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The Ministry of External Affairs has confirmed that External Affairs Minister S. Jaishankar will represent India at the Brazil-led BRICS virtual summit to discuss the implications of recent U.S. tariff measures. Convened by Brazilian President Lula da Silva, this meeting underscores growing discontent among emerging economies against unilateral trade policies of the United States. The summit also comes against the backdrop of India's increasing role as the next BRICS Chair, adding strategic weight to its participation.

Key Analysis

1. Context of U.S. Tariffs

- On August 6, the U.S. imposed steep tariffs: 50% on imports from Brazil and India, 30% on Chinese and South African goods, 19% on Indonesian goods (with some waivers), and 10% on others including Russia and Iran.
- Such measures are seen as protectionist and have wider implications for global trade, particularly at a time of fragile recovery from global economic disruptions.

2. Brazil's Leadership and Call for a Common Stand

- President Lula da Silva has initiated collective discussions within BRICS

External Affairs Minister to join Brazil-led BRICS virtual summit on U.S. tariffs: MEA

Suhasini Haidar
NEW DELHI

External Affairs Minister S. Jaishankar will represent India at a virtual summit of BRICS nations on Monday, the Ministry of External Affairs said here on Friday, announcing India's participation in the meeting convened by Brazil President Lula da Silva to discuss tariffs imposed by the U.S.

The summit, which is bound to irk the U.S. government, comes days after Prime Minister Narendra Modi's visit to China for the SCO summit and conversation with Chinese President Xi Jinping and Russian President Vladimir Putin, which U.S. officials criticised.

Countries taking part

Brazilian officials have not confirmed how many of the 11-member BRICS grouping of emerging economies will participate in the summit and at what level. Shortly after U.S. tariffs were imposed on August 6, Mr. Lula had called the Mr. Modi and said he would speak to each of the BRICS members to rally support



S. Jaishankar

towards forming a "common" plan to deal with the move.

On Friday, the Kremlin's spokesperson confirmed that Mr. Putin would take part in the summit, and sources said they expected other confirmations over the weekend.

"From [India's] side, it will be the External Affairs Minister [S. Jaishankar] who will be participating in it," said MEA spokesperson Randhir Jaiswal when asked at a weekly briefing. "This BRICS summit is at the leaders' level," he added, but did not clarify why Mr. Modi would not attend the meeting.

India is the next Chair of the BRICS grouping, and will host the summit of

countries including Brazil, Russia, India, China, South Africa and new members Egypt, Ethiopia, Indonesia, Iran, Saudi Arabia and the United Arab Emirates.

The Brazilian Ministry of Foreign Affairs has not yet announced the specific agenda of the meeting to be held on Monday. However, local media reported that the summit would discuss the impact of U.S. tariffs on global trade, and measures to strengthen multilateralism in order to counter the effects of unilateral economic measures.

The U.S. has imposed 50% tariffs on goods from Brazil, like India, the two countries with the highest levies worldwide. China and South Africa also face high 30% tariffs, and Indonesian goods are levied 19% tariffs, with a waiver for its most important agricultural exports such as palm oil, cocoa and rubber.

All other BRICS nations including Russia and Iran, which are among the most heavily sanctioned countries, are on the lowest rung of 10% tariffs.

to counterbalance U.S. economic unilateralism.

- The move reflects Brazil's attempt to position BRICS as a counterweight in global economic governance.

3. India's Calculated Position

- India's decision to send the External Affairs Minister instead of the Prime Minister suggests a cautious approach.
- While India faces significant tariff burdens, it must balance its economic concerns with strategic relations with the U.S., which remains a key partner in technology, defense, and Indo-Pacific security.

4. Geopolitical Dimensions

- The summit comes just after PM Modi's meetings with Xi Jinping and Putin during the SCO summit, a development criticized by U.S. officials.
- The participation of Russia, China, Iran, and others in the discussion reflects a coalition of economies that have often been at odds with U.S.-led sanctions regimes.
- For India, active involvement in BRICS offers leverage in negotiating fairer trade arrangements while avoiding being perceived as part of an "anti-West" bloc.

5. Broader Implications for Global Governance

- BRICS, now expanded to 11 members, represents a significant share of global GDP and trade.
- By discussing collective responses to unilateral tariffs, the grouping signals its intent to shape a more equitable multilateral order.
- However, internal divergences in political systems, economic dependencies, and strategic alignments among BRICS members may limit the scope of a unified front.

Conclusion

The Brazil-led BRICS summit on U.S. tariffs highlights both the challenges and opportunities for emerging economies in navigating an increasingly fragmented global trade environment. For India, the meeting provides a platform to voice concerns against unilateralism while maintaining strategic autonomy in its ties with the U.S. and other partners. Ultimately, the summit reflects the shifting balance in global economic governance, where middle and emerging powers are seeking to assert a collective voice against protectionist tendencies of established powers.

UPSC Prelims Practice Question

Ques: Consider the following statements regarding BRICS:

1. India will assume the next chairmanship of BRICS.
2. BRICS was recently expanded to include countries such as Egypt, Ethiopia, Indonesia, Iran, Saudi Arabia and the UAE.
3. The first BRICS summit was held in Brazil.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans : a)

UPSC Mains Practice Question

Ques: India's participation in the Brazil-led BRICS summit on U.S. tariffs reflects its balancing act between strategic autonomy and economic interests. Discuss. **(150 Words)**

India's release of the Technology Perspective and Capability Roadmap (TPCR-2025) marks a significant step towards shaping military preparedness for the next 15 years. The roadmap envisions reinforcing nuclear deterrence while simultaneously enhancing drone warfare and electronic combat capabilities, in line with the changing nature of modern conflicts. This shift reflects India's twin priorities of deterrence stability and technological self-reliance in defence.

India plans to strengthen nuclear deterrence, drone warfare capabilities

Saurabh Trivedi

NEW DELHI

India has set out an ambitious plan to reinforce its nuclear deterrence and expand drone warfare capabilities under the Technology Perspective and Capability Roadmap (TPCR-2025), a 15-year blueprint for military preparedness.

The document highlights measures to sustain credible nuclear deterrence through survivability systems and advanced delivery platforms. While it avoids reference to specific warhead technologies, it outlines future acquisitions such as nuclear command-and-control infrastructure, radiation detection tools, and mobile decontamination units. Unmanned ground vehicles for chemical, biological, radiological and nuclear (CBRN) reconnais-



Ready for action: TPCR-2025 envisages adaptive jamming systems, electronic denial bubbles to neutralise attacks by hostile drones. PTI

sance are also on the agenda, aimed at strengthening protection against potential nuclear or chemical fallout.

On the aerial front, the Army has projected requirements for stealth remotely piloted aircraft with ranges of up to 1,500 km and altitudes of 60,000 feet. These drones would carry electronic warfare payloads; nuclear, biologi-

cal, and chemical detection equipment, and even guide artillery fire.

Loitering munition

The road map also places emphasis on loitering munitions, designed to carry out precision strikes with artificial intelligence-enabled targeting and reusable warhead systems. In addition, integrated surveillance and targeting drones

are expected to boost the battlefield capabilities of mechanised forces.

India is also preparing for the emerging threat of hostile drone swarms.

The TPCR-2025 envisages adaptive jamming systems and electronic denial bubbles with a 15 km radius to neutralise such attacks, underscoring the rising importance of electronic warfare in modern combat.

Officials said the initiatives were closely aligned with the government's self-reliance push in defence production by reducing dependence on foreign imports.

With the road map, India has signalled a strategic shift towards integrated deterrence – combining nuclear resilience, electronic warfare, and unmanned strike platforms – to strengthen national security in the coming decades.

Key Analysis

1. Sustaining Credible Nuclear Deterrence

- TPCR-2025 emphasizes survivability systems and advanced delivery platforms to maintain credible nuclear deterrence.
- Plans include nuclear command-and-control infrastructure, radiation detection, mobile decontamination units, and unmanned ground vehicles for CBRN (chemical, biological, radiological, nuclear) reconnaissance.
- Focus is not on new warhead development but on resilience, survivability, and operational readiness.

2. Expanding Drone Warfare Capabilities

- The Army has projected needs for stealth drones capable of 1,500 km range and 60,000 ft altitude.
- These drones will be multipurpose: carrying electronic warfare payloads, CBRN sensors, and guiding artillery fire.
- Loitering munitions with AI-enabled targeting and reusable warheads signal a move towards precision and autonomous warfare.
- Integrated surveillance drones will strengthen mechanised forces on the battlefield.

3. Countering Hostile Drone Threats

- The roadmap acknowledges the growing challenge of drone swarms.
- Proposed solutions include adaptive jamming systems and electronic denial bubbles (15 km radius), reinforcing the centrality of electronic warfare.

4. Self-Reliance in Defence Production

- These initiatives align with Atmanirbhar Bharat by reducing dependence on foreign imports.
- Domestic R&D and production in drones, electronic warfare, and CBRN technologies are expected to boost indigenous defence manufacturing.

5. Strategic Implications

- Represents a shift towards integrated deterrence: combining nuclear resilience, unmanned systems, and electronic warfare.
- Prepares India for a multi-domain battlefield, where AI, drones, and EW are as decisive as conventional firepower.
- Enhances India's ability to respond to both state and non-state threats, including potential drone-led asymmetric warfare.

Conclusion

The TPCR-2025 demonstrates India's recognition that 21st-century conflicts will be shaped as much by technology and electronic dominance as by conventional military strength. By integrating nuclear deterrence with drone warfare and electronic capabilities, India seeks to safeguard national security while advancing defence self-reliance. However, sustained investment in indigenous R&D, private sector participation, and doctrinal clarity will be crucial to translate this roadmap into operational capability.

UPSC Prelims Practice Question

Ques: With reference to India's Technology Perspective and Capability Roadmap (TPCR-2025), consider the following statements:

1. It focuses only on nuclear warhead development.
2. It includes plans for stealth drones and loitering munitions.
3. It envisages adaptive jamming systems to counter drone swarms.

Which of the above statements are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans : b)

UPSC Mains Practice Question

Ques: Evaluate the role of indigenous defence production in achieving the objectives of TPCR-2025. Suggest measures to accelerate self-reliance in critical technologies like drones and electronic warfare. **(150 Words)**

The Ministry of Environment, Forest and Climate Change has notified the Environment Audit Rules, 2025, a reform aimed at addressing the long-standing challenges of monitoring industrial and project-level compliance with environmental regulations. By allowing private accredited agencies to serve as environmental auditors, the framework seeks to fill manpower and infrastructure gaps faced by Pollution Control Boards and strengthen accountability in environmental governance.

Key Analysis

1. Need for Reform

- Existing compliance monitoring depends on the CPCB, regional offices, and State Pollution Control Boards / Committees.
- These agencies face acute shortages of staff, resources, and technical expertise, limiting their ability to monitor the growing number of projects nationwide.
- Environmental violations at local levels often go unchecked due to lack of institutional capacity.

2. Key Features of the Environment Audit Rules, 2025

- Accreditation of private agencies as environmental auditors, similar to chartered accountants.
- Licensed auditors authorised to assess compliance with environmental laws and best practices in pollution control.
- Integration with Green Credit Rules to link audits with afforestation, sustainable water management, and waste management credits.
- Extension of compliance obligations to nearly every company, requiring carbon accounting and indirect emissions reporting.

3. Potential Benefits

- Bridges manpower and infrastructure deficit in regulatory institutions.
- Professionalises environmental compliance with standardised auditing processes.

A new leaf

Environmental compliance needs to be monitored at all levels

The Ministry of Environment, Forest and Climate Change has brought into effect a set of rules called the Environment Audit Rules, 2025, that allows the vital activity of environmental monitoring and auditing to go beyond the remit of State Pollution Control Boards. The rules will largely scrutinise whether industrial units are compliant with environmental regulation. The overall framework for monitoring and compliance within the existing environmental framework is presently supported by the Central Pollution Control Board, the Regional Offices of the Environment Ministry, and the State Pollution Control Boards/Pollution Control Committees. They have, however, been facing significant constraints in terms of manpower, resources, capacity and infrastructure. "These limitations have hampered their ability to comprehensively monitor and enforce environmental compliance across the vast number of projects and industries operating nationwide," said a press statement by the Environment Ministry. This scheme aims to bridge the manpower and infrastructure deficits faced by regulatory authorities, thereby strengthening the effective implementation of environmental compliance mechanisms.

Under the new rules, private agencies can get themselves accredited as auditors. Much like chartered accountants, environment auditors can get themselves licensed and be authorised to evaluate the compliance of projects with environmental laws and their adherence with best practices in the prevention, control and abatement of pollution. Environmental regulation has, in recent years, transcended policing and bookkeeping. Given that human-caused climate change is seen as a problem that nations must collectively fix, new dimensions to environmental regulations have emerged. Thus, audits undertaken by these agencies can also be used for compliance with 'Green Credit Rules', under which individuals and organisations can gain tradeable 'credits' for afforestation, sustainable water management and waste management among other activities. Beyond industrial units, nearly every company in India will have to account for its direct and indirect carbon emissions. This will entail fairly complex accounting practices, which are beyond what Pollution Control Board officials can handle. However, preparing for the future should not be at the expense of compromising core responsibilities. It is usually at the district, block and panchayat levels that the most flagrant environmental travesties abound, which escape notice usually because of the lack of trained staff. The new regime must seek to empower them too.

- Encourages businesses to adopt sustainable practices through market-linked incentives like tradeable green credits.
- Enhances India's preparedness for global carbon accounting norms and ESG (Environmental, Social, Governance) reporting.

4. **Challenges and Concerns**

- Risk of conflict of interest if private auditors are paid by the companies they evaluate.
- Overemphasis on corporate-level compliance may sideline grassroots environmental issues at district, block, and panchayat levels.
- Need for strong oversight to ensure auditors do not merely "rubber stamp" compliance reports.
- Capacity building of local institutions remains essential to address on-ground violations.

Conclusion

The Environment Audit Rules, 2025 mark a progressive shift in environmental governance by blending state oversight with private expertise, thereby professionalising compliance monitoring. However, the effectiveness of this regime will depend on robust accreditation norms, transparency in auditing, and empowerment of grassroots institutions. Strengthening local monitoring mechanisms while embracing innovative tools such as green credits will ensure that environmental justice is delivered not only at the corporate level but also where ecological violations most acutely affect communities.

UPSC Prelims Practice Question

Ques : With reference to the Environment Audit Rules, 2025, consider the following statements:

1. They allow private agencies to be accredited as environmental auditors.
2. Environmental audits can also be used for compliance with Green Credit Rules.
3. Only the Central Pollution Control Board is empowered to conduct audits under the new rules.

Which of the above statements is/are correct?

- (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3

Ans : d)

UPSC Mains Practice Question

Ques: Discuss the significance of the Environment Audit Rules, 2025 in strengthening environmental governance in India. What challenges do you foresee in their implementation? **(150 Words)**

The 56th GST Council meeting (September 2025) has ushered in a landmark set of reforms popularly termed GST 2.0. By rationalising rates, correcting anomalies, easing compliance, and strengthening dispute resolution, the government has sought to transform the indirect tax regime into one that is predictable, fair, and growth-oriented. These changes are not just fiscal adjustments but structural reforms that could unlock India's economic potential in the decade ahead.

Fixing problems, unlocking India's growth potential

India's economic journey has always been shaped by bold reforms, and the latest set of Goods and Services Tax (GST) measures announced at the 56th GST Council meeting on September 3, 2025, may well prove to be one of the most consequential yet. For years, businesses and policymakers alike have called for simplification, predictability, and fairness in India's indirect tax regime. With the latest decisions – streamlining rates, correcting anomalies, easing compliance and strengthening dispute resolution – the government has delivered a package that balances ambition with pragmatism.

What makes this moment special is not just the scope of the changes but also the collaborative spirit behind them. The result is what many are calling GST 2.0 – a reform designed not merely to fix today's problems but also to unlock India's growth potential for the decade ahead.

Relief for many income groups

Essentials such as soap, toothpaste, hair oil, shampoo, kitchenware and packaged foods now fall under lower tax brackets, immediately easing household budgets and boosting demand in sectors that employ millions. For housing, reduced GST on cement and construction materials will bring homes within reach for more families, supporting the government's 'Housing for All' mission while stimulating allied industries such as steel, tiles, sanitaryware and paints. Infrastructure projects too will benefit from lower costs of inputs, improving project viability and freeing capital for expansion.

Life-saving drugs and critical medical devices have been moved to nil or 5% GST, cutting treatment costs and expanding access for patients. In a country that has emerged as a global hub for affordable medicines, this is both a social and economic win.

Labour-intensive industries such as textiles, handicrafts, leather, footwear, and toys – stand to gain from lower rates that protect margins, safeguard livelihoods, and create jobs in semi-urban and rural clusters. The automotive sector, a key driver of growth, will also see a



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boost as now more affordable small cars, motorcycles, buses and trucks will encourage demand and investment in auto-manufacturing hubs.

Helping exporters and MSMEs

The rationalisation of rates will also help exporters. Long-standing distortions created by inverted duty structures in textiles, fertilizers and renewables are finally being corrected. This will make Indian products more competitive globally while reducing import dependence. Export-heavy sectors such as handicrafts, leather, and engineering goods – most driven by micro, small and medium enterprises (MSME) – are well placed to gain benefits. Lower duties on capital goods and intermediates will also promote local value addition, directly supporting the 'Make in India' initiative.

One of GST's biggest challenges has always been litigation. Interpretational disputes, classification complexities and uncertainty over tax treatment have burdened businesses and clogged up the system. Rationalisation addresses this by simplifying slabs and harmonising rates for similar goods. Clarifications on intermediary services and post-sale discounts further reduce ambiguity, bringing long-awaited relief to service exporters and aligning tax rules with commercial practices.

Small exporters will welcome the decision to remove thresholds for refunds on low-value consignments. This ensures fairer treatment for courier and e-commerce players, where liquidity pressures are acute. Faster, more reliable refunds will ease working capital challenges and encourage reinvestment in growth.

Perhaps the most path-breaking measure is the Simplified GST Registration Scheme for Small and Low-Risk Businesses. By introducing automated approvals within three days, the government has dramatically reduced entry barriers, which will cut compliance costs, encourage formalisation, and allow MSMEs to expand into new markets with greater ease.

Given that MSMEs are the backbone of India's economy – contributing to jobs, exports and

innovation – the significance of this step cannot be overstated.

Institutional reform has also received a boost with the operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT). By enabling faster and fairer resolution of disputes, GSTAT will strengthen confidence in the system and reduce case backlogs. This signals that GST is not just about revenue collection but also about building a fair and predictable tax framework that businesses can trust.

The broader message is equally important. The streamlined two-rate GST structure (a standard rate of 18% and a merit rate of 5% with a special de-merit rate of 40% for a select few goods and services) aligns India more closely with global best practices, moving it to the kind of tax regime that advanced economies employ. For international investors, the reforms send a strong signal of policy stability, predictability and ease of doing business. In a world where global supply chains are being reconfigured, India is positioning itself not just as a vast market but also as a reliable and competitive investment destination.

A pathway to economic expansion

Of course, reforms are never the end of the road. Implementation will be key, and challenges such as delays and procedural complexities still need attention. But what stands out is the intent. The government has shown that it is listening to industry, willing to act decisively, and committed to building a tax system that fuels, rather than impedes, growth.

GST 2.0 is more than just a tax reform. It is an economic reform that promises to boost consumption, empower MSMEs, strengthen competitiveness, and reinforce India's growth momentum. It lays the foundation for India's next phase of economic expansion.

The story of GST has always been one of bold ambition. With these reforms, India has taken a decisive step toward realising that ambition. For businesses, consumers and policymakers alike, this is not just an adjustment of rates. It is the start of a new chapter in India's growth journey.

GST 2.0 is both a tax reform and the start of a new chapter in the growth journey

Key Analysis

1. Relief for Households and Consumers

- Essentials such as soap, shampoo, toothpaste, kitchenware, and packaged foods shifted to lower slabs → easing household budgets and boosting demand.
- Reduced GST on cement and construction materials → making housing affordable, aligning with Housing for All, and boosting allied industries (steel, paints, tiles).
- Life-saving drugs and critical medical devices moved to nil or 5% GST → lowering healthcare costs, reinforcing India's role as a hub for affordable medicines.

2. Boost to Labour-Intensive and Employment-Generating Sectors

- Textiles, handicrafts, leather, footwear, toys → lower rates safeguard margins and encourage rural and semi-urban job creation.
- Automotive sector → reduced rates for small cars, two-wheelers, buses, trucks → supporting demand and investment in manufacturing clusters.

3. Support for Exporters and MSMEs

- Correction of inverted duty structures in textiles, fertilizers, and renewables → enhancing global competitiveness and reducing import dependence.
- Removal of refund thresholds for small consignments → easing liquidity pressures for MSMEs and e-commerce players.
- Lower duties on capital goods and intermediates → fostering local value addition, aiding Make in India.
- Simplified GST Registration Scheme with automated approvals → lowering compliance burden and facilitating formalisation.

4. Institutional and Structural Reforms

- Operationalisation of GST Appellate Tribunal (GSTAT) → faster dispute resolution, reduced litigation backlog, boosting business confidence.
- Clarifications on intermediary services and post-sale discounts → reducing ambiguities in classification and compliance.
- Shift to a streamlined three-rate structure (5%, 18%, and de-merit 40%) → moving closer to international best practices and signalling predictability to investors.

5. Strategic Significance

- Enhances ease of doing business and tax certainty → vital for attracting global investment at a time of supply chain reconfiguration.
- Empowers MSMEs, the backbone of India's economy, by reducing entry barriers and improving liquidity.

- Balances revenue mobilisation with growth stimulation → aligning with India's long-term economic aspirations.

Conclusion

GST 2.0 is not merely a tax reform but a broad-based economic reform. By simplifying structures, reducing litigation, and supporting consumers and businesses alike, it strengthens the foundations for India's next phase of growth. Effective implementation, digital monitoring, and capacity-building of tax administration will be crucial to sustain momentum. If carried out well, these reforms can transform GST into a truly growth-enabling regime, consolidating India's position as both a vast consumer market and a competitive global investment destination.

UPSC Prelims Practice Question

Ques: With reference to GST 2.0 reforms (2025), consider the following statements:

1. The GST Council has reduced GST on life-saving drugs to 5% or nil rate.
2. Inverted duty structures in textiles and fertilizers have been corrected.
3. The GST Appellate Tribunal (GSTAT) has been operationalised for faster dispute resolution.

Which of the above statements is/are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans : d)

UPSC Mains Practice Question

Ques: GST 2.0 reforms are being seen not merely as tax reforms but as broad-based economic reforms. Discuss their potential impact on households, MSMEs, and India's global competitiveness. **(150 words)**

Page 11 : GS 2& 3 : International Relations& Indian Economy / Prelims

The imposition of 50% U.S. tariffs on Indian exports has exposed vulnerabilities in India's export-dependent sectors. While some commentators have suggested redirecting exports to domestic markets as a solution, trade experts and industry representatives caution that structural differences between domestic and international markets, low absorption capacity, and product-specific constraints make this transition challenging. Instead, global market diversification, supported by government policy, emerges as a more feasible long-term strategy.

Key Analysis

1. Challenges in Diverting to Domestic Markets

- **Oversupply and price sensitivity:** Domestic markets for products such as diamonds, jewellery, and carpets have limited capacity to absorb high-value items. Existing players already face stress with heavy discounts.
- **Market specifications and demand patterns:** Export markets demand standardisation and large-scale production, whereas domestic demand varies regionally and often requires different packaging, pricing, or distribution networks.
- **Operational overheads:** Export-oriented firms operate on business models optimised for foreign demand. Shifting to domestic markets may require additional investments in logistics, marketing, and sales channels.

2. Sectoral Exceptions and Limited Opportunities

- Low-value items such as handicrafts or footwear may find some traction domestically.
- Rationalisation of GST rates could stimulate domestic demand for specific sectors, but overall impact is limited due to differing product characteristics and consumer behaviour.

Not easy to switch to domestic from global, say exporters

Trade experts/exporters say global market diversification is a more feasible option but can't happen overnight and will need govt. support

Amiti Sen
NEW DELHI

Multiple factors, such as low surplus absorption capacity and different specifications, severely inhibit a shift to the domestic market for exporters struggling to sell in the U.S. because of the 50% tariffs.

Trade experts and exporters believe international market diversification is a more feasible option, but even that cannot happen overnight and would need active support from the government.

Market stress

"Diverting export products to the domestic market is not a big possibility as there is oversupply. Already, all domestic players are under stress, as you can see from their heavy discounts. International market diversification is definitely a solution, but it is not an immediate option," pointed out Sanjay Jain, chairman, ICC National Textiles Committee.

Rationalisation of GST rates could expand the domestic market for some sectors such as footwear, but not for others like diamonds and jewellery, because for every product, the domestic market's capacity to absorb will be different, explained Ajay Sa-



Tough times: The domestic market cannot substitute the export market for India, says Mr. Dhar. REUTERS

hai of FIEO. "For low-value items like some handicrafts, there might be demand in the domestic market, but for high-value items like carpets, the capacity to absorb may be limited due to high price and because it is not a fast-moving item," he said.

Long-term solution

Thirukkumaran Natarajan, chairman of Tiruppur-based Esstee Exports India Pvt. Ltd., said diversifying to domestic markets can only be a long-term solution. "The set-up is different for exports and domestic (demand) as markets are different and overheads are also different, said Mr. Natarajan, who is also the Secretary of Tiruppur Exporters Association.

Exporters need to keep supplying to their foreign markets to retain the major

brands that source supplies from them, said Mithleshwar Thakur of AEPC.

"If exporters stop supplying to major foreign brands, they may just leave. So, exporters will try their best to retain them," Mr. Thakur said.

The domestic market cannot substitute the export market for India, pointed out Biswajit Dhar from the Council for Social Development.

"India is a hugely import-dependent country. We need the foreign exchange," he said. Mr. Dhar added that the best way to deal with the loss of U.S. market would be to diversify to newer markets in Africa, Latin America and Central Asia and the Centre should provide all support.

(The writer is with The Hindu Businessline. Inputs from T.E. Raja Simhan.)

3. **Long-Term Strategy: Market Diversification**

- Diversifying exports to alternative international markets—Africa, Latin America, Central Asia—is seen as the most viable long-term solution.
- Continuity of supply to established foreign brands is critical; losing these contracts risks permanent displacement of Indian exporters.
- Government support, including trade facilitation, incentives, and export promotion, is essential to enable rapid entry into new markets.

4. **Economic Implications**

- India remains heavily import-dependent; foreign exchange earnings from exports are vital for the balance of payments.
- Sudden domestic redirection cannot replace lost export revenues, underscoring the need for strategic market diversification and policy support.

Conclusion

The current U.S. tariffs underscore the structural vulnerabilities of India's export sector and the limitations of domestic substitution. While short-term relief through domestic market absorption is limited, a coordinated strategy to diversify into alternative international markets, backed by government incentives and trade facilitation, offers a sustainable solution. Policy interventions must also consider sector-specific characteristics, domestic absorption capacity, and continuity of foreign client relationships to safeguard India's export competitiveness and foreign exchange stability.

UPSC Prelims Practice Question

Ques: Which of the following is NOT part of GST 2.0 reforms?

- a) Rationalisation of rates
- b) Automated registration for small/low-risk businesses
- c) 50% tax on exports
- d) Operationalisation of GST Appellate Tribunal (GSTAT)

Ans: c)

UPSC Mains Practice Question

Ques: Discuss the challenges faced by Indian exporters in shifting to the domestic market and suggest long-term solutions. **(150 Words)**

India's strategic autonomy in a multipolar world

In the lexicon of international relations, few concepts have evolved as dynamically as “strategic autonomy”. Once a term confined to academic debate, it now sits at the heart of India's foreign policy discourse, shaping decisions in an increasingly multipolar and volatile world. As global power shifts accelerate and traditional alliances fray, India finds itself navigating a delicate path between competing giants: the United States, China and Russia. The pursuit of strategic autonomy is no longer a theoretical aspiration. It is a daily diplomatic practice, fraught with complexity and consequence.

Strategic autonomy refers to a nation's ability to make sovereign decisions in foreign policy and defence without being constrained by external pressures or alliance obligations. It is not synonymous with isolationism or neutrality. Rather, it implies flexibility, independence and the capacity to engage with multiple powers on one's own terms. For India, the concept has deep historical roots, going back to colonial subjugation and free India's determination never to let anybody else decide our place in the world for us. From Nehru's non-alignment during the Cold War to the Modi government's “multi-alignment” in the current era, successive governments have sought to preserve India's freedom of action while adapting to changing geopolitical realities. In theory, strategic autonomy offers a middle path between rigid bloc politics and passive disengagement. In practice, it demands deft diplomacy, institutional resilience, and a clear-eyed understanding of national interest. It is a balancing act – sometimes precarious, often imperfect, but essential for a country such as India that aspires to global leadership without becoming a client state.

The current global landscape presents both opportunities and challenges for India's strategic autonomy. The unipolar moment of American dominance has given way to a fragmented world order, where China's assertiveness, Russia's revisionism and the West's internal divisions, accentuated by Washington's unpredictability, create a fluid and unpredictable environment. For India, this means recalibrating its relationships with major powers while safeguarding its core interests – territorial integrity, economic growth, technological advancement, and regional stability.

India's relationship with the United States has deepened dramatically over the past two decades. From defence cooperation and intelligence sharing to joint military exercises and technology transfers, the strategic partnership has matured. The Quad grouping (Australia, Japan India, the U.S.), Indo-Pacific dialogues, the incipient I2U2 (India, Israel, the United Arab Emirates and the U.S.) and India-Middle East-Europe Economic Corridor (IMEC), and shared concerns over China's rise have further



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As the global order shifts, India must continue to walk the tightrope, treading a delicate path between the United States, China, and Russia

cemented ties. Yet, the relationship is not without friction. The Trump administration's erratic trade policies, followed by stinging tariffs and sanctions in his second term, have strained economic ties. Washington's pressure on India to reduce its energy and defence dealings with Russia, and to align more closely with western positions, has tested New Delhi's resolve.

India's response has been measured. It continues to engage with the U.S., maintains independent positions on global conflicts, and insists on the primacy of national interest over ideological alignment. This is strategic autonomy in action, not anti-Americanism, but a refusal to be subsumed by American priorities.

Ties with Beijing and Moscow

China presents a more complex challenge. The border clashes with India of 2020 shattered illusions of benign coexistence, and tensions remain high despite diplomatic overtures. Yet, China is also one of India's largest trading partners, a key player in regional institutions, and a competitor whose actions shape the strategic environment. India's approach is one of cautious engagement and firm deterrence. It strengthens border infrastructure, deepens ties with Indo-Pacific partners, and invests in indigenous defence capabilities. At the same time, it participates in multilateral forums such as BRICS and the Shanghai Cooperation Organisation, where China plays a leading role – a difficult but necessary balancing act.

Strategic autonomy here means resisting both confrontation and capitulation. It means asserting sovereignty and refusing to be another country's counterweight to a rising China, while controlling Chinese access to the Indian economy, and simultaneously keeping channels of communication open. It means recognising that rivalry does not preclude diplomacy, and that decoupling is not always desirable or feasible.

India's relationship with Russia is rooted in Cold War solidarity, defence cooperation and shared strategic interests. Despite Moscow's growing closeness to Beijing and Russia's global isolation following the Ukraine conflict, India has maintained its ties – buying oil, importing weapons, and engaging diplomatically. This has drawn criticism from western capitals, but India has stood firm. Its relationship with Russia is historical, multidimensional and not subject to external veto. It continues to diversify its military imports, invest in indigenous production and explore new partnerships, but without abandoning old ones. Strategic autonomy here is about refusing to choose sides in a binary contest, and, instead, crafting a foreign policy that reflects India's unique geography, history and aspirations.

During India's G-20 presidency in 2023, Prime Minister Narendra Modi declared that India was now the voice of the Global South – unbowed,

plural and potent. Its democracy, he said, was not just a system but a “bouquet of hope”, nourished by the strength of its multilingual, multicultural fabric. External Affairs Minister S. Jaishankar argues that partnerships must be shaped by interest, not sentiment or inherited bias. This is diplomacy with a spine – assertive, pragmatic, and unapologetically Indian, seeking to be “non-West” without being “anti-West”. This stance resonates across the Global South, where many rising and middle powers concerned with peace and stability in their own regions, are choosing to safeguard their geopolitical and economic interests rather than be swept into the vortex of great-power rivalries. They seek agency, not alignment; voice, not vassalage.

What emerges is a vision of India as a sovereign pole in a rebalancing world – a nation that neither aligns blindly nor isolates itself. India's rise, then, is civilisational, plural and deeply political. While India's pursuit of strategic autonomy is principled, it faces headwinds as it walks the tightrope among the major powers. The global economy is increasingly interdependent, and technological ecosystems are dominated by a few players. Defence modernisation requires partnerships and climate diplomacy demands coordination. In such a world, autonomy must be redefined – not as isolation, but as resilience and adaptability.

Domestic factors also play a role. Political polarisation, economic vulnerabilities and institutional constraints can limit the effectiveness of autonomous decision-making. Strategic autonomy requires not just diplomatic skill, but economic strength, technological capability and political coherence. We cannot be truly autonomous from a position of weakness.

Moreover, in a world of cyber threats, Artificial Intelligence warfare and space competition, autonomy must extend beyond traditional domains. It must encompass data sovereignty, digital infrastructure and supply chain security. India's recent efforts to build indigenous platforms, secure critical minerals and assert its voice in global tech governance are steps in this direction.

More than a slogan

Strategic autonomy is not just a slogan. It is a strategy. It is the art of navigating a turbulent world without losing one's bearings. As the global order shifts, India must continue steadily to walk the tightrope – engaging with the U.S. without becoming a vassal, deterring China without provoking war, and partnering with Russia without inheriting its isolation. It must invest in capabilities, cultivate partnerships, and assert its interests with clarity and confidence.

In doing so, India does not reject the world – it reclaims its agency within it. Strategic autonomy is not about standing alone; it is about standing straight, and standing tall.

GS. Paper 02- International Relations

UPSC Mains Practice Question: Analyze the role of India's strategic autonomy in a multipolar world. Illustrate it in the context of India's recent relations with the United States, China, and Russia. (150 Words)

Context :

Strategic autonomy has become central to India's foreign policy in an increasingly multipolar world. It refers to a nation's ability to make sovereign decisions in foreign policy and defence without being constrained by external pressures or alliance obligations. For India, this concept reflects historical experience, contemporary ambitions, and the practical need to navigate complex relationships with major powers such as the U.S., China, and Russia while safeguarding national interests.

Key Analysis

1. Conceptual Significance

- Strategic autonomy is distinct from isolationism or neutrality; it emphasises flexibility, independence, and the capacity to engage with multiple powers on one's own terms.
- Historically rooted in India's non-alignment during the Cold War, it has evolved into a "multi-alignment" approach under the Modi government, blending diplomacy, defence preparedness, and economic engagement.

2. Engagement with the United States

- Deepening strategic partnership: defence cooperation, intelligence sharing, joint exercises, Quad, I2U2, and the India-Middle East-Europe Corridor.
- Challenges: U.S. tariffs, trade pressures, and demands to align against Russia.
- India's approach: engagement without subservience, prioritising national interest over external pressures, exemplifying autonomy in action.

3. Managing Relations with China

- Complex duality: border tensions coexist with significant trade relations and participation in multilateral forums (BRICS, SCO).
- Strategic autonomy involves asserting sovereignty, maintaining deterrence, and engaging diplomatically without capitulation.
- Avoiding binary choices: competition and diplomacy are not mutually exclusive.

4. Sustaining Ties with Russia

- Historical partnership: defence imports, energy cooperation, and strategic alignment.
- Despite Western pressure and geopolitical isolation of Russia, India maintains relations, balancing diversification of military and technological partnerships with historical ties.
- Autonomy here implies resisting external coercion while safeguarding long-term national interests.

5. **Strategic Autonomy in Practice**

- Global South leadership: India positions itself as a plural, independent voice advocating for multilateralism and sovereign agency.
- Resilience beyond traditional domains: data sovereignty, cyber defence, AI, space security, and technological capability are essential complements to conventional diplomacy.
- Domestic imperatives: political coherence, economic strength, and institutional robustness are critical for sustaining autonomous decision-making.

6. **Opportunities and Challenges**

- Multipolarity allows India to engage multiple powers strategically rather than align rigidly.
- Challenges: economic interdependence, technological asymmetries, and domestic vulnerabilities.
- Effective strategic autonomy requires combining diplomacy, capability building, and principled decision-making.

Conclusion

India's pursuit of strategic autonomy is a deliberate strategy to navigate a turbulent, multipolar world. It entails engaging with the U.S. without subservience, managing China's rise without confrontation, and maintaining historic ties with Russia without isolation. Beyond traditional diplomacy, autonomy extends to technological, economic, and digital domains. In essence, India's strategic autonomy is about reclaiming agency, asserting national interest, and standing tall on the global stage — not standing alone, but standing independent.