

The Hindu Important News Articles & Editorial For UPSC CSE

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—It's about quality—

Days before Prime Minister Narendra Modi's expected visit to the U.S., the Donald Trump administration has started the process of deporting illegal Indian immigrants.

U.S. sends back 200 Indians on military plane

New Delhi said to have confirmed nationality of all individuals before they were boarded on the plane; moves comes a week after Prime Minister Narendra Modi spoke with U.S. President Donald Trump on phone and days before an expected meeting between them; new U.S. administration puts the number of illegal Indian immigrants at 18,000

Kalol Bhattacharjee
NEW DELHI

Days before Prime Minister Narendra Modi's expected visit to the U.S., the Donald Trump administration has started the process of deporting illegal Indian immigrants.

Sources confirmed that a wide-bodied military aircraft took off from the U.S. early on Tuesday morning carrying around 200 Indian nationals. Official sources here said that the Indian side confirmed the nationality of all the individuals before the U.S. authorities went ahead with the deportation.

Mr. Modi had spoken to President Donald Trump last week following which the White House announced that the Prime Minister was expected to visit Washington DC in February. "We will work together for the welfare of

our people and towards global peace, prosperity, and security," Mr. Modi said after the telephone conversation.

Shortly thereafter, Mr. Trump addressed the issue of illegal immigration from several countries, including India, and said, "He [Mr. Modi] will do what's right when it comes to taking back illegal Indian immigrants from America."

The conversation was held against the backdrop of reports that the two sides were in discussion over the presence of at least 18,000 Indian nationals in the U.S. who were being viewed as illegal immigrants by the Trump administration.

"The United States is vigorously enforcing its border, tightening immigration laws, and removing illegal migrants. These actions send a clear message: illegal migration is not worth the risk," a U.S. Em-



Turned away
The U.S. started military repatriation flights after Donald Trump took over as President

<p>Indian sources point out the latest repatriation is unique as it is being done using a military aircraft</p>	<p>Trump had earlier said that Prime Minister Narendra Modi "will do what's right when it comes to taking back illegal Indian immigrants from America."</p>	<p>Tuesday's exercise indicates a continued dialogue between the Trump administration and the Indian authorities</p>	<p>Major crackdown: A file photo of detained immigrants being boarded on a U.S. C-17 military aircraft last month. REUTERS</p>
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bassy spokesperson said here on Tuesday in response to a question on the deportation of the Indian nationals.

Indian sources, however, pointed out that while the deportation of Indian nationals who had landed in the U.S. through dubious means was not new, the use of a military aircraft to carry out the task was a new method.

The U.S. Department of Homeland Security had flown out a "large-frame charter removal flight" on October 22, 2024 carrying Indian nationals who had attempted to enter the U.S. illegally.

In a statement, the DHS had informed that since June 2024, the outfit had "removed or returned" over 1,60,000 individuals and operated around 495 international repatriation flights to "more than 145 countries - including India".

Tuesday's exercise indi-

cates a continued dialogue between the Trump administration and the Indian authorities. External Affairs Minister S. Jaishankar had met the new U.S. Secretary of State, Marco Rubio, soon after the January 20 swearing-in of Mr. Trump.

'Duty bound'

Responding to a question from the media regarding the U.S. position, External Affairs Ministry spokesperson Randhir Jaiswal clarified last week that India would take back its citizens only after confirming their nationality.

"... Not just in the United States but anywhere in the world, if they are Indian nationals, and they are overstaying or they are in a particular country without proper documentation, we will take them back, provided documents are shared with us so that we can verify their nation-

ality that they are indeed Indians," Mr. Jaiswal said.

Indian sources informed that New Delhi is "duty bound" to take back Indian citizens if they are found to be staying in foreign countries by using illegal means but also pointed out that there is an air of uncertainty within the U.S. over the tough immigration policy and because of defunding of several federally funded projects.

Since the inauguration of Mr. Trump on January 20, the issue of "illegal immigration" has been in the spotlight. It was a major poll plank during his campaign. It has been learnt that Mr. Modi is expected to reach the U.S. on February 12. He is among a number of foreign leaders like U.K. Prime Minister Keir Starmer and Japanese Prime Minister Shigeru Ishiba who are scheduled to meet Mr. Trump in the next few days.

Background:

- The US has intensified its immigration crackdown, with military planes deporting undocumented Indian migrants under President Donald Trump's administration.
- With an estimated 7,25,000 undocumented Indians in the US, the move impacts thousands of Indian nationals.
- India has agreed to take back illegal migrants after verifying their citizenship, aiming to protect legal migration pathways for students and professionals.
- Prime Minister Narendra Modi's upcoming visit to the US will see high-level discussions on immigration, bilateral trade, and diplomatic cooperation.

Mass Deportations under the Trump Administration:

- The Trump administration is targeting undocumented migrants, leading to mass deportations.

➤ **Key Statistics:**

- 20,407 undocumented Indians are under Trump's immigration radar.
- 17,940 Indians are under final removal orders by US immigration courts.
- 2,467 Indians are currently in detention centres under ICE (Immigration and Customs Enforcement).

➤ **Latest Deportation Flights:**

- A C-17 US military aircraft carried 205 Indian nationals from San Antonio, Texas, back to India.
- Most of these individuals are from Gujarat and Punjab.
- India has insisted on verifying nationality before accepting deported individuals.

Trump's Immigration Crackdown and Policy Changes:

- President Trump has declared illegal immigration a national emergency, implementing strict measures:
- **Enhanced Deportation Strategies:**
 - Military aircraft are being used for deportations, instead of commercial flights.
 - ICE is coordinating with the FBI, DEA, and Border Patrol to locate and arrest undocumented migrants.
 - Deportation arrests tripled in January, with over 1,000 people detained in a single week.
- **New Immigration Measures:**
 - ICE has removed legal protections granted under Biden's administration.
 - The CBP One mobile app, which allowed migrants to schedule border entry appointments, has been shut down.
 - Birthright citizenship for children born to undocumented immigrants has been eliminated.
- **Expansion of Detention Centers:**
 - Guantanamo Bay detention facility is being repurposed to house 30,000 migrants.
 - The Buckley Space Force Base in Colorado is also being used for migrant detention.

India's Diplomatic Response and Concerns:

- India has engaged in diplomatic efforts to manage the immigration issue without affecting bilateral ties:
- **India's Position on Deportation:**
 - India has agreed to accept undocumented Indians if nationality verification is confirmed.
 - External Affairs Minister S. Jaishankar conveyed India's stand to US Secretary of State Marco Rubio.

- India is against illegal immigration due to its links to organized crime and human trafficking.

➔ **Ensuring Legal Pathways for Migration:**

- Over 1 million visas were issued to Indian nationals in 2024, including record numbers of student and business visas.
- 72% of H-1B visas issued in the last fiscal year went to Indian professionals.
- Trump has assured that the H-1B visa program will continue, though some reforms may be introduced.

➔ **Challenges in India-US Talks:**

- India has asked for discreet deportation measures to avoid political backlash.
- Concerns remain over potential restrictions on Indian migration programs.

Trump's Economic Leverage on Immigration Policy:

➔ **President Trump has leveraged trade policies to enforce immigration compliance:**

➔ **Tariff Impositions on Non-Cooperative Countries**

- Colombia refused to accept a deportation flight—Trump retaliated with 25% tariffs on Colombian goods.
- Canada and Mexico also faced tariff threats, forcing them to ramp up border enforcement.
- The US Congress is considering sanctions on countries not cooperating with deportation orders.

➔ **How This Affects India**

- While India has cooperated with the US, it remains cautious of future trade restrictions.
- India's focus is on protecting its skilled workforce migration and avoiding economic retaliation.

Impact on the Indian Community in the US:

➔ **Fear and Uncertainty Among Undocumented Migrants**

- Many Indian undocumented workers are avoiding public spaces due to increased arrests.
- Detentions at workplaces and homes have caused economic strain in low-wage job sectors.

➔ **Legal Migrants Also Affected**

- The H-1B visa program remains uncertain, with possible changes to sponsorship requirements.
- Many Indian students fear tougher visa renewal policies.

➔ **How India is Responding**

- India is monitoring the situation closely, ensuring that legal migrants' rights are protected.

Daily News Analysis

- Diplomatic engagements with US policymakers are focused on preserving employment-based immigration programs.



US President Donald Trump delayed the imposition of 25% tariffs on Mexico and Canada just hours before they were set to take effect, pausing the North American trade war for a month.

China hits back at U.S. with goods tariffs, probe into Google

Agence France-Presse
BEIJING

China said on Tuesday it would impose tariffs on imports of U.S. energy, vehicles and equipment, firing a return salvo in an escalating trade war between the world's two biggest economies.

U.S. President Donald Trump on Saturday had announced sweeping measures against major trade partners Canada and Mexico, while goods from China were hit with an additional 10% tariff on top of the duties they already endure.

Minutes after they came into effect, Beijing unveiled levies of 15% on imports of coal and liquefied natural gas from the U.S., while crude oil, agricultural machinery, big-engined vehicles, and pick-up trucks face 10% duties.

China is a major market for U.S. energy exports and according to Beijing customs data, imports of oil, coal and LNG totalled

more than \$7 billion last year.

But that is dwarfed by China's imports from more friendly powers such as Russia, from which it purchased \$94 billion-worth last year.

'Unilateral hike'

Beijing said the measures were in response to the "unilateral tariff hike" by Washington.

The U.S. decision, China said, "seriously violates World Trade Organization rules, does nothing to resolve its own problems, and disrupts normal economic and trade cooperation between China and the United States". Beijing said it would file a complaint with the WTO over the "malicious" levies.

"I think the retaliation is not aggressive, as China only targets some U.S. products, in response to the U.S. tariff on all China's exports to the U.S.," Zhang Zhiwei of Pinpoint Asset Management said in a



Shoppers walk by a Calvin Klein store in Beijing. The brand is owned by PVH Group into which China announced a probe on Tuesday. AP

note. "This is likely only the beginning of a long process for the two countries to negotiate".

Probes launched

Alongside its tariffs, China announced a probe into U.S. tech giant Google and the addition of U.S. fashion group PVH Corp. – which owns Tommy Hilfiger and Calvin Klein – and biotech giant Illumina to a list of "unreliable entities".

Beijing's State Administration for Market Regula-

tion said the U.S. tech giant was "suspected of violating the Anti-Monopoly Law of the People's Republic of China".

It has "launched an investigation into Google in accordance with the law" as a result, the administration said in a statement.

It did not provide further details about the allegations against Google.

The U.S. tech behemoth's core search engine and many of its services are blocked in mainland

Sensex rebounds as Canada, Mexico get tariff breather

MUMBAI

The Indian stock market bounced back sharply on Tuesday with its biggest uptick in a month, fuelled by the U.S.'s decision to pause the blanket tariffs on imports from Canada and Mexico that had spooked global markets and currencies on Monday. **>> PAGE 12**

violate normal market transaction principles, interrupt normal transactions with Chinese enterprises, and take discriminatory measures against Chinese enterprises," it added.

China in September said it was investigating PVH for an "unreasonable" boycott of cotton from its Xinjiang region, where Beijing is accused of widespread rights violations.

Beijing also unveiled fresh export controls on rare metals and chemical-sincludng tungsten, tellurium, bismuth, and molybdenum, used in a range of industrial appliances.

Mr. Trump has said his tariffs aimed to punish countries for failing to halt flows of illegal migrants and drugs into the U.S. He said on Monday that he planned a call with Chinese counterpart Xi Jinping in the next 24 hours.

RELIEF FOR CANADA, MEXICO
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China, where U.S. Internet titans have long struggled with doing business.

Google in 2011 abandoned its Chinese-language search engine in the mainland and transferred it to Hong Kong.

The probe into PVH and Illumina would "safeguard national sovereignty, security and development interests, in accordance with relevant laws", China's Commerce Ministry said in a statement.

"The above two entities

- However, tensions with China escalated as Beijing retaliated against US tariffs by investigating Google for antitrust violations and imposing new tariffs on US coal, LNG, oil, and agricultural equipment.
- Trump also hinted at upcoming tariffs on the EU, citing trade imbalances. Businesses are preparing for potential disruptions, while the EU's role as a major trading partner, including for India, raises concerns about a broader global trade conflict.

Trump's Trade War with China during his First Term

- During his first term, US President Donald Trump initiated a trade war with China, resulting in retaliatory tariffs and countermeasures.
- This eventually led to the Phase One Deal on January 15, 2020, which aimed at structural reforms and increased purchases by China.

- However, subsequent analyses revealed that China neither met its purchase commitments nor implemented structural reforms.

US tariffs on Chinese goods and possible benefits to India

- The US tariffs on Chinese goods created opportunities for other countries, including India, to increase their exports to the US.
- A study by Oxford Economics found that India was the fourth-largest beneficiary of trade diversions between 2017 and 2023, following Trump's tariff measures.
- The electronics sector saw significant gains, with India's share in US imports rising tenfold since 2017, driven largely by telecommunications equipment like iPhones.
- With the current 10% tariff on Chinese goods, Indian exporters see further potential to expand their market share in the US.
- Indian exporters are receiving higher orders due to fears of increased tariffs on China, similar to what happened during the previous trade war.

India's Competitiveness Challenges

- Despite gains, India lags behind other Asian nations in high-tech manufacturing.
- Korea and Taiwan dominate semiconductors, while China still supplies 27% of US electronics imports.

India's Strategy to Attract Trade

- To benefit from trade shifts, India cut customs duties on key imports in the Union Budget to streamline tariffs.
- This move signals India's commitment to simplifying its tariff structure.

Impact of Trump's Tariffs

- Trump's tariffs on Canada, Mexico, and China would increase costs for American consumers, with an estimated annual burden of over \$1,200 per household. US producers facing tariffed imports are expected to raise their prices, further fueling inflation.

US Inflation and Its Effect on Indian Exports

- High inflation in the US and Europe has already impacted Indian exports, particularly in labour-intensive sectors like gems, jewellery, and textiles.

- Rising costs and supply chain disruptions could further weaken demand for Indian goods.

Tax Policy and Economic Burden

- Higher tariffs, coupled with potential recessionary impacts, could lead to a net tax increase for most US households.

On the competitiveness of US manufacturers

- Economists explained that Trump's 25% tariffs on Mexican and Canadian imports have weakened the competitiveness of US manufacturers, giving an advantage to rivals in Europe and Asia.

Impact on the US Auto Industry

- American cars rely on parts from the US, Canada, and Mexico, making tariffs on these countries increase production costs.
- As a result, US-made cars become more expensive, leading buyers to prefer imports from Japan, Germany, and Korea, which are not subject to tariffs.

Risk of Further Escalation

- Experts predicted that if US consumers shift towards cheaper foreign cars, Trump may see it as unfair competition and respond by either:

Imposing a blanket 25% tariff on all imported cars

- Negotiating export restrictions with Japan, Germany, and Korea
- This retaliatory cycle could further escalate the global trade war, affecting multiple industries and economies.

The relationship between India and Indonesia is one of deep historical significance and strategic importance.

India-Indonesia ties as a beacon for global relations

It was a great honour for this writer to have accompanied President Prabowo Subianto of Indonesia, who was the chief guest at India's spectacular 76th Republic Day celebrations. The magnificence of the occasion was not only reflected in the vibrant displays of India's democracy, diversity and military strength, but was also a timely reminder of the deep and enduring relationship between the countries, which can be a beacon for wider international relations.

The evolution of ties

Indeed, as India celebrated its first Republic Day in 1950, marking its new destiny as a sovereign and democratic nation, it was Indonesia's founding father, President Sukarno, who graced the occasion as chief guest.

In subsequent decades, as the two countries embraced their independence, they have built strong ties, spanning economics, politics and culture. In fact, this year was the fourth time that an Indonesian President has been chief guest at the Republic Day celebrations. Mr. Prabowo's visit, and his meeting with Indian Prime Minister Narendra Modi, highlighted the shared ambition of the two leaders to further increase collaboration in areas that include trade, maritime security, health and technology.

As two of the world's largest and fastest growing economies, Indonesia and India have immense potential to become the cornerstone for prosperity and security for the entire Indo-Pacific region and beyond. In particular, this writer's visit convinced him that there are three key areas of trade, security and geo-politics.

First, whilst the two countries signed a trade agreement back in 1966, from today's vantage point there is a huge amount that can be done to grow economic ties between the two countries. As Chairman of the Indonesian Chamber of Commerce, this writer co-chaired the CEOs Forum alongside Indian business leader Ajay S. Shriram in New Delhi. Bringing together senior



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In strengthening their bonds, the two countries can lay the foundation for a more prosperous and sustainable future for Asia and the world

business leaders from India and Indonesia, we identified five key sectors that should be prioritised to unlock mutual growth, boost innovation and strengthen bilateral ties, i.e., in energy, food and agriculture, health care, manufacturing and technology.

Trade and security as pillars

Throughout the discussions, it became clear that there are immense opportunities to increase bilateral trade, which currently stands at just under \$30 billion. There is the potential to quadruple the volume of trade in the next 10 years. Ambitious growth targets reflect the confidence the two nations have in each other's potential and in their continued partnership.

Against a backdrop of global economic uncertainty, India and Indonesia are forecast to grow by 6.5% and 5.1%, respectively, this year, which is well above the global growth average of 3.3%. This reflects their expanding markets, young and dynamic workforces as well as growing consumer demand.

There is also huge untapped potential for both countries to benefit from intelligent investment that can position them as leaders in energy transition. While Indonesian investment in India stands at \$653.8 million and India has invested \$1.56 billion in Indonesia, this only scratches the surface of what is possible. By deepening their investments and supply chains in sectors such as clean energy, technology and manufacturing, the two countries can lead the global effort against climate change.

Security is the second pillar of the India-Indonesia partnership. In recent years, they have made significant strides in strengthening defensive ties, culminating in the Comprehensive Strategic Partnership in 2018, which is already yielding significant dividends, particularly in enhancing maritime security in their shared waters.

But defensive cooperation is only one aspect of their multifaceted relationship. During Mr.

Prabowo's visit, Mr. Modi and Mr. Prabowo committed to strengthening collaboration in areas such as counterterrorism and cyber security to keep the two countries safe.

As two large, populous nations with growing military capabilities, this is essential if the two countries are to address the complex geopolitical dynamics of the Indo-Pacific and safeguard its stability and prosperity for generations to come.

International relations

A third element of the bilateral relationship is how it fits in the global context. Outside of the Indo-Pacific, India and Indonesia are both navigating a geo-political environment that is constantly shifting. At the start of the year, Indonesia was formally invited to join the BRICS group of emerging economies. In that club of powerful emerging economies, it joins India and, of course, China too. At the same time, both Indonesia and India have important relationships with the United States and other western countries. The new U.S. administration led by President Donald Trump has threatened to introduce a new set of tariffs, and it remains to be seen what will happen.

It is obvious that tariffs and non-tariff barriers are impediments to free trade and carry risks for the global economy. Indonesia, as a key source of natural resources such as nickel, copper, tin and bauxite, wants to be able to export to the U.S., India and other markets.

President Prabowo's visit to India was a reminder of the importance of Indonesia's bilateral relationship with Indonesia. Their partnership, 76 years old, continues to grow in strength and their potential to shape the future of the Indo-Pacific and the global economy is vast. As the two countries continue to work together through trade, security and their geo-political ties, they will not just strengthen the bonds between the two great nations but also lay the foundation for a more prosperous and sustainable future for Asia and the world.

- The recent visit of Indonesian President Prabowo Subianto as the chief guest at India's 76th Republic Day celebrations highlighted the strong bilateral ties between the two nations.
- This visit served as a reminder of their shared history, economic potential, and security collaboration, reinforcing their crucial role in shaping the Indo-Pacific region and global geopolitical dynamics.

India-Indonesia Relations: Historical Foundations and Evolution of Ties

- **Shared Struggles for Independence**

- The historical ties between India and Indonesia are deeply rooted in shared experiences of colonisation, independence, and the subsequent quest for self-determination.
- The relationship between the two nations dates back to the period of their independence movements in the 20th century, with both countries emerging as independent republics within a few years of each other.
- India, having gained independence from British rule in 1947, quickly charted its course as the world's largest democracy.
- Indonesia followed in 1945, declaring its independence from Dutch colonial rule, though it was not until 1949 that Indonesia's sovereignty was internationally recognised.
- **Symbolic Beginnings: The 1950 Republic Day Invitation**
 - The first formal gesture of this mutual respect occurred in 1950, during India's inaugural Republic Day celebrations.
 - Indonesia's founding father and first president, Sukarno, was invited to attend as the chief guest, an honour that symbolised the beginning of a diplomatic relationship based on mutual understanding and cooperation.
 - This moment set the tone for a relationship characterised by shared values of democracy, non-alignment, and peaceful co-existence.
- **Strengthening Diplomatic and Economic Ties**
 - As both nations embarked on their journeys as newly sovereign states, their leaders recognized the importance of developing strong diplomatic and economic ties.
 - The early years of their relationship were marked by cooperation in the international arena, particularly through the Non-Aligned Movement (NAM), which both India and Indonesia played pivotal roles in shaping.
 - The NAM, established in the mid-20th century, sought to create an alternative bloc to the Cold War divisions of the Western and Eastern blocs, emphasizing a third path that promoted peace, cooperation, and independence from superpower influence.
- **Bilateral Engagements and Cultural Exchange**
 - In the decades following their independence, the two countries strengthened their relationship through various bilateral engagements.
 - India and Indonesia signed numerous agreements, including trade and economic cooperation pacts, and developed cultural exchanges that further deepened their ties.
 - These exchanges were reflective of both nations' rich cultural heritages, which offered a strong foundation for mutual respect and collaboration.
- **Consistent Leadership Visits**

- The repeated visits of Indonesian presidents to India, including the recent visit by President Prabowo Subianto, underscore the enduring nature of this partnership.
- President Prabowo's visit marked the fourth time an Indonesian leader had been invited as the chief guest for India's Republic Day celebrations, a testament to the consistent and growing importance of the relationship.
- These visits have been instrumental in enhancing bilateral cooperation and opening new avenues for collaboration in diverse sectors, including trade, defence, technology, and education.

The Key Aspects of India-Indonesia Relations

➤ Trade as a Pillar of Growth

- Economic cooperation has been a key aspect of India-Indonesia relations.
- Although a trade agreement was signed in 1966, there remains vast untapped potential for expanding economic ties.
- Currently, bilateral trade stands at approximately \$30 billion, but there are ambitions to quadruple this figure over the next decade.
- A recent CEOs Forum in New Delhi, co-chaired by the Chairman of the Indonesian Chamber of Commerce and Indian business leader Ajay S. Shriram, identified five key sectors for growth: energy, food and agriculture, healthcare, manufacturing, and technology.
- By focusing on innovation and strengthening bilateral supply chains, both nations can unlock new economic opportunities.
- With projected economic growth rates of 6.5% for India and 5.1% for Indonesia, both nations are well-positioned to thrive despite global economic uncertainties.

➤ Security and Strategic Cooperation

- Security cooperation forms another crucial pillar of the India-Indonesia partnership.
- The 2018 Comprehensive Strategic Partnership has significantly strengthened defence ties, especially in maritime security.
- As two nations with extensive coastlines and vital shipping lanes, ensuring the safety of their waters is paramount.
- President Prabowo's visit further reinforced commitments to counterterrorism and cybersecurity cooperation.
- Given the evolving geopolitical landscape in the Indo-Pacific, closer military and strategic collaboration is essential to safeguarding regional stability and economic prosperity.

- Both countries recognise the need to address common security challenges, including cyber threats and territorial disputes.

Geopolitical Significance of India-Indonesia Relations

- Beyond their bilateral relationship, India and Indonesia play vital roles in global geopolitics.
- Indonesia's recent invitation to join the BRICS group aligns it with other emerging economies, including India and China.
- Meanwhile, both nations maintain significant relations with the United States and other Western powers.
- However, global trade faces challenges, including potential U.S. tariffs that could impact both economies.
- As a resource-rich nation, Indonesia seeks to export key commodities such as nickel, copper, tin, and bauxite to markets like the U.S. and India.
- Meanwhile, India's expanding manufacturing sector presents opportunities for mutually beneficial trade arrangements.

Conclusion

- President Prabowo's visit reaffirmed the deep and enduring partnership between India and Indonesia.
- Their relationship, now 76 years old, continues to evolve, driven by trade, security, and strategic cooperation.
- As they navigate global economic and geopolitical shifts, their collaboration will be instrumental in shaping the future of the Indo-Pacific and beyond.
- By strengthening ties, India and Indonesia not only enhance their own prosperity and security but also contribute to a more stable and sustainable world.

The Union Budget offers a major tax cut, benefiting taxpayers earning above ₹7 lakh. Rebates and exemptions have increased to reduce liabilities, though it may lead to an estimated ₹1 lakh crore revenue loss.

Why the tax cuts are a one way gamble

In a world where expenditure by the government is directly linked to tax revenue, any shortfall on the tax side will show up on the expenditure side as well. Despite the fall of 8% in the effective tax rate, the Budget has estimated direct tax collection to go up by 14%

ECONOMIC NOTES

Rohit Azad
Indranil Chowdhury

It would not be an exaggeration to say that this is the biggest tax cut that the middle class has ever got in any Union Budget. To be sure, the tax-paying middle class in India is nowhere near "middle" of the income spectrum and, hence, those who would directly benefit from these cuts are a minuscule minority (between 2-3% of the population). Nevertheless, it is indeed a significant cut in tax rates for every class of taxpayer. For those earning between ₹7-12 lakh a year, it is a complete tax rebate, which was earlier applicable to only those below ₹7 lakh. For others earning more than ₹12 lakh, the exemption limit has increased from ₹3 to ₹4 lakh. The rest of the tax slabs have also changed favourably along with a cut in the marginal tax rates. So, everyone earning more than ₹7 lakh stands to gain in taxes payable. No wonder this step, as noted by the Finance Minister, will lead to a fall in tax revenue to the tune of ₹1 lakh crore. This is 8% of the direct income tax collection of ₹12.57 lakh crore in the current year.

Budgets are an exercise in both a redistribution of income (through differential variation in tax rates) and affecting the level of economic activity through its expenditure decisions.

Since the tax rebate has implications for both, and a lot of the plans of the 2025 Budget ride on it, this piece primarily focuses on this unprecedented fall in income tax rates.

The logic behind the tax rebates

Despite the fall of 8% in the effective tax rate as a result of this policy, the Budget has estimated direct tax collection to go up by 14%. A simple arithmetic calculation would tell us that this requires the rise of income to be around 24% (see Box 1). With a projected growth of 10.1% in nominal GDP, this means more than double the growth in taxpayers' income. This may or may not happen. Let's discuss each of the two scenarios.

First, the optimistic scenario. In the backdrop of higher tax exemption limits (from ₹7 to ₹12 lakh for zero tax and ₹3 to ₹4 lakh for those earning more than ₹12 lakh), this would require either a significant rise in the number of people earning more than ₹12 lakh and/or a significant rise in the income of the current taxpayers, that is, what economists would call higher tax buoyancy. If it's the latter, this means further concentration of income in the hands of the upper classes. This may just further the K-shaped growth that the country has witnessed since the pandemic. And if it's the former, this may reflect some upward mobility at the upper end of the income spectrum.

Worst-case scenario

Now, the pessimistic scenario. If the tax buoyancy does not quite work out, the implication of it is going to fall on the poor and disadvantaged of this country.

In a world where expenditure by the government is directly linked to tax revenue, any shortfall on the tax side will show up on the expenditure side as well. With the Fiscal Responsibility Budgetary Management Act (FRBM) in place, governments are bound by how much they can spend over and above their tax revenue and that deficit limit is set in the Budget every year (see Box 2). The state effectively loses control over how much it

Cut in taxes, rise in income?

The Union Budget for 2025-26 gave a significant cut in tax rates for every class of taxpayer. For those earning between ₹7-12 lakh a year, it is a complete tax rebate, which was earlier applicable to only those below ₹7 lakh. For others earning more than ₹12 lakh, the exemption limit has increased from ₹3 to ₹4 lakh



Box 1

$$T = t \cdot Y$$

$$\frac{\Delta T}{T} = \frac{\Delta t}{t} + \frac{\Delta Y}{Y} + \left(\frac{\Delta t}{t} \cdot \frac{\Delta Y}{Y} \right)$$

$$\therefore 0.14 = -0.08 + 0.92 \frac{\Delta Y}{Y}$$

$$100 \cdot \frac{\Delta Y}{Y} = 23.9\%$$

where,

T = Income tax revenue
 t = average income tax rate
 Y = total taxpayers' income

Box 2

$$G - T = d \cdot Y$$

$$G = T + d \cdot Y$$

$$G = (t + d) \cdot Y$$

where,

G = total government expenditure
 T = total tax revenue
 Y = Output (GDP)
 d = FRBM deficit target
 t = total tax-GDP ratio

Chart 1: Delivery versus promises in fiscal expenditure

	RE 2024 minus BE 2024	BE 2025 minus RE 2024
Total expenditure	-1,04,025	3,48,858
Capital expenditure	-92,682	1,02,661
Rural development	-75,133	76,142
Urban development	-18,907	33,107
Education	-11,584	14,596
Agriculture	-10,992	30,578
Food subsidy	-7,830	6,000
Health	-1,255	10,279

RE: Revised Estimate; BE: Budget Estimate

Source: Authors' calculations, various budget documents, Government of India

can spend, and the fiscal policy becomes pro-cyclical (it increases or decreases with GDP) instead of countercyclical as it is supposed to be. The idea of fiscal policy arose in economics from the assumption that it could be expanded in conditions of slowdown and contracted during booms. Adherence to FRBM does the exact opposite.

This government's track record on strictly adhering to its deficit targets is quite telling. In a year, when the government was worried about a four-year low in economic growth, it has dared to revise its deficit target down from 5% as announced in the 2024 Budget to 4.8%. No wonder this fall in deficit has been managed through an almost across the board cut in expenditures compared to the figures announced in Budget 2024 (Chart 1 shows categories of expenses where there has been a fall). The left column in the chart shows the difference between what the Finance Minister announced last year and what the revised expenses actually were. As is evident, there has been a fall of ₹1 lakh crore in total expenditure. So, the government fell way short of its 2024 promises in terms of its commitments. The promises made in Budget 2025 (the right column of chart 1) are a significant jump from the revised figures of the last Budget. These promises

can only be fulfilled if revenue plans turn out to be correct otherwise there would have to be similar (or more) cuts in the actual expenses made in 2025-26.

That the government is extremely serious about managing its deficit becomes clearer if one looks at some of the schemes that have been associated with the Prime Minister. Chart 2 presents the difference between the Budget and Revised Estimates for some of these important schemes. It can be seen that the cut has been across most of the flagship schemes. So, when this government promises fiscal consolidation, it really means it, no matter what the underlying economic circumstances are. The only exception to this rule is perhaps the pandemic where fiscal consolidation was paused for a brief while.

Fiscal consolidation or contraction?

What is additionally worrying on this count is that the Finance Minister has announced an even lower deficit target this Budget, down from 4.8% (RE 2024) to 4.4% (BE 2025). It's not fiscal consolidation alone, it's fiscal contraction. If a 4.8% couldn't deliver a turnaround in growth, a 4.4% is less likely to. Even if you were a fiscal hawk, now is not the time to be one. With growth slowing down, the

Chart 2: Cut in expenditure of some flagship schemes

	Difference between Revised Estimate and Budget Estimate of 2024-25 (in ₹ crore)
Jal Jeevan Mission	-47,469
PM Awas (Grameen)	-22,074
PM Awas (Urban)	-16,593
PM Garib Kalyan	-9,250
Swachh Bharat Mission	-2,841
PM-Poshan	-2,467
Rashtriya Krishi Vikas	-1,553
PM Anusuchit Jati Abhodaya	-1,340
PM Vanbadhu Kalyan	-670

economy requires exogenous stimuli (exogenous to the current level of activity), which propels the economy.

Such an exogenous stimulus usually comes from exports, corporate investment or government expenditure. With the last lever gone (as expenditure becomes pro-cyclical), the government is effectively banking on exports and corporate investment to bring about a turnaround in growth. If we go by the 2025 Economic Survey, policymakers are not very optimistic about global demand, so it is clear they are expecting the corporate sector to take up the slack.

If corporate investment has not picked up despite tax cuts or aggressive capex spending over the last four years, there has to be the expectation that the income tax cuts would increase consumption demand, which would require an increase in investment, thereby setting a virtuous cycle of growth begetting growth. Yet again, we are back to income tax cuts. Does putting all your eggs in one basket make sense when things are not going your way? And yet, this is what the government seems to have done. It's a one way gamble.

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THE GIST

Budgets are an exercise in both a redistribution of income (through differential variation in tax rates) and affecting the level of economic activity through its expenditure decisions.

This government's track record on strictly adhering to its deficit targets is quite telling. In a year, when the government was worried about a four-year low in economic growth, it has dared to revise its deficit target down from 5% as announced in the 2024 Budget to 4.8%.

What is additionally worrying on this count is that the Finance Minister has announced an even lower deficit target this Budget, down from 4.8% (RE 2024) to 4.4% (BE 2025). It's not fiscal consolidation alone, it's fiscal contraction.

What is the logic behind the tax rebates?

- **Boosting Household Consumption:** Taxpayers earning ₹7–12 lakh/year now qualify for a full rebate (earlier limited to sub-₹7 lakh earners), saving ₹70,000–₹1.1 lakh annually.
 - This exemption limit was raised from ₹3 lakh to ₹4 lakh for those earning above ₹12 lakh, reducing tax burdens across income groups. It will increase disposable income to drive consumption, savings, and private investment.
 - With weak private investment and uncertain global demand, tax rebates are aimed at stimulating domestic consumption.
- **Leveraging Tax Buoyancy for Revenue Growth:** Despite an 8% tax rate reduction, the government anticipates a 14% rise in direct tax revenue (₹14.3 lakh crore), requiring a 24% income growth among taxpayers. It simplified tax slabs and phased out the old regime to improve compliance and widen the taxpayer base.
- **Focus on Middle-Class Welfare:** The overarching goal of these tax rebates is to support the middle class, which constitutes a significant portion of the electorate and plays a vital role in the economy. By alleviating their tax burden, the government seeks to enhance their financial well-being and foster a more equitable economic environment.

What are the implications if tax buoyancy does not work out?

- **Revenue Shortfalls:** A failure in tax buoyancy would lead to lower than expected tax revenues, resulting in budget deficits. This could force the government to cut essential services and social programs, negatively impacting the welfare of vulnerable populations.
- **Pro-Cyclical Fiscal Policy:** Insufficient tax revenue may compel the government to adopt a pro-cyclical fiscal policy, reducing public spending during economic downturns instead of stimulating growth. This can exacerbate economic slowdowns and hinder recovery efforts.
- **Increased Tax Burden on Compliant Taxpayers:** To compensate for revenue shortfalls, the government might increase taxes on those who continue to pay taxes, placing a heavier burden on compliant taxpayers and potentially discouraging further compliance and economic activity.

Is it 'Fiscal Consolidation' or 'Fiscal Contraction'?

- The current approach appears to lean more towards fiscal contraction rather than fiscal consolidation. The Finance Minister has set a lower deficit target of 4.4% for 2025-26, down from 4.8% in the previous year. This suggests a tightening of fiscal policy rather than an expansion aimed at stimulating growth.
- Critics argue that such contractionary measures are ill-timed given the current economic slowdown, as they limit the government's ability to invest in growth-promoting initiatives. The expectation

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seems to hinge on corporate investment and export growth to drive recovery, which may not be sufficient if domestic demand remains weak due to reduced government spending.

Aspect	Consolidation Argument	Contraction Criticism
Deficit Target	Lowered to 4.4% of GDP (from 4.8% in FY24), aiming for 3% by FY29	Aggressive deficit cuts during slowing growth (projected 10.1% nominal GDP) risk stifling recovery
Revenue Strategy	Bank on ₹28.37 trillion net tax receipts (+11% YoY) via compliance gains and income growth	No compensatory taxes for high earners (30% slab unchanged) or wealth assets, risking ₹1.26 lakh crore shortfall
Expenditure Focus	Capital expenditure raised to ₹11.2 lakh crore (+17.4% YoY) for infrastructure multipliers	Social sector allocations remain stagnant, with FY24 revised spending 15% below initial estimates.

Way forward:

- **Balanced Fiscal Approach** – Instead of aggressive fiscal contraction, the government should adopt a gradual deficit reduction strategy while maintaining targeted public spending, especially in infrastructure and social sectors, to sustain domestic demand and economic growth.
- **Enhancing Revenue without Burdening Taxpayers** – Strengthen tax compliance through digital tracking, rationalize subsidies, and explore progressive taxation on wealth and high-income segments to ensure fiscal stability without increasing the burden on the middle class.

UPSC Mains PYQ : 2018

Ques : Comment on the important changes introduced in respect of the Long-term Capital Gains Tax (LCGT) and Dividend Distribution Tax (DDT) in the Union Budget for 2018-2019.

—It's about quality—

In News : Benets Accorded to Classical Language

The 2024 Union Budget has introduced Employment Linked Incentives (ELI) as part of an effort to create four crore jobs in the next five years. However, the focus needs to be on the types of jobs India must generate to ensure long-term economic growth and wage stability, particularly with the looming challenges posed by climate change, artificial intelligence (AI), and evolving youth aspirations.

Climate-Resilient Jobs

- **Impact of Climate Change:** India faces immense challenges due to climate change, having incurred a loss of \$159 billion in 2021. By 2030, the country will require almost USD 1 trillion for climate adaptation.
- **Job Creation in Rural and Urban Areas:** The government must create jobs that foster climate resilience, such as e-rickshaws in rural areas or biogas plants to enhance energy security and reduce carbon footprints.
- **Green Jobs Potential:** Expanding non-fossil fuel energy sources, particularly solar power, can create millions of jobs, especially in decentralized energy systems like rooftop solar installations that are labor-intensive.

AI-Resilience in Employment

- **AI-Driven Job Loss:** The rise of generative AI and automation poses a threat to job security in sectors like IT and business services. McKinsey estimates that 50% of automation in India can happen in the next decade.
- **AI-Resilience Jobs:** To offset the impact, new job creation should prioritize physical engagement and creativity, such as expanding education and healthcare sectors to address talent shortages.
- **Empowering Rural Communities:** Financing initiatives like the National Rural Livelihood Mission can help rural artisans, farmers, and craftsmen tap into global and urban markets, fostering job creation outside traditional sectors.

Aspiration-Centric Jobs for Rural Youth

- **Challenges of Rural Youth:** Despite an increased interest in startups, rural youth often face insecurities stemming from poor foundational education, low resources, and a lack of job opportunities.

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- ➔ **Job Creation through Infrastructure:** Building integrated pack-houses and boosting rural manufacturing could provide millions of jobs in rural areas, bridging the infrastructure gap and improving economic conditions.
- ➔ **Aspirational Job Creation:** Encouraging private-public partnerships to drive initiatives like the National Mission on Edible Oils can help reduce import dependence and empower rural youth by creating aspirational off-farm jobs.

UPSC Mains Practice Question

Ques : Critically examine the three types of jobs India needs to create to ensure long-term economic growth and social stability. How can these job creation strategies help in addressing the challenges of climate change, AI automation, and rural youth aspirations? **(250 Words /15 marks)**



The U.S.'s WHO exit, a chance to reshape global health

On January 20, 2025, the United States government issued an executive order to withdraw from membership of the World Health Organization (WHO). This has raised apprehensions that reduced funding for WHO would impact the functionality of the organisation. However, as the executive decision by the U.S. government has already been made, it is time to reflect on some fundamental questions such as why a single country's exit from WHO is causing so much concern. How can the U.S.'s exit from WHO be converted into an opportunity to create a stronger WHO? Why is there a need for an increasingly greater role of countries in Asia and Africa in global health.

Funding intricacies

To understand the impact of the U.S.'s withdrawal on WHO funding, we need to understand WHO's funding system. There are two broad categories of funding sources. In the first, the assessed contribution (or AC) is a fixed amount each WHO member-state must pay annually as a sort of membership fee. This is what the U.S. President has argued as being disproportionately high (for the U.S.) and cited as one of the four reasons for the U.S.'s decision regarding its withdrawal. The assessed contributions ensure assured funding, which WHO uses to pay the salaries of regular staff, both technical and administrative, and maintain day-to-day functioning. This is the minimum resources the organisation needs to ensure a continuity of operations.

The other funding pool is from voluntary contributions (or VC) which comes from a range of donor agencies and additional contributions from WHO member-states. VCs are broadly for projects and other time-bound activities. WHO uses VC funds in the hiring of short-term staff and consultants. However, the problem with VC funds is that these are – as the name suggests – voluntary, always time-bound, linked to specific activities, and, thus, unpredictable.

For example, many member-states and donors provide funds for polio elimination, patient safety, primary health care or antimicrobial resistance-related work. These contributions are tight-jacketed and non-transferable to other activities. With the U.S.'s withdrawal from WHO, the VC would also be impacted, as many U.S.-based or U.S.-aligned donors may either reduce, or worse, completely stop the funding to WHO. As an example, the ongoing turmoil and uncertain fate of USAID would additionally impact WHO funding. Clearly, the financial impact on WHO is likely to be far greater than the direct share of the U.S. government funds for WHO.

Another argument given for the U.S.'s withdrawal, which has been used frequently by some others to criticise WHO, is that the organisation is highly bureaucratic, acts slow and is in need of urgent reforms. This is partially true



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It is time for the countries in the global south to support WHO and initiate collaborative actions to reshape the global health agenda

and to be fair in assessment, every global institution needs some reforms and WHO is not any different. In fact, there is far more to WHO's credit than the occasional systemic blips it has faced. In this era of emerging and multi-sectoral challenges such as antimicrobial resistance, climate change, global warming and animal health, increasing re-emergence of diseases and steep rise in lifestyle diseases, the world needs a stronger WHO, more than ever.

Why institutions fail

In their book, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Daron Acemoglu and James A. Robinson (they were conferred the Nobel Prize in Economics in 2024) hypothesize, *inter alia*, that nations thrive upon the foundation and the strengths of functioning and stronger institutions.

Expanding the analogy at a global level, the world needs stronger institutions for peace and global health. However, in the last few decades, the fibres of global collaboration have been damaged. There is rising nationalism in many countries and 'Nation first' is becoming a vote-catcher for many leaders. This phenomenon of hyper-nationalism is global but relatively new, and, thus, arguably more virulent in high-income countries. Hyper-nationalism often undermines global institutions.

With the U.S.'s exit from WHO, the likelihood of key multi-country alliances such G-7, G-20 and others stepping in to support and fund WHO are feeble. Yet, for its tremendous body of work in the last 75 years, it is a moral imperative for all countries that the alternatives are explored to protect and save global institutions. The legitimate governments and elected political leaders in the global south and countries such as India, Brazil, South Africa, Thailand, Egypt and many others need to step up to support WHO in specific, and the United Nations in general.

There is another important consideration – the inexcusable gap in global health priorities and funding. The health challenges which affect the countries in Asia and Africa are grossly underfunded; mPox did not get global attention till it started affecting people in high-income countries in 2022. The vaccines and drugs against mPox are barely available in the Democratic Republic of the Congo and other settings where disease is most rampant but offered liberally in the U.S. which has a few mPox cases. This is a reminder that high-income countries continue to shape the policies, health agenda and command influence in global health, inadvertently widening health inequities. Global health has arguably been a case of 'He who pays the piper calls the tune'.

The decision to recall U.S. government personnel who have been seconded to WHO and subsequent apprehension that such a step would slow down ongoing programmes reflect how

global health agencies are a little too dependent on subject experts originating from a single or select few countries. Global health will be better off if a pool of subject experts in various areas of public health are available from different countries and in the majority of the countries. There are a few things which should be considered immediately.

The global south must act

First, countries in the global south, especially Asia and Africa, must team up to supplement WHO funding gap after the U.S.'s exit. BRICS could be one such platform. Second, countries such as India, Ethiopia, Ghana, and others in the global south need to invest in training of experts not just in public health but also global health (these are different areas). For example, India should have trained experts in conditions which affect Africa and diseases which are not prevalent in our country. The era of providing only financial support to any country is behind us. It is time for 'pooled' technical expertise in health, as in any other sector). Third, the countries in the global south should set up a few premier institutions at the country or at regional levels through inter-country collaboration to train their experts in global health. It is the expertise from low- and middle-income countries which will be of help to each other and to WHO by the secondment of such experts. That way, global health can improve at a much lower cost than by expertise from high-income countries.

Fourth, we have been hearing of reforms in WHO for a long time. One of the steps which should be considered urgently is to trim staff and move the headquarters to one of the regional offices in Brazzaville (Congo), Cairo, Manila or New Delhi. This would reduce the headquarter's operational costs. Though this might be a problem in terms of air connectivity, the time and the focus of WHO's work needs to be on geographies where attention is needed: Africa and Asia. It would be a very strategic move to scale down the headquarters and move specific divisions to the regional offices.

It is very likely that four years later or some time in future, when there is a new U.S. President, the U.S. would rejoin WHO. However, till then, the U.S.'s withdrawal should be explored as an opportunity for the public health community and political leadership in the global south to initiate country and regional level and collaborative actions to reshape the global health agenda, which is much under the influence and the guidance of high-income countries. Global health should not be at the mercy of funding or the expertise from one or a handful of high-income countries. It must be truly a joint venture for the entire world, led by the global south.

The views expressed are personal

GS Paper 02 : International Relations

PYQ (UPSC CSE (M) GS-2 2020): Critically examine the role of WHO in providing global health security during the Covid-19 pandemic. (150 Words /10 marks)

Context :

- On January 20, 2025, the United States government issued an executive order to withdraw from the World Health Organisation (WHO), raising serious concerns about the financial and operational stability of the global health body.
- While this decision has sparked debate about the potential weakening of WHO due to reduced funding, it also presents an opportunity to reevaluate the role of different nations in shaping the global health agenda.
- Amid these developments, it is important to explore the implications of the U.S.'s withdrawal, the challenges posed by WHO's funding structure, and the need for the global south to play a more significant role in global health.

WHO's Funding System and the Consequences of U.S. Withdrawal

➤ **WHO's Funding System**

- WHO's funding is divided into two major categories: assessed contributions (AC) and voluntary contributions (VC).
- AC is a fixed annual membership fee that each member-state is required to pay, which ensures stable funding for WHO's basic operations, such as salaries and administrative costs.
- One of the key reasons cited by the U.S. for its withdrawal was that its AC was disproportionately high.
- On the other hand, VC funds, which come from various donors and are often allocated to specific projects, are inherently unpredictable.

➤ **Consequences of U.S. Withdrawal**

- With the U.S. pulling out, not only will its AC contributions be lost, but its VC funding may also diminish as U.S.-based donors and agencies like USAID could reduce or halt their funding to WHO.
- Given that many of these funds support critical projects like polio eradication, patient safety, and antimicrobial resistance, WHO's ability to execute global health initiatives may be severely impacted.
- However, while the financial setback is significant, it also highlights the vulnerability of WHO's funding structure and the necessity for reform.

Reason Behind the Failure of Global Institutions

➤ The Rise of Nationalism and its Impact on Global Collaboration

- In recent years, a wave of nationalism has swept across many countries, leading to an increasing focus on domestic priorities at the expense of international cooperation.
- Political leaders in high-income nations have increasingly adopted 'nation-first' policies to appeal to their domestic constituencies.
- This has resulted in reduced funding for international institutions, weakened alliances, and a reluctance to engage in multilateral efforts.
- The U.S. withdrawal from WHO is a prime example of this trend.
- Citing concerns over financial contributions and bureaucratic inefficiencies, the U.S. government decided to pull out of an organisation that has historically been instrumental in coordinating global responses to health crises.
- This decision not only undermines WHO's ability to function effectively but also sends a troubling signal to other countries that international cooperation can be abandoned when politically convenient.

The Erosion of Trust in Global Institutions

- Another major issue facing global institutions is the erosion of trust among member states.
- Over the years, some countries have criticized organisations like WHO for being slow to act, overly bureaucratic, and influenced by the interests of a few powerful nations.
- While these criticisms are not entirely unfounded, they have led to a situation where countries hesitate to fully support global initiatives, fearing that their interests will not be adequately represented.

- The COVID-19 pandemic exposed some of these shortcomings. WHO was criticised for its delayed response in declaring the virus a pandemic and for its perceived over-reliance on information from certain member states.
- These concerns, while valid, should serve as a catalyst for reform rather than an excuse to abandon global institutions altogether.
- A stronger WHO, one that is more transparent, efficient, and equitably governed, is essential to ensuring global health security.

The Need for Systemic Reforms in Global Institutions

➤ Decentralisation of Global Health Governance

- WHO's headquarters in Geneva is far removed from the regions that face the most pressing health challenges.
- Relocating parts of WHO's operations to regional offices in Africa or Asia could improve response times and ensure that resources are directed where they are needed most.

➤ Diversification of Funding Sources

- To reduce dependency on any single country, WHO and similar institutions should diversify their funding mechanisms.
- Encouraging pooled contributions from multiple countries, as well as innovative financing mechanisms such as global health bonds or public-private partnerships, could enhance financial stability.

➤ Enhancing Inclusivity in Decision-Making

- Historically, global health policies have been dominated by high-income countries.
- Ensuring that low- and middle-income nations have a greater voice in decision-making processes will lead to more equitable and effective policies.
- This can be achieved by increasing representation from Africa, Asia, and Latin America in WHO's leadership and governing bodies.

➤ Strengthening Enforcement Mechanisms

- Currently, many global health agreements lack enforcement mechanisms, making it difficult to hold countries accountable.
- Introducing legally binding commitments with penalties for non-compliance could enhance adherence to global health protocols.

➤ The Role of the Global South in Strengthening Institutions

- In light of the challenges faced by global institutions, countries in the global south must take a proactive role in shaping their future.

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- Instead of relying on high-income nations to dictate the global health agenda, emerging economies like India, Brazil, South Africa, and Thailand should step up as leaders in international health governance.
- Organisations like BRICS (Brazil, Russia, India, China, South Africa) could play a pivotal role in funding and supporting WHO's initiatives.
- Additionally, investing in global health training programs within the global south will help create a more diverse and self-sufficient pool of experts, reducing dependence on Western-trained professionals.
- Furthermore, countries in Africa and Asia must advocate for fairer global health policies.
- By collectively pushing for reforms in WHO and other institutions, they can ensure that global health priorities reflect the needs of all nations, not just those of high-income countries.

Conclusion

- While the U.S.'s withdrawal from WHO presents immediate challenges, it also provides an opportunity for restructuring global health governance.
- The decision underscores the need for a stronger WHO that is less dependent on any single country for funding and expertise.
- Countries in the global south must take the lead in filling this gap by increasing financial contributions, training more experts, and establishing regional institutions dedicated to global health.
- The withdrawal of the U.S. should not be seen as a crisis but rather as a catalyst for a more independent and resilient WHO.