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Trump's tariffs a double-edged sword for India

Has US President Donald Trump brought a sledgehammer to the world economy? His administration's imposition of tariffs on a range of goods from countries like China, Mexico, Canada, and more recently, the European Union, has sent shockwaves through the global economy. These tariffs, intended to reduce America's trade deficit and promote domestic manufacturing, have triggered a complex web of repercussions that extend far beyond the borders of the United States.

One of the most significant effects of Trump's tariffs has been the disruption of global supply chains. By imposing tariffs of up to 25% on imports from Mexico and Canada and 10% on Chinese goods, Trump effectively made sourcing from these nations more expensive for American companies. As a result, many global businesses have begun to diversify their supply chains, looking for alternatives to China, Mexico, and Canada.

This puts India in a somewhat advantageous position. The "China Plus One" strategy, where multinational corporations seek alternatives to China for their production needs, has gained momentum, and India has benefited from this trend. Companies in industries such as textiles, apparel, electronics, and pharmaceuticals have started to shift their sourcing to India. The country's cost-effective labour, large consumer market, and rapidly improving infrastructure make it an attractive destination for companies seeking to mitigate the risks posed by the trade war.

But the opportunities are not without their challenges.

The impact on Indian stock markets is also noteworthy. Foreign investors, who have traditionally been a major source of capital for Indian equities, have begun pulling money out of the country. This shift in investment flows is a direct result of the dollar's strength, as the US is seen as a safer bet in times of economic uncertainty.

However, as Mexico and Canada have also become more expensive and risky destinations due to Trump's tariffs, there is potential for India to capture a larger share of US-bound exports. The immediate benefits are clear: Indian manufacturers can step in to fill the void left by China, Mexico, and Canada, potentially increasing export volumes to the US in the short term. The textile and apparel industries in India, in particular, are well-positioned to take advantage of the shifting trade dynamics.

Perhaps the most immediate concern for the Indian economy, however, lies in the effect of Trump's tariffs on global currency markets. As the US economy responds to these trade policies, the dollar has strengthened significantly. Since the announcement of Trump's trade policies, the US dollar index has surged, and the rupee has depreciated in comparison. This dollar strength is particularly concerning for Indian markets. A strong dollar makes Indian exports more competitive on the global stage, but it also means that the cost of imports rises, leading to inflationary pressures. Since India relies on imports for essential commodities like crude oil and machinery, the depreciating rupee exacerbates inflation, which can hit Indian consumers hard.

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Despite these challenges, India has not been entirely passive in its response to the changing trade environment. Unlike China and Mexico, which were directly targeted by Trump's tariffs, India was notably absent from the initial list of tariff-hit countries. This provides India with an opportunity to strengthen its trade ties with the US, leveraging its position as a relatively low-tariff nation compared to others like China.

India has also taken steps to rationalize its tariff structure, lowering duties on key imports, particularly from the US. In the Union Budget, India made significant tariff reductions on items like motorcycles, which could directly benefit US manufacturers. This strategic move is designed to send a message that India is not a high-tariff country, and it could help India avoid the kind of punitive tariffs Trump imposed on other nations.

Additionally, India's trade relationships with the US are expected to deepen, especially as Prime Minister Narendra Modi prepares for talks with US officials. The diplomatic goodwill generated by these engagements could allow India to secure favorable terms in future trade agreements, opening new doors for Indian exports to the US.

comment



SIDDHARTH DESAI

Looking ahead, India's aspirations for a stronger global profile must be matched by strategic action. The vision of becoming a global leader requires a shift from defensive postures to proactive engagement. India must aspire to play a pivotal role in international relations, moving beyond merely reacting to global events to shaping outcomes in its favour.



India's foreign policy in 2024 can be likened to the approach its Prime Minister took when he visited Ukraine amid the conflict with Russia. By meeting with Ukrainian President Volodymyr Zelenskyy, the Prime Minister sought to balance India's relationships, ensuring that India was not perceived as overly protective of Russian interests. Simultaneously, India has consistently called for peace and has been recognized as a potential

India's Foreign Policy in an Uncertain World

India effectively implemented its pragmatic and outcome-oriented foreign policy in 2024 to further its national interests. India adeptly navigated these challenges amid a global environment marked by uncertainty and tension. It took an active stance on several critical issues, amplifying both its voice and that of the Global South on the international stage. As a result, India achieved significant milestones in international relations, enhancing its global profile.

One of the most notable achievements of India's foreign policy during this period was its response to the political upheaval in Bangladesh, which resulted in the virtual coup that displaced Sheikh Hasina. This situation required India to manage the political fallout skillfully, as Hasina sought asylum in India. A significant success in this context was India's ability to maintain a sealed-border while engaging in constructive dialogue with Muhammad Yunus, the head of the interim government. Through diplomatic channels, India aimed to exert pressure to prevent the escalation of attacks on minorities, marking a perceptible improvement in the situation.

Furthermore, India's refusal to comply with unreasonable extradition requests for Sheikh Hasina demonstrated its commitment to protecting its sovereignty. The extradition agreement clearly stated that certain conditions must be met for India to consider extradition, emphasizing its position on legal and diplomatic grounds. This approach exemplifies India's diplomatic maturity in addressing challenges that threaten its interests while maintaining a balanced stance.

While navigating these complex international relationships, India must focus on maximizing its national interests. In this context, India's foreign policy should not align too closely with any particular group or country. The previous non-alignment policy may need reevaluation in light of the current global landscape. In the post-Cold War era, India must strive to be seen not as an ally of any one nation but as a neutral player that can engage with all parties profitably.

India's leadership during its G20 presidency further exemplifies its commitment to the Global South. This role has elevated India's profile, showcasing its ability to lead while fostering collaboration among developing nations. However, this does not necessitate an anti-West stance; rather, India should engage with Western powers for technological advancements and economic benefits while simultaneously maintaining robust relationships with countries like Russia.

The Gulf region holds undeniable significance for India, particularly in terms of energy security. India's reliance on oil imports from Gulf nations and the substantial remittances sent back home by the Indian diaspora in this region highlight its importance. Many Indian workers, particularly from the unskilled labour sector, are employed in the Gulf, which contributes significantly to India's economy. Additionally, the sovereign funds in these countries can be instrumental in supporting India's infrastructure development, particularly in the post-pandemic recovery phase.

Culturally, the Gulf region is also redefining its relationship with India. The inauguration of a temple by the Indian Prime Minister in the Gulf signifies an embrace of cultural connectivity, fostering dialogue between civilizations rather than fostering conflict. India's foreign policy under the Modi government has sought to promote this dialogue, emphasizing coexistence and mutual respect among different cultures and religions.

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About the United States, India's stance during the US elections was equally commendable. Despite a candidate of Indian origin, India maintained a policy of non-interference in the political processes of other countries, reinforcing the expectation that other nations should respect India's sovereignty as well. This principled stance has resulted in many pro-Indian officials joining the US government, indicating a growing alignment of interests.

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As we enter the New Year, India faces several challenges, particularly in its neighbourhood. The instability in Nepal, with frequent leadership changes, necessitates careful diplomatic engagement to maintain a stable relationship. Similarly, developments in Sri Lanka, which has seen a shift toward more moderate leadership, could provide an opportunity for India to offer economic support and integrate the region more closely.

Bangladesh remains a focal point of concern, especially after recent political upheavals. It is essential for India to navigate this situation delicately while fostering stability in Pakistan, where a fragile political landscape continues to pose challenges. Encouraging cooperation among political parties in Pakistan could lead to a more stable environment, benefiting both nations.

In conclusion, India's foreign policy in 2024 has demonstrated resilience, adaptability, and a commitment to national interests. The achievements in managing regional crises, asserting its position on the global stage, and fostering relationships with both Western and non-Western nations underscore India's growing influence. As India moves forward, the focus should remain on maximizing national interests while promoting peace, stability, and cultural dialogue in an increasingly complex world.

(The author is an advocate by profession)

people's edit

SIGNS AND SOUNDS OF IMPATIENCE

CHANDER GUPTA

Are't the signs and sounds of impatience visible and audible all around us? What does the relentless blaring of honks on roads indicate? Everybody on the roads seems to be in a tearing hurry. Our impatience behind the wheels creates such a loud commotion on the roads which incidentally becomes very intimidating for pedestrians. Many of us drive so fast on roads as if competing in a Formula One race. Occurrence of road rages is attributable to steam of impatience gathering inside us.

You may further gauge the levels of impatience if you board a lift in a crowded place like a shopping mall. After the lift takes you to the floor you want to alight at, you will face difficulty getting out as the passage will be blocked by those wanting to enter the lift. We do not exhibit patience to allow people inside to step out first but rather would try to rush in as soon as the doors of the lift slide open. The same scene is witnessed when a bus or train arrives. The waiting passengers try to barge in without first letting the passengers inside to alight comfortably.

Another manifestation of impatience can also be observed in aeroplanes. As soon as a civilian aircraft touches down the runway, the passengers on board unfasten their seat belts and stand up while the plane is still taxiing. There is a bee-line in the aisle as if every single second is crucial to disembark the plane as fast as possible.

All kinds of passengers, irrespective of whether they are travelling in bus, or train, or aeroplane, display the same kind of impatience in dodging others in exiting the door 'first' on reaching their destination. Same scene is enacted in theatres and cinema hall when the show is over. The audience would make a dash for the exit doors even while the honours are underway or credits are still scrolling down.

The same scenario of impatience is enacted at buffet counters. As soon as the buffet is opened, everyone rushes to crowd the counters as if the food were in short supply. It is often seen that after filling their plates to the brim, many guests discard their plates with half the food uneaten.

Public display of impatience is becoming all pervasive. Standing too close to, almost touching, the next person in a queue also tantamounts to public display of impatience. Firstly, we are not inclined to stand in queues unless there is some regulation to stand in a queue. Per force if we have to stand in a queue, we do not stand in a relaxed manner. Rather we stand in a squeezed manner as if that would reduce the number of people standing in the queue. The more squeezed the queue, the shorter it appears or deludes us to believe so. If there is no regulated queue, we sort of create an unseemly melee on the counter.

Why and what for are we in such a hurry? Why is there conspicuous display of impatience in public across all strata? Is it the streak of one-upmanship in us that causes public display of impatience? Impatience leads to stress, strife, quarrels and even mishaps. Stop a while, slow down a bit. For a change, give way to others. Public display of courtesy and civility will benefit us all.

Smart city or scam city?

The much-discussed developmental initiative, the 'Goa Smart City Project', has come under scrutiny in public eye. They made the city look shabby. Such projects should involve consultation with everyone to ensure quality and inclusivity. Recent allegations and statement by AAP Goa chief Adv Amit Palekar shows that the appalling situation of roads in the city. In past also, the Congress had alleged that the Smart City project in the capital city is a scam of Rs 1,000 crore. The roads are dug up multiple times. And the roads appear like Malgudi Days tales.

The project aims to provide area-based development and urban solutions, including improvements in roads and transportation. This is not a Smart city but a scam city. And it's very unfortunate and should not have happened. It seems that all these projects are to extract moneys in the name of big footpaths and other routine work.

This is just part of the city and not a smart city. The situation is the same everywhere. The city is yet to see the completion of even a single project. The Smart City projects are progressing at a slower pace primarily because of the unavailability of old plans of utility lines laid beneath the roads.

In June 2021, a section of the

ASER is a mixed bag but there's hope

During the Covid-19 pandemic, school going children were one of the badly affected sections of the country as extended lockdowns, inaccessible internet, and a general fear psychosis pushed them as well as their parents to the wall. However, post-pandemic, school education appears to be looking up especially over the last couple of years in certain states although a few states still have some way to go.

Foundational skills, so critical for children upto class two to catch the basics, and numeracy have shown remarkable improvement in several states. Both the primary and secondary school children have displayed learning recovery but the heartening feature of the "Annual Status of Education Report 2024" (ASER) lies in the fact the trend has been more pronounced among primary school children.

That the 2025 report is only

letterstotheeditor

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medai had pointed out how PWD floated tenders for the project without undertaking a detailed study and estimate of the sewerage project in six wards of Panaji.

K G Vilop, Chorao

the second ASER report after the pandemic makes it significant. 649491 children over 17997 villages in India's 605 districts were assessed by ASER. In government schools, across some states, arithmetic skills and reading have even upstaged pre-pandemic levels.

But enrolment in government schools in the 6--14 age group has fallen, with a shift to private institutions.

Ganapathi Bhat, Akola

Of bursting pipelines and water shortage

In Goa, residents may face water shortage or there could be restricted water supply through the taps, however, ironically lakhs of litres of water is lost every year due to bursting of pipelines. In a classic case of water, water everywhere and not a drop to drink, on Sunday the residents of Bhatlem and surrounding areas reportedly scrambled to save their belongings after a 600 MLD pipeline supplying water to Taleigao and Dona Paula burst, sending thousands of litres of water gushing.

Be that as it may, disruption in water supply due to bursting of pipelines has been occurring in the state at a disturbing frequen-

cy. It may be recalled that in April 2024 Smart City works damaged an underground water pipeline at Miramar. In March 2023, a key PWD pipeline supplying drinking water from the Assonora treatment plant to parts of Bardez burst at Tivim. Incessant digging has led to bursting of underground water pipelines at various places in the state, leading to loss of thousands of litres of potable water.

It is learnt that 32% potable water is lost due to pipeline leakage in South Goa. Goa, despite having a copious annual rainfall, the rivers have very low flow for the non-monsoon months resulting in scarcity of drinking water for the period especially in the months of April to early June. Bursting of water pipelines is making things only worse. Utmost care needs to be taken while carrying out digging activities.

Adelmo Fernandes, Vasco

Withhold celebrations over the Budget

It is usually the practice of the treasury benches to thump the desks whenever the Finance Minister presents the Union budget for a financial year and

announces a change in the existing benefits or provisions of rules. The headlines in the press this year were in tune with the claim of the government that the budget is a people's budget benefiting particularly the middle class. There is no denying the fact that the new Income Tax slab as presented looks favourable with the raising of the rebate in income tax from a maximum of Rs 25000 for income upto Rs 7 lakhs to maximum of Rs 60000 for income upto Rs 12 lakhs. However, all may not be as rosy as it is looks. There is complete silence about the withdrawal of several exemptions and deductions that were available under the old tax regime.

For example under Sec 80-C, a deduction of Rs 1.50 lakhs was allowed for investment in PPF etc; under Sec 80 TTB, deduction of Rs 50,000 was allowed in amount of interest from savings; interest paid on Home loan upto 2 lakhs was deductible; under Sec 80 D, medical insurance premium paid upto Rs 50,000 was allowed to be deducted from income; under Sec 80 CCD, contribution to NPS upto Rs 50,000 was deductible. So also HRA etc. All these are apparently withdrawn. Therefore, it will be prudent for us to withhold the celebrations over the budget announcement for the present and wait to read the fine print in the ensuing Income Tax Bill.

Rodney de Souza, Assagao