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**CHANAKYA IAS ACADEMY
SECTOR 25 CHANDIGARH**

India and Malaysia sign pacts to expand ties

The two countries sign agreements in critical areas, including defence and semiconductors

In Kuala Lumpur, Modi and Malaysian PM stress their efforts to promote trade in local currencies

The PM announced that an Indian Consulate General is to be established in Malaysia soon

Press Trust of India
KUALA LUMPUR

India and Malaysia on Sunday vowed to expand their ties in the high-priority sectors of trade and investment, defence, energy, advanced manufacturing and semiconductors with Prime Minister Narendra Modi asserting that both sides are committed to peace and stability in the Indo-Pacific.

Following his wide-ranging talks with Malaysian Prime Minister Anwar Ibrahim, Mr. Modi reiterated India's position on combating terrorism as he said: "Our message on terrorism is clear; no double standard, no compromise." The two sides inked a total of 11 agreements and docu-

ments to expand cooperation in a range of key areas, including a framework pact for deeper engagement in the semiconductor sector.

Mr. Modi, who arrived in Kuala Lumpur on Saturday, and Mr. Ibrahim appreciated efforts to promote the usage of local currencies – the Indian rupee and Malaysian ringgit – for trade settlement.

"We will pave the way for economic transformation through strategic trust," Mr. Modi said, describing the India-Malaysia relationship as "special".

During the visit, Mr. Modi met Malaysia's Indian-origin Ministers, MPs, and Senators and interacted with four leading industry leaders.

"We are maritime neigh-



Bidding adieu: Prime Minister Narendra Modi waves to the gathering before his departure from Malaysia on Sunday. PTI

bours. For centuries, our peoples have had deep and cordial ties," he said in his media statement. Mr. Modi also announced India's decision to establish an Indian Consulate General in Malaysia. In his remarks,

Mr. Ibrahim noted India's economic growth and said his country would benefit immensely if it could secure more ways and opportunities to collaborate with New Delhi.

"It [India's economic

growth] is on spectacular rise in the international trade scene," he said, describing the decision to use local currencies for bilateral trade as "remarkable".

In the talks, Malaysia extended its support for India's permanent membership in a reformed United Nations Security Council (UNSC).

Elaborating on engagement in the security domain, Mr. Modi said cooperation in counter-terrorism, intelligence sharing, and maritime security will be strengthened, adding that both sides will further expand defence ties.

"Along with AI and digital technologies, we will advance partnerships in semiconductors, health, and food security," he said,

noting that the discussions at the CEO Forum opened new opportunities for trade and investment.

The Prime Minister touched upon India's position on Indo-Pacific and its steadfast views on the 10-nation Association of Southeast Asian Nations's (ASEAN) centrality in the region. "The Indo-Pacific region is emerging as the world's growth engine. We, along with ASEAN, are committed to development, peace, and stability throughout the Indo-Pacific region," he said.

"With the support of friendly countries like Malaysia, India will further expand its relations with ASEAN. We agree that the review of the ASEAN-India Trade Agreement, ITIGA, should be completed expeditiously," he added.

Mr. Modi said he and Mr. Ibrahim also had a "meaningful discussion" on regional and global issues. "In this environment of global instability, the growing friendship between India and Malaysia is of vital importance to both countries."

"We share the view that reform of global institutions is essential to address today's challenges. We will continue to support all efforts for peace. And our message on terrorism is clear: No double standard; no compromise," he added.

"We appreciate your commitment to India-Malaysia relations. Let us together realise your dream of a prosperous Malaysia and our resolve for a developed India," he said.

KEY HIGHLIGHTS

Context of the News

- Prime Minister Narendra Modi paid an official visit to Malaysia and held bilateral talks with Malaysian Prime Minister Anwar Ibrahim.
- India and Malaysia signed 11 agreements/MoUs to expand cooperation in strategic and economic sectors.
- Both countries reiterated commitment to Indo-Pacific peace, stability, and ASEAN centrality.
- Malaysia extended support for India's permanent membership in a reformed UNSC.

Key Points

- Trade & Economy
 - Agreement to promote local currency settlement using Indian Rupee and Malaysian Ringgit.
 - Push to enhance bilateral trade and investment flows through CEO Forum.
- Semiconductors & Manufacturing
 - Framework pact signed for deeper cooperation in the semiconductor sector.
 - Aligns with India's efforts to build a domestic semiconductor ecosystem.
- Defence & Security
 - Cooperation to be strengthened in counter-terrorism, intelligence sharing, and maritime security.
 - India reiterated policy of zero tolerance to terrorism.
- Indo-Pacific & ASEAN
 - Reaffirmation of ASEAN centrality in the Indo-Pacific regional architecture.
 - Consensus to complete review of ASEAN-India Trade in Goods Agreement (AITIGA) expeditiously.
- Diplomatic Engagement
 - Decision to establish an Indian Consulate General in Malaysia.

- Engagement with Indian diaspora and political leadership of Indian origin in Malaysia.

Static Linkages

- Act East Policy: India's strategic outreach to Southeast Asia.
- Indo-Pacific Oceans Initiative (IPOI): Maritime cooperation and rules-based order.
- UNSC Reform: Reflects changing global power realities (India Year Book).
- Local Currency Trade Settlement: RBI-backed mechanism to reduce dollar dependence.
- Semiconductor Policy: Linked to India Semiconductor Mission and PLI schemes (Economic Survey).

Critical Analysis

Positives

- Strengthens India's strategic presence in Southeast Asia.
- Diversifies semiconductor supply chains.
- Enhances maritime and counter-terror cooperation.
- Supports India's global governance reform agenda.

Concerns

- Persistent trade imbalance.
- Semiconductor collaboration faces technology and skill constraints.
- ASEAN's consensus-based approach may slow outcomes.

Way Forward

- Early completion of AITIGA review to address trade barriers.
- Operationalisation of semiconductor cooperation through joint R&D.
- Expansion of joint maritime exercises and information sharing.
- Institutional strengthening of local currency settlement mechanisms.

Trade Deal with U.S. enhances our relationship*

Commerce Minister says all of India's sensitivities have been protected by carefully seeing what are the products where India is self-sufficient, farmers have good production, we don't import at present or will not be required to import, and we have excluded these from the scope of this agreement; he says the Opposition parties have a weak mindset and they are trying to misguide innocent farmers

INTERVIEW
Piyush Goyal

Yarghese K. George
Nishita Hebbar
T.C.A. Sharad Raghavan
NEW DELHI

Negotiations of the formal Interim Agreement on trade between India and the U.S. are "nearly complete", Commerce Minister Piyush Goyal said. He added that India's import of critical commodities is likely to grow to \$2 trillion in five years, a part of which the U.S. will supply. Edited excerpts:

What has been the departure in this deal from India's previous relationship with the U.S.?

I think it's a continuation of our very strong and important strategic relationship. They are one of our most important partners in the world. We are both large democracies. We have shared interests in several sectors. We have a strong defence partnership. We have a strong technology partnership. We have a

strong critical minerals partnership. We are also members of two Quad's together, so it's a very, very powerful relationship. The trade agreement further enhances our relationship and elevates it to a much deeper friendship.

Our red line was related to agriculture...
Largely all of India's sensitivities, every single one of them, have been safeguarded. The sensitivities have been protected by carefully seeing what are the products where India is self-sufficient, farmers have good production, we don't import at present, or will not be required to import, and we have excluded these from the scope of this agreement.

But some farmer groups, such as those growing cotton, are unhappy...
This will help cotton farmers because exports can grow by leaps and bounds. We have a competitive edge in textiles compared to our competitors. Now, markets in the U.K., Europe, FTA countries, Australia, New Zealand, so many new markets, all in the

developed world, at 0% duty, are going to support our textiles. In America, our reciprocal tariff of 8% is amongst the lowest among our peer group of competing economies, so effectively the demand for cotton is going to go up.

We do need to import the extra long staple cotton, which we don't have in India in sufficient quantity. So, if we give them a quota in cotton, it's actually good for the Indian economy. Exports will grow, and as exports grow, the demand for domestic cotton also grows.

There are so many items where they are opening up the U.S. market for our farm produce and processed foods to be exported. We already are a large exporter. We export \$34 billion-\$35 billion every year of these products. In that situation, we are now looking at how we can double that.

Sadly, the Opposition parties have such a small and weak mindset that they're trying to distort the story and misguide our innocent farmers. I want them to understand that we are opening up new opportunities in Europe, the U.K., Australia, New Zealand, and several



U.S. / ANI

One general concern has been the commitment to buy \$500 billion of U.S. goods.

Well, it's an intention. And it comes out of the fact that we have a big demand for particular goods that you don't have in India, which we have to import. Today, we are importing \$300 billion of these goods from different parts of the world. A large part of it comes from geographies that are not our preferred sources.

Is this deal concentrating our supply chain towards the U.S.?

This \$300 billion that we are importing right now is growing every year. We estimate that in the next five years, we will need \$2 trillion of all of these products, which can also come from the U.S. I have full intention to buy that and to diversify from our existing sources.

Our trade deals with some other countries involved liberalising the Indian labour market, but this one does not...
See the question to which he replied. The question was about the manner of the trade deal. So if there's anything about the trade

deal, obviously I will reply. People have mixed up two different issues. If you ask the Agriculture Minister about the trade deal, he won't know, if you ask me about what's happening with, let's say, the oil mission, I wouldn't be able to respond. I would have a general idea, but I would not like to make a statement on record without full knowledge of facts. Each person handles his own responsibility.

Do you still feel that we will see the formal agreement by mid-March?
Oh yes. Unlike with other countries, where we did the framework agreement and then got down to the negotiations, in the U.S. case, we've done a full negotiation of all the issues. The negotiation part is nearly complete. We'll be able to close it quickly.

The joint statement came before because the reciprocal tariff has to come down to 35%. The executive order of reducing it to 10%, we hope to see next week.

Full interview on news. live.PiyushGoyal

But your colleague in the Ministry of External Affairs made a statement that he's not dealing with that issue and that you are.

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KEY HIGHLIGHTS

Context of the News

- India and the United States are close to finalising a formal Interim Trade Agreement, with negotiations "nearly complete", as stated by Commerce Minister Piyush Goyal.
- The agreement is expected to be concluded by mid-March, following reduction of U.S. reciprocal tariffs to 18%.
- India projects imports of critical commodities worth ~\$2 trillion over the next five years, part of which may be sourced from the U.S.
- Agriculture was identified as India's key red-line sector, with safeguards built into the agreement.

Key Points

- Nature of Agreement
 - Interim trade agreement negotiated line-by-line, not merely a framework pact.
 - Aims to deepen economic engagement within the broader India-U.S. strategic partnership.
- Agricultural Safeguards
 - Products where India is self-sufficient excluded from tariff liberalisation.
 - Use of tariff-rate quotas (TRQs), phased tariff reductions, and margin of preference.
- Market Access Gains
 - Zero-duty access in the U.S. for several Indian agricultural and processed food exports (spices, tea, coffee, coconut products, fruits).
 - Supports India's aim to double agri-exports (currently ~\$54-\$55 billion annually).
- Cotton and Textiles
 - Limited import of Extra-Long Staple cotton to address domestic shortages.
 - Expected to boost textile exports and indirectly increase domestic cotton demand.

Static Linkages

- WTO-compliant trade liberalisation with protection of sensitive sectors (NCERT – Open Economy).
- Use of TRQs and phased tariff reduction as recognised trade policy instruments.
- Agricultural protection aligned with food security concerns and MSP framework.
- Trade diversification consistent with Atmanirbhar Bharat and supply-chain resilience strategy.
- Interim agreements as stepping stones towards comprehensive FTAs (Economic Survey).

Critical Analysis

Advantages

- Enhances India-U.S. strategic partnership through economic cooperation.
- Protects Indian farmers via calibrated market opening.
- Expands access to developed markets for Indian agri and textile exports.
- Strengthens supply-chain security in critical sectors.

Concerns

- Risk of increased import dependence on the U.S. in strategic commodities.
- Limited public disclosure may lead to stakeholder mistrust.
- Interim nature may create uncertainty without a long-term roadmap.

Way Forward

- Ensure transparent sector-wise impact assessment.
- Strengthen domestic agricultural competitiveness and value addition.
- Periodic review of safeguard mechanisms for sensitive sectors.
- Use interim pact as a pathway to a comprehensive, balanced FTA.
- Align trade policy with long-term industrial and mineral security goals.

Cancel ASEAN trade pacts if against national interest, Cong. dares Goyal

The Hindu Bureau
NEW DELHI

Congress leader Anand Sharma on Sunday dared Commerce Minister Piyush Goyal to cancel trade pacts with ASEAN, Japan, South Korea, Malaysia, Indonesia, and Singapore if they were against the national interest.

Mr. Sharma, Commerce Minister in the erstwhile UPA government, was reacting to Mr. Goyal's press conference on Saturday in which he had questioned UPA-era deals and policy decisions such as the import of palm oil.

"It's ironic that Prime Minister Narendra Modi is in Malaysia for an ASEAN outreach tour and the Commerce Minister made these statements," Mr. Sharma told *The Hindu*. "What's stopping their government from cancelling these deals if they are against the nation?"



ANAND SHARMA
Congress leader

Mr. Sharma justified the decision to import edible oils such as palm oil, citing data to argue that imports were required to meet domestic demand. "India remains an importer of edible oils. Annual indigenous production is 10.5-10.6 million tonnes, while imports are 16 million tonnes per year. Nearly \$18.3 billion was spent in 2024-25," he said.

He said that palm oil was imported even during the NDA government led by Atal Bihari Vajpayee and

had continued during the 12 years of Narendra Modi's government.

'Answer our questions'

"The Commerce Minister has done a disservice to the nation by terming ASEAN the B-team of China. He should apologise for his statements. I would urge him to also answer our questions on the India-U.S. trade deal, which remains shrouded in mystery," Mr. Sharma said.

Mr. Sharma said U.S. President Donald Trump's

"all claims" about the agreement raised "fundamental questions beyond trade, which concern national sovereignty, India's global commitments, the multilateral rule-based trade regime and the WTO."

Pointing out that the average U.S. MFN (most-favoured nation) tariff on India was around 3% before the 25% reciprocal tariffs of April 2025, he asked, "What is there to celebrate?"

He sought answers on whether India had agreed to open up its agriculture and dairy sectors, offer "zero-duty access" to U.S. products, commit to buying \$500 billion worth of American goods, and restrict purchases of Russian oil. "The government must answer all these questions by our people. They can't be silent on the details and seek to blame previous governments," he said.

KEY HIGHLIGHTS

Context of the News

- Political debate over India's trade agreements signed with ASEAN countries and key Asian economies.
- Criticism of UPA-era FTAs and import policy, especially edible oils (palm oil).
- Issue coincides with India's ASEAN outreach and ongoing India-US trade negotiations.
- Raises concerns on trade deficits, agricultural impact, sovereignty and WTO commitments.

Key Points

- India has FTAs with ASEAN, Japan, South Korea and Singapore.
- India's edible oil production: ~10.5-10.6 million tonnes annually.
- Edible oil imports: ~16 million tonnes/year (Economic Survey).
- Import bill on edible oils (2024-25): ~USD 18.3 billion.
- Palm oil imports continued across NDA and UPA governments.
- India's trade deficit with ASEAN remains structurally high.
- US MFN tariff on Indian goods earlier ~3%; reciprocal tariffs raised to ~25% (April 2025).
- Concerns raised over agriculture, dairy market access and strategic autonomy.

Static Linkages

- Comparative Advantage and gains from trade.
- WTO principles: MFN, National Treatment.
- Post-1991 trade liberalisation reforms.
- Oilseed productivity gap in Indian agriculture.
- Trade deficit vs current account deficit.
- Role of FTAs in Global Value Chains (GVCs).

Critical Analysis

Positives

- FTAs ensure availability of essential commodities at stable prices.
- Consumer welfare through lower inflation.
- Strategic engagement with ASEAN supports Act East Policy.

Concerns

- Import surge hurts domestic oilseed farmers.
- Trade deficits reduce long-term economic resilience.
- Weak utilisation of FTA export opportunities.
- Limited transparency in trade negotiations.

Structural Challenges

- Low farm productivity and fragmented landholdings.
- Dependence on imports for edible oils.
- Asymmetric gains from FTAs.

Way Forward

- Periodic review and renegotiation of FTAs.
- Strong safeguard clauses for agriculture.
- Boost oilseed productivity (R&D, MSP, extension services).
- Diversify import sources to reduce vulnerability.
- Ensure parliamentary oversight and transparency in trade deals.
- Align trade policy with Atmanirbhar Bharat goals.

CPI(M) slams India-U.S. trade deal, flags risks to farmers, sovereignty

The Hindu Bureau
NEW DELHI



It is becoming evident that the Centre made sweeping concessions to the U.S. in the interim deal. These concessions pose a serious threat to India's economy, agriculture, and sovereignty.

CPI(M) POLIT BUREAU

The Communist Party of India (Marxist) on Sunday sharply criticised the Union government over the India-U.S. trade agreement, calling it a "shameful surrender" that threatens India's economic security and sovereignty.

In a statement, the CPI (M) Polit Bureau alleged that the BJP-led government had granted "sweeping concessions" to the United States in the so-called interim trade deal, including zero-tariff access for several U.S. agricultural exports such as fruits, cotton, tree nuts, soya bean oil, and other food products. These decisions, the party warned, would inflict severe losses on lakhs of Indian farmers.

The party said apple growers in Himachal Pradesh, Jammu and Kashmir, and parts of the Northeast

were already hit by earlier trade pacts with countries such as New Zealand, and would face further distress. Cotton and soybean farmers, struggling with rising input costs and rural indebtedness, would be similarly affected, the statement noted.

The CPI(M) expressed concern over reports that India had agreed to dismantle non-tariff barriers on food and agricultural goods. Such a move, it said, would amount to rolling back farm support and

subsidies, leaving domestic producers defenceless against heavily subsidised U.S. imports and making Indian agriculture "increasingly unviable".

'Shameful surrender'
Terming the pact "an assault on sovereignty", the Polit Bureau alleged that the U.S. was dictating India's policy decisions, including oil purchases from Russia. It cited an executive order issued by U.S. President Donald Trump that creates a mechanism

to monitor India's compliance with commitments under the deal, with the threat of punitive tariffs in case of deviation. Accepting such conditionalities, the CPI(M) said, amounted to "a shameful surrender" by the Union government.

The party further criticised what it described as India's deepening dependence on U.S. defence supplies, asserting that such a shift would prove detrimental to the country's strategic interests.

Seeks full disclosure
Reiterating its opposition to the agreement, the CPI (M) demanded that the government immediately place the full details of the trade deal before Parliament and make them public. It urged the Centre to refrain from signing any pact that it said would harm the interests of Indian workers, farmers, and the wider population.

KEY HIGHLIGHTS

Context of the News

- The Communist Party of India (Marxist) criticised the proposed India-U.S. interim trade agreement.
- It alleged that the agreement compromises economic sovereignty, farmers' interests, and strategic autonomy.
- The party demanded full disclosure of the agreement in Parliament before finalisation.

Key Points

- Alleged zero-tariff access for U.S. agricultural products:
 - Fruits, apples, cotton, tree nuts, soybean oil, food products.
- Possible adverse impact on:
 - Apple growers (Himachal Pradesh, J&K, Northeast).
 - Cotton and soybean farmers facing high input costs and indebtedness.
- Concerns over removal of Non-Tariff Barriers (NTBs) on food and agriculture.
- Risk of Indian farmers competing with heavily subsidised U.S. agriculture.
- Allegations of external pressure on:
 - India's energy imports (Russia).
 - Defence procurement choices.
- Demand for parliamentary oversight and transparency.

Static Linkages

- WTO Agreement on Agriculture (AoA):
 - Market Access, Domestic Support, Export Subsidies.
- Non-Tariff Barriers (NTBs):
 - SPS (Sanitary and Phytosanitary) measures.
 - TBT (Technical Barriers to Trade).

- Minimum Support Price (MSP) and farm subsidy structure.
- Strategic Autonomy as a principle of India's foreign policy.
- Parliamentary role in treaties under Article 253 (executive power with legislative oversight).

Critical Analysis

Concerns

- Zero-tariff imports may depress domestic farm prices.
- Unequal competition due to higher subsidies in developed countries.
- Weakening of NTBs may affect food safety and farmer protection.
- Monitoring mechanisms may dilute policy autonomy.
- Strategic risks from defence import dependence.

Counter View

- Trade agreements can:
 - Improve access for Indian services and manufacturing exports.
 - Strengthen strategic and technological cooperation.
- Consumer welfare through price stability if safeguards exist.

Way Forward

- Place trade agreements before Parliament for debate.
- Conduct sector-wise impact assessment, especially agriculture.
- Protect farmers through:
 - MSP reforms, income support, crop diversification.
- Retain WTO-compliant NTBs for food safety and livelihood protection.
- Balance trade liberalisation with strategic autonomy.
- Enhance domestic competitiveness via agri-infrastructure and value addition.

Linguistic, cultural markers can solve caste enumeration riddle'

Professor G.N. Devy says this approach may begin with collecting information on mother tongues; the scholar and linguist notes that not taking this opportunity to separately enumerate Denotified Tribes could alienate more than 10 crore people

Abhinav Lakshman
NEW DELHI

Linguistic and cultural markers could hold the key to solving the caste enumeration riddle, says scholar, linguist, author, and cultural activist G.N. Devy.

In an exclusive conversation with *The Hindu*, he explained that even if residents entered what they thought was their caste name, post-Census studies and a carefully layered scrutiny could analyse markers of language, ancestry, lifestyle, and kinships to arrive at a comprehensive list of castes that accounts for all groups, while being able to explain duplication, variations in names, and spellings.

"This model has been tried and tested for languages," said Professor Devy, whose work leading the "Peoples' Linguistic Survey of India" project resulted in the documentation of

The methodologies of surveying and enumerating languages could be used to condense not just the 2011 SECC data but also the data from the upcoming Census. But this would require the government to keep the data open to scrutiny for scholars.

G.N. DEVY
Cultural activist



next Census in 2026 and 2027. The first phase – houselisting – is set to be completed this year; the second phase – population enumeration (with caste) – is due in 2027. However, the methodology for caste enumeration has not yet been announced by the Office of the Registrar General and Census Commissioner of India.

There are discussions among activists, scholars, and community leaders about two possible methods: the first is to leave an open field in the Census

castes for people to select from – what Bihar's Caste-based Survey did. The argument for the latter often draws its strength from the fact that the 2011 SECC ended up returning more than 46 lakh caste names.

Post-Census study

Speaking to *The Hindu*, Professor Devy argued in favour of the first method, saying that the methodologies of surveying and enumerating languages could be used to condense not just the 2011 SECC data but also the data from the up-

coming Census. But this would require the government to keep the data open to scrutiny for scholars.

"The 2011 Census returned 19,000 mother tongues. But this was put through multiple layers of scrutiny that accounted for duplication, variation in spellings, errors, and yet another layer to filter for those with verified grammar. This narrowed the list down to 1,369 mother tongue languages," he said.

Using the example of community classification, he continued, "Similarly, there is a community called Sansi in Punjab. The same community is called Kanjar in Rajasthan, Chhara in Gujarat, and Kanjar Bhat in Maharashtra. But it is one community because they have a shared language called Bhaktu. So,

relatives, marriages, and kinship bonds. And the Anthropological Survey of India can certify this."

Professor Devy added that works such as AnSI's 'People of India' project could be a reference point.

DNT count needed

Professor Devy, a scholar who co-founded the Denotified, Nomadic, and Semi-nomadic Tribes - Rights Action Group (DNT-RAG), along with author Mahasweta Devi and has chaired the government's 2006 Technical Advisory Group for DNTs, said that the Census office must declare its intention to explicitly count the DNT communities (formerly classified as "criminal" under the colonial-era Criminal Tribes Act, 1871). He noted that if this opportunity is not taken, India risks alienating more than 10 crore people, presenting a "problem that can become much bigger than the problem of calcu-

KEY HIGHLIGHTS

Context

- Upcoming Census 2026–27 will include caste enumeration; methodology yet to be notified.
- Debate on method of caste enumeration:
 - Open-ended self-declaration (SECC 2011 model)
 - Pre-coded caste list (Bihar Caste Survey model)
- Linguist and scholar G.N. Devy suggests using linguistic and cultural markers for post-Census classification.

Key Points

- SECC 2011 returned ~46 lakh caste names due to:
 - Spelling variations
 - Synonyms
 - Regional naming differences
- Proposed solution:
 - Allow open-ended caste entries in Census
 - Apply post-Census scholarly scrutiny
- Method inspired by language census model:
 - 2011 Census recorded ~19,000 mother tongues
 - After scrutiny → reduced to 1,369 validated languages
- Caste consolidation parameters:
 - Shared language
 - Common ancestry
 - Lifestyle patterns
 - Kinship and marriage relations
- Anthropological Survey of India (AnSI) suggested as certifying authority.
- Reference base:
 - People of India project (AnSI)

Static Linkages

- Census of India → Union subject (Entry 69, Union List)
- Socio Economic and Caste Census (SECC), 2011
- Criminal Tribes Act, 1871 (colonial classification)
- National Commission for Denotified, Nomadic and Semi-Nomadic Tribes
- Idate Commission Report (2017)
- Language Census methodology (Census 2011)

Critical Analysis

Advantages

- Prevents exclusion due to name variations.
- Reflects socio-cultural realities.
- Enables accurate beneficiary identification.
- Improves targeting of welfare schemes.

Concerns

- Data processing complexity.
- Time and resource intensive.
- Need for institutional coordination.
- Data transparency and privacy issues.

Stakeholders

- Government (policy design, implementation)
- Marginalised communities
- Scholars and research institutions

Way Forward

- Adopt open-ended caste declaration in Census.
- Mandate post-enumeration validation by expert bodies.
- Explicitly enumerate Denotified, Nomadic and Semi-Nomadic Tribes (DNTs).
- Use technology (AI/ML) for clustering and reconciliation.
- Ensure transparency with anonymised research access.
- Link caste data to evidence-based social justice policies.

A social media ban will not save our children

On February 4, 2026, three sisters, aged 12, 14 and 16, ended their lives in Ghaziabad, Uttar Pradesh, leaving behind their family and a country struggling to comprehend the horror. Preliminary police reports suggest it to be a case of screen addiction and parental conflict. Politicians, parents and pundits have united in demanding swift action. The sentiment is understandable. When a child dies, we want someone to blame and, sometimes, something to ban. But beneath the fury lies a dangerous impulse: to solve a complex problem with a blunt instrument that absolves platforms of accountability while stripping young people of their digital rights.



Aparajita Gupta is an advocate and the Founder Director of the Internet Freedom Foundation, India.

India to cospitate this approach would be disastrous for four distinct reasons.

First, bans are technically porous and difficult to implement even if outsourced to social media companies themselves. Adolescents are often more digitally literate than the legislators regulating them. As seen in jurisdictions with strict age-gating, bans invariably trigger a mass migration to Virtual Private Networks (VPNs) or, worse, push young users from regulated platforms such as Instagram to encrypted, unmoderated corners of the dark web where grooming and extremism thrive unchecked. Some forms of enforcement, if linked to identity verification, may also pose the risk of connecting every social media account with a government ID, creating a mass surveillance framework.

Second, a blanket ban ignores the complexity of adolescent development. As noted by the National Society for the Prevention of Cruelty to Children and some child rights bodies, social media is also a lifeline. For rural adolescents, urban slum dwellers, queer and differently-abled teens seeking peer support, these platforms are often their only window to a community where they feel seen.

Third, this approach suffers from a severe democratic deficit. In India, there is a chronic habit of making policy for young people without ever speaking to them. Have we asked what they would like?

Fourth, and most importantly, a social media ban will certainly calcify the gendered social inequalities that will prevent girls from lower income households, particularly young girls, from using the Internet for their social mobility and charting their future. Data from the National Sample Survey show that only 33.3% of women in India reported having ever used the Internet, compared to 57.8% of men. In patriarchal settings where female Internet access is already viewed with suspicion, a government mandate to "police" age is likely to result in families just confiscating the device entirely from young girls.

What can be done
What, then, is the alternative? First, the government must abandon its addiction to censorship. It must stop relying on the blunt instrument of bans or centralising every government response within the "notice and takedown" regime of the IT Act, 2000. Instead, it must directly confront the economic power and technical architecture of Big Tech. We urgently need a sophisticated menu of legislative tools that

include a robust digital competition law and legally enforceable "duty of care" obligations towards minors, with provisions for monetary penalties. Crucially, these must be enforced by an independent, expert regulator, not by the bureaucracy of the Ministry of Electronics and Information Technology that lacks expertise and is susceptible to political influence.

Second, India needs serious public funding for surveys and longitudinal research on how social media actually shapes children's well-being locally, across class, gender, caste and region. Young people must be at the centre of this policy process - from the design of the surveys to being active participants who shape its findings. We have already seen the folly of ignoring them. The Digital Personal Data Protection Act, 2023, with its poorly designed "consent gating", will result either in false declarations or exclusion.

The issue of regulation
Finally, we should ask why our moral outrage is uniquely limited to social media? Do not any of these issues exist with Artificial Intelligence (AI) chatbots and its integration with social media platforms? Early research already links higher AI use in creating a "cognitive debt" that leads to weaker critical thinking. Relatedly, young people are already using generative AI tools for emotional and mental health advice. Recent reporting and litigation have highlighted serious child safety failures in conversational AI systems, including sexualised interactions with minors and alleged links to self-harm and suicide. If the concern is about harms to children, regulation has to be consistent and our failure to consider AI must be considered.

In the end, a ban might offer the comforting illusion of control - a way for our politicians to show they "did something" after the latest tragedy. But the price would be paid by the very young people whose rights and futures are ostensibly being defended. As media scholar Neil Postman, who began his career as a public schoolteacher noted, "I am not pro, or anti, technology. That would be stupid. For that would be like being pro, or anti, food."

The lesson for us as adults is to provide a healthy media ecology to our children rather than taking social media completely off the table. This is tougher work than a ban. But it requires us to confront our dissonance on the doctrine of tech-driven innovation that is exempt from regulation, where on one day we demonise social media and on another, worship it.

- Social role of social media:
 - Support networks for rural, marginalised, LGBTQ+, disabled adolescents
- Digital divide:
 - Only 33.3% women have ever used the internet vs 57.1% men (National Sample Survey)
- Regulatory gap:
 - Focus largely on notice-and-takedown under IT Act, 2000
 - Digital Personal Data Protection Act, 2023 relies on parental consent mechanisms
- Emerging risk:
 - Increased use of AI chatbots by minors for emotional and mental health support
 - Reports of algorithmic harm and unsafe interactions

Static Linkages

- Child rights under UN Convention on the Rights of the Child
- Doctrine of Proportionality in restriction of fundamental rights
- Digital divide as a development and governance issue
- Adolescent development psychology
- Media effects and moral panic theory

Critical Analysis

Limitations of Blanket Bans

- Technically unenforceable in a digitally literate population
- Encourages use of VPNs and unsafe platforms
- Ignores socio-economic and gender differences
- May increase surveillance risks
- Excludes youth voices from policy formulation

Equity Concerns

- Likely to restrict girls' internet access in patriarchal households
- Reduces access to learning and peer support for marginalised groups

Regulatory Inconsistency

- Social media targeted while AI platforms remain weakly regulated
- Absence of child-specific algorithmic accountability

Way Forward

- Shift from ban-based to accountability-based regulation
- Introduce:
 - Digital competition law
 - Statutory duty of care for platforms towards minors
- Establish independent digital regulator with technical expertise
- Fund India-specific longitudinal research on child digital behaviour
- Ensure child and adolescent participation in policy design
- Harmonise regulation across social media and AI systems
- Address gender digital divide through access-oriented policies
- Strengthen digital literacy and parental guidance, not prohibition

KEY HIGHLIGHTS

Context of the News

- On 4 February 2026, three minor sisters died by suicide in Ghaziabad, Uttar Pradesh.
- Preliminary findings indicated screen addiction and parental conflict as contributory factors.
- Incident triggered debate on social media regulation for children in India.
- Globally, countries like Australia (implemented) and Spain (proposed) have announced age-based social media bans.
- India is witnessing renewed calls for blanket bans on social media for minors.

Key Points

- Global evidence:
 - Meta-analyses show small but consistent association between excessive social media use and:
 - Anxiety and depression
 - Self-harm behaviour
 - Body image issues (higher impact on adolescent girls)
- Australian Model:
 - Ban on social media accounts for under-16 users
 - Mandatory age verification
 - Heavy penalties on platforms
- Indian concerns:
 - Enforcement difficulty due to VPN use and digital circumvention
 - Risk of privacy violations via ID-linked verification
 - Migration to unregulated or encrypted platforms

A social media ban ignores complex realities when what is needed instead is a healthy media ecology

Question and answer

Parliament must function as the forum to debate contentious issues

In an unusual departure from established parliamentary convention, the Lok Sabha adopted the motion of thanks to the President's address to Parliament without the Prime Minister's reply to the debate on February 5. The explanation by the Lok Sabha Speaker, Om Birla, for the PM not replying to the discussion on the motion raised more questions than it answered. Mr. Birla said that he had concrete information about Opposition Members of Parliament (MP) planning something "unexpected", obliquely suggesting that they may have caused harm to the PM inside the House. It is bizarre to assume that the Leader of the House – the Prime Minister – avoids speaking in the House fearing harm from fellow MPs. Developments in the House, earlier and outside, provide a more plausible reason for the PM not showing up in the Lok Sabha. The Leader of the Opposition (LoP) in the Lok Sabha, Rahul Gandhi, during his speech on the discussion on the motion of thanks, sought to cite excerpts from a book by former Chief of the Army Staff, General M.M. Naravane, which was disallowed by the Chair. On the one hand, the LoP was not allowed to speak and, on the other, the PM chose not to speak. Both are against parliamentary norms and, more than that, a disturbing erosion of democratic accountability.

The debate and reply function as a mechanism through which the executive is held accountable to Parliament. Mr. Birla stated that he had requested the PM not to come to the House because there were credible inputs about a possible disruption or an "unforeseen" situation near the PM's seat. As Congress MP K.C. Venugopal has pointed out in a letter to the PM, parliamentary rules require that a debate on the motion of thanks must conclude with the PM's reply, and if the House wishes to close the discussion without the PM's reply, a specific resolution must be moved and adopted. Whether or not the book in question was published, as long as Mr. Gandhi was willing to authenticate its contents and place it before the Chair, he should have been allowed to speak. The book in question raises serious issues related to national security, and to deny elected members the opportunity to discuss these is indefensible. The portions that Mr. Gandhi cited outside the House, if accurate, point to the tendency of the political executive to evade critical decision-making by passing the buck and then avoiding accountability. A thorough parliamentary discussion concluding with the PM's reply would have been the opportunity to prove that charge wrong. By skipping the reply, PM Narendra Modi proved his critics right.

KEY HIGHLIGHTS

Context of the News

- Lok Sabha adopted the Motion of Thanks to the President's Address without the reply of the Prime Minister, an unprecedented departure from parliamentary convention.
- Lok Sabha Speaker Om Birla cited security-related "inputs" as the reason for advising the Prime Minister not to attend the House.
- Leader of the Opposition Rahul Gandhi was disallowed from citing excerpts from a book by former Army Chief M. M. Naravane during the debate.
- Congress MP K. C. Venugopal highlighted that parliamentary rules mandate the Prime Minister's reply unless the House adopts a specific resolution.
- The Prime Minister Narendra Modi did not reply to the debate, raising concerns over parliamentary accountability.

Key Points

- The Motion of Thanks debate is the first major parliamentary scrutiny of the government after the President's Address.
- Conventionally, the debate must conclude with the Prime Minister's reply in the Lok Sabha.

- No formal resolution was moved to dispense with the Prime Minister's reply.
- Denial of speech to the LoP and absence of the PM together resulted in incomplete parliamentary deliberation.
- Issues raised related to national security decision-making, a core domain of executive accountability.

Static Linkages

- Article 87 – President's Address to Parliament.
- Article 75(3) – Collective responsibility of the Council of Ministers to the Lok Sabha.
- Rules of Procedure of Lok Sabha – Debate on Motion of Thanks ordinarily concludes with PM's reply.
- Parliamentary Conventions – Unwritten but binding practices ensuring executive accountability.
- Role of Speaker – Expected neutrality and protection of deliberative democracy.

Critical Analysis

Issues Identified

- Weakening of collective ministerial responsibility.
- Erosion of parliamentary conventions, which are essential to constitutional morality.
- Marginalisation of the Opposition's oversight role.
- Raises concerns about Speaker's discretion overriding established procedure.
- Missed opportunity for democratic debate on national security governance.

Implications

- Sets a precedent for executive avoidance of scrutiny.
- Dilutes Parliament's role as the supreme deliberative forum.
- Affects public trust in democratic institutions.

Way Forward

- Codify key parliamentary conventions related to executive accountability.
- Strengthen procedural safeguards limiting discretionary dilution of debates.
- Reaffirm neutrality and constitutional role of the Speaker.
- Ensure mandatory executive responses on critical debates through rule amendments.
- Promote parliamentary discussion on national security within constitutional limits.

Messaging power

The data sharing policies of WhatsApp must be scrutinised thoroughly

The Supreme Court of India, last week, sharply questioned Meta Platforms LLC and its messaging platform WhatsApp, in an appeal rooted in updates it made in 2021 around user data sharing with other Meta services such as Instagram and Facebook. The Court underscored the power that WhatsApp holds in India's messaging ecosystem: it is practically impossible to reach everyone with a smartphone, coordinate groups, and undertake business communications without being on WhatsApp. The app's "network effect" has captured nearly every smartphone in the country. The precise background of the litigation that reached the Court is an appeal against a ₹213.14 crore penalty issued by the Competition Commission of India (CCI) for abruptly amending its privacy policy, allowing the firm to share user data across its sister concerns, Facebook and Instagram. Users were prompted at that time to accept the terms or cease using the service. This ultimatum was problematic, and understandably drew pushback from civil society, the government, and the CCI.

Nobody argues that WhatsApp must not earn money for a service that has been transformative for communications in India. Owing to its parent's massive scale of operations, WhatsApp has been able to offer messaging, multimedia sharing, telephony – services that were until 2016 prohibitively priced by telecom operators – for free, with only an Internet connection and a phone number as a pre-requisite. WhatsApp's enthusiastic adoption of end-to-end encryption also furthered a societal expectation for secure communications as a norm, in a country where telecommunications has always been subjected to excessive executive-led surveillance. What is equally true is that WhatsApp is so deeply embedded in Indian society that its transition to an advertising model, where it would start making money here, deserves the highest scrutiny. Competition regulators, including in India, have frowned upon ubiquitous platforms that present users with ultimatums that they can scarcely refuse. There are free alternatives to WhatsApp that work just as well – Signal, Telegram and even Arattai from Zoho are serviceable – but they lack what makes the Meta product so valuable: the guarantee that virtually everyone one knows is on it. Allowing users to "opt out" of data sharing is an inappropriate remedy for services at WhatsApp's scale, because the power of the default option at that scale leaves far too many with no real, informed choice in the matter. The Court's thoughts on this matter are correct, but they need to be supported by a digital competition law, a draft of which was released in 2024, but has seen little progress since. As India approaches a billion Internet users, that law is needed to protect and foster a healthy digital marketplace.

KEY HIGHLIGHTS

Context

- Supreme Court of India examined WhatsApp's 2021 privacy policy update.
- Case relates to appeal against ₹213.14 crore penalty imposed by Competition Commission of India.
- Policy allowed sharing of user data with Meta-owned platforms (Facebook, Instagram).
- Users were forced to accept updated policy or stop using WhatsApp.
- Court highlighted WhatsApp's dominant position and network effect in India.

Key Points

- WhatsApp has near-universal penetration in India's smartphone ecosystem.
- Strong network effects limit users' ability to shift to alternatives.
- "Take-it-or-leave-it" consent undermines free and informed choice.
- CCI held the policy as abuse of dominant position under competition law.
- Opt-out mechanisms ineffective at large digital scale.

- India lacks a dedicated ex-ante digital competition framework.
- Draft Digital Competition Bill (2024) released but not yet enacted.

Static Linkages

- Fundamental Right to Privacy under Article 21.
- Abuse of dominant position under Competition Act, 2002.
- Market failure due to information asymmetry in digital platforms.
- Role of independent regulators in market correction.
- Concept of consent in governance and ethics.

Critical Analysis

Issues

- Market dominance restricts consumer choice.
- Default consent favours platform over users.
- Cross-platform data sharing raises privacy risks.
- Weak competition discourages innovation.

Justifications by Platform

- Free service enabled by data-driven business models.
- Encryption ensures message-level privacy.

Way Forward

- Enact Digital Competition Law with ex-ante regulation.
- Define and regulate systemically important digital enterprises.
- Strengthen coordination between competition and data protection regulators.
- Mandate default privacy-protective consent.
- Promote interoperability and data portability.
- Encourage domestic and alternative digital platforms.

EU, US deals connect India to world's largest markets, open new trade vistas

BILATERAL TRADE deals have been characterised by long negotiations and reasonable concessions on either side to iron out workable agreements. In this respect, India's two bilateral FTAs — one with the EU and the most recent one with the US — stand out as significant developments connecting the world's largest economies.

Both FTAs have different histories, commonalities and differences. India's position is based on, one, not budging from its stated position of protecting the vulnerable areas of agriculture, dairy and SMEs, ensuring the interests of the small farmers are not compromised, and two, the emergence of a mature, market-driven economy in India, driven by wider reforms across governance, regulation, and market infrastructure.

The differences include some key points, notably the issue of CBAM in the EU negotiations and its absence in the US FTA negotiations. Views on labour mobility also differ across the two FTAs.

Looking at the EU FTA, India has secured unprecedented market access for more than 99 per cent of Indian exports, by trade value, to the EU, which also bolsters the "Make in India" initiative. Beyond goods, it unlocks high-value commitments in services, supported by a comprehensive mobility framework enabling the seamless movement of skilled Indian professionals.

In contrast, the US interim agreement was a direct by-product of emerging geopolitical realities. The fact that the deal with the US was given the go-ahead only after putting in place historic deals with the EU and the UK stands testimony to India's di-

plomatic acumen. The deal with the US should thus be viewed as part of a series of formal negotiations spanning the Middle East, the UK and New Zealand, all of which indicate the emergence of a new trade order in South Asia.

Before we discuss the impact of the US trade deal, a couple of points are in order on the misquipped rhetoric around the deal. First, even after the 18 per cent tariff has come into force, the gap between the MFN simple average tariff and the new tariff is among the lowest for India relative to most countries, including its neighbours.

Second, India's exports post-deal could still see an upside, as exports of goods and services — even with a 50 per cent tariff regime — have almost matched a hypothetical no-tariff scenario in the first nine months of FY26 by registering growth of 4.3 per cent.

Third, hypothetically, the complete substitution of Russian crude with Venezuelan crude (Meruy 16) has clear benefits for the domestic economy, as heavy crude discounts in the range of \$10–12 per barrel can ensure commercial viability. In fact, India could save up to \$3 billion on its import bill. This suggests that the trade deal will not significantly affect domestic inflation, even after sacrificing the Russian discount (end of hostilities in Ukraine may even reduce the discount from Russia).

Now, the benefits. The US trade deal opens up a massive \$18 billion global market for textiles and apparel. Further, the 25 per cent penalty on Russian oil imports will cease to exist, provided necessary adjustments to the oil



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import basket are made. The US has also indicated that this interim framework is a stepping stone toward a full Bilateral Trade Agreement (BTA). Further tariff reductions on Indian goods will be considered during BTA negotiations.

The two deals share some similarities, notably shielding the imports of agri and dairy products to India. Under the US deal, India will eliminate or reduce tariffs on all US industrial goods and a wide range of US food and agricultural products, including dried distillers' grains (DDGs), red sorghum for animal feed, tree nuts, fresh and processed fruit, soybean oil, wine, and spirits, while protecting the broader domestic market. In fact, India is already the largest importer of soybean oil globally but USA accounted for only 3 per cent in India's overall soybean oil import of \$4.3 bn in Apr–Nov, FY25). Hence this decision clearly benefits India. Similarly, almonds, walnuts, pistachios and cranberry import from USA will now attract significantly lower duties and benefit India consumers. India produces these fruits in very limited quantities and these are in high demand given their nutritional contents.

Notably, regarding non-tariff barriers and digital trade, both the US and the EU have indicated flexibility and a willingness for dialogue.

In terms of benefits, \$75 billion of Indian exports to the EU are poised for take-off, with \$33 billion in labour-intensive sectors set to gain significantly from preferential access under the EU FTA.

The benefits from the US deal could be even greater. Among the top five US imports, India has a re-

levant comparative advantage in chemicals, where China and Singapore currently hold higher shares. With higher tariffs on China, India can increase its share of chemical and pharmaceutical exports to the US. India may also capture part of Singapore's share. Capturing a 2 per cent share from these countries could add 0.2 per cent to GDP, and an additional 1 per cent from Japan, Malaysia, and South Korea — which face tariffs equal to or lower than India's — could add another 0.1 per cent to GDP.

India can also capture a larger share of apparel exports from Bangladesh, Cambodia, and Indonesia. Currently, India's share of apparel exports in US imports is 6 per cent, and if it captures an additional 5 per cent from these countries, it could add another 0.1 per cent to its GDP.

India also intends to purchase \$500 billion of US energy products, aircraft and aircraft parts, precious metals, technology products, and coking coal over the next five years. This will diversify our capital goods imports from China.

The EU FTA and the interim BTA with the US open a new chapter in India's trade history. Today, consumers are the real kings, conscious of the choices they make across backward and forward integration. This changed reality must be recognised, and adjustments made. India has effectively established a reverse Byzantine equation, engaging in dialogue with all key stakeholders on its own terms and pace, building a springboard for a win-win proposition.

The author is member 16th FC, member, PMEG and group chief economic advisor, State Bank of India. Views are personal

- Digital trade.
- Non-tariff barriers (standards, regulations).

Static Linkages

- WTO framework and MFN principle.
- GATT Article XXIV (legality of FTAs).
- Comparative Advantage theory.
- Balance of Payments and trade balance.
- Trade elasticity and tariff incidence.
- Energy security and import diversification.
- Non-Tariff Barriers (SPS and TBT measures).
- Global Value Chains (GVCs).
- Export-led growth model.

KEY HIGHLIGHTS

Context of the News

- India has recently advanced major bilateral trade engagements with:
 - European Union (EU) through a Free Trade Agreement framework.
 - United States (US) via an Interim Trade Agreement, with scope for a full Bilateral Trade Agreement (BTA).
- These agreements aim to connect India with two of the world's largest consumer markets.
- The developments occur amid:
 - Global supply chain restructuring.
 - Declining multilateralism and increasing bilateral trade arrangements.
 - India's objective of expanding exports and reducing strategic vulnerabilities.

Key Points

- EU offers preferential market access to over 99% of Indian exports by value.
- US interim deal reduces tariff uncertainty and restores trade momentum.
- Indian exports to the US recorded ~4.3% growth in FY26 (first nine months) despite tariff regime.
- Major beneficiary sectors:
 - Chemicals and pharmaceuticals.
 - Textiles and apparel.
 - Engineering goods.
- India safeguards agriculture and dairy sectors as negotiating red lines.
- US likely to increase exports to India in:
 - Energy products (crude oil, LNG).
 - Aircraft parts, precision metals, and technology products.
- Both EU and US engagements include dialogue on:

Critical Analysis

Advantages

- Expands India's access to large and high-income markets.
- Enhances export competitiveness of Indian industries.
- Supports labour-intensive manufacturing sectors.
- Strengthens energy security through diversified imports.
- Reduces dependence on China-centric supply chains.
- Reflects India's improved negotiating capacity.

Concerns

- Increased import competition may affect MSMEs.
- Compliance with EU standards may raise costs.
- Potential widening of trade deficit if exports underperform.
- Limited short-term gains without domestic reforms.
- Agricultural sector remains politically sensitive.

Way Forward

- Improve logistics efficiency and reduce transaction costs.
- Strengthen MSME competitiveness and technology adoption.
- Align domestic standards with global benchmarks.
- Institutionalise trade impact assessments.
- Promote export diversification and value addition.
- Balance trade liberalisation with social and sectoral safeguards.

Bold leap forward, now the tightrope walk

IN THE midst of unprecedented geopolitical uncertainty, India's government has moved decisively, with boldness, to ensure that the country becomes more closely integrated with the global economy. The conclusion of India-EU trade talks a few weeks ago, now followed by a joint India-US statement on a framework for an Interim Agreement, marks a pivot of what could be said to be a protectionist nation to arguably one of the world's more open economies. With these deals and agreements with countries such as Australia, New Zealand, UK, UAE, and groupings such as ASEAN, India has trade pacts with most economic regions of the world. Read alongside the recent dismantling of non-tariff barriers such as quality-control orders, the unmistakable conclusion is of a recasting of India's trade policy as one that embraces freer trade. There is no going back from here.

Trade deals such as these, which have paved the way for greater market access for Indian exports, necessarily involve give and take. After all, countries can hardly be expected to open up their markets to Indian exports without expecting reciprocity. The tall tariff walls that have protected large sections of the Indian economy had to go. While the consequences of these deals will unfold in the years to come, it would be fair to say that they could potentially trigger far-reaching changes in the economy. India's labour-intensive export segments should benefit considerably — these agreements now place India more favourably than its East Asian competitors such as Vietnam and Indonesia — facilitating the economy's wider transformation and labour mobility. Delhi must now double down on domestic reforms and pursue the export-led growth model that has propelled the rise of many nations. At the same time, the government has been careful to safeguard sensitive sectors such as agriculture in these deals, while the contentious issue of purchase of Russian oil remains an unknown.

Donald Trump's monitoring mechanism of India's Russian purchases is clearly a pressure tactic — energy deals are bargaining chips on his table. India's interlocutors have shown remarkable deftness in managing and negotiating their way through. As they move towards the final agreement, the challenge, in this unpredictable Trump world, will always be to balance pressure with opportunity. That's a tightrope walk no doubt, but after their bold leap forward, the interlocutors will have to be cautious as they figure out their next steps. The terrain remains tricky — but now it's not too unfamiliar.

KEY HIGHLIGHTS

Context of the News

- India has recently concluded trade negotiations with the European Union and issued a joint statement with the United States outlining a framework for an Interim Trade Agreement.
- These developments occur amid unprecedented geopolitical uncertainty, supply chain realignments, and increasing geo-economic pressures.
- India has already signed comprehensive trade agreements with Australia, UAE, UK, New Zealand and ASEAN, covering most major global economic regions.
- Simultaneously, India has reduced several non-tariff barriers, including rationalisation of Quality Control Orders.
- External pressure persists regarding India's energy imports, particularly crude oil from Russia.

Key Points

- India's trade policy is witnessing a structural shift from protectionism towards greater trade openness.
- Tariff rationalisation and reduction of non-tariff barriers aim to improve export competitiveness.
- Trade agreements are expected to enhance market access for Indian goods and services.

- Labour-intensive sectors such as textiles, leather, engineering goods and electronics are likely to benefit.
- India's relative position improves vis-à-vis competitors like Vietnam and Indonesia in global markets.
- Sensitive sectors, particularly agriculture, have largely been safeguarded in negotiations.
- Energy trade has emerged as a strategic leverage point in global negotiations.

Static Linkages

- Comparative advantage and gains from trade.
- Export-led growth strategy and structural transformation.
- Tariff and non-tariff barriers under WTO framework.
- Global Value Chains (GVCs) and manufacturing competitiveness.
- Balance of Payments and Current Account sustainability.
- Trade liberalisation experience of East Asian economies.

Critical Analysis

Advantages

- Improves export competitiveness and diversification.
- Facilitates integration with global value chains.
- Generates employment through labour-intensive manufacturing.
- Encourages efficiency and innovation through competition.

Concerns

- MSMEs face adjustment costs due to global competition.
- Risk of import surges impacting domestic industries.
- Benefits limited without complementary domestic reforms.
- Strategic vulnerability due to energy dependence and geopolitical pressures.

Stakeholder Perspective

- Exporters: Positive due to improved access.
- MSMEs: Need transition support.
- Farmers: Cautious due to potential future liberalisation.
- Strategic community: Concerned about external leverage through trade and energy.

Way Forward

- Accelerate domestic reforms in logistics, labour and land markets.
- Strengthen trade adjustment assistance for MSMEs.
- Invest in skilling and workforce mobility.
- Diversify energy sources to reduce geopolitical dependence.
- Ensure safeguard clauses and periodic review mechanisms in trade agreements.
- Align trade policy with long-term industrial and manufacturing strategy.