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EDITORIAL ANALYSIS

MAY 18

CONSISTENT COMPREHENSIVE AND CREDIBLE

UNIQUE AND BEST IN QUALITY

1. Let The Rupee Do Its Work (THE TIMES OF INDIA)
2. Chemical fertilizer cutbacks could aid Indian exports (MINT)
3. At Beijing summit, both Trump, Xi got what they came for. But Xi got a bit more (THE INDIAN EXPRESS)
4. Why India and Pakistan don’t talk anymore – looking back, and ahead (THE INDIAN EXPRESS)

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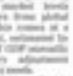
Let The Rupee Do Its Work

Falling exchange rate can curb imports more effectively than austerity measures. Don't intervene in forex market



Woo Investors, Go Electric

To increase resilience, massively scale up renewables, electrify transport, and make India attractive for world's best companies

- **Key Terms and Explanations**
- **Currency Depreciation:** This happens when a currency loses value against foreign currencies in a floating or market-determined exchange rate system, driven by supply and demand. For example, if the US Dollar moves from ₹83 to ₹87, the Rupee has depreciated. This makes imports pricier and exports cheaper.
- **Foreign Exchange Market Intervention:** This refers to actions taken by a central bank (like the Reserve Bank of India) to buy or sell foreign currency to influence its domestic currency's exchange rate. If the RBI sells dollars from its reserves to buy rupees, it artificially props up the value of the rupee.
- **Current Account Deficit (CAD):** This measures the gap between what a country spends on imports, transfers, and services from abroad, and what it earns from exports. A rising CAD indicates that the nation is a net debtor to the rest of the world for that period.
- **Shock Absorber (Exchange Rate):** A framework where a flexible exchange rate automatically adjusts to external economic shocks (like a sudden spike in global crude oil prices). Instead of the entire economy suffering from rigid prices, the currency weakens, which naturally lowers import demand and stabilizes the system.
- **Taper Tantrum (2013):** A period of global financial market panic that occurred when the US Federal Reserve announced it would slowly reduce (taper) its quantitative easing program. It led to massive capital flight from emerging markets like India, causing severe currency depreciation and spikes in CAD.
- **Geopolitical Risk Premium:** The extra cost factored into asset prices, commodities, or insurance rates due to political instability, wars, or diplomatic tensions. For instance, shipping lines charge higher premiums to navigate volatile routes like the Strait of Hormuz or the Red Sea.
- **Suppressed Pricing / Fuel Under-Recoveries:** The financial loss incurred by Oil Marketing Companies (OMCs) when the domestic retail price of fuel is kept artificially lower than international market rates due to government mandates.
- **Transmission Bottlenecks:** Structural constraints in the electrical grid that prevent clean energy generated in windy or sunny regions (like Rajasthan or Gujarat) from being transported to high-demand industrial zones across the country.

- **Main Arguments and Substantive Parts**
- The debate surrounding economic resilience centers on whether a country should shield its economy from external shocks using administrative tools or allow market mechanisms to correct imbalances naturally.
- **The Core Thesis**
- True economic resilience in a volatile global environment does not come from artificially defending a currency or freezing retail fuel prices. Instead, it relies on letting the exchange rate act as a natural shock absorber, allowing market prices to guide consumer behavior, and aggressively fixing structural bottlenecks in green infrastructure.
- **The Exchange Rate as a Pricing Mechanism**
- Defending a currency by selling foreign exchange reserves is often counterproductive during prolonged external shocks, such as a permanent re-pricing of global commodities.
- **Price-Driven Restraint:** When a currency depreciates, imports become more expensive in domestic terms. This acts as an automatic, decentralized tax on non-essential foreign goods, luxury items, and overseas travel.
- **Limitations of Voluntary Austerity:** While official appeals for voluntary restraint (like carpooling or delaying vacations) are well-intentioned, they rarely change aggregate consumer behavior over the long term. Price signals change behavior far more effectively.
- **The Risk of Speculative Attacks:** If investors see that a central bank is keeping a currency artificially strong, they anticipate an inevitable correction. This can cause capital flight, as investors dump local assets before the currency drops.
- **The Fiscal Cost of Price Suppression**
- Shielding consumers from international oil price hikes by freezing pump prices creates hidden economic distortions.
- **Blunted Incentives:** When retail fuel prices stay low despite global spikes, consumers see no reason to conserve energy.
- **Regressive Subsidies:** Fuel subsidies disproportionately benefit wealthier households who own multiple vehicles or consume more energy, rather than the vulnerable populations they are meant to protect.
- **Fiscal Strain:** Forcing oil marketing companies to absorb losses harms public finances, reducing the capital available for public infrastructure and green energy transitions.
- **Redefining External Vulnerability**
- Geopolitical risks in energy and capital markets are becoming permanent fixtures rather than temporary spikes.
- **Elevated Shipping and Capital Costs:** Ongoing tensions along major maritime trade routes have fundamentally altered shipping and insurance premiums. Emerging markets face structurally higher borrowing costs as global capital prefers safe-haven assets like the US Dollar.
- **Shift from Crisis to Structural Overhaul:** While India's Current Account Deficit remains manageable compared to the 2013 Taper Tantrum period, long-term stability depends on reducing fossil fuel dependence. This requires removing barriers to clean energy, expanding transmission lines, and upgrading battery storage networks.

- **Historical Evolution of the Issue**
- India’s approach to managing exchange rates, trade balances, and energy security has shifted significantly from rigid state controls to a market-driven framework.
- **Pre-1991: The Era of Strict Controls:** India maintained a fixed exchange rate system, pegging the Rupee first to the British Pound and later to a basket of currencies. The government tightly managed foreign trade through import licensing and foreign exchange rationing under the Foreign Exchange Regulation Act (FERA). This rigid system left the country highly vulnerable to external shocks, culminating in the 1991 Balance of Payments crisis.
- **1991–1993: Transition to a Market-Driven Currency:** Following the 1991 economic reforms, India devalued the Rupee by nearly 20% to boost export competitiveness. In 1992, the Liberalised Exchange Rate Management System (LERMS) introduced a dual exchange rate system. By 1993, India moved to a unified, market-determined exchange rate system, paving the way for current account convertibility under the Foreign Exchange Management Act (FEMA) in 1999.
- **The Fuel Pricing Deregulation Journey:** Historically, India insulated domestic consumers via the Administered Price Mechanism (APM) for petroleum products. This created massive fiscal deficits. The government began dismantling this system by deregulating petrol prices in 2010 and diesel prices in 2014, shifting toward daily dynamic pricing to let market realities reflect at the pump.
- **The 2013 Taper Tantrum Lesson:** When the US Federal Reserve hinted at reducing asset purchases in 2013, capital quickly exited emerging economies. India, burdened by a high CAD (nearly 4.8% of GDP) and high inflation, saw the Rupee plummet. This crisis highlighted that low foreign exchange reserves and sticky domestic inflation leave an economy highly vulnerable to global shifts.
- **The Modern Era (Post-2016):** With the introduction of the Flexible Inflation Targeting (FIT) framework under the RBI, India successfully anchored domestic inflation expectations. Backed by substantial foreign exchange reserves, the policy focus shifted away from defending a specific currency target, choosing instead to step in only to mitigate excessive, disorderly market volatility.

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UPSC CSE COMPREHENSIVE ANALYSIS:
India's Economic Resilience & Structural Reform Path

DETERMINING EXCHANGE RATE AS A SHOCK ABSORBER

Our analysis concludes that currency depreciation is a natural, decentralized adjustment tool, far superior to voluntary austerity for managing imports.

Curbs specific BOP-straining expenditures (foreign goods, travel) durably through price signals.

Absorbs commodity surges organically, preventing delayed and amplified corrections later.

Preserves large foreign exchange reserves for true financial stability threats, not artificial currency defense.

SUSTAINABLE FUEL PRICING & FISCAL HEALTH

Holding fuel prices below market rates blunts vital conservation incentives and creates significant fiscal costs. Our analysis advocates for market-determined pricing and targeted social safety nets.

Prevents massive, unrecoverable losses for Oil Marketing Companies (OMCs), releasing critical funds for infrastructure.

Direct universal subsidies disproportionately benefit higher-income groups. Targeted Cash Transfers with Direct Benefit Transfers (DBT) protect vulnerable households.

Allowed retail price increases encourage organic energy conservation and behavioral shift.

UNBLOCKING GREEN ENERGY POTENTIAL

Building long-term resilience requires fundamentally shifting the energy composition toward renewables and electrification. Our analysis identifies grid transmission as the single most critical investment priority.

Investment in interstate transmission lines is paramount, connecting resource-rich wind/solar zones in Western India to high-demand industrial centers.

Rapidly scale up battery storage capacity for grid stabilization and reliable renewable energy usage.

Open the economy to world's best EV and battery companies to accelerate transport sector electrification.

POLICY TOOLS FOR ECONOMIC ADJUSTMENT

While voluntary restraint is useful for specific issues like congestion and pollution, price signals remain the primary drivers of essential behavioral change.

Voluntary appeals have limits. Price signals via depreciation and fuel prices have a direct and durable impact on consumption behavior.

Avoid import and forex restrictions that lower overall economic productivity and channel demand into illegal markets.

Accepts permanent repricing of geopolitical risk in commodities and capital markets, prioritizing long-term structural resilience.

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- **Logical and Philosophical Base**
- The debate over currency and energy policy reveals a deeper tension between two different economic philosophies:
- **State Interventionism vs. Market Realism**
- The interventionist perspective assumes that the state can and should shield its citizens from external shocks by controlling key prices, like the exchange rate and fuel costs. The goal is short-term social and economic stability.
- Market realism, by contrast, views prices as vital signals rather than political choices. In this view, trying to suppress price movements is like breaking a thermometer to cure a fever: it hides the underlying problem and prevents the economy from making the necessary adjustments.
- **Administrative Nudges vs. Price Incentives**
- Appealing to citizens' civic duty to change their daily habits assumes that voluntary public cooperation can solve aggregate economic imbalances. While this approach carries civic value, economic data shows that price changes are far more reliable drivers of behavioral shifts. When a currency depreciates or fuel prices rise, the increased cost naturally encourages conservation without requiring bureaucratic enforcement.
- **The Role of an Exchange Rate**
- Is a stable exchange rate a sign of national economic strength, or is it simply a tool to balance trade?
- Mercantilist thinking often treats a falling currency as a loss of economic prestige. Modern macroeconomics, however, sees the exchange rate as a flexible shock absorber. Letting it adjust naturally helps distribute the impact of an external shock across the economy, preventing a sharper, more painful collapse down the line.

- **Multidimensional Analysis**
- A comprehensive look at economic adjustment mechanisms reveals impacts that extend far beyond simple trade balances.
- **Social Dimension**
- Allowing fuel prices to rise directly impacts households' disposable income. While the wealthy can absorb these increases, lower-income families face higher costs for basic goods and public transportation. This underscores the importance of shifting away from broad, indirect subsidies toward precise, targeted social safety nets like direct cash transfers.
- **Political Dimension**
- In a vibrant democracy, retail fuel inflation and a depreciating currency are politically sensitive issues that can influence elections. Governments often face intense political pressure to step in, suppress prices, and prioritize short-term public approval over long-term fiscal health.
- **Legal and Regulatory Dimension**
- Building a modern energy grid requires a transparent, predictable regulatory framework. Delays in land acquisition, complex environmental clearances, and shifting tariff structures set by state electricity regulatory commissions can slow down private investment in transmission lines and clean energy storage.
- **Ethical Dimension**
- Energy policy carries an inherent ethical responsibility: balancing environmental sustainability for future generations with affordable energy access for the current population. Using public funds to subsidize fossil fuel consumption for higher-income groups raises clear questions of generational and social fairness.
- **International Dimension**
- Relying heavily on imported fossil fuels leaves domestic policy vulnerable to geopolitical conflicts along critical maritime trade routes. Building long-term economic independence requires diversify trade partnerships, securing access to critical minerals, and building resilient domestic supply chains.
- **Economic Dimension**
- From a macroeconomic standpoint, a flexible exchange rate serves as an automatic stabilizer. While depreciation can increase short-term inflation risks, it helps protect foreign exchange reserves, preserves export competitiveness, and prevents structural trade deficits from expanding uncontrollably.

Linkages with NCERTs

Class XII: Introductory Macroeconomics

- *Chapter 6: Open Economy Macroeconomics:* Explains how the foreign exchange market works, the mechanics of fixed versus flexible exchange rate systems, and how depreciation helps adjust the Balance of Payments.
- *Chapter 5: Government Budget and the Economy:* Discusses fiscal deficits, the economic impact of subsidies, and how public spending choices influence overall macroeconomic stability.

Class XI: Indian Economic Development

- *Chapter 3: Liberalisation, Privatisation and Globalisation - An Appraisal:* Details the structural causes of the 1991 Balance of Payments crisis, the devaluation of the rupee, and the evolution of India's trade and currency policies.
- *Chapter 8: Infrastructure (Older Editions) / Current Energy Transition Themes:* Highlights the critical role of energy security, infrastructure investments, and the economic challenges posed by transmission bottlenecks.

- **Linkages with UPSC CSE Syllabus**
- **General Studies Paper III (GS-3)**
- **Indian Economy:** Issues relating to planning, mobilization of resources, growth, development, and employment.
- **Macroeconomics & Trade:** Balance of Payments (BOP), foreign exchange reserves, currency management, and RBI's monetary policy interventions.
- **Infrastructure:** Energy, including renewable energy generation, transmission infrastructure, and the transport sector's shift toward electrification.
- **General Studies Paper II (GS-2)**
- **Government Policies and Interventions:** The design and implementation of pricing policies, targeted welfare benefits, and direct subsidy reforms.
- **International Relations:** The impact of global geopolitical friction and regional conflicts on India’s economic interests and maritime trade security.
- **Essay & Optional Subjects**
- **Essay Themes:** Economic resilience, self-reliance versus global integration, sustainable green transitions, and market reforms in developing democracies.
- **Economics Optional:** Advanced trade theories, balance of payments adjustment mechanisms, exchange rate determination models, and fiscal policy frameworks.

- **Way Forward**
- Building long-term economic resilience requires a balanced strategy that pairs disciplined macroeconomic policy with targeted structural reforms.
- **Macroeconomic and Currency Management**
- **Preserve Exchange Rate Flexibility:** The Reserve Bank of India should let the Rupee find its market value against global shifts. Interventions should remain limited and focused entirely on smoothing out extreme, short-term market panic, rather than targeting an artificial valuation.
- **Enhance Policy Communication:** The central bank should continue to clearly communicate its intervention policy. This assures international investors that foreign exchange reserves are being saved for true financial crises, rather than spent on propping up the currency.
- **Fiscal and Subsidy Modernization**
- **Replace Broad Subsidies with Targeted Support:** End untargeted fuel and resource subsidies that benefit higher-income groups. Instead, use market pricing for commodities while expanding direct benefit transfers to protect low-income households from rising living costs.
- **Reallocate Resources to Public Infrastructure:** Redirect savings from subsidy reforms directly into public transport networks, electric vehicle infrastructure, and high-capacity interstate power lines.
- **Energy Grid and Strategic Investment**
- **Eliminate Green Energy Transmission Bottlenecks:** Accelerate investments in the national electricity grid, particularly connecting resource-rich states like Gujarat and Rajasthan to industrial corridors. This ensures clean energy generation capacity is fully used.
- **Adopt a Pragmatic Approach to Global Clean-Tech FDI:** Create a predictable regulatory environment to attract leading international electric vehicle and battery manufacturers. Prioritizing technical collaboration and supply chain scale over defensive trade postures will help fast-track domestic manufacturing and reduce long-term dependence on imported fossil fuels.

- **UPSC CSE Mains Questions**
- **2023 (GS-3):** "Is India facing the risk of a stagflationary situation in the near future? Analyze the macroeconomic factors currently influencing growth and inflation."
- **2022 (GS-3):** "What are the main bottlenecks in the integration of renewable energy into the national grid? Suggest policy measures to improve transmission efficiency."
- **2019 (GS-3):** "Do you agree that the Indian economy has recently experienced V-shaped recovery? Give reasons in support of your answer." (Contextual to external shocks and macro recovery).
- **2015 (GS-3):** "The nature of economic growth in India is described as jobless growth. Do you agree with this view? Give arguments in favour of your answer." (Linked to structural manufacturing deficiencies).

- **UPSC CSE Prelims**
- **2022:** Mechanism of inflation-indexed bonds, effects of currency devaluation on export competitiveness, and RBI's open market operations.
- **2021:** Factors driving capital flight from emerging markets, and the distinction between foreign direct investment (FDI) and foreign portfolio investment (FPI).
- **2019:** Components of the Current Account and Capital Account within the Balance of Payments framework.

livemint

Chemical fertilizer cutbacks could aid Indian exports

ARPITA MUKHERJEE & LATIKA KHATWANI

are, respectively, professor, and former research assistant, Indian Council for Research on International Economic Relations.

Chemical fertilizers in India are heavily subsidized and import-dependent. Their use, over the years, has led to significant deterioration in soil health. To promote soil testing, provide farmers with crop-specific nutrient recommendations, improve soil fertility and optimize fertilizer use, the government launched the Soil Health Card (SHC) scheme in 2015. During its first cycle (2015-17), around 25.4 million soil samples were tested, followed by 27.4 million soil samples in the 2017-19 cycle. In 2023-26, around 9.3 million samples were analysed. The results are alarming. Nearly 82% of them recorded soil organic carbon (SOC) levels below the desirable range of 1-1.5%. Nitrogen deficiency is particularly severe. Only 3% of soil samples showed sufficient nitrogen levels (greater than 560kg per hectare), indicating persistent nutrient depletion despite high fertilizer consumption. Low soil organic matter and poor nutrient use efficiency aggravate the problem, with crops absorbing only 35–40% of the applied nitrogen. The remaining nitrogen is either released into the atmosphere as nitrous oxide—a greenhouse gas that's 273 times more potent than carbon dioxide—or leaches into water systems, leading to water pollution.

An ongoing survey by Icrier found that deteriorating soil health is a high risk for our exports to the EU, which is striving to reduce GHG emissions and promote sustainable agriculture. Through its Green Deal and allied directives, the EU has targets and standards designed to lower the use of chemical fertilizers, pesticides and insecticides, while improving soil health. In India too, policymakers and farm experts have emphasized that soil health holds the key to sustainable farming, higher productivity, output quality and access to export markets. The Icrier survey also found that coffee planters who implemented EU requirements got higher than average yields. India's Prime Minister Narendra Modi has appealed to farmers to reduce their use of chemical fertilizers by 25-50% to move towards sustainable production without reducing productivity.

Soil health and high usage of fertilizers, pesticides and insecticides are interlinked. Poor soil health weakens crop resilience and reduces nutrient-use efficiency, which often drives farmers to use higher quantities of fertilizers to maintain productivity. However, nutrient-stressed crops are also more vulnerable to pests and diseases, resulting in greater dependence on pesticides and insecticides and raising the risk of export rejections due to breaches of maximum residue limit norms in export markets like the EU.

The National Institute for Research on Commercial Agriculture (NIRCA) found that soil used for tobacco cultivation had nitrogen levels of around 120kg per hectare and an SOC level of just 0.2-0.3%; it also found that crops absorbed only 40% of the applied nitrogen in certain regions of Andhra Pradesh. Our rice exports are frequently rejected by the EU, and one reason is the poor quality of soil in the country's basmati producing regions.

They could ease access to markets like the EU that have strict norms for sustainable agriculture

The proportion of nitrogen (N), phosphorus (P) and potassium (K) nutrients used in fertilizers, or the N: P: K ratio, was relatively balanced at 4.3: 2: 1 (optimal being 4: 2: 1) in 2009-10. It deteriorated to about 8.2: 3: 2 by 2012-13 and further to 10.9: 4.4: 1 by 2024-25. Nitrogen's rise is alarming.

Phosphorus sufficiency (greater than 25kg per hectare), although still relatively low, has improved from 23.1% in the first SHC cycle to 36% in 2025-26. Potassium sufficiency (greater than 280kg per hectare) declined from 56.9% to nearly 30%. Micronutrient deficiencies pose another challenge. In 2025-26, boron deficiency (less than 0.5 parts per million) was recorded in 41% of the samples, zinc deficiency (less than 0.6ppm) in 37%, sulphur deficiency (less than 10ppm) in 27% and iron deficiency (less than 4.5ppm) in 27%.

Is fertilizer the main culprit of adverse soil health? India is the world's second-largest user of fertilizer after China. We are one of the few countries that continues to subsidize chemical fertilizers (heavily skewed towards nitrogen) at the cost of organic or nano fertilizers. This imposes a substantial fiscal burden on the exchequer—nearly ₹2 trillion in 2025-26. Research organisations like NIRCA have set a fertilizer use reduction target of 20%. But low prices encourage usage. If chemical fertilizers are cheap, farmers will use them.

If this trend continues, our exports will face rejection in the EU and what was touted as the "mother of all deals" with India would prove insufficient to sustain our exports to the region. Improving soil health requires a shift from input-intensive farming to balanced nutrient management.

What should be done to improve soil health for sustainable exports? India needs to work on (i) promoting balanced NPK application, (ii) reducing dependence on nitrogen-based fertilizers, (iii) improving access to affordable bio-fertilizers, micronutrients and quality organic inputs for small farmers and (iv) ensuring that farmers follow the crop-specific fertilizer and nutrient recommendations printed on SHCs, apart from (v) capacity building and training of farmers on soil and nutrient management practices, and (vi) assessing the investment required for shifting towards greener production systems. It would also help if big European importers invest in sustainable supply chains that support small-scale farmers in supplier countries by giving them access to quality inputs, training and finance.

- **Key Terms and Explanations**
- **Soil Organic Carbon (SOC):** This refers to the carbon component of soil organic matter, which enters the soil through decomposed plant and animal residues. It serves as the primary energy source for soil microbes and acts as a structural glue for soil particles. For example, a soil with an SOC level below 0.5% is akin to a biological desert, unable to retain moisture or release nutrients effectively, whereas healthy agricultural soil requires a baseline of 1% to 1.5%.
- **Nutrient Use Efficiency (NUE):** This measures the proportion of nutrients applied via fertilizers that are actually absorbed and utilized by the crop. In India, Nitrogen NUE is currently a low 35–40%. This means that out of every 100 kg of urea applied by a farmer, 60 to 65 kg is entirely wasted, escaping into the environment instead of nourishing the plant.
- **Maximum Residue Limit (MRL):** This is the highest legally permissible level of pesticide or chemical residue in food commodities or animal feed, established by regulatory bodies like the European Food Safety Authority (EFSA) or Codex Alimentarius. If a batch of Indian Basmati rice or Andhra Pradesh tobacco exceeds these strict thresholds, it faces immediate rejection at international borders.
- **N:P:K Ratio:** The comparative proportion of Nitrogen (N), Phosphorus (P), and Potassium (K) used in agricultural soils. While the agronomically ideal ratio for Indian soils is generally considered to be 4:2:1, systemic distortions have pushed this ratio to a heavily skewed 10.9:4.4:1, indicating a severe over-application of nitrogenous fertilizers.
- **EU Green Deal & Farm to Fork Strategy:** A comprehensive European Union policy framework designed to make agriculture sustainable. It mandates strict reductions in chemical inputs—targeting a 20% reduction in fertilizer use and a 50% reduction in nutrient losses by 2030—which directly impacts developing nations exporting agricultural goods to the EU.
- **Nano and Bio-Fertilizers:** Nano-fertilizers utilize ultra-small particles (1–100 nm) to deliver nutrients directly to plant cells, dramatically increasing absorption efficiency. Bio-fertilizers consist of living microorganisms (like *Rhizobium* or *Azotobacter*) that naturally fix atmospheric nitrogen or solubilize soil phosphorus, restoring biological fertility without chemical externalities.

- **Main Arguments and Substantive Parts**
- The intersection of fiscal policy, soil chemistry, and global trade standards has created a challenging environment for sustainable agriculture in India. The core arguments can be broken down into four structural components:
- **The Soil Degradation Crisis and Nutrient Imbalance**
- The widespread assessment of soil health across India reveals a systemic decline in fertility. The primary issue is the collapse of Soil Organic Carbon (SOC), with nearly 82% of tested samples showing levels below the desirable 1–1.5% threshold. This structural depletion is further highlighted by a severe nitrogen deficiency, where only 3% of soil samples meet the optimal baseline of greater than 560 kg per hectare. Paradoxically, this deficiency persists despite high levels of chemical fertilizer consumption, illustrating that adding more chemicals cannot compensate for a degraded soil ecosystem.
- **Environmental Cost of Low Nutrient Use Efficiency**
- Because the soil's biological structure is degraded, its capacity to retain nutrients is heavily compromised. Crops absorb less than half of the applied nitrogen. The remaining 60–65% creates two major environmental problems:
- **Atmospheric Depletion:** Wasted nitrogen volatilizes into Nitrous Oxide (N_2O), a greenhouse gas with a global warming potential 273 times greater than Carbon Dioxide (CO_2).
- **Hydrological Pollution:** Excess nutrients leach downwards into groundwater tables and run off into surface water bodies, causing widespread eutrophication and ecosystem degradation.

- **The Trade and Export Vulnerability**
- Agricultural exports are directly exposed to these domestic ecological imbalances. International markets, particularly the European Union through its Green Deal directives, are steadily raising compliance standards for sustainable farming. High-value Indian exports, such as Basmati rice and tobacco, face frequent rejections due to chemical residues that violate destination market MRLs. Conversely, field data indicates that areas adhering strictly to balanced nutrient management—such as certain organized coffee plantations—realize higher average yields and secure premium access to international supply chains.

- **Historical Evolution of the Issue**
- The modern challenges surrounding soil fertility and fertilizer policy are rooted in choices made over several decades of agricultural planning.
- **Pre-Independence to 1960s (The Era of Low-Input Subsistence):** Indian agriculture relied primarily on traditional organic manures, compost, and crop rotation. While soil health remained naturally balanced with high organic carbon content, overall crop yields were low, leaving the nation vulnerable to frequent food shortages and reliant on external food aid.
- **The Late 1960s (The Green Revolution Milestone):** The introduction of High-Yielding Varieties (HYV) of wheat and rice required intensive chemical nutrients and irrigation. The government aggressively promoted chemical fertilizers, particularly urea, diammonium phosphate (DAP), and muriate of potash (MOP). This successfully achieved food self-sufficiency but initiated a long-term shift away from organic soil inputs.
- **1977 (Introduction of the Retention Price Scheme):** To insulate farmers from international price volatility and encourage domestic production, the government fixed fertilizer prices and subsidized manufacturers. This policy favored urea (Nitrogen), establishing a long-term price imbalance relative to Phosphorus and Potassium.
- **2010 (The Nutrient Based Subsidy De-linkage):** The government introduced the Nutrient Based Subsidy (NBS) policy for Phosphatic and Potassic (P&K) fertilizers, allowing their market prices to fluctuate based on nutrient content while keeping Urea under strict price control. This de-linkage caused the price of P&K fertilizers to rise relative to urea, prompting farmers to over-apply cheap nitrogen and accelerating the distortion of the N:P:K ratio from 4.3:2:1 in 2009–10 to 10.9:4.4:1 by 2024–25.
- **2015 (The Launch of the Soil Health Card Scheme):** Recognizing the nationwide decline in soil fertility, the government launched a major diagnostic program to test soil samples across the country. The initiative aimed to provide customized, crop-specific nutrient recommendations to help optimize chemical use, though its effectiveness remains constrained by the continued availability of low-cost urea subsidies.

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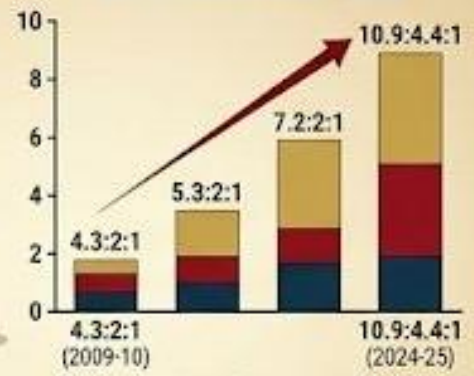
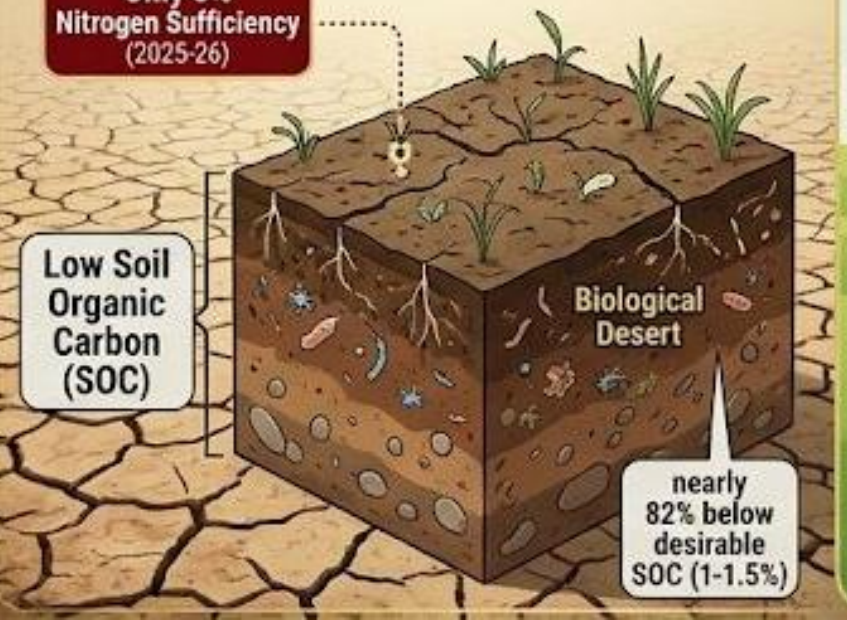
AXIA IAS ACADEMY PRESENTS:

INDIA'S SOIL HEALTH CRISIS & PATH TO SUSTAINABLE AGRICULTURE

1 The Chemical Conundrum & Fiscal Burden



Only 3% Nitrogen Sufficiency (2025-26)



2 Vicious Cycle of Input Overuse & Export Risks

Degraded Soil Health
↓
Lower Crop Immunity & NUE
↓
Need for *More* Fertilizer
↓
Nutrient Stress
↓
Pest Vulnerability
↓
Escalated Pesticide Use
↓
Higher Residue Risks & Export Rejection

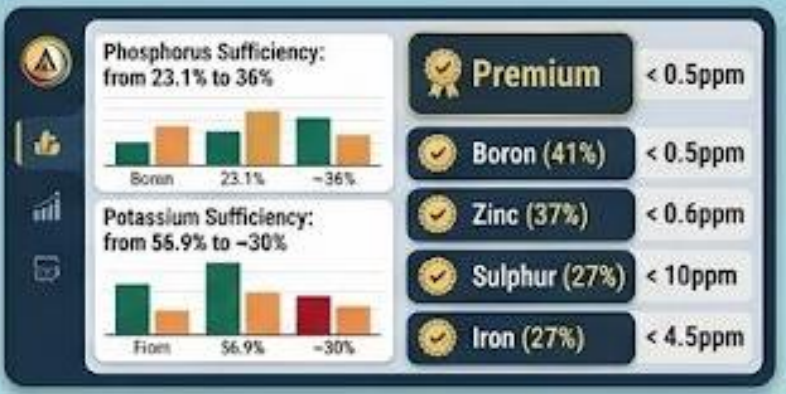
Nitrogen Losses: ~60-65%

Nitrous Oxide (N_2O)

273x Potent than CO_2

Low NUE: crops absorb only 35-40% applied nitrogen

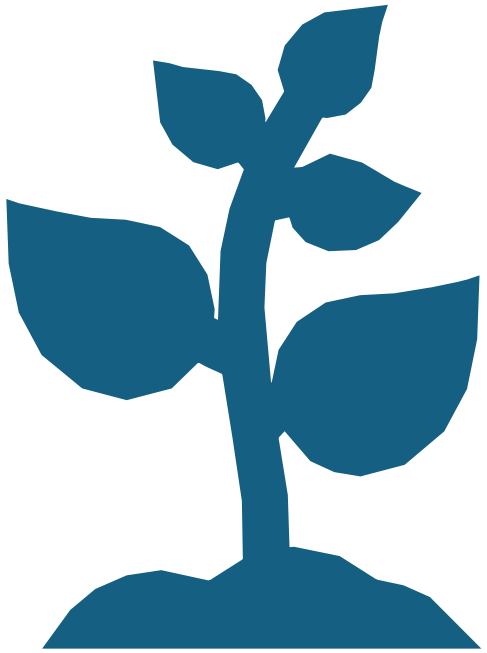
3 Key Soil Deficiencies (2025-26 SHC Results)



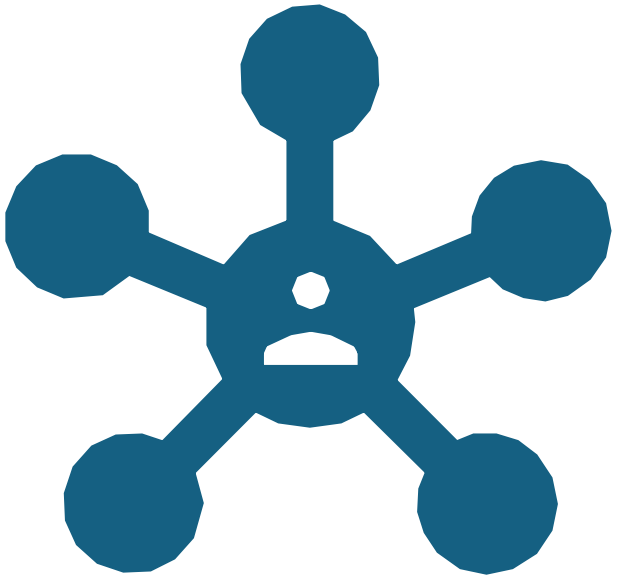
- Promote Balanced NPK Application (Targets 4:2:1)
- Reduce Reliance on Nitrogen
- Support Bio-Fertilizers & Organic Inputs
- Adhere to SHC Recommendations
- Capacity Building & Training
- Sustainable Supply Chains (Private Co-Investment)

Dimension	Anthropocentric / Input-Intensive Model	Ecocentric / Regenerative Model
Soil Treatment	An inert substrate to be heavily supplemented with synthetic elements.	A living web of microbial life requiring organic carbon upkeep.
System Approach	Maximizing immediate crop volume through external chemical inputs.	Optimizing ecosystem resilience, biological health, and long-term output.
Time Horizon	Short-term seasonal yield optimization.	Intergenerational preservation of natural soil assets.

- **Logical and Philosophical Base**
- The current challenge in soil management stems from specific underlying frameworks in agricultural planning:
- **The Productivist Paradigm and Linear Logic**
- Modern agricultural policy has long operated on a linear assumption: *if inputs are increased, outputs will scale proportionately.* This reductionist view treats soil as an inert, mechanical medium that converts chemical powders into crop yields, rather than viewing it as a living, dynamic biological ecosystem. The ongoing decline in soil health demonstrates that this model faces diminishing returns; adding chemical fertilizers to an ecologically depleted soil structure fails to deliver proportional productivity gains.
- **The Tragedy of the Commons and Fiscal Distortion**
- From an economic and philosophical perspective, soil health can be viewed as a shared foundational resource. When heavily subsidized chemical inputs artificially lower the direct cost of nitrogen, individual farmers face a rational economic incentive to over-apply urea to maximize short-term yields. However, this individual behavior leads to collective long-term degradation, resulting in a depleted soil base, contaminated groundwater, and substantial fiscal costs for the public exchequer.
- **Anthropocentric vs. Ecocentric Agriculture**
- The current issue highlights a fundamental tension between two agricultural philosophies:

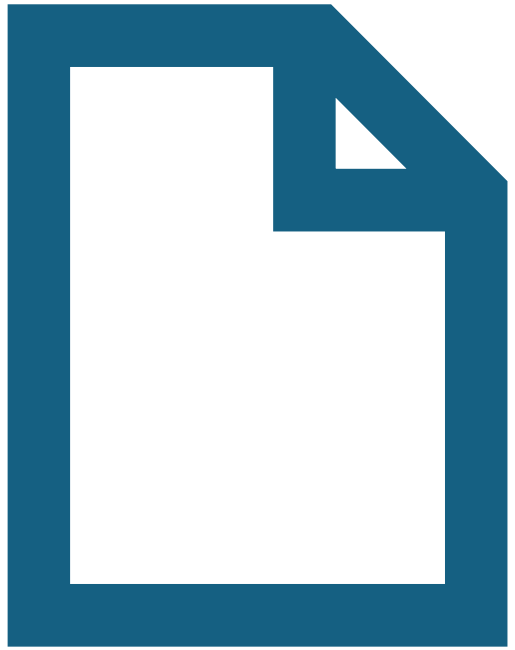


- **Multidimensional Analysis**
- **Social Dimension**
- The decline of soil health directly impacts public health and rural livelihoods. Low trace minerals in degraded soils lead to nutrient-deficient crops, contributing to widespread micronutrient deficiencies (such as zinc and iron) in consumer diets. Additionally, as soil productivity decreases, input costs often rise, placing financial pressure on vulnerable smallholder households.
- **Political Dimension**
- Fertilizer subsidies represent a sensitive political economic issue in India. Subsidized inputs are deeply embedded in rural economic expectations, making price corrections or subsidy restructuring politically challenging for regional and national governments anxious about electoral pushback.
- **Legal and Regulatory Dimension**
- Domestically, India's fertilizer quality control systems focus heavily on chemical purity rather than biological impact. Internationally, compliance with strict foreign regulatory standards, such as the European Union’s Maximum Residue Limits (MRLs), has shifted from a minor trade issue to a mandatory requirement for maintaining global market access.
- **Ethical Dimension**
- The current chemical-intensive model raises questions of environmental justice. Heavily focusing on short-term production shifts the long-term ecological costs—such as degraded soil capital and depleted aquifers—onto future generations, while causing immediate harm to non-human soil biodiversity.
- **International Dimension**
- Agricultural standards are increasingly central to international trade relations. Stricter environmental rules, like the EU's Green Deal and allied directives, can act as non-tariff barriers to trade. For developing nations like India, improving domestic soil health is no longer just an environmental goal, but an economic necessity for maintaining export competitiveness.
- **Economic Dimension**
- The current system carries significant fiscal costs, with fertilizer subsidies reaching nearly ₹2 trillion in 2025–26. This substantial expenditure acts as a fiscal drag, diverting public resources away from long-term capital investments in agriculture, such as irrigation infrastructure, cold chain logistics, and public agricultural research.



- **Linkages with NCERTs**
- **Class X: Contemporary India-II (Geography) – Chapter on "Agriculture":** Explains the foundational shift from primitive subsistence farming to intensive commercial farming, highlighting how modern inputs like chemical fertilizers and pesticides transformed Indian crop production.
- **Class XI: India: Physical Environment (Geography) – Chapter on "Soils":** Details the classification of Indian soils (Alluvial, Black, Red, Laterite) and discusses the physical and chemical properties that dictate natural fertility and vulnerability to erosion.
- **Class XI: Indian Economic Development (Economics) – Chapter on "Economic Reforms since 1991" & "Rural Development":** Provides the essential policy context regarding agricultural subsidies, food security strategies, and the fiscal impacts of state support systems on rural infrastructure.
- **Class XI: Chemistry – Chapter on "Environmental Chemistry":** Explains the chemical mechanics behind soil pollution, focusing on how excessive nitrogen applications break down into nitrous oxide and cause nutrient leaching into aquatic systems.
- **Class XII: India: People and Economy (Geography) – Chapter on "Water Resources" & "Agricultural Land Resources":** Examines the long-term impacts of the Green Revolution, including groundwater depletion, salinization, and the rising challenges of agricultural land degradation.

- **GS Paper 1: Geography and Society**
- *Salient features of world's physical geography:* Distribution and degradation of soil resources, changes in critical geographical features, and the social impacts of rural transformation.
- **GS Paper 2: Governance and International Relations**
- *Government policies and interventions:* Design, implementation challenges, and outcomes of agricultural schemes like the Soil Health Card program.
- *Bilateral and global groupings:* Trade dynamics with the European Union, non-tariff trade barriers, and international environmental compliance standards.
- **GS Paper 3: Economy, Agriculture, and Environment**
- *Major crops and cropping patterns:* Impact of nutrient imbalances on crop composition and international export competitiveness.
- *Issues related to direct and indirect farm subsidies:* The economic and fiscal implications of the ₹2 trillion fertilizer subsidy program.
- *Technology in the aid of farmers:* E-technology applications via digital soil health mapping and precision agriculture tools.
- *Environmental conservation:* Mitigating land degradation, managing nitrous oxide emissions, and reducing agricultural water pollution.
- **GS Paper 4: Ethics and Essay**
- *Environmental Ethics:* Exploring the responsibilities of current generations toward preserving natural resources for the future.
- *Essay Themes:* Aligning economic growth with environmental sustainability, reforming modern agriculture, and navigating green trade regulations.



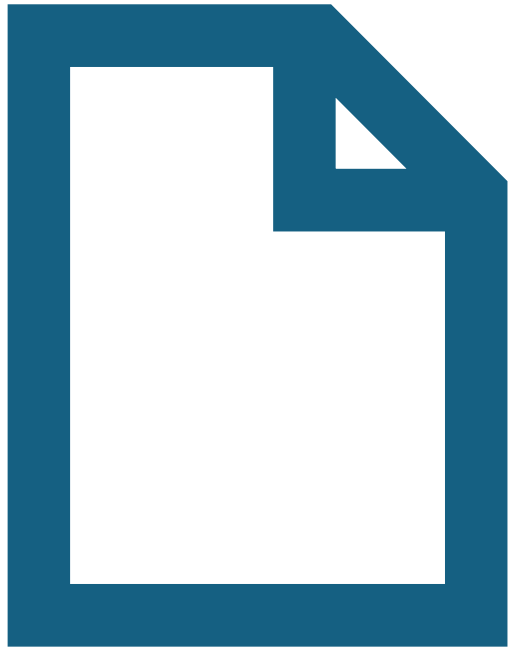
- **Way Forward**
- Addressing the dual challenge of soil degradation and tightening export standards requires a coordinated, practical policy approach:
- **Rationalizing Fertilizer Subsidies**
- **Incorporate Urea into the Nutrient Based Subsidy (NBS) Framework:** Bringing urea under the NBS scheme would allow its market price to reflect its actual nutrient profile, helping to correct the heavily distorted $N:P:K$ ratio.
- **Transition to Direct Benefit Transfer (DBT):** Shifting farm support from industrial price controls to direct income transfers to farmers' bank accounts allows producers to invest flexibly in the specific mix of organic or nano-inputs their soil requires.

- **Promoting Balanced and Innovative Inputs**
- **Expand Production of Nano and Bio-Fertilizers:** Providing targeted policy support for nano-urea and bio-fertilizers can help improve nutrient absorption efficiency while reducing overall chemical runoff.
- **Incentivize Rebuilding Soil Organic Carbon (SOC):** Launching dedicated programs to encourage the use of green manure, composting, and crop residue retention can help restore basic biological activity to depleted agricultural soils.

- **Strengthening Infrastructure and Extension Support**
- **Upgrade Local Testing Networks:** Enhancing village-level soil testing laboratories through public-private partnerships can help ensure that farmers receive timely, accurate soil health data.
- **Deploy Precision Extension Services:** Utilizing Krishi Vigyan Kendras (KVKs) and digital platforms to provide customized, crop-specific nutrient application advice helps farmers translate soil data into practical field management.

- **Securing International Export Integration**
- **Establish Compliant Export Zones:** Creating dedicated agricultural export zones focused on meeting international MRL standards can help protect high-value crop shipments from trade rejections.
- **Encourage Private Sector Co-Investment:** Partnering with major international buyers to invest in sustainable local supply chains helps smallholder farmers access the capital and training needed to meet global environmental criteria.

- **UPSC Civil Services Examination (Mains)**
- **2020 (GS Paper 3):** "How far is the Integrated Farming System (IFS) helpful in sustaining agricultural production in India?"
- **2018 (GS Paper 3):** "How has the emphasis on certain crops distorted the cropping pattern in India? Evaluate the role of chemical fertilizer subsidies in determining these patterns."
- **2017 (GS Paper 3):** "What are the major reasons for declining soil fertility in India? Discuss how the Soil Health Card Scheme can help address this issue."
- **2015 (GS Paper 3):** "Given the vulnerability of Indian agriculture to climate change, discuss how traditional knowledge systems can be integrated with modern technology to ensure long-term soil health."
- **UPSC Civil Services Examination (Prelims)**
- **2020:** "What are the advantages of fertilizer fertigation in agriculture?"
    - Controlling the alkalinity of irrigation water is possible.
    - Efficient application of Rock Phosphate and all other Phosphatic fertilizers is possible.
    - Increased availability of nutrients to plants is possible.
    - Reduction in the leaching of chemical nutrients is possible. *Select the correct answer using the code given below:* (Correct Answer: 1, 3, and 4)
- **2017:** "With reference to the 'Soil Health Card Scheme', consider the following statements:"
    - It aims to expand the total cultivable area under irrigation.
    - It helps banks determine the credit limits for farming households.
    - It provides farmers with personalized assessments of nutrient deficiencies in their soils. *Which of the statements given above is/are correct?* (Correct Answer: 3 only)



At Beijing summit, both Trump, Xi got what they came for. But Xi got a bit more

ASHOK K KANTHA

DONALD TRUMP'S state visit to China was a performance of diplomacy: Carefully choreographed, heavy on optics, and light on binding detail. Both sides were eager to show progress: Trump called the visit "very successful"; Xi Jinping declared it "historic". The Chinese catered to Trump's weakness for spectacle with the state banquet, the parting tea, and Xi accompanying Trump to the Temple of Heaven – but the substance, as expected, was meagre. Significantly, Beijing, not Washington, controlled the narrative throughout.

Trump needed a foreign-policy "win" to serve as a distraction from the political headwinds of the Iran war, and to impress markets and domestic constituencies. Xi needed validation: That China had weathered the tariff storm, emerged from geopolitical friction with its strategic position intact, and was now being courted as a peer by the US, something Chinese leaders have long sought. Both got what they came for. But Xi got a little more.

The new formulation — "constructive strategic stability" — for the bilateral relationship, described by Foreign Minister Wang Yi as "the most important political consensus" of the summit, is Beijing's handiwork. It is a deliberate conceptual move to displace the American vocabulary of "strategic competition" with a Chinese-preferred notion of long-term coexistence with guardrails. Beijing acknowledges the relationship as competitive but talks about keeping it within acceptable limits. Xi's four-part elaboration — "positive stability with cooperation as the mainstay, healthy stability with competition within proper limits, constant stability with manageable differences, and lasting stability with expectable peace" — is designed to lock in the post-Busan *détente*.

Trump, characteristically, reached for a simpler frame: "It's the two great countries... I call it the G-2." The image of two great powers on equal footing was exactly what Xi had engineered. Both sides signalled a willingness to manage the relationship through summitry and bilateral validation rather than the harder work of resolving underlying disputes.

The tale of two readouts illuminates how much remains unresolved. The White House summary emphasised commercial commitments — Boeing aircraft orders, agricultural purchases, market access, Chinese investments — and agreement that the Strait of Hormuz must remain open and not be militarised. The Chinese readout was cautious and silent on most US specifics. Neither readout mentioned China's state-nurtured industrial overcapacity and other systemic differences. Most structural problems were kept off the table, allowing China to preserve its policy space.

But Taiwan was an exception. The most striking moment was Xi's Taiwan warning, delivered in a highly staged, public setting carried immediately by state media. If the Taiwan question is handled "poorly", Xi said, the two countries risk "clashes and even conflicts". Taiwan was absent from the US readout entirely. On Air Force One, Trump said he made "no commitment either way" on the pending $14 billion arms package and called it "a very good negotiating chip". When a reporter invoked Ronald Reagan's assurance to Taiwan that no president would consult Chinese leaders on arms sales, Trump dismissed the premise. Decades of US commitment on "Six Assurances" to Taiwan were waved aside.

> China has gained relative to the US and grown more confident despite its economic headwinds. It has the tools and the strategic discipline to manage escalation dynamics

On Iran and maritime security, the summit produced a measure of concrete, if still qualified, convergence. Both leaders agreed that the Strait of Hormuz must remain open. According to the US readout, Xi expressed interest in purchasing more American oil, agreed that Iran cannot acquire a nuclear weapon and committed not to sell weapons to Iran. The Chinese readout was circumspect, and the gap between Washington's public optimism and Beijing's operational delivery has a long history. The continued closure of the Strait is hurting China, but it is disinclined to deploy its leverage with Iran beyond a point.

On technology and AI — perhaps the most consequential long-term dimension of the rivalry — the summit was studded with ambiguity. Trump confirmed that chip exports came up, and that Xi told him China wants to make its own. A candid declaration of an indigenisation agenda. Licences for 750,000 H200 Nvidia chips remain stalled on the Chinese side, even as the US has cleared sales. Both sides have frozen new technology controls since the October 2025 truce, a freeze that disproportionately benefits Beijing. An AI dialogue was agreed in principle; its content remains undefined.

Conspicuously absent from both readouts were rare earths and export controls, despite their centrality to the current *détente*. China's weaponisation of critical mineral supply chains — shutting off rare-earth exports last year and forcing Washington to stand down from tariff escalation — is the background condition for the Busan truce, reaffirmed in Beijing. That leverage is carefully maintained, and a China-resilient rare-earth supply chain remains years away.

The larger truth is structural and enduring. China has gained relative to the US and grown more confident despite its economic headwinds. It has the tools, patience and the strategic discipline to manage escalation dynamics. China is ready for long-term, indefinite competition. As Da Wei of Tsinghua University observed: "The US side looked a little passive. The Chinese side prepared very well." Trump's instinct for spectacle suits Beijing well; it allows Xi to accumulate the symbolic validation of peer-to-peer summitry without meaningful concessions. The summit was, in that sense, a tactical triumph for China.

For India, the summit is a sobering signal. The immediate effect — reduced risk of sudden great-power crises, some easing of energy market pressures — is modestly positive. But the structural implications are more uncomfortable. The G2 "overlay" — not a formal duopoly, but the atmospheric effect of two great powers coordinating — narrows the manoeuvring space available to other major powers, India included. A Beijing that reads India's interest in improving bilateral relations as a result of India's declining importance in the US strategic calculus has less incentive to offer meaningful concessions on unresolved issues.

The visit is a continuation of a tactical détente, not a strategic reconciliation. By agreeing to a rhetorical framework of "strategic stability", the US and China are buying time even as they know that strategic rivalry is baked in the system. Yet, it is advantage Beijing.

The writer is former ambassador to China and holds the Subhas Chandra Bose Chair of International Relations, Chanakya University, Bengaluru

- **Key Terms and Explanations**

- **Constructive Strategic Stability:** A bilateral framework proposed by Beijing designed to replace the Washington-preferred vocabulary of "strategic competition." It emphasizes long-term coexistence, managed differences, and operational guardrails over active geopolitical friction. For example, it functions similarly to the Cold War détente, where ideological rivals established structural boundaries to prevent direct conflict while continuing to compete beneath the threshold of war.

- **G-2 (Group of Two):** An informal geopolitical concept suggesting a global condominium where the United States and China act as the premier powers shaping the international order. Rather than relying on multilateral institutions like the United Nations, global governance and crisis management are filtered through direct, bilateral understanding between Washington and Beijing.

- **Strategic Competition:** The dominant foreign policy paradigm of the United States toward China, framing Beijing as a revisionist power seeking to reshape the rules-based international order. This framework treats the bilateral relationship as zero-sum across economic, technological, and military domains.

- **Post-Busan Détente:** The temporary, fragile truce in the US-China economic and technological confrontation initiated in late 2025. It represents a tactical pause where both nations freeze new escalatory measures to manage internal economic stresses and external geopolitical shocks.

- **Industrial Overcapacity:** A structural economic condition where state-subsidized domestic production significantly exceeds internal consumption capabilities. This leads to the flooding of global markets with low-cost goods, particularly in strategic sectors like electric vehicles, lithium-ion batteries, and solar panels, depressing global prices and harming foreign competitors.

- **Six Assurances:** A set of critical foreign policy commitments made by US President Ronald Reagan to Taiwan in 1982. These assurances dictate that the US will not set a date for ending arms sales to Taiwan, will not alter the terms of the Taiwan Relations Act, and will not consult Beijing before making decisions regarding Taiwanese security.

- **Main Arguments and Substantive Parts**
- **The Core Thesis**
- The recent diplomatic engagement between the leaders of the United States and China represents a tactical détente driven by immediate political convenience, rather than a fundamental strategic reconciliation. While both nations achieved their short-term domestic and international objectives, China demonstrated superior strategic discipline and narrative control, securing asymmetrical advantages that shift the relative balance of power in its favor.
- **Key Analytical Pillars**
- **Optics vs. Substance:** The bilateral engagement was heavily weighted toward performative diplomacy and ceremonial choreography. The United States sought a high-profile foreign policy victory to distract from domestic political friction and regional security crises in the Middle East. Conversely, China utilized the summit to validate its status as an equal peer to the US, projecting resilience against Western tariff regimes.
- **Conceptual Displacement:** Beijing successfully institutionalized its own diplomatic vocabulary. By introducing "constructive strategic stability," China seeks to lock in a framework of predictable peace and managed differences. This effectively blunts the sharper edge of American "strategic competition" and preserves China’s domestic policy space.
- **The Divergence of Priorities:** The contrasting agendas of the two powers are clearly visible in their post-summit summaries. The US focused heavily on transactional gains, such as commercial aviation commitments, agricultural purchases, and immediate maritime security in the Strait of Hormuz. China, meanwhile, maintained strategic silence on structural grievances, such as state-directed industrial subsidies and technology transfer mechanisms, keeping its core economic model insulated from external pressure.
- **The Transactionalization of Security:** A critical shift occurred regarding long-standing security architectures. The willingness of the US administration to frame foundational commitments, like arms sales to Taiwan, as potential negotiating chips undermines decades of normative security guarantees and signals a pivot toward pure realpolitik.
- **Asymmetric Technology Gains:** The maintenance of a technology control freeze disproportionately benefits Beijing. By pausing new restrictions, China gains valuable time to advance its indigenisation agenda and build a self-reliant technological ecosystem, particularly in high-end semiconductor manufacturing and artificial intelligence.

- **Historical Evolution of the Issue**
- **The Strategic Realignment (1972–1979):** The modern US-China relationship was forged on realpolitik during the Cold War. The 1972 Nixon visit and the subsequent Shanghai Communiqué were designed to balance the Soviet Union. This era established the framework of "strategic ambiguity" regarding Taiwan, prioritizing geopolitical balancing over ideological coherence.
- **The Integrationist Paradigm (1979–2016):** Following formal diplomatic normalization in 1979, US policy shifted toward economic engagement. The culmination was China's accession to the World Trade Organization (WTO) in 2001. Western policymakers operated under the assumption that economic liberalization would inevitably lead to political pluralism and turn China into a "responsible stakeholder" within the US-led international order.
- **The Pivot and Structural Friction (2011–2017):** As China's economic stature grew, its foreign policy under the current leadership became significantly more assertive, particularly in the South China Sea. The Obama administration's "Pivot to Asia" recognized this shift, marking the beginning of a security-first approach to contain Chinese regional hegemony.
- **Overt Confrontation (2018–2024):** The relationship entered a period of systemic friction characterized by extensive tariff escalations, technology export controls (specifically targeting semiconductor supply chains), and ideological polarization. The US consensus shifted toward treating China as a primary systemic rival.
- **The Era of Tactical Stabilization (2025–Present):** Driven by the economic exhaustion of trade wars and the eruption of severe geopolitical conflicts in Europe and the Middle East, both powers have entered a phase of calculated stabilization. The Busan Truce of late 2025 and the 2026 Beijing Summit mark a transition from unmitigated escalation to structured, bilateral coexistence, reviving the structural reality of a "G-2" world order.

AXIA IAS ACADEMY INSIGHT: THE GEOPOLITICS OF THE TRUMP-XI 2026 SUMMIT

AXIA IAS ACADEMY
RISE ABOVE THE REST

MAY 18, 2026 - UPSC SPECIAL STRATEGIC ANALYSIS

US STRATEGIC COMPETITION VS CHINA'S CONSTRUCTIVE STRATEGIC STABILITY

- **Terms:** Strategic Competition, De-risking
- **Goals:** Deter assertiveness, transactional wins
- **Focus:** Competitive Containment

THE G2 OVERLAY
(Atmospheric coordination, not formal duopoly)

- **Terms: Constructive Strategic Stability, Mutual Respect**
- **Goals:** Long-term coexistence, validation as peer
- **Four-part Formula**
  - **Healthy Stability** (capping tech controls)
  - **Positive Stability** (cooperation mainstay)
  - **Constant Stability** (manageable differences)
  - **Lasting Stability** (expectable peace)

BEIJING'S CONSTRUCTUAL MOVE: Displacing US vocabulary to preserve policy space.

2 TRUMP'S OPTICS vs. XI'S SUBSTANCE: WHO GOT MORE?

TACTICAL GAINS (OPTICS & DOMESTIC FOCUS)

- **State Banquet** (spectacle)
- **Parting Tea**
- **Foreign policy "win" distraction** (Iran war context)
- **Commercial orders** (Boeing, agriculture purchases)
- **Market access validation**

STRATEGIC TRIUMPH (NARRATIVE & SYSTEMIC VALIDATION)

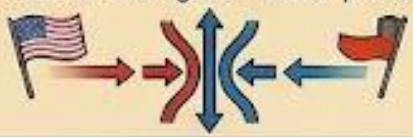
- **Narrative Control** (Beijing's handiwork)
- **Validation as US peer**
- **Displaced "strategic competition" with "stability" term**
- **Preserved policy space** (state subsidies/overcapacity off table)
- **Technology freeze window** (finish indigenization)
- **Critical mineral leverage** carefully maintained

AXIA VERDICT: XI GOT A BIT MORE

TACTICAL TRUMPH FOR CHINA: Accumulating symbolic validation without concessions.

3 IMPLICATIONS FOR INDIA & GLOBAL SOUTH (SOBERING SIGNAL)

COMPRESSED MANEUVERING SPACE
(INDIA, JAPAN, FRANCE)
Reduced leverage for middle powers



RECALIBRATED CHINESE PERCEPTION
Beijing reads India's improving relations as declining US strategic value

LESS INCENTIVE FOR CHINESE CONCESSIONS
- Beijing is less inclined to offer meaningful deals

INDIA MUST RECALIBRATE: Deepen strategic autonomy, build independent deterrence, diversify critical mineral chains.

- **Logical and Philosophical Base**

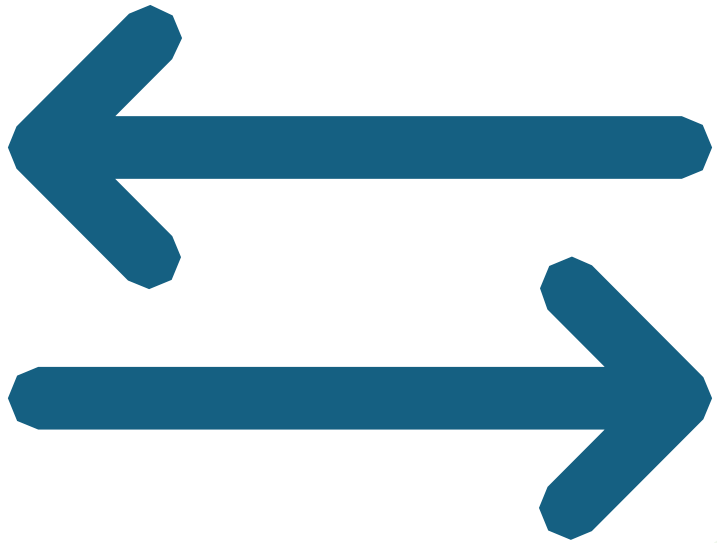
- **Realism vs. Transactional Foreign Policy**
- The core of this geopolitical dynamic lies in the tension between two competing theories of international relations. Classical structural realism suggests that a rising power (China) and a status-quo power (the US) are locked in an inevitable struggle for systemic dominance, often described as the Thucydides Trap.
- However, current developments show this structural rivalry colliding with a highly transactional, personalized foreign policy paradigm. The US approach treats deeply rooted structural disputes as short-term bargaining chips for immediate commercial or political gains.
- **Strategic Discipline vs. Democratic Electoral Cycles**
- A key analytical concept is the structural asymmetry in political time horizons:
- An authoritarian state, insulated from immediate electoral pressures, can exercise long-term strategic patience. It can withstand economic friction, manage escalation dynamics, and systematically build domestic capabilities.
- In contrast, a democratic state is often bound to short-term electoral cycles. This structural pressure incentivizes leaders to prioritize immediate, visual foreign policy achievements over the long-term work of addressing structural imbalances.
- **Gramscian Hegemony and the War of Words**
- From a philosophical standpoint, China’s introduction of "constructive strategic stability" is a masterclass in establishing ideological hegemony. By successfully altering the diplomatic vocabulary, Beijing shifts the rules of engagement.
- Accepting this vocabulary forces the status-quo power to operate within a conceptual framework where competition is restricted by guardrails that protect the rising power's domestic system, effectively limiting the West’s ability to counter China’s rise.

- **Multidimensional Analysis**
- **Social Dimension**
- The geopolitical rivalry is deeply intertwined with domestic social narratives. In China, standing as an equal peer to the US feeds hyper-nationalistic pride, reinforcing regime legitimacy amid economic headwinds. Conversely, in the West, the sustained economic competition fuels anti-Asian sentiment and creates deep societal anxiety regarding manufacturing job losses, making long-term compromise politically sensitive.
- **Political Dimension**
- The issue reveals a deep split within the American political architecture. While the executive branch favors a personalized, deal-driven approach to secure immediate diplomatic wins, the legislative branch and the broader security establishment remain committed to systemic containment. This internal political friction makes US foreign policy unpredictable and volatile.
- **Legal Dimension**
- The primary legal friction point rests on the conflict between international communiqués and domestic statutes. The execution of a transactional foreign policy that minimizes commitments to Taiwan runs directly into the legal framework of the Taiwan Relations Act of 1979. This Act legally obligates the United States to provide Taiwan with defensive capabilities, creating a significant constitutional challenge for the executive branch.
- **Ethical Dimension**
- The ethical dilemma centers on the conflict between classical realpolitik and values-based diplomacy. Choosing to prioritize commercial concessions and strategic stability over democratic solidarity and human rights protections represents a clear shift toward pure pragmatism. This transactional approach weakens the ethical foundation of global governance, reducing international norms to simple instruments of major-power convenience.
- **International Dimension**
- The reinforcement of a "G-2" overlay structurally alters the global balance of power:
- As Washington and Beijing move toward managing global issues through a bilateral lens, middle powers—including India, Japan, and European nations—find their strategic maneuvering space compressed. It reduces their leverage, as both superpowers prioritize their bilateral deals over broader multilateral partnerships.
- **Economic Dimension**
- The economic dimension illustrates the transition from classic globalization to highly fragmented, security-driven trade. While the summit featured traditional commercial deals like aircraft purchases, the underlying reality is dominated by the weaponization of supply chains and defensive technological indigenization. True economic integration is being systematically replaced by a managed division of markets, where technology is heavily guarded and critical minerals are used as geopolitical leverage.

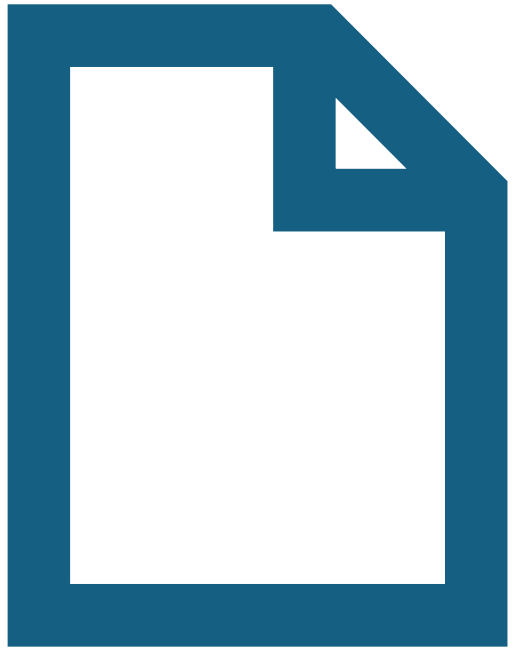
- **Linkages with NCERTs**
- **Class 12 Political Science (*Contemporary World Politics*):**
    - *Chapter on "Alternative Centres of Power":* Directly relevant to analyzing the rise of China as an economic and military powerhouse capable of challenging unipolarity. It provides the essential historical context needed to understand Beijing's long-term pursuit of peer status with Washington.
    - *Chapter on "US Hegemony in World Politics":* Offers the theoretical foundation for evaluating how a status-quo superpower attempts to handle systemic challenges to its global dominance.
- **Class 12 Geography (*Fundamentals of Human Geography*):**
    - *Chapter on "International Trade":* Crucial for understanding global supply chain dependencies, maritime trade routes, choke points like the Strait of Hormuz, and the geopolitical importance of critical mineral distribution.

- **Linkages with UPSC CSE Syllabus**
- **General Studies Paper II (Governance, Constitution, Polity, Social Justice and International Relations)**
- **Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests:** The formation of an informal "G-2" framework directly reshapes the international landscape that India must navigate.
- **Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora:** The tactical truce between the US and China alters global trade flows, tech regulations, and the strategic attention Washington dedicates to the Indo-Pacific, directly impacting India's security calculations.
- **General Studies Paper III (Technology, Economic Development, Biodiversity, Environment, Security and Disaster Management)**
- **Science and Technology- developments and their applications and effects in everyday life; Indigenization of technology and developing new technology:** The US-China competition over semiconductor supplies and artificial intelligence governance sets the global standards and constraints for India's own technological development.
- **Security challenges and their management in border areas; linkages of organized crime with terrorism:** Any reduction in US strategic focus on the Indo-Pacific due to a bilateral understanding with Beijing can result in increased Chinese military assertiveness along the Line of Actual Control (LAC).
- **Essay and Optional Subjects**
- **Strategic Themes:** Highly applicable to Essay topics focusing on globalization, multipolarity versus bipolarity, and the role of ethics in international relations.
- **Political Science and International Relations (PSIR):** Directly maps to Paper I (Concepts of Power, Realism) and Paper II (Comparative Politics and International Relations, Changing International Political Order, India's Foreign Policy).

- **Way Forward**
- **1. Recalibrating Strategic Autonomy (Multi-Alignment 2.0)**
- India must recognize that its alignment with Western partners against regional expansionism is a variable, not a constant. New Delhi needs to deepen its engagement with other middle powers—such as France, Japan, Australia, and ASEAN nations—to build issue-based coalitions that can withstand sudden policy shifts from Washington.
- **2. Accelerated Internal Modernization and LAC Fortification**
- Because a consolidated "G-2" reduces Beijing's incentives to offer concessions on border disputes, India must accelerate its infrastructure development along the Line of Actual Control. Security along the northern borders must rely on independent, domestic deterrence capabilities rather than the diplomatic leverage of external balancing partnerships.
- **3. Critical Mineral De-risking and Technology Partnerships**
- To insulate its economy from external supply chain shocks, India must rapidly operationalize its membership in the Minerals Security Partnership (MSP). Investing heavily in domestic exploration, processing capabilities, and alternative technology supply chains will help bypass China's current monopoly on rare earth minerals.
- **4. Direct, Pragmatic Dialogue with Beijing**
- India should maintain open, clear, and realistic bilateral communication channels with China. By separating border management from broader economic engagement where necessary, New Delhi can avoid a situation where Beijing views India solely through the lens of US-China rivalry, preventing China from interpreting India's diplomatic choices as mere compliance with Western strategy.



- **UPSC CSE Mains (General Studies Paper II & PSIR)**
- **2023 (GS II):** "The USA is facing an increasingly assertive China that seeks to reshape the Asian security architecture. Evaluate the implications of this confrontation on India’s strategic choices."
- **2021 (GS II):** "The dynamic nature of international politics has forced nations to prioritize transactional gains over long-standing values. Critically analyze this statement in the context of recent developments in US-China relations and its impact on the Indo-Pacific."
- **2019 (GS II):** "What introduces instability in a unipolar world is the emergence of a challenger power. Discuss how the economic and technological rise of China challenges US hegemony and impacts India’s foreign policy."
- **2018 (PSIR Paper II):** "Examine the structural constraints that prevent the emergence of a true multipolar world order, with special reference to the concept of a G-2 condominium."



Why India and Pakistan don't talk any more – looking back, and ahead

VIVEK KATJU

AS THE country marked the first anniversary of Operation Sindoor, India's strategic and foreign policy circles turned their attention to Pakistan, and New Delhi's evolving approach towards its western neighbour. Here is my perspective.

After the success of the Afghan jihad against the Soviet Union, Pakistan thought that it could wrest Jammu & Kashmir from India, inter alia, through the ISI-mentored jihadi tanzeems. Successive Indian governments shored up Indian defences, and all prime ministers after Narasimha Rao wanted to normalise ties through engagement.

In March 1997, the foreign secretaries met in Delhi after a hiatus of four years. Pakistan asked for the establishment of a "structured and integrated" dialogue mechanism. Its object was to control the scope and pace of bilateral ties. The process began in June 1997, and the India-Pakistan Composite Dialogue (CD) was announced in September 1998. Following the nuclear tests, Atal Bihari Vajpayee wanted engagement all the more. He instructed his negotiators, on the margins of the Durban Non-aligned summit in September 1998, to complete the process. This writer and the late Tariq Altaf, additional secretary in Pakistan's Foreign Ministry, finalised the nitty-gritty of the dialogue process during a one-on-one marathon session in the latter's hotel. The CD was formally announced after Vajpayee's meeting with Prime Minister Nawaz Sharif in New York, some three weeks later.

The CD consisted of eight subjects, which could be put in three categories. Humanitarian matters, cooperation, and the resolution of issues, including J&K, and terrorism. Pakistan's primary concern was J&K, and India's was terrorism and cooperation. Pakistan considered any progress on bilateral cooperative mechanisms as a trap.

The CD's first round was held in 1998. To cement the engagement, Vajpayee visited Lahore in February 1999. There was hope that relations would improve. However, Pakistan's army chief Pervez Musharraf did not want the two countries to pursue peace. He continued with his Kargil plan. India's decisive military action foiled the general's intention. Bilateral relations nosedived and the CD was put in cold storage.

This remained so during Vajpayee's term because of the IC-814 hijack in December 1999, the failed Agra summit of July 2001 and the Parliament attack in December 2001, which brought the two countries to the verge of war. In January 2004, Musharraf committed that territories under Pakistan's control would not be used against India. That opened the doors to renewed India-Pakistan engagement, but Vajpayee lost the election. Manmohan Singh picked up the baton.

The India-Pakistan engagement proceeded through three vehicles – a back channel on J&K, led by former diplomat late Satinder Lambah on the Indian side, the CD and a Joint Anti-Terror Mechanism (JATM). The most significant was the back channel, which continued till 2014 but lost steam with Musharraf giving up office in 2008. While Singh and Lambah held that the two countries came close to finding a modus vivendi, but not a permanent solution, on J&K, a Pakistani counterpart of Lambah told me that big differences remained.

> Neither comprehensive engagement nor kinetic force has deterred Pakistan from using terror. That is indicative of its desire to keep India on the defensive

Four rounds of the CD were held between 2004-08, and another two through 2011-2012. The Mumbai terrorist attack of November 2008 led to the CD being called off. However, it was resumed after Singh met his Pakistani counterpart, Yousuf Raza Gilani, in April 2010 on the margins of the SAARC summit in Thimpu, though nothing substantial was achieved.

The JATM held four fertile rounds. The last was around a month before the Mumbai terrorist attack. It did not survive the attack. I led the Indian side in the last two rounds of the JATM, that is the basis for this assessment.

Singh's dream of having breakfast in Kabul, lunch in Islamabad and dinner in Delhi remained just that. He did not once visit Pakistan during his tenure. But Narendra Modi did in December 2015 to indicate his commitment to normalising ties. He had earlier invited Prime Minister Nawaz Sharif to his oath-taking ceremony in May 2014 and showed enormous flexibility in accepting the demands of Pakistani generals who were unwilling to go along with the Ufa Joint Statement of July 2015. India and Pakistan agreed to resume the CD, only now it was renamed the Comprehensive Bilateral Dialogue (CBD). It did not occur because the Pakistani generals undertook the Pathankot terrorist attack within 10 days of Modi's visit. A senior retired Pakistani general told me that the visit "had nothing to do with the Pakistani state". Modi was embarrassed but still sought to keep hopes alive. They were snuffed out by the Uri terrorist attack in September 2016.

Modi decided to undertake kinetic action. Surgical strikes followed. A new paradigm had been set. It was followed by the Pulwama and Pahalgam terrorist attacks. India asserted that for a return to bilateral comprehensive engagement, Pakistan would have to abandon the use of terror. As it is now a part of Pakistan's security doctrine, Pakistan cannot fold up the tanzeems.

India had signalled that talks and terror cannot go together before the pre-Uri terrorist attacks too. But it had, for 18 years, restarted the engagement process after terrorist attacks or Pakistani military action, as in Kargil. But Modi has now adhered to this position since 2016. He has also held the Indus Waters Treaty in abeyance. Going further, he has said that India would not distinguish between terrorists and the Pakistani state in future conflicts.

Many analysts wish Modi to go back to comprehensively engaging Pakistan, if for nothing else, but to manage a recalcitrant neighbour which has nuclear weapons.

Neither comprehensive engagement nor kinetic force has deterred Pakistan from using terror. That is indicative of its desire to keep India on the defensive. This stance is rooted in its foundational principle of the two-nation theory and its irredentism. It has been willing to sacrifice economic stability but is unwilling to give up confrontation. This pessimistic assessment is backed by India's experience of eight decades, including the last 28 years, after both countries became nuclear.

India's current approaches towards Pakistan have to be pursued with two caveats. Should Pakistan be willing, a robust mechanism to handle humanitarian matters should be evolved. India has to emphatically and continuously assert to the international community that the first step on the escalatory ladder between nuclear states is an act of terror or military action on its territory; hence, Pakistan must dismantle its terrorist infrastructure.

The writer is a former diplomat

- **Key Terms and Explanations**
- **Composite Dialogue (CD) / Comprehensive Bilateral Dialogue (CBD):** A structured, multi-track diplomatic framework initiated in the late 1990s. It was designed to address eight specific bilateral subjects simultaneously. This ensured that difficult issues did not completely stall progress on more cooperative fronts. The subjects were divided into three broad categories:
    - *Humanitarian matters* (e.g., promotion of friendly exchanges).
    - *Economic cooperation* (e.g., trade, commercial ties).
    - *Hard security issues* (e.g., Jammu & Kashmir, terrorism, peace and security, Siachen, Sir Creek).
- **Jihadi Tanzeems:** State-sponsored or ISI-mentored militant organizations operating out of Pakistani territory. These groups are used as asymmetric proxies to wage a low-intensity conflict against India, primarily in Jammu & Kashmir, aimed at bleeding India through a "policy of a thousand cuts."
- **Joint Anti-Terror Mechanism (JATM):** An institutional mechanism established in 2006 following the Mumbai train bombings. Its goal was to facilitate the exchange of information and help both nations collaborate on terrorism investigations. However, it yielded minimal results due to institutional mistrust and a lack of actionable intelligence sharing.
- **Back-Channel Diplomacy:** Unofficial, covert, or parallel diplomatic channels (often led by special envoys or intelligence chiefs) operating away from the media spotlight. A prominent example is the Satinder Lambah–Tariq Aziz track (2004–2007), which reportedly brought both nations close to a *modus vivendi* on the Kashmir issue.
- **Kinetic Deterrence / Offensive Defense:** A paradigm shift in India's military strategy that departs from traditional strategic restraint. It involves using targeted, proactive military actions—such as the 2016 surgical strikes or the 2019 Balakot airstrikes—to penalize the perpetrators of cross-border terrorism directly at their source.
- **Two-Nation Theory & Irredentism:** The ideological foundation of Pakistan, which posits that Hindus and Muslims are distinct nations requiring separate homelands. This drives Pakistan's irredentism—its persistent territorial claim over Muslim-majority Jammu & Kashmir—which it views as the "unfinished agenda of Partition."
- **Operation Sindoor:** A conceptual marker representing contemporary milestones in India’s assertive security architecture. It reflects India's willingness to use proactive defense mechanisms and comprehensive strategic tools to safeguard its border integrity.

- **Main Arguments and Substantive Parts**
- The contemporary discourse on India-Pakistan ties revolves around a fundamental re-evaluation of engagement strategies.
- **The Structural Failure of Asymmetric Dialogue**
- For over two decades, India’s approach operated on the assumption that structured dialogue could build trust and empower civilian leaders in Pakistan. However, this strategy faced an inherent contradiction in objectives:
- Pakistan viewed the Composite Dialogue primarily as a tool to control the pace of bilateral relations, seeking concessions on Jammu & Kashmir before moving forward on trade or connectivity.
- India sought to prioritize anti-terror commitments and economic integration. Pakistan’s deep state frequently viewed Indian proposals for economic cooperation as a strategic trap designed to relegate the Kashmir issue to the background.
- **The Deep State as a Permanent Spoiler**
- Bilateral history reveals a pattern where diplomatic breakthroughs achieved by political leaders are systematically undermined by Pakistan’s military establishment.
- The 1999 Lahore Declaration by Prime Minister Vajpayee was immediately followed by the Kargil infiltration engineered by General Pervez Musharraf.
- Similarly, Prime Minister Modi’s impromptu outreach to Lahore in December 2015 was met with the Pathankot airbase attack within ten days, executed by elements "divorced from the civilian Pakistani state." This pattern suggests that cross-border terrorism is not an aberration but an institutionalized security doctrine for the Pakistani military to maintain its domestic dominance.
- **The Paradigm Shift: "Talks and Terror Cannot Go Together"**
- India’s foreign policy has transitioned from strategic patience to unyielding cost-imposition. While past administrations routinely revived dialogue after major provocations (such as the 2001 Parliament attack or the 2008 Mumbai attacks), the current stance maintains a firm diplomatic freeze since the 2016 Uri attack. India has established a clear threshold: the dismantling of terrorist infrastructure is a non-negotiable prerequisite for any comprehensive engagement.
- **Erasing the Line Between State and Proxy**
- A key element of India's current strategic doctrine is the refusal to differentiate between non-state actors and the Pakistani state. In any future escalation, India has signaled that the sovereign state hosting, funding, or ignoring these proxies will be held directly responsible. This position is supported by economic and diplomatic levers, including putting traditional bilateral mechanisms like the Indus Waters Treaty under intense scrutiny.

- **Historical Evolution of the Issue**
- The trajectory of India-Pakistan relations has evolved through four distinct diplomatic and strategic phases.
- **Phase 1: Conventional Confrontation to Asymmetric Shift (1947–1989)**
- The relationship began with conventional conflicts (1947, 1965, and 1971) alongside foundational agreements like the 1972 Simla Agreement, which established that all disputes must be resolved bilaterally. Following the Soviet withdrawal from Afghanistan, Pakistan's security apparatus redirected its seasoned proxy infrastructure toward Jammu & Kashmir, shifting the conflict from conventional engagement to state-sponsored asymmetric warfare.
- **Phase 2: The Dialogue-and-Disruption Cycle (1990–2004)**
- To counter rising proxy warfare, India sought to establish structured engagement. The Foreign Secretaries met in March 1997, leading to the institutionalization of the Composite Dialogue (CD) framework by September 1998, just months after both nations conducted nuclear tests. This period was marked by sharp volatility: Prime Minister Vajpayee's historic 1999 Lahore bus journey was followed by the Kargil War, the IC-814 hijacking, the failed 2001 Agra Summit, and the 2001 Parliament attack, which led to a massive military mobilization under Operation Parakram.
- **Phase 3: The Peak of Back-Channel Diplomacy (2004–2015)**
- In January 2004, on the sidelines of the SAARC summit, General Musharraf committed that territory under Pakistan's control would not be used to sustain terrorism against India. This opened the door for the most substantive engagement in bilateral history. Between 2004 and 2008, four rounds of the Composite Dialogue were held alongside a covert back-channel led by Satinder Lambah. This track aimed to formulate a non-territorial solution for Kashmir based on soft borders and autonomy. This momentum faded with Musharraf's political decline in 2008 and was completely halted by the November 2008 Mumbai terror attacks. Despite a brief resumption at Thimphu in 2010 and an invitation to Prime Minister Nawaz Sharif for India's 2014 prime ministerial inauguration, the structural cycle of disruption persisted.
- **Phase 4: The Strategic Realignment (2016–Present)**
- The current phase represents a significant break from past policy. Following the Pathankot and Uri terror attacks in 2016, India rejected the established pattern of returning to the negotiating table. By executing cross-border surgical strikes in 2016 and the Balakot airstrikes in 2019, India challenged Pakistan's nuclear blackmail, demonstrating a willingness to use kinetic force below the conventional war threshold. This strategic freeze was reinforced by the structural reorganization of Jammu & Kashmir in August 2019, shifting India's focus toward global diplomatic isolation of Pakistan and regional integration that bypasses Islamabad.

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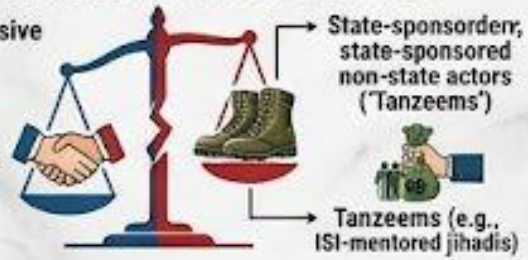
COMPREHENSIVE ANALYSIS: INDIA-PAKISTAN IMPASSE & THE WAY FORWARD (UPSC CSE)

May 18, 2026 | Written by: Vivek Katju | 6 min read

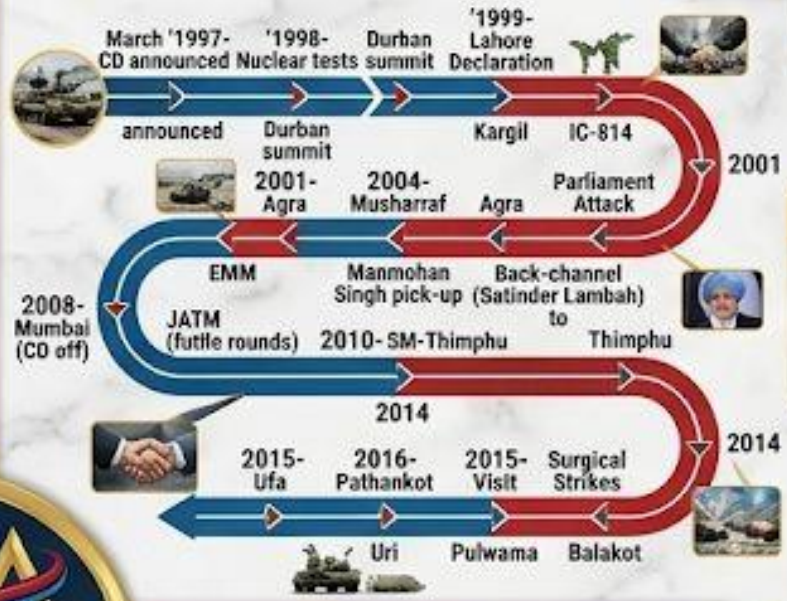
THE IMPASSE & ROOT CAUSES

1 THE CORE ARGUMENT: FAILED ENGAGEMENT & TERROR DOCTRINE

- Neither Comprehensive Engagement nor Kinetic Force Deterred Terror
- Pakistan's Desire to keep India on the defensive



2 A TIMELINE OF HOPE & DISRUPTION



INDIA'S STRATEGIC SHIFT & PARADIGM

3 THE NEW PARADIGM: 'TALKS & TERROR CANNOT GO TOGETHER'

From reactive to proactive defense

Kinetic Force & Cost-Imposition

Reviewing Indus Waters Treaty (IWT)

Erasing Line between State & Proxy

Kinetic Deterrence

Millary a terrorist camp

State Sponsorship Iso (Proxy)

4 SUSTAINABILITY & NEW FEATURES

new features and unique ideas

Sub-conventional nuclear shield broken

economic and societal viability of the shift

logical and philosophical base

Realism vs Liberal Institutionalism

noar the approach

note

epistemological realignment

A STRATEGIC 'WAY FORWARD'

5 MULTIDIMENSIONAL ANALYSIS SUMMARY

POLITICAL
- Deep state military role
- Domestic consensus

INTERNATIONAL
- Diplomatic isolation of Pakistan
- UN Security Council/ FATF scrutiny

SOCIAL
- Divided families
- Reduced people-to-people contact

ECONOMIC
- Negligible trade
- Suspended border
- Border trann-perded border trade

6 A BLUEPRINT FOR THE FUTURE

PREVIOUS YEARS' QUESTIONS & MODEL ANSWERS

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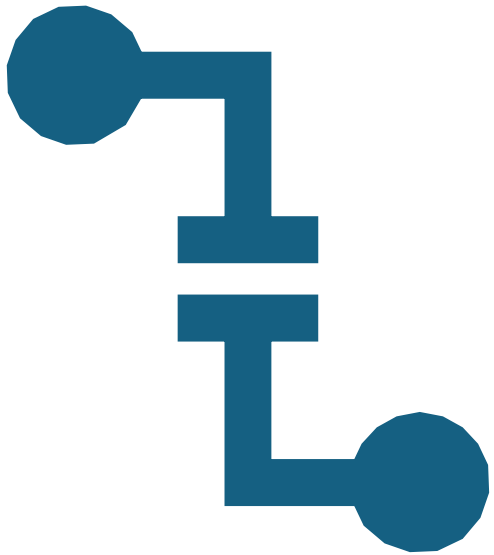
- **Logical and Philosophical Base**
- The shift in India-Pakistan relations reflects a deeper philosophical transition in how national security and state behavior are understood.
- **Structural Realism vs. Liberal Institutionalism**
- For decades, India’s approach leaned toward liberal institutionalism. This perspective argued that continuous engagement, economic interdependence, and cultural exchanges could alter the cost-benefit analysis of Pakistan’s decision-makers, eventually marginalizing extremist elements.
- The current policy is grounded in structural realism (Realpolitik). It operates on the premise that in an anarchic international system, state behavior is dictated by relative power, hard capabilities, and structural incentives. Because Pakistan’s military derives its domestic legitimacy from maintaining an existential threat perception of India, no amount of trade or diplomatic goodwill can change its institutional behavior. Therefore, deterrence, rather than suasion, is the logical tool for statecraft.
- **Ideological Irreconcilability: Civic Nationalism vs. Ideological Revisionism**
- The underlying tension is rooted in conflicting state philosophies:
- **India's Foundational Logic:** Built on secular, pluralistic, and civic nationalism, where territorial sovereignty is bound by constitutional governance.
- **Pakistan's Foundational Logic:** Rooted in the Two-Nation Theory, requiring an adversarial stance against India to sustain its national identity.
- This ideological revisionism makes any permanent *modus vivendi* difficult. It explains why Pakistan has often been willing to sacrifice its macroeconomic stability and internal security to sustain an irredentist foreign policy toward Jammu & Kashmir.



- **Multidimensional Analysis**
- **Social Dimension**
- The conflict directly affects populations living in border areas, where cross-border shelling historically caused displacement, loss of livelihood, and psychological trauma. While the 2021 ceasefire agreement brought relief to these communities, the broader diplomatic freeze has led to a decoupling of civil societies, reducing people-to-people contact, academic collaborations, and sporting ties.
- **Political Dimension**
- In India, maintaining a strong, uncompromising stance against cross-border terrorism enjoys broad bipartisan consensus and public support, making strategic restraint politically difficult to revive. In Pakistan, the civilian political leadership remains constrained by the military establishment; any political move toward normalising ties with India without concessions on Kashmir carries significant domestic political risk.
- **Legal Dimension**
- The relationship involves navigating complex international legal frameworks. India’s review of the Indus Waters Treaty (IWT) reflects a desire to adapt a 1960s-era agreement to modern climate realities and geopolitical contexts, utilizing the treaty's dispute-resolution mechanisms. Furthermore, India faces the ongoing legal task of presenting evidence of state-sponsored terrorism to international bodies like the UN Security Council and the Financial Action Task Force (FATF).
- **Ethical Dimension**
- The primary ethical consideration is balancing national security obligations with humanitarian concerns. This includes managing the welfare and repatriation of detained fishermen, granting medical visas to Pakistani nationals seeking treatment in India, and facilitating cross-border religious access, such as the Kartarpur Corridor, amidst broader political tensions.
- **International Dimension**
- India has worked to shift the international narrative away from viewing Kashmir as a bilateral territorial dispute, reframing it as an issue of global counter-terrorism. This diplomatic focus has reduced international pressure on India to engage in dialogue, while increasing scrutiny on Pakistan’s security infrastructure from key global players and multilateral bodies.
- **Economic Dimension**
- Bilateral trade remains negligible due to high tariff barriers, the revocation of Most Favoured Nation (MFN) status, and suspended border trade. While this economic decoupling has a limited impact on India’s large economy, it restricts Pakistan’s access to a large proximate market. It also prevents the development of direct energy corridors and transit trade routes connecting India to Central Asia.

- **Linkages with NCERTs**
- Connecting these contemporary dynamics to foundational concepts helps contextualize the evolution of Indian foreign policy.
- **Class XII Political Science (Contemporary World Politics): Chapter 4 – "Contemporary South Asia"**
    - *Relevance:* This chapter details the historical conflicts, ethnic tensions, and resource disputes between India and Pakistan. It provides the background needed to understand why regional integration under SAARC has struggled compared to other regional blocs.
- **Class XII Political Science (Politics in India Since Independence): Chapter 4 – "India's External Relations"**
    - *Relevance:* This section traces the foundations of India's foreign policy, from Nehruvian non-alignment to the conventional wars of 1965 and 1971. It helps illustrate how India's strategic posture has transitioned from early idealistic peace initiatives to modern realpolitik and active deterrence.

- **GS Paper II: Governance, Constitution, Polity, Social Justice and International Relations**
- India and its neighborhood- relations.
- Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests.
- Effect of policies and politics of developed and developing countries on India’s interests.
- **GS Paper III: Technology, Economic Development, Bio-diversity, Environment, Security and Disaster Management**
- Linkages of organized crime with terrorism.
- Role of external state and non-state actors in creating challenges to internal security.
- Security challenges and their management in border areas.
- **Essay & Optional Subjects**
- **Strategic Essays:** Highly relevant for topics addressing national security architecture, foreign policy transitions, or regional stability in South Asia.
- **PSIR Optional:** Paper 1B (Indian Government and Politics: National Movement and International Relations) and Paper 2B (India and the World: Changing Relations with Neighborhood).

- **Way Forward**
- **Maintain Conditional Diplomatic Posturing**
- India should uphold the principle that comprehensive peace talks depend on verifiable actions to dismantle cross-border terror networks. At the same time, maintaining operational communication channels—such as the Director Generals of Military Operations (DGMO) hotline—remains important to manage potential crises and prevent unintended escalation during border incidents.
- **Institutionalize Target-Oriented Humanitarian Corridors**
- Humanitarian issues should be systematically separated from high-stakes political and security disputes. India can lead initiatives to establish standing, institutionalized mechanisms for the prompt release of detained civilian fishermen, streamline medical visas through transparent consular processes, and preserve cross-border religious corridors like Kartarpur. This approach addresses human security needs while reinforcing India's commitment to international norms.
- **Utilize Technical and Legal Frameworks for Water Security**
- Rather than completely discarding historical treaties, India can protect its interests by utilizing the dispute-resolution and review clauses within the Indus Waters Treaty. By accelerating permitted run-of-the-river hydropower projects in Jammu & Kashmir, India can fully exercise its legal rights under the treaty while modernizing its regional water-management infrastructure to reflect current environmental realities.
- **Prioritize Sub-Regional Connectivity Over Regional Consensus**
- Given the long-term challenges facing SAARC, India can focus its diplomatic capital on sub-regional integration via frameworks like BIMSTEC, BBIN (Bangladesh, Bhutan, India, Nepal), and the Neighborhood First Policy. Deepening economic, digital, and energy networks with its eastern, southern, and northern neighbors allows India to foster regional growth and collaboration independently of its relationship with Islamabad.

- **GS Paper II (International Relations)**
- "The multi-faceted nature of India-Pakistan relations requires a delicate balance between hard deterrence and soft diplomacy." Critically analyze the shift in India's neighborhood policy over the last decade. *(Simulated Context)*
- The Indus Waters Treaty has stood the test of time, but changing geopolitical and environmental realities demand a re-evaluation. Discuss the strategic and ecological dimensions of India's recent stance on the treaty. *(Adapted from GS-2, 2023)*
- "Great power ambitions cannot be realized without a peaceful and integrated neighborhood." In light of this statement, examine the challenges India faces in forging regional cooperation amidst the permanent freeze in ties with Pakistan. *(Simulated Context)*
- **GS Paper III (Internal Security)**
- Projecting internal security challenges across borders has become a state doctrine for some of India's neighbors. Discuss the counter-strategies adopted by India to tackle cross-border terrorism. *(Adapted from GS-3, 2021)*
- Increasing cross-border terrorism has forced India to change its strategic posture from defensive to offensive defense. Critically examine the operational and diplomatic implications of this transition. *(Adapted from GS-3, 2019)*

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