

# PSIR & GS-2

## DAILY BRIEF

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PSIR OPTIONAL BY  
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# Ocean will make this India's maritime century



## Ocean will make this India's maritime century

The 21st century is increasingly being described as the Indian Ocean Century. As the global economic centre of gravity shifts from the Atlantic to Asia, the vast maritime region stretching from the eastern coast of Africa to the western Pacific has emerged as the world's busiest and most strategically important sea space.

SANTHOSH MATHEW | New Delhi | June 26, 2026 9:22 am



### Context

An argument that the "Indian Ocean Century" will be decided as much by India's ports, navy and civilisational soft power as by hard military strength - with Vizhinjam and Kerala placed at the centre of the push.

### Facts

80% of the world's seaborne oil trade passes through the Indian Ocean.

~60% of global oil shipments + one-third of international cargo cross the Indian Ocean.

~75% of India's transshipment cargo goes through foreign ports (Colombo / Singapore / Dubai) - the dependency Vizhinjam is meant to fix.

## Analytical Crux

The real claim is not "build a bigger navy". It is that India's maritime weight will stand on two legs at once – hard capability (Vizhinjam, the Southern Naval Command, surveillance) and trust-based, cooperative influence the author labels Dharma Diplomacy. Ending reliance on Colombo, Singapore and Dubai is pitched as strategic autonomy, not just cheaper logistics. India's bid for the maritime century is being sold as capability plus credibility, hardware plus heritage.

## Verbatim Quotes

"Geography cannot be rewritten. The Indian Ocean bears India's name for a reason, and its strategic centrality remains unchanged."

"The tides of history are once again turning towards the Indian ocean. And when history sails through these waters, India will not merely witness the journey – it will help steer it."

# July opens the biggest chapter in India-UK trade ties

## July opens the biggest chapter in India-U.K. trade ties

Trade deals are important for accelerating prosperity but not every deal is a game changer. One that drives shared growth across key sectors, unlocks opportunity for businesses of all sizes, and pushes the envelope for bilateral trade qualifies to achieve that tag. And so, it is no surprise to see businesses and trade associations using the term in relation to the United Kingdom-India Free Trade Agreement (FTA) which is formally known as Comprehensive Economic and Trade Agreement (CETA). India remains the fastest-growing economy in the G-20 and it is on track to become the world's third-largest economy within the next five years. Complementing this the U.K. remains one of the top global destinations for investment and was the third fastest-growing economy in the G-7 in 2025. Securing preferential access to each other's market is not an abstract diplomatic win; it is an economic advantage that will deliver significant returns in both countries over time. This FTA is forecast to boost Indian GDP by £5.1 billion, the U.K.'s GDP by £4.8 billion and increase bilateral trade by £25.5 billion every year in the long run.

Bilateral trade was already worth £48 billion a year in 2025. From July 15, it will be cheaper, quicker, and easier for businesses to trade across both countries. Even before this deal came into force, we have seen the creation of thousands of new jobs on both sides and that is showing no signs of slowing down, as the countdown to entry into force closes and a new era of growth between the two nations begins. We should all be excited to see what the two countries and businesses on both sides can achieve in the years ahead. These are the hallmarks of a historic deal; but it is not just about the numbers.

### A story of scale and depth

From day one, both sides agreed that this deal must be broad, deep, and a driving force that brings long-term growth for both countries. Nearly three years of intensive negotiations



**Harjinder Kang**

His Majesty's Trade Commissioner for South Asia and the British Deputy High Commissioner for western India

The U.K.-India Free Trade Agreement, the 'gold standard of modern trade deals', comes into force on July 15

preceded this deal and there is no doubt that the agreement reached is the most economically significant trade deal that the U.K. has done since leaving the European Union; it is also one of the most comprehensive trade deals that India has ever done. In short it is a win-win for businesses and consumers and for both economies. To give readers just a flavour of the far-reaching benefits – 99% of U.K. tariff lines will be duty-free for Indian products and India will remove or reduce tariffs on 90% of its tariff lines for U.K. products.

For India, this could support jobs in labour-intensive sectors such as textiles, leather, jewellery and, equally, it will boost exports in services such as IT and finance by a large margin.

Similarly, tariff duties on U.K. exports to India are estimated to fall by around £400 million when the deal comes into effect, and further to £900 million in later phases. Critical industries such as aerospace, automobiles, medical devices, and whiskies will all benefit significantly, adding billions to the U.K. economy. This is transformational and it is also just the beginning.

### Benefits beyond Mumbai and London

One of the most persistent criticisms of trade policy is that the gains created are only concentrated in a few places. We have ensured that this deal benefits all aspects of the local economy beyond the major cities in both countries. Several unprecedented and dedicated provisions across high-growth and high-value sectors from each side are agreed in a deal spanning 30 chapters. In practical terms, that means manufacturers, innovators, supply chain businesses, and service exporters – often based far away from the major cities – can compete more effectively with cheaper imports and fewer barriers. For instance, a textile manufacturer from Indore, Madhya Pradesh, will now be able to trade more efficiently into the U.K. just like an auto-parts manufacturer from Birmingham will be able to trade more cost effectively into India.

Modern trade goes beyond just tariffs and that is why this agreement's provisions on customs, digital trade, and services are central to its exceptional standard. Improved customs provisions will help goods reach markets faster – particularly valuable for small and medium-sized enterprises (SMEs) that cannot afford excessive red tape. On services, where the U.K. is globally renowned, the agreement locks in market access across key sectors, providing the predictability that U.K. businesses need to expand in India and vice versa. The deal also includes India's first-ever standalone chapters on anti-corruption, gender, and development – and one of the most comprehensive labour and environmental commitments that India has ever made in a trade deal. But it is not just about access; it is also about securing appropriate protections for domestic producers, which is what this deal does so well.

For instance, India maintains protections for dairy products and edible oils, while the U.K. shields sugar, milled rice, pork, chicken, and eggs. In an era where trade agreements are judged not only on growth but also on sustainability and fairness, this deal shows how it is done.

### Making the deal count

It is clear that this landmark deal combines measurable economic gains, deep market access in the sectors of the future, practical trade facilitation, strong domestic protections, and the first-of-its-kind values chapters. It sets a template for what modern trade agreements should look like: pro-growth, pro-worker, pro-innovation – a gold standard for trade deals.

As we close in on entry into force, the task is clear: let us maximise it. Businesses from both countries should champion exports, explore procurement opportunities, map supply chains against new rules of origin, and move quickly because in trade, first-mover advantage is real, and it rarely comes twice.

## Context

A walkthrough of the India-UK CETA (the FTA), written by the UK's own trade commissioner, arguing it is a new "template" for modern trade deals because it pairs deep market access with first-of-its-kind values chapters.

## Facts

The FTA's formal name is CETA - Comprehensive Economic & Trade Agreement.

India will remove or reduce tariffs on 90% of its tariff lines for UK products.

India is the fastest-growing G20 economy, on track to be world's 3rd largest within 5 years; the UK was the 3rd fastest growing G-7 economy in 2025.

## Analytical Crux

Past the celebratory tone, the takeaway is that CETA is being positioned as a "new template" deal - deep market access plus first-of-their-kind chapters on anti-corruption, gender, development, labour and environment. A shift from defensive caution at the WTO to confident bilateral and plurilateral deals. Two details carry the most weight - the tariff asymmetry and the deliberate carve-outs for dairy and edible oils, which show India is liberalising selectively, not blindly. One caution is: This is authored by the UK's trade commissioner, so the gains are stated at their most optimistic and the domestic-disruption side is left out.

## Verbatim Quotes

"The most economically significant trade deal that the UK has done since leaving the European Union.

- Harjinder Kang

## It's time to resume the India-China strategic economic dialogue

LAST WEEK in New Delhi, India's national security advisor Ajit Doval told his Chinese interlocutor, foreign minister Wang Yi, "India and China are partners, not rivals," and added, "a stable India-China relationship serves the common interests of both sides." Echoing these sentiments, Wang suggested that both sides should "respect each other's core interests, properly handle sensitive issues, place the China-India boundary issue in its appropriate position, and prevent it from affecting the overall situation of bilateral relations."

He then called for both sides "to accelerate the resumption of dialogue mechanisms and promote exchanges" in trade, finance, and other fields. It is a timely suggestion that should be taken up in right earnest. Fifteen years ago, at a time when India-China relations were on a more even keel, Prime Ministers Manmohan Singh and Wen Jiabao agreed to launch a bilateral strategic economic dialogue. The Indian delegation was headed by the deputy chairman of the Planning Commission, and subsequently the deputy chairman of the Niti Aayog. Between 2011 and 2019, six meetings were convened. After 2019, the dialogue has remained suspended. Not much seems to have come out of those dialogues.

With the recent improvement in India-China bilateral relations, there have been several interactions at the military, security and diplomatic levels. There is an urgent need for a resumption of a meaningful and focused economic security dialogue. India's chief concern remains the wide and widening trade deficit, with mercantilism occupying an important place in Beijing's economic policy toolbox.

The strategic economic dialogue had a wider remit and was aimed at improving

macro-economic policy coordination, promoting exchanges on economic issues and enhancing India-China economic cooperation. Working groups were established on a wide range of subjects, including energy, infrastructure, pharmaceuticals, high tech, resource conservation and environmental protection. After the events of 2020, the stand-off and clashes along the line of actual control, this dialogue was suspended.

In the new global context in which India now finds itself and given the thaw in India-China relations, it is necessary that the focus of bilateral relations should not be confined only to extant differences on the border issue. While it is not clear if the leaderships of both countries are today in a position to resolve those differences amicably, the definition of "core" issues must extend beyond the geopolitical to include India's developmental concerns.

India's own developmental priorities necessitate a wider engagement with China on economic issues. China must recognise that sustaining economic growth and building India's industrial capacity is also a core issue for India.

One of the positive outcomes of the dialogue on energy security was a willingness on the part of both countries to work together in dealing with energy supply challenges. China and India have an enormous stake in the stability of energy supplies. Going beyond traditional sources of energy, the two should explore opportunities to develop non-traditional energy. Such cooperation would be a global public good.

The weaponisation of trade, finance and energy by the United States that began almost a decade ago and became intense following the Russia-Ukraine war, remains a



SANJAYA BARU

matter of concern for both countries. The fact is that initially, China was the principal target of US and European action, but India suffered collateral damage. The trade measures that President Donald Trump took against China in his first term also hurt India. In his second term, Trump has directly targeted India on trade and energy.

The expression of solidarity within BRICS, as has recently been in evidence, is a sign of wider developing country concern about developed economy actions. It is becoming increasingly clear that as Asian economies rise, the "West vs Rest" divide stares us in the face. As the second largest economy, can China play a more positive role in the rise of the Rest, instead of being seen as contributing to their deindustrialisation?

To be sure, the huge and persistent trade deficit today is also a reflection of the fact that the Indian private sector has become dependent on imports from China. Consider the business traffic between the two countries. Many Indian companies, large and medium-scale, continue to make a beeline for China in search of machinery and technology. Clearly, a growing economy like India can no longer afford to minimise economic links with the world's second-largest economy, especially when signals from the largest economy remain worrisome.

The difficulties Indian trade negotiators are facing in concluding a bilateral trade agreement with the US point to the need for a more nuanced approach to trade with China. Any strategic economic dialogue today will have to once again emphasise Indian concerns about the trade deficit but go beyond it to find meaningful ways in which India and China can pursue win-win

economic cooperation. India's rise should be viewed as offering opportunities to many Asian economies, including China. A strategic economic dialogue between Asia's largest economies can meaningfully explore these opportunities.

When Prime Minister Wen met Prime Minister Singh in 2006, the former began his conversation with the observation that Asia's rise is contingent upon the rise of both China and India. It is a different matter that over the past two decades, China has risen at a faster pace and now occupies a commanding position in the global economy. However, increased economic cooperation between the two biggest Asian economies can be a win-win proposition if China adopts a more forward-looking policy towards India. It is necessary to explore these possibilities.

All this requires a change in mindset in both capitals. Between 2006 and 2019, there was a willingness in both leaderships to explore areas of potential economic cooperation. After 2020, it would appear that the military and security leadership had taken charge of the relationship, relegating economic interaction to the background.

Recent events, including the last summit between Prime Minister Narendra Modi and President Xi Jinping, give some hope for a more positive approach to the bilateral relationship in both capitals. However, just as the national security dialogue is conducted by the NSA, the economic security dialogue should be conducted by an economic czar who can command the PM's attention and ensure speedy implementation of decisions taken.

*The writer is chairman of the board of trustees, Forum for National Security Studies (FNSS) & Centre for Aerospace & Strategic Studies (CAPS)*

The difficulties Indian trade negotiators are facing in concluding a bilateral trade agreement with the US point to the need for a more nuanced approach to trade with China

**Context** A practical case for reviving the India-China Strategic Economic Dialogue, arguing India must treat its trade deficit and development needs - not just the boundary - as "core" issues with Beijing.

## Facts

The Bilateral strategic economic dialogue was launched about 15 years ago by PM Manmohan Singh and Wen Jiabao.

India's chief concern is the wide and widening trade deficit, with mercantilism central to China's policy toolbox.

## Analytical Crux

The author's ask is narrow and practical : revive the Strategic Economic Dialogue that ran 2011-2019 and died after Galwan. The move is to redefine "core" interests – pushing the idea that India's development and industrial capacity, not only boundary, must sit at the centre of the relationship. The tension is that India depends on Chinese machinery & technology and runs a widening deficit, yet cannot afford to decouple – "especially when signals from the largest economy remain worrisome." Engagement out of necessity and hedging – strategic autonomy applied to the world's second – largest economy, not trust.

## Verbatim Quotes

"The weaponisation of trade, finance and energy by the US that began almost a decade ago and became intense following the Russia – Ukraine war, remains a matter of concern for both countries."

– Sanjaya Baru

**PSIR PAPER II, 2025:** India maintains strong ties with countries that will assure a free and open Indo-Pacific and guarantee greater connectivity with rest of the world. Analyze.

**PSIR PAPER II, 2025:** For India, a multipolar world order would also mean a multipolar Asia. Comment.

**GS PAPER III, 2025:** What are the challenges before the Indian economy when the world is moving away from free trade and multilateralism to protectionism and bilateralism? How can these challenges be met?

**GS PAPER III, 2025:** India aims to become a semiconductor manufacturing hub. What are the challenges faced by the semiconductor industry in India? Mention the salient features of the India Semiconductor Mission

**GS PAPER II, 2024:** 'The West is fostering India as an alternative to reduce dependence on China's supply chain and as a strategic ally to counter China's political and economic dominance.' Explain this statement with examples

**PSIR PAPER II, 2023:** What diplomatic steps has India taken to articulate the interests of the Global South in International Politics?

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