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Nations must prepare to deal with stablecoins: Sitharaman

Innovations in cryptocurrency are transforming landscape of money and capital flows, and they may force nations to adapt to new monetary architectures or risk exclusion, says Finance Minister; India's economic leverage is evolving, Minister adds

T.C.A. Sharad Raghavan
NEW DELHI

Hinting at a possible shift in India's cryptocurrency policy, Union Finance Minister Nirmala Sitharaman on Friday said countries would have to "prepare to engage" with stablecoins whether they welcome the change or not.

"Innovations like stablecoins are transforming the landscape of money and capital flows," Ms. Sitharaman said in her inaugural address at the Kautilya Economic Conclave here.

Scale of transformation

"These shifts may force nations to make binary choices: adapt to new monetary architectures or risk exclusion," she said.

What is a stablecoin?

A stablecoin is a crypto asset that aims to maintain a stable value relative to a specified asset, or a pool of assets

- These assets could be a monetary unit of account such as the dollar or euro, a currency basket, a commodity such as gold, or unbacked crypto assets

- This stability can also be achieved only if a centralised institution is in charge of issuing (minting) and redeeming (burning) these crypto assets



SOURCE: IMF

"Such developments underscore the scale of the transformation under way. They also remind us that no nation can insulate itself from systemic change. Whether we welcome these shifts or not, we must prepare to engage with them."

Stablecoins are a type of cryptocurrency that at-

tempt to maintain stable prices as they are pegged to an underlying asset, such as a basket of currencies or precious metals.

The remarks come at a time when the Finance Ministry and the Reserve Bank of India (RBI) have both voiced their reservations about private cryptocurrencies, also referred to

as virtual digital assets.

India has not legalised these products in terms of regulation, but it does tax transactions that involve them.

The RBI, on the other hand, has lobbied hard to ban virtual digital assets outright, while simultaneously launching pilot projects of its own Central Bank Digital Currency (CBDC).

Legal backing

CBDCs are cryptocurrencies issued by central banks and have the same legal backing as official currency.

The Finance Minister said India's capacity to absorb external shocks was strong and that its economic leverage was evolving. "Wars and strategic rival-

ries are redrawing the boundaries of cooperation and conflict," Ms. Sitharaman said.

"Alliances that once appeared solid are being tested, and new coalitions are emerging. For India, these dynamics highlight both vulnerability and resilience."

However, despite this reliance, she also cautioned that there was no time for complacency. "Just as eternal vigilance is the price of liberty, eternal performance is the price of strategic independence," she said.

"There is no room for complacency or self-congratulation beyond a quiet confidence in our abilities to take the right decisions and execute them," the Finance Minister added.

English Summary:

Finance Minister Nirmala Sitharaman highlighted the transformative role of stablecoins in global finance. She warned that countries must adapt to new monetary systems or risk exclusion. While India has not legalised private cryptocurrencies, it taxes them and pilots its own CBDC. Sitharaman stressed India's resilience in absorbing external shocks but cautioned against complacency.

हिंदी सारांश:

वित्त मंत्री निर्मला सीतारमण ने कहा कि स्टेबलकॉइन्स वैश्विक वित्त में बड़ा परिवर्तन ला रहे हैं और देशों को नए मौद्रिक ढांचे को अपनाना होगा अन्यथा वे अलग-थलग हो सकते हैं। भारत ने निजी क्रिप्टोकॉइन्स को वैध नहीं किया है लेकिन उन पर टैक्स लगाया है और अपनी CBDC का पायलट प्रोजेक्ट चला रहा है। उन्होंने कहा कि भारत की बाहरी झटके झेलने की क्षमता मजबूत है, पर आत्मसंतोष की गुंजाइश नहीं।

GS Paper Relevance:

- GS III (Economy): Cryptocurrency regulation, CBDC, financial stability.
- GS II (IR): Strategic independence in global finance.

Trump sets Sunday night deadline for Hamas to accept Gaza peace plan

Agence France-Presse
WASHINGTON

U.S. President Donald Trump has given Hamas until 2200 GMT (3:30 a.m. IST) on Sunday to accept his 20-point plan for peace in Gaza, warning the Palestinian militant group faced "all hell" if it did not agree to the terms.

The U.S. leader set the deadline – which would fall at 1:00 a.m. Monday in Gaza – after an official for the Islamist movement said earlier on Friday that the group still needed time to study the proposal to end nearly two years of devastating war in the Palestinian territory.

"If this LAST CHANCE agreement is not reached, all HELL, like no one has ever seen before, will break out against Hamas," Mr. Trump posted on his

Truth Social platform.

The proposal, backed by Israeli Prime Minister Benjamin Netanyahu, calls for a ceasefire, the release of hostages within 72 hours, Hamas's disarmament and a gradual Israeli withdrawal from Gaza.

That would be followed by a post-war transitional authority headed by Mr. Trump himself.

"Hamas is still continuing consultations regarding Trump's plan... and has informed mediators that the consultations are ongoing and need some time," the official said.

Mohammad Nazzari, a member of Hamas's political bureau, said in a statement on Friday that the "plan has points of concern, and we will announce our position on it soon".

On the ground on Friday, Gaza's civil defence

agency – a rescue force operating under Hamas authority – reported heavy air bombardment and artillery shelling on Gaza City.

It said Israeli strikes killed at least 11 people across the territory, including eight in Gaza City.

The Israeli military is waging an air and ground offensive on the territory's largest urban centre, from which hundreds of thousands have been forced to flee.

'No safe place in Gaza'

The UN on Friday reiterated there was no safe place in Gaza and that Israel-designated zones in the south were "places of death". "The notion of a safe zone in the south is farcical," UNICEF spokesman James Elder said from the Gaza Strip.



Long walk: A camp for displaced Palestinians in Khan Younis in the southern Gaza Strip on Thursday, AFP

Amnesty International condemned a "catastrophic wave of mass displacement" as Israel intensified its Gaza City offensive.

The rights group said hundreds of thousands of Palestinians, many of whom had already been displaced multiple times, were being forced into "overcrowded enclaves in

the south... that lack access to clean water, food, medical care, shelter and life-sustaining infrastructure".

As the war nears the two-year mark and the death toll continues to rise, protesters around the world have rallied at Israel's interception of a flotilla carrying pro-Palestinian activists and aid for Gaza.

On Friday, the organisers of the Global Sumud Flotilla said its last remaining boat had been intercepted and Israel's Foreign Ministry said it had deported four Italian participants.

As Hamas mulled Mr. Trump's peace plan this week, a Palestinian source close to the group's leadership told AFP on Wednesday that the Islamist movement wanted to amend some clauses, including the one on disarmament.

Hamas leaders also want "international guarantees" for a full Israeli withdrawal and that no assassination attempts would be made inside or outside Gaza, the source added.

Another source said that the group was split over Mr. Trump's plan.

Structurally, the group's leadership is divided between officials based in the Gaza Strip and those abroad, particularly in Qatar.

Much of Hamas's leadership has also been wiped out in Israeli attacks throughout the war.

The source said that "the first [opinion] supports unconditional approval, as the priority is a ceasefire under Trump's guarantees, with mediators ensuring Israel implements the plan".

"The second has serious reservations regarding key clauses... They favour conditional approval with clarifications reflecting Hamas's and the resistance factions' demands," the source added.

Hugh Lovatt, a senior policy fellow at the European Council on Foreign Relations, said "ultimately it's not just about convincing Hamas leadership in Doha, but also the leadership in Gaza, as well as Hamas members and fighters in Gaza".

"Additionally, Hamas must then be able to convince other factions in Gaza," he added.

The war was triggered by Hamas's October 7, 2023 attack on Israel, which resulted in the deaths of 1,219 people, mostly civilians, according to an AFP tally of Israeli official figures. Israel's retaliatory offensive has killed at least 66,288 Palestinians, according to health ministry figures in the Hamas-run territory that the United Nations considers reliable. Their data does not distinguish between civilians and combatants, but indicates that more than half of the dead are women and children.

English Summary:

US President Donald Trump gave Hamas a deadline to accept a 20-point Gaza peace plan backed by Israel. The plan includes ceasefire, hostage release, Hamas disarmament, and Israeli withdrawal. Hamas expressed reservations. Meanwhile, Israel intensified strikes in Gaza, killing civilians. UN & Amnesty warned of "no safe zones" and humanitarian crisis.

हिंदी सारांश:

अमेरिकी राष्ट्रपति डोनाल्ड ट्रंप ने हमास को गाज़ा शांति योजना स्वीकार करने के लिए समय सीमा दी। इसमें युद्धविराम, बंधक रिहाई, हमास का निरस्त्रीकरण और इज़राइल की वापसी शामिल है। हमास ने शर्तों पर आपत्ति जताई। इसी बीच, इज़राइल ने गाज़ा पर हमले तेज कर दिए और संयुक्त राष्ट्र ने चेतावनी दी कि कोई भी "सुरक्षित क्षेत्र" नहीं बचा है।

GS Paper Relevance:

- GS II (IR): West Asia conflict, US mediation.
- GS III (Security): Terrorism, global peace.

Domestic vitality

Domestic firms show more faith
in India than foreign investors

The latest data on investment announcements in the country paint a mixed picture, with varying policy implications. New project announcements by the private sector overall rose to nearly a 15-month high in the first half of this financial year to ₹9.9 lakh crore. Such investments have historically been driven by Indian firms, but that concentration has intensified in the last few years. While Indian firms accounted for 77% of all private sector announcements in 2018-19, that share was 94% in the first half of the current financial year. Taken together, these data points underscore a diametrically opposite outlook on the Indian economy held by domestic and foreign firms. Domestic firms seem increasingly optimistic. It remains to be seen how many of these announcements fructify, but the data show that the value of projects actually completed by Indian firms was also at a near 15-month high so far this fiscal. This should come as a relief to the government, which has been pushing the private sector to invest more. The data also show that most of these new investments are to be in the manufacturing sector – another strong positive for the economy. A large part of these new investments was announced before the GST rate cuts were first made public on August 15, implying the private sector's confidence goes deeper than an expectation of a temporary demand boost. If the investments do come through, that will leave the government with more fiscal room to address developmental and defence issues, both of which need its attention.

Foreign firms, on the other hand, do not seem quite as convinced by the India story. The value of project announcements by foreign companies fell to ₹0.6 lakh crore in the first half of FY26, marking the third consecutive year of decline during this period, and also a five-year low. Several global factors have certainly dampened investor sentiment ever since the COVID-19 pandemic, but the fact remains that global investment outflows nevertheless increased 11% in 2024 and 3% in 2023. While the latest tariff friction with the U.S. would have shaken some confidence in India as an investment destination this year, the government needs to figure out why foreign companies were looking elsewhere even before. The data also reveal that fresh announcements by the government stood at ₹1.5 lakh crore during the period under review, down 71% over the same period last year. This is in line with the Centre's warnings that it will not be growing its capex as fast as before. However, with the government and foreign companies pulling back, the pressure on Indian firms increases. Simultaneously, the urgency to keep this momentum going through ease of doing business reforms also sharpens.

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English Summary:

The latest investment data presents a divergence between domestic and foreign firms in India:

- **Domestic Firms:**
 - New project announcements in the first half of FY26 touched ₹9.9 lakh crore, a 15-month high.
 - Share of private sector announcements by Indian firms rose to 94%, up from 77% in 2018-19.
 - Most new projects are in the manufacturing sector, reflecting confidence in India's growth story.
 - The value of projects completed is also at a 15-month high, showing deeper optimism, beyond temporary GST rate cuts.
- **Foreign Firms:**
 - Project announcements fell to ₹0.6 lakh crore, marking the third consecutive yearly decline and lowest in five years.
 - Global factors: COVID-19 aftereffects, tariff friction with the US, and shifting investor sentiment.
 - Despite this, global investment outflows increased by 11% in 2024 and 3% in 2023, meaning capital is moving elsewhere.
- **Government Sector:**
 - New announcements stood at ₹1.5 lakh crore (up 71% year-on-year), but the Centre cautioned it won't raise capex too fast.

Implication: Indian firms remain bullish, while foreign firms remain hesitant. For the government, boosting investor confidence and carrying out ease-of-doing-business reforms is crucial.

◆ हिंदी सारांश:

नवीनतम निवेश आंकड़े भारत में घरेलू और विदेशी कंपनियों के रुझान में बड़ा अंतर दिखाते हैं:

- **घरेलू कंपनियाँ:**
 - FY26 की पहली छमाही में नए प्रोजेक्ट घोषणाएँ ₹9.9 लाख करोड़ पर पहुँचीं (15 महीने का उच्चतम स्तर)।
 - निजी क्षेत्र की घोषणाओं में भारतीय कंपनियों की हिस्सेदारी 94% हो गई (2018-19 में 77%)।
 - अधिकांश निवेश विनिर्माण क्षेत्र में है, जो भारतीय अर्थव्यवस्था में भरोसे का संकेत है।
 - पूरे हुए प्रोजेक्ट्स का मूल्य भी 15 महीने के उच्च स्तर पर है।
- **विदेशी कंपनियाँ:**
 - प्रोजेक्ट घोषणाएँ घटकर ₹0.6 लाख करोड़ रह गईं - लगातार तीसरे वर्ष गिरावट और पाँच साल का न्यूनतम स्तर।
 - कारण: COVID-19 का प्रभाव, अमेरिका के साथ टैरिफ विवाद, निवेशकों का बदलता रुझान।
 - वैश्विक निवेश प्रवाह 2024 में 11% और 2023 में 3% बढ़ा, यानी पूंजी भारत के बजाय अन्यत्र जा रही है।
- **सरकारी निवेश:**
 - नई घोषणाएँ ₹1.5 लाख करोड़ की रहीं (पिछले साल से 71% अधिक)।
 - सरकार ने संकेत दिया कि वह बहुत तेज़ी से कैपेक्स नहीं बढ़ाएगी।

निष्कर्ष: घरेलू कंपनियाँ भारत की अर्थव्यवस्था में आशावादी हैं, जबकि विदेशी कंपनियाँ सतर्क हैं। सरकार को Ease of Doing Business सुधारों पर ध्यान देना होगा।

GS Paper Relevance:

- **GS Paper III (Economy):** Investment climate, private vs foreign investment, manufacturing growth.
- **GS Paper II (Governance):** Ease of doing business, government policy on reforms.
- **Essay Paper:** “India’s investment story: Domestic strength vs global hesitation.”
- **BPSC/JPSC:** Bihar/Jharkhand industrial policies, role of domestic investment in state growth.

This clean energy rise needs climate finance expansion

India’s clean energy transition is gaining momentum. In 2024, India added 24.5 gigawatts (GW) of solar energy capacity, making it the third largest contributor globally after China and the United States, making it a key player in the global shift towards renewables.

The United Nations Secretary-General’s 2025 Climate Report recognises India, alongside Brazil and China, as a leading developing country in scaling solar and wind energy. In 2023, the renewable energy sector employed over a million people, contributing to 5% of GDP growth. Of this, off-grid solar alone employed over 80,000 people in 2021. India’s leadership in establishing the International Solar Alliance (ISA) is laudable.

The critical gap

But this impressive momentum needs a consistent push. Beneath the headlines lies a critical gap – the financial scaffolding that is needed to sustain and scale this transition. Without a dramatic expansion of climate finance, India will struggle to meet its climate targets.

The economic case for clean energy has solid basis. According to the International Renewable Energy Agency (IRENA), if India follows a 1.5°C-aligned pathway, it could achieve average annual GDP growth of 2.8% through 2050, more than double the G-20 average. Battery-integrated renewables, decentralised grids and green hydrogen technologies are all creating new opportunities for inclusive, future-ready growth. Yet, this momentum hinges on the missing piece of climate finance.

The size of India’s climate finance gap is wide. Recent estimates indicate a requirement of \$1.5 trillion by 2030 to stay on a 1.5°C pathway, while the Ministry of Finance places the figure at over \$2.5 trillion by 2030 to meet national targets. This includes capital for expanding renewables, strengthening the electricity grid, deploying



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Without this, India will struggle to meet its climate targets

battery storage, scaling up green hydrogen, and transitioning to sustainable transport and agriculture. The current flow of climate finance falls well short of this target.

By December 2024, India’s cumulative aligned green, social, sustainability and sustainability-linked (GSS+) debt issuance had reached \$55.9 billion, representing a 186% increase since 2021, with green bonds accounting for 83% of total aligned issuance. The trajectory remains strong, with green bond investment in India crossing \$45 billion in 2025, and sustainable finance targets aiming for \$100 billion by 2030, indicating robust private sector engagement.

However, the challenge of expanding beyond large corporates remains valid. While the private sector was responsible for 84% of the total green bond issuance, access for micro, small, and medium enterprises, agri-tech innovators, and local infrastructure developers continues to need enhancement through concessional finance and risk-sharing mechanisms. India’s successful solar energy auctions under the Solar Park Scheme have been cited as one initiative in support of attracting private financing. Similarly, India’s issuance of sovereign green bonds and the success of Securities and Exchange Board of India (SEBI)-regulated social bonds have channelled private capital into climate action, education and health care.

Changes to strategy

To unlock this gap in finance, India must diversify and deepen its climate finance strategy, starting with public finance. National and State governments can use Budget allocations and fiscal tools to attract private capital and de-risk green investments.

Blended finance can bridge this divide. While concessional finance and risk-sharing mechanisms are often referenced, there is a need

to examine how they work across sectors, scales and investor profiles. Credit enhancement instruments such as partial guarantees or subordinated debt can improve the risk-return profile of green projects, making them more attractive to private lenders. Similarly, performance or loan guarantees can unlock finance for mid-sized clean energy infrastructure in Tier II and III cities, where governance and delivery risks may deter investors.

Scaling such models will require unlocking domestic institutional capital, from pension funds, insurers and sovereign wealth funds. India, too, can unlock similar potential by enabling its institutional investors such as the Employees’ Provident Fund Organisation or the Life Insurance Corporation, to allocate a portion of their portfolios to climate-aligned investments. This would require regulatory reforms such as clearer environmental, social, and governance investment guidelines, risk mitigation instruments and long-term green project pipelines.

Tap carbon markets

Policy and institutional support are critical. Carbon markets offer another avenue. India’s new Carbon Credit Trading Scheme could unlock new finance streams if it is transparent, well regulated and equitable. Equally urgent is financing for adaptation and loss and damage.

India must lead not just on clean energy but also on climate finance innovation, with visible, scalable breakthroughs. This can be through blockchain for tracking climate finance, Artificial Intelligence-driven risk assessment for green portfolios, or tailored blended finance models that reflect India’s unique social, environmental and economic realities.

The views expressed are personal

English Summary:

India’s clean energy transition is accelerating:

- In 2024, India added 24.5 GW solar capacity, becoming the 3rd largest contributor globally (after China & US).
- Renewable energy contributes 5% of India’s GDP; employs over 1 million people.
- India’s leadership in the International Solar Alliance (ISA) is globally recognised.

The Challenge:

- Huge financial gap exists — India needs \$1.5 trillion by 2030 (IRENA), Ministry of Finance estimates \$2.5 trillion.
- By Dec 2024, India’s cumulative green debt issuance hit \$55.9 billion (186% increase since 2021).
- However, private sector dominates 84% of this; MSMEs, local infra, and agri-tech lack access.
- Expansion of green bonds, sovereign green bonds, and SEBI-regulated social bonds is underway.

Strategy Needed:

- Diversify climate finance through budget allocations + blended finance.
- Unlock institutional capital (pension funds, insurance, EPFO, LIC).
- Enhance policy + institutional support, including SEBI guidelines, ESG standards, and de-risking mechanisms.
- Use Carbon Credit Trading Scheme and digital tools (AI for risk assessment, blockchain for tracking).

Conclusion: India's energy growth is robust but without scaled-up climate finance, targets will be hard to achieve.

◆ हिंदी सारांश:

भारत का स्वच्छ ऊर्जा परिवर्तन तेज़ी से आगे बढ़ रहा है:

- 2024 में भारत ने 24.5 GW सौर क्षमता जोड़ी, जिससे वह दुनिया का तीसरा सबसे बड़ा योगदानकर्ता बन गया (चीन और अमेरिका के बाद)।
- नवीकरणीय ऊर्जा का योगदान भारत के GDP का 5% है और इस क्षेत्र में 10 लाख से अधिक रोजगार हैं।
- भारत की भूमिका अंतर्राष्ट्रीय सौर गठबंधन (ISA) में सराही जा रही है।

चुनौतियाँ:

- भारी वित्तीय कमी — भारत को 2030 तक \$1.5 ट्रिलियन (IRENA) और वित्त मंत्रालय के अनुसार \$2.5 ट्रिलियन की आवश्यकता।
- दिसंबर 2024 तक भारत का कुल ग्रीन डेट इश्यू \$55.9 बिलियन रहा (2021 से 186% वृद्धि)।
- परंतु 84% निवेश निजी क्षेत्र से; छोटे उद्योग, कृषि-तकनीक और स्थानीय बुनियादी ढाँचे को फंडिंग नहीं मिल रही।
- ग्रीन बॉन्ड्स, सॉवरेन बॉन्ड्स और SEBI-नियंत्रित सामाजिक बॉन्ड्स का विस्तार हो रहा है।

रणनीति:

- बजट + ब्लेंडेड फाइनेंस से विविध स्रोतों से वित्त जुटाना।
- पेंशन फंड, बीमा, EPFO, LIC से संस्थागत पूंजी का उपयोग।
- SEBI दिशा-निर्देश, ESG मानक, जोखिम घटाने वाले तंत्र लागू करना।
- कार्बन क्रेडिट ट्रेडिंग, आर्टिफिशियल इंटेलिजेंस व ब्लॉकचेन तकनीक अपनाना।

निष्कर्ष: भारत की स्वच्छ ऊर्जा प्रगति मजबूत है, लेकिन क्लाइमेट फाइनेंस विस्तार के बिना लक्ष्यों को पाना मुश्किल होगा।

GS Paper Relevance:

- GS Paper III (Environment, Economy): Climate finance, renewable energy, green bonds, carbon markets.
- GS Paper II (International Relations): India's leadership in ISA, global climate diplomacy.
- Essay Paper: "Financing sustainable development in India."
- BPSC/JPSC: Bihar & Jharkhand renewable energy policies, climate finance linkages.

‘Current trade policy can hit growth in few economies’

Lalatendu Mishra

MUMBAI

U.S. President Donald Trump’s restrictive trade policies could permanently damage growth in some economies and not all risks have been priced in yet said Reserve Bank of India (RBI) Governor Sanjay Malhotra on Friday.

“Despite high U.S. tariff, trade restrictions and uncertainties going forward, the global economy has stayed surprisingly resilient till now. Growth has been upbeat defying projections, even though uncertainty has become a pervasive element of a contemporary discourse. Its tangible effects on real economy have thus far been muted. We have more to see as to how it unfolds,” he said at an event.

However, the global economy would underperform to its true potential for some time to come on the diverging growth trajectories across economies, the central bank chief emphasised.

English Summary:

- **Context:** RBI Governor Sanjay Malhotra cautioned that US President Donald Trump's restrictive trade policies (high tariffs, trade barriers, protectionism) could permanently damage growth in some economies.
 - **Global Economy:**
 - Despite high US tariffs and uncertainties, the world economy has remained resilient so far, defying many negative projections.
 - However, uncertainty is now a central theme in global economic discourse.
 - Real economy impacts have been limited till now but risks persist.
 - **Future Outlook:**
 - Global growth may underperform relative to its potential due to diverging growth trajectories across economies.
 - Long-term restrictive trade measures may slow investments, disrupt supply chains, and hurt global trade volumes.
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◆ हिंदी सारांश:

- **प्रसंग:** RBI गवर्नर संजय मल्होत्रा ने चेतावनी दी कि अमेरिकी राष्ट्रपति डोनाल्ड ट्रंप की संरक्षणवादी व्यापार नीतियाँ (उच्च टैरिफ, व्यापार प्रतिबंध) कुछ अर्थव्यवस्थाओं की वृद्धि को स्थायी नुकसान पहुँचा सकती हैं।
 - **वैश्विक अर्थव्यवस्था:**
 - अब तक उच्च अमेरिकी टैरिफ और अनिश्चितताओं के बावजूद वैश्विक अर्थव्यवस्था ने लचीलापन दिखाया है।
 - लेकिन, अब अनिश्चितता वैश्विक आर्थिक विमर्श का एक स्थायी हिस्सा बन गई है।
 - वास्तविक अर्थव्यवस्था पर अब तक प्रभाव सीमित रहा है, परंतु जोखिम बने हुए हैं।
 - **भविष्य की स्थिति:**
 - विभिन्न अर्थव्यवस्थाओं की असमान वृद्धि दर के कारण वैश्विक विकास अपनी पूरी क्षमता से कम रह सकता है।
 - दीर्घकालिक संरक्षणवादी व्यापार नीतियाँ निवेश और वैश्विक आपूर्ति श्रृंखला को प्रभावित कर सकती हैं।
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GS Paper Relevance:

- **GS Paper II (International Relations):** US trade policy, India's external economic relations.
- **GS Paper III (Economy):** Globalisation, protectionism, impact on world & Indian economy.
- **Essay Paper:** "Protectionism vs Free Trade – Future of Global Economy."
- **BPSC/JPSC:** Impact of global trade disruptions on Indian exports/imports (esp. Bihar/Jharkhand industries).

Niti moots presumptive taxation plan for foreign firms

Press Trust of India
NEW DELHI

The government think tank Niti Aayog on Friday suggested the introduction of a presumptive taxation scheme for foreign companies to provide certainty and simplicity.

The Aayog, in a working paper, said the optional presumptive taxation scheme would help resolve disputes concerning PE (permanent establishment), simplifying compliance and protecting revenue.

"The proposed presumptive taxation scheme is a proactive and pragmat-



Right track: A stable and predictable tax regime is critical for economic growth, says Subrahmanyam. GETTY IMAGES

ic solution to a long-standing problem.

"It balances India's sovereign right to tax with the need to provide certainty and simplicity to foreign investors," the working paper said.

The paper noted despite India's inherent appeal and remarkable FDI growth, structural impediments such as ambiguous PE regulations introduce tax uncertainty and dampen investments.

"Codify PE and attribution principles into domestic law, aligned with global norms, while avoiding retrospective amendments.

Transform tax regime

"...by adopting a presumptive taxation scheme, India can transform its tax regime from a 'minefield' into a 'well-lit path', significantly improving its standing in global business indices," it said.

The presumptive taxation scheme works to provide relief to taxpayers from the tedious work of maintaining regular books of account under certain circumstances.

A company opting for this scheme can declare income at a prescribed rate; in lieu of that, it is relieved from maintaining books of accounts for audit by tax authorities.

The paper emphasised that this bold reform would align tax policy with the larger economic vision.

It suggested the presumptive taxation scheme should have different deemed profit rates for various sectors.

"A foreign company can opt for certainty. However, it can also opt out and file a regular return if its actual profits are lower than the presumptive rate," the

working paper suggested.

It also recommended tax authorities should not separately litigate the existence of a PE for that activity, providing a critical safe harbour. The paper said the government should train tax officers to apply rules consistently, particularly on complex digital and cross-border cases, reducing subjectivity.

Releasing the paper, Niti Aayog CEO B.V.R. Subrahmanyam says, "A stable, certain, and predictable tax regime is critical for both investment and economic growth. Uncertainty is not good for investors or business".

English Summary:

- **Context:** NITI Aayog proposed an optional presumptive taxation scheme for foreign companies to ensure certainty, simplicity, and predictability in taxation.
- **Objective:**
 - Resolve disputes related to Permanent Establishment (PE).
 - Simplify compliance and protect government revenue.
 - Enhance India's appeal as an FDI destination by removing ambiguity in tax rules.
- **Features of Proposal:**
 - Foreign companies can declare income at a prescribed rate, without maintaining detailed books of accounts.
 - Provides a "safe harbour", avoiding litigation on PE status.
 - Different deemed profit rates for various sectors.
 - Codifies PE & attribution rules into domestic law aligned with global norms, avoids retrospective amendments.
 - Relief to taxpayers from tedious audits unless opting for regular assessment.
- **Benefits:**
 - Transforms tax regime from a "minefield" to a "well-lit path".
 - Improves India's ranking in global ease of doing business indices.
 - Encourages digital economy & cross-border trade by reducing subjectivity in tax disputes.
 - Boosts investor confidence with a stable, predictable tax environment.

◆ हिंदी सारांश:

- **प्रसंग:** नीति आयोग ने विदेशी कंपनियों के लिए वैकल्पिक प्रिज़म्पटिव टैक्सेशन योजना का सुझाव दिया है, जिससे कर प्रणाली में निश्चितता, सरलता और पूर्वानुमेयता सुनिश्चित की जा सके।
- **उद्देश्य:**
 - परमानेंट एस्टैब्लिशमेंट (PE) से जुड़े विवादों का समाधान।
 - अनुपालन को सरल बनाना और राजस्व की सुरक्षा।
 - कर नियमों की अस्पष्टता दूर कर भारत को FDI गंतव्य के रूप में और आकर्षक बनाना।
- **प्रमुख विशेषताएँ:**
 - विदेशी कंपनियाँ निर्धारित दर पर आय घोषित कर सकती हैं, विस्तृत लेखा-पुस्तकें रखने की आवश्यकता नहीं।

- “सेफ हार्बर” प्रदान करेगा, जिससे PE पर मुकदमेबाजी से बचा जा सकेगा।
- अलग-अलग क्षेत्रों के लिए अलग-अलग लाभ दरें।
- वैश्विक मानकों के अनुरूप PE और एट्रिब्यूशन नियम घरेलू कानून में शामिल।
- करदाताओं को नियमित ऑडिट से राहत, जब तक वे वास्तविक मूल्यांकन का विकल्प न चुनें।
- लाभ:
 - कर व्यवस्था को “माइनफील्ड” से “वेल-लिट पाथ” में बदल देगा।
 - भारत की रैंकिंग ग्लोबल ईज़ ऑफ़ डूइंग बिज़नेस इंडेक्स में बेहतर होगी।
 - डिजिटल अर्थव्यवस्था और क्रॉस-बॉर्डर व्यापार को प्रोत्साहन।
 - निवेशकों के लिए एक स्थिर और पूर्वानुमेय कर वातावरण उपलब्ध होगा।

GS Paper Relevance:

- **GS Paper III (Economy):** Tax reforms, FDI policy, ease of doing business.
- **GS Paper II (Governance):** Role of NITI Aayog in policymaking.
- **Essay Paper:** “Predictable taxation is the foundation of economic growth.”
- **BPSC/JPSC:** Implications of tax reforms on industrial investment in Bihar/Jharkhand.

Poland to join NATO's fuel network amid Russia tension

Agence France-Presse

WARSAW

A quarter of a century after it joined NATO and amid rising tension on its eastern frontier, Poland will finally join the alliance's fuel pipeline network, the government said on Friday.

The Western allies operate a 10,000-km network of European pipelines, bringing fuel and lubricants for tanks and aircraft to where troops might need them in time of war.

But the system was set up during the Cold War, when Poland was still a member of the opposing Warsaw Pact, and NATO's pipelines still do not reach its bases closer to the borders with Russia and Belarus.

Poland has been consi-



Cezary Tomczyk

dering joining the NATO Pipeline System (NPS) for many years, and on Friday, the Defence Ministry and national pipeline operator PERN unveiled a €4.7-billion to do so.

"This is one of the largest investments in the security of the Polish state in the last 30 years," Deputy Defence Minister Cezary Tomczyk told reporters at

the signing ceremony.

Warsaw, the Minister said, plans to build a 300-km pipeline from Germany to its military base in Bydgoszcz, in north-central Poland and home to NATO's "joint force training centre" and several support units.

The alliance has helped fund the studies underlying the planning of the extension, but Poland and PERN will build and operate their section of the project once all 32 allies give the go-ahead.

Poland is NATO's leading military spender in terms of proportion of GDP assigned to military and security programmes and a staunch ally of neighbouring Ukraine, which suffered an all-out Russian invasion in February 2022.

English Summary:

- **Context:** Amid rising Russia-Ukraine tensions, Poland announced it will join NATO's 10,000-km European fuel pipeline system (NPS), ensuring supply of fuel and lubricants for military tanks and aircraft during conflict.
- **Background:**
 - NATO's pipeline system was set up during the Cold War, but Poland (then in Warsaw Pact) was excluded.
 - Poland now plans to build a 300-km pipeline from Germany to its Bydgoszcz base, home to NATO's "joint force training centre."
- **Investment:**
 - Poland's Defence Ministry and operator PERN announced a €4.7 billion investment, calling it the biggest in 30 years for national security.

- NATO has co-funded planning studies; Poland and PERN will build/operate their section.
- **Strategic Importance:**
 - Poland is NATO's largest military spender relative to GDP, backing Ukraine against Russia.
 - Move strengthens NATO logistics and Poland's frontline defence in case of escalation with Russia and Belarus.

◆ हिंदी सारांश:

- **प्रसंग:** रूस-यूक्रेन तनाव के बीच पोलैंड ने घोषणा की कि वह नाटो की 10,000 किमी लंबी यूरोपीय ईंधन पाइपलाइन प्रणाली (NPS) से जुड़ेगा। यह प्रणाली युद्ध के समय नाटो सैनिकों के लिए टैंकों और विमानों को ईंधन व लुब्रिकेंट उपलब्ध कराती है।
- **पृष्ठभूमि:**
 - यह प्रणाली शीत युद्ध के समय बनी थी, लेकिन तब पोलैंड वारसा पैक्ट का हिस्सा था और इससे बाहर था।
 - अब पोलैंड 300 किमी लंबी पाइपलाइन जर्मनी से अपने बायडगोज़ज़ (Bydgoszcz) सैन्य ठिकाने तक बनाएगा, जो नाटो के “ज्वाइंट फोर्स ट्रेनिंग सेंटर” का घर है।
- **निवेश:**
 - पोलैंड के रक्षा मंत्रालय और ऑपरेटर PERN ने €4.7 बिलियन निवेश की घोषणा की, इसे पिछले 30 वर्षों का सबसे बड़ा सुरक्षा निवेश बताया।
 - नाटो ने योजना अध्ययन के लिए सह-वित्तपोषण किया है; निर्माण और संचालन पोलैंड और PERN करेंगे।
- **रणनीतिक महत्व:**
 - पोलैंड नाटो का GDP अनुपात के हिसाब से सबसे बड़ा सैन्य खर्चकर्ता है और यूक्रेन का कट्टर समर्थक है।
 - यह कदम नाटो की रसद क्षमता और रूस-बेलारूस सीमा पर पोलैंड की अग्रिम पंक्ति सुरक्षा को मजबूत करेगा।

GS Paper Relevance:

- **GS Paper II (International Relations):** NATO expansion, Russia-Ukraine conflict, Poland's role.
- **GS Paper III (Security):** Strategic infrastructure, defence logistics, energy security in conflicts.
- **Essay Paper:** “Energy security as a tool of modern warfare.”
- **BPSC/JPSC:** Global conflicts and impact on India's foreign policy, oil and energy geopolitics.

Mullally appointed first woman to lead the Church of England

Agence France-Presse
LONDON

A 63-year-old former nurse, Sarah Mullally, was named as the first female Archbishop of Canterbury on Friday, pledging to improve safety at the Church of England following an abuse scandal that ousted her predecessor.

The former midwife becomes the first woman to lead the centuries-old mother church of the world's 85-million strong Anglican community.

Her nomination by a committee tasked with finding a successor to Justin Welby, who stepped down earlier this year, was approved by King Charles III, the U.K. government said.

Ms. Mullally acknowledged the "huge responsibility" of her new role and vowed to "confront the dynamics of power" that had led the church to cover up the abuse of dozens of boys and young men several decades ago.

Tough road

She cautioned that it would "not be easy", due to a "history of safeguarding failures" that has "left a legacy of deep harm and mistrust" in the Church of England, which can trace its origins back to the Roman Empire. "We must all be willing to have light shone on our actions, regardless of our role in the church," she said during an appearance at Canterbury Cathedral in southeast En-



Sarah Mullally

gland following her appointment.

"As Archbishop, my commitment will be to ensure that we continue to listen to survivors, care for the vulnerable, and foster a culture of safety and well-being for all," Ms. Mullally added.

The Church of England

became the country's state establishment church following King Henry VIII's split from the Roman Catholic Church in the 1530s.

The British monarch is its supreme governor, while the Archbishop of Canterbury is seen as the spiritual leader of Anglicans worldwide.

Ms. Mullally, who is married with two children, will become the 106th Archbishop of Canterbury, the first having been appointed in the late sixth century, when she officially takes up the role following a ceremony due in January.

She worked in Britain's state-run National Health Service for more than three decades, rising to become its chief nursing of-

ficer for England in 1999.

Ordained a priest in 2002, she became the first female Bishop of London in 2018, only four years after the church began allowing women bishops following years of bitter factional wrangling.

Assisted dying Bill

Ms. Mullally has reportedly described herself as a feminist and called the decision to finally allow priests to bless same-sex couples in 2023 as "a moment of hope for the church", although she recognised that differences remained.

As one of 26 archbishops and bishops who sit in parliament's unelected House of Lords Upper Chamber, Ms. Mullally has been a vocal opponent of

plans to legalise assisted dying in England and Wales.

In June she called the Bill "unworkable and unsafe", adding "the potential for abuse and uninformed or coerced decisions is enormous".

Ms. Mullally will also have to grapple with falling church attendance numbers.

The Church of England has some 20 million baptised members, but the number of regular churchgoers is estimated at just under one million, according to figures for 2022.

Ms. Mullally was appointed by King Charles following a lengthy selection process under a former head of the MI5 domestic security service.

English Summary:

- **Context:** Sarah Mullally, a 63-year-old former nurse and midwife, has been appointed as the first female Archbishop of Canterbury, the spiritual head of the Anglican Church (85 million members worldwide).
- **Background:**
 - The Church of England is the country's state establishment church since King Henry VIII's split from the Roman Catholic Church in the 1530s.
 - The British monarch is its supreme governor; the Archbishop of Canterbury is the spiritual leader of global Anglicans.
- **Significance:**
 - First woman in 1,400 years to lead the Church.
 - Appointed by King Charles III after her predecessor resigned over an abuse scandal.
 - She vowed to improve safety and tackle historical failures of safeguarding against abuse within the church.
- **Challenges Ahead:**
 - Declining church attendance (20 million baptized, but <1 million regular attendees).
 - Handling controversies such as the Assisted Dying Bill and the church's acceptance of women bishops and same-sex blessings (since 2018 and 2023 respectively).
 - Addressing "deep harm and mistrust" due to past abuse scandals.
- **Career:**
 - Former NHS chief nursing officer for England.
 - Ordained priest in 2002, became Bishop of London in 2018.
 - Known feminist voice, advocating inclusion and reforms.

◆ हिंदी सारांश:

- प्रसंग: सारा मुलैली (63 वर्ष), पूर्व नर्स और मिडवाइफ, को कैंटरबरी की पहली महिला आर्कबिशप नियुक्त किया गया। यह एंग्लिकन चर्च (दुनिया भर में 8.5 करोड़ अनुयायी) की सर्वोच्च आध्यात्मिक प्रमुख होती है।

- **पृष्ठभूमि:**
 - इंग्लैंड का चर्च 1530 के दशक में राजा हेनरी अष्टम द्वारा रोमन कैथोलिक चर्च से अलग होने के बाद से देश का आधिकारिक राज्य चर्च है।
 - ब्रिटिश सम्राट इसका सर्वोच्च गवर्नर होता है और कैंटरबरी का आर्कबिशप वैश्विक एंग्लिकन समुदाय का आध्यात्मिक प्रमुख।
- **महत्व:**
 - चर्च के 1400 वर्षों में पहली महिला प्रमुख।
 - पूर्व आर्कबिशप के यौन शोषण कांड के कारण इस्तीफे के बाद किंग चार्ल्स III ने नियुक्त किया।
 - मुलैली ने सुरक्षा बढ़ाने और चर्च में दशकों पुराने शोषण कांडों से उपजे अविश्वास को दूर करने का संकल्प लिया।
- **चुनौतियाँ:**
 - चर्च में गिरती सदस्यता (2 करोड़ बपतिस्मा प्राप्त, लेकिन नियमित सदस्य <10 लाख)।
 - असिस्टेड डाइंग बिल, महिला बिशप और समलैंगिक जोड़ों के लिए आशीर्वाद जैसे विवादास्पद मुद्दों का समाधान।
 - ऐतिहासिक शोषण घोटालों के कारण बनी गहरी अविश्वास की स्थिति को सुधारना।
- **करियर:**
 - इंग्लैंड की NHS नर्सिंग प्रमुख रह चुकीं।
 - 2002 में पुरोहित बनीं, 2018 में लंदन की बिशप।
 - नारीवादी आवाज़ और समावेशी सुधारों की समर्थक।

GS Paper Relevance:

- **GS Paper I (Society):** Role of women in leadership, gender equality in religious institutions.
- **GS Paper II (Polity/IR):** State and religion relationship, British monarchy and church-state dynamics.
- **Essay Paper:** "Gender and leadership in traditional institutions."
- **BPSC/JPSC:** Comparative polity, women empowerment in governance & society.

Spanish govt. seeks to enshrine abortion as constitutional right

Agence France-Presse
MADRID

Spain's leftist government on Friday proposed anchoring the right to abortion in the constitution following a move by Madrid city hall to inform women about a supposed "post-abortion syndrome".

The controversy erupted on Tuesday when Madrid city hall, controlled by the conservative Popular Party (PP), approved a far-right proposal to require medical services to notify women seeking abortions about this alleged syndrome. The proposal claimed the syndrome could lead to alcohol and drug use, suicidal thoughts, and an increased risk of cancer.

It claimed information about the syndrome was



Protesters outside Spain's top court in 2010 as the scope of law broadened allowing abortion on demand in the first 14 weeks. AP

being "deliberately hidden" and argued abortion is "big business" promoted by feminist ideology.

The PP initially defended the measures but following an outcry Madrid's PP mayor Jose Luis Almeida acknowledged on Thursday that post-abortion syndrome is not a "recognised scientific category".

He also said informing women about it would not be mandatory.

Socialist Prime Minister Pedro Sanchez on Friday accused the PP on X of "deciding to merge with the far right" and announced plans to submit a proposal to parliament to protect the right to abortion in the constitution.

Constitutional reform in Spain is difficult, requiring a three-fifths majority in Parliament, which would require support from lawmakers from the conservative opposition.

Spain decriminalised abortion in 1985 in cases of rape, if a foetus is malformed, or if a birth poses a serious physical or psychological risk to the mother. The scope of the law was broadened in 2010 to allow abortion on demand in the first 14 weeks of pregnancy. Even so, Spanish women still face obstacles, with many doctors in the public sector refusing to carry out the procedure.

France last year became the first country in the world to enshrine the right to terminate a pregnancy in its constitution.

English Summary:

- **Context:** Spain's leftist government has proposed to enshrine the right to abortion in the constitution, in response to Madrid city hall's conservative-backed move spreading claims about "post-abortion syndrome."
- **Current Law:**
 - Spain decriminalised abortion in 1985 in cases of rape, fetal malformation, or danger to mother's health.
 - In 2010, law was expanded to allow abortion on demand in the first 14 weeks of pregnancy.
- **Controversy:**
 - Madrid city hall (run by Popular Party - PP) approved a proposal requiring doctors to notify women about alleged risks (alcoholism, cancer, suicidal thoughts).
 - Critics called it "far-right ideology" and not scientifically recognised.
 - PM Pedro Sanchez accused PP of aligning with the far right and promised constitutional protection.
- **Challenges:**
 - Constitutional reform requires three-fifths parliamentary majority, needing support from conservative lawmakers.
 - Even today, many doctors in Spain's public sector refuse to perform abortions.

- International Context:
 - France became the first country (2024) to enshrine abortion rights in its constitution. Spain may follow this path.
-

◆ हिंदी सारांश:

- प्रसंग: स्पेन की वामपंथी सरकार ने संविधान में गर्भपात के अधिकार को शामिल करने का प्रस्ताव रखा है। यह कदम मैड्रिड सिटी हॉल की उस योजना के जवाब में है जिसमें “पोस्ट-अबॉर्शन सिंड्रोम” के नाम पर महिलाओं को चेतावनी देने का प्रयास किया गया।
 - वर्तमान कानून:
 - स्पेन ने 1985 में बलात्कार, भ्रूण में विकृति या माँ के स्वास्थ्य को खतरे की स्थिति में गर्भपात की अनुमति दी।
 - 2010 में कानून का विस्तार कर गर्भावस्था के 14वें सप्ताह तक मांग पर गर्भपात की अनुमति दी गई।
 - विवाद:
 - मैड्रिड सिटी हॉल (PP पार्टी द्वारा नियंत्रित) ने प्रस्ताव पारित किया कि महिलाओं को कथित खतरों (शराब की लत, कैंसर, आत्महत्या की प्रवृत्ति) की जानकारी दी जाए।
 - आलोचकों ने इसे “अति-दक्षिणपंथी विचारधारा” कहा।
 - प्रधानमंत्री पेद्रो सांचेज़ ने PP पर हमला करते हुए कहा कि वे संविधान में गर्भपात के अधिकार की सुरक्षा का प्रस्ताव लाएँगे।
 - चुनौतियाँ:
 - संविधान संशोधन के लिए संसद में तीन-पाँचवाँ बहुमत चाहिए, जिसके लिए विपक्ष का समर्थन अनिवार्य है।
 - अभी भी कई डॉक्टर सार्वजनिक क्षेत्र में गर्भपात करने से इनकार करते हैं।
 - अंतरराष्ट्रीय संदर्भ:
 - फ्रांस (2024) दुनिया का पहला देश बना जिसने संविधान में गर्भपात का अधिकार शामिल किया। स्पेन दूसरा देश बन सकता है।
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GS Paper Relevance:

- GS Paper I (Society): Women's rights, social reforms, gender equality.
- GS Paper II (Polity/IR): Comparative constitutional law, rights-based governance.
- GS Paper IV (Ethics): Ethical debates on abortion – pro-choice vs pro-life.
- Essay Paper: “Reproductive rights as human rights.”
- BPSC/JPSC: Social justice, women empowerment, global governance models.