

**The Hindu Important News Articles & Editorial For UPSC CSE**  
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**Page 01 : GS II : International Relations**

The geopolitical landscape of West Asia has shifted significantly following the joint U.S.-Israel strikes on Iran in early 2026. For India, this region is not just a source of energy but a strategic neighbor housing nearly 10 million Indian citizens. The Minister's *suo motu* statement underscores a pragmatic approach: balancing historical ties with Iran while safeguarding immediate national interests—energy security, trade stability, and the safety of the diaspora.

# Conversations with Iran to continue: Jaishankar

- Commitment to protect Indians in West Asia is 'overriding priority', Minister tells Parliament
- Energy security and trade flows will always be 'paramount', he says in a *suo motu* statement
- Statement does not offer any solutions to serious geopolitical costs India has to bear, says Congress

**Kallol Bhattacharjee**  
NEW DELHI

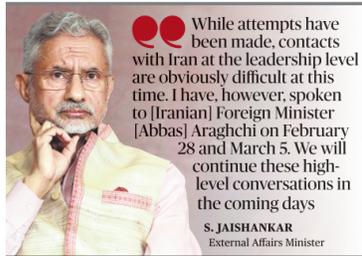
The Indian government tried reaching out to the Iranian leadership after the U.S.-Israel attack on February 28 killed its Supreme Leader Ayatollah Ali Khamenei, but could not establish contact because of the ongoing conflict, External Affairs Minister S. Jaishankar told Parliament while making a *suo motu* statement on Monday. He said Iran had sought "permission... for three ships in the region to dock at our ports" before the U.S. torpedoed *IRIS Dena* off Sri Lanka.

Speaking in Parliament as it resumed the Budget Session, Mr. Jaishankar reiterated the Centre's commitment to protect the Indians in the region, de-

scribing their safety as an "overriding priority". He said that "energy security and trade flows will always be paramount" and informed the MPs about the diplomatic-level conversation India has had with the U.S. during the period.

"While attempts have been made, contacts with Iran at the leadership level are obviously difficult at this time. I have, however, spoken to Foreign Minister [Abbas] Araghchi on February 28 and March 5. We will continue these high-level conversations in the coming days," he said.

While India has not condemned the incident so far, Foreign Secretary Vikram Misri had signed the condolence book at the Iranian Embassy in New Delhi on March 5 as Iran mourned the death of Khamenei who was assassinat-



S. JAISHANKAR  
External Affairs Minister

ed along with several top officials and his close family members. Mr. Jaishankar informed the MPs about the diplomatic-level conversation India has had with the U.S. during this period. He assured that the Indian missions are "working hard" to help stranded Indian tourists and said commercial flights were

operated "whenever there has been a partial opening of airspace".

"Our estimate is that about 67,000 of our nationals have done so (returned) as a result. The Ministry of Civil Aviation has also put out figures for the last three days. On March 7, there were a total of 51 inbound flights operated by Indian carriers, 49 on

## Khamenei's son new Supreme Leader of Iran

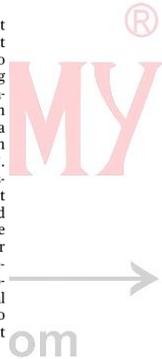
Iran's Assembly of Experts announced that it had chosen Ayatollah Mojtaba Khamenei, son of Ayatollah Ali Khamenei, the former Supreme Leader who was killed by a strike on February 28, as the country's new Leader. » PAGE 14

ports. This was accorded on March 1 in Kochi. *IRIS Lavan* actually docked on March 4 in Kochi. The crew is currently in Indian naval facilities," he said, referring to the docking "as the right thing to do". Mr. Jaishankar briefed the MPs about the conversations Prime Minister Narendra Modi and he have had with the leaderships of Gulf states and said, "In each case, we received assurances that the well-being of the Indian community will be the priority for the host government."

The Minister referred to the threat to energy security that is being perceived because of the attacks on energy installations in the region and the blockade of the Strait of Hormuz and said the "government remains committed" to ensuring energy security.

"The interests of the Indian consumer has and will always be the overriding priority. Where required, Indian diplomacy has supported the endeavours of our energy enterprises in this volatile situation," he said.

The Congress said that Mr. Jaishankar's statement "inexplicably made no protest against the sinking of *IRIS Dena* in India's strategic backyard, which compromises our role as a net-security provider in the Indian Ocean Region". The party said the Minister's statement did not "condemn the targeted killing of the head of state of a sovereign nation; nor did it offer solutions to redress the serious geo-economic and geopolitical costs that India is having to bear, and escalations that we may have to face."



## Key Highlights of the Ministerial Statement

**Evacuation and Safety:** The "overriding priority" is the protection of Indian nationals. Approximately 67,000 Indians have already been repatriated via special commercial flights amidst partial airspace openings.

**Humanitarian Gesture (IRIS Lavan):** India allowed the Iranian naval vessel *IRIS Lavan* to dock at Kochi on March 4, 2026, providing medical and logistical support to the crew.

**Diplomatic Channels:** While leadership-level contact with Tehran has been difficult due to the conflict, EAM Jaishankar maintained communication with Iranian Foreign Minister Abbas Araghchi.

**Strategic Silence on Assassination:** India has officially expressed condolences through Foreign Secretary Vikram Misri but has refrained from a formal "condemnation" of the U.S.-Israel strike, maintaining a policy of strategic restraint.

## Geopolitical and Strategic Challenges for India

### 1. Energy Security and the "Hormuz Factor"

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**Daily News Analysis**

The Strait of Hormuz is the world's most vital energy chokepoint. With Brent crude prices crossing \$114 per barrel in March 2026, India faces:

**Import Bill Inflation:** Every \$10 rise in oil prices typically widens India's Current Account Deficit (CAD) and fuels domestic inflation.

**LPG/LNG Vulnerability:** India is highly dependent on the Strait for nearly 60% of its LNG and 80% of its LPG imports, which lack the same strategic reserve buffers as crude oil.

**2. Maritime Security in the Indian Ocean (IOR)**

The sinking of IRIS Dena by a U.S. submarine only 19–40 nautical miles off the coast of Sri Lanka (Galle) brings the conflict into India's "strategic backyard."

**Net Security Provider:** The opposition argues that India's lack of protest against the sinking of a vessel that recently participated in India's MILAN 2026 naval exercise undermines its role as a regional security leader.

**3. The "Khamenei Factor" in Diplomacy**

India's cautious response is also viewed through the lens of past friction. The late Supreme Leader had frequently commented on India's internal matters (Kashmir, CAA), leading to diplomatic "summons" in the past. This history frames India's current "condolence without condemnation" stance.

**Static Section**

*Aim, Think & Achieve*

Concept	Relevance to the Context
<b>Strategic Petroleum Reserves (SPR)</b>	India's underground salt caverns/facilities used to store crude oil for emergencies. Current capacity covers roughly 9.5 days of consumption.
<b>Strait of Hormuz</b>	A narrow waterway between Oman and Iran connecting the Persian Gulf with the Gulf of Oman; handles ~25% of global sea-traded oil.
<b>Look West Policy</b>	India's strategic push to deepen ties with Gulf nations (UAE, Saudi Arabia) while managing the "balancing act" with Iran and Israel.
<b>Net Security Provider</b>	India's ambition to be the primary guarantor of stability and maritime safety in the Indian Ocean Region.

**Conclusion**

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India's response to the 2026 Iran crisis exemplifies "Strategic Autonomy." By facilitating the docking of Iranian ships on humanitarian grounds while coordinating closely with Gulf monarchies and the U.S., New Delhi is attempting to minimize collateral damage to its economy. However, the prolonged closure of the Strait of Hormuz and the shifting power structure in Tehran (under new leader Mojtaba Khamenei) will require India to recalibrate its "Connect West" strategy to ensure long-term energy and maritime stability.

**UPSC Mains Exam Practice Question**

**Ques:** India aspires to act as a 'Net Security Provider' in the Indian Ocean Region. In the context of the recent West Asian crisis, evaluate the challenges to this role. **(150 Words)**

**Page 09 : GS II : International Relations**

The rapid adoption of AI in policymaking has introduced a new form of "digital colonialism." Algorithmic sovereignty refers to a nation's ability to develop, govern, and own its AI stack—including data, models, and computing power—to ensure that its strategic, cultural, and legal perspectives are not overshadowed by foreign (primarily Western or Chinese) datasets.

**Why algorithmic sovereignty should be India's top priority**

The AI systems of today, trained on Western datasets and models, draw heavily from Western legal scholarship when it comes to geopolitical issues

Ashek K. Kantha

A day after a U.S. submarine sank the Iranian frigate *IRIS Dena* inside Sri Lanka's Exclusive Economic Zone (EEZ), I posed a straightforward question to an advanced Artificial Intelligence (AI) system: "Was the sinking legal under international law?" The reply was instant: "It was not illegal." No qualification, no reference to the deeply contested nature of military activities in an EEZ, and no mention that India and most Global South nations interpret the UN Convention on the Law of the Sea (UNCLOS) very differently from the U.S. and its allies.

When the response was challenged – pointing out India's longstanding position that Article 58 of the UNCLOS requires coastal-state consent for foreign military activities in an EEZ, and that similar views are held by China, Indonesia, Brazil, South Africa, Iran, and many others – the AI conceded. It acknowledged that its initial answer had drawn heavily from Western naval doctrine and Western legal scholarship. The machine, in other words, spoke with the accent of its Western training data. This is not a minor technical glitch. It is a foundational bias with serious geopolitical implications.

**Not a neutral arbiter**

Article 58 of the UNCLOS grants foreign states freedom of navigation, overflight, and "other internationally lawful uses of the sea related to these freedoms" in an EEZ. Two sharply divergent interpretations of this Article have emerged. The U.S.-led Western view treats these freedoms expansively, encompassing intelligence collection, submarine operations, military exercises, weapons testing, and even combat actions – provided they occur beyond territorial seas. India and much of the Global South read the provision more restrictively: the listed freedoms must be genuinely related to navigation and overflight, while the obligation under

Article 58(3) to show "due regard" for the coastal state's rights carries real weight. From this perspective, most military activities in an EEZ require prior consent.

Since the treaty text is silent on many specifics, the prevailing interpretation will therefore depend less on legal exegesis than on power, persuasion, and the dominant discursive frameworks – which are increasingly shaped by AI systems.

A parallel humanitarian issue was also absent from the AI's initial reply to my query: the duty to rescue under Article 18 of the Second Geneva Convention. The provision requires parties to take "all possible measures" to search for and collect shipwrecked persons "without delay." Reports indicate that the attacking submarine departed the scene quickly, leaving rescue operations to the Sri Lankan Navy, which received a distress call from the stricken warship. At least 87 sailors died; 32 were saved. The only recognised exception to this duty is operational infeasibility, but no public evidence has established that rescue was infeasible here. The AI system did not even consider this aspect until it was confronted. Politely, it acknowledged its mistake.

This exchange with the model exposes a deeper reality: contemporary AI is not a neutral arbiter of international law. It mirrors the data on which it was trained, which is disproportionately Western in authorship, perspective, and institutional origin. The bias is arguably not intentional, it is structural. Yet, Western readings become the "default" answer, while Global South positions are relegated to "alternative" status or made invisible. Thus, power asymmetries are quietly encoded into machine outputs. When an AI declares – with no apparent doubt – that the sinking of *IRIS Dena* was "not illegal," it is re-



**International rescue mission:** Sri Lankan Navy personnel evacuate Iranian sailors from the *IRIS Dena* frigate in Galle, Sri Lanka on March 4, 2026.

producing a worldview that privileges the strategic preferences of a small group of powerful states over the legal stances adopted by a majority of countries.

The *IRIS Dena* incident is a reminder that the Indian Ocean is no longer insulated from extra-regional conflict and that U.S. preoccupations in the neighbourhood are out of sync with India's priorities. But it is also a reminder that the architecture of interpretation – the systems that tell us what counts as law, humanitarian failure, or acceptable conduct – will increasingly be algorithmic. This matters because policymakers and analysts today routinely turn to AI tools. When those tools systematically favour one interpretive tradition, that interpretation gains outsized influence. The consequence goes beyond academics; it is geopolitical.

**A wake-up call for India**

The global AI landscape is moving toward bipolarity, dominated by U.S. and Chinese architectures reflecting their respective data models and assumptions. There are well-grounded reservations about opting for the "China AI stack". The debate now centres on whether to

adopt the "U.S. AI stack", or to pursue a "sovereign Indian stack". The pitch for the U.S. stack is seductive – chips, clouds, models, and platforms that it offers to "trusted partners" as the fastest route to AI capability. But beneath the language of partnership lies a familiar asymmetry. If the core infrastructure, computing power, and frontier models remain controlled elsewhere, sovereignty becomes a matter of permission. Besides, there is also the expectation that India's AI ecosystem will be "China-free", though the U.S. is willing to co-mingle with China in AI locations in the Gulf.

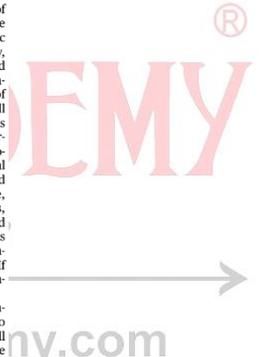
**The path forward**

India cannot afford to remain a passive consumer of intelligence or a vendor of applications produced by AI architecture elsewhere. It must become a producer of models, datasets, and interpretive frameworks. Our scale, linguistic diversity, democratic complexity, and geopolitical position demand more than adaptation or applications; they demand ownership of the algorithmic layer that will shape future cognition. This means strategic choice, not autarky: the ability to integrate with global ecosystems without structural dependence. It requires sustained investment in domestic compute, indigenous training data and tools, secure data infrastructure, and models that treat Indian languages and lived realities as first-order inputs rather than afterthoughts. If not, India outsources not just computation but cognition itself.

AI today represents a civilizational contest. Nations that fail to develop their own models will eventually think through someone else's, and nations that do not build their own data architectures will find their narratives increasingly shaped by external entities.

India stands at a decisive moment. We can remain privileged tenants in someone else's digital empire, or we can fashion a plural AI future. Just as India built its own space programme, nuclear programme, and digital public infrastructure, it must now build its own sovereign AI stack.

Ashek K. Kantha is a former Ambassador of India to China, and the Subhas Chandra Bose Chair Professor of International Relations at Chanakya University Bengaluru



**The IRIS Dena Case Study: AI's Non-Neutrality**

**The Incident:** On March 4, 2026, a U.S. submarine sank the *IRIS Dena* within Sri Lanka's Exclusive Economic Zone (EEZ).

**The AI Bias:** When asked about the legality of the sinking, an advanced AI labeled it "not illegal," mirroring Western naval doctrine.

**The Conflict in Interpretation (UNCLOS Article 58):**

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# Daily News Analysis

**Western View:** Expansive freedom of navigation, including military maneuvers and intelligence gathering in a foreign EEZ.

**India/Global South View:** Military activities in an EEZ require prior coastal-state consent and must show "due regard" for the coastal state's rights.

**Humanitarian Neglect:** The AI initially failed to account for the Second Geneva Convention (Article 18), which mandates a "duty to rescue" shipwrecked persons—a duty allegedly ignored by the attacking submarine.

## Why India Needs a Sovereign AI Stack

### 1. Countering Cognitive Outsourcing

If India relies on the "U.S. AI Stack," it risks "outsourcing its cognition." AI models trained on Western data treat Global South perspectives as "alternative" or "invalid," potentially influencing Indian policymakers with biased legal and geopolitical frameworks.

### 2. Strategic Autonomy vs. Digital Colonialism

While the "U.S. Stack" offers a fast track to AI capability, it makes sovereignty a "matter of permission." A sovereign stack ensures that India's data flows and innovation boundaries are not governed by foreign algorithms.

### 3. Linguistic and Cultural First-Order Inputs

Western models often treat Indian languages and lived realities as afterthoughts. A domestic stack would prioritize India's diverse linguistic and democratic complexity as core training data.

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#### Static Section

Concept	Definition & Relevance
<b>UNCLOS (Article 58)</b>	The UN Convention on the Law of the Sea; defines rights/duties in the EEZ. A frequent point of friction between India and the U.S. (e.g., FONOPs).
<b>Digital Public Infrastructure (DPI)</b>	India's success with UPI and Aadhaar serves as the foundational philosophy for building a "Sovereign AI Stack."
<b>EEZ (Exclusive Economic Zone)</b>	An area up to 200 nautical miles from the coast where a state has special rights regarding the exploration and use of marine resources.
<b>Bipolarity in AI</b>	The current global dominance of the U.S. and China in AI architecture, forcing other nations to choose a "stack."

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## Conclusion

The IRIS Dena incident is a wake-up call that the "architecture of interpretation" is becoming algorithmic. Just as India achieved self-reliance in space and nuclear technology, it must now prioritize a Sovereign AI Stack. This is not about isolationism (autarky) but about strategic choice: the ability to integrate with the global ecosystem without being structurally dependent on foreign "engines of thought."

## UPSC Prelims Exam Practice Question

**Ques:** With reference to the concept of Algorithmic Sovereignty, consider the following statements:

1. It refers to a nation's ability to control and govern its AI infrastructure including data, models, and computing power.
2. It aims to reduce dependence on foreign digital technologies and algorithms.
3. It implies complete isolation from global technological ecosystems.

**Which of the statements given above is/are correct?**

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 only
- D. 1, 2 and 3

**Ans: A)**

## UPSC Mains Exam Practice Question

**Ques:** The dominance of foreign AI systems in global policymaking may lead to "digital colonialism." Discuss the implications of this phenomenon for developing countries like India. **(150 Words)**

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The Musi River, a tributary of the Krishna, originates in the Ananthagiri Hills (Vikarabad). Historically prone to devastating floods (like the great flood of 1908), it is now the focus of a multi-crore rejuvenation plan. The project aims to replicate international models like the Sabarmati Riverfront (Ahmedabad) or the Thames (London), balancing ecological restoration with commercial urban spaces.

## What is the Musi riverfront development project?

What does the river rejuvenation project comprise? What is the controversy surrounding the project? Why are residents in the riverbed up in arms?

Swathi Vadlamudi

The story so far:

**M**usi River flows through Hyderabad for 55 km and looks like an open sewage channel most of the year, except during the monsoon. Now, the Telangana government wants to turn the seasonal river into a perennial one by ensuring year-long flow, and develop leisure spaces, shopping areas, and heritage structures on the river's banks. But for people who have been living on the river bank for decades, this spells displacement.

What is at stake?

The Musi River, with an aggregate length of about 260 km, is created by the confluence of two rivulets - Musa and Esi

originating in Ananthagiri hillocks of Vikarabad district in Telangana.

The destructive floods of 1908 prompted the last Asafahi king Mir Osman Ali Khan of the Hyderabad princely state to commission two tanks - Osman Sagar and Himayat Sagar - which act as flood control reservoirs for the river. Various governments - the Telugu Desam Party's in 1997-98, the Bharat Rashtra Samithi's in 2017 and the Congress's now - have attempted to develop the river as an urban water front.

What does the development entail?

The project envisages development on both sides of the river's 55-km course. However, the detailed project report is yet to be approved. The government also proposes to channel 2.5 tmcft of water from the Godavari River through

Mallanna Sagar Reservoir, 72 km away from the city, to fill the twin reservoirs, for staggered release into the Musi River to keep it flowing throughout the year.

Also in the pipeline are 39 more sewage treatment plants in addition to the existing 31 STPs to treat the sewage entering the river from across the city.

What has happened since?

In October, 2024, the State government constituted a consortium of five companies for the preparation of a DPR. Almost simultaneously, the government went ahead with the eviction and relocation of residents from the slums on the riverbed, which drew severe backlash. The government later decided to begin the project on the relatively unoccupied stretches along the Musa and Esi rivers, covering 21 km. The 'world's tallest' Gandhi statue as the centre of a sprawling

cultural precinct is proposed at the confluence of the two rivers, named 'Gandhi Sarovar'.

The first phase of the Musi Riverfront Development project has received in-principle approval for funding from the Asian Development Bank (ADB), while the final approval is awaited.

Who is opposing the project?

Protests against the project took shape after the forced eviction of people from the slums on the Musi riverbed in 2024. A coalition of residents, voluntary organisations and activists was forged under the umbrella of 'Musi Jan Andolan' to take the government head-on. Their main objection is to the way the project is sought to be carried out, treating Musi residents as obstruction rather than as partners in the rejuvenation of the river. They question the urgency with which the government is moving forward without even a detailed project report being made available in the public domain.

Controversy erupted once again recently, when the government issued three land acquisition notifications in relation to the project. Residents of a gated community close to the confluence point have risen in opposition as their properties were listed for acquisition in one notification to facilitate the 'Gandhi Sarovar' project.

### THE GIST

▼ The project envisages development on both sides of the river's 55-km course. However, the detailed project report is yet to be approved.

▼ The government also proposes to channel 2.5 tmcft of water from the Godavari River through Mallanna Sagar Reservoir, 72 km away from the city, to fill the twin reservoirs, for staggered release into the Musi River to keep it flowing throughout the year.

▼ Also in the pipeline are 39 more sewage treatment plants in addition to the existing 31 STPs to treat the sewage entering the river from across the city.



### Components of the River Rejuvenation Project

The project entails a comprehensive overhaul of the 55-km stretch of the river within Hyderabad's limits:

**Hydrological Transformation:** Converting the seasonal river into a perennial one.

Channeling 2.5 tmcft of water from the Godavari River (via Mallanna Sagar Reservoir) into the twin reservoirs—Osman Sagar and Himayat Sagar—to ensure year-round flow.

**Pollution Abatement:** Installation of 39 new Sewage Treatment Plants (STPs) in addition to the existing 31 to ensure zero untreated sewage enters the river.

**Urban Infrastructure:** Development of leisure spaces, shopping zones, and heritage corridors.

**Gandhi Sarovar:** A cultural precinct featuring the "world's tallest" Gandhi statue at the confluence of the Musa and Esi rivulets.

Funding: The project has received in-principle approval for funding from the Asian Development Bank (ADB).

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# Daily News Analysis

## The Controversy: Why Residents are "Up in Arms"

The project has faced intense backlash, primarily due to the "Musi Jan Andolan" (a coalition of activists and residents). The core issues include:

**Forced Evictions & Displacement:** The government began relocating slum dwellers from the riverbed in late 2024 before a Detailed Project Report (DPR) was fully approved or made public.

**Lack of Participatory Governance:** Activists argue that residents are being treated as "obstructions" rather than partners in the rejuvenation process.

**Transparency Issues:** The haste in land acquisition notifications—without a publicly available DPR—has created a trust deficit.

**Impact on Gated Communities:** Recent land acquisition notices for the "Gandhi Sarovar" project have led to protests from middle-class residents in gated communities, who previously felt insulated from such displacement.

### Static Section

Concept	Relevance to the Project
River Rejuvenation	Ecological process of restoring a river's health (e.g., Namami Gange). Focuses on "Environmental Flows" (E-flows).
Right to Fair Compensation (RFCTLARR Act, 2013)	The legal framework governing land acquisition, rehabilitation, and resettlement for such large-scale projects.
Urban Heat Island (UHI)	Riverfront projects can mitigate UHI effects by creating blue-green corridors in concrete-dense cities.
Catchment Area Management	Managing the Ananthagiri Hills and the twin reservoirs (Osman & Himayat Sagar) is crucial for Musi's flood control.

### Conclusion

While the Musi Riverfront Development Project holds the promise of a "Blue-Green" transformation for Hyderabad, it currently stands as a classic case of the Development vs. Displacement dilemma. For successful implementation, the government must balance its "world-class city" ambitions with social equity, ensuring that the rejuvenation of the river does not come at the cost of the fundamental right to housing for the city's most vulnerable populations.

**UPSC Prelims Exam Practice Question**

**Ques:** With reference to the Musi River, consider the following statements:

1. It is a tributary of the Krishna River.
2. It originates in the Ananthagiri Hills in Telangana.
3. It flows through the city of Hyderabad.

**Which of the statements given above are correct?**

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1, 2 and 3
- D. 1 only

**Ans: C)**

**UPSC Mains Exam Practice Question**

**Ques:** Urban riverfront development projects are increasingly being used as tools for urban renewal in India. Discuss their potential benefits and associated challenges. **(250 words)**

Published in the same year as the U.S. Declaration of Independence, *The Wealth of Nations* transitioned the world from Mercantilism (which focused on hoarding gold and restricting imports) to Classical Economics. 250 years later, his critiques of monopolies and trade protectionism remain strikingly relevant in an era of "America First" policies and global trade wars.

# From 1776 to 2026: Adam Smith's lessons for the global economy

'Wealth of Nations' marks 250th anniversary on Mar. 9; debate over legacy of Smith's ideas continues; but his ideas on trade, wealth, labour resonate; free-market economics advocatess have long claimed him as spiritual father, while some more recent readings even peg him a moderate progressive

## NEWS ANALYSIS

Reuters  
LONDON

**T**ax the rich. Trash the tariffs. End monopolies. Such are the rallying calls of many of today's most heated economic debates. They could also come straight from the pen of revered economist Adam Smith, hailed by some as the "father of capitalism" and others as an early progressive.

Smith knew nothing of Donald Trump or tech billionaires when he railed against trade protectionism and extreme affluence in "The Wealth of Nations", the best-read economics book in history, which celebrates its 250th birthday on Monday.

"It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy," the Scot wrote in the seminal work, for example.

"Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and burgundy in Scotland?" he adds.

The foundational text of classical economics was published on March 9, 1776, the same year as the U.S. Declaration of Independence, 13 years before



Looking past: Monument commemorating Adam Smith (1723-90). GETTY IMAGES/STOCK

the French Revolution, and amid the early convulsions of the Industrial Age.

Yet it's not hard to find parallels between the doctrines the book denounces - such as rival mercantilist empires seeking to minimise imports and maximise exports - and President Trump's trade tactics and "America First" credo today.

**Free markets, free trade** And while Smith is most often cited for his free markets and free trade zeal, when it comes to distribution of wealth, he could almost be channelling Bernie Sanders or Alexandria Ocasio-Cortez, leftist U.S. lawmakers.

"It is not very unreasonable that the rich should



Events to mark the 250th anniversary of "The Wealth of Nations" are taking place throughout the year in Glasgow, Edinburgh, London and Smith's birthplace of Kirkcaldy

contribute to the public expense, not only in proportion to their revenue, but something more than in that proportion," Smith writes in the 1,000-page-plus tome, which draws on everything from grape-growing to pin factories.

"No society can surely be flourishing and happy, of which the far greater part of the members are

poor and miserable," he says in one of his best-known quotes.

### Debates rage

Many scholars of the book - full name "An Inquiry into the Nature and Causes of the Wealth of Nations" - say it remains uncannily relevant to the economic issues of our time, though debates continue to rage about what Smith was actually saying.

Advocates of free-market economics have long claimed him as their spiritual father, while some more recent readings even peg him as a moderate progressive - something akin to a left-leaning, modern-day European social democrat.

"You can find a 'Smith'

to support anything you want to say," King's College London research associate Leo Steeds said of the Scottish Enlightenment thinker.

Smith also accepted that there were certain circumstances when tariffs were called for, either because the terms of trade were unfair or for reasons of security - arguments increasingly heard in the United States, Europe and other trading blocs.

"Smith did understand those arguments," said Eamonn Butler, director of the free market policy think tank the Adam Smith Institute in London.

"But he thought these things (tariffs) really should be as temporary as possible. He thought the more trade you have, the better everybody is."

### Sleight of invisible hand

One of the most famous metaphors from the "Wealth of Nations" is that of the "invisible hand", most often interpreted as meaning how free markets channel the self-interest of different participants to the best outcome for all.

"It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest," Smith writes.

But other students of the work note the invisible hand metaphor was used

just once in the book and must be taken alongside his wider arguments rather than being used to justify "laissez-faire" policies.

"This book ... is actually a critique of the way in which special interests, monopolists, powerful people, lobbies capture the State," said Pratap Bhanu Mehta, a leading Indian academic and public intellectual.

"He says: You fix that, then free markets come."

U.S. economist Joseph Stiglitz, a professor at Columbia University and Nobel Prize laureate, agreed.

"It was much more of an enlightened self-interest looking at society more broadly," he said. "Modern economics is based on infinitely selfish people. And clearly, Adam Smith didn't believe that."

Indeed, Smith - who taught moral philosophy at the University of Glasgow - is explicit about his views on selfishness at the expense of others.

"All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind," he writes.

Events to mark the 250th anniversary of "The Wealth of Nations" are taking place throughout the year in Glasgow, Edinburgh, London and Smith's birthplace of Kirkcaldy on the Scottish coast.

## The Multi-Faceted Legacy of Adam Smith

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# Daily News Analysis

While often pigeonholed as the "Father of Capitalism," modern scholarship reveals a more nuanced "Progressive Smith":

## 1. The Invisible Hand vs. Laissez-Faire

**The Concept:** The "Invisible Hand" suggests that individuals pursuing their own self-interest (the butcher, brewer, or baker) inadvertently promote the public good.

**The Nuance:** Experts like Pratap Bhanu Mehta argue that Smith wasn't advocating for unregulated markets but was actually critiquing "crony capitalism"—the capture of the State by powerful lobbyists and monopolists.

## 2. Trade and Comparative Advantage

Smith famously questioned the logic of Scotland trying to produce its own wine at a high cost rather than importing it.

**Modern Parallel:** His arguments against tariffs resonate today as nations debate "strategic autonomy" versus the costs of trade protectionism.

## 3. Taxation and Social Welfare

Contrasting the "selfish capitalist" stereotype, Smith advocated for Progressive Taxation. He wrote that the rich should contribute to public expense "something more than in proportion" to their revenue.

**Human-Centric Growth:** He believed no society could flourish if the "greater part of the members are poor and miserable."

## Key Lessons for the 2026 Global Economy

Lesson	18th Century Context	21st Century Relevance
<b>Anti-Monopoly</b>	Against Royal Charters/East India Co.	Regulation of "Big Tech" and platform monopolies.
<b>Division of Labour</b>	The "Pin Factory" (Specialization)	Global Supply Chains and GVCs (Global Value Chains).
<b>Productive Labour</b>	Focus on manufacturing/agriculture.	Debates on the "Service Economy" and Gig Work.
<b>Rule of Law</b>	Necessary for market trust.	Importance of Intellectual Property Rights (IPR) and stable contracts.

## Static Section

**Classical Economics:** The school of thought (Smith, Ricardo, Malthus) that stresses free markets, the "invisible hand," and the importance of production.

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**Mercantilism:** The pre-Smith economic theory that a nation's wealth depended on accumulating bullion and maintaining a positive trade balance through high tariffs.

**Laissez-faire:** A policy of minimum governmental interference in the economic affairs of individuals and society.

**Moral Philosophy:** Before economics, Smith was a moral philosopher (Theory of Moral Sentiments). He believed markets only work when underpinned by "sympathy" and justice.

### Conclusion

The 250th anniversary of The Wealth of Nations serves as a reminder that Adam Smith was as much a social reformer as he was an economist. His work suggests that a truly free market is one that is free from monopolies and cronyism, where the "masters of mankind" are not allowed to thrive at the expense of the "poor and miserable." For India, balancing Smith's free-trade ideals with his calls for social equity remains the central challenge of its economic journey.

### UPSC Prelims Exam Practice Question

**Ques:** The concept of the "Invisible Hand", often discussed in economics, implies:

- A. Government intervention to regulate market failures
- B. Market forces automatically guiding individual self-interest toward social welfare
- C. State control over production and distribution
- D. International trade restrictions to protect domestic industries

**Ans: B)**

### UPSC Mains Exam Practice Question

**Ques:** Adam Smith's economic ideas laid the foundation of modern capitalism. Discuss the relevance of his ideas in the context of contemporary global trade tensions. **(250 Words)**

**Page : 13 : GS III : Indian Economy / Prelims Exam**

Despite India's mature railway manufacturing ecosystem—producing locomotives, coaches, and Vande Bharat trainsets at competitive costs—the country remains a minor player in the global export market. The shifting focus of the "Global South" toward sustainable, affordable, and robust transport presents a "signature" opportunity for India, similar to its success in the IT and pharmaceutical sectors.

**India's next export frontier: why the country should start shipping trains to various countries**

**OPINION**  
**Rai K. Mangla**

India today manufactures almost every type of railway rolling stock - locomotives, coaches, wagons, metro cars and modern trainsets - in large numbers and at competitive cost. Over decades, the railway manufacturing ecosystem has matured through dedicated Production Units of Indian Railways, PSUs and a large vendor base. Yet, despite this capacity and experience, India remains largely absent from the global market for railway vehicles.

This paradox deserves attention. At a time when the country is aiming to expand its manufacturing exports and position itself as a reliable industrial partner for developing economies, Railway Rolling stocks present a major untapped opportunity.

Across Asia, Africa and Latin America, countries are rapidly expanding rail networks to address urbanisation, energy security and congestion. Many of these nations face the same constraints India faced in earlier decades - limited capital, difficult climatic conditions, heavy passenger loads and mixed-traffic operations. They require reliable and economical solutions rather than the most technologically extravagant ones. This is precisely the segment where India's experience is most relevant.

Historically, the global railway supply industry has been dominated by a small group of large multinational corporations. Their products are technologically sophisticated but



**Huge potential:** A goods train waits for a signal as passengers sit on a platform at a railway station in Hyderabad. AFP FILE

often expensive and maintenance-intensive. For high-income markets this model works well, but for developing and middle-income countries the lifecycle cost and not the purchase price becomes the decisive factor. A train that is cheaper to operate and easier to maintain over 30 years can be more valuable than a more advanced train that requires complex support systems.

India's railway equipment has evolved under demanding operating conditions - high utilisation, temperature extremes, dust, overloading and diverse track quality. Designs have therefore prioritised robustness, maintainability and operating economy. These characteristics match the needs of emerging railway networks worldwide. In other words, India's rolling stock is naturally suited to the "Global South" market segment.

However, exporting trains is fundamentally different from manufacturing them for domestic use. In-

ternational railway procurement does not depend solely on engineering capability. It depends on certification, lifecycle support and long-term institutional confidence. Countries buying trains are effectively entering a 25-35 year relationship with the supplier. The purchase becomes not just a commercial transaction but an infrastructure partnership.

**Global tech standards**  
 The first requirement is alignment with globally recognised technical standards. International tenders generally require compliance with European or international railway safety norms covering structural strength, fire safety and crashworthiness. Indian manufacturers already possess strong engineering competence, but certification to globally recognised standards must become routine rather than occasional. Establishing dedicated certification cells in Quality department to routinely produce Rolling Stocks for international

qualification would remove the most common barrier to entry.

The second requirement is appealing aesthetic, ergonomic and user interface facilities designed on sound product development principles. All the touch points of user experience should not only be robust and durable but also providing a comfortable journey experience. The global customer is very discerning in this respect. For this, there is a need to establish exclusive Industrial Design Units in the design departments.

The third requirement is life cycle responsibility. Successful exporters do not merely supply trains; they guarantee performance for decades. This includes after sales support for maintenance, training, spare-parts, remote diagnostics and reliability monitoring. For many countries, assurance of long-term service availability is more important than the train itself. Indian manufacturers must therefore expand from a manufacturing mindset to a service mindset - selling availability rather than hardware.

Another element is coordinated institutional participation. In international infrastructure contracts, engineering capability alone rarely secures orders. Financing arrangements, government cooperation and project management integration often determine outcomes. India already has a strong advantage in this respect through its experience in development partnerships and lines of credit to partner nations. When manufacturing capability is combined with project consultancy and financing

support, the offering becomes significantly more attractive.

Equally important is building an export oriented supply chain. Railway vehicles are assemblies of many specialised systems - braking, control electronics, doors, passenger information and air-conditioning. A coordinated vendor ecosystem capable of supporting overseas projects can ensure reliability and faster response. Export success depends not on a single factory but on an integrated industrial network.

**Strategic dimension**  
 There is also a strategic dimension. Railway exports can become an instrument of economic diplomacy. Many developing countries prefer partners who offer technology sharing and training rather than simple equipment supply. India's long experience in operating and maintaining large public transport networks makes it uniquely positioned to provide this collaborative model. Offering training programs and technical cooperation alongside equipment supply strengthens long-term partnerships.

The global market is increasingly shifting toward suppliers who provide complete mobility solutions rather than standalone products. A train is now expected to come with maintenance planning, digital monitoring and workforce training. By embracing this approach, India can position itself not as a low-cost alternative but as a dependable long-term partner for railway development.

The opportunity is timely. Many countries are

planning rail expansion as part of sustainable transport and climate commitments. Electrified railways are among the most energy-efficient transport modes, and demand for affordable systems is likely to grow significantly over the next two decades. Entering this market now would allow India to build presence while demand is expanding rather than after it stabilises.

For India's manufacturing ambitions, railway exports offer advantages beyond revenue. They stimulate domestic industry, encourage standardisation, improve quality practices and enhance global credibility. Success in this sector would demonstrate that the country can deliver complex engineering systems internationally - an important signal for other infrastructure exports.

The path forward is therefore clear. India must move from building trains only for itself to building trains for partners. This requires designing for international certification, user experience, committing to lifecycle service, integrating consultancy and financing support and promoting coordinated industrial participation.

If approached systematically, Railway Rolling stock could become one of India's signature engineering exports - much like pharmaceuticals or information technology services in earlier decades. The capability already exists; what remains is the decision to treat trains not merely as domestic infrastructure but as a global opportunity.

(The writer is Ex Adl Member, Railway Board)



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**Why India is Suited for the "Global South" Market**

**Operational Robustness:** Indian rolling stock is designed for "extreme" conditions: high passenger loads, temperature variations, dust, and diverse track qualities.

**Cost-Effectiveness:** Unlike expensive, high-maintenance Western models, Indian trains prioritize lifecycle economy—essential for capital-constrained developing nations in Asia, Africa, and Latin America.

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**Daily News Analysis**

**Mixed-Traffic Experience:** India's expertise in managing both freight and high-volume passenger traffic on the same network is a unique value proposition for emerging economies.

**Strategic Requirements for Export Success**

To move beyond domestic supply, the author identifies five critical pillars:

**Global Certification:** Indian manufacturers must routinely align with European and international safety/fire/crashworthiness standards to qualify for global tenders.

**Industrial Design & Ergonomics:** There is a need for exclusive "Industrial Design Units" to improve aesthetics and user interfaces, as global customers are highly discerning about the "journey experience."

**Service Mindset (Lifecycle Responsibility):** Shifting from selling "hardware" to selling "availability." This includes 25–30 year commitments for spare parts, remote diagnostics, and maintenance training.

**Institutional Synergy:** Combining engineering with financing (Lines of Credit) and project consultancy (through PSUs like RITES/IRCON) to provide a "complete mobility solution."

**Export-Oriented Supply Chain:** Building a coordinated vendor ecosystem for specialized subsystems (braking, electronics, AC) to ensure rapid international response.

**Static Section**

Concept	Relevance
Rolling Stock	Refers to any vehicle that moves on a railway (locomotives, freight wagons, passenger coaches).
Make in India 2.0	Focuses on 27 sectors, including 'Railways', to increase the manufacturing sector's share in GDP and boost exports.
Strategic Autonomy	Developing indigenous high-tech rolling stock (like Vande Bharat) reduces dependence on MNCs and allows India to act as an independent technology provider.
Lines of Credit (LoC)	A "soft loan" extended by India to partner countries, often used to fund infrastructure projects using Indian goods and services.

**Conclusion**

Exporting trains is not just a commercial transaction; it is an instrument of economic diplomacy. By offering technology sharing and workforce training alongside hardware, India can position itself as a dependable, long-term infrastructure partner. If India

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successfully adopts a "service-plus-manufacturing" model, railway exports could indeed become the next frontier of the 'Brand India' engineering story.

**UPSC Mains Exam Practice Question**

**Ques:** India's railway manufacturing sector has the potential to become a major export engine for the Global South. Discuss the opportunities and challenges associated with railway exports. (250 words)

**Page : 08 : Editorial Analysis**

*The lesson is national security cannot be outsourced*

It is the second week of war since strikes by the United States and Israel on Iran began on February 28 citing 'existential' and 'imminent' threats. A joint offensive by two of the world's most lethal and technologically advanced militaries was expected to crush Iran quickly – but Iran has struck back hard, hitting targets once thought safe or 'untouchable'.

Why has Iran targeted them? How does it change the nature of war? These targets are the various American military bases and assets spread over the Gulf region in Saudi Arabia, the United Arab Emirates (UAE), Qatar, Bahrain, Jordan, Iraq, Syria and Oman. These attacks, combined with strikes on critical energy infrastructure, such as oil depots, oil fields, gas fields and perhaps most crucially, the closure of the Strait of Hormuz – have thrown the entire region into panic. Tough questions are being asked, especially on the security guarantees that America has been promising the region for over decades. There is a sense of disbelief and helplessness in the region witnessing the bubble of externally sponsored security blow away in no time. Many are questioning the logic of it all while others are already looking at alternate security options for the future.

**The Gulf security arrangement**

As the war continues, there are reports that the missile interceptors in the Gulf countries have run out with the U.S. unable to replenish them, prioritising the limited availability of these critical defensive systems for Israel. Why are the Gulf countries so helpless in defending themselves? The answer lies in a security arrangement worked out in the region, through America, almost 45 years ago.



**Rajeev Agarwal** is a West Asia expert, a Senior Research Consultant at the Chintan Research Foundation, Delhi, and a retired colonel

The ongoing conflict exposes America's security promises as illusory and unreliable

After the Iranian Revolution in 1979-80, the region's monarchies felt threatened and the U.S. promised to defend Gulf stability against external threats. In his 1980 State of the Union Address, in reaction to the 1979 Iranian revolution, U.S. President Jimmy Carter had assured the region, and warned that any outside attempt to control the Persian Gulf would be regarded as an assault on vital interests of the U.S., and that such an assault would be repelled by any means necessary, including military force.

There were several more initiatives later. At the U.S.-Gulf Cooperation Council (GCC) Summit in Riyadh in May 2017, a proposed regional alliance in the form of an 'Arab NATO' or the Middle East Strategic Alliance (MESA) was mooted, including the GCC nations, and Egypt, and Jordan. It failed to take off due to the diplomatic blockade on Qatar in June 2017. And, after the Israeli missile strike on Doha, Qatar, targeting the Hamas leadership in September 2025, the U.S. had assured iron-clad security guarantees to Qatar akin to Article 5 of the North Atlantic Treaty Organization (NATO) Charter.

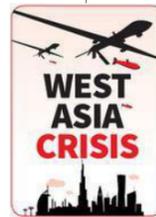
However, all past U.S. efforts and assurances have come to nothing. The U.S. has failed to protect the Gulf countries, and the ongoing conflict demonstrates that its security guarantees are illusory, ineffective and unreliable. The Gulf states can no longer count on American assurances for their future safety.

**What India can learn**

There are crucial lessons. For decades, India has been one of the top importers of arms. The

turning point came with the Kargil War in 1999, which exposed both critical shortages and vulnerabilities arising from import dependencies. One of key recommendations of the Kargil Review Committee was achieving self-reliance in military equipment.

However, it was only after 2014, that 'Atma Nirbharta' or self-reliance actually took shape. Over the past decade, the import percentages have gone down and indigenous productions have taken off with private players being encouraged and even incentivised. In FY 2024-25, Indian exports touched a record ₹23,622 crore



(approximately \$2.78 billion) while import percentages came down to 25%-30%. Major weapon platforms such as the BrahMos missile, Tejas fighter aircraft, artillery guns, and ammunition are in demand internationally, while several foreign-origin systems are now being manufactured in India.

**Looking ahead**

The war in Iran has many bitter lessons for the region and the world. Reports suggest that Saudi Arabia, the UAE, and Qatar are not only considering reducing their investment commitments in the U.S. but are also exploring options to remove American military bases from their soil. If this happens, it will be the most transformative change in the regional security architecture since its inception almost 50 years ago. How this will unfold and what the future Gulf security architecture will look like remains to be seen. One thing is clear. A lesson from this war is that national security cannot be bought or outsourced.

**GS Paper II & III : International Relations & Internal Security**

**UPSC Mains Practice Question:** Self-reliance in defence manufacturing is essential for national security. Discuss in the context of India's recent defence reforms and export growth. (150 Words)

## Context :

The ongoing conflict in West Asia (commencing February 2024) between the U.S.-Israel alliance and Iran has shattered long-standing geopolitical assumptions. Despite the technological superiority of the American military, Iran's ability to strike "untouchable" targets across the Gulf has exposed the fragility of "security guarantees." This serves as a stark reminder that national sovereignty is inextricably linked to indigenous defense capabilities—a lesson of profound importance for India's own strategic autonomy.

### The Collapse of the Gulf Security Architecture

For over four decades, the Gulf monarchies relied on a U.S.-led security umbrella. This arrangement is now facing a terminal crisis due to several factors:

**The Carter Doctrine's Failure:** Established in 1980, this doctrine committed the U.S. to use military force to defend its interests in the Persian Gulf. The current inability to protect Gulf infrastructure suggests this commitment has hit its limit.

**The Interceptor Shortage:** A critical revelation of the conflict is the depletion of missile interceptors. The U.S. has reportedly prioritized Israel's defense over its Gulf allies, leaving countries like Saudi Arabia and Qatar vulnerable.

**The "Illusion" of NATO-style Guarantees:** Despite assurances in 2025 (post-Doha strike) that were likened to NATO's Article 5, the U.S. has been unable to prevent the closure of the Strait of Hormuz or protect regional oil fields.

### Key Lessons for India: The Atmanirbharta Shift

India's defense trajectory offers a counter-narrative to the Gulf's dependency. The editorial highlights a shift from being a top importer to a budding exporter.

**The Kargil Catalyst:** The 1999 war was a wake-up call regarding the dangers of "on-demand" logistics and foreign dependency during active conflict.

**Strategic Indigenization:** Post-2014, the 'Atmanirbharta' (Self-Reliance) initiative transitioned from a slogan to a structural policy.

**Economic Impact:** In FY 2024-25, India achieved record defense exports of ₹23,622 crore, significantly reducing import dependency to 25%–30%.

**Core Platforms:** The success of the BrahMos missile, Tejas LCA, and indigenous artillery proves that high-end technology can be home-grown.

## Static Section

### 1. Geopolitics of the Strait of Hormuz

**Significance:** It is the world's most important oil transit chokepoint. Roughly one-sixth of global oil consumption passes through this narrow waterway.

**International Law:** Governed by the UN Convention on the Law of the Sea (UNCLOS), though Iran is not a full party to all its provisions, leading to frequent legal friction over "transit passage."

### 2. India's Defense Reforms

**Kargil Review Committee (KRC):** Recommended the creation of the Chief of Defence Staff (CDS) and emphasized self-reliance.

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**Defence Acquisition Procedure (DAP) 2020:** Prioritizes 'Buy (Indian-IDDM)'—Indigenously Designed, Developed, and Manufactured products.

**Negative Import Lists:** The Ministry of Defence has notified several "Positive Indigenisation Lists" to ban the import of specific platforms to boost local industry.

### 3. Collective Security vs. Strategic Autonomy

**Collective Security:** A security arrangement (like NATO) where an attack on one is an attack on all.

**Strategic Autonomy:** A state's ability to pursue its national interests and adopt its preferred foreign policy without being constrained by other states.

### Conclusion

The West Asian crisis proves that security is not a commodity that can be purchased or outsourced indefinitely. When the interests of the "protector" diverge from the "protected," the latter is left defenseless. For India, the path forward is clear: sustained investment in the Defence Industrial Base (DIB) is not just an economic goal but a fundamental requirement for survival. As the Gulf nations consider removing foreign bases, the world is witnessing a return to "Realpolitik," where true power resides in the ability to defend one's own borders with one's own boots and bullets.



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