mahal, Queen's Bath, and Elephant Stables.
- Hampi was declared a UNESCO World Heritage Site in 1986, recognising it as one of India's largest archaeological zones, covering 250 sq. km and housing over 1,600 monuments.

UPSC Prelims Practice Question

Ques :Consider the following statements about Hampi:

1. It was the capital of the Chola Empire.
2. It is located on the banks of the Krishna River.
3. It was declared a UNESCO World Heritage Site in 1986.

Which of the above statements is/are correct?

- (A) 1 and 2 only
- (B) 3 only
- (C) 1 and 3 only
- (D) 2 and 3 only

Ans : b)

Shaping a response to the U.S.'s reciprocal tariffs

President Donald Trump's announcement of reciprocal tariffs has come as a shock, though it is not a surprise. The new tariffs consist of two parts: the existing commodity-wise import tariff and an additional reciprocal country-wise common tariff for all goods. The resultant tariffs are country-wise as well as commodity-wise. The reciprocal tariffs announced are now on hold and limited to 10% for 90 days, except for China.

Calculation of reciprocal tariffs

The calculation of the reciprocal country-wise tariff is based on the following formula:

U.S. discounted tariff rate = $(-1) * (\frac{1}{2}) * \text{exports from U.S.} - \text{imports to U.S.} / \text{imports to U.S.}$

The parametric assumptions are such that no individual tariff or import demand elasticities appear in this formula. The formula in substance is not the way to determine the tariff rate. In addition, the table presented by Mr. Trump has a column 'charged to the US'. This is misleading. This is not the tariff rate imposed by various countries. It is simply double the discounted reciprocal tariff rate. India's reciprocal tariff is worked out below using magnitudes of exports and imports in billion dollars for 2024.

India's discounted reciprocal tariff rate = $(-1) * (\frac{1}{2}) * (41.8 - 87.4) / 87.4 = 26.1\% = 26\%$

This penal tariff rate is to be added to the tariff that is presently applicable for various commodities. The 26% rate would be a common additional element for all commodities. For countries that are not listed in the reciprocal tariff



C. Rangarajan

is Former Chairman, Economic Advisory Council to the Prime Minister and Former Governor, Reserve Bank of India



D.K. Srivastava

is Honorary Professor, Madras School of Economics, and Member, Advisory Council to the Sixteenth Finance Commission

list, a floor rate of 10% has been announced. This will be added to their individual commodity-wise tariff rates.

Some commodities have been presently exempted from the levy of the additional discounted reciprocal tariff. These include steel/aluminum articles, autos/auto parts, copper, pharmaceuticals, semiconductors, lumber articles, bullion and energy and certain other minerals that are not available in the U.S..

Calibrating India's response

We need to explore now what our reactions should be. As indicated in the *Table*, India's total exports of goods and its exports to the U.S. as a percentage of GDP are moderate.

India's exports to the U.S. are not only quite low but have also been falling in recent years. The impact of the additional 26% tariff would be small but different for different exported goods. India is certainly not a country that is heavily dependent on exports.

An analysis of major exports to the U.S. in terms of their share in total exports to the U.S. indicates that the main Indian exports that would be affected by the imposition of the additional 26% tariff would be electrical machinery, gems and jewellery, machinery and mechanical appliances, mineral fuels and articles of iron and steel. Pharmaceuticals are not yet subject to the additional tariff. Mineral fuels are refined oil products that are re-exported to the U.S. after processing in India. The impact on gems and jewellery is likely to be minimal as its demand is relatively inelastic. The main items that would therefore be affected include electrical machinery, machinery and mechanical appliances and made-up textiles. However, India's competitors in these three commodity groups such as China, Vietnam, Cambodia and Bangladesh have also been subjected to reciprocal tariffs which are higher than that of India. South Korea is also a competitor in electronic goods but has been subjected to a 25% reciprocal tariff, which is very close to that of India.

Some countries such as China have started levying reciprocal tariffs. However, this has elicited an aggressive response from the U.S., resulting in a revised overall tariff rate for China at 145%, which has been raised up to 245% for certain commodities. From India's angle this is not a good approach.

India's approach must be multi-pronged. An analysis of the major imports of India from the U.S. indicates that most of these are 'essentials'. Any levy of additional tariffs on them will make them more expensive. If India increases its imports from the U.S. wherever possible and advantageous, the penal reciprocal tariff rate on India will come down. For example, in the formula described above, if we increase the magnitude of India's imports from the U.S. by \$25 billion, say, by substituting the import of petroleum from other sources to the U.S., India's reciprocal tariff rate will come down to 11.8%, just above the floor rate of 10%, making India far more competitive. This does not affect India's overall current account deficit. This results only in a change in the composition of India's oil imports basket. This may be even desirable.

India should speed up consultations with the U.S. trade authorities to work out a comprehensive trade arrangement taking into account the concerns of both countries. In the meanwhile, we should also watch out for 'dumping' in India by other countries such as China which are seriously affected.

WTO must take the lead

It is clear that the U.S. tariff initiative is only its opening gambit. Global trade and tariff structures would remain subject to considerable uncertainties in the near to medium term, which are bad for world trade and growth. As we move forward, we need to create a world trading system marked by low tariffs. The World Trade Organization should move strongly in this direction. Regional groupings are only a 'second best' solution which, however, must be pursued.

The views expressed are personal

Table

India's total exports of goods and exports of goods to the United States as % of GDP (current prices)

	Export of goods	Exports to the U.S.
FY22	13.4	2.4
FY23	13.5	2.3
FY24	12.1	2.1

Source (basic data): RBI and MoSPI

New Delhi's approach must be multi-pronged, keeping in mind that increasing imports from the U.S. will reduce the tariff rate on India

Paper 03: Indian Economy

UPSC Mains Practice Question: The imposition of reciprocal tariffs by the United States challenges the core principles of the multilateral trading system. How should India respond to safeguard its economic interests while promoting a stable global trade order? (250 words)

Context :

The recent announcement of reciprocal tariffs by the United States, under its protectionist trade stance, signals a significant shift in global trade policy. While the move appears to target trade imbalances, its structure and implementation threaten the core principles of multilateralism and WTO-based tariff negotiations. India, though not a major export-dependent economy, must chart a calibrated and strategic response that aligns national interest with global trade stability.

Key Aspects of the U.S. Tariff Proposal:

1. Dual Tariff Structure:

- The U.S. introduced commodity-wise tariffs + country-wise reciprocal tariffs.
- India's reciprocal tariff was calculated at 26%, based on trade imbalance (imports from U.S. far exceed exports).

2. Exempted Commodities:

- Includes key sectors such as pharmaceuticals, semiconductors, energy, bullion, etc.
- These exemptions reflect U.S. dependency and strategic interests in critical imports.

Impact on India:

1. Limited Overall Impact:

- India's exports to the U.S. as a percentage of GDP are modest.
- Key affected sectors: Electrical machinery, mechanical appliances, textiles.
- Exports like gems, jewellery, and pharmaceuticals may face minimal or no impact due to either inelastic demand or exemptions.

2. Comparative Tariff Position:

- India's 26% reciprocal rate is lower than China's 145–245%.
- Competitor nations (Vietnam, Cambodia, Bangladesh, South Korea) also face higher or comparable tariff burdens, mitigating India's relative loss.

India's Strategic Response:

1. Trade Diversification and Realignment:

Daily News Analysis

- Increase imports from the U.S. to reduce reciprocal tariff rate.
- E.g., importing more oil from the U.S. instead of other countries can lower the penal tariff rate to ~11.8%.

2. Avoid Retaliatory Tariffs:

- Retaliation could provoke further U.S. action (as seen with China).
- India must avoid aggressive counter-tariffs to maintain trade flexibility.

3. Engage in Bilateral Consultations:

- Expedite negotiations for a comprehensive trade arrangement with the U.S.
- Align trade policy with sectors where India has competitive advantages and mutual interests.

4. Watch for Dumping from Other Nations:

- Countries like China may redirect exports to India amid U.S. restrictions.
- India must stay alert and invoke anti-dumping measures when necessary.

Multilateral Perspective:

1. WTO Relevance and Leadership:

- The U.S. tariff policy undermines WTO's tariff negotiation framework.
- WTO must take proactive leadership to stabilize global trade architecture.

2. Role of Regional Groupings:

- While not ideal, regional trade blocs like RCEP, IPEF, and BIMSTEC offer temporary hedges against global trade disruptions.
- India should engage selectively with regional platforms without compromising sovereignty.

Conclusion:

India's response to the U.S.'s reciprocal tariff regime must be rational, interest-driven, and multilateral in spirit. Instead of reactionary measures, adjusting trade composition, strengthening domestic competitiveness, and pursuing constructive bilateral engagement can safeguard India's long-term economic interests. At the global level, revitalizing the WTO and reinforcing trust in rules-based trade is essential to prevent the rise of fragmented protectionism.

