



# Impact of US Election Results on India

## Why in News

**Joseph Robinette Biden Jr. has defeated Donald Trump to become the 46<sup>th</sup> US President.**

- Biden's **running mate Kamala Devi Harris** has become the first woman and first Indian- and African- American **Vice President** of the country. Biden and Harris will be **sworn into office on 20<sup>th</sup> January 2021.**
- The **US** has a **Presidential System**, whereas **India** has the [Parliamentary System of Government](#).
- There are **several ways** in which the **US economy**, its health and the **policy choices of its government affect India**. Both the countries recently had [2+2 dialogue](#).

## US Presidential System

- The US President is both the **head of the State** and **head of the Government**.
- The **law making is done by the legislature** (called the Congress in the US), but the President can veto any law.
- S/he has a **fixed tenure of four years** and completes it even if her/his party does not have a majority in the Congress.
- The President and the Vice President are **chosen by 'electors'** through a process called the Electoral College.
  - The **presidential candidate** of each of the political parties, **chooses a vice presidential running mate**. Voters vote on the two—presidential and vice presidential candidates—as a team.
- The President **can be removed** for conviction of treason, bribery, or other high crimes or misdemeanor.

## Indian Parliamentary System

- There is a **President who is the formal Head of the state of India** and the **Prime Minister and the Council of Ministers**, which **run the government** at the national level.
- The **Constitution of India vests the executive power of the Union formally in the President**. In reality, the President exercises these powers through the Council of Ministers headed by the Prime Minister.
  - The Prime Minister has the support of majority in the Lok Sabha.
- The President is **elected for a period of five years**. S/he is **elected indirectly**. This means that the President is elected not by the ordinary citizens but by the elected MLAs and MPs.
- The President can be **removed only for 'violation of the Constitution'** ([impeachment procedure](#)).

## Key Points

- **Economic Relations:** Under Biden administration, India's trade with the US could recover from the dip since 2017-18.
  - **Trade Surplus:** A recent analysis by experts of CARE Ratings (a credit rating agency) shows that over the past 20 years, **India has always had a trade surplus** (exports exceeding imports) **with the US**.
    - The trade surplus has widened from USD 5.2 billion in 2001-02 to USD 17.3 billion in 2019-20. Trade surplus had **peaked at USD 21.2 billion in 2017-18** and has moderated to some extent.
    - In 2019-20, India **exported** goods worth **USD 53 billion** to the US - that's roughly 17% of all Indian exports that year and **imported** goods worth USD 35.7 billion in return - that's roughly 7.5% of all Indian imports.
  - **Trade in Services:** India accounts for **nearly 5% of USA's services imports** from the World.
  - **Investment:**
    - The **US is the fifth-biggest source for Foreign Direct Investment** (FDI - investment in the physical assets inside India) **into India**. Only Mauritius, Singapore, Netherlands, and Japan have invested more FDI since 2000.
    - The US also accounts for **one-third of all Foreign Portfolio Investments** (that is, investment in financial assets) into India.
- **H1-B Visa Issue:** How a US President looks at the H1-B visa issue, affects the prospects of Indian youth far more than the youth of any other country.
  - Under President Trump, who severely **curtailed the visa regime**, owing to his policy of **"America First"**, India had suffered the most.
  - H-1B visa is a **non-immigrant visa** that allows American companies to employ foreign workers in speciality occupations that require theoretical or technical expertise.
- **US' Generalized System of Preference:** India's exclusion from the US' **Generalized System of Preference (GSP)** could come up for reconsideration under Biden.
  - In 2019, President Donald Trump had **terminated India's designation as a beneficiary developing nation under the GSP trade programme** after determining that it has not assured the US that it will provide "equitable and reasonable access" to its markets.
  - India **was the largest beneficiary of the programme in 2017** with USD 5.7 billion in imports to the US given duty-free status.
  - GSP is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary countries.
- **Other Issues:** Other points of contention between India and US - such as the tricky issue of **data localisation** or **capping prices of medicines and medical devices** - have a chance of getting towards a resolution.
  - Further, under the Trump administration, the **US sanctions on Iran severely limited India's sourcing of cheap crude oil**.
  - On **China**, it is more likely that **a Biden administration will help India against China**, instead of clubbing the two together.
- **Paris Climate Accord:** Biden has promised to **rejoin the Paris Climate Accord**, and this may help countries such as India in dealing with the massive challenges - both technical and financial - on this front.
- **Civil Liberties and Democratic Rights in India:**
  - Although some US Congressmen and women had raised red flags on the human rights situation following the revoking of J&K's special status under **Article 370** and passage of the **Citizenship (Amendment) Act** alongside the proposed nationwide **National Register of Citizens (NRC)**, the Trump administration had not taken any actions beyond making some perfunctory statements.
  - According to the Biden campaign's policy paper, **Biden** has been **"disappointed** by the measures that the Government of India has taken with the implementation and aftermath

of the National Register of Citizens (NRC) in Assam and the passage of the Citizenship (Amendment) Act into law”.

## Way Forward

- India should be prepared to hold its own in tough conversations on sensitive issues. A Biden presidency may see a **renewed push towards a rules-based trading system** across the world - instead of outright ad-hocism as was the case under Trump - as well as a move away from the protectionist approach that has been getting strong across the world.
- Combined with the control of Covid infections and the economic recovery, the US could yet again provide a growth impulse to the global economy that countries such as India need to boost their exports and grow.

**Source: IE**

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