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GS Paper II – Governance

Date: 16.05.26

Shah calls for unified global effort to defeat drug menace

The Hindu Bureau

NEW DELHI

Union Home Minister Amit Shah on Friday called for a unified global effort on the war on drugs, stressing on the need for a unified legal framework to deal with the issue.

He added that the battle against drugs must rise above geopolitical differences and individual national interests. “The world must simultaneously fight both narco networks and narco-terror states,” the Minister said, adding that the world will have to adopt uniform laws for a common definition of prohibited substances, standardised punishments for drug trafficking, extradition of drug kingpins, and intelligence sharing.

Mr. Shah cautioned that there was still time for all responsible nations of the world to work together to defeat this threat, adding that if joint efforts were not



Union Home Minister Amit Shah (centre) at the R.N. Kao Memorial Lecture in New Delhi on Friday. SPECIAL ARRANGEMENT

initiated now, after 10 years the world would realise that it was too late to reverse the harm it had caused. While delivering the R.N. Kao Memorial Lecture, instituted in 2007 in memory of the founder of the Research and Analysis Wing (R&AW), the Minister said the battle against drugs must rise above geopolitical differences and individual national interests.

Speaking on ‘Narcotics: A Borderless Threat, A Col-

lective Responsibility’, Mr. Shah called upon the Ambassadors and diplomats of different countries present in the audience to join India’s efforts in the war on drugs, underscoring the need for serious collaborative efforts in order to achieve a drug-free world to preserve the global social fabric. He said India had set a goal to achieve a ‘Drug Free India’ by 2047.

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GS Paper II – International Relations

India, UAE sign pacts on energy, defence as Modi visits West Asian nation

Suhasini Haidar
NEW DELHI

India and the UAE concluded a framework defence cooperation agreement and signed agreements on building India's strategic petroleum reserves and LNG supplies as Prime Minister Narendra Modi made a brief stopover in Abu Dhabi on Friday and met UAE President Mohammad Bin Zayed Al Nahyan (MbZ).

Mr. Modi travelled to the UAE as the first stop in his week-long, five-nation trip to the Netherlands, Sweden, Norway and Italy.

Expressing support for the UAE, that has received the brunt of attacks by Iran in retaliation for attacks by the U.S. and Israel, Mr. Modi said the targeting of the UAE was "unacceptable."

"We condemn the attacks on the UAE," Mr. Modi said in his opening remarks. "The way the UAE has been targeted is not acceptable," he added, praising the UAE's "restraint" in responding to the attacks. Mr. Modi offered India's



Prime Minister Narendra Modi with UAE President Sheikh Mohamed bin Zayed Al Nahyan at a ceremonial reception in Abu Dhabi. PTI

support for all peace efforts in the region.

In a video address, Foreign Secretary Vikram Misri said the Strategic Defence Cooperation Framework that was concluded during the visit had been proposed during a visit by MbZ to Delhi in January.

"Under this [agreement] the two sides will strengthen their collaboration in defence manufacturing, defence technology, defence equipment, industrial collaboration and cooperation and in coordination across various areas," Mr. Misri said.

A External Affairs Ministry release expanded on

the areas of cooperation, including training, military exercises, special operations and interoperability, indicating the armed forces would engage with each other closely, including in "maritime security, cyber-defence and information exchanges".

Boosting India's Strategic Petroleum Reserves was another outcome of the visit, said officials, as the Abu Dhabi National Oil Company signed two MoUs for crude oil storage in India of up to 30 million barrels with the Indian Strategic Petroleum Reserves Ltd., and for potential crude oil storage facilities in UAE.

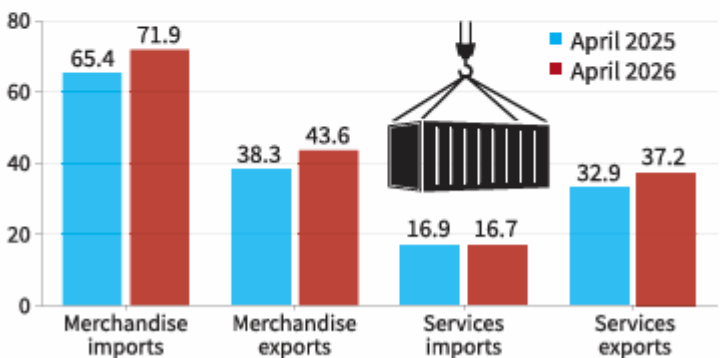


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GS Paper III – Economic Development

India's goods exports climb to \$43.6 billion

Buoyant trade India's overall trade grew in April 2026 despite disruptions (In \$ billion)



Source: Ministry of Commerce and Industry

T.C.A. Sharad Raghavan

NEW DELHI

Despite significant headwinds to trade due to the West Asia crisis, the value of India's merchandise exports grew nearly 14% in April 2026 to \$43.6 billion, official data released on Friday showed.

This performance was due in part to the overall rise in prices as well as to the efforts by Indian exporters to diversify their markets, Commerce Secretary Rajesh Agrawal said on Friday. The overall trade defi-

cit, counting merchandise and services, fell 30% in April 2026 to \$7.8 billion.

"The positive growth in value can have some contribution from prices because prices of many things are going up," Mr. Agrawal said at a press briefing. "It is also to the credit of our industry, which has been able to maintain the supply chains and look at new markets and diversify their exports."

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GS Paper III – Environment

India's first satellite-tagged Ganges soft-shell turtle released in Kaziranga National Park

The Hindu Bureau
GUWAHATI

India's first satellite-tagged Ganges soft-shell turtle, an endangered species, was released in the 1,302 sq. km Kaziranga National Park and Tiger Reserve in Assam on Friday.

The release of the freshwater reptile coincided with the observation of Endangered Species Day.

Himanta hails event

Assam Chief Minister Himanta Biswa Sarma termed the event a major step for wildlife conservation and a proud moment for the State, "as we continue to protect every species that calls our forests home".

Assam is one of the world's top priority areas in freshwater turtle conservation. Of the eight soft-



The release of the freshwater reptile coincided with the observation of Endangered Species Day. SPECIAL ARRANGEMENT

shell turtles reported from India, five are known from the Kaziranga landscape.

The Ganges soft-shell turtle (*Nilssonina gangetica*), a Schedule I animal under the Wildlife Protection Act of 1972, can be differentiated from other riverine turtles by its distinct arrowhead-shaped markings on the top of the head. In India, the species inhabits

large rivers, lakes, and reservoirs.

Recorded as endangered on the International Union for Conservation of Nature (IUCN) Red List, this large turtle is a major river predator and helps clean up the system by feeding on dead and decaying animal matter.

"Understanding seasonal movement patterns,

home range, and identifying critical habits like nesting and breeding will help in active management of soft-shell in the Brahmaputra river basin," Abhijit Das, a senior scientist at the Wildlife Institute of India, said.

National Geographic

He led a team under the Ministry of Environment, Forest and Climate Change in the satellite-tagging exercise in collaboration with the Kaziranga National Park authorities and the Assam Forest Department. The National Geographic Society funded the project.

Forest officials said a healthy adult turtle was captured, fitted with the transmitter under veterinary supervision, and released back into its natural habitat along the northern bank of the Brahmaputra.



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GS Paper III – Economic Development

Trade, supply chains and economic statecraft

The past decade has collapsed the old boundary between economics and geopolitics, creating a world in which supply chains, trade routes, energy corridors and technology ecosystems have become the real battlegrounds of power. What once belonged to corporate strategy decks is now the daily fare of national security briefings. Tariffs behave like sanctions, semiconductor alliances resemble defence pacts, and the flow of critical minerals can tilt influence as decisively as troop deployments once did. In this new order, states compete not only with armies or ideologies but with regulatory regimes, infrastructure networks and the capacity to anchor global production. The fusion of markets and statecraft is no longer a trend; it is the organising principle of 21st century geopolitics.

Trade as strategic leverage

This shift has also exposed the fragility of the older globalisation consensus – the belief that trade naturally fosters cooperation and shared prosperity. Increasingly, economic ties are being repurposed as instruments of strategic leverage. Tariffs, export controls, supply-chain restrictions and energy dependencies have become tools through which states attempt to shape the behaviour of others. The scramble over critical minerals, the weaponisation of interdependence (with China's curbs on the export of rare earths allowing it to flex its muscles against the United States and India), and the resurgence of tariff politics (used by U.S. President Donald Trump to punitive effect) all underscore how easily commerce can be turned into coercion. In such an environment, economic diplomacy is inseparable from national security, and countries must navigate a world where prosperity and power are intertwined.

For India, this shift has encouraged a more pragmatic approach to foreign policy, one that places greater emphasis on economic resilience and diversification. This fusion of economics and geopolitics has created a rare moment in which India's structural strengths align with the world's strategic needs. As companies and governments rethink their exposure to concentrated supply chains, India's scale, stability and reform trajectory have moved it from the periphery of globalisation to the centre of boardroom strategies and diplomatic calculations. A country once viewed in the West as a promising but difficult market is now seen as an indispensable node in a diversified global economy – large enough to matter, stable enough to trust, and open enough to absorb investment at scale.

Three shifts underpin this new positioning. First, India's domestic reforms – digitisation, infrastructure expansion, and targeted deregulation – have lowered transaction costs and improved predictability, making it easier for global firms to build long-term capacity.



Shashi Tharoor

Fourth-term Member of Parliament (Congress party, Lok Sabha) 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 new global order offers India unprecedented strategic and economic opportunities, making a case for balanced 'policy promiscuity'

Second, the geopolitical recalibration around China has created a structural demand for alternative production ecosystems, and India is one of the few economies with the labour force, political stability and market depth to meet that demand.

Third, India's own strategic imagination has expanded: it now sees trade agreements, technology partnerships and supply-chain diplomacy not as peripheral to national strategy but as central instruments of statecraft.

The new order and India

In this environment, India's relationships with major powers are increasingly shaped by economic security rather than traditional geopolitics alone. Semiconductor collaborations, critical-mineral partnerships, defence-industrial co-production and digital-public-infrastructure exports are all examples of how India is weaving economic resilience into its foreign policy. These are not merely commercial arrangements; they are strategic bets on a world where influence flows through production networks as much as through military alliances. It is a world where Pax Silica complements Pax Americana, but unlike the latter, does not require a military partnership.

At the same time, India must navigate the risks of this new order. Interdependence can empower, but it can also expose. Over-reliance on any single partner – whether for technology, minerals, or markets – creates vulnerabilities that can be exploited. The challenge is to build a diversified portfolio of economic relationships that enhances India's autonomy rather than constraining it. Promiscuity is not a virtue in inter-personal relationships, but in the trade world of the third decade of the 21st century, it may be the only viable "default mode" for India's conduct. Of course, like the other kind, trade promiscuity also requires precautions. Even as it pursues multiple partners, India must strike a careful balance: deepening integration without surrendering strategic space, attracting investment without becoming dependent on it, and embracing globalisation without repeating the mistakes of earlier eras. This global shift also places new demands on India's internal economic strategy. To anchor global supply chains, India must continue improving logistics, regulatory clarity and workforce skills. To lead in emerging technologies, it must invest in research, intellectual property and trusted digital infrastructure. To secure critical minerals, it must build resilient partnerships abroad and sustainable extraction policies at home. And to maintain credibility as a democratic alternative in a world of authoritarian efficiency, it must ensure that economic growth is matched by institutional strength and social cohesion.

The stakes are high because the opportunity is historic. For the first time since liberalisation, the global economy is not merely inviting India to

participate – it is actively seeking India's presence. The question is whether India can convert this moment of geopolitical demand into long-term economic capability.

As the global trading system fragments into overlapping coalitions and custom-tailored economic arrangements, India's task is not to retreat behind new walls but to remain confidently open on its own terms. The goal is neither complete individualism nor naive globalism, but a calibrated integration that avoids excessive dependence on any single partner. Serial dating works best when each partner is aware of your other relationships, knows multiple options exist but is not threatened by any of them. This is why energy security, technology partnerships and resilient supply chains have become central to India's external engagement: they are the arenas in which the next phase of global competition will be decided.

Economic diplomacy is no longer an adjunct to foreign policy; it is one of its organising principles. Countries that can align their economic strategy with their diplomatic posture will shape the emerging order rather than be shaped by it.

This moment also coincides with a profound transition in the architecture of global trade. The multilateralism that defined the late 20th century – rooted in universal rules and broad consensus – has lost momentum under the weight of geopolitical rivalry and domestic political pressures. In its place, nations are turning to flexible bilateral and regional arrangements that allow them to tailor partnerships to strategic priorities. For India, this shift is not a setback but an opening. It creates space for a more agile, interest-driven diplomacy that can leverage India's scale, stability, and reform trajectory to build coalitions across geographies and sectors.

India at global crossroads

The convergence of these trends places India at a pivotal juncture. The world is searching for diversified production bases, trusted digital ecosystems and stable democratic partners. India can meet that demand – but only if it continues to invest in competitiveness at home and credibility abroad. The choices made now will determine whether India becomes a central anchor of the new global economy or remains merely one of its many participants. The opportunity is historic, but it is not automatic. It requires clarity of purpose, institutional steadiness and the confidence to engage the world without fear or favour.

In a world where prosperity and power now move through supply chains rather than shipping lanes, India's future will be shaped not by choosing between globalisation and self-reliance, but by mastering the art of engaging the world on terms that protect its autonomy while amplifying its ambition.



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GS Paper III – Economic Development

Productivity, not just growth, for Viksit Bharat

India's recent economic performance has been strong enough to inspire confidence. Over the past decade, and particularly in the post-COVID-19 pandemic period, India has combined relatively high growth with macroeconomic stability in a way that few large economies have managed. Real GDP growth has remained robust, reaching 6.5% in FY2024-25, making India one of the fastest-growing major economies globally. This performance has been underpinned by strong domestic demand, subdued inflation, gradual fiscal consolidation, and a broadly stable financial sector.

While India's productivity growth has been meaningful over recent decades, sustaining high growth will require acceleration, particularly as India aspires to become Viksit Bharat by 2047. That transition will require not just maintaining macroeconomic stability but also activating all engines of growth, labour, capital, and improved productivity, through deeper structural reforms.

Manufacturing without depth

There is now growing recognition, reflected in the Economic Survey 2025-26, that manufacturing must anchor this next phase. The challenge, however, is not just expanding manufacturing, but also making it more productive. India's structural transformation has been skewed. While services have driven growth, manufacturing has not expanded sufficiently to absorb labour or generate broad-based productivity gains. In most successful development experiences, manufacturing acts as the bridge between low-productivity agriculture and high-productivity modern sectors.

The Economic Survey reinforces this point, emphasising that manufacturing is central to sustaining growth and generating employment at scale. Without it, India risks a growth pattern that is neither sufficiently robust nor structurally stable. While productivity growth in services has been strong, manufacturing productivity has lagged behind both its potential and that of its



Saumitra Bhaduri

Professor at the Madras School of Economics

India must unlock productivity to sustain long-term economic growth

international peers. A key issue is firm structure. India's manufacturing sector is characterised by a large number of small, low-productivity firms and relatively few mid-sized firms capable of scaling up. This is in stark contrast to economies that successfully industrialised, particularly in East Asia, which saw the emergence of a strong cohort of medium and large firms that drove exports and productivity growth.

Therefore, the current structure creates a challenge for efficient factor allocation, leading to a significant share of labour remaining in agriculture, where productivity is far lower than in manufacturing and services. Most importantly, despite significant investment – particularly in infrastructure – efficiency gaps remain.

Zombie firms, stalled reallocation

These structural constraints converge into a deeper problem, reflected in a weak business dynamism. In economic theory, productivity growth is often driven by creative destruction, in which new, more efficient firms replace older, less productive ones. In practice, this process remains slow in India. As a result, the persistence of small, low-productivity "zombie" firms impedes the efficient reallocation of resources. Zombie firms that are no longer economically viable but continue to operate nonetheless tie up capital and labour that could otherwise be deployed in more productive uses.

Evidence from recent studies further reinforces this concern. A paper, "Zombie Firms in Emerging Markets: Survival and Funding Mechanisms" (2025), shows that while zombie firms constitute a relatively small share of firms, they account for a disproportionately large share of total debt and assets. This implies that a significant volume of capital is locked into low-productivity uses, creating systemic inefficiencies. The research also shows that zombification is a gradual process. Financial deterioration begins well before firms are classified as zombies, and once they enter this

state, they become increasingly dependent on debt while showing little recovery in core performance indicators. The problem is persistent, not cyclical. Crucially, the nature of financing matters. Bank-financed firms are more likely to become zombies, remain in distress for longer periods, and relapse even after partial recovery. In contrast, equity-financed firms are less prone to zombification and more likely to recover sustainably.

These findings point to a deeper institutional issue. Financial and regulatory structures often sustain inefficient firms rather than facilitating exit. This weakens reallocation by crowding out credit from more productive firms, thereby undermining overall productivity growth.

Two-pronged strategy

India's path to Viksit Bharat requires a manufacturing-led strategy that addresses both scale and efficiency. India has demonstrated that it can grow rapidly. The next phase is about ensuring that this growth translates into sustained increases in productivity and income. There is growing recognition that manufacturing is the weak link in India's development story and that expanding manufacturing will require deeper integration into global value chains, managing trade barriers, and continued infrastructure investment. Equally important is improving productivity through stronger business dynamism and productive research and development. This means enabling firms to grow, but also allowing inefficient firms to exit. Reforms must therefore focus on simplifying regulations, easing labour constraints, strengthening insolvency processes, improving credit allocation, and expanding access to financing.

The vision of Viksit Bharat ultimately depends on whether India can complete this transition. Growth has laid the foundation, but enhanced productivity and the exit of inefficient firms will determine whether it can sustain the leap to Viksit Bharat.