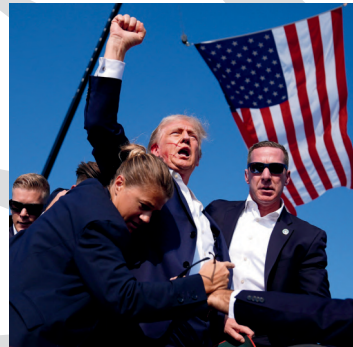




Vivekananda
International
Foundation

STATE OF THE WORLD EMERGING TRENDS AND WAY FORWARD

AN INDIAN PERSPECTIVE



EDITED BY ANURAG BISEN

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DIRECTOR'S FOREWORD

The current state of global politics is characterised by growing uncertainty, unpredictability, and danger. The UN Security Council (UNSC) has been criticised for its failure to fulfil its core mission of maintaining international peace and security. The key multilateral institutions like the International Monetary Fund (IMF), World Trade Organisation (WTO), and World Bank have been weakening. The failure of global governance and multilateral institutions has substantially added to the current state of anarchy in the world order.

The decline in US-China relations has been likened to a new Cold War, signalling the beginning of a global power rebalancing. Technology rivalries and competition for control of critical minerals and materials will shape the contours of this Cold War. US-China trade disputes intensified in 2024, with heavy tariffs and export restrictions causing friction and threatening supply chains. Technological competition deepened as the US curbed China's semiconductor access, prompting retaliatory measures. These developments underscored the growing economic and strategic divisions between US and China, further destabilising international

relations. How US-China relationship develops under Trump will be a major factor in shaping the world.

The conflicts between Russia and Ukraine, as well as the Israel-Hamas war in Gaza¹, have evolved into proxy wars involving Russia-NATO and Israel-Iran, raising the risk of regional war expansion. Ongoing civil wars in several countries, including those near India, contribute to global instability. Additionally, the breakdown of nuclear arms control agreements has raised concerns about the growing danger of nuclear conflict, fuelled by reckless discussions about the use of nuclear weapons.

The US political landscape in 2024 was dominated by the return of Donald Trump as president. Global attention is riveted on Donald Trump. Most analysts feel that Donald Trump would prove to be a major disruptor. Despite a robust economic growth during Biden's presidency and record-low unemployment, public sentiment was marred by inflation concerns. Healthcare debates persisted around abortion rights, and immigration policies remained contentious, while public safety

1. A truce deal has been signed in January 2025

discussions centred on gun rights amidst increasing violence.

Russia's political and military landscape remained turbulent even as President Vladimir Putin secured his fifth term. The ongoing Russia-Ukraine war intensified, with Russia adopting more aggressive tactics following significant Western military aid to Ukraine. Internally, terrorist attacks highlighted security vulnerabilities. Meanwhile, the BRICS Kazan Summit bolstered Russia's international standing.

China's global influence continued to grow in 2024, with significant economic and military developments. Beijing's assertiveness in the Indo-Pacific, including activities in the South and East China Sea, raised concerns of increasing possibilities of conflict. Technological advancements in areas like AI and quantum computing reinforced China's competitive edge, though economic challenges, including a slowing real estate sector, persisted. China's Belt and Road Initiative (BRI) expanded, particularly in Africa and Southeast Asia, but faced pushback in some regions due to debt-trap diplomacy concerns.

The Ukraine conflict has reinforced Europe's alignment with NATO and the U.S., while it seeks greater strategic autonomy amidst growing vulnerability. Europe's declining military and economic capacity has heightened reliance on U.S. leadership, though the incoming Trump presidency may alter these dynamics. The EU narrowly avoided a recession in 2024, with modest growth and investments in renewable energy aiding recovery. Europe made strides in climate action, advancing the European Green Deal and the Carbon Border Adjustment Mechanism. Additionally, the EU

enhanced its Indo-Pacific strategy, strengthening ties with India and countering China's influence.

India's strategic landscape in 2024 was shaped by its proactive engagement with global powers and regional neighbours. While opportunities for technological and trade partnerships emerged, challenges like border security and balancing relations with China remained pressing. India's leadership in multilateral institutions and climate diplomacy reinforced its global standing, aligning with its vision for a multipolar world order. India's Act East Policy and Indo-Pacific initiatives emphasised deeper ties with ASEAN and Quad nations to counterbalance China's assertiveness.

India's neighbourhood has become increasingly unstable, with events such as the Myanmar coup, Taliban's return to power in Afghanistan, ongoing unrest in Pakistan, Sri Lanka's government overthrow, and political shifts in Nepal, the Maldives, and Bangladesh. With the overthrow of Sheikh Hasina government in 2024, the most alarming emerging threat appears to be a collusive approach between China, Pakistan and Bangladesh. These developments collectively pose a significant and consistent security threat to India. The volatility across the region presents a major challenge to India's national security.

The country's emphasis on technological self-reliance, sustainable development, and strategic autonomy highlighted its long-term priorities.

Internal security challenges in regions like Jammu & Kashmir, as well as threats from terrorism and organised crime, continued to demand India's attention in 2024. Efforts to counter radicalisation, narcotics trafficking, and left-wing extremism were

bolstered through policy reforms and international collaborations.

The threats posed by non-traditional security issues are significant, with the continued impact of the COVID-19 pandemic and the emergence of new public health emergencies such as HMPV. Climate change and extreme weather events are also as major threat multipliers, with potentially severe consequences for international peace and security. There are concerns about the assumption that emerging technologies like AI, synthetic biology, and quantum technology are inherently beneficial, as they carry risks if not properly managed. Generative AI, for example, could increase the likelihood of fraud, contribute to economic and organised crime, and empower cybercriminals to create more convincing phishing emails and realistic audio, visual, and video content.

To enhance regional security and cooperation, a careful assessment of India's foreign policy is necessary.

A framework for fostering stability in the neighbourhood is crucial. India should tailor its approach to individual countries, strengthen regional relationships, engage strategically with global powers like the U.S., and address Chinese presence in Ladakh.

India should strengthen capabilities in technology, defence, IT, and energy to compete with China, while reducing reliance on Chinese-centric supply chains.

India should monitor major power conflicts, particularly the U.S.-Russia rivalry and China's influence in West Asia.

Economic and developmental assistance should focus on small-scale projects and digital infrastructure for South Asia. Regional integration efforts, such as reassessing BIMSTEC and reviving SAARC, should be prioritised, along with enhanced strategic communication and maritime strategies. Long-term policies should address youth, connectivity, and climate change, while strengthening area studies and security-focused training.

India needs to considerably step up its engagement in Latin America.

India should prioritise innovations in Directed Energy Weapons, quantum communications, and hypersonic missiles while enhancing ISR, electronic warfare, unmanned systems, and Generative AI capabilities.

Building military-industrial capacity, establishing ammunition factories, and conducting reserve mobilisation exercises will prepare India for protracted conflicts. Strategies for urban warfare, underground protection structures, and credible military deterrence are essential, along with reinforcing military posture and nuclear deterrence during peacetime. Enhancing air defence, supporting defence tech startups, developing a drone arsenal, and building semiconductor capabilities are key.

Increased defence expenditure, domestic manufacturing, and maritime capability investments should be pursued, alongside strengthening space capabilities. Encouraging private sector R&D will enhance defence capabilities.

India should integrate economic, legal, military, and intelligence expertise into national security.

Efforts to dismantle terrorism-supporting networks in Jammu and Kashmir, Punjab, and Northeast India must continue, alongside countering radicalisation.

Preparedness for Chinese-Pakistani collusion and monitoring Bangladesh's radical elements is critical. A national defence strategy should streamline plans, and armed forces reforms should focus on cross-domain asset utilisation

and civil-military fusion. Additionally, strategic communication, procurement, recruitment, and internal frameworks should be strengthened for effective decision-making and capability building.

A whole of nation approach would be required for India to obtain its rightful place in the comity of nations in the coming years.

Dr Arvind Gupta
Director, VIF

EDITOR'S NOTE

The inaugural **Vivekananda International Foundation's (VIF) *State of the World: Emerging Trends and Way Forward*** report offers an analytical and comprehensive analysis of global and regional developments, trends, and policy dynamics, through an Indian lens.

The report conducts a wide-ranging global scan, covering the major powers—namely the USA, China, and Russia—and examines the functioning of key global institutions, such as the United Nations General Assembly (UNGA), United Nations Security Council (UNSC), World Trade Organisation (WTO), International Monetary Fund (IMF), United Nations Human Rights Council (UNHRC), and mechanisms related to nuclear and global disarmament. Additionally, it delves into multilateral platforms such as BRICS. Under the regional scan, the report provides detailed insights into India's neighbourhood, including Afghanistan, Bangladesh, Bhutan, Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka, while also analysing developments across Central and West Asia, Southeast Asia, East Asia, Europe, the Indo-Pacific, Africa, North America, Latin America, and the Arctic.

Beyond geopolitics, the report takes a thematic approach, exploring critical areas such as

climate change and the environment, along with advancements in technology and innovation. These include domains like cybersecurity, space exploration, artificial intelligence, semiconductors, hypersonic, drones, and autonomous weapon systems. It also scrutinises internal security issues such as Jammu & Kashmir, terrorism, radicalisation, narcotics, organised crime, and Left-Wing Extremism (LWE). In addition, the report places emphasis on India's rich civilisational heritage, arts, and culture, highlighting significant developments in these domains.

Each section is systematically structured into four key components:

1. **Annual Review:** A comprehensive narrative summarising significant events and developments of 2024 across various regions and sectors.
2. **Implications for India:** An exploration of how these global and regional developments align with or challenge India's strategic and national interests.
3. **Prognosis for 2025:** A forward-looking assessment of anticipated trends and

challenges shaping the global and regional landscape in the coming year.

- 4. Policy Recommendations:** Actionable strategies and guidance to help policymakers address emerging opportunities and mitigate risks effectively.

This framework ensures that the report not only provides information but also empowers readers to engage with complex global issues from a distinctly Indian perspective.

Tailored for a broad audience, including policymakers, academicians, think tanks, analysts, students, and informed laypersons, the report

strikes a balance between depth and accessibility. By contextualising global events within India's strategic priorities, it delivers nuanced perspectives and practical insights that are both relevant and actionable.

For *busy eyes*, section wise abridged recommendations have been provided in the beginning of the Report.

The *State of the World: Emerging Trends and Way Forward* aspires to be a vital resource, enhancing understanding of the intricate interplay between global developments and India's strategic objectives, thereby fostering informed discourse and facilitating impactful decision-making.

SUMMARY OF POLICY RECOMMENDATIONS

United States of America

India Should Cautiously Welcome a More Isolationist US Leverage US retrenchment to strengthen India's position while countering China's expanding multilateral influence.

India Should Negotiate Exemptions from Trump Tariffs Proactively seek exemptions from proposed tariffs while preparing targeted retaliatory measures.

India Must Diversify Critical Mineral Sources Build resilient supply chains through domestic development, overseas mining, and multilateral partnerships.

India Should Leverage the iCET for Critical Technologies Deepen cooperation with the US under iCET and explore similar initiatives with other global partners.

China

Adopt a Refined Approach to China Foster peaceful coexistence while resolving border

disputes, addressing trade imbalances, and mitigating environmental impacts.

Enhance Economic Collaboration Strengthen ties in green technology, digital transformation, clean energy, and joint investments for mutual benefit.

Engage in Multilateral Frameworks Actively participate in BRICS and reform global institutions like the UN to adapt to the changing global order.

Develop a Comprehensive China Strategy Bolster military readiness, enhance the defence ecosystem, and evaluate alliances like Quad and AUKUS for operational coordination.

Russia

Diversify Trade Expand trade beyond defence and energy.

Infrastructure Investment India can invest in Russian infrastructure projects, including transportation and industrial parks.

Arctic and Connectivity Projects Expedite investments and initiatives in the Arctic and connectivity projects.

Joint Ventures Collaborate in science, IT, green energy, and pharmaceuticals.

Defence Cooperation Strengthen joint exercises, defence production, and technology transfers.

Cybersecurity Develop joint research and technologies in cybersecurity.

Energy Collaboration Diversify energy sources, including Russian LNG and nuclear energy.

Rare Earth Minerals Jointly develop critical minerals for advanced technologies.

People-to-People Ties Promote student exchanges, scholarships, and research collaborations.

Think Tank Outreach Expand dialogue at Track 1.5 and Track 2 levels.

Governance

Strengthen Multilateral Engagements Advocate for UNSC reforms and equitable climate finance to address governance challenges.

Enhance Regional and South-South Cooperation Bolster ties within BRICS, ASEAN, and BIMSTEC to counterbalance Western economies and China's assertiveness.

Pursue Strategic FTAs Prioritise agreements with the EU, UK, and Indo-Pacific nations to boost exports and attract investments.

Promote Sustainable Financing Utilise green bonds and innovative financing tools to ensure sustainable development.

Adopt a Balanced Nuclear and Security Approach Engage in global disarmament forums and strengthen regional security partnerships like QUAD.

Expand Soft Power Diplomacy Leverage initiatives like International Yoga Day and cultural exchanges to enhance global influence.

Reimagine Global Governance Advocate for inclusivity, equity, and accountability to address fragmented global challenges.

Position as a Global Leader Assume a leadership role in the Global South to navigate the Asian century and intensify regional cooperation.

Afghanistan

Expand Humanitarian Aid Prioritise aid for food, medical supplies, and education, focusing on women's and children's needs.

Pressure for Inclusive Governance Link economic aid to reforms ensuring transparency, representation, and women's workforce participation.

Enhance Regional Cooperation Collaborate regionally, especially with India, to combat terrorism and advocate for women's rights.

Set Criteria for Taliban Recognition Consider formal recognition only upon inclusive governance, human rights protections, and peacebuilding efforts.

Bangladesh

Engage with Interim Government Proactively engage with Muhammad Yunus’s government to support democratic reforms and stability.

Strengthen Economic Ties Address trade imbalances, support infrastructure, and resolve the Teesta water-sharing dispute.

Address Security and Minority Rights Advocate for minority safety and use platforms to promote social harmony in Bangladesh.

Adapt to Foreign Policy Shifts Rebuild trust to counter Bangladesh’s tilt towards Pakistan and strengthen ties.

Promote Regional Cooperation Revive SAARC to enhance dialogue, counter extremism, and resolve shared issues.

Strengthen Border Security Monitor extremist threats and enhance border security to safeguard national interests.

Counter Anti-India Sentiment Use diplomacy, partnerships, and soft power to maintain goodwill and stable relations.

Handle Extradition Sensitive Navigate Sheikh Hasina’s extradition issue carefully to preserve balanced ties.

Bhutan

Strengthen Economic Collaboration Expedite hydropower projects, support Bhutan’s energy exports, and encourage private investments in tourism, agriculture, and technology.

Enhance Security and Strategic Engagement Deepen trust through high-level dialogues and use platforms like BIMSTEC to improve Bhutan’s market access.

Enhance Development Partnership Prioritise skill development, educational exchanges, and infrastructure support to address youth unemployment and connectivity needs.

Leverage Climate and Renewable Energy Collaborate on renewable energy projects, combining India’s solar expertise with Bhutan’s hydropower resources.

Navigate Evolving Challenges Proactively address Bhutan’s changing political and economic dynamics to ensure regional stability and mutual growth.

Maldives

Maintain Recovery in Relations Support Maldives’ economic recovery by diversifying revenue sources and fostering development-led cooperation while countering external influences.

Enhance Maritime Cooperation and Security Deepen ties through joint surveillance, counterterrorism, disaster preparedness, and climate resilience initiatives in the Indian Ocean Region.

Strengthen Socio-Economic Partnerships

Invest in sustainable development, renewable energy, and eco-tourism, alongside cultural exchanges and skill-building programmes for Maldivian youth.

Boost Multilateral Engagement Leverage forums like SAARC and IORA for collaborative climate and blue economy projects, and explore a Bilateral Free Trade Agreement for seafood imports.

Address Maldivian Concerns Reaffirm India's commitment to mutual growth and security, aligning with the Vision for a Comprehensive Economic and Maritime Security Partnership.

Myanmar

Broader Engagement with Stakeholders Expand dialogue with the NUG, EAOs, and local communities, leveraging Northeast Indian states' connections for regional cooperation.

Reassess Border Management Prioritise advanced surveillance and temporary fencing to regulate crossings without alienating border communities.

Support ASEAN-Led and Myanmar-Led Initiatives Balance backing for ASEAN's Five-Point Consensus with support for Myanmar-led resolutions to facilitate peace.

Focus on Local Development and Resilience Redirect development aid to empower local communities and enhance stability in Myanmar.

Nepal

Strengthen Bilateral Relations Adopt a comprehensive approach to enhance ties with Nepal, addressing political and economic developments.

Enhance Economic and Energy Cooperation Invest in cross-border power grids, hydropower, and renewable energy to boost electricity trade in the region.

Bolster Trade Relations Reduce non-tariff barriers and encourage Indian investments in hydropower, agriculture, and tourism in Nepal.

Support Political Stability Assist Nepal's government with governance reforms, capacity-building, and anti-corruption measures to foster stability.

Deepen Security and Border Management Collaborate on counterterrorism, anti-smuggling, and border management while modernising Nepal's military infrastructure.

Navigate Foreign Policy Dynamics Provide alternatives to Chinese financing while respecting Nepal's sovereignty to counter external influences.

Strengthen Cultural Ties and Regional Integration Promote cultural exchanges, tourism, and Nepal's active participation in regional forums like SAARC and BIMSTEC.

Pakistan

Strengthen Border Security Enhance surveillance and intelligence-sharing with Afghanistan and neighbouring countries to combat cross-border terrorism effectively.

Bolster Counter-Terrorism Diplomacy Deepen cooperation with key Western powers, especially

the United States, to curb regional militant activities.

Monitor Political Dynamics Track Pakistan's political landscape closely to anticipate potential regional spillovers and manage risks.

Prepare for Economic Fallout Strengthen border infrastructure and local economies to manage risks related to refugee influx and economic instability from Pakistan.

Counter China's Influence Remain vigilant over the China-Pakistan Economic Corridor and collaborate with regional partners to safeguard India's interests.

Sri Lanka

Diversify and Expand Economic Engagement Build on existing trade agreements with Sri Lanka, focusing on energy and infrastructure sectors to enhance recovery and strategic leverage.

Support Sri Lanka's Economic Recovery Continue providing financial and technical support, particularly through concessional loans and renewable energy partnerships.

Bolster Security Ties and Regional Frameworks Strengthen ties with Sri Lanka in regional security frameworks like IORA, Colombo Security Conclave, and BIMSTEC for enhanced maritime security.

Collaborate on Maritime Security Align on maritime security initiatives to combat piracy, trafficking, and threats to regional stability.

Address Strategic Concerns with China Monitor Sri Lanka's ties with China, ensuring transparency in critical infrastructure investments to safeguard India's maritime interests.

Support Tamil Ethnic Reconciliation Advocate for the full implementation of Sri Lanka's Constitution, particularly the 13th Amendment, to foster ethnic peace and autonomy.

Support a Balanced Foreign Policy Encourage Sri Lanka to maintain a balanced foreign policy, prioritising regional cooperation and avoiding over-reliance on any one country.

Engage in Constructive Dialogue on Debt and External Relations Offer diplomatic support in Sri Lanka's debt management and promote a pragmatic approach to debt restructuring.

Foster Cultural and Educational Exchanges Promote people-to-people exchanges and educational initiatives to strengthen bilateral ties and mutual understanding.

Leverage Diaspora Communities Engage with the Indian-origin diaspora in Sri Lanka to enhance cultural and trade relations.

Be Attuned to Political Shifts in Sri Lanka Monitor political developments and adapt support to align with the aspirations of the Sri Lankan people.

Balance Diplomacy on Security Concerns Address security concerns diplomatically and maintain high-level dialogues to ensure transparency in security arrangements.

Maintain High-Level Diplomatic Engagement

Regular visits by senior Indian officials to Sri Lanka will strengthen bilateral relations and ensure alignment on key issues.

Central Asia**Reassess India's Policy Toward Central Asia**

Reevaluate and enhance India's approach to Central Asia by resuming delayed dialogues at foreign minister and heads of state levels.

Diversify Trade and Strengthen Economic Relations

Diversify India's export and import portfolio to ensure a balanced trade relationship and focus on investment opportunities in Central Asia's manufacturing sector.

Expedite Chabahar Port Development

Accelerate the development of Chabahar Port to improve connectivity and encourage Central Asian nations to participate in this initiative.

Enhance Defence Cooperation

Offer defence training and explore opportunities to export defence equipment to Central Asian countries, responding to their increased defence budgets.

Strengthen Soft Power in Central Asia

Enhance soft power by increasing educational scholarships, promoting cultural exchanges, and supporting tourism initiatives to foster people-to-people connections.

West Asia**Strengthen Economic Engagement**

Accelerate negotiations for the India-GCC Free Trade

Agreement and expand the India-Middle East-Europe Economic Corridor to enhance trade opportunities.

Leverage Regional Connectivity Initiatives

Operationalise projects like the INSTC, IMEC, and Chabahar Port, integrating Palestinian territories into IMEC for reconstruction efforts.

Diversify Economic Partnerships

Encourage investments in non-oil sectors and facilitate joint ventures in R&D, particularly in biotechnology and pharmaceuticals.

Attract Investments from GCC Countries

Showcase high-return infrastructure projects and implement investor-friendly policies to attract investments from Saudi Arabia and the UAE.

Enhance Labour Mobility and Tourism

Develop policies to streamline labour mobility and expand aviation connectivity to boost tourism and support the Indian economy.

Develop a Regional Security Framework

Deepen intelligence-sharing and counterterrorism cooperation with key partners and build a multi-aligned regional security framework.

Contribute to Israel-Palestine Peace Efforts

Advocate for a two-state solution and use platforms like I2U2 to promote economic development in Gaza and the West Bank.

Enhance Strategic Partnerships with Key Players

Strengthen defence cooperation with the UAE and Saudi Arabia, focusing on renewable energy and technology collaboration.

Manage China's Influence Position IMEC and INSTC as alternatives to China's Belt and Road Initiative and enhance partnerships with GCC nations.

Align with the United States Strategically

Coordinate on counterterrorism and cybersecurity while addressing policy divergences regarding Iran and China.

Address Geopolitical Challenges Monitor Iran's regional activities and prepare for potential shifts in its foreign policy and the Israel-Hamas conflict.

Adopt a Comprehensive Regional Policy Shift from a bilateral to a cohesive regional approach, engaging with regional organisations and enhancing India's role in BRICS.

Invest in Regional Expertise Establish divisions in think tanks to study West Asia and provide policy-relevant insights.

Leverage India's Strengths Utilise the Three Ds Framework (Demography, Diversity, Development Diplomacy) to drive partnerships and initiatives.

Address Capacity Issues Invest in naval capabilities and enhance regulatory frameworks to attract global investments.

Prepare for Contingencies Develop strategies to address potential disruptions in West Asia, ensuring regional stability through strengthened partnerships.

Indo-Pacific

Enhance Joint Military Exercises Expand collaborative military drills with ASEAN and

Quad nations, focusing on maritime security and counterterrorism, while establishing an India-ASEAN cybersecurity framework.

Accelerate Key Infrastructure Projects Prioritise the completion of strategic initiatives like the India-Myanmar-Thailand Highway and port developments to align with regional connectivity objectives.

Strengthen Naval Modernisation Increase investments in naval capabilities and conduct joint maritime patrols with ASEAN and Quad forces to secure vital shipping lanes.

Foster Digital Infrastructure Development Lead a regional initiative to develop secure 5G networks and improve data governance across Southeast Asia.

Support Renewable Energy and Climate Adaptation Provide technical and financial assistance for renewable energy projects in ASEAN countries and organise an Indo-Pacific Climate Resilience Forum.

Promote Cultural Exchanges Establish India-ASEAN cultural centres to deepen mutual understanding and enhance India's soft power in the region.

Encourage Innovation Partnerships Launch a regional initiative to support innovation in AI, blockchain, and fintech by collaborating with ASEAN countries and nurturing digital startups.

Southeast Asia

Review AITIGA Prioritise a comprehensive review of the ASEAN-India Trade in Goods

Agreement (AITIGA) to address trade imbalances and improve market access through tariff reductions and removal of non-tariff barriers.

Diversify Export Portfolio Diversify India's export portfolio to include high-value products such as pharmaceuticals, processed food, and engineering goods to strengthen economic ties with ASEAN.

Enhance Domestic Competitiveness Focus on improving infrastructure, boosting productivity, and fostering skill development to enhance India's competitiveness.

Expedite Infrastructure Projects Accelerate the completion of key infrastructure projects like the Trilateral Highway and the Kaladan Multi-Modal Transit Transport Corridor to enhance connectivity.

Engage in Regional Value Chains Actively participate in ASEAN-centric regional value chains, leveraging expertise in information technology and renewable energy.

Strengthen Defence Cooperation Increase the frequency and complexity of joint military exercises and expand defence technology collaborations to enhance interoperability with Southeast Asian nations.

Establish Logistics Support Agreements Explore logistics support agreements with key ASEAN partners to facilitate naval operations and strengthen maritime security.

Uphold Freedom of Navigation Advocate for freedom of navigation and adherence to

international laws in the South China Sea, including UNCLOS.

Address Myanmar Crisis Engage with ASEAN to address the Myanmar crisis and ensure stability along the shared border, promoting regional peace and safeguarding security interests.

Support ASEAN Centrality Actively support ASEAN centrality and work within regional frameworks to address shared challenges, ensuring India's long-term strategic presence in the region.

East Asia

Japan

Accelerate Defence Technology Co-Development Co-develop defence technologies such as the Unified Complex Radio Antenna (UNICORN) and unmanned systems, while expanding cooperation in ship maintenance and advanced robotics.

Establish Secure Supply Chain Frameworks Create bilateral frameworks for secure supply chains in critical technologies, including semiconductors, rare earths, and clean energy.

Develop Partnerships in Emerging Technologies Collaborate in emerging areas like quantum computing, artificial intelligence, and 5G/6G technology.

Enhance Maritime Security Collaboration Improve collaboration on maritime security by sharing real-time information in the Indo-Pacific through initiatives like the Quad.

Co-Develop Satellite Technologies Build on existing dialogues to co-develop satellite technologies and enhance cyber resilience through joint initiatives addressing cyber threats.

Update Security Cooperation Framework Revise the 2008 Joint Declaration on Security Cooperation to address contemporary challenges such as cyber threats, economic security, hybrid warfare, and space security.

South Korea

Leverage Technological Expertise Utilise South Korea's technological expertise and manufacturing capabilities alongside India's growing economy to foster mutual economic growth.

Upgrade CEPA Enhance the Comprehensive Economic Partnership Agreement with a target of achieving \$50 billion in trade by 2030.

Expand Cooperative Initiatives Collaborate on initiatives like 'Make in India,' 'Skill India,' 'Smart Cities,' and 'Startup India,' utilising South Korea's Economic Development Cooperation Fund for infrastructure projects.

Strengthen Military Cooperation Enhance military exchanges, joint training, and experience-sharing to bolster regional security and stability.

Collaborate on R&D Work together on research and development in innovative technologies, including defence, robotics, and renewable energy.

Promote People-to-People Ties Strengthen people-to-people connections through youth

exchange programs, academic collaborations, and cultural initiatives, such as upgrading the Queen Suriratna monument in Ayodhya.

Focus on Critical Technologies Enhance cooperation in critical technologies like AI, semiconductors, and green hydrogen, leveraging the complementary strengths of both countries.

Europe

Collaborative Initiatives in Clean Energy: India should partner with Europe on solar, wind, and hydrogen projects to enhance energy security and competitiveness while addressing challenges like CBAM.

Advancing Trade Relations and the India-EU FTA: India must expedite the India-EU and UK-India FTAs to strengthen trade and secure favourable terms, focusing on sustainability sectors.

Multilateral Approaches to Global Challenges: India should collaborate with the EU on climate change, human rights, and international security, advocating for multilateral solutions.

Africa

Enhanced Political and Diplomatic Engagement Increase political and diplomatic outreach to Africa, ensuring high-level visits from both Indian and African leaders, particularly in the context of the 4th India-Africa Forum Summit.

Multilateral Cooperation Advocate for African membership in groups like the G20, BRICS, and

the International Solar Alliance (ISA) to strengthen multilateral ties.

Expansion of Defence Engagement Broaden defence collaborations with increased funding and lines of credit for African nations, prioritising enhanced joint maritime exercises in West Africa.

Cooperation in Food Security and Agriculture Collaborate with African on food security and agricultural development through initiatives like ICRISAT and climate-resilient agricultural infrastructure.

Development of Digital Infrastructure Enhance digital infrastructure through projects like the Pan African e-Network Project (PANeP) and foster partnerships in the fintech sector.

Strengthening Healthcare Ties Continue healthcare initiatives such as *e-Arogya Bharti* and *Vaccine Maitri*, building on previous vaccine distributions to African countries.

Collaboration on Green Economy Initiatives Partner in areas like clean energy, electric vehicles, smart cities, and green hydrogen to promote a sustainable future.

Partnership in Critical Minerals Secure a steady supply of critical minerals by partnering with African mining companies and formalising agreements in resource-rich countries.

Educational Initiatives Strengthen educational ties by fulfilling the commitment to provide scholarships for 50,000 African students.

Space Sector Collaboration Establish partnerships between India's ISRO and African agencies for technology sharing and satellite capacity in the space sector.

Latin America

Comprehensive Latin America Strategy Create country desks for major Latin American economies with sector-specific plans and quarterly ministerial dialogues.

Expanded Diplomatic Presence Establish new consulates, deploy economic attachés, form advisory boards with diaspora and business leaders, and create cultural centres to strengthen ties.

Institutional Strengthening Staff the Latin America desk with language-proficient officers, provide specialised training, enhance intelligence gathering, and engage with the private sector.

Critical Minerals Security Programme Establish a \$5 billion sovereign fund for mineral investments, joint exploration ventures, and supply chain security protocols.

Trade Enhancement Framework Create trade facilitation offices, digital platforms, and export promotion strategies with regional banks.

Investment Protection Mechanisms Establish investment protection agreements, dispute resolution frameworks, and political risk insurance systems.

Research Collaboration Framework Create joint research funding, researcher exchanges, and innovation incubation centres.

Tech Workforce Development Establish specialised visa centres, skill verification systems, and language training facilities.

Long-term Energy Partnerships Develop joint exploration ventures, processing partnerships, and transport infrastructure for energy security.

Renewable Energy Collaboration Launch joint solar and wind projects, establish biofuel research centres, and develop green hydrogen initiatives.

Arctic

Enhance Arctic Engagement Increase Arctic involvement to safeguard national interests and strengthen ties with Western Arctic nations like the US, Norway, and Canada.

Deepening India-Russia Arctic Cooperation Bolster bilateral collaboration with Russia to address energy security needs and access rare earth and strategic minerals, providing Moscow alternatives to China.

Expanding Influence in the Arctic Council Actively participate in Arctic Council Working Groups and advocate for the resumption of the Council's activities while pushing for an enhanced role for Observer States.

Reforming the Arctic Council Work towards broader reform of the Arctic Council, including seeking full membership to solidify India's position as a significant stakeholder in Arctic governance.

Internal Security

Invest in Surveillance Technologies Enhance R&D for advanced surveillance technologies,

such as AI-powered drones and thermal imaging systems, to prevent infiltration.

Strengthen Grassroots Initiatives Foster trust between state administration and local communities to effectively address local grievances.

Engage Local Influencers Utilise local influencers and social media campaigns to develop counter-narratives against extremist ideologies.

Collaborate with Tech Companies Partner with tech companies to improve monitoring and disruption of online radicalisation activities.

Implement Community Policing Encourage community policing and active engagement to create a trustworthy network for valuable intelligence.

Enhance International Cooperation Strengthen international ties, especially with Western countries, and leverage the diaspora to counter pro-Khalistan groups.

Promote Cultural Integration Develop initiatives for cultural integration to challenge and reduce the influence of pro-Khalistan ideologies.

Reinforce Laws and Regulations Strengthen laws and regulations to effectively address various dimensions of organised crime.

Launch Anti-Narcotics Campaign Initiate a nationwide "anti-narcotics" campaign in educational institutions to raise awareness about drug abuse risks.

Climate change

Implement Climate-Resilient Solutions

Accelerate climate adaptation efforts by prioritising nature-based solutions like reforestation, mangrove restoration, and wetland regeneration, while investing in climate-resilient infrastructure and early-warning systems.

Strengthen Data Collection on Extreme Weather Impacts

Establish a comprehensive public database to accurately quantify losses from extreme weather events, improving disaster management and evaluation through credible, actionable data.

Technology and Innovation

R&D Investment Increase R&D expenditure to 2-4% of GDP by enhancing funding for public research institutions and incentivising private sector innovation.

Workforce Development Strengthen STEM education and technical training, focusing on AI, space, and semiconductors, while collaborating with global universities for quality enhancement.

Business and Investment Climate Simplify regulatory processes and expand the Production-Linked Incentive (PLI) scheme to attract domestic and foreign investments in emerging technologies.

Strengthen International Collaborations

Leverage strategic partnerships with the US, Japan, and Israel to facilitate FDI, technology transfer, and joint ventures in high-tech industries.

Defence Modernisation Invest in dedicated R&D for hypersonic technology and advanced defence

systems, establishing innovation hubs for next-generation military technologies.

Engage in Global Governance

Actively participate in international technology governance to shape global standards and expand Science & Technology counsellor roles in foreign missions.

Foster Global South Cooperation

Collaborate on joint R&D projects and talent development with developing nations to enhance ties and position India as a leader in inclusive innovation.

Cyber Security

Strengthening Cybersecurity for Critical National Infrastructure (CNI)

Increase investments in Operational Technology (OT) systems, adopting AI for real-time monitoring and Zero-Trust architectures to enhance security.

Boosting Indigenous R&D and Innovation

Promote 'Make in India' and the 'AI Mission' to support startups in developing cybersecurity technologies, including AI, Machine Learning, quantum, and blockchain solutions.

Enhancing Legal Framework and Cyber Awareness

Establish sector-specific cybersecurity laws and launch a nationwide cyber-hygiene campaign in schools, universities, and NGOs to reduce individual vulnerabilities.

Strengthening CERT-In and Proactive Cyber Defence

Invest in expanding CERT-In's technical capabilities and workforce, and conduct routine penetration testing and cyber drills for critical infrastructure operators.

Building a Resilient Cyber Ecosystem Prioritise cybersecurity initiatives by adopting global best practices and enhancing indigenous capabilities to protect digital infrastructure and citizens' safety by 2025.

Maritime

Strengthen Maritime Infrastructure Accelerate the modernisation of major ports to increase cargo handling capacity and reduce turnaround times.

Support Shipbuilding Industry Extend financial incentives under the Shipbuilding Financial Assistance Policy to include emerging technologies like autonomous ships.

Promote Sustainable Blue Economy Invest in R&D for marine biotechnology, offshore renewable energy, and deep-sea mining while implementing regulations to prevent overfishing.

Enhance Maritime Trade and Connectivity Negotiate new trade agreements with key partners to boost exports and imports while simplifying customs and regulatory procedures.

Strengthen Maritime Security Increase the Indian Navy and Coast Guard budget share to safeguard critical sea lanes and establish joint maritime surveillance initiatives with friendly nations.

Enhance Cybersecurity Implement enhanced cybersecurity measures to protect maritime infrastructure from potential cyberattacks.

Indian Civilisation, Heritage, Arts, and Culture

Counter China's Strategic Use of Buddhism Proactively foster connections with Buddhist-

majority nations by organising exhibitions of Lord Buddha's relics in key countries.

Preserve Shared Heritage in Southeast Asia

Invest in conserving Hindu and Buddhist temples across Southeast Asia to deepen cultural ties.

Strengthen Archaeological Preservation

Enhance funding for the Archaeological Survey of India for excavation, restoration, and technological modernisation.

Repatriate Cultural Property

Advocate for the return of cultural treasures looted during the colonial period, including those held by the British Museum.

Expand UNESCO World Heritage Sites

Prioritise increasing India's UNESCO World Heritage Sites to reflect its rich cultural and geographical diversity.

Indian Army

Establish a Long-Term Defence Industrial Base

Implement a structured approach to build a strong, independent defence industrial base aligned with the Indian Army's evolving requirements.

Invest in Specialised Training and Human Resources

Prioritise investment in specialised training and create dedicated human resource cadres to enhance operational capabilities over time.

Update Strategies and Doctrines

Develop and publicly share updated strategies and doctrines to enhance deterrence and guide modernisation efforts against technologically advanced adversaries.

Evaluate the *Agniveer* Initiative Conduct a thorough review of the *Agniveer* initiative and human resource policies to ensure sustainability and effectiveness in maintaining personnel quality and numerical strength.

Ensure Operational Readiness Maintain adequate staffing and operational capability along the LOC and LAC to uphold territorial integrity in response to emerging threats.

Indian Navy

Enhance Budgetary Allocations Significantly increase budgetary allocations for the Indian Navy to match China's naval capabilities, addressing the current shortfall in funding.

Strengthen Naval Capabilities Expand and modernise the Indian Navy's fleet through investments in indigenous shipbuilding and accelerated defence procurement.

Provide for Three Carrier Task Forces Establish three Carrier Task Forces (CTFs) to maintain a near-continuous presence in the Indian Ocean Region (IOR) for regional security.

Strengthen Strategic Partnerships Deepen ties with key powers and IOR nations through the Quad and bilateral agreements for base access, training, and logistical support.

Expedite P-75I Accelerate the implementation of Project 75 India (P-75I) to enhance India's underwater defence capabilities with six advanced submarines by 2030.

Enhance Undersea Domain Awareness (UDA) Prioritise robust UDA efforts by deploying seabed sensors, satellite surveillance, unmanned underwater vehicles (UUVs), and anti-submarine warfare (ASW) assets.

Enhance Maritime Domain Awareness (MDA) Strengthen MDA capabilities and foster international collaboration under the IFC-IOR for improved situational awareness and maritime coverage.

Develop Forward Operating Bases Upgrade strategic bases in the Andaman and Nicobar Islands and Lakshadweep to monitor Chinese naval activities and respond rapidly to maritime contingencies.

Leverage Technology and Innovation Invest in technologies such as AI, machine learning, and big data analytics to enhance maritime surveillance and decision-making capabilities.

Indian Air Force

The **Department of Defence Production** should closely oversee **HAL** to ensure timely deliveries of indigenously manufactured aircraft.

A committee should be formed to monitor the development work of **ADA** and **DRDO** on the **Tejas Mk II** and **AMCA**, ensuring there are no delays.

A decision on the **Medium-Role Fighter Aircraft (MRFA)** should be made as soon as possible.

The possibility of acquiring second-hand airframes of **Mirage 2000** and **MiG-29** should be explored.

There should be a renewed emphasis on **AWACS** and **Air-to-Air Refuelling (AAR)** projects.

The **space sector** must be prioritised, and a **Space Command** should be established promptly.

Industrial capacities created for indigenous systems like missiles and radars should not remain idle due to a lack of orders; low-rate production should be initiated to keep production lines active, preventing the need for restart in a crisis.

The **indigenous aero engine programme** should be accelerated.

Indigenous **UAV** and **UCAV** programmes should be expedited.

There should be an increase in **Maintenance, Repair, and Overhaul (MRO)** work on IAF aviation assets within India.

Startups involved in manufacturing loitering drones and other systems should receive orders promptly after trials to prevent foreign acquisition.

MAJOR POWERS AND GLOBAL GOVERNANCE

United States of America

Annual Review

The US is undergoing a transformative phase, facing challenges from various global regions and internal divisions. Trump's potential second term will be closely watched, as the country will need to strike a balance between foreign policy priorities, economic concerns, and public opinion in the months ahead.

US Domestic

Presidential Election The 2024 presidential election saw Donald Trump return as the Republican candidate, while Joseph Biden withdrew from the Democratic race due to health concerns. Vice-President Kamala Harris was nominated but faced challenges in mounting a comprehensive campaign. Key issues like the economy, climate change, immigration, and healthcare polarised public opinion. Ultimately, Trump won a historic second term.

Economy In Q3 2024, real GDP grew at an annual rate of 2.8 percent, with consumer spending rising

3.7 percent. The Biden-Harris administration oversaw 12.6 percent economic growth and the creation of 16 million jobs, with unemployment at historic lows. Despite positive metrics, public perception remained negative, driven by inflation and social media narratives. By October, job openings fell to their lowest since 2021, particularly in construction and manufacturing.

Healthcare Healthcare debates focused on abortion rights and gender-affirming care. Trump's second-term agenda emphasised deregulation, market competition, and adjustments to the Affordable Care Act rather than repeal, signalling a shift in strategy.

Environment and Climate Change Federal initiatives like the Inflation Reduction Act and bipartisan Infrastructure Law advanced clean energy adoption. California remained a leader in aggressive climate goals, often countering federal rollbacks through partnerships and legal challenges.

Immigration The Biden administration ended Trump-era policies like the Migrant Protection Protocols but faced challenges with record migrant

encounters. Legal immigration saw successes, with 3.5 million new citizens and restored pre-pandemic admissions. Border enforcement, however, remained contentious, with Republican-led states frequently opposing federal policies.

Gun Violence and Public Safety Gun control became a divisive issue. Harris advocated for stronger measures alongside Second Amendment support, while Trump prioritised defending gun rights, gaining strong NRA backing and emphasising protection after an assassination attempt.

Implications for India

Birthright citizenship As of the 2020 US census, Indian Americans comprised over 4.8 million people, with two-thirds being immigrants and 34 percent US-born. Proposed changes to birthright citizenship laws under Trump could significantly impact children born to Indian parents on green cards or H-1B1 visas. Indians represent the second-largest group applying for green cards, many facing lengthy backlogs. In 2019, the Migration Policy Institute reported that 5.5 million children lived with at least one undocumented immigrant parent, making up over 7 percent of the US child population.

Amending birthright citizenship raises concerns among Indian Americans, particularly for children who may lose automatic citizenship and face naturalisation hurdles. Some estimates suggest such changes could adversely affect 1–2 million Indian Americans, particularly those in immigration limbo.

Prognosis for 2025

Rollback of Environment and Climate Change

Policies Trump's administration is expected to prioritise expanding fossil fuel industries and reducing environmental regulations to bolster economic growth. If Trump withdraws from the Paris Agreement or the broader UNFCCC, it could weaken US influence in global climate diplomacy, allowing nations like China to assume leadership roles.

Immigration Reforms

Trump plans to pursue aggressive immigration policies, including completing the border wall and launching large-scale deportations of unauthorised migrants. These efforts face significant logistical, financial, and legal hurdles. Stricter enforcement and reduced legal immigration pathways are expected to define his approach, despite potential legal challenges and public opposition.

Healthcare Reforms

Trump's healthcare agenda will focus on deregulation and tackling pharmaceutical costs, including measures like insulin price caps. Intraparty divisions between traditional conservatives and populists could shape a policy mix blending pro-business and populist approaches, introducing complexity to federal healthcare policymaking.

Challenging Birthright Citizenship

Trump aims to issue an executive order denying automatic citizenship to children of undocumented immigrants. His administration also seeks to address "birth tourism" and parental responsibility for children's immigration status, though specific

policy details remain unclear and are expected post-inauguration.

Job Creation Trump plans to encourage domestic operations of American companies, focusing on job creation in the service sector. Collaboration with private sector leaders like Elon Musk and Vivek Ramaswamy could drive workforce retraining and educational reforms to prepare for future economic needs.

Addressing National Debt To curb the growing national debt, Trump is likely to propose measures such as tax increases, tariffs, and raising the retirement age. Failure to address the debt could strain funding for key sectors like infrastructure and defence, impacting future economic stability.

US Foreign Policy in 2024

Geopolitical and Economic Landscape in 2024 2024 was marked by geopolitical tensions and conflicts, including the Russia-Ukraine war and the Israel-Hamas war, alongside intensifying US-China trade and technology disputes. These crises strained global security and economies, with the US playing a central role as a major military aid provider and economic actor.

Annual Review

US-China

Trade War The US-China trade war escalated, with President Biden imposing steep tariffs on Chinese products like EVs, lithium batteries, and semiconductors. By mid-year, tariffs on several goods rose to 25 percent-100 percent. Although these measures were largely symbolic in blocking

Chinese EVs, they reflected increasing economic friction. China's retaliatory measures, including bans on rare mineral exports, threatened global supply chain disruptions.

Technology War Concerns over China's advances in autonomous weapons and AI drove US efforts to restrict access to advanced semiconductors. Following earlier export restrictions, the US imposed additional curbs in December 2024, targeting chipmaking equipment and software. China's countermeasures, such as mineral export bans, underscored the deepening technological rift.

Russia-Ukraine War US military aid to Ukraine totalled over \$61.4 billion since the 2022 invasion, with \$31.7 billion from defence stockpiles under the Presidential Drawdown Authority. Key escalations included the delivery of ATACMS missiles, which Ukraine used to strike Russian targets, prompting President Putin to lower Russia's nuclear response threshold, heightening tensions.

Hamas-Israel War After Hamas' attack on Israel in October 2023, the US provided a record \$17.9 billion in military aid and allocated \$4.86 billion for regional military operations. Despite advancing ceasefire and hostage-release negotiations, US efforts were rebuffed by both Hamas and Israel, prolonging the conflict and regional instability.

Implications for India

The key highlights of India-US relations in 2024 are as follows:

Bilateral Engagement

Economy/Trade The 14th Ministerial-level meeting of the India-US Trade Policy Forum (TPF) was held

in New Delhi on January 12, 2024. Discussions included trade facilitation, intellectual property, agricultural market access, affordable medical devices, and digital infrastructure. Efforts aimed at enhancing trade resilience through customs best practices were also emphasised.

Defence The India-US Defence Acceleration Ecosystem (INDUS X) continued fostering collaboration among defence industries. The 3rd INDUS-X Summit in September 2024 focused on co-production of advanced military capabilities, resilient supply chains, and interoperability for a free and open Indo-Pacific. A new Memorandum of Understanding between the US and Indian defence innovation units and the launch of an INDUS-X webpage marked further progress.

Critical and Emerging Technology (iCET) The 2nd iCET Summit in July 2024, chaired by the two National Security Advisors, advanced collaborations in AI, quantum technologies, telecom, biotech, and semiconductors. The meeting prioritised co-production, co-development, and R&D in strategic tech sectors.

Culture The first-ever Cultural Property Agreement between India and the US was signed in July 2024 to combat the illicit trafficking of antiquities. India joined 29 other US bilateral cultural property agreement partners, reinforcing cultural preservation efforts.

Health The inaugural US-India Cancer Moonshot Dialogue in August 2024 strengthened biomedical research cooperation to address global health challenges. Earlier in February, a joint call

for research projects in biomanufacturing and bioeconomy marked another milestone in collaborative innovation.

Diaspora The 11th Consular Dialogue in February 2024 addressed extradition, student mobility, migration, and consular services. With 4.4 million Indian Americans and over 351,000 Indian students in the US, these dialogues reinforced strong people-to-people ties.

Multilateral Engagements

Fourth Quad Leaders' Summit Held in Wilmington, US, on September 21, 2024, the Quad Summit saw leaders from India, Australia, Japan, and the US reaffirm their commitment to a free and open Indo-Pacific. Initiatives included strengthening maritime security, health cooperation, and regional logistics, showcasing India's growing role in Indo-Pacific security.

Prognosis for 2025

Trade Wars

Canada and Mexico On November 25, 2024, Trump announced plans for a 25 percent tariff on all imports from Canada and Mexico if they fail to address irregular migration and drug trafficking. Mexican officials have promised retaliatory tariffs, while Canadian Prime Minister Justin Trudeau warned of severe economic impacts on both nations. The US heavily relies on Canadian exports, including crude oil, agriculture, and steel, which would become costlier under the proposed tariffs.

The European Union (EU) During his campaign, Trump criticised the EU, highlighting a \$312 billion trade deficit. In December 2024, he threatened tariffs unless the EU increases purchases of American oil and gas. The EU, the US's second-largest trading partner, may retaliate strongly. Projections suggest that such a trade war could shrink the EU's GDP by 0.5 percent, with Germany, its largest economy, facing a 3.2 percent contraction.

China Trump plans to impose a 60 percent tariff on Chinese goods, further exacerbating China's economic challenges, including its real estate crisis. On the technology front, Trump is expected to tighten restrictions on China's access to advanced semiconductor technology. A US-China trade war would have widespread economic ramifications, potentially starting in early 2025.

BRICS Nations Trump has threatened 100 percent tariffs on BRICS nations if they attempt to replace the US dollar in global trade. Although internal disagreements have delayed progress on a BRICS currency, Trump's stance might be a negotiation tactic rather than a definitive plan.

Global Economic Impact The Kiel Institute for the World Economy predicts that a 60 percent US tariff on Chinese goods and a 10 percent surcharge on non-FTA partners would shrink global trade by 2.5 percent in the first year, doubling if retaliation occurs. Chinese exports could drop by 10 percent, while US exports may decline by 38 percent.

Geopolitical Conflicts

Russia-Ukraine War Trump has criticised Biden's extensive aid to Ukraine and suggested a loan-based

framework for future support. His administration might push for peace by reducing military aid and proposing compromises like Ukrainian neutrality or territorial concessions. Trump's Vice President, JD Vance, advocates for an immediate end to US assistance and a peace plan favouring Russian interest.

Israel-Hamas War Trump has urged Israeli Prime Minister Netanyahu to conclude the war before his 2025 inauguration. While supportive of Israel's actions in Gaza, Trump's terms for peace and his vision for the region remain unclear. His administration may embolden annexationist factions in Israel, as evidenced by the likely appointment of figures like Mike Huckabee as ambassador.

India-US Relations Bipartisan consensus in Washington views India as a critical strategic partner. However, trade could become contentious under Trump. During his first term, he imposed tariffs on Indian steel and aluminium, leading to Indian retaliatory measures on US goods. Recent negotiations under Biden resolved many of these disputes. However, Trump's plan for a blanket 10 percent tariff on imports might rekindle tensions, with unclear implications for specific export categories.

Policy Recommendations

India Should Cautiously Welcome a More Isolationist US A more isolationist and anti-interventionist US under Donald Trump could benefit India, but caution is necessary. As the US withdraws from multilateral commitments, China

may exploit this vacuum, presenting itself as a global leader in multilateralism. Through initiatives like the Belt and Road Initiative (BRI), BRICS, Shanghai Cooperation Organisation (SCO), and the Asian Infrastructure Investment Bank (AIIB), China is enhancing its influence, particularly in the Global South. Additionally, China might strengthen ties with the EU, offering collaboration in the absence of US reliability.

India Should Negotiate Exemptions from Trump Tariffs Trump’s proposed 10-20 percent universal tariff on imports could significantly impact Indian exports, including textiles, chemicals, pharmaceuticals, and engineering goods. India should actively negotiate for exemptions while being prepared to impose retaliatory tariffs on selective US imports. Maintaining strong trade negotiations will be essential to mitigate the adverse effects of these tariffs.

India Must Diversify Critical Mineral Sources India’s heavy reliance on imports of critical minerals, including from China, poses risks to its economic and national security. The ongoing global contest over technology and resources, as seen in the US-China technology conflict, highlights the vulnerabilities in supply chains. India must focus on diversifying its critical mineral sources by:

- Developing domestic resources.
- Acquiring overseas mining assets.
- Enhancing multilateral cooperation.
- Exploring new frontiers.

Building resilient and diverse supply chains is vital to ensure India’s critical mineral security.

India should leverage the iCET for Critical Technologies The US-India Initiative on Critical and Emerging Technology (iCET), launched in January 2023, has advanced bilateral cooperation in areas like semiconductors, AI, quantum technologies, biotechnology, and clean energy. India should capitalise on iCET to secure critical technologies for defence and space sectors. With Trump likely to support iCET due to its benefits for US businesses, India should deepen this partnership and explore similar initiatives, such as the India-UK Technology and Security Initiative (TSI) and trilateral dialogues with nations like South Korea.

China

Annual Review

Political In 2024, China marked its 75th anniversary with a focus on structural transformation, technological innovation, and sustainable development. The Third Plenary Session of the 20th CPC Central Committee outlined plans to establish a “high-level socialist market economy” by 2035, signalling a shift to a mixed economy where private enterprises play a vital role in innovation, GDP, and employment. Reforms included Hukou policy updates to improve mobility and social benefits for 20 percent of the population and local government budget reforms to enhance financial oversight.

China’s anti-corruption campaign intensified, reporting over 4,000 disciplinary cases, targeting officials in sectors like finance, energy, and education. High-profile investigations, including one into Admiral Miao Hua, highlighted the focus on institutional integrity and governance enhancement.

Foreign Affairs China's diplomatic engagement emphasised peaceful coexistence and strengthened global partnerships. Key events included the Beijing FOCAC Summit and the 70th Anniversary of the Five Principles of Peaceful Coexistence. President Xi Jinping's visits to Europe, Central Asia, and Latin America expanded cooperation in trade, technology, and climate issues. The Global Development Initiative attracted 82 countries, and the Global Security Initiative secured 119 participants.

China deepened its ties with Russia, holding three high-level meetings between Xi and President Putin. Cooperation extended to multilateral platforms like BRICS and the Shanghai Cooperation Organisation (SCO). Relations with Europe strengthened through enhanced partnerships with France, Germany, and other nations, emphasising free trade and multilateralism. Regionally, China advanced ties with ASEAN and India, focusing on stability and economic collaboration.

In its relationship with the U.S., China emphasised stability despite tensions over Taiwan. Strategic communication continued, with collaboration on climate change and counter-narcotics. President Xi reaffirmed China's sovereignty concerns while promoting stable, mutually beneficial relations.

Military China continued modernising its military in 2024, restructuring the People's Liberation Army (PLA) and establishing the Information Support Force (ISF), Aerospace Force (ASF), and Cyberspace Force (CSF) as distinct branches. Advanced capabilities were showcased at the Zhuhai Air Show, including the H-20 stealth

bomber and drone combat swarms.

Defence ties strengthened through joint drills like Joint Sea-2024 with Russia and regional exercises with ASEAN nations. Despite U.S. tensions, China resumed high-level military communication, aiming to reduce misunderstandings. The PLAN hospital ship "Peace Ark" participated in Mission Harmony-2024, underscoring China's role in global peacekeeping and humanitarian efforts.

China also accelerated its nuclear arsenal expansion, increasing warheads from 410 in 2023 to 500 in 2024. Integrated training models and drills, such as Joint Sword-2024B, emphasised joint operations and territorial integrity, with a focus on Taiwan.

Economic China's GDP growth moderated to 4.8% in 2024, hindered by weak domestic demand and property sector struggles. The government implemented monetary easing and fiscal support, but low consumer confidence limited their impact. Efforts to drive high-quality growth included fostering innovation, industrial upgrading, and productivity improvements.

Externally, China faced rising trade investigations in industries like steel and chemicals. The government pursued negotiations and retaliatory measures while encouraging overseas investments. Companies adapted strategies to mitigate U.S.-China tensions, with regions like Mexico gaining appeal.

The re-election of U.S. President Donald Trump increased trade uncertainty, prompting China to focus on self-reliance, boosting imports, and

internationalising the yuan. Fiscal measures included increased quotas for local special bonds and a “zero tolerance” policy on new hidden debts to enhance financial stability.

Implications for India

The 21 October 2024 agreement on disengagement and patrolling between India and China has sparked cautious optimism. For India, a pragmatic approach is essential to address the persistent trade imbalance, which reached \$85 billion in 2023. While reducing dependence on Chinese imports in critical sectors such as pharmaceuticals, electronics, and renewable energy is imperative, complete decoupling is unrealistic due to China’s pivotal role in global supply chains. India must strategically engage with China in areas like energy transition technologies and global value chains while simultaneously prioritising domestic manufacturing, particularly in semiconductor production, to reduce reliance on Chinese imports.

India also needs to enhance its strategic capacity in key sectors to remain globally competitive. This includes fostering domestic champions in defence, space, and electronics through targeted policy support and incentives. Investments in semiconductor manufacturing and local solar equipment production are critical steps toward reducing dependence on China. Concurrently, India should deepen ties with global powers such as the US, Japan, and the EU to diversify its supply chains and mitigate vulnerabilities. However, India’s strategic autonomy must remain a priority, balancing engagement with China against

partnerships aligned with its long-term economic and security objectives.

Another notable development was the 23rd meeting of Special Representatives on the China-India Boundary Question held in Beijing. China’s Wang Yi and India’s National Security Adviser, Shri Ajit Doval, reached a six-point consensus to resolve the border dispute. They acknowledged progress in addressing border issues and reaffirmed their commitment to maintaining peace and stability in the region. Both sides agreed that border management should align with broader bilateral relations, ensuring these disputes do not overshadow overall ties.

Prime Minister Modi and President Xi Jinping met during the 16th BRICS Summit in Russia, emphasising their shared commitment to addressing global challenges. Both leaders stressed the importance of strengthening communication, building mutual trust, and advancing developmental goals.

Prognosis for 2025

With Donald Trump returning to the White House, US-China competition is expected to intensify, particularly as transatlantic tensions grow. China is likely to leverage these divisions, seeking to align with Europe in building a coalition to counter US pressures.

China’s economic outlook for 2025 remains challenging, with low growth projections and concerns over deflation. Despite these difficulties, significant stimulus measures or major market

reforms are unlikely, as the government prioritises stability, security, and resilience over fostering consumer-driven growth. The focus remains on managing domestic crises and external pressures, particularly from the US. Any policy changes are expected to be incremental unless driven by external shocks, such as heightened US tariffs or social unrest.

In the global race for artificial intelligence (AI), China is intensifying efforts to enhance its technological capabilities, particularly in semiconductors and AI software. Significant investments are being made to boost computing power, with a target of achieving 300 exaflops by 2025. However, these efforts face challenges from US restrictions on access to advanced technology, straining China's economy with increased energy demands and limited access to critical tech components.

In 2025, social welfare, cohesion, and public security are expected to take precedence as China addresses rising inequality and social unrest. Reforms will focus on improving healthcare, education, and support for migrant workers, alongside introducing new tax policies to fund welfare programs. Simultaneously, the government is likely to tighten societal control through expanded surveillance, predictive policing, and political education, aiming to prevent unrest and maintain stability. The Communist Party is expected to deepen its grassroots presence to resolve conflicts and reinforce social stability.

China's trade surplus is projected to reach a record high in 2025, driven by robust exports.

However, this surplus has exacerbated trade imbalances with emerging economies, as China exports more globally than it imports. US trade war tactics and tariffs are anticipated to further redirect trade flows without diminishing China's manufacturing dominance. These imbalances are becoming a global concern, with increasing exports routed through third countries to bypass tariffs, complicating global trade dynamics.

Policy Recommendations

The earlier strategy of minimising differences is no longer effective. Instead, a more refined approach is required—one that enables peaceful coexistence of differences while fostering cooperation on shared interests. This should include mechanisms for resolving the border dispute, addressing trade imbalances, and mitigating environmental concerns, such as the impact of the Yarlung Tsangpo dam on India.

Economic collaboration is vital for long-term stability. Despite existing trade imbalances, China's role in India's development remains significant. Enhanced cooperation in areas like green technology, digital transformation, and clean energy, coupled with joint investments and technology transfers, could yield mutual benefits.

Active participation in multilateral frameworks like BRICS and efforts to reform global institutions such as the UN are essential to adapt to the evolving global order.

India needs a comprehensive long-term strategy to address the challenges posed by China. This includes maintaining credible deterrence and

enhancing military readiness, particularly in air defence and long-range strike capabilities. Key priorities include bolstering the defence ecosystem, fostering technological innovation, and increasing defence spending. India should also evaluate the effectiveness of alliances like Quad and AUKUS while remaining alert to China's regional influence. Strengthening a joint military command structure is critical for achieving better operational coordination.

Russia

Annual Review

In 2024, Russia, under Putin's leadership, encountered significant external and internal challenges. Despite facing intense economic and geopolitical pressures, the country exhibited resilience in navigating these obstacles.

Putin's Re-election In March 2024, Vladimir Putin secured his fifth presidential term with an unprecedented 88 percent of the vote, continuing his dominance in Russian politics. However, criticisms surrounding the transparency of the electoral process and the suppression of opposition candidates cast doubt on the legitimacy of his victory. Following his inauguration in May 2024, Putin's leadership faces scrutiny over its implications for domestic policies and international relations, particularly with Western nations.

Continued Conflict in Ukraine Russia's military operations in Ukraine in 2024 have strained its resources and escalated global concerns. Amid intensified Western sanctions, Russia has sought

support from allies to stabilise its economy. Trump's re-election as US president has added uncertainty to the conflict's outcome. While Trump has expressed a desire to end the war, the outgoing Biden administration has complicated matters by authorising advanced military aid to Ukraine. In response, Russia has escalated its actions, including missile tests and lowering its nuclear usage threshold, creating an unpredictable and volatile situation.

Internal Security Challenges: Terrorist Attacks in Moscow

In 2024, Moscow faced a series of terrorist attacks, including a devastating bombing on June 15, which exposed vulnerabilities in urban security. The Russian government responded with heightened security measures and investigations, emphasising counterterrorism and community engagement to restore public confidence. These incidents underscored the persistent threat of extremism and the need for robust national security measures.

BRICS Kazan Summit: Strengthening International Relations

The BRICS Summit in Kazan provided Russia a platform to showcase its international relevance despite Western sanctions. With participation from over 22 heads of state, the summit underscored BRICS as a counterbalance to Western hegemony. Discussions focused on economic cooperation, reducing dependency on the US dollar, and exploring alternative trade mechanisms. The establishment of a "BRICS Partner Countries" category also highlighted the grouping's growing influence. These outcomes align with Russia's goals of fostering a multipolar world order and diversifying its economic partnerships.

Putin's Regional Visits: Consolidating Ties In 2024, Putin prioritised strengthening relations with neighbouring countries, including Azerbaijan, Mongolia, and Central Asian nations.

- **Azerbaijan:** Discussions centered on energy cooperation, particularly oil and gas exports, to navigate fluctuating global energy markets.
- **Mongolia:** Efforts focused on enhancing trade and investment, leveraging Mongolia's strategic position between Russia and China.
- **Central Asia:** Countries like Kazakhstan and Uzbekistan remain critical for regional security and trade. Putin's visits aimed to reinforce Russia's influence in these nations amid Western sanctions.

These diplomatic efforts signify Russia's strategy to maintain its regional dominance and economic stability, countering the challenges posed by shifting global alliances.

India-Russia Relations in 2024: A Strategic Partnership Amid Global Shifts India and Russia have maintained a strong partnership in 2024 despite global power shifts and rising challenges. This relationship holds strategic significance for India as a counterbalance and source of diplomatic support in a geopolitical climate shaped by China's growing influence and renewed tensions between global powers.

Economic Cooperation India and Russia's economic ties remain robust, with collaborations across defence, energy, and technology. Defence

cooperation continues to be pivotal, with India procuring advanced military equipment from Russia. Energy partnerships have deepened through joint oil and gas projects, addressing India's increasing energy demands. Bilateral trade reached a record \$66 billion in 2024, marking a fivefold increase in five years, with a 9 percent rise in the year's first eight months. Both nations are on track to achieve a \$100 billion trade target by 2030, supported by efforts to diversify trade and increase investments.

Cultural and Technological Collaboration

Cultural exchanges, educational partnerships, and tourism have strengthened people-to-people ties, fostering mutual understanding. Additionally, India and Russia have ventured into emerging technologies and cybersecurity, emphasising their shared focus on innovation.

Strategic Challenges However, the relationship faces challenges. Russia's closer ties with China pose strategic concerns for India, while India's growing alignment with the West, especially the US, adds complexity. Balancing these relationships will remain critical for India's foreign policy in 2024 and beyond.

Despite these challenges, the India-Russia partnership continues to thrive, adapting to the changing global order.

Prognosis for 2025

Russia's future hinges on its ability to balance competing interests, address challenges, and adapt to global changes. Key considerations include:

- **Ending the Ukraine Conflict:** Resolving the war would alleviate economic and diplomatic pressures.
- **Reducing Western Reliance:** Establishing alternative financial ties is vital for Russia's long-term resilience.
- **Growing Dependency on China:** Challenges are likely to deepen Russia's reliance on China.
- **India-Russia Relations:** India's deepening engagement with the West and Russia's balancing act between India and China will shape future ties.
- **Global Standing:** Russia's participation in international institutions and fostering a multipolar world order will influence its global position.
- **Prospects for Stability:** In the medium term (2024–2025), Russia will face ongoing issues in Ukraine and economic pressures. Long-term stability (2025–2030) will depend on diversifying its economy and maintaining balanced relations.

Policy Recommendations

Diversify Trade Expand trade beyond defence and energy.

Infrastructure Investment India can invest in Russian infrastructure projects, including transportation and industrial parks.

Arctic and Connectivity Projects Expedite investments and initiatives in the Arctic and connectivity projects.

Joint Ventures Collaborate in science, IT, green energy, and pharmaceuticals.

Defence Cooperation Strengthen joint exercises, defence production, and technology transfers.

Cybersecurity Develop joint research and technologies in cybersecurity.

Energy Collaboration Diversify energy sources, including Russian LNG and nuclear energy.

Rare Earth Minerals Jointly develop critical minerals for advanced technologies.

People-to-People Ties Promote student exchanges, scholarships, and research collaborations.

Think Tank Outreach Expand dialogue at Track 1.5 and Track 2 levels.

Multilateral Governance

Annual Review

2024: Challenges and Imperatives for Global Governance

The year underscored the critical need for effective global governance amid multipolarity, geopolitical fragmentation, and transnational challenges. Debates in the United Nations General Assembly (UNGA) and Security Council (UNSC) highlighted the complexities of international relations. Economic disruptions persisted, driven by climate change, conflicts, cyber risks, and the rise of Artificial Intelligence

(AI). The World Trade Organisation (WTO) and the International Monetary Fund (IMF) contended with global economic uncertainties, while the United Nations Human Rights Council (UNHRC) addressed pressing crises. Discussions on nuclear disarmament gained urgency amid escalating conflicts and advancements in military technology.

UNGA The 79th UNGA session, themed “Leaving no one behind: Acting together for the advancement of peace, sustainable development, and human dignity,” revealed growing global divides. Dominated by the Russia-Ukraine conflict, resolutions calling for de-escalation failed to achieve consensus due to polarisation. The Global South’s demand for equitable climate finance took centre stage, emphasising reparative justice and sustainable development. India’s G20 presidency amplified calls for reforming multilateral institutions, reflecting demands for a more inclusive UN system.

UNSC The UNSC faced criticism for its inability to address crises in Gaza, Ukraine, and Sudan, while the veto power of permanent members fuelled frustration among non-members. Despite structural reform debates and informal discussions about adding members like India and Brazil, no formal resolutions emerged. The UNSC authorised critical peacekeeping missions in West Africa, Mali, and the Sahel, where transnational terrorism threatened stability.

WTO The WTO’s 13th ministerial conference addressed supply chain disruptions and trade barriers. While the forecast for global trade growth in 2024 was revised to 2.7 percent, incremental progress was made on digital trade norms, focusing

on e-commerce and data sovereignty. Contentious issues like agricultural subsidies and fisheries management persisted, with developing nations seeking concessions. Director-General Ngozi Okonjo-Iweala’s call for unity underscored the WTO’s fragile state. The institution’s future faced additional pressure with the second term of Donald Trump, who had previously threatened to withdraw from the WTO.

IMF On its 80th anniversary, the IMF addressed inflation, debt, and crises triggered by the Russia-Ukraine war. A landmark decision to increase Special Drawing Rights (SDR) allocations provided relief to low-income countries. Efforts to reform debt restructuring frameworks for nations like Sri Lanka and Zambia marked progress but highlighted limitations in countering China’s debt diplomacy. The IMF’s role in stabilising global markets remained central amid ongoing challenges.

UNHRC The UNHRC’s agenda reflected the growing complexity of global human rights issues, focusing on alleged war crimes in Gaza, Ukraine, and Ethiopia. The Universal Periodic Review process emphasised state accountability, particularly regarding press freedom and displaced populations. Several African countries joined the Council, but Saudi Arabia’s bid was rejected due to its human rights record, including oppression of civil society and women human rights defenders.

Nuclear and Global Disarmament Global nuclear disarmament remained a UN priority as tensions in East and South Asia escalated. The Treaty on the Prohibition of nuclear weapons (TPNW) gained ratifications, but nuclear-armed states resisted its provisions. The Non-Proliferation Treaty (NPT)

framework was hindered by disagreements among major powers, while North Korea's nuclear programme and Iran's ambitions remained pressing concerns. Advancements in hypersonic and AI-powered weapons raised calls for international regulation of emerging technologies.

Multilateral Institutions BRICS expanded its influence by admitting Egypt, Ethiopia, Iran, and the UAE, enhancing its role in countering Western-led institutions and promoting Global South cooperation. Key initiatives included strengthening the New Development Bank and advocating for equitable governance. ASEAN bolstered its regional security and economic role through the RCEP, while the ASEAN-India Summit focused on connectivity and resilience. The Shanghai Cooperation Organisation (SCO) deepened cooperation on counterterrorism, energy security, and stability, with India balancing collaboration between China and Russia.

Implications for India

The global events of 2024 significantly shaped India's foreign policy, economic strategies, and security priorities. India's proactive engagement in multilateral institutions reinforced its role as a key player in global governance and amplified its advocacy for structural reforms, particularly for a permanent UNSC seat. As part of the G20 troika since 2022, India emerged as a prominent voice for the Global South.

India's leadership in the International Solar Alliance (ISA) and its emphasis on equitable climate action aligned with UNGA debates on climate finance. These efforts complemented India's renewable

energy goals, including achieving 500GW capacity by 2030. Additionally, India's peacekeeping contributions in Africa bolstered its image as an emerging global leader.

In the economic sphere, the IMF's new debt restructuring framework and expanded SDR allocations strengthened India's position in global financial diplomacy. WTO discussions on supply chain disruptions further highlighted India's potential as an alternative manufacturing hub, complementing initiatives like *Make in India* and *Atmanirbhar Bharat*.

India maintained a balanced stance at the UNHRC, navigating its non-alignment policy amid investigations into conflicts in Gaza and Ukraine. The lack of consensus among major powers under the NPT increased India's leverage to promote a pragmatic approach to nuclear disarmament. Escalating tensions in East and South Asia underscored India's need to deepen strategic partnerships with the US, EU, and QUAD members.

India's leadership in BRICS, SCO, ASEAN, BIMSTEC, and the G20 showcased its commitment to reforming global governance and enhancing its regional and global influence. By strengthening regional connectivity and reinforcing its *Act East* policy, India cemented its stature as a prominent actor in both the Global South and the broader international system.

Prognosis for 2025

The year 2025 is set to bring continued shifts in global governance, with India playing a crucial

role. Its focus on multilateral reforms, economic growth, regional stability, and technological self-reliance will guide its international engagements.

At the UNGA, India is likely to lead calls for equitable reforms, especially as Global South nations push for better representation. Climate change and sustainable development will remain key themes, with India advocating for reparative climate finance and technology transfer. India's bid for a UNSC permanent seat is expected to gain traction, supported by Global South nations frustrated by the Council's inability to resolve conflicts. Regionally, India will focus on stability in South and West Asia, promoting peaceful resolutions while leveraging its growing strategic influence.

The WTO is expected to face critical negotiations on digital trade, intellectual property, and agricultural subsidies. With global conflicts impacting energy and food security, India could champion the interests of developing nations. Amid concerns over a potential U.S. withdrawal from the WTO under Trump's protectionist policies, India may emerge as a stabilising force in diversifying trade networks and addressing global supply chain challenges.

In the IMF, India's collaboration with BRICS nations could drive alternative financial mechanisms, helping to address global debt restructuring and financial instability.

The UNHRC is likely to prioritise human rights in ongoing conflicts, while nuclear disarmament and military technology regulations will remain contentious. India is expected to enhance

indigenous capabilities while supporting global frameworks. Through its leadership in multilateral forums and strategic initiatives, India is poised to shape global governance in 2025.

Policy Recommendations

The governance landscape in 2024 showcased both the resilience and challenges of multilateral institutions. While incremental progress was achieved, divisions often hindered meaningful action, underscoring the need for strengthened multilateral engagements, including UNSC reforms and equitable climate finance mechanisms.

As the Asia century rises, India must bolster collaboration within BRICS and other South-South forums to counterbalance Western economies and promote alternative financial mechanisms. With the WTO's current challenges, India should prioritise strategic Free Trade Agreements (FTAs) with the EU, UK, and Indo-Pacific nations to boost exports, attract investments, and expand market access. Promoting innovative financing tools like green bonds will also ensure sustainable development.

India should adopt a balanced approach to nuclear disarmament by engaging in global forums and strengthening regional stability in the Indo-Pacific through partnerships with QUAD, ASEAN, and BIMSTEC to counter China's assertiveness. A developmental focus on human rights that emphasises socio-economic progress and climate adaptation is equally essential.

Expanding soft power diplomacy through initiatives like International Yoga Day, cultural exchanges,

and educational collaborations can further enhance India's global influence.

As geopolitical and transnational challenges intensify, reimagining global governance to enhance inclusivity, equity, and accountability is more urgent than ever. India's proactive diplomacy and balanced approach position it as a pivotal actor in navigating a fragmented global order.

Amid challenges facing multilateral institutions and global governance, there is a pressing need to strengthen engagement and implement reforms to improve inclusivity and accountability. As the Asian century unfolds, India should assume a leadership role in the Global South and enhance regional cooperation to position itself as a global power.

NEIGHBOURHOOD

Afghanistan

Annual Review

In 2024, India's neighbourhood policy encountered obstacles including unresolved border disputes, regional rivalries, and geopolitical tensions. While efforts towards economic cooperation and connectivity continued, security concerns hindered India's regional diplomacy and efforts to achieve stability.

Afghanistan's Diplomatic Struggles and Engagement Since the Taliban's return to power in 2021, Afghanistan has grappled with balancing isolationism and diplomatic engagement. While the regime has pursued selective engagement, focusing on bilateral cooperation, internal issues like women's rights and the formation of an inclusive government have complicated these efforts.

Taliban's Persistence in Power By August 2024, the Taliban marked its third year in power with a symbolic military parade. Despite predictions of collapse, the regime has maintained control, although it remains unrecognised internationally and lacks formal political opposition.

Regional Diplomatic Relations In 2024, Afghanistan's ties with neighbouring countries, especially China and Central Asia, have improved, with new trade and infrastructure projects. However, relations with Iran and Pakistan are strained over issues like refugees and water disputes. India continues humanitarian engagement without formal recognition.

Regional Diplomacy and Trade The Taliban has made significant strides in regional diplomacy, particularly with Central Asia. Key projects include the Trans-Afghanistan Railway and energy initiatives, which have increased trade and cooperation with countries like Uzbekistan and Kazakhstan.

India's Strategic Engagement India has strategically engaged with the Taliban, balancing security concerns with diplomatic efforts. Notably, India participated in a Regional Cooperation Initiative and appointed a Taliban consul in Mumbai, focusing on protecting its interests in Afghanistan.

Humanitarian Crisis in Afghanistan Afghanistan faces a severe humanitarian crisis, with over

23 million people in urgent need of aid. The Taliban's inability to provide basic services has worsened conditions, exacerbated by economic collapse, displacement, and climate-related disasters.

UN Efforts to Address Humanitarian Needs The UN has hosted meetings to address Afghanistan's humanitarian crisis, with mixed results. While the Taliban participated in some discussions, their demands for formal recognition and exclusion of civil society members hindered progress.

Afghanistan's Fragile Economic Recovery Afghanistan's economy has seen modest growth since the Taliban took power, but it remains fragile. The recovery is slow, driven by private consumption, and significant structural issues persist. Key priorities include boosting women's economic participation and enhancing domestic resource mobilisation.

Trade Imbalances and Economic Vulnerabilities Afghanistan's trade deficit has widened due to a surge in imports, driven by demand for essential goods and the recovery of domestic industrial activity. This growing imbalance highlights the country's dependency on external goods, posing risks to long-term stability.

Rising Economic Vulnerabilities and Inequalities Afghanistan's economic challenges, exacerbated by the ongoing humanitarian crisis, have increased vulnerabilities. The UN's 2023 assessment shows widespread hardship, especially among female-headed households and rural communities, with education and basic services severely affected.

Implications for India

India's Strategic Engagement with the Taliban

The Taliban's return to power in Afghanistan has significant implications for India's security and regional influence. While refraining from formal recognition, India has engaged with the regime through humanitarian aid, diplomacy, and regional initiatives. India's participation in the Taliban's Regional Cooperation Initiatives aims to maintain influence in Afghanistan, countering the growing presence of China, Russia, and Pakistan. India has also appointed a consular representative to safeguard its Afghan diaspora and protect its interests.

Humanitarian Crisis and Diplomatic Challenges

The humanitarian crisis in Afghanistan is a major challenge for India's foreign policy. With millions in dire conditions, India may face pressure from potential refugee flows, complicating relations with neighbouring countries. Additionally, the Taliban's policies on women's rights and inclusivity draw international criticism, and India must navigate these issues carefully to avoid being linked to the regime's repressive practices.

Economic and Security Concerns Afghanistan's instability, trade imbalances, and reliance on foreign aid pose risks to India's long-term regional strategy. India must support Afghanistan's recovery while avoiding actions that could heighten regional tensions, particularly with rivals like Pakistan. Ensuring long-term stability in Afghanistan is crucial for India's regional influence and security.

Prognosis for 2025

In 2025, the Taliban regime is expected to continue its balancing act between isolation and selective international engagement. While its diplomatic efforts, particularly with Central Asian nations and China, have increased, global recognition remains out of reach. Internal issues, particularly regarding women's rights and the lack of an inclusive government, will likely hinder full recognition, limiting international support. However, development projects such as the Trans-Afghanistan Railway and infrastructure agreements with Central Asia could provide some economic relief, though challenges like fiscal instability, trade deficits, and reliance on foreign aid will persist.

The humanitarian crisis in Afghanistan is set to remain dire, with millions enduring severe conditions. Despite international aid, the Taliban's failure to deliver essential services or address deep economic vulnerabilities will continue to exacerbate the suffering. While trade agreements and infrastructure projects may offer temporary relief, long-term growth will depend on addressing structural issues like human capital development, gender inequality, and access to education.

Regionally, tensions with Iran and Pakistan, especially over refugees and water resources, are likely to escalate, complicating Afghanistan's foreign relations. India's cautious engagement with the Taliban will likely continue, focusing on maintaining diplomatic channels and protecting its interests, including humanitarian aid and regional cooperation. In summary, Afghanistan's

situation in 2025 remains uncertain, with ongoing challenges in governance, economic recovery, and humanitarian stability.

Policy Recommendations

Expanding Humanitarian Aid to Afghanistan To address Afghanistan's severe humanitarian crisis, international actors must prioritise expanding aid for food, medical supplies, clean water, and essential infrastructure. Long-term solutions should focus on rebuilding healthcare and education systems, especially for women and children, with a particular emphasis on girls' education.

Pressuring the Taliban for Inclusive Governance

Sustained international pressure is needed to encourage the Taliban to form an inclusive government. This should involve engaging civil society groups and ensuring the representation of all ethnic and political factions, including women. Economic aid should be conditional on reforms that promote transparency and women's workforce participation.

Regional Cooperation and Advocacy for Women's Rights

Regional cooperation, particularly with India, is essential to combat terrorism and maintain stability in Afghanistan. The international community should also advocate for women's rights, integrating gender equality into all forms of assistance. While non-recognition remains, formal recognition of the Taliban could be considered if they meet key criteria, such as inclusive governance, human rights protections, and efforts towards peacebuilding.

Bangladesh

Annual Review

Political Turmoil and Sheikh Hasina's Ouster

The year was marked by significant political upheaval in Bangladesh. Sheikh Hasina, the longest-serving Prime Minister, secured her fourth consecutive term after a contentious general election. Allegations of voter suppression, fraud, and political repression deepened divisions between her Awami League (AL) and opposition parties, raising concerns about the country's democratic future. By mid-2024, dissatisfaction over economic struggles, rising unemployment, and inflation culminated in nationwide protests. A controversial court ruling reinstating civil service job quotas further fuelled unrest, leading to mass demonstrations demanding Hasina's resignation.

The protests, initially student-led, expanded to a nationwide movement, supported by opposition parties and civil society groups. Clashes with security forces resulted in casualties, and the military eventually brokered a deal to form an interim government. On August 5, Hasina was ousted, marking the end of her two-decade rule.

Interim Government and Dr. Yunus' Role The interim government, led by Nobel laureate Dr. Muhammad Yunus, assumed power on August 8, tasked with restoring stability and guiding the country toward free and fair elections. This administration pledged reforms, including judicial independence, anti-corruption measures, and the establishment of an independent electoral commission.

However, the transition period has been fraught with challenges, including reports of violence against religious minorities and political vendettas targeting Awami League members. Legal cases against Hasina and her party leaders have raised concerns about political retribution.

Rising Communal Tensions and Security Concerns

The political transition has also sparked fears of growing communal tensions. Incidents of violence against minorities, particularly Hindus, have intensified, with over 2,200 cases reported by December. Additionally, the resurgence of extremist groups and calls for an Islamic caliphate underscore the security void left in the wake of Hasina's removal.

Economic Challenges Bangladesh's economy faced significant hurdles in 2024, compounded by political instability. The country secured a \$4.7 billion IMF loan to stabilise foreign reserves, which had been dwindling. Real GDP growth moderated to 5.2 percent in FY24, with projections of further deceleration in FY25 due to subdued investment and industrial activity. Inflation climbed to 10.87 percent by October, while foreign exchange reserves showed a modest recovery, reaching \$25.5 billion.

Shifts in Foreign Policy Under the interim administration, Bangladesh's foreign policy has undergone notable shifts. Relations with the United States have improved, with Yunus meeting President Biden in September, marking a significant milestone in US-Bangladesh ties. Cooperation with China, Bangladesh's largest trading partner, has also been strengthened.

However, relations with India have cooled, as Dhaka appears to be aligning more closely with Pakistan. Recent discussions between Yunus and Pakistan's Prime Minister emphasised reviving SAARC and exploring strategic partnerships, signalling a potential shift in regional dynamics.

Uncertain Path Forward Despite pledges for reform, the lack of a unified political vision and a clear timeline for elections has created uncertainty. The interim government faces mounting pressure to address public grievances, ensure minority protection, and manage the resurgence of extremist activities. How Bangladesh navigates this volatile period will significantly impact its democratic trajectory and regional stability.

Implications for India

The removal of Sheikh Hasina's government has disrupted the decade-long balance in India-Bangladesh relations, creating a challenging new dynamic. The political transition on August 5, coupled with events like the arrest of former ISKCON leader Chinmoy Roy and attacks on diplomatic properties, has strained bilateral ties. Anti-India rhetoric from interim administration figures and incidents of violence against Bangladeshi Hindus and temples have further tested the societal and diplomatic relationship between the two nations.

Unresolved issues, such as border killings, the Teesta water-sharing dispute, and trade imbalances, continue to fuel anti-India sentiments in Bangladesh. Despite efforts to address these challenges, including a recent visit by India's

Foreign Secretary, divergent positions persist. Additionally, the potential extradition of Sheikh Hasina could become a contentious issue.

India now faces the dual challenge of losing a trusted ally in Hasina while needing to adapt to a new interim government asserting its independence. Navigating this evolving landscape will require strategic adjustments to maintain stability and rebuild ties.

Prognosis for 2025

The year 2025 marks a critical phase for Bangladesh as it grapples with the aftermath of Sheikh Hasina's dramatic overthrow. The interim government, led by Muhammad Yunus, faces immense challenges in steering the nation through political instability and economic uncertainty.

Political and Social Challenges The interim administration has pledged reforms and free elections but faces scepticism over its capacity to enact meaningful change. Deep-seated political polarisation and vendettas against the Awami League complicate efforts to foster national unity. Meanwhile, ethnic and religious violence, particularly targeting Hindu minorities, threatens to further destabilise the social fabric. Rising extremism and religious violence add to the security risks, testing the government's ability to maintain law and order and uphold Bangladesh's secular identity.

Security Concerns The power vacuum left by Hasina's removal has heightened security risks, including the rise of extremist sentiments

and potential terrorist activities. The interim government must prioritise security measures to prevent escalation and ensure national stability.

Economic Outlook Economically, 2025 presents a cautious outlook for Bangladesh, with growth expected to decelerate further. High inflation, a substantial fiscal deficit, and political instability continue to undermine investor confidence and long-term economic planning. Economic reforms and foreign aid will be vital to stabilising finances and ensuring sustainable development.

The Path Ahead As Bangladesh navigates this transitional period, political instability, economic challenges, and social unrest are likely to dominate the landscape. While initial efforts by the interim government may stabilise the country, achieving lasting reforms remains uncertain. The international community, including India, will closely monitor Bangladesh's progress, with the key question being whether it can transition to a stable, democratic future or remain caught in cycles of turbulence and stagnation.

Policy Recommendations

Engage Diplomatically with the Interim Government India should proactively engage with Muhammad Yunus's interim government, acknowledging the fluid political environment. Constructive dialogues across the political spectrum can help India support democratic reforms and stability, ensuring its influence during Bangladesh's political transition.

Strengthen Economic and Trade Relations Amid Bangladesh's economic challenges, India

should bolster economic cooperation through trade, investment, and infrastructure support. Prioritising issues like trade imbalances and the Teesta water-sharing dispute will solidify bilateral ties and promote mutual economic benefits.

Address Security and Religious Tensions India must advocate for the safety of religious and ethnic minorities in Bangladesh, particularly amidst rising violence. Leveraging regional and international platforms, India can foster social harmony and ensure minority rights are protected.

Adapt to Bangladesh's Evolving Foreign Policy With Bangladesh's foreign policy tilting towards Pakistan, India should focus on maintaining robust ties with Dhaka. Diplomatic initiatives to rebuild trust and cooperation will be vital to counterbalance any drift in relations.

Promote Regional Cooperation Supporting the revival of regional organisations like SAARC can provide India a platform to enhance dialogue, counter extremism, and resolve shared issues such as border management and trade. This reinforces India's role as a regional leader.

Monitor Extremist Threats and Border Security India must closely monitor extremist activities arising from Bangladesh's instability. Strengthening border security and addressing cross-border terrorism are critical to safeguarding India's national security.

Address Anti-India Sentiment To counter rising anti-India rhetoric, India should employ diplomatic outreach, economic partnerships, and soft-power

initiatives. Strengthening cultural and people-to-people ties will maintain public goodwill and stabilise long-term relations.

Manage the Extradition Issue India should handle the sensitive issue of Sheikh Hasina's potential extradition with caution. Proactive diplomacy will be key to navigating this challenge while preserving balanced relations with the interim government.

By implementing these measures, India can safeguard its strategic interests, strengthen regional stability, and support Bangladesh's transition towards a democratic and secure future.

Bhutan

Annual Review

Political Landscape and Governance Bhutan, known for its emphasis on Gross National Happiness (GNH), transitioned to a constitutional monarchy in 2008. Despite some challenges, the kingdom has maintained political stability. In 2024, the People's Democratic Party (PDP), led by Tshering Tobgay, dominated the general elections, securing over 60 percent of the National Assembly seats. Their campaign focused on addressing economic issues such as poverty and disparity, while the emergence of the Bhutan Tendrel Party indicated a shift towards alternative political voices.

Economic Challenges The new government faces significant economic challenges, including rising unemployment and a need to diversify an economy heavily reliant on hydropower exports. The economy decelerated in 2023 due to a contraction

in industrial output, leading to an elevated current account deficit. Addressing youth unemployment and fostering private sector growth will be key priorities for the new administration.

Civil Service Reforms The Royal Civil Service Commission (RCSC) faced rising attrition rates among civil servants, primarily due to voluntary resignations linked to a rigid work environment. In response, the RCSC is modernising its approach to cultivate a supportive work culture. Plans include implementing flexible work models, enhancing cognitive skills, and prioritising leadership development to foster a culture of collaboration and innovation.

Foreign Policy Dynamics Bhutan's foreign policy aims to balance strategic imperatives with its commitment to sovereignty and sustainable development. Relations with India remain central, with PM Tobgay visiting India four times in 2024 and inaugurating the first Integrated Check Post along the India-Bhutan border. Ongoing cooperation on hydropower projects reflects Bhutan's expertise in clean energy. However, trade deficits and limited export diversification are key concerns in bilateral discussions.

Simultaneously, Bhutan engaged with China to address unresolved border disputes with the 14th Expert Group Meeting on the China-Bhutan Boundary issues being conducted in August 2024. While progress in formal negotiations reflected Bhutan's commitment to peaceful resolution, the complex geopolitical dynamics between India and China posed challenges. Bhutan sought to maintain neutrality, balancing its reliance on India for

security with its interest in developing diplomatic and economic ties with China.

Climate Diplomacy and Global Engagement

Bhutan actively enhances its climate diplomacy, advocating for global environmental sustainability as a carbon-negative country. The kingdom's impending graduation from least-developed country (LDC) status in 2023 influences its international outreach, focusing on partnerships with multilateral organisations for economic stability post-graduation.

Additionally, Bhutan seeks to diversify its economic portfolio by exploring regional partnerships beyond South Asia, emphasising sustainable tourism and cultural exchange, and deepening ties with ASEAN countries. Despite its limited diplomatic footprint, Bhutan's strategic positioning and environmental credentials bolster its role as a proactive participant in global affairs.

Implications for India

Bilateral Relations Overview India and Bhutan enjoy a strong bilateral relationship founded on mutual trust and understanding, formalised with the establishment of diplomatic relations in 1968 and underpinned by the Treaty of Friendship and Cooperation, renewed in 2007.

Economic Interdependence In 2024, Bhutan's domestic and foreign policy developments have significant implications for India, which is Bhutan's largest development partner and primary trade ally. India accounts for 86 percent of Bhutan's exports and 73 percent of its imports, with 68

percent of Bhutan's external debt denominated in Indian rupees. Additionally, India remains the largest source of foreign direct investment (FDI) in Bhutan.

Political Stability and Governance The 2024 general elections, resulting in the People's Democratic Party (PDP) taking power, signal political stability in Bhutan. This continuity is beneficial for India, as it helps maintain bilateral agreements and reduces the risk of political unrest in the region. However, PDP's focus on addressing economic inequalities may impact Bhutan's engagement with India on regional initiatives.

Hydropower and Economic Support Hydropower is a cornerstone of Bhutan's economy and its bilateral ties with India. Given Bhutan's limited economic diversification and rising unemployment, India's support in these areas will be crucial. Bhutan's dwindling foreign exchange reserves highlight the need for robust trade facilitation and financial assistance, which India can provide through soft loans and grants.

Strategic Considerations Bhutan's engagement with China on border disputes poses strategic implications for India. While maintaining neutrality, progress in Sino-Bhutanese negotiations could indirectly affect India, particularly around the strategically sensitive Doklam area. To ensure regional stability, India should deepen security cooperation with Bhutan, including joint military training and enhanced border surveillance.

Navigating Foreign Policy Bhutan's balancing act of relying on India for security while exploring

economic ties with China necessitates a nuanced approach from India. Strengthening Bhutan's trust in India's commitment to its sovereignty and development is essential for counterbalancing Chinese influence.

Regional Integration and Climate Diplomacy

Bhutan's graduation from least-developed country status and efforts to diversify partnerships align with India's Act East Policy. Supporting Bhutan's regional integration can enhance economic cooperation. Additionally, Bhutan's active participation in climate diplomacy offers collaboration opportunities for India, reinforcing shared environmental goals.

Prognosis for 2025

Bhutan will look to intensify regional partnerships, particularly with ASEAN nations, emphasising cultural exchange, sustainable tourism, and trade. With limited diplomatic representation, Bhutan will leverage multilateral platforms to amplify its voice, balancing domestic needs with global responsibilities. In 2025, Bhutan's foreign policy will reflect strategic pragmatism, ensuring resilience amid shifting regional dynamics.

Policy Recommendations

Strengthening Economic Collaboration India's enduring partnership with Bhutan remains central to India's *Neighbourhood First* strategy. To enhance this relationship, there is a need to bolster economic collaboration. Bhutan's reliance on hydropower, along with India's role in co-developing projects, calls for expediting

ongoing initiatives and exploring new investment opportunities. Supporting Bhutan's energy export strategy will benefit its economy and deepen interdependence. Additionally, encouraging private sector investments in sectors like tourism, agriculture, and technology will foster job creation and reduce Bhutan's economic vulnerabilities. With Bhutan's graduation from the Least Developed Countries (LDC) list, India should extend financial aid, soft loans, and trade concessions to ensure Bhutan's economic resilience.

Strengthening Security and Strategic Engagement

India should strengthen Bhutan's trust in India's security commitments through high-level diplomatic engagements and transparent dialogue. This will counter any influence from China's overtures. India can also leverage multilateral platforms like BIMSTEC to improve Bhutan's access to the Bay of Bengal and India's consumer market.

Enhancing Development Partnership

India should collaborate with Bhutan on skill-development programmes tailored to its workforce needs, addressing the rising youth unemployment. Educational exchange programmes, internships, and professional training initiatives should be prioritised. Additionally, India can assist in Bhutan's infrastructure projects, particularly in building cities like GMC, to improve internal and cross-border connectivity.

Leveraging Climate and Renewable Energy

Bhutan's carbon-negative status aligns with India's renewable energy and sustainable development goals. India's expertise in solar energy and Bhutan's

hydropower resources present opportunities for synergistic development, benefiting both nations.

Navigating Evolving Challenges India must proactively engage with Bhutan's evolving political, economic, and foreign policy landscape, leveraging mutual interests to strengthen bilateral ties and navigate emerging challenges. A balanced and strategic approach will ensure continued partnership and stability in the region.

Maldives

Annual Review

Political Developments In 2024, the Maldives experienced significant political and foreign policy developments against a backdrop of domestic challenges. President Dr. Mohammed Muizzu consolidated power during the fourth parliamentary elections, with his People's National Congress (PNC) achieving a landslide victory in April. This dominance marked a turning point in the country's governance.

Economic Distress Despite political gains, the Maldives faced severe economic challenges. The total debt-to-GDP ratio surged to 114.6 percent in 2024, up from 97.7 percent in 2023, reflecting rising financial constraints. Inflationary pressures and public dissatisfaction over government spending compounded these concerns. Real GDP growth dropped from 8.7 percent in 2023 to 5.5 percent in 2024. Official reserve assets also hit an eight-year low, standing at \$ 371 million in September 2024, a 19 percent decline from August.

The Maldives' economy remains heavily dependent on tourism and tuna exports. While tourist arrivals surged past 2 million for the first time, reduced per capita tourist spending limited economic gains. On the export front, Maldives Customs Services reported a 58 percent decline in exports in June 2024 compared to the same period in 2023.

Transparency and Governance Domestically, political debates centred on governance transparency and allegations of corruption, particularly in health and social programmes. These issues remain critical to public discourse.

Foreign Policy Amid internal challenges, the Maldives leveraged its strategic location to strengthen international ties. President Muizzu's October visit to India resulted in agreements to facilitate local currency transactions, bolster trade, and enhance financial stability, underscoring robust bilateral ties. Earlier in January, President Muizzu visited China, focusing on tourism and infrastructure investment, maintaining a balanced stance in India-China geopolitical contests. Relations with West Asian nations and Türkiye also deepened, with defence ties highlighted by the Maldives' purchase of Bayraktar TB2 drones for patrolling purposes.

Implications for India

Overview of India-Maldives Relations India and the Maldives share deep-rooted historical ties across ethnic, linguistic, cultural, religious, and commercial spheres. These connections, cultivated over centuries, have formed a multifaceted relationship. India has long held a preeminent position in the Maldives, with cooperation spanning

trade, security, and regional stability. By 2023, India emerged as the largest trade partner to the Maldives, with total trade nearing \$550 million. As of July 2024, India was the second-largest exporter to the Maldives, with exports nearing \$50 million, reflecting a 10 percent increase compared to the previous year.

Recent Challenges in Bilateral Relations The strong bilateral relations faced headwinds when President Muizzu assumed office, following his extensive ‘India-out’ campaign. This campaign questioned the presence of Indian military personnel providing humanitarian aid, leading to a dip in diplomatic ties. However, relations were soon restored through a diplomatic solution: Indian military personnel were replaced with 76 Indian technical and civilian staff to maintain aviation platforms. This resolution, followed by high-level visits, reinforced the bilateral partnership based on mutual interests and sensitivities.

Economic Concerns and Tourism Dynamics Maldives faces economic distress, marked by fiscal challenges and vulnerability in the geopolitical space. Restoration of ties with India is speculated to be influenced by the Maldives’ hesitation to approach IMF assistance. Tourism, a key economic driver, saw a decline in Indian tourist arrivals, impacting revenue. Despite overall tourist growth, reduced spending per tourist has limited economic benefits. Efforts like roadshows by the Maldives Association of Travel Agents and Tour Operators (MATATO) in India aim to revive Indian tourist footfall and bolster revenues.

Geopolitical Considerations The Maldives continues to leverage its strategic geographic

location, balancing relations between India and China while diversifying partnerships with West Asia and Türkiye. India must anticipate increased involvement from global powers as the Maldives expands its bilateral ties beyond the regional sphere.

Prognosis for 2025

Fiscal Challenges and Economic Adjustments Maldives, facing ongoing fiscal constraints in 2024, aims to stabilise its economy in 2025. Rising expenditures, high imports, falling exports, and dwindling non-tax revenue have raised investor concerns about potential debt defaults. Experts caution that without foreign assistance, the economic outlook may worsen. To avoid financial trenches from the World Bank, the Maldives may seek support from regional neighbours.

The government plans tighter spending management, focusing on economic growth and social welfare. Restoring debt sustainability is the top priority. The latest budget incorporates new revenue measures, such as increased tourism and airport taxes, and initiatives to stabilise the national dollar supply. Efforts to diversify revenue sources beyond tourism are underway, though tourism remains the primary driver of the economy. Policies will likely promote high-value, eco-friendly tourism and expand digital marketing. Support for SMEs in the tourism supply chain aims to foster a more inclusive economic structure.

Rising tourist footfall will increase imports of capital goods, food, and fuel, further widening the current account deficit. Major fiscal and

policy adjustments will focus on restoring debt sustainability and ensuring macroeconomic stability to prevent economic shocks. Investments in renewable energy projects, such as solar and wind power, and initiatives like the “Blue Economy” framework will integrate sustainable fisheries, marine biodiversity protection, and community livelihoods.

Domestic Politics and Governance President Muizzu is expected to consolidate his control, supported by the sixth amendment to the constitution. Reforms may include expanding e-governance platforms, though domestic political polarisation could hinder policy implementation.

Foreign Policy and Regional Engagement In 2025, Maldives will strengthen ties with South Asian neighbours, particularly India, focusing on maritime security, trade, and disaster management. Financial distress will likely drive Maldives to seek further economic and technical support. Globally, Maldives will continue championing climate advocacy, leveraging its vulnerability to rising sea levels to push for stronger commitments to net-zero targets and financial assistance for climate adaptation. Active participation in international forums like the UNFCCC is anticipated.

Strategic Priorities Maldives’ reliance on external factors, including global tourism trends and climate funding, will heavily influence domestic and foreign policies. Navigating geopolitical tensions, particularly between India and China, and addressing climate risks will demand strategic policymaking. By aligning domestic initiatives with international partnerships, the Maldives can build resilience and ensure sustainable growth.

Policy Recommendations

Maintain Recovery in Relations India-Maldives relations are rebounding after a brief setback, with India poised to aid the Maldives during its economic crisis by diversifying revenue sources, building institutional capacity, and fostering development-led cooperation. Vigilance is essential to prevent other regional powers from exploiting Maldives’ economic vulnerabilities.

Maritime Cooperation and Security India should enhance maritime cooperation through joint surveillance, counterterrorism, and anti-piracy operations. Leveraging the strategic importance of the Indian Ocean Region (IOR), India can deepen security ties to address shared threats like illegal fishing and trafficking. Bilateral agreements on disaster preparedness and climate resilience will reinforce regional stability and counter Chinese influence under the Belt and Road Initiative (BRI).

Socio-Economic Partnerships India must prioritise socio-economic initiatives to build goodwill, including investments in sustainable development, renewable energy, and eco-tourism. Offering concessional loans and technical expertise for climate adaptation and fostering cultural exchanges, scholarships, and skill-building programmes for Maldivian youth will strengthen ties and reduce external influence.

Multilateral Engagement India can utilise forums like SAARC and IORA to engage the Maldives on shared priorities, including climate resilience and the blue economy. Collaborative projects within these frameworks and exploring a Bilateral Free

Trade Agreement for seafood imports will reinforce India's regional leadership.

Address Maldivian Concerns While practicing the 'Neighbourhood First' policy, India must remain attentive to Maldivian concerns and sensitivities. Ahead of the 60th anniversary of diplomatic relations in 2025, India should reaffirm its commitment to mutual growth, regional security, and the Vision for a Comprehensive Economic and Maritime Security Partnership.

Myanmar

Annual Review

Risk of Becoming a Forgotten Crisis The Myanmar conflict grows increasingly complicated, raising concerns of becoming a "forgotten crisis," warned Julie Bishop, UN Special Envoy for Myanmar. The successes of the Three Brotherhood Alliance (3BHA) since Operation 1027 have revealed vulnerabilities in the military, including territorial losses, low morale, and recruitment challenges. Attempts to regain key intersections have faced stiff resistance from ethnic groups.

Shifting Power Dynamics The military's 2024 extension of the state of emergency beyond constitutional limits has drawn scepticism about transparency in its promise of "free and fair elections." Meanwhile, the coordinated efforts of PDFs, LDFs, and EAOs have shifted battlefield dynamics. Resistance groups have captured 80 towns, 200 military bases, and key commands, such as Lashio, signalling significant setbacks for the Myanmar military.

Regional and Strategic Implications The Arakan Army's (AA) advances in Rakhine State, including the capture of BGP-5 outpost and control of the Bangladesh border, underscore changing power dynamics. Similarly, other ethnic groups, like MNDAA, have seized regional commands, impacting regional security and India's strategic interests.

Humanitarian and Economic Toll The conflict has claimed over 5,350 lives and displaced 3.3 million people, plunging half the population into poverty. Children are disproportionately affected, with 6 million facing worsening conditions. Myanmar's economy is in crisis, with a 1 percent GDP contraction projected for 2025, disruptions to trade, and soaring food insecurity exacerbated by natural disasters like Typhoon Yagi. Informal migration has increased, creating new vulnerabilities for citizens.

Limited International Support International assistance has been slow. The US BURMA Act aimed at supporting resistance groups has seen sluggish implementation. Although sanctions and diplomatic efforts with allies and ASEAN aim to pressure the military, they have yielded limited progress.

China's Strategic Balancing China's influence in Myanmar remains significant. It engages both the junta and resistance, pursuing its strategic interests through projects like the China-Myanmar Economic Corridor. However, escalating violence, such as the October attack on China's consulate, has forced China to reassess its position, highlighting public resentment against its perceived support for the junta.

ASEAN's Struggles Divisions within ASEAN hinder its ability to address the crisis effectively. Efforts such as the “Phnom Penh Peace Process” and December 2024 regional consultations in Thailand have failed to achieve consensus. Short envoy tenures and political limitations further reduce ASEAN's impact.

Implications for India

A Cautious Balancing Act India's Myanmar policy reflects a cautious approach aimed at balancing its security and economic interests, advancing its Act East Policy, and countering Myanmar's growing ties with China. This dual engagement is evident in India's External Affairs Minister, S. Jaishankar, meeting Myanmar's Deputy Prime Minister and Foreign Minister, Than Shwe, in New Delhi—the first high-level dialogue since the 2021 coup. Jaishankar emphasised the need for security for Indian projects, such as the Kaladan Multimodal Transport Project, while urging Myanmar to return to democratic governance.

Engagement with Opposition Forces Alongside its engagement with Myanmar's military regime, India has initiated limited dialogue with opposition forces, including the National Unity Government (NUG) and some ethnic armed groups near its borders. The rising influence of ethnic armed groups and the weakening of Myanmar's military pose challenges to regional stability and India's strategic interests, making this dual engagement a pragmatic move to safeguard its position.

Addressing Border Security India has taken steps to enhance border security amidst ongoing

challenges such as arms and drug smuggling and illegal cross-border movement. Early in the year, the government suspended the Free Movement Regime (FMR) along the India-Myanmar border. By December 2024, the Ministry of Home Affairs introduced a “border pass” system, regulated by the Assam Rifles, to allow individuals within 10 kilometres of the border to cross into Myanmar for up to seven days.

Prognosis for 2025

Continued Stalemate Myanmar is poised to endure another year of protracted conflict, with no clear resolution in sight. While the military regime faces mounting losses on the battlefield, it remains entrenched in central regions, retaining control over key resources, making its complete ouster unlikely. Meanwhile, the NUG and Ethnic Armed Organisations (EAOs) are making gains but lack the capacity for a decisive victory. Their struggles to establish a unified front and stable governance further complicate the situation.

The risk of Myanmar fracturing into de facto autonomous regions controlled by various armed groups remains significant. The military's planned elections are unlikely to be free or fair and are expected to lack recognition from the international community.

Regional and International Influence The international community's influence in Myanmar remains minimal, while China continues to wield significant sway. India and other regional powers will also contribute to shaping events, albeit with limited leverage. With Malaysia assuming

ASEAN's chairmanship, there is cautious optimism for renewed dialogue between conflicting sides. However, a continuation of the current conflict without a clear victor appears the most likely scenario.

Challenges to Peace and Stability Ceasefire violations underscore the difficulty of achieving lasting peace, signalling an extended period of instability. The ongoing conflict is likely to exacerbate the humanitarian crisis, prolonging the suffering of the Myanmar people.

Policy Recommendations for India

Broader Engagement with Stakeholders India should expand its engagement to include the NUG, key EAOs, and local communities, particularly in border regions. Leveraging the connections between Northeast Indian states and their counterparts in Myanmar can foster mutual understanding and enhance regional cooperation. India should actively encourage and support efforts toward an inclusive political solution, promoting dialogue between the military, the NUG, and EAOs.

Reassessing Border Management India should revisit the necessity of extensive border fencing. While regulating border crossings is a step in the right direction, alternative measures like temporary fencing and advanced surveillance technologies could balance security needs without alienating border communities.

Supporting ASEAN-Led Initiatives and Myanmar-Led Solutions India has consistently supported the ASEAN-led Five-Point Consensus

as a framework for resolving the crisis. However, it also recognises the importance of a Myanmar-led resolution, with ASEAN and neighbouring countries acting as facilitators. Balancing these approaches can help India remain a constructive partner in the peace process.

Focus on Local Development and Resilience

India should redirect its development assistance to empower local communities in Myanmar and build their resilience. Such efforts can create a stronger foundation for peace and stability while safeguarding India's national interests.

By implementing these recommendations, India can adopt a more constructive and balanced approach to addressing the Myanmar crisis, contributing to regional stability and security.

Nepal

Annual Review

Political Developments Nepal faced ongoing political instability in 2024 but made strides toward stability with the formation of a coalition government between the Nepali Congress (NC) and the Communist Party of Nepal (Unified Marxist-Leninist) [CPN (UML)]. On July 15, K.P. Sharma Oli was sworn in as Prime Minister for his fourth term, aiming to stabilise governance and address political fragmentation.

Earlier in the year, a coalition between NC and the Communist Party of Nepal–Maoist Centre (CPN-MC) collapsed, prompting a leadership shift

to Pushpa Kamal Dahal of CPN-MC. However, internal divisions persisted, leading to frequent votes of confidence in Parliament. By July, the NC and CPN-UML had secured key ministries, signalling efforts to improve governance and political stability.

Economic Performance Nepal's economy showed moderate recovery in 2024, with GDP growth rising to 3.9 percent from 2 percent in 2023. Growth was driven by tourism, hydropower, and the services sector. Inflation decreased from 7.7 percent in 2023 to 5.4 percent, aided by lower fuel and housing costs. The country recorded surpluses in its current account and balance of payments, supported by record remittances of \$10 billion, accounting for over 20 percent of GDP.

A significant milestone was achieved as Nepal began exporting electricity to Bangladesh via an Indian grid, marking its transition to a net electricity exporter. Fitch Ratings assigned Nepal a “BB Minus” credit rating, reflecting low debt distress, with public debt at 42.7 percent of GDP—well below regional averages.

Despite these gains, low private-sector credit demand and cautious industrial investment highlighted challenges. Excess liquidity in banks and high exposure to real estate added to economic concerns, necessitating policies to stimulate productive investments and manage non-performing loans.

Foreign Policy Balancing Nepal's foreign policy continued to navigate the competing interests of India and China. Relations with India, essential for

trade, water resources, and security, were strained by border disputes and India's scepticism toward Chinese-funded projects. Nevertheless, initiatives like the Integrated Check Post and regional cooperation through SAARC and BIMSTEC remained focal points for fostering ties with India.

Simultaneously, Nepal expanded engagement with China, leveraging the Belt and Road Initiative (BRI) for infrastructure development. However, concerns over debt sustainability, highlighted by the Chinese-funded Pokhara airport, led Nepal to seek more balanced financing arrangements. A new BRI framework signed in December 2024 included grants and loans, reflecting a pragmatic approach to foreign investment.

Implications for India

Nepal's political and economic progress in 2024 holds strategic significance for India. As Nepal stabilises under a new coalition government, India must monitor its foreign policy trajectory, especially the balance between India and China. Nepal's participation in China's Belt and Road Initiative (BRI) raises concerns about excessive reliance on Chinese funding in infrastructure and trade.

India's support remains crucial in sectors like trade, water resources, and security, where Nepal relies heavily on its southern neighbour. The export of Nepali electricity to Bangladesh through India's grid underscores the potential for enhanced energy cooperation. Strengthening ties in this area can benefit both nations while reinforcing regional connectivity.

However, Nepal's growing engagement with China could escalate tensions on strategic issues. To safeguard its interests, India must focus on bolstering bilateral relations through collaboration in vital sectors and proactive diplomacy. This approach will help maintain Nepal's political and economic stability in alignment with India's regional objectives, preventing a strategic tilt toward China. By fostering mutually beneficial partnerships, India can support Nepal's sustainable development while ensuring regional stability and balance.

Prognosis for 2025

Nepal begins 2025 with a new coalition government between the Nepali Congress (NC) and the Communist Party of Nepal (UML), offering a rare chance for political stability. This partnership provides an opportunity to implement long-term policies in governance, the economy, and foreign relations.

Economic Challenges and Opportunities The coalition's stability enables focus on addressing economic challenges. Nepal must refine its strategy for sustainable growth, prioritising domestic utilisation of its hydropower potential before expanding exports. Chinese investments in energy could boost growth and reduce import reliance, but maintaining strong ties with India, Nepal's key economic partner, remains essential for stability and prosperity.

Balancing Foreign Relations Nepal faces the delicate task of balancing its relationships with China and India. Recent successes with China's Belt and Road Initiative (BRI) highlight

opportunities for economic gains but also the risk of entanglement in geopolitical rivalries. Nepal must reassess its non-alignment policy, adopting a pragmatic approach to protect its national and strategic interests.

By fostering stable governance, refining economic strategies, and pursuing balanced diplomacy, Nepal can navigate 2025's complexities and secure long-term stability and growth.

Policy Recommendations

Bilateral Relations Overview In light of Nepal's recent political and economic developments, India should adopt a comprehensive approach to strengthen bilateral ties.

Economic and Energy Cooperation India should prioritise enhancing economic and energy cooperation by investing in cross-border power grids, hydropower projects, and renewable energy initiatives. These efforts would facilitate greater electricity trade among Nepal, India, and Bangladesh, benefiting all parties involved.

Trade Relations To sustain robust trade relations, India should reduce non-tariff barriers and encourage Indian investments in Nepal's hydropower, agriculture, and tourism sectors. Expanding economic engagement can create win-win scenarios for both nations.

Political Stability and Governance Supporting political stability in Nepal is crucial. India must engage with the new coalition government by offering assistance in governance reforms, capacity-building, and anti-corruption measures.

This support can help foster a stable political environment conducive to mutual growth.

Security and Border Management India should deepen its collaboration with Nepal on security matters, including border management, illegal immigration, counterterrorism, anti-smuggling, and intelligence sharing. Furthermore, India can assist Nepal in modernising its military infrastructure, reducing reliance on other external powers like China. The recent border demarcation dispute should be resolved through bilateral dialogues, joint surveys, and diplomatic channels.

Navigating Nepal's Foreign Policy India should support Nepal in navigating its relationships with both India and China. By offering alternatives to Chinese financing while respecting Nepal's sovereignty, India can strengthen its ties and mitigate potential risks of debt traps or undue external influence.

Cultural Ties and Regional Integration Strengthening cultural ties through educational exchanges, cultural programmes, and tourism initiatives can deepen the India-Nepal bond. Additionally, India should promote Nepal's active participation in regional forums like SAARC and BIMSTEC to enhance its role in regional economic and security cooperation.

Pakistan

Annual Review

Pakistan's political and economic instability presents a significant challenge to regional security. India should pursue a comprehensive approach

to address the issues arising from Pakistan's instability.

Political Turmoil and Election Aftermath

Pakistan's political landscape remained volatile in early 2024 following February 8 elections. Despite disruptions such as internet shutdowns and lower voter turnout compared to 2018, youth engagement stood out, with 44 percent of voters aged 18–35. While 167 political parties contested, no party secured a majority, resulting in prolonged coalition negotiations. The Pakistan Muslim League-Nawaz (PML-N), Pakistan People's Party (PPP), and smaller regional parties struggled to form a coalition, while independent candidates aligned with Pakistan Tehreek-e-Insaf (PTI) sought alliances. Amidst this gridlock, the worsening economic crisis heightened the need for a stable government to secure international financial support.

The Pakistan Army played a pivotal role in shaping the government, backing Shehbaz Sharif. Sharif's coalition government remained heavily reliant on military support, lacking a robust political mandate.

Legislative and Constitutional Controversies

Post-election, tensions escalated as the PML-N-led coalition proposed legal changes intensifying government-opposition conflicts. A key controversy was the amendment to the Pakistan Army Act, extending the army chief's tenure and removing the retirement age for four-star generals. Critics argued this consolidated military power, undermining civilian oversight and threatening democratic institutions.

Additionally, judicial reforms sparked debate. The 26th Constitutional Amendment empowered the Judicial Commission of Pakistan (JCP) to form seven-member constitutional benches, raising concerns over delays and judicial independence. The expansion of the Supreme Court from 17 to 34 judges, alongside increased numbers in the Islamabad High Court, faced criticism for potential judicial “packing” aimed at advancing the government’s agenda, risking further erosion of judicial integrity and democratic checks and balances.

Economic Challenges Pakistan’s economic situation remains precarious, with the 2024-2025 budget reaching Rs. 18.877 trillion—a 30 percent increase from the previous year. Finance Minister Muhammad Aurangzeb’s measures aim to address the fiscal deficit and balance of payments but include sharp tax increases: 48 percent for direct taxes and 35 percent for indirect taxes. The defence sector dominates the budget, highlighting the military’s financial influence.

Critics argue the increased tax burden disproportionately impacts the salaried middle class while neglecting Pakistan’s large undocumented economy. This approach has fuelled concerns about insufficient economic relief and declining public trust in the government’s fiscal management.

Pakistan’s dependence on IMF support adds to its challenges. With rising unemployment, inflation, and national debt, the government faces pressure to implement reforms or renegotiate IMF agreements. These decisions risk further economic stagnation, leaving the country vulnerable to external pressures and public dissatisfaction.

Escalating Internal Security Challenges

Pakistan’s internal security situation has worsened, with militant violence claiming 757 lives in the first eight months of 2024. The Tehreek-e-Taliban Pakistan (TTP) and the Baloch Liberation Army (BLA) remain significant threats, particularly in Khyber Pakhtunkhwa and Balochistan. The BLA’s expansion into previously stable areas and its suspected alliance with the TTP, possibly equipped with advanced American weaponry from Afghanistan, have intensified the crisis.

Local communities, facing disrupted lives and limited trust in military operations, demand the expulsion of both militants and the military. Cross-border terrorism and unresolved concerns over TTP hideouts in Afghanistan further complicate the government’s response. Counter-terrorism cooperation with the US may become crucial, as both countries view TTP and ISKP as regional threats.

Impact on China-Pakistan Relations

Attacks on Chinese nationals, especially in Balochistan, have strained Pakistan’s ties with China. Beijing’s concerns over safety have stalled key infrastructure projects, including the \$6.8 billion ML-1 railway. The future of the China-Pakistan Economic Corridor (CPEC) is at risk, jeopardising Pakistan’s economic prospects if security issues remain unaddressed.

Implications for India

Pakistan’s political and economic instability in 2024 poses substantial challenges for India. The fragmented ruling coalition, growing military

dominance, and internal divisions create a volatile neighbour, potentially destabilising the region. These governance issues could alter Pakistan's foreign policy, complicating relations with India on sensitive matters like Kashmir and cross-border terrorism.

Pakistan's deepening economic crisis, marked by IMF dependency and rising debt, risks internal unrest, further exacerbating security concerns for India. The insurgency in border regions, particularly from groups like the Tehreek-e-Taliban Pakistan (TTP) and Baloch insurgents, increases threats to Indian interests and regional stability.

Compounding these challenges is Pakistan's strained relationship with China. Security threats to Chinese nationals and delays in infrastructure projects, including the China-Pakistan Economic Corridor (CPEC), could disrupt regional dynamics. Shifts in Pakistan-China ties may carry significant economic and strategic implications for India.

Amid these uncertainties, India must strengthen its security apparatus, remain diplomatically proactive, and prepare for potential changes in Pakistan's political and economic trajectory.

Prognosis for 2025

Pakistan is poised to face ongoing political and economic volatility in 2025, with significant implications for domestic stability and regional security. Fragmented coalitions and the military's expanding influence are likely to perpetuate political paralysis, undermining democratic processes and governance. Further constitutional

amendments could erode civilian oversight and judicial independence, deepening institutional fragility.

On the economic front, reliance on IMF support and mounting debt will exacerbate financial instability. Austerity measures, though necessary, may heighten public dissatisfaction by disproportionately burdening the middle class. Persistent economic stagnation, rising unemployment, and inflation could intensify social unrest, adding to Pakistan's internal challenges.

Security concerns will likely escalate, with insurgencies in Balochistan and Khyber Pakhtunkhwa, driven by groups like the Tehreek-e-Taliban Pakistan (TTP) and Baloch Liberation Army (BLA), posing severe threats. Cross-border terrorism and militant alliances will further complicate Pakistan's fragile security landscape, especially amid tensions with Afghanistan.

Pakistan's strained relationship with China could also persist, affecting critical infrastructure projects such as the China-Pakistan Economic Corridor (CPEC). Successfully navigating these intertwined domestic and external challenges will be vital for Pakistan's stability in 2025.

Policy Recommendations

India must adopt a multifaceted approach to address the challenges posed by Pakistan's instability.

Strengthening Border Security For India, enhancing surveillance and intelligence-sharing with Afghanistan and neighbouring countries

is crucial to counter insurgencies like the TTP and the Baloch Liberation Army (BLA). This will help mitigate cross-border terrorism risks effectively.

Bolstering Counter-Terrorism Diplomacy

Deepening ties with key Western powers, particularly the United States, will be essential for robust counter-terrorism cooperation, focusing on curbing regional militant activities.

Monitoring Political Dynamics

India must closely track Pakistan's shifting political landscape, particularly military influence, judicial changes, and coalition stability, to anticipate and manage potential regional spillovers.

Preparing for Economic Fallout

Strengthening border infrastructure and fostering local economic resilience will help manage risks such as refugee influx or economic instability stemming from Pakistan's financial struggles.

Countering China's Influence

Vigilance over the CPEC and collaborative efforts with regional partners are necessary to balance China's strategic footprint and safeguard India's interests.

Sri Lanka

Annual Review

Political Shifts and Leadership Changes Sri Lanka has been navigating a challenging political landscape in 2024, following the 2022 economic crisis. The leadership is focusing on reforms,

recovery, and rebuilding public trust. A significant shift occurred with Anura Kumara Dissanayake's election as President, marking a departure from traditional power structures. Dissanayake, leader of the left-wing Janatha Vimukthi Peramuna (JVP) and the National People's Power (NPP) coalition, gained support from youth, rural populations, and urban middle classes disillusioned by past political instability.

NPP's Victory and Its Challenges

In the November 2024 parliamentary elections, Dissanayake's NPP achieved a historic victory, signalling a demand for structural change, transparency, and an end to corruption. This win marked a repudiation of the traditional political elite. However, governing amidst an ongoing economic crisis, high debt levels, and a fragmented political environment presents significant challenges for the NPP as it seeks to implement reforms while navigating resistance from traditional elites.

Economic Recovery and IMF Support

On the economic front, Sri Lanka reached a pivotal milestone in 2024 with the release of the third tranche of funding from the International Monetary Fund (IMF), part of an extended bailout programme aimed at stabilising the economy. This tranche brings Sri Lanka's total IMF financial support under the 2023-2026 programme to about \$1.3 billion. The World Bank reported a 5 percent growth in the Sri Lankan economy in the first quarter of 2024, with inflation remaining low. Despite challenges, including an 18.3 percent increase in the merchandise trade deficit, the country benefitted from higher tourism receipts, remittances, and development partner support.

Implications for India

Sri Lanka's Political and Economic Landscape

As Sri Lanka's new president, Anura Kumara Disanayake, navigates a complex political and economic environment, his approach to India will be pivotal for both nations. India is an essential economic partner for Sri Lanka, particularly in sectors like agriculture, energy, digital projects, and infrastructure. Disanayake's commitment to strengthening Sri Lanka's economic self-reliance will likely foster deeper ties with India, building on existing trade agreements. This was reflected in his first visit to India as president in December 2024, where he acknowledged India's crucial role in Sri Lanka's post-crisis recovery.

Strengthening Economic Ties with India During his visit, Disanayake and Indian officials discussed expanding cooperation, including diversifying Sri Lanka's energy sources and supporting renewable energy investments. India's proximity and economic influence make it a key player in Sri Lanka's recovery. However, the extent of India's involvement will depend on how Disanayake manages domestic political pressures and ensures mutual benefit in the partnership.

Balancing Foreign Relations and Regional Security Disanayake's foreign policy may seek a balance between India and China, both crucial to Sri Lanka's economic recovery. While continuing engagement with China is likely, Sri Lanka's ties with India will be pivotal in maintaining regional stability and security. India is focused on preventing any foreign influence

that could destabilise the region, particularly in terms of maritime security and access to the Indian Ocean. Sri Lanka's cooperation in regional security frameworks, such as BIMSTEC and IORA, will be vital for India's strategic interests.

Challenges in Indo-Sri Lankan Relations

Despite opportunities to strengthen bilateral ties, challenges remain. Issues such as the fishermen dispute, Tamil minority rights, and Sri Lanka's foreign debt—especially its dealings with China—will influence the relationship. During his visit, Prime Minister Modi urged Disanayake to address Tamil aspirations through constitutional reforms and provincial elections. Disanayake's upcoming visit to China will also be a significant factor in balancing Sri Lanka's foreign policy.

Future Prospects for Bilateral Cooperation

Under Disanayake's leadership, Sri Lanka has an opportunity to reset its foreign policy. India should position itself as a reliable partner, focusing on strengthening economic ties, regional security, and addressing ethnic reconciliation. By fostering deeper cultural and people-to-people links, both nations can build a durable partnership. The success of Disanayake's presidency will depend on his ability to balance relationships with both China and India, ensuring Sri Lanka's long-term peace and prosperity.

Prognosis for 2025

Political Landscape As Sri Lanka enters 2025 under President Anura Kumara Disanayake, the nation stands at a critical juncture in its economic recovery and political evolution. The NPP's 2024

victory offers opportunities but presents challenges in consolidating governance amidst a fragmented political landscape. The administration's success hinges on implementing anti-corruption reforms, enhancing transparency, and maintaining public trust, especially among youth and rural voters.

Economic Recovery Sri Lanka's economy is on a recovery path, supported by the IMF's extended bailout programme and strategic measures. Growth is anticipated, with inflation under control and positive contributions from tourism and remittances. However, addressing high debt levels and the lingering effects of the 2022 crisis remains imperative. Structural reforms will be key to sustaining progress.

Foreign Policy Dissanayake's foreign policy will focus on balancing Sri Lanka's strategic position between China and India. Strengthening economic and diplomatic ties with both nations while managing their competing interests will be a significant challenge. Navigating this balance will be critical to Sri Lanka's regional standing.

Ethnic Reconciliation Addressing ethnic reconciliation and advancing constitutional reforms for greater autonomy and provincial elections will be crucial for achieving lasting peace. The international community, including India, will closely monitor progress on these fronts.

Outlook for 2025 Sri Lanka faces a mix of challenges and opportunities. The year ahead will test Dissanayake's leadership as the country seeks to balance domestic reforms, economic recovery, and strategic foreign policy decisions.

Policy Recommendations

Diversify and Expand Economic Engagement

India should build on existing trade agreements with Sri Lanka, focusing on sectors like energy and infrastructure. Promoting investment in these areas would aid Sri Lanka's recovery and provide India with strategic economic leverage.

Support Sri Lanka's Economic Recovery

India should continue offering financial and technical support, particularly through concessional loans and clean energy partnerships. Collaborating on renewable energy projects will help Sri Lanka achieve long-term self-reliance.

Bolster Security Ties and Regional Frameworks

India should strengthen ties with Sri Lanka in regional security frameworks such as IORA, Colombo Security Conclave, and BIMSTEC, enhancing maritime security and regional stability.

Collaborate on Maritime Security

Given Sri Lanka's strategic location, India must ensure alignment on maritime security, focusing on combating piracy, trafficking, and other threats that could destabilise the region.

Address Strategic Concerns with China

India should monitor Sri Lanka's growing ties with China, particularly regarding Chinese investments in critical infrastructure. Transparency in agreements and joint ventures ensuring mutual benefits will safeguard India's maritime interests.

Support Tamil Ethnic Reconciliation

India should advocate for full implementation of Sri Lanka's

Constitution, especially the 13th Amendment, to grant provincial autonomy, addressing Tamil aspirations and fostering ethnic peace.

Support a Balanced Foreign Policy India should encourage Sri Lanka to maintain a balanced foreign policy, avoiding over-reliance on any one country, and prioritising regional cooperation and neutrality.

Engage in Constructive Dialogue on Debt and External Relations India should offer diplomatic support in Sri Lanka's debt management and encourage a pragmatic approach to debt restructuring, ensuring economic stability and reducing dependency on one creditor.

Foster Cultural and Educational Exchanges India should promote people-to-people exchanges and educational initiatives to strengthen bilateral ties, contributing to long-term peace and mutual understanding.

Leverage Diaspora Communities India can engage with the Indian-origin diaspora in Sri Lanka to deepen cultural and trade relations, acting as a bridge between the two countries.

Be Attuned to Political Shifts in Sri Lanka India should closely monitor political developments under President Dissanayake and adapt its support to align with the aspirations of the Sri Lankan people, while maintaining strategic autonomy.

Balance Diplomacy on Security Concerns India should diplomatically address security concerns, such as foreign surveillance vessels, and maintain high-level dialogues with Sri Lanka to ensure transparency in security arrangements.

Maintain High-Level Diplomatic Engagement Regular visits by senior Indian officials to Sri Lanka will strengthen bilateral relations, ensuring alignment on regional security, economic development, and foreign policy.

REGIONAL

Central Asia

Annual Review

Central Asia has continued to emerge as a region of significant transformation and rising influence, moving beyond its historical image as a mere battleground for geopolitical rivalries. The region has shown greater adaptability to global shifts and challenges than ever before.

Growing Regional Agency Central Asia is asserting its global agency, moving beyond its traditional image as Russia's periphery or a sphere of Chinese influence. In 2024, the region leveraged multi-vector diplomacy and proactive engagement to mitigate reliance on traditional powers while deepening ties with diverse global partners. Strategic investments in innovation, infrastructure, and trade connectivity underpinned sustained economic growth, positioning the region as a critical hub in global networks.

Transition to a Green Economy Central Asian nations are transitioning towards sustainability, focusing on renewable energy, nuclear power, and

eco-friendly practices to reduce reliance on fossil fuels. Key developments include Uzbekistan's partnership with Rosatom for nuclear power and Kazakhstan's push for carbon neutrality by 2060. These efforts reflect a commitment to balancing economic growth with environmental responsibility.

Regional Cooperation and Integration Regional collaboration advanced through initiatives like the *Central Asia–2040 Concept* and proposals for a Single Regional Market. Economic ties have deepened, with intra-regional trade exceeding \$11 billion, alongside significant infrastructure and energy projects. However, unresolved issues like border disputes and the absence of a treaty on friendship and cooperation highlight lingering challenges.

Geopolitical Dynamics and External Players Central Asia navigates a complex interplay of influence from Russia, China, the West, and Turkey. While Russia and China maintain strong economic and strategic ties, the region increasingly diversifies partnerships, exploring ties with the EU, US, and Turkey. This diversification reflects

a strategy to balance major power dynamics and secure broader opportunities.

Implications for India

Initial Progress and Recent Decline India's engagement with Central Asia gained momentum following Prime Minister Modi's 2015 visit to five Central Asian nations, marked by enhanced diplomatic ties and participation in regional organisations. However, this upward trajectory has stalled. Key summits, such as the biannual leaders' meeting initiated in 2022 and the foreign ministers' dialogue, have not taken place. This decline indicates a lack of sustained focus on India's Eurasian policy.

Limited Trade Potential Trade between India and Central Asia remains far below potential. Between April and October 2024, India's exports to the region totalled \$532.66 million, while imports amounted to just \$201.74 million. Despite significant opportunities for growth, trade is constrained by persistent connectivity challenges.

Underutilised Connectivity Corridors

Connectivity barriers, particularly the incomplete development of the Chabahar Port and the North-South Transport Corridor, are major obstacles. These routes, vital for improving trade efficiency and reducing transit times, remain underutilised due to infrastructure gaps, logistical hurdles, and misinformation about sanctions on Iran.

Addressing Connectivity and Trade Challenges

To regain momentum in its Central Asia engagement, India must prioritise the operationalisation of these connectivity projects. Overcoming banking,

customs, and infrastructure challenges is crucial to unlocking the potential of these corridors and enhancing regional trade.

Prognosis for 2025

Central Asian nations will pursue diversified foreign relations by expanding diplomatic and economic ties with a broader range of global partners.

Engagement with the Global South will intensify, emphasising partnerships with Africa, the Middle East, and Latin America to enhance economic cooperation, cultural exchange, and political alignment.

Relations with Russia and China will remain pivotal, with efforts to maintain robust economic and political ties while minimising over-reliance on these dominant powers.

Greater regional integration will be prioritised through trade agreements, shared infrastructure projects, and unified policies on security, environment, and diplomacy.

Collaborative regional development will leverage each nation's strengths, such as Kazakhstan's natural resources, Uzbekistan's industrial base, and Turkmenistan's energy sector.

Uzbekistan and Kazakhstan will navigate emerging competition for regional leadership, balancing rivalry with cooperative initiatives.

Strengthened trade agreements and economic partnerships with neighbouring countries will underpin regional economic growth and stability.

Enhancing regional security measures will address threats like terrorism and organised crime, contributing to long-term stability.

Environmental cooperation will serve as a diplomatic tool, fostering regional unity and bolstering collective influence in global climate negotiations.

Policy recommendations

Reassess India's Policy Toward Central Asia

India must reassess its approach to Central Asia and take decisive action based on the changing dynamics. There is a pressing need to resume delayed dialogues at the levels of foreign ministers and heads of state to foster stronger relations.

Diversify Trade and Strengthening Economic Relations

To enhance bilateral trade, India should look to diversify its export and import portfolio to ensure a balanced trade relationship. Central Asia presents a wealth of opportunities for Indian businesses, particularly in the manufacturing sector, and should be a key area for investment.

Expedite Chabahar Port Development

The progress of Chabahar Port should be accelerated to improve connectivity between India and Central Asia, and Central Asian nations should be actively encouraged to take part in this initiative.

Enhance Defence Cooperation

Defence cooperation between India and Central Asia currently remains underdeveloped, and India can play a role by offering defence training to these nations. Additionally, India has the opportunity to

explore exporting defence equipment to Central Asia, as these countries have recently increased their defence budgets and are seeking to purchase arms from other countries such as China and Turkey.

Strengthening Soft Power in Central Asia

To further strengthen ties, India should work on enhancing its soft power in the region by increasing educational scholarships, promoting cultural exchanges, and supporting tourism initiatives to foster people-to-people connections.

West Asia

Annual Review

The West Asian region in 2024 was marked by significant turbulence stemming from entrenched conflicts, evolving power dynamics, and broader global geopolitical influences. Early signs of détente were visible through Iran's rapprochement with Gulf States, Bashar al-Assad's reintegration into the Arab fold, and Israel's normalisation efforts. However, these positive developments were overshadowed by heightened conflicts following Hamas's attack on Israel.

Israel-Palestine Conflict Intensifies

Under Prime Minister Netanyahu, Israel's hardline stance against Palestinian self-determination and a two-state solution sustained the longstanding Israel-Palestine conflict. The Palestinian Authority, facing declining credibility, failed to counter Hamas effectively. In response to the October 7, 2023, attack by Hamas, Israel launched a military campaign aimed at rescuing hostages, reoccupying

Gaza, and expanding settlements in the West Bank and East Jerusalem. This conflict caused extensive human and infrastructural devastation, attracted global condemnation, and weakened Israel's international standing. Domestically, Israel faced mounting challenges, including judicial reform disputes, economic slowdowns, reduced foreign investment, workforce shortages, and security concerns.

Northern Border Tensions Israel also experienced limited conflict with Hezbollah along its northern border. Hezbollah's small-scale operations displaced 70,000 Israelis but adhered to established engagement rules. Israel responded with airstrikes and ground operations, eventually degrading Hezbollah's capabilities. A ceasefire on November 26 marked Hezbollah's military defeat, though uncertainties about Israel's northern security remained.

Houthis and Regional Instability The Houthis leveraged Yemen's strategic location to disrupt Red Sea trade and target Israel with missiles, increasing regional instability while reducing Yemen's frontline conflicts. Meanwhile, Iranian-backed groups in Iraq ceased attacking U.S. bases by early 2024, signalling a tactical recalibration.

Syria's Evolving Conflict Syria remained a focal point of U.S.-Israel and pro-Iranian engagement. The Assad regime weakened significantly due to limited Russian support and degraded Hezbollah capabilities. In November, Hayat Tahrir al-Sham toppled Assad, marking a significant power shift. Israel escalated airstrikes on Hezbollah and Iranian targets, redefining its strategic rules amid Iran's advancing nuclear programme.

Global Power Interventions Major global powers vied for influence in West Asia.

- **United States:** The Biden administration maintained robust support for Israel, launched strikes against Iranian-backed groups, and fostered coalitions to secure navigation routes. Efforts were also made to bolster Israel-Arab normalisation and preserve U.S. influence.
- **China:** By mediating Saudi-Iran relations, China reduced sectarian tensions and advanced its economic initiatives, including the Abraham Accords and I2U2 partnership, to promote regional integration.

Economic and Strategic Adjustments Gulf States faced challenges from falling oil prices and OPEC+ production cuts, accelerating diversification efforts toward knowledge-based economies. Despite the Gaza conflict, the UAE and Bahrain maintained ties with Israel, while Saudi Arabia signalled openness to normalisation, contingent on U.S. security assurances.

Spillover Effects and Regional Instability Instability strained neighbouring states like Egypt, Jordan, and Lebanon, exacerbating fragile socio-economic conditions and raising fears of conflict spillover. The interplay between conflict and cooperation highlighted the region's complex and volatile dynamics, shaping its trajectory into 2025.

Implications for India

West Asia's volatility carries significant implications for India, a country deeply connected

to the region through economic, strategic, and cultural ties. The Gaza war and the escalating risk of a broader regional conflict present serious challenges to India's foreign policy objectives. India's engagement with West Asia has intensified, driven by priorities such as energy security, trade, and connectivity initiatives like the International North-South Transport Corridor (INSTC) and the India-West Asia-Europe Economic Corridor (IMEC). The Comprehensive Economic Partnership Agreement (CEPA) with the UAE highlights India's growing integration into the regional supply chain, particularly in sectors like pharmaceuticals and technology.

Energy Security West Asia accounts for over 60 percent of India's oil imports, making it critical to India's energy needs. Prolonged hostilities, especially the potential for an Israel-Iran conflict, risk disrupting oil and gas supplies, leading to price volatility and threatening India's economic stability and growth ambitions.

Diaspora Concerns India's expatriate population in the Gulf, exceeding eight million, faces heightened risks from regional instability. Escalating conflicts could lead to displacement, job losses, and repatriation, severely impacting remittance flows that are vital to India's economy.

Geopolitical Balancing India's delicate balancing act between strong ties with Israel and maintaining goodwill with Arab and Muslim-majority nations is increasingly strained. The Gaza war has intensified global criticism of Israel, complicating India's neutral stance and risking alienation of key Gulf Cooperation Council (GCC) partners or triggering domestic political repercussions.

Strategic Partnerships The instability in West Asia emphasises the importance of India's strategic engagements. Strengthening security cooperation with Gulf States and utilising mechanisms like the India-UAE-France trilateral forum can help India contribute to regional stability while safeguarding its interests.

Countering Extremism The resurgence of Sunni jihadist groups like ISIS-K and the power vacuum in Syria pose direct threats to India's national security. With growing signs of radicalisation in South Asia, particularly in Pakistan and Bangladesh, India must remain vigilant against the potential spillover of extremist ideologies and activities.

India's ability to navigate these challenges will be critical to sustaining its regional influence and protecting its strategic interests amidst West Asia's continuing volatility.

Prognosis for 2025

Israel's Strategy Israel's strategy involves creating conditions for evacuating Gaza's civilian population to the Sinai Peninsula, establishing military control, and expanding settlements while preventing Palestinian return. Ultra-nationalist factions support this to reshape Gaza's demographics and preserve Israeli dominance. However, this policy faces resistance due to potential destabilisation in Egypt's Sinai Peninsula and international condemnation.

Egyptian Position Already grappling with economic crises and regional challenges, Egypt is wary of hosting Palestinian refugees. While

economic incentives like aid or debt relief might influence its stance, Cairo seeks to avoid exacerbating domestic instability. Egypt's role remains critical in any ceasefire or post-war agreements with Israel.

Competing Visions for Regional Order

- *Hamas*: Aims to weaken Israel through a multi-front war and disrupt normalisation efforts.
- *Iran-Hezbollah*: Seeks to erode Israel's strength and U.S. presence via attritional warfare.
- *U.S.*: Supports Israel while pushing for regional stability through normalisation deals and security arrangements.
- *Israel*: Focuses on degrading adversaries, reoccupying Gaza, and establishing territorial buffer zones in Syria.

Iran's Dilemmas Facing setbacks like Hezbollah's weakening, Assad's fall, and Israeli strikes, Iran's strategic focus shifts towards rebuilding its deterrence and alliances. Domestically, public discontent and potential leadership transitions may create additional challenges.

Syria post-Assad The HTS-led transitional government is navigating fractured opposition factions and announcing reforms. Challenges include managing sectarian divisions, avoiding a power vacuum, and securing international legitimacy. Russia faces a strategic setback, while Turkey emerges as a dominant player, balancing

refugee issues and regional ambitions.

Turkiye's Role Turkiye's enhanced influence in Syria enables it to broker power among Syrian factions and pursue its strategic goals, including countering Kurdish forces. However, tensions with Israel and competition with Gulf states could escalate.

The interplay of these forces will shape West Asia's future, testing the diplomatic and military strategies of regional and global actors.

Policy Recommendations

India's strategic engagement with West Asia, a region of critical economic and geopolitical importance, requires a balanced and proactive approach. Amid regional instability and global power shifts, India must focus on securing its interests while fostering peace and stability. The following recommendations provide a structured framework for India's West Asia policy in 2025:

Strengthen Economic Engagement

Pursue Strategic Trade Agreements

- Accelerate negotiations for the India-Gulf Cooperation Council (GCC) Free Trade Agreement (FTA), addressing key issues like tariffs on petroleum products and regulatory compliance. Building on the Comprehensive Economic Partnership Agreement (CEPA) signed with the UAE in 2022, India should appoint a dedicated negotiator to finalise the FTA.

- Expand the India-Middle East-Europe Economic Corridor (IMEC) to include Egypt, enhancing connectivity and trade opportunities.

Leverage Regional Connectivity Initiatives

- Prioritise operationalisation of projects like the International North-South Transport Corridor (INSTC), IMEC, and Chabahar Port. Seek strategic support and negotiate sanctions waivers for Iran to facilitate these initiatives.
- Integrate Palestinian territories into IMEC to enhance political legitimacy and contribute to reconstruction and development efforts.

Diversify Economic Partnerships

- Encourage investments in non-oil sectors such as infrastructure, education, healthcare, and digital public infrastructure.
- Facilitate joint ventures in research and development (R&D) in biotechnology, artificial intelligence, and pharmaceuticals, particularly with UAE and Saudi Arabia. Establish joint manufacturing hubs combining India's capabilities with GCC nations' logistical strengths.
- Develop logistical services and cold-chain networks for efficient pharmaceutical distribution, leveraging India's production strengths.

Attract Investments from GCC Countries

- Showcase high-return infrastructure projects and implement investor-friendly policies. Collaborate with the private sector in Saudi Arabia and the UAE to attract investments.

Enhance Labour Mobility and Tourism

- Develop policies to streamline labour mobility and ensure the welfare of Indian workers in GCC countries, who contribute over \$125 billion annually to India's economy.
- Expand aviation connectivity and tourism to capitalise on India's growing middle class and outbound tourism potential.

Develop a Regional Security Framework

Counterterrorism and Maritime Security

- Deepen intelligence-sharing and counterterrorism cooperation with partners like the UAE, Oman, and Israel. Conduct joint military exercises and naval missions to enhance maritime security in critical waterways, including the Red Sea and the Strait of Hormuz.

Address Internal Regional Divides

- Build a multi-aligned regional security framework, leveraging diplomatic engagements and soft power to address limitations in India's military capacity.
- Engage with Iran pragmatically, balancing its inclusion in regional dialogues with

concerns over its support for militant groups. Streamline policymaking by placing Iran under the Gulf division in the Ministry of External Affairs.

Contribute to Israel-Palestine Peace Efforts

- Advocate for a two-state solution, supporting the Palestinian National Authority (PNA) while condemning terrorism. India's balanced approach can contribute to long-term peace.
- Use platforms like I2U2 and IMEC to promote reconstruction and economic development in Gaza and the West Bank.

Enhance Strategic Partnerships with Key Players

Build Long-Term Relations with UAE and Saudi Arabia

- Strengthen defence cooperation and technology collaboration in energy transition, cybersecurity, and space exploration.
- Collaborate on renewable energy projects, focusing on hydrogen and clean energy technologies to support global transition goals.

Manage China's Influence

- Position IMEC and INSTC as alternatives to China's Belt and Road Initiative (BRI) to counterbalance its growing influence.
- Enhance economic and security partnerships with GCC nations to limit China's dominance

in infrastructure, telecommunications, and energy sectors.

Align with the United States Strategically

- Coordinate with the US on counterterrorism, cybersecurity, and maritime security, while addressing divergences over policies toward Iran and China.
- Monitor the impact of US presidential election outcomes on West Asia and adjust India's policies accordingly.

Address Geopolitical Challenges

Respond to Iran's Regional Activities

- Monitor Iran's support for groups like Hezbollah and its nuclear ambitions. Advocate for a return to the Joint Comprehensive Plan of Action (JCPOA) to stabilise tensions.
- Prepare for potential leadership transitions in Iran that could lead to internal instability or shifts in foreign policy.

Navigate the Israel-Hamas Conflict

- Develop contingency plans for various outcomes of the conflict. Support international ceasefire efforts and long-term peace initiatives while maintaining a balanced stance.
- Leverage India's historical ties with both Israel and Arab states to strengthen its mediator role.

Adopt a Comprehensive Regional Policy

Shift from Bilateral to Regional Approach

- Formulate a cohesive regional policy to replace the ad-hoc bilateral approach, engaging with regional organisations and promoting platforms like I2U2.
- Enhance India's role in BRICS by addressing economic issues and fostering partnerships with Africa and West Asia.

Invest in Regional Expertise

- Establish dedicated divisions in think tanks and academic institutions to study West Asia and provide policy-relevant insights.

Leverage India's Strengths

Utilise the Three Ds Framework

- **Demography:** Harness India's youthful population to drive start-ups and partnerships in education, logistics, and finance.
- **Diversity:** Promote India's manufacturing base and creative economy for co-creation in arts, design, and cultural enterprises.
- **Development Diplomacy:** Focus on energy, water, food security, and health through initiatives like IMEC and I2U2.

Address Capacity Issues

- Invest in naval capabilities and infrastructure to safeguard India's interests in critical waterways.

- Enhance regulatory and policy frameworks to attract global investments and harmonise trade standards.

Prepare for Contingencies

- Develop comprehensive strategies to address disruptions in the West Asia, including energy market volatility, escalated conflicts, and shifts in US foreign policy. Strengthening regional partnerships can mitigate risks and ensure stability.

India's engagement with West Asia in 2025 must balance economic ambitions, strategic interests, and geopolitical realities. By adopting a multi-dimensional approach encompassing economic partnerships, regional stability, and strategic autonomy, India can solidify its role as a responsible and influential player. These recommendations aim to ensure India's interests are safeguarded while fostering peace and prosperity in West Asia.

Indo-Pacific

Annual Review

Strengthened Security Cooperation Among Quad Advanced naval exercises in March and August focused on interoperability, maritime domain awareness, and anti-submarine warfare.

Initiative launched to combat illegal, unreported, and unregulated (IUU) fishing using satellite tracking and information sharing.

Progress in AUKUS Partnership Australia's acquisition of nuclear-powered submarines remains

on schedule for the late 2030s. Collaboration expanded to include artificial intelligence, cybersecurity, and quantum technologies.

US-Philippines Defence Cooperation Completion of four new military sites under the Enhanced Defence Cooperation Agreement (EDCA) by July 2024.

Increased joint patrols in the South China Sea to counter rising tensions with China.

NATO's Growing Engagement in Asia-Pacific Strengthened ties with partners including Australia, Japan, New Zealand, and South Korea.

September proposal for a joint task force to address cybersecurity threats and hybrid warfare.

Enhanced Maritime Law Enforcement by Regional Players Japan, South Korea, and Taiwan initiated joint training, equipment transfers, and technical assistance in Southeast Asia to bolster coast guard capabilities and combat illegal activities.

Escalation of China's Military Activities Intensified drills and patrols in the Taiwan Strait and South China Sea, coupled with the militarisation of artificial islands.

Tensions peaked in April and October, drawing strong responses from regional and global actors.

Economic Initiatives and Collaborations

Indo-Pacific Business Forum (IPBF) Hosted by the US and the Philippines in May 2024, focusing on innovation and investment.

EU's Global Gateway Initiative Announced 16 flagship infrastructure and digital connectivity projects in May as an alternative to China's Belt and Road Initiative.

Indo-Pacific Economic Framework for Prosperity (IPEF) Signed the Agreement Relating to a Fair Economy in June, effective from October 12, 2024.

Investments in Regional Infrastructure and Clean Energy IPEF Clean Economy Investor Forum identified \$23 billion in clean energy projects with participation from 22 US firms.

Private equity firms KKR and Global Infrastructure Partners launched a \$25 billion infrastructure investment initiative in June, targeting energy, transportation, and digital infrastructure projects.

Prognosis for 2025

Enhanced Maritime Security Cooperation The Quad nations—Japan, the US, Australia, and India—will hold their first joint coast guard training exercises in January, emphasising maritime security to address China's expanding presence.

In March, a separate joint exercise involving Japan, the US, and the Philippines will be conducted, featuring Quad personnel aboard US Coast Guard patrol ships. These activities align with a regional framework established by Quad leaders in September 2024.

Progress in Satellite Surveillance Initiative The Quad's proposed satellite initiative is expected to take shape in 2025, strengthening regional

capabilities in surveillance, communication, and disaster management.

Persistent US-China Rivalry China's continued military activities in the South China Sea and its growing regional presence will remain contentious.

The US-China rivalry is set to intensify, with both nations seeking to expand their influence through military posturing, economic strategies, and diplomatic engagements.

Addressing Non-Traditional Security Challenges Climate change and cybersecurity will feature prominently on the regional agenda.

Disaster relief and response efforts will be prioritised, reflecting the region's vulnerability to natural disasters.

India, Japan, and Australia will continue leading initiatives to address these non-traditional security concerns, fostering greater regional collaboration.

Implications for India

India's role in maritime security within the Quad has become increasingly significant, marked by coordinated naval exercises and efforts to strengthen maritime domain awareness. Additionally, the 2024 Quad Leaders' Summit proposed a collaborative initiative to develop a Quad satellite, built through a partnership between the US and India, to enhance space-based surveillance and support regional disaster management.

India's strategic position in the Indo-Pacific was further reinforced in 2024 through strengthened

defence partnerships and expanded security cooperation within the Quad framework.

A notable milestone was the 2+2 foreign and defence ministers' meeting between India and Japan, held in August 2024 in Delhi, which highlighted deepening defence ties and laid the foundation for closer collaboration within the Quad.

Similarly, Prime Minister Narendra Modi's visit to the United States in September 2024 further solidified India's defence relations with the US, with discussions focusing on joint defence initiatives, regional security issues, and countering China's growing influence in the Indo-Pacific.

Policy Recommendations

Enhance Joint Military Exercises Expand collaborative military drills with ASEAN, Quad nations, and Southeast Asian countries, focusing on maritime security, counterterrorism, and humanitarian assistance operations. Establish an India-ASEAN cybersecurity framework to facilitate intelligence sharing and address regional cyber threats.

Accelerate Key Infrastructure Projects Prioritise the completion of strategic initiatives like the India-Myanmar-Thailand Highway and port developments, ensuring alignment with regional connectivity objectives.

Strengthen Naval Modernisation Increase investments in naval accretions and conduct joint maritime patrols with ASEAN and Quad forces to secure vital shipping lanes and address threats such as piracy.

Foster Digital Infrastructure Development Lead a regional initiative to develop secure 5G networks, improve data governance, and build capacity in digital technologies across Southeast Asia.

Support Renewable Energy and Climate Adaptation Provide technical and financial assistance to ASEAN countries for renewable energy projects and climate adaptation measures. Organise an Indo-Pacific Climate Resilience Forum to share best practices, promote collaboration, and encourage joint environmental initiatives.

Promote Cultural Exchanges Establish India-ASEAN cultural centres to deepen mutual understanding and enhance India's soft power influence in the region.

Encourage Innovation Partnerships Launch a regional initiative to support innovation in AI, blockchain, and fintech by fostering collaboration with ASEAN countries and nurturing startups in digital economies.

Southeast Asia

Annual Review

The year 2024 was marked by notable political and economic developments across Southeast Asia. National elections in Indonesia, Cambodia, and Thailand resulted in regime changes and policy shifts. While specific priorities differed, common goals included fostering political stability, ensuring social order, and promoting economic recovery in the post-pandemic era. Another shared focus was navigating the increasingly complex geopolitical environment, especially in light of the escalating

U.S.-China rivalry. These nations sought to preserve their sovereignty while maintaining balanced foreign relations.

Economic performance in the region varied significantly. Vietnam achieved an impressive growth rate of 7.4 percent, its third-highest in five years, driven by strong exports and investment inflows. Singapore also saw robust growth, with a 5.4 percent increase, marking its best quarterly performance since 2022. Thailand experienced a similar uptick in growth, supported by a recovery in tourism. However, growth moderated in Indonesia, Malaysia, and the Philippines due to factors like weakened household consumption and declining exports. Indonesia's growth slowed to 4.95 percent, Malaysia's to 5.3 percent, and the Philippines' to 5.2 percent, signalling uneven economic recovery.

Despite these challenges, Southeast Asia remains a hub for foreign investment, infrastructure projects, and burgeoning sectors such as technology and renewable energy. The region's economic trajectory continues to be influenced by global trends, including the U.S. presidential election and its potential impact on trade policies. A protectionist U.S. administration could pose significant risks to Southeast Asian exports, particularly in textiles, electronics, and agriculture. Additionally, the region's heavy reliance on global supply chains remains vulnerable to disruptions stemming from geopolitical tensions.

Regional security also came under focus as China's assertive actions in the South China Sea intensified. The Philippines adopted a strong stance, modernising its military and enhancing its maritime laws to safeguard its territorial integrity.

Vietnam pursued a dual strategy of engaging China economically while diversifying its trade and security partnerships with the U.S. and other regional powers. Joint military exercises and maritime security collaborations underscored the region's efforts to maintain stability amidst these tensions.

Implications for India

India's strategic and economic interests in Southeast Asia gained renewed momentum in 2024. At the 21st ASEAN-India Summit in Laos, the decade-long success of India's Act East Policy was celebrated, with ASEAN-India trade surpassing \$130 billion. The summit reaffirmed the Comprehensive Strategic Partnership, emphasising connectivity and resilience. India's Prime Minister Narendra Modi unveiled a 10-point plan to deepen cooperation in areas such as digital trade, supply chain resilience, and cultural exchange. The declaration of 2025 as the ASEAN-India Year of Tourism further underscored the importance of fostering people-to-people ties.

India's engagements with individual Southeast Asian nations also intensified. During high-level visits, India strengthened its defence ties with Brunei, Singapore, and the Philippines, while expanding cooperation in sectors like digital technology and space research. Notably, India's provision of BRAHMOS missiles to the Philippines marked a significant boost in bilateral defence collaboration, demonstrating India's growing role as a security provider in the region. Similarly, India's active participation in maritime dialogues, such as the India-Philippines Maritime Dialogue, highlighted its commitment to safeguarding

regional security and promoting freedom of navigation in accordance with international law.

India's economic partnerships also expanded. Agreements with Malaysia to link payment systems, collaborations with Vietnam on semiconductor production, and discussions on enhancing trade under the ASEAN-India Free Trade Agreement (AITIGA) reflected India's drive to strengthen its economic footprint. Furthermore, cultural and educational exchanges, such as those with Laos and Cambodia, showcased India's holistic approach to building long-term relationships in the region. These developments align with India's Indo-Pacific vision and its efforts to counterbalance China's growing influence.

Prognosis for 2025

Southeast Asia's economic and political landscape in 2025 is likely to be shaped by several key trends. Economically, the region is expected to sustain moderate growth, driven by recovering tourism, robust FDI inflows, and the ongoing diversification of supply chains under the "China+1" strategy. Countries like Vietnam and the Philippines are poised to benefit as global companies shift production to the region. However, uncertainties in U.S. trade policy and the potential for heightened U.S.-China tensions could disrupt trade flows and investment patterns.

Geopolitically, the South China Sea will remain a flashpoint, with continued Chinese assertiveness challenging regional stability. Southeast Asian nations will likely enhance their defence capabilities and strengthen alliances to counter these threats.

The Philippines and Vietnam are expected to lead efforts in maritime security, supported by the U.S. and other like-minded partners. Meanwhile, ASEAN's centrality will be tested as member states navigate these complex dynamics while striving for collective security and economic progress.

For India, 2025 presents opportunities to deepen its ties with Southeast Asia. By leveraging its strengths in technology, pharmaceuticals, and defence manufacturing, India can position itself as a key partner in the region's economic and security frameworks. Additionally, India's proactive engagement in regional dialogues and its support for ASEAN-led mechanisms will be critical in promoting stability and fostering inclusive growth.

Policy Recommendations

To enhance its partnerships with ASEAN, India should prioritise a comprehensive review of the AITIGA to address trade imbalances and improve market access. This could involve reciprocal tariff reductions, the removal of non-tariff barriers, and simplified rules of origin. Diversifying India's export portfolio to include high-value products like pharmaceuticals, processed food, and engineering goods would further strengthen its economic ties with ASEAN. Domestically, India must focus on enhancing its competitiveness by improving infrastructure, boosting productivity, and fostering skill development.

Expediting the completion of key infrastructure projects, such as the Trilateral Highway and the Kaladan Multi-Modal Transit Transport Corridor, will be crucial in enhancing physical and digital connectivity. Additionally, India should actively

participate in ASEAN-centric regional value chains, leveraging its expertise in sectors like information technology and renewable energy.

On the geopolitical front, India must strengthen its defence cooperation with Southeast Asian nations. Increasing the frequency and complexity of joint military exercises and expanding defence technology collaborations will enhance interoperability and build mutual trust. India could also explore logistics support agreements with key ASEAN partners to facilitate its naval operations and strengthen maritime security.

Furthermore, India should continue to uphold the principles of freedom of navigation and overflight in the South China Sea, advocating for adherence to international laws such as UNCLOS. Engaging with ASEAN to address the Myanmar crisis remains critical. India's efforts to ensure stability along its 1,643 km shared border with Myanmar will not only promote regional peace but also safeguard its own security interests. Finally, India must actively support ASEAN centrality and work within existing regional frameworks to address shared challenges, ensuring its long-term strategic presence in the region.

East Asia

Japan

Annual Review

In 2024, Japan encountered both domestic and international challenges, starting with a January 1

earthquake in the Noto Peninsula. Prime Minister Kishida announced in August that he would not seek a second term, and the October election resulted in Japan's first minority government since 1994. Kishida's administration struggled with issues like defence spending and economic difficulties. Japan hosted the Japan-Ukraine Conference for Reconstruction in February, demonstrating long-term support for Ukraine, and allocated 5 billion yen in Official Security Assistance (OSA) to six countries, including Vietnam and Indonesia.

Relations with China worsened, highlighted by airspace violations and provocative military actions, though a November summit led to agreements on fisheries and Fukushima's treated water. In April, Japan and the US declared themselves "global partners," with 70 new agreements covering defence and technology. Japan and the EU formed a historic security partnership in November to address rising regional tensions. The US-Japan-Philippines trilateral defence group was established, and Japan faced challenges in US relations after Donald Trump's return.

Japan's diplomacy with South Korea flourished, with important summits until President Yoon's December impeachment. In the technology sector, Japan launched a \$4.8 billion semiconductor investment in May.

Prognosis for 2025

In 2025, Japan is likely to face complex geopolitical and domestic challenges. As US-China tensions rise, Japan will need to carefully navigate its position, particularly in stabilising relations with South Korea, potentially reshaping the Tokyo-

Seoul dynamic. With elections approaching, Prime Minister Ishiba's minority government will struggle to pass a contentious tax hike aimed at funding defence spending, while also managing fiscal policies to address the growing national debt. Political support for the government may fluctuate as it deals with these difficult issues.

Economically, Japan will focus on technological innovation, with a strong emphasis on the semiconductor industry to secure supply chains and enhance its leadership in AI and robotics. Labor shortages, worsened by the aging population, will drive efforts to increase workforce participation, especially among women and seniors, and leverage automation to improve productivity. Amid these challenges, delays in fully implementing defence policies due to tax hikes may create uncertainty about Japan's defence readiness.

Implications for India

Japan's emphasis on semiconductors, advanced manufacturing, and supply chain resilience offers India substantial opportunities to enhance their technological and economic partnership.

Both nations share security concerns in the Indo-Pacific, with Japan's defence strategies aligning well with India's regional goals. However, potential political shifts in Japan may necessitate proactive efforts to sustain progress in areas like technology and defence.

In 2024, India-Japan relations deepened across defence, economic, technological, and diplomatic areas. A key moment was the India-Japan 2+2 Ministerial Dialogue in February, where both countries discussed enhancing defence ties,

including joint military exercises, cybersecurity, and counterterrorism. The *Dharma Guardian* 2024 exercise focused on improving interoperability and counterterrorism capabilities.

On the economic front, collaboration expanded, particularly in infrastructure and technology. A notable development was the June 2024 agreement between Japan's METI and India's MeitY, which underscored cooperation in AI, robotics, and quantum computing. However, the Mumbai-Ahmedabad bullet train project faced significant obstacles, including rising costs and delays stemming from land acquisition protests. Compounding these issues were delays in the delivery of Shinkansen trains from Japan and logistical challenges related to tunnel and bridge construction. These setbacks could potentially strain diplomatic relations between the two countries.

Diplomatically, Prime Ministers Modi and Kishida reaffirmed their strategic partnership at a July summit, emphasising cybersecurity, maritime security, and defence technology. They also committed to strengthening the Quad framework. Both countries reinforced their dedication to a free, open Indo-Pacific at the ASEAN-Japan Summit in October and pledged to deepen collaboration within multilateral frameworks like the Quad.

Policy Recommendations

Accelerate co-development of defence technologies like the Unified Complex Radio Antenna (UNICORN) and unmanned systems, while expanding cooperation in ship maintenance and advanced robotics.

Establish bilateral frameworks for secure supply chains in critical technologies such as semiconductors, rare earths, and clean energy. Develop partnerships in emerging areas like quantum computing, artificial intelligence, and 5G/6G technology.

Enhance collaboration on maritime security, including sharing real-time information on the Indo-Pacific domain through initiatives like the Quad.

Build upon existing dialogues to co-develop satellite technologies and bolster cyber resilience. Launch joint initiatives to address cyber threats and promote secure digital infrastructure.

Update the 2008 Joint Declaration on Security Cooperation to include contemporary challenges like cyber threats, economic security, hybrid warfare, and space security.

South Korea

Annual Review

In 2024, South Korea experienced notable political, technological, and foreign policy developments. Domestically, political unrest followed President Yoon Suk Yeol's attempted martial law declaration in December, leading to protests and his impeachment on December 14. President Han Duck-Soo temporarily took office. On the technology front, South Korea advanced in AI, biotechnology, and semiconductors, with Yoon fostering a pro-investment climate. The government also allocated a \$4.8 billion Official Development

Assistance (ODA) budget for humanitarian and infrastructure projects.

In foreign policy, South Korea strengthened its alliances, with the US-Republic of Korea Foreign and Defence Ministerial Meeting in January reaffirming mutual defence commitments. South Korea deepened military ties with NATO, increasing arms sales to Europe and participating in joint drills. It also conducted joint exercises with the US and Japan, such as “Keen Sword,” focusing on North Korean threats.

A major diplomatic breakthrough occurred at the August Camp David summit, where South Korea, Japan, and the US agreed to enhance trilateral defence cooperation, including real-time intelligence sharing and joint military exercises. This marked a significant improvement in South Korea-Japan relations.

Meanwhile, North Korea’s growing cooperation with Russia raised regional security concerns. A September meeting between Kim Jong-un and Vladimir Putin discussed military collaboration, including missile and satellite technology exchanges. In response, South Korea bolstered its defence efforts and strengthened trilateral cooperation with the US and Japan.

Prognosis for 2025

In 2025, South Korea is expected to undergo political stabilisation, technological progress, and a shift in foreign policy. Following President Yoon Suk Yeol’s impeachment in December 2024, Acting President Choi Sang-mok will guide the country through a transitional period,

aiming to restore public trust and strengthen democratic institutions. This phase is expected to lay the groundwork for more effective governance and policy execution.

Economically, South Korea is projecting a 1.8 percent growth rate for 2025, down from 2.1 percent in the previous year, reflecting challenges like global trade volatility and domestic political turmoil. To address these issues, the government plans to mobilise 18 trillion KRW through expanded fund projects, increased public sector investments, and enhanced private sector financing.

In technology, South Korea is prioritising advancements in AI, cybersecurity, data analytics, blockchain, and cloud computing, backed by an R&D budget of 24.8 trillion KRW to solidify its position as a leader in these fields.

On the foreign policy front, South Korea is strengthening security ties with regional partners. Notably, Japanese Foreign Minister Takeshi Iwaya visited Seoul in January 2025 to discuss enhancing trilateral security cooperation with the United States, particularly in response to China’s growing regional influence.

Implications for India

South Korea’s advancements in AI, semiconductors, and biotechnology, supported by a robust R&D budget, align with India’s priorities for technological innovation. This creates potential for joint ventures, technology transfer, and research partnerships. The strengthening of trilateral security ties among South Korea, Japan, and the

US offers India an opportunity to collaborate on regional security issues.

In 2024, India and South Korea made significant progress in strengthening their bilateral relations, particularly in trade, defence, and technology. A key milestone was External Affairs Minister Dr. S. Jaishankar's visit to Seoul in March 2024, where he co-chaired the 10th India–South Korea Joint Commission Meeting with South Korean Foreign Minister Cho Tae-yul. This was the first such meeting in nearly six years and focused on enhancing cooperation in trade, technology, and people-to-people exchanges.

In March 2024, the three countries held their inaugural trilateral technology dialogue, exploring collaboration in semiconductors, biotechnology, space, AI, and quantum technology. Later, in November 2024, the India-Korea Business Partnership Forum in New Delhi brought together about 500 participants to discuss trade and new collaboration areas.

Also in November 2024, at the ASEAN Defence Ministers' Meeting in Laos, India's Defence Minister Rajnath Singh and South Korean Defence Minister Kim Yong Hyun met to strengthen defence ties. These events underscored the growing partnership between India and South Korea, focusing on mutual benefits in trade, technology, and defence in the Indo-Pacific region.

Policy Recommendations

Leverage South Korea's technological expertise and manufacturing prowess alongside India's growing economy to foster mutual economic growth.

Upgrade the Comprehensive Economic Partnership Agreement (CEPA) with a goal of achieving a \$50 billion trade target by 2030.

Expand cooperation on initiatives like 'Make in India,' 'Skill India,' 'Smart Cities,' and 'Startup India,' while utilising South Korea's Economic Development Cooperation Fund for infrastructure projects.

Strengthen military exchanges, joint training, and experience-sharing to enhance regional security and stability.

Collaborate on research and development in innovative technologies, including defence, robotics, and renewable energy.

Strengthen people-to-people ties through youth exchange programs, academic collaborations, and cultural initiatives such as upgrading the Queen Suriratna monument in Ayodhya.

Focus on enhancing cooperation in critical technologies like AI, semiconductors, and green hydrogen, leveraging the complementary strengths of both countries.

Europe

Annual Review

Amid significant geopolitical and geoeconomic changes, India and Europe must deepen their cooperation on trade and adopt comprehensive strategies to address global challenges, thereby contributing to a sustainable world order.

European Union

Geopolitical Realignment and NATO Solidarity

The ongoing conflict in Ukraine has significantly shaped the EU's policies, reinforcing its alignment with NATO and the United States while seeking greater strategic autonomy. Europe views itself as particularly vulnerable, "caught between two wars," as the two-year-long conflict in Ukraine persists. Humanitarian support for Ukraine has remained steadfast, with financial aid surpassing €100 billion since 2022 and increased arms deliveries underscoring Europe's commitment.

Dependence on U.S. Leadership Over the last decade, Europe has seen a decline in its military, economic, and technological capacities relative to the United States. A lack of strategic coherence and political unity has further amplified Washington's role as Europe's security guarantor. However, this dependence could face challenges with the anticipated second term of Donald Trump, potentially reshaping transatlantic relations.

Economic Recovery Amid Challenges The EU narrowly avoided a severe recession in 2024, with a modest GDP growth rate of 1.1 percent across member states. Investments in renewable energy and the green transition, especially in solar and wind projects in southern Europe, supported this growth. Despite a decline from 2023 peaks, inflation remained elevated at 4-5 percent, prompting the European Central Bank to balance cautious interest rate policies to sustain growth without triggering economic overheating.

Leadership in Climate Action Europe continued advancing its climate agenda in 2024, with a

strong focus on the European Green Deal to achieve climate neutrality by 2050. The phased implementation of the Carbon Border Adjustment Mechanism (CBAM) aimed to curb carbon leakage and incentivise global adoption of cleaner technologies. At COP29, the EU played a pivotal role, advocating for stronger global commitments and enhancing climate resilience initiatives.

Strategic Engagement in the Indo-Pacific

The EU expanded its Indo-Pacific strategy to foster stability, prosperity, and adherence to the rules-based international order. Key measures included bolstering partnerships, leveraging the Global Gateway Initiative to counter China's Belt and Road Initiative, and enhancing military collaboration. Talks on the India-EU Free Trade Agreement accelerated in 2024, with progress marked by the September negotiations, signalling closer economic and strategic ties with India.

Germany Germany has shown reluctance to take on a greater share of regional security responsibilities or significantly reduce its energy reliance on Russia. Regarding the Gaza conflict, Germany has been Israel's largest European arms supplier, accounting for 30 percent of Israel's arms imports from 2019 to 2023. In the past year alone, German arms exports to Israel surged tenfold, increasing from €32.3 million (\$35 million) to €326.5 million (\$354 million), with most export licenses issued after the war began.

The collapse of Germany's "traffic-light" coalition government highlighted political fragmentation driven by economic challenges and instability within the coalition. Now in its second year of recession, Germany faces declining business

activity, a struggling car industry, and a drop in its Purchasing Managers' Index (PMI) from 48.4 in August to 47.2 in September—a seven-month low. Despite these setbacks, Germany remains committed to its green energy transition and digital transformation, investing in technology and innovation to drive long-term growth.

France experienced a year shaped by political tensions and ongoing economic reforms. Amid political uncertainties, the country emphasised the need for a more autonomous geopolitical direction to address Europe's security concerns. While the French economy posted moderate growth, with GDP increasing by 1.2 percent in 2024, its composite PMI fell sharply to an eight-month low of 47.4 in September, down from 53.1 in August and below the expected 50.6 threshold.

France maintained its prominent global role on environmental and energy issues, prioritising nuclear energy as a cornerstone of its strategy. This focus also positioned France as a key player in the EU's leadership on climate change, particularly during the ongoing European energy crisis.

Spain Elections in Spain has resulted in a shift towards more centrist coalitions, countering the far-right momentum seen in 2023. The government has focussed on implementing economic reforms for 2 percent GDP growth, supported by EU recovery funds. Spain also advanced its climate agenda, with ambitious renewable energy targets, particularly in solar and wind power, to meet the EU 2030 carbon reduction goals.

Poland Poland is emerging as a new power broker of the EU. With a failing Franco-German motor, a

third model of leadership is emerging in Poland, EU's fifth largest economy. Given the size of the country and its economic dynamism, the potential for Poland to “punch above its weight” has been there for quite some time now. Warsaw is launching a major rearmament that will make Poland one of Europe's leading military powers. As Poland spends more than 4 percent of its GDP on defence, its defence budget has increased by 75 percent over the previous year. Warsaw has also allocated 0.7 percent of its GDP to Ukraine and has spent more than \$24 billion on the one million Ukrainian refugees that the country has taken in. As the Polish government signs deals with domestic companies to manufacture explosives in November 2024, Poland seems to have a clear and actionable vision for future deterrence against Russia, exemplifying Polish ambitions for a leadership role in the bloc.

Italy Italy's political landscape underlined a focus on fiscal stability and economic recovery, largely driven by manufacturing, exports, and EU-funded infrastructure projects. Italy continued to balance domestic reforms with maintaining EU alignment. The government also prioritised immigration reforms, tightening border controls while working on integration measures for refugees.

United Kingdom The new Labour Government in the United Kingdom sought to rebuild and strengthen policy ties with the European Union. However, the country continued to face political instability stemming from post-Brexit challenges and sluggish economic growth. Efforts centred on reducing national debt while addressing inflation and a persistent cost-of-living crisis. In foreign policy, the UK maintained its emphasis on global

leadership, prioritising strong alliances with the United States and Commonwealth nations.

Hungary Hungary has positioned itself as an outlier within the EU, opposing sanctions on Russia and maintaining its energy dependence on Moscow. As a landlocked nation heavily reliant on Russian gas and oil, Hungary has consistently resisted EU measures to support Ukraine against Russian military aggression. This stance runs counter to the Copenhagen Criteria, which require stable institutions, a functioning market economy, and adherence to EU obligations for membership. Moreover, Budapest has obstructed the disbursement of Kyiv-bound assistance under the European Peace Facility (EPF) for over a year, causing growing frustration among other Member States.

Implications for India

Europe's alignment with NATO and the US on the Ukraine conflict reinforced transatlantic unity. For India, this meant navigating its strategic autonomy while maintaining balanced relations with both the EU and Russia. The differing European and US positions on the Gaza conflict impacted India's diplomacy, highlighting the complex terrain of maintaining bilateral relations with both the EU and Israel while considering humanitarian aspects. Europe's calls for peace and support for a two-state solution resonated with India's broader foreign policy principles.

The EU's reduced dependency on Russian energy sources spurred diversification efforts, creating potential for India to engage in energy trade and

cooperative projects with European countries looking for stable partners. In this context, the India-EU FTA emerges as a pivotal aspect of bilateral relations. Negotiations advanced significantly, with both sides making concessions on market access and intellectual property rights, aiming to finalise the FTA by early 2025.

The resumption and acceleration of FTA negotiations indicated potential economic benefits for India, including enhanced access to European markets and trade diversification. The agreement would also provide a boost to Prime Minister Narendra Modi's initiative to promote *Atmanirbharta* (self-reliance) in defence and strengthen India's position as a regional leader and a global economic power. The push for defence indigenisation found a receptive partner in European nations like France, which sought to deepen their roles in India's defence manufacturing landscape. However, the EU's CBAM policy, intended to reduce carbon leakage, posed challenges and opportunities for Indian exporters. Compliance with EU environmental standards would necessitate greener practices in Indian industries, but could also enhance competitiveness for sustainable products in European markets.

In the sector of energy cooperation, the EU's emphasis on renewable energy complemented India's ambitious target to achieve 500 GW of renewable energy capacity by 2030. European investments in Indian solar and green hydrogen projects exceeded €2 billion in 2024, enhancing India's transition to cleaner energy sources. However, at the recent COP29 Summit in Baku, India opposed EU's plan of imposing unilateral

trade barriers in the form of CBAM on carbon-intensive goods. This results in shifting of the financial burden of mitigation activities to developing nations, which has been openly opposed by India.

Implications for India

Reinforced Transatlantic Unity Europe's alignment with NATO and the US on the Ukraine conflict has strengthened transatlantic unity. For India, this underscores the importance of balancing its strategic autonomy while maintaining ties with both the EU and Russia. Diverging European and US positions on the Gaza conflict further complicated India's diplomacy, requiring careful navigation to sustain relations with the EU and Israel while addressing humanitarian concerns. Europe's advocacy for peace and a two-state solution aligned with India's broader foreign policy principles.

Energy Diversification and Trade Opportunities

The EU's move to reduce dependence on Russian energy has opened avenues for diversification, presenting India with opportunities for energy trade and collaborative projects. This context has elevated the India-EU Free Trade Agreement (FTA) as a cornerstone of bilateral relations. Significant progress in negotiations, including concessions on market access and intellectual property rights, aims for FTA finalisation by early 2025.

Economic and Defence Collaboration The resumption of FTA talks signals potential economic advantages for India, such as expanded access to European markets and diversified trade options.

The agreement is poised to bolster Prime Minister Modi's *Atmanirbharta* initiative in defence, enhancing India's regional and global economic stature. European nations, notably France, have shown interest in participating in India's defence manufacturing efforts, complementing its push for defence indigenisation.

Challenges and Opportunities in Climate and Energy

The EU's Carbon Border Adjustment Mechanism (CBAM), designed to curb carbon leakage, presents both hurdles and prospects for Indian exporters. While compliance with EU environmental standards will demand greener practices, it could also enhance the competitiveness of sustainable Indian products in Europe.

Advancing Renewable Energy Cooperation

The EU's emphasis on renewable energy aligns with India's ambitious target of 500 GW renewable energy capacity by 2030. European investments in Indian solar and green hydrogen projects exceeded €2 billion in 2024, accelerating India's green transition. However, at COP29 in Baku, India opposed the EU's unilateral CBAM measures, citing concerns over shifting the financial burden of mitigation to developing nations, which remains a contentious issue.

Prognosis for 2025

Balancing Transatlantic Ties and Strategic Autonomy

In 2025, the EU will strive to balance its transatlantic relationship with the US, especially during Donald Trump's second term, while asserting greater strategic autonomy. Building a more balanced alliance requires Europe to enhance

its independent capacity to support Ukraine through military, economic, security, and energy assistance.

Upholding Normative Values in Global Crises

As a normative power rooted in democracy, rule of law, and human rights, the EU has an opportunity to reaffirm its credibility by addressing the Gaza crisis through these principles. Greater regional engagement, including partnerships with local actors to convene a peace conference, is vital for fostering a sovereign Palestinian state that ensures dignity and security in the region.

Sustainability-Driven Economic Policies

The EU's focus on sustainability in 2025 will significantly influence global supply chains, presenting challenges and opportunities for Indian industries aligning with EU standards. The extension of the EU's Digital Services Act and related regulations will impact Indian IT firms, emphasising the need for compliance with new data protection and privacy norms. Encouraging public-private partnerships and investments in green technologies can help Indian industries adapt to stringent EU environmental regulations.

Strengthening India-EU Relations

The EU is expected to deepen its partnerships with global actors, including India. The anticipated conclusion of the India-EU FTA in 2025 could unlock significant trade potential, granting Indian goods and services greater access to European markets while attracting European investments and expertise into Indian sectors. Clean energy collaborations could further enhance Green Partnerships between India and various European nations, bolstering

sustainable development.

Policy Recommendations

Collaborative Initiatives in Clean Energy

As Europe prioritises renewable energy, India should collaborate on clean energy projects such as solar, wind, and hydrogen production. This partnership will not only promote energy security but also help mitigate challenges like the EU's Carbon Border Adjustment Mechanism (CBAM). By investing in green technologies, India can enhance the competitiveness of its industries in European markets.

Advancing Trade Relations and the India-EU FTA

India must ensure the smooth conclusion of negotiations for the India-EU Free Trade Agreement (FTA), minimising compliance barriers for Indian exporters while securing favourable terms for both parties. The UK-India FTA should also be revitalised and expedited in 2025, with a focus on strengthening bilateral trade relations and cooperation in defence and technology sectors. Special attention should be given to sectors that align with the EU's sustainability goals.

Multilateral Approaches to Global Challenges

India should work with the EU on global challenges such as climate change, human rights, and international security, reinforcing its role as a responsible global actor. Together, India and the EU can advocate for multilateral solutions to these pressing issues, contributing to a more stable and sustainable world order.

Africa

Annual Review

Given the diverse nature of the India-Africa relationship, it is crucial to address the gaps in India's engagement with Africa. There is a need to explore new opportunities for collaboration in 2025.

Enhanced Diplomatic Engagement by India

In 2024, India deepened its diplomatic ties with Africa through high-level visits by key leaders. Notable visits included External Affairs Minister S. Jaishankar's meetings in Uganda, Nigeria, and Mauritius, focusing on renewables, healthcare, and security. President Droupadi Murmu embarked on a multi-nation African tour, strengthening ties in trade, defence, and technology. Prime Minister Narendra Modi's visit to Nigeria after 17 years underscored India's commitment to addressing global and regional challenges, especially amidst geopolitical tensions.

Political Shifts Across Africa Elections across Africa highlighted significant political changes:

- **South Africa:** The African National Congress (ANC) lost its parliamentary majority for the first time since 1994, necessitating a coalition government.
- **Botswana:** The ruling Botswana Democratic Party (BDP) was ousted by the Umbrella for Democratic Change (UDC).
- **Mauritius:** The Opposition Coalition won a sweeping majority, replacing the Lepep alliance.
- **Tunisia:** Controversial President Kais Saied secured a second term amid international criticism for his authoritarian measures.
- **Democratic Republic of Congo (DRC):** President Felix Tshisekedi's re-election faced accusations of fraud and violence.
- **Conflict, Security, and Humanitarian Challenges** Africa faced significant security crises, including:
 - **Sudan:** Civil war displaced over 11 million people, creating one of the largest displacement crises globally.
 - **Mali:** Instability worsened after the expulsion of UN peacekeepers.
 - **Somalia:** The country struggled with Al-Shabab insurgency and severe flooding.
 - **Sahel Region and Others:** Rampant violence, disease, and hunger led to widespread humanitarian crises in Ethiopia, CAR, and beyond.

Economic Developments and Multilateral Engagement

Africa's real GDP growth slowed to 3.1 percent in 2023 due to conflicts and global tensions but is projected to rebound to 3.7 percent in 2024. Key developments included:

- **G-20 Membership:** The African Union (AU) gained a seat, amplifying Africa's voice on global economic policies.
- **BRICS Expansion:** Ethiopia and Egypt joined, diversifying Africa's economic aspirations.

- **Regional Changes:** Burkina Faso, Mali, and Niger left ECOWAS, heightening instability, while Somalia gained full membership in the East African Community (EAC), enhancing trade and investment opportunities.

These developments underscore Africa's resilience and its pivotal role in shaping global economic and political dynamics.

Implications for India

Political Transitions Impact Economic Partnerships Political stability in Africa directly influences economic and security relations with India. For instance, Botswana's smooth democratic transition fosters opportunities for collaboration in mining, food security, tourism, and renewable energy, strengthening bilateral ties.

Security Challenges and Economic Disruption

The persistence of terrorism and instability in regions like East Africa adversely affects Indian trade and investment. Countries such as Kenya, Ethiopia, and Tanzania, which are among Africa's fastest-growing economies, face disruptions in their trade ties with India due to regional insecurity.

Shared Security Concerns in the Indian Ocean Region (IOR)

Both India and Africa contend with security threats in the IOR, particularly piracy in the Gulf of Aden and off Somalia's coast. These challenges disrupt economic stability and regional security, with far-reaching consequences for bilateral trade and maritime safety.

Diplomatic Engagement and Strategic Agreements

High-level diplomatic visits underline

India's commitment to Africa, as emphasised by Prime Minister Modi in his 2018 address to the Ugandan Parliament. Such visits often result in agreements across defence, energy, and agriculture sectors. The signing of a memorandum of understanding between India's Chief of Defence Staff and Algeria's Chief of Staff signifies a milestone in defence collaboration, with long-term potential in multiple sectors.

Prognosis for 2025

Strengthening Diplomatic Engagement Africa remains a cornerstone of India's foreign policy, with ongoing high-level visits by leaders from both regions. These engagements are expected to intensify in 2025, potentially culminating in the **4th India-Africa Forum Summit (IAFS)**, further solidifying India's role in Africa's development trajectory.

Addressing Security Challenges

- **Maritime Security:** The IOR, a hub of global trade, is critical for regional stability. India has signed defence agreements with Kenya and South Africa and plans to extend similar collaborations with other African nations to bolster peace and security.
- **Countering Terrorism:** With investments in West African oil reserves, combating the resurgence of Islamist groups in Africa will be a key priority for India, given the region's strategic significance.

Diversifying Cooperation India will likely expand its engagement with Africa into emerging sectors

such as **critical minerals**, the **green economy**, and **clean energy** to address global challenges. Africa's abundant reserves of critical minerals—including cobalt (48.1 percent), manganese (47.7 percent), and natural graphite (21.6 percent)—offer immense potential for collaboration. India is expected to secure access to these resources, facilitating its transition to green and clean technologies.

Countering China's Influence India faces the strategic challenge of countering China's deepening ties with Africa, driven by initiatives like the **Belt and Road Initiative (BRI)** and the **Forum on China-Africa Cooperation (FOCAC)**. Positioning itself as a reliable and equitable partner will be central to India's efforts to balance this influence and strengthen its partnership with African nations.

Policy Recommendations

Given the diverse nature of India-Africa relations and the evolving global landscape, it is essential to explore new avenues for collaboration while upholding values of mutual respect and solidarity.

Enhanced Political and Diplomatic Engagement

To fortify bilateral ties, India must increase its political and diplomatic outreach to Africa. The high-level visits from Indian leaders in 2024 should be matched by similar engagements from African leaders, emphasising the importance of the **4th India-Africa Forum Summit** as a pivotal step in strengthening relations.

Multilateral Cooperation Continued focus on multilateral cooperation is vital. India's advocacy

for African membership in groups like the **G20**, **BRICS**, and the **International Solar Alliance (ISA)** has been well-received and significantly enhances ties between the two regions.

Expansion of Defence Engagement

Defence collaborations should be broadened with increased funding and lines of credit for various African nations. Enhanced **joint maritime exercises** by the Indian Navy, particularly in regions like West Africa, should also be prioritised to address security concerns.

Cooperation in Food Security and Agriculture

India should work alongside African nations to bolster food security and agricultural development. Initiatives like the **International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)** and climate-resilient agricultural infrastructure can drive significant transformation in this sector.

Development of Digital Infrastructure

Enhancing digital infrastructure is another area for collaboration. Projects like the **Pan African e-Network Project (PANeP)** can ensure widespread internet connectivity, while partnerships in the **fintech sector** can foster innovation and development.

Strengthening Healthcare Ties

India and Africa have a robust healthcare partnership, exemplified by the distribution of one million vaccines to 17 African countries and an additional 15 million vaccines under the **COVAX initiative**. Continued initiatives, such as **e-Arogya Bharti (e-VaB)** and **Vaccine Maitri**, will further solidify this relationship.

Collaboration on Green Economy Initiatives

Both India and Africa advocate for a green economy, presenting opportunities for collaboration in areas like **clean energy, electric vehicles, smart cities,** and **green hydrogen** for a sustainable future.

Partnership in Critical Minerals

With Africa possessing the largest reserves of critical minerals, India should partner with African mining companies to secure a steady supply of these essential resources. Formal agreements in resource-rich countries like **DRC, Gabon, Zambia,** and **South Africa** would enhance this collaboration.

Educational Initiatives

Following the commitment made during the **third India-Africa Forum Summit** to provide scholarships for 50,000 African students, India should continue to strengthen its educational ties with Africa.

Space Sector Collaboration

India and Africa can also cooperate in the **space sector,** establishing partnerships between India's **ISRO** and African agencies in technology sharing, satellite capacity, and related areas.

Latin America

Annual Review

Regional Trends

Across the region, Latin America faced shared challenges, including economic inequality, climate change, and governance issues. Regional organisations like CELAC and the Pacific Alliance worked to strengthen cooperation, particularly in

trade, environmental protection, and migration management.

A notable trend was the rising influence of China, reflected in increased trade and investment

partnerships. However, this prompted debates over dependency and sovereignty. Meanwhile, the United States sought to counterbalance China's influence by deepening ties with key allies like Brazil and Mexico.

Climate change remained a pressing concern, with extreme weather events highlighting the need for resilience and adaptation strategies. Countries prioritised renewable energy projects and biodiversity conservation, often with international support.

Developments in some of the Latin American countries are listed below.

Brazil: A Year of Balancing Challenges

Brazil, the largest economy in Latin America, experienced a year of mixed fortunes. Politically, President Luiz Inácio Lula da Silva worked to consolidate a progressive agenda amidst a polarised environment. Social welfare programmes aimed at reducing inequality made progress, though Congressional divisions hampered key reforms.

Internationally, Brazil emphasised South-South cooperation as a BRICS member and secured increased commitments to the Amazon Fund for combating deforestation. Economically, moderate growth of 2.5 percent was driven by commodity exports and domestic consumption, though

inflation and high-interest rates posed challenges. Infrastructure projects under the “Next Generation Brazil” programme aimed to boost foreign investment.

In defence, Brazil focused on naval modernisation, particularly its submarine programme, while enhancing border security and regional cooperation.

Argentina: Grappling with Economic Turmoil

Navigating an ongoing economic crisis, President Javier Milei’s administration implemented radical economic measures, including the dollarisation of the economy and significant reductions in public spending. While these steps aimed to stabilise inflation, they also sparked widespread protests and social unrest due to their impact on public services.

Argentina strengthened ties with the United States and Europe, seeking financial support and trade opportunities. Additionally, its relationship with China deepened, marked by increased exports of agricultural products and Chinese investments in infrastructure.

Despite economic struggles, Argentina maintained its commitment to the peaceful resolution of territorial disputes, including its claims over the Falkland Islands.

Mexico: Balancing Domestic and International Priorities

Mexico concentrated on domestic reforms while navigating complex international relationships. The government expanded its flagship social programmes, targeting education and healthcare, and pursued controversial energy policies prioritising state-owned enterprises.

On the global stage, Mexico played a pivotal role in the United Nations and regional forums, advocating for migration reforms and climate action. Relations with the United States remained central, with cooperation on trade and border security continuing despite occasional tensions over immigration policies.

Economically, Mexico benefited from nearshoring trends, with multinational companies relocating supply chains closer to the U.S. market. GDP growth reached 3 percent, supported by strong industrial output and remittances. However, security challenges, particularly linked to organised crime, continued to undermine investor confidence.

Colombia: Strides in Peace and Sustainability

Colombia’s 2024 was marked by efforts to consolidate peace and drive sustainable development. President Gustavo Petro’s administration advanced negotiations with remaining armed groups, achieving significant ceasefire agreements. These efforts were complemented by comprehensive rural development programmes aimed at addressing the root causes of conflict.

Internationally, Colombia strengthened its role as a leader in environmental diplomacy, spearheading initiatives to protect the Amazon basin and mitigate climate change. Partnerships with European countries and multilateral organisations provided funding and technical expertise for these projects.

Economic performance was steady, with growth at 2.8 percent, driven by a rebound in oil exports and investments in renewable energy. The government’s focus on green transition attracted international

investors, though challenges remained in achieving fiscal balance.

Chile: Navigating Political and Economic Reforms In Chile, President Gabriel Boric faced a critical year in advancing his progressive reform agenda. Constitutional reform efforts dominated the political landscape, with the public voting on a new draft constitution aimed at addressing inequalities and environmental protection. While contentious debates emerged, the process underscored Chile's commitment to democratic governance.

Economically, Chile benefited from stable copper prices and diversification efforts in lithium production, a critical resource for global energy transition. Growth stood at 3 percent, supported by foreign investments and trade agreements. However, inflation and public discontent over social spending cuts posed challenges.

Chile's international relations focused on regional integration and climate leadership. The country's participation in COP29 highlighted its ambitious targets for carbon neutrality and renewable energy expansion.

Implications for India

Political and Economic Shifts Argentina's dramatic economic reforms under President Javier Milei's leadership have garnered significant attention. His radical "shock therapy" approach, including peso devaluation and major spending cuts, could offer interesting lessons for emerging economies like India. The Argentine peso's struggles and hyperinflation concerns mirror some

historical challenges that India has worked to avoid through its monetary policies.

Climate and Environment Implications Brazil's efforts to combat Amazon deforestation have global implications for climate change, an issue of critical importance to India given its own vulnerability to climate impacts. Both countries are balancing environmental protection with development needs.

Economic and Trade Implications India's push for domestic EV manufacturing and battery production depends heavily on securing lithium supplies. The developments in the Lithium Triangle present both opportunities and challenges—while there's potential for securing supplies, India faces competition from China, which has already established strong presence in Latin American lithium mining. Indian companies need to move quickly to secure long-term supply agreements.

Mexico's growing role in "nearshoring" and supply chain diversification offers lessons for India's own manufacturing ambitions. Both countries compete for manufacturing investment as global companies seek alternatives to China-centric supply chains.

Strategic and Diplomatic Implications Brazil's support in BRICS and for India's UN Security Council aspirations strengthens India's position in global governance. The BRICS expansion and Brazil's role helps counter China's influence within the group, potentially giving India more strategic space.

The nearshoring trend in Mexico provides insights for India's manufacturing strategy. As companies

seek to diversify from China, India needs to address infrastructure and ease of doing business to compete effectively for manufacturing investment.

Energy Security Implications Venezuela's return to oil markets could help India diversify its energy sources beyond the Middle East. This could strengthen India's bargaining position with traditional suppliers and potentially lead to better pricing for crude imports.

Brazil's renewable energy expertise, particularly in biofuels, aligns with India's green energy goals. There's potential for technology transfer and joint research in sustainable energy solutions.

Geopolitical Implications The region's growing economic ties with China mean India needs to step up its diplomatic and economic engagement to maintain influence. Latin America could become another arena for India-China strategic competition.

The success of Latin American countries in balancing relations with both US and China provides a template for India's own multi-aligned foreign policy approach.

Prognosis for 2025

Economic Outlook Argentina's economic experiment under Milei will likely reach a critical phase in 2025. The success or failure of his radical reforms will influence market confidence in unconventional economic policies, potentially affecting how international investors view similar reform proposals in other emerging markets, including India.

Key Risks

- Growing social unrest in Argentina due to austerity measures.
- Potential spillover effects into neighbouring economies.
- Uncertain political stability in several countries.

Opportunities for India:

- **Critical Minerals Access:** Negotiations for lithium mining rights and processing facilities are likely to intensify. India needs to move quickly as competition increases.
- **Energy Markets:** With Venezuela likely continuing its gradual return to global markets, India could secure more favourable energy deals.
- **Agricultural Trade:** Potential for increased food security cooperation, especially given climate uncertainties.

Trade and Investment

- The nearshoring trend will likely accelerate in Mexico and Central America.
- Brazil's economy is expected to maintain moderate growth.
- Regional integration efforts may strengthen through Pacific Alliance and Mercosur.

Strategic Considerations for India

- Need for proactive economic diplomacy to secure critical mineral supplies.
- Opportunity to expand presence in regional value chains.
- Potential for increased defence and technology cooperation.
- Growing importance of Latin America in global climate negotiations.

Key Areas to Watch

- Brazil's implementation of environmental policies.
- Argentina's economic stabilisation efforts.
- Regional response to global trade tensions.
- Evolution of China's influence in the region.

Policy Recommendation

Diplomatic Priorities - Detailed Framework

Comprehensive Latin America Strategy

Create country desks for major Latin American economies, sector-specific plans, and ministerial dialogues with quarterly engagement goals.

Expanded Diplomatic Presence Establish new consulates in strategic locations, deploy economic attachés, form advisory boards with diaspora and business leaders, create cultural centres, and

implement local media strategies to strengthen ties in Latin America.

Institutional Strengthening Staff the Latin America desk with language-proficient officers, provide specialised training, partner with think tanks, enhance intelligence gathering, and consult the private sector.

Economic Initiatives - Implementation Strategy

Critical Minerals Security Programme Establish a \$5 billion sovereign fund for mineral investments, joint exploration ventures with local miners, develop processing facilities, technology transfer programmes, and supply chain security protocols.

Trade Enhancement Framework Establish trade facilitation offices, digital platforms, warehousing, export promotion strategies, and trade finance mechanisms with regional banks.

Investment Protection Mechanisms Establish investment protection agreements, dispute resolution frameworks, regional arbitration centres, political risk insurance, and investment monitoring systems.

Technology and Knowledge Exchange

Research Collaboration Framework Establish joint research funding, researcher exchanges, shared IP frameworks, joint testing facilities, and innovation incubation centres.

Tech Workforce Development Create specialised visa centres, skill verification systems, cultural

integration programmes, language training facilities, and job matching platforms.

Energy Security

Long-term Energy Partnerships Create joint exploration ventures, processing partnerships, transport infrastructure, storage facilities, and price hedging mechanisms.

Renewable Energy Collaboration Create joint solar and wind projects, establish biofuel research centres, develop green hydrogen initiatives, implement carbon trading mechanisms, and establish technology transfer protocols.

Arctic

Annual Review

Inactivity of the Arctic Council Since March 2022, the Arctic Council has been largely dormant, a situation that persisted through 2024 due to geopolitical tensions stemming from Russia's special military operations in Ukraine. Norway, as the Council's chair for 2023–2025, has made efforts to revive some working groups, with meetings resuming in a virtual format. However, the overall functionality of the Council remains severely limited.

Limited Russia-West Interactions Interactions between Russia and Western nations in the Arctic are now restricted to treaty-based commitments. These include agreements such as the ban on fishing in the Central Arctic Ocean and aeronautical and maritime search and rescue operations. Cooperation is also minimal, exemplified by limited maritime

safety collaboration between the U.S. Coast Guard and Russia's Border Guard near the Bering Strait.

Impact on Scientific Collaboration Scientific research in the Arctic has suffered significantly. Funding restrictions imposed by European and U.S. agencies have halted numerous collaborative projects with Russian scientists. Planned field experiments have been relocated to the North American or European Arctic, and critical permafrost data from Russia, essential for accurate climate modelling, is no longer accessible. This suspension persists despite the 2018 Agreement on Enhancing International Arctic Scientific Cooperation, designed to foster collaboration among Arctic Council members.

Militarisation of the Arctic

NATO Activities NATO countries have intensified their military presence in the Arctic, conducting large-scale exercises, including cold-weather training and joint operations. These actions are aimed at addressing security risks posed by Russia's activities and growing interest from non-Arctic nations like China, while also enhancing preparedness for potential conflicts.

Russian Expansion In response, Russia has expanded its Arctic military infrastructure, constructing new airbases and deploying radar systems to strengthen its presence in the region.

Potential Russian Withdrawal from the Arctic Council Russia's continued isolation has raised the possibility of its withdrawal from the Arctic Council. Moscow has stopped making annual

payments to the Council, demanding the resumption of “real work” involving all member states. This shift aligns with earlier amendments to Russia’s Arctic policy, which now prioritises bilateral relationships over multilateral cooperation.

Russia’s Alternative Arctic Governance Efforts

Russia has initiated efforts to establish a parallel governance mechanism in the Arctic. Plans include creating an international scientific and educational centre for BRICS and SCO countries in the Russian Pyramiden settlement on the Svalbard Archipelago. This move signals Russia’s intention to counter its exclusion from multilateral Arctic frameworks and build new alliances in the region.

Prognosis for 2025

The Arctic in 2025 is likely to remain a hotspot of geopolitical, environmental, and economic contention. Under Trump’s presidency, the U.S. is expected to prioritise national interests in energy, security, and resource competition, potentially exacerbating existing tensions in the region. Multilateral governance efforts may face additional challenges, further complicating cooperation on critical Arctic issues.

Geopolitical

- **Continued Russia-West Polarisation:** Russia’s isolation in Arctic governance is expected to persist. Western Arctic nations will likely strengthen bilateral and regional frameworks, excluding Russia.
- **China’s Growing Arctic Influence:** As a self-declared “near-Arctic state,” China

will likely expand its investments in Arctic infrastructure, shipping, and resource extraction, prompting concern from Arctic nations about its strategic intentions.

- **New Governance Challenges:** The potential withdrawal of Russia from the Arctic Council could further destabilise the multilateral framework, complicating cooperation on environmental, security, and scientific issues.

Militarisation

- **Heightened Military Presence:** NATO countries will likely increase their military activities in the Arctic, conducting joint exercises and investing in advanced cold-weather capabilities.
- **Russian Arctic Militarisation:** Russia is expected to continue its expansion of Arctic military infrastructure, including bases and air defence systems.
- **Non-Arctic Nations:** Increased interest from non-Arctic states, including China and India, may lead to new geopolitical complexities in the region.

Climate and Environmental Issues

- **Accelerating Climate Change:** Arctic warming is expected to continue at a rapid pace, driving international attention to the region’s role as a global climate indicator.
- **Disrupted Scientific Cooperation:** The absence of Russia from scientific partnerships

will hinder permafrost research and climate modelling, with alternative collaborations focusing on the North American and European Arctic.

Implications for India

Strategic and Geopolitical Implications

- **Shift in Arctic Governance:** The potential withdrawal of Russia from the Arctic Council and the fragmentation of multilateral frameworks could limit India's ability to engage in Arctic governance. India, a non-Arctic state with observer status in the Arctic Council, relies on multilateralism for access and collaboration in the region.
- If U.S.-led or Western Arctic governance gains prominence, India might need to strengthen ties with Western Arctic nations like Norway and Canada to maintain its observer influence.
- Russia's pivot to alternative frameworks, such as involving BRICS and SCO, could offer India opportunities for deeper Arctic collaboration with Moscow, aligning with India's multipolar foreign policy.
- **U.S.-China Arctic Rivalry:** Increased U.S.-China competition in the Arctic could polarise global positions, forcing India to balance its ties.
- A more assertive U.S. Arctic policy under Trump could complicate India's growing economic and strategic engagement with

Russia in the Arctic, particularly in energy and infrastructure projects.

- **Increased Militarisation:** Heightened Arctic militarisation by NATO and Russia could spill over into global security dynamics, impacting India's broader strategic environment, especially in its cooperation with Russia on defence technologies and Arctic operations.

Economic Implications

- **Energy Security:** The Arctic's vast reserves of oil, gas, and rare earth minerals are of growing importance to India's energy and resource needs.
- Under Trump, U.S. energy policies may encourage India to diversify partnerships and seek Arctic resources through bilateral agreements with Russia and other Arctic nations.
- Russian Arctic projects, particularly in LNG, could become more attractive for India, aligning with its energy diversification strategy, but may face challenges due to Western sanctions.
- **Shipping Routes:** Melting Arctic ice and the opening of shipping routes like the Northern Sea Route (NSR) could provide options to extend the Chennai Vladivostok Maritime Corridor (CVMC) and the International North South Transport Corridor (INSTC) to the Arctic.
 - U.S.-led security and infrastructure initiatives in the Arctic might support

safer shipping but could involve India in strategic alignments.

- Russia's focus on developing the NSR and involving BRICS countries may benefit India, especially for its energy imports and trade logistics.

Climate and Environmental Implications

- **Impacts on Himalayan Ecosystem:** Arctic climate changes significantly impact monsoon patterns and glacial stability in the Himalayas, critical to India's agriculture and water resources.
 - Reduced international Arctic climate collaboration due to geopolitical tensions may hinder global understanding of these linkages, leaving India vulnerable to cascading environmental effects.
- **Scientific Cooperation:** Disruptions in Arctic scientific collaboration, especially with Russia, may limit India's access to critical data for climate modelling and research.
 - India's National Centre for Polar and Ocean Research (NCPOR) may need to deepen partnerships with Western Arctic nations to compensate for these gaps.

Diplomatic and Strategic Opportunities for India

BRICS and SCO Collaboration Russia's push for a BRICS and SCO-centred Arctic framework could enhance India's Arctic presence and allow it

to leverage Russian expertise in Arctic science and infrastructure development.

Strengthening Arctic Partnerships India could use its Arctic Policy (launched in 2022) to strengthen bilateral ties with nations like Norway, Denmark, and Canada, focusing on research, clean energy, and indigenous community collaboration.

Leadership in Climate Diplomacy India, as a G20 leader and a major advocate for climate action, could play a role in pushing for Arctic climate research and multilateral cooperation, positioning itself as a bridge between polarised Arctic stakeholders.

Policy Recommendations

Enhance Arctic Engagement India must increase its Arctic involvement to safeguard its growing national interests. India also needs to strengthen ties with prominent Western Arctic nations like the US, Norway and Canada to maintain its observer influence. A key strategic priority for India is to reduce Russia's dependency on China by offering alternatives in markets, financial support, manpower, and, where feasible, technology.

Deepening India-Russia Arctic Cooperation The Russian Arctic holds potential to address India's energy security needs and its deficit in rare earth and strategic minerals. India should bolster its bilateral collaboration with Russia in the Arctic, aligning with Russia's call for expanded BRICS+ engagement in the region.

- **Benefits for Russia:** This approach could provide Moscow with viable alternatives to China's influence.

- **Opportunities for Indian Industries:** Strengthened ties with Russia could open doors for Indian businesses to collaborate in areas like energy, infrastructure, and mineral exploration.
- **Expanding Influence in the Arctic Council** India's engagement with the Arctic Council should not only continue but grow, particularly through active participation in its Working Groups.
- **Push for Resumption:** India, along with other Asian Observer States, must advocate for the full restoration of the Council's activities.

- **Enhanced Observer Role:** India should lobby for an expanded role for Observer States, aiming to address the existing inequalities between member states and Observers.

Reforming the Arctic Council India should work toward a broader reformation of the Arctic Council, including seeking eventual full membership. Such a move would solidify India's position as a significant stakeholder in Arctic governance and foster greater influence over regional developments.

THEMATIC

Internal Security

Annual Review

India's internal security landscape is shaped by its diverse and dynamic socio-political environment. In 2024, significant developments unfolded across multiple domains of internal security, including Jammu and Kashmir, Left-Wing Extremism (LWE), Islamic extremism, Khalistan-inspired extremism, organised crime, and narcotics and drug trafficking.

Terrorism in Jammu and Kashmir The security situation in Jammu and Kashmir (J&K) remained complex and volatile throughout 2024. Since the revocation of Article 370 in 2019, the region has seen both, developmental progress and ongoing security challenges. The government's strategy to ensure a terror-free Kashmir persists, with security forces carrying out extensive operations against militancy. Additionally, law enforcement and government bodies have been targeting individuals and groups linked to terrorism and anti-India activities. During the 2024 Lok Sabha elections,

J&K saw a significant voter turnout of 58.46 percent, the highest in 35 years, while the state assembly elections had a turnout of 63.88 percent. According to the South Asia Terrorism Portal (SATP), 210 terrorism-related incidents were recorded in 2024, resulting in the deaths of 26 security personnel and 31 civilians, while 69 terrorists were neutralised. Pakistan-based groups such as Lashkar-e-Taiba (LeT) and Jaish-e-Mohammed (JeM), along with their offshoots like The Resistance Front (TRF) and People's Anti-Fascist Front (PAFF), remained active. Additionally, in 2024, there was an increase in drone intrusions along the Line of Control (LoC) and International Border, with drones being used for smuggling narcotics, arms, and ammunition, presenting new challenges for the security forces. Although specific data for 2024 is not publicly available, previous trends suggest a continuation of the rising threat from cross-border drone activities.

Left-Wing Extremism (LWE), also known as Naxalism and led by the CPI (Maoist), continued to be a significant internal security challenge, although it showed a declining trend. By 2024, only 38 districts were considered affected by Naxalism, a sharp decrease from 96 districts in

2010. This decline is attributed to the government's comprehensive security and development efforts, which included expanding police presence and improving intelligence sharing. However, concerns arose in Karnataka, where Maoist activity resurfaced in the forests of Malnad, near Koppa and Sringeri, after a decade of relative calm, indicating a potential resurgence of Naxalism.

While violence related to Left-Wing Extremism has dropped significantly in recent years, a total of 161 LWE-related violent incidents were reported in 2024, resulting in the deaths of 80 civilians and 24 security personnel, while 296 Maoists were killed in counter-insurgency operations. The government's rehabilitation initiatives saw over 400 Maoists surrendering in 2024, reflecting the success of community outreach programmes. Additionally, Prime Minister Narendra Modi approved the construction of 15,000 houses in Naxal-affected areas. Improved infrastructure, including enhanced road connectivity and electrification in these regions, disrupted insurgent networks and facilitated better government access to these areas.

Islamic Extremism (excluding J&K) India's battle against Islamic extremism encountered renewed challenges in 2024, influenced by both global trends and domestic vulnerabilities. Online radicalisation continued to be a growing threat, with extremist groups targeting vulnerable youth via encrypted messaging platforms. These groups have increasingly used secure messaging apps like Signal, Telegram, Viber, and the dark web, in addition to WhatsApp's end-to-end encryption, to connect with like-minded individuals. This shift

to more secure channels has posed a significant challenge for security agencies trying to monitor and counter radicalised individuals online. Transnational terror organisations like the Islamic State (IS) and al-Qaida in the Indian Subcontinent (AQIS) remained active concerns. However, their activities were largely contained thanks to sustained intelligence efforts.

Khalistan-Inspired Extremism Khalistan-inspired extremism re-emerged due to false narratives of Khalistan propagated by a few pro-Khalistan sympathisers among the Indian diaspora in the West. Anti-India protests in the UK and the USA, carried out by Pakistan-supported pro-Khalistan groups, fuelled tensions. However, diplomatic engagement mitigated some of the impact. Law enforcement agencies continued crackdowns on Khalistan-linked operatives, seizing arms and uncovering sleeper cells.

Narcotics and Drug Trafficking The proliferation of narcotics and drug trafficking posed critical challenges to India's internal security in 2024. According to the official data compiled by the MHA, the federal agencies, including the Narcotic Control Bureau (NCB), seized a total of 4,134 kg of narcotics from the deep seas. In 2024, a total of 1,17,284 kg of narcotics was destroyed under the aegis of the MHA.

Implications for India

The flow of heroin and synthetic drugs from the Golden Crescent (Afghanistan, Pakistan, and Iran) continued unabated despite enhanced border surveillance. Seizures of methamphetamine

and other synthetic drugs highlighted the rise of domestic production. Drug addiction among youth, mainly in states like Punjab and Manipur, remained a pressing concern, exacerbated by easy availability and peer pressure.

The events of 2024 highlighted ongoing threats to national security, with the increasing infiltration in Jammu and Kashmir (J&K) and the rising cross-border trafficking of narcotics revealing areas that need urgent attention. Although relatively minor, incidents of extremism in Left-Wing Extremism (LWE)-affected states represent a significant risk to public security and law and order. Terror-related activities in vulnerable regions of J&K and other LWE-affected areas also obstructed the progress of infrastructure projects and investments.

The use of emerging technologies, such as AI-driven deepfakes, by terror and anti-India groups could pose a serious threat to the nation's social cohesion. These extremist actions may sow mistrust between communities, further endangering peace and harmony. Additionally, the growing issues of drug addiction and online radicalisation among youth are likely to undermine India's human capital, with long-term detrimental effects.

Prognosis for 2025

In the context of Jammu and Kashmir, cross-border infiltration and drone-based trafficking from Pakistan are expected to persist, necessitating adaptive countermeasures. However, the implementation of development programmes could accelerate socio-economic progress, helping address local grievances and encouraging Kashmiri

youth to engage more actively in the mainstream. Pakistan-based terror groups, including Lashkar-e-Taiba (LeT), Jaish-e-Mohammed (JeM), and Hizb ul-Mujahideen (HM), will continue to plot and carry out terror attacks. While India's strengthened border management and coordinated counter-terrorism (CT) operations will help mitigate these threats to some degree, they are unlikely to be entirely eradicated.

Left-Wing Extremism (LWE) is expected to continue its downward trend, with fewer areas affected. However, sporadic attacks in states like Chhattisgarh, Odisha, and Jharkhand, as well as ongoing propaganda efforts, will remain a security challenge, demanding sustained vigilance. In an attempt to assert their presence, Maoist groups may increasingly target infrastructure projects in these regions.

Punjab will continue to grapple with the issues of drug abuse and arms trafficking, often coordinated by Pakistan-based operatives. Although the state's security forces are likely to ramp up operations against pro-Khalistan sympathisers and those connected to Organised Crime Syndicates (OCS), there remains a significant concern regarding the coordination between state and central agencies, which could hinder the effectiveness of these efforts.

Policy Recommendations

There is a need to invest in research and development of advanced surveillance technologies, such as AI-powered drones and thermal imaging systems, to detect and prevent infiltration.

Strengthening grassroots initiatives is crucial for fostering trust between the state administration and local communities, ensuring that local grievances are effectively addressed.

Engaging local influencers and utilising social media campaigns can play a key role in developing counter-narratives to combat extremist ideologies.

By collaborating with tech companies and intermediaries, stakeholders can enhance their ability to monitor and disrupt online radicalisation activities.

Community policing and active engagement can help build a trustworthy network that provides valuable intelligence to counter potential threats.

Strengthening international cooperation, particularly with countries in the West, and leveraging the influence of the diaspora can aid in countering pro-Khalistan groups.

Promoting cultural integration initiatives will help challenge and reduce the influence of pro-Khalistan ideologies.

Laws and regulations need to be reinforced to address the various dimensions of organised crime effectively.

A nationwide “anti-narcotics” campaign in educational institutions will raise awareness about the risks of drug abuse, while the inclusion of psychologists in drug rehabilitation centres will enhance patient recovery efforts.

Climate Change

Annual Review

In the past year, the effects of climate change have significantly worsened. The threats arising from this existential crisis are becoming more complex and interconnected, challenging the ability of states and governments to manage them effectively.

In 2024, climate records were shattered once again, from global average temperatures to greenhouse gas emissions. The effects were evident in the growing frequency and severity of extreme weather events, including intense summer heat, heavy rainfall, and catastrophic flooding. Key climate change trends, such as greenhouse gas emissions, rising global temperatures, heat waves, extreme rainfall, floods, landslides, and developments at COP29 are discussed in succeeding paragraphs.

Record-breaking Greenhouse Gas Emissions

Atmospheric concentrations of greenhouse gases surged in 2023, with CO₂ levels reaching 420 parts per million (ppm), the highest in recorded history, compared to 280 ppm in the late 1700s. Methane and nitrous oxide concentrations also rose sharply, driven by persistent fossil fuel usage, wildfires, and reduced carbon absorption by trees.

Global Temperature Milestone The European Space Agency (ESA) reported that 2024 is “virtually certain” to become the hottest year on record, surpassing 2023’s global average temperature of 1.48°C above pre-industrial levels. Temperatures have already reached 1.62°C above the pre-industrial baseline, signalling an urgent warning about exceeding the Paris Agreement’s long-term 1.5°C target.

Climate Change Impacts

Heat Waves 2024 witnessed unprecedented heat waves, with 15 national and 130 monthly temperature records shattered. Night-time temperatures remained unusually high, compounding stress on ecosystems and human health. Experts highlighted the alarming frequency and intensity of extreme heat events, driven by global warming and a fading El Niño phenomenon.

Extreme Rainfall, Floods, and Landslides

Catastrophic flooding and landslides occurred worldwide. Highlights include severe flooding in East Africa affecting over 700,000 people, Brazil's Rio Grande do Sul impacting 2.3 million, and devastating landslides in northern Kerala, India. In Europe, Eastern Spain faced its deadliest flood since 1967, with over 200 fatalities.

COP29 Negotiations

The 2024 United Nations Climate Change Conference (COP29) in Baku faced criticism for its inadequate outcomes.

Climate Finance Developing nations demanded \$1.3 trillion annually to transition to low-carbon economies and adapt to climate impacts. However, the agreement pledged only \$300 billion annually by 2035, sparking outrage from global leaders and NGOs.

Fossil Fuels COP29 failed to make progress on phasing down fossil fuels, referencing past commitments without new action.

Carbon Markets Some progress was made on operationalising Article 6 of the Paris Agreement, including guidelines for international carbon trading and crediting mechanisms.

Implications for India

The Centre for Science and Environment (CSE), a New Delhi-based think tank, reported that India experienced extreme weather events on 255 out of 274 days (over 93 percent) between January 1 and September 30, 2024. These events—ranging from heat and cold waves to cyclones, lightning, heavy rain, floods, and landslides—claimed 3,238 lives, impacted 3.2 million hectares of cropland, damaged 235,862 houses, and killed over 9,457 animals. However, the reported losses are likely underestimated due to incomplete data, especially regarding public property and crop damage.

Madhya Pradesh recorded extreme weather nearly every other day, the highest in the country, while Kerala reported the most fatalities (550), followed by Madhya Pradesh (353) and Assam (256). Andhra Pradesh saw the most houses damaged (85,806), while Maharashtra, which experienced extreme weather on 142 days, accounted for over 60 percent of the total affected crop area nationwide, followed by Madhya Pradesh (25,170 hectares).

Regionally, Central India faced the highest frequency of extreme events, with 218 days, closely followed by Northwest India at 213 days. Central India also reported the highest fatalities (1,001), followed by South India (762 deaths), East and Northeast India (741 deaths), and Northwest India (734 deaths).

Prognosis for 2025

Greenhouse gas emissions show no signs of slowing, making it likely that atmospheric concentrations will reach another record high in 2025. Consequently, global average temperatures are expected to continue rising throughout the year. This increase, coupled with higher temperatures, will drive more frequent and intense extreme weather events, disproportionately affecting countries with limited resources to recover or those least responsible for climate change.

The 2025 United Nations Climate Change Conference (COP30) is scheduled to take place in Belém, Brazil, from November 10-21. Key agenda items include reducing greenhouse gas emissions, adapting to climate change, financing climate action in developing nations, advancing renewable energy and low-carbon technologies, preserving forests and biodiversity, and addressing climate justice and the social impacts of climate change. However, it remains uncertain whether the conference will achieve meaningful progress on these critical issues.

The year 2025 represents a pivotal moment for climate cooperation and ambition. As the focus of climate diplomacy shifts from setting targets to delivering tangible results, the challenge will be navigating a fractured global landscape where leadership and clear commitment to the next steps remain uncertain.

Policy Recommendations

Implement Climate-Resilient Solutions
Delaying adaptation efforts will only increase

costs and challenges. India must accelerate climate adaptation, prioritising nature-based solutions such as reforestation, mangrove restoration, coral reef conservation, and wetland regeneration. These approaches are cost-effective, enhance resilience to extreme weather, and reduce emissions by capturing carbon. India should also invest in climate-resilient infrastructure and early-warning systems to mitigate the impacts of extreme weather events.

Strengthen Data Collection on Extreme Weather Impacts India faces significant gaps in recording and assessing losses from extreme weather events. The lack of a comprehensive public database hinders effective disaster management and evaluation. India needs a robust system to accurately quantify losses and damages, moving beyond counting disasters to provide credible, actionable data.

Technology and Innovation

Annual Review

Amid the global competition among major powers to develop and deploy emerging technologies for economic, defence, and strategic advantage, India has made significant advancements in key technological areas. These developments will be crucial in helping India achieve its goal of a '*Viksit Bharat*' by 2047.

2024 marked a pivotal year for India's technological and innovation landscape. India made remarkable advancements across several domains, solidifying its position as a global technology powerhouse. These achievements stemmed from government

initiatives, a burgeoning start-up ecosystem, and an increasingly skilled workforce.

Space Technology Achievements India's space sector witnessed transformative progress. The Indian Space Research Organisation (ISRO) launched the Space Docking Experiment (SpaDeX), positioning India as the fourth nation capable of in-space docking. This milestone is critical for future missions such as Chandrayaan-4 and India's planned space station by 2035. Preparations for the *Gaganyaan* mission also continued, with multiple trials ensuring mission readiness for India's first manned space flight.

Other notable missions included Chandrayaan-3's historic lunar landing, Aditya-L1's solar observations, and successful reusable spaceflight experiments. The Indian space economy grew exponentially, with projections of a fourfold increase in its global share by 2030. ISRO's collaboration with private players through the New Space Policy of 2023 accelerated innovation, with space sector start-ups increasing to nearly 200 by the end of 2024.

Artificial Intelligence (AI) Progress India continued to advance in AI, leveraging its strong talent pool and start-up ecosystem. AI applications across agriculture, healthcare, and defence demonstrated potential for transformative impact. Initiatives like "AI for India 2.0" and the IndiaAI Mission fostered innovation, focusing on areas like ethical AI, machine unlearning, and privacy-enhancing tools.

In agriculture, AI-powered precision farming enhanced resource efficiency, while in healthcare,

AI-supported diagnostics and drug discovery advanced patient care. Defence applications, including autonomous systems and enhanced intelligence analysis, further showcased the strategic importance of AI. AI was also integrated into traffic management and urban mobility solutions, reflecting its utility in improving daily life.

Semiconductor Technology Expansion

India made significant strides toward reducing dependency on imported semiconductors. The India Semiconductor Mission (ISM) approved five new semiconductor units, attracting over ₹1.5 lakh crore in investments. These facilities, supported by Production Linked Incentive (PLI) schemes, are set to produce seven crore chips daily, propelling India into the global semiconductor manufacturing arena. Collaborative projects between domestic firms and international partners, such as the Tata-Powerchip joint venture, further bolstered the semiconductor ecosystem.

Defence and Hypersonic Technology

India's defence technology advanced with the successful test of long-range hypersonic missiles. The establishment of the Hypervelocity Expansion Tunnel Test Facility at IIT Kanpur underscored India's commitment to indigenous defence capabilities. These developments enhance India's strategic deterrence and combat readiness. Research in Hypersonic Glide Vehicles (HGVs) and Hypersonic Cruise Missiles (HCMs) continued, highlighting India's determination to lead in advanced defence technologies.

Drone and Autonomous Weapons Systems

(AWS) India's drone ecosystem flourished with

advancements in agricultural, logistics, and military applications. Policies such as the Drone Rules 2021 and 'Drone Shakti' initiative supported start-ups and domestic manufacturing. In military contexts, the development of coordinated drone swarms and AI-enhanced targeting showcased India's growing capabilities in AWS. Drone usage also expanded into infrastructure inspection, disaster management, and precision farming, offering solutions to diverse societal challenges.

Implications for India

India's technological achievements have profound implications across economic, security, and geopolitical dimensions.

Economic Implications The growth of India's technology sectors is expected to significantly boost its GDP. With projected increases in semiconductor and space sector contributions, India is poised to become a global manufacturing hub. The expansion of start-ups in AI and drones will drive innovation and job creation, solidifying India's position in the global value chain. Increased foreign investments in technology infrastructure, particularly in the semiconductor and AI sectors, will further fuel economic growth.

National Security Technological advancements in hypersonic missiles, drones, and cybersecurity are strengthening India's defence capabilities. Hypersonic systems provide strategic deterrence, while advancements in AWS enhance India's combat readiness. Enhanced cybersecurity measures ensure the protection of critical infrastructure and bolster national resilience against cyberattacks. The

establishment of domestic capabilities in critical defence technologies reduces dependency on imports, contributing to greater national security.

Global Influence and Diplomacy India's technological progress enhances its influence in global forums. Through initiatives like the Global Partnership on AI (GPAI) and bilateral agreements with the US, Japan, and the EU, India is shaping the international discourse on technology governance. These efforts position India as a leader in setting global standards for emerging technologies. Participation in multilateral forums such as the G20 and BRICS further enables India to advocate for responsible technology usage and equitable access.

Self-Reliance and Technological Independence

The 'Make in India' initiative and PLI schemes reduce reliance on imports, fostering a self-reliant technological ecosystem. Indigenous developments in semiconductors and defence technologies bolster India's strategic autonomy. This self-reliance also positions India to navigate global supply chain disruptions more effectively, ensuring technological resilience.

Prognosis for 2025

India is well-positioned to achieve substantial technological milestones in 2025, leveraging its growing economy, skilled workforce, and supportive policies.

Space Sector Expansion ISRO will launch new missions, including the NVS-02 satellite, enhancing navigation capabilities. Space technologies will be applied in diverse areas like smart cities, water

management, and defence. India's space sector is expected to further integrate public and private participation, driving innovation and economic growth. The development of reusable launch vehicles and human spaceflight capabilities will also remain a key focus.

AI Innovations AI applications will deepen across sectors. Enhanced precision in agriculture, predictive analytics in healthcare, and AI-driven decision-making in defence will underscore the transformative potential of AI. Government-backed projects like the AI supercomputer AIRAWAT will support cutting-edge research. AI's role in automating industries, optimising logistics, and enhancing urban infrastructure management will grow significantly.

Semiconductor Ecosystem Growth India will continue expanding its semiconductor ecosystem under the Semicon India 2.0 programme. Increased investments and partnerships with global tech firms will ensure a robust supply chain, reducing dependency on imports. The establishment of new fabrication units and research centres will support innovation in chip design and manufacturing.

Defence Technology Advancements Research in hypersonic technology will remain a priority. Enhanced missile systems, combined with advancements in AWS, will provide strategic advantages. Indigenous R&D efforts will align with the 'Make in India' initiative to ensure defence self-reliance. Continued testing and development of Hypersonic Glide Vehicles and next-generation missile systems will strengthen India's defence posture.

Commercial Drone Applications The drone industry is expected to witness significant growth, with expanded applications in logistics, disaster management, and agriculture. Domestic manufacturing capabilities will further reduce dependency on imports, aligning with India's self-reliance goals. Innovations in drone technology, including increased autonomy and payload capacity, will enhance their utility across industries.

Policy Recommendations

To capitalise on its technological momentum, India must implement comprehensive policies addressing key challenges and opportunities.

R&D Investment India should increase its R&D expenditure from the current 0.65 percent of GDP to match global leaders like South Korea (4.93 percent) and the US (3.46percent). This investment is crucial for sustained innovation and global competitiveness. Enhanced funding for public research institutions and incentivising private sector R&D will create a robust innovation ecosystem.

Workforce Development India's demographic dividend presents an unprecedented opportunity. Strengthening STEM education and technical training programmes will build a skilled workforce capable of driving technological and economic transformation. Special focus should be given to AI, space, and semiconductor sectors. Collaborations with global universities and institutions can enhance the quality of education and training.

Business and Investment Climate Simplifying regulatory processes and providing timely financial

support will attract investments in emerging technologies. Expanding the PLI scheme and easing business operations will encourage domestic and foreign firms to establish manufacturing facilities in India. Streamlined approval processes and tax incentives can further boost investor confidence.

Strengthen International Collaborations India must leverage strategic partnerships to attract foreign direct investment (FDI) and facilitate technology transfer (ToT). Collaborations with countries like the US, Japan, and Israel will bolster innovation and align India with global technology standards. Joint ventures in high-tech industries will promote knowledge exchange and resource sharing.

Defence Modernisation Dedicated R&D efforts in hypersonic technology and AWS are essential to maintain strategic superiority. Investments in advanced defence systems will ensure readiness for modern warfare. Establishing dedicated defence innovation hubs can accelerate the development of next-generation military technologies.

Engage in Global Governance Active participation in international technology governance forums is vital. India should shape global standards for emerging technologies, ensuring ethical development and deployment. Expanding the number of Science & Technology (S&T) counsellors in foreign missions will enhance India's technology diplomacy. Advocating for equitable access to emerging technologies will strengthen India's global standing.

Foster Global South Cooperation Collaborating with developing nations on joint R&D projects and

talent development initiatives will position India as a leader in inclusive innovation. Sharing expertise in areas like cybersecurity and digital governance will strengthen ties with partner countries. India's efforts to bridge the digital divide can also enhance its soft power and global influence.

By addressing these priorities, India can harness the transformative potential of emerging technologies, driving economic growth, enhancing national security, and improving the quality of life for its citizens. Investments in R&D, infrastructure, and talent development will secure India's position as a global technological powerhouse, paving the way for a prosperous and equitable future.

Cyber Security

Annual Review

India's cybersecurity framework grew substantially in response to the increasing digitalisation of public and private sectors. Key initiatives included the establishment of partnerships like the Military College of Telecommunication Engineering (MCTE) and Society for Electronic Transactions and Security (SETS) Memorandum of Understanding (MoU). These efforts focused on advancing research and development in quantum computing, hardware security, and cryptology.

The government launched the National Mission on Interdisciplinary Cyber-Physical Systems (NM-ICPS), with a budget of ₹3,660 crores, creating 25 Technology Innovation Hubs. These hubs drive innovation in fields like AI, machine learning (ML), and robotics, reinforcing India's

cybersecurity resilience. The Indian Computer Emergency Response Team (CERT-In) played a pivotal role in responding to cyber threats, issuing advisories, and enhancing early warning systems. Additionally, collaborations with global tech giants like Google, Amazon, and Microsoft contributed to strengthening India's cybersecurity infrastructure.

Surge in Cyberattacks India experienced over 1.2 million cybersecurity incidents in 2024, with ransomware and phishing attacks significantly impacting healthcare, finance, and education.

State-Sponsored Cyber Threats Critical infrastructure faced heightened risks from state-sponsored cyberattacks, particularly from China and Pakistan. A major incident involved Chinese-backed hackers targeting northern India's power grid, exposing vulnerabilities in operational technology (OT) systems.

Implementation of Data Protection Laws The Digital Personal Data Protection Act, 2023, introduced a robust legal framework for data privacy. While it enforced stricter regulations, challenges emerged, particularly for small and medium enterprises (SMEs), in meeting compliance requirements.

Rise in Individual Cybercrime Identity theft and financial fraud surged, with 7.4 lakh complaints of digital arrest scams registered in early 2024 alone. Financial losses totalled over ₹2,140 crore by October, undermining public trust in digital platforms.

Efforts to Combat Financial Cybercrime The Citizen Financial Cyber Fraud Reporting and

Management System (CFCFRMS), launched in 2021, saved over ₹3,431 crore across 9.94 lakh cases by 2024. However, low cybersecurity awareness remains a significant concern.

Implications for India

Amid rising state-sponsored cyberattacks, India's geopolitical tensions with neighbouring countries have extended into cyberspace. Cyber threats from China and Pakistan pose a significant challenge to India's cybersecurity framework, emphasising the need for a robust defence system and proactive countermeasures. Cyber-espionage operations targeting Indian government entities, such as those by groups like Suckfly and Danti, have exposed critical vulnerabilities.

The absence of global consensus on cyber-warfare norms complicates the attribution and response to these attacks. Cyberattacks on critical national infrastructure (CNI) remain particularly concerning, as successful breaches—such as one targeting the energy sector—could disrupt power supplies, jeopardising industries, hospitals, and public safety.

Prognosis for 2025

Cybersecurity Enhancements Investments in cybersecurity infrastructure will intensify, with a focus on protecting critical information and developing advanced threat detection systems. India's talent development programmes will cultivate cybersecurity experts capable of addressing evolving threats. Research into quantum cryptography and blockchain-based security solutions will likely accelerate, providing India

with cutting-edge tools to counter sophisticated cyberattacks.

In 2025, India's digital transformation will progress, presenting both opportunities and cybersecurity challenges. Cyberattack volumes are projected to increase, with threat actors exploiting emerging technologies like quantum computing, the Internet of Things (IoT), and AI-powered tools to execute more sophisticated attacks. Tools such as Ransomware-as-a-Service (RaaS) and other cybercrime services are expected to amplify their impact.

Policy Recommendations

Strengthening Cybersecurity for Critical National Infrastructure (CNI) India must enhance the security of its CNI by increasing investments in Operational Technology (OT) systems. Both government and private stakeholders should adopt advanced measures, such as AI for real-time monitoring and Zero-Trust architectures, to secure key sectors.

Boosting Indigenous R&D and Innovation The government's focus on policies like 'Make in India' and the 'AI Mission' will bolster startups developing AI, Machine Learning (ML), quantum, and blockchain solutions. These initiatives aim to foster an ecosystem of innovation in cybersecurity technologies.

Enhancing Legal Framework and Cyber Awareness To complement the Digital Personal Data Protection (DPDP) Act 2023, sector-specific laws addressing cybersecurity in areas like finance and healthcare are essential. A nationwide cyber-

hygiene campaign through schools, universities, and NGOs will help reduce individual vulnerabilities to cyber fraud and attacks.

Strengthening CERT-In and Proactive Cyber Defence India must invest in expanding the technical capabilities and workforce of CERT-In to improve threat detection and incident response. Routine penetration testing and cyber drills for critical infrastructure operators are vital for ensuring readiness against evolving threats.

Building a Resilient Cyber Ecosystem In 2025, India must prioritise cybersecurity to counter emerging threats, refine policies, and embrace innovation. By adopting global best practices and enhancing indigenous capabilities, India can protect its digital infrastructure and ensure the safety of its citizens, or "digizens," while realising its digital growth potential.

Maritime

Annual Review

2024 was a transformative year for India's maritime sector, with significant advancements in shipping, shipbuilding, the blue economy, and trade. These developments were driven by ambitious government initiatives, increasing global trade linkages, and a focus on sustainability and innovation. Key milestones and events in each domain are summarised below:

India-Middle East Europe Economic Corridor (IMEC) The Union Cabinet approved the Inter-Governmental Framework Agreement (IGFA)

signed during a high-level visit between India and the UAE to strengthen cooperation in ports, maritime, and logistics sectors as part of the India-Middle East Europe Economic Corridor (IMEC).

World Bank's Logistics Performance Index (LPI) 2023

- India ranked 22nd in international shipments, up from 44th in 2014.
- Container dwell time reduced to 3 days, outperforming many countries.
- India's port turnaround time improved to 0.9 days, better than many major global ports.

Re-election to the International Maritime Organisation (IMO) Council India was re-elected with the highest votes (157 out of 163) to the IMO Council for 2024-25, reaffirming its leadership in international seaborne trade.

State Maritime & Waterways Transport Committees (SMWTCs) MoPSW established committees in 12 states to implement maritime and waterway schemes, with more being set up across India.

Tuticorin International Container Terminal (TICT) The TICT at V.O. Chidambaranar Port was inaugurated with an investment of over Rs. 434 crores, capable of handling 6 lakh TEUs annually.

Cruise Bharat Mission Launched in September 2024, this initiative aims to double cruise tourism in India by 2029, boosting the sector's growth potential.

National Maritime Heritage Complex (NMHC) Project The Cabinet approved the development of NMHC at Lothal, Gujarat, to showcase India's maritime history, with a focus on heritage and culture.

India Maritime Heritage Conclave 2024 In December 2024, MoPSW hosted the first India Maritime Heritage Conclave, celebrating India's maritime legacy and its role in global trade.

International Container Transshipment Port (ICTP) at Great Nicobar Island A mega transshipment port at Galathea Bay is under development with an investment of Rs. 43,796 crores, aiming for significant cargo handling capacity and job creation.

Ports

Ports Performance

- Major ports' cargo handling capacity has grown to 1,630 MTPA by March 2024. The target is 3,500 MTPA by 2030 and 10,000 MTPA by 2047.
- India's ports have shown marked efficiency improvements, with a 2.59 percent increase in cargo handling in FY 2024.

Vadhavan Port Development On August 30, 2024, the foundation stone for the Vadhavan Port in Maharashtra was laid, a project estimated at INR 76,000 crores to enhance India's port infrastructure.

Sagar Aankalan Guidelines Launched in February 2024, these guidelines aim to benchmark

and improve Indian ports' performance, increasing competitiveness.

Shahid Beheshti Port Terminal Development On May 13, 2024, India and Iran signed a long-term contract for developing the Shahid Beheshti Port in Chabahar, enhancing trade links with Central Asia.

World Bank CPPI 2023 Report Ten Indian ports, including Visakhapatnam, made it to the global top 100 in the CPPI 2023, with Visakhapatnam moving from 122nd to 19th position.

Shipping

Resumption of India-Sri Lanka Passenger Ferry On August 16, 2024, the ferry service between Nagapattinam (India) and Kankesanthurai (Sri Lanka) was resumed, enhancing regional connectivity and tourism.

Inland Waterways

Cargo Movement via Inland Waterways Freight movement via Inland Waterways (IWT) has increased sevenfold from 18.1 MMT in FY 2014 to 133.03 MMT in FY 2024. A 6.66 percent rise was noted in cargo transported between April-November 2024.

Cargo Promotion Scheme Launched in December 2024, this scheme offers a 35 percent incentive to promote the use of inland waterways for cargo transport, aiming to divert 17 percent of cargo to water transport, including a scheduled service between Kolkata and Varanasi/Pandu.

Maritime India Vision (MIV) 2030 The MIV 2030 outlines a strategic plan for the comprehensive

development of India's maritime sector, including ports, shipping, and waterways, with 150 initiatives aimed at establishing India as a global maritime leader. It focuses on ten interconnected themes such as port infrastructure, logistics efficiency, shipbuilding, coastal and waterway traffic, technology, policy support, sustainability, and global collaboration.

Key Achievements Under MIV 2030

Over the past three years, significant progress has been made across various maritime sectors:

- **Port Capacity:** Increased from 1598 MMTPA in FY 2022 to 1630 MMTPA in FY 2024.
- **Vessel Turnaround Time (TAT):** Reduced from 53 hours in FY 2022 to 48 hours in FY 2024.
- **Ship Berth Day Output:** Improved from 16,000 MT in FY 2022 to 18,900 MT in FY 2024.
- **Global Ranking:** Two Indian ports now feature in the global top 30.
- **Logistics Performance:** India's ranking in the World Bank's Logistics Performance Index improved from 44 in 2018 to 22 in 2023.
- **National Waterways Cargo:** Increased from 108 MMT in FY 2022 to 133 MMT in FY 2024.
- **Coastal Tonnage:** Grew from 260 MMT in FY 2022 to 324 MMT in FY 2024.

Financial Investments and Projects The Ministry of Ports, Shipping, and Waterways saw a 37 percent increase in capital expenditure, rising to Rs. 7571 crore in FY 2024. There was also a 54 percent increase in the Gross Budget Support (GBS) to Rs. 1687 crore. Around 75 port development projects were awarded, enhancing cargo handling and operational efficiency.

Boost to Maritime Trade and Employment The maritime trade has experienced a significant rise:

- **Port Traffic:** Increased from 720 MMT in FY 2022 to 820 MMT in FY 2024.
- **Coastal Tonnage:** Rose from 260 MMT in FY 2022 to 324 MMT in FY 2024.
- **National Waterways Cargo:** Increased from 108 MMT to 133 MMT across more operational waterways.

This surge in maritime trade has led to job creation in various sectors such as logistics, shipping, port operations, shipbuilding, and cruise tourism, supporting both economic growth and skill development.

Monitoring and Evaluation Mechanisms To ensure the effective implementation of MIV 2030, the Ministry has established robust monitoring tools:

- **Sagarmanthan Portal:** Tracks progress on KPIs, projects, and strategies, offering visibility on capital expenditure, traffic, port performance, and project outcomes.

- **Viksit Bharat Sankalp (ViBhaS) and Neel Arth Vision Implementation Cells (NAVIC):** Facilitate tracking and innovation, ensuring alignment with MIV 2030's objectives and promoting structured progress.

Incentives for Domestic Shipyards

The government has introduced additional incentives to boost the development of fuel-efficient and technologically advanced vessels in India's shipping sector. These measures include:

- **Amended Shipbuilding Financial Assistance Policy:**
 - **30 percent financial assistance** for vessels using green fuels like Methanol, Ammonia, or Hydrogen fuel cells.
 - **20 percent financial assistance** for vessels with fully electric or hybrid propulsion systems.
- **Maritime AmritKaal Vision (MAKV 2047):** India aims to be among the top 5 global shipbuilders by 2047. The government is supporting this goal through the Shipbuilding Financial Assistance Policy (SBFAP), encouraging the 'Make in India' initiative and enhancing shipyard competitiveness in both domestic and international markets.
 - **SBFAP Scheme (2016-2026):** The policy provides financial assistance for shipbuilding contracts signed between April 1, 2016, and March 31, 2026, starting from 20 percent in 2016 and reducing to 11 percent by 2026.

- **Current Impact:** 45 shipyards have registered under the scheme, with 19 shipyards receiving financial assistance, leading to the construction and delivery of 144 vessels, totalling Rs. 385.16 crore in released funds.

Sagarmala Scheme: Promoting Port-Led Development

The **Sagarmala Scheme**, launched by the Ministry of Ports, Shipping, and Waterways, is a key initiative aimed at fostering port-led development in India. Under this scheme, the government provides financial support to State Governments and Union Territories for a range of projects, including:

- Port infrastructure
- Coastal berth and road/rail connectivity projects

- Fish harbours and skill development initiatives
- Coastal community development
- International-standard cruise terminals
- Innovative projects like Ro-Pax ferry services

State-wise details of these projects are tabulated below.

Expansion of the Blue Economy

India's blue economy strategy gained traction, focusing on sustainable exploitation of ocean resources. The Ministry of Earth Sciences (MoES) launched the Deep Ocean Mission's second phase, targeting resource exploration, biodiversity conservation, and marine spatial planning. Coastal community development initiatives under the

State/UT	No. of Projects	Total Project Cost (₹ Cr)	Completed (₹ Cr)		Under Implementation (₹ Cr)	
			No. of Projects	Total Project Cost	No. of Projects	Total Project Cost
Andaman & Nicobar Islands	3	46	1	13	2	32
Andhra Pradesh	12	2,409	7	1,114	5	1,295
Goa	9	763	5	85	4	677
Gujarat	9	1,388	3	364	6	1,024
Karnataka	8	493	3	71	5	422
Kerala	8	273	6	134	2	139
Maharashtra	31	1,920	19	829	12	1,092
Odisha	6	350	1	4	5	346
Puducherry	2	30	1	27	1	2
Tamil Nadu	22	1,240	14	1,004	7	226
West Bengal	9	569	6	404	3	165
Total	119	9,480	66	4,049	52	5,420

Matsya Sampada Yojana improved livelihoods through aquaculture and marine tourism. The government also initiated research into harnessing offshore wind energy to diversify the blue economy's contribution to the GDP.

Implications for India

The maritime advancements in 2024 have profound implications for India's economic growth, national security, and environmental sustainability. These developments are expected to shape India's regional and global standing in the following ways:

Economic Growth India's enhanced maritime infrastructure and growing shipbuilding capabilities will significantly boost GDP. The blue economy's expansion is set to create millions of jobs, particularly in coastal regions, while sustainable aquaculture and marine tourism diversify revenue streams. The increased efficiency in shipping logistics is expected to reduce trade costs, benefiting exporters and importers alike.

National Security India's shipbuilding progress strengthens its naval capabilities, providing modern vessels to the Indian Navy and Coast Guard. This bolsters maritime security, particularly in the Indian Ocean Region (IOR), where India faces challenges from strategic competitors. Enhanced port infrastructure also supports the swift deployment of defence assets, ensuring the protection of critical maritime trade routes.

Environmental Sustainability The focus on green shipping and renewable energy in the blue economy aligns with India's climate commitments. Initiatives such as LNG-fuelled ships and offshore

wind farms reduce the maritime sector's carbon footprint, contributing to global sustainability goals. Moreover, efforts to conserve marine biodiversity ensure the long-term health of ocean ecosystems.

Geopolitical Influence Improved maritime connectivity and trade agreements enhance India's role in regional and global supply chains. Strategic port investments in neighbouring countries, such as the development of Chabahar Port in Iran, bolster India's geopolitical influence. These projects counterbalance competing initiatives like China's Belt and Road Initiative (BRI), positioning India as a key player in the Indo-Pacific.

Prognosis for 2025

India is expected to build on its 2024 achievements, with several transformative developments anticipated in 2025:

Shipping Sector Projections The shipping sector will likely see further adoption of green technologies, with more LNG and hybrid-powered vessels entering service. The National Maritime Logistics Portal is expected to integrate advanced AI and blockchain systems, improving transparency and operational efficiency. Coastal shipping's share in domestic cargo movement is predicted to grow, driven by incentives for using waterways over road and rail transport.

Shipbuilding Industry Outlook India's shipbuilding industry is poised for rapid expansion, with new shipyards being established in Gujarat and Andhra Pradesh. Indigenous construction

of advanced defence vessels, such as stealth frigates and submarines, will strengthen the Navy's capabilities. Increased collaboration with global leaders will further enhance technological expertise, enabling Indian shipyards to capture a larger share of the international market.

Blue Economy Expansion The blue economy's contribution to the GDP is expected to rise significantly, driven by new projects in aquaculture, offshore wind energy, and marine biotechnology. India's efforts in deep-sea mining, particularly for rare earth elements, will gain momentum, reducing dependence on imports. Marine spatial planning initiatives will ensure the sustainable development of coastal and marine areas.

Trade Growth and Connectivity Maritime trade volumes are forecasted to grow by 8-10 percent, supported by improved port infrastructure and streamlined customs procedures. Strategic investments in transshipment hubs, such as Vizhinjam in Kerala, will reduce reliance on foreign ports. India's participation in global trade forums will further enhance its integration into global supply chains.

Policy Recommendations

To maximise the benefits of its maritime advancements, India should adopt the following policy measures:

Strengthen Maritime Infrastructure

- Accelerate the modernisation of major ports, focusing on increasing cargo handling capacity and reducing turnaround times.

- Develop dedicated coastal shipping terminals to promote the use of waterways for domestic freight movement.
- Establish a robust maritime logistics network integrating ports, railways, and roadways.
- **Support Shipbuilding Industry**
- Extend financial incentives under the Shipbuilding Financial Assistance Policy to cover emerging technologies like autonomous ships.
- Foster public-private partnerships to attract investment in new shipyards and R&D facilities.
- Facilitate technology transfer agreements with leading shipbuilding nations to enhance indigenous capabilities.

Promote Sustainable Blue Economy

- Invest in research and development for marine biotechnology, offshore renewable energy, and deep-sea mining.
- Implement strict regulations to prevent overfishing and promote sustainable aquaculture practices.
- Expand coastal community development programmes to ensure inclusive growth and livelihood security.

Enhance Maritime Trade and Connectivity

- Negotiate new trade agreements with key partners to boost exports and imports.

- Develop transshipment hubs to reduce reliance on foreign ports and enhance regional trade.
- Simplify customs and regulatory procedures to facilitate seamless trade operations.

Strengthen Maritime Security

- Enhance share of Indian Navy and Indian Coast Guard budget in the overall defence budget to safeguard critical sea lanes and maritime borders.
- Establish joint maritime surveillance initiatives with friendly nations to counter security threats in the IOR.
- Enhance cybersecurity measures to protect maritime infrastructure from cyberattacks.

Indian Civilisation, Heritage, Arts, and Culture

Annual Review

In 2024, India marked several cultural milestones, including the consecration of the Ram Mandir, significant archaeological findings at Rakhigarhi and Keeladi, and the recognition of Charaideo Moidams in Assam as a UNESCO World Heritage Site. The revival of Nalanda as an educational centre and the exhibition of Lord Buddha's relics in Thailand further showcased India's rich civilisational and spiritual heritage.

Cultural Awakening and Reviving Heritage

One of the most significant events of 2024 was

the consecration of the Ram Mandir in Ayodhya on January 22. This milestone followed the 2019 Supreme Court verdict on the Ram Janmabhoomi-Babri Masjid dispute. The temple's opening, marked by the "Pran Pratishtha" ceremony led by Prime Minister Narendra Modi, symbolised a revival of India's cultural pride.

In June, the Prime Minister inaugurated the new Nalanda University campus in Bihar, rekindling India's ancient academic legacy. The initiative, supported by contributions from 17 countries, aims to re-establish Nalanda as a global centre for education and philosophy.

Strengthening Cultural Diplomacy India reinforced its cultural ties with Southeast Asia by sending rare relics of Lord Buddha to Thailand for a month-long exhibition, which drew over 4 million devotees. Restoration efforts at the Vat Phou UNESCO World Heritage site in Laos further demonstrated India's commitment to preserving shared cultural heritage. Additionally, Prime Minister Modi announced an annual \$1 million contribution to UNESCO's World Heritage Centre to support conservation in the Global South.

Notable Archaeological Discoveries

Archaeological excavations brought new insights into India's ancient history. At Rakhigarhi in Haryana, researchers dated human remains back 8,000 years, pushing the timeline of the Harappan civilisation. Excavations in Tamil Nadu at Keeladi revealed advanced urban planning and water management practices from the Sangam era, over 2,600 years ago. Other key efforts include studies at Lothal, uncovering evidence of a Harappan dockyard, and ongoing excavations in Madhya

Pradesh and Uttar Pradesh to explore links to the Mahabharata period.

Repatriation of Stolen Antiquities In July 2024, India signed a cultural property agreement with the U.S. to prevent illegal trade and enable the return of stolen artefacts. The U.S. has already returned 297 antiquities to India, some dating back to 2000 BCE.

Recognition of Tangible and Intangible Heritage

The Charaideo Moidams in Assam were included in the UNESCO World Heritage Site list, becoming India's 43rd entry. Additionally, five languages—Assamese, Bengali, Marathi, Pali, and Prakrit—were conferred classical status, expanding India's list of classical languages to 11. Pali and Prakrit, though no longer spoken, were recognised for their influence on modern languages.

Prognosis for 2025

Anticipation of Further Archaeological Discoveries Ongoing excavations and research are expected to yield more discoveries in 2025, further enriching knowledge about India's ancient civilisation and cultural legacy.

Strengthening Cultural Diplomacy India will continue to foster civilisational connections worldwide, leveraging its role as the spiritual home of Buddhism to deepen relations with Buddhist-majority nations. The Archaeological Survey of India (ASI) will maintain its significant role in preserving cultural heritage, particularly in the Global South and Southeast Asia.

Cultural Identity and Economic Opportunities The consecration of the Ram Mandir in Ayodhya

reinforces India's cultural identity and positions Uttar Pradesh as a potential hub for global religious tourism. This development is expected to boost employment, tourism revenue, and related sectors in the region. Similarly, the inclusion of Charaideo Moidams in the UNESCO World Heritage list will enhance conservation efforts and draw global attention to India's cultural diversity.

Policy Recommendations

Counter China's Strategic Use of Buddhism

Despite its officially atheist stance, China uses Buddhism as a tool of foreign policy to strengthen ties with Buddhist-majority nations and expand its soft power in Asia. India, with its rich Buddhist heritage, should take proactive steps to foster similar connections. Building on the successful exhibition of Lord Buddha's relics in Thailand, India could organise similar displays in other Buddhist countries, as it previously did in Mongolia (2022) and Sri Lanka (2012). These initiatives would strengthen people-to-people connections and enhance cultural diplomacy.

Preserving Shared Heritage in Southeast Asia

India must increase investments in conserving Hindu and Buddhist temples across Southeast Asia, such as Prambanan (Indonesia), Ananda Temple (Myanmar), Vat Phou (Laos), and Angkor Wat (Cambodia). Such efforts would not only preserve shared cultural heritage but also deepen ties with these nations.

Strengthening Archaeological Preservation

India should enhance funding for the Archaeological Survey of India (ASI) to support excavation,

restoration, and conservation efforts. Technological upgrades are crucial for modernising ASI's operations. Increased excavations would contribute to uncovering more aspects of India's ancient civilisations and preserving cultural heritage for future generations.

Repatriation of Cultural Property India has made progress in repatriating stolen artefacts, with significant returns from countries like the USA, Australia, and Germany. However, these artefacts were mostly smuggled post-independence. India must now press for the return of cultural treasures looted during the colonial period. The British

Museum, among others, holds a significant collection of such artefacts. India should advocate for redefining "illegal export" to include artefacts taken during British rule.

Expanding UNESCO World Heritage Sites

India should prioritise increasing its UNESCO World Heritage Sites. Comparatively smaller nations like Italy, France, and Germany have far more recognised sites despite their shorter civilisational histories. Given India's rich cultural and geographical diversity, its ancient heritage warrants greater international recognition.

INDIAN ARMED FORCES

Indian Army

Annual Review

Year of Technology Absorption Building on its 2023 “Year of Transformation,” the Indian Army declared 2024 as the “Year of Technology Absorption.” This initiative emphasised integrating advanced technologies such as drones, anti-drone systems, and cyber capabilities into infantry, artillery, and armoured units. The army focused on enhancing cyber operations by establishing Command Cyber Operations and Support Wings and training personnel to leverage technology effectively. Modernisation efforts included artillery upgrades, recruitment via the *Agniveer* programme, downsizing specific departments, and emphasising indigenous technology.

Operational Challenges on Northern and Western Fronts On the Northern Front, tensions with China persisted due to the PLA’s aggressive military infrastructure buildup near the border. However, 2024 marked a significant breakthrough in the prolonged standoff in Eastern Ladakh, with disengagement at Depsang and Demchok paving

the way for the first bilateral meeting in five years between Indian and Chinese leaders during the BRICS summit.

Along the Line of Control (LoC) with Pakistan, the 2021 ceasefire held, but cross-border infiltration attempts increased violence in Jammu. Terror incidents in areas south of the Pir Panjal Range exploited security gaps caused by troop redeployments to Ladakh. The security forces neutralised 75 terrorists, with a notable decline in local recruitment and a significant proportion of foreign militants among those eliminated.

Internal Security and Regional Instability In Jammu & Kashmir, civilian and security force casualties totalled 58 in 60 terrorist incidents. Meanwhile, the situation in Manipur deteriorated due to deepening ethnic tensions between the Meitei and Kuki communities, resulting in violence, displacement, and fear. The civil war in Myanmar further complicated matters, as refugees streamed into Mizoram and Manipur, adding to the region’s instability. The central government’s decision to construct border fencing along the India-Myanmar border faced resistance from Mizoram and Nagaland.

Modernisation and Indigenous Focus Artillery modernisation gained momentum with new contracts for advanced gun systems. Indigenisation efforts reached new heights, with the highest-ever growth in indigenous defence production and a 32.5percent increase in defence exports. However, despite finalising blueprints for three Integrated Theatre Commands (ITCs), their implementation was deferred to 2025.

Prognosis for 2025

While the Indian Army made strides in modernisation and operational readiness, challenges in regional security, internal conflicts, and delays in implementing critical reforms underscore the complexity of its operational landscape. The coming year will likely see continued focus on these transformative efforts while addressing unresolved issues.

The current state of readiness along the northern borders with China is expected to persist. Despite the recent breakthrough at the LAC, there are unlikely to be immediate changes in the military posture. Infrastructure development will remain a priority as India works to bolster its deterrent capability against potential future Chinese military coercion.

Looking ahead to 2025, the Indian military will continue to grapple with challenges along the LAC, the LoC, and the eastern border with Myanmar. To support capability building and modernisation, a substantial increase in the defence budget and funding for defence research and development will be essential.

Policy Recommendations

A structured, long-term approach is urgently required to replace ad-hoc measures and establish a strong, independent defence industrial base that aligns with the Indian Army's evolving requirements. Given the growing reliance on advanced technology, investing in specialised training and creating dedicated human resource cadres is a strategic priority that can deliver significant benefits over time.

To address the challenges posed by technologically advanced adversaries such as China, often in coordination with Pakistan, the Indian Army must prioritise the development of updated strategies and doctrines. Publicly accessible versions of these documents can enhance deterrence while guiding focused modernisation efforts. They should emphasise future warfighting concepts and promote joint training to better prepare for emerging threats.

With the first phase of the *Agniveer* initiative underway, the Army must critically evaluate its human resource policies. Is this model sustainable and effective for the future? Given the active and extended borders along the LOC and LAC, maintaining both numerical strength and personnel quality is essential to uphold territorial integrity. A thorough review is necessary to ensure that the Army remains adequately staffed and capable of meeting its operational demands.

Indian Navy

Annual Review

The Indian Navy's (IN) theme for 2024, "**Combat Ready, Credible, Cohesive, and Future**

Proof,” captured the Navy’s evolving priorities. The continuing modernisation of India’s naval capabilities reflected the nation’s commitment to self-reliance in defence under the **“Make in India”** initiative.

Operational The *IN* maintained an increased tempo of operations and high state of combat readiness logging a cumulative 6500 ship days, 700 submarine days and approximately 50000 flying hours in 2024. Sustained deployment particularly in Southwest Indian Ocean underscored *IN*’s deterrence potential expanding its footprint across the oceans. Bilateral and multilateral engagements enhanced cooperation, collaboration and interoperability amongst likeminded navies, enhancing *IN*’s status as preferred security partner and first responder in Indian Ocean Region (IOR). As part of its deployment in the Red Sea/Gulf of Aden (GoA) 32 warships were deployed for a cumulative 905 ship days escorting 249 merchant ships with a cargo valued at approximately \$4.5 billion. The operations also resulted in saving of over 400 lives as part of the 161 maritime incidents and capture of 62 pirates.

MILAN 2024 multilateral exercise was conducted in February witnessing participation from 50 countries. Indian Navy also participated in 15 bilateral/multilateral exercises, 32 maritime partnership exercises and undertook six EEZ surveillance missions, seven coordinated patrols and eight hydrographic surveys with friendly foreign nations. The maritime domain awareness (MDA) initiative of the Indian Navy, the Information Fusion Centre-Indian Ocean Region (IFC-IOR) now has linkages with 25 countries and

51 maritime security centres across the world and houses Information Liaison Officers (ILOs) from 14 countries.

Accretions and Personnel Stealth frigate *Tushil* and Survey ship *Nirdeshak* were commissioned in 2024 adding to *IN*’s capability. Commissioning of *Arighaat*, the second SSBN (Ballistic Missile Nuclear Submarine) on August 29, 2024, added to India’s second-strike capability. India is only one of the six nations in the world to build, design and operate SSBNs as well as aircraft Carrier. Presently 62 ships and one submarine are being constructed in various Indian shipyards and Acceptance of Necessity (AoN) has been accorded to 31 ships and submarines valued at around Rs 78,000 crore, all of which will be made in India. This demonstrates *IN*’s commitment to indigenisation and self-reliance. *IN* also concluded capital contracts amounting to over Rs 20,000 crores, in 2024.

The Cabinet Committee on Security (CCS) approval for strategic programs, and contract conclusion for MQ 9B Reaper drones from the USA have been notable achievements. By embracing advanced technologies such as drones and artificial intelligence, the Navy is ensuring it remains equipped to address future challenges in an ever-evolving security landscape.

As part of its contribution to women empowerment, the Indian Navy granted permanent commission to 27 women officers and inducted 1321 women *Agniveers* in 2024. The Navy has a strength of 9185 *Agniveers* on its rolls and has recruited from 673 out of 806 districts from India reflecting the diversity of its manpower.

Prognosis for 2025 and Implications

The Indian Navy's operational tempo is expected to remain high in 2025, influenced by ongoing uncertainties such as the Israel-Hamas conflict, Houthi attacks in the Red Sea, and the continued presence of the PLA Navy in the Western Indian Ocean, the Middle east, and the Gulf.

The prolonged crisis is likely to have a growing negative impact on India's trade and energy security, while also stretching IN's capabilities and diverting substantial naval resources away from strengthening core capabilities to counter the Chinese navy in the Indian Ocean.

India faces significant challenges in the IOR from both Pakistan and China. In 2024, Pakistan launched the first of its eight Hangor II submarines at a Chinese shipyard. As these submarines are gradually commissioned, they will intensify the challenges for India in maintaining maritime domain awareness (MDA) and underwater domain awareness (UDA).

The modernisation of the Pakistan Navy and the development of Gwadar Port are integral to the China-Pakistan partnership aimed at securing the Belt and Road Initiative. These developments also facilitate an enhanced Chinese naval presence in the IOR, a trend likely to accelerate.

Furthermore, strategic partnerships with China and Turkey could bolster Pakistan's transformation into a significant regional naval power, heightening India's concerns and potentially disrupting the regional balance of power. Pakistan's efforts to establish a sea-based nuclear deterrent are also expected to advance.

The deployment of Chinese research and satellite tracking vessels in the IOR has increased, with many operated by state-affiliated organisations tied to the Chinese military. These vessels, conducting oceanographic surveys and resource exploration, align with China's military-civil fusion strategy. This dual-use approach raises concerns about the military implications, as the PLA can leverage insights from these missions to enhance its undersea operations. This trend is expected to persist in 2025.

China's investments in ports, storage facilities, and soft power initiatives, including sustained involvement in anti-piracy operations, have bolstered its position as a credible power in the Indian Ocean. This carries significant strategic implications for India as it dents into its 'preferred security partner' narrative by presenting the IOR littorals with an alternative option.

Policy Recommendations

Enhance Budgetary Allocations Considering that the navy is the smallest service among the Indian armed forces and has the least share in the defence budget, it would remain hard-pressed to match China's naval capability at the current levels of allocations which need to be significantly enhanced. IN's revenue budgetary allocation for 2024-25 of Rs 32,778.73 Crore, was 6.97 percent lesser from FY 2023-24 budgetary expenditure of Rs 35,150.53 crores.

Strengthen Naval Capabilities Expanding and modernising the Indian Navy's fleet is vital for maintaining a strong presence in the IOR.

Investments in indigenous shipbuilding and accelerating defence procurement are essential.

Provide for Three Carrier Task Forces India's aspiration to secure its interests and support friendly nations in the IOR relies on maintaining a near-continuous presence. As outlined in the Maritime Capability Perspective Plan (MCCPP) 2022-37, the Indian Navy envisions the need for three Carrier Task Forces (CTFs) to conduct simultaneous sea control operations in distinct geographic areas, making a three-carrier force critical for regional security.

Strengthen Strategic Partnerships Deepening ties with key powers such as the United States, Japan, and Australia through the Quadrilateral Security Dialogue (Quad) will help counterbalance China's influence. Bilateral agreements with IOR nations like Indonesia, Singapore, and Sri Lanka for base access, training, and logistical support can extend India's operational reach.

Expedite P 75 I Project 75 India (P-75I), part of a 30-year submarine-building plan envisioned in 1998, aims to deliver six diesel-electric submarines with air-independent propulsion (AIP) technology by 2030. However, prolonged delays in the commencement of the project have weakened India's underwater defence capabilities, making it expedient to expedite the program.

Expedite Rafale M, SSNs, NGD and 17B The acquisition of six nuclear-powered attack submarines (SSNs), approved by the Government almost a decade ago has been stalled. Similarly, the Rafale M, a naval version of the Rafale fighter jet, for carrier-based operations, is slated to be

acquired under a Rs 60,000 crore project. The Next Generation Destroyers (NGD), also referred to as Project-18 destroyer (P-18), a class of planned stealth guided-missile destroyers and Project-17B class stealth frigates, follow-on of *Nilgiri* class (Project-17A) are also part of IN's approved force accretion plans. All these projects need to be expedited.

Enhance UDA To counter China's subsurface activities, India must prioritise robust UDA efforts. This requires deploying seabed sensors, satellite surveillance, unmanned underwater vehicles (UUVs), and anti-submarine warfare (ASW) assets. Collaboration with partners like the United States, Japan, and Australia can enhance capabilities through information sharing, joint exercises, and access to advanced surveillance technologies.

Enhance MDA India should continue strengthening its MDA capabilities, upgrading systems where needed, and fostering international collaboration under the IFC-IOR. This will ensure improved real-time situational awareness and comprehensive maritime coverage.

Develop Forward Operating Bases Strategic bases in locations like the Andaman and Nicobar and Lakshadweep Islands are crucial for monitoring Chinese naval activities. Upgrading infrastructure, including runways, docking facilities, and communication systems, will enable rapid responses to maritime contingencies.

Leverage Technology and Innovation Investing in technologies such as artificial intelligence (AI), machine learning, and big data analytics will enhance maritime surveillance and decision-making, ensuring India retains a strategic edge.

By integrating enhanced naval capabilities, strategic partnerships, and comprehensive UDA, India can safeguard regional stability and assert its dominance in the Indian Ocean Region.

Indian Air Force

Annual Review

International Exercises In 2024, the Indian Air Force (IAF) actively participated in major international exercises amidst global tensions. The most notable was **Exercise Tarang Shakti**, India's largest multinational air combat drill, held in two phases with 150 aircraft. Phase 1 (August 6–14) took place in Tamil Nadu, and Phase 2 (August 30–September 14) in Rajasthan. Eleven nations, including the US, France, and Japan, participated with assets, while 18 attended as observers.

Other significant exercises included:

- **Exercise Red Flag Alaska 24-2:** IAF Rafale aircraft showcased India's aerial capabilities in Alaska.
- **Exercise Pitch Black 2024:** Su-30 MKIs participated in Australia, enhancing global interoperability.
- **Exercise Eastern Bridge VII:** Held in Oman, reinforcing India-Oman defence cooperation.

Equipment Induction The IAF made strides in modernisation:

- **C-295 Aircraft:** Induction continued, supported by a new TASL-Airbus manufacturing plant in Gujarat.

- **Helicopters and UCAVs:** Light Combat Helicopters, MQ-9 Sky Guardians, MALE UCAVs, and anti-drone systems were inducted.
- **Radars and Missiles:** Medium-Powered Radars, MRSAM systems, and advanced missiles like Rampage, ROCKS, and Astra were operationalised. The **Pralay** missile received induction approval, and trials for **Nirbhay** cruise missile are underway.

Challenges and Setbacks Despite progress, the IAF faced challenges:

- **LCA Mk1A Delays:** Hindustan Aeronautics Limited (HAL) delayed delivery, extending the MiG-21 Bison phase-out by a year.
- **MRFA Programme Stagnation:** Delayed decisions have widened the IAF's capability gaps.
- **Force Multipliers:** No progress on contracts for Netra Mk II, additional Netra Mk Is, or air-to-air refuellers.

The delays prompted the government to form a committee, led by the Defence Secretary, to address these critical gaps.

Implications for India

Geopolitical Challenges and Regional Advancements The geopolitical environment in India's neighbourhood remains precarious despite the recent Chinese pullback. Instability in

Bangladesh has added complexity to the region's dynamics. Meanwhile, advancements by the **People's Liberation Army Air Force (PLAAF)** and the **Pakistan Air Force (PAF)** in 2024 have necessitated a reassessment of the situation.

PLAAF Developments

- **Enhanced Deployments:** PLAAF has bolstered its presence in airfields near Eastern Ladakh and across the Tibetan Plateau, deploying modern fighters like the J-16 and advanced UCAVs.
- **Infrastructure Upgrades:** Extensive facilities, including additional runways, hardened shelters, and enhanced fuel and armament storage, have significantly eroded the IAF's advantage of operating from lower-altitude bases.
- **Technological Advancements:** The PLAAF conducted flights of its sixth-generation aircraft in enhanced stealth configurations and ramped up production of J-20 and J-35A fifth-generation stealth aircraft, occasionally deploying them in the Western Theater Command (WTC).
- **Aerial Exercises:** Extensive joint aerial training with the PAF has further bolstered operational synergy between the two forces.

PAF Developments

- **New Inductions:** The PAF added J-10C fighters and Akinci UCAVs, bringing its squadron numbers closer to parity with the IAF.

- **JF-17 Mk III:** Production of this advanced variant, featuring AESA radar and enhanced missiles, has commenced, and the PAF secured a fourth overseas customer for the aircraft.

Emerging Asymmetry The combined modernisation efforts of the PLAAF and PAF pose a significant challenge to the IAF, particularly in a potential **collusive threat scenario** in the northern sector. This asymmetry in aerial capabilities, especially with advancements in stealth technologies and UAV development, could undermine India's strategic edge in a crisis.

UAV Advancements China has made remarkable strides in UAV and UCAV development:

- **Advanced Systems:** Deployment of larger UAVs, UCAVs, and smaller FPV drones.
- **Mass Production:** A recent order for one million loitering drones demonstrates China's growing capability in unmanned aerial warfare.

Prognosis for 2025

In 2025, the only anticipated additions to the fleet are the **LCA Mk1A fighters**, with additional **SU-30s** not expected until 2027. The **Medium-Role Fighter Aircraft (MRFA)** programme and any fifth-generation aircraft, whether indigenous or imported, are not projected to materialise until after 2030. This delay will exacerbate the existing asymmetry, as both China and Pakistan have well-established indigenous fighter programmes capable of increasing production.

Furthermore, China is likely to introduce a tanker aircraft based on the **Y-20 platform** and a new **Airborne Warning and Control System (AWACS)**, which may also be supplied to the PAF. If serious measures are not taken to address these developments, India's conventional air deterrence could be compromised.

Additionally, there are significant asymmetries in the space domain that are expected to widen. China is enhancing its **Early Warning, Intelligence, Surveillance, and Reconnaissance (ISR)**, and **Electronic Intelligence (ELINT)** satellite capabilities. With the extension of its **Beidou system** to Pakistan, China is likely to provide additional ISR and ELINT support, further complicating India's strategic landscape. Addressing these imbalances is crucial.

Policy Recommendations

Despite the establishment of a special committee led by the Defence Secretary to address procurement issues for the IAF, several additional actions are necessary to enhance the process:

- The **Department of Defence Production** should closely oversee **HAL** to ensure timely deliveries of indigenously manufactured aircraft.
- A committee should be formed to monitor the development work of **ADA** and **DRDO** on the **Tejas Mk II** and **AMCA**, ensuring there are no delays.
- A decision on the **Medium-Role Fighter Aircraft (MRFA)** should be made as soon as possible.
- The possibility of acquiring second-hand airframes of **Mirage 2000** and **MiG-29** should be explored.
- There should be a renewed emphasis on **AWACS** and **Air-to-Air Refuelling (AAR)** projects.
- The **space sector** must be prioritised, and a **Space Command** should be established promptly.
- Industrial capacities created for indigenous systems like missiles and radars should not remain idle due to a lack of orders; low-rate production should be initiated to keep production lines active, preventing the need for restart in a crisis.
- The **indigenous aero engine programme** should be accelerated.
- Indigenous **UAV** and **UCAV** programmes should be expedited.
- There should be an increase in **Maintenance, Repair, and Overhaul (MRO)** work on IAF aviation assets within India.
- Startups involved in manufacturing loitering drones and other systems should receive orders promptly after trials to prevent foreign acquisition.

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