

The Hindu Important News Articles & Editorial For UPSC CSE

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Page 01:GS 3 : Indian Economy/ Prelims

India's external trade performance in September 2025 witnessed a sharp widening of the trade deficit as import growth outpaced exports, largely due to a decline in services exports. While goods exports remained resilient despite new U.S. tariffs, the contraction in services — traditionally India's strong pillar — signalled changing global demand patterns. Yet, on a half-yearly basis (April–September 2025), the trade deficit has narrowed, indicating underlying stability in India's external sector.

Key Highlights of the Report

1. Trade Performance Overview

- **Sharp Monthly Increase:** India's trade deficit almost doubled (↑93%) in September 2025 to \$16.6 billion, compared to \$8.6 billion in September 2024.
- **Exports and Imports:**
 - Total exports: \$67.2 billion (↑0.8% YoY)
 - Total imports: \$83.8 billion (↑11.3% YoY)
- **H1 FY 2025-26 (April–September 2025):**
 - Exports ↑ 4.45% to \$413.3 billion
 - Imports ↑ 3.55% to \$472.8 billion
 - Trade deficit shrank 2.3% compared to same period last year

2. Goods vs. Services

- **Goods exports:** ↑ 6.7% → \$36.4 billion, showing resilience even after U.S. imposed 50% tariffs.
- **Services exports:** ↓ 5.5% → \$30.8 billion, dragging down overall export performance.
- Exports to the U.S. rose cumulatively (↑ 13.4% Apr–Sep 2025), but monthly trend weakening (from \$8.8 billion in May → \$5.5 billion in Sep).

3. Official Stand

- Commerce Secretary Rajesh Agrawal highlighted:
 - India's export sector has shown industrial resilience and maintained supply chains.
 - The September deficit spike is not alarming as trade patterns fluctuate annually.
 - Overall export performance remains positive on a cumulative basis.

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Trade deficit widens 93% in Sept. as services slump

T.C.A. Sharad Raghavan
NEW DELHI

India's trade deficit grew 93% in September due to imports outpacing exports during the month. However, the data shows that for the first half of the financial year – April to September 2025, the trade deficit shrank by 2.3%.

Data released by the Ministry of Commerce and Industry on Wednesday showed that India's total exports stood at \$67.2 billion in September 2025, up 0.8% over September 2024. Total imports, on the other hand, grew 11.3% to \$83.8 billion over the same period. As a result, the trade deficit in September nearly doubled to \$16.6 billion, compared to \$8.6 billion in September 2024.

Goods exports grow
Notably, the relatively poor performance of the export sector was due to lower exports of services and not goods. India's goods exports grew 6.7% to \$36.4 billion in September 2025 despite that being the first full month of 50% tariffs imposed by the U.S. on imports from India.

Services, which have so far bolstered India's export performance, saw exports shrinking 5.5% in September 2025 to \$30.8 billion.

However, while the data

Steady growth in exports

Merchandise and services exports together grew **4.45%** in April–September, outpacing import rise and narrowing the trade gap by **2.3%**

		April–September 2024-25 (US\$ Billion)	April–September 2025-26 (US\$ Billion)	Change in %
Merchandise	Exports	213.68	220.12	3.02
	Imports	358.85	375.11	4.53
Services*	Exports	182.03	193.18	6.12
	Imports	97.73	97.68	-0.05

*The latest data for services sector released by RBI is for August 2025. The data for September 2025 is an estimation

SOURCE: MINISTRY OF COMMERCE AND INDUSTRY

shows that India's exports to the U.S. are indeed 13.4% higher in the cumulative April–September 2025 period than in the same period last year, they have been declining steadily over the last few months. That is, where India's exports to the U.S. stood at \$8.8 billion in May 2025, they were valued at \$5.5 billion in September 2025.

"It is heartening to know that in this turbulence, our merchandise exports have kept up," Commerce Secretary Rajesh Agrawal said in a press briefing. "That means our industry has been resilient and they have been able to withstand the turbulence by retaining their supply chains and business. They might be taking on some of the costs on themselves," Mr. Agrawal added.

Mr. Agrawal also sought

to downplay the increase in the trade deficit in September, saying that international trade does not always follow the same pattern from year to year.

"On a cumulative basis, we are still doing better than last year," he said. "That means the part of the exports that are not facing tariffs are growing well, but also the part of the exports that do face the tariffs are also growing. The exports have not come down." Looking at the first half of the financial year, the data shows that total exports grew 4.45% in the April–September 2025 period to \$413.3 billion. Total imports grew at a relatively slower 3.55% to \$472.8 billion over the same period. As a result, the trade deficit during the first half of the financial year shrank by 2.3%.

Static and Current Linkages

Static Topic	Current Relevance
Balance of Payments (BoP)	Trade deficit impacts current account balance.
Composition of Exports (Goods & Services)	Services slowdown affects India's traditional BoP cushion.
Tariff Barriers & Protectionism	U.S. tariffs illustrate rising global trade tensions.
Atmanirbhar Bharat & Export Competitiveness	Domestic resilience despite tariff shocks reflects supply-chain strength.
Global Economic Headwinds	Trade volatility linked to weak global demand and geo-economic uncertainties.

Analytical Perspective

1. Structural Shifts in Export Composition

- India's goods exports remain robust due to diversified manufacturing and global demand recovery.
- The services sector, especially IT & BPM, faces margin pressure and delayed global orders, causing a rare contraction.

2. Impact of U.S. Tariffs

- Despite new 50% tariffs, India's goods exports to the U.S. still rose, indicating cost absorption and supply resilience.
- Reflects India's growing competitiveness and ability to diversify export destinations.

3. Economic Interpretation

- A one-month spike in deficit doesn't imply macroeconomic instability; H1 data still shows an improving trend.
- The narrowing H1 deficit (-2.3%) suggests that India's export ecosystem is adapting effectively.

4. Policy Significance

- Data supports government's continued focus on production-linked incentives (PLI) and logistics reforms.
- Signals need for services diversification beyond IT, like fintech, healthcare, and creative industries.

Strategic & Economic Implications

Aspect	Implication
External Sector Stability	Despite monthly volatility, BoP remains manageable.
Industrial Resilience	India's manufacturing export base shows adaptability to external shocks.
Services Sector Warning	Declining services exports could reduce India's current account cushion.
Global Trade Relations	Tariff-related frictions underscore need for deeper FTAs and WTO engagement.

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Aspect	Implication
Domestic Policy Push	Reinforces urgency for export-oriented reforms and trade diversification.

Challenges Ahead

- Persistent Protectionism: Rising tariffs globally may curb export competitiveness.
- Services Vulnerability: Slowing IT demand and global uncertainties could persist.
- Logistical Costs: High freight and energy prices continue to pressure margins.
- Global Demand Slump: Sluggish recovery in advanced economies affects both goods and services.
- Exchange Rate Volatility: INR fluctuations may offset gains from export growth.

Conclusion

India's September 2025 trade data underscores a short-term widening of deficit due to weaker services exports, but the overall external sector remains stable. Resilient merchandise exports amid tariff barriers highlight India's industrial adaptability and supply-chain strength. However, the services slowdown is a signal for policymakers to broaden the export basket and reinforce competitiveness.

Balancing export diversification, tariff diplomacy, and domestic capacity building will be crucial as India aims for a sustainable and self-reliant external sector — consistent with the vision of "Viksit Bharat @ 2047."

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UPSC Prelims Practice Question

Ques: With reference to India's external sector, consider the following statements:

1. Trade deficit refers to the situation where the value of exports exceeds the value of imports.
2. A contraction in services exports can widen the current account deficit even if goods exports rise.
3. India's Balance of Payments includes both current and capital account transactions.

Which of the statements given above are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans:b)

UPSC Mains Practice Question

Ques: Services exports have long cushioned India's current account, but recent trends indicate growing vulnerabilities. (250 Words)

Page 06 : GS 3 : Science and Tech / Prelims

India's biotechnology sector has witnessed an exponential rise — from 500 startups in 2018 to over 10,000 in 2025, supported by 94 incubators across 25 States. This growth, driven by initiatives like the BioE3 Policy, Startup India, BIRAC, and PLI schemes, has positioned India as a potential global bioeconomy hub targeting \$300 billion by 2030.

Biotech surge builds momentum but faces scaling bottlenecks

Leadership in biotechnology will require India to streamline its ecosystem and channel resources into high-impact areas; the government, industry leaders, and academia need to consolidate funding, build integrated infrastructure, and reconcile regulation with international best practices

Deepakshi Kasat

India's biotech surge has been nothing short of extraordinary over the past several years. From a modest count of roughly 500 startups in 2018, the number has soared to over 10,000 in 2025. This rapid expansion is supported by a network of 94 incubators across 25 States, fuelling innovation that's transforming healthcare and the life sciences.

Government-backed initiatives including the BioE3 Policy and an ambitious vision to create a \$300 billion bioeconomy by 2030 have set the stage for a sector poised to become a global powerhouse. Established companies such as Serum Institute of India and Bharat Biotech have long showcased India's prowess in delivering affordable vaccines and generics, while home-grown pioneers like MedGenome and Strand Life Sciences are now driving breakthroughs in precision medicine and diagnostics.

Strong governmental support, investor confidence, and inherent competitive advantages are key factors behind the vibrant biotech ecosystem. Schemes such as Startup India, BIRAC-funded initiatives, and production-linked incentives have streamlined processes and attracted significant foreign direct investment (as India permits 100% FDI in many biotech segments). This openness has allowed the nation to become a leader in generics and vaccine production, supplying over 60% of global doses for immunisations such as OPV, BCG, and measles.

After the early stage: At the same time, startups are embracing artificial intelligence (AI) to revolutionise research and development. Companies like MedGenome are using AI-driven analytics to accelerate drug discovery and refine clinical diagnostics, cutting costs and enhancing patient outcomes. The unique combination of affordable R&D, a diverse and young talent pool, and rapid digital integration has positioned India at the forefront of biotech innovation.

Despite these achievements, the sector faces significant challenges that keep this momentum from continuing. Although headline investments over the past two years have reached around \$2 billion, capital is extremely scarce when companies require tens of millions of dollars to scale for phase II clinical trials or build dedicated

good manufacturing practice (GMP) facilities. While companies such as Inovo and MyLab Discovery Solutions have successfully navigated early-stage hurdles, others have found it difficult to secure additional rounds required to scale up to global markets.

Consider a hypothetical Mumbai-based healthcare startup developing an AI platform for early cancer detection that raised its \$15 million funding round because investors demanded extensive, geographically diverse clinical validation. Pilot studies covering both rural and urban regions for regulatory approval ultimately would have led to value leakage and shifted potential growth to a larger acquirer.

Strategic priorities: Fragmentation is another major concern. Despite hosting over 70 incubators, few are equipped with the complete suite of



A unique combination of affordable R&D, a diverse and young talent pool, and rapid digital integration has positioned India at the forefront of biotech innovation. Representative image: USXCC

specialised facilities, such as pilot-scale purification systems, fill-and-finish suites, and robust regulatory affairs support. These are critical to advance promising technologies. As a result, entrepreneurs are often forced to shuttle between cities to complete a single development cycle, duplicating expensive equipment and bureaucratic processes, and wasting precious scientific talent.

Regulatory complexities also slow progress. India's existing frameworks for clinical trials, patent laws, and product approval were designed in an earlier era and now often fall short of the dynamic demands posed by AI-driven innovation and cutting-edge biologics. These delays don't only postpone market entry; they also deter international collaboration and investment.

To overcome these challenges and unlock the full potential of the biotech ecosystem, India needs to address several strategic priorities. Foremost, the system must focus on being deep rather than wide. That is, rather than dispersing resources across a fragmented incubator landscape, India needs to consolidate its efforts into a few robust clusters.

For instance, a "GMP Commons" in Genome Valley or a "Manufacture corridor," jointly funded by the government, multinationals, and development finance institutions, could pool expensive downstream equipment and expert services that individual startups could never afford alone.

Talent challenges: Bridging the financing gap is imperative. A dedicated biotechnology fund modelled on innovative digital venture structures could provide matching equity or venture debt for companies that have demonstrated proof-of-concept but are not yet market-ready. Blended-finance structures would draw in institutional capital from insurance companies and pension funds while providing partial guarantees to cushion scientific risks. Third, establishing late-phase trial hubs would streamline product development significantly. For instance, a network of

Bridging the financing gap is imperative. A dedicated biotechnology fund could provide matching equity or venture debt for companies that have demonstrated proof-of-concept. Blended-finance structures would draw in institutional capital while providing partial guarantees to cushion scientific risks.

specialty centers within the All India Institute of Medical Sciences hospitals could allocate dedicated ward space, imaging suites, and integrated electronic-health record systems exclusively for industry-sponsored clinical trials. Harmonised ethics committees and centralised laboratories could subsequently reduce trial delays, ensuring data integrity and reassuring international regulators.

Fourth, addressing talent challenges through a reverse brain drain initiative is paramount. Policies including tax holidays, relocation grants, and soft loans could attract post-doctoral scientists back to India, while micro-credential courses in areas such as CRISPR process engineering, GMP data integrity, and AI-driven biostatistics would ensure the workforce stays competitive.

Finally, adopting a risk-based, context-specific regulatory framework that mirrors successful models like the European Union's tiered AI Act and the US Food and Drug Administration's Predetermined Change Control Plans could help tailor validations for dataset diversity and algorithm performance without imposing unnecessarily rigid controls on all innovations.

Streamlining and reconciliation: There are several promising focus areas for startups looking to capture new value. AI-driven drug design, molecular diagnostics, and digital health platforms are gaining significant traction in innovation hubs such as Bangalore and Hyderabad, particularly in accelerating

drug discovery and improving clinical diagnostics. Precision genomics and affordable gene therapies which utilise technologies like CRISPR hold potential to address chronic diseases that burden both domestic and international markets. In parallel, sustainable agricultural biotechnology continues to offer immense opportunities. With 85% of Indian farms being smaller than 2 hectares, startups are deploying precision farming techniques that optimise irrigation and pest control; for instance, pioneering companies like Cropin and Fasal have demonstrated how localised AI integration can enhance yield and cut input costs.

Further, India's established strengths in vaccine production, biosimilars, and generics only solidify its potential as a global export hub. Bharat Biotech's launch of the world's first intranasal COVID-19 vaccine exemplifies how Indian innovation can achieve global impact. Meanwhile, long-established giants such as Serum Institute of India and Biocan have set international benchmarks for quality and cost efficiency, laying the groundwork for domestic startups to leverage their expertise into products of higher value.

Looking forward, global leadership in biotechnology will require India to sharply streamline its ecosystem and channel resources into high-impact areas. The government, industry leaders, and academia need to work collaboratively to consolidate funding, build integrated infrastructure, and reconcile regulatory standards with international best practices.

By focusing on these strategic priorities, India will be able to sustain its remarkable quantitative growth as well as achieve qualitative breakthroughs that will transform its biotechnology sector into a model of global excellence in healthcare and life sciences.

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- **Leading firms:** Serum Institute, Bharat Biotech, Biocon, MedGenome, and Strand Life Sciences.
- **Strengths:** Affordable R&D, digital integration, strong vaccine manufacturing base (60% of global immunisation doses).

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therapy, and sustainable agricultural biotech. However, despite the remarkable surge, scaling and regulatory bottlenecks, fragmented infrastructure, and capital constraints threaten the sustainability of this momentum.

- **Emerging trends:** AI-driven research, precision medicine, gene

Static and Current Linkages

Static Topic	Current Relevance / Link
Biotechnology and Bioeconomy	India's goal to achieve a \$300-billion bioeconomy by 2030.
Science & Tech Policy and Innovation Ecosystem	BioE3 Policy, BIRAC, PLI schemes, and Startup India support innovation.
AI and Digital Integration in Science	AI-based R&D, precision diagnostics, and bioinformatics applications.
FDI and Industrial Policy	100% FDI allowed in several biotech segments to attract global investors.
Human Resource Development	Focus on reverse brain drain and specialized biotech skill programs.
Atmanirbhar Bharat / Viksit Bharat @2047 Vision	Promotes indigenous innovation and global biotech leadership.

Analytical Perspective

1. Transition from Quantity to Quality

- India has achieved rapid quantitative expansion, but must now move toward qualitative breakthroughs through integrated infrastructure and advanced R&D capabilities.
- The focus should shift from fragmented incubators to deep, cluster-based ecosystems (like Genome Valley or Mumbai–Pune corridor).

2. Innovation–Regulation Reconciliation

- Outdated frameworks for clinical trials and patents hinder AI-driven and biologics innovations.
- India needs a risk-based regulatory model, aligning with the EU's AI Act and US FDA's adaptive validation frameworks.

3. Financing and Infrastructure Gaps

- Though initial investments reached \$3 billion, late-stage capital scarcity limits progress beyond proof-of-concept.
- A dedicated biotech fund with blended finance could bridge this gap, attracting institutional capital (insurance, pension funds).

4. Harnessing Human Capital

- The sector's strength lies in India's young talent pool; however, reverse brain drain and targeted skilling (CRISPR, AI-biostatistics) are essential to maintain competitiveness.

5. AI and Biotechnology Synergy

- AI is transforming drug discovery, genomics, and diagnostics, shortening R&D cycles and reducing costs.
- Integration of AI also enhances agricultural biotech for precision farming, addressing food security and climate resilience.

Strategic Implications

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- Global Leadership Potential: India can emerge as a biotech manufacturing and innovation hub, building on its vaccine and generics legacy.
- Economic Growth & Employment: The bioeconomy could significantly contribute to GDP and generate high-skilled employment.
- Health Security: Strengthens domestic capabilities in vaccine, diagnostics, and gene therapy production, reducing global dependency.
- Science Diplomacy: India's biotech leadership enhances its role in South-South cooperation, promoting affordable healthcare innovations.
- Sustainable Development: Agricultural biotechnology and green biomanufacturing align with India's climate and sustainability goals.

Challenges

1. Scaling Bottlenecks: High capital requirements for phase-II/III clinical trials and GMP facilities.
2. Fragmentation: Lack of integrated infrastructure forces duplication of costly facilities and bureaucratic delays.
3. Regulatory Lag: Outdated frameworks slow innovation and deter foreign collaborations.
4. Talent Drain: Limited incentives for returning scientists and skill gaps in advanced biotechnologies.
5. Limited Late-Stage Financing: Absence of specialized venture structures to support proof-of-concept to market readiness.
6. Global Competition: Competing with established biotech hubs (U.S., EU, China) in innovation speed and IP protection.

Conclusion

India's biotechnology revolution stands at a pivotal inflection point — rich in potential but restrained by structural bottlenecks. By consolidating infrastructure, bridging financing gaps, modernising regulatory systems, and cultivating advanced talent, India can transform from a global supplier of generics to a frontline innovator in life sciences.

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UPSC Prelims Practice Question

Ques: Consider the following statements about India's biotechnology sector:

1. India currently allows 100% Foreign Direct Investment (FDI) in several biotechnology segments.
2. BIRAC functions under the Department of Science and Technology.
3. India supplies more than 60% of global vaccine doses for immunisations such as DPT and measles.

Which of the statements given above is/are correct?

- (a) 1 and 3 only
- (b) 2 and 3 only
- (c) 1 and 2 only
- (d) 1, 2, and 3

Ans: a)

UPSC Mains Practice Question

Ques: India's biotechnology sector has achieved remarkable quantitative growth but faces structural and regulatory bottlenecks. Discuss the key challenges in scaling up India's biotech ecosystem and suggest measures to overcome them.

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Page 06 :GS 2 : Governance & International Relations / Prelims

Union Home Minister Amit Shah's recent statement highlighting the need to distinguish between refugees and infiltrators brings into focus India's long-standing policy vacuum on refugees.

India is not a signatory to the 1951 UN Refugee Convention or the 1967 Protocol, and hence lacks a comprehensive refugee law.

- Till 2025, India relied on colonial-era laws — Foreigners Act (1946), Registration of Foreigners Act (1939), and Passport (Entry into India) Act (1920) — replaced in April 2025 by the Immigration and Foreigners Act (IFA).
- Despite this consolidation, no uniform policy document exists to define or protect refugees.
- Selective rehabilitation policies — for instance, Tibetans (2014) but not Sri Lankan Tamils — highlight the ad hoc and discriminatory nature of India's approach.
- The Citizenship (Amendment) Act, 2019 (CAA) further complicated this by introducing religion-based distinctions, excluding groups like Rohingyas and Sri Lankan Tamils.

Static and Current Linkages

Static Topic	Current Relevance / Link
Refugee Law and Humanitarian Obligations	India not a signatory to 1951 Refugee Convention; relies on domestic laws.
Citizenship Act, 1955 & CAA 2019	Introduces religion-based inclusion; raises equality and secularism concerns.
Fundamental Rights (Article 14 & 21)	Extend to all persons, including refugees, ensuring equality and life with dignity.
Foreign Policy & Neighbourhood Relations	Refugee inflows from Sri Lanka, Myanmar, Bangladesh, and Afghanistan impact regional diplomacy.
Immigration and Foreigners Act, 2025	New law replacing pre-Independence Acts; yet, lacks refugee-specific provisions.

Analytical Perspective

1. Absence of a Defined Refugee Policy

- India's refugee management has evolved case-by-case, guided by political, security, or ethnic considerations rather than legal consistency.
- This ad hoc approach undermines humanitarian commitments and allows arbitrary classification between "refugees" and "infiltrators".

2. Humanitarian vs. Security Balance

- While border management and national security are valid concerns, conflating refuge seekers with illegal migrants leads to rights violations.
- The challenge lies in creating objective parameters for distinguishing between the two without discrimination.

3. Religion-Based Exclusions and Constitutional Concerns

- The CAA 2019 provides citizenship only to non-Muslim minorities from three countries, excluding groups like Rohingyas (Myanmar) and Sri Lankan Tamils, raising Article 14 (equality) and secularism issues.
- The principle of non-refoulement (not returning refugees to danger) — though not legally binding in India — is part of international customary law and should inform policy.

4. Policy Gaps Despite Legal Streamlining

- The new Immigration and Foreigners Act (2025) simplifies procedures but fails to establish a dedicated refugee protection framework.
- Inconsistent state-level policies (e.g., on Tibetan and Tamil refugees) deepen inequality and administrative confusion.

Strategic Implications

- **Domestic Stability:** A clear refugee policy reduces administrative arbitrariness, ensuring humane treatment while protecting national interests.
- **Regional Diplomacy:** Consistent refugee treatment strengthens India's moral standing in South Asia and supports its image as a responsible regional power.
- **Human Rights Leadership:** A rights-based refugee framework aligns India with global humanitarian standards and enhances its soft power.
- **Institutional Clarity:** Differentiation between refugees, migrants, and infiltrators improves border governance and intelligence coordination.

Challenges

1. Absence of a Central Refugee Law – Policy vacuum leads to inconsistencies and politicization.
2. Security Concerns – Fear of infiltration under the guise of asylum complicates refugee acceptance.
3. Resource Constraints – Limited funds and infrastructure to support large-scale refugee settlements.
4. Political Sensitivities – Refugee decisions often influenced by religious and electoral considerations.
5. Legal Ambiguity – Overlap between immigration, citizenship, and foreigner laws creates confusion in enforcement.

Conclusion

India's moral and civilizational ethos — rooted in VasudhaivaKutumbakam — demands a humane yet secure refugee policy. The distinction between refugees and

Refugees, infiltrators

India needs a refugee policy document that is non-discriminatory

Union Home Minister Amit Shah has rightly stressed the need to make a distinction between refugees and infiltrators. Though valid, the problem lies in the application of objective parameters by those in power to make a distinction. Even where proper policy and a legal framework exist, issues may arise. Also at play is the level of official understanding. In India, which is not a signatory to the 1951 UN Convention on the Status of Refugees and the 1967 Protocol, there is no comprehensive single law defining who a refugee is, leaving scope for arbitrary action. Till the end of March 2025, apart from the Citizenship Act 1955 and the Passports Act 1967, three laws (the Foreigners Act, 1946, the Registration of Foreigners Act, 1939 and the Passport (Entry into India) Act, 1920) were applied to deal with foreign nationals, including refugee seekers. From April, the Immigration and Foreigners Act replaced the three pre-Independence laws and subsumed the Immigration (Carriers' Liability) Act, 2000. While this streamlined the legal framework, the absence of a refugee policy document has also led to different yardsticks for the refugee community in India. While there was a rehabilitation policy in 2014 for about 63,000 Tibetan refugees, there is no such document for the nearly 90,000 Sri Lankan Tamils. At the end of June 2023, the population of refugees or persons of concern in India was over 2.11 lakh (also counting those from Myanmar, Afghanistan, Bangladesh, Africa and West Asia). Any undocumented or overstaying refugee is regarded as an illegal migrant (Citizenship Act). He can also be called an infiltrator. Thus, genuine and harmless refugees risk facing harassment.

Even though the Citizenship (Amendment) Act, 2019 was aimed at providing citizenship to six religious minorities belonging to Bangladesh, Pakistan and Afghanistan, it drew sharp criticism as it discriminated on the lines of religion and left out sections of Muslims, and also Sri Lankan Tamils and the Rohingya, both minorities in their countries. But in a notification last month, undocumented or overstaying Tamil refugees, who have registered themselves with the authorities, were granted exemption from penal provisions of the Immigration and Foreigners Act, provided they took shelter in India on or before January 9, 2015. Other groups too have been covered. Still, there is no change when it comes to the recent trend of religion-based exclusions. There is nothing fundamentally wrong with the approach of discreet humanitarian relief to refugees in general but this has to be backed by consistent, rational and fair treatment for all.

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infiltrators is valid, but must rest on transparent, objective, and non-discriminatory principles, not religious or political preferences. By adopting a comprehensive refugee law aligned with international humanitarian norms and constitutional values, India can balance compassion with national security — reaffirming its role as both a protector of the persecuted and a sovereign upholding rule of law.

UPSC Prelims Practice Question

Ques: Which of the following statements about India's refugee policy is correct?

- A. India is a signatory to both the 1951 UN Refugee Convention and its 1967 Protocol.
- B. India has a comprehensive refugee law under the Citizenship Act, 1955.
- C. India deals with refugees primarily under the Foreigners Act, 1946, and related legislation.
- D. India has signed the Global Compact on Refugees under the UNHCR.

Ans : c)

UPSC Mains Practice Question

Ques. India's refugee management system has largely been ad hoc and politically driven. Suggest measures to create a consistent, humane, and security-sensitive refugee policy in line with global best practices. **(250 Words)**

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India's aspiration to become a global leader in clean energy and sustainable growth hinges on its ability to secure critical minerals such as lithium, cobalt, and rare earth elements (REEs) — the lifeblood of technologies powering EVs, solar panels, wind turbines, and energy storage systems.

The 'critical factor' in India's clean energy ambitions

India's ambition to be a global leader in clean energy and sustainable growth depends on securing critical minerals such as lithium, cobalt and Rare Earth Elements (REEs). These minerals drive key technologies – electric vehicles (EV), solar panels, wind turbines and energy storage – making them vital to India's green transition and long-term energy goals. As the country aims to achieve 500 GW of renewable energy capacity by 2030 and net zero emissions by 2070, ensuring the supply of critical minerals and rare earths becomes important. India's reliance on imported critical minerals amid global competition demands stronger domestic mining, better infrastructure and global partnerships.

Investing in mines and modern recycling technologies will build resilient supply chains and advance the Atmanirbhar Bharat vision in the clean energy race.

Critical minerals in India's green transition

Critical minerals are indispensable to India's clean energy goals. Lithium and cobalt are essential for EV batteries, with India's EV market projected to grow at a compound annual growth rate (CAGR) of 49% from 2023 to 2030. This will be driven by government initiatives such as the Electric Mobility Promotion Scheme (EMPS) 2024. In 2023, India's battery storage market was valued at \$2.8 billion, with demand expected to surge as renewable energy adoption accelerates.

However, India's reliance on imports for these minerals – nearly 100% for lithium, cobalt, nickel and over 90% for REEs – exposes it to supply chain vulnerabilities. Geopolitical tensions, trade restrictions and global competition, particularly from countries such as China (which controls 60% of global REE production and 85% of processing capacity), underscore the urgency of building a self-reliant supply chain to achieve its clean energy ambitions, industrial growth and national security.

India has vast untapped mineral potential, with lithium in Jammu and Kashmir (J&K) and Rajasthan, and REEs in Odisha and Andhra



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Geopolitical tensions, trade restrictions and global competition highlight the urgency of building a self-reliant supply chain for critical minerals

Pradesh. The National Mineral Exploration Policy (NMEP), launched in 2016 and subsequent developments through the Mines and Minerals (Development and Regulation) Act in 2021 has accelerated exploration by encouraging private participation and using advanced geophysical surveys. In 2023, the Geological Survey of India identified 5.9 million tonnes of inferred lithium resources in J&K, a promising step toward domestic production. Last year alone, auctions of 20 critical mineral blocks covering lithium, graphite and REEs attracted bids from both Indian and multinational companies, signalling growing investor interest.

Exploration is just the first step. With India contributing less than 1% of the global REE production, it must rapidly build processing and refining capacity through public-private partnerships. Private partners can bring advanced processing technologies and support recycling infrastructure, while domestic lithium and cobalt pilots need greater government backing through subsidies, tax breaks and research grants to scale effectively.

Investment in mines

Investment in domestic mining is central to India's critical mineral strategy. The Mines and Minerals (Development and Regulation) Amendment Act, 2023 opened up private exploration, but the sector still faces high costs, regulatory hurdles and environmental concerns. In 2022, mining contributed just 2.5% to India's GDP, compared to 13.6% in Australia. To bridge this gap, the government must streamline licensing processes and offer financial incentives such as production-linked subsidies to attract private capital. The Government of India has launched the National Critical Mineral Mission (NCMM) with a ₹34,300 crore plan to strengthen value chains across exploration, mining, processing and recovery from end-of-life products.

State-backed companies such as the NMDC have diversified through their Australian arm, and outlined plans to enter the critical minerals

sector. IREL (India) Limited (formerly Indian Rare Earths Ltd) is preparing to extract neodymium, praseodymium, and dysprosium, but both need stronger private partnerships for greenfield projects. KABIL (Khanij Bidesh India Ltd.), formed in 2019 to secure overseas mineral assets, must expedite acquisitions. Meanwhile, the government has bolstered domestic supply security through the E-Waste (Management) Rules, 2022, to enhance critical mineral recovery and recycling.

Moving towards a circular economy

Upgrading India's mining and processing infrastructure is equally critical. Modernising infrastructure requires significant investment in mechanised mining equipment, automated processing plants and waste management systems. Infrastructure upgrades also extend to recycling. India generates close to four million metric tonnes of e-waste annually, yet only 10% is formally recycled. Advanced recycling facilities could recover critical minerals, strengthening the circular economy. The Battery Waste Management Rules, 2022 set recycling targets, but weak implementation and limited infrastructure pose challenges. Public-private hubs could boost recycling technologies, cut costs and reduce environmental impact.

India's clean energy transition and industrial growth depend on securing critical minerals through mine development and a circular economy. Priority should be given to operationalising mining leases, investing in mines, upgrading recycling, fast-tracking exploration in Chhattisgarh, promoting urban mining, and boosting research and development to cut import dependence, create jobs and drive innovation.

The National Critical Mineral Mission and recent auctions are positive steps, but their success requires strong state support, clear policies and public-private collaboration. A robust mineral ecosystem will drive India's EV, solar and storage goals while positioning it as a green economy leader.

- India targets 500 GW renewable energy capacity by 2030 and net-zero emissions by 2070.
- Currently, India imports ~100% of its lithium, cobalt, and nickel, and over 90% of REEs — creating significant supply chain vulnerabilities.
- National Critical Mineral Mission (NCMM) and Mines & Minerals (Development and Regulation) Amendment Act, 2023 aim to strengthen domestic exploration and processing.

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Daily News Analysis

- The discovery of 5.9 million tonnes of inferred lithium in Jammu & Kashmir (2023) signals growing potential.
- However, India still contributes less than 1% of global REE production and faces challenges of processing infrastructure, financing, and recycling inefficiencies.

Static and Current Linkages

Static Topic	Current Relevance / Link
Energy Security & Sustainable Growth	Clean energy transition depends on secure mineral supply chains.
Atmanirbhar Bharat & Industrial Policy	Domestic mining and refining reduce import dependence.
National Mineral Exploration Policy (2016)	Encourages private exploration and use of modern technology.
Mines & Minerals (Development & Regulation) Act, 2021 & 2023 Amendments	Liberalised mineral exploration and opened sector to private investment.
Circular Economy & E-Waste Management Rules (2022)	Promote mineral recovery from electronic waste.
Science & Tech / Innovation Linkages	Use of AI, automation, and green mining technologies to improve efficiency.

Analytical Perspective

- Critical Minerals: The Backbone of Green Growth**
 - Lithium and cobalt are indispensable for EV batteries, while REEs power turbines and solar components.
 - Demand will surge with India's 49% CAGR growth in EV market (2023–2030), driven by policies like the Electric Mobility Promotion Scheme (EMPS 2024).
 - Dependence on imports exposes India to geopolitical risks, particularly given China's dominance (controls 60% of REE production, 85% of processing).
- Strengthening Domestic Exploration & Production**
 - The National Critical Mineral Mission (₹34,300 crore) seeks to integrate exploration, mining, and recycling.
 - Private partnerships are essential for building refining and processing capacity, since current domestic contribution is minimal.
 - KABIL (KhanijBidesh India Ltd.) and IREL (India) Ltd. are key institutions for overseas acquisition and domestic REE extraction respectively.
- From Linear Mining to Circular Economy**
 - India produces 4 million tonnes of e-waste annually, but only 10% is formally recycled.
 - Policies like Battery Waste Management Rules, 2022 aim to recover lithium, cobalt, and nickel from used batteries.
 - Urban mining and advanced recycling can offset limited domestic reserves while creating a low-carbon industrial model.
- Public-Private Synergy and Infrastructure Modernisation**
 - Modernising mining infrastructure (automation, mechanisation, waste management) is crucial.

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- Public-Private Hubs can accelerate R&D, cut costs, and enhance environmental sustainability.
- Collaboration with technology partners in Australia, Japan, and the U.S. can transfer advanced refining know-how.

Strategic Implications

- **Energy Independence:** Securing mineral supply chains reduces dependence on imports and strengthens India's Atmanirbhar Bharat vision.
- **Geostrategic Leverage:** India's participation in global critical mineral alliances can counterbalance China's monopoly and improve resilience.
- **Industrial Competitiveness:** Domestic production will catalyse growth in EVs, semiconductors, and green manufacturing sectors.
- **Environmental Sustainability:** A shift toward recycling and circular economy models ensures resource efficiency and low-carbon development.
- **Employment and Innovation:** New mining clusters and recycling hubs can generate skilled jobs and R&D-based innovation.

Challenges

1. **Import Dependence:** Nearly 100% reliance on foreign sources for key minerals.
2. **Processing Gap:** Limited refining and separation capacity for REEs.
3. **Regulatory Delays:** Complex clearances and environmental compliance slow project execution.
4. **Capital Constraints:** High costs deter private exploration and downstream investment.
5. **Recycling Inefficiency:** Weak infrastructure and low collection rates hinder circular economy targets.
6. **Geopolitical Risks:** Concentration of supply chains in few countries, especially China.

Conclusion

Critical minerals are the "new oil" of the 21st century — and India's clean energy transition cannot succeed without securing them.

To realise its renewable energy and EV goals, India must:

- Operationalise the National Critical Mineral Mission effectively,
- Expand domestic mining and processing capacity,
- Build global alliances for strategic sourcing, and
- Invest in recycling and R&D for mineral recovery.

A resilient, sustainable, and circular mineral ecosystem will not only fuel India's net-zero vision but also cement its position as a global green economy leader in the decades ahead.

UPSC Prelims Practice Question

Ques :Which of the following minerals are considered critical for India's clean energy transition?

- a) Lithium
- b) Cobalt
- c) Rare Earth Elements (REEs)
- d) All of the above

Ans: d)

UPSC Mains Practice Question

Ques:Evaluate the potential of e-waste recycling and domestic mining infrastructure in supporting India's renewable energy targets and environmental sustainability goals.(150 Words)

Page 10 :GS 2 & 3 : International Relations & Indian Economy / Prelims

The India–Middle East–Europe Economic Corridor (IMEC) envisions a multi-modal connectivity network linking India, the Arabian Peninsula, and Europe.

The future of the IMEC

The India–Middle East–Europe Economic Corridor visualises maritime connectivity between India and the Arabian Peninsula, as well as high-speed trains running from the ports in the UAE to the Haifa port through Saudi Arabia and Jordan. However, the situation in West Asia mandates that the corridor's routes adapt to political dynamics

WORLD INSIGHT

Sanjay Pulipaka

The recent trade friction with the U.S. has prompted India to intensify its efforts to further diversify its economic interactions with various countries worldwide. While India has signed an agreement with the U.K., it is also negotiating a similar agreement with the EU. In addition to such compacts, India should also proactively develop frameworks such as the India–Middle East–Europe Economic Corridor (IMEC).

The IMEC visualises the upgradation of maritime connectivity between India and the Arabian Peninsula, as well as high-speed trains running from the ports in the UAE to the Haifa port in Israel through Saudi Arabia and Jordan. The goods transported on these networks would be shipped to and from European countries. Additionally, the IMEC seeks to build a clean hydrogen pipeline, an electricity cable, a high-speed undersea digital cable and consolidate existing infrastructure such as ports.

Historical background

In 2023, the geopolitical context was favourable for the operationalisation of the IMEC. The Abraham Accords had generated considerable optimism that peace would prevail in West Asia, with Israel and Arab countries working to build a stable relationship. Consequently, proposals were made to build railway lines for regional peace, connecting the Israeli port of Haifa with the Jordanian railway network, which would be linked to other ports in the Gulf region. Furthermore, there was significant improvement in India's relations with Arab countries, particularly with the UAE and Saudi Arabia. India's relations with the U.S. were also on an upward trajectory. Such convergences facilitated the emergence of the India, Israel, UAE, and U.S. (I2U2) framework. These



New routes: A general view of the Haifa Port in Israel in 2022. REUTERS

geopolitical developments created a favourable environment for the launch of the IMEC on the sidelines of the G-20 Summit in Delhi, with various leaders of the EU, France, Germany, Italy, Saudi Arabia etc. endorsing the initiative.

However, within a few weeks of the launch of the IMEC, the security situation in West Asia deteriorated significantly. The October 7 Hamas attacks, followed by Israel's military actions in the region, contributed to the deterioration in the relationship between Israel and other countries in the region. These developments have raised questions about the feasibility of the IMEC.

Mediterranean concerns

Climate change has now opened new transport routes through the Arctic, with the principal beneficiaries being countries such as the U.S., Russia, China, and other northern European nations. It is now possible to transport more goods through

the Arctic, significantly reducing transportation time and associated costs. Consequently, there is an expectation that port cities near the Arctic will emerge as new commercial centres.

Among IMEC's European signatories, France has both the Mediterranean and Atlantic coastlines. On the other hand, Italy has only the Mediterranean coast. Thus, there is significant concern about the implications of an Arctic trade route on its economy. As a result, Italy and other Mediterranean countries view the IMEC as a vital platform to preserve their influence in maritime trade.

Mediterranean countries maintain that to hold a strong position in global trade requires new thinking, new partners, and scaling up of economic engagement with leading economies. India, with its four trillion-plus economy and sustained high growth, is seen as a viable partner to meet future challenges. Currently, it is still uncertain whether the Arctic route

confers any unique advantages to India in terms of reduced transportation costs. Therefore, for India, accessing European markets through the Mediterranean route will continue to be important.

Given higher per capita income, technological advancements, and educational progress, Europe will continue to retain its trade significance for India. With trade over \$136 billion, the EU is the largest trade partner of India. India and European countries need to scale up connectivity corridors and logistics networks to build resilient supply chains between the two.

The importance of the IMEC

The recent geopolitical developments have demonstrated that the security of sea lanes is unpredictable. The Houthi disruption in the Red Sea trade has prompted considerable trade to go around the Cape of Good Hope in South Africa, increasing the time and costs of transportation of goods. It is also still too early to determine if the recent Gaza peace plan will hold in the long run. Therefore, it is essential to find new routes to amplify economic relations between India, West Asia, and Europe.

Since the IMEC is a multi-member initiative, it gives considerable space for innovative approaches to adapt to changing geopolitical dynamics, which India and Arab countries should leverage. In addition to the proposed routes in IMEC, there is a need to explore the possibility of engaging other commercial centres and ports in Saudi Arabia and Egypt. Robust economic interactions between India and the Arab countries will also nullify Pakistan's attempt to build an alliance-like relationship in the region.

While focusing on the security challenges of IMEC, it is critical not to lose sight of economic opportunities that can be derived from India–Europe interactions. India and Europe should act as bookends by pooling their resources to promote prosperity in the IMEC region.

Sanjay Pulipaka is the Chairperson of Politeia Research Foundation.

THE GIST

▼ In 2023, the Abraham Accords had generated considerable optimism that peace would prevail in West Asia, with Israel and Arab countries working to build a stable relationship.

▼ However, within a few weeks of the launch of the IMEC, the security situation in West Asia deteriorated significantly. The October 7 Hamas attacks, followed by Israel's military actions in the region, contributed to the deterioration in the relationship between Israel and other countries in the region.

▼ Since the IMEC is a multi-member initiative, it gives considerable space for innovative approaches to adapt to changing geopolitical dynamics, which India and Arab countries should leverage. It is also critical not to lose sight of economic opportunities that can be derived from India–Europe interactions.

Key components:

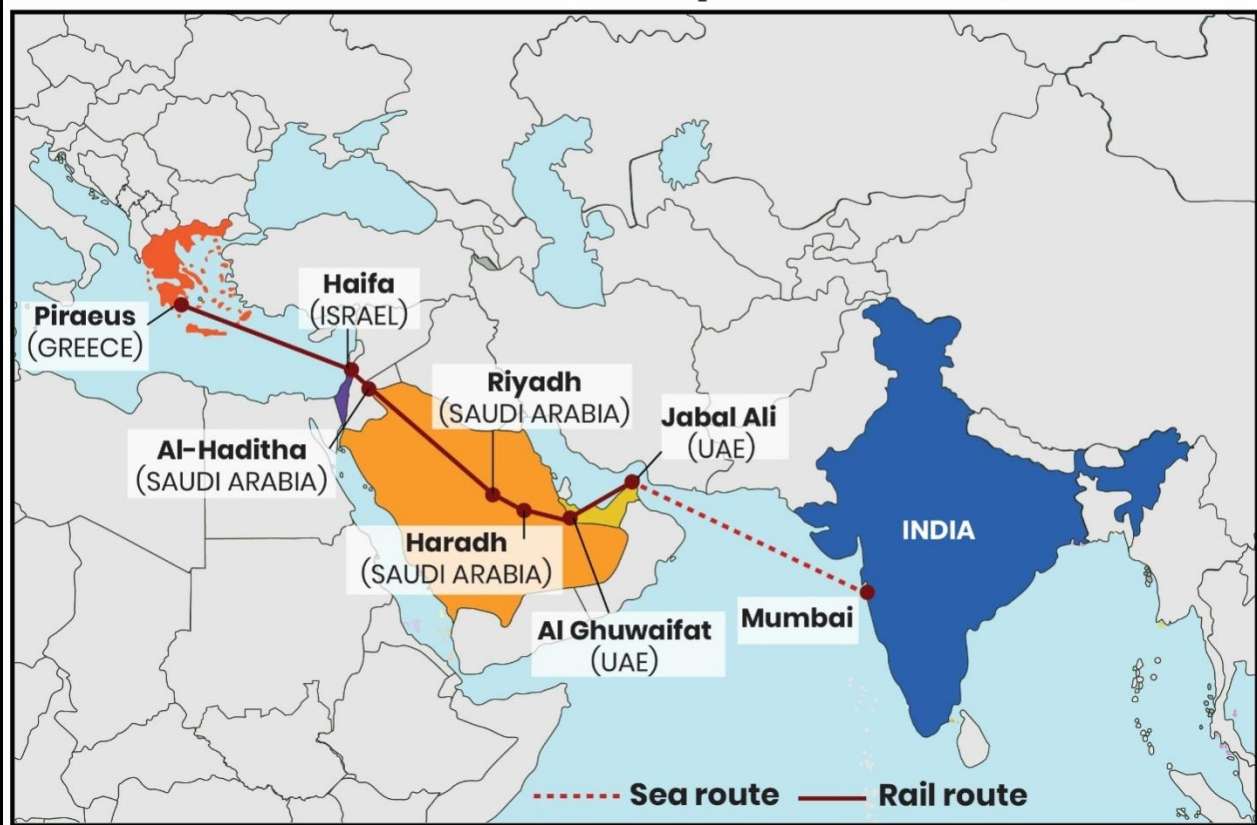
- Upgraded maritime connectivity between India and the Gulf.
- High-speed rail from UAE ports to Haifa (Israel) via Saudi Arabia and Jordan.
- Proposed clean hydrogen pipelines, electricity cables, and undersea digital networks.

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- Integration of existing port and logistics infrastructure.
- Strategic intent: Diversify trade, strengthen India-Europe-Arab economic linkages, and ensure resilient supply chains amid geopolitical uncertainties.
- Historical backdrop: Launched on the sidelines of the G-20 Summit (Delhi), facilitated by Abraham Accords and the I2U2 framework (India, Israel, UAE, U.S.), with endorsements from EU nations.

India-Middle East-Europe Corridor (IMEC)



Static and Current Linkages

Static Topic	Current Relevance / Link
India's Trade Diversification	IMEC complements agreements with the UK, EU, and strengthens India's maritime and overland trade routes.
Geopolitics of West Asia	Hamas-Israel conflict and Houthi disruption highlight corridor vulnerability and need for route adaptability.
EU-India Economic Engagement	EU remains India's largest trade partner (\$136 billion), making Mediterranean connectivity critical.
Global Trade & Arctic Routes	Emerging Arctic shipping reduces transit time, posing competition for Mediterranean-

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Static Topic	Current Relevance / Link
	dependent economies.
Neighbourhood & Regional Strategy	IMEC counters strategic influence attempts by Pakistan in the Middle East.

Analytical Perspective

1. Geopolitical Volatility and Route Flexibility

- Conflicts in Gaza, Yemen, and broader West Asia necessitate dynamic planning for high-speed rail and maritime networks.
- Multi-member framework allows India to explore alternative ports in Saudi Arabia, Egypt, and other commercial hubs.

2. Trade Diversification & Economic Security

- IMEC reduces overreliance on traditional sea lanes vulnerable to blockades or piracy (e.g., Red Sea disruptions leading to detours around Cape of Good Hope).
- Strengthens India-Europe trade linkages, while facilitating technology, energy, and investment flows.

3. Mediterranean vs Arctic Routes

- Arctic shipping may bypass traditional Mediterranean corridors, threatening economies like Italy.
- India's strategic choice: leverage Mediterranean ports for Europe while monitoring Arctic developments.

4. Strategic Leverage in the Middle East

- Enhanced economic ties with UAE, Saudi Arabia, and Israel bolster India's influence in West Asia, supporting energy security and regional stability.
- Serves as a counterweight to Pakistan's regional ambitions.

Strategic Implications

- Trade Resilience:** Diversified transport networks mitigate disruptions due to conflicts or geopolitical tensions.
- Economic Diplomacy:** Multi-country partnerships enhance India's soft and hard power in West Asia and Europe.
- Energy and Tech Corridors:** Integration of clean hydrogen pipelines and digital cables strengthens energy security and tech connectivity.
- Geopolitical Positioning:** IMEC enhances India's role as a reliable partner in West Asia-Europe trade, bolstering regional influence.

Challenges

- Political Instability in West Asia** – Hamas-Israel conflict and Houthi threats disrupt corridor feasibility.
- Infrastructure Complexity** – Multi-modal integration across multiple countries requires immense investment and coordination.
- Geopolitical Competition** – Arctic shipping and competing corridors may affect the corridor's commercial viability.
- Regulatory & Diplomatic Hurdles** – Need for harmonised policies, bilateral agreements, and security assurances among member states.
- Long-term Sustainability** – Maintaining corridor operations amid shifting alliances and conflicts.

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Conclusion

The IMEC represents a strategic opportunity for India to diversify trade, deepen economic partnerships with the Middle East and Europe, and enhance resilience against regional instabilities.

While geopolitical volatility presents challenges, India can leverage the corridor's multi-member structure, integrate energy and digital infrastructure, and explore alternative routes to secure uninterrupted trade.

A successful IMEC will not only strengthen India's economic diplomacy and regional influence but also position the country as a key link between Asia and Europe in the 21st-century global trade architecture.

UPSC Prelims Practice Question

Ques: India's "Third Neighbour Policy" refers to:

- A) Countries in Africa
- B) Friendly countries not sharing borders with India
- C) Neighbouring countries with maritime access
- D) ASEAN countries

Ans: b)

UPSC Mains Practice Question

Ques: Discuss the strategic and economic significance of the India–Middle East–Europe Economic Corridor (IMEC) for India. (150 Words)

Page : 08 Editorial Analysis

Navigating the global economic transformation

The normative economic consensus underpinning the world order is undergoing a seismic shift, with the United States and China locked into a great-power conflict, and carving out new geo-economic ecosystems that maximise their self-interest. This great global transformation is reshaping global trade flows, financial/currency markets and strategic calculations. It also opens a rare window to forge a more equitable world-order.

Analysing new economic paradigms

First, populist-autocrats are enabling an unprecedented state-capital Gordian knot, which has had major socio-political implications. Unlike laissez-faire capitalism (where the state minimally intervenes in markets, companies negotiate with governments, and respond to market-competitiveness incentives), governments led by populist-autocrats primarily serve large oligopolies and crony-capitalists who offer support for political centralisation in lieu of various concessions/commissions. Circumscribing the national interest, these plutocracies prioritise the well-being of corporations over citizens, by mortgaging national public assets and contorting policies. This has profound consequences for the social contract underpinning nations.

Second, and partly because crony-capitalists disproportionately influence populist-autocrats, primordial rules of statecraft are resurgent. Consequently, America is recalibrating a century of historical, strategic and economic convergence – to purportedly Make America Great Again. It is no coincidence that America is exerting pressure on Taiwan to shift chip manufacturing to the U.S., securing its trade routes (Panama), fortifying supply lines for rare earths as China weaponises them (Central Asia and Africa), fusing digital-currency ecosystems with foreign policy (Pakistan), and exerting pressure on Arctic-rim nations (Greenland and Canada), possibly anticipating an imminent bout of ecological imperialism. This limitedly explains why America is pushing Europe to 'manage' Russia and Israel to 'manage' West Asia. The myopic notion that nations can have spheres of control has ignited mushrooming conflicts and genocides.

Third, Big Tech and cloud capitalists have overwhelmingly altered the global economy by siphoning out rents from the value chain, reshaping mass consciousness and political outcomes (inevitably rewarding populist-autocrats undermining digital rights). This is being compounded by digital colonialism, exemplified by the AI Action Plan, the Cloud Act, the SWIFT payment system's weaponisation and the introduction of state-backed digital currencies and ecosystems (which 100 central banks are piloting). While such systems could streamline cross-border financial transactions (and might reportedly be used to restructure national debt),



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India and the
Global South
can collaborate
and construct a
new economic
deal that works
for all nations

they will undermine economic sovereignties of nation-states and dilute the Financial Action Task Force framework and anti-money laundering norms. They will also create complexities in political funding, which populist-autocrats would be optimally positioned to exploit.

Fourth, by withdrawing developmental aid, populist-autocrats have abandoned vulnerable populations and created expansionist opportunities for undemocratic forces. For example, the \$44 billion funding cuts by G-7 nations may push 5.7 million more Africans into poverty by 2026. Similarly, the decline in international grants for small enterprises in Nepal sparked an exodus of eight lakh immigrants, exacerbating dissatisfaction with the government. Likewise, funding cuts for the World Food Programme impacted 16.7 million people in 2023, leading to distress migration, an uptick in recruitment by armed militias (in Sahel region) and socio-political tensions.

Finally, it is widely recognised that America's tariffs (on 70-plus nations) and sanctions (on 30-plus nations) have impacted the free flow of trade, capital, people and ideas. Clearly, America is unwilling to absorb goods from surplus-producing economies such as Japan, Europe and China, and penalising their dependencies.

Faced with uncertainty, the Global South is rapidly seeking alternatives (by exploring bilateral treaties, localising production, securitising supply chains and strategic sectors, ramping up gold reserves, cautiously de-dollarising oil trades, and tentatively exploring currency alternatives). These experiments could kickstart a domino effect, compelling the West to also chart an independent economic path.

Opportunity in crisis

These economic disruptions concomitantly pose opportunities, especially for China and India (which collectively dominated the world economy for 1,800 of the last 2,000 years). It is a fact that neoliberal globalisation was premised on capital accumulation, cheap labour, environmental colonisation and trickle-down economics.

These led to untenable sovereign debt, reduced fiscal space for developmental and welfare goals, and the relinquishing of national resources and assets to crony-capitalists. These triggered extreme concentrations of power and wealth in the hands of a few in the Global North, and glaring socio-economic inequalities.

Consequently, the 2022 "Poverty and Shared Prosperity" report asserts that 47% of the world's population lives below the \$6.85 poverty line, while 735 million face crippling hunger. This invariably creates toxic conditions that propel societies towards traditional social-cohesion norms, which populist-autocrats have cynically exploited to unleash undemocratic upsurges against democracies.

Given this, India and the Global South can either accede to an unjust global (dis)order, or collaboratively and creatively construct a New Economic Deal that works for all nations. For example, while pressing for an overhaul of international financial institutions to secure fairer representation to Global South economies, India must push for a new debt-relief framework to free nations from structural adjustments that inevitably spark democratic regressions.

Similarly, in the pursuit of a fair and stable rules-based global economic system, India should also fashion new economic alliances (either through BRICS or South-South partnerships) while championing fair trade policies that protect domestic industries and sectors. Most importantly, to fire-proof our relationships from changes-in-guard (something the incumbent government failed to do, causing strains with the U.S., Bangladesh and Nepal), we must build bipartisan relationships with key stakeholders in partner-nations.

Need for a recalibration

But realising our manifest destiny means effecting a domestic recalibration, necessitating a hard course correction from the Bharatiya Janata Party government. As a growth driver and potential investor in public infrastructure and services, the private sector is undoubtedly a partner in national development. But because companies cannot redress structural problems and are primarily profit-oriented, the state must adopt a commanding role (as in many East Asian economies) over critical sectors such as energy, infrastructure, data/digital finance, defence, space, water, education, health care and agriculture. These are essential for national security and to provision for all Indians.

Similarly, instituting strong anti-monopoly norms and sovereign wealth-funds (as in Norway) can prevent oligopolistic control, and channelise national resources for national goals. Likewise, heavy investments in scientific research, education and pedagogic autonomies will make India globally competitive. Furthermore, strategically redeploying India's public sector units like China's state-owned-enterprises (instead of privatising them) and like international-aid agencies would maximise revenues and geopolitical objectives.

Finally, the emerging digital-financial paradigm must be aligned to constitutional and national goals.

Actualising this means prioritising substantive (not performative) foreign policy. It means the "India way" must be non-alignment (notwithstanding its rechristening as multi-alignment for political expediency). It means shedding partisanship and forging consensus on where India should be heading as a nation, and how it gets there. India must harness this golden opportunity to realise its rightful place in the emerging world order.

GS. Paper 2—Interational Relations

UPSC Mains Practice Question: Digital colonialism and state-backed financial systems are emerging challenges to national economic sovereignty. Discuss in the context of India. **(150 Words)**

Context :

The global economic order is undergoing a **seismic transformation**, driven by the **U.S.–China great-power rivalry**, populist-autocratic governance, and technological shifts. Traditional norms of liberal globalisation are challenged by **state-centric capitalism, digital ecosystems, and geopolitical recalibrations**, creating both risks and opportunities for emerging economies like India.

- Populist-autocrats prioritise oligopolies and crony-capitalists, often undermining social contracts.
- U.S. strategic and economic actions (tariffs, sanctions, supply chain securitisation, digital currency ecosystems) are reshaping global trade, finance, and tech landscapes.
- Big Tech and digital infrastructure influence value chains, political outcomes, and economic sovereignty.
- Global South nations are seeking alternatives via **bilateral treaties, localisation of production, de-dollarisation, and strategic alliances**.
- India and China, historically dominant economies, have a window to **forge a more equitable global order**.

Static and Current Linkages

Static Topic	Current Relevance / Link
Globalisation& Economic Governance	Neoliberal norms disrupted by U.S.–China rivalry and populist-autocrats.
Digital Finance & AI	SWIFT system, AI Action Plans, digital currencies influence trade and sovereign autonomy.
Debt and Development	Cuts in aid and structural adjustment constraints harm vulnerable nations.
Global South Collaboration	BRICS, South-South partnerships, and new trade/debt frameworks offer alternatives.
Domestic Policy & State Role	Strong state intervention needed in critical sectors for national security and global competitiveness.

Analytical Perspective

1. Great-Power Rivalry &Goeoeconomic Shifts

- U.S.–China competition drives **supply chain realignments, rare earth securitisation, and protectionist measures**.

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Daily News Analysis

- Emerging conflicts, sanctions, and trade wars disrupt

traditional liberal order.

2. Digital and Financial Paradigm

- Big Tech and AI reshape value extraction, political power, and economic dependencies.
- State-backed digital currencies may undermine national sovereignty and AML frameworks.

3. Opportunities for the Global South

- Strategic localisation, debt relief frameworks, and South-South alliances allow countries to **assert agency in global economics**.
- India can lead a **New Economic Deal** advocating fairer representation in global institutions and sustainable development.

4. Domestic Recalibration Imperative

- State must prioritise energy, infrastructure, defence, health, education, and digital finance.
- Public sector units and sovereign wealth-funds can drive strategic national objectives.
- Anti-monopoly norms and R&D investment are crucial for global competitiveness.

Strategic Implications

- **National Security & Sovereignty:** Economic self-reliance in strategic sectors reduces vulnerability to external shocks.
- **Global Leadership:** India can shape a more equitable world order and amplify South-South cooperation.
- **Economic Resilience:** Diversified supply chains, sovereign control, and strategic investments safeguard against global turbulence.
- **Digital & Technological Edge:** Harnessing AI, cloud, and digital finance strengthens India's competitive advantage.

Challenges

1. **Global Uncertainty:** Great-power conflicts and populist policies increase instability.
2. **Digital Colonisation:** Dependence on foreign digital infrastructure risks economic sovereignty.
3. **Domestic Implementation:** Strong state action requires policy continuity, bipartisan consensus, and anti-corruption measures.
4. **Debt and Aid Gaps:** Vulnerable economies are constrained by declining development aid.
5. **Geopolitical Pressure:** Aligning with multiple global actors without compromising autonomy.

Conclusion

The ongoing global economic transformation presents India with a **strategic window** to consolidate economic sovereignty, strengthen domestic institutions, and lead the Global South toward a **more just and stable world order**. By combining **state-led intervention, strategic public sector leverage, and global partnerships**, India can not only safeguard its national interests but also assert a **constructive role in shaping the emerging geoeconomic landscape**.