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GS 3: INDIAN ECONOMY

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As rupee stares at 100 to a \$, policymakers engage with a lesson from just three years ago

Rupee kept artificially stable at 82-83 for two years in 2023 and 2024

Aanchal Magazine & Siddharth Upasani
New Delhi, May 17

AS THE West Asia crisis continues to put pressure on the capital account, internal deliberations among policymakers in Delhi and Mumbai over the last few weeks have underlined the counter effects of "artificial stabilisation" of the rupee that preceded the slide that began in 2025.

On Friday, the rupee fell past

the 96-per-dollar mark, hitting a new record low. The reason why the ghosts of the past have come to haunt today is the steep slide in the exchange rate of the domestic currency. The rupee is down 5.2% against the dollar since the war began in late February and the prospects of it breaching the psychological barrier of 100 has turned real. Policymakers fear this may further hurt investor sentiment.

"It's like past ghosts are haunting us," a top official told

Slide-hold-slump: How the rupee has fared



The Indian Express. "If you see the levels for the years 2023 and 2024, the rupee did not depreciate much and forex was burnt to keep it stable. It was artificially held back for so long. The next psychological level is, of course, 100. And if it crosses

that level, then it may slide further," the official said.

Policymakers see the currency remaining under pressure going ahead, especially as the ability of interventions to defend any particular level are seen as limited.

According to another person aware of the discussions, the forex market is now pricing in the depreciation that may have occurred in the earlier phase of exchange rate stability, when interventions from the Reserve Bank of India (RBI) had increased significantly. This period of stability has led to the current fall in the rupee appearing steeper, the person said.

"If you see the curve of rupee's value over the last 2-3 years, it plateaued within a narrow range. The effects of the long, artificial stabilisation then are being felt now," he said.

After breaching the

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Rupee

81-per-dollar mark for the first time in September 2022, the rupee moved in a narrow range of 81-83 per dollar for the next two years or so. It broke past 84 in October 2024 and 85 in December 2024. Since the start of 2025, the rupee is down 11%.

The RBI's stated policy is that it does not target any specific level of the exchange rate and only steps in the market to prevent excessive volatility and ensure orderly movement in either direction: up or down.

However, people aware of the RBI's forex market interventions in 2023 and 2024 disagree with these assertions, arguing that there was a huge Balance of Payments (BoP) surplus at the time which was exerting upward pressure on the rupee. Moreover, the rupee weakened in 2024-25 in line with the long-term trend.

The BoP is the difference between the money Indians send abroad to pay for imports and make investments and the money India receives from overseas for exports and in the form of remittances and what foreigners invest in India – be it in the stock market and bonds or direct investment in the form of factories on the ground.

As India buys more goods and services from abroad than it sells overseas, it suffers from what is called a trade deficit. However, in most years, it is more than able to make up for

this trade deficit thanks to the money that flows in from abroad as investments and remittances. When these foreign fund flows are greater than the trade deficit, the BoP is in surplus, which strengthens the rupee. A negative BoP weakens the rupee.

In 2022-23, India witnessed a deficit of \$9 billion in 2022-23 and the rupee weakened by 7.6% against the US dollar, with the RBI selling then a record \$213 billion as its forex reserves declined by \$29 billion.

In 2023-24, the BoP moved sharply into surplus to the tune of \$64 billion, forcing the RBI to not only reduce its gross dollar sales but buy \$41 billion of foreign currency on a net basis, leading to the forex reserves increasing by \$68 billion. The rupee, meanwhile, declined by 1.4%.

In 2024-25, the BoP moved back to a deficit of \$5 billion and the rupee fell by 2.5%, largely in line with the average 3.2% depreciation witnessed in the previous 10 years. The RBI's gross sales jumped to a record \$399 billion.

According to economists, it is difficult to say if the rupee's current travails have been exacerbated by how the exchange rate moved in previous years.

"I think it's hard to make that assertion with great confidence. For one, in 2023, the rupee would have appreciated and the RBI didn't allow for that too much and built reserves instead. In 2024, it would have depreciated and instead RBI used

the built-up reserves to defend the exchange rate at more stable levels," said Lavanya Venkateswaran, Senior ASEAN Economist at Singapore-based OCBC Bank.

"I think irrespective of what happened in 2023-24, the rupee would be under pressure today. The question may be whether the levels would be this high, but it's hard to play with a counterfactual argument," she said.

Going by current trends, economists are increasingly of the opinion that 100-per-dollar is a "very imminent possibility, either next year or even this year". Rajeswari Sengupta, Associate Professor of Economics at Mumbai's Indira Gandhi Institute of Development Research (IGIDR), said attempts to stop the rupee from depreciating as per market forces "can backfire as the issues are structural – band-aids can't heal a deeper wound", adding that "fundamental issues" need to be addressed and structural measures are required to attract foreign capital.

At the same time, the continued depreciation is undermining measures being undertaken to stem the rot. In a report on Friday, State Bank of India Group Chief Economic Advisor Soumya Kanti Ghosh said the rupee has already approached a "critical depreciation threshold" beyond which further currency weakness could substantially erode the intended benefits of domestic fuel price hikes announced last week.

GS 2: INTERNATIONAL RELATIONS

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At Beijing summit, both Trump, Xi got what they came for. But Xi got a bit more

DONALD TRUMP'S state visit to China was a performance of diplomacy: Carefully choreographed, heavy on optics, and light on binding detail. Both sides were eager to show progress: Trump called the visit "very successful"; Xi Jinping declared it "historic". The Chinese catered to Trump's weakness for spectacle with the state banquet, the parting tea, and Xi accompanying Trump to the Temple of Heaven — but the substance, as expected, was meagre. Significantly, Beijing, not Washington, controlled the narrative throughout.

Trump needed a foreign-policy "win" to serve as a distraction from the political headwinds of the Iran war, and to impress markets and domestic constituencies. Xi needed validation: That China had weathered the tariff storm, emerged from geopolitical friction with its strategic position intact, and was now being courted as a peer by the US, something Chinese leaders have long sought. Both got what they came for. But Xi got a little more.

The new formulation — "constructive strategic stability" — for the bilateral relationship, described by Foreign Minister Wang Yi as "the most important political consensus" of the summit, is Beijing's handiwork. It is a deliberate conceptual move to displace the American vocabulary of "strategic competition" with a Chinese-preferred notion of long-term coexistence with guardrails. Beijing acknowledges the relationship as competitive but talks about keeping it within acceptable limits. Xi's four-part elaboration — "positive stability with cooperation as the mainstay, healthy stability with competition within proper limits, constant stability with manageable differences, and lasting stability with expectable peace" — is designed to lock in the post-

Busan détente

Trump, characteristically, reached for a simpler frame: "It's the two great countries... I call it the G-2." The image of two great powers on equal footing was exactly what Xi had engineered. Both sides signalled a willingness to manage the relationship through summity and bilateral validation rather than the harder work of resolving underlying disputes.

The tale of two readouts illuminates how much remains unresolved. The White House summary emphasised commercial commitments — Boeing aircraft orders, agricultural purchases, market access, Chinese investments — and agreement that the Strait of Hormuz must remain open and not be militarised. The Chinese readout was cautious and silent on most US specifics. Neither readout mentioned China's stunted industrial overcapacity and other systemic differences. Most structural problems were kept off the table, allowing China to preserve its policy space.

But Taiwan was an exception. The most striking moment was Xi's Taiwan warning, delivered in a highly staged, public setting carried immediately by state media. If the Taiwan question is handled "poorly", Xi said, the two countries risk "clashes and even conflicts". Taiwan was absent from the US readout entirely. On Air Force One, Trump said he made "no commitment either way" on the pending \$14 billion arms package and called it "a very good negotiating chip". When a reporter invoked Ronald Reagan's assurance to Taiwan that no president would consult Chinese leaders on arms sales, Trump dismissed the premise. Decades of US commitment on "Six Assurances" to Taiwan were



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China has gained relative to the US and grown more confident despite its economic headwinds. It has the tools and the strategic discipline to manage escalation dynamics

waved aside

On Iran and maritime security, the summit produced a measure of concrete, if still qualified, convergence. Both leaders agreed that the Strait of Hormuz must remain open. According to the US readout, Xi expressed interest in purchasing more American oil, agreed that Iran cannot acquire a nuclear weapon and committed not to sell weapons to Iran. The Chinese readout was circumspect, and the gap between Washington's public optimism and Beijing's operational delivery has a long history. The continued closure of the Strait is hurting China, but it is disinclined to deploy its leverage with Iran beyond a point.

On technology and AI — perhaps the most consequential long-term dimension of the rivalry — the summit was studded with ambiguity. Trump confirmed that chip exports came up, and that Xi told him China wants to make its own: A candid declaration of an indigenisation agenda. Licences for 750,000 H200 Nvidia chips remain stalled on the Chinese side, even as the US has cleared sales. Both sides have frozen new technology controls since the October 2025 truce, a freeze that disproportionately benefits Beijing. An AI dialogue was agreed in principle; its content remains undefined.

Conspicuously absent from both readouts were rare earths and export controls, despite their centrality to the current détente. China's weaponisation of critical mineral supply chains — shutting off rare-earth exports last year and forcing Washington to stand down from tariff escalation — is the background condition — is the background condition for the Busan truce, reaffirmed in Beijing. That leverage is carefully maintained, and a China-resilient rare-earth supply

chain remains years away.

The larger truth is structural and enduring. China has gained relative to the US and grown more confident despite its economic headwinds. It has the tools, patience and the strategic discipline to manage escalation dynamics. China is ready for long-term, indefinite competition. As Da Wei of Tsinghua University observed: "The US side looked a little passive. The Chinese side prepared very well." Trump's instinct for spectacle suits Beijing well; it allows Xi to accumulate the symbolic validation of peer-to-peer summity without meaningful concessions. The summit was, in that sense, a tactical triumph for China.

For India, the summit is a sobering signal. The immediate effect — reduced risk of sudden great-power crises, some easing of energy market pressures — is modestly positive. But the structural implications are more uncomfortable. The G2 "overlay" — not a formal duopoly, but the atmospheric effect of two great powers coordinating — narrows the manoeuvring space available to other major powers, India included. A Beijing that reads India's interest in improving bilateral relations as a result of India's declining importance in the US strategic calculus has less incentive to offer meaningful concessions on unresolved issues.

The visit is a continuation of a tactical détente, not a strategic reconciliation. By agreeing to a rhetorical framework of "strategic stability", the US and China are buying time even as they know that strategic rivalry is baked in the system. Yet, it is advantage Beijing.

The writer is former ambassador to China and holds the Subhas Chandra Bose Chair of International Relations, Chanakya University, Bengaluru

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Why India and Pakistan don't talk any more – looking back, and ahead



VIVER KATJU

AS THE country marked the first anniversary of Operation Sindoor, India's strategic and foreign policy circles turned their attention to Pakistan, and New Delhi's evolving approach towards its western neighbour. Here is my perspective.

After the success of the Afghan jihad against the Soviet Union, Pakistan thought that it could wrest Jammu & Kashmir from India, inter alia, through the ISI-mentored jihadi tanzeems. Successive Indian governments shored up Indian defences, and all prime ministers after Narasimha Rao wanted to normalise ties through engagement.

In March 1997, the foreign secretaries met in Delhi after a hiatus of four years. Pakistan asked for the establishment of a "structured and integrated" dialogue mechanism. Its object was to control the scope and pace of bilateral ties. The process began in June 1997, and the India-Pakistan Composite Dialogue (CD) was announced in September 1998. Following the nuclear tests, Atal Bihari Vajpayee wanted engagement all the more. He instructed his negotiators, on the margins of the Durban Non-aligned summit in September 1998, to complete the process. This writer and the late Tariq Altaf, additional secretary in Pakistan's Foreign Ministry, finalised the nitty-gritty of the dialogue process during a one-on-one marathon session in the latter's hotel. The CD was formally announced after Vajpayee's meeting with Prime Minister Nawaz Sharif in New York, some three weeks later.

The CD consisted of eight subjects, which could be put in three categories: Humanitarian matters, cooperation, and the resolution of issues, including J&K, and terrorism. Pakistan's primary concern was J&K, and India's was terrorism and cooperation. Pakistan considered any progress on

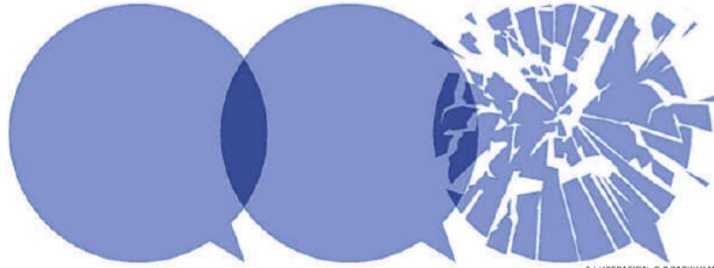


ILLUSTRATION: C. R. SAKSHUMAR

bilateral cooperative mechanisms as a trap.

The CD's first round was held in 1998. To cement the engagement, Vajpayee visited Lahore in February 1999. There was hope that relations would improve. However, Pakistan's army chief Pervez Musharraf did not want the two countries to pursue peace. He continued with his Kargil plan. India's decisive military action foiled the general's intention. Bilateral relations nosedived and the CD was put in cold storage.

This remained so during Vajpayee's term because of the IC 814 hijack in December 1999, the failed Agra summit of July 2001 and the Parliament attack in December 2001, which brought the two countries to the verge of war. In January 2004, Musharraf committed that territories under Pakistan's control would not be used against India. That opened the doors to renewed India-Pakistan engagement, but Vajpayee lost the election. Manmohan Singh picked up the baton.

The India-Pakistan engagement proceeded through three vehicles – a back channel on J&K, led by former diplomat late Satinder Lambah on the Indian side, the CD and a Joint Anti-Terror Mechanism (JATM). The most significant was the back channel, which continued till 2014 but lost steam with Musharraf giving up office in 2008. While Singh and Lambah held that the two countries came close to finding a modus vivendi, but not a permanent solution, on J&K, a Pakistani counterpart of Lambah told

me that big differences remained.

Four rounds of the CD were held between 2004-08, and another two through 2011-2012. The Mumbai terrorist attack of November 2008 led to the CD being called off. However, it was resumed after Singh met his Pakistani counterpart, Yousuf Raza Gilani, in April 2010 on the margins of the SAARC summit in Thirupur, though nothing substantial was achieved.

The JATM held four futile rounds. The last was around a month before the Mumbai terrorist attack. It did not survive the attack. I led the Indian side in the last two rounds of the JATM; that is the basis for this assessment.

Singh's dream of having breakfast in Kabul, lunch in Islamabad and dinner in Delhi remained just that. He did not once visit Pakistan during his tenure. But Narendra Modi did in December 2015 to indicate his commitment to normalising ties. He had earlier invited Prime Minister Nawaz Sharif to his oath-taking ceremony in May 2014 and showed enormous flexibility in accepting the demands of Pakistani generals who were unwilling to go along with the Ufa

Joint Statement of July 2015. India and Pakistan agreed to resume the CD, only now it was renamed the Comprehensive Bilateral Dialogue (CBD). It did not occur because the Pakistani generals undertook the Pathankot terrorist attack within 10 days of Modi's visit. A senior retired Pakistani general told me that the visit "had nothing to do with

the Pakistani state". Modi was embarrassed but still sought to keep hopes alive. They were snuffed out by the Uri terrorist attack in September 2016.

Modi decided to undertake kinetic action. Surgical strikes followed. A new paradigm had been set. It was followed by the Pulwama and Pahalganm terrorist attacks. India asserted that for a return to bilateral comprehensive engagement, Pakistan would have to abandon the use of terror. As it is now a part of Pakistan's security doctrine, Pakistan cannot fold up the tanzeems.

India had signalled that talks and terror cannot go together before the pre-Uri terrorist attacks too. But it had, for 18 years, restarted the engagement process after terrorist attacks or Pakistani military action, as in Kargil. But Modi has now adhered to this position since 2016. He has also held the Indus Waters Treaty in abeyance. Going further, he has said that India would not distinguish between terrorists and the Pakistani state in future conflicts.

Many analysts wish Modi to go back to comprehensively engaging Pakistan, if for nothing else, but to manage a recalcitrant neighbour which has nuclear weapons.

Neither comprehensive engagement nor kinetic force has deterred Pakistan from using terror. That is indicative of its desire to keep India on the defensive. This stance is rooted in its foundational principle of the two-nation theory and its irredentism. It has been willing to sacrifice economic stability but is unwilling to give up confrontation. This pessimistic assessment is backed by India's experience of eight decades, including the last 28 years, after both countries became nuclear.

India's current approach towards Pakistan have to be pursued with two caveats. Should Pakistan be willing, a robust mechanism to handle humanitarian matters should be evolved. India has to emphatically and continuously assert to the international community that the first step on the escalatory ladder between nuclear states is an act of terror or military action on its territory; hence, Pakistan must dismantle its terrorist infrastructure.

The writer is a former diplomat

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ARUSH KHANNA

GIVEN THE recent geo-political headwinds and partly triggered by Microsoft's decision to suspend IT services to Nayara Energy, an Indo-Russian energy company, the Indian government is reportedly exploring the idea of an anti-sanctions law. The law aims to shield domestic firms from extraterritorial sanctions imposed by foreign countries. It seeks to establish a legal framework that would invalidate foreign rulings and sanctions, with the aim to protect Indian companies from penalties that may threaten their commercial operations.

An anti-sanctions regime is commonly known in international law as a "blocking statute". It is a mechanism used by countries to reduce or mitigate the impact of sanctions on their citizens and businesses. Among the tools available under such a regime: Non-recognition of foreign judgments, clawback rights, and mandatory reporting requirements, all of which aim to prevent nationals and entities from complying with the sanctions, and by extension, with any foreign court judgment that gives effect to them.

India is perhaps the only major economy in the world without an autonomous sanctions regime. The EU Blocking Regulation of 1996 is widely perceived as the clearest legislative embodiment of an anti-sanctions regulation. The US has always used sanctions as a part of its statecraft and economic policy. Russia responded to the sanctions imposed by the US and EU in the aftermath of the Ukraine

An anti-sanctions regime is commonly known in international law as a 'blocking statute'. It is a mechanism used by countries to reduce or mitigate the impact of sanctions on their citizens and businesses

Needed, a law to shield Indian firms from sanctions

conflict by making amendments to its Russian Commercial (Arbitrazh) Procedure Code, giving exclusive jurisdiction to Russian courts over any dispute involving sanctioned entities, including the power to pass anti-suit injunctions against proceedings in other jurisdictions.

Delhi has traditionally opposed unilateral sanctions as a form of economic protectionism. That said, India does have a regulatory framework for imposing sanctions, which is primarily implemented to give effect to resolutions passed by the United Nations Security Council. These resolutions are ordinarily implemented through mechanisms provided under the United Nations (Security Council) Act, 1947, the Foreign Trade (Development and Regulation) Act, 1992, and by way of amendments to the Foreign Trade Policy.

From an enforcement perspective, it is important that the proposed anti-sanctions law maintains the objective of safeguarding India's economic sovereignty and autonomy against disruptive sanctions. As a signatory to the New York Convention, it should refrain from creating hurdles in the enforcement of foreign decrees and awards passed in countries which are also signatories to the convention or even those countries which have reciprocal relationships and recognise Indian judgments as enforceable decrees.

India's jurisprudence on sanctions law is currently being tested before the Bombay High Court

which is currently hearing a commercial suit filed by a Russian fertiliser company seeking the enforcement of a decree passed by a Russian Commercial Court against an Italian contractor by attaching and seizing its assets located in India. In this particular matter, the parties had agreed to and were contesting an ICC-administered arbitration seated in London. Since the parties had an arbitration agreement, the English Courts passed an anti-suit injunction restraining the continuation of the proceeding before the Russian court. However, the same was disregarded by the Russian court. Given that the judgment will not be enforceable in the EU due to the Blocking statute, the Russian company has moved the Bombay High Court since the Italian company has assets in India.

So, will the court recognise the judgment passed by the Russian court? Will it reject it on grounds of public policy? Was the Russian court a court of competent jurisdiction in light of the London-seated arbitration agreement between the parties? These are some of the questions that arise.

India's proposed anti-sanctions regime should continue to reflect the country's largely neutral stance during these turbulent times. Measures are needed to maintain the country's position as an investor-friendly jurisdiction. It will be interesting to see whether the proposed anti-sanctions regime bolsters its standing or pushes it into a new era of jurisdictional warfare.

The writer is an advocate, arbitrator and partner, Numen Law Offices

GS 2: INDIAN POLITY

THE HINDU PAGE: 1

Ordinance increases number of SC judges to 37

President Droupadi Murmu has promulgated an ordinance, which will be taken up by Parliament when it convenes; the move is a step towards tiding over crisis of pendency of cases plaguing the court: current backlog of cases stands at over 93,000, which is threatening to reach six figures rapidly even as the court goes into summer recess in June

The Hindu Bureau
NEW DELHI

President Droupadi Murmu has promulgated an ordinance increasing the number of judges in the Supreme Court to 37 – excluding the Chief Justice of India.

The May 16 Gazette notification says "Parliament is not in session and the President is satisfied that the circumstances exist which render it necessary for her to take immediate action [issue of ordinance]".

The Supreme Court (Number of Judges) Amendment Ordinance, 2026, has been promulgated in accordance with the powers of the President under Article 123 of the

Constitution. The ordinance will be placed in both Houses of Parliament when it convenes. It will cease to operate if six weeks expire without any resolution passed on it after the reassembly of Parliament or if resolutions are passed in both Houses of Parliament disapproving the ordinance.

The President can withdraw the ordinance at any time.

Strength crisis

The ordinance has amended Section 2 of the Supreme Court (Number of Judges) Act, 1956 to replace the word "thirty-three" with "thirty-seven".

The promulgation has happened nearly two weeks after the Union Ca-

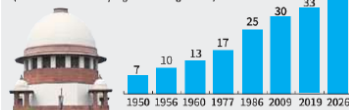
Judicial numbers

The top court currently has a backlog of over 93,000 cases, which is threatening to reach six figures even as the court is going into summer recess, or 'partial working days', in June

The Framers of the Constitution had originally in Article 124(1) envisaged a Supreme Court consisting of the CJI and 'not more than seven Judges' until 'Parliament by law prescribes a larger number'

The Supreme Court (Number of Judges) Act, 1956 as originally enacted, provided for the maximum number of judges (excluding the CJI) to be 10

Graph shows increase in strength of the Supreme Court (Maximum number of judges excluding the CJI)



binet approved the proposal to increase the number of Supreme Court judges. With the ordinance in place, the total sanctioned judicial strength in the Su-

preme Court, including the Chief Justice of India, will rise from 34 to 38.

The move is seen as a step towards tiding over the continuing crisis of

pendency plaguing the court for years now, especially after the COVID-19 pandemic, when the facility of e-filing of cases caught on.

The current backlog is over 93,000 cases.

The backlog is threatening to reach six figures even as the court is going into summer recess, or "partial working days", in June.

Six-year hiatus

The government's approval for more judges in the Supreme Court had come after a six-year hiatus. Parliament had last amended Section 2 of the Supreme Court (Number of Judges) Act, 1956 in 2019, raising the sanctioned strength from 30 to 33, excluding

the Chief Justice of India.

At present, there are two judicial vacancies in the top court. These are of the previous Chief Justice of India, Justice B.R. Gavai, who retired in November 2025, and Justice Rajesh Bindal, who completed office in April 2026.

Three more judges are scheduled to retire in 2026. Justices J.K. Maheshwari and Pankaj Mithal will end their tenure in June, and Justice Sanjay Karol in August.

The Framers of the Constitution had originally in Article 124(1) envisaged a Supreme Court consisting of the Chief Justice of India and "not more than seven judges" until "Parliament by law prescribes a larger number".

The Supreme Court (Number of Judges) Act 1956, as originally enacted, provided for the maximum number of judges (excluding the CJI) to be 10.

This number was increased to 13 by the Supreme Court (Number of Judges), Amendment Act, 1960, and to 17 by another amendment to the law.

The Supreme Court (Number of Judges) Amendment Act, 1986, augmented the strength of the Supreme Court judges from 17 to 25, excluding the CJI. Subsequently, a fresh amendment in 2009 further augmented the strength of top court judges from 25 to 30.

This was followed by the previous amendment in 2019.

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Oslo summit must mark India's northward turn

Prime Minister Narendra Modi's visit to Oslo on May 18-19 for the third India-Nordic Summit comes as the logic of India's engagement with Northern Europe has fundamentally changed. When India first met the Nordics – Norway, Sweden, Finland, Denmark and Iceland – in Stockholm in 2018, and again in Copenhagen in 2022, the relationship was anchored largely in climate cooperation, innovation, digitalisation and the blue economy. Those priorities remain important, but a transformed geopolitical landscape is giving the partnership strategic depth and economic purpose.

The change underway reflects developments beyond bilateral ties. The war in Ukraine has transformed Europe's security order, while strains within the trans-Atlantic alliance have unsettled long-standing assumptions. Denmark, current chair of the Arctic Council, faces renewed pressure from the United States and strategic interest over Greenland.

The spotlight on the Arctic

The Arctic, once insulated from geopolitical rivalry, is emerging as a theatre of competition over shipping routes, energy resources, critical minerals and strategic infrastructure. Finland and Sweden's respective accessions to the North Atlantic Treaty Organization (NATO) have rewired Nordic security architecture, leaving Russia as the Arctic Council's sole non-NATO member. The Russia-China partnership has acquired a polar dimension through cooperation on Arctic shipping and energy. These shifts shape the agenda Mr. Modi will encounter in Oslo.

India and the Nordics now matter more to each other than before, with converging interests in technology, supply chains, maritime security and green energy.

Norway's revised High North strategy balances scientific cooperation with rising security concerns. Denmark, through Greenland, occupies a pivotal position in emerging Arctic sea routes and critical mineral networks. Sweden and Finland contribute advanced defence technologies, innovation ecosystems and Arctic capabilities. Iceland offers geothermal expertise



Ajai Malhotra

Distinguished Fellow and Senior Adviser (Climate Change), TERI, and former Indian Ambassador to Russia, Kuwait, UN/New York, and Romania

Changing Arctic geopolitics gives India-Nordic ties renewed strategic significance

directly relevant to India's Himalayan regions.

The Arctic, once defined by scientific cooperation, is increasingly shaped by deterrence, energy rivalry and military positioning. New technologies, from autonomous underwater vehicles to satellite-enabled seabed mapping, are reshaping Arctic security, even as vulnerabilities in undersea cables and critical infrastructure grow.

India joined the Arctic Council as an observer in 2013. Its Himadri research station, IndARC underwater observatory and Gruevbadet atmospheric laboratory, in Norway, give India a meaningful Arctic footprint. But science alone cannot safeguard Indian interests in a region increasingly shaped by geopolitics.

As a stakeholder

India is not an Arctic nation, but it is undeniably an Arctic stakeholder. The Arctic is warming more than three times faster than the global average. Ice loss in the Barents-Kara Sea has been linked to variability in India's summer monsoon, while rising polar melt threatens India's coastline, ports and island territories through sea-level rise.

The commercial and strategic stakes are equally important. Accelerating ice melt is opening Arctic waters to shipping, resource extraction and military deployment. The Northern Sea Route along Russia's Arctic coast is becoming more navigable, with implications for trade and maritime connectivity. Extending the Chennai-Vladivostok corridor to Murmansk and onward to the Nordics would create a maritime link connecting India, Japan, Russia and Northern Europe. India's Arctic engagement with the Nordics can proceed alongside its partnership with Russia; the two are not a zero-sum game.

India must construct a small fleet of five Arctic-capable, ice-class tankers under its Shipbuilding Financial Assistance Policy by 2030-31. Delay in building such capacity risks locking India out of early-mover advantages in Arctic shipping and energy logistics. An India-Arctic Economic Forum could connect Indian industry with opportunities in manpower, shipping, energy and infrastructure. It could champion an "Arctic-Himalaya Climate Data

Corridor" with the Nordics for joint monitoring of climate linkages affecting monsoons and sea-level rise, India should appoint a Special Envoy for Arctic Affairs. Unlike the four other Asian observer states in the Arctic Council, it lacks one.

Focus areas

Nordic countries lead globally in offshore wind, hydrogen, electric mobility and green shipping, while India's clean-energy ambitions require technology, investment and trusted partnerships. Cooperation must move beyond buyer-seller arrangements towards co-development and production in offshore wind manufacturing, green hydrogen and grid-balancing technologies.

Norway's deep-sea mining ambitions, Sweden's rare earths and iron ore, and Denmark's Greenland link offer supply-chain diversification amid concerns over China's processing dominance. Nordic strengths in telecommunications, semiconductors, batteries, artificial intelligence and advanced materials complement India's scale, engineering talent and manufacturing ambitions, supporting more resilient supply chains.

Maritime cooperation deserves equal attention. India's economic future depends on secure sea lanes, resilient ports and efficient logistics, while Nordic countries lead globally in shipping technology, maritime digitisation, shipbuilding innovation and sustainable port infrastructure. Disruptions in the Strait of Hormuz have exposed maritime vulnerabilities, making route and partnership diversification strategically valuable. Deeper India-Nordic maritime cooperation would advance the economic and geopolitical interests of both.

For the Nordics, a re-emerging India offers scale, growth and a trusted democratic partner in the Indo-Pacific; for India, the Nordics provide technology, capital and expertise, without hegemonic pressures. As the Arctic becomes more contested and consequential, the Oslo summit should mark the point at which episodic engagement gives way to sustained strategic partnership.

The views expressed are personal