

1. Land Port Closures Between India and Bangladesh: Regional Impact

Background

On May 17, 2024, India's Directorate General of Foreign Trade issued an order shutting down land ports with Bangladesh for the import of readymade garments and certain other goods. This move is seen as a reflection of strained ties between India and Bangladesh following political changes in Dhaka.

What Does the May 17 Order Say?

- **Banned via Land Ports:** Import of readymade garments, fruit products, baked goods, plastic goods, wooden furniture, etc.
- **Allowed Only via Sea Ports:** Nhava Sheva and Kolkata.
- **Exemptions:** Fish, LPG, edible oil, and crushed stone continue to be allowed.

Why Did India Issue the Order?

India cited the need for reciprocal trade policies:

- Bangladesh banned import of Indian cotton yarn via land ports (April 13).
- Bangladesh stopped export of Indian rice via Hili land port.
- Indian trucks were reportedly subjected to aggressive checks.

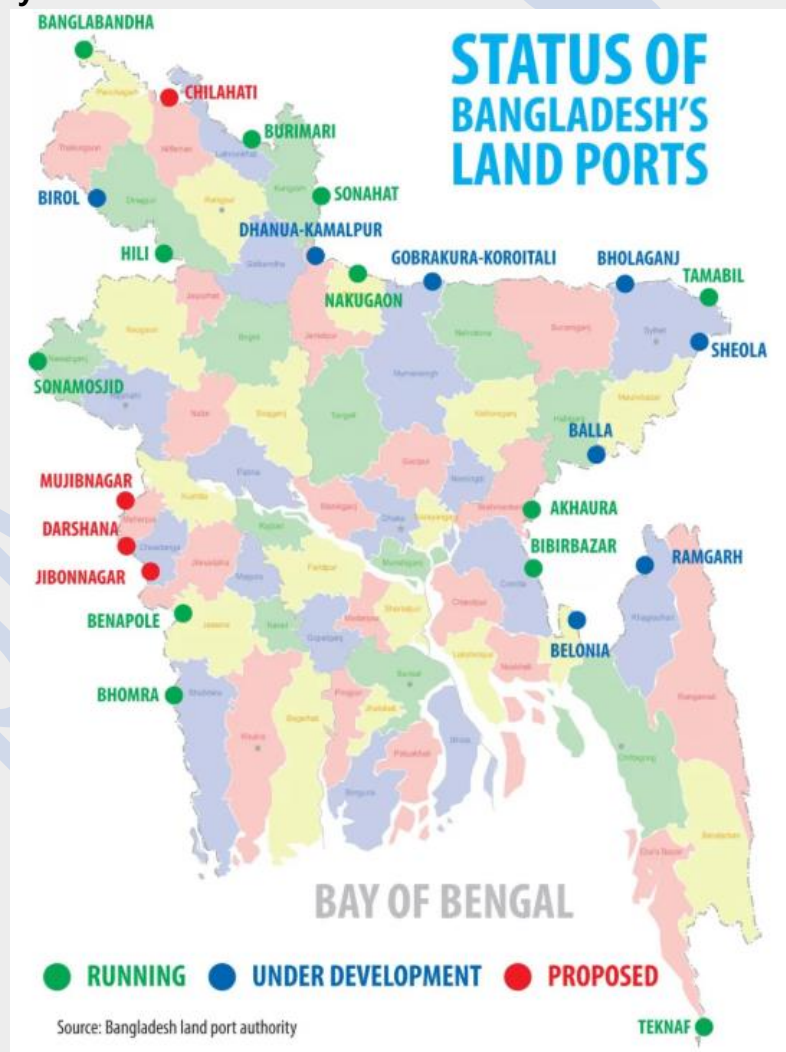
India also expressed concerns over Dhaka treating India's northeast as a "captive market."

Impact on Bangladesh's Economy

- **Readymade Garments (RMG):** A significant blow. Around \$700 million in annual exports to India now affected.
- **Other Sectors:** Limited impact on furniture and agriculture, according to Bangladeshi officials.

Bangladesh's Response

- No official reaction yet, but off-the-record sources express disappointment.



- Officials claim India didn't notify Dhaka in advance.
- Bangladesh argues its restrictions on Indian goods were aimed at curbing corruption.

Implications for India's Northeast

- The closure affects trade through northeastern states (Assam, Meghalaya, Mizoram, Tripura).
- India argues this is to promote local manufacturing under the Atmanirbhar Bharat initiative.
- Indian officials also point to Bangladesh's recent political statements in China suggesting alternate trade routes via Bangladesh to India's northeast.

Is This Part of a Bigger Diplomatic Issue?

Yes. The order is seen as a response to:

- Remarks made by Bangladesh's interim government in China referring to India's northeast as "landlocked."
- Bangladesh's growing closeness to China and Pakistan.

India sees the move as a signal both to Bangladesh and the international community about its strategic concerns.

Relevance: GS Prelims & Mains Paper II; Bilateral Relations

Source: Indian Express

2. Donald Trump's 'One Big Beautiful Bill': What It Means

What Is the Bill?

Last week, the US House of Representatives passed President Donald Trump's One Big Beautiful Bill Act of 2025 (OBBBA) — a massive, 1,000+ page legislative package that rolls many of Trump's policy promises into a single document. The bill now moves to the US Senate for approval.

What Does the Bill Include?

1. Permanent Tax Cuts

- Makes permanent the 2017 cuts to income and estate taxes.
- Introduces new tax cuts on:
 - Overtime pay
 - Tips
 - Social Security income
- The White House claims Americans earning \$30,000–\$80,000 will see 15% tax cuts.

2. Increased Government Spending

- More spending on:
 - Border security
 - Military and defense

3. Targeting Government Spending Waste

- Promises to reduce "waste, fraud, and abuse" in federal spending.

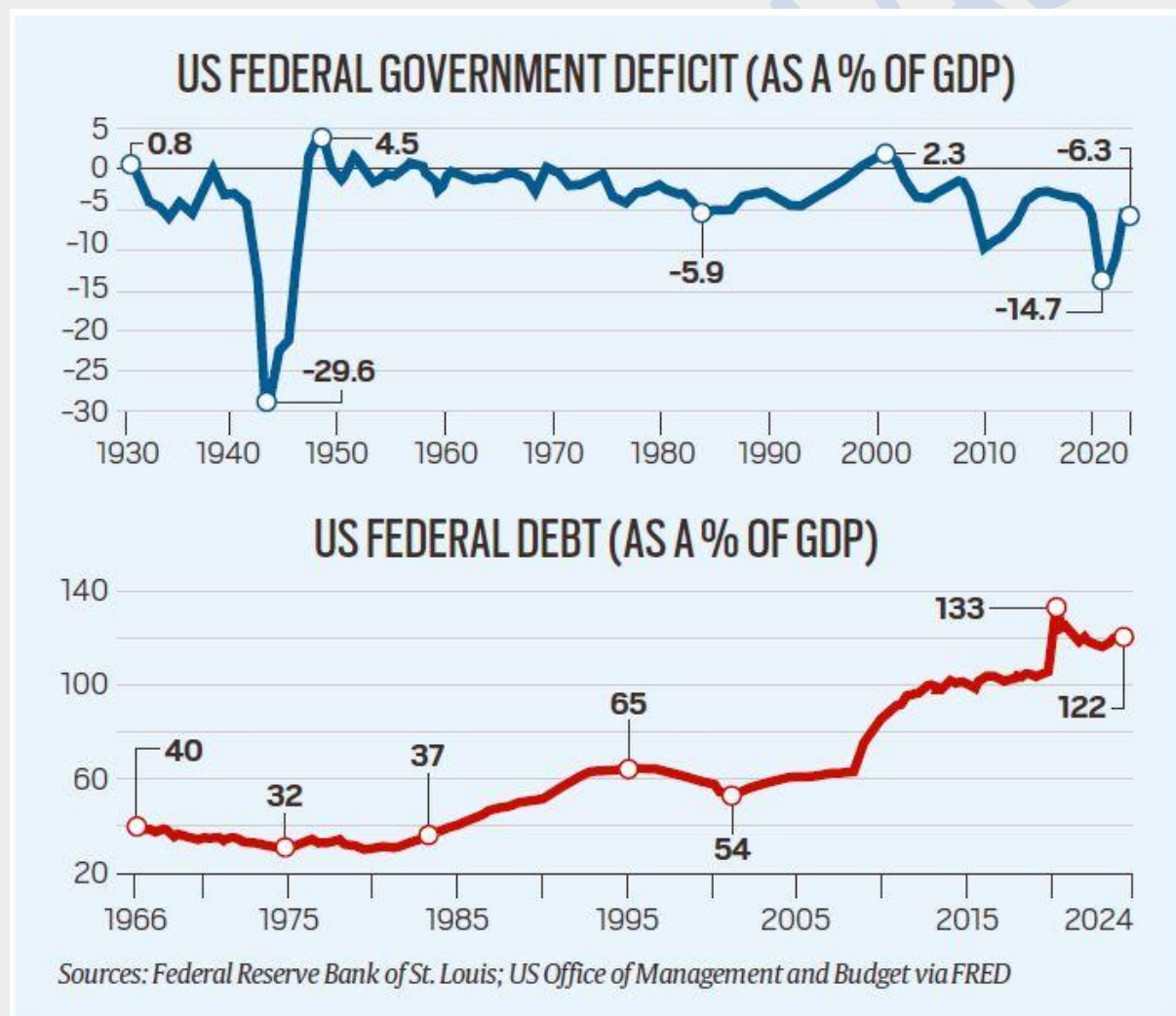
4. Raising the Debt Ceiling

- Increases the limit on US government borrowing, allowing more debt to fund the Bill's provisions.

What Are the Main Concerns?

1. Worsening US Government Finances

- Tax cuts + higher spending = bigger budget deficit
 - The US deficit was already 6.4% of GDP in 2024 (~\$1.9 trillion).
 - Debt-to-GDP ratio has reached 120%, with forecasts predicting it may hit 200% in the next decade.
- Investor confidence is declining:
 - Credit rating agency Moody's downgraded US debt in May 2025.
 - Bond yields are rising, meaning higher borrowing costs for the government and the public.



2. Unequal Distribution of Benefits

- Critics say the Bill favors the rich while cutting support for the poor.
- Economist Justin Wolfers called it "anti-Robin Hood".
- A Congressional Budget Office (CBO) analysis found:

- Poor households (lowest 10%) will lose 2–4% of income due to reduced welfare (e.g., Medicaid, food stamps).
- Rich households (top 10%) will gain 2–4% due to tax cuts.

Why It Matters

- The Bill's mix of tax breaks and spending increases could balloon US debt, raise interest rates, and shift resources away from low-income Americans.
- It may boost Trump's political support among higher-income voters but risks long-term economic challenges and political backlash over inequality.

Relevance: GS Prelims & Mains Paper II; International Issues

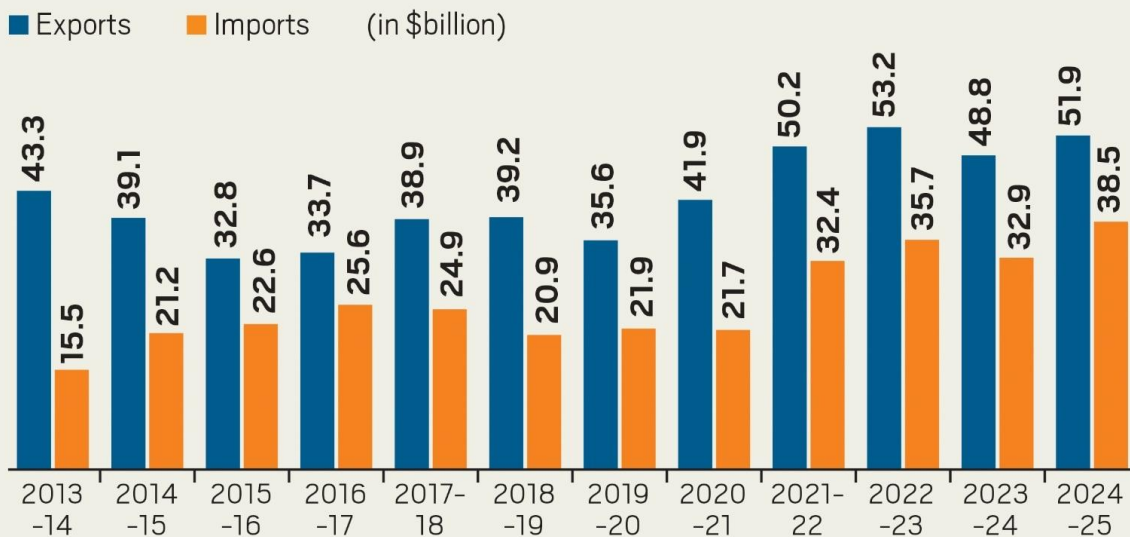
Source: Indian Express

3. India's Farm Trade Trend Analysis: How FTAs with US, EU, UK May Change the Game

Rising Exports, But Faster-Rising Imports

- In 2024–25, India's agriculture exports rose by 6.4% to \$51.9 billion, while imports surged 17.2% to \$38.5 billion.
- While India still has a farm trade surplus of \$13.4 billion, it has halved from \$27.7 billion in 2013–14.
- The gap is shrinking due to rising imports and supply challenges in key crops.

INDIA'S AGRICULTURE TRADE



Source: Department of Commerce.

Top Export Performers

1. Rice Leads the Way

- Combined basmati and non-basmati rice exports hit a record \$12.5 billion.
- Basmati mainly goes to West Asia, non-basmati to Africa.

2. Spices and Vegetables on the Rise

- Exports of spices, tobacco, coffee, and fresh/processed fruits & vegetables hit new highs.
- Coffee exports surged due to poor harvests in Brazil and Vietnam.

3. Seafood Struggles

- Marine products, India's top export, fell from \$8.1 billion (2022–23) to \$7.4 billion.
- US duties on frozen shrimp (17.7%) may rise to 26%, further affecting exports.

INDIA'S TOP AGRI EXPORT ITEMS (\$ million)

	2021-22	2022-23	2023-24	2024-25
Marine products	7772.36	8077.98	7372	7405
Non-basmati rice	6133.63	6356.71	4573.41	6527.58
Basmati rice	3537.49	4787.65	5843.3	5944.48
Spices	3896.03	3785.36	4248.56	4451.54
Buffalo meat	3303.78	3193.69	3743.26	4060.54
Sugar	4602.65	5770.83	2824.74	2159.4
Fruits & Vegetables	1692.48	1791.05	2037.58	2065.39
Processed F&V	1190.59	1417.59	1624.22	1805.76
Tobacco	923.57	1213.39	1449.54	1979.01
Coffee	1020.74	1146.18	1286.28	1805.57
Oil meals	1031.94	1601.72	1713.98	1344.39
Oilseeds	1113.65	1337.69	1437.02	1344.31
Castor oil	1175.5	1265.64	1071.55	1152.37
Raw cotton	2816.24	781.43	1116.52	809.72
Wheat	2122.13	1520.46	56.74	2.03
Other cereals	1087.39	1194.07	517.79	270.88
TOTAL	50240.21	53153.55	48821.68	51940.67

Source: Department of Commerce.

Exports Hit by Domestic Supply Issues

- Wheat, sugar, and cotton exports dropped due to supply shortages and export bans.
- India now imports raw sugar and re-exports refined sugar.
- Once a major exporter, India now imports cotton due to stagnant yields.

Key Import Drivers

1. Edible Oils and Pulses Dominate

- Low yields and lack of government support keep oilseed and pulse production low.
- Vegetable oil imports continue to rise; pulse imports crossed \$5.5 billion for the first time.

2. Cotton and Rubber Imports Climb

- Cotton output fell from 398 lakh bales (2013–14) to 291 lakh (2024–25) due to no yield breakthroughs post-GM hybrids.
- Rubber production is stagnant, even as demand rises.

3. Fruits, Nuts, and Spirits

- Rising demand and stagnant local production have increased imports of almonds, pistachios, apples, and alcoholic beverages.

INDIA'S TOP AGRI IMPORT ITEMS (\$ MILLION)

	2021-22	2022-23	2023-24	2024-25
Vegetable oils	18991.62	20837.7	14871.66	17333.14
Pulses	2228.95	1943.89	3746.78	5477.28
Fresh fruits	2460.33	2483.95	2734.97	3043.7
Cashew	1255.46	1805.67	1431.39	1669.43
Spices	1299.38	1336.65	1455.57	1625.42
Sugar	169.2	292.97	1984.88	1388.1
Raw cotton	559.55	1438.69	598.66	1219.32
Alcoholic beverages	693.23	797.64	1328.22	1115.51
Natural rubber	1032.71	937.6	739.18	1069.05
TOTAL	32422.3	35686.2	32870.03	38509.32

Source: Department of Commerce.

Impact of Free Trade Agreements (FTAs)

What the US, EU, and UK Want

- Lower tariffs on farm products
- Greater market access for items like:
 - Wine and spirits
 - Dry fruits
 - GM crops (like maize, soybean, cotton)
- Non-tariff barriers (e.g. GM regulations) also under negotiation.

What's at Stake for India?

- These FTAs may increase agricultural imports.

- There's concern that India's farm trade surplus may shrink further.
- Pressure to open markets could affect domestic producers, especially in sensitive sectors like pulses, edible oils, and cotton.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

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