EDITORIAL HIGHLIGHTS

27-11-2026

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GS 2: INDIAN POLITY & PARLIAMENT
THE HINDU PAGE: 01

Delimitation Bill may be tabled in LS next week

- Special sitting of Parliament from Monday, more than 100 days since both Houses were adjourned
- Government hoping for two-thirds majority after 'after 105 days of operation lotus', says Congress
- Cabinet to meet today to clear amended Bill; 3 crucial changes being introduced, say sources

Sobhana K. Nair
NEW DELHI

Months after both Houses of Parliament were adjourned without prorogation, the Union government has called a special sitting beginning Monday, where it is likely to table an amended Delimitation Bill.

The two Houses will meet on separate dates, Union Parliamentary Affairs Minister Kiren Rijiju said on Thursday, which is the 105th day since the Monsoon Session adjourned indefinitely on August 13. Lok Sabha sittings will begin on November 30 and Rajya Sabha sittings on December 2. Both Houses will conclude on December 3. The last record of a session of Parliament continuing without prorogation was in 2008, when it went on for 87 days.

The Union Cabinet will meet on Friday to clear the amended legislation on delimitation. According to sources, three crucial changes are being introduced: a uniform 50% increase in the share of Lok Sabha seats; another 25 year extension of the freeze on using the 1971 Census as the basis to determine the proportional strength of each State's representation in the Lok Sabha; and the use of the 2011 Census to redraw constituencies within each State. This replicates the formula brought by the Atal Bihari Vajpayee-led government in the Constitution (Eighty-fourth Amendment) Act, 2001.

Reacting to the announcement, Congress general secretary (communication) Jairam Ramesh said the Narendra Modi government announced the special session "after 105 days of operation lotus" in the hope of getting a two-thirds majority. "Can there be a great insult to and assault on the Constitution," Mr. Ramesh asked in a post on X, noting that the announcement came on Constitution Day.

A senior NDA leader said the government is confident of the support of at least 358 Lok Sabha MPs, just two short of the required strength if all 540 MPs are present and voting. In April, during the Bill's previous outing, only 298 of 528 members present voting in favour.

In the Rajya Sabha, the NDA has 152 MPs and is within striking distance of the two-thirds majority, which stands at 164 if the entire House is present and voting. The political arithmetic of the House has changed since April, when the legislative package, including the Delimitation Bill, was defeated by a united Opposition in the Lok Sabha.

For instance, 20 erstwhile TMC MPs broke away and merged with the Nationalist Citizens Party of India (NCPI), pledging support to the NDA. The original TMC challenged the split, which is currently under Lok Sabha Speaker Om Birla's review.

On Tuesday, 84 days after that challenge, the NCPI faction submitted its replies to Mr. Birla, defending its decision and asserting that the move did not violate any parliamentary or constitutional provisions.

Six Shiv Sena (UBT) MPs joined the Eknath Shinde-led Shiv Sena, further boosting the NDA strength. Following this week's alliance between the BJP and the Shiromani Akali Dal (SAD), the lone SAD MP is also expected to vote with the government. It is also learnt that the YSR Congress, which has four MPs in the Lok Sabha, will extend support to the government on the Bill.

'For the nation's good'

In this evolving situation, all eyes are on the DMK, with 22 Lok Sabha MPs, and the NCP (SP), with eight seats in the House. Senior NCP (SP) leader Supriya Sule on Thursday told reporters that preemptively opposing the law before its draft was made public was not a good move.

"First let the Bill come. Let the entire Bill come into our hands. When the Bill is in our hands, then we will all talk about it, and if the Bill is good for the nation, we might support it," she said. She added that there have been instances in the past when the Opposition has supported the government on matters of national importance and key reforms.

The DMK, meanwhile, has not made any public remarks on the issue, though sources say that the government has reached out to the party informally.

"The freeze under Articles 81 and 82, which prevents the readjustment of seats allotted to each State in the Lok Sabha, has an in-built sunset clause. It provides that the freeze shall cease to operate once the relevant figures of the first Census undertaken after 2026 are published. If a constitutional amendment is not brought, the freeze will automatically lapse," explained Swapnil Tripathi, who leads Charkha, the Centre for Constitutional Law at the Vidhi Centre for Legal Policy.

'CONG. CAN'T STOP BILL' » PAGE 5

Resuming session

The Monsoon Session of Parliament has not been prorogued after it was adjourned indefinitely on August 13

Lok Sabha sittings to begin on November 30	Rajya Sabha sittings to begin on December 2	The sittings to conclude on December 3

The seat arithmetic in Lok Sabha has changed since April when the previous version of Delimitation Bill was defeated

- 20 Trinamool Congress MPs merged with the Nationalist Citizens Party of India (NCPI), pledging support to the ruling NDA
- 6 Shiv Sena (UBT) MPs joined the Eknath Shinde-led Shiv Sena under the NDA



- Shiromani Akali Dal, with one MP in the Lower House, has returned to the NDA

GS 3: ENVIRONMENT & INTERNAL SECURITY

THE HINDU PAGE: 08

The Siang dam — strategic ambition, ecological fallout



C.P. Rajendran

Geoscientist and a communicator on science, politics, environment and education

The Siang hydroproject in Arunachal Pradesh highlights the costs of China-India geopolitical rivalry for communities and ecosystems

The 11,200 MW Siang Upper Multipurpose Project (SUMP) in Arunachal Pradesh has evolved from a decades-old hydropower proposal with less storage capacity into a project with significant strategic and national security implications, particularly in response to China's decision to proceed with the 60 GW Medog hydropower project on the Yarlung Tsangpo in Tibet. The river flows into India as the Siang and subsequently the Brahmaputra. By 2020, NHPC Limited had intensified preliminary investigations. With a proposed capacity roughly three times that of the Three Gorges Dam, the project has raised concerns in the downstream countries, India and Bangladesh.

India views SUMP as a potential strategic buffer against upstream hydrological risks. Its proposed 9.2 billion cubic metres of live storage capacity is expected to regulate excess flows during sudden releases and maintain downstream water availability during periods of reduced discharge.

The indigenous perspective

Despite the national security rationale, SUMP faces resistance from indigenous communities. The proposed reservoir could submerge an estimated 27 ancestral villages and displace over 1.5 lakh people, nearly 11% of Arunachal Pradesh's population. The government's initial response by deploying armed forces has also deepened tensions.

Tribal land protection in northeast India rests on constitutional provisions and statutory safeguards, but their scope varies across States. The Sixth Schedule provides one of the strongest protections through Autonomous District Councils, which exercise legislative and administrative powers over land, customary laws and local governance. However, Arunachal Pradesh, which is not covered by the Sixth Schedule, relies partly on the Arunachal Pradesh Scheduled Tribes (Protection of Transfer of Land) Act, which restricts the transfer of tribal land to non-tribals while allowing government acquisition for public purposes. The key issue, however, is not merely the existence of legal protections but whether they can meaningfully safeguard community rights when large infrastructure projects are undertaken in the name of national security.

For the local communities of Arunachal Pradesh, the mountains and valleys provide water, food, medicinal plants and other essential resources while sustaining cultural practices, customary laws and collective identity. The Siang River, revered as *Anni* (Mother), holds deep cultural and spiritual significance. The valley contains sacred sites, burial grounds and historical landscapes that sustain indigenous traditions and customary institutions. The financial compensation cannot adequately address the consequences of submerging ancestral villages. Their concerns are about losing their social networks, cultural continuity and ecological relationships, and becoming landless communities in unfamiliar areas – an extension of similar stories of existential crisis experienced now by tribal communities in Jharkhand, Madhya Pradesh and Great Nicobar.

Seismic risks and engineering challenges

China's 60 GW Medog hydropower project adopts an unconventional tunnel-diversion system by exploiting the region's extreme topographic drop. At the Great Bend, the Yarlung Tsangpo curves around Namcha Barwa, descending approximately 2,000 metres over a short distance. This natural gradient facilitates diverting water through a series of massive underground tunnels, reportedly 20 km-40 km long, to generate electricity through multiple hydropower installations. However, the project lies in one of the world's most seismically active regions. For example, the 1950 M 8.6 Tibet-Assam earthquake triggered massive landslides and floods. An active fault under the Medog dam raises further concerns about tunnel stability, landslides and river blockages. Thus, a tunnel-based system faces a different but equally serious set of geological and structural risks.



India's Siang Project faces comparable seismic challenges and poses threats to the downstream areas of Arunachal Pradesh, Assam and Bangladesh. Its proposed 280 metre-300-m gravity dam would create a reservoir with a capacity of approximately 9.2 billion cubic metres. As compared to the Chinese dam, a conventional gravity dam capable of generating comparable power would require extensive inundation, affecting local communities and ecosystems. The gravity dam is therefore intended to create a substantial water buffer in the narrow Siang Valley. The greatest threat to a gravity dam during an earthquake is not the wall falling over, but the ground underneath it sliding or liquefying, causing the dam to tip forward. This is in a region, Seismic Zone VI (India's highest earthquake risk category).

The NHPC has to re-engineer the project with specific engineering innovations to withstand a potential 8.0+ magnitude earthquake. The reservoir's sheer scale also raises environmental and structural concerns. Storing 9.2 billion cubic metres of water could also contribute to Reservoir-Triggered Seismicity (RTS), as changes in water pressure may reactivate existing faults beneath the Siang Valley.

A 300-meter-high concrete gravity dam acts as a massive physical barrier that blocks the natural movement of river sediment. The Siang River carries a massive volume of silt and silt-loam eroded from the Himalayan mountains. With sediment trapped in the reservoir, water released downstream may have a reduced sediment load. This sediment-deficient water, often described as 'hungry water', can erode riverbeds and banks as it seeks to regain its sediment balance.

The Siang Valley is situated within the Indo-Burma biodiversity hotspot, a sensitive ecosystem, home to thousands of endemic animal and plant species. A stagnant, deep reservoir completely fragments the aquatic ecosystem, affecting migratory fish species such as the Golden Mahseer. The vast reservoir will submerge pristine, old-growth subtropical forests. The forests of Arunachal are already under threat. For instance, the Naying 1000-MW Hydroelectric Project in the Siyom basin, not far from SUMP, requires the destruction of vast stretches of pristine forest.

Creating a massive artificial lake in a deep mountain gorge alters local humidity, evaporation rates, and mist patterns, disrupting high-altitude farming. Ultimately, while the dam is intended to act as a physical buffer against China, it creates a severe ecological trade-off – one of Asia's last wild rivers will become a heavily engineered, unstable artificial environment.

The agricultural economy of Assam in the downstream parts depends on the annual pulse of natural floods in the Brahmaputra that bring in layers of nutrient-rich silt. By trapping sediment behind the gravity dam, the Assam plains will be systematically starved of nutrient-rich soil. The dam also poses a threat to the world's largest river island of Majuli, located downstream in Assam, which is already shrinking due to erosion.

The missing Himalayan water framework

The key issue seems to be why the Himalayan countries have failed to establish a framework for sharing transboundary rivers. Geopolitical mistrust, border disputes and unequal power relations remain major obstacles. Neither China nor India has ratified the 1997 UN Watercourses Convention, leaving the region without a common international legal framework for equitable water use and preventing significant downstream harm. The absence of a broader Himalayan river commission involving China, India, Nepal, Bhutan, Pakistan and Bangladesh further fragments cooperation and undermines integrated management of interconnected river systems such as the Brahmaputra and the Indus, especially in the context of climate change impacts.

GS 3: INTERNAL SECURITY & NFRASTRUCTURE

THE HINDU PAGE: 08

Bridging India's critical border infrastructure gap

China and India have never agreed where their border lies. Without a boundary, both countries have treated border infrastructure as the practical means of defending territorial claims. Beijing has pursued this strategy systematically for decades, extending the logic to border settlements and dams in recent years. New Delhi has caught up since the 2017 Doklam standoff and the 2020 border clashes. The question then is what that gap consists of and how India could bridge it.



Harinder Singh is a former corps commander

To take on China, India must move beyond reactive projects towards a coordinated, long-term frontier development strategy

Where the gap exists

China's border infrastructure is not just larger; it is built for permanence. In contrast, India's response is often triggered by crisis rather than standing policy, and is annual and project-based. The result has been slower mobilisation, limited operational reach and weaker forward logistics at the Line of Actual Control (LAC). The 2020 Ladakh crisis showed the gap in India's capacity to move, sustain and rotate forces in high-altitude and extreme weather conditions.

China's advantage rests on two important factors. First, its multi-year financing – Tibet's five-year plan for 2021-25 commits over 600 billion yuan for infrastructural development. Second, its 2022 Land Border Law makes border development statutory rather than a shifting frontier policy. That framework now covers everything: roads, rail, airfields, 5G and Xiaokang settlements, extending the reach of China's People's Liberation Army towards the frontier.

India has two major constraints: funding and terrain. Its Border Roads Organisation (BRO)'s budgetary support has only now increased substantially, from ₹10,179.5 crore in 2023-24 to ₹12,107.41 crore in 2024-25, with actual expenditure reaching ₹16,690 crore in 2024-25. Terrain compounds this cost. The Atal and Sela tunnels have cut seasonal closures, while Zoji La, Shinku La and the Arunachal Frontier Highway aim to extend all-weather access.

The rail network tells a starker story. The Bilaspur-Manali-Leh line has a completed survey and detailed project report but awaits sanction. The Missamari-Tenga-Tawang line has completed its final location survey, its DPR also prepared and submitted to MoD, but remains short of construction approval. Logistics along these stretches are still reliant on trucks. The Vibrant Villages Programme has connected and electrified remote areas, but power still runs on diesel and solar. The one place where India has an edge is airlift capacity, an advantage because of its lower-altitude bases.

Why India lags behind China

China treats border infrastructure as a means of asserting sovereignty at the last mile. A road or a settlement in contested territory is a claim made by changing facts on the ground rather than holding negotiations. That logic echoes in the South China Sea as well. On the other hand, India held back on its roads for four decades after 1962, then reversed course.

Responsibility for border infrastructure is spread across several Ministries and agencies, including the Ministries of Defence and Home Affairs, State governments and environmental regulators. This fragmentation cost the Indo-China Border Roads (ICBR) Phase-I 16 years, from 2005 to 2021, to complete. The Border Infrastructure Management (BIM) Scheme, created in 2022, precisely to fix this, remains under-resourced.

India's planning has been to match the Chinese, kilometre by kilometre, in threatened sectors. Take the case of the Vibrant Villages Programme, which had the same objective as the Xiaokang settlements. Yet, it was implemented years later.

One approach rarely tried is treating border infrastructure as national infrastructure rather than as a defence project confined to the BRO. Frontier development must open the doors to the National Highways Authority of India (NHAI), and other public-private players, which can undertake tasks alongside the BRO.

Changes needed

Three changes are required in policy, technological capacity and durable last-mile presence. First, legislate an India Border Infrastructure Act to give the frontier a single authority. It should establish a Border Infrastructure Development Authority with authority to align Ministries, State governments and regulators in order to secure clearances and multi-year funding. This body should be tasked with computing the Composite Frontier Infrastructure Index, sector by sector, with China. The infrastructure differential should be used to identify the threatened sectors and become the basis of multi-agency planning. Second, scale border development beyond the BRO. The issue is not its commitment or competence, but its ability to deliver on both – forward area roads, hinterland infrastructure and connectivity – under tight timelines. There must be a fair division of work: the BRO undertakes operational tasks, while the NHAI and other agencies build the deeper, backbone connectivity.

India already has some of what it needs, such as L&T's tunnelling capacity. It now needs to scale up this capacity and add proven Qinghai-Tibet permafrost techniques to address design flaws. Execution quality also needs similar scrutiny through independent audits and monitoring by the Indian Space Research Organisation to flag defects and delays early.

Third, roads alone cannot secure the last mile. They must be inhabited and connected with reliable power, fiber, health services and livelihoods. Such villages provide the local knowledge and civilian presence and resources needed to give the forward-deployed troops staying power. India needs to treat its frontier infrastructure as a national enterprise in order to assert authority at the last mile.

GS 3: INDIAN ECONOMY & EMPLOYMENT

THE HINDU PAGE: 09

Is India Inc to blame for low wages and unemployment?

PARLEY



K.S. Viswanathan

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Gudavarthy Vijay

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Prime Minister Narendra Modi has questioned whether Indian companies are doing enough to create jobs, raise wages and seize available opportunities. Despite years of government incentives, corporate tax cuts and policies such as Make in India, economic growth has not translated into better-paying jobs and greater employment. Is India Inc to blame for low wages and unemployment? K.S. Viswanathan and Gudavarthy Vijay discuss the question in a conversation moderated by **Balasubramanyam C.P.**

The Prime Minister has asked Indian companies to do more to create jobs and raise salaries. Is that a reasonable ask? What can the private sector do?

K.S. Viswanathan: It is a good ask. The industry has been creating jobs and raising wages, but there is scope to do more, particularly as the cost of living and expectations from India have risen. India has an opportunity to move from being seen as a cost destination to a value destination. To attract good talent, companies need to pay better, attract better talent and move up the value chain.

Gudavarthy Vijay: The appeal comes against the backdrop of unemployment becoming a potent political and social issue, as reflected in the recent mobilisation of the Opposition as well as Gen Z movements. But an appeal alone is unlikely to fix the problem. During the COVID-19 crisis, similar appeals were made to landlords to waive rent and companies to pay workers even when they were not working. Such appeals do not necessarily work because businesses do not have that kind of social orientation in the Indian context. A proper policy framework and a wider rethink of the development model are required.

The government has offered tax cuts, subsidies, incentives and policy relaxations to encourage investment. Has India Inc reciprocated with jobs and better wages?

KSV: The growth of India's technology capabilities was helped by a strong push from the Union government between the 1990s and 2000. This included tax exemptions, incentives for computer imports and zero import duty. These measures created opportunities and helped generate employment. The technology industry has reciprocated well to the government's support, irrespective of which government was in power. Without those incentives, it is difficult to imagine the industry reaching its present scale. For every direct job created by the technology industry, an average of 3.8 to four indirect jobs have been generated. The IT industry employs around 5.4 million to 5.9 million people directly and approximately 15 million indirectly. The industry has consistently responded positively to government concessions over the past 30 years.

Moreover, we are entering a possible era of AI-led growth. In my 45 years in the technology industry, every major technology introduction has increased job opportunities. I expect AI to create larger opportunities as well.



GETTY IMAGES

GV: We need to distinguish between the growth period before 2008 and what happened afterwards. The global financial crisis had serious consequences for the Indian industry. There is also a larger crisis in the neoliberal development model, visible across countries, including those with welfare systems and social protections. Scholars such as Joseph Stiglitz and Thomas Piketty have argued that tax concessions are misplaced. Policy has become supply-side oriented, while demand has weakened. Incentives may contribute to inequality and concentration of wealth and income without producing the expected expansion in investment and employment.

Should companies receiving incentives or tax concessions be required to meet job and wage targets? Or would mandatory conditions discourage investment?

GV: Saudi Arabia's Nitaqat rules offer an example. Introduced amid the Arab Spring, when youth unemployment and discontent were rife, they linked government incentives to employment requirements. Labour absorption increased from 1.7 million to around 2.5 million.

> The industry has been creating jobs and raising wages, but there is scope to do more, particularly as the cost of living and expectations from India have risen
>
> K.S. VISWANATHAN

Female labour-force participation rose from 17%-18% to around 35%; unemployment among women fell from 10% to around 7%, and among men from 10% to 4.8%. Such policies can work. But in the current policy environment, where regulation is often seen as a problem, there is a reluctance to accept state intervention in corporate decisions.

KSV: The technology industry has traditionally worked through strong self-governance and does not necessarily need government mandates. Incentives could be useful in some cases, such as encouraging women's participation in the workforce. But innovation requires better talent, and companies should be willing to hire and pay for that talent without mandatory requirements.

Companies report profits while also laying off employees or restructuring their workforce. What should determine how employees benefit from growth?

KSV: This is a limitation of the free market. The government should not dictate how companies should share their profits with employees. We are not operating under a socialist model. Companies should be allowed to decide, with meritocracy determining what people are paid.

GV: Sustaining growth requires both efficiency and governance. Governance must ensure that the benefits of growth are shared. Indian private corporations invest around 0.3%-0.5% of their revenues in R&D, compared with around 3%-5% in economies such as the U.S., China and Japan, and across the OECD, according to my estimates. This suggests that the Indian industry is not taking enough risks. At the same time, labour standards and state regulation have weakened, while civil society institutions are weak. Migrant workers in smaller industries are often vulnerable, without unions or adequate political representation. Informal employment has become institutionalised, and job protection has weakened. In several States, wage revisions in notified industries have not taken place for nearly one-and-a-half decades. This creates an incentive for companies to take the easier route of wage cuts and profit maximisation instead of investing in R&D and innovation. Regulation can compel industry to innovate.

KSV: I do not think the technology industry's approach to employment is changing fundamentally. AI will create new roles and capabilities, and global capability centres will continue to grow because of India's talent potential. Companies are also building more technology capabilities within their organisations and increasingly preferring permanent employees for these roles.

GV: Evidence suggests that during the global economic contraction, even large companies have shed experienced workers and recruited apprentices and newer employees, undercutting wages. Industry leaders such as Narayana Murthy have spoken about a 70-hour work week. This does not suggest that the tech industry has escaped the pressures of the global crisis. We also need to consider the quality of jobs and what highly skilled young people expect from employment.

What is one change you would make in the corporate sector and in government policy to improve wages and employment?

KSV: There should be massive government spending and a plan to enable the Indian technology industry to participate in central and State government projects. Digital public infrastructure and APIs have been transformative. India should identify aspirational projects for 2030 and 2035 and invest in them. There should be greater investment in innovation and R&D, including through the Anusandhan National Research Foundation. India should also build capacity for the next generation of national public infrastructure, and create incentives for women to participate in the workforce.

GV: The emphasis needs to be on the demand side of the economy, mediated through MSMEs, which can absorb labour, create employment and drive-up real wages. We should not neglect the agrarian economy, which still has potential. Given India's position on the hunger index, there is a serious crisis to address. We need to identify avenues for absorbing workers rather than follow a rigid understanding of structural economic transition. One development model cannot necessarily be applied universally.

To listen to the full interview **Scan the code or go to the link** www.thehindu.com

GS 3: INDIAN ECONOMY & PUBLIC FINANCE

THE HINDU PAGE: 10

The fiscal cost of cash-transfer schemes

A social policy is often based on expected electoral gain, and is implemented without any *ex ante* appraisal; since cash transfers and subsidies are perpetual in nature and politically hard to reverse, such continuous commitment of financial resources demands prior evaluation and real-time monitoring to address potential shortcomings

ECONOMIC NOTES

R. Srinivasan

Business Standard reported on May 13, 2026 that "Cash-transfer promises have moved from the margins of Indian election manifestos to the centre of political competition, with parties across States promising monthly or one-time payments." Quoting a PRS Legislative Research report, it further said, "12 States are expected to spend nearly ₹1.68 trillion on unconditional cash-transfer schemes for women in 2025-26, ... the outgo is roughly equivalent to 0.5 per cent of India's GDP, compared with less than 0.2 per cent two years ago."

The RBI report 'State Finances: Study of State Budgets 2025-26' reported that the total subsidy outlay increased from ₹1.87 trillion in 2018-19 to ₹4.26 trillion in 2025-26. States often implement promises from their election manifestos soon after forming the government and just before the next election, without any serious assessment of needs or financial commitments.



Scope for scrutiny: An *ex ante* appraisal of a social project leaves an audit trail, enabling the legislature, auditors, the media and citizens to ask whether the project delivered on its promises. REPRESENTATIVE IMAGE

THE GIST

- Social policies are vulnerable to electoral clientelism, and should adhere to the principles of public expenditure such as evidence, accountability, equity, efficiency and fiscal responsibility
- Cash transfer and subsidy schemes may suffer from two prominent defects: failing to improve beneficiaries' capabilities and failing to reach the real beneficiaries
- Every cash transfer or subsidy proposal — including poll promises — must be accompanied by a published social DPR to inform the legislature and the public about its intended implementation and distributional impact

The case for prior assessment

Conception and funding of an infrastructure project are guided by a Detailed Project Report (DPR) that specifies objectives, alternatives considered, financial and economic analysis, risk mitigation, baseline data, and success criteria. A social policy, by contrast, is often the outcome of an electoral promise or based on expected electoral gain, and is implemented without any comparable *ex ante* appraisal. Social policies affect human capabilities more directly than infrastructure projects.

The scarcity of public resources and their alternative uses make *ex ante* appraisal of social sector schemes essential. Moreover, social policies are vulnerable to electoral clientelism, and should therefore adhere to the same principles of public expenditure as infrastructure projects – evidence, accountability, equity, efficiency and fiscal responsibility as infrastructure. The claim that the benefits of social policies are not quantifiable should not stop *ex ante* appraisal, as methodologies exist to overcome this barrier.

An *ex ante* appraisal of a social project leaves an audit trail: the legislature, auditors, the media, and citizens can ask whether the project delivered what it promised. Many social schemes are implemented without the assessment of needs, identification of potential beneficiaries, or adequate funding, and a bureaucratic, top-down, target-chasing approach often replaces a democratic, bottom-up planning and implementation process.

This article explores the fiscal and economic fallout of cash transfers and universal subsidies.

Fiscal scrutiny of populism

If politics decides the desired social ends of such schemes, public finance and administration should decide the programme's funding priority, the quantum of funding and the implementation process required to achieve those ends.

Prioritising expenditure is the first step in checking the desirability of public expenditure. For example, the Government of Tamil Nadu allocated nearly ₹1,000 crore in 2026-27 to provide scholarships for girls and boys from Government schools to continue higher education. A recent report in a Tamil Magazine (*Ananda Vikatan*, November 18, 2026), based on replies it received to RTI applications, found 7,198 vacancies in permanent teaching positions in Government Arts and Science Colleges. If we include teacher vacancies in professional colleges and universities, the number should be nearly 9,000. Filling these vacancies, delayed for over a decade, would cost ₹1,080 crore per annum, rising every year thereafter. With a huge revenue deficit and fiscal deficit, the State budget lacks the revenue cushion to spend an additional ₹1,080 crore per annum. Prioritising is a normative decision: filling vacancies ensures students learn from regular teachers, whereas funding scholarships alone sends them to colleges without regular teachers.

Deciding the quantum of funding and the process of execution requires *ex ante* evaluation. This should be explicitly oriented toward designing programmes that maximise impact for a given cost, using behavioural models and micro-simulations to predict the effects of hypothetical programmes before implementation.

For instance, a universal subsidy scheme is a trade-off between inclusion and exclusion errors. If it is truly universal, the scheme commits the error of including the undeserving and thus reduces the per-capita benefit to people in need. In a target-oriented scheme, it commits the error of excluding the deserving, but it increases the per-capita benefit to people in need. The choice between the two requires *ex ante* appraisal of such schemes.

Cash transfers and subsidies are perpetual in nature as they are politically hard to reverse. Therefore, the continuous commitment of scarce financial resources demands not only prior evaluation but also real-time monitoring and evaluation to redesign and right-size schemes.

In practice, fiscal constraints are addressed through post-hoc adjustments, usually by increasing borrowing or cutting even essential public expenditure. Fiscal constraints should, however, prompt more disciplined choices.

The public nature of infrastructure projects and merit goods like education and healthcare diffuses their benefits across society, making their attribution uncertain. The cash transfers and universal subsidy schemes are electorally attractive because their benefits are excludable and visible. When politicians prominently declare cash transfers and universal subsidies as election promises, that itself precludes prior scrutiny of these schemes for design flaws, targeting errors, hasty implementation and fiscal costs.

Design flaws

Cash transfer and subsidy schemes may suffer from two prominent defects: failing to improve beneficiaries' capabilities and failing to reach the real beneficiaries. Paying attention to the recipients' agency would entail accommodating their choices, which is impossible without prior evaluation and trial runs. Improving capabilities requires not only cash transfers and subsidies but also other enabling conditions, particularly social and intra-household equity. Increasing the recipients' income through cash transfers may not be accompanied by intra-household equity. Cash transfers and subsidies may not reach the intended beneficiaries or create the intended change in agency.

The way forward

Every cash transfer or subsidy proposal – including election promises – must be accompanied by a published social DPR to inform the legislature and the public about its intended implementation and distributional impact. Grounded in a robust baseline and needs assessment, the DPR must clearly define the core problem, establish intervention objectives, and outline precise identification methods to minimise inclusion and exclusion errors. Monetary support should be tailored to the demographic realities – such as gender, location, and whether a recipient is widowed, destitute, or married – and should be directly linked to a cost-of-living index.

Additionally, the report must systematically evaluate alternative intervention models (targeted vs. universal, cash vs. in-kind, and conditional vs. unconditional) against a "do nothing" status quo option.

To establish economic and fiscal feasibility, the social DPR must weigh social costs against benefits and report the net benefit.

The evaluation must also address key assumptions about market functioning and intra-household equity, examine recipient behavioural responses, assess impacts on local prices, evaluate transfer value relative to household consumption, and report coverage rates per 100 target households to prevent the poorest beneficiaries from dropping out due to factors such as missing bank accounts or ration cards.

Finally, the DPR must project 10-year cost escalations driven by inflation and scheme expansion under realistic revenue growth scenarios, bound by clear sunset mechanisms such as legislative expiry dates, mandated reviews, or individual beneficiary time limits.

There is a strong case for a social DPR for every new cash transfer or universal subsidy above a cost threshold, including those announced before an election and legislated afterwards. The government should publish the appraisal before the budget or enabling legislation is put to a vote. This is not an argument against cash transfers and universal subsidies, but a case for appraising these schemes with the same rigour used for infrastructure projects, and to aid in making informed decisions.

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GS 2: INTERNATIONAL RELATIONS
INDIAN EXPRESS PAGE: 12

Xi, Trump and Putin at Shenzhen: Three peas in a pod



PRATAP BHANU MEHTA

IT IS widely agreed that the recently concluded Shenzhen Trilateral between the United States, China and Russia was no Yalta 2.0. Nor did it really herald the arrival of a G2 or G2 and a half. It was a meeting of three of the world's most powerful countries. But what the summit exposed was the increasing convergence in political style in the international arena of the superpowers, especially China and the United States, despite differences in their political and economic systems.

There are many elements to this convergence. The first was, of course, the spectacle of three old, status-conscious leaders obsessed with the desire for recognition. The psychological registers in which they present themselves may look different. Donald Trump views diplomacy through the lens of personal flattery and gain. Vladimir Putin was seeking rehabilitation as a world leader. On the face of it, China demands a more structured deference to its power and status. But given the increasingly personalised nature of power in the Chinese system, you have to wonder whether President Xi Jinping's excessive fastidiousness about protocols and shows of deference is really as much about acknowledging his rank as anything else. Given the increasing concentration of power and paranoia President Xi is displaying at home, is the Chinese approach to the world now more dependent on personal whim than we care to acknowledge? Hegel once saw Napoleon as the world spirit on horseback. Now civilisations — Russia's Third Rome, China's Middle Kingdom, the United States' civilisation — are reduced to the deference to individual wills.

Putin and Trump are easy cases for this argument about personalised power. But is the Chinese system becoming more personalised than usual assumptions about China's strategic rationality might allow? It is not a surprise that China is seeking open acknowledgment of its power. The days of hide your strength and bide your time are over. But it is a bit more of a puzzle why China does not even seem to be converting Trump's spectacular own goals into lasting strategic gains. China has been active on many fronts; it plans for the material foundations of power quite acutely. The green energy transition, deftly managing its oil reserves, and internationalising the renminbi are examples.

China may have gained from America's mistakes. But it has not managed the opportunity created by America on a number of fronts. America retreated from trade liberalism. But China has emerged as an economic threat rather than an attractive alternative. It could be argued that this reflects the fact that China has domestic troubles. It has to double down on exports and use its overcapacity. But it has also consistently used chokeholds of various kinds, denying India tunnel boring machines, as the latest example. You could surmise that all of this is part of some grand strategy. But surely a strategic China would have understood that every time it uses supply chain advantages or export restrictions as a chokehold, it gives countries reason to diversify away. It also creates a situation where short-term economic dominance can produce long-term political and diplomatic damage.

But one can go further. It must be part of a great-power syndrome to be paranoid about the autonomy of neighbours. The United States increasingly thinks that about Canada and Mexico. China has managed to alienate a remarkable range of neighbours — the Philippines, Vietnam, Japan, India — through its assertiveness. It has, in effect, driven even the most reluctant of these countries back into the arms of the United States. Just try to imagine a world where China was more diplomatically conciliatory; it would complicate the United States's life even more. Japan is central to China's narrative of being colonised and to the American alliance in Asia. But none of the other countries has the remotest bearing on whatever China's ambitions might be about Taiwan; in fact, China would be better served keeping them more agnostic. Surely China's long-term interest would be to convince these countries that they need not choose. It could be that China is simply mistaken about them: Most of these countries, like India, are happy to keep options open, as Vietnam has, except it is now China denying them the option.

> What was striking at Shenzhen was three leaders exporting their domestic troubles to the rest of the world, and increasingly skirting the line between personal power and national interest

Third, China has sought legitimacy by asking the question, "How many countries has China invaded, how many regimes has it toppled?" As a rhetorical ploy against unconscionable American hubris, this works powerfully. But it is also increasingly clear that the absence of overt war and intervention is not the same thing as a commitment to building a peaceful world order. China has often voiced support for both multilateralism and the principle of non-interference. But it is hard not to read China's support for Russia against Ukraine as consequential for upending the norm of respecting sovereignty. In effect, it is also underwriting great power impunity, like America did. One could argue that this is a form of strategic foresight, where China thinks that supporting the erosion of the norm of sovereignty, like America did, will work to its advantage. Russia can work as a proxy counterweight to the US, and it ties down Europe. There is much to this argument. But it could also be argued that this demonstrates a narrow conception of what might be in China's long-term interest.

For a moment, consider an alternative explanation. Is China, despite its enormous strengths, displaying the same characteristics as the US? Is Xi more Trumpian than we think? What was striking at Shenzhen was three leaders exporting their domestic troubles to the rest of the world, extremely status-conscious about vertical deference to power, needlessly creating insecurity in their neighbours, not capable of carrying friends with them, more or less incapable of collective global goods building, and increasingly skirting the line between personal power and national interest. The problem with personalised leadership and status obsession is that it is not in the service of building anything. It is obsessed with who gives deference to whom, who can be insulted and put in their place. Status is confused with strategic foresight.

The writer is contributing editor, The Indian Express

GS 2: INDIA & ITS NEIGHBOURHOOD
INDIAN EXPRESS PAGE: 12

Balen Shah in Delhi wasn't diplomacy as usual



YUBARAJ GHIMIRE

SINCE HIS tenure began, Balendra Shah's political understanding and diplomatic skills have been matters of speculation. His lack of response to Prime Minister Narendra Modi's invitations to Delhi and his refusal to meet with Indian Foreign Secretary Vikram Misri, who was planning a trip to Kathmandu in May, did not draw approval even from his senior cabinet colleagues. Shah has never explained the rationale behind these snubs. Despite this, when his first state visit to India finally took place in his ninth month in office, Shah received accolades he might not have imagined. Welcoming him at Hyderabad House, Modi praised Shah, painting him as a farsighted statesman in whose hands the future of Nepal and Indo-Nepal relations were safe.

Yet, as the visit concluded, Misri said some things that Shah may not have wanted to hear: That the Kalapani border dispute and the consensus report by an eight-member group — four each from Nepal and India — to reset and update the multifaceted bilateral relationship were "in the past". The dismissal of the Kalapani issue may trigger anti-India sentiment in Nepal and damage Shah's image, given that as mayor of Kathmandu, he had adorned his office with Nepal's map that included the disputed territories of Kalapani, Lipulek and Limpiadhura.

These setbacks, however, should not undermine the significance of continued diplomatic engagement at the highest level. India pledged a Rs 15,000 crore package as "development assistance" for reconstruction and rehabilitation following the devastation of the August floods in Nepal. India also agreed to open the Lucknow-Bhairahawa airspace to Nepal, which could mitigate the existing air traffic congestion at Nepal's Tribhuvan International Airport and bring into operation two new airports — in Bhairahawa and Pokhara — connecting them with other international destinations. Nepal was not open to India's demand for the Bagdogra-Jhapa airspace due to the risk of hostility it could attract from China and Bangladesh.

Shah also appeared to take certain liberties, attracting hostile comments on social media for wearing black on official and ceremonial occasions. It is not yet clear if his black robes were dictated by his faith in tantra and practice of Bhairav Sadhana, but they certainly dominated the discourse and news cycle in Nepal. He rejected a guard of honour while departing for Delhi but chose to accept one at the Rashtrapati Bhavan. Shah's supposed "undiplomatic" behaviour during his maiden bilateral visit to India will no doubt be debated in Nepal.

The pledges regarding connectivity, roads, energy projects, fibre, and setting up an offshore IIT in Nepal as part of a joint vision for a "developed India and prosperous Nepal" will require regular monitoring and time-bound execution. Nepal and India have almost always been generous in signing agreements and pledges but slow and careless in execution, something the Europeans and the Chinese have excelled at.

Pledges regarding connectivity, roads, energy projects, fibre, and setting up an offshore IIT in Nepal will require regular monitoring and time-bound execution

The writer is the Kathmandu-based consulting editor for The Indian Express

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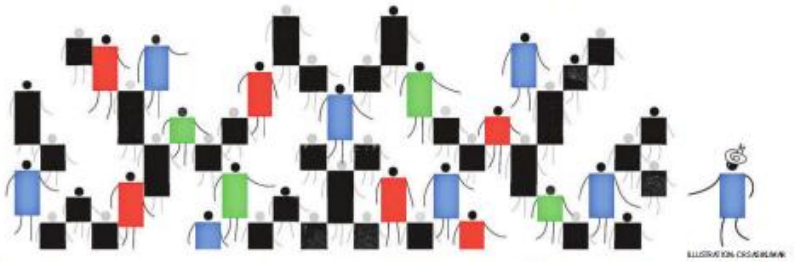
DIS/AGREE

THE BEST OF BOTH SIDES

A weekly column, which offers not this-versus-that, but the best of both sides, to inform the debate



Rahul Gandhi's remarks revive a question: What should be the guiding principle of India's Israel policy?

India needs moral compass on Israel



SUDHEENDRA KULKARNI

ISRAEL, WITH half of Mumbai's population, has come to wield outsized influence over Indian politics and national consciousness. Ask the supporters of the Hindu nationalist forces now ruling India which foreign country they admire most, and an overwhelming majority would answer, "Israel". No one expected the Sangh Parivar to condemn Israel's genocide in Gaza or the assassination of Ayatollah Ali Khamenei in a joint Israel-US military strike — a crime under international law. However, what is expected of the Congress party, the main inheritor of India's anti-imperialist legacy and an idealism-inspired worldview, is a clearer, more well-thought-out policy on how India should deal with Israel. Rahul Gandhi's recent comments on Israel do not signal a fundamental departure from the Congress stand on Israel. Nevertheless, his remarks raise five important questions.

First, why should India have a "strong relationship with Israel", as the LoP advocates, when Israel is the most flagrant violator of its neighbours' sovereignty, the most brutal suppressor of the Palestinian people's demand for freedom in their own homeland, and a consistent saboteur of the Two-State Solution, which a majority of UN members, including India, endorse? Israel surely has the right to exist as a secure nation, but it behaves as if it alone has that right in the region.

Second, why should India have "strategic interests" in Israel, as Rahul Gandhi states, anchored in "buying the best weapons for our armed forces"? Weapon purchases should be treated purely as a commercial transaction. Why elevate it to a "strategic" relationship, which implies convergence of geopolitical interests and goals? The BJP, of course, wants strong strategic ties with Israel because the world views and long-term objectives of prime ministers Narendra Modi and Benjamin Netanyahu fully align. Does this mean Congress also sees Israel as a "strategic" partner?

Third, any self-respecting nation, especially a large one like India, that values its independence and sovereignty should be as *atmanirbhar* (self-reliant) as possible for national defence. One way to lessen dependence on purchasing critical weaponry and on military cooperation with foreign powers is to reduce the (real, not imaginary) risks to national security from the neighbourhood. This calls for an enlightened, multidimensional neighbourhood policy, based on maximising regional cooperation and minimising hostilities. This has to be our foreign policy's highest priority.

But here is the uncomfortable truth. Due to several reasons, mainly a lack of national dialogue and consensus on how to permanently resolve our legacy disputes with Pakistan and China, we have increasingly relied on a misguided military approach. This has meant not only the purchase of ever-more-expensive weapon systems from Israel and the West, but also stronger military-strategic ties with the very same foreign powers that have a vested interest in keeping relations between India and its two large neighbours strained.

Inspired by Israel and driven by self-serving domestic electoral compulsions, the Modi government tried the '*Ghar mein ghus kar maarenge*' ("We'll enter the enemy's house and strike") approach to dealing with the smaller of the two neighbours. The outcome was predetermined. Operation Sindoor received support from only one country in the world: Israel. Rather than seeing this global isolation as a failure of the military approach to dealing with the curse of Pakistan-sponsored terrorism, RSS-BJP circles saw it as proof that Israel is India's only true friend. How delusional!

Since we cannot adopt the same macular approach towards the larger of our two neighbours, we have sought to build quasi-alliance-type military ties with Israel's sole supporter: The US. This dependence on America is certain. China has constrained our independence and strategic autonomy, as evidenced by our unwillingness to condemn the US-Israel joint war on Iran.

Here is some unsolicited advice for Rahul Gandhi. Instead of travelling to America frequently, visit Pakistan, Afghanistan, Bangladesh, China and our neighbouring countries. Strengthen dialogue with their political leaders and deepen contacts with their people. Evolve a comprehensive vision for peace, cooperation and prosperity in South Asia, the world's most populous yet least integrated region. Make our neighbours willing partners in realising this vision. So far, neither you nor anyone else in Congress has articulated an alternative China policy or South Asia policy different from the one pursued by the Modi government, which has yielded evidently unsatisfactory results. If you follow this advice, mighty India won't need tiny Israel to secure its defence interests.

Fifth question: Rahul Gandhi says, "India's foreign policy must be guided by what is good for India." This is only partly true. A true believer in Mahatma Gandhi's philosophy would say, "India's foreign policy must be guided by what is good for India, Asia and the world." If all nations, especially big ones, think only of their narrow national interests in the name of pragmatism, who will think of humanity's interests? If we want India to be a nation with a difference, and if we want the world to respect India and even emulate our example, our foreign policy must care for the world and be guided by unchanging moral values.

The writer was an aide to former prime minister Atal Bihari Vajpayee

Foreign policy deals with shades of grey



NICOLAS BLAREL AND SUMIT GANGULY

IN HIS recent remarks made during an exchange with students and faculty at the University of Chicago about India's relationship with Israel, Rahul Gandhi condemned both the October 7 terror attack and Israel's actions in Gaza (but did not use the fraught word: Genocide). Nevertheless, he seemed to endorse continued strategic and defence cooperation with Israel.

His remarks are perhaps less of a departure from his own thinking, or indeed from his party's historical approach to Israel, than they might initially appear. In September 2023, barely a month before the Hamas attack, during a similar exchange with students at Sciences Po in Paris, Rahul Gandhi explicitly acknowledged the strategic rationale underpinning India's relationship with Israel, particularly the latter's willingness to transfer weaponry. At the same time, he warned that Israel's similar policies towards the Palestinians could eventually come back to "bite" them later.

The events of the past three years have, of course, fundamentally altered the geopolitical context in which this relationship operates. The scale of destruction in Gaza, the suffering inflicted on Palestinian civilians, and the intensification of regional conflicts have made engagement with Israel considerably more contentious. Congress, and Sonia Gandhi in particular, has been unsparing in its criticism of Israel's conduct and the Modi government's response to its actions. Sonia Gandhi has questioned both the moral and the strategic rationale of New Delhi's approach.

Earlier this month, Congress leader and former external affairs minister Salman Khurshid also expressed unease about engaging with Israeli companies at an investment summit organised by the Congress-led Telangana government, emphasising the need for ethical "guardrails" and "red lines". In India's dealings with strategic partners. The Telangana episode illustrates a larger question: To what extent would a future Congress-led government be willing, or able, to reverse decades of institutionalised cooperation with Israel, developed under successive governments and increasingly involving state governments, private enterprises and research institutions?

There is, however, an instructive historical precedent. In the early 2000s, Congress and the Left were critical of the BJP-led government's rapprochement with Israel, particularly around Israeli PM Ariel Sharon's visit to India in September 2003. When Congress returned to power in 2004 with Left support, the UPA's Common Minimum Programme reaffirmed India's traditional commitment to the Palestinian cause, against the backdrop of demands for a shift in the BJP's West Asia policy. Yet the subsequent decade saw considerable deepening of India-Israel defence cooperation under PM Manmohan Singh, albeit with less political visibility than under previous and subsequent BJP governments. The distinction between political signalling and substantive strategic engagement became a distinguishing feature of the UPA's Israel policy.

Today, Congress faces a more difficult version of that dilemma. Rahul Gandhi's observation in Chicago that India's "foreign policy should be based on what's good for us and not based on what's good for someone else" brings the discussion back to India's commitment to strategic autonomy. Shashi Tharoor's defence of the remarks suggests that an important strand of thinking within Congress continues to distinguish between cooperation with Israel and endorsement of its current government's policies. The opposing argument, however, is that continued engagement without meaningful conditions risks insulating Israel from the consequences of its actions.

There are tangible costs associated with either approach. Curtailing defence cooperation could have repercussions for India's military preparedness and technological capabilities, as the case of defence ties, from the Barak-Sufa defence system, whose joint development was initiated under the UPA government, to the Heron drones deployed for surveillance along the Chinese frontier, Israeli technologies have become deeply embedded in India's military architecture. The extensive use of Israeli-origin military equipment during Operation Sindoor in 2025 further illustrates the operational significance of this relationship. Disengagement is more complex than a political decision to suspend arms purchases.

Conversely, an uncritical embrace of Israel risks compromising India's credibility in the Global South, its relationships across West Asia, and its ability to contribute to regional diplomacy. Some have questioned whether India has diluted its historical commitment to Palestinian statehood, international law, and a negotiated two-state solution. Further, PM Narendra Modi's visit to Israel in February, just days before the outbreak of war with Iran, illustrates the risks of conflating a longstanding partnership with the political agenda of a particular Israeli government.

India's interests in West Asia extend well beyond Israel. They encompass energy security, the welfare of 9 million Indian expatriates in the region, maritime security, and its relations with Iran and the Gulf monarchies. As Khurshid acknowledged, foreign policy cannot always be conducted in black and white. It must accommodate "shades of grey". The question is where those shades end and the red lines begin.

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GS 3: INDIAN ECONOMY & TRADE

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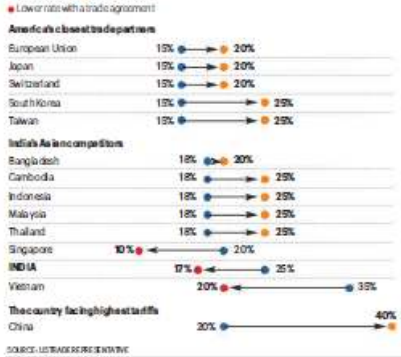
•ECONOMICS

Tariffs come full circle for India

• India gets a marginal edge over ASEAN countries

The USTR released a cumulative proposed rate for each of the 14 countries targeted by its Section 301 probe. These tariffs will go into effect by mid-Feb unless some trade partners sign a deal, which will result in lower rates.

● Proposed rate ● Higher rate if consultations and commitments are unsatisfactory
● Lower rate with a trade agreement



SOURCE: US TRADE REPRESENTATIVE

• India's trade surplus with US in 2026

(Figures in $ billion)

● Exports ● Imports



SOURCE: COMMERCE AND INDUSTRY MINISTRY

On the face of it, India faces a slightly lower rate than its competitors. But the new duties effectively recreate the old regime, albeit under a different legal provision



ANIL SASI

THE LEGAL justification for slapping trade tariffs by the US may have changed, but American protectionism is clearly showing no sign of winding down.

On April 2, 2025, US President Donald Trump delivered his "Liberation Day" tariff announcement that led to sweeping "reciprocal tariffs" on global trading partners. Then, on November 25, 2026, Trump's administration indicated it would restart these global trade wars with fresh tariffs on 14 countries under a separate legal head.

In these 20 months, Washington's trade stance has ostensibly come full circle.

Initiated by the Office of the United States Trade Representative (USTR) on March 11, 2026 as action against 16 economies, the proposed duties target 14 trading partners while keeping Mexico and Norway out of this action for now.

As part of these new levies, the US has proposed a final tariff rate of 25% on India after concluding two investigations on the import of goods produced through alleged "forced labour" and "industrial overcapacity". Both investigations were conducted under Section 301 of the US Trade Act of 1974. The proposed tariff rate would drop to 17% if India and the US sign a formal trade deal.

On the face of it, the proposed tariff rate on India is slightly better than its competitors Bangladesh, Cambodia, Indonesia, Malaysia, and Thailand, according to a notice by the office of the USTR Wednesday.

Tariffs on India

Here's a look at how the tariff architecture shaped up for India in the months since the "Liberation Day" tariffs were announced:

APRIL 1, 2025: India was first hit with a 26% reciprocal tariff on exports to the US when the reciprocal tariffs were announced.

APRIL 10, 2025: The US announced a "90-day pause" on the higher reciprocal tariffs, while keeping a 10% baseline duty on imports for most trading partners.

JULY 31, 2025: Trump announced a blanket 25% tariff on Indian exports to the US, citing hurdles in market access for agricultural and dairy products, while warning of penalties over Russian oil purchases.

AUGUST 2025: Trump announced an additional 25% tariff for Russian oil purchases.

FEBRUARY 2026: The International Emergency Economic Powers Act (IEEPA) tariffs were struck down that month by the US Supreme Court that month, rendering the reciprocal tariffs redundant.

FEBRUARY 2026: The same month, the Trump administration offered India an 18% rate in the joint framework signed by the two countries in February. Alongside that, the USTR threatened the use of Section 301 investigations under multiple heads to come up with the latest round of tariffs.

As things stand, the two tariff numbers — the USTR's proposed 25% tariff on India, which could drop to 17% when New Delhi signs a trade deal — are largely in line with the two main numbers touted earlier — the July 31, 2025 blanket 25% tariff on Indian exports and the 18% rate offered subsequently in the February 2026 joint framework. One way or the other, in 20 months, the tariffs have come back to where they were, albeit under a different legal provision.

The two tariff numbers — the proposed 25% tariff, which could drop to 17% when India signs a trade deal — are largely in line with the figures touted earlier.

There may be a few silver linings: the proposed 17% deal rate replaces, instead of stacking up on some existing tariffs (such as a 10% rate tied to prior Section 301 investigations), are net of the earlier tariffs; and this new tariff is marginally lower than the 18% rate outlined in the US-India February 2026 joint framework. Also, India is also better off than Vietnam and other ASEAN countries, which will face a 20% rate after its deal with the US takes effect.

The Commerce and Industry Ministry stated Wednesday that India does not have overcapacity in any sector and that trade-related concerns should be addressed within the framework of the trade talks. The ministry said the government remains committed to working closely with the US towards the early conclusion of the pact.

Tariffs on China

According to the USTR notice, US duties on China are also set at 20% above existing duties, which could take the total incidence up to around 40%.

Despite all the shows of solidarity in Shenzhen last week in China in that meeting between Chinese President Xi Jinping and Trump, Wednesday's USTR announcement shows tariffs are here to stay.

"It is another reminder that while the legal justification for tariffs keeps changing, US protectionism is becoming increasingly difficult to unwind," ING analysts wrote in a note quoted by *Reuters*.

On Wednesday, Beijing reiterated its opposition to "trade wars" and dismissed the notion of overcapacity, even as it stopped short of announcing any retaliatory measures. "The so-called 'overcapacity' is a false issue, and China opposes using it as an excuse for political manipulation," foreign ministry spokesperson Guo Jiakun said.

Lingering concerns

Ajay Srivastava, founder of Global Trade Research Initiative, said the new tariffs "recreate the reciprocal-tariff regime under a new name, engineered to bait trading partners into signing one-sided, expensive trade deals rather than genuinely addressing structural industrial overproduction".

"By deploying a dual-rate structure — threatening steep baseline tariffs against countries that refuse a pact while offering lower rates to those that sign — Washington reclaims the bargaining power to impose duties at will and extract unilateral concessions, allowing a government to secure tariff relief even if the industrial capacity that prompted the investigation remains unchanged," Srivastava said.

For India, the Section 301 probe flagged potential excess capacity or export surpluses in seven sectors: solar modules, petrochemicals, steel, textiles, health-related goods, construction materials and auto products.

Under the proposal, Indian imports face a 17% tariff if a trade pact is finalised — offering a 1% edge over Bangladesh, Cambodia, Indonesia, Malaysia, and Thailand (18% deal rate) and a 3% edge over Vietnam and China (20% deal rate) — which goes up to 25% without a deal.

But there are concomitant risks that hang in the balance: that any adverse USTR ruling in the future could bring further duties or import quotas. There is also the threat of tariffs of up to 100% over India's purchase of Russian oil, which can be redeployed by Washington DC in the future.

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Old playbook: Why India may be better prepared this time



RAVI DUTTA MISHRA & AANCHAL MAGAZINE

THE US Trade Representative (USTR) on Wednesday announced a fresh tariff structure, replacing the reciprocal tariffs that the US Supreme Court declared illegal in February.

New tariffs were announced on 14 major trade partners after concluding months-long Section 301 investigations to assess whether countries have excess industrial capacity and have taken sufficient measures to restrict goods produced through forced labour from entering their supply chains.

The USTR has proposed two rates for all 14 trade partners. Close trading partners such as South Korea, the EU and Japan remain at 15% for those who have already struck a deal with the US, and 20% without an agreement, while countries like Malaysia, Indonesia and Thailand stand at 18% with a pact and 25% without one. For India, the rate with a deal is 17% and at 25% without one. The US tariff rate for Pakistan remains at 10%.

By laying down the two tariffs, likely to go into effect from mid-February, the US has given trading partners a window to sign agreements. This is a familiar carrot-and-stick approach that has been used since Donald Trump began his second term to force countries into signing a one-sided trade agreement, which falls outside the scope of typical WTO-compliant trade pacts.

While India's demand to get a comparative advantage seems to have been accepted by the US, as it has offered rates better than Vietnam, China, Malaysia, Indonesia and Thailand, the steep US demands on agriculture remain a political risk for the government. Still, India is now also in a better position to handle US tariffs, with scores of trade deals in the process of getting operationalised and exporters now having the experience of using alternate routes.

Relatively strong macro footing, diversification

India has seen several periods of breakdown in trade negotiations, which at one point resulted in the steepest US tariffs on any country globally. New Delhi faced 50% tariffs between August 2025 and February 2026. However, this triggered an aggressive push for diversification and a flurry of trade deals, which is expected to boost Indian exports.

Amid the threat of tariffs, India concluded two crucial trade deals with the UK and European Union, opening two large markets for Indian exports. While the UK deal has come into effect, the EU agreement may take a year to get operationalised, offering Indian exports some cushion from volatile US trade policy.

Emkay Global Financial Services said that front-loading of exports (pushing them through before tariffs take effect) would help, as the new tariffs would not come into effect before January 2027. US exports are already running at $8.4 billion per month in FY27 year-to-date, but scope for a short-term increase remains. Growth could improve optically as well due to a favourable base, Emkay Global said in a note.

The note further said that similar to 2025, destination diversification should provide some cushion. "US exports fell 10% between Sep-25 and Mar-26 when a 50% tariff was in place, but exports to RoW rose 3%. Rest of the World (RoW) exports are already running at ~30%, but could see further improvement," the note said. "India remains on a strong macro footing despite tariffs and the West Asia conflict. Goods exports in the first seven months of FY27 are up 22%, and the current account deficit as a percentage of Gross Domestic Product remains below 1.5%," Emkay Global said.

'Competitive edge not significant'

Despite the gains made over the last few months, the comparative positioning matters. Reacting to the new tariff structure, exporters said that the competitive advantage over partners is not large enough to make a difference and the new tariffs could be a barrier to exports.

Pankaj Chadha, Chairman, Engineering Exports Promotion Council India, said, "Our government's stated position has been that India must have a competitive advantage over its neighbouring countries as well as other competing nations under a trade deal with the US. However, when I look at countries such as Bangladesh, Indonesia, Malaysia and Thailand, they are all facing tariffs of around 18%. If India is at 17% under a trade deal with the US, I am not entirely sure that gives us a significant competitive advantage."

Under the current US tariff structure, Bangladesh is at around 18%, which could go up to 20% if its consultations with the Trump administration fail. Vietnam, another major exporter, is at 20%, with a fallback of 25%. "Our view is that as long as India and its competing countries are facing the same tariff rates, there are no issues, but if our competitors end up with lower tariffs than India, there is significant concern," Chadha said.

GS 1/GS 2: HISTORY & INDIAN POLITY

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• HISTORY

Is India the mother of democracy? The history and politics behind the claim



EXPERT EXPLAINS

GAURAV GARG

ASSISTANT PROFESSOR OF HISTORY AT ASHOKA UNIVERSITY

INDIA HAS often claimed that it is the world's oldest democracy, and in the strong version, it is "the mother of democracy." On Constitution Day (November 26), it is worth examining the historical basis of this claim.

Origins of 'democracy'

The elements of what we call democracy today were assembled only in the 20th century. That said, democracy is also very ancient. The term democracy is derived from the Greek word *demokratia*, a term used from the middle of the 5th century BCE to denote the political systems in some Greek city states of which Athens was the prime example.

Athenian *demokratia* had some form of representation; the agendas of the assembly that consisted of all members of the demos comprising male citizens over 18 years of age was set by the Council of Five Hundred. The council in turn was chosen by lots (not votes) from each of the 139 divisions or *demes* of Athens. Within the assembly, decisions were taken by voting via show of hands and the majority view of those present and voting prevailed.

Why India's claim matters

The history of democracy is far too complicated to be traced in a straight line from Athens to America and then beyond.

Nevertheless, there is no doubt that democracy in the West was inspired, informed, and often legitimised by the Athenian example. In the context of colonialism and India, the linking of democracy with western civilisation has also served to convey the impression that Indian democracy was a gift of colonial modernity.

It is against this background that the claim that India is the mother of democracy has charge. It undercuts the boast that democracy is a western implant or gift to India.

The basis of the Indian claims

The claim that India is the world's oldest democracy comes from the quite remarkable existence and persistence of various *gana-sanghas* in northern and western South Asia from about 600 BCE onwards until the mid-first millennium CE.

As Romila Thapar has explained, the terms *gana-sangha* or *gana-rajya* has the "connotation of *gana*, referring to those who claim to be of equal status, and *sangha* meaning an assembly, or *rajya*, referring to governance."

In early South Asia, the *gana-sanghas* occupied the periphery of the kingdoms concentrated in the Gangetic Plains. They could also be found in the Terai region and in the foothills of the Himalaya, in northwest India, Punjab, Sindh, and in central and western India.

According to Buddhist sources, which are prime sources for learning about *gana-sanghas*, prominent *gana-sanghas* included Vajji and Malla, which were *mahajanpadas* or confederations of clans; as well as the Sakyas, Kollyas, Bulls, Kalamas, Moriyas and Bhaggas, to name a few.

These *gana-sanghas* were governed by an assembly that comprised the head of families belonging to a clan or clan chiefs in a confederacy through an assembly, of which they alone were members.

The *gana-sangha* had an assembly located in the main city of the polity. It was presided over by a head. This office was not hereditary, even if these chiefs would at times be referred to as "Raja." Matters for discussion were placed before the assembly, discussed, and if a unanimous decision could not be reached it would be put to vote.

Advisors, a treasurer and a commander of the soldiers would assist the Raja. The *sanghas* also had an elaborate judicial procedure, with a suspect having to face a hierarchy of seven officials.

The idea that *gana sanghas* show that India is the world's oldest democracy came from, as Upinder Singh has highlighted, nationalist historians of the late colonial period who glorified these polities.

Gana-sanghas and democracy

Gana-sanghas cannot be understood as a democracy if measured against the modern understanding of the ideal. However, neither does Athens measure as democracy against the modern yardstick.

So, if Athenian *demokratia* can be considered as the beginning of democracy, then why not the *gana-sangha*? After all, both Greek city-states and *gana-sanghas* have broad similarities in their mode of government. Both involved assemblies that entailed discussion and voting in which the principle of majority prevailed. Both had some form of mechanism to dispense justice. And both excluded from their ambit a large number of people as "democracy" was limited to adult males or heads of clans.

'World's oldest democracy'

The existence of *gana-sanghas* gives good reasons to throw water on the hegemonic claim that democracy is a uniquely western idea. But that does not mean that India can conclusively be called the world's oldest democracy or the mother of democracy either. Why?

Forms of government that are based on collective deliberation involving most members of a community can and have appeared across the world even before 6th century BCE. In fact, scholars have argued that prior to the advent of agriculture when human beings started to settle in fixed communities, hunting and gathering societies were more likely to have governed themselves by some principles of democracy.

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