

Ushering the Era of India's Crypto Regulation for National Security

By Vipul Tamhane

Author is an anti-money Laundering and combating terrorist financing specialist and provides legal and commercial advice to businesses, governments, and law enforcement organisations.

In a landmark decision that might profoundly affect India's digital and financial environment, the Madras High Court in *Rhutikumari v. Zanmai Labs Pvt. Ltd. (WazirX)* acknowledged cryptocurrency as "property" under Indian law. The verdict by Justice N. Anand Venkatesh not only resolves the case but also acts as a signal of India coming forward to demarcate its position in the global digital economy. Simultaneously, it paves the way for national security policy to have a new frontier.

India had been treating crypto as a suspicious thing and still had a wait, and see attitude. To that end, the Reserve Bank of India (RBI) was warning about potential money laundering, terror financing, and financial instability, whereas the Supreme Court in *Internet and Mobile Association of India v. RBI (2020)* acknowledged the constitutional right to trade in digital assets. With the Madras High Court's pronouncement on crypto as property capable of possession, trust ownership, and fiduciary protection, India has set a precedent in crypto law that changed the game. The effects, in fact, are far beyond trade; they reflect the core issues of the state's economic sovereignty, digital security, and the solidity of domestic financial systems.

From Code to Capital: The Legal Evolution of Crypto

The decision in *Rhutikumari v. Zanmai Labs* references foreign cases such as *Ruscoe v. Cryptopia* (New Zealand, 2020) and *AA v. Persons Unknown* (UK, 2019) to be in line with global legal standards that consider crypto assets not as "currency," but as intangible property. This change of classification has an impact on the terrain in an extremely profound manner.

Firstly, it defines crypto ownership as a right that can be enforced in court, one that is protected by contract and arbitration law. Secondly, it introduces fiduciary duties to exchanges, thus requiring them to operate in a manner that is both transparent and of due care. Thirdly, through the granting of temporary relief under Section 9 of the Arbitration and Conciliation Act, 1996, the bench has allowed crypto investors to seek court interventions just like any other property owners.

With this the court has practically removed the semantic arguments from the discussion, crypto is not "unreal". It is property and as such, is eligible for all the indicated rights, e.g., protection, taxation, inheritance, and most probably, regulation through property and financial laws. By this move, the judiciary has allowed digital assets to be accorded a real identity in line with India's constitutional and commercial framework.

The National Security Lens

As this acknowledgment supports investor protection and the bringing in of market rules, it equally calls for a security, first regulatory framework with increased insistence. The inherent characteristics of crypto assets, decentralization, pseudonymity, and border lessness, make them difficult to be controlled by the usual financial surveillance and law enforcement methods.

Cryptocurrencies have been linked to illegal financial flows, terror financing, ransomware operations, and sanctions evasion on a global scale. As such, the Financial Action Task Force (FATF) has been regularly recommending its members to impose anti, money laundering (AML) and counter, terrorism financing (CFT) compliance requirements on Virtual Asset Service Providers (VASPs) and put in place the required security measures.

For India, the present ruling signifies that crypto dealing cannot be "in the shadows" anymore and should no longer be a subject of legal ambiguity. If they are to be considered property, then they must be allowed to interact with the rest of the national security and financial intelligence systems as well. It is now a time for the Enforcement Directorate (ED), Financial Intelligence Unit (FIU), and National Investigation Agency (NIA) to get clear legal support to follow the money, intervene, and seize crypto assets linked with economic offenses or terror financing.

When seen from a national security perspective, the acknowledgment of crypto as property is a point in favor of the government as well as a cautionary signal. On one hand, it equips the state with a legal instrument to go after the bad players; on the other, it calls for a government, planned well, constructed system that would ensure digital financial sovereignty.

Strategic Regulation: Balancing Innovation and Control

The digital economy in India is like a needle between two different cloths. On the one hand, there are completely over 15 million users of cryptocurrency and a system of exchanges, startups, and investors is growing rapidly, so it would not be either technically feasible or wise to ban them in total. However, at the same time, the uncontrolled crypto operations may lead to the loss of the central bank's control over the money supply, the promotion of the illicit capital flight, or the weakening of the state's ability to enforce sanctions.

The decision of the Madras High Court, therefore, comes to the rescue by substantiating the constitutional basis for the middle road, a regulatory approach which keeps the innovation intact and safeguards the interest of the nation. India needs to be vigorous in its approach to such a strategy by working on three fronts:

Integrated Financial Oversight,

Now that crypto platforms are considered fiduciaries, they should be required to implement the same KYC, AML, and CFT measures that are enforced on banks and NBFCs. Furthermore, their operations should be open to review by FIU, IND, a body responsible for financial tracing and that can ensure observance of the FATF "travel rule" along with other international standards.

Regulatory Coordination

The RBI, SEBI, Ministry of Finance, and Ministry of Home Affairs can come together and create a framework for their working relations and thus, address any jurisdictional ambiguities. Different responsibilities could be distributed among them such as the RBI taking care of stability issues and systemic risk connected to payments area, SEBI regulating investment, grade crypto, producing products, and the Home Ministry looking for security risks tied to cross, border data and financing networks.

Technology Led Surveillance

The country should be willing to spend its money on technology like AI, driven transaction monitoring tools and blockchain analytics that look for suspicious wallet behavior, service mixing, or regions that deal with illegal activities. Moreover, working with local cybersecurity units and crypto, forensics experts worldwide will help ensure that blockchain transparency becomes an asset in security rather than a means of sublimation.

Economic Sovereignty in the Digital Age

The court decision to treat crypto as a form of property raises the question of economic sovereignty along with that issue. Taking into account the present reality of weaponised finance where sanctions, data flows and financial innovations are used as tools of geopolitical influence, the ability of India to oversee digital assets is at the core of its national security strategy.

By setting up a proper legal framework within which cryptocurrencies can operate, the Indian government can decide how the game will be played, rather than being a mere participant. It can introduce capital control measures, levy taxes on profits, and use blockchain for easy and transparent government transactions. Besides that, India could go on to create local digital asset markets such as sovereign blockchains, digital rupees, and tokenised securities that are capable of competing worldwide without relinquishing control to foreign bodies.

So as to create an environment of transparency, the country is not only committing to the safety of the investors but also is solidifying its regulatory independence vis, à, vis the possible technological and financial interdependencies from foreign players.

Judicial Clarity, Policy Urgency

The judiciary has performed the task that the executive branch was hesitant to undertake, it has delivered conceptual clarity. Nevertheless, only by means of law can the digital economy of the nation be preserved. Without a full set of statutes, there is a chance for India to suffer from partial regulation, overlapping mandates, and regulatory loopholes.

After that, a digitally asset, oriented regulation act grounded on the main principles of transparency, accountability, and security, must be enacted. Such a law should establish the legal framework of property, fiduciary duties, taxation, and police powers, at the same time setting up a national security check for foreign crypto investments and local crypto exchanges.

As important as this is, the creation of a National Crypto Intelligence Task Force able to communicate with its counterparts abroad and thus ensure the Indian crypto market's invulnerability to cross, border criminal or hostile activities is equally crucial.

From Legal Recognition to Strategic Readiness

The Madras High Court decision is more than just a triumph for crypto investors; it marks a transition of the Indian legal system towards the future. The Court, by declaring crypto assets as property, has opened the door for rightful possession, responsibility, and governance. However, with acknowledgment comes accountability.

Regulating crypto can no longer be seen as a matter of economic liberty only; it is a question of national security. India's regulatory decisions in the upcoming years will be the factor that determines whether digital assets will be the innovation drivers or instability facilitators.

The main point that the Chennai court is making is: crypto is authentic, legitimate, and deserves protection, but, at the same time, it has to be regulated. Now, India's task is to see that this new digital property frontier not only secures the nation but also adds to its security and sovereignty.

India in Global Focus: Price of Leadership in World Politics

By Savio Rodrigues

The author is Researcher, FINS. He is also currently pursuing his Masters (MA) in International Relations & Strategic Studies, from the University of Mumbai.

In recent years, India has increasingly become a target of criticism from several governments across the world, often driven by political self-interest, vote-bank compulsions, or inflated egos of individual leaders. Following are the prime examples of such events-

- Maldives: Muizzu's "India Out" Campaign
- Bangladesh: Fall of Hasina Govt, Anti-India Interim Administration
- Nepal: KP Oli Hints at Blaming India for Unrests
- Canada: Justin Trudeau Targeted India for Vote-bank Politics
- USA: Trump Targeted India for Russian Oil & for Ceasefire Credit
- EU Countries: Target India for Human Rights, etc

There was in place a pro-India government in Maldives led by Mohamed Solih until 2023. India granted multiple loans and invested in various developmental projects in Infrastructure. India also supplied billions of litres of water during its drinking water crisis and also provided vaccines during the Covid pandemic. Despite these efforts, opposition leader Mohammed Muizzu portrayed Indian soldiers, who were stationed there to assist Maldivian military operations, as foreign occupiers, fuelling the 'India Out' narrative. A Maldivian minister also mocked Prime Minister Modi's Lakshadweep visit, triggering severe backlash.

In Bangladesh too, the pro-India, Sheikh Hasina led government was toppled by radical Islamist forces. The current interim government led by Mohd Yunus is clearly brewing anti-India sentiments and has been seen cozying up to Pakistan, from whom once India helped them liberate themselves. India's constant support and years of friendship have been sidelined amid sudden changing geopolitical scenarios. In Nepal as well, the now-resigned PM KP Oli Sharma hinted at blaming India for the current crisis there.

Another key example where vote bank politics for selfish motives was one of the prime reasons to brew anti-India sentiments among its people was by former Prime Minister of Canada Justin Trudeau, wherein he forged an alliance with a political party called the New Democratic Party (NDP), led by Jagmeet Singh, who is a staunch critic of the current Indian government and openly supports anti India sentiments and the demand for a separate Sikh state called 'Khalistan'. Here too, India was the target in internal Canadian politics.

The United States has been one of India's key strategic partners since more than two decades, a long-standing and yet developing relationship which President Donald Trump has strained in the past few months of his presidency of the United States. He first claimed Credit for ending the four-day conflict between India and Pakistan, after India's 'Operation Sindoor', a narrative which India has openly rejected and also because India's enemy Pakistan recommended Trump for the Nobel Peace Prize something which India hasn't done yet.

Also, before joining the White House, President Trump had claimed that he will end the Russia-Ukraine War within a single day. However, in the past eight months, he has been unsuccessful in doing so, which is why he needs to divert attention from the same and needs factors to blame. Amid such a situation, India has been a prime target of President Donald Trump, wherein he has imposed 50% tariffs on imports from Indian products.

The hypocrisy is clearly evident, as China, an even larger buyer of Russian oil, was spared from such high tariffs. The reason for this is, China has leverage over the United States' manufacturing sector by controlling the supply of rare earth minerals, among other things, which is why the US is forced to have a trade deal with China.

Another prominent example of hypocrisy against India is our targeting by European countries, on the issue of human rights. Recently, the envoy of Switzerland to the United Nations Human Rights Council (UNHRC), accused India of violating human rights of minorities. India responded in kind by stating it could help Switzerland in reducing racism & xenophobia, happening on its soil. Such accusations aren't a new phenomenon and India has been facing it since a long time. Ironically, many of these European countries struggle with Islamophobia and racism within their own societies, yet they frequently accuse India of minority oppression. Where in fact, India remains a democratic and pluralistic society with co-existence of people of diverse backgrounds.

The question remains why is India being targeted in such different ways? One possible answer could be- As India is growing militarily, economically and diplomatically, other world powers feel threatened and sense the need to control the rising power, India. They exploit issues such as religion, human rights and democracy to hamper India's rising global image. Moreover, India has been reluctant in joining any major side or aligning with them fully, be it BRICS or Western nations. This uncertainty creates inconvenience for such powers which may lead to their targeting of India and slowdown in its growth. Foreign media and NGOs amplify such incidents to shape perceptions and create false narratives against India.

The first and foremost tool for tackling this could be a guided strategy against disinformation carried out by them. Information warfare is a crucial tool in today's contemporary times and having an edge in it is very necessary. A professional PR machinery is required to counter such anti-India propaganda India needs to proactively present its perspective in global forums, media platforms, and academic circles, rather than merely responding to criticism. Building a strong professional mechanism to counter misinformation and propaganda can ensure that India's voice is heard clearly and fairly on the world stage. India's responses must be firm yet mature. Overreaction can often validate criticism, while a calm, fact-based and long-term strategy demonstrates confidence and credibility. By combining internal stability with global engagement, and smart diplomacy, India can not only reduce the impact of external targeting but also reposition itself as a country that shapes the global agenda rather than merely reacting to it.

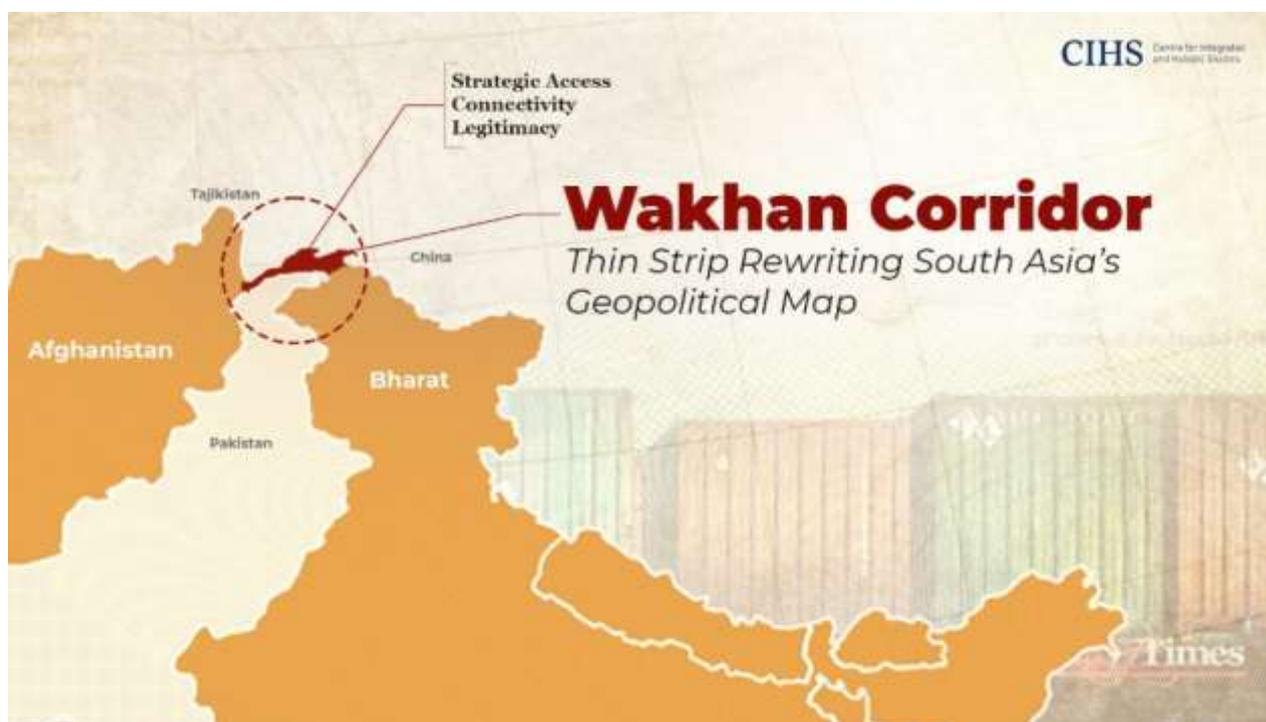
Being the subject of criticism and targeting in such situations can be seen as a proof of India's rising importance on the global stage. Global scrutiny follows global power. India must recognize that criticism is an unavoidable part of global politics and international diplomacy, and it should not allow such pressures to derail its long-term strategic goals. India should aim not just to defend against criticism, but to set the agenda in world politics.

Wakhan Corridor: Thin Strip Rewriting South Asia's Geopolitical Map

By N. C. Bipindra

The Author is Chairman, Law and Society Alliance, a New Delhi-based think tank, and guest columnist with CIHS

The October 2025 restoration of full diplomatic ties between India and Afghanistan is far more than a symbolic gesture. It represents a profound shift in the geopolitics of South Asia. At its heart lies a slender, mountainous stretch of land that could redefine power balances in the region: the Wakhan Corridor.



Flanked by Tajikistan, Pakistan-occupied Jammu & Kashmir (PoJK), and China's occupied East Turkistan (Xinjiang) province, this 106-kilometre strip is the only geographical point where India and Afghanistan technically touch.

For decades, it was viewed merely as a relic of the 19th-century "Great Game." But as India re-enters Kabul, Pakistan's influence over Afghanistan wanes, and China seeks to extend its Belt and Road Initiative (BRI) through the region, Wakhan has emerged as the pivot on which the future of South Asian geopolitics could turn.

India's Diplomatic Reset with Afghanistan: A Message to Pakistan

During the recent joint press conference in Delhi, Indian External Affairs Minister Dr. S. Jaishankar referred to Afghanistan as a "contiguous neighbour," a deliberate phrase with deep strategic implications.

India and Afghanistan share no functional border today because the territory between them, Gilgit-Baltistan, remains under Pakistan's illegal occupation. By invoking "contiguity," Jaishankar emphasised India's claim over Pakistan-occupied Jammu & Kashmir and, at the same time, asserted Afghanistan's significance to India's regional calculus.

India's upgrade of its mission in Kabul to a full embassy and Jaishankar's pointed remark that both nations "face the problem of cross-border terrorism" served a dual purpose: signaling India's readiness to re-engage with Kabul's current government and reminding Pakistan that its use of terror as statecraft has created growing regional blowback, even from Afghanistan.

This marks a critical moment in India's Afghan policy. After maintaining a cautious distance since the Taliban's return in 2021, New Delhi now sees engagement as a means to secure its interests, counter Pakistan's narrative, and open new channels of influence in Central Asia.

Kabul's Message to Islamabad: Independence and Rebalancing

Afghanistan's acting Foreign Minister Amir Khan Muttaqi's remarks in Delhi made the shift unmistakable: "We will not allow any group to use our territory against others." He praised India's humanitarian support during the pandemic and the 2025 earthquake, positioning India as a reliable partner.

This was more than diplomatic courtesy. It was a direct snub to Pakistan.

For years, Islamabad assumed the Taliban regime would be its proxy, granting it “strategic depth” against India. Instead, the Taliban government has turned increasingly hostile toward Pakistan, accusing it of violating Afghan sovereignty through repeated airstrikes in Kunar, Paktika, and now even Kabul.

The Taliban’s control over the Wakhan Corridor further frustrates Pakistan, denying it unfettered access to Central Asia and diminishing its geopolitical leverage.

In contrast, the Taliban sees India as a potential counterbalance, an economic partner capable of helping Afghanistan diversify its foreign relations. While ideological gaps remain wide, pragmatism appears to be prevailing in Kabul.

Wakhan Corridor: The Strategic Fulcrum

Stretching 350 kilometres through Afghanistan’s northeast, the Wakhan Corridor is a high-altitude strip connecting Afghanistan with China and separating Tajikistan from Pakistan-occupied Gilgit-Baltistan. Historically a neutral buffer during the British-Russian “Great Game,” it has now resurfaced as the most consequential geographic connector in Asia.

Here’s why it matters in 2025:

A Link Between India and Afghanistan: The Wakhan Corridor’s western edge abuts the part of Jammu & Kashmir under Pakistan’s control. India’s renewed claim of Afghanistan as a contiguous neighbour reasserts that this narrow land bridge, though blocked today by PoJK, forms the legal link between the two nations. If geopolitical circumstances ever shift, the corridor could become India’s overland route to Central Asia.

China’s Quiet Ambitions: The corridor’s eastern end touches China’s occupied East Turkistan (Xinjiang region). Beijing sees Wakhan as a vital extension of its Belt and Road Initiative (BRI) and a possible spur of the China-Pakistan Economic Corridor (CPEC). A CPEC-Wakhan linkage would connect China to Iran through Afghanistan, bypassing India entirely. But any route from Gwadar to Kabul would traverse PoJK making such expansion diplomatically contentious and legally fraught.

Pakistan’s Strategic Loss: For Pakistan, Wakhan was once a potential access route to Central Asia. But Taliban’s consolidation of control over the region, coupled with India’s growing diplomatic footprint in Kabul, leaves Islamabad isolated. Its dream of a seamless trade corridor from Gwadar to Central Asia via Afghanistan is slipping away.

Afghanistan’s Opportunity: For Kabul, Wakhan represents autonomy. It gives Afghanistan direct access to China, reducing dependence on Pakistan for trade and transit. Taliban understands that controlling Wakhan not only brings economic promise but also strengthens Afghanistan’s geopolitical bargaining position.

Regional Tectonics: New Great Game

Wakhan Corridor’s transformation from geographic obscurity to strategic pivot has drawn in multiple powers, each with distinct stakes in the region.

China: BRI Pressure Point

China’s presence in Wakhan Corridor has grown quietly but steadily. Since 2017, Beijing has proposed infrastructure investments, fibre-optic links, and security outposts to prevent the infiltration of Uyghurs from Afghanistan into Xinjiang. Wakhjir Pass, sitting at 4,900 metres, is China’s only potential land link with Afghanistan.

But any expansion of CPEC through Afghanistan challenges India’s sovereignty because it cuts through Pakistan-occupied Jammu & Kashmir. For India, this isn’t just about maps. It’s about preventing the institutionalisation of Chinese infrastructure across illegally occupied Indian territory.

Hence, India's diplomatic re-entry into Kabul is partly designed to counter China's creeping presence.

Iran: Chabahar Factor

Iran, through the Chabahar Port, offers India and Afghanistan a viable alternative to Pakistan-controlled trade routes. The trilateral cooperation between India, Iran, and Afghanistan predates the Taliban takeover and remains a cornerstone of India's regional connectivity strategy. In this equation, Wakhan Corridor and Chabahar represent parallel visions: one high-altitude, one maritime, both aimed at bypassing Pakistan.

Russia and Central Asia: Silent Watchers

Moscow and Central Asian states, particularly Tajikistan, view the corridor as a security buffer against militant infiltration. Russia, preoccupied elsewhere, remains wary of China's growing influence near its traditional sphere but sees India's engagement in Afghanistan as stabilising.

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Why is India's Higher Defence System Not Stabilising?

By - Lt Gen Vijay Oberoi

The Author is a former Vice Chief of Army Staff and the Former Founder Director of the Centre for Land Warfare Studies (CLAWS), and now its Director General Emeritus.

The present Higher Defence Structure of India has a large number of weaknesses or in other words it has so many lacunae that it is nearly unworkable.

The British legacy-based Higher Defence System, which was carved out on Independence in 1947 after de-colonisation of the country, as modified to what it exists today, inhibits planning and decision-making; long-term focus; intimate coordination; integration; cost-efficiency; and elimination of adhocism.

Past efforts to rectify these weaknesses have been stymied by inertia; resistance to change; turf considerations; all-round apathy; lack of knowledge of security strategies amongst the political leadership and the higher bureaucracy; and sadly a misplaced apprehension about the loyalty of the military, something invented by the bureaucracy in the early years of Independence and sustained by the expanding bureaucracy, while the armed forces ignored it on the grounds that it will be their work that will speak for them.

The end result is that while the armed forces have endeared themselves to the citizens of the nation, the bureaucrats rule the roost, while the political leadership acts blind! The current dispensation needs to change, not only because it is intensely flawed, but in the views of our Hukmaran, it is not important! However, considering the current turmoil in the world, it is in urgent need of change.

This is especially so today, as our nation looks to move up from a regional power configuration to a great power status; desires to be a permanent member of the UN Security Council; and has its aims set to become a power of reckoning in the world. Strategic challenges ahead to our sovereignty and security demand urgent changes in our decision-making structure, so that it is efficient, fast and works like clockwork.

In brief, most problems are due to four reasons, viz political, bureaucratic, not taking advice of the military hierarchy and incorrect reading of the strategic situation. A modified System must shun these.

For a change, let me take a deep dive and commence with the Kitchener-Curzon controversy (1904-05), although it has no relevance to the current Higher Defence Structure, as it had evolved after Independence and how it has deteriorated over the years. It may persuade writers not to quote it while discussing this particular subject.

The dispute was in colonial times when all policy decisions were taken by the India Office in London. The Viceroy was akin to the senior most bureaucrat as he implemented the policy laid down by the Crown, through the India Office, although he had a fair degree of autonomy, within the policy parameters received from London. The Viceroy was not an elected person but one appointed. Hence, to call it a dispute between 'civil' and 'military' is not only patently wrong, but gives the incorrect impression of a civil-military dispute.

The dispute did not involve any change or suggestion of 'the order of precedence'. In the hierarchy in India of that time, the Viceroy was at number one position and the C-in-C was at number two. Their scope of work and authority were well defined. At no stage did either of the incumbents wanted or sought a change.

The objection of Kitchener was to the creation of one more military power centre in the Viceroy's office, who would scrutinise and sit over the judgement of the C-in-C. It was obviously an attempt by the Viceroy to usurp the powers of the C-in-C and hence was correctly opposed by Kitchener and was rightly upheld by the India Office and the Crown.

Let me point out that later events, viz. the sterling role played by the Indian Army in both the World Wars, as well as operations against the various tribes in the erstwhile NWFP is testimony that the army flourished under this dispensation.

After Independence in 1947, It was Lord Ismay (a senior staff officer to the Viceroy) who had evolved our higher defence system, which consists of inter-locking committees, which were meant to give 'full political control and yet ensure functional integration between the three services, without bureaucratic control'.

The structure that was evolved and which still continues with some changes was based on a three -tiered system. At the apex of this structure was the Cabinet Committee of Political Affairs or CCPA, which was later renamed as the Cabinet Committee of Security (CCS). It consisted of the Prime Minister, Defence Minister and selected Ministers, with Service Chiefs and Defence Secretary in attendance at all meetings. The highlighted portion is hardly ever observed.

The second level was the Defence Minister's Committee (DMC), chaired by the Defence Minister, with Service Chiefs, Defence Secretary and Financial Adviser (Defence Services) {better known as FA (DS)}, as members. It served as the top policy formulation organ in the MoD. However, it rarely met for decades. It was later converted as the Morning Meeting of the Defence Minister, thus further reducing its efficacy.

The third level is the Chiefs of Staff Committee. It is a forum for the three Service Chiefs (and now including the CDS) to discuss matters having a bearing on the activities of the Services and also to advise the Minister of Defence. In theory, the COSC is the highest authority on military matters in the country. However, a major shortcoming of this body is that it exercises no real power.

Over the years, the committees either ceased functioning or their character was altered drastically. This eroded the role of Service Chiefs as professional military advisors to the government and at the same time precluded professional interaction between Services HQ and agencies outside MoD. With the appointment of National Security Adviser (NSA) and its Secretariat, which started with one person, it has burgeoned into a huge cabal of bureaucrats with one or more Deputies, advisers and officials from many departments and agencies, Horror of horrors, the Chiefs of the Services were also placed under him, an appointment with neither Parliamentary nor Constitutional approval.

In the USA, from where we picked up the idea, the NSA is an appointment for advising the President on security issues, not the government. I recall that when I was attending the US Army War College Course in 1988-89. In his talk to the students, the then NSA of USA, Maj Gen Colin L. Powell, (later Chief) implicitly stated that he was the NSA to the President and not to the US Government.

The result of such activities was that the armed forces became isolated from such important subjects as formulation of nuclear policy; the Comprehensive Test Ban Treaty (CTBT); Nuclear Non-Proliferation Treaty (NPT); military use of Space; disarmament initiatives; chemical weapons policies/treaties; and missile technologies. The armed forces were thus totally removed from the decision-making processes.

Even within the Services, on account of gross interference of bureaucrats, the introduction of the appointment of Chief of Defence Staff (CDS), instead of streamlining the Higher Defence System of the nation, has resulted in worsening it. It will not be incorrect to state that strategic issues have deliberately been pushed to the boon docks. This is so when politically and economically the entire world and particularly our region is in flux, as anything can happen at short or no notice.

[Read complete article on website thecitizen.in](https://www.thecitizen.in)

India and the “Rare Earth” Market

By Vappala Balachandran

The author is former special secretary, cabinet secretariat.

“Rare Earth” or “Critical Minerals” are the current buzzwords in trade wars. Those who possess more deposits and have the capacity to refine are considered holders of strategic power since these materials are key to modern technology, electric vehicles, energy systems and military applications.

Also, rare earth supply could be “weaponised” as we saw in 2010, when China halted exports of rare earths to Japan for two months over a fishing dispute as reported by Wall Street Journal (15 May 2023).

According to “Investing News Network” (February 2025) the leaders in this field, in million metric tons, are China (44), Brazil (21) India (9) Australia (5.7) Russia (3.8), Vietnam (3.5), America (1.9) and Greenland (1.5).

This would indicate why President Donald Trump was very keen to annexe Greenland and why he gave top priority to the signing of the Ukraine–United States Mineral Resources Agreement in February this year.

It is not only the stock which is important: the key to this power game is how much a country is able to extract rare earth from deposits. According to the Center for European Policy Analysis (CEPA) China extracted about 270,000 tons of “rare earth oxide equivalent” in 2024, while the US produced only about 45,000 tons. China controls almost 90% of global processing and refining capacity whereby “mineral oxides are converted into useful pure substances”.

How did this happen? CEPA says that China started investing in the rare earth supply chain back in the 1980s: mining, chemical separation, magnet manufacturing, recycling, and alloy technology. “That vertical integration lowered costs, putting it far ahead of its competitors”. China also applied regulations, subsidies, and industrial protection to boost Chinese exports.

Other accounts say that Xu Guangxian, considered as the “founding father of China's rare earth industry” was US educated (Columbia University) but he returned to China in 1951 after Communist China was formed in 1949.

“Chinese Society of Rare Earths” was set up in the 1980s after Deng Xiaoping’s “Four Modernizations” aimed at rapidly developing China's agriculture, industry, defence, and S&T. Deng’s 1979 visit to United States and his close relationship with President Jimmy Carter to resist Soviet Union also played a support role in this direction.

During that era, to quote the US National Public Radio (NPR), America controlled the rare earths market “for much of the second half of the 20th century” after rare earth elements were discovered in Mountain Pass, California in 1949. NPR interviewed Mark Smith, who was then CEO of Molycorp, a former rare earth processing company at the Mountain Pass mine, who mentioned about the repeated visits of Chinese engineers in the 1980s and 1990s.

Smith told NPR that they allowed the Chinese visitors to photograph the mines. According to others interviewed by NPR, the cheap electricity available in China and absence of local environmental laws helped mushrooming “hundreds of lucrative mining and processing firms in the country” to service mostly domestic demand for rare earths.

It was only in the 1990s that China started exporting rare earths after adopting anti-pollution measures, capping production and incentivizing advanced processing of rare earths and adding stimulants for export. Strict measures were also taken to prevent foreign explorers from tapping into this market. Also, this business came to be reorganised under state-owned “Big Six” firms, in the guise of controlling smuggling of rare earths outside China.

The question is why India, with world’s third largest reserves, not able to compete in this market? “The Secretariat,” an Ahmedabad based research publication says that “India is well behind in the mining and processing of these minerals, hindered by lack of private investment, access to technology and environmental hurdles” despite having established the state owned “Indian Rare Earths Ltd” in 1950.

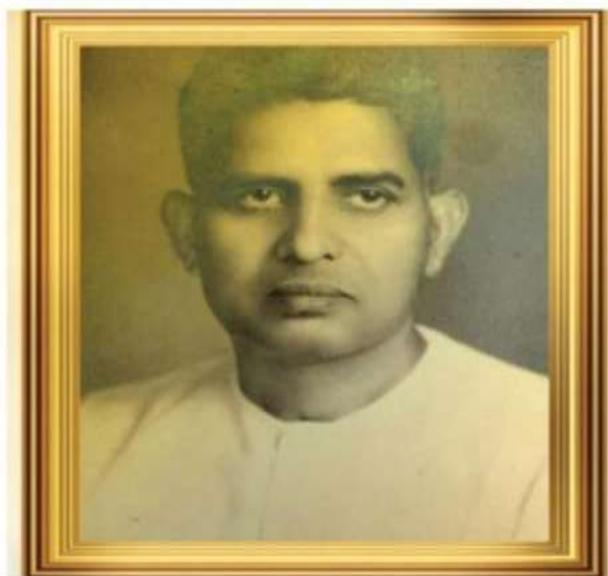
It is hoped that the launch of “National Critical Mineral Mission” on August 27, 2025, by our Prime Minister would catalyse reforms to make India more self-sufficient.

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Disclaimer: The opinions expressed in this publication are those of the authors. They do not purport to reflect the opinions or views of the FINS or its members.

India is Proud of:

Madhav Prasad Tripathi (12 September 1917 – 1985)



Madhav Prasad Tripathi, known as “Madhav Babu” was an Indian philosopher, sociologist, historian and political scientist. He was one of the most important leaders of the Bharatiya Jana Sangh and played key role in establishing the party in Eastern UP.

He was born in 1912 in the village Tiwaripur, Bansi near the Basti district (now Siddharthnagar, Uttar Pradesh). His father was a well-known learned person and was active in Indian freedom movement. He was a quick learner from his early childhood and showed signs of working for the society at very young age.

While he was a student at Banaras Hindu University, Varanasi in 1937, he came into contact with the Rashtriya Swayamsevak Sangh (RSS). He met the founder of the RSS, Dr K. B. Hedgewar, who engaged with him in an intellectual discussion at one of the shakhas. He dedicated himself to full-time work in the RSS from 1942. He had attended the 40-day summer vacation RSS camp at Nagpur. After completing second-year training in the RSS Education Wing, Madhav Babu became a lifelong pracharak of the RSS. He worked as the pracharak for the Lakhimpur district and, from 1955, as the joint prant pracharak (regional organiser) for Uttar Pradesh. He was regarded as an ideal swayamsevak of the RSS essentially because ‘his discourse reflected the pure thought-current of the Sangh’.

In 1951, when Syama Prasad Mookerjee founded the Bharatiya Jana Sangh, Deendayal was seconded to the party by the RSS, tasked with moulding it into a genuine member of the Sangh Parivar. Similarly Madhav Babu was also tasked to work in east UP.

He was a member of Lok Sabha elected from Domariaganj in 1977. He was a member of Uttar Pradesh Legislative Council during 1958–62 and a member of Uttar Pradesh Legislative Assembly during 1962–66 and 1969–77 periods elected as a candidate of Jan Sangh. He served as leader of opposition in Uttar Pradesh Legislative Assembly and also as cabinet minister in the Government of Uttar Pradesh too. He was first ever state president of Bhartiya Janta Party Uttar Pradesh.

He was mentor of many of present-day senior leaders of BJP who hailed from eastern Uttar Pradesh, some of the prominent names include Shri Rajnath Singh, Shri Kalraj Mishra, Dr. Mahendra Nath Pandey and so on. He was a close aide of Shri Atal Bihari Vajpayee and was his trusted person for Uttar Pradesh. Although Madha Babu was a BJP politician, he enjoyed great respect from other party leaders including Late Shri Chaudhary Charan Singh and Late Mulayam Singh Yadav. There is a famous incident that once Madhav Babu lost legislative elections of Uttar Pradesh to Freedom Fighter Prabhudayal Vidyarthi, then Chaudhary Charan Singh got him elected to legislative assembly as a MLC by asking his party MLAs to vote in his favour.

When Madhav Babu was on the peak of his political career and his down-to-earth approach and humility made him a people’s leader. Even when he was leader of opposition the ruling party MLA's and leaders always looked for his advice.

Madhav Babu’s life was dedicated to service to society. He was regarded as a person who never compromised on ideals. He always stood for people of any background, cast and creed whenever a need arose. He was a rare breed of politician.

Today there is MPT Government Medical College in Siddharthnagar named in his honour.

Write to us at:
bulletin@finsindia.org

**OFFICE :4, Belle View, Lakhamsi Nappu Road,
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