

The Hindu Important News Articles For UPSC CSE
Wednesday :10 June, 2026

Edition : International Table of Contents

| | |
|---|---|
| <p>Page 04 Syllabus: GS III :Environment / Preliminary Examination</p> | <p>India calls for dialogue on climate finance, adaptation at Bonn meet</p> |
| <p>Page 08 Syllabus :GS III :Science and Tech / Preliminary Examination</p> | <p>Securing India against the threat of a 'Mythocalypse'</p> |
| <p>Page08 & 10 Syllabus: GS II :International Relations</p> | <p>New and raw :Nepal and India must avoid misspeaking on border issues & A new phase in India-Nepal relations</p> |
| <p>Page 13 Syllabus : GS III : Indian Economy/ Preliminary Examination</p> | <p>Indian economy, govt. finances,see mounting costs from Iran war</p> |
| <p>Page 08: Editorial Analysis Syllabus : GS II :International Relations</p> | <p>India's road through Myanmar is one of engagement</p> |

Page 04 : GS III :Environment/ Preliminary Examination

Commercial and maritime ties between India and Oman span thousands of years. Giving a modern and strategic dimension to this historic partnership, the India-Oman Comprehensive Economic Partnership Agreement (CEPA) officially entered into force on June 1, 2026. According to the Federation of Indian Chambers of Commerce and Industry (FICCI), bilateral trade between the two nations has increased from \$8.94 billion in FY 2023-24 to \$11.18 billion in FY 2025-26.

- This agreement comes at a time when India is diversifying its foreign trade policy and integrating itself with Global Value Chains (GVCs). It marks a new milestone not only for trade but also for India's strategic outreach in West Asia.

India calls for dialogue on climate finance, adaptation at Bonn meet

Jacob Koshy
NEW DELHI

India has called for the shrinking pool of climate finance and a widening adaptation finance gap to be tackled head-on at the United Nations climate negotiations-linked talks under way in Bonn, Germany. It has urged that a Paris Agreement provision which obliges developed countries to provide funds to developing nations, be given dedicated agenda space to enable substantive progress.

The intervention came in India's statement to the 64th session of the UNFCCC Subsidiary Bodies (SB64), delivered by Harkeerat Randhawa of the External Affairs Ministry.

India associated itself with the positions taken on behalf of the Group of 77 and China, the Like-Minded Developing Countries (LMDC), and the BASIC



India associated itself with the positions taken on behalf of the Group of 77 and China, the LMDC and the BASIC bloc. REUTERS

bloc (Brazil, South Africa, India, China).

The Bonn meeting runs from June 8 to 18 and is the mid-year session of the two subsidiary bodies – on implementation (SBI) and on scientific and technological advice (SBSTA) – that prepare draft decisions for the annual Conference of the Parties. It is the first multilateral climate conference since COP30, held in Belém, Brazil, last Novem-

ber, and is tasked with turning those outcomes into negotiable text ahead of COP31. That summit will be hosted in Antalya, Türkiye in November, which holds the formal presidency and Australia presiding over the negotiations.

Unilateral trade

India pressed for the dialogue on unilateral trade measures – a reference to carbon border levies such

as the EU's Carbon Border Adjustment Mechanism (CBAM) – to address their adverse effects on developing countries' climate action, anchored in Article 3.5 of the Convention.

It cautioned that the Mitigation Work Programme's facilitative, non-prescriptive character be preserved, that the adaptation goal remain balanced and Party-driven, and that no obligations beyond agreed mandates be introduced.

This year's agenda is dominated by a shift to an implementation phase. Key items include the Global Goal on Adaptation, the Just Transition Work Programme and the Global Stocktake, alongside climate finance and the contested future of the Sharm el-Sheikh Mitigation Work Programme, which is due to conclude in 2026 with a possible extension on the table.

Key Points

1. Unprecedented Market Access in Goods

- **Elimination of Tariff Lines:** Oman has offered duty-free access on 98.08% of its tariff lines, which covers 99.38% of India's total exports to Oman by value. Previously, only 15.33% of Indian exports enjoyed zero-duty benefits in Oman.

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

Daily News Analysis

- **Textiles and Apparel:** India already accounts for a 43% share of Oman's woven fabric imports. The elimination of the current 5% tariff will give Indian manufacturers a significant competitive edge over China in this market.
- **Engineering Goods:** Oman annually imports over \$3.7 billion worth of machinery and \$3.3 billion worth of automotive products, where India's share currently stands at a meager 5% and 2% respectively. This sector is expected to witness a massive surge post-CEPA.
- **Pharmaceuticals:** The value in this sector lies not in tariff cuts, but in regulatory facilitation. Indian medicines approved by major international regulators will now receive 'fast-track' clearance in Oman.
- **Protection of Domestic Industries (Negative List):** Keeping domestic sensitivities in mind, dairy, grains, edible oils, and several agricultural commodities have been excluded from tariff concessions to protect India's domestic producers.

2. Trade Facilitation and Procedural Reforms

- **Recognition of Certificates:** Oman will now accept certificates issued by India's 'Export Inspection Council' (EIC), eliminating the need for double testing and inspection.
- **Organic and Halal Certification:** Oman has recognized India's National Programme for Organic Production (NPOP) and Halal certification systems.
- **Fast-Track Customs:** Customs clearance will be accelerated for perishable goods, directly benefiting agricultural and marine product (seafood) exporters.

3. Trade in Services and Professional Mobility

- **Untapped Potential:** In 2024, bilateral services trade stood at \$863 million (with India enjoying a surplus of \$447 million), but India's share in Oman's total services imports is just 5%.
- **Quotas for Professionals:** Oman has made binding commitments for Indian professionals in sectors such as accounting, engineering, IT, healthcare, education, and consultancy, alongside increasing quotas for 'intra-corporate transferees'.
- **Expansion of AYUSH:** Provisions related to traditional medicine and AYUSH have been integrated, opening new avenues for Indian wellness services in the Gulf region.

Strategic and Geographical Significance

- **Gateway to West Asia and Africa:** Oman is located at the crossroads of the Gulf, the Indian Ocean, and East Africa. Its major ports — Sohar, Duqm, and Salalah — are emerging as global logistics hubs. For Indian businesses, Oman is not just a market but a strategic gateway to access the wider Gulf Cooperation Council (GCC) and East African economies.

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

- **Energy Security and Maritime Diplomacy:** Due to its proximity to the Gulf of Oman and the Strait of Hormuz, Oman is extremely critical for India's energy security and Maritime Domain Awareness (MDA). India already enjoys robust military and logistical access to the Duqm Port, and this economic pact will further deepen these strategic ties.

Implications for UPSC (Administrative and Economic)

- **Evolution of Foreign Trade Policy (GS Paper 3):** This agreement demonstrates that India's trade policy is no longer limited to mere tariff negotiations; rather, it comprehensively incorporates goods, services, investment, intellectual property, and regulatory cooperation (as seen recently with the UAE, Australia, EFTA, and the UK).
- **Boosting Regional Manufacturing:** The benefits of this pact will ripple across various parts of the country — such as the textile clusters of Tamil Nadu, the gems and jewelry industry of Gujarat, the engineering hubs of Maharashtra and Punjab, the pharmaceuticals of Telangana, and the marine exporters of Kerala and Andhra Pradesh. This will provide a major fillip to 'Make in India'.

Conclusion

The India-Oman CEPA is not merely a trade liberalization agreement between two nations; rather, it is a visionary step that solidifies India's "economic and strategic penetration" into West Asia. The historic customs exemptions granted by Oman will provide Indian exporters with a definitive edge over competitors like China in the global marketplace. However, the true success of this landmark agreement will depend on its implementation and its 'optimum utilization' by Indian industries. If Indian policymakers and the manufacturing sector capitalize on this opportunity effectively, it will accelerate India's journey toward becoming a \$5 trillion economy and establishing itself as a global manufacturing and services powerhouse.

UPSC Prelims Exam Study Questions

Question: Consider the following statements regarding the principle of CBDR-RC:

1. It stands for "Common But Differentiated Responsibilities and Respective Capabilities".
2. It recognizes that all countries have equal historical responsibility for climate change.
3. It is one of the foundational principles of the UNFCCC.

Which of the statements given above is/are correct?

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

Ans: (a)

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

UPSC Mains Practice Questions

Question: Climate finance remains the most contentious issue in global climate negotiations. Examine India's position in the Bonn Climate Conference and discuss the challenges in achieving climate justice. (10Marks, 150Words)

Page08 : GS III :Science and Tech/ Preliminary Examination

This recent article written by senior IAS officer Srivatsa Krishna highlights the revolutionary and dangerous transformations occurring in the field of Artificial Intelligence (AI). Citing 'Claude Mythos', the new frontier AI model from the company Anthropic, the article discusses the new threats that have emerged in the global security landscape. The author cautions that despite India's digital progress (such as the India Stack), our legacy back-end infrastructure remains highly vulnerable to autonomous AI capabilities like the 'Mythos-class'. This analysis sheds light on India's security, technological gaps, and the urgent need for policy reforms.

Why is the 'Mythos' Model Dangerous? (Core Analysis)

Compared to traditional AI models, Mythos-class models have become a major threat to national security (**Mythocalypse**) due to the following reasons:

- **Discovery of Invisible Vulnerabilities:** Current AI models only search for flaws that humans can comprehend. In contrast, Mythos systems are uncovering hidden vulnerabilities whose very existence is unknown to human operators.
- **The 'Zero-Day' Threat at Scale:** A 'Zero-Day' refers to an unknown coding flaw for which no patch (remedy) is available. Mythos has easily discovered 16-year-old security bugs (such as in the Linux Kernel and wolfSSL) that had eluded humans and autonomous testing tools for decades. By May 2026, it flagged 23,019 vulnerabilities, out of which 6,202 fall into the critical category.
- **Autonomous Vulnerability Chaining:** This model not only finds flaws in code but can also autonomously chain multiple small, low-severity vulnerabilities together to execute a catastrophic and massive attack.
- **Low Barrier to Entry:** According to the UK's AI Safety Institute (AIS), even ordinary engineers without any formal cybersecurity training can generate dangerous hacking code overnight with the help of Mythos. This could place cyber weapons into the hands of 'script kiddies' and ransomware groups.
- **Situational Awareness:** In sandbox testing, this model utilized restricted methods, and when it sensed that its deception might be caught, it altered its path and identity to evade detection.

Securing India against the threat of a 'Mythocalypse'



Srivatsa Krishna
IAS officer

When it comes to Artificial Intelligence (AI), the United States is about six months ahead of the rest of the world. Within the U.S., Silicon Valley is six months ahead of New York, and within Silicon Valley, frontier AI companies are six months ahead of everyone else. This math reveals where India stands vis-à-vis the AI frontier. The question that should keep us awake at night is this: What about the inevitable proliferation of Mythos-class capabilities, including from labs that do not share Anthropic's restraint and from open-weight model releases over which no one has control? Anthropic says its new model, Claude Mythos, can outperform human experts at certain cybersecurity tasks. Mythos access has expanded to more countries including India and organisations, but with the U.S. government's prior scrutiny. What happens if some non-state bad actor takes control of India's financial systems or examination systems or power plants? What can Anthropic even do? At a minimum, India should pursue a defensive AI partnership like the AIUKUS Pillar 2 – perhaps a "Defensive AI Quad" with the U.S., the United Kingdom, and Japan – to secure structured access to Mythos-class capabilities for testing and protecting critical infrastructure. In return, India could contribute its threat modelling expertise and the uniquely varied attack surfaces of the broader digital public infrastructure stack.

Why Mythos matters
Why is this time different – and potentially far more dangerous? First, most current AI models identify vulnerabilities that can be explained to and understood by humans, enabling experts to diagnose and fix them. Mythos, however, is discovering vulnerabilities in systems that cannot always be explained, understood, or even known to by human operators.

Second, Mythos is fundamentally different from a standard Large Language Model (LLM) because it is "zero day" at scale. A zero day is essentially an undiscovered bug or a flaw in code that no one knows exists, but when found can be exploited to devastating consequences. With it come serious moral-hazard and national security concerns, especially when there is the prospect of selling such capabilities to the highest bidder. Now, what is even more astonishing is that Mythos' offensive capabilities were not deliberately engineered; they emerged as a byproduct of advanced reasoning, long horizon planning, and autonomous execution. Mythos discovered long-standing bugs that had eluded human experts and automated "fuzzing" tools for decades. (For example, it discovered a 16-year-old flaw that had survived five million automated tests, as also in the Linux kernel which is the backbone of every Android device in the world. The latest update on Mythos, released on May 22, 2026, reported that it had scanned 1,000 open-source projects and dug up 23,019 vulnerabilities. Of these, 6,202 were assessed as high or critical severity. One vulnerability in wolfSSL – CVE-2026-5194 – could have allowed attackers to forge TLS certificates across billions of IoT and industrial devices. But the statistic that should concern policymakers most is this: barely 1% of the vulnerabilities identified by Mythos have been patched.

Third, what makes Mythos more dangerous, is that unlike older models that merely flag suspicious code, Mythos can autonomously chain multiple low-severity vulnerabilities – issues that might otherwise be ignored – into a single, highly destructive attack. Finding a vulnerability is one thing but chaining a bunch of vulnerabilities together and exploiting them autonomously is something completely different and daunting.

Fourth, the barriers to entry are very low. The U.S.'s AI Safety Institute (AIS) found that even engineers without formal security training could use Mythos to produce functional exploits overnight. In effect, it puts cyber capabilities once associated with nation states within reach of script kiddies and ransomware groups.

Finally, Mythos may be showing signs of situational awareness. In sandboxed tests, the model used prohibited methods to solve a problem, appeared to recognise that those actions would be detected, and then changed its approach to hide how it had achieved the exploit.

India's preparedness gap
India has built a distinctive world-class digital front end through the India Stack, including UPI, Aadhaar, and the Account Aggregator framework. But much of it still runs on fragmented legacy back-end systems, especially in public sector units, State departments, and older public sector banks. Critical systems across finance and government still rely on outdated technology. Indian public sector banks continue to run substantial C/C++ and Windows Server 2008/2012 workloads.

India has moved quickly in its response, but significant gaps remain. It lacks an AI Safety Institute. While the U.K. and the U.S. have established world-class institutions to evaluate and test such models against Indian threat scenarios, the India AI Mission is focused primarily on development rather than safety evaluation. India therefore needs a dedicated India AI Safety Institute (IAESI), supported by data sharing arrangements with the AIS and the U.S. Center for AI Standards and Innovation (CAISI). Without such a mechanism, India will remain dependent on foreign assessments of model safety and autonomy. This class became routine in Indian systems and vulnerabilities.

At the same time, the cybersecurity workforce gap is estimated at more than 6,00,000 professionals. Patch cycles for public sector banks are measured in months, not hours. That is a dangerous mismatch in the Mythos era, where attackers can move at machine speed and exploit vulnerabilities within hours. India needs a frontier AI accountability framework, modelled on California's SB 55 and the EU AI Act but tailored to Indian conditions. Any AI company operating in India whose model exceeds defined thresholds – such as compute, autonomy, or cyber capability – should disclose capability evaluations and known flaws to the proposed IAESI. This could be built into the Digital Personal Data Protection Act, since informed consent requires meaningful disclosure of AI risks and capabilities.

The Centre should create a ₹5,000 crore-20,000 crore critical sector cybersecurity operation fund, including support for legacy modernisation in public sector banks. It should also fund and co-develop sovereign defensive AI models with domestic deep-tech firms to monitor telemetry, detect anomalies, and isolate compromised network segments in real time.

If a Mythos-class model becomes openly downloadable from a non-reputational lab (Oxeta has historically published open weights for its frontier models. Chinese labs increasingly do), then a defensive measure short of pre-emptive patching helps. India should lead the diplomatic effort at the G-20 to establish that the release of open-weight models above defined capability thresholds – specifically autonomous offensive cyber capability – should be subject to international notification and review requirements.

India has unique standing for this leadership: it is a major AI consumer, a credible neutral voice between U.S. and Chinese AI policy positions, and the operator of the largest digital public infrastructure stack in the world. Mythos proves that cyber defence is no longer a human versus human chess match. It is now an algorithmic arms race. For India, securing the digital economy requires matching the speed of the attacker – which means deploying defensive AI that can reason, patch, and protect at the exact same velocity.

The window is closing
In sum, this is not about Mythos versus India, but India's structural disadvantage in a world where the cost of finding zero-days is collapsing while the cost of patching is not. The goal is to prevent a breach at the weakest point from cascading into systemic failure. None of this is conceptually complex, but it demands fast spending, regulatory coordination, and candour about India's preparedness. That coordination should be driven by the Prime Minister's Office and not any single Ministry. The Mythos era – when capabilities that have never been tested against Indian systems and vulnerabilities – has already begun. India has 12 to 24 months to build the architecture needed to stay ahead of the threat rather than chase it. And who knows what Mythos 2.0 will be?

The views expressed are personal

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

India's Preparedness Gap

India has achieved monumental success in front-end digital infrastructure, but several challenges persist on the internal security front:

- **Fragmented and Legacy Back-End Systems:** India's 'India Stack' (UPI, Aadhaar, Account Aggregator) is world-class, but its back-end still runs on outdated and insecure software like Windows Server 2008/2012 and COBOL within Public Sector Banks (PSBs) and government departments.
- **Absence of an AI Safety Institute:** Unlike the US (CAISI) and the UK (AISI), India lacks a dedicated safety institute to test frontier AI models within Indian security contexts. The focus of the 'IndiaAI Mission' remains solely on development rather than safety evaluation.
- **Human Resource Deficit and Slow Patching Speed:** India currently faces a shortage of over 600,000 cybersecurity professionals. Furthermore, fixing cybersecurity vulnerabilities (the patch cycle) in Indian banks takes months, whereas AI attackers strike at machine speed (within hours).
- **Risks of Open-Weight Models:** If open-source models with Mythos-class capabilities leak onto the internet from Chinese labs or other unregulated sources, it will be virtually impossible to protect India's critical infrastructure (power grids, banking, examination systems) without pre-emptive patching.

The Way Forward for India / Policy Recommendations

The author suggests several practical steps to keep India secure in this digital arms race:

- **Defensive AI Quad:** Modeled after 'AUKUS Pillar 2', India should form a defensive AI alliance with the US, UK, and Japan to secure access to Mythos-class models for safety testing. In return, India can contribute data from its vast digital infrastructure and its threat-modeling expertise.
- **Establishment of the Indian AI Safety Institute (IAISI):** India must immediately constitute its own AI Safety Institute, which can assess domestic threats and share data with global entities.
- **Frontier AI Accountability Framework:** India should enact legislation along the lines of the European Union's AI Act and California's SB 53. Companies developing AI models beyond a specific compute threshold must be mandated to disclose risks under the 'Digital Personal Data Protection Act' (DPDPA).
- **Critical Sector Cybersecurity Upgradation Fund:** The Central Government should establish a fund of ₹15,000 crore to ₹20,000 crore to modernize the legacy technical infrastructure of government departments and public sector banks.
- **Sovereign Defensive AI Models:** India, in collaboration with domestic deep-tech startups, must develop its own sovereign defensive AI models that can detect anomalies and secure networks in real-time.

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

- **Diplomatic Leadership in G-20:** India should utilize the G-20 platform to advocate for rules that make international notification and review mandatory before releasing open-weight AI models possessing autonomous weapon capabilities beyond a certain threshold.

Conclusion

The dawn of the 'Mythos Era' has proven that cyber defense is no longer a human-versus-human game of chess; it has evolved into a rapid **Algorithmic Arms Race**. India has a very narrow window of just 12 to 24 months to get ahead of this threat. Instead of leaving the coordination of this entire security strategy and expenditure to any single ministry, it should be driven directly by the Prime Minister's Office (PMO). To safeguard its sovereignty as a digital economy, India must deploy defensive autonomous AI that matches the speed of the attacker.

UPSC Prelims Exam Study Questions

Question: In cybersecurity terminology, a "Zero-Day Vulnerability" refers to:

- (a) A vulnerability that has already been patched.
- (b) A software flaw unknown to the vendor and without an available fix.
- (c) A cyberattack conducted on the first day of a month.
- (d) A vulnerability in hardware systems only.

Answer: **(b)**

UPSC Mains Practice Questions

Question: The emergence of frontier AI models is transforming cyberspace from a human-centric domain into an algorithmic battleground. Discuss the implications for India's national security. **(10Marks, 150 Words)**

Page 08 : GS II : International Relations / Preliminary Examination

The statements made by the newly elected Prime Minister Balendra Shah "Balen" (National Independent Party - RSP Coalition), who came to power following the recent widespread youth-led protests (GenZ Protests) in Nepal, alongside the official India visit of Nepal's new leadership (Foreign Minister Shishir Khanal and RSP President Rabi Lamichhane), mark the beginning of a new chapter in India-Nepal relations. PM Balen Shah's statement in the Nepalese Parliament that "the border dispute is not one-sided, and Nepal can also occupy Indian territory" signals a shift away from the traditional 'Special Relationship' between the two nations toward a more pragmatic and sovereign approach. This analysis outlines the emerging challenges, opportunities, and diplomatic solutions within this new political landscape.

A new phase in India-Nepal relations

Nepal PM indicated that the boundary dispute is not one-sided and should be resolved through diplomatic channels; his remarks, amid objections over trade and pilgrimage routes and shifting political tone in Kathmandu, suggest a cautious move towards a more rational approach in India-Nepal relations

WORLD INSIGHT

K.V. Rajan
Atul K. Thakur

Nepal Prime Minister Balendra Shah "Balen" limited his intervention in a parliamentary discussion on the boundary dispute between India and Nepal over Kalapani, Lipulekh, and Limpiyadhura (areas claimed by both countries) on May 31 to a few minutes. He seemed to suggest that the issue was not one-sided.

"What surprised me after becoming Prime Minister is that it is not only India that is accused of encroaching Nepalese land. In some places, Nepal may also be occupying territory claimed by India. Both countries should examine the facts objectively and resolve the matter amicably as friends."

This was predictably greeted with a storm of protests within and outside Nepal's Parliament, despite the Prime Minister's reiteration that Nepal and India were working towards resolving the boundary issue through diplomatic channels.

Border dispute response

Nepal has also objected to the resumption of India-China trade through the Lipulekh Pass. Mr. Shah shared that the diplomatic note sent by Nepal on this matter received a positive response from India, and both sides have agreed to address the issue through dialogue. Earlier, Nepal's Foreign Ministry reiterated its commitment to resolving the boundary issue through diplomatic means. The statement came after India rejected Nepal's objection to the Kailash Mansarovar Yatra route through Lipulekh Pass, describing Kathmandu's territorial claim as "unjustified" and "influenced by 'unilateral artificial enlargement'."

However, the latest developments suggest a more rational approach, which hopefully discards the possibility of the dispute becoming a lasting bilateral irritant and signals a fresh beginning. It is



GETTY IMAGES

still early days, and the new government's thoughts in Kathmandu on resetting relations with India are not yet clear.

Shifting political tone

What is already clear is that Nepal's governance is firmly in the hands of a young generation with its eye on the future rather than the past, determined to free the country from the chains of corruption, nepotism, and ideology – and to prioritise social and economic issues.

Objections raised over trade and religious tourism through areas claimed by Nepal, the postponement of the Indian Foreign Secretary's visit to Nepal to discuss the Prime Minister's India visit and the disinclination of Mr. Shah to break protocol to receive India's Foreign Secretary, all reflect an emerging stance that India will be treated on par with other countries, rather than being given the easy access to top leadership it has traditionally enjoyed under the much-discussed "special relationship." These may have injected jarring notes in the trajectory of ties, but India appears to have taken them in stride.

Nepalese observers have questioned the wisdom of ignoring India's crucial importance to Nepal's present and future well-being. Likely, the bilateral ambience will not be held prisoner to protocol or to

assertions of irrational nationalism or *de facto* inequality.

Diplomatic path ahead

The sobering thought is that discussions between diplomats and experts may not yield a solution, and the fact that despite both sides emphasising economic cooperation as the core of bilateral ties, the boundary issue cannot be pushed to the back burner indefinitely.

Based on publicly available information, British-era data will be self-contradictory, as British India updated its maps with more recent technology compared to the East India days. The suggestion by Mr. Shah that China and the U.K. may also need to be consulted for a long-term solution may, however, create further complications and delays.

The Chinese position, taken by President Xi Jinping, was that Nepal should sort out the border issue with India. This remains the most rational advice, and it is hoped that both China and Nepal will adhere to this position.

What is important is to avoid an unending period of so-called diplomatic and expert-level discussions which will permit the dispute to become a major irritant, given the positions taken by Nepal (which has even printed its version of the disputed map on its currency notes) and

India (which has followed the boundary delineation it inherited from the British in 1947 and has serious security interests in maintaining the *status quo*).

What might be a better option would be for both countries to draw inspiration and ideas from (a) their centuries-old continuum of multifaceted linkages, (b) the open border tradition which has been in existence over more than 1,700 km and was followed even in the disputed area before the India-China war in 1962, and (c) the strong, mutually trusting institutional relationship between the Indian and Nepalese Army which could facilitate and come in useful to sustain a mutually acceptable practical solution.

This, however, will require a shift in mindset on both sides: a determination not to permit differences on boundary delineation to cloud a unique relationship, and a recognition that the so-called encroachment of territory is a mutual phenomenon that is not a result of aggressive territorial assertion and need not be a cause for mutual tension.

The changes in Nepal and the Prime Minister's statement offer an opportunity that India, too, should respect and seize. The last Indian Prime Minister who had the vision and courage to step beyond conventional diplomatic approaches to such problems with Nepal was Atal Bihari Vajpayee. Prime Minister Narendra Modi appears to have not only vision and courage but also the necessary political self-confidence in selling difficult policies and decisions to the nation, overriding the usual bureaucratic and inevitable nationalistic political posturing. Rabi Lamichhane, President of Nepal's ruling Rastriya Swatantra Party and Nepal's Foreign Affairs Minister Shishir Khanal visited India recently to engage in political and diplomatic meetings. The timing of their visits was crucially important.

It is time for India and Nepal to move towards a more enlightened bilateral relationship to build a model sustainable partnership.

(K. V. Rajan is former Indian Ambassador to Nepal and Atul K. Thakur is a policy professional. Views are personal.)

THE GIST

The boundary dispute over Kalapani, Lipulekh and Limpiyadhura continues to strain India-Nepal ties, with both sides maintaining competing territorial claims and relying on historical maps and inherited boundary lines.

Recent developments reflect shifting diplomatic signals, with both countries emphasising dialogue and expert-level engagement, though differences over trade routes, protocol, and sovereignty remain unresolved.

Key Drivers of Change

A. Shifting Political Mindset (New and Young Leadership)

- **Generational Shift:** The reins of Nepal are now in the hands of a younger generation that is free from past ideological rifts, nepotism, and corruption, prioritizing future-oriented economic and social development instead.

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

- **An Approach of Equality:** Instead of leveraging the easy political access historically granted under the traditional 'special relationship' with India, the new leadership treats India diplomatically on par with other sovereign nations. (For instance, PM Balen Shah refused to break protocol to meet Indian Foreign Secretary Vikram Misri).

B. Rational Approach to Border Dispute

- **Acknowledgment of Mutual Encroachment:** The Nepalese PM acknowledged that border disputes concerning Kalapani, Lipulekh, and Limpiyadhura could involve encroachments from both sides. He emphasized an objective evaluation of facts and a peaceful resolution.
- **Attempts at Trilateral Diplomacy:** Nepal has mentioned consulting the UK (owing to British-era maps) and China on this issue—a move that India has strongly opposed. India remains strictly against any 'third-party' mediation.

C. Objections to Trade and Religious Tourism

- **Lipulekh Pass Controversy:** Nepal has raised objections over the resumption of India-China trade via the Lipulekh Pass and India's construction of the Kailash Mansarovar pilgrimage route. India has rejected Nepal's claims, calling them 'unjustified' and an 'artificial enlargement' of territory.
- **Map Controversy:** Mirroring previous governments, the current Nepalese administration has printed the disputed map on its currency notes, keeping the issue highly sensitive in domestic politics.

Challenges Ahead

- **Contradictions in Mapping Data:** Cartographic updates made with modern technology periodically by the East India Company and subsequent British administrations contain geographical contradictions, complicating consensus at the diplomatic level.
- **Growing Influence of China:** Chinese President Xi Jinping has officially advised Nepal to resolve its border disputes with India. However, the Nepalese Foreign Minister's upcoming visit to Beijing and the suggestion of a 'third party' continue to escalate India's security concerns.
- **A Legacy of Mistrust:** The friction generated during the drafting of Nepal's constitution in 2015 and the impact of the informal 'Economic Blockade' by India still resonate within the Nepalese public psyche and the rhetoric of the new leadership.

New and raw

Nepal and India must avoid misspeaking on border issues

The visit of Nepal Foreign Minister Shisir Khanal to Delhi, which followed right after the visit of Nepal's new ruling party RSP's President Rabi Lamichhane and ahead of a proposed visit by the new Finance Minister Swarnim Wagle, signals an intense outreach between Delhi and Kathmandu's new leadership. Mr. Khanal had met External Affairs Minister S. Jaishankar in April, on the sidelines of an Indian Ocean regional conference in Mauritius, but this was his first visit to India since the RSP and newly elected Prime Minister Balen Shah took power after the GenZ protests. The meetings, a lead up to an expected India visit by Mr. Shah, indicate a step-by-step approach to building ties, with Delhi laying out the red carpet for Mr. Lamichhane, who met with top functionaries of the BJP, Prime Minister Narendra Modi, the Home Minister, Mr. Jaishankar and the National Security Adviser. These meetings came just after Mr. Shah's address to his Parliament where he accused India of occupying parts of Nepal while also claiming that Nepal is in control of parts of Indian territory, and much to New Delhi's outrage, added that Nepal was in touch with the U.K. and China on the issue. Such comments by Mr. Shah, and his decision to stick to protocol and refuse a meeting with India's Foreign Secretary Vikram Misri, no doubt ruffled feathers, and Mr. Lamichhane's first task was to smooth feelings on the issue. In a media meet, Mr. Khanal also sought to diffuse the tensions, suggesting that the Nepal government was committed to turning a page in Nepali politics, and casting aside "old baggage" with India. The MEA rejected any role for a "third party" in negotiations, particularly China, given that Mr. Khanal's next visit is to Beijing. No doubt, the territorial issues over Limpiyadhura, and Lipulekh will heat up again this summer as India sends more groups over the border areas which Kathmandu claims, for the Kailash Mansarovar Yatra to Tibet.

The agenda between India and Nepal is at present too broad and too deep, from border management and renegotiating water sharing agreements to infrastructure, trade development projects and energy sharing, to be derailed at this point. While Nepal's new government may be granted some leeway for early misspeaking, Kathmandu and Delhi must tread carefully in their words and steps. Any indication from Kathmandu that it is cavalier about India's position in the region, or from Delhi that it seeks to interfere with the new government's working, could set off the same cycles of mistrust that have dogged the relationship, particularly since the Nepal Constitution friction and trade blockade from India in 2015. While the Modi government's diplomatic tasks have been made more complex by youth protests that have dislodged entrenched power structures in the Maldives, Sri Lanka, Bangladesh and Nepal, this may also be an important opportunity to rework its discourse and partnership framework with smaller yet important neighbours in South Asia.

Way Forward: Diplomatic Options for India and Nepal

To keep this multifaceted bilateral relationship on track, the following practical steps can be taken:

- **Leveraging the Tradition of an Open Border:** The two nations share a historic tradition of a more than 1,700-km-long open border. This arrangement functioned smoothly even in the disputed regions prior to the 1962 India-China war. There is an urgent need to revive this spirit.
- **Military Diplomacy:** The Indian and Nepalese armies share deep-rooted historical ties, mutual trust, and institutional connections (both countries confer the title of honorary General upon each other's Army Chiefs). This robust relationship can be utilized to broker a pragmatic border settlement.
- **Prioritizing Economic Cooperation:** Without putting the border dispute on the back burner, the core agenda must focus on hydro-energy, infrastructure development, cross-border trade, and digital connectivity (such as the rollout of UPI in Nepal).
- **Political Will and Sensitivity:** PM Narendra Modi possesses the political confidence required to present tough policies to the nation. India must view the youth-led political transitions sweeping South Asia (as seen in the Maldives, Sri Lanka, Bangladesh, and now Nepal) not as threats, but as opportunities to restructure bilateral partnerships fresh.

Conclusion

The geography, culture, and history of India and Nepal are so deeply intertwined that the relationship cannot be held hostage indefinitely by issues like border disputes. Both sides must tread carefully, viewing certain statements from Kathmandu's new leadership as initial political immaturity. Diplomatic talks must be prevented from devolving into endless debates so that these issues do not turn into permanent irritants. The time has come for both nations to break free from rigid, dogmatic patterns and make bold, direct policy decisions at the Prime Minister's Office (PMO) level. This will transform this unique bond into an enlightened, sustainable 21st-century model partnership.

UPSC Mains Practice Questions

Question: Political transitions in neighbouring countries often reshape India's foreign policy priorities. Examine this statement in the context of recent developments in Nepal. (10 Marks, 150 Words)

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

Page 13 :GS III :Indian Economy/ Preliminary Examination

The recently initiated Iran War (effective February 28) has severely disrupted the global energy supply chain. While the Indian economy was in a "Goldilocks Phase" at the beginning of 2026—characterized by robust growth rates and low inflation—this war has completely altered the landscape. As the world's third-largest oil importer and consumer, India imports nearly 90% of its crude oil requirements. The effective blockade of the Strait of Hormuz—through which one-fifth of the world's oil and gas passes—has posed a severe crisis to India's macroeconomic stability, fiscal arithmetic, and growth trajectory.

Key Impact Areas on the Indian Economy

A. Energy Price Shock & Inflation

- Surge in Crude Oil Prices:** Following the outbreak of the war, international crude oil prices surged to \$120 per barrel. Although prices have eased slightly since, they still remain 30% higher than pre-war levels. Gas prices have witnessed a massive 75% spike.
- Surging Import Bill:** In the month of April alone, India's oil and gas import bill skyrocketed by 53% compared to March.
- Inflationary Pressure:** According to the Reserve Bank of India (RBI), driven by high fuel and energy costs, the average retail inflation is projected to climb to 5.1% in the fiscal year 2026-27, up from the 3.48% recorded in April.

Indian economy, govt. finances, see mounting costs from Iran war

Indian economy heavily reliant on oil imports; inflation risks from war are building; puts increasing pressure on government finances; analysts see war having a deepening impact on the economy; 'any move to rein in public-sector capex to stabilise conditions would risk further slowing growth'

NEWS ANALYSIS

Reuters
NEW DELHI

A few months ago, India's economy was humming along nicely. Inflation was benign and growth steady—the strongest among the world's leading economies.

Now, India is increasingly counting the cost of the Iran war, which economists say will keep mounting if the deadlock between the U.S. and Iran remains unresolved and the blockade of oil supplies continues.

As the world's third-largest oil importer and consumer, India ships in about 90% of its oil, making its economy one of the most exposed to the war and the prolonged war-related disruptions, which include the effective blockade of the Strait of Hormuz through which a fifth of global oil and gas transit.

While India has announced a flurry of measures to contain the impact on the rupee and foreign exchange reserves, the latest of which were from the Reserve Bank of India on Friday, analysts say the broader drag on economic growth, inflation and government finances is set to increase so long as oil prices remain elevated.

"India is set for a series



War clouds: Vendors sit at a vegetable stall selling cauliflowers at a market in Bengaluru. REUTERS

of supply shocks," Michael Langham, emerging markets economist at Aberdeen Investments, said.

Supply disruption risk
Apart from pressure on oil prices, the country also faces supply disruptions to fertilizer as a result of the Iran war, which will impact key crops like wheat when farmers are already bracing for an El Nino weather phenomenon that often portends drought.

"This will all drag on India's growth outlook, yet the ability of the RBI to look through the energy price shock from the Strait of Hormuz will be increasingly difficult given the overlapping nature of these supply shocks," Langham said.

At the end of last year,

oil prices surged after the war began on February 28, climbing to nearly \$120 per barrel. Prices have eased, but they remain about 30% higher overall, while gas prices have risen 75% over the same period.

As a result, the central bank sees inflation averaging 5.1% in the financial year to the end of March 2027, up from a 3.48% reading in April, and economic growth slipping to 6.6% from 7.7% in the previous year.

While the RBI kept rates on hold last week, interest rate swap markets are pricing in at least 25 basis points of rate hikes over the next three months and more than 75 basis points over the next year.

Structural challenges
"India continues to face deeper structural challenges which has weighed on foreign direct investment, employment, manufacturing expansion, consumption, and nominal GDP growth," said Sat Duha, portfolio manager at Asia ex-Japan equity team at Janus Henderson Investors.

Duha said the energy shock will undermine growth and pressure government finances. "Any move to rein in public-sector capex to stabilise conditions would risk further slowing growth," he said. "This leaves policymakers in a difficult position."

India delayed raising re-

tail fuel prices as import costs mounted. Petrol and diesel are up less than 10% since then, compared with 50% or more in some other oil-importing countries in Asia.

Petrol and diesel prices are deregulated, but the government exerts significant influence as the majority shareholder of the key retail companies.

Elsewhere, high prices have reduced demand and helped balance undersupplied markets.

The government has said it will not compensate fuel retailers for losses, a strategy analysts say will come at a cost for the government, such as through reduced dividends, and so cut its financial firepower to handle the crisis.

The government's fertilizer subsidy is likely to jump 20% in 2026/27, a government official said.

Fertilizer subsidy
Fertilizer is vital for India's agrarian economy, which supports nearly half the population, but may be more so this year given the risk of drought owing to El Nino. The government also cut gasoline and gas oil taxes, forgoing \$140 billion in monthly revenues.

The government is targeting a fiscal deficit of 4.3% of GDP this financial year, but a Reuters poll forecast it would swell to 4.7% and some economists see it going as high as 5%.

B. Pressure on Balance of Payments (BoP) and Exchange Rate

- Current Account Deficit (CAD) and BoP:** The swelling oil import bill is expected to widen India's Balance of Payments deficit. Projections indicated that this deficit could touch \$65 billion in FY 2026-27 (compared to \$25.2 billion or 0.6% of GDP in FY 2025-26).
- Policy Interventions:** Following recent measures implemented by the RBI, HSBC estimates that the situation will improve by approximately \$30 billion; however, the pressure will persist. To defend the Rupee from depreciating, the government is curbing gold imports and appealing to citizens to opt for public transport.

C. Government Finances & Fiscal Deficit

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

- **Revenue Losses:** To provide relief to citizens, the government slashed taxes on petrol and diesel, resulting in a revenue loss of ₹140 billion per month to the exchequer.
- **Rising Subsidy Burden:** Due to the Iran war, India is facing disruptions in fertilizer supply. Consequently, the government's fertilizer subsidy bill is projected to escalate by 20% in FY 2026-27.
- **Missing the Fiscal Deficit Target:** The government had set a fiscal deficit target of 4.3% of GDP for the current financial year, but analysts forecast that it could slip to between 4.7% and 5%.

D. Double Whammy on the Agriculture Sector

- **The El Niño Threat:** Indian farmers are already grappling with the threat of drought due to the El Niño weather pattern.
- **Fertilizer Crisis:** War-induced shortages and skyrocketing prices of fertilizers could hurt the production of major crops like wheat, dealing a direct blow to the rural economy and food security.

Structural Challenges Before Policymakers

- **Capex vs. Growth Rate:** If the government cuts down its public sector capital expenditure (Capex) to maintain economic stability, it will further decelerate the country's economic growth. According to analysts, India's GDP growth rate could plummet to 6.6%, down from 7.7% in the previous year.
- **Compulsion to Hike Interest Rates:** Pressure is mounting on the central bank (RBI) to raise interest rates to rein in inflation. According to the swap markets, rates could be hiked by up to 75 basis points over the next year, making credit expensive for industries and hurting foreign direct investment (FDI).
- **Losses of Oil Marketing Companies:** The government has allowed retail fuel prices in the domestic market to rise by only 10% (whereas they have risen by up to 50% in other Asian economies). The government will not be compensating these oil companies, which will lead to lower dividends for the exchequer and diminish its financial firepower to combat the crisis.

Way Forward

To mitigate this external shock, India needs to work on both short-term and long-term strategies:

- **Strategic Petroleum Reserves (SPR):** India must rapidly expand its strategic crude oil reserves to ensure a backup of at least 30 to 45 days in the event of supply disruptions.
- **Energy Diversification and Green Transition:** To reduce reliance on crude oil, the momentum toward electric vehicles (EVs), ethanol blending (biofuels), and renewable energy (solar and wind power) must be doubled.
- **Alternative Trade Routes:** To diminish dependence on the Strait of Hormuz, India should explore alternative logistics and supply routes through Oman or other friendly nations.

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

- **Targeted Fiscal Support:** Avoiding unchecked spending, the government should confine subsidy support strictly to critical sectors like agriculture and critical manufacturing so that the fiscal deficit does not spiral out of control.

Conclusion

The Iran War has underscored that despite India's robust domestic demand, global geopolitical tensions can severely impact the Indian economy. This crisis presents a grueling test of 'Growth vs. Fiscal Discipline'. India's policymakers must strike a delicate balance between controlling inflation and stabilizing the Rupee without putting the brakes on capital expenditure (Capex). The long-term solution lies solely in achieving 'Atmanirbharta' (self-reliance) in the energy sector and rapidly diversifying import sources.

UPSC Prelims Exam Study Questions

Question: Strategic Petroleum Reserves (SPR) are maintained primarily to:

- (a) Control retail fuel prices permanently.
- (b) Meet emergency energy requirements during supply disruptions.
- (c) Export crude oil during shortages.
- (d) Reduce GST collection on petroleum products.

Answer: b)

UPSC Mains Practice Questions

Question: Geopolitical conflicts in West Asia have far-reaching implications for India's macroeconomic stability. Discuss with suitable examples. (10 Marks, 150 Words)

India's road through Myanmar is one of engagement

When Myanmar's President U Min Aung Hlaing landed in Bodhi Gaya, Bihar, on May 30, 2026, the symbolism was hard to miss. Before travelling to New Delhi for talks with Prime Minister Narendra Modi and President Droupadi Murmu, he visited the Mahabodhi Temple, one of Buddhism's holiest sites and a UNESCO World Heritage Site. The stopover underscored a broader message: India was welcoming Myanmar's leader not only through the language of diplomacy but through shared civilisational ties.

This is a major diplomatic engagement, the first visit to India (May 30– June 3, 2026) by Min Aung Hlaing in his capacity as President, reflecting the growing importance of India-Myanmar relations in a shifting geopolitical environment of South and Southeast Asia. For New Delhi, the timing and tone are equally significant.

Why now

The world's democracies have largely turned away from Naypyidaw since the February 2021 coup that ousted Aung San Suu Kyi's elected government. Western nations imposed sanctions and sought to isolate the military regime. But Foreign Secretary Vikram Misri told reporters that India's policy is "not intended to be a commentary on the internal political arrangements" in Myanmar, and that New Delhi believes engagement is the best way forward.

This is realpolitik disguised as pragmatism. Myanmar is India's gateway to Southeast Asia and a cornerstone of its Act East and Neighbourhood First policies. Sharing a 1,643-km border with four northeastern States, Myanmar's instability poses a direct threat to India's security interests in the region.

Then there is the China factor. Beijing has aggressively cultivated Naypyidaw since the coup, filling the vacuum left by western withdrawal with infrastructure financing, arms supplies, and



Harsh V. Pant

Vice-President,
Observer Research
Foundation



**Sreeparna
Banerjee**

Associate Fellow,
Strategic Studies
Programme, Observer
Research Foundation

Connectivity,
security, and
China shape
India's outreach
to Myanmar

diplomatic cover. For India to cede Myanmar's strategic space entirely to China would be a self-inflicted wound in its own backyard.

The infrastructure stakes

Few indicators better reflect the depth of India's strategic investment in Myanmar than the Kaladan Multi-Modal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway – two connectivity corridors that dominated the Modi-Hlaing agenda.

The Kaladan project connects Kolkata to Sittwe by sea, then follows the Kaladan River inland to Paletwa, before linking by road to Zorinpui in Mizoram. The sea and river components are operational, with the first cargo shipment reaching Sittwe in May 2023. But the critical 109-km Paletwa-Zorinpui Road running through mountainous, flood-prone terrain in Chin State remains incomplete. India's Shipping Minister told Parliament in 2025 that full operationalisation is targeted for 2027.

The Trilateral Highway carries an even grander ambition: linking Moreh in Manipur to Mae Sot in Thailand through Myanmar over roughly 1,360 km, with planned extensions to Cambodia, Lao PDR, and Vietnam. Once completed, it could transform India's landlocked northeast into a gateway to Southeast Asia. It was supposed to be finished by 2019. It still is not.

Myanmar's internal conflict lies behind both delays. Armed groups control large stretches of territory along the two corridors, making construction difficult and unpredictable. President Hlaing assured Mr. Modi that Myanmar would do "everything" to complete the projects, while Mr. Misri reiterated that they remain a "major priority" despite security challenges. At the Myanmar-India Trade and Investment Conclave, Mr. Aung Hlaing described them as vital to the Association of Southeast Asian Nations (ASEAN)-India economic corridor. The real question is whether these assurances will

translate into progress on the ground. Beyond infrastructure, the summit covered significant ground. Bilateral trade stood at \$1.95 billion in 2025-26, and both sides agreed to increase it through a rupee-kyat settlement mechanism, with additional discussions on critical minerals and rare-earth cooperation.

On security, Mr. Aung Hlaing reiterated Myanmar's assurance that its territory would not be used against India's interests – a significant pledge given the long presence of Indian insurgent groups and cybercrime networks in Myanmar's border regions. More than 2,400 Indian nationals have been rescued from scam centres through bilateral cooperation over the past 18 months, though many remain trapped. On education, India announced an increase in Mekong-Ganga ICCR scholarships for Myanmar students from 36 to 100 annually for 2026.

The larger reckoning

By receiving Mr. Aung Hlaing as Myanmar's President, India has signalled a degree of acceptance of the country's evolving political reality. This does not necessarily amount to endorsement of the military-backed government. Still, it suggests a recognition that meaningful engagement with Myanmar requires working with those currently in power. For Myanmar, the visit is equally consequential. Mr. Aung Hlaing last visited India in 2019 as Myanmar's military chief. His return to New Delhi as head of state – and his choice of India for his first major bilateral visit abroad – signals a deliberate engagement with a neighbour that can provide a diplomatic and economic counterweight to overwhelming Chinese dependence. For India, the calculus is rooted in geography, security and the recognition that disengagement rarely produces better outcomes. The message is clear: pragmatic engagement, however uncomfortable, may increasingly shape regional approaches to Myanmar in the years ahead.

GS Paper II: International Relations

UPSC Mains Exam Practice Questions: India's engagement with Myanmar reflects the balance between strategic realism and democratic values. Critically examine. (15 Marks, 250 Words)

Context: The first official visit of Myanmar's President U Min Aung Hlaing to India in May–June 2026 marks a new strategic turning point in bilateral relations. Following the 2021 military coup, while Western nations adopted a

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

policy of isolating and imposing sanctions on Myanmar, India chose the path of direct engagement with Myanmar's current leadership through pragmatic diplomacy (Pragmatism) and shared cultural ties (such as the President's visit to Bodh Gaya). This policy aligns with India's 'Neighbourhood First' and 'Act East' principles.

Key Drivers of India-Myanmar Engagement (Why India is Engaging Now)

India's move to strengthen ties with Myanmar is driven by the following realpolitik and geopolitical reasons:

- **Policy of Non-Interference in Domestic Politics:** According to India's Ministry of External Affairs, India's policy is to refrain from commenting on Myanmar's internal political system. India believes that continuous dialogue, rather than isolation, is the only way forward.
- **Security and Stability of the Northeast:** India shares a 1,643-kilometer-long border with Myanmar, which touches four northeastern states (Arunachal Pradesh, Nagaland, Manipur, and Mizoram). Any instability in Myanmar directly triggers insurgency and security challenges in India's northeast.
- **The China Factor:** Capitalizing on the vacuum created by the withdrawal of Western nations post-coup, China has aggressively increased its heavy investments, infrastructure financing, and arms supplies to Myanmar. Preventing Myanmar from slipping completely into China's sphere of influence is in India's core strategic interest.

Infrastructure & Connectivity Projects at Stake

Two highly critical connectivity corridors topped the agenda during the bilateral talks:

A. Kaladan Multi-Modal Transit Transport Project (Kaladan Project)

- **Route:** This project connects the Kolkata port to the Sittwe port in Myanmar via sea, then routes through the Kaladan river to Paletwa, and from there connects to Zorinpui in Mizoram by road.
- **Status:** Its maritime and riverine segments are already operational (the first shipment arrived in May 2023). However, the construction of the 109-km-long Paletwa-Zorinpui road section in the mountainous and insurgency-hit Chin State is still pending. The target is to make it fully operational by 2027.

B. India-Myanmar-Thailand Trilateral Highway

- **Route:** This highway, spanning approximately 1,360 kilometers, connects Moreh in Manipur to Mae Sot in Thailand via Myanmar. Future plans include extending this highway to Cambodia, Laos, and Vietnam.
- **Challenge:** Ongoing internal civil war and control by armed rebel groups within Myanmar have caused persistent delays in this project.

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai - 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

Other Dimensions of Cooperation: Security, Trade, and Culture

- **Security Assurances:** President Hlaing has assured India that Myanmar's territory will not be allowed to be used for anti-India activities (by northeastern insurgent groups).
- **Crackdown on Cybercrime Networks:** Through bilateral cooperation over the past 18 months, more than 2,400 Indian citizens have been rescued from illegal online scam centers operating in the border regions.
- **Economic Cooperation:** Bilateral trade stood at \$1.95 billion in FY 2025-26. To boost trade, both nations have agreed on a 'Rupee-Kyat settlement mechanism'. Additionally, discussions were held on rare-earth elements and critical minerals.
- **Educational and Cultural Engagement:** India announced an increase in the number of Mekong-Ganga ICCR scholarships for Myanmar students, raising it from 36 to 100 annually (effective from 2026).

Way Forward for India

- **Balanced Diplomacy:** While engaging with Myanmar's military regime, India must also maintain informal channels with democratic forces (such as supporters of Aung San Suu Kyi and various ethnic groups) so that India's interests remain unaffected during future political transitions.
- **Expediting Project Implementation:** To complete strategic projects like the Kaladan and Trilateral Highway within the 2027 deadline, practical avenues for ground-level security and coordination must be explored with local rebel groups that control those territories.
- **Leveraging Soft Power:** Buddhism and historical cultural ties must be utilized to sustain a positive perception of India among the general public of Myanmar.

Conclusion

The Myanmar President's visit to India clarifies that in international politics, geography and security concerns cannot be ignored for the sake of idealism. For Myanmar, India serves as a reliable neighbor that offers a 'diplomatic and economic counterweight', preventing it from becoming excessively dependent on China. For India, this uneasy yet pragmatic engagement with Myanmar is the only logical option to curb Chinese expansionism in the region and secure the development of Northeast India.

