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EDITORIAL OF THE DAY-09.06.2026

INDEX

1. The Oman CEPA, A New Gateway for India's Exports (TH)

GS Paper II & III - International Relations / Bilateral Groupings & Agreements / Indian Economy

Topic - Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

Sub-Topic - India-Oman CEPA (2026), Tariff Line Liberalization, Regulatory Harmonization (EIC/NPOP), Services and Professional Mobility, and West Asian Logistics Hubs (Duqm/Salalah/Sohar).

1. Introduction

1. India and Oman share a historic trading relationship, with commercial, maritime, and human links spanning thousands of years across the Indian Ocean.
2. To modernize this historic relationship, the India-Oman Comprehensive Economic Partnership Agreement (CEPA) officially came into force on June 1, 2026.
3. The agreement sets up a forward-looking institutional framework designed to expand trade volumes, lower regulatory barriers, and improve cross-border investment.
4. India is among Oman's top suppliers, with bilateral trade expanding from $8.94 billion in FY2023-24 to $11.18 billion in FY2025-26. This agreement marks a milestone in India's ongoing strategy to integrate more deeply with global value chains.

2. Strategic Context of India's Trade Diversification

1. **The Global Network -** The Oman CEPA follows a series of trade agreements India has pursued with major economies, including the United Arab Emirates, Australia, the European Free Trade Association, the United Kingdom, New Zealand, and the European Union.
2. **Regional Consolidation -** This agreement strengthens India's long-term commercial presence in the Gulf—a region central to its energy security, maritime trade networks, and strategic interests.

3. Sectoral Breakdown of Goods Trade Liberalization

The CEPA immediately improves the competitiveness of Indian exports through major tariff reductions, granting duty-free access on 98.08% of Oman's tariff lines, which covers 99.38% of India's exports by value. This shifts the baseline from the old Most Favoured Nation regime, under which only 15.33% of Indian exports entered Oman duty-free.

1. **Textiles and Apparel -**
   1. India already holds a 43% market share in Oman's woven apparel imports and 31% in knitted apparel imports.

   2. Eliminating the existing 5% tariff provides an immediate advantage for Indian manufacturers against China, the other main supplier in this market.
2. **Chemicals -**
   1. India supplies nearly 39% of Oman's inorganic chemical imports.
   2. Turning this into tariff-free access helps Indian exporters expand their market share.
3. **Engineering and Automotive Goods -**
   1. Oman imports over $3.7 billion in mechanical machinery and $3.3 billion in automotive annually.
   2. India's current market share stands low at just 5% and 2% respectively.
   3. Preferential market access under the CEPA allows Indian engineering goods to expand into Oman's infrastructure, construction, and industrial sectors.
4. **Pharmaceuticals and Bio-Medical Lines -**
   1. India holds a 10% market share in Oman's pharmaceutical sector.
   2. The main benefit here comes from regulatory facilitation rather than tariff changes. Medical products approved by top international regulators will receive fast-tracked approvals, reducing compliance costs and accelerating market entry.
5. **Agriculture and Processed Foods -**
   1. The agreement grants duty-free access for Indian meat, eggs, honey, butter, and processed foods.
6. **Negative List Protections -**
   1. To safeguard vulnerable domestic producers, sensitive Indian sectors—including dairy, cereals, edible oils, and several agricultural commodities—have been excluded from tariff concessions.

4. Streamlining Customs and Trade Facilitation

1. **Eliminating Duplicate Testing -** Oman will officially accept export certificates issued by India's Export Inspection Council (EIC), removing duplicate testing and inspections.
2. **System Recognition -** Oman formally recognizes India's National Programme for Organic Production (NPOP) and halal certification systems.
3. **Regulatory Transparency -** The agreement includes dedicated Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) provisions to improve regulatory cooperation and transparency.
4. **Fast-Track Logistics -** Customs clearance procedures have been streamlined, including fast-track processing for perishable goods to lower transit costs and improve export efficiency.

5. Services Trade and Professional Mobility

1. **The Current Balance -** Bilateral services trade stood at $863 million in 2024, with India holding a service surplus of nearly $447 million.
2. **Untapped Capacity -** India's share in Oman's global services imports sits at just over 5%, indicating significant room for growth.
3. **Binding Commitments -** Oman has made formal commitments to permit and protect the entry of Indian professionals across key sectors, including accounting, engineering, information technology, healthcare, education, and consulting.
4. **Quota Extensions -** The agreement expands employment quotas for intra-corporate transferees, simplifying assignments for Indian specialists.
5. **Traditional Medicine Integration -** Specific provisions for AYUSH and traditional medicine open new opportunities for Indian healthcare and wellness providers across the Gulf.

6. Macro-Strategic and Gateway Advantages

1. **The Strategic Crossroads -** Beyond trade figures, Oman occupies a unique geographic location at the crossroads of the Gulf Cooperation Council (GCC) region, the Indian Ocean, and East Africa.
2. **Logistics Hub Integration -** Oman's deep-water ports at Sohar, Duqm, and Salalah are quickly developing into major international logistics and industrial hubs.
3. **The Re-Export Gateway -** For Indian businesses, Oman serves as a commercial gateway to access the wider GCC and East African economies.

7. Domestic Industrial Footprint Impact

The economic benefits of the CEPA are distributed across several regional manufacturing and export clusters within India -

1. **Tamil Nadu -** Boosts local textile and apparel manufacturing clusters.
2. **Gujarat -** Strengthens the gems and jewelry industry.
3. **Maharashtra and Punjab -** Supports engineering and industrial machinery hubs.
4. **Telangana -** Accelerates market reach for pharmaceutical manufacturers.
5. **Andhra Pradesh and Kerala -** Expands opportunities for marine and seafood exporters.

Source - https -//www.thehindu.com/opinion/op-ed/the-oman-cepa-a-new-gateway-for-indias-exports/article71077748.ece

Question

"The India-Oman Comprehensive Economic Partnership Agreement (CEPA) reflects a shift in India's trade policy from simple tariff negotiations to comprehensive regulatory and strategic partnerships. Elaborate on this statement and evaluate how the agreement strengthens India's economic and maritime footprint in the western Indian Ocean." (250 Words, 15 Marks)

1. Introduction

The activation of the India-Oman CEPA on June 1, 2026, marks a major step in India's trade policy. Moving beyond traditional trade agreements focused purely on lowering duties, this agreement sets up a comprehensive framework covering goods, services, investment, professional mobility, and regulatory alignment. It expands on a bilateral trade baseline that reached $11.18 billion in FY2025-26.

2. Elaborating on the Shift to a Comprehensive Partnership

The Oman CEPA moves past simple tariff cuts by addressing non-tariff barriers and institutional harmonization -

1. **Regulatory Simplification -** The agreement addresses long-standing non-tariff barriers by mandating that Oman accept certificates from India's Export Inspection Council (EIC) and recognize its organic (NPOP) and halal certification standards. This removes duplicate testing costs and speeds up customs processing.
2. **Fast-Tracking Service Sectors -** In the pharmaceutical sector, the CEPA introduces fast-tracked domestic approvals for Indian medicines already verified by leading international regulators, lowering compliance costs.
3. **Professional Mobility -** It secures formal access for Indian experts in IT, engineering, and healthcare, while expanding corporate transfer quotas to help India grow its **$447 million services surplus**.

3. Strengthening India's Footprint in the Western Indian Ocean

Beyond immediate trade statistics, the CEPA provides clear geo-economic advantages in a critical maritime region -

1. **Access to Strategic Maritime Hubs -** Oman sits at the crossroads of the Gulf, the Indian Ocean, and East Africa. The agreement allows Indian businesses to integrate directly with Oman's growing logistics centers at Sohar, Duqm, and Salalah.
2. **Insulating Supply Chains -** Direct access to Omani ports outside the immediate interior of the Persian Gulf helps insulate Indian trade from regional chokepoints, securing vital energy and commodity routes.
3. **A Regional Export Gateway -** Oman functions as a commercial gateway, allowing Indian goods—from Tamil Nadu textiles to Maharashtra engineering products—to be stored, processed, and distributed efficiently into the wider GCC and East African markets.

Conclusion

The India-Oman CEPA illustrates how modern trade agreements can link industrial policy with maritime strategy. By combining deep tariff reductions with regulatory alignment and professional mobility, the agreement protects domestic agricultural interests while establishing a stable gateway. This framework positions India to expand its export footprint and strengthen its strategic role as a competitive economic power in the western Indian Ocean.

Source - https -//www.thehindu.com/opinion/op-ed/the-oman-cepa-a-new-gateway-for-indias-exports/article71077748.ece

2. Four challenges that demand attention in India's FTAs (IE)

GS Paper III - Indian Economy and Issues Relating to Planning, Mobilization of Resources, Growth, and Development.

Topic - Effects of liberalization on the economy; Changes in industrial policy and their effects on industrial growth; Infrastructure - Trade and Logistics.

Sub-Topic - Free Trade Agreements (FTAs), Most Favoured Nation (MFN) Tariffs, Tariff Asymmetry, Inverted Duty Structures, FTA Utilization Rates, and Domestic Value Addition vs. Offshoring.

1. Introduction

1. With the newly signed India-Oman agreement officially taking effect on June 1, 2026, India's trade network has expanded to 15 FTAs covering 27 countries.
2. The trade pipeline remains highly active, with nine additional agreements covering 42 countries currently nearing completion.
3. Once these pending pacts are finalized, India's FTA partners will encompass 69 countries, representing approximately 75% of the nation's total exports.
4. While this expansion highlights an aggressive push toward integration with global supply chains, an evaluation of historical trade patterns reveals four recurring challenges that impact India's trade competitiveness and industrial growth.

2. Challenge 1 - The Trajectory of Rising Trade Deficits

A comparison of trade data shows a sharp, structural widening of trade deficits with core FTA partners over the last two decades -

1. **Long-Term Deficit Surges -** Between the pre-FTA baseline of 2007–09 and the modern 2021–25 interval, India's trade deficit with ASEAN grew by 381%, with Japan by 318%, and with South Korea by 268%.
2. **The Global Divergence Factor -** In comparison, India's trade deficit with the rest of the world increased by a much lower 142% over the same period.

3. **The Absolute Deficit Scale** - Over the past three years, India's average annual trade deficit with ASEAN, Japan, and South Korea combined has reached approximately $62 billion.
4. **The Newer FTA Patterns -** This deficit trend is recurring in newer agreements as well. In FY2025, India exported $48.6 billion to the UAE, Australia, Mauritius, and EFTA countries, but imported nearly $100 billion, creating an immediate trade deficit of over $50 billion. As further tariff cuts take effect under these agreements, this deficit may widen.
5. **The Regional Exception (South Asia) -** South Asia remains a rare regional exception to this trend. India's trade surplus with its South Asian neighbours expanded from $6.7 billion to $20 billion during the same period.

3. Challenge 2 - The Tariff Asymmetry and Low Utilization Trap

The text notes a fundamental difference between India's tariff architecture and the baseline tariffs of its FTA partners, which directly leads to low utilization rates for Indian exporters -

1. **The MFN Baseline Mismatch -** Most of India's FTA partners operate as open, low-tariff economies. Average Most Favoured Nation (MFN) tariffs are close to zero in Singapore and sit below 4% in Japan, Australia, Malaysia, and the UAE. In contrast, India's trade-weighted MFN tariff is high, averaging 12.6%, with rates ranging anywhere from zero to 150%.
2. **The Price Advantage Gap -** When India cuts its high tariffs under an FTA, foreign exporters gain a significant price advantage in the Indian market (e.g., a 50% tariff reduction creates a substantial cost advantage over competing suppliers). However, Indian exporters gain very little additional market access abroad because the partner countries' tariffs were already low or zero before the agreement.
3. **Actual Trade Flow Inversions -**
    1. Almost all imports into Singapore enter duty-free under standard MFN rules. Over 80% do so in Japan and Malaysia, and more than half of imports face zero customs duties in the EU and the UK.
    2. In stark contrast, only about 6% of imports enter India duty-free under standard MFN treatment.
4. **The Compliance Burden Disconnect -** Because MFN tariffs in partner countries are already low or sit at marginal levels (e.g., 1% to 3%), the modest tariff savings do not justify the high administrative costs of complying with strict rules of origin, complex certification requirements, and extensive paperwork.
5. **Low Export Utilization Metrics -** Consequently, many small Indian firms completely avoid the compliance burden, resulting in only 20% to 30% of India's eligible exports taking advantage of FTA preferences. Conversely, foreign partners experience an import utilization rate of 60% to 70% in India, showing that rising imports and low export utilization are driven by the same tariff asymmetry.

4. Challenge 3 - Worsening Inverted Duty Structures

An inverted duty structure occurs when the import duties levied on raw materials and industrial inputs are higher than the duties placed on finished products. While this anomaly has existed for years, India's FTAs have worsened the distortion by allowing finished goods to enter the domestic market at low or zero duty from regional blocs like ASEAN, Japan, South Korea, the UAE, and Australia.

Sector / Material Class	Raw Material / Input Tariff Status (Non-FTA)	Finished Product Tariff Status (Under FTA)	Resulting Market Distortion

Metals, Machinery & Engineering	Steel and aluminum face high standard MFN duties of **7.5% to 10%**.	Machinery, industrial equipment, and engineering goods enter **duty-free**.	Indian manufacturers pay higher input costs while competing directly against tariff-free imported machinery produced with globally priced inputs.
Chemicals & Plastics	Inputs like caustic soda, soda ash, polypropylene, and PVC face high tariffs, raising domestic production costs.	Finished downstream chemical and plastic products enter at **low or zero duty**.	The tariff structure protects basic material producers but disadvantages downstream manufacturers, hindering domestic value addition.

5. Challenge 4 - The Relocation of Manufacturing and "Make in ASEAN"

1. **The Offshoring Incentive -** When raw materials and components attract high input duties within India, but finished products can be imported duty-free from FTA partners, firms find it more profitable to locate their manufacturing units abroad rather than within India.
2. **The Value Addition Loss -** These agreements can encourage offshore manufacturing at the direct expense of domestic value addition. When it becomes cheaper to manufacture in an ASEAN country and export duty-free to India than to produce locally, capital investment, industrial technology, and manufacturing jobs move abroad.
3. **Emerging Regional Hubs -** ASEAN countries are increasingly serving as key manufacturing hubs to supply the Indian domestic market. Chinese companies have invested heavily in setting up production bases in Vietnam, Thailand, and Indonesia. Simultaneously, some Indian firms have established factories and joint ventures in these countries to leverage lower production costs and secure duty-free access back into India.
4. **Subsector Spread -** This offshoring trend is visible across several key sectors, including electronics, steel, chemicals, plastics, consumer goods, and engineering products.
5. **The Policy Paradox -** Consequently, current FTA structures risk encouraging a "Make in ASEAN, Sell in India" model, which works directly against the core goals of the "Make in India" initiative.

6. Policy Imperatives and Way Forward

1. **Aligning Input Tariffs -** Unless India's domestic tariffs on industrial inputs are structurally re-aligned with its external FTA commitments, these agreements will continue to incentivize offshore production.
2. **Correcting the Inversion -** Government and industry must work together to systematically eliminate inverted duty structures, ensuring that raw inputs do not carry higher tax burdens than imported finished goods.
3. **Streamlining Compliance -** Simplifying domestic export documentation and rules-of-origin compliance procedures to help small-and-medium enterprises (SMEs) improve India's low 20% to 30% export utilization rate.
4. **Strengthening the Domestic Base -** Reviewing upcoming trade pacts to ensure they strengthen India's manufacturing base and domestic supply chains rather than leading to a loss of industrial capacity and higher import reliance.

Source - [https -//indianexpress.com/article/opinion/columns/india-fta-efta-asean-tariff-mfn-trade-deficit-10729899/](https://indianexpress.com/article/opinion/columns/india-fta-efta-asean-tariff-mfn-trade-deficit-10729899/)

Question

"While Free Trade Agreements (FTAs) are aimed at integrating India with global supply chains, tariff asymmetries and inverted duty structures risk turning these pacts into drivers of import reliance rather than export growth. Elucidate this statement and suggest policy measures to ensure trade agreements align with the goals of 'Make in India'." (250 Words, 15 Marks)

1. Introduction

With the implementation of the India-Oman agreement, India's trade network has expanded to 15 FTAs covering 27 countries, with dozens more in the pipeline. However, an evaluation of trade data highlights a major structural challenge - while these pacts aim to boost exports, a combination of tariff asymmetries and inverted duty structures has instead driven a sharp increase in trade deficits with key partners like ASEAN, Japan, and South Korea, which combined average a $62 billion annual deficit.

2. Elaborating on Tariff Asymmetry and Inverted Duty Structures

The structural challenges within India's FTA framework stem from two main factors -

1. **The MFN Tariff Mismatch -** India maintains a trade-weighted average MFN tariff of **12.6%**, while its FTA partners (such as Singapore, Japan, and Australia) run open economies with average tariffs near or below 4%. Consequently, when India cuts tariffs, foreign exporters gain a significant price advantage in the Indian market. Conversely, Indian exporters gain little additional market access, as partner tariffs were already low or zero before the agreements.
2. **The Compliance Disconnect -** Because the potential tariff savings in partner markets are minimal (often 1% to 3%), they fail to justify the high administrative costs of complying with complex rules of origin. This limits India's export utilization rate to just 20% to 30%, while partner import utilization in India reaches 60% to 70%.
3. **Worsening Inverted Duties -** FTAs allow finished goods to enter India duty-free, while domestic manufacturers continue to pay high MFN tariffs (e.g., 7.5% to 10% on steel and aluminium) on imported raw inputs. This places domestic producers at a cost disadvantage against tariff-free imported finished machinery.
4. **The Offshoring Incentive -** This cost difference incentivizes firms to locate their manufacturing hubs in ASEAN countries and export finished products duty-free back into India. This model encourages a "Make in ASEAN, sell in India" approach, which works directly against domestic manufacturing goals.

3. Policy Measures for Realignment

To align future and existing trade agreements with the "Make in India" initiative, the state must implement targeted structural reforms -

1. **Rationalizing the Input Tariff Structure -** Systematically re-aligning and lowering domestic duties on raw components and industrial inputs to ensure they do not exceed the tariff lines of finished products entering under FTAs.
2. **Simplifying Compliance for SMEs -** Reducing the paperwork and certification requirements surrounding rules of origin to help small domestic firms take advantage of trade preferences and improve the export utilization rate.
3. **Including Review and Reciprocity Clauses -** Mandating periodic reviews within trade pacts to correct rising trade imbalances and ensure that tariff concessions are met with real, reciprocal market access for Indian goods.

Conclusion

Expanding trade partnerships is necessary for integration with the global economy, but FTAs must be carefully structured to avoid harming domestic industries. By correcting inverted duty structures, lowering compliance hurdles, and aligning input tariffs, India can ensure its trade agreements support local manufacturing, strengthen domestic supply chains, and build a competitive, export-driven industrial base.

Source - [https -//indianexpress.com/article/opinion/columns/india-fta-efta-asean-tariff-mfn-trade-deficit-10729899/](https://indianexpress.com/article/opinion/columns/india-fta-efta-asean-tariff-mfn-trade-deficit-10729899/)

3. Can India Forestall an Economic Crisis? Policy Moves Hold the Key (MT)

General Studies Paper - General Studies Paper III – Indian Economy

Topic - Macroeconomic Stability

Sub-Topic - Foreign Direct Investment (FDI) and Capital Flows

Introduction

In an increasingly interconnected global economy, developing countries face recurring risks from external shocks such as geopolitical conflicts, supply-chain disruptions, volatile capital flows, and global inflation. For India, sustaining high economic growth requires not only short-term stabilization measures but also long-term structural reforms that strengthen economic resilience and reduce external vulnerabilities.

1. Emerging Economic Risks Facing India

External Sector Pressures

1. Rising global uncertainties can trigger capital outflows from emerging markets.
2. Declining foreign investment inflows may reduce financing for development projects.
3. Exchange rate volatility increases economic uncertainty.

Current Account Challenges

1. Dependence on imports of crude oil, energy, and critical commodities widens the Current Account Deficit (CAD).
2. Higher import bills exert pressure on foreign exchange reserves.

Global Financial Tightening

1. Higher interest rates in advanced economies attract capital away from emerging markets.
2. Increased borrowing costs affect investment and economic activity.

2. Inflationary Pressures and Domestic Impact

Imported Inflation

1. Rising global commodity and energy prices increase domestic inflation.
2. Exchange rate depreciation makes imports more expensive.

Impact on Households

1. Higher food and fuel prices reduce purchasing power.
2. Lower-income groups face disproportionate hardships.

Impact on Businesses

1. Rising input costs reduce profitability.
2. Increased uncertainty discourages private investment.

3. Limits of Short-Term Stabilisation Measures

Monetary Policy Constraints

1. Interest rate hikes can control inflation but may slow growth and employment.
2. Excessive tightening can reduce investment demand.

Exchange Rate Management

1. Foreign exchange reserves can moderate currency volatility.
2. However, reserves alone cannot permanently offset structural weaknesses.

Fiscal Interventions

1. Government support can provide temporary relief.
2. Excessive fiscal expansion may increase deficits and debt burdens.

4. Structural Vulnerabilities in the Economy

Import Dependence

1. Heavy reliance on imported energy and strategic commodities.
2. Exposure to global supply-chain disruptions.

Insufficient Manufacturing Depth

1. Limited domestic production in critical sectors increases external dependence.
2. Trade deficits persist in high-value industries.

Weak Investment Momentum

1. Private sector investment remains below potential in several sectors.
2. Infrastructure gaps affect competitiveness.

5. Long-Term Strategies for Economic Resilience

Strengthening Manufacturing

1. Promote domestic production through industrial policies.
2. Enhance competitiveness under initiatives such as Make in India.

Diversifying Energy Sources

1. Expand renewable energy capacity.
2. Reduce dependence on imported fossil fuels.

Enhancing Export Competitiveness

1. Improve logistics and trade infrastructure.
2. Support high-value manufacturing and services exports.

Encouraging Private Investment

1. Improve ease of doing business.
2. Provide policy certainty and regulatory stability.

6. Employment-Centred Growth Strategy

Labour-Intensive Sectors

1. Promote manufacturing, textiles, food processing, and tourism.
2. Generate large-scale employment opportunities.

Skill Development

1. Align workforce skills with emerging industries.
2. Strengthen vocational and technical education.

MSME Support

1. Improve access to finance and technology.
2. Enhance integration into global value chains.

7. Way Forward

Balanced Policy Framework

1. Combine short-term stabilization with structural reforms.
2. Maintain macroeconomic stability while supporting growth.

Build Economic Resilience

1. Strengthen domestic demand and productive capacity.
2. Reduce dependence on volatile external financing.

Improve Institutional Capacity

1. Enhance policy coordination between fiscal, monetary, and trade authorities.
2. Strengthen economic governance and crisis preparedness.

Promote Sustainable Growth

1. Invest in green energy, infrastructure, innovation, and human capital.
2. Focus on inclusive and employment-intensive development.

Conclusion

India's economic stability depends on its ability to manage external shocks while pursuing long-term structural transformation. Short-term measures can provide temporary relief, but sustainable growth requires stronger manufacturing, diversified energy sources, higher exports, increased investment, and employment-focused development. Building resilience today is essential for achieving India's long-term development aspirations.

Source - https -//www.livemint.com/opinion/online-views/crisis-prevention-india-policy-action-economic-resilience-geopolitics-rupee-capital-inflows-11780829469809.html

Question

Q. External economic shocks expose structural vulnerabilities in developing economies. Examine the major external risks facing India and suggest measures to enhance long-term economic resilience. (250 Words)

Introduction

India's economy operates within an increasingly uncertain global environment characterized by geopolitical tensions, volatile capital flows, supply-chain disruptions, and inflationary pressures. These external shocks can adversely affect growth, investment, and macroeconomic stability.

Major External Risks

External Sector Vulnerabilities

1. Rising oil and commodity prices increase import bills and widen the Current Account Deficit.
2. Exchange rate volatility raises costs for businesses and consumers.

Capital Flow Volatility

1. Global monetary tightening can trigger capital outflows from emerging markets.
2. Reduced foreign investment affects financing of development and infrastructure projects.

Imported Inflation

1. Higher global energy and food prices contribute to domestic inflation.
2. Inflation reduces purchasing power and dampens demand.

Supply Chain Disruptions

1. Dependence on imported inputs exposes industries to global disruptions.
2. Production costs and competitiveness may be adversely affected.

Measures for Long-Term Resilience

Strengthen Domestic Manufacturing

1. Promote industrial diversification and self-reliance in critical sectors.
2. Deepen integration into global value chains.

Reduce Import Dependence

1. Expand renewable energy and domestic production of strategic goods.
2. Improve energy security and resource efficiency.

Promote Investment and Exports

1. Ensure policy stability and improve ease of doing business.
2. Strengthen export competitiveness through infrastructure and logistics reforms.

Focus on Employment and Productivity

1. Support labour-intensive sectors and MSMEs.
2. Invest in skills, innovation, and human capital.

Conclusion

While external shocks are unavoidable, their impact can be mitigated through structural reforms that enhance competitiveness, diversify the economic base, and strengthen domestic productive capacity. A resilient economy is essential for sustaining long-term growth and achieving India's development goals.

Source - https -//www.livemint.com/opinion/online-views/crisis-prevention-india-policy-action-economic-resilience-geopolitics-rupee-capital-inflows-11780829469809.html

4. Emerging Challenges to National Security in the 21st Century (TP)

General Studies Paper - General Studies Paper III – Internal Security

Topic - Internal Security Challenges

Sub-Topic - Information Warfare and Disinformation

Introduction

National security in the 21st century extends far beyond territorial defence and military preparedness. Globalisation, technological advancements, interconnected financial systems, cyber networks, and information ecosystems have created new vulnerabilities. Modern security threats are multidimensional, requiring an integrated approach involving military, economic, technological, social, and institutional capabilities.

1. Changing Nature of National Security

From Traditional to Comprehensive Security

1. Security is no longer limited to protecting territorial borders.
2. Economic stability, digital infrastructure, social cohesion, and technological capabilities have become critical components of national security.

Interconnected Threat Landscape

1. Modern threats often transcend national boundaries.
2. A single crisis can simultaneously affect security, economy, governance, and society.

2. Terrorism and Radicalisation

Evolving Nature of Terrorism

1. Terrorist organisations increasingly exploit digital platforms for recruitment and propaganda.
2. Lone-wolf attacks and decentralized networks are becoming more common.

Online Radicalisation

1. Social media facilitates rapid dissemination of extremist narratives.
2. Vulnerable populations may be influenced through targeted misinformation campaigns.

Required Measures

1. Strengthen intelligence-sharing mechanisms.
2. Enhance counter-radicalisation and community engagement programmes.
3. Improve monitoring of online extremist content.

3. Cyber Security Challenges

Growing Cyber Threats

1. Cyberattacks target governments, financial institutions, defence networks, and critical infrastructure.
2. Ransomware, data theft, and cyber espionage have become major concerns.

Critical Infrastructure Risks

1. Energy grids, transportation systems, healthcare networks, and communication systems are increasingly digitised.
2. Disruption can have significant economic and security consequences.

Policy Response

1. Strengthen cyber resilience and incident response systems.
2. Develop indigenous cyber-security capabilities and skilled manpower.

4. Information Warfare and Disinformation

Rise of Information Manipulation

1. Digital platforms enable rapid spread of misinformation and fake news.
2. Foreign and domestic actors can influence public opinion and social stability.

Impact on National Security

1. Weakens trust in institutions.
2. Can trigger social tensions and political instability.

Countermeasures

1. Promote media literacy and fact-checking mechanisms.
2. Strengthen strategic communication capabilities.

5. Economic and Financial Security

Economic Vulnerabilities

1. Financial instability can undermine national resilience.
2. Global market disruptions can affect growth and employment.

Financial Crimes

1. Money laundering, fraud, terror financing, and illicit financial flows threaten economic stability.
2. Digital financial systems create new vulnerabilities.

Strengthening Financial Security

1. Enhance financial regulation and surveillance.
2. Improve international cooperation against transnational financial crimes.

6. Technological Security Challenges

Artificial Intelligence (AI)

1. AI can improve defence capabilities but also facilitate autonomous threats, cyberattacks, and disinformation campaigns.

Emerging Technologies

1. Quantum computing, biotechnology, drones, and autonomous systems are transforming warfare and security.

Strategic Importance

1. Technological self-reliance is becoming essential for national security.
2. Investments in research, innovation, and indigenous capabilities are critical.

7. Border and Maritime Security

Conventional Security Concerns

1. Cross-border terrorism and infiltration remain significant threats.
2. Border management requires advanced surveillance and intelligence systems.

Maritime Security

1. Protection of sea lanes, ports, and maritime resources has gained importance.
2. Competition in the Indo-Pacific highlights the strategic value of maritime security.

8. Institutional and Governance Challenges

Need for Inter-Agency Coordination

1. Security threats increasingly cut across departmental boundaries.
2. Effective coordination between defence, intelligence, police, cyber, and financial agencies is essential.

Capacity Building

1. Continuous modernization of institutions and security forces is required.
2. Skilled human resources remain the foundation of effective security systems.

9. Way Forward

Adopt a Comprehensive Security Framework

1. Integrate military, economic, technological, environmental, and societal dimensions of security.

Strengthen Technological Capabilities

1. Invest in cybersecurity, AI, quantum technologies, and digital infrastructure.

Enhance Economic Resilience

1. Protect critical sectors from external shocks and financial crimes.

Promote Social Cohesion

1. Counter misinformation and radicalisation through education, awareness, and community participation.

Improve International Cooperation

1. Collaborate on counter-terrorism, cyber security, intelligence sharing, and financial crime investigations.

Conclusion

National security in the 21st century is multidimensional and interconnected. Traditional military threats coexist with cyberattacks, financial crimes, information warfare, and technological vulnerabilities. India must adopt a comprehensive security strategy that combines strong institutions, technological capabilities, economic resilience, and societal awareness to effectively address emerging security challenges.

Source - https -//dailypioneer.com/news/emerging-challenges-to-national-security-in-the-21st-century

Question

Q. National security in the 21st century extends beyond conventional military threats. Examine the emerging dimensions of national security and suggest measures to strengthen India's comprehensive security architecture. (250 Words)

Introduction

The concept of national security has evolved significantly in the 21st century. While territorial defence remains important, emerging threats such as cyberattacks, terrorism, financial crimes, information warfare, and technological vulnerabilities have expanded the scope of national security.

Emerging Dimensions of National Security

Cyber Security

1. Increasing cyberattacks on critical infrastructure and financial systems.
2. Growing threats from cyber espionage and ransomware attacks.

Information Warfare

1. Spread of misinformation and disinformation through digital platforms.
2. Manipulation of public opinion and social divisions.

Economic and Financial Security

1. Risks from financial instability, money laundering, and terror financing.
2. Vulnerability to global economic disruptions.

Technological Security

1. Strategic implications of AI, quantum computing, drones, and biotechnology.
2. Dependence on foreign technologies can affect national sovereignty.

Terrorism and Radicalisation

1. Online recruitment and digital propaganda by extremist groups.
2. Emergence of decentralized and lone-wolf threats.

Measures Required

Strengthen Institutional Coordination

1. Improve cooperation among defence, intelligence, cyber, and financial agencies.

Build Technological Capabilities

1. Invest in indigenous cybersecurity and emerging technologies.

Enhance Economic Resilience

1. Strengthen financial oversight and protect critical infrastructure.

Promote Public Awareness

1. Improve cyber hygiene, digital literacy, and media literacy.

Deepen International Cooperation

1. Expand collaboration in intelligence sharing, counter-terrorism, and cyber governance.

Conclusion

Modern national security requires a holistic approach that integrates military strength with technological innovation, economic stability, institutional effectiveness, and social resilience. A comprehensive security architecture is essential for safeguarding India's interests in an increasingly complex global environment.

Source - https -//dailypioneer.com/news/emerging-challenges-to-national-security-in-the-21st-century