

# EDITORIAL HIGHLIGHTS

04-07-2026

## GS 2: INTERNATIONAL RELATIONS THE HINDU

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### *The Iran conundrum and the decline of the West*

Ever since 1945, the dominance of the United States and western Europe in world affairs has been taken for granted, largely because of their military power, technological innovations, and financial strength. This situation continued until fairly recently. However, the rise of China, along with the growing prominence of certain “middle powers” in recent years, has begun to dent – though not eclipse – the image of the U.S. as a superpower.

As China’s influence over world affairs has grown, driven by its technological and innovative capabilities and its stranglehold over scarce strategic resources, the supremacy of the U.S. and the West has, however, appeared to wane. Many experts, nevertheless, continued to believe that there was still time before the West faced an effective challenge to its leadership. Concerns had, no doubt, grown about the U.S.’s structural vulnerabilities, though few expected that a country such as Iran would effectively deal a mortal blow to the image of the U.S. as the world’s leading power.

The (now deceased) Iranian Supreme Leader, Ayatollah Ali Khamenei, had once observed that, while Americans constantly threatened war, they lacked “staying power”. This has now become apparent in ample measure. By contrast, in the course of the Iran-Iraq war (1980-1988), Iran’s Islamic regime demonstrated remarkable endurance, resilience, and determination to preserve the regime by all means necessary. U.S. President Donald Trump’s failure to recognise this aspect has since cost him dearly. One leader who is seen to have emerged from the ashes of the U.S.-Iran conflict is Ali Khamenei’s presumed successor, his son Mojtaba Khamenei, who is presently viewed by many as a “living martyr”.

#### The new Iran-U.S. framework

Even prior to embarking upon substantive negotiations in Switzerland on all contentious issues, the U.S. and Iran entered into an “initial deal” (mid-June 2026) to end the war and reopen the Strait of Hormuz. The announcement of the talks was cautiously welcomed by world leaders, though all agreed that difficult negotiations lay ahead. Prior to the formal talks, a 14-point Memorandum of Understanding was, interestingly enough, signed by Mr. Trump at the Palace of Versailles, France, on June 17, 2026, evoking comparisons with the 1919 Treaty of Versailles, which is widely regarded as having imposed humiliating terms on Germany following the First World War.

The June 17 agreement was widely criticised as little more than a latter-day endorsement of the status quo that had existed prior to the U.S.-Israel strikes on Iran, on February 28, 2026. The terms of the agreement included the reopening of the Strait of Hormuz, the lifting of the U.S. blockade, and a vague commitment by the U.S. and its regional partners to initiate plan, for at least \$300 billion, for the reconstruction and economic



**M.K. Narayanan**

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development of Iran – the U.S. has since declared that no U.S. funds would flow directly to Iran. If so, this commitment could possibly refer to the release of Iranian assets that have been frozen by the U.S. over the years. The agreement also reportedly contains an important pledge by Iran not to develop a nuclear weapon.

The talks in Switzerland soon thereafter seemed little more than a formality, with the U.S. claiming, following their successful conclusion, that it had achieved a major milestone by persuading Tehran to allow inspectors from the International Atomic Energy Agency back into the country, thereby opening a pathway to international monitoring of its nuclear programme. But Iran is said to have told its state media that Tehran had made “no new commitments” on nuclear inspections. The conclusion of the talks appeared to many observers to represent a “desperately needed truce” for the U.S., as it was followed shortly thereafter by the lifting of U.S. oil sanctions on Iran and the issuance of a 60-day waiver authorising the sale and transport of Iranian crude oil and petroleum products.

Newspaper headlines across the world had little to say about the deal and instead harped on the enormity of the setback to the image of the U.S. resulting from its coming to terms with Iran. Perhaps the most telling headline appeared on the front page of *The Times of India* (June 19, 2026): “Versailles II: Trump rushes where historians would dread to tread”. Apart from the fact that the U.S. and its President have been excoriated for what critics have termed the “surrender blunder”, the reality is that the deal has brought the U.S. few tangible benefits.

Intrinsic to, or as part of the deal are several other aspects of considerable interest, apart from sanctions relief for Iran’s oil exports, viz., the possibility of Iran assuming a formal role in managing traffic through the Strait of Hormuz and, (potentially), charging transit fees for passage through the Strait. Questions remain, however, regarding the safety of shipping routes, vessel security procedures, naval protection, and emergency response mechanisms. Many of these issues remain to be clarified.

The deal is important, even though its wording remains inchoate. It is widely portrayed as a deal between unequals, with Goliath having been worsted – or at least caught unawares by David. It also does not read like a standard diplomatic document. The implications of a superpower – the world’s leading nuclear power – conceding ground to a battered Iran are huge and are unlikely to be lost on nations and major powers across the globe.

#### Israel-U.S. relations fracture

It also entails an important rupture in relations between the U.S. and Israel. Israel Prime Minister Benjamin Netanyahu’s devious plans to inveigle the U.S. in a conflict in West Asia, which was aimed at decimating Iran and establishing Israel’s

undisputed supremacy over the region has now become part of the detritus of history. The Israel-U.S. rupture, unless Tel Aviv bends substantially hereafter, could alter power equations in West Asia, leading to either an unsettled peace or further wranglings among Arabs, Iranians and Israelis.

What is also quite plausible is that Iran’s claims to have bested the Great Satan, could lead the new Iranian regime, now increasingly under the tutelage of Islamic Revolutionary Guard Corps (IRGC) hotheads rather than the Ayatollahs, to revive conflicts with other Arab nations, apart from Israel itself. Such ‘adventurism’ could lead to more disparate conflicts in a vital region, which incorporates a critical artery of global energy supplies.

Many imponderables are still present. For one, the U.S.-Iran Agreement is almost certain to give a boost to hardliners in Iran who may believe that they have managed to ‘defeat’ the mighty U.S., signalling scope for a still more hardline policy, vis-à-vis not only Israel, the U.S., and other Arab States in the region but also their own people as well. For another, the IRGC, already on the ascendant, could feel more emboldened to act with impunity, having a new Ayatollah identified with it. The impact of all this would be felt not only in Iran but also in countries with large Shia populations, including India. A worsening of Shia-Sunni tensions in different pockets across the globe cannot, therefore, be ignored.

For a third, Israel and its leaders could be expected to behave like ‘wounded tigers’. Their ploy of inveigling the U.S. into supporting their bid for supremacy in West Asia having failed – and with the U.S. President distancing himself from Mr. Netanyahu – they could be expected to embark on a fresh bout of ‘adventurism’, especially with their Arab neighbours and across West Asia. This could aggravate tensions and undermine the fragile peace that has existed since the Abraham Accords. Furthermore, with the U.S. seen as a major loser and its influence across the region set to wane, Gulf nations may be prompted to take a hard look at relying on the U.S. for protection against external threats, including a resurgent Iran. Interestingly, there could also be growing demands to reduce the presence of U.S. troops in West Asia.

#### Radical groups could regain ground

Neither Russia nor China have gained much from the conflict, even as both claim to have supported Iran and some of the other Arab countries. What the world needs to examine closely is whether this level of uncertainty could lead to the re-emergence of well-organised terrorist organisations and entities such as al Qaeda, capable of even greater destruction than their forebears. They could well become the forerunners of many more disparate Arab groups and forces centred in West Asia, capable of extending their activities from Africa and parts of Asia to Europe, if not the U.S. itself.

Power realignments may follow the United States-Iran deal

## Building water security in a rapidly drying India

Indian cities – from Bengaluru to Mussoorie (Uttarakhand) – are reeling under severe water stress. June saw a monsoon rainfall deficit of over 40%. Delhi is facing a severe shortage, and water supply has plummeted to about 70% of the total demand of 1,250 million gallons per day. Research by the Council on Energy, Environment and Water (CEEW) further finds that 11 out of 15 major river basins in India are experiencing water stress, with annual water availability below 1,700 m<sup>3</sup> per person. Several of them, including the Krishna, Cauvery, Mahi, and Tapi basins, are below the water scarcity threshold of 1,000 m<sup>3</sup> per person.

A recent report by the United Nations University Institute for Water, Environment and Health (UNU-INWEH) warns of global water bankruptcy. Several river basins are polluted and closed, with no outflow to the sea. Aquifers are being depleted beyond safe limits. Nearly three-quarters of the global population lives in water-insecure countries, with four billion people facing severe water scarcity for at least one month a year.

### Water infrastructure gaps

India has an uneven distribution of water resources. With 4% of the world's water resources supporting 18% of the population, historically, the country has lived and grown with water uncertainty. While schemes such as the Jal Jeevan Mission and Pradhan Mantri Krishi Sinchayee Yojana have helped develop water supply infrastructure, concerns remain regarding the poor upkeep of existing infrastructure, inadequate wastewater treatment facilities, substantial conveyance losses, high levels of water pollution, and low cost recovery.

There are four interrelated actions that can help India navigate the 'state of bankruptcy' to become water secure.

First, invest in climate-proofing water systems



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The monsoon cannot fix India's water problem; policy could

through granular climate risk assessments of water infrastructure and services. The CEEW's analysis of India's urban flood risk management shows that such assessments help prioritise investments in high to very high-risk locations, including coastal and low-lying areas such as Thane (Maharashtra) and Navsari (Gujarat), or areas with critical infrastructure such as schools, hospitals, and electricity grids, as seen in Ahmedabad. These assessments are especially important for cash-strapped urban local bodies and panchayats. Cities should leverage existing mechanisms like the Urban Challenge Fund (UCF) to finance them—for instance, Visakhapatnam (Andhra Pradesh) recently secured ₹1,501 crore under the UCF for water supply and drainage, part of which could support water risk assessments.

Second, enable water reuse for non-potable purposes in urban areas. Shifting from a linear to a circular approach to water use is essential to reduce pressure on freshwater resources. Used water can be treated and reused for activities such as car washing, landscaping, and cooling data centres. City-level reuse planning is key to achieving this. The Thane Municipal Corporation is adopting a scientific approach to scale up treated wastewater reuse, including for construction, to reduce its annual freshwater deficit of 53 million litres per day and generate revenue. According to CEEW analysis, the economic opportunity from the sale of treated wastewater could reach ₹3 lakh crore and generate 1,00,000 additional jobs by 2047.

Third, scale up micro-irrigation systems, including drip and sprinkler technologies that deliver water to crops more efficiently than flood irrigation. Expanding these systems beyond the current 20% coverage of India's potential 72 million hectares of irrigated area requires large-scale interventions. First, the CEEW's Gujarat research shows that micro-irrigation

subsidies should be redesigned for small and marginal farmers by using 0.4 hectares instead of one hectare as the base unit. Second, farmers need support to shift to low-water, higher-value crops such as horticulture and oilseeds to recover costs, as seen in Andhra Pradesh's Rayalaseema region. Third, low-cost insurance with faster claims, including through a strengthened Pradhan Mantri Fasal Bima Yojana, can help smallholders manage climate and crop risks.

### Close water data gaps

Finally, generate data at the river basin level to improve decision-making. India has good data on water availability, but limited data on withdrawals, losses, and consumption at the basin scale. This makes it difficult to assess actual water use, gauge efficiency gains, or allocate water judiciously – often leading one sector to gain at the expense of others, while the lack of data encourages "free riding", with users extracting as much as the source allows. Artificial Intelligence-based monitoring of water conveyance infrastructure can help detect and measure losses and also generate data. Cities such as Delhi and Bhubaneswar (Odisha) are installing smart bulk water meters to identify and reduce physical losses during distribution. Equally important is analysing end-user consumption by scaling up smart metering and using advanced water accounting tools. India's rollout of over 4.93 crore smart electricity meters can serve as a model for the water sector.

Water is an economic resource – it powers lives, livelihoods, and ecosystems. Reversing water bankruptcy will be the foundation of social welfare. Political will, transparent governance, and societal trust are the levers. Pull them, and India can still turn the tide toward a water-secure future.

*The views expressed are personal*

# GS 2: HEALTH

## INDIAN EXPRESS PAGE: 04

• HEALTH

# Antibiotics to creams: The perils of combination meds



**EXPERT EXPLAINS**  
**KAMINI WALIA**

SENIOR SCIENTIST AT INDIAN COUNCIL OF MEDICAL RESEARCH

THE GOVERNMENT has banned 16 fixed-dose combination (FDC) drugs, including certain antibiotic combinations and a range of dermatological products containing aloe vera and other herbal ingredients, because their supposedly amplified benefits lack scientific justification.

FDCs contain two or more active ingredients in a single formulation and are commonly prescribed for conditions ranging from infections to pain and skin ailments. While some combinations are evidence-based and improve patient outcomes, others are considered "irrational" because there is little or no scientific evidence that the ingredients work better together than when used separately. "Public health experts have long warned that irrational combinations can expose patients to unnecessary drugs, increase costs and, in the case of antibiotics, contribute to antimicrobial resistance. The last is a growing public health problem because bacteria, viruses, fungi, and parasites no longer respond to the medicines designed to kill them," Dr Kamini Walia, senior scientist at the Indian Council of Medical Research, tells Rinku Ghosh.

**What is an 'irrational' FDC?**

An FDC is considered irrational when the ingredients do not have a scientifically established rationale for being combined in a single product. For a combination to be considered rational, each component should contribute meaningfully to the intended therapeutic effect, have compatible pharmacological properties and demonstrate additional clinical benefit compared to using the individual medicines separately. In many cases, there is little to no evidence from clinical trials to support the combination.

**One of the banned products combines amoxicillin and serratiopeptidase. Why have experts objected to this?**

Serratiopeptidase is a proteolytic enzyme, which breaks down proteins. The evidence supporting its use alongside anti-

**• HOW FDCs ARE REGULATED AROUND THE WORLD**

**U.S.:** All FDCs require a new drug application with clinical evidence of superiority or convenience over mono-components.

**WHO:** WHO explicitly cautions against irrational FDCs. Those in the essential

medicines list are evidence-based.

**INDIA (PRE-REFORM):** Thousands of FDCs were approved by state licencing authorities without central review, exploiting a regulatory loophole in the Drugs & Cosmetics Act.

**INDIA (POST-2016):** Around 6,000 FDCs were reviewed by a committee; bans have been initiated.

**EUROPEAN UNION:** Full scientific review of FDCs; they can be justified only with clinical data.

**Some popular combination drugs**

**NORFLOX TZ**  
(combination of norfloxacin and tinidazole)

- If you just have bacterial diarrhoea, taking tinidazole is pointless.
- If you have amoebic dysentery, norfloxacin provides zero benefit.
- Patients rarely suffer from bacterial and protozoal infections simultaneously. But exposure unnecessarily promotes bacterial resistance.

**AUGMENTIN 625** (combination of amoxicillin and clavulanic acid)

- Clavulanic acid blocks enzymes that certain resilient bacteria produce to destroy amoxicillin.
- But if the bacteria causing your infection are not resistant, the clavulanic acid is useless.

**COMBINATION CREAMS**  
(combining a steroid and an anti-fungal)

- While they provide temporary relief from itching and redness, steroids suppress the skin's local immune response.
- This can cause the underlying fungal infection to worsen, spread, or become resistant to treatment.



- DR KAMINI WALIA

biotics is extremely limited. The enzyme is acid-labile, meaning it can be degraded in the stomach before reaching the bloodstream. There is no evidence that shows adequate therapeutic concentrations reach infected tissues. No peer-reviewed randomised controlled trial has shown that adding serratiopeptidase improves bacterial clearance, increases cure rates or reduces the amount of antibiotic required.

Some proponents argue that it may help antibiotics penetrate biofilms or inflamed tissues more effectively. However, this hypothesis is largely based on laboratory studies and has not been convincingly demonstrated in human clinical studies. No major treatment guideline currently recommends serratiopeptidase as an adjunct to antibiotics for managing infections.

**What about popular combination drugs in use?**

Take the case of the antibiotic **NorfloX TZ** (a combination of norfloxacin and tinidazole). If you have purely bacterial diarrhoea, taking tinidazole is pointless. Conversely, if you have amoebic dysentery, norfloxacin provides zero benefit. Patients rarely suffer from bacterial and protozoal infections simultaneously. But exposure unnecessarily promotes bacterial resistance.

Doctors often caution against the misuse of Augmentin 625 (a combination of

**What are FDCs?**

FDCs, or fixed-dose combination drugs, contain two or more ingredients in one formulation. They claim to amplify benefits.

Some combinations do improve patient outcomes. But FDCs are called 'irrational' when there is little evidence that the ingredients work better together than when used separately.

amoxicillin and clavulanic acid). The clavulanic acid acts as a barrier to block enzymes that certain resilient bacteria produce to destroy amoxicillin. But if the specific bacteria causing your infection are not resistant, the clavulanic acid is useless.

**Could such antibiotic combinations contribute to antimicrobial resistance?**

When combinations are marketed as being more effective without sufficient evidence, they may encourage unnecessary or prolonged antibiotic use. This increases antibiotic exposure in the community and creates selective pressure on bacteria, allowing resistant organisms to survive and multiply. From a public health perspective, antibiotic use should be as targeted and evidence-based as possible.

**Many aloe vera-based dermatological combinations have also been banned. Why were these products considered irrational despite being sold for years?**

Longevity in the market does not establish scientific validity. Many of the banned dermatological combinations contain multiple ingredients such as aloe vera extracts, vitamin E, jojoba oil, olive oil, tea tree oil and other moisturising or herbal components. The key question is whether combining these ingredients provides a

Ingredients in fixed-dose combination drugs may not work better together. Worse, they can expose patients to risks and fuel antimicrobial resistance

measurable clinical benefit compared with using them individually. In many cases, robust scientific evidence demonstrating superior efficacy is lacking. Take the case of combination creams containing both a steroid and an antifungal. While they provide temporary relief from itching and redness, steroids suppress the skin's local immune response, which can cause the underlying fungal infection to worsen, spread, or become resistant to treatment. Regulatory decisions are based on scientific evidence and risk-benefit assessments, not how long a product has been available commercially.

**What risks do patients face when using irrational FDCs?**

Patients may be exposed to unnecessary drugs, increasing the possibility of adverse effects, drug interactions and allergic reactions. Fixed combinations can also make it difficult for doctors to adjust the dose of individual ingredients according to a patient's needs. If a doctor wants to increase the dose of one medication, they cannot do so without overdosing on the other. Besides, such drugs may mask an underlying complication, reducing precision treatment.

**What should patients, doctors and pharmacists do now that these products have been banned?**

Patients should understand that a medicine containing multiple ingredients is not necessarily more effective than a targeted treatment. In fact, a simpler medicine supported by strong evidence is often the safer and more effective option. Patients currently using any of the banned products should consult their doctor about appropriate alternatives. Stopping an irrational FDC does not mean stopping treatment; safer and evidence-based alternatives are available.

For doctors, the focus should be on de-escalating patients to rational therapies and prescribing medicines supported by clinical evidence. Pharmacists should remain aware of the drug regulator's list of banned FDCs, flag irrational prescriptions where appropriate and educate patients about available alternatives.

**Should we team up vitamins and probiotics with antibiotics?**

There is no definitive evidence of them being indispensable. While probiotics may be advised by doctors on a case-specific basis, vitamins may not be needed, except by those in a vulnerable group. Antibiotics have a limited dosage; you may not need vitamins for a short spell. Consult your doctor.

## GS 2: POLITY

### INDIAN EXPRESS PAGE: 04

• LEGAL

# Madras HC bans cow slaughter; TN laws mandate only regulation

Amaal Sheikh  
New Delhi, July 3

THE TAMIL Nadu government has moved the Supreme Court against a Madras High Court order directing authorities to ensure that "no cow or calf is slaughtered on the eve of Bakrid or on any other day". The state has argued that the HC imposed a "blanket ban" even though the petition before it was confined to preventing cow slaughter in public places. Tamil Nadu also contended that the order was contrary to the state's statutory framework, which "only provides for regulation and not prohibition".

### What Madras HC said

A member of an unregistered outfit filed a representation on May 18 asking authorities to prevent cow slaughter "in public places" during Bakrid. Later, a writ petition was filed seeking a direction to consider that representation and act against slaughter in public places. A single judge sent the matter to a division bench of Justices G R Swaminathan and V Lakshminarayanan, treating it as a PIL.

Police told the court in a counter-affidavit that a temporary shed had already been set up for *qurbani* "in a non-public area", without obstructing traffic or offending the religious sentiments of other communities. The bench read this as a concession that the arrangements were compliant.

But the order went further, with the bench holding that sacrificing a cow was not obligatory for Bakrid. It read out the Tamil Nadu Animal Preservation Act of 1958 which permits slaughter only with a certificate showing that the animal is "over ten years of age and is unfit for work and breeding". It also invoked a Tamil Nadu Government Order (GO) banning cow slaughter in slaughterhouses to increase milk production. The bench held that "the authorities cannot permit slaughter of any animal in a place other than designated slaughter houses", and that "no cow or calf is slaughtered on the eve of Bakrid or on any other day" — creating a blanket direction.

### State's appeal

The petition argued that the HC's order arose from a petition seeking only a direc-

### Conditional permit

- The Tamil Nadu Animal Preservation Act of 1958 permits slaughter of certain bovine animals after the issuance of a certificate.

- The animal must be 'over ten years of age and... unfit for work and breeding'.

tion to prevent the slaughter of cows in public places. The court, nevertheless, imposed "an absolute and blanket ban on the slaughter of cows and calves" — relief that was not sought by the petitioner.

The appeal also pointed to what it called an inconsistency within the judgment — one part recognises that slaughter may take place in designated slaughterhouses, while another part prohibits it altogether.

The plea noted that the GO previously referred to was never relied upon by the original petitioner. This GO, incidentally, was passed in August 1976 when the state was under President's Rule.

Tamil Nadu's plea said of the order: "An executive instruction/government order cannot be in contravention or inconsistent with the statutory provisions" and cannot override legislation enacted by the legislature. The appeal also took issue with the HC's discussion of whether cow sacrifice is required during Bakrid, saying it was "wholly extraneous" in relation to the current case. The petition pointed to the economic consequences of a blanket ban on licensed traders and allied sectors.

### Tamil Nadu's laws

Section 4 of the Tamil Nadu Animal Preservation Act, 1958, says certain animals cannot be slaughtered unless a competent authority issues a certificate for it, subject to certain conditions. The government's petition argues that "from the scheme of the Act, it is crystal clear that what is contemplated is only the regulation of animal slaughter, and that there is no ban on animal slaughter". It also cited municipal laws, such as The Tamil Nadu Urban Local Bodies Act, 1998, which requires local authorities to provide slaughterhouses, as proof of regulation and not prohibition under the law.

Tamil Nadu also relied on central legislation. Under the Prevention of Cruelty to Animals Act, 1960, the Animal Welfare Board is empowered to advise governments and local authorities on the design, maintenance and operation of slaughterhouses. "The very fact that the Central Government has framed an exhaustive set of Rules for the purpose of regulating the practice of animal slaughter and the recognition of slaughterhouses shows that animal slaughter is not a prohibited activity," the petition stated.

# At 250, the US can still reinvent itself — and the world

**A**S AMERICA turns 250, much in Washington's current politics distracts Indian attention — Donald Trump's antics in capturing the historic moment for personal glory, his diplomatic style that breaks from protocol, disputes on tariffs and technology, America's new dalliance with the Pakistan army, and the anxiety in Delhi at the prospect of a US-China condominium in Asia. But major anniversaries demand a longer view. For Indians trying to understand the future of the US, the more important story lies beneath the unending political noise from Washington: The repeated reinvention of American capitalism. That process has shaped not only America's domestic evolution but also the international order it has led for much of the past century.

In reflecting on the American revolution, we must also consider the other, intellectual revolution that occurred in 1776. While Britain's 13 North American colonies proclaimed their independence, Adam Smith published *The Wealth of Nations*, which laid the intellectual foundations of modern capitalism. Over the next 250 years, the two evolved together. America's greatest contribution to the modern world has not only been its leadership of capitalist development, but also its extraordinary capacity to reinvent it. Every reinvention transformed the nature of production at home, reconfigured US politics, and restructured the international system.

In the 19th century, factories, railroads and mechanised production transformed an agrarian republic into the world's leading industrial economy. Capital, machines and labour were brought together on an unprecedented scale. Productivity soared, cities expanded, and American industry became the foundation of national power.

The second reinvention arrived in the early 20th century with Frederick Winslow Taylor's scientific management and Henry Ford's moving assembly line reorganising work itself. Charlie Chaplin captured both the brilliance and the absurdity of this new industrial order in *Modern Times*. His unforgettable image of a worker swallowed by the assembly line remains one of the sharpest commentaries on modern capitalism. Fordism produced mass prosperity, but it also demanded that human beings adapt themselves to the rhythm of machines.

The third reinvention took American capitalism beyond US shores. Advances in container shipping, telecommunications and information technology allowed production to be fragmented across national borders and distant continents. American firms increasingly specialised in technological innovation, finance, branding and design while manufacturing shifted to lower-cost locations across Asia. The resulting global value chains defined a new era of capitalism. They also transformed China into the world's manufacturing powerhouse, even as American companies retained control over many of the technologies, finance and intellectual property that governed the system.

Today, America is embarking on a fourth reinvention — techno-capitalism. AI, advanced semiconductors, cloud computing, biotechnology and humanoid robotics are converging to create a new production system. The ambition is no longer to make workers more productive. It is increasingly to reduce dependence on human labour itself. Anthropic's Claude AI and Tesla's Optimus humanoid robot have become the most visible symbols of this transformation, but they



C RAJA MOHAN

represent a much broader technological ecosystem. Combined with recursive self-improvement, the emerging AI systems promise to reshape manufacturing, logistics, healthcare, and many other sectors. With proclamations that Artificial General Intelligence (AGI) and Artificial Super Intelligence (ASI) are not far away, the future could be here much faster than many imagine.

The new technologies change the very character of capitalism. Industrial capitalism depended on labour. Globalised capitalism depended on moving production to where labour was cheapest. Techno-capitalism depends increasingly on algorithms, computing power, data and intelligent machines. It also involves building massive new infrastructure within the US. Wealth now flows less from employing large and cheap workforces than from owning the technologies that can substitute for them.

Left-wing historians in the US have argued that technological revolutions do not merely transform capitalism; they are shaped by capitalism itself. That insight is especially relevant today. The age of AI will not simply produce new technologies. It is intensifying already heavy concentrations of economic power. Political institutions are nowhere near limiting their reach and power.

But efforts are on, if at a nascent stage. Every reinvention of capitalism has eventually produced a recasting of politics. The rise of giant industrial trusts produced the "progressive era" and antitrust legislation at the turn of the 20th century. The Great Depression produced the New Deal and a new social compact between capital and labour. The digital revolution has revived concerns over monopoly and market concentra-

tion. If Lina Maliha Khan led the legal battle against tech platforms as the chair of the Federal Trade Commission under the Biden Administration, sections of the MAGA movement are now revolting against the excessive adoption of AI.

AI and robotics are reopening familiar questions in unfamiliar forms: Who owns the machines, who captures the enormous productivity they generate, how should that new wealth be distributed, and what obligations does capital owe to society? The answers will shape the future of the American republic and rebalance the relationship between innovation, capital and society. The consequences of techno-capitalism will not stop at America's shores. Every previous iteration of American capitalism has reshaped the international system. Industrial capitalism in a massive continental state made the US a superpower. Fordism underpinned its global leadership after World War II. Globalisation spread American capital, technology and finance across the world. Techno-capitalism promises another global reordering — by redistributing economic and military power and transforming global institutions.

The US at 250 is deeply divided at home and at odds with itself. The rise of Trump is indeed the visible manifestation of it. But American history cautions us against writing off a republic that has repeatedly reinvented both its capitalism and the politics needed to govern it at home and lead it abroad. The age of AI is unlikely to be different.

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The consequences of techno-capitalism will not stop at America's shores. Every previous iteration of American capitalism has reshaped the international system

# AI's upgraded the fraudster. Let's upgrade our defence



MIHIR MEHTA

THE MULE account has quietly become the load-bearing wall of digital fraud in India. As laundering channels multiply at machine speed, banks do not need louder alarms — they need a transaction-monitoring intelligence layer that cuts the noise and catches what matters. To understand why it has grown so dangerous, it helps to remember how much the ground beneath us has moved.

Ten years ago, banking largely meant a branch, a queue, and a passbook. Today it lives entirely on the phone, with the Unified Payments Interface (UPI) alone processing nearly Rs 30 trillion in a single month across more than 800 million digital users.

Here lies the uncomfortable corollary: Every new rail we build for legitimate money is also a new lane for illicit money.

Artificial intelligence (AI) has mechanised the entire craft. No longer is a forged signature the extent of fraud. A few seconds of audio is now enough to manufacture voice instructions from a "CFO". Stolen data is being used to walk synthetic identities through onboarding checks. Deepfake scams are being run at a scale that has touched nearly half of all Indian adults.

The damage shows up on three fronts. Identity fraud, where the customer never truly existed. Monetary fraud, where the victim is socially engineered into pressing "send" themselves, defeating every authentication factor we built. And beneath both — the core — the mule account.

The mule is the getaway vehicle of digital crime. In a single year, agencies froze close to 4,50,000 mule accounts through which more than Rs 17,000 crore had already been routed.

The regulator has clearly heard it. The Reserve Bank of India's (RBI) Mule-Hunter.ai, the digital payments intelligence platform being built with the National Payments Corporation of India (NPCI), and the recent discussion paper proposing deliberate "frictions" on suspi-

cious transfers all point the same way. But here is the sobering part: A rule we write on Monday is played upon by Friday.

Almost every bank and NBFC already runs a transaction monitoring system. The problem is not that these systems flag too little. It is that they flag far, far too much. Such a system does not strengthen a bank's defences but slowly erodes its own analysts' trust in the alert itself, until the one signal that genuinely matters is lost in the static.

This is not hypothetical. One global lender recently absorbed a penalty in the region of \$3 billion, in part because alert fatigue meant genuine signals sat unread in a queue nobody could clear. The cost of noise is not merely wasted hours. It is missed crime and consequent monetary and reputational losses.

The answer is not a louder alarm, or a larger team. It is an intelligence layer that sits on top of the monitoring system — one that stops handing the money laundering reporting officer a flat list of 48,000 alerts and starts answering the questions that matter. Which five rules are generating 80 per cent of your noise and never converting into a Suspicious

Transaction Report? Which clusters look like a mule ring assembling in real time, while funds can still be frozen?

This is the shift the next few years demand.

For those running banks and non-banking financial companies (NBFCs), the instruction is not the tired "adopt AI". It is sharper.

Deploy intelligence at the two points where it changes the odds. First, cut the noise so your best analysts spend their scarce hours on the 5 per cent that is real rather than the 95 that is not. Second, surface the mule networks early, while money is still recoverable.

AI is now on both sides of the table. The fraudster has also picked it up. The only open question is whether our defences have. In banking, trust has always been the real moat. Protecting it is how we build a digitally inclusive and secure Bharat.

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