

DAILY **CURRENT AFFAIRS**

SPECIAL FOR UPSC & GPSC EXAMINATION

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Page 01:GS 2 : International Relations

India and the United States are reportedly close to finalising a 'mini' trade deal, as both nations seek to stabilise their trade ties amidst wider global uncertainties. This deal comes in the backdrop of protectionist moves by the U.S., especially tariff threats under the Trump administration.

India says trade deal with U.S. 'imminent'

U.S. President Donald Trump extends tariff pause to August 1 and threatens new hikes for 14 countries

Negotiations could be extended to August 1 if the deal specifics do not suit India, says an official

India has placed its final proposals, now the U.S. has to decide whether to accept it, says a source

T.C.A. Sharad Raghavan
NEW DELHI

India expects to announce a 'mini' trade deal with the United States "in a day or two", government officials said on Tuesday, though U.S. President Donald Trump has now extended his tariff pause until August 1. They cautioned, however, that India will not push ahead if the deal specifics do not suit Indian interests.

This came hours after U.S. President Donald Trump also said that the U.S. was "close to making a deal with India".

Mr. Trump has also sent letters to 14 countries, threatening higher tariffs from August 1, in a bid to address their trade deficits with the U.S. They include Japan, South Korea, Kazakhstan, Malaysia, Tunisia, South Africa, Bosnia

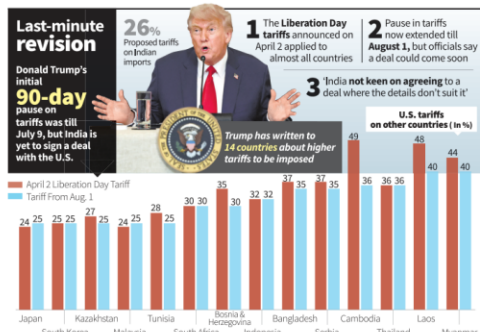
and Herzegovina, Indonesia, Bangladesh, Serbia, Cambodia, Thailand, Laos, and Myanmar.

The Liberation Day tariffs – announced on April 2 and originally paused till midnight on July 8 – applied to almost all countries, and included a 26% tariff on Indian imports.

"The August 1 deadline is for countries that have been sent the letters," an official told *The Hindu*. "India has not been sent a letter, and we are still working to finalise the deal, so the July 8-9 deadline is still what we are operating under."

New deadline

However, as per an executive order signed by Mr. Trump in Washington on Monday, "based on additional information and recommendations from various senior officials,



including information on the status of discussions with trading partners", the suspension of higher tariffs will now extend until 12:01 a.m. on August 1, by U.S.

Eastern Daylight time.

Another official aware of the negotiations said a deal could materialise by the night of July 8, or "in a day or two".

However, this official added that India could use the expanded August 1 window "if the deal specifics do not suit us".

Stating that levies would

start being paid on August 1, Mr. Trump on Tuesday said that he would not extend the deadline again.

"No extensions will be granted," he posted on Truth Social. "There will be no change."

On Monday, Mr. Trump said that the U.S. had "spoken to everybody". "We have made some [trade] deals, but for the most part we are going to send a letter," he said.

Deal dynamics

A team of Indian negotiators led by Special Secretary in the Ministry of Commerce and Industry Rajesh Agrawal returned from their second trip to the U.S. last week. A team from the U.S. has also visited India twice in the last few months.

According to sources, India has placed its final proposals before the U.S.

and now the U.S. has to decide whether to accept the deal or not. India, for its part, will not further amend its proposals for the mini deal.

As *The Hindu* has reported before, the main issues holding up a deal between India and the U.S. continue to be genetically-modified (GM) crops and dairy imports.

The U.S. is pushing India to allow the import of GM products such as soybean meal and distillers dried grains with solubles (DDGS) for animal feed. DDGS is a by-product of the ethanol production process. India has not been inclined towards GM crops even produced domestically, let alone imported.

Another demand is for India to allow the import of cow milk from the U.S., which India has been resisting.

Key Highlights:

- **Trade Deal Imminent:** India expects to announce a trade deal soon, with the U.S. also indicating progress.
- **Tariff Pause Extended:** President Trump has paused tariffs till August 1, while warning no further extension.
- **India's Position:** India has placed final proposals and will not amend them further; it will withdraw if the deal hurts Indian interests.
- **Key Contentions:**
 - GM Crop Imports (e.g., DDGS, soybean meal) – India resists due to health, environmental, and ethical concerns.
 - Dairy Imports – India opposes cow milk imports, especially from non-vegetarian-fed cows, for religious and domestic sector protection reasons.
- **Negotiation Dynamics:** Both sides have held multiple meetings. Indian and U.S. officials have travelled reciprocally.

Strategic and Economic Significance:

Opportunities for India:

- De-escalation of Trade Tensions: Avoiding punitive tariffs boosts stability in bilateral ties.
- Market Access in U.S.: Indian exporters in pharmaceuticals, engineering goods, textiles, etc., can benefit.
- Revival of GSP (Generalized System of Preferences): This mini-deal could pave the way for restoration of GSP benefits for India.
- Geopolitical Leverage: As U.S. seeks to reduce dependence on China, India gains strategic relevance.

Challenges for India:

- **Pressure on Domestic Sectors:**
 - Dairy – affects millions of small and marginal farmers.
 - GM Imports – raises bio-safety, health, and ethical concerns.
- Policy Autonomy vs Trade Liberalisation: The U.S. push for liberalisation could clash with India's precautionary approach and regulatory sovereignty.
- **One-sided Demands:** The U.S. seeks greater market access while offering fewer concessions in return.

Broader Implications:

- **India's Trade Diplomacy:** This deal is a test of India's trade negotiation capacity — to balance domestic concerns with international obligations. It also signals a shift toward issue-based alignment rather than broad Free Trade Agreements (FTAs).
- **Atmanirbhar Bharat Concerns:** Permitting GM or dairy imports could be seen as a compromise on the self-reliance narrative, especially when protecting vulnerable sectors is key.
- **Global Trade Dynamics:** The U.S. tariff threats against 14 countries reflect a neo-mercantilist approach under Trump — seeking trade balance via pressure tactics, affecting the global rules-based order.

Conclusion:

While the mini trade deal offers a window for improved Indo-U.S. trade ties, India must ensure that short-term gains do not undermine long-term strategic and domestic interests. Negotiators must walk the fine line between accommodating global partners and safeguarding local sensitivities in agriculture and bio-ethics. This deal, and how it unfolds, will serve as a template for India's future bilateral trade engagements.

UPSC Mains Practice Question

Ques: Discuss the key challenges in negotiating bilateral trade deals between developing and developed economies, with reference to India-U.S. trade relations. **(250 Words)**

A male Great Hornbill (Malamuzhakki Vezhambal) was sighted on May 24 near Kakkampara (Ezhimala) in the Kannur district of Kerala. This region is outside its typical forest habitat, making the sighting rare and ecologically significant. The bird stayed in the area for about two weeks, feeding on fruits and moving around the coastal hillscape.

Rare Great Hornbill sighting in Ezhimala sparks renewed calls for biodiversity conservation

The Hindu Bureau
KANNUR

In a rare and remarkable sighting, the Malamuzhakki Vezhambal (Great Hornbill), Kerala's State bird, was spotted in the coastal belt of Kakkampara, near Ezhimala, in Kannur, an area far from its usual forested habitats.

The bird was first observed perched on a fig-laden *Ficus exasperata* tree on May 24 and later it flew towards the Ezhimala Naval Academy's campus.

Birdwatchers Manoj Karingamathil, P. Jameela and Abhinav Jeevan, a student of the Forestry Department in Sir Syed College, Taliparamba, confirmed the sighting and



Piqued interest: The Malamuzhakki Vezhambal (Great Hornbill) seen near Ezhimala in Kannur recently. SPECIAL ARRANGEMENT

said the bird spotted was a male.

The hornbill remained in the area for about two weeks, foraging from fruit-bearing trees and occasionally flying to neighbouring regions, said Mr.

Manoj, adding that the bird was first noticed by Abhinav's relatives, who without knowing the rarity of the bird sighting, used its photos for WhatsApp status update.

Typically found in Kera-

la's evergreen and moist deciduous forests such as the Silent Valley, Nelliampathy, Athirappilly, Aralam and Parambikulam, the hornbill is rarely seen in coastal areas, Mr. Manoj said, adding that its unexpected presence is hailed as an ecological indicator.

There were very few reports of the birds being sighted near forest regions of the Aralam and Karimbam farms. However, there is no public documentation, Mr. Manoj said.

Ramanthali grama panchayat president V. Shyma said the sighting is significant proof that the region remains a biodiversity hotspot despite human habitation.

"This reflects the eco-

logical richness of the area," she said.

Sneha Subhash, head of the Department of Forestry, Sir Syed College, emphasised the need for further studies on the Great Hornbill's movement to coastal hills. "Such occurrences near the sea are unusual and point to the broader ecological value of the region," she said.

Listed as Endangered by the International Union for Conservation of Nature (IUCN) and protected under Schedule 1 of the Indian Wildlife (Protection) Act, the Great Hornbill's appearance in Ezhimala has sparked both excitement and renewed calls for conservation efforts in the areas.

About Great Hornbill (*Buceros bicornis*):

Feature	Details
Status	Endangered – IUCN Red List Schedule I – Wildlife (Protection) Act, 1972
State Symbol	State Bird of Kerala
Habitat	Evergreen and moist deciduous forests (e.g., Silent Valley, Aralam, Parambikulam)
Range	Western Ghats, NE India, parts of Southeast Asia
Diet	Mainly frugivorous – figs are a major part of diet
Ecological Role	Seed disperser – Keystone species for forest regeneration

Feature	Details
Threats	Habitat loss, hunting for casque & feathers, fragmentation

Why Is the Sighting Significant?

- **Unusual Location:** Spotted near coastal hills, far from core forest areas.
- **Biodiversity Indicator:** Signals rich ecological health in Ezhimala's coastal hill ecosystem.
- **Conservation Importance:** Triggers renewed interest in habitat protection and ecological monitoring in non-typical zones.

Key Takeaways :

- Learn species-specific facts like state symbols, IUCN status, habitat, ecological role.
- Remember biodiversity-rich areas outside PAs (Protected Areas) – like Ezhimala coastal zone.
- Recognize community involvement & citizen science (WhatsApp image -> expert verification).

UPSC Prelims Practice Question

Ques: IUCN Red List Status of Great Hornbill is:

- a) Vulnerable
- b) Near Threatened
- c) Endangered
- d) Critically Endangered

Ans: c)

The Financial Action Task Force (FATF), the global watchdog on money laundering and terrorist financing, has highlighted how digital platforms- including e-commerce sites, online payment services, and VPNs - are increasingly being misused by terrorists, citing two recent terror incidents in India: the Pulwama attack (2019) and the Gorakhnath Temple attack (2022).

Terror attack accused in India used online payment services, e-commerce sites: FATF

Devesh K. Pandey
NEW DELHI

Global money laundering and terrorist financing watchdog Financial Action Task Force (FATF) has said that the accused in two recent terror attacks in India used online payment services, e-commerce platforms, and Virtual Private Networks (VPNs). The FATF cited the incidents in its report 'Comprehensive Update on Terrorist Financing Risks', published on Tuesday.

The first case pertains to the use of online payment services and VPNs to fund a "lone actor" terrorist act. On April 3, 2022, an individual influenced by the terror group ISIL's ideology attacked security personnel at Gorakhnath Temple in Uttar Pradesh. The at-



Easy access: Aluminium powder used in the IED at the Pulwama attack was bought on Amazon, the report says. NISSAR AHMAD

tack was detected when the accused tried to breach security, leading to his immediate arrest.

The case was transferred to the State Anti-Terror Squad (ATS) for investigation. The ATS found that the accused had transferred ₹6,69,841 via PayPal to foreign countries in sup-

port of ISIL, using international third-party transactions and VPN services to obscure the IP address. He had also received ₹10,323.35 from a foreign source.

A forensic report on the accused's phone revealed that he had been using a VPN for calls, chatting, and

downloads to evade detection.

Pulwama attack

During the probe into the February 2019 suicide-bomb attack on a convoy killing 40 Central Reserve Police Force (CRPF) personnel in Jammu and Kashmir's Pulwama, it was detected that an e-commerce platform was used for the procurement of materials for the terrorist attack, carried out by Pakistan-based Jaish-e-Mohammed.

A key component of the improvised explosive device used in the attack – aluminium powder – was procured "through the EPOM [E-commerce platforms and online marketplaces] Amazon". "This material was used to enhance the impact of the blast. As a result of the investigation, 19

individuals were charged under relevant provisions of the Unlawful Activities (Prevention) Act, including sections related to Terror Financing. Among those charged were seven foreign nationals, including the suicide bomber".

"Terrorists have been reported to abuse EPOMs, which are occupying an evergrowing position in worldwide economic landscapes, for various purposes... criminals and terrorists can pose as multiple buyers and sellers (e.g., fraudulent/complicit online shop fronts) on the EPOMs, and use trade-based ML/TF [Money Laundering/Terror Financing] techniques, such as over/under invoicing, to transfer value (goods and funds) between each other," the report observed.

Key Findings from the FATF Report:

Gorakhnath Temple Attack (2022) – Lone Wolf Terrorism

- Accused transferred ₹6.7 lakh via PayPal to support ISIL.
- Used VPNs to hide online identity and communicate covertly.
- Received funds from abroad, indicating cross-border linkages.

Pulwama Terror Attack (2019) – Organized Cross-border Attack

- Aluminium powder (used in IED) purchased via Amazon, showing how e-commerce platforms can be misused.
- 19 individuals charged, including 7 foreign nationals.
- Highlights use of e-commerce for procuring dual-use materials (civilian + terror purposes).

FATF Observations (Global Relevance):

- Terrorists misuse EPOMs (E-commerce Platforms and Online Marketplaces) by posing as sellers/buyers.
- They use trade-based money laundering: over/under-invoicing, dummy shops, shell accounts.
- VPNs and encrypted communications mask online presence and evade surveillance.

Significance for India:

Security Threats:

- Growing cyber-terrorism risks as terrorists exploit legitimate tech infrastructure.
- Digital anonymity enables lone-wolf attacks with minimal footprints.

Law Enforcement Challenges:

- Difficulty in tracking cross-border online payments.
- Need for advanced cyber-forensics and international cooperation.

Gaps in Regulation:

- Weak compliance checks on online marketplaces for hazardous or dual-use items.
- Fintech platforms often lack stringent KYC/AML (Know Your Customer/Anti-Money Laundering) mechanisms.

Policy Implications and the Way Forward:

Area	Recommendations
Cybersecurity	Enhance technical capacity of NIA, ATS, NCRB with AI-driven forensics and crypto-tracking tools
E-Commerce Regulation	Mandate traceability of high-risk materials, improve KYC checks for sellers
International Cooperation	Strengthen ties with FATF members for real-time info-sharing on digital terror-financing networks
Financial Regulations	Expand scope of Prevention of Money Laundering Act (PMLA) to cover cross-border fintech misuse
Public Awareness	Sensitize users and platforms about dual-use product misuse and radicalisation pathways online

UPSC Mains Practice Question

Ques: Terrorism is increasingly adopting digital routes for funding and operations. Critically examine India's preparedness in tackling cyber-terror financing in this context.

The Performance Assessment, Review, and Analysis of Knowledge for Holistic Development (PARAKH RS), a revamped version of the National Achievement Survey (NAS), offers a comprehensive picture of student learning outcomes across India. Covering over 21 lakh students from Grades 3, 6, and 9, it highlights both regional successes and persistent learning gaps in core subjects like mathematics and language.

Countrywide survey reveals deficits in student learning

Punjab, Kerala among top performers; Grade-level gaps seen in key subjects such as mathematics and language; PARAKH RS finds that 54% of Class 9 students can identify main points of a text

A. M. Jigeesh
NEW DELHI

The results of the Performance Assessment, Review, and Analysis of Knowledge for Holistic Development Rashtriya Sarvekshen (PARAKH RS), formerly known as the National Achievement Survey (NAS), have revealed that Punjab, Himachal Pradesh, Kerala, Dadra Nagar Haveli and Daman & Diu and Chandigarh are the best performing States and Union Territories in school education.

PARAKH RS assessed the performance of 21,15,022 children in Grades 3, 6 and 9 from 74,229 schools in 781 districts of the country in the following subjects: language and mathematics (for Grades 3, 6, and 9), the world around us (for Grades 3 and 6), and science and social science (for Grade 9). As many as 2,70,424 teachers and school leaders responded through questionnaires.

Punjab, Himachal Pradesh and Kerala emerged as the top performing States in Grade 3. Kerala, Punjab and Dadra Nagar

Survey snapshots

The PARAKH Rashtriya Sarvekshan was conducted on December 4, 2024, covering 21,15,022 students from both government and private schools in Grades 3, 6 and 9



- Punjab, Himachal Pradesh, Kerala, Dadra Nagar Haveli and Daman & Diu and Chandigarh are the best performers in school education
- Kendriya Vidyalayas recorded the lowest performance in Mathematics in Class 3
- In Class 6, government-aided and State government schools showed poor performance in Mathematics
- For Class 9, Kendriya Vidyalaya students performed the best across all subjects

Haveli and Daman & Diu were the top performers for Grade 6. Punjab, Kerala and Chandigarh were the best performing States for Grade 9. The Kendriya Vidyalayas, run by the Union government, recorded the lowest performance in mathematics in Grade 3. In Grade 6, government-aided and State government schools showed weak performance in mathematics. For Grade 9, students from Kendriya Vidyalayas performed the best across all subjects, particularly in language.

The results found that in Grade 3, 67% students know and use enough words to carry out day-to-

day interactions effectively and could guess the meaning of new words by using existing vocabulary.

Figuring it out

In mathematics, 68% students in Grade 3 could sort objects into groups and sub-groups based on more than one property, while 69% could identify and extend simple patterns in their surroundings, shapes, and numbers. Only 55% could arrange numbers up to 99 in ascending and descending order.

In Grade 6, only 54% could represent numbers using the place value structure of the Indian number system, and knew and

could read the names of very large numbers. Only 38% students could solve puzzles and daily-life problems involving one or more operations on whole numbers.

Only 38% of Grade 6 students asked questions and made predictions about simple patterns (season change, food chain, phases of the moon, movement of stars and planets, shapes of trees, plants, leaves, and flowers, rituals, celebrations) observed in the immediate environment.

In Grade 9, 45% of students could explain how the Constitution came to be and understood the ideas and ideals of the Indian national movement enshrined in it as well as those drawn from India's civilisational heritage. About 54% of students could identify the main points in a text from careful listening or reading of news articles, reports or editorials.

Only 31% could explore and understand sets of numbers, such as whole numbers, fractions, integers, rational numbers, and real numbers, and their properties, the survey results said.

Key Findings:

1. Top Performing States/UTs:

- Grade 3: Punjab, Himachal Pradesh, Kerala
- Grade 6: Kerala, Punjab, Dadra & Nagar Haveli and Daman & Diu
- Grade 9: Punjab, Kerala, Chandigarh
- Best Institutions: Kendriya Vidyalayas topped Grade 9 but performed poorly in Grade 3 mathematics.

2. Subject-wise Performance:

- **Language:**
 - Grade 3: 67% had functional vocabulary and comprehension skills.
 - Grade 9: 54% could identify key points in texts like news reports.
- **Mathematics:**
 - Grade 3: 69% recognized patterns; only 55% could order numbers up to 99.
 - Grade 6: Only 54% understood place value; just 38% could solve real-life problems using operations.
 - Grade 9: A mere 31% could understand sets and properties of number systems.
- **Environmental Awareness (Grade 6):**
 - Just 38% could make predictions based on natural patterns and phenomena.
- **Civic Knowledge (Grade 9):**
 - 45% understood constitutional values and heritage connections.

Analysis and Implications:

1. Learning Deficits Despite Enrollment Gains:

- The report reveals foundational weaknesses that persist as students progress, especially in math and application-based learning. This reflects a quality vs. quantity imbalance in India's education system.

2. Disparities Across Grades and Institutions:

- State-wise variation shows a need for contextualized educational strategies. The poor early-grade performance in central government schools like KVs raises concerns over uniform curriculum delivery.

3. Curriculum vs. Comprehension Mismatch:

- Low ability in solving real-world problems or understanding civic concepts suggests that rote learning still dominates classroom practices over conceptual clarity and experiential learning.

4. Teacher and Infrastructure Gaps:

- Though 2.7 lakh educators participated in the survey, the weak learning outcomes indicate gaps in pedagogy, training, and possibly infrastructure.

5. Need for Timely Interventions:

- Grade 3 is crucial for foundation literacy and numeracy; deficits here can snowball into larger academic failures later, as seen in Grade 9 outcomes.

Way Forward:**1. Focus on Foundational Learning (NEP 2020 goals):**

- Urgent implementation of NIPUN Bharat Mission to ensure Grade 3-level literacy and numeracy skills by 2026-27.

2. Strengthen Teacher Training:

- Continuous professional development and subject-specific training, especially in early math and science pedagogy.

3. Data-Driven Policy Planning:

- Use granular PARAKH RS data to design district-specific interventions and remedial strategies.

4. Curriculum Reforms:

- Integrate more real-life application, problem-solving, and interactive learning into textbooks and classroom practices.

5. Monitoring and Accountability:

- Regular performance assessments, learning outcome tracking, and independent audits of public education delivery systems.

Conclusion:

The PARAKH RS survey is a wake-up call. While islands of excellence exist, the nationwide deficits in core competencies, especially in mathematics and language, threaten to derail India's demographic dividend. Addressing these learning gaps through targeted, data-backed policy reforms is critical to building an inclusive, equitable, and competent education ecosystem.

UPSC Mains Practice Question

Ques: The findings of the PARAKH RS survey reveal foundational learning deficits among Indian students across grades. Critically examine the implications of these findings for India's school education system. What reforms are needed to address these challenges? **(250 Words)**

Page 10 : GS 2& 3 : Governance&Economy

The 2024 NATO summit proposed raising military expenditure to 5% of GDP by 2035, a sharp rise from the existing 2% target. This comes amid escalating global tensions—Russia-Ukraine, Israel-Gaza, and new flashpoints in South Asia and the Middle East—resulting in the highest global defence spending since the Cold War.

What will be effect of rising military spending?

Why have NATO nations decided to increase their defence expenditure? During which period was global military spending the most? Will increased militarisation have an effect on domestic health spending? Why has the United Nations decided to cut down on its budget?

EXPLAINER

Nissim Mannathukkaren

The story so far:

The North Atlantic Treaty Organization (NATO) summit in June pledged to increase military spending to 5% of the member nations' GDP (specifically "core defence requirements as well as defence and security-related spending by 2035"). The previous spending target was 2%. Such a move is symptomatic of the sharp increase in global military spending in the last few years.

What has been the historical trajectory of military expenditures?

According to the Stockholm International Peace Research Institute (SIPRI), which produces the most comprehensive database on military spending, global military spending was \$2,718 billion in 2024. The year saw a 9.4% increase, which was the highest year-on-year increase since 1988, with the Russia-Ukraine war and the Israel-Gaza conflict contributing to it. In 2025, the world saw two big additional conflicts, between India and Pakistan, and Israel and Iran. This, combined with the NATO pledge, will see further increases in global military spending in the coming years.

Historically, the Cold War period saw the highest amounts of global military spending. It was 6.1% of the world's GDP in 1960. In the last year of the Cold War, it was at 3%. It reached its lowest levels in 1998 at 2.1% (a total expenditure of around \$1,000 billion). In 2024, it reached 2.5% (from 2.3% in 2015).

Who are the biggest military spenders?

The United States is the biggest military spender in the world with \$997 billion, followed by China at \$314 billion, Russia at \$149 billion, Germany at \$88.5 billion and India at \$86.1 billion – these nations are the top five military spenders. Almost 90% of the total worldwide military spending is spent by the top 15 military spenders. All of the NATO members (32) combined spent \$1,506 billion, which makes it around 55% of global military spending. Thus, there is a concentration of spending in a few countries.

In terms of GDP percentage, among the top 20 spenders (excluding countries at war such as Russia, Ukraine and Israel), the highest spenders include Saudi Arabia (7.3%), Poland (4.2%) and the U.S. (3.4%). The rest fall in the range of 2.6% to 1.3%.

What about the expenditure on other public goods?

The present wave of remilitarisation threatens to eliminate the gains made from declining military expenditures after the end of the Cold War.

According to the Global Peace Index, in 2023, militarisation increased in 108 countries and the year saw the highest number of conflicts since World War II. Of course, military spending, driven by the military-industrial complex, can benefit certain sectors of the economy. Yet, as studies show for example, by Masako Ikegami and Zijian Wang, based on 116 countries, there is a significant crowding-out effect that increased military spending has on domestic government health spending, the effects of which are borne more by middle- and low-income countries. But even high-income countries are not immune. Spain, which spends only 1.24% of GDP on defence, asserted its sovereignty and opted out of the new NATO target citing



Increasing the cost: Police experts work at the site of the Russian drone strike, amid Russia's attack on Ukraine, in Kharkiv, Ukraine on July 7. REUTERS

that it is "unreasonable" and that the extra burden of 300 billion euros will cut welfare spending. It should be noted that nine NATO members failed to meet even the 2% target by 2024 despite it being proposed first in 2002.

What about the UN?

The present military spending of \$2.7 trillion and its scale can be understood only by placing it in the context of other critical global expenditures. The latest budget of the United Nations is only \$44 billion – with which it should fund development, humanitarian aid, and peacekeeping operations. But the UN, in six months, has only received \$6 billion, and as a result, is seeking to reduce the budget to \$29 billion. In the 12-day Israel-Iran war, the U.S. is estimated to have spent nearly \$1 billion on missile interceptors alone.

The U.S., under President Donald Trump, seeking to cut foreign aid is the major cause of the UN funding crisis. While Mr. Trump wants to be known as a peace-making President, he has pushed NATO to adopt the 5% military spending target and has closed down the U.S. Agency for International Development (USAID), which provided annual assistance to the tune of \$50-60 billion worldwide in the few years until the Russian-Ukraine war. A *Lancet* study found that USAID assistance in healthcare, nutrition, etc., prevented 91 million deaths in low- and middle-income countries in the past two decades, and that Mr. Trump's decision could potentially cause a staggering 14 million

additional deaths by 2030, a third of them being children. It demonstrates that peace is not just the absence of war, but also the material conditions for the healthy sustenance of life.

Additionally, increased defence spending is spending the progress of achieving the UN Sustainable Development Goals (SDGs). It is estimated that ending extreme poverty and absolute monetary poverty globally by 2030 would need \$70 billion and \$325 billion respectively per year. It constitutes only 0.1% and 0.6% of the gross national income of high-income countries. The UN estimates that in 2021, around 4.5 billion people did not have full coverage of essential health services, and, that even spending just \$1 per person yearly on preventing non-communicable diseases could save nearly seven million lives by 2030.

Increased military spending has deleterious effects on another SDG as well – combating climate change.

According to a study by the Conflict and Environment Observatory, if NATO's defence spending reached 3.5% of GDP, greenhouse gas emissions would increase 200 million tonnes annually. When the world is seeing unprecedented heatwaves, and with 2024 being the hottest year on record, increased military spending will only divert scarce resources from climate mitigation, and other pressing public goods.

How is India affected by increased military spending?

Close to home, after Operation Sindoor,

\$50,000 crore was additionally sanctioned (to supplement the annual budget of ₹6.81 lakh crore) for emergency defence purchases to replenish used weaponry.

To put it in perspective, funds allocated by the centre for Ayushman Bharat health insurance which covers 58 crore people was ₹7,200 crore for 2023-24. India spends 2.3% of GDP on the military whereas the public expenditure on health, despite increasing in recent years, is very low. It is 1.84% of the GDP, less than the 2.5% target of the National Health Policy, and much less than the 10% mark of most developed countries. In the light of heightened tensions and public sentiment being in favour of militarisation, spending on other public goods might suffer. Military conflicts and spending can be ruinous for middle- and low-income countries. Lebanon spent 29% of its GDP, and Ukraine 34%, on military spending last year.

NATO Secretary General Mark Rutte stated that "We must spend more, to prevent war." The present proposed increase is, according to NATO, mainly to counter Russia. Scholars note of the huge disparity between Russia and NATO: Russia's economy is 25 times smaller and military spending, 10 times lesser. This shows how fear-mongering can be used by leadership to militarise society further.

If the NATO pledge does indeed become a reality, the consequences for human well-being will be enormous.

Nissim Mannathukkaren is a professor with Dalhousie University, Canada, and he is on X @mannathukkaren.

THE GIST

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The U.S., under President Donald Trump, seeking to cut foreign aid is the major cause of the UN funding crisis.

Historical and Contemporary Trends:

- **Peak Military Spending:** During the Cold War, global military expenditure touched 6.1% of GDP (1960).
- **Post-Cold War Decline:** It fell to 2.1% in 1998.
- **Resurgence Post-2015:** In 2024, it reached 2.5% of global GDP, totalling \$2.7 trillion, with a 9.4% year-on-year increase, the largest since 1988.

Key Drivers:

1. **Geopolitical Conflicts:** Ukraine, Gaza, Iran-Israel, and India-Pakistan tensions.
2. **NATO's Strategic Realignment:** Rising perceived threats from Russia and China.
3. **Military-Industrial Complex:** Arms manufacturers gain from increased budgets.
4. **Leadership Populism:** Leaders use security rhetoric to consolidate power.

Top Military Spenders (2024):

Country	Expenditure (USD)
USA	\$997 billion
China	\$314 billion
Russia	\$149 billion
Germany	\$88.5 billion
India	\$86.1 billion

- **NATO (32 nations):** \$1,506 billion (~55% of global spending)

Impacts on Human Development:

1. Crowding Out of Social Sector Spending:

- Studies (e.g., Ikegami & Wang, 116-country data) show a crowding-out effect on healthcare.
- Spain declined NATO's 5% pledge, citing €300 billion cost would hurt welfare.
- India: Spends 2.3% of GDP on defence, but only 1.84% on public health, far below the 2.5% National Health Policy target.

2. Impact on UN and Global Peace Initiatives:

- **UN's budget:**\$44 billion, with only \$6 billion received in 6 months.
- Planned cut to \$29 billion affects peacekeeping, aid, SDG funding.
- USAID closure under Trump risks 14 million preventable deaths by 2030 (Lancet study).

3. Threat to Sustainable Development Goals (SDGs):

- Eradicating extreme poverty requires only \$70 billion/year.
- Yet, nations are choosing arms over development.
- SDG on health: 4.5 billion people lack essential health services (UN, 2021).
- Just \$1 per person per year could save 7 million lives by 2030.

4. Environmental Impact:

- NATO's 3.5% defence target may lead to 200 million tonnes of CO₂ increase annually (Conflict & Environment Observatory).
- 2024 already recorded as hottest year in history.

India-Specific Concerns:

- Operation Sindoor triggered an emergency military budget of ₹50,000 crore.
- **Health allocation (Ayushman Bharat):** Only ₹7,200 crore for 58 crore people.
- Resource diversion likely to hinder long-term developmental goals like education, health, sanitation, and climate resilience.

Broader Geopolitical Implications:

- **Power Asymmetry:** NATO's collective economy is 25 times larger than Russia's; military spending is 10 times more.
- **Fear as Policy Tool:** Heightened security narratives fuel remilitarisation and populism, rather than diplomacy and de-escalation.
- **Economic Risks:** High military burdens (e.g., Lebanon: 29%, Ukraine: 34% of GDP) can lead to economic collapse, especially in middle-income countries.

Conclusion:

The current trajectory of rising military spending risks reversing decades of gains in public health, education, and poverty alleviation. It also weakens institutions like the UN, undermines climate action, and inflames geopolitical tensions. Peace is not just the absence of war, but also the presence of equitable and sustainable development. Nations must strike a balance between security imperatives and human-centric development.

UPSC Mains Essay Practice Question

Ques: Balancing guns and butter: National security vs. social welfare. (1200 Words)

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Quick fix

Budgetary allowances alone will not solve India's R&D problem

The Union Cabinet recently approved a ₹1-lakh crore Research Development and Innovation (RDI) scheme that aims to incentivise the private sector to invest in basic research. The scheme will primarily consist of a special purpose fund established within the Anusandhan National Research Foundation (ANRF), which will act as the custodian of funds. The funds will be in the form of low-interest loans. The ANRF is conceived as an independent institutional body, with oversight by the Science Ministry, to allocate funds for basic research and to incentivise private sector participation in core research. The involvement of the ANRF here is a novel move as the newly created organisation is meant to be the equivalent of a single-window clearance mechanism for funding research and development for universities and academic institutions. It is also expected to get about 70% of its budget from private sources. In sum, through the RDI and the ANRF, the government is looking to stake the bold claim that it has played its part and that it is now up to the private sector to come forward and reverse the ratio from where the government today accounts for about 70% of India's R&D spend. However, already incipient in the government's tall ambitions are traces of what has caused previous such schemes to falter. The first of these is conservatism.

It turns out that a condition for availing funds is that only products that have reached a certain level of development and market potential or, what are called Technology Readiness Level-4 (TRL-4) projects, would be eligible. There are nine TRL levels, a hierarchy that was first conceived by the United States' National Aeronautics and Space Administration (NASA) in the 1970s. TRL-1 represents a basic level of research and TRL-9 a state of advanced readiness. TRL-4 appears to be an arbitrary decision to support any promising research that has progressed halfway. Were there such a magic sauce, venture capital industries, premised on the fickleness of predicting the 'next big thing', would not exist. The scheme also seems to forget that technologically advanced countries have become what they are because of their military industrial complexes – where the spectre of war incentivises the development of technology that is risky and expensive but, over time, may prove to be of immense civilian value – examples are the Internet or the Global Positioning System. India continues to haemorrhage scientists to the West due to the lack of opportunities commensurate with their training. Finally, it lacks a deeply skilled manufacturing sector that can make the products that scientists conceive of. Budgetary allowances cannot overnight fix that which requires major surgery.

Paper 03 Science & Tech

UPSC Mains Practice Question: The recently launched ₹1-lakh crore Research Development and Innovation (RDI) scheme aims to boost private sector investment in India's R&D ecosystem. Critically evaluate the potential and limitations of this scheme in addressing India's longstanding research and innovation challenges. (250 words)

Context :

The Union Cabinet has approved a ₹1-lakh crore Research Development and Innovation (RDI) scheme, operationalized through the Anusandhan National Research Foundation (ANRF), aimed at boosting private sector investment in basic research. While this is a significant step, structural and systemic limitations continue to hinder India's R&D ecosystem.

Key Features of the RDI Scheme:

- **Fund Mechanism:** ₹1 lakh crore corpus, primarily through low-interest loans, not direct grants.
- **Institutional Backbone:** The ANRF, under the Science Ministry, acts as a single-window clearance for research funding.
- **Funding Composition:** 70% of the funding is expected to come from the private sector.
- **Eligibility Constraint:** Only TRL-4 and above projects are eligible — i.e., research must have reached a pre-defined stage of development and commercial viability.

Concerns and Critique:

1. Conservatism in Risk-Taking:

- Restricting support to TRL-4 and above undermines the very nature of *basic research*, which is uncertain, long-term, and foundational.
- Most path-breaking innovations (e.g., Internet, GPS) emerged from TRL-1 to TRL-3 levels, often through public military spending, not market-tested ideas.

2. Neglect of Basic Science:

- The scheme leans toward translational or applied research, ignoring India's need for deep foundational science, where current gaps are acute.

3. Structural Weaknesses:

- India still lacks a skilled and integrated manufacturing base to translate research into commercially viable products.
- The "brain drain" continues, with scientists seeking better facilities, funding, and institutional support abroad.

4. Private Sector Apathy:

- Indian private sector spending on R&D is among the lowest globally (~30% of total R&D vs. >70% in advanced economies).
- The RDI's loan-based model may not incentivize genuine innovation in high-risk domains.

Comparative Context:

- U.S. and China invest significantly in public-funded R&D, often linked to strategic military-industrial projects.
- NASA, DARPA (USA), and China's state-backed tech ecosystem foster risky research, regardless of short-term commercial outcomes.

Implications for India:

- Without ecosystem-level reforms in scientific education, research culture, industrial policy, and risk-capital availability, budget allocations alone will not deliver results.
- The 70:30 reversal target (private:public R&D spending) is aspirational but unlikely without tax incentives, IPR reforms, and robust public-private partnerships.

Conclusion:

While the RDI scheme and the establishment of ANRF are steps in the right direction, they are insufficient to transform India's R&D landscape. What India needs is not just funding, but institutional courage to support long-horizon, blue-sky research, and a holistic innovation ecosystem — spanning education, manufacturing, regulation, and private enterprise.
