CURRENTLY — 27th AUGUST 2026

1. **India–China Boundary Talks: Renewed Focus on Boundary Delimitation**
   Source: The Hindu — Editorial, Page 6
   GS: GS-II — International Relations
2. **Nepal Flash Flood: Cross-Border Disaster and India's Humanitarian Response**
   Source: The Hindu
   GS: GS-I — Geography & Disasters | GS-II — India–Nepal Relations | GS-III — Disaster Management
3. **Iran Sanctions: Limits of Economic Coercion**
   Source: The Indian Express
   GS: GS-II — International Relations | West Asia | India's Strategic Interests
4. **AI-Assisted Drug Discovery: Targeting GIPC1 in Pancreatic Cancer**
   Source: The Indian Express
   GS: GS-III — Science & Technology | Biotechnology | Health
5. **India–UK Defence Cooperation: Electric Propulsion and Lightweight Missiles**
   Source: The Indian Express
   GS: GS-II — International Relations | Defence & Security
6. **Public Sector Banks: Efficiency and Productivity in Indian Banking**
   Source: The Indian Express
   GS: GS-III — Indian Economy | Banking Sector | Financial Reforms
7. **Foreign Direct Investment: Record Inflows and India's Investment Landscape**
   Source: The Hindu
   GS: GS-III — Indian Economy | Investment | External Sector

Gross FDI hit 15-year high of $30.7 billion in April-June 2026

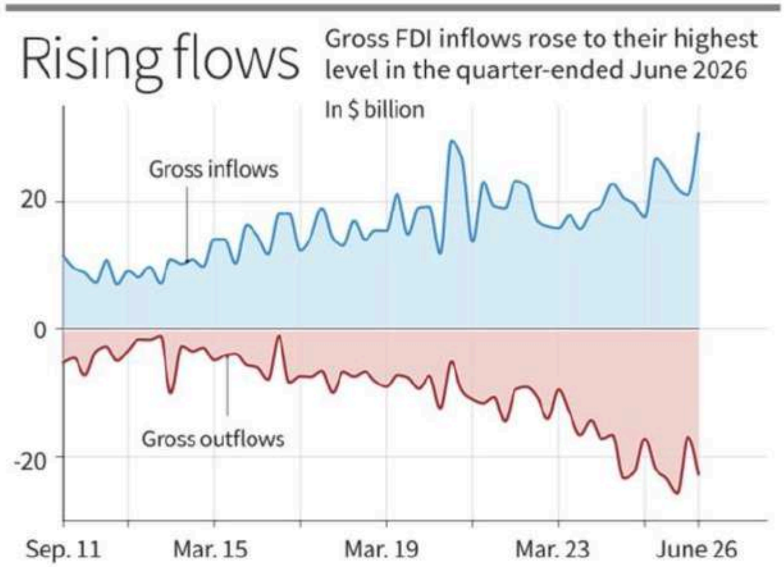
An analysis of latest RBI data shows net FDI turned positive again in June 2026, with inflows exceeding outflows by $1.3 billion that month

T.C.A. Sharad Raghavan
NEW DELHI

India attracted a total of $30.7 billion as gross foreign direct investment in the April-June 2026 quarter, the highest level in at least 15 years. This strong inward flow overshadowed outflows, resulting in net FDI in the quarter rising to its highest level since June 2022.

An analysis of the latest data released by the Reserve Bank of India (RBI) shows that net FDI turned positive again in June 2026, with inflows exceeding outflows by $1.3 billion that month, driven by an increase in investment entering the country and a fall in outward investment by Indian companies.

A longer-term analysis also shows that inflows are starting to outpace outflows on a more regular basis. For instance, while net FDI was negative in six out of the last 12 months, it was negative in only one of the last six months.



Source: Reserve Bank of India, CMIE
Note: Inflows are positive while outflows are negative values.

June last year. According to the RBI, Singapore, the Netherlands, the U.S., and Canada accounted for around 74% of the inflows. The manufacturing sector received the highest share of inflows, followed by electricity generation, computer, and communication services.

On a quarterly basis, gross inflows stood at $30.7 billion in April-June 2026, which was nearly 46% higher than in the quarter ended March 2026 and global investors in India".

Total outflows of direct investment stood at $7.9 billion in June 2026, which was nearly 30% higher than in May, and 8.6% higher than in June of last year. On a quarterly basis, total outflows stood at $22.8 billion. As a result, net FDI stood at $1.3 billion in June 2026 and $7.8 billion in the April-June 2026 quarter. Within outflows, repatriation and disinvestment by foreign companies operating in India

With reference to Foreign Direct Investment in India, which one of the following is considered its major characteristic ?

(a) It is the investment through capital instruments essentially in a listed company.

(b) It is a largely non-debt creating capital flow.

(c) It is the investment which involves debt-servicing.

(d) It is the investment made by foreign institutional investors in the Government securities.

Consider the following :

1. Foreign currency convertible bonds
2. Foreign institutional investment with certain conditions
3. Global depository receipts
4. Non-resident external deposits

Which of the above can be included in Foreign Direct Investments?

(a) 1, 2 and 3

(b) 3 only

(c) 2 and 4

(d) 1 and 4

1. Gross Foreign Direct Investment Reaches a 15-Year High

Source: The Hindu| **GS:** GS-III — Indian Economy | External Sector

Context: India recorded **$30.7 billion in Foreign Direct Investment (FDI) inflows during April–June 2026**, the highest quarterly inflow in at least 15 years, reflecting continued international investor interest in the Indian economy.

1. Foreign Direct Investment — Basic Understanding

● **Foreign Direct Investment (FDI)** refers to investment by a person resident outside India in an Indian enterprise with a lasting interest; in a listed Indian company, investment of **10% or more of post-issue paid-up equity capital** is treated as FDI.

● FDI broadly comprises **equity capital, reinvested earnings and other capital**.

● **Foreign Portfolio Investment (FPI)** primarily represents investment in financial securities without the objective of establishing lasting management influence; the **10% threshold** is an important distinction.

2. Key Developments

● **FDI inflows: $30.7 billion** during April–June 2026 — about **46% higher** than the preceding quarter and **15% higher year-on-year**.

● **June 2026:** Monthly FDI inflows reached **$9.3 billion**, indicating a strong acceleration during the quarter.

● **Singapore, the Netherlands, the United States and Canada** together accounted for approximately **74% of inflows**.

● **Manufacturing** received the largest share, followed by **electricity generation, computer services and communication services**.

3. Economic Significance

● **Capital formation:** FDI supplements domestic investment resources and supports expansion of productive capacity.

● **Technology transfer:** Foreign enterprises can introduce advanced technologies, production methods and managerial practices.

● **Employment:** New investment can generate **direct and indirect employment**.

● **Productivity:** Competition, technology and improved management can raise productivity.

● **Global Value Chains:** FDI can integrate Indian enterprises into **international production and supply networks**.

● **Exports:** Foreign-invested enterprises can improve access to international markets and strengthen India's export capacity.

4. Policy Priorities

● Attract **long-term and productive FDI** rather than focusing only on the volume of inflows.

● Strengthen **ease of doing business, regulatory certainty and policy predictability**.

● Encourage investment in **manufacturing, infrastructure and technology-intensive sectors**.

● Increase linkages between foreign-invested enterprises and **domestic firms and supply chains**.

● Maximise the benefits of FDI through **technology transfer, employment generation and export growth**.

India & UK to ink pact, develop propulsion systems for Navy

Amrita Nayak Dutta
New Delhi, August 26

INDIA AND the UK are "very soon" poised to sign an Inter-Governmental Agreement (IGA) aimed at developing maritime electric propulsion systems for four Landing Platform Docks (LPDs) for the Indian Navy, British officials said Wednesday.

They also indicated that a second inter-governmental agreement between the countries is set to be inked soon for the procurement of British Lightweight Multirole Missiles (LMMs) for the Indian Army.

Responding to a question from The Indian Express, a top British official said an IGA for the maritime electric propulsion system for four LPDs will be signed "very shortly".

As part of the collaboration, GE Vernova and Bharat Heavy Electricals Ltd will establish India's first maritime Land-Based Testing Facility to support the development of the Integrated Full Electric Propulsion (IFEP) system.

Indian warships at present do not have electric propulsion systems. They are currently powered by diesel engines, gas turbines or steam turbines. The Queen Elizabeth-class aircraft carriers of the UK Royal Navy are integrated full electric propulsion vessels.

The electric propulsion capability is meant to power bigger warships of the Indian Navy, with a displacement of over 6,000 tonnes and will be first tested on Landing Platform Docks.

A joint statement issued by both countries in November last year highlighted the intent to finalise the IGA for maritime electric propulsion systems.

The official quoted above said that negotiations and working groups have been ongoing and have been productive, adding that both sides have also been in talks over India's naval fleet modernisation programme, which will also include retrofitting of certain legacy ships with electric propulsion systems, aside from looking at other modern warships of the Indian Navy.

A second agreement between the two will see the procurement of British Lightweight Multirole Missiles for the Indian Army

A Statement of Intent (SoI) on Cooperation on Design and Development of Electric Propulsion Systems for the Indian Navy was signed by India and the UK in Portsmouth on 28 November, 2024, during the third meeting of the Joint Working Group on Electric Propulsion Capability Partnership.

A government statement at the time mentioned that the SoI provided a framework for cooperation in the co-design, co-creation and co-production of electric-propulsion capabilities for future Indian vessels.

On the deal for LMMs, British officials said hundreds are set to be procured by India — as compared to October, when both sides had signed a 350-million-pound ($468 million) contract to supply the Indian Army with the missiles.

The announcement was made during former British Prime Minister Keir Starmer's India visit.

The India-UK joint statement, issued in October 2025, stated that both sides have agreed to proceed via the government-to-government route on an initial supply of LMM systems. "This will further support India's air defence capabilities and, in the spirit of Atmanirbhar Bharat, meet the current and future requirements of the Indian Ministry of Defence, and support a long-term collaboration on complex weapons between the two countries," it had stated.

According to Thales UK, the LMMs are equipped with a triple-effect warhead and proximity fuse, and thus respond to various threats like light-armoured, wheeled and tracked vehicles or aerial platforms.

The missiles weigh 13kg, have an range of over 6 km and a velocity of Mach 1.5.

They can address various surface threats, from vehicles to static installations and provide surface-to-air capability targeting UAS and helicopters. It can provide very fast re-engagement and fire-on-the-move capability, and is available on shoulder launch, tripod and vehicle configurations, Thales stated.

The signing of the order will make India one of the largest customers of the missile.

2. India–United Kingdom Defence Cooperation: Electric Propulsion and Lightweight Missiles

Source: The Indian Express
GS: GS-II — International Relations | GS-III — Defence & Security | Indigenisation

Context: India and the **United Kingdom (UK)** are set to deepen defence-industrial cooperation through agreements on **maritime electric propulsion systems** for the Indian Navy and procurement of **Lightweight Multirole Missiles (LMMs)** for the Indian Army.

1. Maritime Electric Propulsion Cooperation

● India and the UK are expected to sign an **Inter-Governmental Agreement (IGA)** for developing electric propulsion systems for **four Landing Platform Docks (LPDs)** of the Indian Navy.

● **GE Vernova** and **Bharat Heavy Electricals Limited (BHEL)** will establish India's first **maritime Land-Based Testing Facility** to support development of the **Integrated Full Electric Propulsion (IFEP)** system.

● The proposed system is intended for larger Indian naval vessels with displacement of **over 6,000 tonnes** and will initially be tested on Landing Platform Docks.

● The cooperation builds upon the **Statement of Intent on Cooperation in Design and Development of Electric Propulsion Systems**, signed in **November 2024**.

2. Significance for the Indian Navy

● Electric propulsion can support **greater operational efficiency, flexibility and endurance** in modern warships.

● The cooperation will facilitate **co-design, co-development and co-production**, strengthening India's indigenous naval-technology capabilities.

● It forms part of India's broader **naval fleet modernisation programme**, including the potential retrofitting of electric propulsion systems on some existing vessels.

3. Lightweight Multirole Missiles for the Indian Army

● A second India–UK agreement is expected for procurement of **British Lightweight Multirole Missiles (LMMs)**.

● The two countries had earlier signed a **£350-million ($468 million) contract** for supply of the missiles to India.

● The LMM is designed to engage threats including **light-armoured vehicles, wheeled and tracked vehicles and aerial platforms**.

● According to the article, the missile weighs about **13 kg**, has a range of **over 6 km** and can travel at approximately **Mach 1.5**.

● It provides rapid **re-engagement and fire-on-the-move capability** and can be deployed from **shoulder, tripod and vehicle configurations**.

4. Strategic Significance for India

● **Defence indigenisation:** Cooperation in design, development and production supports **Atmanirbhar Bharat** in defence.

● **Technology acquisition:** Electric propulsion provides an opportunity to develop advanced capabilities for India's future warships.

● **Industrial cooperation:** Greater participation of Indian industry can strengthen the domestic **defence manufacturing ecosystem**.

● **Operational capability:** LMMs enhance the Indian Army's ability to respond rapidly to diverse surface and aerial threats.

● **India–UK strategic partnership:** Defence-industrial cooperation is expanding beyond conventional procurement towards **joint development and long-term technology cooperation**.

PSU banks more efficient than private peers: EAC-PM

Siddharth Upasani
New Delhi, August 26

IN A surprising find, an analysis by the Economic Advisory Council to the Prime Minister (EAC-PM) has found that government-run banks are more efficient than private banks, with the last three years in particular seeing public sector lenders improving their position.

In a paper titled 'Reforms, Efficiency, and Productivity of Indian Banking Sector in the Last Decade: A DEA Approach', authors Soumya Kanti Ghosh and Tapas Kumar Parida found that "contrary to popular perceptions", the efficiency of public sector banks (PSBs) stood at 93.12% in 2025-26.

In comparison, private banks were operating at 86.02%. Foreign banks were at 85.88%. An efficiency score of under 100% means the bank can produce the same output by reducing its inputs.

For instance, if the efficiency score of a bank is 85%, then it can reduce its inputs by 15% (100% minus 85%) and still have the same output.

Over the 12-year period from 2014-15 to 2025-26, the study found PSBs to be more efficient than their private peers, with a score of 88.53% as against 85.62%. Foreign banks scored the highest, with 88.98%. However, their efficiency score has declined sharply from 95.86% in 2014-15.

DEA refers to data envelopment analysis, a method used to understand performance. It measures the relative efficiency of decision-making units that produce the same goods or services.

Apart from being a part-time member of the EAC-PM, Ghosh is the State Bank of India's Group Chief Economic Advisor. Parida is an economist in SBI's Economic Research Department.

The unexpected finding comes days after Finance Minister Nirmala Sitharaman told officials of state-run banks that they had to raise their 'cool' quotient in the eyes of the country's youth without sacrificing the prudence the business requires.

The Finance Minister had also said that PSBs "still give the impression of a government bank".

HSBC, JPMorgan, SBI, HDFC on top

While several banks clocked the maximum efficiency score of 100% in 2025-26, only two maintained that score across the 12 years covered by the paper: HSBC and JPMorgan Chase. As per Ghosh and Parida, the efficiency of foreign banks is better than domestic ones "mostly due to their prevalent business models".

Among private lenders, HDFC Bank was the most efficient from 2014-15 to 2025-26, with a score of 97.54%. SBI, at 97.49%, was only marginally behind, the leader among PSBs. Interestingly, IDBI Bank — which the government has been trying to sell for years — has been the seventh-most efficient bank over the last 12 years, with SBI being the only PSB to rank ahead of it.

A variety of factors can affect the efficiency scores of any bank. For instance, the lowest score of any of the 47 banks examined by Ghosh and Parida was for DBS Bank India's 40.12% in 2021-22. This, the paper said, may be due the merger of Laxmi Villas Bank with DBS Bank India in 2020.

"PSBs are relatively more efficient than private banks except FY19-FY22, which may be due to merger and rationalisation of business, branches, and employees," the paper added.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

3. Public Sector Banks Record Higher Efficiency than Private Banks

Source: The Indian Express
GS: GS-III — Indian Economy | Banking Sector | Financial Reforms

Context: An **Economic Advisory Council to the Prime Minister (EAC-PM)** study finds that **Public Sector Banks (PSBs) recorded higher relative efficiency than private banks in 2025–26**. The finding challenges the conventional assumption that private ownership necessarily results in greater efficiency.

1. Key Findings: 2014–15 to 2025–26

● **Public Sector Banks: 93.12%** efficiency in 2025–26.

● **Private Banks: 86.02%**.

● **Foreign Banks: 85.88%**.

● Thus, PSBs were **7.1 percentage points more efficient than private banks** and **7.24 percentage points ahead of foreign banks** in 2025–26.

● Across the **12-year period**, PSBs were generally more efficient than private banks, except during **2019–20 to 2021–22**.

2. What Does "Efficiency" Mean

The study uses **Data Envelopment Analysis (DEA)** to compare how efficiently banks convert their **inputs into outputs**.

● A **100% efficiency score** represents the efficiency frontier.

● A lower score indicates that a bank has scope to **reduce inputs while maintaining the same level of output**.

Example: An efficiency score of **93.12%** indicates substantially higher relative efficiency than a score of **86.02%** under the study's methodology.

3. Individual Bank Performance

● **HDFC Bank: 97.54%** — highest among private banks in the study.

● **State Bank of India (SBI): 97.49%** — the leading PSB and almost equal to HDFC Bank.

● **HSBC and JPMorgan Chase: 100% efficiency** across the 12-year period.

● **DBS Bank India: 40.12% in 2021–22**; the study associates this with the impact of the **2020 merger with Lakshmi Vilas Bank**.

4. What Explains the Efficiency Gains?

● The study indicates that **mergers and rationalisation of branches, business operations and employees** influenced banking efficiency.

● PSBs have shown particular improvement during the **last three years** of the study.

● The findings therefore suggest that **ownership alone does not determine efficiency**; restructuring, scale and operational performance also matter.

5. Significance for India's Banking Sector

● **Challenges the ownership-based assumption:** The **93.12% versus 86.02%** comparison demonstrates that public ownership does not automatically imply lower efficiency.

● **Reform effectiveness:** Improved PSB efficiency indicates that **bank consolidation, rationalisation and operational reforms** can produce measurable gains.

● **Public-sector role:** Efficient PSBs can better combine their developmental responsibilities—such as **credit delivery and financial inclusion**—with financial sustainability.

● **Policy focus:** Banking reforms should therefore emphasise **productivity, governance, technology, prudent operations and institutional efficiency**, rather than treating privatisation as the sole route to efficiency.

Drawing lines

India and China must be transparent about the talks on boundary dispute

Following Tuesday's talks between the Special Representatives (SRs) on the boundary question, India and China have agreed to substantial outcomes on managing the disputed border. According to an eight-point consensus released on Wednesday, both countries have agreed to advance discussions on "an early and substantial harvest of boundary delimitation". They have agreed to hold next month a meeting of an expert-level mechanism on trans-border rivers and to maintain communication on sharing hydrological data, which India has been pushing for. Two additional meeting points to hold talks between top military commanders will be set up, along with two new channels of hotlines in the Eastern and Middle Sectors. National Security Adviser Ajit Doval and China's Foreign Minister Wang Yi reaffirmed the efforts taken over the past two years to keep the peace along the Line of Actual Control, and committed to continuing the on-going normalisation in relations. That the NSA's visit to Beijing took place before India hosts the BRICS Summit, on September 12, underlined both sides' keenness to continue with this process of re-engagement, with the expected visit of Chinese President Xi Jinping after a gap of seven years. An October 2024 meeting between Prime Minister Narendra Modi and Mr. Xi kick-

4. India–China Boundary Talks: Renewed Push for Delimitation and Border Stability

Source: The Hindu — Editorial, Page 6
GS: GS-II — India–China Relations | Border Management | International Relations

Context

● The **25th round of Special Representatives (SR) talks** on the India–China boundary question was held in **Beijing on 25 August 2026**, between **India's Special Representative and National Security Adviser Ajit Doval** and **China's Special Representative and Foreign Minister Wang Yi**.

● The two sides reached an **eight-point consensus**, combining efforts towards **boundary delimitation, LAC management, military communication and trans-border cooperation**.

1. Moving Towards Boundary Delimitation

● Both sides agreed to advance negotiations for an **"early and substantial harvest" of boundary delimitation**.

● The **Expert Group on Boundary Delimitation** and the **Working Group on Border Management**, under the **Working Mechanism for Consultation and Coordination (WMCC)**, will take forward these discussions.

● Negotiations will continue within the framework of the **2005 Agreement on Political Parameters and Guiding Principles for the Settlement of the India–China Boundary Question**, seeking a **fair, reasonable and mutually acceptable solution**.

2. Strengthening Line of Actual Control Management

● Existing diplomatic and military mechanisms will be used to address situations on the ground promptly and prevent **misunderstanding and miscalculation**.

● **Two additional meeting points** for senior military commanders have been agreed.

● **Two additional border military hotline channels** will be established in the **Eastern and Middle Sectors**.

These measures are primarily aimed at **managing the LAC and preventing escalation**, rather than constituting a final settlement of the boundary.

3. Trans-Border Cooperation

● The **Expert-Level Mechanism on Trans-Border Rivers** will meet in **September**.

● Both sides will maintain communication on **hydrological data sharing** and renewal of relevant Memoranda of Understanding (MoUs).

● Cooperation has also progressed on **border trade and pilgrimage**, including the reopening of **three designated border trading points**.

4. Why It Matters for India

● **Border security:** Better communication mechanisms reduce the possibility of local incidents escalating into larger military confrontations.

● **Strategic stability:** Sustained engagement helps preserve peace and tranquillity along the **Line of Actual Control (LAC)**.

● **Boundary settlement:** The shift towards an **"early and substantial harvest"** gives greater emphasis to the long-term task of delimitation.

● **Water security:** Continued hydrological-data cooperation is important for India's interests concerning **trans-border rivers**, particularly in the Himalayan region.

● **Bilateral normalisation:** Progress on the boundary can create conditions for broader stabilisation of India–China relations.

5. The Central Challenge

● **Border management is not the same as boundary settlement.** Hotlines, military meetings and confidence-building mechanisms can prevent escalation, but they do not by themselves resolve competing territorial claims.

● The crucial issue remains **how the 2005 framework will be translated into actual delimitation and a final boundary settlement**.

● Greater transparency about the broad framework and objectives of negotiations can also help build **public confidence** without compromising diplomatic sensitivities.

6. Way Forward

● Sustain **high-level political and diplomatic engagement**.

● Strengthen military communication and **crisis-management mechanisms** along the LAC.

● Give the Expert Group a clear mandate for **substantive boundary-delimitation negotiations**.

● Maintain cooperation on **trans-border rivers, hydrological data, trade and pilgrimage**.

● Ensure that **border stability becomes a pathway towards a durable boundary settlement**, rather than an alternative to it.

157 killed in Nepal flash flood, hundreds missing

More than 130 Indians among those missing from villages bordering Tibet; a rock-and-ice landslide along the Nepal-China border caused a debris-laden flood, say authorities citing satellite imagery

Sanjeev Satgainya
KATHMANDU

At least 157 people were killed and more than 400 people, 133 Indians among them, were missing or out of contact after a massive flash flood in Nepal's Bhotekoshi River swept through villages in Rasuwa, a district bordering China's Tibet region, on Wednesday morning, authorities said.

According to Nepal's Office of the Prime Minister and Council of Ministers, 391 foreign nationals and 93 Nepali citizens were out of contact. "Several security personnel, government officials and employees of hydropower projects are also out of contact," the government said. "The disaster has damaged 19 motorable bridges and 40 kilometres of road."

Flood fury: A screengrab shows water flowing across a residential area and damaging a bridge near the Nepal-Tibet border. PTI

The Nepal Police said that 157 bodies were recovered.

As authorities stepped up rescue operations, officials said the death toll could rise and that it would take days to assess the full extent of the damage.

Nepal's National Disaster Risk Reduction and Management Authority, citing a preliminary analysis of Planet Labs satellite imagery, said in the evening that a rock-and-ice landslide along the Nepal-China border, about 20 km northeast of the Rasuwagadhi border crossing, caused a debris-laden flood in the Lhende River, a tributary of Bhotekoshi, that flowed through Timure and entered the Trishuli River.

CONTINUED ON
» PAGE 10

Modi offers all possible help to tragedy-hit Nepal

NEW DELHI
Prime Minister Narendra Modi on Wednesday spoke to Nepal's Prime Minister Balendra Shah and offered "all possible assistance" to deal with the flash flood. The Indian Air Force deployed an aircraft carrying 10 tonnes of essential relief materials to Nepal. » PAGE 10

WESTERN DISTURBANCE
» PAGE 10

5. Nepal Flash Flood: Cross-Border Disaster and India's Humanitarian Response

Source: The Hindu
GS: GS-I — Geography & Disasters | GS-II — India–Nepal Relations | GS-III — Disaster Management

Context: A severe **flash flood in Nepal's Rasuwa district**, close to the **Nepal–China (Tibet) border**, has caused extensive loss of life and infrastructure. The disaster occurred in the **Bhotekoshi River system** and also affected several Indian nationals, including people travelling towards **Kailash Mansarovar**.

1. Disaster and Probable Trigger

● Preliminary satellite analysis indicates that a **rock-and-ice landslide/avalanche** near the Nepal–China border may have released a large volume of debris into the **Lhende Khola**, a tributary of the **Bhotekoshi River**.

● The sudden movement of **water, rock, ice and sediment** generated a debris-laden flash flood that moved downstream, causing severe destruction.

● The precise cause is still under investigation; the **ice-rock avalanche is a preliminary assessment**, not a conclusively established trigger.

2. Human and Infrastructure Impact

● **150+ people were killed**, while at least **484 people were reported missing**, including **105 Indians and 37 Non-Resident Indians (NRIs)**.

● **19 motorable bridges and about 40 km of roads** were damaged, disrupting transport and access to affected areas.

● Several personnel associated with **hydropower projects** were also reported missing, highlighting the exposure of critical infrastructure and project workers in vulnerable Himalayan terrain.

3. Why the Event Matters

The incident demonstrates the **cascading nature of Himalayan hazards**:

High-altitude slope failure → Rock/ice debris → River blockage/surge → Debris flow → Flash flood → Downstream destruction

● Himalayan regions are particularly vulnerable to the combined effects of **landslides, avalanches, flash floods and other high-altitude hazards**.

● The proximity to the Nepal–China border and the involvement of a river system underline the importance of **cross-border disaster-risk information and early-warning cooperation**.

● Damage to roads and bridges also highlights the need to integrate **disaster resilience into Himalayan infrastructure planning**.

4. India's Humanitarian Response

● Prime Minister **Narendra Modi** spoke with Nepal's Prime Minister **Balendra Shah** and offered **all possible assistance**.

● The **Indian Air Force (IAF)** transported **10 tonnes of essential relief material, including medicines**, to Nepal.

5. Disaster-Management Priorities

● Establish stronger **early-warning systems** for landslides, avalanches and flash floods.

● Combine **satellite monitoring, geological assessment and real-time hydrological data** for faster risk detection.

● Strengthen **cross-border information sharing** among Himalayan countries.

● Make roads, bridges, hydropower projects and settlements **hazard-resilient**.

● Adopt **risk-sensitive development planning** in fragile Himalayan regions rather than relying primarily on post-disaster relief.

• GEOPOLITICS

Strikes to sanctions: The limits of US moves on Iran

Amid signs of Pakistani mediation, the US seems to be adopting an economic strategy against Iran. But this may do little to improve its bargaining position

EXPERT EXPLAINS

BASHIR ALI ABBAS

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ON MONDAY, the US threatened to impose severe sanctions on any country or entity that maintains economic ties with Iran.

US Treasury Secretary Scott Bessent, who announced 'Operation Economic Outcast', termed it "Economic D-Day", a reference to the June 1944 Allied offensive against Nazi-occupied France.

The US has issued fresh sanctions against Iran's digital assets, technology, gold, aviation and shipping sectors, with the Office of Foreign Assets Control sanctioning "nearly 60 entities, individuals, and vessels in multiple jurisdictions that enable the Iranian regime's recklessness". These include sanctions against firms across countries such as China, UK, France, Singapore, UAE and Ukraine.

In the hours following the announcement, Pakistan's Chief of Defence Forces, Asim Munir, made his second trip to Tehran since the March war. Islamabad described the visit as part of its efforts to "promote regional peace and stability". *Al Arabiya* also reported that Munir spoke to US President Donald Trump in the lead-up to the visit.

These interlinked developments come at a time when the US appears to be shifting away from its military strategy that has failed to dislodge the Iranian regime. Both countries are entering a *de facto* ceasefire following the expiry of the interim peace framework's 60-day implementation period. What do these developments mean for any future US-Iran negotiations?

D-Day sanctions

The US's new 'Economic D-Day' sanctions are only the latest in a series of sanctions regimes that Washington has had in place against Iran since 1979, the year of the revolution. President Trump intensified these sanctions through his "maximum pressure" campaign in his first term (2017-2021). While the Joe Biden administration diluted this campaign's measures, the second Trump administration renewed them in February 2025.

IRANIAN CURRENCY IN FREEFALL

One US dollar now costs 2 million rials in Iran.

A market in Tehran's Grand Bazaar. AP

This meant that by the time the US attacked Iran a year later, the Iranian economy was reeling from inflation crossing 50% (near hyperinflation), national per capita income dropping to about $5,000, rising youth unemployment and the rial in near free-fall. The currency has now fallen to around 2 million rial per US dollar.

Hence, despite the US's aggressive framing of these sanctions, they only represent the intensification of its historic economic outlook towards Iran.

On August 25, US Secretary of State Marco Rubio reportedly said Washington was pivoting from strikes to sanctions, indicating an apparent US disinclination for resuming military action. This comes even as Iran continues to strike tankers passing through the US-backed southern channel near Oman in the Strait of Hormuz.

Limited effects of sanctions

Historically, US sanctions on Iran have proven to have limited deterrence effect. Despite their adverse economic effect, the principal affected party is the citizenry of Iran with government actors consolidating power further as the sole arbiter of resources.

It was the George Bush administration that shifted from blanket sanctions to targeted financial and sectoral ones in 2005 and 2006. President Barack Obama expanded and intensified this targeted approach through the Comprehensive Iran Sanctions, Accountability, and Divestment Act in 2010.

Trump, however, triggered a reversal through the Countering America's Adversaries Through Sanctions Act sanctions regime in his first term.

War and peace

The US has issued fresh sanctions against Iran's digital assets, technology, gold, aviation and shipping.

•

Meanwhile, Pakistan's Chief of Defence Forces, Asim Munir, made his second trip to Tehran since the March war as part of efforts to 'promote regional peace'.

Now, the imposition of the D-Day sanctions reflects the limits of military means as an effective coercion instrument against the Islamic republic. But they also represent a large-scale unlearning of Washington's lessons from its history of economic coercion against Tehran. Iran has near-continually been the most heavily sanctioned country in this century. Its sustained ability to both prevent regime collapse as well as to militarily respond to American attacks successfully in 2026 have already proved the ineffectiveness of Washington's historic economic measures.

Tehran's popularisation of a "resistance economy" has meant that the current Iranian generation has been forced to largely normalise living conditions under external economic duress (supplemented by internal corruption).

While this has indeed meant frequent popular pressure on the regime through demonstrations, the current war-time conditions and mood of national solidarity mean that the Trump administration's nationwide economic targeting will only harden Tehran's resolve. Arguably, such conditions can also help the Iranian government find greater public acceptance for increased austerity measures to absorb the impact of the new sanctions.

It is worth remembering that the new American sanctions are not occurring in a pre-February 2026 reality — when the regime did have any organic trigger for national solidarity, was reeling from the effects of the December-January anti-government demonstrations and was negotiating with the US for nuclear concessions in exchange for relief from existing sanctions.

Rather, Iran's solidified control over the Strait of Hormuz following the US-Israeli war has left it with economic leverage to meet economic coercion. It is arguably the adverse impact on energy shipping through the narrow waterway that was was among the prominent triggers for the pivot Rubio referred to.

Renewal of mediation?

For Iran, the D-Day sanctions do not represent any new US posture, apart from Washington's reduced appetite for military exchanges. Rather, it hardens Iran's learning that escalation is the only way to deal with Washington's attempts to undermine its bargaining power.

Indeed, Tehran's escalatory actions since the war began — from strikes on Gulf countries to attacks on shipping, especially vessels following the US-approved route — have improved Iran's bargaining position in negotiations for a final deal.

For Washington, the new economic measures (despite their effects being old) allow the Trump administration to project strength and cushion its potential return to negotiations with Tehran after military failure. Iran itself specifically requires the US to return to the framework and uphold Article 5 — which provides for joint Omani-Iranian administration of Hormuz). This was among Iran's demands from the US, conveyed through Munir, as reported by the Islamic Revolutionary Guard Corps-affiliated *Tasnim News*.

In any case, Iran and Oman are continuing to discuss Article 5's implementation. On Tuesday, the Omani Foreign Minister asserted that both sides expected to announce a joint temporary transit corridor through the Strait of Hormuz and joint mine clearing operations soon. US President claimed on the same day that the strait had been cleared of all mines. On Wednesday, Iran and Oman reached agreements on their share of Hormuz and revenues.

Iran will feel the need to continue proving its readiness for continued fighting (at least until the US mid-term elections in November), alongside indirect negotiations with the US through Pakistan. Ultimately, while D-Day sanctions or fresh US strikes on Iran might trigger a resumption of war, both sides remain focused on bettering their bargaining positions.

6. Iran Sanctions: Limits of United States Economic Pressure

Source: The Indian Express
GS: GS-II — International Relations | West Asia | India's Strategic Interests

Context: The United States has imposed fresh sanctions on Iran, targeting **digital assets, technology, gold, aviation and shipping**. The development highlights the continuing confrontation between **Washington and Tehran** and the limits of sanctions in securing strategic concessions.

1. United States: Renewed Economic Pressure

● The United States has introduced new sanctions against **nearly 60 entities, individuals and vessels** linked to Iran.

● The objective is to increase economic pressure on Iran and constrain its ability to pursue policies opposed by Washington.

● The approach represents a shift towards **targeted financial and sectoral sanctions**, rather than relying only on broad economic restrictions.

2. Iran: Economic Pressure but Strategic Resilience

● Long-term sanctions have contributed to **high inflation, currency depreciation, unemployment and declining purchasing power**.

● The Iranian rial has fallen sharply, with the article noting an exchange rate approaching **2 million rials per United States dollar**.

● Despite these costs, Iran has demonstrated the ability to **adapt economically and continue its strategic policies**, limiting the coercive impact of sanctions.

3. Why Sanctions Have Limited Results

● **Alternative economic partners:** Countries such as **China and the United Arab Emirates** provide Iran with alternative avenues for trade and economic activity.

● **Economic adaptation:** Prolonged exposure to sanctions has encouraged Iran to develop mechanisms to operate despite restrictions.

● **Political resilience:** Economic hardship does not necessarily translate into acceptance of external political demands.

● **Counter-leverage:** Iran can impose costs on its adversaries through its regional position and maritime capabilities.

4. Strait of Hormuz: Iran’s Strategic Leverage

● The **Strait of Hormuz** is a critical maritime chokepoint connecting the **Persian Gulf with the Gulf of Oman**.

● Any disruption to shipping can affect **global energy supplies, crude-oil prices and maritime trade**.

● Iran's ability to create insecurity around the Strait gives it leverage against the economic pressure imposed by the United States.

5. Diplomacy: The Missing Element

● The experience demonstrates that **economic pressure alone cannot guarantee political compliance**.

● Continued diplomatic engagement and mediation can provide avenues for **de-escalation and negotiation**.

● **Oman and Pakistan** can serve as important regional channels for dialogue.

6. Way Forward: From Sanctions to Negotiated De-escalation

● **Resume sustained diplomacy** between Iran and the United States to address the nuclear issue and wider security concerns.

● **Adopt reciprocal measures:** Link phased sanctions relief with verifiable Iranian commitments, creating incentives for compliance rather than relying solely on coercion.

● **Strengthen regional mediation:** Use channels involving **Oman, Pakistan and other regional actors** to maintain communication and prevent escalation.

● **Safeguard the Strait of Hormuz:** Ensure freedom of navigation and establish effective mechanisms for preventing maritime incidents from escalating.

● **Build a broader regional security framework:** Address nuclear proliferation, maritime security and regional tensions through **confidence-building measures and dialogue** rather than repeated cycles of sanctions and retaliation.

• HEALTH

How AI can help target protein that contributes to pancreatic cancer

Arnav Chandrasekhar
Bengaluru, August 26

RENOWNED US-BASED medical centre Mayo Clinic recently announced that it has co-developed a cancer treatment with Bengaluru-based artificial intelligence (AI) startup Sravathi AI Technology, under an intellectual property sharing arrangement. This treatment targets a specific protein called GIPC1 that, in certain circumstances, can contribute to the growth of many different types of cancer, including pancreatic cancer — one of the deadliest forms of cancer. The findings were published in the scientific journal *Cell Reports*.

A difficult target

GIPC1 does not cause cancer on its own. Experts from Sravathi AI said when there is a problem in the expression or signalling of this protein in the body, then cancer cells can use the "pathways" associated with this protein to grow excessively or invade other parts of the body.

Pancreatic ductal adenocarcinoma (PDAC) — the most common type of exocrine pancreatic cancer — remains highly aggressive, with a five-year survival rate under 13.3% owing to late diagnosis, rapid progression, and therapeutic resistance. GIPC1, which is overproduced in PDAC, drives tumour growth and resistance to chemotherapy but has remained "undruggable" due to its PDZ domain.

The PDZ domain is made up of amino acids (also the building blocks of proteins) and is found in the signalling

7. AI-Assisted Drug Discovery: Targeting GIPC1 in Pancreatic Cancer

Source: The Indian Express
GS: GS-III — Science & Technology | Biotechnology | Health

Context: Mayo Clinic and Bengaluru-based Sravathi AI Technology have developed an experimental AI-assisted small-molecule inhibitor, GIPCi, targeting GIPC1, a difficult-to-target protein associated with pancreatic cancer.

1. Pancreatic Cancer: The Challenge

● **Pancreatic ductal adenocarcinoma (PDAC)** is a highly aggressive form of pancreatic cancer, with a **five-year survival rate below 13.3%**, owing to late diagnosis, rapid progression and therapeutic resistance.

● **GIPC1** is overexpressed in PDAC and supports tumour growth and resistance to treatment; it does not itself cause cancer but helps cancer cells exploit signalling pathways.

2. Why GIPC1 Was Difficult to Target

● GIPC1 contains a **PDZ domain** that interacts with multiple proteins through broad, shallow surfaces, making conventional drug binding difficult.

● Since GIPC1 acts as a **signalling hub**, blocking a single interaction may not be sufficient to stop tumour-promoting pathways.

3. How AI Enabled Drug Discovery

● Researchers screened nearly **40,000 compounds** and progressively narrowed them to promising candidates.

● **Generative AI** assisted molecule design, while **machine learning and predictive analytics** helped evaluate properties such as toxicity and absorption.

● **Molecular modelling and quantum chemistry** were then used to identify compounds most likely to bind the GIPC1 PDZ domain.

● This process led to **GIPCi**, a selective small-molecule inhibitor designed to block GIPC1.

4. What the Research Has Shown

● In **preclinical models**, GIPCi suppressed tumour growth and improved survival.

● Its combination with **gemcitabine**, an existing chemotherapy drug, produced stronger anti-tumour effects than the experimental inhibitor alone.

● The research was published in **Cell Reports** in July 2026.

5. Significance for Science and Healthcare

● **AI + biotechnology:** Demonstrates how AI can accelerate the identification of drug candidates for biologically complex targets.

● **Undruggable targets:** Opens possibilities for targeting proteins previously considered difficult to address through conventional drug discovery.

● **Precision therapeutics:** Computational screening can reduce the number of compounds requiring extensive laboratory testing.

● **Drug-resistant cancers:** GIPC1 inhibition offers a potential new strategy against cancers where conventional therapies face resistance.

6. Current Status and Limitation

● The therapy remains **preclinical** and has **not yet been tested in humans**. Further safety, efficacy and clinical studies are required before it can become an approved treatment.