Editorial of the Day – 30.01.2026

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1. Is India prepared for the end of globalisation? (TH)

General Studies 3- Economy **Topic-** Effects of Liberalisation on the economy; Changes in Industrial Policy.

Sub Topic- Globalisation and its impact on Indian society and economy; Bilateral & Global Groupings.

Globalisation as a Fractured Political System

1. Introduction

Globalisation was not merely an economic phenomenon but a political framework governing international relations.

Institutional Collapse- Multilateral institutions like the WTO are weakening, leaving global markets without a shared institutional anchor.

Shift to Mercantilism- Trade is increasingly viewed through the lens of power. Surpluses are seen as strength, while deficits are interpreted as strategic vulnerabilities.

Erosion of Liberal Values- The consensus on open markets and democratic norms is being replaced by transactional, power-centric bilateralism.

2. Historical Context & The Post-War Order

The current order relied on specific assumptions that are now being abandoned by the very powers that created them.

Assumed Restraint- The system relied on self-restraint by powerful states; today, unilateral actions (tariffs, sanctions) are the new norm.

Unequal Growth- Globalisation historically favoured the industrialised North through resource extraction. Post-WWII multilateralism provided a brief window of legitimacy that is now closing.

Restricted Mobility- While capital moved freely, the movement of people remained restricted, creating social tensions that eventually fuelled nationalist politics.

3. Major Shocks- China's Rise & Domestic Inequality

Two structural shifts accelerated the decline of the liberal order-

China's Disruptive Model- China integrated into the global market while maintaining state control over capital and information. Its excess capacity and trade surpluses weakened industrial prospects in developing nations like India.

Rising Inequality- Returns to capital grew faster than wages, leading to deindustrialisation in the West and growing public resentment against global integration.

4. India's Preparedness & Structural Paradox

India occupies a unique but uneasy position in this emerging order.

The Size vs. Power Gap- India is too large to be ignored but currently lacks the institutional and economic depth to decisively lead global outcomes.

Missed Demographic Window- Over the last 15 years, India has struggled to convert its demographic **dividend** into large-scale productive capacity, with a sharply stratified social pyramid.

Strategic Buffers- On the positive side, the Economic Survey 2025-26 highlights India's high forex reserves (covering 11 months of imports) and a diversified trade strategy (FTAs with UAE, EU, and Oman) as cushions against external shocks.

5. Way Forward- Strengthening the Internal Engine

To survive the end of globalisation, India must shift focus from external dependence to internal capability.

Enhance State Capacity- Drastic improvement is needed in health, education, and social investment to build a resilient workforce.

Strategic Domains- Focus on niches where India has a competitive edge- Digital Public Infrastructure (DPI), renewable energy, and services.

New Social Contract- Growth must be shared more equitably to ensure social cohesion, which is a prerequisite for national power in a mercantilist world.

Diversified Partnerships- Pursue "multi-alignment" (e.g., the India-EU FTA) to reduce over-reliance on any single coercive partner.

Conclusion

In a world where economic strength is increasingly tied to national capability, rhetoric cannot substitute for reform. For India to transition from an "Oasis of Stability" to a global leader, it must move beyond short-term macro-management and invest deeply in its institutions and people.

Source- https-//www.thehindu.com/opinion/op-ed/is-india-prepared-for-the-end-of-globalisation/article70566036.ece

2. US-China Commission to hold first 2026 hearing on India's Indo-Pacific role- All you need to know (IE)

General Studies 2- International Relation **Topics-** India and its Neighbourhood- Relations; Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Sub Topic- Effect of policies and politics of developed and developing countries on India's interests.

Strategic Context- Shifting Global Power Structure

1. Introduction

Weakening Unipolarity- The post-Cold War era of U.S. dominance is fading, giving way to an Asian-centric world where India and China are projected to be the top two economies by 2050.

U.S. Executive Unilateralism- Frequent use of executive orders, tariffs, and sanctions has destabilized multilateral institutions like the WTO and increased global economic uncertainty.

Dollar Weaponisation- The U.S. uses its control over the SWIFT system to enforce financial coercion (e.g., against Russia and Iran), compelling nations like India and China to explore non-dollar trade settlements.

Threat to Strategic Autonomy- Sachs argues that India must resist being used in "U.S. games" (like the Quad for containment) to preserve its sovereign interests.

2. Economic Interdependence and De-risking

Record Trade Volumes- Despite political friction, bilateral trade hit a record USD 155.62 billion in 2025.

Structural Trade Deficit- India's trade deficit with China reached an all-time high of USD 116.12 billion in 2025, driven by critical imports in electronics, pharmaceuticals (APIs), and solar components.

Coexistence over Isolation- While India pursues "China+1" for manufacturing, total decoupling is deemed unfeasible. The strategy is moving toward De-risking—reducing critical dependencies while maintaining selective economic ties.

3. The Security Dimension- Border and Beyond

The LAC Impasse- The undefined Line of Actual Control (LAC) remains the primary friction point (e.g., Galwan 2020).

Colonial Legacy- Sachs describes the border dispute as a solvable "imperial legacy" (McMahon Line) that should not hold the future of two civilisational states hostage.

Crisis Management- Continued military talks (Corps Commander-level) and disengagement efforts are vital to prevent border incidents from escalating into regional instability.

4. Geopolitics and the "Divide and Rule" Strategy

Third-Party Manipulation- A stable India–China relationship is seen as a safeguard against external powers using divide and rule strategies to maintain hegemony in Asia.
Pakistan Factor- Sachs challenges the narrative of the China-Pakistan axis by noting that historical U.S. engagement with Pakistan often emboldened its military more than Chinese aid.
Strategic Balancing- India must balance its partnership with the West (for technology and security) while engaging in BRICS and SCO to influence a multipolar order.

5. Technological Sovereignty and Digital Power

Military-Industrial-Digital Complex- Modern power is increasingly defined by the fusion of AI firms, surveillance systems, and the military apparatus (e.g., SpaceX, Palantir).
Digital Public Infrastructure (DPI)- India's success in DPI is a model for self-reliance, helping it maintains digital sovereignty against global data monopolies.
Space and AI Warfare- Cooperation or managed competition in AI and space is necessary to set global norms for autonomous weapons and data privacy.

Way Forward

Institutionalise Strategic Dialogue- Revive high-level political mechanisms (like the Special Representatives dialogue) to ensure predictability.
Border Stability as Priority- Pursue complete disengagement and restoration of peace along the LAC as a prerequisite for broader cooperation.
Strategic Autonomy in Finance- Diversify payment mechanisms and support non-dollar trade settlements through BRICS to hedge against financial sanctions.
Global South Leadership- Collaborate on climate finance, UNSC reforms, and WTO rules to amplify the voice of developing nations.

Conclusion

The future of the "Asian Century" depends on India and China moving from reactive rivalry to managed coexistence. As emerging superpowers, both nations must act as system stabilizers. By resolving bilateral irritants and resisting external manipulation, they can shape a multipolar, rules-based world order that reflects the realities of the 21st century.
Source- https-//indianexpress.com/article/world/us-china-commission-to-hold-first-2026-hearing-on-indias-indo-pacific-role-all-you-need-to-know-10503288/