JAN 2026 | ISSUE 169

New Geopolitics

WeChat

Krishna Kottalgi

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PGDM Marketing (2005-2007),
WeSchool

MESSAGE FROM THE DIRECTOR

Prof. Dr. Uday Salunkhe
Group Director

Dear Readers,

It gives me great pride to introduce SAMVAD's edition every month. Our SAMVAD team's efforts seem to be paying off, and our readers seem to be hooked onto our magazine. At WeSchool, we try to acquire as much knowledge as possible and share it with everyone.

As we begin a new journey with 2026, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly, it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

SAMVAD is a platform to share and acquire knowledge and develop ourselves into integrative managers. Our earnest desire is to disseminate our knowledge and experience with not only WeSchool students but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director

ABOUT US

OUR VISION

"To nurture thought leaders and practitioners through inventive education."

CORE VALUES

Breakthrough Thinking and Breakthrough Execution
Result Oriented, Process Driven Work Ethic
We Link and Care
Passion

"The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn." -Alvin Toffler.

At WeSchool, we are deeply inspired by the words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that led to the corporate revolution.

Emerging unarticulated needs and realities require a new approach in both thought and action. Cross-disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy the mind's eye needs to be nurtured differently.

WeSchool has chosen the 'design thinking' approach towards management education. All our efforts and manifestations, as a result, stem from the integration of design thinking into management education. We dream of creating an environment conducive to experiential learning.

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the 169th Issue of Samvad!

SAMVAD is a platform for “Inspiring Futuristic Ideas”. We constantly strive to provide thought-provoking articles that add value to your management education.

We have an ambitious goal of becoming one of the most coveted business magazines for B-school students as well as industry experts across the country. To help this dream become a reality, we invite articles from all management domains, so as to impart a holistic view, and bridge the gap between industry veterans and students through our WeChat section.

In this special issue of SAMVAD, we focus on the theme of **The New Geopolitics**, featuring an exclusive WeChat interaction with **Krishna Kottalgi**, **Business Consultant** and **Growth Strategist**. Through his insights, we explore how shifting global power dynamics, trade realignments, and the rise of multipolarity are reshaping the corporate landscape both in India and across the world.

The world today stands at a remarkable geopolitical crossroads. From the tensions of tariff wars and trade barriers to the gradual emergence of non-dollar trade systems, businesses everywhere are being forced to rethink their strategies. The ‘China+1’ diversification wave, the growing promise of ‘Made in India’, the complexities of currency volatility, and the shifting dynamics of global leadership – each of these forces is quietly rewriting the playbook for companies large and small. India, with its robust domestic consumption story and expanding global ambitions, finds itself uniquely positioned at the centre of this new geopolitical order.

For students and future business leaders, understanding the new geopolitics is no longer optional – it is a strategic imperative. Decisions around global expansion, supply chain resilience, talent mobility, and cultural localization are increasingly intertwined with geopolitical realities. In his conversation with SAMVAD, Krishna Kottalgi brings a practitioner’s lens to these questions, offering candid perspectives on how Indian businesses are navigating this complex terrain with diplomacy, adaptability, and a focus on internal growth.

This edition aims to examine the evolving geopolitical landscape from multiple vantage points – finance, operations, culture, and strategy. As students, citizens, and future leaders, it is essential that we engage with these shifts not merely as observers but as informed participants. Through incisive articles, interviews, and infographics, we aim to make this complex subject accessible, relevant, and actionable for you.

A heartfelt thanks to the entire SAMVAD team, faculty members, and contributors who have shaped this issue with dedication and clarity.

We hope you have a great time reading SAMVAD!

Let’s read, share and grow together!

Best Regards,

Team Samvad

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ARTICLES

WeChat

Krishna Kottalgi

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Can you share a recent instance where a geopolitical development directly influenced a business decision you were involved in?

None of the events have affected our business decision so far as the Indian consumption story is strong and it yet to affect the digital advertising landscape.

In today's uncertain environment, how do companies decide between focusing on domestic growth versus global expansion?

India is a huge growing economy for companies to grow in scale. Once they achieve it, they then assess whether there is potential in global markets and is backed by leadership, capital, product strength, and processes to compete with global players, not just local rivals.

Many firms aim to stay 'neutral' in a multipolar world—have you seen this work in practice, or does it come with trade-offs?

In today's global economy, none of the firms can remain "Neutral" but need to be clear with their communication and positioning. In practice, most successful firms don't stay perfectly neutral, they try to be flexible to diversify exposure while accepting some political and cost trade-offs.

How do leaders ensure they're not overreacting to geopolitical noise while still staying prepared?

Diplomacy is the key out here and one should tread carefully over here and not overact by issuing a statement. In today's business one must be ready with a strategy for every market. Overdependency on one market will not help. At the same we need to focus on our internal growth to be self-sufficient.

From a finance perspective, have global tariffs or trade barriers had a visible impact on planning or valuations in your experience?

Not Applicable to our business.

With increasing currency volatility, especially for the rupee, what practical hedging strategies have you seen work?

Diversifying markets and invoicing currencies to avoid over-exposure to one FX pair, especially for mid-sized exporters, should ideally be the looked into.

There's growing discussion around non-dollar trade systems—do you see them as a real opportunity or still too risky?

There is an opportunity and it is being monitored but challenges on liquidity, legal clarity, and global acceptance are still overwhelmingly in favour of the dollar trace at least for the next decade.

Do you think the 'Made in India' narrative is translating into real pricing power, or is it more sentiment-driven?

While there is a definite progress with "Made in India" initiative, there is still much more needs to be done. Yes., at this point it is more driven by sentiment.

When Indian companies expand into 'China+1' markets like Southeast Asia, what's a common mistake they make?

Understanding the culture of every country is important. I would not say Indian companies make mistake but are learning to pay better attention to localization in product, pricing, channels, and leadership.

How can brands stay culturally relevant across diverse markets without losing their core identity?

Appeal to the core audience of a particular market. Localization is critical. It's only when you to talk in their language and adapt culturally you would be successful. For e.g. McDonalds in India have launched products which appeals highly to the core population.

WeChat

With changing visa policies and global mobility constraints, how are companies adapting their talent strategies?

Unfortunately, every company is struggling over here and most of them are figuring it out to overcome the challenge.

Within India itself, what cultural or regional challenges have you observed that impact team productivity?

Less comfort with conversation in English or local dialect, very context-heavy, indirect communication styles is leading to misunderstandings, rework, and slower business decisions.

Do you think the shift from expat leadership to local leadership is a long-term structural change?

India is part of global village. One should not look at leadership in isolation. To run a successful business, one needs to think beyond expat/local leadership. Point being some of the top executives running global brands are from India or Indian origins.

The 'China+1' strategy is widely discussed—based on your experience, is it truly working on the ground?

Yes, it is working and is part of the diversification plan. While major manufacturing still happens in China, building backup or complementary capacity in India and Southeast Asia is helping companies.

What's one operational or supply chain risk that becomes critical during geopolitical disruptions but is often overlooked?

Key daily necessities like fuel, gas and other critical resources gets totally disrupted. Operational air/cargo movement gets affected and shared maritime takes a toll on global economies.

ON THE DAY INDIA LAUNCHED ITS MINERAL MISSION, 11 MORE AUCTIONS SILENTLY FAILED

WINNER

HARSH VARDHAN SINGH
IIM Bangalore
BBA (DBE) 2024–2027
Finance

India does not primarily have a critical mineral capital problem. It has a risk architecture problem, and six consecutive rounds of failed auctions are the proof. On March 31, 2026, as Prime Minister Modi inaugurated a Rare Earth Corridor spanning four states, the Ministry of Mines quietly cancelled 11 more critical mineral blocks on the MSTC e-commerce portal. Five received zero bids. Five had fewer than three technically qualified bidders. One was scrapped entirely. No cameras recorded it.

The Auction That Has Never Worked

Since November 2023, the Central Government has conducted six rounds of critical mineral block auctions. Across those rounds, over 47 blocks have been cancelled1 – absent bids, insufficient bidders, or no qualified interest. Critically, even among the 34 blocks successfully auctioned across five tranches, parliamentary records confirm zero operational mining leases exist for any battery-critical mineral as of late 2025.2 The systemic failure extends well beyond auction design into project development itself.

Capital is not absent from India's critical mineral sector. BHP alone committed $4.3 billion to a single streaming deal in February 2026.3 Capital is absent from Indian auctions because they do not offer a risk structure that capital recognises as investable. At royalty rates averaging 12–15%4 and revenue-sharing terms that leave post-tax returns in the 7–10% range, India's auction blocks fall below the risk-adjusted return thresholds of 18–22% that early-stage exploration commands in global mining capital markets. When BHP, Rio Tinto, and Glencore deliberately bypassed India's maiden auction in 2024, it was not an oversight. It was a calculation. State-level barriers – forest clearances, land acquisition delays, multi-year environmental timelines – compound these financing barriers, but they are downstream consequences of the same root failure: projects that cannot attract capital cannot survive the approval process anyway.

IEEFA's March 2025 note on India's critical mineral financing5 identified high capital intensity, price volatility, and regulatory uncertainty as the specific barriers preventing private capital entry. Conditions that six auction rounds have not changed. What the NCMM currently proposes – exploration incentives, customs duty exemptions, overseas acquisitions – addresses symptoms. It does not redesign the incentive architecture.

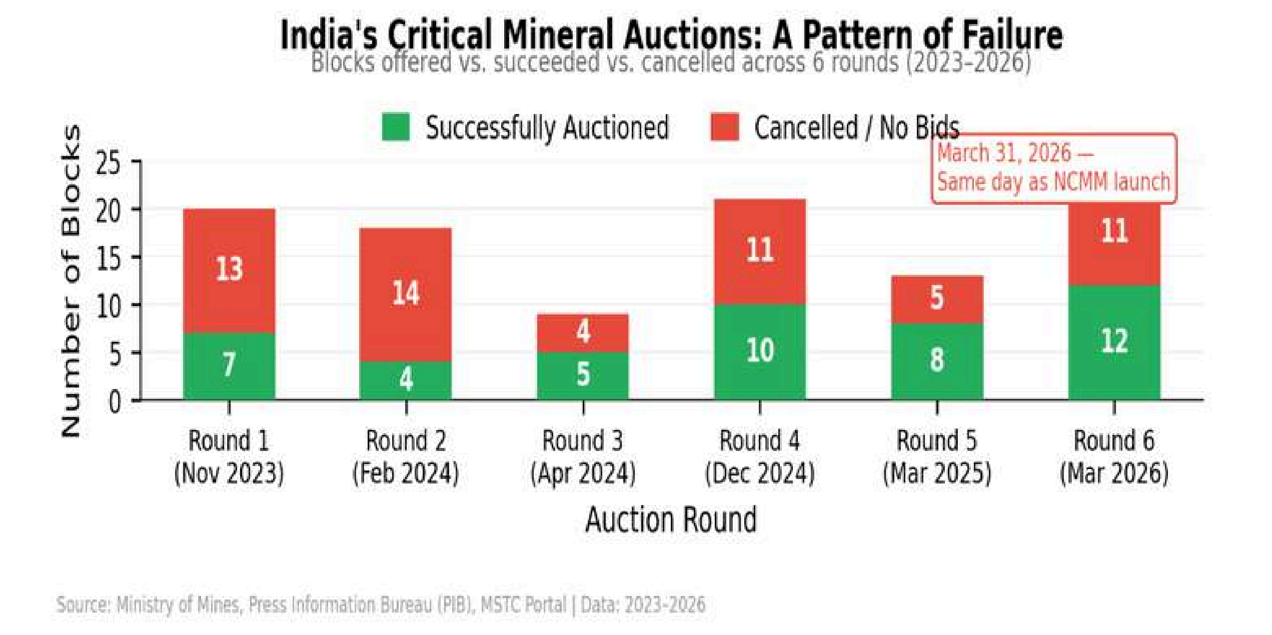

Figure 1: India's Critical Mineral Auction Success vs. Failure Rate, Rounds 1–6 (2023–2026). Source: Ministry of Mines, PIB, MSTC Portal.

The MERIT Framework: Five Failure Nodes, Five Instruments

India's financing challenge can be diagnosed through five distinct risk layers – the MERIT Framework – each currently unaddressed by policy:

Risk Layer	India's Structural Failure	Instrument Required
Mining/Exploration	Full geological risk pushed to private bidders; government retains royalties and regulatory discretion	Government absorbs first 20–30% of exploration loss via NMET guarantee instruments, replicating the IFC blended finance model used in East African lithium projects
Engineering/Processing	India imports 80–90% of rare earth magnets from China ($221M in 2025)[6]; no domestic refining at commercial scale	Streaming Agreements: upfront capital paid to the miner in exchange for the right to purchase a fixed percentage of future mineral output at a discount to spot price. Price risk sits with the financier, not the miner.
Revenue/Offtake	No committed buyers; miners cannot model returns without guaranteed demand	Mandatory offtake contracts from PLI-backed cell manufacturers (Ola Electric, Reliance New Energy, NALCO), embedded as a precondition for auction eligibility. Australia's Critical Minerals Facility conditions concessional loans on exactly this structure.
Insurance/Geopolitical	KABIL's ₹211 crore Argentina investment[7] carries zero protection against political disruption	Parametric CAT bonds: sovereign-issued instruments that pay automatically when a defined trigger is hit, such as Chinese export controls on rare earths exceeding 60 consecutive days. Funded by a 0.5% levy on domestic EV sales. Thailand's agricultural CAT bond program offers a working emerging-market precedent.
Trade/Currency	All mineral import contracts priced in USD; continuous FX exposure with no hedge	BRICS Mineral Swap Protocol under India's 2026 Presidency. India-Soviet counter-trade in the 1960s–70s[14] demonstrated that commodity-denominated settlement works at sovereign scale. RBI's January 2026 CBDC interlinking proposal[11], once operational, removes the friction that made it administratively difficult.

The streaming instrument deserves particular attention. In February 2026, BHP closed a $4.3 billion streaming deal with Wheaton Precious Metals on a producing Peruvian silver mine3 – a risk profile far more developed than India's greenfield blocks. The point is not equivalence; it is that the instrument has been deployed across the full spectrum of mine maturity, from producing assets to early-stage African lithium deposits. India's NCMM framework contains no mention of it at any stage.

Cotton Trap 2.0

India currently sits at two ends of the critical mineral value chain. It has geological potential at Stage 1 – ore extraction – and assembles EVs at Stage 5. Stages 2 through 4 – lithium hydroxide conversion, rare earth separation, cathode active material production, battery cell manufacturing – are controlled almost entirely by China, which holds approximately 90% of the global rare earth magnet market12 and 60% of global lithium chemical refining capacity.

India imports approximately $221 million in rare earth magnets annually from China alone6 – processed inputs derived from raw materials India's own coastlines and geology could theoretically produce.

This mirrors the structural economics of the colonial cotton trap – not in its political origins, but in its value-chain consequence: raw material sovereignty without processing capability is not sovereignty.

KABIL's ₹211 crore Argentina deal7 and the February 2026 India-Brazil rare earth agreement represent genuine diplomatic progress, but both follow the same acquisition logic, securing rights to raw ore abroad without addressing the processing deficit at home. The ₹7,280 crore Rare Earth Permanent Magnet scheme in Budget 202610 begins to close Stages 2–3; it cannot succeed while the financing architecture for Stages 1 and 2 remains structurally broken.

The BRICS 2026 Window

India holds the BRICS Presidency in 2026. The RBI's January 2026 proposal to link BRICS digital currencies11 – once operational – provides the settlement rails for a proposed Critical Mineral Swap Protocol: India's rare earth elements, drawn from its monazite-rich coastlines in Kerala and Tamil Nadu, exchanged against Russia's nickel surplus, Brazil's cobalt and niobium, and South Africa's platinum group metals. India has run sovereign counter-trade before. Bilateral barter with the Soviet Union through the 1960s and 70s14 demonstrated that commodity settlement works at scale when the institutional infrastructure supports it. The BRICS Presidency rotates in December 2026. This window does not reopen.

The Round 7 Test

The arithmetic is unforgiving: India's battery demand reaches 115 GWh by 20308; PLI commitments cover only 40 GWh of planned manufacturing capacity9, against zero currently operational for battery-grade mineral inputs. A critical mineral supply chain takes six to ten years to build from greenfield. The gap is not closing. It is widening.

The Ministry of Mines will announce Round 7 auction terms before September 2026. Check the draft framework for three things: a government first-loss tranche of at least 20% on exploration-stage blocks, mandatory offtake contracts from PLI-backed buyers embedded as a precondition for bidder eligibility, and a streaming or royalty-linked financing instrument structured into the auction terms. If all three are absent, the outcome is already decided.

More blocks will be cancelled. More press releases will follow. And the MSTC portal will once again carry India's most honest mineral policy document – a quiet annulment notice that no camera was rolling to record.

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Brands in Flux
How Indian Firms Can Thrive Amid Trade Wars, FTAs, and Global Conflict

RUNNER UP

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2023-27

Introduction

Brand agility has become an imperative strategic asset in companies in an era where geopolitics has become unstable, trade wars take place, and alliances switch sides. The modern Indian firms are complexly oriented in the global market due to the new Free Trade Agreement (FTA) with the EU, emerging protectionism, and the economic disruptions caused by the US-Israel-Iran conflict. The combination of these forces is transforming the market access, consumer sentiment, and competitive positioning. Agility in marketing is no longer a choice for Indian firms anymore, but a survival necessity.

The EU-India FTA, which was achieved in January 2026, is a landmark in Indian trade diplomacy. The treaty will cut tariffs on 90 per cent of merchandise and offer preferential entry to 99 per cent of Indian products to the European market. This opens colossal opportunities to industries like the textile industry, pharmaceuticals, chemicals, and service industries. Simultaneously, it brings forth the new competitive forces as the European companies move to the Indian market under the lower tariff policies. Indian brands, therefore, need to be reshaped as not only affordable but also competitive brands in the world in terms of quality, sustainability, and creativity.

At the same time, the economic uncertainties have escalated because of the US war with Israel and Iran, which continues to create far-reaching geopolitical shocks. India has been subjected to instability in supply and the increase in prices due to its excessive reliance on the Gulf region as the source of its petroleum imports (almost 60 percent). The war has also occasioned reverse movement, supply chain volatility, and remittance flow volatility. Such macroeconomic changes have a direct effect on the purchasing power of consumers, the demand trends, and the market priorities. This, for marketers, is translated into a customer expectation that is changing rapidly and the need to respond to it as quickly and strategically as possible.

Reframing Market Positioning for a Dual-Front Strategy

The Indian companies need to have a two-line approach in marketing, both export markets such as the EU and local customers who are impacted by the fluctuations in the economy. On the European market, the brands are to focus on the ability to meet high environmental and regulatory norms, including carbon border taxes and sustainability standards. The marketing stories ought to turn their turn towards responsible sourcing, green manufacturing, and ethical supply chains, as being in line with European values of consumers.

Locally, though, the message might have to change to affordability, durability, and local associations. The increasing energy cost and economic insecurity mean Indian shoppers would be interested in finding value-based products. This requires flexible pricing approaches, regionalized advertising, and differentiation of products to cost-sensitive groups.

Leveraging "Country-of-Origin" Branding

The FTA provides opportunities to the Indian firms to promote the brand India in Europe. Along with preferential access to one of the largest trade systems built to be worth 120 billion euros, corporations can use the fame of India in such fields as IT services, generics, and handicrafts. The marketing platforms must reflect authenticity, heritage, and innovativeness- an amalgamation of old strengths with new abilities.

Nonetheless, this necessitates a change in the mode of transactional marketing into a form of storytelling. There is a tendency towards brands with meaning and cultural stories, particularly amongst the consumers of Europe. The Indian companies can distinguish themselves with the demonstration of craftsmanship, sustainability, and social impact, and make geopolitical changes come their way as brand-building opportunities.

Dynamic Supply Chain Communication

During geopolitical turmoil, the supply chain is not only a risk but also a sales asset. The Iran crisis has caused disruption of the production timelines and costs in production through energy and transport systems. These challenges can be communicated in a transparent way to obtain trust from global customers.

Delays, alternative sourcing strategies, and resilience should be actively communicated by the brands. The credibility can be maintained with the help of digital platforms, up-to-date posts, and customer interaction tools. Communication nimbleness can convert the situation where there may be disruptions into a display of steadiness and dependability.

Data-Driven Localization and Market Diversification

Among the main lessons of the recent trade conflicts, one can distinguish the value of diversification. India has been on an aggressive quest to enter several FTAs with various markets, including the EU, UK, and Oman, among others, to diminish its reliance on a single market. Companies need to reflect the same approach by diversifying customers and aiming marketing efforts at various regions.

In this case, data analytics is important. Using consumer knowledge, companies can define new demand trends at geographical levels and target campaigns to the same. An example is that, although European markets might require high-quality, green products, the emerging markets might want cheap and affordable products.

Agile Pricing and Products Innovation

Both trade agreements and wars affect the pricing. The FTA tariff could reduce the costs of exportation, making it possible to give competitive prices in the European market. On the other hand, an increase in the input cost through geopolitical disruption has the potential to squeeze margins within the country.

As a way of going around this, companies should implement dynamic pricing, tiered products, and bundling products. Innovation of the product is also imperative. The firms ought to produce modular products that can be restructured to suit other markets, which makes them scalable and responsive.

Strategic Alliances and Co-Branding

The dynamism in the trade environment is also favourable to teamwork. Indian companies will have a tie-up with European companies in co-branding, joint ventures, and distribution networks. This form of alliance will lead to increased market reach, increased credibility, and reduced risk accompanying regulatory compliance.

The rooted concept in co-branding in marketing terms is that a company can combine the strength, which in this case is the European brand equity, and the Indian cost advantage. Such a mixed strategy may work most effectively in the fashion, automobile, and technology spheres.

Conclusion

The merger between the EU and India FTA and the US and Israel, along with the Iran war, is the beginning of the new realm of international commerce. These developments have opportunities and challenges for the Indian firms. Brand agility is the key to success in such a terrain, as it is necessary to create marketing approaches swiftly depending on policy changes, risks in a geopolitical environment, and any alterations in consumer demands.

Indian companies can not only make it through this tumultuous environment but also succeed by adopting dual-market positioning, using country-of-origin branding, increasing the supply chain transparency, and investing in data-driven localization. After all, agility does not only entail responding to change, but it is also possible to foresee it and make uncertainty your competitive edge.

Appendix

India – EU bilateral merchandise trade trajectory

Year	Export	Import	Total Trade
2017-18	44	43	87
2018-19	48	51	99
2019-20	45	45	90
2020-21	41	40	81
2021-22	65	51	116
2022-23	75	61	136
2023-24	76	61	137
2024-25	76	60	136

Source : Ministry of Commerce & Industry, Government of India

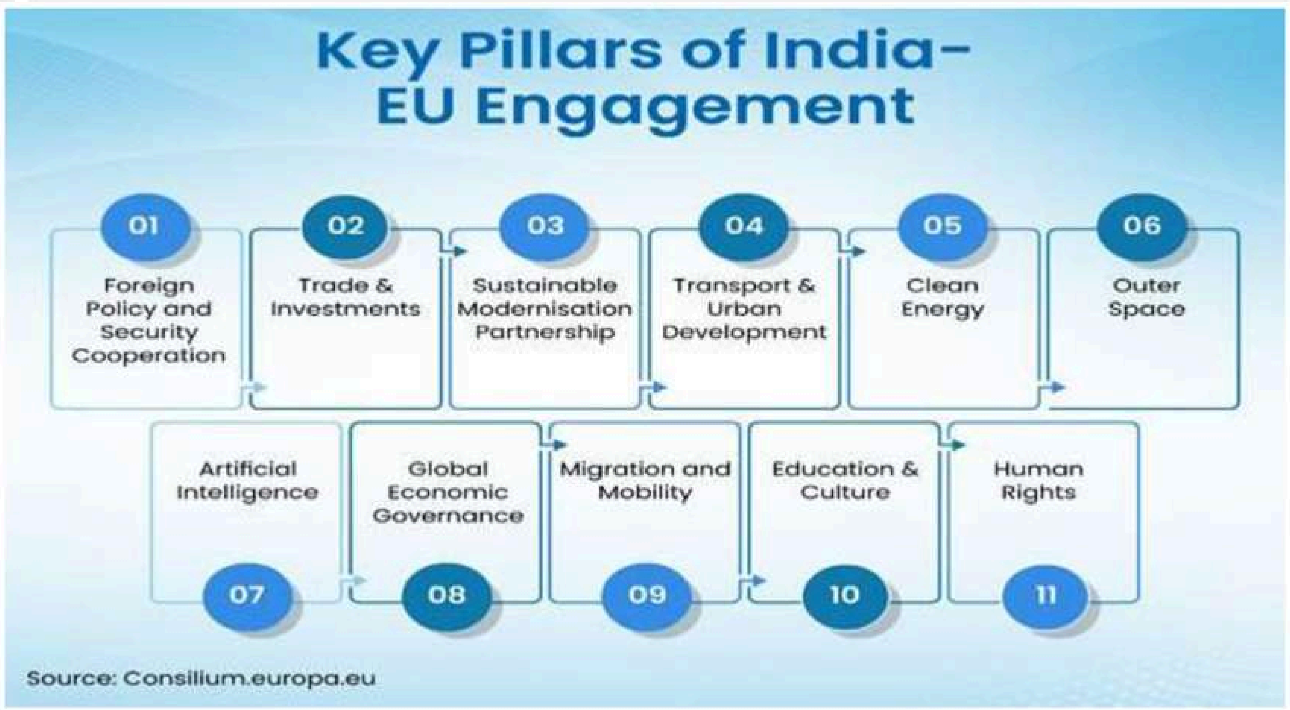
Figures are rounded off

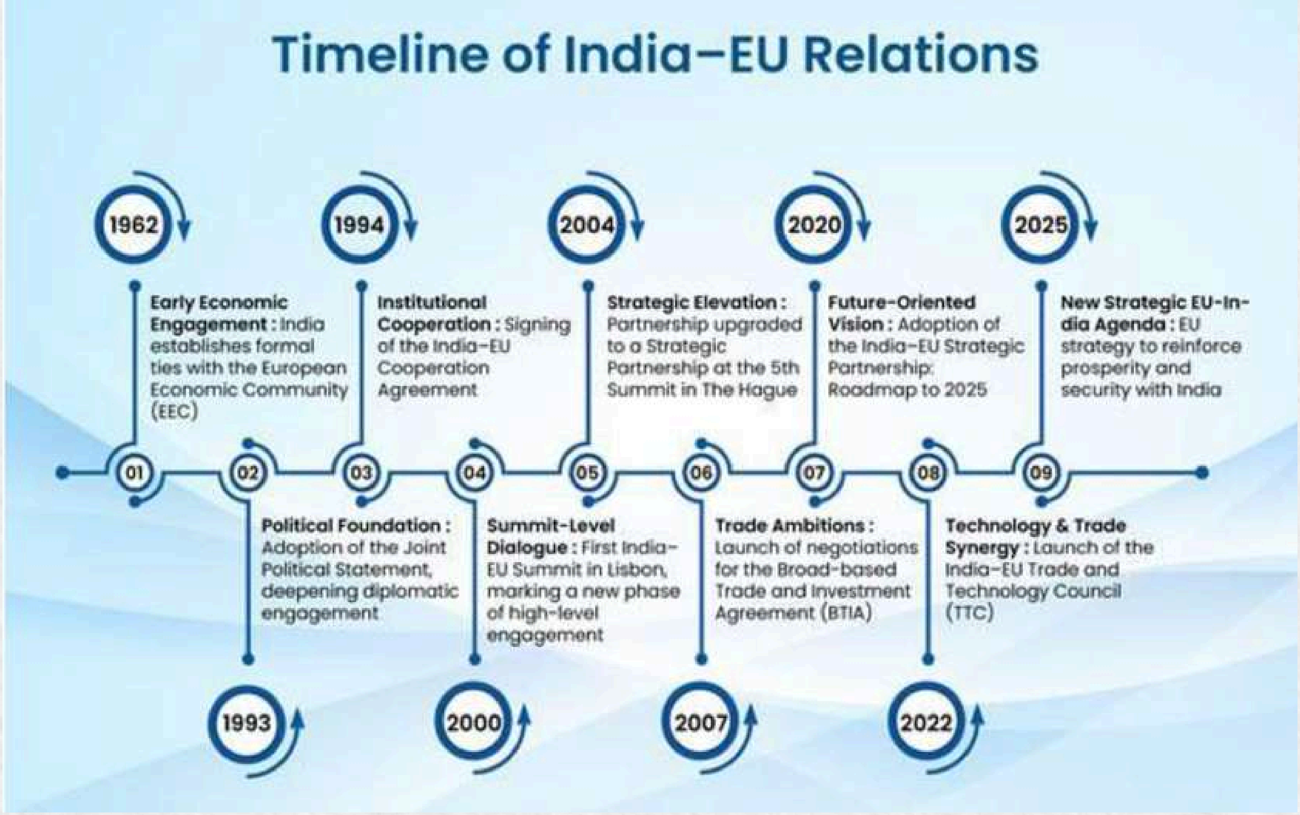
India's merchandise exports to EU (Top 20 Items at 2 Digits level)

Sr.No	Major Items of exports (HS 2 Digits)	USD Billion
1	MINERAL FUELS, MINERAL OILS AND PRODUCTS	15
2	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS	11
3	ORGANIC CHEMICALS	5
4	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES	5
5	IRON AND STEEL	3
6	PHARMACEUTICAL PRODUCTS	3
7	NATURAL OR CULTURED PEARLS,PRECIOUS OR SEMIPRECIOUS STONE	2.5
8	ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	2.3
9	ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CORCHETED.	2.3
10	VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS	2.2
11	ARTICLES OF IRON OR STEEL	1.8
12	AIRCRAFT, SPACECRAFT, AND PARTS THEREOF.	1.6
13	RUBBER AND ARTICLES THEREOF.	1.4
14	OPTICAL, PHOTOGRAPHIC CINEMATOGRAPHIC MEASURING	1.3
15	ARTICLES OF LEATHER,SADDLERY AND HARNESS;TRAVEL GOODS, HANDBAGS	1.1
16	OTHER MADE UP TEXTILE ARTICLES	1.1
17	PLASTIC AND ARTICLES THEREOF.	1.1
18	FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES.	1.0
19	COFFEE, TEA, MATE AND SPICES.	1.0
20	ALUMINIUM AND ARTICLES THEREOF.	0.9
Total of top 10 items		63.6
India's total merchandise exports to EU		76
Share of top 20 items in total exports to EU		83.6%

Source : Compiled from Ministry pf Commerce , Government of India

Note : Figures are rounded off





KEY FTA GAINS BY SECTOR

SECTOR	KEY FTA GAIN
Agriculture & Processed Foods	Preferential access for tea, coffee, spices, fruits, vegetables, meat, safeguards for sensitive items like dairy.
Engineering Goods	Tariff cuts (up to 22%) on engineering exports
Labour-Intensive Industries	Tariff elimination
Leather & Footwear	Zero-duty access (from up to 17%) across all tariff lines
Marine Products	Tariff reduction up to 26% covering 100% trade value
Medical Devices & Instruments	Duty-free access on 99% of tariff lines
Gems & Jewellery	Full preferential access (earlier tariffs up to 4%)
Textiles & Apparel	Zero-duty access (tariffs up to 12% removed)
Plastics & Rubber	Preferential access to EU's large import market
Chemicals	Zero duty on 97.5% of export value
Mines & Minerals	Zero duty on 100% tariff lines
Furniture & Home Décor	Reduced duties (up to 10.5%)

Economic Nationalism vs. Globalization: Evaluating the Long-Term Viability of PLI Schemes for India Inc. Against Global Tariff Structures

NATIONAL FINALIST

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1. The Opening Gambit: A Strategic Paradox

As the sun rose over the global trade landscape in 2020, the old world order of seamless "just-in-time" supply chains was already fracturing. Amidst the debris of a pandemic and rising geopolitical tremors, India launched its most audacious economic experiment yet: the Production-Linked Incentive (PLI) scheme.1

With a staggering ₹1.97 lakh crore (~$24 billion) commitment across 14 sectors, India wasn't just inviting companies to build; it was betting the house on a specific brand of Economic Nationalism. The design was elegant: no rewards for "trying," only for "producing." But as the 2026 deadline for global carbon adjustments looms and tariff walls rise higher in the West, a haunting question emerges:

Is India manufacturing a global powerhouse, or merely an expensive illusion of self-reliance?

2. The First Mile: When the Engines Fired

For the first few years, the story looked like a triumph.

In the bustling electronics hubs of Noida and Sriperumbudur, the "PLI dividend" was visible in every shipping container.

1. **The Smartphone Surge:** From a rounding error in 2019, India's mobile exports skyrocketed to $15.6 billion by 2024. Today, nearly 1 in 7 iPhones globally is "Made in India."2
2. **The Pharma Pivot:** PLI-backed API production has started to loosen China's chokehold on India's "Pharmacy of the World," dropping import dependence by over 13% in critical drug categories.3

Table 1: India's Manufacturing Competitiveness — Key Indicators vs. Peers (2024)

Indicator	India	China	Vietnam	Global best
Logistics cost (% of GDP)	~13-14%	~8%	~8-9%	~6%
PLI-backed sectors	14	N/A	N/A	N/A
Ease of Doing Business rank (2020)	#63	#31	#70	#1
Mobile phone export share (global, 2024)	~7%	~70%	~18%	-
FTA with EU / UK / US	None active	None	All three	-

Source: World Bank Logistics Performance Index 2023; DPIIT Annual Report 2024; WTO Tariff Profiles 2024; IDC India.

The reality check is sobering. While assembly lines are humming, the "value-add" remains shallow. A smartphone may be assembled in India, but its "brain" (chips) and "heart" (displays) still cross the border from East Asia.

We have won the first mile of assembly; the second mile of deep component manufacturing remains elusive.

3. The Gathering Storm: Tariffs as a Weapon

Just as India began to find its stride, the global rules of the game changed. Trade is no longer just about price — it is about geopolitics and carbon.

3. **The Transmission Effect**: Rising US tariffs on steel, aluminium, and pharmaceuticals have eroded the very cost advantages PLI intended to create, adding a 4.2 percentage point “friction tax” on Indian goods to key export markets.5
4. **The Green Wall**: The EU’s Carbon Border Adjustment Mechanism (CBAM), fully operational by 2026, imposes “green tariffs” adding 6–8% to product costs for affected Indian exporters. Since PLI contains no provision for carbon cost mitigation, our manufacturers are walking into a storm without an umbrella.

4. The Achilles’ Heel: The FTA Gap

If Economic Nationalism builds the factory, Free Trade Agreements (FTAs) fill the order books. Here, the narrative hits a critical snag. While India protects its borders, its fiercest rival, Vietnam, has been busy signing keys to the kingdom. A Vietnamese manufacturer exports to the EU at 0% duty; an Indian peer, backed by PLI, still pays 2–7% on the same goods.7 In a world of razor-thin 3–6% manufacturer margins, PLI is a bandage on a wound that only an FTA can stitch closed.

Economic nationalism builds factories. Free trade agreements fill them with orders. India has invested heavily in the former while neglecting the latter — and the gap is showing.

5. The Verdict: A Conditional Success

Is PLI viable in the long term? The answer is a conditional “yes” — but the conditions are non-trivial. The long-term survival of India Inc. depends on a decisive pivot from volume to value, and from incentive-dependence to organic competitiveness.

Table 2: PLI vs. Global Tariff Risk — Strategic Time-Horizon Framework

Dimension	Short-term (1–3 yrs)	Medium-term (3–7 yrs)	Long-term (7+ yrs)
PLI impact	Assembly & volume growth	Supplier ecosystem depth	Export competitiveness
Tariff risk	Direct cost absorption	Supply chain rerouting	FTA-driven mitigation
Policy lever	Incentive disbursement	FTA negotiations	Structural reform
Success metric	Production targets	Value-add ratio	Global market share

Source: Author’s synthesis from DPIIT (2024), CRISIL Research (2024), WTO Tariff Analysis (2024).

The historical precedent is instructive: South Korea and Taiwan used industrial subsidies as a bridge to competitiveness, not a destination. India must learn the same discipline — using PLI to buy time while simultaneously negotiating FTAs and carbon transition frameworks that make the eventual withdrawal of subsidies a graduation, not a collapse.

6. Conclusion: The Art of Strategic Sequencing

The battle between Economic Nationalism and Globalization is a false binary. The true winners of 2026 and beyond will be the “Surgical Strategists” — those who understand that walls and doors serve different purposes and must be built in sequence, not instead of each other.

India must use PLI to build the muscle (scale), use FTAs to open the doors (market access), and carbon transition finance to weather the green tariff storm. We cannot afford to build an industrial base addicted to subsidies. The goal is to build behind protective walls today, so that we may tear them down tomorrow — confident that "Made in India" can stand on its own two feet, even when the subsidy clock finally strikes midnight.

The question is not whether India has the industrial ambition. It does. The question is whether it has the policy sequencing to convert that ambition into durable competitive advantage. The window is open. The clock is running

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The China+1 Reality Check: Building Resilient Supply Chains in a Fragmented World

NATIONAL FINALIST

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Imagine constructing a bridge supported by just one pillar. It may stand strong during calm weather, but the moment a storm hits, the entire structure is at risk. This is precisely how global supply chains operated for decades, heavily dependent on a single country, that is China.

For years, China earned its reputation as the "factory of the world." Its unmatched manufacturing scale, efficient logistics, skilled workforce, and strong government support made it the default choice for global corporations. However, recent disruptions such as the US–China trade war, COVID-19 lockdowns, and rising geopolitical tensions have exposed the vulnerabilities of over-dependence [?].

Figure 1: Global supply chain concentration around China Source: Bureau of Labour Statistics Report (2023)

This has led to the emergence of the "China+1" strategy. China+1 is not about re- placing China, but about reducing risk by diversifying supply chains. Companies are now setting up alternative production bases in countries like India, Vietnam, and Indonesia, ensuring that disruptions in one region do not halt global operations.

A key example is Apple, which has gradually shifted part of its iPhone manufacturing to India through partners like Foxconn and Pegatron. Reports suggest that India now contributes a growing share of global iPhone production [?]. Similarly, Samsung has expanded its manufacturing footprint in Vietnam, which now accounts for a large portion of its smartphone exports.

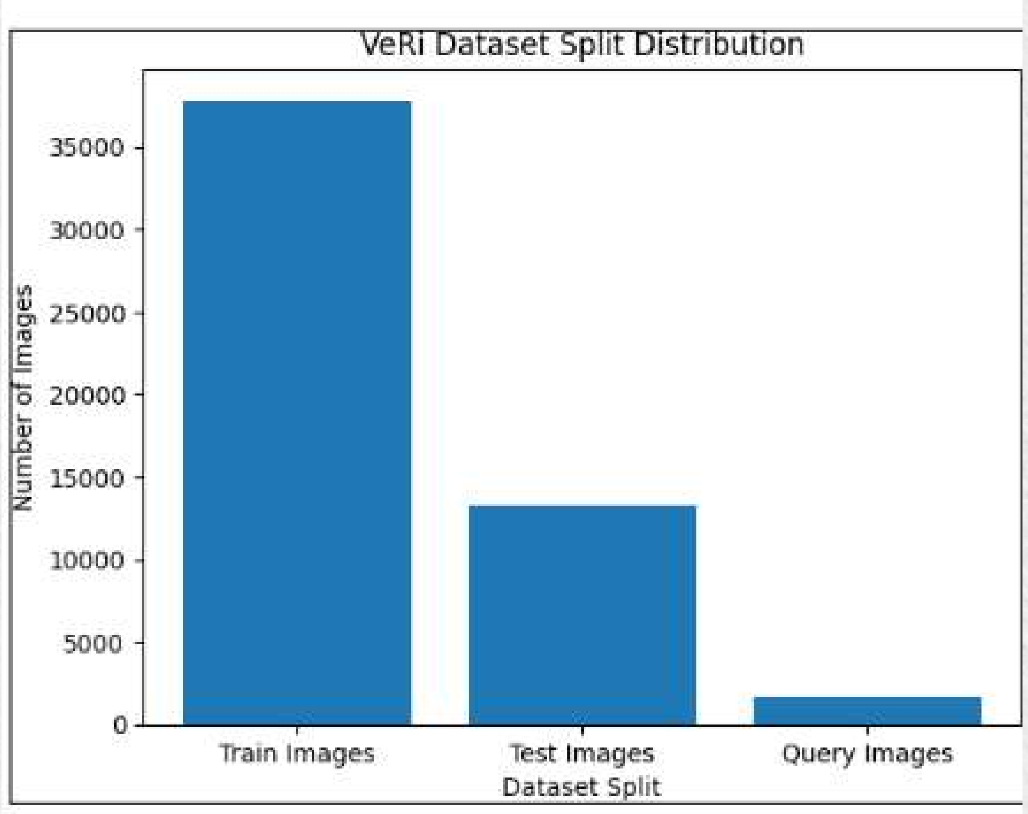

Figure 2: Shift in manufacturing distribution across countries
Source: UNIDO Manufacturing Statistics Database

Despite this shift, the reality of China+1 is more complex than the theory. China's dominance is not just due to factories, but because of its deeply integrated industrial ecosystem. Suppliers, logistics networks, ports, and skilled labor operate in sync, creating efficiency that is hard to replicate. China still accounts for nearly 28–30% of the world's manufacturing output [?].

Countries like India offer strong potential. Government initiatives such as the Production Linked Incentive (PLI) scheme aim to boost domestic manufacturing. However, challenges such as infrastructure gaps and regulatory delays remain.

Vietnam has emerged as a strong alternative due to business-friendly policies, but its limited scale restricts its ability to fully replace China.

Another critical aspect is cost. Shifting supply chains involves significant initial in- vestment. However, companies are willing to bear these costs for long-term resilience.

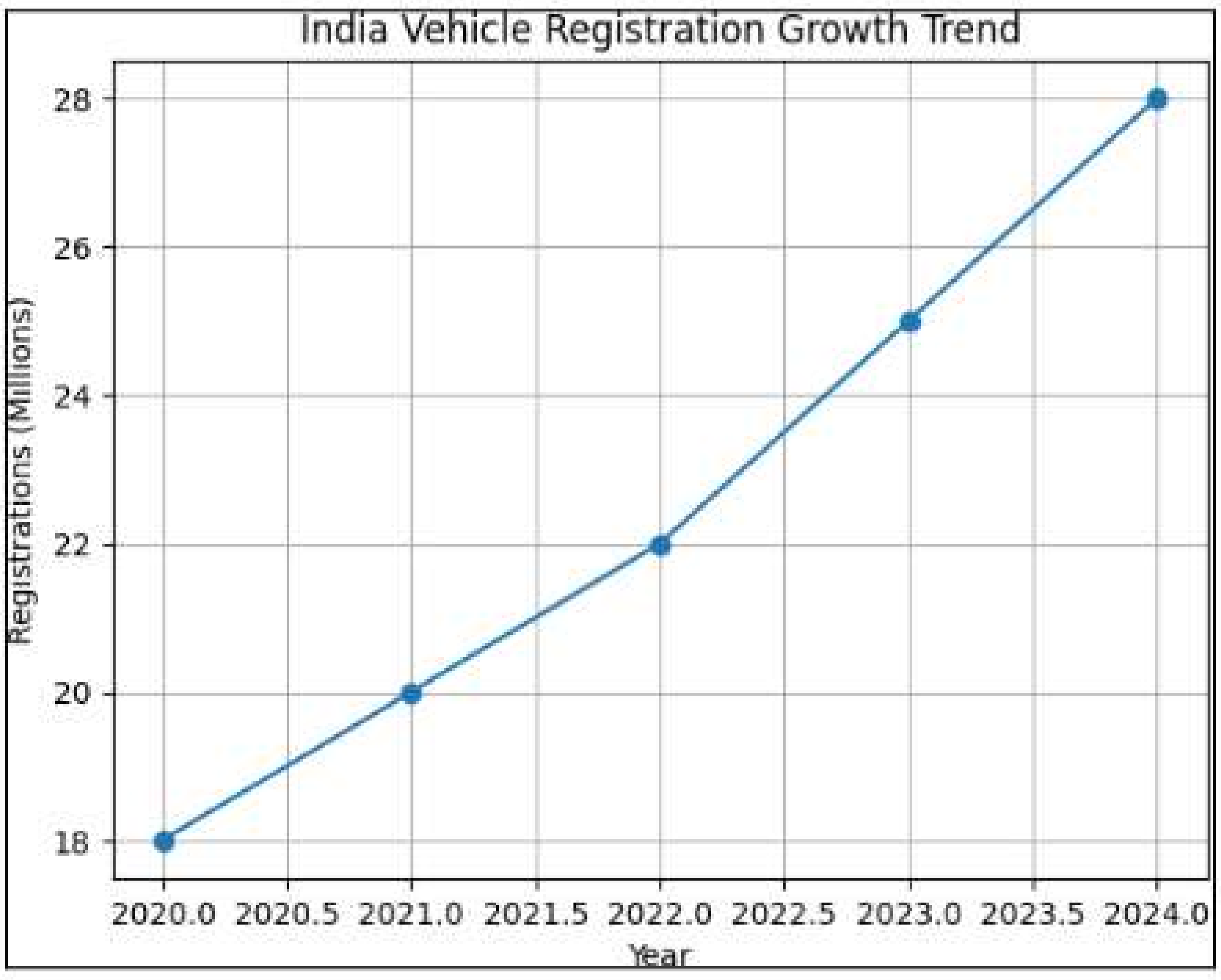

Figure 3: Trade-offs between cost efficiency and resilience Source: McKinsey Global Supply Chain Report (2022)

From an operational perspective, China+1 represents a shift from efficiency to re- silience. Companies with diversified supply chains performed better during global dis- ruptions.

Looking ahead, India has a strong opportunity to emerge as a manufacturing hub.

However, execution and consistency will be key.

In conclusion, the China+1 strategy is a structural shift in global supply chains. Businesses are prioritizing resilience over pure cost efficiency. Just like a bridge needs multiple pillars, global supply chains need diversification to survive uncertainty.

The following *references* were used to support the analysis and insights presented in this article.

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STRANDED IN VOSTRO: THE UNIT ECONOMICS AND RISK-ADJUSTED RETURNS OF INDIA'S BRICS RUPEE SETTLEMENT

NATIONAL FINALIST

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Abstract:
India's promotion of rupee-denominated trade settlement under BRICS architecture is generating a novel financial liability: large, non-convertible bilateral surpluses in special Vostro accounts, most visibly in India-Russia energy payments. This paper argues that the current policy approach - bilateral accounts without deep derivatives markets, without meaningful capital account liberalisation, and without commodity pricing infrastructure - produces negative risk-adjusted returns for Indian exporters. Drawing on Gopinath and Stein's (2021) dominant currency paradigm, BIS liquidity data, and documented vostro account complications, the paper identifies three structural cost components that replace the familiar dollar-conversion cost in rupee settlement, and argues that sequencing error - building political architecture before financial infrastructure -is the central problem. Rupee internationalisation is a legitimate long-run objective. The current method is not the route to it. Keywords: rupee internationalisation, BRICS trade settlement, dominant currency paradigm, vostro accounts, risk-adjusted returns, de-dollarisation.

By mid-2023, Indian commercial banks had accumulated roughly ₹20,000 crore in rupee balances inside special Vostro accounts - payments received from Russian energy counterparties that could not be repatriated, converted, or productively deployed because Russian entities lacked sufficient rupee expenditure avenues within India (Reuters, 2023). Policymakers described this as transitional friction. It is, more accurately, the mechanism revealing its structural flaw in real time.

The dominant framing of BRICS currency settlement treats the question as geopolitical: whether India can reduce its dollar exposure. This paper treats it as financial: what the risk-adjusted return on rupee settlement actually is for Indian exporters and banks, and whether the current policy architecture is generating value or destroying it.

The Dominant Currency Problem

Gopinath and Stein (2021), in their Quarterly Journal of Economics analysis of invoicing currency choice, established that currency selection in international trade is determined by three factors: depth of the financial market in which that currency is traded, availability and cost of hedging instruments denominated in it, and the monetary policy credibility of the issuing central bank from the perspective of international counterparties. Political backing is largely irrelevant to all three.

The rupee fails internationally on each criterion. In the offshore non-deliverable forward market -the primary mechanism by which non-residents hedge rupee exposure - bid-ask spreads average three to five times wider than comparable dollar instruments (BIS Triennial Survey, 2022). Rupee-denominated government bonds remain inaccessible to most foreign institutional investors without regulatory approvals. Capital account restrictions mean a Russian or South African entity receiving rupees cannot convert them freely, invest them in Indian sovereign debt at scale, or repatriate them without navigating RBI-administered procedures.

The political will behind Vostro accounts is genuine. The financial ecosystem that those accounts require does not exist.

Three Costs That Replace One

When an Indian exporter invoices in rupees to a BRICS counterparty, the familiar dollar-conversion cost is replaced by three separate components, each larger and less predictable.

The first is the convertibility discount - the probability that the counterparty cannot exchange rupees into freely tradable assets. For Russian counterparties operating under SWIFT restrictions and bilateral capital controls post-2022, this probability is not marginal. The second is the liquidity premium: the spread between the theoretical midpoint and the execution price in a thin bilateral market. The third is counterparty concentration risk. Dollar-denominated trade clears through a global correspondent banking network; current rupee settlement is almost entirely bilateral, concentrating exposure rather than distributing it.

India's energy trade with Russia provides a natural experiment. By 2023-24, Russia had become India's largest crude oil supplier, accounting for approximately 35% of total imports (Petroleum Planning and Analysis Cell, 2024). A portion of these transactions was settled in rupees and UAE dirhams. The outcome: accumulated vostro balances that Indian banks could not deploy productively, Russian counterparties who sought yuan or dirham settlement wherever an option existed, and an effective discount on the rupee-denominated leg of transactions estimated at 2–6% depending on commodity type and delivery terms (Financial Times, March 2024).

A 2–6% settlement discount is not minor. Export margins in Indian textiles, pharmaceuticals, and processed agricultural goods -the sectors most likely to benefit from expanded BRICS trade agreements -average 8–14%. A settlement discount of this size absorbs 20–50% of margin before operating costs are considered. For smaller exporters without in-house hedging desks, the net result is often a loss on the currency leg that erases the gain from the trade itself.

Three Structural Problems the Optimists Ignore

The bullish case for rupee internationalisation under BRICS rests on assumptions the data consistently challenges.

The first is that BRICS trade volumes are large enough to generate organic rupee demand. India's trade with BRICS nations excluding China -where the current account relationship is adversarial - totalled roughly $120 billion in 2023. Global merchandise trade that year exceeded $31 trillion (WTO, 2024). Per IMF COFER data for Q4 2023, the rupee's share of global foreign exchange reserves was under 0.7% and had not moved meaningfully despite two years of active vostro account promotion.

The second assumption is that the RBI framework constitutes adequate infrastructure. A vostro account is not infrastructure. Infrastructure requires liquid rupee interest rate swaps accessible to non-residents; rupee-denominated commodity futures with international participation; multilateral clearing mechanisms that reduce bilateral exposure to systemic risk; and cross-jurisdictional legal enforceability of rupee-denominated contracts. None of these exist at scale.

The third, and most testable, assumption is that geopolitical alignment produces financial alignment. Russia's post-2022 behaviour disproves it directly. Despite political necessity driving rupee adoption in energy payments, Russian entities consistently sought yuan, dirham, or deferred dollar payment wherever available (Reuters, October 2023). A country willing to use a currency to avoid sanctions is not the same as a country choosing that currency for its financial merits.

Sequencing Is the Error

Eichengreen (2011) argued that the dollar's persistence is not purely a product of American power, but of self-reinforcing network effects: assets, liabilities, and commodity contracts are priced in dollars, making it rational to invoice in dollars, which deepens dollar market liquidity, which makes it rational to price assets in dollars. Displacing this requires building a parallel financial system -derivatives markets, commodity pricing infrastructure, multi-currency clearing, legal harmonisation across jurisdictions -not just political agreements to use an alternative.

India is attempting the political component first. The Vostro account framework announced in July 2022 created the accounting shell of rupee settlement without the financial interior. The predictable result is trapped liquidity, widened settlement discounts, and counterparty defection whenever an exit exists.

Rupee internationalisation is the right long-run objective. The risk-adjusted returns on the current approach are negative, and any exporter, bank, or finance ministry official who accepts the geopolitical argument without running the unit economics is confusing ambition with architecture. Currency internationalisation follows financial depth. India needs to build the market before selling the product.

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Winner
We4tech Hackathon 4.0

Parichay Garg, Kushal Parikh, Navya Choudhary, Ojas Tambe, Trisha Pal.

Could you give us a brief overview of this competition along with challenges faced by the team and how did you'll overcome them?
We were presented with a problem statement and tasked with identifying an effective solution. This involved analyzing the issue in depth, exploring possible approaches, and collaborating as a team to arrive at the best outcome. The process demanded clarity of thought, creativity, and teamwork to ensure our solution was both practical and innovative.
Challenges:
Our main challenges were understanding each other's strengths and deciding on the most suitable method to tackle the problem. Aligning our diverse perspectives and working styles required patience and open communication, which was crucial for building team synergy and moving forward effectively.
Overcome:
We overcame these challenges by conducting frequent meetings and emphasizing a deep understanding of the problem rather than rushing toward a solution. This approach helped us align our thoughts, respect each member's contribution, and create a stronger foundation for implementing the right method.

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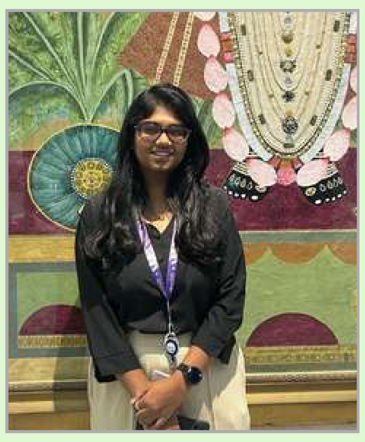

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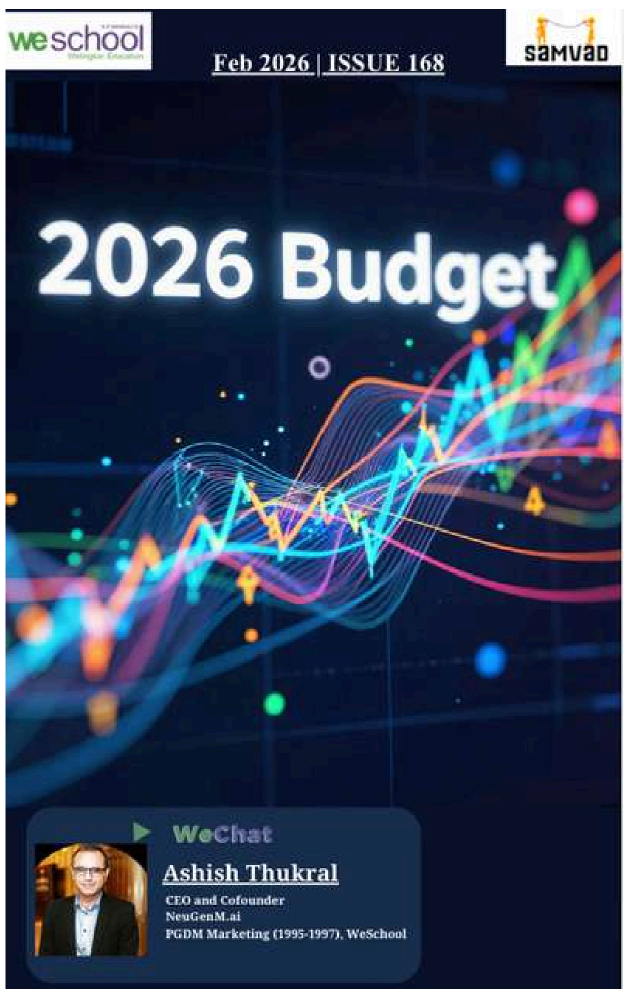

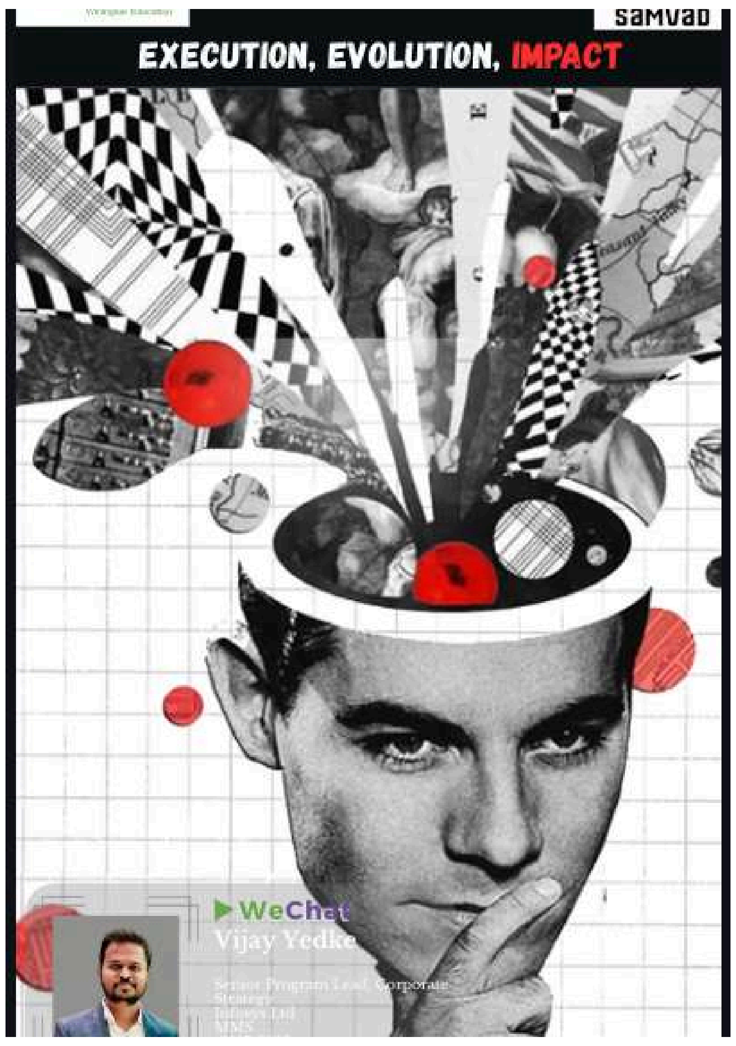

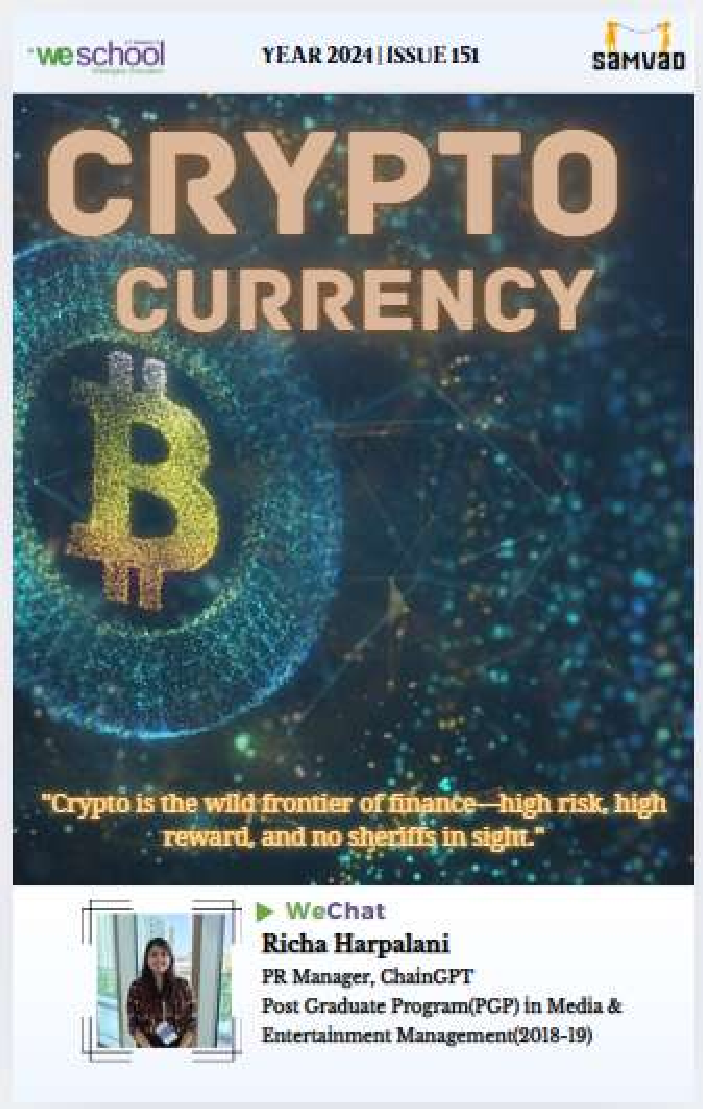

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