### FINANCE AND INVESTMENT CELL SHRI RAM COLLEGE OF COMMERCE





# GEOPOLITICAL OUTLOOK

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## INDO- MALDIVIAN RELATIONS: THE CHANGING TIES (BY: SAKSHI AGRAWAL & ABHISHEK SANCHETI)



India and Maldives, the two founding members of SAARC, have witnessed a friendship which dates back to 1960s. Their relationship has gone through several phases of ups and downs, highs and lows but in the end, it has stood the test of time and has come out better and truer than before.

The best example of their close friendship had been seen during 1988, when a group of businessmen and politicians along with the Tamil nationalists plotted to take over the Maldives. India was the first country which President Maumoon Ali Gayoom turned to for aid. Within twelve hours of the request, India mounted Operation Cactus, squashing the coup attempt within hours. Operation Cactus is still regarded as one of the most successful military interventions by New Delhi on foreign soil and is widely appreciated as a valuable contribution to regional stability.

Over the years, India has proved its friendship to the Maldives on several occasions. Whether it is by providing fresh, clean drinking water to the citizens of Maldives during the drinking water crisis in December 2014, or gifting of a fast attack aircraft to the Maldives Navy, India has always supported the Maldives and has ensured its safety and security. India also set up coastal radars on its 26 atolls, stationed 2 helicopters and invested more than USD 500 million to make sure that its partner grows and develops without any fear.

Skipping ahead nearly three decades (since 1988), as Beijing pours in millions of dollars as investments in Maldives, New Delhi, once the protector of the archipelago, has been proclaimed a certain mediocrity! In recent times, especially since President Abdulla Yameen assumed power in Maldives, there has been a series of anti- India actions. The country moved closer to China, imposing emergency, jailing political leaders, turning down requests for participation in the Indian naval exercise in Milan. Yameen ignored iterated nudges and even a rare warning from India not to extend a state of emergency that he imposed after a showdown with the judiciary, when the Supreme Court acquitted the former President Mohamed Nasheed and eight other opposition politicians. His ministers went a step further and said all outside powers, including India, shouldn't interfere in the honeymoon islands' internal matters. The relations further plummeted as Male asked New Delhi to remove military helicopters and personnel posted in the island nation. What irked India more was the welcoming of the Pakistani army chief with open arms.

Analysts and commentators believe that one of the major reasons Yameen ignored the world community's calls to roll back the emergency is because he strongly believed Beijing had his back, amidst the burgeoning growth in ties and investments from China in the form of projects like "China-Maldives friendship bridge" amongst many others

However, the recent rise of Ibrahim Mohamed Solih in the Maldives and his victory in the Presidential elections this year, is a good sign for New Delhi. Solih, being Pro-India, has said that India is the "closest ally" of Maldives and that he would reinstate "India First" foreign policy of Maldives. Moreover, in a conversation with Prime Minister Narendra Modi, both Male and New Delhi agreed to "work closely together to further strengthen the close, friendly and good neighbourly relations between the two countries."

With Solih in power, it is expected that the bilateral relations between India and Maldives are to be restored and hawkish Chinese influence to decline. Therefore, India-Maldives relationship, which was on the brink of collapse due to a series of events which made it sour, is expected to sweeten once again. One can surely hope that the friendship between these two South Asian countries will continue to strengthen, grow and develop over the coming years.

#### **CAATSA: COUNTERING AMERICA'S ADVERSARIES THROUGH SANCTIONS ACT**



(BY: VANI TANDON & AYUSH BANSAL)



Introduced in the 115th United States Congress on July 24, 2017 and signed on August 2, 2017 – CAATSA, under Section 231, primarily deals with sanctions to counter the aggression by Iran, Russia and North Korean through punitive measures. Be it Iran, Syria, North Korea, Sudan or Cuba; the US has never hesitated to embargo against anyone it finds opposing its interests. But what happens when India stands next in line? And the issue becomes more crucial when Russia is a major exporter of defence equipment (constituting almost 65%) to India. That's where all the speculation and ongoing discussion about CAATSA comes in place.

#### Central philosophy behind Section 231 of CAATSA

There were speculations regarding the sanctions imposed under CAATSA since it was enacted, but the topic received greater attention when sanctions were imposed on a Chinese entity in response to China's purchase of Su-35 aircraft and S-400 system in September 2018. The following points will help in a better understanding of the rationale behind the sanctions imposed under section 231:

- > The concern is upon the myriad threats and policy challenges facing the United States from the spread of weapons of mass destruction (WMD), to delivery systems, and advanced conventional weapons. By this act, US just wants to reverse the saying "China and Russia want to shape a world consistent with their authoritarian model gaining veto authority over other nations' economic, diplomatic, and security decisions."
- > Congress' purpose in passing Section 231 was to pressure and incentivize Russia to change its behaviour, not to hurt U.S. friends and allies who might happen to purchase arms from Moscow. Their concerns begin when something more significant occurs something such as a major transfer of foreign funds to the Russian defence sector or a new shipment of equipment representing a qualitative upgrade in capability, such as an S-400. In such cases, the issue of "significance" becomes more problematic, and the risk of mandatory sanctions thus increases. This is something that the US wants to curb through this punitive measure.
- > It's worthy to note that Section 231 only applies to Russian arms transactions. It means US is comfortable if the other economy meets its defence needs with any other International supplier or from other European countries or from the US itself. As the US feels that it is the most excellent way to avoid sanctions liability.

#### **Impact of CAATSA on India**

As discussed earlier Rosoboronexport is a major supplier of defence goods to India, so any sanctions on Russia regarding defence transactions are bound to affect India in one way or the other. Some immediate implications of CAATSA on India are listed below:

India's planned procurement from Russia, particularly the S-400 air defence system, Project 1135.6 frigates and Ka226T helicopters, came under the immediate scanner of US authorities, as they are mandated to deter exports of key Russian defence entities.

Some of the existing JVs would come under the scanner (like Indo Russian Aviation Ltd, Multi-Role Transport Aircraft Ltd and Brahmos Aerospace.)

The Act will also affect India's purchase of spare parts, components, raw materials and other assistance for which Indian entities are dependent on Russia for domestic licence manufacturing and maintenance of existing equipment. If implemented, American companies would not be able to participate in Indian defence contracts, and even forcing them to stop providing maintenance support for the defence equipment that India has already bought from the US. If implemented, it would lead to the ban on equity/debt investment and so would result in the collapse of all the investment that American defence companies have formed with Indian companies in recent years.

American companies will be barred from forming any Joint Ventures in future with their Indian counterparts to take part in several mega procurement contracts that the MoD is aggressively pushing through its newly announced Strategic Partnership (SP) model as part of its Make in India and diversification policies.

#### Our Take

Although US has mentioned repeatedly that CAATSA is not meant to hurt the interests of its friends and allies, the implication of such sanctions is still questionable. India, despite being well informed about this act, signed the S-400 deal with Russia expecting a waiver from CAATSA.

Regarding Indo-Russia Arms relation it is impossible for India to ignore Russia in view of the latter's importance in meeting some of the critical defence hardware requirements of the Indian armed forces and also because of the overwhelming share of Russian weaponry in the Indian arms inventory.

# AYUSHMAN BHARAT (BY: MEHAK RAINA, AMAN SRIVASTAVA & ANISHA MANSINGH)

"I hope and pray that the poor don't have to visit hospitals, but, if they do, the Ayushman cover will be at their service. The poor of my country must get all the facilities that the rich enjoy. One does not need to register for the initiative. A health card would be provided to the beneficiaries for availing of the benefits. A toll-free number will also be made available to the people for finding out more about the scheme." Prime Minister Narendra Modi launched the much awaited Ayushman Bharat Yojana with these strong words on 23rd September 2018.

Ayushman Bharat Yojana or National Health Protection Scheme, with the aim to provide service to create a healthy, capable and content New India, is the world's biggest healthcare scheme or say world's biggest insurance scheme. The scheme aims to cover 8.03 crore rural families and 2.33 urban families on the basis of Socio-Economic and Caste Census 2011. The population covered under the scheme is more than the population of Canada, Mexico and USA combined. Ayushman Bharat Yojana consists of two major elements:

National Health Protection Scheme Wellness Centres

National Health Protection Scheme is the backbone of the Yojana, which aims at providing cashless treatment to patients covered under the scheme. Whereas, Wellness Centres are aimed at providing primary care to patients.

It is expected to cover all secondary and tertiary care procedures along with pre and post hospitalisation expenses. The beneficiaries will also get transport allowance under the scheme, which is portable across the country. 8,375 hospitals including both private and public have been empanelled for the scheme so far. Centre has allotted Rs.10,000 crores for the Yojana in the budget for the Financial Year 2019. The empanelled hospitals can't refuse for treatment under the scheme and can't charge extra from the patients. The government has also set the maximum price to be levied for major secondary and tertiary care services under the scheme, like Rs.9000 for C-section in place of usual Rs.1,50,000. Whereas, more than 1,50,000 wellness centres are to be opened under this scheme for primary care. The scheme expenses are going to be divided between the Centre and states in 60:40 ratio.

The ideation of this scheme is not an issue but its implementation is. Hence constant monitoring needs to be done both at Centre and State levels. We need to ensure that this scheme reaches the grassroot level and that there is awareness among the people about the Ayushman Bharat Yojna.

India spends only about 1-1.5% of its GDP on healthcare today compared to the World Health Organisation's recommendation of at least 5%. It ranked 130 out of 189 countries in the HDI Index of 2018 and there is still a long way to go. Schemes like Ayushman Bharat Yojana are very crucial since a healthy person is an asset to the country. It will lead to an improvement in productivity, efficiency and creation of jobs, thus increasing the standard of living and quality of life.

Experts believe that an insurance-based model for achieving better health conditions in India will prove to be a failure. It has been argued that the medical infrastructure in India lacks the strength to support a massive project like this, especially after testing for a few months.

The launch of this project comes less than a year before the Lok Sabha elections, for which the Bharatiya Janata Party and Congress have begun campaigning rigorously. So the political implication itself raises a question, whether the scheme was a populist move or will it turn the tide in UPA's favour or was it a scheme aimed at real service, a revolution? We think it is a great scheme aimed at serving the weaker sections of the society and its scale tells us everything. But at the same time, the question is whether our government is ready to incur those many expenses? Whether our institutions will make people aware of the incentives and benefits? Whether a poor family living in a rural area be made aware of the situation accruing? From where the government will fund the Yojana?

But above all these questions, the prospect of almost half of the population, hopefully, the poor, getting free medical care is nothing short of a big revolution any country can hope for. Political and economic costs shouldn't be the reason to kill the scheme. There is also a chance of policy paralysis resulting in the failure of this scheme if the ruling party loses general elections 2019 as has been the case with many schemes earlier.

Moreover, the empanelled hospitals should have enough beds/space to cater to the needs as maybe it can give a boost to hospitality demand. Of course, with empty beds and unused human resource, the hospitals thought it would be better to get empanelled, also to their credit its good that they have agreed. Here's hoping that Modicare is not just an election care Yojana for Modi, it should not just care about Modi, Modicare must reach the masses and if it rolls out like Obamacare, then we can even call it the biggest revolution in healthcare sector made by a government in the entire world.

#### GLOBAL COMMONS: SOUTH CHINA SEA (BY: TATSUM & NIHARIKA)

Global commons is a term typically used to describe international, supranational, and global resource domains in which common-pool resources are found.

Therefore we can say that these are common areas on a global scale. One of the examples of Global Commons is the South China Sea. States and territories bordering it (clockwise from north) include the People's Republic of China, Republic of China (Taiwan), the Philippines, Malaysia, Brunei, Indonesia, Singapore, and Vietnam.

In the geopolitical view, it is of great importance. The South China Sea is a gateway to merchant shipping and holds a significant economic and strategic position. It is the second busiest sea lane and has proven oil reserves of about 11 billion barrels. Along with this, it has about one-third of the world's total marine biodiversity. Japan and South Korea rely heavily on the South China Sea for their supply of fuels and raw materials and export route.

However, it has been infamous for long time disputes over the waters between bordering countries. Approximately 3.5 million square km area of the South China Sea has been under dispute as China, the Philippines, Vietnam, Malaysia, Taiwan and Brunei have been claiming sovereignty over this territory as the sea has rich oil and gas fields. China has backed its territorial claim by building artificial islands and running naval patrols near them. While the US says of not taking any side on this argument, it has sent military ships and planes to this area thus irking China. Both China and US have accused each other of 'militarising' the South China Sea.

China and Taiwan claim almost the whole of the area. China claims the waters swaying the area is within its "nine-dash line"., which extends hundreds of miles to the south and east of its province of Hainan. Nine-dash line is the set of dashes that demarcate virtually all of the South China Sea and Chinese territory under The United Nations Convention on the Law of the Sea (UNCLOS) which establishes a legal framework intended to balance the economic and security interests of coastal states with those of seafaring nations.

Association of Southeast Asian Nations (ASEAN) is trying that territorial dispute doesn't turn into armed disputes. Joint Development Authorities have been set up in areas of overlapping claims to jointly develop the area and divide the profits equally without settling the issue of sovereignty over the area.

India's discomfort has increased sharply because New Delhi finds that what China is doing in the South China Sea is being replicated in spirits and tactics on the China-Pakistan Economic Corridor (CPEC), which goes through territory claimed by India. While India does not want to escalate tensions by challenging China on the South China Sea, it worries whether anybody will support India's stand on CPEC. China has declared via its state media outlets that India is sympathetic to China's view, and its joint statement with India and Russia affirms it. Meanwhile, US Pacific Command Chief, Admiral Harris indicated India and US may soon be sailing together for joint patrols, as part of a roadmap of the strategic vision document signed when Barack Obama visited India in 2015. In recent days, reports say that India and US are discussing working together to track submarines and anti-submarine warfare, a move clearly aimed at China.

Australia has significant interests in the South China Sea, both economically, in terms of freedom of trade and navigation, and geopolitically, as the United States is invested in upholding the rule-based order in the region. As Washington's closest ally in the region, Australia may come under growing pressure from the United States to make its presence felt in the South China Sea beyond statements of diplomatic support for freedom of navigation.

Most countries have generally taken a position depending on whether they are assigned with US or China. The issue doesn't seem to resolve in near future and world politics is definitely going to be even more complex in upcoming times.

# DONALD TRUMP AND "DEEP STATE": A NEW SIDE OF AMERICAN POLITICS (BY: TANISHA & RIA AGGARWAL)



With the US President Donald Trump already gaining a lot of global attention because of his controversial statements and the unique position he seems to take on various issues, the idea of a "Deep State" really seems to fascinate political enthusiasts.

The notion that there is an unseen bureaucracy that holds the rein of power is an interesting perspective in the context of the United States. The term "Deep State" was rarely used in American politics until Breitbart News used it in 2016 and later, was often evident in President Trump's tweets. It has often been used to refer to the state of affairs in Turkey, Egypt and sometimes Pakistan. The adoption of the term has been quite flexible, encompassing the Justice Department, media, the Democrats and the FISA courts. In other words, it is used by the unelected leftist officials currently conspiring to the thwart the current administration's policies.

Well, the prevalence of a Deep State does not come as a surprise at first, taking certain significant events into consideration. For instance, in the aftermath of the 2016 elections, Twitter accounts that purported to represent Trump opponents embedded in the executive branch proliferated. Alternative government accounts popped up for nearly every government agency, ranging from the Federal Election Commission to the Labor Department and the National Parks Service. For people believing that there is a conspiracy to unmake Trump's Presidency, these accounts serve as substantial proof that they are right.

The primary concern that might come to one's mind is how Trump himself perceives the idea of a "Deep State" and his way of dealing with the same. To him, the Deep State is a secret community of military and intelligence officers secretly manipulating the White House politics, and is run by former leaders of intelligence agencies under President Obama, coupled up with unnamed sinister forces still resilient within the Justice Department. If it is really true that an "internal resistance" is gradually gaining power to dilute his policies, he has every right to be concerned.

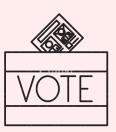
The narrative of "Deep State" and a strong belief that Trump's enemies are conspiring together as part of a coherent subversion is a powerful message that allows the President to assure his supporters that the entire establishment is against him and there is an urgent need to reform the existing framework of American protocols that have been discriminatory in adopting his controversial approach.

While it is an established concern that there exists a secret power which poses a threat to Trump's policies and aims to destabilise "American democracy" at large, there also exists a completely parallel argument. It sees this concern as Donald Trump's paranoia and in fact, a strategy to cover up for the errors in his administration, proclaiming the entire narrative of "Deep State" to be a myth in American politics. Opponents of the notion of "Deep State" also argue that the references made by Trump and his administration that highlight its existence, are too small and minor to "harm" American democracy.

Some argue that Trump came in the office with the vision to completely reform the current model of a government and considering that, changing the status quo is difficult and this is only the pushback that he is facing, in the process of transforming the culture of government. There is yet another side to the issue: the argument that Americans are bereft of good explanations for the often bewildering turn of events in a highly polarised and charged political environment, and have thus resorted to an easy interpretation: conspiracy.

The two sides of the entire narrative, i.e. the one believing in the existence of a Deep State and the other completely refuting such claims, have received considerable recognition in the form of debates and discussions on various media platforms, involving public and political figures. However, the reality of a gradually perpetuating sentiment against the current administration still remains a mystery, owing to uncertainties, disoriented claims and clash of interests of the various stakeholders in the matter.

# PREDICTION: WILL TRUMP WIN THE 2020 ELECTIONS (BY: KASHIMA)



A cursory look at the following indicators shows that Mr. Trump is heading for his second term as President of USA!

At present, USA enjoys a strong economy with latest quarterly gross domestic product growth at 4.2 %; unemployment at a 49 year low; a new trade deal with Canada and Mexico; hopes of peace in the Korean peninsula; no major terrorist attacks on the homeland. Donald Trump has a reason to showcase his economy at an international platform.

Mid-term elections are said to be a referendum on the incumbent president. Donald Trump's approval ratings have been remarkably stable, given the tumult of his first year-and-a-half in office. At the end of August, 40% of the sample population approved his style of functioning approval. After dipping mid-month, at the end of September, the number was up to 42%.

The trend is on the ascend for Republicans, but it would have to tread hitherto previously uncharted territory to get out of the mid-term danger zone.

It has been observed that overseas issues do not impact the US voters much in deciding the fate of the government unless there is a war or an economic crisis in the country.

But if the Korean initiative taken by Trump progresses on the right course, he is likely to reap a rich harvest.

In terms of foreign policy, President Trump has been able to deliver on two fronts - keeping his campaign promises and contrary to the previous administration, delivering an America First policy without apology. From NATO to the G7, Saudi Arabia to Israel, North Korea to Iran, from Russia to China, Trump's been unapologetic for his nation's best standing.

Over the course of our history, people's economic realities have continued to be some of the most reliable indicators of electoral success. With possible annual growth of 4 to 6 percent by 2020 along with the greatest number of workforce participants in two decades and further continuing to push records and new thresholds of success for people vis-a-vie wages, vertical job opportunities, and exploding entrepreneurial environments, Donald Trump is bound to make victory in the 2020 elections.

Now the question is 'What will Trump be like as candidate when he has all the advantages of the presidency and he only has to beat one Democrat?'. Well, he'll be pretty impressive. It is unlikely for Donald Trump to give power to the Democrats.