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FOR UPSC CIVIL SERVICE EXAMINATION

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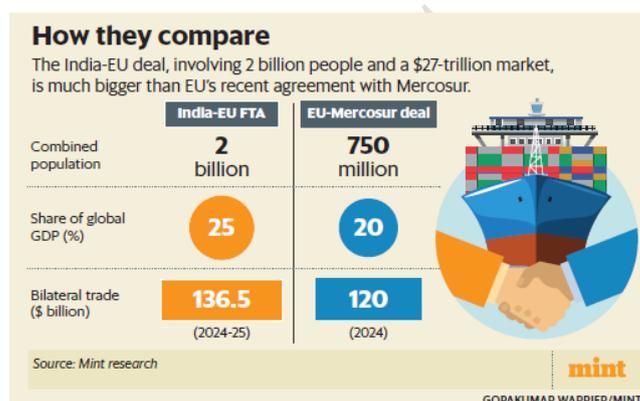
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1. Roadmap for the India-EU Free Trade Agreement (FTA)

- **Timeline to Operationalization:** Following the conclusion of negotiations on 21 January 2026, the pact enters a rigorous phase of legal vetting and translation into 24 official EU languages. Formal signing is projected for late 2026, with full implementation expected by early 2027 after ratification by the European Parliament and the Indian Cabinet.
- **Economic Scale and Market Access:** The agreement establishes one of the world's largest free trade areas, covering 2 billion people and a combined \$27 trillion market (25% of global GDP). India has committed to tariff concessions on 97.5% of EU imports, while the EU will eliminate tariffs on 99.5% of Indian exports.
- **Strategic Omission of Sensitive Sectors:** Unlike the EU-Mercosur deal, which faced immense backlash over agricultural imports, the India-EU FTA deliberately excludes highly sensitive sectors like dairy and core agriculture. This "carve-out" strategy is intended to minimize domestic opposition within EU member states like France and Poland.
- **The Mercosur Precedent and Legal Hurdles:** The recent referral of the EU-Mercosur deal to the Court of Justice of the European Union (CJEU) serves as a cautionary tale. It highlights that even after signing, legal compatibility with EU climate and environmental policies can delay or derail implementation for years.
- **Persistent Friction Points:** While tariff agreements are clear, significant ambiguity remains regarding Intellectual Property Rights (IPR), sustainability standards, and labor laws. These "behind-the-border" issues are often the primary triggers for modern trade disputes and could still hinder the final ratification process.
- **Provisional Implementation Mechanism:** To bypass potential delays in the European Parliament or opposition from specific member states, the European Commission may seek "provisional implementation." However, this remains a politically sensitive maneuver that could face legal challenges.



Key Definitions

- **Free Trade Agreement (FTA):** A pact between two or more nations to reduce barriers to imports and exports among them. Under an FTA, goods and services can be bought and sold across international borders with little or no government tariffs, quotas, or subsidies.
- **Legal Vetting:** The process where legal experts examine the text of an agreement to ensure it is legally sound, consistent with existing laws, and free of loopholes before it is formally signed.
- **Ratification:** The formal validation of a proposed treaty or agreement by the legislative body (e.g., Parliament) of a country, making the document legally binding under international law.

Constitutional and Legal Provisions

- **Article 253 (Constitution of India):** Empowers the Parliament to make any law for the whole or any part of the territory of India for implementing any treaty, agreement, or convention with any other country.



- **Article 73 (Constitution of India):** Specifies that the executive power of the Union extends to matters with respect to which Parliament has power to make laws, including the entering into and implementation of treaties.
- **EU Competence (TFEU):** Under the Treaty on the Functioning of the European Union, the EU has "exclusive competence" over common commercial policy (Article 207), allowing it to negotiate trade deals on behalf of all member states.

Conclusion

The India-EU FTA represents a historic shift toward economic integration between the world’s largest democracy and the world’s largest single market. By sidestepping the "agricultural trap" that stalled the Mercosur deal, both parties have paved a smoother path toward ratification. However, the final hurdle remains the alignment of India’s domestic regulations with the EU’s stringent sustainability and labor standards. Success will depend on navigating the "legal vetting" phase without diluting the economic benefits that the deal promises to unlock by 2027.

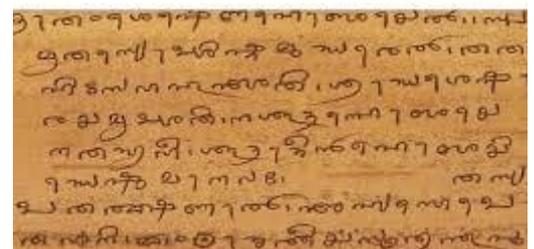
UPSC Relevance

- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India and/or affecting India’s interests.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Effects of liberalization on the economy.
- **Significance:** Crucial for understanding India’s shift toward "mega-regional" trade blocks and the diversification of supply chains away from single-country dependencies.

2. Declaration of Tulu as Second Official Language in Karnataka

- **Legislative Intent:** The Karnataka government, through its Kannada and Culture Minister, has officially expressed its inclination to declare **Tulu** as the state's second official language. This follows decades of advocacy by linguistic groups and cross-party support from legislators in the Dakshina Kannada and Udupi regions.
- **Comparative Policy Study:** To ensure a smooth transition, the state is examining "second official language models" from **West Bengal** and **Andhra Pradesh**. In Andhra Pradesh, Urdu holds this status, while West Bengal has multiple additional official languages (like Nepali, Urdu, and Santhali) to accommodate its diverse demographics.
- **Linguistic Heritage and Recognition:** Tulu is a Dravidian language with over **3,000 years of history** and its own distinct script. Proponents highlight its global academic research, inclusion in **Google Translate**, and existing presence in school curriculums and university-level courses as grounds for formal status.
- **Constitutional Pathway:** The state plans to utilize **Article 345** of the Constitution, which empowers a State Legislature to adopt any one or more languages in use in the state as its official language(s). This differs from the demand for inclusion in the **Eighth Schedule**, which is a central government prerogative.
- **Recent Developments:** A committee headed by educationist **Mohan Alva** (2023) previously recommended this status. The current government is awaiting a fresh report from a task force that

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visited other states before finalizing the decision in a cabinet meeting, possibly to be held in Mangaluru.

- **Socio-Cultural Impact:** Granting official status would allow the use of Tulu in administrative correspondence, signage, and legislative proceedings in Tulu-speaking regions, thereby fulfilling a long-standing demand for linguistic identity preservation without imposing significant financial burdens.

Constitutional & Legal Provisions

- **Article 345:** Official language or languages of a State. It permits the State Legislature to legally adopt any language in use in the State (or Hindi) for official purposes.
- **Article 347:** Special provision relating to language spoken by a section of the population. It allows the **President**, if satisfied that a substantial proportion of a State's population desires it, to direct that such language be officially recognized.
- **Article 29:** Protection of interests of minorities. It grants any section of citizens residing in India having a distinct language, script, or culture the right to **conserve** the same.
- **Eighth Schedule:** Currently contains 22 languages. While Tulu is not yet included, inclusion would provide it with Sahitya Akademi recognition and allow its use in Union-level exams (UPSC) and Parliamentary proceedings.

Key Definitions

- **Official Language:** A language that is given a special legal status in a particular country, state, or other jurisdiction, typically used for government business and legislative proceedings.
- **Classical Language:** A status granted by the Union government to languages with high antiquity (1,500-2,000 years), original literary tradition, and ancient texts. (Note: Tulu is seeking *Official* status at the state level, though its antiquity is often cited).
- **Linguistic Minority:** A group of people whose mother tongue is different from the principal language of the State or the region where they reside.

Conclusion

The move to declare Tulu as a second official language reflects Karnataka's commitment to linguistic pluralism. By studying the precedents of Andhra Pradesh and West Bengal, the state aims to bypass the complexities of central Eighth Schedule inclusion and provide immediate administrative recognition to Tulu. This step not only preserves a 3,000-year-old heritage but also strengthens the federal spirit by accommodating regional aspirations within the constitutional framework of Article 345.

UPSC Relevance

- **GS Paper I:** Indian Culture - Salient aspects of Language and Literature; Regionalism and Secularism.
- **GS Paper II:** Indian Constitution - Significant provisions (Articles 343-351); Federalism and the protection of linguistic minorities.
- **Prelims:** Articles 345 and 347; Eighth Schedule (Current 22 languages); States Reorganisation history.



3. President's Address: The 'Reform Express' and India's Economic Vision

- **Macro-Economic Resilience:** President Droupadi Murmu underscored India's robust growth trajectory despite global geopolitical volatility. The "Reform Express" theme highlights the transition from traditional economic models to a deep-tech and manufacturing-led economy, positioning India as a stable alternative in the global supply chain amid rising protectionism.
- **Strategic Trade Integration:** The address highlighted the successful conclusion of the India-EU Free Trade Agreement (FTA) negotiations. With bilateral trade reaching \$136.54 billion in FY25, the FTA is viewed as a catalyst for integrating India into Global Value Chains (GVCs), specifically benefiting the manufacturing and services sectors while bypassing prohibitory tariffs seen in other major economies.
- **Technological Sovereignty and Ethics:** India is pivoting toward deep-tech, AI, and semiconductor manufacturing (notably in Assam). While promoting an "AI Impact Summit," the President raised critical concerns regarding deepfakes and digital misinformation, calling for a global framework to protect democratic integrity and social harmony.
- **Inclusive Welfare and Financial Empowerment:** Structural reforms like GST (noted by 20 million two-wheeler registrations) and direct benefit transfers (DBT) of ₹6.75 trillion have strengthened household finances. The expansion of tax-free income limits to ₹12 lakh and schemes like Jan Dhan and Mudra were cited as pillars of financial inclusion and "ease of living."
- **Energy Transition and Infrastructure:** A historic target of 100GW of nuclear energy by 2047 was announced as part of the green growth strategy. This sits alongside the Production-Linked Incentive (PLI) schemes and "Mission Sudarshan Chakra," aimed at achieving self-reliance in critical minerals, electronics, and a record ₹1.5 trillion in defence manufacturing.
- **Global Leadership of the South:** The President emphasized India's role as a bridge between developed and developing nations. By amplifying the voice of the Global South, India seeks to counter economic fragmentation and lead global discussions on energy security, digital public infrastructure, and climate justice.



Constitutional & Legal Provisions

- **Article 87(1):** Mandates the President to address both Houses of Parliament assembled together at the commencement of the first session after each general election and at the commencement of the first session of each year (Budget Session). This address outlines the government's policy priorities and legislative agenda.
- **Motion of Thanks:** Following the address, a motion is moved in both Houses to thank the President. This is a crucial parliamentary exercise where the government's performance and vision are debated; its defeat is considered a vote of no confidence against the government.
- **Labour Codes:** The consolidation of 29 central labour laws into four simplified codes (Wage, Social Security, Industrial Relations, and Occupational Safety) was highlighted as a key reform to ensure ease of compliance and worker welfare.
- **Digital Personal Data Protection Act:** Framed as the legal backbone to address the digital risks, including deepfakes and data privacy concerns mentioned by the President.



Key Definitions

- **Deep-Tech:** Refers to startups and technologies based on substantial scientific advances and high-tech engineering innovations (e.g., AI, quantum computing, biotechnology).
- **Global Value Chains (GVCs):** The full range of activities (design, production, marketing, distribution) that are divided among multiple countries to bring a product from conception to end-use.
- **Production-Linked Incentive (PLI):** A government scheme that offers companies incentives on incremental sales from products manufactured in domestic units to boost local manufacturing and exports.
- **Direct Benefit Transfer (DBT):** A mechanism to transfer subsidies and benefits directly into the bank accounts of beneficiaries using Aadhaar-linked platforms to reduce leakages.

Conclusion

The President's address serves as a comprehensive roadmap for "Viksit Bharat," balancing aggressive industrialization through the "Reform Express" with a commitment to social safety nets. By leveraging FTAs and deep-tech, India aims to capitalize on the "China Plus One" strategy of global firms. However, the successful implementation of the four Labour Codes and the transition to a 100GW nuclear energy base will be the definitive tests of this ambitious economic agenda.

UPSC Relevance

- **GS Paper II:** Functions and responsibilities of the Union; President's Address (Art. 87); Issues relating to the development and management of Social Sector/Services.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Science and Technology- developments and their applications; Infrastructure: Energy, Ports, Roads, Airports, Railways.
- **Significance:** The President's address is the primary source for understanding the executive's policy direction, making it vital for both Prelims (Constitutional aspects) and Mains (Economic and Social sectoral analysis).

4. Establishment of the Directorate General of Maritime Administration (DGMA)

- **Unified Regulatory Transition:** By March 2026, the government will formally notify the transition of the Directorate General of Shipping (DGS) into the **Directorate General of Maritime Administration (DGMA)**. This creates a single, comprehensive regulator to streamline oversight across fragmented sub-sectors including shipbuilding, repair, coastal shipping, and inland waterways.
- **Legislative Foundation:** The DGMA is established under the **Merchant Shipping Act, 2025**, which replaced the antiquated 1958 Act. The new law grants the DGMA statutory authority to issue binding directions to shipowners, agents, and port authorities, ensuring India meets its obligations under international maritime conventions.
- **Security and Oversight Architecture:** Alongside the DGMA, the Ministry of Ports, Shipping and Waterways (MoPSW) will notify the **Merchant Shipping (Ships and Port Facility Security) Rules, 2026**. This includes the creation of a dedicated **Bureau of Port Security** to manage risks and implement the International Ship and Port Facility Security (ISPS) Code standards across Indian coasts.



- **Global Shipbuilding Ambitions:** The move aligns with **Maritime Amrit Kaal Vision 2047**, which aims to catapult India from its current 22nd rank (less than 1% share) to the top five shipbuilding nations. The target is to increase shipbuilding capacity to **4.5 million Gross Tonnage Per Annum (GTPA)** and expand Indian-flagged tonnage to 100 million GT by 2047.
- **Incentivizing Domestic Flagging:** To reduce dependence on foreign-flagged vessels and save foreign exchange, the new framework relaxes ownership criteria. It allows partial ownership by NRIs and OCIs and introduces "bareboat charter-cum-demise" (BBCD) registrations, facilitating the eventual transfer of vessel ownership to Indian entities.
- **Operational Efficiency and Digitalization:** The DGMA will oversee a "Ease of Doing Business" shift, implementing computerized registrations, remote inspections, and risk-based safety monitoring. This is intended to attract long-term private capital into port operations and manpower planning.



Constitutional & Legal Provisions

- **Union List (Entry 25 & 27, VII Schedule):** "Maritime shipping and navigation, including shipping and navigation on tidal waters" and "Ports declared by or under law made by Parliament or existing law to be major ports" fall under the exclusive legislative domain of the Union.
- **Merchant Shipping Act, 2025:** The primary legislation that modernizes Indian maritime law. It simplifies 561 sections of the previous law into 325 clauses, incorporating international standards like SOLAS (Safety of Life at Sea) and MARPOL (Prevention of Pollution from Ships).
- **Article 253:** Empowers Parliament to enact laws for implementing international treaties; this is the basis for incorporating IMO (International Maritime Organization) conventions into the new Merchant Shipping Rules.

Key Definitions

- **Directorate General of Maritime Administration (DGMA):** The redesignated and empowered national maritime authority responsible for administration, safety, and security of merchant shipping in India.
- **Gross Tonnage (GT):** A nonlinear measure of a ship's overall internal volume. It is used to determine things such as a ship's manning regulations, safety rules, and registration fees.
- **Bareboat Charter-cum-Demise (BBCD):** A leasing arrangement where the charterer has entire control of the vessel (including hiring the crew) and the intent is for ownership to transfer to the charterer after a specified period.
- **ISPS Code:** The International Ship and Port Facility Security Code; an amendment to the SOLAS Convention (1974/1988) on minimum security arrangements for ships, ports, and government agencies.

Conclusion

The notification of the DGMA marks a strategic pivot from "regulation" to "facilitation." By unifying the governance of ports, ships, and waterways, India is addressing the structural inefficiencies that kept its shipbuilding share below 1%. While the Merchant Shipping Act, 2025 provides the legal teeth, the success



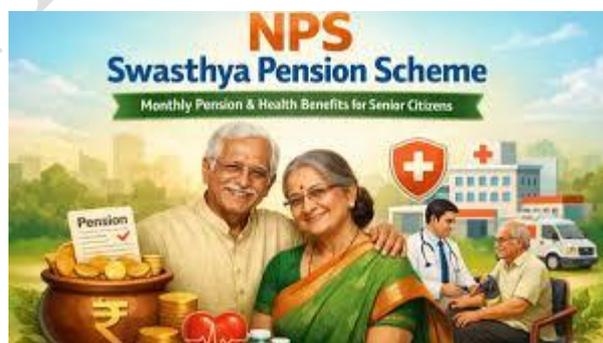
of the DGMA will depend on its ability to harmonize domestic growth with stringent global environmental (Green Shipping) and security standards. This reform is the cornerstone for achieving the 2047 goal of becoming a global maritime powerhouse.

UPSC Relevance

- **GS Paper II:** Statutory, regulatory and various quasi-judicial bodies (DGMA, Bureau of Port Security); Government policies and interventions for development in various sectors.
- **GS Paper III:** Infrastructure: Energy, Ports, Roads, Airports, Railways etc.; Changes in industrial policy and their effects on industrial growth.
- **Prelims:** Key features of the Merchant Shipping Act, 2025; Maritime India Vision 2030 and 2047 targets; International Maritime Organization (IMO) conventions.

5. Launch of NPS Swasthya Pension Scheme by PFRDA

- **Integration of Health and Pension:** The Pension Fund Regulatory and Development Authority (PFRDA) has introduced the **NPS Swasthya Pension Scheme** as a pilot project. It represents a paradigm shift from traditional "retirement only" savings to a hybrid model that integrates healthcare financing with long-term financial security.
- **Scope and Coverage:** The scheme is designed as a contributory pension product offered on a voluntary basis to all Indian citizens. It allows subscribers to build a dedicated corpus specifically to meet **outpatient (OPD)** and **inpatient (hospitalization)** medical expenses, addressing the significant burden of "out-of-pocket" healthcare spending in India.
- **Flexible Withdrawal Framework:** Under the pilot, rules have been relaxed to allow partial withdrawals of up to **25% of the subscriber's own contributions**. Unlike the standard NPS, there is no restriction on the frequency of these withdrawals or a minimum waiting period, provided a minimum corpus of **₹50,000** has been accumulated.
- **Emergency Exit Provision:** A unique "Safety Net" feature allows for a **100% lump-sum premature exit** if medical expenses in a single instance exceed **70% of the total available corpus**. This is specifically intended to prevent financial ruin during catastrophic medical emergencies.
- **Implementation through Regulatory Sandbox:** The scheme is being tested within a **Regulatory Sandbox Framework**. This allows PFRDA to assess the technological and operational viability of the product, including coordination between Pension Funds (PFs) and Third-Party Administrators (TPAs) for direct hospital settlements, before a nationwide rollout.
- **Corpus Mobilization for Seniors:** Subscribers aged above 40 (excluding government sector employees) can transfer up to **30% of their existing NPS common account contributions** into the Swasthya account. This allows individuals approaching retirement to strategically ring-fence funds for geriatric healthcare needs.



Constitutional & Legal Provisions

- **Article 21:** The Right to Life and Liberty has been interpreted by the Judiciary to include the **Right to Health**. This scheme acts as a financial tool to realize this constitutional mandate.



- **PFRDA Act, 2013:** The statutory basis for the regulator. Sections 12(1)(a) and 20 of the Act empower PFRDA to establish, develop, and regulate pension funds to protect the interests of subscribers.
- **PFRDA (Exits and Withdrawals) Regulations, 2015:** These regulations have been temporarily relaxed under the sandbox framework to permit the specific medical withdrawal and exit norms unique to the Swasthya scheme.
- **Directive Principles (Article 41 & 47):** Mandates the State to provide public assistance in cases of old age and sickness and to improve public health as a primary duty.

Key Definitions

- **Regulatory Sandbox:** A controlled environment that allows financial innovators to test new products or services with real customers under regulatory supervision, often involving the relaxation of certain standard rules.
- **Multiple Scheme Framework (MSF):** A structure within the NPS that allows subscribers to choose from different investment patterns and asset classes (Equity, Corporate Debt, Govt Securities).
- **Out-of-Pocket Expenditure (OOPE):** Payments made directly by individuals to healthcare providers at the time of service, which are not covered by insurance or government subsidies.
- **Third-Party Administrator (TPA):** An intermediary organization that processes insurance claims or managed-care organization's services, such as hospital networking and settlement.

Conclusion

The NPS Swasthya Pension Scheme marks a strategic evolution of India's social security net. By allowing the "pension" corpus to be used for "health" before retirement, PFRDA is acknowledging that medical inflation is the single greatest threat to retirement stability. While the pilot phase will test the "operational plumbing" of hospital-direct payments, its ultimate success will depend on whether it can offer better liquidity and returns compared to traditional standalone health insurance or emergency savings.

UPSC Relevance

- **GS Paper II:** Welfare schemes for vulnerable sections; Issues relating to the development and management of Social Sector/Services relating to Health and Old Age.
- **GS Paper III:** Indian Economy (Mobilization of Resources); Insurance and Pension Sector reforms; Regulatory bodies (PFRDA).
- **Prelims:** Features of NPS Swasthya vs. NPS Vatsalya; Powers of PFRDA; Regulatory Sandbox concept; Statistics on India's Health Expenditure.

6. Expansion of Indigenous Nuclear Power: The Third Fleet-Mode Order

- **Strategic Scaling through Fleet-Mode:** India is poised to initiate its third bulk procurement of locally designed **700 MW Pressurized Heavy Water Reactors (PHWRs)**. This "fleet-mode" approach involves placing orders for 10 reactors simultaneously to ensure economies of scale, standardize the supply chain, and significantly reduce construction gestation periods and overall costs.
- **Nuclear Capacity Targets:** This expansion is a critical pillar of India's **Nuclear Energy Mission**, which aims to increase nuclear power capacity from the current ~8.8 GW to **22.4 GW by 2031-32**, and eventually to a staggering **100 GW by 2047**. The 700 MW PHWR is the mainstay of this mid-



term growth, providing a reliable, carbon-free baseload to complement variable renewables like solar and wind.

- **Atmanirbhar Bharat in High-Tech:** The 700 MW PHWR is a **Generation III+** reactor, designed and developed entirely by the Bhabha Atomic Research Centre (BARC) and Nuclear Power Corporation of India (NPCIL). It achieves nearly **100% indigenization**, with major components like reactor headers and steam generators supplied by domestic giants like BHEL, thereby insulating the sector from global supply chain disruptions.
- **Enhanced Safety and Efficiency:** The indigenous 700 MW design incorporates advanced safety features, including a **Passive Decay Heat Removal System** (which operates without operator intervention or power) and steel-lined containment. It utilizes natural uranium as fuel and heavy water as both moderator and coolant, bypassing the need for expensive uranium enrichment.
- **Private Sector Participation:** In a landmark policy shift (supported by the **SHANTI Act/Nuclear Energy Bill 2024-25**), the government has dismantled its monopoly on atomic power. Private players such as JSW Energy, Adani, and Tata Power are now exploring the nuclear sector, while Joint Ventures (like **ASHVINI** between NPCIL and NTPC) are already spearheading projects like the 4x700 MW Mahi-Banswara project.
- **Siting and Locations:** The new reactors are typically deployed at both greenfield (new) and brownfield (existing) sites. Confirmed locations for the 700 MW fleet include **Kaiga** (Karnataka), **Gorakhpur** (Haryana), **Chutka** (Madhya Pradesh), and **Mahi Banswara** (Rajasthan), effectively distributing nuclear power across the northern and southern grids.



Constitutional & Legal Provisions

- **Atomic Energy Act, 1962:** The primary legislation governing nuclear activities. Recent amendments (including the **SHANTI Act 2024-25**) have opened the doors for private sector participation and streamlined liability provisions to encourage domestic and foreign investment.
- **Seventh Schedule (Union List):** Entry 6 of List I gives the Union Government exclusive power over "Atomic energy and mineral resources necessary for its production."
- **Civil Liability for Nuclear Damage Act (CLNDA), 2010:** Provides a framework for compensation in case of a nuclear accident. Recent reforms aim to address the "supplier liability" concerns that previously hindered large-scale industrial involvement.
- **Draft National Electricity Policy 2026:** Specifically identifies nuclear energy as a vital tool for decarbonizing hard-to-abate industries and provides for "Green Bond" funding for nuclear projects.

Key Definitions

- **Pressurized Heavy Water Reactor (PHWR):** A nuclear reactor that uses natural (unenriched) uranium as fuel and heavy water (D_2O) as its coolant and moderator.
- **Fleet Mode:** A procurement and construction strategy where multiple identical units are built concurrently to optimize costs, engineering resources, and the supply chain.



- **Criticality:** The state of a nuclear reactor when the fission chain reaction is self-sustaining (i.e., the number of neutrons produced equals the number of neutrons lost).
- **Baseload Power:** The minimum amount of electric power that a utility or distribution network must provide to its customers consistently around the clock.

Conclusion

The move toward a third fleet of 700 MW reactors signifies India's maturity in nuclear engineering. By mastering the 700 MW PHWR design, India has transitioned from technology-importing to technology-sovereign status. The synergy between public sector expertise (NPCIL) and private sector capital, backed by the new SHANTI Act, creates a robust framework to meet the 100 GW "Viksit Bharat" goal. However, the success of this mission will rely on securing a steady domestic uranium supply and managing the high upfront capital intensity through green financing.

UPSC Relevance

- **GS Paper III:** Infrastructure: Energy; Science and Technology- developments and their applications and effects in everyday life; Indigenization of technology and developing new technology.
- **GS Paper II:** Government policies and interventions for development in various sectors.
- **Prelims:** Three-stage nuclear power program; Locations of Atomic Power Plants; Differences between PHWRs and Light Water Reactors (LWRs); Statutory bodies like AERB and NPCIL.

7. Broadening the Horizon: Expanding India's Startup Definition

- **Strategic Policy Pivot:** The Government of India is set to expand the official definition of "startups" to include **Deep-Tech** firms and **Cooperatives**. This move aims to provide these specialized entities with access to the robust Startup India ecosystem, including tax holidays and easier compliance regimes, which were previously designed primarily for service-based or software startups.
- **Deep-Tech and Long Gestation Support:** By including deep-tech, the policy acknowledges the unique "gestation period" of science-based innovation. Unlike traditional apps, deep-tech ventures (in AI, Quantum Computing, or Biotech) require extensive research and high capital before commercialization. The new definition will allow these firms to pivot their business models without losing their recognized status.
- **Formalizing the Cooperative Model:** Integrating cooperatives into the startup fold is a landmark shift to revitalize rural and community-led entrepreneurship. This will enable **Farmer Producer Organizations (FPOs)** and rural collectives to leverage modern funding mechanisms like the **Fund of Funds for Startups (FFS)** and tax exemptions under Section 80-IAC.
- **Fiscal and Regulatory Incentives:** Recognized startups are eligible for a 100% tax exemption on profits for three consecutive years and exemption from "Angel Tax" (Section 56(2)(viib)). Expanding the definition ensures that capital-intensive sectors can reinvest their early gains into high-end R&D rather than tax liabilities.
- **Decentralized Innovation:** Currently, 50% of the over 200,000 registered startups originate from Tier-II and Tier-III cities. The inclusion of cooperatives is expected to further democratize





innovation, shifting the startup narrative from metropolitan tech hubs to rural agro-processing and grassroots engineering.

- **Institutional Synergy:** The move aligns with the **National Deep Tech Startup Policy (NDTSP)** and the creation of a dedicated **Inter-Ministerial Deep Tech Committee**. It also complements the "Sahakar-se-Samridhi" vision by providing a modern "startup" pathway for traditional cooperative structures.

Key Definitions

- **Deep-Tech:** Startups based on significant scientific or engineering breakthroughs. They solve fundamental challenges and require substantial R&D (e.g., semiconductors, space-tech, and drug discovery).
- **Cooperatives:** Autonomous associations of persons united voluntarily to meet common economic, social, and cultural needs through a jointly-owned and democratically-controlled enterprise.
- **Pivot:** A strategic shift in a startup's business model to test a new product or market direction when the current model is not meeting market needs.
- **DPIIT Recognition:** A certification by the Department for Promotion of Industry and Internal Trade that grants an entity the official status of a 'Startup' in India.

Constitutional & Legal Provisions

- **Article 19(1)(c):** After the **97th Constitutional Amendment Act (2011)**, the right to form cooperative societies is a **Fundamental Right**.
- **Article 43B (DPSP):** Directs the State to promote voluntary formation, autonomous functioning, and democratic control of cooperative societies.
- **Part IX-B (Articles 243ZH to 243ZT):** Provides the legal framework for the incorporation, regulation, and winding up of cooperatives (upheld by the Supreme Court in 2021 specifically for Multi-State Cooperatives).
- **Section 80-IAC of the Income Tax Act:** Provides tax benefits to eligible startups. The proposed definition expansion will broaden the pool of entities eligible for this section.
- **Startup India Action Plan (2016):** The foundational executive policy framework that governs the recognition and handholding of startups in India

Conclusion

Expanding the startup definition is a "future-proofing" exercise for the Indian economy. By removing the rigid barriers that excluded cooperatives and penalized deep-tech "pivots," the government is fostering an environment where social impact meets high-end science. This recalibration is essential if India is to reach its goal of becoming a global deep-tech hub while ensuring that the benefits of innovation reach the last mile of its cooperative-heavy rural economy.

UPSC Relevance

- **GS Paper II:** Government policies and interventions for development; Constitutional provisions regarding Cooperatives; Statutory bodies like DPIIT.
- **GS Paper III:** Indian Economy (Mobilization of Resources, Growth, and Employment); Science & Technology (Indigenization and New Tech); Inclusive Growth.



- **Prelims:** Criteria for Startup recognition (Age < 10 years, Turnover < ₹100 crore); 97th Constitutional Amendment; National Deep Tech Startup Policy (NDTSP).

8. Global AI Governance: Switzerland to Host 2027 Summit in Geneva

- **Continuation of the Global Dialogue:** Following the upcoming **India-AI Impact Summit 2026**, Switzerland has officially announced its intention to host the 2027 edition of the global AI summit in **Geneva**. This move reinforces the "Bletchley process"—a series of high-level international meetings dedicated to the safe, ethical, and inclusive development of Artificial Intelligence.
- **The New Delhi Prelude:** The final decision on the Swiss proposal will be ratified during the New Delhi summit (scheduled for February 2026). India's summit is significant as it is the first to be held in the **Global South**, focusing on the "three Sutras": **People, Planet, and Progress**, aimed at bridging the "AI Divide" between advanced and developing economies.
- **Geneva as a Neutral Hub:** Switzerland's choice of Geneva is strategic, leveraging its status as a hub for international organizations (like the ITU and UN) and "Science Diplomacy." The 2027 summit is expected to focus on the **interplay between AI and International Humanitarian Law**, as well as the technical standardization of AI safety protocols.
- **Shift from Safety to Impact:** While the initial summits (Bletchley Park 2023, Seoul 2024) focused primarily on "Frontier AI" safety and existential risks, the 2026 (India) and 2027 (Switzerland) editions are pivoting toward **governance, societal impact, and democratizing AI resources** like compute power and diverse datasets.
- **Institutionalizing AI Safety:** These summits have led to the creation of an international network of **AI Safety Institutes (AISIs)**. Switzerland's hosting indicates a push for a more permanent, multilateral framework for AI monitoring, moving away from fragmented national regulations toward a harmonized global "State of the Science" approach.
- **Resource Mobilization:** Switzerland has already secured internal funding for the 2027 event, signaling long-term political commitment to the "Geneva AI Framework," which seeks to balance the European Union's risk-based regulation (EU AI Act) with a more innovation-friendly, pro-research stance.



Constitutional & Legal Provisions

- **Article 51 (Constitution of India):** Directs the State to promote international peace and security and maintain just and honorable relations between nations. Participation in global AI summits fulfills this Directive Principle by fostering international law for emerging technologies.
- **Seventh Schedule (Union List):** Entry 10 (Foreign Affairs) and Entry 13 (Participation in international conferences) give the Central Government the exclusive power to negotiate and commit to global AI governance frameworks.
- **The Bletchley Declaration (2023):** The foundational "soft law" agreement signed by 28 countries, including India, which acknowledges that AI should be designed and used in a "human-centric, trustworthy, and responsible" manner.



- **Digital Personal Data Protection (DPDP) Act, 2023:** India's domestic legal pillar that governs the data used to train AI models, ensuring user consent and purpose limitation, which aligns with the global "Safe AI" agenda.

Key Definitions

- **Bletchley Process:** The sequence of global summits (UK, South Korea, France, India, Switzerland) aimed at establishing international consensus on AI safety and governance.
- **Frontier AI:** Highly capable, general-purpose AI models that can perform a wide variety of tasks and match or exceed the capabilities embodied in the most advanced current models.
- **Global South Inclusion:** The deliberate effort to include developing nations in AI policy-making to prevent "technological colonialism" and ensure equitable access to AI benefits.
- **Regulatory Sandbox:** A framework provided by regulators that allows AI developers to test innovative products in a live environment under supervision before full-scale market entry.

Conclusion

The transition of the Global AI Summit from the Global South (India 2026) back to a traditional diplomatic center (Switzerland 2027) marks the maturation of AI diplomacy. It suggests that the international community is moving toward a "Global AI Compact." While India's role is to ensure that AI serves the "bottom of the pyramid" through its *AI for All* philosophy, Switzerland's role in 2027 will likely be to codify these principles into a technical and legal framework that can survive geopolitical fragmentation.

UPSC Relevance

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India; Important International institutions (UN, ITU, GPAI); Effect of policies of developed and developing countries on India's interests.
- **GS Paper III:** Science and Technology- developments and their applications; Awareness in the fields of IT, Space, Computers, Robotics, Nanotechnology, etc.
- **Significance:** Vital for understanding the evolution of "Techplomacy" and India's leadership in the Global South regarding emerging technology regulation.

9. Public Health Containment: The 2026 Nipah Outbreak in West Bengal

- **Containment of Outbreak:** The Union Health Ministry and the National Centre for Disease Control (NCDC) have officially contained a localized Nipah virus (NiVD) outbreak in West Bengal. As of late January 2026, only two confirmed cases have been reported since December 2025. The prompt response prevented a wider surge, with authorities clarifying that higher figures circulating in some media outlets were speculative.
- **Aggressive Contact Tracing:** A robust "test, track, and treat" strategy was deployed, identifying 196 individuals as close contacts. All traced contacts were quarantined and tested; as of 27 January 2026, all have tested negative and remain asymptomatic. The cluster originated in a healthcare setting near Kolkata, initially affecting medical staff after treating an index patient.





- **International Health Surveillance:** Despite the domestic containment, several Asian nations (including Thailand, Nepal, Indonesia, and Vietnam) have reinstated COVID-style airport screenings for travelers arriving from India, particularly from West Bengal. Measures include thermal scanning, health declaration forms (like Thailand's T.8 form), and visual monitoring to prevent cross-border transmission.
- **Epidemiology and Lethality:** Nipah is a zoonotic RNA virus with a high Case Fatality Rate (CFR) ranging between 40% and 75%. It is primarily transmitted via fruit bats (*Pteropus* genus) and pigs, or through contaminated food (e.g., date palm sap). Human-to-human transmission occurs through close contact with bodily fluids or respiratory droplets, often in household or hospital settings.
- **Clinical Challenges:** There is currently no approved vaccine or specific antiviral drug for Nipah. Treatment remains limited to intensive supportive care. Symptoms range from asymptomatic infection to acute respiratory illness and fatal encephalitis (inflammation of the brain). Its "Basic Reproduction Number" (R_0) is generally below 1, which aids containment compared to highly transmissible viruses like COVID-19.
- **Strategic Monitoring:** The situation remains under active surveillance by the Integrated Disease Surveillance Programme (IDSP). States across India have been issued advisories to monitor cases of Acute Encephalitis Syndrome (AES), ensuring that any new spillover from the wildlife reservoir is detected immediately.

Key Definitions

- **Zoonotic Disease:** An infectious disease that has jumped from a non-human animal to humans.
- **Case Fatality Rate (CFR):** The proportion of people who die from a specified disease among all individuals diagnosed with the disease over a certain period.
- **Encephalitis:** An acute inflammation of the brain, often caused by a viral infection, leading to symptoms like convulsions, drowsiness, and coma.
- **Index Case:** The first identified case in a group of related cases of a particular communicable disease.

Constitutional & Legal Provisions

- **Seventh Schedule (List II, Entry 6):** "Public health and sanitation; hospitals and dispensaries" are primarily a State subject.
- **Seventh Schedule (List III, Entry 29):** "Prevention of the extension from one State to another of infectious or contagious diseases" is a Concurrent subject, allowing both Centre and States to legislate.
- **Epidemic Diseases Act, 1897:** The primary legal framework used by states to implement mandatory quarantines, border closures, and emergency health protocols.
- **Article 21:** The "Right to Life" encompasses the "Right to Health," casting a positive obligation on the State to ensure timely medical containment of deadly pathogens.

Conclusion

The containment of the 2026 Nipah outbreak in West Bengal highlights India's improved public health infrastructure and rapid response capabilities post-COVID-19. By ring-fencing the healthcare-associated cluster through exhaustive contact tracing, the NCDC successfully prevented a localized spillover from becoming a regional epidemic. However, the persistent international screenings underscore the "trust deficit"



in global health security, necessitating more transparent real-time data sharing to harmonize travel protocols during future zoonotic events.

UPSC Relevance

- **GS Paper II:** Issues relating to the development and management of Social Sector/Services relating to Health; Role of quasi-judicial and statutory bodies (NCDC, ICMR).
- **GS Paper III:** Science and Technology- developments and their applications in health; Awareness in the fields of Biotechnology and virus research.
- **Prelims:** Viral characteristics of Nipah (RNA virus, zoonotic); Natural reservoirs (Fruit Bats); National Centre for Disease Control (NCDC) functions; Constitutional entries related to health.

10. Sustaining India's Growth Amid Structural Breaks: Economic Survey 2025-26

- **Macroeconomic Stability and Resilience:** The Economic Survey (released 29 January 2026) projects a real GDP growth of **7.4%** for FY26, with a forward-looking range of **6.8-7.2%** for FY27. Despite "global churn" and geopolitical discontinuity, India has maintained its status as the world's fastest-growing major economy, supported by a healthy banking sector and a halving of the fiscal deficit from its pandemic peak (targeting **4.4%** in FY26).
- **Disciplined Swadeshi and Indigenization:** In response to global trade fragmentation and a \$1 trillion trade surplus from China, the Survey introduces a **Three-Tiered Strategy for Strategic Indigenization**. This aims to move India from "strategic resilience" (absorbing shocks) to "strategic indispensability" by building deep capabilities in electronics, semiconductors, defence, and advanced chemicals.
- **National Input Cost Reduction Strategy:** To enhance export competitiveness without eroding domestic resilience, the Survey proposes treating **"competitiveness as infrastructure."** This involves a structural reduction in the cost of capital, energy, and logistics, recognizing that elevated input costs act as an "economy-wide penalty" that hinders the "Make in India" mission.
- **The AI and Employment Paradox:** With a requirement to generate **8 million jobs annually**, the Survey identifies AI as both a "crisis and a catalyst." It calls for a pragmatic "marathon and sprint" approach—leveraging AI to boost productivity in services while implementing the **four Labour Codes** to protect worker interests and promote labor-intensive manufacturing.
- **Paradox of 2025 – Global vs. Local:** The Survey notes a "Paradox of 2025" where India's strongest macroeconomic performance in decades has coincided with a global financial system that no longer consistently rewards success with currency stability or capital inflows. This necessitates a shift toward a **less financialized growth model** and greater reliance on domestic demand.
- **Collective Nation-Building:** Moving beyond state policy, the Survey emphasizes that sustaining high growth requires a **"collective endeavor."** It calls for corporate leadership to look beyond short-term balance sheets and for citizens to make choices (concerning data consumption, health, and public goods) that reinforce long-term fiscal and economic prospects.





Constitutional & Legal Provisions

- **Article 112:** Relates to the "Annual Financial Statement" (Budget). While the Economic Survey is not a constitutional requirement, it is the established precursor that provides the intellectual scaffolding for the Budget.
- **FRBM Act, 2003:** The Fiscal Responsibility and Budget Management Act provides the legal mandate for fiscal consolidation. The Survey confirms India's path toward a 4.4% deficit, aligning with post-pandemic consolidation targets.
- **Labor Codes (2020/2025):** The Survey highlights the implementation of the four consolidated Labour Codes as a critical structural reform to improve the quality of employment and ease of compliance.
- **RDI Scheme (2025):** A legal and financial framework with a ₹1 lakh crore outlay designed to incentivize private sector R&D in sunrise domains like deep-tech, space, and quantum computing.

Key Definitions

- **Structural Break:** A sudden change in the parameters of an economic model (like a global pandemic or major geopolitical realignment) that renders previous growth patterns or predictions invalid.
- **Input Cost Reduction:** A strategy focusing on lowering foundational costs (interest rates, electricity, transport) to make domestic goods more competitive in global markets.
- **Disciplined Swadeshi:** A policy of self-reliance that focuses on developing "indispensable" high-tech capabilities rather than broad protectionism.
- **Potential Growth:** The maximum rate of growth an economy can sustain over the medium term without igniting excessive inflation.

Conclusion

The Economic Survey 2025-26 serves as a "signpost" for an India that is no longer content with being just a global consumer. By advocating for a "Disciplined Swadeshi" and a structural reduction in input costs, it seeks to insulate the Indian Rupee and the domestic job market from a volatile global order. The success of this vision hinges on whether the private sector can match the government's "Reform Express" with significant R&D investment and whether the state can successfully navigate the disruptive potential of AI in its quest for 8 million annual jobs.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Effects of liberalization on the economy; Infrastructure and Investment models.
- **GS Paper II:** Government policies and interventions for development in various sectors; International relations (Geopolitical discontinuities affecting trade).
- **Essay/Ethics:** Themes of collective responsibility in nation-building; Instant vs. delayed gratification in public policy.



11. Revitalizing India's Tourism Sector: Challenges and Strategic Imperatives

- **Paradox of Potential vs. Performance:** Despite its immense cultural and geographical diversity, India attracts a disproportionately low number of foreign tourists (~5.6 million by August 2025) compared to smaller regional peers like Singapore (~11.6 million) and Thailand. This indicates a significant "tourism deficit" and an inability to convert vast natural and cultural assets into economic outcomes.
- **The Three "I"s Framework:** India's primary hurdles are categorized into **Image** (perceptions of safety, sanitation, and bureaucracy), **Infrastructure** (last-mile connectivity, poor signage, and hygiene), and **"India Itself"** (navigating crowds, service quality gaps, and the prevalence of touts). These factors collectively erode the "tourist experience," making India less competitive than Southeast Asian neighbors.
- **Segmented Marketing Strategy:** To overcome generic branding, the government and stakeholders must adopt an **"Incredible Indias"** (plural) approach. This involves marketing specific, high-value circuits—such as the Spiritual/Buddhist circuit, Adventure/Himalayan trails, and Luxury/Wellness retreats—to targeted international audiences rather than relying on a singular national narrative.
- **Structural Economic Impact:** Tourism is a high-multiplier sector; investments here generate significantly more jobs (direct and indirect) than in manufacturing, particularly for the unskilled and semi-skilled workforce. As automation impacts other industries, tourism is viewed as a **strategic imperative** to address youth unemployment and boost foreign exchange earnings.
- **Visa and Institutional Reforms:** While e-visas have improved accessibility, further modernization is required. Proposals include exploring a **"Visa on Arrival"** policy for low-risk nations and sensitizing immigration and "Tourist Police" to be more welcoming. Addressing bureaucratic hurdles is crucial for projecting India as a confident, hospitality-driven nation.
- **GST and Fiscal Support:** The hospitality industry faces unique fiscal challenges under the current GST regime. The denial of **Input Tax Credit (ITC)** at the 5% slab—meant for affordability—paradoxically increases the tax burden on hotels compared to the previous 12% regime. Rationalizing these taxes is essential for enhancing the price competitiveness of Indian hotels in the global market.

Constitutional & Legal Provisions

- **Seventh Schedule (List II, Entry 6):** Public health and sanitation are state subjects, impacting the basic amenities available at tourist sites.
- **Seventh Schedule (List III, Entry 29):** The prevention of the extension of infectious diseases is a Concurrent subject, critical for managing health safety during global travel.
- **Article 51A(f):** It is a **Fundamental Duty** of every citizen to "value and preserve the rich heritage of our composite culture," which forms the basis for heritage tourism.
- **Adopt a Heritage Scheme:** A policy framework allowing private and public sector companies to become "Monument Mitras" and develop tourist amenities at heritage sites.

Key Definitions

- **Inbound Tourism:** Refers to the activities of a non-resident visitor within the country on a tourism trip.
- **Input Tax Credit (ITC):** A mechanism in GST where a business can reduce the tax it has already paid on inputs (purchases) from the tax it must pay on its outputs (sales).



- **Tourist Police:** A specialized wing of the police force trained to assist, protect, and provide information specifically to tourists to ensure their safety and prevent harassment.
- **Wellness Tourism:** Travel associated with the pursuit of maintaining or enhancing one's personal well-being (e.g., Ayurveda, Yoga).

Conclusion

India possesses the ingredients of a global tourism powerhouse, but it remains a "tantalizing idea" rather than a top-tier destination due to foundational gaps. To transition from "the beautiful" to "the functional," India must synchronize its marketing brilliance with ground-level improvements in safety, sanitation, and professional training. By treating tourism as a core economic pillar—equivalent to manufacturing—India can leverage its soft power to drive inclusive growth and generate millions of jobs.

UPSC Relevance

- **GS Paper I:** Indian Culture - Salient aspects of Art Forms, Literature, and Architecture from ancient to modern times.
- **GS Paper II:** Government policies and interventions for development in various sectors.
- **GS Paper III:** Indian Economy (Infrastructural development: Ports, Roads, Airports); Employment and growth; Effects of liberalization (Ease of travel).
- **Prelims:** Themes of Swadesh Darshan and PRASHAD schemes; Travel & Tourism Development Index (TTDI) by WEF; Cultural heritage sites.

12. China's Economic Transformation: Drivers, Capacity, and India-China Trade

- **Structural Shift in Growth Engines:** In 2025, the Chinese economy reached a milestone with its GDP exceeding 140 trillion yuan (\$20 trillion), marking a 5% year-on-year growth. A profound shift is evident as **domestic consumption** became the primary driver, contributing 52% to growth, while exports contributed 32.7%. Gross capital formation (investment) decreased to 15.3%, signaling a transition from an investment-led model to a consumption and innovation-led trajectory.
- **High-Tech and Green Industrial Push:** China's industrial resilience is increasingly tied to "New Quality Productive Forces." High-tech product exports grew by 13.2% in 2025, with significant breakthroughs in **Artificial Intelligence (AI), quantum technology, and brain-computer interfaces**. Emerging sectors like industrial robots, renewable energy, and clean power are replacing traditional real estate and heavy infrastructure as the new pillars of the economy.
- **The "Overcapacity" Debate:** China refutes Western claims of "overcapacity," citing a capacity utilization rate of 74.4%, which is at par with the U.S. and EU. The competitive edge of Chinese products is attributed to long-term R&D and a comprehensive industrial chain rather than subsidies. China positions itself as a provider of "advanced solutions" for the Global South, aiding energy transitions and industrialization in developing nations.
- **India-China Trade Dynamics:** Bilateral trade reached a historic high of **\$155.6 billion** in 2025. While India runs a significant deficit, the imports consist largely of intermediate goods, raw materials, and components essential for India's own manufacturing and export sectors. This "economic complementarity" suggests that Chinese inputs are currently integral to India's industrial growth.





- **Narrowing the Trade Gap:** Indian exports to China grew by 9.7% to reach \$19.7 billion in 2025, with a surge in the final months of the year. China has signaled a policy shift toward "expanding domestic demand" for 2026, opening its market of 400 million middle-income consumers to high-quality Indian products in sectors like agriculture, pharmaceuticals, and IT services.
- **Open Market Policy:** China has maintained a low average tariff level of 7.3% and is expanding visa-free policies to facilitate business. The invitation to Indian firms to utilize platforms like the **China International Import Expo (CIIE)** indicates a strategic move to transform the trade deficit into a "cooperative surplus" through balanced trade.

Key Definitions

- **New Quality Productive Forces:** A Chinese economic term referring to economic growth led by innovation, high technology, and high efficiency, moving away from traditional labor-intensive and resource-heavy industries.
- **Gross Capital Formation:** An indicator of the net increase in physical assets (investment) within an economy during an accounting period.
- **Trade Complementarity:** A situation where the export specializations of one country match the import needs of another, creating a mutually beneficial trade relationship.
- **New Three (Xinsanyang):** Refers to China's leading export categories: electric vehicles (EVs), lithium-ion batteries, and solar products.

Constitutional & Legal Provisions

- **Article 51 (Constitution of India):** Directs the State to foster respect for international law and treaty obligations, providing the basis for bilateral trade agreements and participation in organizations like the BRICS and SCO.
- **Seventh Schedule (List I, Entry 11):** "Trade and commerce with foreign countries" is a Union subject, giving the Central Government exclusive power to regulate imports/exports and tariffs with China.
- **Foreign Trade (Development and Regulation) Act, 1992:** The primary legal framework for India's trade policy, under which the Directorate General of Foreign Trade (DGFT) manages trade with China.
- **WTO Rules on Anti-Dumping:** Legal provisions used by India to counter perceived "dumping" or unfair subsidies by foreign entities, often invoked in the context of Chinese steel and electronics.

Conclusion

The Chinese economy in 2025 has demonstrated a "new logic" by prioritizing internal consumption and high-end innovation over old-school infrastructure investment. For India, this represents a double-edged sword: while the trade deficit remains a point of friction, the reliance on Chinese intermediate goods is a functional reality for Indian manufacturers. The path forward lies in leveraging China's transition into a consumer-heavy economy to boost Indian exports, thereby stabilizing the bilateral economic relationship through deeper market access rather than total decoupling.

UPSC Relevance

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Effect of policies of developed and developing countries on India's interests.



- **GS Paper III:** Indian Economy (Effects of liberalization, Industrial growth); Science & Technology (Emerging technologies like AI and Quantum tech).
 - **Significance:** Essential for understanding the "China Plus One" strategy, the impact of Chinese manufacturing on Indian PLI schemes, and the evolving geopolitical landscape of the Indo-Pacific.
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