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**CIVILS WITH AKASH
SECTOR 25 CHANDIGARH**

Securing India against the threat of a 'Mythocalypse'

When it comes to Artificial Intelligence (AI), the United States is about six months ahead of the rest of the world. Within the U.S., Silicon Valley is six months ahead of New York, and within Silicon Valley, frontier AI companies are six months ahead of everyone else. Simple maths reveals where India stands vis-à-vis the AI frontier. The question that should keep us awake at night is this: What about the inevitable proliferation of Mythos-class capabilities, including from labs that do not share Anthropic's restraint and from open-weight model releases over which no one has control? Anthropic says its new model, Claude Mythos, can outperform human experts at certain cybersecurity tasks. Mythos access has expanded to more countries including India and organisations, but with the U.S. government's prior scrutiny. What happens if some non-state bad actor takes control of India's financial systems or examination systems or power plants? What can Anthropic ever do? At a minimum, India should pursue a defensive AI partnership like an AIUKUS Pillar 2 – perhaps a "Defensive AI Quad" with the U.S., the United Kingdom, and Japan – to secure structured access to Mythos-class capabilities for testing and protecting critical infrastructure. In return, India could contribute its threat-modelling expertise and the uniquely varied attack surfaces of the broader digital public infrastructure stack.



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vulnerabilities. Of these, 6,202 were assessed as of high- or critical-severity. One vulnerability in OpenSSL – CVE-2026-5194 – could have allowed attackers to forge TLS certificates across billions of IoT and industrial devices. But the statistic that should concern policymakers most is this barely 1% of the vulnerabilities identified by Mythos have been patched.

Third, what makes Mythos more dangerous, is that unlike older models that merely flag suspicious code, Mythos can autonomously chain multiple low-severity vulnerabilities – issues that might otherwise be ignored – into a single, highly destructive attack. Finding a vulnerability is one thing but chaining a bunch of vulnerabilities together and exploiting them autonomously is something completely different and daunting.

Fourth, the barriers to entry are very low. The U.K.'s The AI Security Institute (IASI) found that even engineers without formal security training could use Mythos to produce functional exploits overnight. In effect, it paces cyber capabilities once associated with nation-states within reach of script kiddies and ransomware groups.

Finally, Mythos may be showing signs of situational awareness. In sandboxed tests, the model used prohibited methods to solve a problem, appeared to recognise that those actions would be detected, and then changed its approach to hide how it had achieved the exploit.

India's preparedness gap

India has built a distinctive world-class digital front end through the India Stack, including UPI, Aadhaar, and the Account Aggregator framework. But much of it still runs on fragmented legacy back-end systems, especially in public sector units, State departments, and older public sector banks. Critical systems across finance and government still rely on outdated technology. Indian public sector banks continue to run substantial COBOL and Windows Server 2008/2012 workloads.

India has moved quickly in its response, but significant gaps remain. It lacks an AI Safety Institute. While the U.K. and the U.S. have established world-class institutions to evaluate frontier AI systems, India has no dedicated body to test such models against Indian threat scenarios. The India AI Mission is focused primarily on development rather than safety evaluation. India therefore needs a dedicated India AI Safety Institute (IASI), supported by data-sharing arrangements with the ASI and the U.S. Center for AI Standards and Innovation (CAISI). Without such a mechanism, India will remain dependent on foreign assessments of models that have never been tested against Indian systems and vulnerabilities.

At the same time, the cybersecurity workforce gap is estimated at more than 6,00,000 professionals. Patch cycles for public sector banks are measured in months, not hours. That is a dangerous mismatch in the Mythos era, where attackers can move at machine speed and exploit

vulnerabilities within hours. India needs a frontier AI accountability framework, modelled on California's SB 53 and the EU AI Act but tailored to Indian conditions. Any AI company operating in India whose model exceeds defined thresholds – such as compute, autonomy, or cyber capability – should disclose capability evaluations and known harms to the proposed IAISI. This could be built into the Digital Personal Data Protection Act, since informed consent requires meaningful disclosure of AI risks and capabilities.

The Centre should create a ₹15,000 crore-20,000 crore critical sector cybersecurity upgradation fund, including support for legacy modernisation in public sector banks. It should also fund and co-develop sovereign defensive AI models with domestic deep-tech firms to monitor telemetry, detect anomalies, and isolate compromised network segments in real time.

If a Mythos-class model becomes openly downloadable from a non-reputable adware lab (Meta has historically published open weights for its frontier models; Chinese labs increasingly do), then no defensive measure short of pre-emptive patching helps. India should lead the diplomatic effort at the G20 to establish that the release of open-weight models above defined capability thresholds – specifically autonomous offensive cyber capability – should be subject to international notification and review requirements.

India has unique standing for this leadership: it is a major AI consumer, a credible neutral voice between U.S. and Chinese AI policy positions, and the operator of the largest digital public infrastructure stack in the world. Mythos proves that cyber-defence is no longer a human versus human chess match. It is now an algorithmic arms race. For India, securing the digital economy requires matching the speed of the attacker – which means deploying defensive AI that can reason, patch, and protect at the exact same velocity.

The window is closing

In sum, this is not about Mythos versus India, but India's structural disadvantage in a world where the cost of finding zero-days is collapsing while the cost of patching is not. The goal is to prevent a breach at the weakest point from cascading into systemic failure. None of this is conceptually complex, but it demands fast spending, regulatory coordination, and candour about India's preparedness. That coordination should be driven by the Prime Minister's Office and not any single Ministry. The Mythos era – when capabilities of this class become routine, including in untrained hands – has already begun. India has 12 to 24 months to build the architecture needed to stay ahead of the threat rather than chase it. And who knows what Mythos 2.0 will be?

The views expressed are personal

AI can reduce the technical expertise required to launch sophisticated cyberattacks.

- Potential threats to:
 - Banking systems.
 - Power grids.
 - Defence networks.
 - Digital governance platforms.
- Increased risk from non-state actors and ransomware groups.

India's Vulnerabilities

- Dependence on Digital Public Infrastructure.
- Legacy IT systems in several government departments and public sector institutions.
- Cybersecurity workforce shortage.
- Lack of a dedicated AI Safety Institute for frontier model evaluation.

Static Linkages

- Information Technology Act, 2000 Section 70: Critical Information Infrastructure (CII).
- Section 70A: National Critical Information Infrastructure Protection Centre (NCIIPC).
- CERT-In National nodal agency for cybersecurity incident response.
- Digital Personal Data Protection Act, 2023 Framework for data protection and accountability.
- National Cyber Security Policy, 2013 Secure cyberspace ecosystem.
- Digital Public Infrastructure (DPI) Aadhaar.
- UPI.
- DigiLocker.
- Account Aggregator Framework.
- Cybersecurity forms an important component of National Security and Internal Security.

Critical Analysis

Opportunities

- Strengthens vulnerability detection.
- Enhances cyber defence capabilities.
- Improves protection of critical infrastructure.
- Supports real-time threat monitoring.

Challenges

- AI-enabled cyberattacks at machine speed.
- Difficulty in attribution of attacks.
- Risk of cyber terrorism.
- Dependence on foreign AI systems.
- Regulatory and governance gaps.

Concerns for India

- Absence of a dedicated AI Safety Institute.
- Slow patch management in critical sectors.
- Limited indigenous frontier AI capabilities.
- Increasing attack surface due to rapid digitalisation.

Way Forward

- Establish an India AI Safety Institute (IASI).
- Strengthen CERT-In and NCIIPC capacities.
- Modernise legacy systems in critical sectors.
- Develop indigenous defensive AI capabilities.
- Expand cybersecurity workforce and skilling programs.
- Create AI-specific cybersecurity regulations.
- Promote international cooperation through G20, Quad and global AI governance frameworks.

KEY HIGHLIGHTS:

Context

- Recent discussions on frontier Artificial Intelligence (AI) models have highlighted their ability to autonomously identify and exploit cybersecurity vulnerabilities.
- Advanced AI systems are increasingly capable of discovering zero-day vulnerabilities (previously unknown software flaws), raising concerns regarding national security and critical infrastructure protection.
- For India, the issue is significant due to the growing reliance on Digital Public Infrastructure (DPI) such as Aadhaar, UPI, DigiLocker, and the Account Aggregator framework.
- The debate has brought attention to India's preparedness in AI governance, cyber defence, and critical infrastructure security.

Key Points

Frontier AI and Cybersecurity

- AI systems are now capable of:
 - Discovering software vulnerabilities.
 - Generating exploit codes.
 - Conducting autonomous cyber operations.
 - Automating threat detection and cyber defence.

Zero-Day Vulnerabilities

- Security flaws unknown to developers.
- No available patch at the time of discovery.
- Frequently targeted by cybercriminals and state-sponsored actors.

Emerging Concerns

Claude Mythos, the world's most formidable hacker, needs India's urgent attention

Why Mythos matters
Why is this time different – and potentially far more dangerous? First, most current AI models identify vulnerabilities that can be explained and understood by humans, enabling experts to diagnose and fix them. Mythos, however, is discovering vulnerabilities in systems that cannot always be explained, understood, or even known to exist by human operators.
Second, Mythos is fundamentally different from a standard Large Language Model (LLM) because it is "zero day" at scale. A zero day is essentially an undiscovered bug or a flaw in code that no one knows exists in systems found can be exploited to devastating consequences. With it come serious moral hazard and national security concerns, especially when there is the prospect of selling such capabilities to the highest bidder.
Now, what is even more astonishing is that Mythos' offensive capabilities were not deliberately engineered; they emerged as a byproduct of advanced reasoning, long-horizon planning, and autonomous execution. Mythos discovered long-standing bugs that had eluded human experts and automated "fuzzing" tools for decades. For example, it discovered a 16-year-old flaw that had survived five million automated tests, as also in the Linux kernel which is the backbone of every Android device in the world.
The latest update on Mythos, released on May 22, 2026, reported that it had scanned 1,000 open-source projects and flagged 23,019

India's road through Myanmar is one of engagement

When Myanmar's President U Min Aung Hlaing landed in Bhubaneswar, Bihar, on May 30, 2026, the symbolism was hard to miss. Before travelling to New Delhi for talks with Prime Minister Narendra Modi and President Droupadi Murmu, he visited the Mahabodhi Temple, one of Buddhism's holiest sites and a UNESCO World Heritage Site. The stopover underscored a broader message: India was welcoming Myanmar's leader not only through the language of diplomacy but through shared civilisational ties.

This is a major diplomatic engagement, the first visit to India (May 30–June 3, 2026) by Min Aung Hlaing in his capacity as President, reflecting the growing importance of India-Myanmar relations in a shifting geopolitical environment of South and Southeast Asia. For New Delhi, the timing and tone are equally significant.

The world's democracies have largely turned away from Naypyidaw since the February 2021 coup that ousted Aung San Suu Kyi's elected government. Western nations imposed sanctions and sought to isolate the military regime. But Foreign Secretary Vikram Miri reports that India's policy is "not intended to be a commentary on the internal political arrangements" in Myanmar, and that New Delhi believes engagement with Myanmar is the best way forward. This is realpolitik disguised as pragmatism. Myanmar is India's gateway to Southeast Asia and a cornerstone of its Act East and Neighbourhood First policies. Sharing a 1,643 km border with four northeastern states, Myanmar's instability poses a direct threat to India's security interests in the region.

Then there is the China factor. Beijing has aggressively cultivated Naypyidaw since the coup, filling the vacuum left by western withdrawal with infrastructure financing, arms supplies, and



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Connectivity, security, and China shape India's outreach to Myanmar

diplomatic cover. For India to cede Myanmar's strategic space entirely to China would be a self-inflicted wound in its own backyard.

The infrastructure stakes
Few indicators better reflect the depth of India's strategic investment in Myanmar than the Kaladan Multi-Modal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway – two connectivity corridors that dominated the Modi-Hlaing agenda.

The Kaladan project connects Kolkata to Sittwe by sea, then follows the Kaladan River inland to Paletwa, before linking by road to Zorinpui in Mizoram. The sea and river components are operational, with the first cargo shipment reaching Sittwe in May 2023. But the critical 109 km Paletwa-Zorinpui Road running through mountainous, flood-prone terrain in Chin State remains incomplete. India's Shipping Minister told Parliament in 2025 that full operationalisation is targeted for 2027.

The Trilateral Highway carries an even grander ambition: linking Moreh in Manipur to Mae Sot in Thailand through Myanmar over roughly 1,500 km, with planned extensions to Cambodia, Lao PDR, and Vietnam. Once completed, it could transform India's landlocked northeast into a gateway to Southeast Asia. It was supposed to be finished by 2019. It still is not.

Myanmar's internal conflict lies behind both delays. Armed groups control large stretches of territory along the two corridors, making construction difficult and unpredictable. President Hlaing assured Mr. Modi that Myanmar would do "everything" to complete the projects, while Mr. Miri reiterated that they remain a "major priority" despite security challenges. At the Myanmar-India Trade and Investment Conclave, Mr. Aung Hlaing described them as vital to the Association of Southeast Asian Nations (ASEAN) India economic corridor. The real question is whether these assurances will

translate into progress on the ground. Beyond infrastructure, the summit covered significant ground. Bilateral trade stood at \$1.95 billion in 2025-26, and both sides agreed to increase it through a rupee-kyat settlement mechanism, with additional discussions on critical minerals and rare-earth cooperation. On security, Mr. Aung Hlaing reiterated Myanmar's assurance that its territory would not be used against India's interests – a significant pledge given the long presence of Indian insurgent groups and cybercrime networks in Myanmar's border regions. More than 2,400 Indian nationals have been rescued from scam centres through bilateral cooperation over the past 18 months, though many remain trapped. On education, India announced an increase in Mekong-Ganga ICER scholarships for Myanmar students from 36 to 100 annually from 2026.

The larger reckoning
By receiving Mr. Aung Hlaing as Myanmar's President, India has signalled a degree of acceptance of the country's evolving political reality. This does not necessarily amount to endorsement of the military-backed government. Still, it suggests a recognition that meaningful engagement with Myanmar requires working with those currently in power. For Myanmar, the visit is equally consequential. Mr. Aung Hlaing last visited India in 2019 as Myanmar's military chief. His return to New Delhi as head of state – and his choice of India for his first major bilateral visit abroad – signals a deliberate engagement with a neighbour that can provide a diplomatic and economic counterweight to overwhelming Chinese dependence. For India, the calculus is rooted in geography, security and the recognition that disengagement rarely produces better outcomes. The message is clear: pragmatic engagement, however uncomfortable, may increasingly shape regional approaches to Myanmar in the years ahead.

Trade and Economic Cooperation

- Bilateral trade: ~\$1.95 billion (2025–26).
- Focus areas:
 - Rupee-Kyat settlement
 - Critical minerals
 - Rare earth elements
 - Investment promotion

Security Cooperation

- Cooperation against:
 - Cross-border insurgency
 - Human trafficking
 - Cybercrime and scam networks
- Myanmar assured that its territory would not be used against India's interests.

Educational and Cultural Cooperation

- ICCR scholarships under the Mekong-Ganga framework increased from 36 to 100 annually.
- Shared Buddhist heritage remains a key pillar of ties.

Static Linkages

- ASEAN was established in 1967; Myanmar joined in 1997.
- Myanmar is the only ASEAN country sharing both land and maritime boundaries with India.
- Bay of Bengal is strategically important for India's maritime security and regional connectivity.
- Northeast India serves as the geographical gateway to Southeast Asia.
- Border management involves security, trade facilitation and socio-economic development.
- Connectivity is a key instrument of regional integration and economic diplomacy.

Significance for India

- Counters growing Chinese influence in Myanmar.
- Strengthens India's strategic presence in Southeast Asia.
- Improves connectivity for Northeast India.
- Enhances access to ASEAN markets.
- Supports India's Indo-Pacific strategy.
- Promotes regional stability and border security.

Challenges

- Ongoing civil conflict and political instability in Myanmar.
- Delays in major connectivity projects.
- Security risks along project corridors.
- Expanding Chinese strategic and economic footprint.
- Difficult balance between democratic values and strategic interests.

Way Forward

- Expedite completion of Kaladan and Trilateral Highway projects.
- Enhance border infrastructure and integrated check posts.
- Strengthen counter-insurgency and intelligence cooperation.
- Expand trade through local currency settlement mechanisms.
- Deepen engagement with ASEAN through connectivity-led diplomacy.
- Promote inclusive political reconciliation and stability in Myanmar.

KEY HIGHLIGHTS:

Context

- Myanmar President Min Aung Hlaing visited India (May 30–June 3, 2026), marking his first visit as President.
- Discussions with Prime Minister Narendra Modi focused on:
 - Connectivity projects
 - Border security
 - Trade and investment
 - Critical minerals cooperation
 - Capacity building and education
- The visit reflects India's continued engagement with Myanmar despite political instability following the 2021 military takeover.

Key Points

Strategic Importance of Myanmar

- India's only land bridge to Southeast Asia.
- Shares a 1,643 km border with Arunachal Pradesh, Nagaland, Manipur and Mizoram.
- Crucial for:
 - Act East Policy
 - Neighbourhood First Policy
 - Indo-Pacific Vision
 - Development of Northeast India.

Connectivity Projects

Kaladan Multi-Modal Transit Transport Project (KMTP)

- Connects:
 - Kolkata Port → Sittwe Port (Myanmar)
 - Sittwe → Paletwa via inland waterways
 - Paletwa → Zorinpui (Mizoram) via road
- Provides alternative access to Northeast India.
- Strengthens Bay of Bengal connectivity.

India-Myanmar-Thailand Trilateral Highway

- Connects Moreh (India) to Mae Sot (Thailand) through Myanmar.
- Proposed extension to Cambodia, Laos and Vietnam.
- Expected to boost trade and ASEAN connectivity.

New and raw

Nepal and India must avoid misspeaking on border issues

The visit of Nepal Foreign Minister Shisir Khanal to Delhi, which followed right after the visit of Nepal's new ruling party RSP's President Rabi Lamichhane and ahead of a proposed visit by the new Finance Minister Swarnim Wagle, signals an intense outreach between Delhi and Kathmandu's new leadership. Mr. Khanal had met External Affairs Minister S. Jaishankar in April, on the sidelines of an Indian Ocean regional conference in Mauritius, but this was his first visit to India since the RSP and newly elected Prime Minister Balen Shah took power after the GenZ protests. The meetings, a lead up to an expected India visit by Mr. Shah, indicate a step-by-step approach to building ties, with Delhi laying out the red carpet for Mr. Lamichhane, who met with top functionaries of the BJP, Prime Minister Narendra Modi, the Home Minister, Mr. Jaishankar and the National Security Adviser. These meetings came just after Mr. Shah's address to his Parliament where he accused India of occupying parts of Nepal while also claiming that Nepal is in control of parts of Indian territory, and much to New Delhi's outrage, added that Nepal was in touch with the U.K. and China on the issue. Such comments by Mr. Shah, and his decision to stick to protocol and refuse a meeting with India's Foreign Secretary Vikram Misri, no doubt ruffled feathers, and Mr. Lamichhane's first task was to smooth feelings on the issue. In a media meet, Mr. Khanal also sought to diffuse the tensions, suggesting that the Nepal government was committed to turning a page in Nepali politics, and casting aside "old baggage" with India. The MEA rejected any role for a "third party" in negotiations, particularly China, given that Mr. Khanal's next visit is to Beijing. No doubt, the territorial issues over Limpiyadhura, and Lipulekh will heat up again this summer as India sends more groups over the border areas which Kathmandu claims, for the Kailash Mansarovar Yatra to Tibet.

The agenda between India and Nepal is at present too broad and too deep, from border management and renegotiating water sharing agreements to infrastructure, trade development projects and energy sharing, to be derailed at this point. While Nepal's new government may be granted some leeway for early misspeaking, Kathmandu and Delhi must tread carefully in their words and steps. Any indication from Kathmandu that it is cavalier about India's position in the region, or from Delhi that it seeks to interfere with the new government's working, could set off the same cycles of mistrust that have dogged the relationship, particularly since the Nepal Constitution friction and trade blockade from India in 2015. While the Modi government's diplomatic tasks have been made more complex by youth protests that have dislodged entrenched power structures in the Maldives, Sri Lanka, Bangladesh and Nepal, this may also be an important opportunity to rework its discourse and partnership framework with smaller yet important neighbours in South Asia.

KEY HIGHLIGHTS:

Context

- Nepal Foreign Minister Shisir Khanal visited India amid efforts to strengthen ties with Nepal's newly elected government led by Prime Minister Balen Shah.
- The visit followed that of Rabi Lamichhane (President, Rastriya Swatantra Party) and precedes a likely visit by Finance Minister Swarnim Wagle.
- The outreach comes despite recent tensions over the Kalapani–Lipulekh–Limpiyadhura boundary dispute.
- India reiterated that bilateral issues should be resolved directly and opposed the involvement of any third party.
- The visit indicates attempts by both countries to prevent territorial disagreements from affecting broader cooperation.

Key Points

- India and Nepal share a 1,751 km open border.
- Bilateral relations are governed by the India–Nepal Treaty of Peace and Friendship, 1950.
- Nepal is central to India's Neighbourhood First Policy.
- Nepal serves as a strategic buffer between India and China.
- Major areas of cooperation:
 - Hydropower and energy trade
 - Connectivity and infrastructure

- Trade and transit
- Border management
- Water resources cooperation
- Key disputed areas:
 - Kalapani
 - Lipulekh
 - Limpiyadhura
- Lipulekh Pass is important for the Kailash Mansarovar Yatra.
- Nepal is a member of SAARC, BIMSTEC and BBIN initiatives.

Static Linkages

- Treaty of Peace and Friendship (1950).
- Open-border system between two sovereign states.
- Buffer state concept in geopolitics.
- Himalayan mountain passes and strategic corridors.
- Transboundary river management and water diplomacy.
- India's Neighbourhood First Policy.
- Gujral Doctrine principles of good-neighbourly relations.
- Role of hydropower in regional energy security.

Significance for India

- Ensures stability in the Himalayan region.
- Supports India's security interests along the northern frontier.
- Enhances regional connectivity under BBIN.
- Strengthens energy cooperation through hydropower imports.
- Counters strategic influence of external powers in South Asia.
- Reinforces cultural and civilizational ties.

Challenges

- Recurring boundary disputes.
- Political instability in Nepal.
- Growing Chinese strategic and economic presence.
- Anti-India sentiment in Nepal's domestic politics.
- Delays in implementation of bilateral projects.
- Water-sharing and river-management concerns.

Way Forward

- Resolve boundary disputes through diplomatic dialogue.
- Accelerate connectivity and infrastructure projects.
- Expand cross-border energy trade.
- Strengthen institutional mechanisms for water cooperation.
- Promote people-to-people and cultural exchanges.
- Follow a partnership model based on mutual respect and non-interference.
- Deepen economic integration under regional frameworks.

In age of AI, Pope returns to older concern: Technology, wealth, inequality



RAJA MANDALA
BY C RAJA MOHAN

ARTIFICIAL intelligence (AI) begins to transform economies, an old argument from the industrial age is returning in a new form. AI, a social-ist senator, a populist president, and a Silicon Valley mogul are all grappling with the same question: Who should own the wealth that AI is generating?

The issue has come into sharp policy focus as President Donald Trump plans to meet America's leading AI firms at the White House to discuss an idea that would once have seemed unthinkable — giving the American public a financial stake in the companies that are profiting most from the AI revolution.

Last week, Bernie Sanders, the lone socialist in the US Senate, proposed an American AI sovereign wealth fund financed by a one-time transfer of 50 per cent of shares from the largest AI companies. Last month, Pope Leo XIV devoted the first encyclical of his pontificate to the ethical and social challenges posed by the unfolding AI revolution.

These are different men with contradictory ideologies shaping their worldviews. But they are revisiting one of the oldest ques-

tions of modern politics: Who benefits from technological change — capital or labour? How do we balance the creation of massive wealth by technology with the imperatives of economic and social equity?

It is fitting that a Pope named Leo should raise this old question about the new technological revolution. In 1891, Pope Leo XIII issued the encyclical *Rerum Novarum*, an important religious response to the rise of modern capitalism. It spoke of the full consequences of the industrial revolution. Factories had created immense wealth, but they had also produced social dislocation, inequality, and labour unrest. Socialist ideas that had gained ground since the mid-19th century were now acquiring a radical character.

Rejecting both unrestrained capitalism and revolutionary socialism, Leo XIII defended the dignity of labour, workers' right to organise, and capital's moral obligations. His encyclical became one of the foundations of modern Catholic social teaching.

One hundred and thirty-five years later, Leo XIV has deliberately revisited that legacy. His encyclical, *Magis pro Humanitate*, treats the AI revolution with the same ethical concern that Leo XIII accorded the industrial age. If the 19th century witnessed deepening tensions between capital and labour, the 21st, Leo XIV argues, confronts a new challenge: The relationship between human beings and the intelligent machines that threaten to take over their work.

Without restraint, Leo XIV argues, could concentrate wealth and power in the hands of a few, creat-

ing, widening inequality, and leave behind those who lack access to the new economy. The danger, in his view, is not merely technological but social — the exclusion of millions from the prosperity generated by the new machines.

These concerns are resonating in an America already anxious about the impact of AI on jobs. Major technology firms are cutting employment opportunities and deepening inequality. The American mood is grim. Workers are worried, and that anxiety is being channelled into a public debate.

It is interesting that some of the industry's leaders have moved in a similar direction to Sanders. OpenAI chief Sam Altman, whom Sanders met last week, has been making the case for sharing the benefits of AI-generated prosperity. He has spoken of voluntary sharing of a percentage of stock, through which citizens might share in the wealth created by AI. The disagreement with Sanders is less about principle than about how fast and how far public ownership should go.

Trump says he is not opposed to Sanders's proposal. His populist political coalition has long overlapped with that of Sanders. Trump has said his administration is examining ways in which Americans might become "partners" in the AI boom. The mechanisms under discussion is similar to Altman's ideas. Not everyone in the US is impressed. Many tech giants are unenthusiastic. The Wall Street Journal has pilloried Trump for

promoting the idea of the US government taking a stake in US tech companies. "Not long ago, it would have been hard to imagine a Republican president demanding government ownership in a private company, but here we are." Many liberal American economists, too, recoil at the thought of the US government expropriating money or shares from US corporations.

But a potential convergence and accommodation might be the AI story of the moment — the acknowledgement that the current revolution is too consequential to be left to the markets alone. The first and second industrial revolutions did not produce a social compact between capital and labour overnight. Decades of conflict gave rise to the Western welfare state.

The AI revolution may demand another such adjustment. The debate is no longer only about regulating AI for safety and international security. It is also about the distribution of wealth and power in the age of intelligent machines.

In that sense, Leo XIV returns to the concerns of Leo XIII. Technology creates wealth, but it also creates inequality. Politics has always been about managing the tension between the two. The story of AI may only be the latest chapter in modern society's enduring struggle: Finding a sustainable balance between the interests of capital and society.

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Static Linkages

- Technological change as a driver of economic growth.
- Structural unemployment caused by technological advancement.
- Inclusive growth and equitable distribution of resources.
- Welfare State concept.
- Social justice and distributive justice.
- Human capital development and skill enhancement.
- Directive Principles:
 - Article 38 – Reduce inequalities.
 - Article 39(b) – Distribution of material resources for common good.
 - Article 39(c) – Prevent concentration of wealth.

Critical Analysis

Opportunities

- Higher productivity and economic growth.
- Improved public services through AI.
- Innovation-driven development.
- Creation of new high-skill jobs.

Challenges

- Job displacement in labour-intensive sectors.
- Increasing digital divide.
- Market concentration and monopolistic tendencies.
- Ethical concerns regarding fairness and accountability.
- Unequal access to AI technologies.

For India

- Large workforce vulnerable to automation.
- Need for skilling and reskilling initiatives.
- Importance of balancing innovation with social protection.
- AI governance framework must ensure inclusive growth.

Way Forward

- Invest in AI literacy, skilling, and reskilling.
- Strengthen social security mechanisms.
- Promote responsible and ethical AI.
- Encourage public-private partnerships in AI development.
- Bridge digital divide through digital infrastructure.
- Ensure AI complements human labour rather than replacing it.
- Develop policies for equitable sharing of benefits from technological progress.

KEY HIGHLIGHTS:

Context

- Growing global debate on how wealth generated by Artificial Intelligence (AI) should be distributed.
- U.S. Senator Bernie Sanders proposed an AI Sovereign Wealth Fund funded through equity participation in major AI companies.
- Pope Leo XIV highlighted ethical concerns of AI-driven inequality, drawing parallels with the Industrial Revolution and Pope Leo XIII's 1891 encyclical *Rerum Novarum*.
- The debate focuses on balancing technological innovation, employment, social justice, and economic equity.

Key Points

Artificial Intelligence (AI)

- AI is considered a General-Purpose Technology (GPT) like electricity and the internet.
- Can significantly increase productivity and economic growth.
- May lead to automation of routine and repetitive jobs.

Emerging Global Concerns

- Concentration of wealth in a few technology corporations.
- Rising income and wealth inequality.
- Job displacement and structural unemployment.
- Need for equitable sharing of gains from technological progress.

AI Sovereign Wealth Fund

- Public investment fund that would allow citizens to share benefits generated by AI-driven growth.
- Similar in principle to sovereign wealth funds that invest national assets for long-term public benefit.

Leo XIV returns to the concerns of Leo XIII. Technology creates wealth, but it also creates inequality. Politics has always been about managing the tension between the two

Mind investor sensitivities please

OVER THE last few years there has been a flight of capital from India. Foreign portfolio investors took out \$14.6 billion from the equity markets in 2024-25, \$19.6 billion in 2025-26, and have so far this year withdrawn close to \$15.8 billion. Alongside, there has been a sharp decline in net foreign direct investments (FDI). While gross FDI flows have risen from \$80.6 billion in 2024-25 to \$94.5 billion in 2025-26, net FDI flows stood at just \$77 billion last year, up from an even lower \$1 billion the year before. The collapse in net FDI can be traced to higher repatriation and outward investments by Indian firms. Several explanations have been put forth to explain the trends in FDI flows and investor preferences for other jurisdictions. One explanation revolves around Bilateral Investment Treaties (BITs).

India's BIT 2016 model has been criticised on grounds such as "narrow definitions" and "procedural barriers" like the five-year exhaustion of local remedies before initiating international arbitration (Rethinking India's Bilateral Investment Treaties, RIS Discussion Paper). Prior to the 2016 model, India had signed 83 BITs, of which 74 were ratified. Subsequently, termination notices were sent to 68 countries/regions till March 2023 with requests to renegotiate based on the new framework. However, since then, treaties have been signed with a few countries. The central government is now remodelling its BITs framework -- in the Union budget 2025-26, Finance Minister Nirmala Sitharaman proposed that the current model BIT be "revamped and made more investor-friendly". As per a report in this paper, the key principles on which this centres are a minimum two-year period for local remedies prior to accessing international arbitration, no most-favoured nation clause, and an exclusion of tax-related provisions.

At this critical juncture, the need to attract foreign capital cannot be emphasised enough. Legal certainty must be provided and existing frameworks should be simplified as procedural barriers will only dampen investor enthusiasm. An approach more mindful of investor sensitivities is called for.

KEY HIGHLIGHTS:

Context

- India has witnessed significant foreign portfolio investment (FPI) outflows in recent years.
- Despite rising gross FDI inflows, net FDI inflows remain subdued due to higher repatriation of profits and increased overseas investments by Indian companies.
- Concerns have emerged regarding India's investment attractiveness compared to competing economies.
- The Union Budget 2025-26 proposed revisiting India's Model Bilateral Investment Treaty (BIT), 2016 to make it more investor-friendly.
- The debate highlights the need to balance investor protection with regulatory sovereignty.

Key Points

Foreign Portfolio Investment (FPI)

- Investment in financial assets such as shares and bonds.
- Volatile and sensitive to global market conditions.
- Influences capital markets and exchange rate stability.

Foreign Direct Investment (FDI)

- Long-term investment involving ownership and management control.
- Source of capital formation, technology transfer and employment generation.
- Considered more stable than FPI.

Net FDI vs Gross FDI

- Gross FDI: Total foreign investment entering the country.
- Net FDI: Gross FDI minus repatriation, disinvestment and outward investments.

Bilateral Investment Treaty (BIT)

- Agreement between two countries for protection and promotion of investments.
- Provides legal safeguards against arbitrary treatment.
- Contains dispute settlement mechanisms.

India's Model BIT, 2016

- Replaced older investor-friendly BITs.
- Emphasizes protection of sovereign regulatory powers.
- Requires exhaustion of local remedies before international arbitration.
- Excludes taxation-related disputes from treaty protection.

Proposed Reforms

- Reduce waiting period for local remedies.
- Improve investor confidence.
- Simplify dispute resolution procedures.
- Enhance legal certainty for foreign investors.

Static Linkages

- Balance of Payments (BoP)
- Capital Account Components
- Foreign Exchange Reserves
- Economic Growth and Capital Formation
- International Arbitration
- Rule of Law and Contract Enforcement
- Globalisation and Liberalisation Reforms (1991)
- Investment Multiplier Effect
- Ease of Doing Business
- Sovereignty versus International Obligations

Critical Analysis

Significance of BIT Reforms

- Improves investor confidence.
- Enhances predictability in investment climate.
- Promotes long-term capital inflows.
- Supports manufacturing and infrastructure growth.
- Helps integration into Global Value Chains (GVCs).

Concerns

- Excessive investor protection may limit policy space.
- Increased risk of international arbitration claims.
- Regulatory measures on environment, health and taxation may face challenges.
- Potential conflict between public interest and investor interests.

Challenges

- Balancing investor rights with sovereign powers.
- Ensuring speedy domestic dispute resolution.
- Maintaining regulatory certainty.
- Competing with emerging economies for global capital.

Way Forward

- Revamp Model BIT to achieve investor-state balance.
- Strengthen commercial courts and arbitration ecosystem.
- Improve ease of doing business and contract enforcement.
- Ensure policy stability and tax certainty.
- Expand BIT network with major investment partners.
- Promote high-quality FDI in manufacturing, technology and green sectors.
- Align investment policies with long-term developmental objectives.

Milestone in history, long road to future

IN ITS own words "sabka saath, sabka vikas, sabka vishwas" is the animating spirit for the Narendra Modi government that crosses a historic milestone today — Modi is now the longest continuously serving elected Prime Minister India has known. "Sabka vishwas" is especially resonant. It frames both the achievement and the challenge. After all, a three-term prime ministership would not be possible without public trust that is sustained and renewed over 12 years and counting. That, too, in an environment brimming with rising aspirations and shifting engagements, impatient choices accelerated by disruptive technologies. But "sabka vishwas" is also a reminder of an unfinished journey, a challenge yet to be fully met. Be it finding a language to address the restlessness of the young, which has come to the fore in recent weeks because of a compromised examination system, or showing them the light of opportunity as headwinds batter the economy, or breaking a longer silence to assuage minority insecurities — a government that has made room for itself to reach out and do things that may even defy its own political script, needs to make the circle of trust more encompassing.

In many ways, the Modi government broke with a past that had congealed into the status quo and reaped the benefits. It put in place an architecture of welfare benefits that harnesses new technologies to streamline delivery, designed social safety nets — from health insurance to foodgrains — that have ensured stability even in times of great disruption like Covid-19. On the world stage, it has navigated a new, confident course for India in a time of war and flux and Trump tariffs. Politically, at home, it has shifted the centre of gravity to the right, while implementing its "core" commitments, from building the Ram temple to scrapping Article 370, to finding new flashpoints like "ghuspathiya (illegal immigrant)" to keep the momentum going. Tired old favourites have been relegated, across sectors, from freeing the Padma award-deeds of darbaris — and there are many crowding that line — to the fading of old personnel and priorities. Twelve years on, however, it may be time for a reset. A politics of polarisation is rising, and the new elites nurse a permanent sense of grievance and, more disquietingly, a winner-takes-all policy. The government needs to send a message that it is open to talent, and that it will resist the reflex to label and domesticate it.

The crumbling of Opposition parties, one after another, in the BJP-dominant system, also speaks of shrinking spaces. Many of these parties — including the TMC — are beset by internal weaknesses. They are unable to withstand confrontation with an organised and fleet-footed adversary. And yet, a government that has won three terms must know that it will be judged not just by what it says and does, but also by whether or not it is listening. The government must talk to the people, of course, but it must also talk with their representatives across the aisle. Not to lure them across, but to engage them in conversation that helps redeem its pledge of sabka vishwas, as Nehru had put it, not wholly or in full measure, but very substantially.

KEY HIGHLIGHTS:

Context

- Prime Minister Narendra Modi completed 12 years in office, becoming India's longest continuously serving elected Prime Minister.
- The milestone has renewed discussions on the government's governance model, welfare delivery, democratic institutions, social cohesion, and the vision of "Sabka Saath, Sabka Vikas, Sabka Vishwas".
- The debate highlights both policy achievements and emerging governance challenges such as employment, youth aspirations, institutional trust, and political polarization.

Key Points

Governance & Welfare

- Expansion of Direct Benefit Transfer (DBT) architecture through JAM (Jan Dhan-Aadhaar-Mobile).
- Strengthening of welfare delivery through:
 - Ayushman Bharat
 - PM Garib Kalyan Anna Yojana
 - PM Ujjwala Yojana
 - PM Awas Yojana
- Increased use of Digital Public Infrastructure (DPI) for transparent service delivery.

Economic Reforms

- GST implementation strengthened the concept of "One Nation, One Tax."
- Promotion of:
 - Make in India

- Startup India
 - Production Linked Incentive (PLI) Scheme
 - Rapid growth of digital payments through UPI.
- #### Constitutional & Political Developments
- Abrogation of Article 370 (2019).
 - Reorganization of Jammu & Kashmir.
 - Increased centrality of welfare politics and national integration narratives.

Foreign Policy

- Enhanced India's role in:
 - G20
 - BRICS
 - Quad
 - SCO
- Strategic autonomy amid geopolitical tensions.

Emerging Concerns

- Youth unemployment and skill mismatch.
- Examination paper leaks and recruitment delays.
- Political polarization and social cohesion challenges.
- Need for stronger democratic consultation and institutional dialogue.

Static Linkages

- Collective Responsibility of Council of Ministers (Article 75).
- Welfare State concept under Directive Principles of State Policy.
- Fundamental Rights ensuring equality and non-discrimination.
- Parliamentary democracy requires both an effective government and a credible opposition.
- Fraternity in the Preamble promotes social harmony.
- Accountability and transparency are core principles of good governance.
- Cooperative federalism strengthens Centre-State relations.
- Citizen participation enhances democratic legitimacy.

Critical Analysis

Positives

- Better targeting of welfare benefits through DBT.
- Expansion of financial inclusion.
- Improved digital governance ecosystem.
- Stronger global positioning of India.
- Greater administrative efficiency through technology.
- Policy continuity due to political stability.

Concerns

- Job creation remains a major challenge.
- Rising youth dissatisfaction regarding recruitment processes.
- Concerns regarding shrinking space for opposition politics.
- Increasing political and social polarization.
- Need for greater institutional consultation and consensus-building.
- Trust deficit among certain social groups.

Constitutional Dimensions

- Balancing majority mandate with constitutional morality.
- Strengthening fraternity and social harmony.
- Ensuring democratic accountability alongside political stability.
- Protecting pluralism while pursuing national integration.

Way Forward

- Strengthen examination and recruitment systems.
- Focus on employment-intensive sectors such as MSMEs and manufacturing.
- Enhance institutional dialogue between government and opposition.
- Promote social cohesion through inclusive governance.
- Improve transparency and accountability mechanisms.
- Strengthen local governance institutions.
- Invest in skilling and human capital development.
- Uphold constitutional values of justice, liberty, equality, and fraternity.
- Expand citizen participation in policymaking.