DAILY NEWS PAPER ANALYSIS

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Indian Ocean a shared responsibility: Modi

PM meets Seychelles President, stresses 'security, sustainability and prosperity' of the region

Two sides unveil 19 outcomes in areas, including defence, maritime, space, and digital payments

Modi attends the golden jubilee celebrations of National Day of Seychelles as Guest of Honour

Press Trust of India
VICTORIA

India envisioned an Indian Ocean where maritime security was ensured alongside economic prosperity and where partnership was defined not by size, but by mutual respect and trust, Prime Minister Narendra Modi said on Sunday during his visit to the Seychelles.

Mr. Modi, who held wide-ranging talks with President Patrick Herminie of the archipelago, said they agreed that the Indian Ocean was "our shared home" and therefore "its security, sustainability and prosperity are our shared responsibility".

"Our vision is to make the Indian Ocean an ocean of opportunity," Mr. Modi said after delegation-level talks with Mr. Herminie, during which they took stock of the economic partnership between the two countries and discussed new opportunities in industries, connectivity, technology, digital infrastructure, and other areas.

After the talks, the two sides unveiled 19 outcomes, expanding cooperation in areas ranging from defence and maritime security to digital payments, space, healthcare, agriculture, and education.

The two sides also announced the gifting of a fast patrol vessel to the Seychelles, the handover of 10 utility vehicles and five Laser Radial class boats to the Seychelles Defence Force, the completion of the refit of *PS Zoroaster* for the Seychelles Coast Guard and the upgrading of a Dornier aircraft with a glass cockpit.

Sea of opportunities: Prime Minister Narendra Modi addresses the National Assembly of the Seychelles in Victoria on Sunday. ANI

Climate impact

Mr. Modi also addressed the National Assembly of the country, where he emphasised that the Global South, especially island nations, was the most impacted by climate change.

He reiterated that those who had contributed the least to climate change should not bear the greatest burden of its consequences and said climate action must be guided by "fairness, responsibility, and equity".

"The Global South, and especially the island nations, are the most impacted by climate change. Its effects are already visible on our coastlines, in the marine ecosystems, in weather patterns, and in our communities," he said.

"We will continue to explore new opportunities for the industries of both our countries. We will also work towards enhancing connectivity between India and the Seychelles. This will not only boost our bilateral trade but also strengthen our ties with East Africa and the Indian Ocean region," he said.

The Prime Minister, who is on a three-day visit to the archipelago, attended the golden jubilee celebrations of the National Day of Seychelles as the Guest of Honour.

Earlier in the day, at a special ceremony, Mr. Modi was also conferred with 'Guardian of the Blue Horizon' by Mr. Herminie for his "green leadership and efforts towards advancing the interests of developing countries and his long-standing commitment towards promoting the blue economy".

The outcomes after the talks on Sunday included an extradition treaty, an agreement on cooperation in the peaceful uses of outer space, an agreement to advance UPI-based digital payments in the Seychelles, an umbrella line of credit agreement with the Export-Import Bank of India and an agreement for preliminary preparations for a new the Seychelles National Hospital, according to the Ministry of External Affairs.

Win-win partnership

"Our cooperation in the fields of energy and climate action continues to advance steadily. We will further strengthen our win-win partnership in emerging areas of clean energy, including green hydrogen. The Blue Economy is a natural and strategic pillar of our relationship," he said.

"The true strength of India-Seychelles relations lies in our people-to-people ties," Modi said.

He said the popularity of Yoga and the Indian film industry in the Seychelles reflected the deep cultural connection between the peoples of the two countries. "In the same spirit, we will continue our efforts to enhance people-to-people exchanges, particularly among the youth of our two countries."

Addressing the National Assembly later, the Prime Minister said the Seychelles "occupies a special place in India's vision for the Indian Ocean."

"Our vision recognises that our futures are interconnected and inter-dependent. And, we will continue to work together for a safer and more secure Indian Ocean region," he said.

The Prime Minister last visited the Seychelles in 2015, while President Herminie visited India earlier this year.

ARMY EVENT
» PAGE 4

KEY HIGHLIGHTS:

Context of the News

- Prime Minister Narendra Modi visited Seychelles as the Guest of Honour during its 50th National Day celebrations.
- India and Seychelles elevated cooperation by announcing 19 bilateral outcomes covering maritime security, defence, Blue Economy, digital payments, healthcare, space, education, and climate action.
- India reiterated its vision of a secure, inclusive and prosperous Indian Ocean under the SAGAR (Security and Growth for All in the Region) doctrine.

Key Points

Strategic & Defence Cooperation

- India gifted:
  - One Fast Patrol Vessel (FPV).
  - 10 Utility Vehicles.
  - 5 Laser Radial Class Boats.
- Completed refit of PS Zoroaster for the Seychelles Coast Guard.
- Upgraded a Dornier maritime surveillance aircraft with a glass cockpit.
- Cooperation expanded in:
  - Maritime Domain Awareness (MDA)
  - EEZ surveillance
  - Search & Rescue (SAR)
  - HADR
  - Anti-piracy operations

Bilateral Agreements

- Extradition Treaty
- UPI-based Digital Payments
- Peaceful Uses of Outer Space
- EXIM Bank Line of Credit
- New Seychelles National Hospital Project

Blue Economy

- Sustainable fisheries
- Marine resource conservation
- Coastal resilience
- Ocean-based renewable energy
- Marine biodiversity protection

Climate Cooperation

- India reiterated the principle of Climate Justice and Common but Differentiated Responsibilities (CBDR-RC).
- Emphasis on supporting Small Island Developing States (SIDS) affected disproportionately by climate change.

Static Linkages

- SAGAR (2015): India's maritime vision for security and development in the Indian Ocean.
- MAHASAGAR (2025): Expanded vision focusing on Mutual and Holistic Advancement for Security and Growth Across Regions.
  - SeychellesIsland nation in the Western Indian Ocean.
  - Capital: Victoria
  - Member of Indian Ocean Rim Association (IORA).
  - Classified as a Small Island Developing State (SIDS).
  - UNCLOS, 1982EEZ extends up to 200 nautical miles.
  - Coastal states enjoy sovereign rights over marine resources.
  - Blue EconomySustainable utilization of ocean resources for economic growth while preserving marine ecosystems.
  - India's Maritime Security ArchitectureInformation Fusion Centre–Indian Ocean Region (IFC-IOR)
  - Indian Ocean Naval Symposium (IONS)
  - Colombo Security Conclave
  - SAGAR Vision

Critical Analysis

Positives

- Strengthens India's strategic presence in the Western Indian Ocean.
- Enhances maritime security and EEZ surveillance.
- Promotes India's role as a Net Security Provider.
- Deepens cooperation under SAGAR and MAHASAGAR.
- Expands India's Digital Public Infrastructure (UPI).
- Supports sustainable Blue Economy initiatives.

Challenges

- Rising geopolitical competition in the Indian Ocean.
- Climate vulnerability of island nations.
- Illegal fishing, piracy and transnational maritime crimes.
- Limited implementation capacity in SIDS.
- Need for sustained financial and technical assistance.

Way Forward

- Deepen maritime cooperation through joint surveillance and capacity building.
- Expand Blue Economy partnerships under IORA.
- Strengthen climate adaptation support for SIDS.
- Promote Digital Public Infrastructure (UPI, Digital Identity).
- Enhance connectivity with East Africa and the Western Indian Ocean.
- Increase cooperation in renewable energy, marine research and disaster resilience.

DGS stands by lifting of curbs on Indian shippers

S. Vijay Kumar
M. Kalyanaraman
CHENNAI

India's maritime regulator will stand by its June 26 directive removing curbs on Indian seafarers and ship owners operating in the Persian Gulf, despite a fresh surge in regional hostilities.

The Directorate General of Shipping (DGS) clarified its stance as the International Maritime Organization (IMO) halted its evacuation of stranded ships following recent attacks.

Indian officials say that negotiations are under way on restarting the IMO's plan and expect a resolution soon. The Friday notification superseded a June 13 notification that imposed restrictions after the U.S. attacks on *Marivex*, *Settebello*, and *Jalveer* carrying Indian crew and was based on the Indian government's threat assessments and advice from the Ministry of External Affairs.

Some Indian-flagged vessels have asked for transit permission from Omani authorities and Iran's Persian Gulf Strait Authority, and approval is awaited, said an official.

These vessels are LPG carrier *BW Loyalty*, container ships *CMA CGM Manaus* and *CMA CGM Diamond*, and *Volvox* dredger.

While removing restrictions, the DGS has asked Masters of vessels operating in or transiting through the Gulf region, including the Strait of Hormuz and adjoining waters, to maintain heightened security vigilance, closely monitoring navigational warnings and other warnings or instructions received from security agencies. Indian-flagged vessels have been advised to coordinate with the United Kingdom Marine Trade Operations and Maritime Information Cooperation Centre and keep the Indian Navy, missions in respective countries, as well as the DGS updated on transit.

Calling the DGS notification a mature one, Anil Devli, CEO of Indian National Shipowners Association, said every shipowner would be vigilant and proceed only after doing a total risk assessment.

IMO Secretary-General Arsenio Dominguez , said shipowners had to make their own risk assessment before transiting either of the two routes available.

Some Indian-flagged vessels are waiting for transit permission from Omani authorities and Iran's Persian Gulf Strait Authority. AFP

Iran launches new attacks, threatens to halt discussion

DUBAI

Iran on Sunday launched drone and missile attacks targeting Bahrain and Kuwait in response to U.S. air strikes against the Islamic Republic, and threatened a "complete halt" in negotiations to end the war if Washington continues its attacks. » PAGE 14

KEY HIGHLIGHTS:

Context of the News

- The Directorate General of Shipping (DGS) withdrew its June 13, 2026 restrictions on Indian seafarers and Indian-flagged vessels operating in the Persian Gulf through a notification dated June 26, 2026.
- The earlier restrictions were imposed following attacks on merchant vessels amid escalating tensions in West Asia.
- The International Maritime Organization (IMO) temporarily suspended evacuation efforts for stranded ships due to renewed hostilities.
- Indian vessels have been advised to maintain enhanced security and coordinate with maritime security agencies while transiting through the Strait of Hormuz.

Key Points

  - Directorate General of Shipping (DGS)Apex maritime regulatory authority under the Ministry of Ports, Shipping and Waterways.
  - Regulates merchant shipping, maritime safety, and welfare of seafarers.
- Indian vessels operating in the Gulf region have been advised to:
  - Maintain heightened security vigilance.
  - Monitor navigational and security advisories.
  - Coordinate with:
    - United Kingdom Maritime Trade Operations (UKMTO)
    - Maritime Information Cooperation Centre (MICC)
    - Indian Navy
    - Indian Missions abroad
    - DGS.
- Shipowners are required to undertake independent risk assessment before transiting conflict-prone waters.
- The decision reflects India's calibrated approach of balancing maritime trade continuity with security considerations.

Static Linkages

  - Strait of HormuzConnects the Persian Gulf with the Gulf of Oman.
  - Lies between Iran and Oman (Musandam Peninsula).
  - One of the world's most important maritime chokepoints for global crude oil and LNG trade.
  - United Nations Convention on the Law of the Sea (UNCLOS), 1982Provides the principle of Transit Passage through international straits used for international navigation.
  - Ensures freedom of navigation while respecting coastal State sovereignty.
  - International Maritime Organization (IMO)Specialized agency of the United Nations.
  - Headquarters: London, United Kingdom.
  - Functions:
    - Maritime safety
    - Maritime security
    - Prevention of marine pollution
    - Development of international shipping standards.
  - India's Maritime Security InitiativesSAGAR (Security and Growth for All in the Region)
  - Information Fusion Centre–Indian Ocean Region (IFC-IOR)
  - Maritime Anti-Piracy Act, 2022
  - Maritime India Vision 2030

Critical Analysis

Significance

- Ensures continuity of India's maritime trade and energy supply chains.
- Reflects a risk-based rather than blanket regulatory approach.
- Reinforces India's commitment to freedom of navigation.
- Supports India's vision of becoming a leading maritime nation.

Challenges

- Escalating geopolitical tensions in West Asia.
- Threat to Indian seafarers and merchant vessels.
- Higher insurance and freight costs.
- Risk of disruption in crude oil and LNG imports.

Way Forward

- Strengthen Maritime Domain Awareness (MDA).
- Enhance coordination with IMO and regional maritime security agencies.
- Expand naval presence in critical Sea Lines of Communication (SLOCs).
- Diversify energy import routes and strengthen Strategic Petroleum Reserves (SPR).
- Improve safety protocols and emergency preparedness for Indian seafarers.

The new digital slavery needs constitutional guardrails

In his profound encyclical, *Magnifica Humanitas*, Pope Leo XIV grounds the contemporary crisis of technology in elemental theology, reminding humanity that the individual stands at the absolute centre of divine creation. Yet, this sacred human dignity faces an unprecedented challenge. The Holy Father warns that artificial intelligence (AI), left unchecked, threatens to turn the ownership of our personal data into a new form of digital slavery – a subjugation as cruel as human bondage. Because the stakes are so inherently tied to human dignity, the Pontiff insists that the governance of AI cannot rely on vague good intentions, nor can it be left to the private consciences of the engineers who build these systems. Instead, he issues an urgent call for robust, binding law over abstract ethics, independent public oversight over the empty promises of Silicon Valley's modern pharaohs – and a clear requirement that a human being remains accountable whenever an automated system decides who gets a loan, a job, a medical bed, or an education. Pope Leo XIV's core demand is that this new electronic Curia be strictly regulated rather than quietly surrendered to a handful of private tech monopolies whose reach and resources already outstrip most sovereign governments. He even goes so far as to commend the courage to deliberately slow down the development of AI.

Shashi Tharoor

Fourth-term Member of Parliament (Lok Sabha) for Thiruvananthapuram (Congress party), the Chairman of the Parliamentary Standing Committee on External Affairs and the Sahitya Akademi Award-winning author of 29 books, including, most recently, 'The Sage Who Reimagined Hinduism: The Life, Lessons and Legacy of Sree Narayana Guru'

When regulation lags

However, a fundamental problem remains: AI and morality do not observe the same time. AI is developed at the breakneck speed of the start-up culture, driven by an ethos to move fast and run perpetual beta tests on society in the guise of progress. This velocity is fuelled not just by commercial rivalries, but by relentless mathematical innovation spanning from Silicon Valley to Shenzhen. It presents a deeper hurdle for lawmakers worldwide: parliament can govern what a person does, but it can never forbid a mathematical theorem, a discovery, or an equation from being made. How do lawmakers fulfil the Pope's wishes?

Law in most democracies moves slowly. By the time landmark legislation such as the European Union's Artificial Intelligence Act or the United Kingdom's Online Safety Act were painstakingly debated and passed, the specific technical harms they were built to combat had already mutated, leaving an entire generation to grow up inside unaddressed digital vulnerabilities. Policymakers have historically been behind the innovation curve, and under current paradigms, we will be again.

If legislation is fated to lag behind innovation, the consequences for democratic societies are not merely regulatory; they are existential. Democracy cannot function if citizens cannot distinguish reality from fabrication. At its core, democratic governance relies on a shared epistemic foundation: a collective agreement on basic facts from which public debate, policy, and electoral choices can flow. When that foundation is systematically undermined, the entire democratic project is threatened. Today, AI-generated disinformation and advanced synthetic media ("deepfakes") have advanced to a level of fidelity where the human eye and ear can no longer reliably detect forgery. This is already our reality. Highly convincing audio and video duplications of political leaders are deployed strategically during sensitive electoral cycles to depress voter turnout, fabricate scandals out of thin air, and instantly shatter public trust in legitimate state institutions.

This vulnerability is hyper-charged by algorithmic manipulation. Big Tech platforms operate on business models engineered exclusively to maximise user engagement. Because outrage, fear, and sensationalism generate the highest click-through rates, platform algorithms systematically prioritise and amplify hyper-partisan content, driving radicalisation. By trapping citizens within hyper-customised echo chambers, these systems normalise online hate and accelerate social fragmentation. In doing so, private platforms exert an unprecedented form of unaccountable power, effectively rewriting the rules of the public square to optimise quarterly corporate profits at the expense of social cohesion.

Democracy's digital vulnerability

When a society is deeply polarised and stripped of a shared reality, it becomes a soft target for foreign interference. Adversarial nation-states and non-state actors have weaponised these platform vulnerabilities, transforming them into a theatre for sophisticated information warfare. Foreign information manipulation operations are no longer clumsy, bot-driven spam campaigns; they are highly targeted, AI-driven psychological operations designed to covertly exploit pre-existing religious, ethnic, or socioeconomic fault lines within a target nation. By covertly funding, generating, and amplifying divisive narratives, hostile foreign actors can destabilise a democracy from within, turning its own citizens against one another. These coordinated campaigns represent nothing less than a direct, strategic threat to democratic sovereignty itself. As the world's largest democracy and a global technology hub, India stands at the absolute epicentre of this crisis. In an environment where digital adoption outpaces structural digital literacy, the weaponisation of synthetic media and algorithmic polarisation poses a unique threat to India's pluralistic society.

If traditional, reactive legislation is doomed to always trail behind mathematical innovation, India cannot rely on standard, backward-looking regulatory frameworks. Instead, an enduring law and policy framework for India must be anchored in five foundational pillars that operate concurrently.

Unchecked AI threatens democracy, demanding constitutional safeguards beyond conventional regulation

First, AI governance must adopt a strictly rights-based framework that prioritises individual human dignity and digital autonomy, ensuring citizens possess unalienable rights over their personal data, strict consent protocols, and clear protections against algorithmic discrimination in critical sectors such as employment, credit, and health care. Second, platforms must be subjected to genuine democratic accountability; large technology firms can no longer hide behind absolute safe-harbour immunities while their algorithms profit from the viral spread of destabilising disinformation. They must be legally compelled to introduce structural transparency, allowing independent audits of their recommendation engines and forcing them to accept systemic liability for algorithmic amplification that results in real-world violence.

Third, even as these frameworks are constructed, free speech protections must remain fully intact. The power to define and combat disinformation must never devolve into a tool for state-sponsored censorship or the silencing of political dissent. The focus of regulation must remain strictly on structural platform mechanics, such as automated bot networks and deepfake originators, rather than the heavy-handed policing of individual ideological speech.

Fourth, because technical fixes are entirely insufficient without building cognitive resilience within the populace, India must launch a massive, state-backed educational initiative focused on media literacy and digital citizenship. This curriculum must be integrated across schools, universities, and rural community centres to train citizens to critically evaluate digital sources and identify emotional manipulation tactics. Finally, to defend national sovereignty, India must establish sophisticated, cross-sector early-warning systems capable of detecting coordinated misinformation operations in real-time. By leveraging advanced detection tools and fostering deep collaboration between state security apparatuses, independent fact-checking networks, and ethical hackers, the nation can identify and neutralise foreign information warfare campaigns before they achieve viral velocity.

A constitutional imperative

Ultimately, the lesson of our era is clear: AI governance cannot remain merely regulatory or technical. It is a profound mistake to treat the manipulation of the information ecosystem as a series of isolated technical glitches to be patched with minor corporate updates or narrow statutory tweaks. Because these technologies possess the unique capability to distort truth, polarise societies, and erode the sovereign choice of voters, AI governance must rise to the level of a constitutional imperative. The right to an unmanipulated information ecosystem, where reality can be clearly distinguished from corporate or state fabrication, must be viewed as an indispensable extension of the fundamental right to life, liberty, and free expression.

KEY HIGHLIGHTS:

Context of the News

- Pope Leo XIV, in his encyclical Magnifica Humanitas, advocated binding legal regulation of Artificial Intelligence (AI), emphasizing protection of human dignity, accountability, and democratic values.
- The debate gains significance amid the rapid rise of Generative AI, deepfakes, algorithmic decision-making, and AI-driven misinformation.
- For India, expanding digital infrastructure and AI adoption necessitate a balanced regulatory framework that safeguards constitutional rights while promoting innovation.

Key Points

- AI increasingly influences:
  - Recruitment and employment
  - Credit and insurance decisions
  - Healthcare delivery
  - Education
  - Governance and public services
- Major concerns:
  - Algorithmic bias and discrimination
  - Deepfakes and synthetic media
  - Electoral misinformation
  - Privacy and data protection
  - Concentration of digital power in Big Tech
  - Foreign information manipulation
  - India's AI Governance FrameworkDigital Personal Data Protection Act, 2023
  - Information Technology Act, 2000
  - IndiaAI Mission (2024)
- Important Global Initiatives:
  - UNESCO Recommendation on the Ethics of AI (2021)
  - OECD AI Principles (2019)
  - EU Artificial Intelligence Act

Static Linkages

- Article 14 – Equality before Law
- Article 19(1)(a) – Freedom of Speech and Expression
- Article 21 – Right to Life and Personal Liberty
- Justice K.S. Puttaswamy v. Union of India (2017) – Right to Privacy as a Fundamental Right
- Digital Personal Data Protection Act, 2023
- Information Technology Act, 2000

Critical Analysis

Significance

- Improves efficiency in governance and service delivery.
- Supports innovation and economic growth.
- Enhances healthcare, agriculture and education.

Challenges

- Threat to privacy and data security.
- Bias in AI algorithms affecting equality.
- Deepfakes undermining electoral integrity.
- Lack of transparency and accountability.
- Platform monopolies influencing public discourse.
- Regulatory framework lagging behind technological advancement.

Way Forward

- Enact a comprehensive AI governance law based on constitutional principles.
- Ensure human oversight for high-risk AI systems.
- Strengthen implementation of the Digital Personal Data Protection Act, 2023.
- Mandate transparency and independent auditing of AI systems.
- Promote digital and media literacy to counter misinformation.
- Develop indigenous, responsible AI under the IndiaAI Mission.
- Enhance international cooperation on AI governance.

July opens the biggest chapter in India-U.K. trade ties

Trade deals are important for accelerating prosperity but not every deal is a game changer. One that drives shared growth across key sectors, unlocks opportunity for businesses of all sizes, and pushes the envelope for bilateral trade qualifies to achieve that tag. And so, it is no surprise to see businesses and trade associations using the term in relation to the United Kingdom-India Free Trade Agreement (FTA) which is formally known as Comprehensive Economic and Trade Agreement (CETA). India remains the fastest-growing economy in the G-20 and it is on track to become the world's third-largest economy within the next five years. Complementing this the U.K. remains one of the top global destinations for investment and was the third fastest-growing economy in the G-7 in 2025. Securing preferential access to each other's market is not an abstract diplomatic win; it is an economic advantage that will deliver significant returns in both countries over time. This FTA is forecast to boost Indian GDP by £5.1 billion, the U.K.'s GDP by £4.8 billion and increase bilateral trade by £25.5 billion every year in the long run.

Bilateral trade was already worth £48 billion a year in 2025. From July 15, it will be cheaper, quicker, and easier for businesses to trade across both countries. Even before this deal came into force, we have seen the creation of thousands of new jobs on both sides and that is showing no signs of slowing down, as the countdown to entry into force closes and a new era of growth between the two nations begins. We should all be excited to see what the two countries and businesses on both sides can achieve in the years ahead. These are the hallmarks of a historic deal; but it is not just about the numbers.

Harjinder Kang

His Majesty's Trade Commissioner for South Asia and the British Deputy High Commissioner for western India

The U.K.-India Free Trade Agreement, the 'gold standard of modern trade deals', comes into force on July 15

A story of scale and depth

From day one, both sides agreed that this deal must be broad, deep, and a driving force that brings long-term growth for both countries. Nearly three years of intensive negotiations preceded this deal and there is no doubt that the agreement reached is the most economically significant trade deal that the U.K. has done since leaving the European Union; it is also one of the most comprehensive trade deals that India has ever done. In short it is a win-win for businesses and consumers and for both economies. To give readers just a flavour of the far-reaching benefits – 99% of U.K. tariff lines will be duty-free for Indian products and India will remove or reduce tariffs on 90% of its tariff lines for U.K. products.

For India, this could support jobs in labour-intensive sectors such as textiles, leather, jewellery and, equally, it will boost exports in services such as IT and finance by a large margin.

Similarly, tariff duties on U.K. exports to India are estimated to fall by around £400 million when the deal comes into effect, and further to £900 million in later phases. Critical industries such as aerospace, automotives, medical devices, and whiskies will all benefit significantly, adding billions to the U.K. economy. This is transformational and it is also just the beginning.

Benefits beyond Mumbai and London

One of the most persistent criticisms of trade policy is that the gains created are only concentrated in a few places. We have ensured that this deal benefits all aspects of the local economy beyond the major cities in both countries. Several unprecedented and dedicated provisions across high-growth and high-value sectors from each side are agreed in a deal spanning 30 chapters. In practical terms, that means manufacturers, innovators, supply chain businesses, and service exporters – often based far away from the major cities – can compete more effectively with cheaper imports and fewer barriers. For instance, a textile manufacturer from Indore, Madhya Pradesh, will now be able to trade more efficiently into the U.K. just like an auto-parts manufacturer from Birmingham will be able to trade more cost effectively into India.

Modern trade goes beyond just tariffs and that is why this agreement's provisions on customs, digital trade, and services are central to its exceptional standard. Improved customs provisions will help goods reach markets faster – particularly valuable for small and medium-sized enterprises (SMEs) that cannot afford excessive red tape. On services, where the U.K. is globally renowned, the agreement locks in market access across key sectors, providing the predictability that U.K. businesses need to expand in India and vice versa. The deal also includes India's first-ever standalone chapters on anti-corruption, gender, and development – and one of the most comprehensive labour and environmental commitments that India has ever made in a trade deal. But it is not just about access; it is also about securing appropriate protections for domestic producers, which is what this deal does so well.

For instance, India maintains protections for dairy products and edible oils, while the U.K. shields sugar, milled rice, pork, chicken, and eggs. In an era where trade agreements are judged not only on growth but also on sustainability and fairness, this deal shows how it is done.

Making the deal count

It is clear that this landmark deal combines measurable economic gains, deep market access in the sectors of the future, practical trade facilitation, strong domestic protections, and the first-of-their-kind values chapters. It sets a template for what modern trade agreements should look like: pro-growth, pro-worker, pro-innovation – a gold standard for trade deals.

As we close in on entry into force, the task is clear: let us maximise it. Businesses from both countries should champion exports, explore procurement opportunities, map supply chains against new rules of origin, and move quickly because in trade, first-mover advantage is real, and it rarely comes twice.

KEY HIGHLIGHTS:

Context

- India and the United Kingdom concluded the Comprehensive Economic and Trade Agreement (CETA) after nearly three years of negotiations.
- The agreement is scheduled to enter into force on 15 July 2026.
- It is the U.K.'s most significant trade agreement since Brexit and one of India's most comprehensive FTAs.
- The agreement aims to deepen bilateral trade, investment, services, supply chain integration, and economic cooperation.

Key Points

Trade Impact

- Bilateral trade (2025): £48 billion
- Projected increase in bilateral trade: £25.5 billion annually (long term)
- Estimated GDP gains:
  - India: £5.1 billion
  - U.K.: £4.8 billion

Tariff Liberalisation

- 99% of U.K. tariff lines become duty-free for Indian exports.
- India will reduce or eliminate tariffs on 90% of tariff lines for U.K. goods.

Major Indian Export Sectors Benefitting

- Textiles & Apparel
- Leather & Footwear
- Gems & Jewellery
- Marine Products
- Engineering Goods
- Pharmaceuticals
- IT & Professional Services

Major U.K. Export Sectors Benefitting

- Automobiles
- Aerospace
- Medical Devices
- Whisky & Spirits
- Professional Services

Trade Facilitation

- Simplified customs procedures.
- Faster customs clearance.
- Digital trade provisions.
- Improved market access for services.
- Transparent Rules of Origin.

Protected Sensitive Sectors

India

- Dairy
- Edible Oils

United Kingdom

- Sugar
- Milled Rice
- Poultry
- Pork
- Eggs

New Generation FTA Features

- Digital Trade
- Anti-Corruption
- Labour Standards
- Environment
- Gender
- Sustainable Development

Static Linkages

- GATT Article XXIV permits Free Trade Agreements provided they cover "substantially all trade."
- Rules of Origin (RoO): Determine the economic nationality of goods and prevent trade deflection.
- Trade Facilitation Agreement (WTO): Simplifies customs procedures and reduces transaction costs.
- Most Favoured Nation (MFN): Equal treatment to WTO members unless covered under an FTA.
- National Treatment: Imported goods receive treatment similar to domestic goods after entry into the market.
- Comprehensive Economic Partnership Agreement (CEPA): Covers trade in goods, services, investment, and economic cooperation.

Critical Analysis

Significance

- Enhances India's export competitiveness.
- Supports labour-intensive manufacturing.
- Expands services exports.
- Strengthens Global Value Chain integration.
- Diversifies export markets beyond traditional partners.
- Attracts higher foreign investment.

- Reinforces India-U.K. Comprehensive Strategic Partnership.

Challenges

- Increased import competition for domestic industries.
- Compliance with stringent SPS and TBT standards.
- Low utilisation of FTAs by Indian MSMEs.
- Complex Rules of Origin requirements.
- Risk of sector-specific trade deficits.
- Need for improved logistics and export competitiveness.

Way Forward

- Improve FTA utilisation through exporter awareness.
- Strengthen MSME export readiness.
- Upgrade quality standards and certification infrastructure.
- Enhance logistics under PM Gati Shakti.
- Promote value-added manufacturing under Make in India.
- Expand India's participation in Global Value Chains.
- Regularly assess FTA outcomes and safeguard sensitive sectors.

Buyer beware

Tracking down defective batches of drugs is essential

The Health Ministry's notification to expand Schedule H2 drugs to entire therapeutic classes now from a curated list of brands earlier is a commendable change from regulating based on revenue to regulating based on risk. The government had introduced Schedule H2 in 2022-23, which required a barcode or QR code on each pack of specific drugs to verify the pack's authenticity. It is part of a framework that also touches on regulating active pharmaceutical ingredients and export-oriented pharmaceutical compliance. Now, with the additional symbols encoding a product identifier, the manufacturing licence number, batch number, and other details, authorities hope to better track down defective batches. Counterfeit networks have long targeted vaccines, cancer medicines and antimicrobials, with WHO flagging high volumes of fake antimicrobials in low- and middle-income countries. India has one of the world's highest antimicrobial resistance rates, and substandard antimicrobials can lead to sub-therapeutic dosing, exerting selection pressure on resistant strains. The Narcotics Control Bureau has also expressed concerns about medicinal opioids and psychotropic substances 'leaking' into illicit markets. The government will hope that the new system addresses the U.S. FDA's and the European Medicines Agency's recurring concerns about quality control, an issue on which India has found itself on the back foot over contaminated cough syrups. The U.S. Trade Representative has also repeatedly identified India as a leading source of counterfeit medicines, with many fake pharmaceuticals seized at the U.S. border originating from or transiting through India.

Together with policy changes effected by the Jan Vishwas Act 2026, the new framework finally distinguishes between procedural non-compliance and substantial non-compliance, considering only the latter constitutes meaningful enforcement. In the long term, the government should rationalise the compliance burden and eliminate the risk of corruption associated with discretionary enforcement. The government must also recognise that the QR code system will only be effective if backed by a state-managed database that pharmacists and regulators can access in real time, supported by interoperable software and scanning infrastructure across States. Second, pharmacists and consumers must develop a habit of verifying medicines before a sale. Third, the compliance needs imposed by new packaging requirements and the IT integration will strain MSME manufacturers in particular. Finally, prescription data on controlled substances is sensitive information and will need to be handled with a digital governance layer that does not yet exist. Thus, whether the new framework will improve India's reputation as a pharmacy comes down to its implementation.

KEY HIGHLIGHTS:

Context

- The Ministry of Health & Family Welfare has expanded Schedule H2 from a brand-specific list to entire therapeutic classes of drugs.
- The initiative aims to strengthen drug traceability, curb counterfeit medicines, improve quality control, and enhance India's pharmaceutical regulatory framework.
- It complements reforms under the Jan Vishwas Act, 2026, promoting risk-based regulatory enforcement.

Key Points

- Schedule H2
  - Introduced in 2022–23 for selected high-risk medicines.
  - Now covers entire therapeutic classes instead of selected brands.
- QR Code/Barcode will contain
  - Product Identifier
  - Manufacturing Licence Number
  - Batch Number
  - Expiry Date
  - Unique Serial Number
- Objectives
  - Prevent counterfeit and substandard medicines.
  - Enable rapid recall of defective batches.
  - Improve supply-chain traceability.
  - Strengthen pharmacovigilance.
  - Enhance export credibility.
- Why Needed?
  - WHO has highlighted the prevalence of substandard and falsified medicines, particularly antimicrobials.
  - India faces a significant burden of Antimicrobial Resistance (AMR) due to irrational and poor-quality antibiotic use.
  - International regulators have raised concerns regarding India's pharmaceutical quality standards.

Static Linkages

- Drugs and Cosmetics Act, 1940 – Primary legislation regulating manufacture, sale and distribution of drugs.
- Drugs Rules, 1945 – Operational framework for drug regulation.
- Central Drugs Standard Control Organisation (CDSCO) – National drug regulatory authority.
- Drugs Controller General of India (DCGI) – Approves new drugs and regulates clinical trials.
- Pharmacovigilance Programme of India (PvPI) – Monitors adverse drug reactions.
- National Action Plan on Antimicrobial Resistance (NAP-AMR) – India's strategy to combat AMR.
- Drug regulation is implemented jointly by the Centre and States.

Critical Analysis

Positives

- Improves drug authentication and traceability.
- Reduces circulation of counterfeit medicines.
- Enables faster recall of defective drug batches.
- Supports efforts to tackle AMR.
- Enhances India's pharmaceutical export reputation.
- Promotes risk-based regulation instead of revenue-based regulation.

Challenges

- High compliance costs for MSME pharmaceutical manufacturers.
- Need for interoperable digital infrastructure across States.
- Limited awareness among pharmacists and consumers.
- Data privacy concerns regarding prescription information.
- Capacity constraints in State drug regulatory authorities.

Way Forward

- Develop a national real-time medicine verification database.
- Strengthen CDSCO–State regulator coordination.
- Support MSMEs through financial and technical assistance.
- Integrate drug traceability with Ayushman Bharat Digital Mission.
- Increase consumer and pharmacist awareness.
- Strengthen post-market surveillance and quality testing.
- Ensure robust data protection for digital prescription records.

Sharing waters

The Tungabhadra dam is a good example of inter-State cooperation

The coming together of the Chief Ministers of Karnataka (D.K. Shivakumar), Telangana (A. Revanth Reddy) and Andhra Pradesh (N. Chandrababu Naidu), along with Union Jal Shakti Minister C.R. Patil, at the inauguration of the 33 spillway gates of the Tungabhadra dam on June 25 was significant beyond the optics. The three leaders pledged greater inter-State cooperation, which is welcome given that the dam has largely remained free of major disputes due to an established water-sharing formula and the Tungabhadra Board's regulation of releases. Located in Karnataka's Koppal district, the dam is considered to be the lifeline of the three southern States, providing irrigation to about 16.4 lakh acres – 9.26 lakh in Karnataka, 6.25 lakh in Andhra Pradesh, and 87,000 in Telangana. It hit the headlines in August 2024 when a crest gate was washed away during heavy inflows – which also happened when the dam was full with 105 thousand million cubic feet (tmc ft) of water. The damaged gate was replaced with a temporary one, but with much water wasted, the authorities, who did not want to take chances with the other 32 gates, chose to install high-grade steel gates, at ₹51 crore and which are expected to last 60 years.

Notwithstanding the bonhomie, the differences among the leaders on some issues concerning the larger Tungabhadra project cannot be brushed aside. The Upper Bhadra project, a major lift irrigation scheme under implementation in the central region of Karnataka and upstream of the Tungabhadra dam, has emerged as an irritant for Andhra Pradesh and Telangana. At one stage, the BJP-led Union government had made a provision of ₹5,300 crore in its budget for 2023-24, a few months before the Karnataka Assembly elections. However, the Centre later chose not to include it under any of its schemes, but this is being implemented by a Karnataka government undertaking. It remains to be seen whether the spirit of camaraderie will help the three neighbours to overcome their differences on the Upper Bhadra issue. The Tungabhadra dam is also facing excessive siltation, which has reduced its storage capacity from the original 133 tmc ft to about 106 tmc ft. Mr. Patil has assured the Chief Ministers about the Centre's plan to remove silt from water reservoirs across the country including the Tungabhadra. More importantly, the Union government should closely monitor and expedite, wherever required, the execution of dam rehabilitation and improvement projects being taken up in 19 States. Any laxity with regard to dam safety may have disastrous consequences. The focus must be on prevention, not reparation.

KEY HIGHLIGHTS:

Context of the News

- The Chief Ministers of Karnataka, Andhra Pradesh and Telangana, along with the Union Jal Shakti Minister, inaugurated 33 newly installed spillway gates at the Tungabhadra Dam (25 June 2026).
- The development follows the August 2024 crest gate failure, which highlighted concerns regarding dam safety, ageing infrastructure and reservoir management.
- The event also renewed focus on inter-State water cooperation, the Upper Bhadra Project, and reservoir siltation.

Key Points

- River: Tungabhadra (largest tributary of the Krishna River)
- Origin: Formed by the confluence of Tunga and Bhadra rivers at Kudli (Karnataka).
- States Covered: Karnataka, Andhra Pradesh and Telangana.
- Dam Location: Vijayanagara district, Karnataka.
- Completed: 1953.
  - Purpose:Irrigation
  - Hydropower
  - Drinking water supply
  - Flood moderation
- Irrigation Coverage: ~16.4 lakh acres.
- Original Storage Capacity: 133 TMC ft.
- Present Storage Capacity: ~106 TMC ft (due to siltation).
- Water releases are regulated through the Tungabhadra Board.
- The Upper Bhadra Lift Irrigation Project remains a point of concern for downstream States over equitable water availability.
- The Union Government has proposed reservoir desiltation and strengthening of Dam Rehabilitation and Improvement Project (DRIP).

Static Linkages

- Article 262 – Parliament's power to adjudicate inter-State river water disputes.
- Entry 17, State List & Entry 56, Union List – Distribution of legislative powers over water.
- Inter-State River Water Disputes Act, 1956.
- River Boards Act, 1956.
  - Dam Safety Act, 2021National Dam Safety Authority (NDSA)
  - National Committee on Dam Safety
  - State Dam Safety Organisations.
  - Dam Rehabilitation and Improvement Project (DRIP)Implemented by the Central Water Commission (CWC).
  - Supported by the World Bank and AIIB.
- National Water Policy, 2012 – Integrated Water Resources Management (IWRM).

Critical Analysis

Significance

- Demonstrates cooperative federalism in water governance.
- Improves dam safety through modernization.
- Supports irrigation and agricultural productivity.
- Enhances climate resilience of critical infrastructure.

Challenges

- Inter-State concerns over the Upper Bhadra Project.
- Severe reservoir siltation reducing live storage.
- Ageing dam infrastructure.
- Increasing climate-induced extreme rainfall events.
- Rising water demand from agriculture and urbanisation.

Way Forward

- Expedite DRIP implementation.
- Scientific desiltation of reservoirs.
- Strengthen compliance with the Dam Safety Act, 2021.
- Adopt basin-level integrated water management.
- Improve real-time reservoir operation and flood forecasting.
- Enhance Centre-State coordination through river basin institutions.
- Promote water-use efficiency through micro-irrigation.

Army set to establish, operationalise first Integrated Battle Groups next month

Amrita Nayak Dutta
New Delhi, June 28

THE ARMY is set to establish and operationalise its first Integrated Battle Groups (IBG) by next month, marking a significant transformation under which self-contained, agile, brigade-sized fighting units will be carved out of the Panagarh-based XVII Corps — the mountain strike corps (MSC) facing China — for swift deployment in mountainous areas, *The Indian Express* has learnt.

Sources privy to the development told *The Indian Express* that the earlier plan was to create four IBGs under the two divisions operating under the XVII MSC — the 59 Division and the

»CONTINUED ON PAGE 2

E. EXPLAINED

Self-contained, rapid deployment

Each IBG, comprising over 5,000 troops, will have battalions of infantry, artillery regiments, Corps of Electronics and Mechanical Engineers, Combat Engineers, Army Service Corps and a field hospital. The IBGs will be especially crucial in mountainous terrains, as their agile nature allows rapid deployment, eliminating the wait for the entire corps to mobilise.

KEY HIGHLIGHTS:

Context

- The Indian Army will operationalise its first Integrated Battle Groups (IBGs) under the XVII Mountain Strike Corps (Panagarh) from July 2026.
- Four IBGs and one Fire Support Group will be created for rapid deployment along the Line of Actual Control (LAC).
- The move is part of the Army's ongoing force restructuring and modernisation to improve combat readiness and joint operations.

Key Points

  - Integrated Battle Group (IBG):Self-contained, brigade-sized combined arms formation.
  - Designed for swift mobilisation, high operational flexibility, and integrated warfare.
- Composition
  - Around 5,000–6,000 personnel.
  - Includes:
    - Infantry
    - Artillery
    - Combat Engineers
    - Corps of Electronics & Mechanical Engineers (EME)
    - Army Service Corps (ASC)
    - Signals
    - Medical support
    - Logistics elements
  - CommandLed by a Major General.
  - Designed to undertake both offensive and defensive operations independently.
  - Fire Support GroupOperates directly under the Corps Headquarters.
  - Expected to integrate long-range artillery, including Divyastra Batteries.
  - Operational SignificanceFaster mobilisation than conventional Corps.
  - Improved combined arms integration.
  - Better suited for mountain warfare.
  - Can be integrated into future Integrated Theatre Commands (ITCs).
  - BackgroundConcept proposed during Army restructuring initiated by General Bipin Rawat.
  - Tested during Exercise Him Vijay (2019) and other field exercises.

Static Linkages

  - Hierarchy of Army FormationsCommand → Corps → Division → Brigade → Battalion → Company
  - CorpsCommanded by a Lieutenant General.
  - DivisionCommanded by a Major General.
  - BrigadeCommanded by a Brigadier.
  - XVII Mountain Strike CorpsRaised in 2014.
  - Headquarters: Panagarh, West Bengal.
  - Intended for offensive operations in high-altitude terrain.
  - Chief of Defence Staff (CDS)Established in 2019.
  - Promotes jointness among the three armed services.
  - Department of Military Affairs (DMA)Functions under the Ministry of Defence.
  - Headed by the CDS.
  - Integrated Theatre CommandsAim to achieve unified command and integrated operations of the Army, Navy and Air Force.

Critical Analysis

Advantages

- Enhances rapid response capability.
- Improves combined arms operations.
- Increases operational flexibility.
- Strengthens deterrence along the LAC.
- Supports future Integrated Theatre Commands.

Challenges

- Requires seamless logistics and communication.
- High training and interoperability requirements.
- Resource-intensive restructuring.
- Needs stronger jointness among the three services.

Way Forward

- Expedite establishment of Integrated Theatre Commands.
- Enhance indigenous ISR, drones and precision-strike capabilities.
- Strengthen joint training and network-centric warfare.
- Improve logistics and battlefield communication systems.
- Periodically assess IBG performance before nationwide expansion.

It's time to resume the India-China strategic economic dialogue

LAST WEEK in New Delhi, India's national security advisor Ajit Doval told his Chinese interlocutor, foreign minister Wang Yi, "India and China are partners, not rivals," and added, "a stable India-China relationship serves the common interests of both sides." Echoing these sentiments, Wang suggested that both sides should "respect each other's core interests, properly handle sensitive issues, place the China-India boundary issue in its appropriate position, and prevent it from affecting the overall situation of bilateral relations."

He then called for both sides "to accelerate the resumption of dialogue mechanisms and promote exchanges" in trade, finance, and other fields. It is a timely suggestion that should be taken up in right earnest. Fifteen years ago, at a time when India-China relations were on a more even keel, Prime Ministers Manmohan Singh and Wen Jiabao agreed to launch a bilateral strategic economic dialogue. The Indian delegation was headed by the deputy chairman of the Planning Commission, and subsequently the deputy chairman of the Niti Aayog. Between 2011 and 2019, six meetings were convened. After 2019, the dialogue has remained suspended. Not much seems to have come out of those dialogues.

With the recent improvement in India-China bilateral relations, there have been several interactions at the military, security and diplomatic levels. There is an urgent need for a resumption of a meaningful and focused economic security dialogue. India's chief concern remains the wide and widening trade deficit, with mercantilism occupying an important place in Beijing's economic policy toolbox.

The strategic economic dialogue had a wider remit and was aimed at improving macro-economic policy coordination, promoting exchanges on economic issues and enhancing India-China economic cooperation. Working groups were established on a wide range of subjects, including energy, infrastructure, pharmaceuticals, high tech, resource conservation and environmental protection. After the events of 2020, the stand-off and clashes along the line of actual control, this dialogue was suspended.

In the new global context in which India now finds itself and given the thaw in India-China relations, it is necessary that the focus of bilateral relations should not be confined only to extant differences on the border issue. While it is not clear if the leaderships of both countries are today in a position to resolve those differences amicably, the definition of "core" issues must extend beyond the geopolitical to include India's developmental concerns.

India's own developmental priorities necessitate a wider engagement with China on economic issues. China must recognise that sustaining economic growth and building India's industrial capacity is also a core issue for India.

One of the positive outcomes of the dialogue on energy security was a willingness on the part of both countries to work together in dealing with energy supply challenges. China and India have an enormous stake in the stability of energy supplies. Going beyond traditional sources of energy, the two should explore opportunities to develop non-traditional energy. Such cooperation would be a global public good.

The weaponisation of trade, finance and energy by the United States that began almost a decade ago and became intense following the Russia-Ukraine war, remains a matter of concern for both countries. The fact is that initially, China was the principal target of US and European action, but India suffered collateral damage. The trade measures that President Donald Trump took against China in his first term also hurt India. In his second term, Trump has directly targeted India on trade and energy.

SANJAYA BARU

The difficulties Indian trade negotiators are facing in concluding a bilateral trade agreement with the US point to the need for a more nuanced approach to trade with China

The expression of solidarity within BRICS, as has recently been in evidence, is a sign of wider developing country concern about developed economy actions. It is becoming increasingly clear that as Asian economies rise, the "West vs Rest" divide stares us in the face. As the second largest economy, can China play a more positive role in the rise of the Rest, instead of being seen as contributing to their deindustrialisation?

To be sure, the huge and persistent trade deficit today is also a reflection of the fact that the Indian private sector has become dependent on imports from China. Consider the business traffic between the two countries. Many Indian companies, large and medium-scale, continue to make a beeline for China in search of machinery and technology. Clearly, a growing economy like India can no longer afford to minimise economic links with the world's second-largest economy, especially when signals from the largest economy remain worrisome.

The difficulties Indian trade negotiators are facing in concluding a bilateral trade agreement with the US point to the need for a more nuanced approach to trade with China. Any strategic economic dialogue today will have to once again emphasise Indian concerns about the trade deficit but go beyond it to find meaningful ways in which India and China can pursue win-win economic cooperation. India's rise should be viewed as offering opportunities to many Asian economies, including China. A strategic economic dialogue between Asia's largest economies can meaningfully explore these opportunities.

When Prime Minister Wen met Prime Minister Singh in 2006, the former began his conversation with the observation that Asia's rise is contingent upon the rise of both China and India. It is a different matter that over the past two decades, China has risen at a faster pace and now occupies a commanding position in the global economy. However, increased economic cooperation between the two biggest Asian economies can be a win-win proposition if China adopts a more forward-looking policy towards India. It is necessary to explore these possibilities.

All this requires a change in mindset in both capitals. Between 2006 and 2019, there was a willingness in both leaderships to explore areas of potential economic cooperation. After 2020, it would appear that the military and security leadership had taken charge of the relationship, relegating economic interaction to the background.

Recent events, including the last summit between Prime Minister Narendra Modi and President Xi Jinping, give some hope for a more positive approach to the bilateral relationship in both capitals. However, just as the national security dialogue is conducted by the NSA, the economic security dialogue should be conducted by an economic czar who can command the PM's attention and ensure speedy implementation of decisions taken.

The writer is chairman of the board of trustees, Forum for National Security Studies (FNSS) & Centre for Aerospace & Strategic Studies (CAPS)

KEY HIGHLIGHTS:

Context

- India and China have revived high-level diplomatic engagement after improvement in bilateral relations following the 2020 border tensions.
- During the recent meeting, NSA Ajit Doval and Chinese Foreign Minister Wang Yi emphasized restoring bilateral dialogue mechanisms and expanding cooperation beyond the boundary dispute.
- The development has renewed discussions on reviving the India–China Strategic Economic Dialogue (SED), suspended since 2020.

Key Points

- Strategic Economic Dialogue (SED)Launched in 2010.
- First meeting held in 2011.
- Six rounds conducted (2011–2019).
- Suspended after the Galwan clash (2020).
- ObjectivesMacroeconomic policy coordination.
- Industrial and infrastructure cooperation.
- Collaboration in:
  - Energy security
  - Pharmaceuticals
  - High technology
  - Infrastructure
  - Resource conservation
  - Environmental protection.
- Major IssuesPersistent India–China trade deficit.
- Dependence on China for:
  - APIs (pharmaceuticals)
  - Electronics
  - Solar PV modules
  - Industrial machinery
  - Rare earth processing.
- Strategic SignificanceSupports resilient supply chains.
- Enhances economic security.
- Balances cooperation with strategic competition.
- Complements India's Atmanirbhar Bharat and PLI Scheme.

Static Linkages

- Trade deficit = Imports > Exports.
- Economic security is an integral part of national security.
- Diversified supply chains reduce strategic vulnerabilities.
- India follows Strategic Autonomy (Multi-alignment) in foreign policy.
- Border disputes and economic engagement can proceed through separate diplomatic mechanisms.

Critical Analysis

Advantages

- Revives institutional dialogue despite unresolved border disputes.
- Can improve market access for Indian exports.
- Supports cooperation in renewable energy and critical minerals.
- Strengthens regional supply-chain resilience.

Challenges

- Large and persistent trade deficit.
- Strategic dependence on Chinese imports.
- Trust deficit due to border tensions.
- Limited technology transfer.
- National security concerns over investments.

Way Forward

- Resume the Strategic Economic Dialogue with sector-specific outcomes.
- Reduce trade imbalance through greater export diversification.
- Strengthen domestic manufacturing under Atmanirbhar Bharat.
- Diversify critical imports and supply chains.
- Continue border confidence-building measures alongside economic engagement.
- Expand cooperation in clean energy, critical minerals and climate technologies.

Gurugram case, and a question of trust and informed consent

Sarojini Nadimpally

Sneha Banerjee

RECENT NEWS of a case in Gurugram has raised concerns about accountability within India's assisted reproductive technology (ART) sector. A couple who underwent In Vitro Fertilisation (IVF) in 2025 gave birth to twin daughters in January 2026. They noticed significant physical differences between themselves and the children and arranged independent DNA testing. The tests allegedly showed that neither parent was biologically related to either of the children. An FIR has since been registered against the hospital. The case raises fundamental questions about trust, oversight, and accountability in reproductive services. Alongside the couple's distress, the children's rights and welfare are at risk.

This is part of a series of disputes that have exposed weaknesses in the regulation of ARTs in India. In 2023, the National Consumer Disputes Redressal Commission imposed a substantial penalty on a Delhi hospital after DNA testing established that a husband was not the biological father of twins born following an Intracytoplasmic Sperm Injection (ICSI) procedure, where his sperm was claimed to be used. The facts of the Gurugram case are yet to be fully determined, but both cases highlight the need for robust systems of traceability and accountability.

Couples undergoing IVF entrust fertility clinics with some of the most intimate aspects of human life. When questions arise about the identity, handling, or use of gametes and embryos, the consequences go beyond ordinary clinical error. They indicate institutional failure, directly impacting trust and informed consent.

The ART (Regulation) Act 2021 sought to address the need to regulate a rapidly expanding sector operating with limited oversight. Sections 21 and 23 of the ART Act impose statutory obligations on clinics and ART banks for record-keeping, identification procedures, storage protocols, documentation, and compliance monitoring. Institutions must maintain records for extended periods and make them available for inspection by regulatory authorities.

> Any legal response must ensure parentage, continuity of care, emotional security, inheritance rights, and protection

However, laws are only as effective as the institutions that implement them. The implications of malpractice in this area go beyond negligence. It fundamentally violates the principle of informed consent.

The practical reality in grievance redressal often involves prolonged delays and fragmented oversight. For affected families, this compounds emotional distress and jeopardises the preservation of necessary evidence. The decisions about whether to use donor gametes, pursue genetic parenthood, or have a child are deeply personal. When these decisions are altered by error or misconduct, the consequences extend beyond the clinical setting.

The welfare of children born through such procedures must remain paramount. The ART Act (Section 31) seeks to provide certainty by stipulating that children born through donor-assisted reproduction are the legal children of the commissioning couple and that donors relinquish parental rights. This framework works well when donor gametes are used knowingly and with informed consent. However, the allegations in the Gurugram case expose a regulatory gap. The law was designed to govern consensual donor arrangements, not situations involving alleged clinical error or mistaken embryo transfer. If substantiated, the allegations raise a troubling possibility: Parents raising children to whom they are genetically unrelated, while their biological children may be elsewhere.

The ART Act [Section 33(1)(a)] regards any medical practitioner or any person "caus(ing) to abandon, disown" children born through ARTs as an offence. Yet, it is silent on what happens to the children who face such a dire possibility. Children should never bear the consequences of institutional failures. Any legal response must ensure parentage, continuity of care, emotional security, inheritance rights, and protection for them.

Nadimpally is a public-health researcher who works on ethics, reproductive and biotechnologies, and surrogacy. Banerjee is assistant professor, Department of Political Science, University of Hyderabad

KEY HIGHLIGHTS:

Context of the News

- A Gurugram-based IVF clinic is under investigation after DNA tests allegedly showed that a couple who underwent IVF had no biological relation to their twin daughters born in 2026.
- The incident has raised concerns over traceability of gametes/embryos, informed consent, patient rights, and regulatory oversight in India's Assisted Reproductive Technology (ART) sector.
- It has renewed attention on the implementation of the ART (Regulation) Act, 2021.

Key Points

Assisted Reproductive Technology (ART)

- ART includes medical procedures involving the handling of gametes (sperm/egg) or embryos to treat infertility.
- Common techniques:
  - IVF (In Vitro Fertilisation): Fertilisation outside the body followed by embryo transfer.
  - ICSI (Intracytoplasmic Sperm Injection): Single sperm injected directly into an egg.

ART (Regulation) Act, 2021

Objective

- Regulate ART clinics and ART banks.
- Prevent unethical practices.
- Ensure safety and transparency in infertility treatment.

Important Provisions

- Mandatory registration of ART clinics and banks.
- Establishment of National and State ART Boards.
- Standard protocols for collection, storage, identification and transfer of gametes/embryos.
- Mandatory maintenance of treatment records.

Important Sections

- Section 21 & 23: Record maintenance, identification, storage protocols and inspections.
- Section 31: Child born through donor-assisted ART is the legal child of the commissioning couple.
- Section 33: Abandoning or disowning a child born through ART is a punishable offence.

Issue Highlighted

- The Act regulates consensual donor-assisted ART, but does not specifically address wrong embryo transfer or gamete mix-up, exposing a regulatory gap.

Static Linkages

- Article 21 – Right to Life includes reproductive autonomy, dignity and privacy.
- Article 14 – Equality before law.
- Article 39(f) – Protection of children's interests.
- Consumer Protection Act, 2019 – Medical negligence can amount to deficiency in service.
- National Medical Commission (NMC) – Regulates professional conduct of medical practitioners.

Critical Analysis

Positives

- Comprehensive legal framework for ART regulation.
- Mandatory registration and oversight of clinics.
- Legal recognition and protection of children born through ART.
- Standardisation of ART procedures.

Challenges

- Weak enforcement and inspection mechanisms.
- Lack of digital traceability of embryos and gametes.
- Regulatory gap in cases of accidental embryo transfer.
- Delayed grievance redressal.
- Ethical and legal issues relating to parentage and identity.

Way Forward

- Introduce digital barcode/QR-based tracking of gametes and embryos.
- Strengthen inspections and periodic audits of ART clinics.
- Establish a time-bound grievance redressal mechanism.
- Amend the ART Act to address wrong embryo transfer and gamete mix-up.
- Ensure counselling and compensation for affected families.
- Strengthen training and accreditation of embryologists.

Reprieve to rupee, bond markets is short-term

THE RUPEE has recovered to 94.4 to the US dollar, from an all-time-low of 96.6 on May 20. Over this period, 10-year Indian government bond yields, too, have softened from over 7.1 per cent to below 6.8 per cent. Brent crude prices closed on Friday at $72.6 per barrel, having risen as high as $126.4 in end-April. India's latest urea import contracts have been at $444.9-449.3 per tonne, as against $935-959 in April. Foreign portfolio investors (FPI) have started putting money again in India, investing nearly $5.2 billion into debt so far in June, compared to $291 million, minus 1.2 billion and minus $926 million in the preceding three months. All these are suggestive of the Indian economy returning to the pre-war situation, with an easing of tensions in West Asia and the associated supply shocks.

The reduction in macroeconomic stress may, however, be temporary, and arguably as fragile as the US-Iran truce. The renewed hostilities since Thursday — with daily vessel crossings through the Strait of Hormuz still half of what they were in peacetime — are a reminder of that. The Rs 10/litre excise duty cut on transport fuels in late-March, and the fertiliser subsidy outgo, likely to significantly overshoot budget estimates despite the recent global price dip, will continue to exert pressure on the Centre's finances. FPIs remain net sellers in Indian equity markets, with outflows of $5.5 billion-plus this month on top of $3.5 billion, $6.5 billion and $12.7 billion in May, April and March respectively. The rupee's stabilisation for now is courtesy the coordinated government-Reserve Bank actions to attract foreign inflows through sovereign debt, non-resident/FCNR(B) deposits and external commercial borrowings (ECB). These measures — whether offering complete tax exemption on FPI investments in government bonds or at-par/concessional dollar-rupee swap facilities on FCNR(B) deposits and ECBs — aren't costless. A deficit monsoon — 43 per cent below-rainfall in June even before El Niño is to fully bite — adds to the vulnerabilities.

Simply put, the reprieve to the rupee and bond markets is short-term at best. As a large lower middle-income emerging economy, India should be attracting foreign investment more in the form of equity than debt. That is conditional upon investor confidence, both domestic and foreign, in the country's growth story as well as macroeconomic stability. All the more reason for policymakers to double down on domestic reforms — economic, legal and institutional — even amid global uncertainty and fiscal consolidation in order to reduce the general government debt-GDP ratio to 60 per cent, from the current not-so-sustainable 80 per cent levels. The task is cut out, with or without the impact of the Iran conflict and El Niño.

KEY HIGHLIGHTS:

Context

- The Indian Rupee has recovered against the US Dollar following easing geopolitical tensions in West Asia.
- Government bond yields have softened due to improved market sentiment.
- Decline in global crude oil and fertilizer prices has reduced immediate inflationary pressures.
- Foreign Portfolio Investors (FPIs) have resumed investments in India's debt market.
- However, renewed geopolitical tensions, monsoon uncertainty and high public debt continue to pose macroeconomic risks.

Key Points

External Sector

- Appreciation of the Rupee reduces imported inflation.
- Lower crude oil prices help narrow the Current Account Deficit (CAD).
- Debt inflows improve foreign exchange liquidity but remain volatile.

Government & RBI Measures

- Tax incentives for FPI investment in Government Securities.
- Relaxation in External Commercial Borrowings (ECB).
- Incentives for FCNR(B) deposits to augment foreign exchange inflows.

Concerns

- Equity FPIs continue to witness net outflows.
- High dependence on debt inflows increases external vulnerability.
- Fiscal pressures persist due to fuel tax reductions and fertilizer subsidies.
- Deficient monsoon (El Niño risk) may increase food inflation.
- General Government Debt remains around 80% of GDP, above the FRBM Review Committee (N.K. Singh Committee) recommendation of 60% of GDP.

Static Linkages

- Current Account Deficit (CAD)
- Balance of Payments (BoP)
- Exchange Rate Appreciation & Depreciation
- Imported Inflation
- Foreign Exchange Reserves
- Foreign Direct Investment (FDI) vs Foreign Portfolio Investment (FPI)
- External Commercial Borrowings (ECB)
- FCNR(B) Deposits
- Government Securities (G-Secs) & Bond Yields
- Fiscal Deficit and Public Debt
- FRBM Act, 2003

Critical Analysis

Positives

- Lower crude prices reduce inflation and CAD.
- Stable Rupee strengthens macroeconomic confidence.
- Lower bond yields reduce government borrowing costs.
- Debt inflows support foreign exchange reserves.

Challenges

- Debt inflows are short-term and reversible.
- Weak FDI relative to debt inflows affects long-term growth.
- High fiscal deficit and public debt constrain policy flexibility.
- Monsoon failure may trigger food inflation.
- Geopolitical disruptions remain a major external risk.

Way Forward

- Prioritize long-term FDI over volatile portfolio flows.
- Continue fiscal consolidation under the FRBM framework.
- Diversify crude oil import sources and promote renewable energy.
- Strengthen export competitiveness and manufacturing.
- Build resilient foreign exchange reserves.
- Improve ease of doing business and institutional reforms.