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SECTOR 25 CHANDIGARH

U.S. deal excludes sensitive sectors: Goyal

- Minister claims Opposition's 'actions' prevented statement by Centre on the issue in Parliament
- He says more details will be made public after the trade deal is formally inked by both parties
- Goyal stated that the pact is superior to those of neighbouring countries and competitors

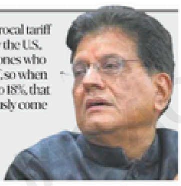
T.C.A. Sharad Raghavan
NEW DELHI

The trade deal with the United States, announced by U.S. President Donald Trump and Prime Minister Narendra Modi on social media late on Monday night, will exclude sensitive agricultural items and dairy, Commerce Minister Piyush Goyal said on Tuesday, adding that the details would be made public "soon".

Under the deal, the U.S. has agreed to lower its 25% "reciprocal" tariffs on India to 18% and entirely remove the additional "penalty" tariffs of 25% it had imposed on India for its import of Russian oil.

"The trade deal finalised by India with the U.S. is the best among India's neighbours and its competitors," Mr. Goyal told presspersons. "PM Modi has always protected the agriculture and dairy sectors and has never compromised on their interests. In the U.S. trade deal as well, India's sensitive sectors of agriculture and dairy have been excluded," he said.

Beyond this, he did not specify any other details of what India had conceded to the U.S. Nor did he address Mr. Trump's claims that India would stop buying Russian oil, increase oil purchases from Venezuela, and increase overall purchases from the U.S.



> The reciprocal tariff was set by the U.S. and they were the ones who had to reduce tariff, so when they did reduce it to 18%, that news would obviously come from the U.S.
>
> **PIYUSH GOYAL**
> Union Commerce Minister

Opposition blamed

He attacked the Leader of the Opposition in the Lok Sabha, Rahul Gandhi, the Congress, and its allies, saying it was because of their actions in Parliament on Monday that he was conveying the information on the trade deal at a press conference and not on the floor of the House. "Ordinarily, we would have wanted to speak in Parliament about this," he said.

"But, as you all saw, the way the Opposition, especially the Rahul Gandhi-led Congress and their allies, the DMK, the Trinamool Congress, and the SP [the Samajwadi Party], behaved in Parliament, reaching the Speaker's dais and insulting him, we have had to speak before you outside the House."

He said that the deal was in the "final stages of detailing" between the negotiating teams of the two countries. "As soon as the final understanding of the deal is inked, the joint statement is finalised, and technical processes are completed, full details will be shared," he said.

Industry bodies laud tariff deal

NEW DELHI

Industry bodies and leaders in both India and the U.S., have welcomed the announcement of a deal between the two countries under which tariffs on India are set to be slashed to 18%. » PAGE 12

In a rare public admission, Mr. Goyal acknowledged the impact of the U.S. tariffs on several sectors.

"Our farmers and exporters were all affected by the 50% tariffs," he said.

"Our marine exporters were facing difficulties. The textile sector had also been facing the need for reduced tariffs. This is a deal that will protect the interests of every Indian and provide huge opportunities for all the people of India, and will protect the sensitive sectors, including agriculture and dairy." Mr. Goyal said, "It will open up huge opportunities for our labour-intensive export sectors such as textiles, apparel, plastics, home decor, leather and footwear, gems and jewellery, organic chemicals, rubber goods, machinery, and aircraft components."

Trump's assertions

Mr. Goyal also sought to address questions from the Opposition as to why the deal was first announced by Mr. Trump.

"The reciprocal tariff was set by the U.S., and they were the ones who had to reduce tariffs, so when they did reduce it to 18%, that news would obviously come from the U.S," he explained.

In his post on Truth Social, Mr. Trump also made several assertions about what Mr. Modi had allegedly agreed to on India's behalf. One of these was that India would buy "over $500 billion dollars [sic] worth of U.S. energy, technology, agricultural, coal, and many other products".

According to sources in the Indian government, the $500 billion worth of purchases is to be spread over five years from when the deal comes into effect, and is a sign of "India's intent to import" equipment for data centres, increase civil nuclear cooperation, and increase the imports of advanced AI chips.

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KEY HIGHLIGHTS

Context of the News

- India and the United States concluded a bilateral trade deal announced by their leaders.
- The United States reduced its reciprocal tariff on Indian exports from 25% to 18%.
- Additional 25% penalty tariffs imposed due to India's import of Russian oil were fully withdrawn.
- India excluded sensitive agricultural commodities and dairy products from the agreement.
- Final technical detailing and joint statement are awaited.

Key Points

- Agriculture and dairy excluded to protect:
  - Small and marginal farmers
  - Cooperative-based dairy ecosystem
- Sectors benefiting from tariff reduction:
  - Textiles and apparel
  - Leather and footwear
  - Gems and jewellery
  - Plastics and rubber goods
  - Organic chemicals
  - Machinery and aircraft components
- U.S. indicated Indian imports worth USD 500 billion over five years, covering:
  - Energy imports (LNG)
  - Civil nuclear equipment
  - Data centre infrastructure
  - Advanced semiconductor and AI chips
- Tariffs had earlier led to export distress in marine and textile sectors.

Static Linkages

- WTO framework:
  - Bound tariffs vs applied tariffs
  - Most Favoured Nation (MFN) principle
- Agreement on Agriculture (AoA):
  - Market access
  - Domestic support limits
- India's Foreign Trade Policy (FTP) 2023:
  - Export competitiveness
  - Integration with global value chains
- Economic Survey:
  - Trade deficit and Current Account Deficit (CAD)
- Parliamentary conventions:
  - Executive primacy in treaty-making
  - Post-facto legislative oversight

Critical Analysis

Advantages

- Protects politically sensitive agricultural and dairy sectors.
- Improves export competitiveness of labour-intensive industries.
- Withdrawal of penalty tariffs reduces trade uncertainty.
- Enhances strategic economic engagement with the U.S.

Concerns

- High import commitments may widen trade deficit.
- Limited transparency and parliamentary discussion.
- Risk of over-dependence on U.S. technology and energy.
- Long-term impact on domestic manufacturing remains unclear.

Way Forward

- Institutionalise Parliamentary scrutiny of trade agreements.
- Conduct sector-wise cost–benefit analysis before implementation.
- Align import commitments with Atmanirbhar Bharat objectives.
- Strengthen export diversification beyond the U.S. market.
- Provide adjustment support to MSMEs and exporters.

Conservationists apprehensive of ‘turtle trails’ announced in Budget

Satyasundar Barik
BHUBANESWAR

Olive Ridley turtles mass nesting at Rushikulya river mouth beach at Podampeta in Ganjam district of Odisha. FILE PHOTO

The Union Budget’s proposal to develop ‘turtle trails’ along key nesting sites in the coastal areas of Odisha, Karnataka and Kerala has triggered sharp scepticism and concern among conservationists and researchers, who argue that mass nesting sites should be kept free from anthropogenic pressure.

Mass nesting or arribada of endangered Olive Ridley sea turtles is a rare phenomenon, which is recorded only along India and Costa Rica and some handful of beaches in the world. Odisha is home to the world’s largest mass nesting ground for Olive Ridley turtles.

Odisha has two mass nesting grounds – Gahirmatha in Kendrapara district and Rushikulya mouth in Ganjam district. No outsider is allowed to visit Gahirmatha as it comes in the proximity of Integrated Test Range (ITR), Chandipur, India’s missile testing centre.

Rushikulya used to be visited by a huge number of wildlife enthusiasts. However, the mass nesting was observed to be disturbed by visitors, and the State Forest and Environment Department brought some restrictions on the number of visitors who were allowed to see the mass nesting from a distance.

A record seven lakh Olive Ridley turtles had laid eggs in the Rushikulya rookery during the eight days of mass nesting in February last year.

“Under no circumstances, neither people nor light should go to mass nesting sites. There is no ambiguity in the approach. Though I don’t know details about turtle trails, it appears that there would be some sort of construction on the beach, which may be temporary, to facilitate visitors,” said B. C. Choudhary, a leading researcher of Olive Ridley turtles.

Dr. Choudhary said, “Mass nesting sites should be strictly ‘no-go’ zone. Nowhere in the world where mass nesting takes place, either photography is allowed or visitators permitted to take flash lights along with them.”

Biswajit Mohanty, a wildlife activist who has been working on Olive Ridley turtles for four decades, said: “There has been ample evidence that ecotourism causes harm to nature. In Chilika Lake, large number of tourists in mechanised boats venture into the lake in search of endangered Irrawaddy dolphins. The ecotourism has gone out of control. Habitat of dolphins is now disturbed.”

“The mass nesting of Olive Ridley turtles is highly sensitive. Turtles get distracted by lights. If a turtle trail through which ecotourism will be permitted is allowed, it would tamper tranquility and alter conditions suitable for mass nesting,” Mr. Mohanty said.

“Very limited numbers of tourists should be allowed under stringent conditions that nesting grounds are not disturbed,” he further said.

“Mass nesting sites are highly sensitive places. Providing access to these sites required a lot of consultations. However, I have not come across any consultations on the subject before its announcement in Budget 2026-27,” he pointed out.

Mr. Mohanty pointed out that rather than coming up with a ‘turtle trail’, which sounds like a tourism idea, the government should have announced measures to strengthen conservation efforts.

‘Enforcement needed’

According to him, speed boats, which were procured to enforce fishing prohibition during mating of turtles were lying defunct. “The efforts of the government should have been to put in place a robust enforcement mechanism instead of turning the site into a ecotourism hotspot,” he said.

When contacted, Chief Wildlife Warden P.K. Jha refused to comment on the issue.

KEY HIGHLIGHTS

Context of the News

- Union Budget 2026–27 proposed development of “turtle trails” at sea turtle nesting sites along the coasts of Odisha, Karnataka and Kerala.
- The proposal has raised concerns among conservationists regarding anthropogenic pressure on mass nesting (arribada) sites of Olive Ridley sea turtles.
- Odisha hosts the largest mass nesting sites globally for Olive Ridley turtles, particularly at Gahirmatha and Rushikulya.

Key Points

- Arribada: A rare phenomenon of synchronized mass nesting by Olive Ridley turtles.
- Occurs at very limited global locations – India, Costa Rica, and a few other beaches worldwide.
- Rushikulya rookery recorded ~7 lakh nesting turtles during February 2025 (Forest Department data).
- Sea turtles are highly sensitive to artificial light, noise, and human presence, which affects nesting and hatchling survival.
- Experts argue that “turtle trails” imply tourism infrastructure, which may disturb nesting ecology.

Static Linkages

- Olive Ridley turtles are listed under Schedule I of the Wildlife (Protection) Act, 1972.
- India is a party to the Convention on Migratory Species (CMS), which includes marine turtles.
- Coastal Regulation Zone (CRZ) Notification restricts construction and commercial activity in ecologically sensitive coastal areas.
- National Wildlife Action Plan (2017–2031) prioritises habitat protection and minimising human interference.
- NCERT Ecology: Impact of light pollution and habitat disturbance on wildlife behaviour.

Critical Analysis

Concerns

- Mass nesting beaches require strict no-disturbance zones during nesting season.
- Ecotourism has historically caused ecological damage due to weak regulation.
- Absence of stakeholder consultation before policy announcement.
- Existing enforcement mechanisms (fishing bans, patrolling) remain weak.

Arguments in Favour

- Potential for awareness generation and alternative livelihoods if strictly regulated.

Core Issue

- Conflict between tourism-led conservation model and science-based habitat protection.

Way Forward

- Declare arribada beaches as seasonal or permanent “No-Go Zones”.
- Promote off-site interpretation centres and virtual tourism instead of physical access.
- Strengthen enforcement of fishing bans and night patrolling during breeding season.
- Mandatory scientific consultation and EIA before eco-tourism projects in sensitive habitats.
- Align coastal tourism policies with National Wildlife Action Plan and CRZ norms.

84% waste-pickers from SC, ST, OBC groups: govt.

Abhinay Lakshman
NEW DELHI

The Union government on Tuesday released data for the first time on the ongoing enumeration of waste-pickers across the country, showing that a total of 1.52 lakh such workers had been profiled and validated so far in urban areas of 35 States and Union Territories. At the national level, 84.5% of overall waste-pickers were from the Scheduled Castes, Scheduled Tribes, and the Other Backward Classes, while 10.7% were from communities in the General category.

At the State and Union Territory level, there were some outliers, where waste-pickers from the General category constituted a significant majority. For instance, in Delhi and Goa, those from General category communities outnumbered those from the SC, ST, and OBC communities put together. In West Bengal, General category workers constituted 42.4% of all those profiled and validated.

The Ministry of Social Justice and Empowerment tabled the data in Parliament on Tuesday. The enumeration exercise is part of the Ministry's NAMASTE scheme. It is enumerating sewer and septic tank workers and waste-pickers across the country, to have them formally recognised by urban local bodies and provide them with protective equipment. The scheme aims at eradicating deaths due to hazardous cleaning of sewers and septic tanks.

The data showed that a total of 1.52 lakh waste-pickers had been profiled and validated by urban local bodies as part of this exercise till January 23 this year. Of these, about 48.7% are women (74,427), 51.3% men (78,374), and 0.007% transgender people (12).

Social category data showed that of the total workers profiled, 60.3% were from the SC communities (92,089), 13.7% from the OBC communities (20,954), and 10.5% from the ST communities. It also said 16,329 waste-pickers (10.7%) were from communities classified under the General category.

In Delhi and Goa, however, the majority of waste-pickers were from the General category. In Delhi, 4,289 of more than 6,500 waste-pickers profiled were from that category, and the case was similar in Goa, where, of the total 1,286 workers profiled, 729 were from General category communities.

Under the NAMASTE scheme, waste-pickers have been defined as people "informally" engaged in "collection and recovery of reusable and recyclable solid waste from streets, bins, material recovery facilities, processing and waste disposal facilities for sale to recyclers directly or through intermediaries to earn their livelihood".

'Other' category

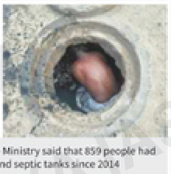
The data, tabled by Minister of State for Social Justice Ramdas Athawale, also said that 7,402 workers were from "Other" communities. The data was released in response to a question from Erode MP K.E. Prakash from the DMK on the NAMASTE scheme, which had recently included enumeration of waste-pickers in its objectives.

The scheme has so far enumerated about 89,000 sewer-entry workers and septic tank workers, 95.8% of them men. Parliament data from December 2024 showed that among the sewer and septic tank workers profiled till then, 91.95% were from SC, ST, and OBC backgrounds, while about 8.05% were from General category communities. However, State-level data of that time has not yet been made available.

Waste-picking labour profile

This enumeration of sewer and septic tank workers and waste pickers was part of the govt.'s NAMASTE scheme

- Out of 1.52 lakh profiled waste pickers, 84.5% were from SC, ST, or OBC communities
- However, in Delhi and Goa, a majority of such workers were from General communities
- About 48.7% of workers are women , 51.3% are men, and 0.007% are transgender people
- On Tuesday, the Social Justice Ministry said that 859 people had died due to cleaning of sewers and septic tanks since 2014



KEY HIGHLIGHTS

Context of the News

- Union government tabled official data for the first time on enumeration of waste-pickers in Parliament.
- Data released by the Ministry of Social Justice and Empowerment.
- Enumeration carried out under the NAMASTE Scheme.
- Aim: formal recognition, safety, and eradication of hazardous sanitation work.

Key Points

- Total waste-pickers enumerated (urban areas): 1.52 lakh (till 23 January).
- Gender composition:
  - Women: 48.7%
  - Men: 51.3%
  - Transgender: 12 persons
- Social category (All India):
  - SC: 60.3%
  - ST: 10.5%
  - OBC: 13.7%
  - General category: 10.7%
  - Others: 7,402
- State-level anomalies:
  - Delhi & Goa: General category forms majority.
  - West Bengal: 42.4% General category.
- Definition (NAMASTE):
  - Waste-pickers are informal workers engaged in collection and recovery of recyclable solid waste.
- Related sanitation data:
  - ~89,000 sewer/septic tank workers enumerated.
  - 95.8% men; ~92% from SC/ST/OBC backgrounds.

Static Linkages

- Article 17 – Abolition of untouchability (caste-linked sanitation work).
- Article 21 – Right to life with dignity.
- DPSPs:
  - Article 39(e): Protection of workers' health.
  - Article 47: Public health responsibility of the State.
- Prohibition of Employment as Manual Scavengers Act, 2013.
- Solid Waste Management Rules, 2016 – role of ULBs.

Critical Analysis

Strengths

- First national-level official database of waste-pickers.
- Enables formal recognition by Urban Local Bodies.
- Highlights gender dimension in informal urban labour.

Limitations

- Enumeration largely urban-focused.
- Data collection ≠ rehabilitation or livelihood security.
- Continued caste concentration reflects structural inequality.
- State-level variations indicate migration and informal labour gaps.

Way Forward

- Extend enumeration to rural and peri-urban areas.
- Link waste-pickers to social security schemes (e-Shram, insurance).
- Skill development and alternative livelihood pathways.
- Full mechanisation of sewer/septic cleaning.
- Time-bound rehabilitation targets with State accountability.

India's next industrial shift — electrons over molecules

For over a century, the world's factories, kilns and trucks have been powered by "molecules" – oil, coal and gas burnt for heat and motion. That age is now giving way to one where competitiveness is increasingly written in electrons: clean and reliable electricity. The nations that move the fastest from molecules to electrons will not only cut emissions but also win supply chains, capital and jobs.

On this score, China has opened a decisive lead. It is not merely adding renewables at record pace. It is redesigning industry itself to run on grid power. In 2024, close to half of China's industrial energy came as electricity. India is closer to one quarter. The gap directly affects export competitiveness and resilience to fuel price shocks.

Why 'electrons vs molecules' is the right lens

Molecules (oil, gas, LPG, coal, biofuels) are combusted directly in engines, boilers and furnaces. Electrons are delivered by the grid. Coal has already shifted role from on-site combustion to centralised power generation. More electrons mean higher automation, better process control and easier decarbonisation.

Electrification also brings a major efficiency dividend. Electric motors convert over 90% of input energy into useful work, while internal combustion engines typically convert less than 35%. This means each percentage point increase in electrons displaces more fuel molecules than raw energy numbers suggest.

Shrikant Madhav Vaidya

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Electrons spell competitiveness, ensuring clean and reliable electricity, supply chains, capital and jobs, and a cut in emissions

Industrial electrification snapshot

Green and grey electrons versus molecules

Global picture: industrial electrons and their quality

Region	Green electrons (%)	Grey electrons (%)	Total electrons (%)	Molecules (%)
China	18	29	47	53
The EU	16	18	34	66
U.S.	12	20	32	68
India	7	20	27	73
The world	12	18	30	70

Whole-economy context

Region	Green electrons (%)	Grey electrons (%)	Total electrons (%)	Molecules (%)
China	12	19	31	69
U.S.	13	19	32	68
The EU	17	17	34	66
India	8	19	27	73
The world	12	18	30	70

This snapshot is revealing. China draws nearly half its industrial energy from electrons and also has the highest share of green electrons. The United States and world average are around 12% while India lags at just 7%. China leads both in the quantity and the quality of electrons even as India remains molecule-dominated.

At the economy level, China, the U.S. and the European Union (EU) all sit near one-third electrification. But China deliberately channels far more electrons into industry than its peers. This reflects strategic intent. As the world's manufacturing hub, China ensures that factories enjoy reliable power and a rising share of clean electricity. That positioning directly strengthens export competitiveness in markets where carbon intensity is increasingly scrutinised.

China's transformation; where India is

China's playbook has been to build the grid, then build electron-first industry. China's surge did not happen by accident. Since 2010, it has poured massive capital into generation, ultra-high-voltage transmission, flexible substations and grid-scale storage. The result is a structural tilt toward electrons across industry. In steel, electric-arc-furnace (EAF) steel rose from about 44 million tonnes in 2010 to 106 million tonnes in 2024. Though only approximately 15% of output, this shift has been policy driven through scrap recycling and preferential tariffs.

In cement, China has electrified grinding mills, materials handling and deployed digital controls. Waste-heat-recovery systems typically contribute 30-35 kWh per tonne of cement. Calcination emissions remain unavoidable, making CCUS pilots essential. India can follow a similar pathway.

China's lesson is simple – electrify what can be electrified today, and reserve molecules only for processes that have no immediate alternative.

What is India's starting line like? India has doubled grid capacity in a decade and is a global leader in annual solar additions. Yet, industrial electrons remain around one-quarter of energy use, and green electrons just 7%-8% of final energy. Three factors explain this gap. First, legacy reliance on on-site combustion locks in molecule use. Second, uneven power quality and reliability discourage firms from designing all-electric processes. Third, policy focuses more on generation than on electrifying industrial processes.

This is a road map to an electron-first industrial decade. In steel, India already produces approximately 30% of steel through EAFs, as compared to approximately 70% in the U.S. Improving scrap collection, standardisation and trading platforms can lift this share rapidly. Renewable-linked EAF incentives are essential, especially with the EU Carbon Border Adjustment Mechanism (CBAM) targeting steel.

In cement, support pilots of electrified kilns, large-scale waste-heat recovery and carbon capture, utilisation, and storage (CCUS) hubs. Target a 20% reduction in molecule use per tonne this decade while preparing CCUS.

On micro, small and medium enterprises (MSMEs), most MSMEs run on coal boilers and diesel gensets. Transition requires concessional finance for electric boilers and induction furnaces, pooled procurement of renewable power purchase agreements, and technical assistance.

When it comes to digitalisation, this must be embedded in new industrial clusters. Advanced controls reduce power waste, enable demand response, and generate auditable carbon data demanded by global buyers.

Why does this matter beyond climate?

First, competitiveness as global buyers increasingly demand low-carbon manufacturing. Green electrons embedded in supply chains decide contract outcomes.

Second, security. Shifting heat and motion to domestically produced electricity reduces exposure to imported oil and gas price shocks.

Third, sovereignty. Industry can locate based on skills and logistics, not fuel availability.

The new industrial race

The global race is not just electrons versus molecules, but also about green electrons versus grey electrons. China has acted strategically. Although its economy-wide electrification (31%) is similar to the U.S. (32%) and the EU (34%), it prioritised industry – nearly half of industrial energy is electrified, with a higher green share than peers. This design gives China a durable manufacturing edge.

India must absorb this lesson. Without a rapid rise in green electrons, India risks CBAM penalties and lost export opportunities, but with bold action, it can seize the initiative.

Policy must aim not just for megawatts of renewables, but for megawatt-hours actually flowing into industry. India should launch a national mission on industrial electrification, significantly raise annual grid investment, mandate electrification in new industrial parks, and provide targeted MSME finance.

The next industrial revolution will be written in electrons, not molecules. India must ensure that it is not left behind.

KEY HIGHLIGHTS

Context of the News

- Global industry is shifting from fuel-based energy use ("molecules") to electricity-based energy use ("electrons").
- China has achieved nearly 50% industrial electrification, while India remains at ~25%.
- Electrification is emerging as a key determinant of industrial competitiveness, export resilience, and decarbonisation.
- Carbon-linked trade instruments such as the Carbon Border Adjustment Mechanism (CBAM) increase pressure on carbon-intensive manufacturing.

Key Points

- Electrons vs Molecules
  - Molecules: Coal, oil, gas, LPG directly combusted in boilers, kilns, engines.
  - Electrons: Electricity supplied via grid for industrial heat, motion, and processes.
- Efficiency Aspect
  - Electric motors: ~90–95% efficiency.
  - Internal combustion engines: ~30–35% efficiency.
- Comparative Status
  - China: ~50% of industrial energy from electricity; higher green electricity share.
  - India: ~25% industrial electrification; green electricity ~7–8% of final energy.
  - Economy-wide electrification: China (~31%), USA (~32%), EU (~34%).
- Sectoral Evidence
  - Steel: China increased Electric Arc Furnace (EAF) steel via policy support and scrap recycling.
  - Cement: Electrification of grinding, material handling; waste heat recovery (30–35 kWh/tonne).
- Strategic Outcome
  - Electrification improves automation, process control, and ease of decarbonisation.

Static Linkages

- Electricity as a secondary energy carrier with higher conversion efficiency (NCERT – Geography).
- Industrial competitiveness depends on energy cost, reliability, and quality (NCERT – Economics).
- Hard-to-abate sectors: steel and cement (Economic Survey; IPCC).
- Energy security dimensions: availability, affordability, reliability (Government of India framework).
- Trade–climate linkage through carbon pricing and border measures (WTO discussions).

Critical Analysis

Pros

- Enhances export competitiveness under carbon-sensitive trade regimes.
- Reduces exposure to imported oil and gas price volatility.
- Enables industrial automation and productivity gains.
- Facilitates long-term decarbonisation pathways.

Cons / Challenges

- High capital cost of electrifying legacy industrial systems.
- Grid reliability and power quality issues, especially for MSMEs.
- Risk of "grey electrification" if electricity remains coal-dominated.
- Limited scrap ecosystem constrains EAF expansion in India.
- Cement calcination emissions remain structurally difficult to eliminate.

Stakeholder Issues

- MSMEs face financing and technology barriers.
- Export-oriented firms face CBAM-related compliance pressure.
- Power sector requires grid modernisation, not only capacity addition.

Way Forward

- Launch a National Mission on Industrial Electrification.
- Shift policy focus from MW addition to MWh delivery to industry.
- Mandate electrification norms in new industrial parks and corridors.
- Expand scrap markets and incentivise renewable-linked EAF steel.
- Support waste heat recovery, electrified kilns, and CCUS pilots in cement.
- Provide concessional finance and technical support to MSMEs.
- Integrate digitalisation for energy efficiency and carbon accounting.
- Accelerate transition towards green electrons, not just electrification.

AI's next investment cycle belongs to applications

The artificial intelligence (AI) industry has reached a crossroads. For years, companies poured money into infrastructure such as data centres, chips and underlying models. Now, the big question is not about AI working, but whether it can be profitable. The solution lies in concrete AI applications, and not just having more training or larger GPU clusters.

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AI infrastructure versus AI applications

In 2025, companies spent around $320 billion on AI infrastructure. Despite this huge investment, foundation model businesses have thin profit margins. High inference costs cut into revenue and competition keeps prices down. For instance, OpenAI reached $13 billion in annualised revenue by August 2025 but still lost $5 billion in 2024. This approach is not sustainable; it is a short-term fix supported by venture capital and corporate money hoping for better returns.

The story is different for AI applications. In 2025, businesses spent $19 billion on AI applications, making up more than half of all generative AI spending. This is over 6% of the total software market, reached just three years after ChatGPT was launched. More importantly, this spending proves real market demand: companies are no longer only testing AI. They are using it widely. At least 10 AI products now bring in over $1 billion in annual recurring revenue, and 50 products make more than $100 million.

Meta's $2 billion purchase of Manus in December 2025 shows this shift. Manus, a Singapore startup, launched its AI agent just nine months earlier and quickly reached $125 million in annual revenue by supplying a simple but effective AI product that gets tasks done – not just talks about them – thus proving both technical ability and business success.

Investors want companies with real customers, not just technology. By the third quarter of 2025, there were 265 private equity deals involving AI applications, a 65% increase from the previous year, and 78% were add-on acquisitions for existing portfolio companies. Strategic mergers and acquisitions in AI hit record highs by Q3, with deal values up 242% from the year before.

Where the real value is

Real value is emerging in the departmental AI segment. In 2025, coding tools made up $4 billion of the $7.3 billion departmental AI market, making them the largest segment. Half of all developers now use AI coding tools every day, a number which rises to 65% in top-performing companies. When ServiceNow bought Moveworks or Nvidia purchased several AI startups, these were not infrastructure deals. They were investments in companies that help customers achieve real business results with AI.

The foundation model landscape itself tells the application story. Anthropic now commands 40% of enterprise LLM spending, up from 24% last year and 12% in 2023, while OpenAI's enterprise share fell to 27% from 50% in 2023. Anthropic did this by dominating coding applications, where it holds a market share of 54% compared to OpenAI's 21%. Applications drive infrastructure adoption and foundation models, not the other way around. Morgan Stanley reports that generative AI reached a 34% contribution margin in 2025, its first profitable year, and this could rise to 67% by 2028 as infrastructure costs fall and efficiency improves. However, most of these profits go to companies selling complete solutions, not just raw computing power.

Private investors now have to decide which use cases will create the next wave of real value, not just add a simple interface to ChatGPT without real value. But solutions built for specific verticals such as health care, law, finance and manufacturing (those that are deeply integrated into workflows, use unique data, and become essential to operations) are the businesses that are worth serious investment.

The free market distributes resources well when investors focus on fundamentals, beyond mere stories. Revenue, customer retention, growth rates and paths to profitability matter again. Right now, circular financing obscures true demand. For instance, of Microsoft's reported Azure AI revenue, quite a lot comes from OpenAI's spending on compute at heavily discounted rates that essentially cover only Microsoft's costs. Applications break this pattern because they generate revenue from outside the circular financing loop.

Core issues

For governments, the next phase will raise tough questions about competition, especially as foundation model providers begin to build their own applications. When OpenAI launches coding tools or Anthropic develops enterprise solutions, it puts pressure on independent application builders who do not have the same infrastructure advantages. Copyright issues are also becoming more important as the source of training data becomes a key legal concern. Privacy rules will need to adapt to address AI agents that access large amounts of personal and business information.

Policymakers should not hurry into strict regulations. The application layer needs room to experiment, fail and improve until it finds product-market fit. But still, rules about competition, especially reviews of acquisitions that prevent big companies from buying and shutting down potential rivals, are important. The trend of acqui-hires (where startups are bought mainly for their staff and then closed) often leaves employees stranded and can hurt the energy and the innovation that the sector needs.

The Internet was not monetised by selling bandwidth. It was monetised by building applications that made bandwidth valuable. AI will follow the same trajectory.

AI profits will come from real applications

KEY HIGHLIGHTS

Context of the News

- Global Artificial Intelligence (AI) ecosystem is undergoing a transition from infrastructure-led growth to application-led value creation.
- Despite heavy investment in data centres, chips and foundation models, profitability of core AI infrastructure remains weak.
- Recent global investment trends indicate that AI applications integrated into enterprise workflows are emerging as the primary drivers of revenue, adoption, and margins.
- This shift has implications for competition policy, regulation, innovation financing and digital economy governance.

Key Points

- Global AI infrastructure spending (2025): ~$320 billion
  - Includes GPUs, cloud computing, data centres and foundation models.
- Foundation model providers face:
  - High inference and operational costs
  - Intense price competition
  - Thin or negative profit margins
- AI application spending (2025): ~$19 billion
  - Over 50% of generative AI expenditure
  - ~6% of global software market within 3 years
- Enterprise adoption:
  - AI applications increasingly used in coding, customer service, workflow automation
  - Departmental AI market size (2025): ~$7.3 billion
  - Coding tools constitute the largest share
- Investment trends:
  - Sharp rise in private equity and M&A activity focused on AI applications
  - Majority of deals are add-on acquisitions for existing firms
- Profitability outlook:
  - Generative AI turned profitable at aggregate level in 2025
  - Majority of profits accrue to end-solution providers, not infrastructure sellers

Static Linkages

- Technology adoption lifecycle
- Platform and network effect economics
- Value chain analysis (upstream vs downstream capture)
- Competition and monopoly theory
- Intellectual Property Rights in digital economy
- Data as an economic resource
- Regulatory lag in emerging technologies

Critical Analysis

Positive Aspects

- Application-based AI improves productivity across sectors
- Vertical-specific AI tools create sustainable business models
- Reduces dependence on speculative venture capital funding
- Encourages outcome-based technology adoption

Concerns

- Vertical integration by foundation model providers may reduce competition
- High entry barriers for startups due to compute dependency
- Copyright disputes over training data
- Privacy risks from autonomous AI agents accessing sensitive data
- Acqui-hire practices may weaken innovation ecosystems

Way Forward

- Encourage application-layer innovation rather than infrastructure concentration
- Strengthen competition scrutiny for AI-related mergers and acquisitions
- Allow regulatory flexibility for experimentation at application level
- Update data protection and privacy frameworks for AI agents
- Support startups through:
  - Open datasets
  - Affordable compute access
  - Public digital infrastructure
- Promote ethical and accountable AI deployment

End in sight

The U.S. trade deal gives hope that the tariffs ordeal may be over soon

News of the India-United States trade deal has brought palpable relief to a lot of Indian industries, but it also comes with persistent and important questions that remain unanswered despite a press statement by India's Commerce Minister Piyush Goyal. The initial announcement, through social media, while true to U.S. President Donald Trump's form, also marks a departure for India and Prime Minister Narendra Modi. Past trade deal announcements have all been made through more formal channels. The announcement of U.S. tariffs on Indian imports being cut to 18% from the existing 50% is certainly welcome. However, as of now, there is no clarity on when this would be implemented. While Mr. Trump said they would be cut "immediately", Mr. Goyal said that the details will be shared "soon". There is also considerable ambiguity over whether this is the first tranche or 'mini-deal' of a larger Bilateral Trade Agreement, a limited deal affecting only tariffs, or something in between. Mr. Trump's assertion that Mr. Modi has "agreed to stop buying Russian oil" must also be addressed by the Indian government sooner rather than later. Mr. Goyal did not touch upon this in his statement. Stopping Russian oil entirely would not only force India to find alternatives for about a third of its oil imports but would also cast a shadow over its relations with Russia, which is a long-time friend and critical supplier of defence equipment. Such a move would announce a very definite realignment for India and, in that light, deserves to be discussed in Parliament first. Similarly, buying more Venezuelan crude comes with its own refining challenges.

There is also the question of what India has committed to the U.S. in terms of tariff concessions, investments and purchase orders. Apart from making the assurance that sensitive agricultural items and dairy would be excluded, the government has been silent despite several significant assertions being made by Mr. Trump and his team. While the "final stages of detailing" are still to be completed, as Mr. Goyal has said, the light at the end of the tunnel has already buoyed Indian stock markets, bolstered the rupee, and brought especial cheer to labour-intensive sectors such as textiles, apparel, footwear, leather and engineering goods that had been hurting from the 50% tariffs. These sectors already stand to gain from the India-European Union trade deal, which Mr. Goyal has assured will come into effect this year. The tariffs they will face in the U.S. will likely still be slightly higher than those enjoyed by competitors in the South-East Asian countries due to their Most-Favoured Nation status. Yet, the new deal stands to certainly enhance their competitiveness, and the targeted announcements in the Union Budget 2026 should also help bridge this narrower gap.

KEY HIGHLIGHTS

Context of the News

- India and the United States announced a trade understanding involving a sharp reduction in U.S. tariffs on Indian imports.
- Tariffs reportedly reduced from 50% to 18%, but implementation timeline remains unclear.
- Announcement made via social media, not through formal joint statements.
- Ambiguity persists on:
  - Nature of the deal (mini-deal / first tranche / full BTA).
  - India's reciprocal commitments.
- U.S. claim that India would stop buying Russian oil has not been officially confirmed by India.

Key Points

- Beneficiary sectors:
  - Textiles
  - Apparel
  - Footwear
  - Leather
  - Engineering goods
- These sectors are labour-intensive and export-oriented.
- Russian oil constitutes ~30–35% of India's crude oil imports.
- Complete stoppage of Russian oil would:
  - Affect India's energy security.
  - Increase import costs.
  - Impact defence and strategic relations.
- Indian markets reacted positively:
  - Stock indices rose.
  - Rupee appreciated.
- India–EU trade deal expected to further improve export competitiveness.
- Indian exporters still face slightly higher tariffs compared to ASEAN nations enjoying MFN benefits.

Static Linkages

- MFN principle under WTO allows preferential trade agreements (GATT Article XXIV).
- Trade policy instruments:
  - Foreign Trade Policy
  - Customs Tariff Act, 1975
- Energy security as a pillar of economic stability (Economic Survey, NITI Aayog).
- Parliamentary oversight is a constitutional convention, not a legal mandate.
- Trade diplomacy linked with strategic autonomy.

Critical Analysis

Positives

- Enhances export competitiveness.
- Relief to MSMEs and labour-intensive sectors.
- Strengthens India–U.S. economic engagement.

Concerns

- Lack of transparency on India's commitments.
- Risk to strategic autonomy in energy decisions.
- Possible strain on India–Russia relations.
- Parliamentary non-discussion on major strategic realignment.
- Continued tariff disadvantage compared to ASEAN exporters.

Way Forward

- Place trade and energy commitments before Parliament.
- Maintain diversified crude oil sourcing.
- Ensure trade deals align with domestic manufacturing goals.
- Balance economic diplomacy with strategic autonomy.
- Use FTAs to secure market access beyond tariff cuts.

Stop sharing user data or opt out of country: SC to WhatsApp, Meta

Ananthakrishnan G
New Delhi, February 3

THE SUPREME Court Tuesday sharply criticised WhatsApp LLC and Meta Platforms over their data-sharing practices, observing that they were making a "mockery" of India's "constitutionalism" and telling them to "opt out of the country" if they could not address concerns around privacy and consent.

A three-judge Bench led by Chief Justice of India Surya Kant, and comprising Justices Joymalya Bagchi and Vipul M Pancholi, was hearing appeals filed by Meta and WhatsApp against a judgment of the National Company Law Appellate Tribunal (NCLAT) that upheld a penalty of Rs 213.14 crore imposed by the Competition Commission of India (CCI) over WhatsApp's 2021 privacy policy.

The CCI has also challenged the NCLAT order to the extent that it permits Meta and WhatsApp to share user data for advertising purposes.

"We will not allow you to share even a single (piece of) information. You cannot play with the rights of this country. Let a clear message go on your WhatsApp," the CJI said. The Bench will hear the matter again on February 9 to decide whether interim restrictions on data sharing are required pending final adjudication.

At the outset, senior advocates Mukul Rohatgi and Akhil Sibal, appearing for Meta and WhatsApp, respectively, informed the court that the penalty amount had been deposited. The Bench directed that the amount should not be withdrawn until further orders.

Expressing serious reservations about data-sharing, the CJI questioned the nature of user consent. "What is the choice with the customer? Because you have now a complete monopoly in the market and you will say I am giving a choice. The choice is like the agreement between lion and lamb, that either you walk out of WhatsApp facility or we share your data. Why should we allow?" he asked.

The CJI said the court would pass directions unless the companies undertook not to share data until the matter was finally decided. "The choice is very simple. Will you give an undertaking or we are issuing directions... Or we dismiss it right now. You have made mockery of the constitutionalism of this country," he said.

Sibal submitted that the NCLAT judgment had set aside the ban on data sharing and that the December 15, 2025 order permitted sharing with user consent. The CJI responded: "We will not allow you to share a single word of your data. It must be very clear. If you are willing to give an affidavit undertaking of your management, then it's fine. Otherwise, we will dismiss it. No question of sharing data. How can you play with the right to privacy of people like this?"

He further observed: "You have been bought by Facebook. Tomorrow someone else will buy and he will transfer the entire data."

Rs 213.14 cr
Is the amount of penalty imposed by the CCI, and upheld by NCLAT, over WhatsApp's 2021 privacy policy. The SC was hearing appeals filed by Meta and WhatsApp against this judgment

Sibal maintained that data sharing occurred only with user consent and that an opt-out option existed. The CJI remarked: "What do you mean by opt out? Then opt out is, you opt out of the country. You withdraw your facilities from here." Solicitor General Tushar Mehta, appearing before the court, said: "Our privacy data, our personal data is not only sold, it is commercially exploited. We feel we are consumers, (but) we are products." The Bench agreed that private data was being used for commercial gain.

The CJI questioned how a poor street vendor would understand the implications of the terms and conditions. "The kind of language you use, very cleverly crafted language, even some of us will not understand that language," he said.

The CJI said such conditions must be examined from the perspective of a common consumer. "How many people will understand the implication of the conditions which you impose? Where is the question of opt out? Because people do not understand that complication," he said.

Asking counsel to demonstrate how the opt-out mechanism worked, the CJI said: "Please show in your mobile or my mobile how this opt out business operates. Nobody will be able to understand it. And by now we do not know how (many) millions of data you must have (shared). This amounts to, in a way, a decent way of committing theft of private information."

Justice Bagchi observed: "We are examining a player who is held to be a dominant player in the field imposing conditions which appear to be blatantly unfavourable to the user."

On the argument that users could opt out, Justice Bagchi asked how users would even be aware of such an option or be in a position to make a realistic decision. Rohatgi submitted that the SC had earlier declined to stay data sharing and had directed that newspaper advertisements be published about the policy in multiple languages, which had been complied with.

Justice Bagchi responded: "You say that you put up some newspaper advertisements. Who reads? This platform every alternate day would send messages when it comes to questions of sharing. When it comes to information to opt out, it would be in a newspaper. And how many do you expect will read that disclosure?"

KEY HIGHLIGHTS

Context of the News

- The Supreme Court of India heard appeals filed by Meta Platforms and WhatsApp LLC against a judgment of the National Company Law Appellate Tribunal.
- NCLAT had upheld a ₹213.14 crore penalty imposed by the Competition Commission of India for abuse of dominant position via WhatsApp's 2021 privacy policy.
- The Supreme Court expressed serious concerns over data sharing, user consent, monopoly power, and violation of constitutional values.
- The Court may impose interim restrictions on data sharing pending final adjudication.

Key Points

- CCI penalised WhatsApp for forcing acceptance of data-sharing terms as a condition for service.
- WhatsApp was found to be a dominant player in the relevant messaging market.
- The "opt-out" mechanism was criticised as illusory and non-voluntary.
- Supreme Court linked privacy, consent, and competition law with constitutional principles.
- Data sharing for commercial exploitation and targeted advertising was flagged.
- Penalty amount deposited; withdrawal stayed by Court.

Static Linkages

- Right to Privacy is a fundamental right under Article 21 (Justice K.S. Puttaswamy judgment).
- Competition Act, 2002 – Section 4 (Abuse of Dominant Position).
- Informed Consent as a core principle of autonomy and dignity.
- Information Asymmetry between digital platforms and consumers.
- Network effects leading to monopolistic tendencies in digital markets.
- Constitutional morality as a guiding principle for governance.

Critical Analysis

Issues Identified

- Consent obtained under take-it-or-leave-it conditions lacks voluntariness.
- Complex legal language undermines informed decision-making.
- Dominant digital platforms can coerce users without meaningful alternatives.
- Commercial exploitation of personal data raises ethical and constitutional concerns.
- Weak enforcement framework for Big Tech regulation.

Constitutional Dimensions

- Violation of dignity and autonomy under Article 21.
- Conflict between economic power and individual rights.
- Need to balance innovation with constitutional safeguards.

Way Forward

- Enforce clear, simple, and granular consent mechanisms.
- Strengthen ex-ante regulation of digital gatekeepers.
- Ensure data minimisation and purpose limitation norms.
- Improve coordination between competition, consumer, and data regulators.
- Enhance digital literacy to empower informed consumer choice.
- Align competition enforcement with constitutional values.

With tariff cloud lifting, India-US can shape balance of power in Asia & world

RAJA MANDALA

BY C RAJA MOHAN

THE FINALISATION of the India-US trade deal this week brings to a close a turbulent year in bilateral ties and clears the way for Delhi and Washington to focus on the broader agenda outlined by Prime Minister Narendra Modi and President Donald Trump at their White House meeting on February 13, 2025. The two leaders had emphasised the importance of a quick trade deal and called for deeper cooperation in defence industrialisation, critical and emerging technologies, and strategic coordination in the Indo-Pacific.

The trade deal announced by the two leaders on social media on Monday needs to be formalised, and there are several elements that will need to be fleshed out to mutual satisfaction. Complex negotiations and imaginative diplomatic work lie ahead in putting the bilateral commercial ties on a high and sustainable growth path.

If Trump was incredibly tough and transactional over the last year, Modi displayed resilience — tempered by patience — in weathering the tariff storm. Delhi neither capitulated nor escalated. Instead, it opted for quiet, persistent engagement.

The durability of the India-US partnership owes much to its deep structural foundation. The convergence of strategic interests and the creation of a dense architecture of cooperation in the last quarter-century was not going to be easily wrecked by personality clashes or even serious differences on any one issue. The strategic ballast of the bilateral relationship was also critical in weathering complications other than trade over the last year. Since Trump's return to the White House, commentators in Delhi and Washington had argued that Pakistan and Russia had returned to complicate India-US relations.

Trump's "favourite field marshal", Asim Munir, appeared to successfully reverse years of White House neglect of Rawalpindi and generated a new triumphalism in Pakistan and concerns in Delhi. Meanwhile, India's surging import of discounted Russian oil seemed set to undermine its ties with the US. Yet, neither Pakistan nor Russia could derail the US-India partnership.

Pakistan has its uses for America, but it is not a crucial pillar of US regional strategy. There is no question of Pakistan regaining parity with India in American geopolitical imagination. The economic gap between India and Pakistan is now too wide for the return of strategic parity between the South Asian twins.

The fact that Sergio Gor — US Ambassador to India and concurrently special envoy for the Subcontinent and Central Asia — played a key role in concluding the trade deal suggests new possibilities for regional collaboration between Delhi and Washington, not a return to old hyphenations.

Russia, too, remains important for Delhi, but its weight in India's strategy has seen a relative decline over the decades. Indian purchases of discounted Russian oil were price- and market-driven. Therefore, reducing oil purchases from Russia, as part of the trade deal, is not a fundamental question of principle for Delhi. India's ties with Russia will remain relevant, but Delhi has no reason to let it clash with the high-stakes engagement with the US. Trump is eager to improve ties with the Russian leader, Vladimir Putin, and that is in India's interest, too.

The key variable that truly matters for both Washington and Delhi is China. Despite Trump's intermittent G2 rhetoric, the structural contradictions between the US and China remain deep and not easily overcome. The US National Security Strategy and National Defence Strategy issued by the Trump Administration in the last few weeks make clear that preventing the domination of the Indo-Pacific by any single power is a critical American objective. This aligns closely with India's own quest for a multipolar Asia.

Trump's tactical approach to Beijing certainly differs from previous administrations, including his own first term. That is a reflection of China's rapidly growing economic and military heft in the region. Delhi's own recalibration of ties with Beijing is shaped by the reality of China's growing power. Securing a stable Asia will remain the cornerstone of the India-US partnership. The challenge is to lend greater commercial, technological, and defence depth to it.

> Convergence of strategic interests and creation of a dense architecture of cooperation in the last quarter-century was not going to be easily wrecked by personality clashes or even serious differences on any one issue

Trump's strong emphasis on burden-sharing adds another dimension to the India-US convergence. Trump is pressing allies and partners to assume greater responsibility for stabilising their own regions. For India, this creates a larger strategic space — and necessity — to shape outcomes in South Asia and the Indian Ocean.

Rather than oscillate between anxieties of American entrapment or abandonment, as we tend to, Delhi must focus on crafting a proactive regional strategy that leverages the convergences with the US to strengthen India's national capacities and widen its regional footprint.

The prospect for the resolution of the trade dispute with the US reinforces a larger truth: India's economic diplomacy is increasingly oriented toward the West. After decades of defensive trade policy, Delhi's priority now is to strengthen commercial integration with the complementary economies of the US and Europe, as well as the imperial connections with the Anglo-Saxon nations — Australia, Britain, Canada and New Zealand. It is rooted in the logic that India's economic prosperity and technological modernisation depend on closer ties with Western markets and capital.

With the tariff cloud lifting, India and the United States can return to the task of advancing a partnership that will shape the balance of power in Asia and the wider world for decades to come. To get back to that agenda, though, Delhi and Washington must quickly tie up the many loose ends of the trade deal.

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KEY HIGHLIGHTS

Context of the News

- Announcement of an India–US trade deal (Feb 2025) after prolonged tariff-related tensions.
- Follows bilateral summit between Narendra Modi and Donald Trump in Washington.
- Marks stabilisation of India–US relations after a phase of transactional diplomacy.
- Enables renewed focus on Indo-Pacific, defence industrialisation, and critical technologies.

Key Points

- Trade deal yet to be formally concluded; requires negotiations on tariffs, market access, and supply chains.
- India followed a policy of strategic restraint during tariff pressures.
- Bilateral partnership supported by institutional depth built over 25 years.
- Pakistan lacks strategic parity with India in US policy due to economic divergence.
- India's Russian oil imports are market-driven, not strategic alignment.
- The US Indo-Pacific strategy aligns with India's vision of a multipolar Asia.
- China remains the primary strategic variable in India–US relations.
- India's economic diplomacy increasingly oriented toward US, Europe, and Anglo-Saxon economies.

Static Linkages

- Balance of Power theory (NCERT – Political Science).
- Strategic Autonomy in India's foreign policy.
- Trade liberalisation under WTO framework.
- Energy security and diversification (Economic Survey).
- SAGAR doctrine and Indo-Pacific maritime strategy.

Critical Analysis

Positives

- Reduces trade uncertainty between India and the US.
- Strengthens India's role in Indo-Pacific security.
- Enhances cooperation in defence manufacturing and technology.
- Supports India's economic integration with advanced economies.

Concerns

- Risk of excessive economic dependence on Western markets.
- Trade concessions may affect sensitive domestic sectors.
- Managing Russia ties without strategic contradiction.
- Transactional US approach may cause future volatility.

Way Forward

- Early formalisation of the trade agreement.
- Institutionalise defence and technology cooperation.
- Diversify energy sources while maintaining strategic autonomy.
- Use Indo-Pacific convergence to expand regional influence.
- Align economic diplomacy with long-term industrial growth.

The economy remains in search of a plan

ROHIT LAMBA

AS THE Finance Minister wrapped up her Budget speech, all I could think was: While there are schemes galore, where is the growth, where are the jobs?

Two budgets ago, the FM announced Employment Linked Incentives — a Rs 2 lakh crore package promising 4.1 crore jobs. Cabinet approval took a year; the schemes became operational only in August 2025. We are still waiting for evidence of a single new job. The PM Internship Scheme — 1 crore internships in five years — saw 1.65 lakh offers; only 16,000 showed up; 41 per cent quit; 95 received job offers. The allocation was slashed by 95 per cent. The government's explanation? Young Indians are reluctant to travel more than 5 km.

The Production Linked Incentive scheme tells a similar story. Of Rs 1.97 lakh crore committed across 14 sectors, barely 12 per cent has been disbursed. Apple's contract manufacturers absorbed three-quarters of mobile incentives; domestic players missed targets. China has challenged India at the WTO for imposing local sourcing conditions, reducing our subsidies to rewarding assembly rather than genuine manufacturing.

Meanwhile, a CAG report revealed that under the Pradhan Mantri Kaushal Vikas Yojana — Rs 10,000 crore spent on skilling one crore youth — 94.5 per cent of beneficiary bank accounts were invalid, blank, or dummy. Ninety lakh ghost accounts. In another era, this would have launched a national investigation.

The problem runs deeper than any single scheme. The government thinks industrial policy works like providing gas cylinders — campaign mode, where you put up resources, implement once and announce it on television. But serious industrial policy is maintenance mode — persistent, iterative, demanding deep expertise over years. Centralisation in the PMO means policy is driven by generalist bureaucrats with neither the training nor the incentives to get it right. The result is a self-fulfilling cycle — competence is sidelined by control.

Government deserves credit for aggressively pursuing free trade agreements. But FTAs cannot substitute for structural reforms that campaign mode cannot deliver

To be fair, the word "scheme" declined from 60 mentions in the 2024 speech to 34 this year. But I found a new favourite: "Will", appearing 190 times. "Will augment our growth", "government will undertake". The Kafkaesque moment came when the FM announced, "A High-Level Committee... will be set up," to thundering applause. We celebrate the will of a will-be committee.

This matters because the rejigging of the global order has handed India a once-in-a-generation opportunity — to integrate into supply chains, to export not just merchandise across oceans but expert services across the ether. The government deserves credit for aggressively pursuing free trade agreements. But FTAs cannot substitute for structural reforms that campaign mode cannot deliver. Net FDI has crashed 96 per cent to $0.4 billion in FY25 — the lowest on record.

Nowhere is the squandering more visible than in semiconductors. Fab spending fell from Rs 2,500 crore to Rs 1,000 crore in revised estimates; the display fab shows zero expenditure. The Tata-PSMC fab in Gujarat has pushed its timeline to mid-2027. Zoho shelved its fab plans in Karnataka. TSMC declined India's invitation. The saddest part is that our head start in chip design — 20 per cent of the world's designers work from India — is being allowed to go to waste.

Skimming the post-Budget coverage, I noticed drooping shoulders behind the applause — resignation dressed up as celebration. It reminded me of Mark Carney's speech at Davos, where he invoked Havel's greengrocer — the one who displays signs he does not believe in. "It is time," Carney said, "for companies and countries to take their signs down." I wondered when these esteemed analysts on Indian TV would put their sign down, when they would tell the truth. A middle power that mistakes aspiration for achievement will make policy for a country that does not exist.

After the first Budget of Modi 3.0, I had argued in these pages that the economy was in search of a plan and wondered if there was enough audacity in the Modi machinery to follow its dharma. The jury is still out.

The writer is an economist at Cornell University

KEY HIGHLIGHTS

Context of the News

- Union Budget highlighted multiple employment, skilling and industrial promotion schemes amid concerns over weak job creation.
- Implementation delays, low outcomes and fiscal under-utilisation of flagship schemes have raised questions on India's growth and employment strategy.
- The issue assumes significance in the backdrop of global supply chain realignment and India's demographic dividend.

Key Points

- Employment Linked Incentive (ELI) Scheme
  - Announced with an outlay of ₹2 lakh crore.
  - Target: 4.1 crore jobs.
  - Operationalisation delayed by nearly one year.
  - No publicly available evidence of net job creation so far (PRS India).
- PM Internship Scheme
  - Target: 1 crore internships over five years.
  - Actual outcomes:
    - 1.65 lakh offers issued.
    - ~16,000 joined.
    - High dropout rate (~41%).
    - Very limited transition to regular employment.
  - Allocation reduced sharply in the latest Budget.
- Production Linked Incentive (PLI) Scheme
  - Total outlay: ₹1.97 lakh crore across 14 sectors.
  - Only ~12% of committed incentives disbursed.
  - Benefits concentrated in a few large firms.
  - Domestic firms struggled to meet production and investment thresholds.
  - WTO dispute concerns over local value-addition requirements.
- Skill Development (PMKVY)
  - ₹10,000 crore spent to skill around 1 crore youth.
  - CAG audit findings:
    - Over 90% beneficiary bank accounts invalid or non-functional.
    - Weak monitoring and verification mechanisms.
- Foreign Direct Investment
  - Net FDI inflows declined sharply in FY25.
  - Indicates rising repatriation and investor caution despite FTAs.
- Semiconductor Ecosystem
  - Budgetary allocation for fabrication reduced in revised estimates.
  - Delays in flagship fab projects.
  - India has strong chip design capabilities but weak manufacturing depth.

Static Linkages

- Demographic Dividend and Employment Elasticity of Growth (NCERT – Indian Economy)
- Role of Industrial Policy in Structural Transformation
- WTO Agreement on Subsidies and Countervailing Measures
- Fiscal Policy and Public Expenditure Effectiveness
- Accountability of Public Spending (CAG, Article 149)

Critical Analysis

Positive Aspects

- Large fiscal commitment towards manufacturing and employment.
- Strategic focus on sunrise sectors.
- Use of incentives to attract private investment.

Challenges

- Gap between announcements and implementation.
- Low absorption of allocated funds.
- Weak outcome monitoring.
- Skill–industry mismatch.
- Over-centralisation affecting policy adaptability.
- WTO compliance risks.

Way Forward

- Shift from scheme-based approach to outcome-based policy design.
- Strengthen independent evaluation and real-time monitoring.
- Improve Centre–State coordination in employment generation.
- Align skilling programmes with local labour market needs.
- Redesign incentives to reward value addition and job creation.
- Build specialised technical capacity within government.

A deal for integration, opens possibilities

IT WOULD be apt to describe the past few days in the realm of foreign relations and trade as one of those "weeks where decades happen". On the heels of the conclusion of India's trade negotiations with the EU, New Delhi and Washington have finally agreed on a trade deal. With this agreement — it comes after months of uncertainty when relations between the two countries appeared to have plummeted to their lowest levels in recent times — the Indian economy is now more closely integrated with the Western world, pointing towards the convergence of interests in a world marked by geopolitical uncertainties.

The US will lower the tariff rate on Indian exports from 50 per cent to 18 per cent, effective immediately. Tariffs on India have now fallen to levels that place the country in a favourable position when compared to export rivals such as Vietnam, Malaysia, Thailand, Bangladesh, Indonesia and China. The full details of the deal are yet to be released — there is not enough light on how the contentious issue of oil purchases will play out. India has been steadily reducing Russian oil imports while increasing crude imports from the US. As reported in this paper, the US share in India's oil imports rose to 7.48 per cent between April and October this year, compared with 4.43 per cent over the same period last year. Investors are ebullient — the BSE Sensex opened the day 4.5 per cent higher. The ending of uncertainty around the deal also brightens the prospects of more foreign direct investment in the country. The China-plus-one strategy, which seemed to have been adversely affected by higher US tariffs, could now again be in play. Foreign portfolio investors, who took out $18.9 billion from the markets last year, are also likely to be impacted. This could address concerns over capital inflows and the rupee. Currency markets have responded positively to the announcement of the deal, with the rupee strengthening during early trade.

The string of trade deals signed by the Narendra Modi government point to a heartening trend: The walls of protectionism are crumbling. This shift towards freer trade, which seeks to integrate India more closely with global supply chains, is enormously welcome. However, now is not the time to be complacent. The government must not only press ahead with exploring the possibility of entering into other trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, but also move forward on an ambitious domestic reform agenda that awaits its attention.

KEY HIGHLIGHTS

Context of the News

- India and the United States have concluded a bilateral trade agreement after prolonged uncertainty.
- The agreement follows India's recent trade engagements with the European Union, indicating a broader shift in trade policy.
- US tariffs on Indian exports have been reduced from 50% to 18%, effective immediately.
- The deal comes amid geopolitical instability, global supply-chain reconfiguration, and protectionist pressures.
- Financial markets responded positively, reflecting improved investor confidence.

Key Points

- Trade Competitiveness:
  - Tariff reduction places India in a more favourable position vis-à-vis export competitors such as Vietnam, Bangladesh, Indonesia, Thailand, Malaysia, and China.
- Energy Trade Aspect:
  - India has been reducing crude oil imports from Russia and increasing imports from the US.
  - US share in India's crude oil imports rose to 7.48% (Apr–Oct) from 4.43% in the corresponding previous period.
- Capital Flows:
  - Removal of trade uncertainty may encourage FDI inflows and reverse FPI outflows ($18.9 billion withdrawn last year).
- Supply Chains:
  - The deal supports India's role in the China-Plus-One strategy, enhancing manufacturing relocation prospects.
- Macroeconomic Impact:
  - Positive impact observed on equity markets and rupee stability.

Static Linkages

- Comparative advantage and gains from trade
- Tariff and non-tariff barriers
- Balance of Payments – Capital Account
- Foreign Direct Investment vs Foreign Portfolio Investment
- Energy security and diversification of oil imports
- Global value chains and manufacturing competitiveness

Critical Analysis

Positive Aspects

- Enhances export competitiveness through preferential market access.
- Strengthens India's economic engagement with Western economies.
- Improves investor sentiment and capital inflow prospects.
- Supports diversification of supply chains away from China.
- Signals a shift away from inward-looking protectionism.

Concerns

- Details of the agreement remain unclear, especially on energy commitments.
- Benefits may be sector-specific, not broad-based.
- Risk of reduced policy space in future trade negotiations.
- Domestic constraints (logistics cost, regulatory burden, skills) may limit gains.
- Potential trade-off with strategic autonomy.

Way Forward

- Align trade agreements with domestic structural reforms.
- Improve logistics, infrastructure, and ease of doing business.
- Ensure diversification in energy sourcing to maintain flexibility.
- Strengthen MSME integration into global value chains.
- Pursue high-quality trade agreements while safeguarding national interests.

SC ruling on menstrual hygiene is about dignity

THE SUPREME Court ruling recognising menstrual hygiene as intrinsic to the right to life under Article 21 marks a welcome and necessary step forward in the slow arc of gender equality. Its directions, to be implemented within three months — free distribution of sanitary pads, gender-segregated toilets, and safe disposal facilities in all government and private schools — acknowledge that menstruation is not an inconvenience to be privately managed. It has deep implications for women's health and education, and for equality.

For millions of girls, especially those from disadvantaged backgrounds, or those studying in government schools, puberty arrives with stigma around menstruation, interrupted schooling, and avoidable drop-outs. Despite guidelines by international bodies such as the WHO, as well as the Ministry of Education's 2021 directive, instructing schools to sensitise teachers and support staff to dispel notions of menstrual blood as dirty or unhygienic, schools have been the sites of reinforcement of gender hierarchies, where girls' bodies are disciplined through embarrassment and exclusion. In July last year, for instance, at a school in Thane, girls were strip searched after menstrual blood stains were found in the school toilet. Part of this problem arises from the imagination of the male body as the default setting for policies. By insisting on including the everyday experiences of girls — their attendance, comfort and sense of belonging — as central to the meaning of equality, the Court has sent out a signal that their dignity is a systemic obligation.

The significance of the ruling lies also in the questions it opens up beyond menstruation. Far too often, women's health is addressed in fragments. The SC judgment invites a broader reckoning with how reproductive health is imagined across a woman's life span. Around the same time as the Court ruling, Maharashtra launched the country's first public menopause clinics, offering medical, nutritional and psychological support for a stage in a woman's life that has historically been ignored or medicalised in isolation. These initiatives gesture a move towards a more coherent understanding of women's health as a continuum, one that is in need of a mature health-policy framework that treats it with the consideration, public spending and institutional culture it needs. The Supreme Court has drawn a vital constitutional line. It is now for governments across states and Union Territories to ensure that that dignity is realised in practice.

KEY HIGHLIGHTS

Context of the News

- The Supreme Court of India delivered a judgment recognising menstrual hygiene as an essential component of dignity, health, education and gender equality.
- The Court directed government and private schools to ensure:
  - Free supply of sanitary pads
  - Availability of gender-segregated functional toilets
  - Safe disposal mechanisms for menstrual waste
- Timeframe for implementation: three months.
- The ruling addresses persistent stigma, infrastructural gaps, and discrimination faced by menstruating girls, particularly in government schools.
- The judgment reinforces existing but poorly implemented policy advisories.

Key Points

- Menstruation acknowledged as a systemic concern, not a private or individual issue.
- Poor menstrual hygiene management (MHM) contributes to:
  - School absenteeism
  - Dropout rates among adolescent girls
- Ministry of Education (2021) issued guidelines for:
  - Sensitisation of teachers and staff
  - Dispelling myths around menstruation
- World Health Organization (WHO) recognises MHM as critical for adolescent health.
- The Court highlighted that policies often assume the male body as the default, leading to exclusion of girls' lived realities.
- Judgment expands the scope of substantive equality and dignity.

Static Linkages

- Article 21 – Right to Life with dignity
- Article 14 – Equality before law
- Article 15 – Prohibition of discrimination on grounds of sex
- Article 39(e) – Protection of health of women
- Article 42 – Just and humane conditions of work and maternity relief
- Swachh Bharat Mission – Swachh Vidyalaya component
- Rashtriya Kishor Swasthya Karyakram (RKSK)
- National Education Policy (NEP) 2020 – Access, equity and inclusion

Critical Analysis

Strengths

- Moves beyond formal equality to real, lived equality.
- Strengthens constitutional interpretation of dignity.
- Aligns education policy with public health goals.
- Addresses structural causes of gender-based exclusion.

Limitations / Challenges

- Uneven implementation capacity across states.
- Inadequate sanitation and waste management infrastructure.
- Limited training and sensitisation of school personnel.
- Monitoring and accountability mechanisms remain weak.

Constitutional Dimension

- Reinforces transformative constitutionalism.
- Emphasises dignity as a positive obligation of the State.

Way Forward

- Dedicated budgetary allocation for MHM in schools.
- Institutionalised sensitisation training for teachers and staff.
- Integration of menstrual health into school health education.
- Strengthen waste disposal infrastructure through local bodies.
- Inter-departmental coordination between education, health, and WCD ministries.
- Adopt a life-cycle approach to women's health policy.