

The Hindu Important News Articles & Editorial For UPSC CSE

Saturday, 17 Jan, 2026

Edition : International Table of Contents

Page 03	Talks on Chabahar port operations will continue with U.S. and Iran: MEA
Page 05	Expert panel sets norms for religious sites in sanctuaries
Page 06	On mute : India's interests can be secured only by assertion of its strategic autonomy
In News	RBS-15 Missile
In News	Henley Passport Index
Page 06 : Editorial Analysis	Budget 2026-27 must keep the growth momentum
Syllabus : GS II : International Relations	
Syllabus : GS II & GS III : Governance & Environment	
Syllabus : GS II : International Relations	
In News	
Syllabus : Prelims Exam	
In News	
Syllabus : Prelims Exam	
Page 06 : Editorial Analysis	
Syllabus : GS III : Indian Economy	

Page 03 : GS II : International Relations / Prelims Exam

India has reiterated its commitment to continue discussions with the United States and Iran to sustain operations at **Chabahar Port**, despite renewed geopolitical and sanctions-related pressures. The issue has gained prominence following fresh tariff threats by the U.S. and speculation about India scaling down its involvement.

Talks on Chabahar port operations will continue with U.S. and Iran: MEA

Kalol Bhattacherjee
 NEW DELHI

India remains engaged with both the United States and Iran about ways to continue operations at the port of Chabahar in southeastern Iran, officials said on Friday.

India's relationship with Iran has come under renewed stress since U.S. President Donald Trump announced a new round of tariffs on January 12, saying that any country that wants to trade with the U.S. while maintaining trading ties with Iran would be subjected to an extra 25% tariff.

The announcement brought into focus India's investments into the port of Chabahar, for which New Delhi had received an exemption from the Trump administration last year. Recent media reports had suggested that India would be wrapping up its work in Chabahar.

Ministry of External Affairs spokesperson Randhir Jaiswal said on Friday, "On October 28, 2025, the U.S. Department of Treasury had issued a letter outlining the guidance on the conditional sanctions waiver



India has a sanctions waiver from the U.S. that is valid till April 26, 2026, providing additional time for negotiations. FILE PHOTO

er valid till April 26, 2026. We remain engaged with the U.S. side in working out this arrangement."

Describing the India-Iran relationship as "long standing", Mr. Jaiswal said that the ties would be taken forward.

Officials explained that the recent media reports highlighting Indian plans to wrap up operations at Chabahar did not account for the fact that India and Iran maintain dialogues on several difficult issues, with the relationship evolving over decades as Tehran dealt with various types of western sanctions.

They pointed out that the waiver will be in place till April 26, 2026, which provides some additional time for negotiation with

the U.S., especially as External Affairs Minister S. Jaishankar is expected to meet U.S. Secretary of State Marco Rubio next month.

Negotiations with U.S.

"Our negotiations with the Americans are continuing and we will take up the case of Chabahar where we like to be present," an official said, without ruling out India renewing its work in Chabahar.

Chabahar would have featured in talks with Iranian Foreign Minister Seyed Abbas Araghchi who was expected to visit India this month, though this was not announced officially, against the backdrop of internal turbulence in Iran.

Background and Key Developments

India has invested in Chabahar Port as a strategic connectivity project, providing access to Afghanistan and Central Asia while bypassing Pakistan.

The U.S. administration has announced that countries trading with Iran could face an additional 25% tariff, creating uncertainty for India-Iran economic engagement.

India currently enjoys a **conditional sanctions waiver** from the U.S., valid until April 26, 2026, as confirmed by the **Ministry of External Affairs**.

Media reports suggesting India's exit from Chabahar were countered by the MEA, which emphasized ongoing negotiations and long-standing India-Iran ties.

Daily News Analysis

Diplomatic engagement is expected to continue, including a likely meeting between External Affairs Minister **S. Jaishankar** and U.S. Secretary of State **Marco Rubio**.

Strategic Significance for India

Geopolitical and Strategic Autonomy: Chabahar strengthens India's presence in the Indian Ocean region and supports a balanced West Asia policy, maintaining ties with both Washington and Tehran.

Connectivity and Trade: The port is central to the International North–South Transport Corridor (INSTC), enhancing trade with Central Asia, Russia, and Europe.

Regional Stability: Continued engagement with Iran enables India to play a constructive role in Afghanistan's humanitarian and economic outreach.

Diplomatic Balancing: India's approach reflects strategic hedging—engaging the U.S. on sanctions compliance while safeguarding core national interests.

Challenges

Risk of secondary sanctions or economic penalties from the U.S.

Volatility in Iran due to internal political turbulence and external pressures.

Uncertainty over long-term waivers and policy continuity in U.S. foreign policy.

Conclusion

India's stance on Chabahar underscores its pursuit of strategic autonomy through diplomacy and dialogue. By leveraging the existing sanctions waiver and sustained engagement with both the U.S. and Iran, India aims to protect its long-term connectivity, economic, and geopolitical interests while navigating a complex global sanctions regime.

UPSC Prelims Exam Practice Question

Ques: The sanctions waiver related to India's operations at Chabahar Port is currently valid till:

- (a) April 2025
- (b) October 2025
- (c) April 2026
- (d) January 2027

Ans: (c)

UPSC Mains Exam Practice Question

Ques: India's engagement at Chabahar Port reflects its balancing act between national interest and global geopolitics. Analyze. (150 Words)



Page 05 : GS II & GS III : Governance & Environment

In a significant development for environmental governance, the Standing Committee of the National Board for Wildlife has framed draft guidelines to regulate religious structures within wildlife sanctuaries and protected areas. The move seeks to balance conservation imperatives with faith-based claims over forest land.

Expert panel sets norms for religious sites in sanctuaries

The guidelines, which are still being deliberated upon by State governments, say that as a general principle, any construction on forest land after 1980 ought to be treated as encroachment

Jacob Koshy
 NEW DELHI

An apex expert body of the Environment Ministry, which decides on permitting infrastructure development within wildlife habitat, has brought out guidelines that specify conditions under which land inside wildlife parks or sanctuaries may be diverted for religious structures.

This follows a first-of-its-kind instance, when a proposal for land diversion within the Balaram Ambaji Wildlife Sanctuary, Gujarat, came up in early 2024. The sanctuary is host to, according to the State Government, "...two historical temples—Balaram and Ambaji—situated at the opposite corners of the sanctuary."

Case in point

In July 2024, the body—Standing Committee of the National Board for Wildlife (SCNBWL)—had cleared a proposal by Pramukhshri Mukundpuriji Maharaj Seva Trust, Palanpur, Gujarat to "use" 0.35 hectares of forest land in the Balaram



Rights in limbo: Forest officials say several sanctuaries across the country are yet to settle rights and claims. FILE PHOTO

Ambaji Wildlife Sanctuary after Chief Wildlife Warden and the State Government approved the proposal, citing the existence of the "establishment" before the settlement of forest rights in the region.

However, in October 2024, the SCNBWL decided to revoke a clearance after one of its members, HS Singh, said that the right of the Trust on the land had not been recognised or recorded in the forest settlement report or any other government records. Mr. Singh warned that this being the first instance of

sanctuary land being considered for allotment to a religious institution, it could set a precedent for similar demands for protected area land.

He requested the Committee to reconsider its recommendation.

During deliberations, the Inspector General of Forests noted there were several such sanctuaries across the country where rights and claims had not been settled. Following this, the Chairman of the Committee (Environment Minister Bhupendra Yadav) said there were sacred

caves and religious places inside forests and wildlife areas mentioned in religious texts. The followers, he said, had decided to develop these areas as a matter of faith and, therefore, an SOP be formulated for submission of applications to the Committee involving religious institutions. He suggested a panel comprising Dr. H. S. Singh and Dr. R. Sukumar may be formed for that purpose.

Rules for construction

These guidelines—though still being deliberated upon by State Governments—say that as a general principle, any construction or expansion on forest land after 1980 ought to be treated as "encroachment." A summary of the guidelines was presented before the SCNBWL in its December 2025 meeting, the meeting records note.

However, in exceptional cases where the State has issued a reasoned and documented order justifying proposed regularisation, such cases could be referred to the Ministry for further consideration on a case-by-case basis.

Background and Context

The guidelines have been formulated by the **Standing Committee of the National Board for Wildlife**, an apex body under the Environment Ministry that clears projects in wildlife habitats.

The trigger was a controversial proposal in the **Balaram Ambaji Wildlife Sanctuary** (Gujarat), where diversion of forest land for a religious trust was initially approved and later revoked.

Daily News Analysis

A key concern raised during deliberations was that allowing such diversions without settled forest rights could create a precedent for encroachment in protected areas across India.

Key Features of the Guidelines

Post-1980 Construction as Encroachment

Any construction or expansion on forest land after 1980 is to be treated as encroachment, in line with the Forest (Conservation) Act, 1980.

Exceptional Regularisation Clause

In rare cases, if a State government issues a reasoned and well-documented order justifying regularisation, the proposal may be referred to the Environment Ministry for case-by-case consideration.

Recognition of Unsettled Rights

The guidelines acknowledge that in several sanctuaries, forest rights and claims are yet to be fully settled, complicating decisions on land use.

Standard Operating Procedure (SOP)

Following directions from the Chairperson of the Committee, **Bhupendra Yadav**, an SOP is being evolved to deal specifically with applications from religious institutions.

Significance for UPSC Perspective

Environmental Governance: Reinforces the primacy of conservation laws and the precautionary principle in protected areas.

Forest Rights and Rule of Law: Highlights gaps in settlement of rights under forest laws and the potential misuse of religious claims.

Centre-State Dynamics: States are given a role, but final scrutiny rests with the Centre, ensuring uniform standards.

Ethics and Public Policy: Raises questions on balancing faith-based sentiments with ecological integrity and intergenerational equity.

Challenges and Concerns

Risk of politicisation of religious claims in ecologically sensitive areas.

Weak documentation of historical rights may lead to disputes and litigation.

Enforcement challenges in preventing incremental encroachments.

Conclusion

Daily News Analysis

The draft norms mark an important attempt to bring clarity and consistency to a sensitive issue at the intersection of faith, forest rights, and wildlife conservation. If implemented rigorously, they can help prevent dilution of protected areas while ensuring that any exceptional consideration is grounded in law, transparency, and ecological prudence.

UPSC Mains Exam Practice Question

Ques : Religious structures inside protected forest areas pose complex challenges for environmental governance in India. In the light of recent expert guidelines, analyse the legal, ecological, and ethical dimensions of allowing or regularising such structures in wildlife sanctuaries. **(250 words)**



Page 06 : GS II : International Relations

The opinion piece critiques India's subdued diplomatic responses to aggressive and unilateral actions by the United States — including tariff threats and pressure over strategic engagements with Iran — and underscores the need for India to assert its strategic autonomy. This debate is situated within broader geopolitical tensions that involve global power dynamics, economic coercion, and India's foreign policy choices. The commentary has contemporary relevance due to ongoing U.S. sanctions and tariff pressures affecting India's external engagements.

Context: U.S. Actions and Indian Policy Stance

U.S. Tariff and Sanctions Measures: The Trump administration has imposed steep unilateral tariffs on Indian exports and threatened additional levies tied to India's external engagements, particularly with Iran and Russia. A new proposal in the U.S. Congress could mandate tariffs up to 500 per cent on states buying Russian energy, intensifying trade frictions.

U.S. Tariff on Iran Trade: President Trump's announcement that any country trading with Iran would incur a 25 per cent tariff has direct implications for India's foreign policy calculus, especially given its limited but strategically significant economic and infrastructural involvement with Iran.

India's Diplomatic Responses: Indian diplomatic statements have been cautious. While *travel advisories* and safety guidance have been issued, India has generally avoided directly confronting the U.S. on its military and economic actions — exemplified in muted reactions to U.S. engagements in Venezuela or punitive threats against Iran.

Chabahar Engagement: India is negotiating terms to sustain operations at the **Chabahar Port** under a conditional U.S. sanctions waiver valid till April 26, 2026. The MEA has stressed continued engagement with Washington to protect its interests.

Strategic Autonomy: Core of India's Foreign Policy

The commentary asserts that India's diplomatic caution reflects a broader struggle to balance ties with the U.S. while protecting sovereign interests. Strategic autonomy — defined as the ability to pursue independent policy choices free from external coercion — is central to India's foreign policy ethos, rooted in historical non-alignment and post-Cold War multipolar aspirations. Key elements include:

Independent Decision-Making: India's reluctance to publicly confront U.S. actions — even when these impact Indian interests — is seen as a tendency to prioritize bilateral cooperation over principled stances.

Economic and Security Balancing: Despite tariff wars and sanctions, India continues to pursue economic engagement with the U.S. while seeking to safeguard strategic projects like Chabahar, which are pivotal for regional connectivity.

On mute

India's interests can be secured only by assertion of its strategic autonomy

The new year has brought little change in the geopolitical turmoil unleashed by the Trump administration, beginning with the U.S.'s unlawful action in Venezuela, followed by its threats to carry out similar regime-changing operations in South America and stated plans to annex Greenland. The U.S. Congress is now expected to discuss a new law that mandates up to 500% in tariffs on countries purchasing oil or uranium from Russia. The U.S. also stepped up its rhetoric against Iran for crackdowns against protesters, imposing more sanctions and threatening to attack it. In a social media post, Mr. Trump said that he would levy an additional 25% tariff on trade with any country doing business with Iran and the U.S. is pushing India to wind up operations at Chabahar port, where India has invested billions of dollars. In the face of such aggressive and unilateral actions, New Delhi's responses have been muted, when not weak. The Ministry of External Affairs (MEA) has expressed "deep concern" over events in Venezuela, but did not mention the U.S.'s egregious action of kidnapping the Venezuelan President and his wife, nor did it refer to the violation of basic tenets of international law. No statement has been made on the threats against the other countries (Cuba and Colombia), presumably as they are not in India's immediate vicinity. On Iran, however, which is a close neighbour and has a historical relationship with India, the government's reaction has been the most puzzling. It has not commented on the street protests or the U.S.'s threats of strikes and tariffs. The MEA has, however, issued travel advisories for Iran and Israel and is preparing evacuation plans for Indian students in Iran. Government officials also say India will reduce its trade with Iran further from current low levels.

The government's motivations in not naming the U.S. for its obvious overreach can be explained. After a tense year in ties and a failure to conclude the India-U.S. Bilateral Trade Agreement, there is some hope of some movement on relations soon. U.S. Ambassador to India Sergio Gor has painted an optimistic future for ties, beginning with the trade agreement and the inclusion of India in the U.S.'s high-technology partnership 'Pax Silica' next month. Officials may argue that little can be gained by speaking up now and risking another downturn in ties. However, each new threat by the U.S. is hurting ordinary Indians and the Indian economy. Above all, India stands to lose economically, reputationally and in terms of its other relationships as well, in a year where it hopes to host the BRICS+ Summit. The Modi government's experience from 2019, when it gave up buying Iranian and Venezuelan oil under U.S. pressure should be a signal lesson — appeasement of a global power, however strong, cannot ensure India's interests, only an assertion of its strategic autonomy can do that.

Daily News Analysis

Multipolar World Order: India's foreign policy, particularly under the **Narendra Modi** government, has emphasised a multipolar global order and diversified strategic partnerships — including deepening ties with Russia and other emerging powers. This complements its autonomous decision-making approach.

Analytical Dimensions for UPSC

Foreign Policy Doctrine: The argument highlights the intrinsic value and challenges of **strategic autonomy**, a key concept in international relations that remains a cornerstone of India's diplomatic identity.

Realism vs. Pragmatism: India's muted public diplomacy can be interpreted as pragmatic restraint, intended to prevent escalation with a powerful partner, yet it raises normative questions about moral assertiveness and international law.

Economic Coercion: Tariffs and sanctions function as tools of economic coercion. India's negotiation strategies reflect the limitations of small and middle powers in contesting such measures while protecting national interests.

Geopolitical Implications: The interplay between major powers — U.S., Russia, Iran — and India's attempt to navigate competing pressures underscores the complexities of contemporary geopolitics in a non-hegemonic global order.

Conclusion

The debate around India's response to U.S. pressures — especially over trade policy and strategic infrastructure like Chabahar — crystallises a larger foreign policy dilemma: how to protect national interests without alienating powerful partners. Strategic autonomy, as the opinion piece argues, is not merely rhetorical; it is an operational imperative requiring calibrated diplomacy, principled public stances when warranted, and diversified partnerships that reinforce India's sovereign decision-making. For India's global aspirations — including positions in multilateral forums and leadership in forums like BRICS — asserting autonomous policy choices anchored in national interests is indispensable.

UPSC Mains Exam Practice Question

Ques: Critically examine the argument that India's national interests can be secured only through the assertion of strategic autonomy in the current geopolitical context. (150 words)

In News : Prelims Exam - RBS-15 Missile

Swedish aerospace and defence company, Saab, has showcased the capabilities of its RBS-15 missile to destroy the components of the Russian S-400 system.

**About RBS-15 Missile**

The RBS-15 (Robotsystem 15) is a fire-and-forget surface-to-surface and air-to-surface anti-ship missile with land attack capability.

The missile was developed by the Swedish company Saab Bofors Dynamics.

RBS-15 Missile Features

It has a length of 4.35 m, a fuselage diameter of 0.5 m, and a wingspan of 1.4 m.

The launch and in-flight weights of the missile are 800 kg and 650 kg, respectively.

It can hit targets up to 200 km, moving at a subsonic speed of Mach 0.9.

Warhead: 200 kg high-explosive (HE) blast and pre-fragmented warhead.

It is a low sea-skimming missile performing unpredictable evasive manoeuvres.

The RBS15 guidance and control system includes an inertial navigation system and a GPS receiver, a radar altimeter, and a Ku-band radar target seeker.

The missile features a low radar cross section and IR signature.

It has sophisticated target discrimination and selection capabilities.

It is extremely resistant to chaff, active jammers, decoys, and other electronic countermeasures (ECM).

The missile engagement planning system (MEPS) provides an advanced user interface for generating plans for different scenarios.

UPSC Prelims Exam Practice Question

Ques : Which of the following best describes the flight profile of the RBS-15 missile?

- (a) High-altitude ballistic trajectory
- (b) Supersonic cruise at medium altitude
- (c) Low sea-skimming flight with evasive manoeuvres
- (d) Boost-glide hypersonic trajectory

Ans: c)



Daily News Analysis

In News : Prelims Exam - Henley Passport Index

The 2026 Henley Passport Index has shown significant shifts in global travel mobility, with Asia continuing to dominate the top ranks.



About Henley Passport Index

It is a popular ranking of global passports that measures passport strength by the number of destinations that holders can visit without a prior visa.

The index ranks countries based on statistics provided by the International Air Transport Association (IATA).

It started in 2006 as the Henley & Partners Visa Restrictions Index (HVRI).

The index includes 199 different passports and 227 different travel destinations.

Significance: The stronger the passport, the more countries its holders can enter without a prior visa — a privilege that reflects diplomatic ties, economic influence, and international trust.

Key Highlights of Henley Passport Index 2026

India's passport also saw improvement, climbing five spots to 80th position

The top three passports in the world come from Asia. Singapore ranks first, while Japan and South Korea are tied for second place.

Afghanistan is at the bottom of the list, ranked 101st, with visa-free access to 24 destinations.

UPSC Prelims Exam Practice Question

Ques : According to the Henley Passport Index 2026, which of the following statements is correct?

- (a) All of the top three passports are from Europe
- (b) Singapore ranks first, while Japan and South Korea are jointly ranked second
- (c) Japan ranks first, followed by Singapore and South Korea
- (d) China is among the top three passport holders

Ans: b)



Budget 2026-27 must keep the growth momentum

India faced global headwinds in 2025 but belied fears that America's 50% tariffs would hurt its economy. The resilience of the Indian economy had a lot to do with the government's reformist measures. As Prime Minister Narendra Modi said recently, "2025 will be remembered as a year when India treated reforms as a continuous national mission." Budget 2026-27 can give a fillip to the mission.

India needs to strengthen the domestic levers of growth. This can be done by prioritising growth-enhancing productive capital expenditure and social sector spending, while maintaining the current fiscal consolidation glide path and keeping debt risks contained.

Continue the focus on defence

First, the government should continue the focus on defence, with higher expenditure on the capex. The share of capital outlay in defence should be enhanced to 30% from the budgetary estimate for 2025-26 of 26.4%. The budgetary allocation for the Defence Research and Development Organisation should also be increased by at least ₹10,000 crore. Defence industrial corridors in Uttar Pradesh and Tamil Nadu have made strides in promoting defence indigenisation and raising defence production. The government should consider establishing an eastern India defence industrial corridor.

Second, private enterprises have played a key role in augmenting defence exports in recent times, contributing nearly 65% of total defence exports in 2024-25. There can be a further boost by setting up a defence export promotion council for enhanced coordination with armed services, their foreign directorates, defence public sector undertakings, private manufacturers, the Ministry of External Affairs, Indian embassies, the Ministry of Defence, and communicate with foreign governments and buyers. This will also help achieve the target of defence exports set at ₹50,000 crore by 2028-29.

Third, a transition toward clean energy, advanced manufacturing, electric mobility,


Jyoti Vij

is Director General,
Federation of
Indian Chambers
& Industry (FICCI)

semiconductors and strategic technologies is driving a demand for critical minerals. The National Critical Mineral Mission (NCMM), approved in early 2025 provides a strong strategic foundation to secure these materials. This can be supplemented by a dedicated critical minerals tailings recovery programme under the NCMM, with the purpose of treating tailings recovery. The government should also consider offering dedicated financing for this.

Fourth, exports need a significant policy thrust in the current global environment. The present budgetary allocation for the Remission of Duties and Taxes on Exported Products Scheme, at around ₹18,233 crore needs to be raised significantly to make the exports more competitive.

Fifth, India has emerged as the world's leading hub for Global Capability Centres, but its transfer pricing (TP) framework has yet to evolve. The government may consider issuing clear guidance on acceptable TP models for different categories.

Sixth, to accelerate drone adoption, global competitiveness, and exports, the government should consider catalysing scale through targeted financial support, including enhancing the production linked incentive outlay from ₹120 crore to ₹1,000 crore and setting up a ₹1,000 crore drone research and development fund.

Finance credit and tax disputes

Seventh, deepening the corporate bond markets is critical for diversification of finance credit beyond the banking system. The government could consider lowering the qualifying borrowing threshold and include listed and unlisted corporates to widen the issuer base and stimulate bond supply, encourage large corporations to diversify borrowings through market issuances, increase investment caps for insurance companies beyond the current 25% limit and revise the 'Approved Investment' threshold from AA to AA+, enabling prudent allocation into high-quality but lower-rated issuers. It could also permit provident funds to invest in

The steps to take must include strengthening the domestic levers of growth, policy certainty and sorting out structural bottlenecks

non-convertible debentures issued by infrastructure investment trusts and real estate investment trusts, enabling long-term capital to support infrastructure aggregation vehicles.

Eighth, measures to address disputes pendency need to be prioritised. The first appellate level in direct tax disputes, the office of the Commissioner of Income Tax (Appeals) or CIT(A), is facing severe pendency. There is a need to prioritise high-pitched assessments, cases with complete submissions, cases covered by jurisdictional High Court or Supreme Court rulings, appeals older than five years, and matters that are chronologically the oldest. The need is a dual-track disposal system: a fast-track for simple or low-value matters and a detailed track for complex or high-value matters. Also, around 40% vacancies at the CIT(A) level need to be filled.

Ninth, newly incorporated companies (even for new companies formed by established Authorised Economic Operator or AEO-accredited groups) are ineligible for certification by the AEO. Removing this restriction for AEO-accredited groups will help enhance trade efficiency and facilitate greater trade.

Tenth, the reforms related to customs tariffs introduced in the last Budget must continue. Further reduction in the customs tariffs slabs can help streamline the duty structure, address the issue of inverted duties and benefit trade. Import duties should be calibrated across the value chain to support domestic manufacturing competitiveness and address the inverted duties.

Ensure competitiveness

Budget 2026-27 must focus on sustaining India's growth momentum by deepening competitiveness across sectors and strengthening the domestic engines of expansion. By combining fiscal prudence with unlocking growth potential across industries, ensuring policy certainty and addressing structural bottlenecks, the Budget can crowd in private investment and enhance India's global competitiveness.

GS Paper III : Indian Economy

UPSC Mains Practice Question: In a period of global economic uncertainty, sustaining domestic growth engines becomes critical. Discuss how Union Budget 2026-27 can balance fiscal consolidation with growth-oriented capital expenditure. (250 Words)

Context :

The article by Jyoti Vij, Director General of **Federation of Indian Chambers of Commerce and Industry**, outlines key expectations from Union Budget 2026–27 to sustain India's growth momentum amid global uncertainties. It argues that despite protectionist pressures such as high U.S. tariffs, India's economy has shown resilience due to reform-oriented governance, and the forthcoming Budget should consolidate these gains.

Core Arguments and Policy Suggestions

Growth with Fiscal Prudence

The article stresses strengthening domestic growth drivers through productive capital expenditure and social sector spending, while adhering to the fiscal consolidation glide path.

This reflects the challenge of balancing growth stimulus with debt sustainability.

Defence and Strategic Capabilities

Higher defence capital expenditure (raising capex share to 30%) and increased allocation to DRDO are proposed.

Expansion of defence industrial corridors, including a proposed eastern corridor, aligns with Atmanirbhar Bharat and export-led defence manufacturing.

Boosting Defence Exports

With private firms contributing nearly 65% of defence exports, creation of a Defence Export Promotion Council is suggested to achieve the ₹50,000 crore export target by 2028–29.

Critical Minerals and Clean Transition

The **National Critical Mineral Mission (NCMM)** is identified as crucial for clean energy, EVs, and advanced manufacturing.

A tailings recovery programme and dedicated financing would enhance resource security and reduce import dependence.

Exports and Global Competitiveness

Increasing allocation to the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme is recommended to counter global trade headwinds.

Transfer pricing clarity for Global Capability Centres is seen as essential to maintain India's attractiveness as a services hub.

New-Age Sectors: Drones and Technology

Daily News Analysis

A significant scale-up of PLI outlay and a dedicated drone R&D fund are proposed to enhance competitiveness and exports in emerging technologies.

Financial Sector Reforms

Deepening corporate bond markets by widening issuer and investor bases would diversify credit beyond banks and support infrastructure financing.

Ease of Doing Business and Dispute Resolution

Reducing pendency in tax disputes at the CIT(A) level through a dual-track system and filling vacancies is highlighted as critical for investor confidence.

Trade Facilitation and Customs Reforms

Extending AEO benefits to newly incorporated firms within accredited groups and rationalising customs duty slabs would enhance trade efficiency and address inverted duty structures.

UPSC-Relevant Analysis

Economic Policy: Emphasises the role of public capex in crowding-in private investment.

Industrial Policy: Links defence, drones, critical minerals, and manufacturing competitiveness with strategic autonomy.

Fiscal Federalism and Governance: Highlights the importance of predictable tax administration and faster dispute resolution.

External Sector: Reflects the need to strengthen exports and resilience in a protectionist global environment.

Conclusion

The article argues that Budget 2026–27 should not merely manage macroeconomic stability but actively reinforce India's growth engines. By combining fiscal discipline with targeted sectoral reforms, export competitiveness, and institutional efficiency, the Budget can sustain momentum, crowd in private investment, and enhance India's position in the global economy—echoing the reformist vision articulated by Prime Minister **Narendra Modi**.