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GS 3: INDIAN ECONOMY

INDIAN EXPRESS PAGE: 1

BOOST TO GOVT'S FINANCES

Rs 2.86 lakh cr: RBI clears record surplus transfer to Centre

Contingency risk buffer hiked by over Rs 64,000 cr to Rs 109,379 cr

George Mathew
Mumbai, May 22

AT A time when the West Asia conflict and the surge in crude oil prices are weighing heavy on the fisc, the Reserve Bank of India's (RBI) Central Board Friday approved a record surplus transfer of Rs 2,86,588 crore to the Central Government for the accounting year 2025-26, offering a significant boost to the Centre's finances.

The higher dividend could help improve the government's overall fiscal position and provide greater flexibility in policy spending during an increasingly tough year ahead.

The dividend payout is approximately 6.7 per cent, or Rs 17,998 crore, higher than the Rs 2,68,590 crore transferred by the RBI in 2024-25, marking the highest-ever surplus transfer by the central bank. The RBI had paid Rs 2,10,874



Dividend payout 6.7 per cent higher than what RBI transferred to the government in 2024-25. REUTERS FILE

E. EXPLAINED

Sparing some for market intervention

The amount transferred to the government could have crossed Rs 3.5 lakh crore had the RBI limited the contingency risk buffer to last year's level. But transfers to the buffer will help the central bank intervene in the financial market as per evolving macro conditions.

crore in FY2023-24 and Rs 87,416 crore in FY2022-23.

The sharp increase in dividend payouts was supported by the RBI's strong earnings during the year. At the same time, the RBI raised the contingency risk buffer (CRB) to Rs 109,379 crore to create a safeguard in case geopolitical tensions escalate or crude oil prices worsen. A significant contributor to higher surplus was the central bank's large-scale sale of US dollars in the foreign exchange market to support the rupee amid persistent depreciation pressures, leading to substantial trading gains for the RBI.

"The transfer would have been Rs 64,518 crore higher had the RBI limited contingency

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GS 3: INDIAN ECONOMY

INDIAN EXPRESS PAGE: 2

RBI's surplus transfer

risk buffer (CRB) to the last year level of Rs 44,862 crore. Transferring higher amount to the CRB will help in RBI intervening in the financial market as per the evolving domestic and global macroeconomic conditions," said Devendra Kumar Pant, Chief Economist, India Ratings & Research.

The ongoing geopolitical tensions, conflict in West Asia, risks to energy prices, and volatility in bond and currency markets may have led the RBI to favour building a stronger CRB,

analysts said.

In addition, the RBI benefited from higher returns on its foreign currency assets as global interest rates remained elevated across major advanced economies. The increase in yields on overseas securities and investments strengthened the central bank's income position, enabling it to transfer a larger surplus to the government while maintaining adequate risk buffers.

The record transfer is expected to provide the govern-

ment, which has been facing a fiscal strain, with additional fiscal space, helping it to manage expenditure commitments, support infrastructure spending, and contain the fiscal deficit without significantly increasing borrowing.

"Surplus transfer by RBI is 90.8 per cent of budgeted non-tax revenue under 'dividend/surplus of Reserve Bank of India, Nationalised Banks & Financial Institutions' head for FY27 (BE). Higher transfer will reduce some pressure on the fiscal deficit due to the geopolitical situation," Pant said.

The enhanced inflow will provide the government with

greater flexibility to increase infrastructure and capital expenditure, particularly in sectors such as transportation, energy, urban development and public logistics, which are seen as key drivers of long-term economic growth.

The higher dividend payout is expected to ease concerns surrounding the government's borrowing programme by lowering the need for additional market borrowing during the financial year. This could help contain bond yield – 10-year benchmark yield is at 7.09 per cent now -- and reduce upward pressure on interest rates, thereby supporting overall financial stability.

GS 2: INTERNATIONAL RELATIONS

INDIAN EXPRESS PAGE: 7

FACTS ON DEFENCE COOPERATION, CYBER SECURITY, COUNTER-TERRORISM INKED

India, Cyprus upgrade bilateral ties to Strategic Partnership

Cyprus keen to procure drones and missiles from India

Shubhajt Roy
New Delhi, May 22

INDIA AND Cyprus agreed to elevate their bilateral ties to Strategic Partnership, unveiled a 5-year roadmap for defence cooperation (2026-2031), decided to establish a cyber security dialogue and strengthen cooperation on maritime transport, space and health as Prime Minister Narendra Modi met visiting President of Cyprus Nikos Christodoulides in Delhi on Friday.

The two sides signed six pacts, including an MoU on establishing a joint working group on counter-terrorism, in the field of diplomatic training, on innovation and technology, establishment of official coordination and cooperation on Search and Rescue (SAR), on higher education and research and cultural cooperation from 2026-2030.

Top Cypriot officials said the two nations exchanged notes on Turkey's influence in the region as there is a shared "concern" — Turkey had backed Pakistan last year and it has a strained relationship with Cyprus. Officials said Cyprus is keen to procure



PM Narendra Modi and Cyprus President Nikos Christodoulides take a selfie at Hyderabad House, New Delhi, on Friday. PTI

military equipment from India, including drones and missiles, which "have been tested" last year during Operation Sindoor against Pakistan.

Modi said, "We are today elevating our trusted relationship to the level of a Strategic Partnership. And today, as India and Europe embark upon a new golden era in their relations, Cyprus is not only holding the Presidency of the Council of the European Union but is also emerging as a vital investment gateway between India and the entire European continent."

Christodoulides underlined "strengthening the longstanding bonds" and "deepening and expanding" strategic cooperation with India. "Today I'm not here only in my capacity as

President of the Republic of Cyprus, I'm also here in my capacity as a President of the member state of the European Union that proudly holds the presidency of the council, and so these paths cross at the juncture when both our bilateral relations and the European Union-India relations have made leaps of progress over the last year. We are here to put more building blocks to these two partnerships."

Positioning Europe as a factor of stability, he said, "In these times of growing geopolitical uncertainty, I firmly believe that the partnership between the European Union and India must become stronger, because this relationship is no longer driven only by economics... Together the European Union and India

E. EXPLAINED

Why Cyprus is important for India

Cyprus is located close to Turkey and Syria. It's a EU member despite being geographically in Asia. Its location makes it a crucial part of the IMEEC, an infrastructure project that India expects multiple benefits from. IMEEC is supposed to boost trade and connectivity between India and Europe via the Middle East, and Cyprus, in the Mediterranean, has an important role to play.

can play a defining role not only for our regions but also for global stability and prosperity."

Modi said, "...Today, we have also resolved to further strengthen our cooperation in the domains of cyber security, maritime security and counter-terrorism." About the investment target, he said they aim to double it once again over the next five years. "Cyprus ranks among India's top 10 investors; over the past decade, investment from Cyprus into India has nearly doubled. The level of trust between our two nations has deepened. The India-European Union Free Trade Agreement has opened up a host of

new possibilities. Capitalizing on this potential, we aim to double this investment once again in the next five years."

India and Cyprus also agreed to speed up negotiations on the mobility pact. "Indian professionals and students residing in Cyprus are further reinforcing the bonds between our peoples.

To further consolidate these ties, we have reached a consensus to conclude, at the earliest, a comprehensive Migration and Mobility Partnership, alongside a Social Security Agreement," said Modi. The two sides are also working towards the India-Middle East-Europe Economic Corridor (IMEEC) project. "We will work in tandem to ensure connectivity through key initiatives such as the Indo-Pacific Oceans Initiative and the India-Middle East-Europe Economic Corridor," the PM said.

Christodoulides said, "We have continuous conversations with the Prime Minister about regional connectivity initiatives, including, of course, IMEEC... I consider this a visionary initiative reflecting the growing importance of trusted interconnection between the Indo-Pacific, the Middle East, and Europe. And Cyprus, located at the crossroads of three continents and the gateway to Europe stands ready to contribute actively to this shared vision, a vision of connectivity, a vision of openness, a vision of partnership."

GS 2: INDIAN POLITY

INDIAN EXPRESS PAGE: 10

Degree or no degree, let the cockroach be

EVER SINCE Chief Justice of India Surya Kant compared unemployed youth drifting into journalism and activism with parasites and cockroaches, his remarks have invited questions about the problematic language of dehumanisation and sparked a spiralling controversy. His subsequent clarification that he had specifically meant those who enter the legal profession, media and social media with “fake and bogus degrees” did not clear the impression of a repressive scolding not in keeping with the grace and generosity that remains the hallmark of his high office. The CJI’s remarks also contributed to an internet phenomenon, the formation, tongue firmly in cheek, of a meme party, the Cockroach Janta Party. That the X handle of the satirical collective has now been withheld, following a direction of the Centre, after inputs from the Intelligence Bureau, and that the government is now invoking national security, best makes the case that the CJI’s criticism was misdirected in the political context it comes in. The blocking of the CJP’s account points to where the real problem lies — not in the restless young of this country, employed or unemployed, with or without dubious degrees. It lies, instead, in the too-frequent resort by the state, strong-armed and hard-eyed, to weaponisation of the law to quell voices of satire and humour, difference and dissent.

The humble “cockroach” is part of an expanding lexicon. Undocumented immigrants have been called “termites”, “urban Naxal” is used to tar activists and critics, “anti-national” and “traitor” have become a stick to beat the political opponent with. The overuse of these terms shrinks spaces for political engagement with all points of view that is so necessary in a robust democracy. Amid this slide, however, the institution of the judiciary, and especially the Supreme Court of India, is — and it must be — the space where individual freedoms and liberties are restored and protected. The SC is, after all, the custodian of the constitutional guarantees for individual rights, including the right to free speech.

In recent times, South Asia has seen the sudden, and even violent, outbreak of movements led by Gen Z that have unseated governments, fuelled by disillusion and discontents over dwindling jobs, rising prices and corruption and inequalities. When the CJI speaks about youth who “attack the system”, he overlooks a crucial Made in India difference and USP: The young have often, from the JP upsurge of the 1970s to the Anna Hazare mobilisation more recently, participated in and led movements against corruption, for reform. But India’s democratic framework has proved itself to be capacious, and its young have taken a position inside it, as part of it, not outside of it. This is why the CJI’s comments are even more dispiriting. This is why he must, with due respect, reconsider their framing. As for the mandarins in the Intelligence Bureau who cited national security to get the account blocked, surely they know that cockroaches are hard to exterminate — as is the instinct to poke fun at power and hold it to account in a democracy.

GS 3: ECONOMY

INDIAN EXPRESS PAGE: 11

We need to speed up economic reform, but pessimism obscures, doesn't illuminate



V ANANTHA NAGESWARAN

SURJIT BHALLA is one of India's most independent economic voices, and his pieces in *The Indian Express* are not to be dismissed with the customary official reflex of pointing to infrastructure spending and sunrise sectors. He asks hard questions, and hard questions deserve hard answers. This one ("The BJP is winning the election, but it's losing the economy", IE, May 20), however, contains enough analytical ambiguity to warrant careful examination before one arrives at whatever genuine policy concern remains.

Begin with the most arresting claim: India is joining Turkey as a residual "Fragile Two." The original "Fragile Five" designation — coined by Morgan Stanley in 2013 — had a specific, operationalisable content: Large current account deficits, fiscal imbalances, and acute vulnerability to Federal Reserve tapering. India's macroeconomic architecture today is categorically different from 2013 on each of those dimensions: Its monetary policy frameworks orthodox and inflation-targeting, its fiscal consolidation trajectory is credible, and its foreign-exchange reserves are among the largest in the world. Turkey's travails, rooted in a sustained period of deeply negative real interest rates and institutional subordination of monetary policy to political preference, belong to a different analytical category. The comparison generates a striking headline — not an illuminating analysis.

The piece is also silent on what is perhaps the single most consequential development in global capital markets since the Global Financial Crisis: The end of the era of quantitative easing and near-zero interest rates. The decade of extraordinary monetary accommodation that preceded 2022 produced an artificial compression of risk premia globally, flooding emerging markets with capital that was, in effect, seeking any yield whatsoever. UNCTAD documents that global FDI rebounded sharply to \$1.58 trillion in 2021, a 64 per cent increase over the previous year. What followed was an equally sharp reversal.



ILLUSTRATION: CR SASIKUMAR

New investment project numbers — greenfield announcements, international project finance deals, and cross-border M&As — all shifted into decline after the first quarter of 2022, with project finance values falling more than 30 per cent as financing conditions deteriorated and interest rates rose sharply across the US, the eurozone, and — for the first time in a generation — Japan. UNCTAD's World Investment Report 2023 confirms that global FDI fell for a second consecutive year. In such an environment, virtually every emerging market has faced currency and capital flow pressures. To attribute India's investment trends primarily to domestic policy failure, while ignoring the most consequential shift in global monetary conditions in four decades, is to mistake the tide for the swimmer's effort.

On BITs, the empirical literature is far less settled than the piece implies. Bhalla treats the 2015 revision as a near-sufficient explanation for FDI trends. The academic record counsels more caution. Early papers — including Hallward-Driemeier (2003) and Tobin and Rose-Ackerman (2005) — found weak or no effects of BITs on FDI inflows. More recent work finds positive effects, but conditional on the quality of domestic institutions: BITs function as a commitment device that complements strong institutions rather than substituting for weak ones. Most pertinently, a study examining India — Singh, Shreefi, and Urdhwaresh (2022), published in the *Indian Economic*

Review — found that individual BIT signings do not influence FDI inflows; what matters is the cumulative stock of treaties, which signals an overall regime of investor protection. This finding, which the piece does not engage, considerably complicates the monocausal story. Domestic institutional quality, regulatory predictability, and rule of law matter at least as much as treaty architecture — a conclusion that, if anything, broadens the reform agenda rather than narrowing it to a single legal instrument.

The FDI data itself tells a different story from the one the piece presents. Gross FDI inflows stood at \$88.29 billion through April-February of FY26, an 18 per cent jump over the previous year, and are on course to cross \$90 billion for the full fiscal year — well outside the \$70-80 billion range of recent years. India ranked fourth globally for greenfield project announcements in 2024, and its share of global FDI has roughly doubled over the past decade. Manufacturing FDI grew 18 per cent in FY25. These are not the indicators of investors leaving. Net FDI has been weaker, driven substantially by higher repatriation of profits and rising outward FDI as Indian companies themselves internationalise — a mark of corporate maturity, not economic distress. The piece collapses gross and net without acknowledgment, and that elision does considerable damage to the argument.

The growth ranking argument deserves similar care. Ranking India 16th in per capita GDP growth

in US dollar terms — behind Bangladesh at 83 per cent and Ethiopia at 72 per cent — is doing analytical work that the chosen denominator cannot support. Dollar-denominated per capita growth is a joint function of real growth and bilateral exchange rate movements. Currency appreciation or depreciation in Bangladesh or Ethiopia tells us something about their monetary and trade conditions; it does not constitute a welfare benchmark against which India's economic management should be evaluated. In purchasing power parity terms, which better captures actual improvements in living standards, India's performance across the BJP period looks materially different.

What Bhalla genuinely identifies — and what Bhalla acknowledges — is that the investment climate requires continuous improvement, that the proliferation of quality control orders has at times crossed from quality assurance into protection, and that the BIT framework revision is incomplete. The government has recognised these issues. The Economic Survey and successive budgets have addressed deregulation, ease of doing business, and the need to signal regulatory predictability. The legitimate challenge is that the pace of reform must match the ambition. That is a fair demand. It is not, however, the same as the broader verdict the piece's headline announces.

None of this is to claim that the macro-economic outlook for FY27 is without genuine difficulty. The Department of Economic Affairs's monthly economic reviews have not shied from saying so. The trade deficit will widen significantly in FY27, as will the current account deficit. Inflation risks are tilted to the upside. A below-normal monsoon adds an agricultural dimension to a complex supply shock. The task of attracting stable, long-term capital — through credible tax policy, regulatory predictability, and reduced friction for investors — intensifies in these conditions. These challenges have been acknowledged in official documents.

Elections can deliver mandates. Only policy delivers prosperity. Both propositions are true, and the government accepts both. The appropriate response to Bhalla's genuine concerns is to accelerate reform — not to dispute the imperative, but to reject the analytical scaffolding that obscures rather than illuminates it.

The writer is chief economic advisor, Government of India

The appropriate response to Bhalla's genuine concerns is to accelerate reform — not to dispute the imperative, but to reject the analytical scaffolding that obscures rather than illuminates it

GS 2: INTERNATIONAL RELATION

INDIAN EXPRESS PAGE: 12

• CULTURE

Behind Lahore bringing back Hindu names of localities, pride and practicality

Yashee
New Delhi, May 22

LAHORE, MUCH like New Delhi, is a palimpsest prepared over centuries, with several histories peeking over the shoulders of several presents. Recently, it has been in the news for turning back a comparatively recent page of its past — reverting to some pre-Partition Hindu and British names of its streets and localities.

Why is an Islamic country embracing Hindu names? Why is the change happening now?

What is the current name change project in Lahore?

The names coming back include Queen's Road, Jail Road, Davies Road, Lawrence Road, Empress Road, Krishan Nagar, Santnagar, Dharampura, Brandreth Road, Ram Gali, Tempbell Street, Laxmi Chowk, Jain Mandir Road, Kumharpura, Mohan Lal Bazaar, Sundar Das Road, Bhagwan Pura, Shanti Nagar and Outfall Road.

Jain Mandir road, in fact, was renamed

after the Babri Masjid when the Mughal-era mosque was demolished in Ayodhya in 1992. The Lahore temple had been torn down in retaliation, but has been restored.

The latest initiative is part of a 50-billion Pakistani rupee project called Lahore Authority for Heritage Revival, or LAHR, initiated by the Maryam Nawaz government of Punjab. LAHR's patron is Maryam's father and former Pakistan Prime Minister Nawaz Sharif. The initiative aims to restore Lahore to its old glory, and conservation of history and heritage is one part of the process.

Is there no opposition to the name changes?

The politics of name changes has never been very strong in Pakistan. In the years after Partition, even when some names were changed officially, people still used the old names colloquially. The official page of the District of Lahore says that the city was founded by Luv, the son of Lord Rama.

Yaqoob Khan Bangash, historian who teaches at Institute of Business Admin-



The Lahore Fort. WIKIMEDIA COMMONS

istration, Karachi, told *The Indian Express*. "There are many government hospitals, like Sir Ganga Ram Hospital, which have retained Hindu names. In fact, there is a Nehru Park in Lahore, whose name has been changed, and I once asked people from three generations what they refer to it as. All three said they call it Nehru Park."

Bangash puts it down to the fact that Lahore did not see "ideological migration" during the Partition. "The elite Muslims from Bihar, Madhya Pradesh, Uttar Pradesh, etc., went to Karachi and other cities. The migration in Punjab was not ideological, it was forced. The migrants in Lahore were mainly working class. It did not get a new elite who would want to reshape the city. Lahore's existing elite were proud of their city, wanted to retain its multicultural and multi-religious past, and did not accept the monolithic identity the Partition brought. So even when names were changed at the government level, there wasn't much enthusiasm for it within the locals."

The fact that refugees in Lahore blended in more easily than in other major cities both sides of the border has been written about elsewhere too. Ian Talbot, history professor at the University of Southampton, has written in a 2007 paper, "Tensions between refugees and locals often occurred either in situations of fear of a refugee takeover, as in Karachi, or of acute competition for resources." In Lahore, the refugees were skilled craftsmen or traders, who "either filled niches in the labour market left by departing Hindus, or started new industries," Talbot writes. He adds that many refugees had pre-Partition "birader" (community) ties with Lahore. Thus, the new Muslim population did not feel the need to erase the Hindu past.

Bangash said that in addition, Lahore was always a hub of education and culture, and this has played a role in the pride the city takes in its heritage.

If all of this is true for Lahore, would the reverting to Hindu and British names see protests in other parts of the country? Khuraja Shafique Ahmed, a public policy re-

searcher who hails from Sindh and lives in Karachi, said Sindh too has hospitals and buildings that have retained their names, giving the example of Rai Bahadur Udhavdas Tarachand Hospital in Shikarpur. "The politics of renaming is rooted in a tussle between two religions, and Pakistan, an Islamic state, doesn't really have that. Plus, the common people realise that Islamisation of everything has resulted in extremism. They want to reclaim their history and identity," Ahmed said.

Why the change now?

What is driving the Maryam Nawaz government to spearhead this drive?

Bangash said, "The PMLN (the Sharifs party), is not very ideologically driven. They are more a business-oriented party."

Pakistan has recently attracted positive international attention. Punjab wants to attract more tourism and investment, and the move is part of an effort to project an inclusive, vibrant image.

LONGER VERSION
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GS 3: ENERGY

INDIAN EXPRESS PAGE: 16

INDIA'S PEAK POWER DEMAND HIT FRESH HIGHS OVER PAST FOUR DAYS

Grid strains to meet peak daytime power demand; govt says conserve

For the first time this summer, grid struggled to meet daytime peak electricity demand

Pratyush Deep
New Delhi, May 22

THE COUNTRY'S power grid struggled to fully meet peak daytime electricity demand for the first time during this summer, prompting the government on Friday to urge citizens to use electricity "wisely and judiciously".

The appeal comes amid reports of power cuts from several parts of the country as India recorded a peak daytime shortage of 188 megawatts (MW) for the first time this summer when electricity demand touched a record 270 gigawatts (GW) on Thursday, according to data from the Grid Controller of India (Grid India).

The shortfall was roughly equivalent to the peak electricity demand of a state like Manipur. But any slight mismatch in demand and supply can cause extreme strain on the system, leading to fluctuation in grid frequency and can risk grid stability.

Power cuts usually occur when demand exceeds supply of electricity and grid oper-

ators resort to load shedding.

Peak demand figures, whether daily or monthly, are largely statistical reference points, as they reflect the highest load recorded at any moment during a given period on a particular day, often for a brief duration.

Maximum temperatures ranged between 40°C and 47°C on Thursday across large parts of northwest, west and central India, as well as adjoining eastern and northern peninsular regions, and southeast coastal India, the India Meteorological Department (IMD) said in its bulletin.

While power shortages have been a regular feature during the night, daytime supply has so far remained largely stable, aided by abundant solar generation.

"Although we are prepared to supply electricity as required, due to the intense summer, let us all try to use electricity wisely and judiciously," the power ministry said in a post on X, adding that electricity demand is rising sharply because of the ongoing heatwave conditions.



Night time strain

The strain on the power system has been significantly more acute after sunset, when solar generation drops sharply while cooling demand remains elevated.

Shortages were reported during night-time peak hours on all four days. On Thursday, night-time electricity demand touched a record 251 GW, with the country facing a shortfall of 2.5 GW, equivalent to the peak demand of a state like Jharkhand. On Wednesday, when the overall peak demand reached 265 GW and night-time demand again hit 251 GW, the grid recorded a shortage of 1.6

• POWER CRUNCH

POWER SHORTAGES have been a regular feature during the night, but daytime supply has so far remained largely stable, aided by abundant solar generation

THE STRAIN on the power system has been significantly more acute after sunset, when solar generation drops sharply while cooling demand remains elevated

THE SHORTFALL has also been exacerbated by outages at thermal power plants, which continue to form the backbone of India's night-time electricity supply

GW during night time peak hours. On Tuesday, when daily peak demand touched 260 GW, the night-time shortfall stood at around 698 MW.

Similarly, on Monday, when electricity demand reached 257 GW, the night-time shortage was about 1.3 GW.

Notably, on all four days, the daily peak demand was recorded during the afternoon between 3:40PM and 3:45PM — a period when solar generation remains high and helps support the grid. A similar pattern had emerged in April as well, when night-time power shortages had climbed to as

high as 5.4 GW, underscoring the growing challenge of meeting evening demand in an increasingly renewable-heavy power system.

Thermal power outages

The shortfall has also been exacerbated by outages at thermal power plants, which continue to form the backbone of India's night-time electricity supply. As of May 20, at least 23 GW of coal- and nuclear-based capacity was under forced outage, according to data from the Central Electricity Authority (CEA). Forced outages refer to unplanned disruptions caused by technical faults, equipment failures, or fuel constraints.

Experts maintain this highlights the growing need to expand firm baseload generation alongside large-scale deployment of energy storage systems as renewable energy capacity continues to rise rapidly.

Additions to baseload capacity have lagged far behind the pace of renewable energy deployment.

Between April 2025 and January 2026, India added around 43 GW of renewable energy capacity, while thermal capacity additions stood at only 16.5 GW between April 2023 and November 2025.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

GS: INTERNATIONAL RELATIONS

THE HINDU PAGE: 14

'India sees relations with China in a bilateral context, but Beijing has never seen it that way'

In every sense, India had the potential to become a rival, and it was always China's intention to keep that rival in check, if not cut it down, says Gokhale; in any conflict China has engaged in, both hot wars and grey zone conflicts, they have looked at where it will place them in terms of larger global balance of power, the former Foreign Secretary adds

INTERVIEW

Vijay Gokhale

Ananth Krishnan

China's past decisions to go to war were not driven by only territorial or military objectives, but shaped by wider political and geopolitical factors, according to the new book *China's Wars: The Politics and Diplomacy Behind its Military Coercion*. Author Vijay Gokhale, a former Foreign Secretary and Ambassador to China, explains his research into Chinese decision-making, how China deploys "grey zone coercion", and the consequences for relations with India. Excerpts.

A theme that emerges from the conflicts you research in this book is that it's never been one

reason that led China to go to war, but rather a confluence of factors, especially the global context.

What appeared apparent to me after studying all the conflicts that China has waged, is that it was rarely, if ever, driven purely by operational or territorial objectives. Of course, these were important and continue to be so for China, but it was driven much more by political objectives. The second point is that China has always viewed conflict in a wider global geopolitical context rather than in a narrow bilateral one. If you go through the book, you will see that in practically any conflict China has engaged in, both hot wars and grey zone conflicts, they have looked at where that conflict will place them in the context of the larger global balance of power. That is an extremely important



China has always viewed conflict in a wider global geopolitical context rather than in a narrow bilateral one

VIJAY GOKHALE
Former Foreign Secretary and
Ambassador to China

element that I want to flag in my book, because we tend to see India-China relations only in a bilateral context. Beijing has never looked at it that way, and will never look at it that way either.

In 1962, besides the territorial issues and the Tibet question, you emphasise the importance of the global situation for China, which is perhaps somewhat under appreciated.

The more I looked into

why 1962 happened, leaving aside the fact we had a border problem which was getting aggravated with patrolling and counter-patrolling by both sides, which in India we tend to think was the central cause of the conflict, I discovered that this was not necessarily the only cause, or even the most important one.

There were two other important reasons why China went into this conflict with India. Firstly, although the Chinese had never really regarded India as an equal after 1949, they did not dismiss India en-

tirely as a country of no consequence. After all, India and its Prime Minister had a diplomatic stature and international standing. India also had a sizeable economy and had been left with sizeable military power after the British withdrew. Therefore, in every sense, India had the potential to become a rival, and it was always China's intention to keep that rival in check, if not cut it down.

Two major developments happened in 1961 and 1962. First, the Russians began to rebalance and take a more neutral

position vis-à-vis India and China than they had done in 1959 and 1960. The threat China perceived of the Soviet Union going to India's side and abandoning them, diminished. More importantly, under new President John F. Kennedy, the U.S. readjusted its policy on Taiwan. Noting this, the Chinese well understood that both the U.S. and Soviet Union were now less likely to interfere in any military operation China might launch against India. Again, here you see the play of international relations.

Using coercion to push India into a neutral position sounds counter-intuitive. Doesn't it end up having the opposite effect?

Actually, there is no correlation between China using military coercion to keep India neutral, and India actually becoming more neu-

tral in a conflict or situation between China and either the U.S. or Russia. In fact, my book demonstrates that each time they have brought such pressure on us, India has tilted toward the U.S. or the Soviet Union rather than the other way around.

It is true that in more recent times, China is more sophisticated and utilising not just military pressure but economic pressure, trade, investments, and technology, and we are seeing some of that impacting us today. But the Chinese state still firmly believes that force is a key component in getting you to bend to their will. Therefore they continue to deploy that force towards us. It hasn't worked in the past, it is unlikely to work in the future, and I think they ought to recognise this sooner rather than later.

Read the full interview at: newsthrive.com/vijaygokhale