The Hindu Important News Articles For UPSC CSE

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The passing of the **Supreme Court (Number of Judges) Amendment Bill, 2026** by the Lok Sabha without substantive debate highlights a recurring and worrying trend in Indian governance: the passage of vital legislation amid persistent parliamentary disruptions. While increasing judicial strength addresses the pressing issue of pendency, passing laws without scrutiny undermines the fundamental democratic principle of executive accountability to the legislature.

Lok Sabha passes SC judges Bill without any discussion

Lower House clears legislation to increase strength of judges in the top court from 34 to 38 amid protests by the Opposition; Bankers' Books Evidence Bill, Indian Statistical Institute Bill introduced

The Hindu Bureau
NEW DELHI

The Lok Sabha on Monday passed a Bill to increase the sanctioned strength of judges in the Supreme Court without any discussion as persistent protests by Opposition members over the police action against protesting students at Jantar Mantar and the alleged *chadhawa chori* (theft of offerings) at the Ram Temple in Ayodhya continued to disrupt proceedings.

Two other Bills – the Bankers' Books Evidence Bill, 2026, and the Indian Statistical Institute Bill, 2026 – were introduced amid sloganeering in the afternoon.

Repeated adjournments

The House was adjourned repeatedly during the day as Opposition members trooped into the Well raising slogans and displaying placards, forcing Speaker Om Birla to suspend proceedings first till noon, then till 2 p.m., before adjourning the House for the day following the passage of the Supreme Court (Number of Judges) Amendment Bill, 2026.

At the Business Advisory Committee (BAC) meeting, sources told *The Hindu* that Congress deputy leader Gaurav Gogoi, chief whip Kodikunnil Suresh and Samajwadi Party MP Dharmendra Yadav demanded that Home Minister Amit Shah make a statement in the House on the police crackdown on protesters and that the government initiate a discussion on the alleged embezzlement of funds at the Ram Temple, during which Prime Minister Narendra Modi could intervene.

The BAC allotted three hours each for discussion on the Bankers' Books Evidence Bill and the Indian Statistical Institute Bill, and five hours for the Taxation and Other Laws (Amendment) Bill. However, there was no discussion on taking up the proposed amendments to the Foreign Contribution (Regulation) Act (FCRA).

Judges Bill

The Supreme Court (Number of Judges) Amendment Bill replaces an ordinance promulgated earlier this year to raise the sanctioned strength of the apex court from 34 to 38 judges, including the Chief Justice of India. A statutory resolution moved by Opposition members seeking disapproval of the ordinance was rejected by voice vote.

Union Law Minister Arjun Ram Meghwal briefly introduced the Bill, but with protests continuing, it was passed by voice vote without debate. The government has argued that increasing the court's strength is essential to address mounting pendency.

Amid the disruptions, the House also introduced the Indian Statistical Institute Bill and the Bankers' Books Evidence Bill. The Indian Statistical Institute Bill seeks to repeal the 1959 Act governing the institution and incorporate it as a statutory body corporate with the President as its Visitor and a Board of Governors as its principal executive body.

The Bankers' Books Evidence Bill, introduced by Finance Minister Nirmala Sitharaman, seeks to replace the 1891 law by recognising electronic, digital, virtual and cloud-based banking records as admissible evidence in courts.

The House saw repeated adjournments amid Opposition protests and sloganeering in the Monsoon Session. ANI

Key Issues & Deep Analysis

- **Judicial Capacity vs. Judicial Efficiency:**
  - **The Need:** Increasing the sanctioned strength of Supreme Court judges from **34 to 38** aims to handle an unprecedented caseload.
  - **The Reality:** Structural reforms—such as dedicated Benches for constitutional matters versus routine appeals, judicial appointments speed, and lowering vacancies in Lower Courts—are equally critical. Mere numerical expansion without procedural streamlining risks acting as a temporary fix.
- **Erosion of Parliamentary Scrutiny:**
  - **Lack of Discussion:** Replacing Ordinances and passing statutory bills via voice vote without debate bypasses parliamentary standing committees and floor discussions.
  - **Impact on Lawmaking:** Legislative debates ensure that potential loopholes, public impacts, and constitutional validity are analyzed before a bill becomes law.
- **Parliamentary Deadlocks and Governance:**
  - Continuous adjournments and sloganeering over political or topical issues (such as student protests or local corruption allegations) hijack legislative time allotted for critical economic and institutional bills like the Bankers' Books Evidence Bill and the Indian Statistical Institute Bill.

Related Static Dimensions

- **Indian Polity & Governance:**

- **Judiciary & Pendency:** Article 124 (Establishment and constitution of Supreme Court). Structural reforms needed to address over 80,000 pending cases in the apex court.
- **Parliamentary Functioning:** Decline in parliamentary sittings, misuse of Ordinances (Article 123), and the declining role of the Business Advisory Committee (BAC) in consensus-building.
- **Accountability:** Executive accountability to the Legislature under Article 75(3).

- **Economy & Digital Infrastructure:**
  - **Financial & Evidence Laws:** Modernizing legal admissibility of cloud and digital banking records (replacing the Bankers' Books Evidence Act, 1891) to match the digital financial ecosystem.

Way Forward

- **Strengthening Legislative Protocols:** Enforce rules to ensure minimum mandatory debate hours for every bill before it is put to vote.
- **Institutionalizing Consensus:** Re-energize institutional mechanisms like the Business Advisory Committee (BAC) and the All-Party Meetings to resolve political standoffs amicably.
- **Comprehensive Judicial Reforms:** Pair the expansion of judge strength with court management technology, filling vacancies in High Courts/Subordinate Judiciary, and setting up a National Court of Appeal.

Conclusion

A robust democracy relies on a functional parliament and an efficient judiciary. While expanding judicial strength is a welcome move toward reducing pendency, passing legislation amid chaos deprives the public of transparent lawmaking. Both the government and the opposition must prioritize legislative debate over procedural deadlock to safeguard institutional integrity.

UPSC Prelims Practice Questions

Question: With reference to the Supreme Court of India, consider the following statements:

1. Parliament is empowered to increase the number of judges of the Supreme Court by law.

2. The Constitution specifies the exact number of Supreme Court judges.

3. The Chief Justice of India is appointed by the President of India.

Which of the statements given above are correct?

A. 1 and 2 only

B. 1 and 3 only

C. 2 and 3 only

D. 1, 2 and 3

Ans: b)

UPSC Mains Practice Questions

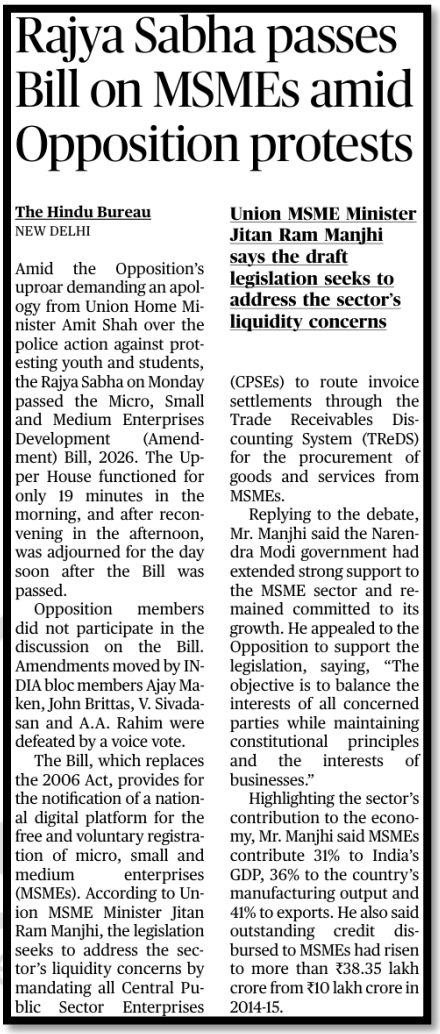
Question: "Increasing the strength of judges without strengthening judicial institutions may not substantially improve access to justice." Discuss in the context of judicial reforms in India.**(10 Marks, 150 Words)**

Page 04 :GS II &III :Indian Polity and Economy/ Preliminary Examination

The passing of the **Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026** in the Rajya Sabha marks a crucial legislative step toward solving the structural bottlenecks of India's enterprise sector. Termed the "growth engine" of the Indian economy, MSMEs require continuous institutional support to sustain competitive growth and navigate liquidity crises.

Key Highlights & Analytical Points

- **Addressing Delayed Payments via TReDS:** Mandating Central Public Sector Enterprises (CPSEs) to route invoice settlements through the **Trade Receivables Discounting System (TReDS)** directly targets the chronic issue of delayed payments, unlocking crucial working capital for smaller suppliers.
- **Formalization and Digital Inclusivity:** The creation of a unified, voluntary **national digital platform** will lower entry barriers, streamline regulatory compliance, and ease access to formal credit channels.
- **Economic Footprint:** MSMEs form the backbone of India's macroeconomic architecture, contributing **31% to GDP**, **36% to manufacturing output**, and **41% to total exports**.
- **Governance and Parliamentary Scrutiny:** Passing significant economic legislation without structured debate due to political disruptions highlights an ongoing challenge regarding comprehensive legislative scrutiny.



Rajya Sabha passes Bill on MSMEs amid Opposition protests

The Hindu Bureau
NEW DELHI

Union MSME Minister Jitan Ram Manjhi says the draft legislation seeks to address the sector's liquidity concerns

Amid the Opposition's uproar demanding an apology from Union Home Minister Amit Shah over the police action against protesting youth and students, the Rajya Sabha on Monday passed the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026. The Upper House functioned for only 19 minutes in the morning, and after reconvening in the afternoon, was adjourned for the day soon after the Bill was passed.

Opposition members did not participate in the discussion on the Bill. Amendments moved by INDIA bloc members Ajay Maken, John Brittas, V. Sivadasan and A.A. Rahim were defeated by a voice vote.

The Bill, which replaces the 2006 Act, provides for the notification of a national digital platform for the free and voluntary registration of micro, small and medium enterprises (MSMEs). According to Union MSME Minister Jitan Ram Manjhi, the legislation seeks to address the sector's liquidity concerns by mandating all Central Public Sector Enterprises (CPSEs) to route invoice settlements through the Trade Receivables Discounting System (TReDS) for the procurement of goods and services from MSMEs.

Replying to the debate, Mr. Manjhi said the Narendra Modi government had extended strong support to the MSME sector and remained committed to its growth. He appealed to the Opposition to support the legislation, saying, "The objective is to balance the interests of all concerned parties while maintaining constitutional principles and the interests of businesses."

Highlighting the sector's contribution to the economy, Mr. Manjhi said MSMEs contribute 31% to India's GDP, 36% to the country's manufacturing output and 41% to exports. He also said outstanding credit disbursed to MSMEs had risen to more than ₹38.35 lakh crore from ₹10 lakh crore in 2014-15.

Static Dimensions

- **Major Challenges Faced by MSMEs:**
  - **Credit Gap:** Asymmetry in formal banking access despite credit growth.
  - **Working Capital Lockup:** Delayed receivables from large corporations and government entities.
  - **Low Technology Adoption:** Limited integration into global value chains (GVCs).
- **Existing Regulatory Frameworks & Schemes:**
  - **Udyam Registration Portal:** Easing paperless business onboarding.
  - **PM Vishwakarma & CGTMSE:** Providing credit guarantees without collateral.
  - **RAMP Scheme (World Bank-assisted):** Strengthening institutional capability and market access.

Way Forward & Conclusion

While mandating TReDS for CPSEs is a robust step, the government must also ensure stricter enforcement on private corporate buyers to completely eliminate delayed payments. Seamless digital onboarding paired with transparent dispute resolution mechanisms will allow MSMEs to drive India's path toward a $5-trillion economy.

UPSC Prelims Practice Questions

Question: Which one of the following is the primary objective of the Trade Receivables Discounting System (TReDS)?

A. To provide long-term industrial finance

B. To facilitate export promotion

C. To enable timely realization of MSME receivables through invoice financing

D. To regulate digital payments

Ans: c)

UPSC Mains Practice Questions

Question: Digital formalization has emerged as an important driver of MSME competitiveness in India. Critically examine the role of initiatives such as Udyam Registration, TReDS and RAMP in strengthening the MSME ecosystem.**(10 Marks, 150 Words)**

Critical minerals—such as lithium, cobalt, nickel, copper, and rare earth elements (REEs)—have shifted from mere commodities to the core of national security, clean energy transition, and advanced manufacturing. With global refining heavily concentrated (China controlling ~70% across 20 strategic minerals), mineral security has emerged as the modern equivalent of 20th-century oil diplomacy.

Critical minerals, the foundation of strategic power

Critical minerals have moved from the margins of resource policy to the centre of industrial strategy and security. Lithium, cobalt, nickel, graphite, copper and rare earth elements are foundational to electric vehicles, storage, renewable power, semiconductors, defence and advanced manufacturing. As decarbonisation and digitalisation accelerate, mineral security is becoming as important as oil once was. The global supply picture is concentrated. For copper, lithium, nickel, cobalt, graphite and rare earth elements, the average market share of the top three refining countries rose to 86% in 2024, from around 82% in 2020. Incremental supply is tied to a few nodes: Indonesia for nickel, and China for cobalt, graphite and rare earths. China is the leading refiner in 19 out of 20 strategic minerals with an average market share of about 70%, making minerals geopolitical, not merely commercial.

Geopolitical risk as a factor

Clean energy transitions will require minerals far beyond today's production systems. The current copper project pipeline points to a potential 30% supply shortfall by 2035. Lithium appears better supplied in the near term but rising demand is expected to drive the market into deficit by the 2030s. Rare earth demand will rise sharply as wind power, electronics and magnets expand.

Geopolitical risk is compounding these pressures. China's rare earth export controls announced in 2025 created concerns across energy, automotive, defence, aerospace, Artificial Intelligence (AI) and semiconductors. Major economies are responding quickly. The European Union (EU) Critical Raw Materials Act sets 2030 benchmarks of 10% domestic extraction, 40% processing and 25% recycling, and no more than 65% from a single country. The United States is diversifying supply chains through partnerships.

India's clean energy and manufacturing ambitions are mineral intensive. Under a net zero scenario, cumulative demand for critical energy transition minerals could reach roughly 169 million tonnes by 2070, about 51% higher than under a current policy pathway. Copper demand will rise with power systems; rare earth demand will grow with wind energy and advanced manufacturing.

Vinayak Vipul

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Critical mineral security will define India's industrial and strategic trajectory

India has domestic potential, including reserves of cobalt (44.9 million tonnes), copper (163.9 million tonnes), graphite (211.6 million tonnes) and nickel (189 million tonnes), along with monazite deposits containing rare earth oxides. Recycling could eventually meet up to a quarter of copper and graphite demand by mid-century. Yet, reserves have not ensured supply security. India remains import dependent for lithium, cobalt and nickel, while graphite and China-dominated processing expose it to disruption as demand scales. The critical gap is processing and refining. India's position differs from the EU, the U.S. and Australia, which are building integrated supply chains through mandates, partnerships and processing investments. India is still developing foundational capability. While several minerals are processed domestically, capacity and high-purity production remain constrained. It has bulk-mineral experience but still relies on imports for high-purity critical mineral products.

This is where much value and vulnerability sit. In 2024, China accounted for over 90% of rare earths and graphite processing, nearly 75% of cobalt and 70% of lithium chemicals. India must build midstream capacity to participate meaningfully in supply chain realignment.

Structural constraints

Several constraints slow progress. Exploration remains relatively shallow, regulatory clearances can be time-consuming, private participation is limited and remote-region project economics are challenging. Processing is a larger bottleneck: India lacks some high-purity input facilities, while copper and graphite face smelting, purification and scale constraints. Recycling will play a role but cannot substitute for primary supply in the near term because feedstock, collection and technology remain limited.

India's policy response since 2023 marks a shift. The government has identified 30 critical minerals, strengthened regulatory frameworks, and launched the National Critical Mineral Mission to support the value chain. The mission targets 1,200 domestic exploration projects by 2030-31, production of at least 15 critical minerals, and acquisition of 50 overseas mining assets by Indian companies. The Khanij Bidesh India Limited (KABIL) has secured 15,703 hectares in Argentina's Catamarca province for lithium exploration, while the 2026-27 Budget proposed rare earth corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu. The India-U.S. critical minerals and rare earths framework signed in May 2026 provides an additional diplomatic lever.

Mission to execution

The next phase is execution. Processing and refining must become a national industrial priority, backed by infrastructure and targeted incentives. Private capital needs better geological data, predictable approvals and risk sharing. India should also operationalise strategic stockpiles for critical minerals, accelerate applied research and development through industry partnerships, scale domestic capabilities and diversify overseas supply through trusted partners and platforms.

India energy transition, electronics, semiconductor, defence manufacturing, and advanced industrialisation all depend on secure mineral supplies. While individual policy measures are necessary, they are insufficient. A comprehensive strategy should establish mineral-specific risk thresholds, integrate recycling into supply planning, set measurable milestones, and create a coordinated institutional framework. The priority now is to convert potential into capability and reduce strategic vulnerability through sustained execution.

Key Analysis & Dimensions

1. Global Supply Risks & Geopolitical Imperatives

- **Monopolized Supply Chains:** Top three refining countries control **86%** of the market share. China holds over 90% of REE and graphite processing capacity, posing extreme single-source disruption risks.
- **Demand Escalation vs. Deficit:** Copper faces a potential 30% supply shortfall by 2035; lithium and REEs face structural deficits as EV, AI, wind energy, and semiconductor production scale globally.

- **Strategic Responses:** Major economies are de-risking—the EU via the Critical Raw Materials Act (benchmarking domestic extraction and recycling) and the U.S. through strategic minilateral partnerships.

2. India's Position: Strengths, Gaps & Structural Hurdles

- **Demand Projection:** Under India's net-zero pathway, cumulative demand for critical minerals could hit **169 million tonnes by 2070** (~51% higher than current policy baselines).
- **The Midstream Vulnerability:** Despite significant reserves (graphite: 211.6 MT, nickel: 189 MT, copper: 163.9 MT), India remains heavily dependent on imports. The core bottleneck is **shallow exploration, inadequate refining capacity, and lack of high-purity processing capabilities**.

3. Institutional Measures & Policy Initiatives

- **National Critical Minerals Mission (NCMM):** Aims for 1,200 domestic exploration projects by 2030–31, production of 15 key minerals, and acquisition of 50 overseas mining assets.
- **Global Footprint & Diplomacy:** KABIL's lithium exploration deal in Argentina, the India-U.S. Critical Minerals Framework, and proposed rare earth corridors in coastal states (Odisha, Kerala, Andhra Pradesh, Tamil Nadu).

Relevant Static Dimensions for UPSC Mains

- **Geograph):** Distribution of key mineral resources globally and in India; spatial pattern of midstream processing hubs.
- **International Relations & Governance:** Resource diplomacy, KABIL, Indo-Pacific Economic Framework (IPEF), Mineral Security Partnership (MSP), and trade control mechanisms.
- **Economy, Energy & Security:** Net-Zero 2070 targets, Semiconductor Mission, Make in India for Defence, circular economy/recycling frameworks, and supply chain resilience.

Way Forward & Strategic Action Plan

- **Midstream Priority:** Scale high-purity chemical processing and smelting infrastructure via targeted PLI schemes and risk-sharing models with the private sector.
- **Strategic Stockpiling:** Establish national reserves for high-vulnerability minerals to cushion supply shocks.
- **R&D and Circular Economy:** Invest in urban mining (e-waste recycling) to meet long-term domestic demand and promote technological substitution for critical inputs.

Conclusion

Policy intent must translate into swift execution. To safeguard its manufacturing and clean energy ambitions, India must bridge the gap between geological potential and processing capability—transforming strategic vulnerability into self-reliant power.

UPSC Prelims Exam Study Questions

Question: Which one of the following best describes the objective of KABIL (KhanijBidesh India Ltd.)?

A. Regulating mining leases in India

B. Developing inland mineral transport infrastructure

C. Securing overseas sources of critical minerals for India

D. Promoting exports of Indian minerals

Ans:c)

PSC Mains Exam Study Questions

Question:"Critical minerals have become the new strategic resource of the twenty-first century." Discuss the significance of critical minerals for India's energy security, industrial development and strategic autonomy.**(10 Marks, 150 Words)**

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India's foreign trade policy has seen a pragmatic shift toward bilateral FTAs (e.g., UAE, Australia, UK) to drive market access and Global Value Chain (GVC) integration. However, empirical outcomes from legacy agreements—such as the India-ASEAN CECA, Comprehensive Economic Partnership Agreements (CEPAs) with Japan and South Korea—reveal a stark divergence between trade diplomacy expectations and actual trade performance.

The problem with India's free trade agreement strategy

India's trade with key FTA partners such as the ASEAN countries has become increasingly import-driven, resulting in widening trade deficits

DATA POINT

Surendar Singh

Over the past few years, India has shown great interest in trade diplomacy to promote its economic and strategic interests. India's new founded enthusiasm in external engagement has culminated in Free Trade Agreements (FTAs) with the UAE, Australia, Oman, the U.K., the European Union, and most recently, New Zealand. Its imperative to enhance market access continues to extend the reach of its trade architecture through ongoing trade talks with the U.S., Gulf countries and Canada, highlighting a decisive shift towards bilateralism as a vehicle of market access, value chain integration and economic dynamism. There is an emerging view among policymakers, trade diplomats, and geopolitical analysts that FTAs are indispensable instruments of economic statecraft. However, the enthusiasm on enhanced market access through trade agreements and Global Value Chain (GVC) integration is founded on a set of implicit assumptions and dominant narratives that continue to maintain a striking analytical silence. The argument that FTAs stimulate export growth and GVC integration warrants a far more nuanced view.

Widening trade deficit

India's FTA experience with Asian economies has not been favourable. India's trade with key FTA partners such as the Association of Southeast Asian Nations (ASEAN), South Korea, Japan and Singapore has become increasingly import-driven, resulting in widening trade deficits. Data shows that India's trade deficit with ASEAN increased sharply from $10.4 billion in 2012 to $51.2 billion in 2025, driven by rapidly rising imports. In the same manner, imports increased at a much faster pace than exports in the case of Japan and South Korea. India's trade surplus has turned into a trade deficit in the case of Singapore after signing the trade agreement, exhibiting weakening export competitiveness.

India's export performance across its major Asian FTA partners such as ASEAN, Japan, South Korea and Singapore reveals an intriguing picture – its underperformance. India's share of the import basket among FTA partners has either stagnated or gradually eroded between 2012 to 2025, indicating a weakening in its export competitiveness post-FTAs. The most striking decline is in the case of ASEAN countries where India's share of ASEAN's import basket dropped from 3.42% to 1.71% while in the case of Singapore, the import share declined from 2.27% to 1.71%. Similarly, India's share in South Korea's import basket has declined from 1.33% to 1.02% while its share in Japan's import basket shows mixed trends.

Collectively, these trends indicate that instead of leveraging trade agreements to integrate into regional production networks, India is stuck on the margins of manufacturing-led trade integration. The inability to capitalise on tariff preferences under the FTAs demonstrates that market access based on tariff elimination alone cannot compensate for weak domestic industrial capabilities, logistical inefficiencies, and infrastructure and operational constraints. India's trade challenge is not fundamentally about negotiating more FTAs but about strengthening domestic productive capabilities and associated impediments. Without adequate industrial transformation, FTAs risk becoming instruments that increase import penetration faster than export competitiveness, thereby widening asymmetrical trade outcomes and structural vulnerabilities.

Moreover, FTAs are often presented as GVC drivers, eliminating barriers to the development of shared production arrangements and industrial upgrading. It is interesting to note that India's GVC integration related to trade as a percentage of gross trade declined from 37.13% to 34.38%, indicating that India's integration in GVC networks has actually weakened. India's GVC trade as a share of gross trade with its FTA partners has declined in the case of South Korea, Japan, Indonesia, Thailand, Vietnam, and Cambodia. Only in the case of Malaysia, Singapore and Philippines, has it increased.

These trends demonstrate that India's FTAs have not translated into broad-based GVC integration. This evidence challenges the conventional assumption that FTAs automatically foster GVC integration through trade liberalisation. Moreover, it raises questions about the proposition that deeper commitments to market access and regulatory harmonisation are, in themselves, sufficient to promote GVC participation. The contemporary policy narrative surrounding India's new FTAs and their ability to integrate into GVCs raises some critical questions.

An assessment

The declining export shares and weakening GVC integration in the case of India's key FTA partners clearly highlight the limitations of considering FTAs primarily as instruments of market access. It is understandable that FTAs may enhance market access in certain product categories, but their abilities to foster productive capabilities is still contested. This essentially means that India's FTA strategy needs to move beyond the standard argument of market access. It should focus on greater interaction with the broader industrial policy framework that emphasises technological upgrading, strategic investment, supply chain realignment, domestic value addition and domestic reforms. Without such policies, FTAs are likely to remain instruments of trade liberalisation that constrain policy flexibilities rather than drivers of industrial transformation.

Are the FTAs working?

The data for the charts were sourced from the International Trade Centre - Trade Map

Piyush Goyal, S. Jaishankar, European Council President António Costa, and other officials at the India-EU FTA meeting in Brussels on July 15

CHART 1 : India's percentage share in the import basket of ASEAN, Japan, South Korea, and Singapore

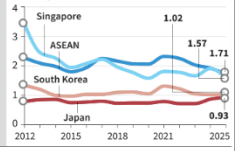

TABLE 1: India's trade with key FTA partners (in $ billions)

Partner	Indicator	2012	2015	2018	2021	2024	2025
ASEAN	Export	32.3	26.35	36.25	40.68	42.71	35.96
	Import	42.74	41.47	57.51	64.84	81.87	87.19
	Trade balance	-10.44	-15.12	-21.26	-24.16	-39.16	-51.23
Japan	Export	6.4	4.5	4.8	6.1	5.8	6.1
	Import	12.4	9.6	12.6	14.4	18.9	20.9
	Trade balance	-5.95	-5.17	-7.83	-8.34	-13.06	-14.77
South Korea	Export	4.1	3.6	4.8	7.1	6	6
	Import	13.7	13.1	16.4	17.1	20.9	21.1
	Trade balance	-9.6	-9.48	-11.62	-9.97	-14.98	-15.12
Singapore	Export	13.6	7.8	10.5	10.7	15.7	10.7
	Import	7.8	7.4	14.5	18.2	20.5	23.7
	Trade balance	5.76	0.4	-3.99	-7.55	-4.87	-12.97

TABLE 2 : India's global value chain-related trade as a share of gross trade with Asian FTA partners

	2012	2020	GVC integration (Increase/Decrease)
Indonesia	41.77	30.1	-11.67
Japan	41.07	28.44	-12.63
Malaysia	49.92	50.26	0.34
South Korea	63.18	41.58	-21.6
Thailand	48.32	47.65	-0.67
Singapore	66.87	69.54	2.67
Philippines	30.47	33.9	3.43
Vietnam	56.89	54.57	-2.32
Cambodia	47.43	44.34	-3.09

The declining share of GVC-related trade in total trade with several major FTA partners shows that preferential market access has been inadequate to bolster India's participation in global production networks. This evidence challenges the conventional assumption that FTAs automatically foster GVC integration through trade liberalisation

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Key Concerns in India's FTA Architecture

- **Widening Trade Deficits:** Post-FTA periods have been marked by import-driven trade rather than export acceleration. For instance, India's trade deficit with ASEAN ballooned from **$10.4 billion in 2012 to $51.2 billion in 2025**. Similarly, trade balances turned asymmetrical with South Korea, Japan, and Singapore.

- **Erosion of Export Competitiveness:** India's share in its FTA partners' total import baskets has stagnated or declined (e.g., dropping from **3.42% to 1.71% in ASEAN** between 2012 and 2025), indicating that tariff preferences alone do not guarantee export growth.

- **Weakening GVC Integration:** Contrary to the belief that FTAs automatically integrate domestic firms into regional production networks, India's GVC participation as a share of gross trade fell from **37.13% to 34.38%**, showing declining network participation across major Asian partners.
- **Domestic Bottlenecks:** Market access cannot compensate for structural domestic deficiencies—such as higher logistics costs, infrastructure deficits, delayed regulatory clearances, and uncompetitive manufacturing scales.

Way Forward

- **Align Trade with Industrial Policy:** FTAs must operate in sync with schemes like the Production Linked Incentive (PLI) to build domestic capabilities and increase value addition.
- **Address Inverted Duty Structures:** Correct domestic tax/tariff anomalies where inputs are taxed higher than finished products, which disincentivizes local manufacturing.
- **Ease Supply-Chain Friction:** Lower logistics expenses, improve port turn-around times, and streamline Non-Tariff Barriers (NTBs) to enhance firm-level competitiveness.

Conclusion

Trade liberalisation through FTAs is a necessary tool, but not a sufficient condition for sustained economic dynamism. To avoid turning trade agreements into vehicles for import penetration, India must pivot from purely market-access negotiations to a broader strategy focused on domestic industrial transformation, technology absorption, and structural competitiveness.

UPSC Prelims Practice Questions

Question: With reference to Free Trade Agreements (FTAs), consider the following statements:

1. FTAs generally eliminate tariffs on all goods traded between member countries.

2. FTAs may also include provisions relating to services, investment and intellectual property rights.

3. India has signed Comprehensive Economic Partnership Agreements (CEPAs) with Japan and South Korea.

Which of the statements given above is/are correct?

A. 2 and 3 only

B. 1 and 2 only

C. 1 and 3 only

D. 1, 2 and 3

Ans: a)

UPSC Mains Practice Questions

Question: "Free Trade Agreements can create opportunities, but domestic competitiveness determines whether those opportunities translate into export growth." Discuss in the context of India's recent FTAs.**(10 Marks, 150 Words)**

AI and cyber, the double helix of today's security threats

M.K. Narayanan

Former Director, Intelligence Bureau, a former National Security Adviser, and a former Governor of West Bengal

Artificial intelligence and cyber threats pose unprecedented challenges to global security and economic stability

The rapid proliferation of digital technologies is reshaping the global security landscape. What was once an interconnected, but relatively limited, digital world, has altered into a complex interconnected ecosystem where dangers and threats lurk at every step. The combination of Artificial Intelligence (AI) and cyber threats has emerged as one of the most critical concerns of the modern world.

While AI has changed from being merely an operational efficiency mechanism into an absolute infrastructure mandate, cyber threats are becoming more sophisticated, harder to detect and more difficult to mitigate. Today, AI-powered malware can adapt and evolve in response to changes in its environment, making it harder for traditional anti-virus software to detect. The global interconnectedness of digital systems has also raised the ante as far as cyber attacks are concerned. Malicious autonomous agents are today well positioned to undermine the legacy of "Zero Trust" protocols, aggravating insider threat vectors.

Meanwhile, as seen in the war in Ukraine, newer technologies are demonstrating the potential to undermine conventional military calculus through asymmetric impact. The rapid proliferation of digital technologies and systems across every discipline, cyber breaches and malicious activities are impacting every level of security. Many governments facing sophisticated cyber adversaries are drawing up a security architecture which involves a blend of innovation, policy coherence and strategic realism, but still lag behind.

A new disruptive era

AI, meanwhile, is reshaping every consequential domain of human activity. AI's Large Language Models (LLM) are intruding into many business enterprises, without either proper training or evolution of the human interface. As 'Agentic' AI – as distinct from Generative AI – becomes a force to reckon with, problems attached to AI implementation are set to become even more complex. The catalyst for such concerns is the arrival of the latest AI systems, notably Mythos, developed by United States firm Anthropic. According to experts it demonstrates an uncanny ability to detect 'Zero day' vulnerabilities across major operating systems. What is evident is that AI is beginning to test the limits of legacy systems.

AI's overarching influence makes it essential to understand the risks and threats it poses, especially when combined with cyber capabilities, where the danger grows exponentially. AI has already transformed modern warfare, as seen in the Russia-Ukraine conflict and the U.S./Israel-Iran war. AI-powered smart systems can detect, track, and predict missile trajectories with remarkable accuracy. AI can also provide different kinds of intelligence from photos, text, radio, and electromagnetic signals to deny adversaries a tactical advantage. Munitions, such as systems dubbed "Goalkeeper" and "Whiplash" can independently identify and strike targets. Yet, nations, particularly the U.S., have not yet demonstrated a level of sagacity on how best to wield this power and in a manner that does not endanger human civilisation.

These developments are fuelling concerns about AI's future as increasingly capable models and robots replace human roles. LLMs and autonomous agents are already performing complex tasks once reserved for people. The World Economic Forum warns that while AI will strengthen cyber defences, it will also enable more sophisticated automated attacks, potentially rendering current "Zero Trust" protocols ineffective. This raises concerns that hard power may increasingly be shaped by nations and organisations at the forefront of AI.

Companies in the West such as Anthropic and Palantir are behaving as if they own the world of tomorrow, since they hold the key to the world's mightiest technology. Anthropic has reached a stage today where with Mythos, it creates the spectre of all-encompassing power residing in a single instrument that is not subject to any rules. China, perhaps, has its own version of Anthropic or something resembling it, but this is of little comfort to the rest of the world. What is becoming clearly evident is that an attacker with the latest version poses a grave threat to not merely one country but an entire civilisation.

An AI 'power shift'

As AI technologies become more rampant and uncontrollable, existing rules concerning cyber security may require to be completely rewritten. Many experts warn that as "Agentic Autonomous Operations" become even more sophisticated, the world could reach an inflection point that has grave forebodings for the world. Whether Mythos is the harbinger of this is yet to be determined, but it is generally acknowledged that the newer generations of AI machines provide opportunities for 'rogue groups' to demonstrate capabilities that were once associated with only nation states. As Agentic AI begins to displace Generative AI, enabling it to act more autonomously, threat levels are certain to go up still further. AI has, hence, the potential to become the dominant source of military and economic power, even as the rules to govern AI are still in a fledgling state. The bugle call has already been sounded by the pontiff of Anthropic, the AI firm that makes models such as Mythos, that it has the potential to become the dominant source of military and economic power as civilisation advances.

Notwithstanding the god-like properties of existing modern AI models, experts warn that they are often subject to "hallucinations", thus giving scope for distortions, producing misleading reactions. Judgments in such cases tend, quite often, to be subjective. Even otherwise, biases are known to creep into decisions dictated by AI, enhancing the danger posed by unrestricted reliance on AI. Furthermore, experts warn that it is vitally important to guard against such 'algorithmic radicalisation', and ensure that AI platforms do not push opinion makers towards extreme views.

A future that needs oversight, wisdom

The world, thus, appears to have reached a tipping point in AI progress and development. Already, some companies that are leading the AI charge are accusing others of stealing their technologies and expanding on them to their advantage. The latest is a charge made by the U.S. against China, *viz.*, that China's 'Moonshot' AI stole from Anthropic's most sophisticated AI Large Language Model 'Fable', to help create its latest AI version. Predictably, China has rejected this charge, but it reflects the intensity of the competition between the U.S. and China in this area. If Anthropic's claim is true – that its latest model has surpassed "all but the most skilled humans" in finding and exploiting security vulnerabilities in everything from popular operating systems to cryptographic software – the world could face a new kind of apocalypse.

The world has steadily progressed from abiding concerns of stagnant economic growth to doomsday technologies, and this merits a great deal of introspection. Altruism is not enough to decide on how to handle a technology that is about to eat up the world. There are several aspects of advanced AI that clearly demand more introspection, but this is not evident. As AI increasingly enters into the arena of defence sensing and warning, there is a need not only to keep machines under human control but also to ensure that AI-dictated warnings do not outrun proper understanding and reality.

Those steeped in defence aspects already know the gap that exists between warning and understanding of what might happen, and how critical this is in strategic terms. High-powered AI systems may often prove unreliable as they may demonstrate a bias towards national security given that algorithms often display such biases. The world, hence, needs to reach an understanding on how best to deal with this new technology which can, and could, end or make the future of the world. What we have seen in Ukraine and West Asia is not even the tip of this iceberg. Better to "cross the river by feeling the stones" is a better maxim than 'blind prejudice or unadulterated endorsement of a new technology'.

GS Paper III:Internal Security

UPSC Mains Exam Practice Questions: "Artificial Intelligence has transformed cybersecurity from a defensive challenge into a strategic national security issue." Discuss.(**10Marks, 150 Words)**

Context : The rapid convergence of **Artificial Intelligence (AI) and Cybersecurity** is creating an unprecedented, highly complex threat matrix. As AI transitions from operational automation to an imperative infrastructure mandate, it acts as a force multiplier

for malicious actors. By enabling autonomous, self-evolving cyber threats that can bypass traditional defenses like "Zero Trust" protocols, this dual-use technology is fundamentally shifting global security, warfare, and geopolitical dynamics.

Key Issues Raised in the Editorial

- **Evolution to Agentic AI:** The paradigm shift from Generative AI to **Agentic AI** enables autonomous agents to execute complex tasks, identify system zero-day vulnerabilities, and launch automated cyberattacks without human intervention.
- **Asymmetrical Threat Escalation:** High-end cyber capabilities—previously exclusive to nation-states—are now accessible to rogue groups, lowering the barrier for asymmetric warfare.
- **Vulnerabilities in Strategic & Military Integration:** The integration of AI into defense sensing, target tracking, and autonomous weaponry (e.g., in ongoing global conflicts) introduces high risks due to **algorithmic hallucinations, systemic biases, and the compression of strategic decision-making time**.
- **Corporate Hegemony & Geopolitical Rivalry:** A small cluster of Western tech firms (e.g., Anthropic, Palantir) and competing powers like China hold disproportionate power over dual-use technologies, triggering tech-theft allegations and a un-regulated techno-arms race.

Static Dimensions & Syllabus Linkages

- **Internal Security:**
  - **Cybersecurity Challenges:** Threats to Critical Information Infrastructure (CII), zero-day exploits, and insider threat vectors.
  - **Role of Non-State Actors:** Asymmetric warfare capabilities enabled by accessible AI models.
- **Science & Technology:**
  - **Awareness in Frontier Fields:** AI, Machine Learning, and Robotics applications in defense.
  - **Ethics in Technology:** Issues of algorithmic radicalization, hallucination risks, and the imperative for human-in-the-loop (HITL) oversight.
- **International Relations:**
  - **Global Governance:** Need for enforceable international treaties and multilateral frameworks on autonomous weapons and cyber-warfare.

Way Forward

- **Strengthening Institutional Frameworks:** India must continuously upgrade its **National Cyber Security Strategy** to mitigate AI-driven zero-day vulnerabilities and protect critical assets.

- **Enforcing Human-in-the-Loop (HITL):** Military AI deployments must require human oversight to prevent premature automated escalation caused by algorithmic error or hallucination.
- **Global Norms & Regulatory Architecture:** Establish binding international governance conventions—similar to nuclear non-proliferation treaties—to regulate autonomous agents and dual-use AI capabilities.

Conclusion

As AI reshapes global hard power, relying solely on technological optimism or unregulated corporate development poses existential risks. The world must adopt a pragmatic, cautious approach—"crossing the river by feeling the stones"—balancing technological innovation with strict regulatory oversight, strategic realism, and ethical safeguards to ensure national and global security.
