

PSIR & GS-2 Daily Brief

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Article - 1

Revisiting relevance of Adam Smith's wealth of nations in its 250th year: VIF India

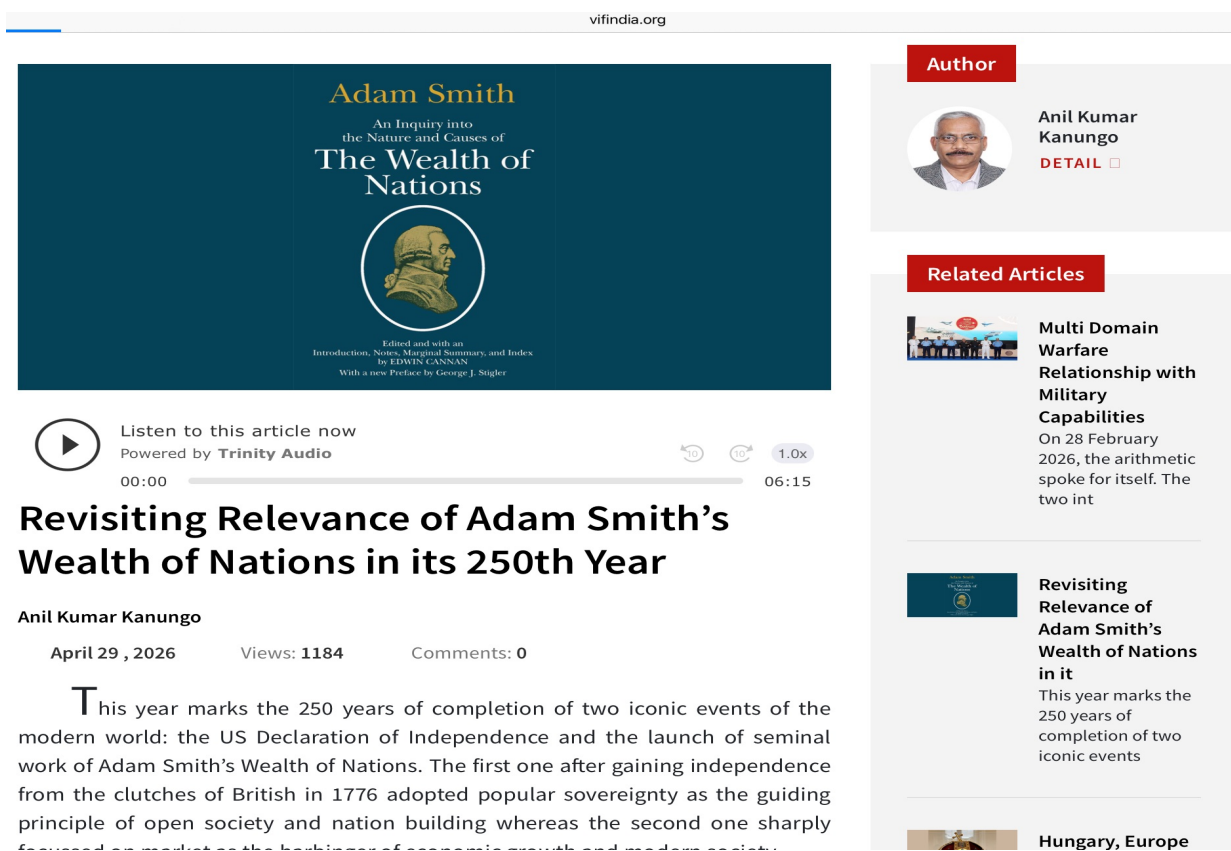
Article - 2

The war on Iran and the Gulf's shattered illusions : The Hindu

Article - 3

India's demographic dividend is a test of Governance : Carnegie endowment

Article - 1 : Revisiting relevance of Adam Smith's wealth of nations in its 250th year



Author: Anil Kumar Kanungo

Related Articles:

- Multi Domain Warfare Relationship with Military Capabilities
- Revisiting Relevance of Adam Smith's Wealth of Nations in it

Context Adam Smith's ideas of free trade, markets and competition look relevant again in a world facing tariffs, deglobalisation, AI monopolies, climate change and rising inequality.

Theoretical Lens

Smithian classical political economy

"Smith's concept of 'absolute advantage' to develop specialization in product where they secured absolute advantage in order to benefit from international trade."

"Smith's concept of 'invisible hand' economics to engage in self-regulation, specialization and innovation."

Facts

- 2026 marks 250 years of Wealth of Nations & the US declaration of Independence.
- Deglobalisation - visible through tariffs, mobility restrictions and regulatory barriers.

Analytical Crux

The article corrects the common misunderstanding of Adam Smith. He was not a blind supporter of unrestricted capitalism; he supported markets but also feared greed, monopoly and social breakdown. Deglobalisation, tariffs and protectionism go against Smith's logic of efficiency and specialisation. AI and climate change show that markets need correction when they create monopoly, inequality or social costs.

Verbatim Quotes

"Smith would have certainly found this siloed economic global order as a critical drag on efficiency, growth and prosperity."

- Anil Kumar Kanungo

Article - 2: The war on Iran and the Gulf's shattered illusions

The war on Iran and the Gulf's shattered illusions

Wars are rarely confined to the battlefields where they erupt. Their shockwaves ripple outward, reshaping economies, societies and the narratives nations tell about themselves. The war in Iran has been no exception. It has left behind not only a devastated country but also a region forced to confront the fragility of its prosperity and the precariousness of its stability. What will emerge from this conflict is not simply a wounded Iran, but a Gulf stripped of its long-cherished image as a safe haven for capital, entrepreneurship, and migrants – and a broader region, including India, in peril.

A nation left gutted

All reports indicate that Iran today is a country physically broken. The war has reduced once-thriving cities to rubble, obliterated industrial zones, and crippled vital infrastructure. Power grids flicker unreliably, refineries lie in ruins, and transport networks are severed. The destruction is not limited to the material; it extends to the very architecture of governance. The decapitation of Iran's leadership has left ministries paralysed, security forces fragmented, and the chain of command in disarray. Assets painstakingly built over decades – military stockpiles, oil terminals, cultural institutions – have been degraded or destroyed. What remains is a nation gutted, its capacity to govern and protect itself gravely diminished.

The human toll is equally staggering: Millions displaced, communities uprooted, and generations scarred by violence. The war has not only destroyed buildings and bridges but also eroded the social fabric that held the country together. Trust in institutions has collapsed, and the sense of national cohesion has been vitiated by fear, uncertainty, and resentment.

The devastation within Iran has triggered economic consequences far beyond its borders. Fuel prices have surged as crude exports collapsed, sending tremors through global markets. Liquefied petroleum gas (LPG) and liquefied natural gas (LNG) shortages everywhere ripple through supply chains, disrupting industries that depend on steady energy flows.

Factories in South Asia and East Africa have shuttered due to scarcity, disrupting supply chains and raising costs for Indian manufacturers, while restaurants from Dubai to Delhi struggle to keep stoves lit. Inflation bites hardest at the working class, who cannot hedge against volatility.

The Gulf, long seen as a stabilising energy hub, has been compromised. Its ability to reassure global markets of steady supply has been shaken, exposing the fragility of global dependence on



Shashi Tharoor
Fourth-term Member of Parliament, Lok Sabha (Congress party) for Thiruvananthapuram, the Chairman of the Parliamentary Standing Committee on External Affairs and the Sahitya Akademi Award-winning author of 29 books, including 'Pax Indica' (2012) and 'The New World Disorder' (2020)

The war has rattled the Gulf, shattering the illusion of stability and economic resilience

hydrocarbons concentrated in one volatile region. The war has revealed how quickly prosperity can unravel when the foundations of stability are undermined and the promise of stability, the Gulf's greatest asset, fractures.

The Gulf is vulnerable

For decades, the Gulf cultivated an image of prosperity: gleaming skyscrapers, bustling free zones, a magnet for capital, entrepreneurship, and migrant labour. That narrative now lies considerably tarnished. The war has exposed the region's vulnerability, undermining confidence in its ability to remain a safe haven. Businesses reconsider expansion, and capital flows hesitate. Gulf labour, the backbone of India's remittance economy, faces uncertainty as employers tighten budgets and scale back projects, leaving migrants and their families in India anxious about livelihoods. Transit travel through Dubai, the world's most reliable hub, now feels precarious, as airlines reroute, passengers face delays, and the aura of effortless connectivity is replaced by anxiety. Investments from the Gulf's sovereign wealth funds are shadowed by doubt, their portfolios no longer symbols of confidence and permanence. Trade routes, too, are unsettled: Indian exporters who relied on Gulf ports as gateways to Africa and Europe now confront delays, higher insurance premiums, and diminished confidence in the region as a secure conduit for global commerce. The war has unsettled not only the movement of people and goods but also flows of capital, undermining the very foundations of the Gulf's promise as a safe haven for globalisation – and exposing India's deep entanglement with that promise.

The psychological blow is as significant as the economic one. Investors and entrepreneurs had long believed that the Gulf was insulated from the turbulence of its West Asian neighbours, a place where capital could thrive under the protection of strong states and predictable policies. That belief has been shattered. The war has shown that even the Gulf, with all its wealth and ambition, cannot escape the destabilising effects of regional conflict.

When the guns finally fall silent, Iran's regime will still be standing, albeit diminished, but the country will be devastated; its borders porous and internal order fragile; its economy battered, with oil revenues diminished and industries in ruins; its government weakened, its new leadership untested, and quite probably likely to be more hardline and repressive, focused as it will be on survival rather than reform. This last prospect is particularly troubling. History suggests that governments born in crisis often cling to power through coercion rather than

consensus. Iran's bruised new rulers may resort to repression at home and aggression abroad. They may seek to lash out asymmetrically – through cyber warfare, proxy militias, or global disruption – leveraging the few tools left to project influence through its capacity for regional disruption. The risk of instability radiating outward is real. The Gulf states, which invited U.S. bases onto their soil to enhance their own security, might now find the American presence only invites further attack and subversion.

Yet, is there a more hopeful scenario? Could reconstruction, however slow, open space for renewal? Might regional actors, even absent American support or Israeli intrusion, find common cause in rebuilding a shattered neighbour to prevent chaos from spilling over? The answer remains uncertain. What is clear is that the war has rewritten the Gulf's story: from a beacon of stability to a region grappling with fragility, volatility, and the spectre of prolonged unrest.

Once the Americans have flown away

Hope lies in the possibility of regional cooperation. The Gulf states, despite their own vulnerabilities, have the resources and the incentive to prevent Iran's collapse from spilling over into their territories. Reconstruction could become a shared project, not out of altruism but out of necessity. A stable Iran, even if weakened, is preferable to a chaotic one capable of exporting instability. The challenge will be to overcome mistrust and rivalry, and to see in Iran's devastation not an opportunity for dominance but a warning of shared fragility.

The war in Iran has left behind more than ruins; it has shattered illusions. The Gulf is no longer the untouchable safe haven it once claimed to be. Iran is no longer a formidable regional power but a wounded state struggling to survive. The region as a whole faces a crossroads: it can either descend into a cycle of instability and retaliation, or it can seize the opportunity to build a new narrative of cooperation and resilience. India can play a constructive role, leveraging its good relations with the Arab states and its historic ties to Iran, to serve as a bridge for reconstruction rather than watching as the region spirals into dysfunction and despair.

One lesson is undeniable: prosperity built on fragile foundations cannot endure. The Gulf must now confront the reality that its future depends not only on wealth and ambition but also on stability and cooperation. Whether it can rise to that challenge, once the Americans have flown away, depends on all of us in the region who have an interest in maintaining the stability and prosperity that was once the envy of the world.

Context

Iran war has broken the Gulf's image as a stable safe haven and created serious risks for India through energy, migrants, trade, capital and regional security.

Verbatim Quotes

“The war has rattled the Gulf, shattering the illusion of stability and economic resilience.”

“The Gulf is no longer the untouchable safe haven it once claimed to be.”

“A stable Iran, even if weakened, is preferable to a chaotic one capable of exporting instability.”

- Shashi Tharoor

Analytical Crux

Gulf's real strength was not only oil money, but the belief that it was stable. Once that belief is broken, energy flows, migrant jobs, trade routes, investment & transit networks all become uncertain. India is deeply tied to the Gulf, so a Gulf crisis quickly becomes an Indian economic and social concern. A weakened Iran may not become peaceful; it may become more repressive and disruptive. India's best role is not passive observation, but bridge-building between Iran and the Arab world for reconstruction and stability.

Article - 3 : India's demographic dividend is a test of Governance



Source: Getty

ARTICLE

India's Demographic Dividend Is a Test of Governance

India's demographic transition is underway, but its economic payoff remains far from guaranteed.



By Apoorva Jadhav
Published on Apr 28, 2026

Context India's demographic dividend will not automatically bring growth; it will succeed only if the state improves health, education, jobs, gender equality, social inclusion and ageing support.

Facts

India's demographic window is expected to last till roughly 2039.

India's TFR is now under 2.1, the replacement level.

India's infant mortality fell from 176 per 1,000 live births in 1950 to 22 in 2023.

Analytical Crux

India's demographic dividend is not a guarantee; it is a governance test. A young population becomes an asset only when it is healthy, educated, skilled, employed & socially included. India's states are ageing at different speeds, so one national policy will not work for all. Youthful states need health, education & skilling; ageing states need geriatric care, fiscal planning and labour mobility. The main concern is India must convert population into capability before the demographic window closes.

Verbatim Quotes

"Securing the demographic dividend is invariably a test of governance, not destiny."

"If India is to fully mobilize its workforce, endemic gender and caste inequalities need to be addressed."

"The central question is whether the state has a foresight and capacity to count, govern & equitably support its population through this transition." - Apoorva Jadhav

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Upcoming Batch: 22 June, 2026

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