

# China says it is ready to work with India to enhance mutual trust

Foreign Ministry spokesperson says common understanding reached by leaders of two countries will be implemented and cooperation deepened

**The Hindu Bureau**

NEW DELHI

**C**hina is ready to work with India side by side to enhance “mutual trust and dispel doubts”, said the spokesperson of China’s Ministry of Foreign Affairs, a day after Chinese Foreign Minister Wang Yi met with Prime Minister Narendra Modi and expressed willingness to take the relations forward.

“China stands ready to work with India to implement the important common understandings reached by the leaders of the two countries, continuously enhance mutual trust and dispel doubts, properly handle sensitive issues, deepen mutually beneficial cooperation, maintain the positive momentum of China-India relations, and jointly advance our respective modernisation processes,” said Lin Jian, spokesperson of the Chinese Foreign Ministry, on Wednesday.

Earlier, Xu Feihong, Chinese Ambassador to India, said that in the meeting with Prime Minister Narendra Modi, Foreign Minister



**Reset efforts:** Prime Minister Narendra Modi with Chinese Foreign Minister Wang Yi in New Delhi. PTI

Wang Yi had said, “China and India, as the two largest developing countries” should “play an exemplary role in promoting solidarity and self-reliance among Global South countries”.

## ‘Implement consensus’

Mr. Wang’s meeting with Mr. Modi took place soon after the visiting delegates who participated in the BRICS National Security Advisers’ (NSAs) meeting here on June 22-23, called on Mr. Modi on Tuesday.

“China will continue to support India in fulfilling its responsibilities as the

BRICS rotating chair and work with India to promote solid progress in BRICS cooperation,” said Ambassador Mr. Xu. He said Mr. Wang had expressed willingness to work with India “to implement the important consensus reached between the leaders of the two countries”.

According to a Chinese readout of Tuesday’s meeting, Mr. Modi conveyed his greetings to President Xi Jinping and Premier Li Qiang and expressed support for cooperation under the umbrella of BRICS.

# Iran invites Modi to Khamenei's official funeral ceremonies

**The Hindu Bureau**

NEW DELHI

Iran's President Massoud Pezeshkian has invited Prime Minister Narendra Modi to travel to Tehran to attend the burial ceremonies of the late Supreme Leader Ayatollah Seyyed Ali Khamenei who was assassinated in a joint Israel-U.S. attack on February 28, diplomatic sources have told *The Hindu*.

The sources said the invite for Mr. Modi was conveyed to the Ministry of External Affairs on Tuesday though the MEA officials did not clarify whether Mr. Modi would travel for the funeral which will be held between July 3 and 9 and cover multiple cities such as Tehran, Qom and Mashhad.

Iran has announced the ceremonies for the late Supreme Leader will take place in Tehran and Qom from July 5 to 7 while the final ceremony will take place in Mashhad on July 9.

Mr. Modi is expected to visit Indonesia, Australia and New Zealand between July 6 and 11 and there is no official communication on whether the Prime Minister would visit for the official burial of the late Ayatollah.

Iran's Minister of Petroleum Mohsen Paknejad arrived in New Delhi on Wed-

**Late Supreme Leader Ayatollah Seyyed Ali Khamenei was killed in an Israel-U.S. joint attack on Feb. 28**

nesday to participate in the meetings related to energy cooperation among BRICS member-states, the Embassy of Iran announced.

"During his visit, Mr. Paknejad is scheduled to hold talks with Indian officials and representatives of the country's energy sector...," the Iran Embassy said.

## **War and ties**

Former Vice-President Jagdeep Dhankhar had represented India in the official burial ceremony of Iran's then President Ibrahim Raisi who had died in a helicopter crash on May 19, 2024.

Since February, India has seen a disruption in its energy and fertilizer supplies because of the war between U.S.-Israel and Iran which has led to a chokehold on the Strait of Hormuz.

India has maintained communication with all sides to ensure safety for its civilians in the Gulf states. Mr. Modi visited the United Arab Emirates on May 15, and before that, Israel during February 25-26.

# Kharge slams Pradhan for 'terrorist jibe' on students

Students' movement will continue to gain strength, he says and calls for Minister's resignation; party to hold press conferences in 28 cities demanding an overhaul of Indian education system

**The Hindu Bureau**  
NEW DELHI

Congress president Mallikarjun Kharge on Wednesday hit out at Union Education Minister Dharmendra Pradhan for his reported "terrorist" remark against protesting students, and asserted that the Minister would have to resign.

The Congress president's reference was to a comment by Mr. Pradhan, made during a television interview, in which he referred Opposition leader Rahul Gandhi's interactions with students at Rajasthan's education hub Kota on June 17. He said Mr. Gandhi was trying to "spread terrorism" and referred to the Cockroach Janta Party as "the B team of terrorists". Mr. Pradhan's remarks amounted to calling the protesting students "terrorists", the Congress alleged.

In a post on social media platform X, Mr. Kharge linked the remark to concerns over examination



The Education Minister of the Modi government, Dharmendra Pradhan, is clinging to his chair, and while giving interviews, he is calling the students' echo as that of 'terrorists'

**MALLIKARJUN KHARGE**  
Congress president



paper leaks and their impact on students. "Ninety paper leaks have occurred, the futures of millions of students have been ruined, 20 children have taken their own lives due to the NEET paper leak, families have been devastated..." he said.

## 'Refused responsibility'

The Congress president alleged that despite the controversies surrounding examination irregularities, Mr. Pradhan had refused to take responsibility. "The Education Minister of the Modi government, Dharmendra Pradhan, is clinging to his chair, and while giving interviews, he is calling the 'students' echo' as

that of 'terrorists'," Mr. Kharge said.

He drew a parallel with the Centre's response to earlier protests. "The country has not forgotten that Prime Minister Modi himself, in Parliament, had insultingly labelled the farmer benefactors 'andolan-jeevi' (living off agitations) and 'parjeevi' (parasites). Whoever questions this government is called an anti-national," Mr. Kharge said.

Mr. Kharge said the students' movement would continue to gain strength and called for Mr. Pradhan's resignation.

"Chhatron Ki Goonj" (Congress's 'echo of students' campaign) will echo

loudly across the entire country; Modi's Minister Pradhan will have to resign," he said.

The party also announced that it would hold press conferences across 28 cities on Thursday under the banner of "Chhatron Ki Goonj".

"Through this campaign, the Indian National Congress demands a comprehensive overhaul of India's education system, beginning with the resignation of Union Education Minister Shri Dharmendra Pradhan, who epitomises the Modi government's lack of vision and dogmatic approach to education," Congress general secretary (organisation) K.C. Venugopal said.

"Over the past 12 years, the RSS-BJP government has only pursued the privatisation, centralisation, and 'sanghification' of education, and done too little to prepare India's youth for the future. The crisis today is not only one of unemployment but also of employability," he said.

EXPECT TIES TO MOVE TO A HIGHER LEVEL: GREER AT END OF TWO DAYS OF NEGOTIATIONS

# Market access to non-tariff barriers: India, US review trade core elements

Commerce Ministry: Both committed to balanced, commercially meaningful pact

Ravi Dutta Mishra  
New Delhi, June 24

INDIA AND the US Wednesday wrapped up two days of negotiations over a bilateral trade deal and Delhi said there had been “a comprehensive review” of core elements including “enhanced market access, digital trade, supply chain resilience, reduction of non-tariff barriers, and expanded cooperation in strategic sectors”.

The US trade delegation was led by United States Trade Representative (USTR) Jamie-son Greer. The negotiations took place a month before Washington is expected to come out with a new tariffs architecture under Section 301 of the US Trade Act to replace reciprocal tariffs deemed illegal by the US Supreme Court in February this year.

An industry source said  
»CONTINUED ON PAGE 2



Union Finance Minister Nirmala Sitharaman with United States Trade Representative Jamie-son Greer in New Delhi. @FINMININDIA

**E.** EXPLAINED

What's taking time

Bilateral trade deal negotiations have been slow due to differences over high tariffs, agricultural market access, e-commerce regulations and India's pushback against US pressure on its energy and defence ties with Russia. The two sides are trying to secure a working deal before next month's US tariff deadline.

# India, US review trade

a 7-member US legislative delegation, simultaneously visiting Maharashtra, has begun exploring tech export opportunities in India. The source said that India and the US have, in principle, agreed to the deal and expect the agreement to be signed in the next 15 days.

The Ministry of Commerce and Industry said “the two sides expressed confidence that ongoing negotiations will further deepen economic ties” and strengthen the India-US Comprehensive Global Strategic Partnership.

“Ambassador Greer held multiple rounds of discussions with the Union Minister of Commerce and Industry, Piyush Goyal. The two leaders conducted a comprehensive review of core bilateral trade agreement (BTA) elements, including enhanced market access, digital trade, supply chain resilience, reduction of non-tariff barriers, and expanded cooperation in strategic sectors,” the Ministry said.

Discussions focused on

pathways to conclude an interim agreement as an important milestone toward a comprehensive BTA, and both sides reaffirmed their commitment to an agreement that is balanced and commercially meaningful, the Ministry said.

The US delegation, led by Greer, also met Union Finance Minister Nirmala Sitharaman.

The Ministry of Finance, in a social media post, said both sides exchanged views on strengthening bilateral trade and economic cooperation, with a focus on new opportunities for growth and deeper commercial engagement.

Meanwhile, the USTR said that India has a long history of agriculture and manufacturing, and they are moving forward in technology.

“They want to move forward in AI. They want to cooperate and collaborate with the United States on the technologies of the future and trade of the future. And that’s some of the exciting opportunities that we’ll have between the United States and India,” he said.

Greer said President Donald Trump and Prime Minister Narendra Modi have an “amazing” relationship that they have nurtured over many years.

“Just last week, they met at the G7 in Evian, France, and I was there, and they agreed to take the relationship to the next level. This includes the trade deal that we’re working on, but it includes every aspect of the relationship, and we expect the relationship to continue developing and only going to a higher and higher level with every passing week,” he said.

Meanwhile, Ajay Srivastava, former trade officer and founder of think tank GTRI, cautioned against “a one-way market-access agreement rather than a balanced trade pact”.

“Even a signed agreement would offer no protection against future US trade actions, as Washington has repeatedly launched Section 301 investigations and imposed trade restrictions on countries with which it already has trade agreements. In these circumstances, India realises that delaying, or even abandoning, a rushed BTA may be the more prudent course than locking

India into obligations whose costs could far exceed any temporary tariff relief offered by Washington,” Srivastava said.

On June 18, the US launched an investigation under Section 301 against Germany, months after signing a trade deal. The US trade investigation said that evidence indicated that Germany was implementing unfair pricing policies and practices about innovative pharmaceutical products.

“Evidence further suggests that reduced revenue associated with these acts, policies, and practices contributes to, among other things, reduced investment for R&D that supports the development of innovative pharmaceuticals. As a result, the United States pays a disproportionate share of global R&D costs for innovative pharmaceuticals,” a USTR report said.

The US had also launched a separate Section 301 investigation on Vietnam last month, saying Vietnam had demonstrated a persistent failure to resolve long-standing concerns about IP protection and enforcement. Vietnam was among the first countries to sign an agreement with the US. — WITHPTI

# India can attract FDI. The harder task is retaining it



MANOJ PANT



M RAHUL

INDIA ATTRACTED gross FDI of \$94.53 billion in 2025-26. That appears encouraging for an economy aspiring to become a global manufacturing hub. Yet the headline conceals a less comforting reality. Net FDI — after accounting for outflows — stood at only \$7.65 billion, barely 8 per cent of gross inflows. If this were a temporary fluctuation, it would not be especially troubling. But the trend appears structural rather than cyclical.

FDI has long been regarded as the most desirable form of external capital for developing economies. Unlike portfolio flows, which can enter and exit quickly in search of short-term gains, FDI is assumed to reflect long-term confidence. It brings capital, technology, managerial expertise and access to global markets. That is why net FDI matters more than the gross figure. It captures what remains after repatriation, disinvestment and outward investments. On this measure, the picture is sobering.

In 2020-21, India's net FDI inflows were around \$44 billion, equivalent to nearly 54 per cent of gross inflows. Over the next four years, they fell steadily, reaching less than \$1 billion in 2024-25. Although there was a modest recovery in 2025-26, it was driven largely by higher gross inflows rather than a reversal of the underlying trend. Part of the decline reflects growing outward FDI by Indian firms. In principle, overseas investment can be a sign of corporate confidence. Yet the prominence of jurisdictions such as Singapore, Mauritius, the UAE and the Netherlands among both India's inward and outward FDI flows raises questions about whether all such transactions represent genuine productive investment.

More worrying is the scale of foreign investor exits. Global conditions have undoubtedly played a role. Higher interest rates, weaker growth and geopolitical uncertainty have dampened investment flows across the world. But those explanations are only part of the story. According to World Bank data, India's net FDI inflows declined by around 39 per cent between 2021 and 2024, while Vietnam recorded an increase of roughly 29 per cent. Looking back to 2014, the contrast is even sharper: India's net FDI fell by nearly 21 per cent while Vietnam's rose

by about 119 per cent. India's FDI challenge predates current global uncertainties and is indicative of something more.

The "China Plus One" strategy helps explain why. As multinationals sought to diversify supply chains away from China, many expected India to be a major beneficiary. Yet the gains have been more modest than anticipated. The reason lies in India's limited integration into global value chains in areas where China dominates. The sectors that have benefitted most from supply-chain diversification — electronics, electrical machinery, mechanical equipment, automobiles — are deeply embedded in international production networks. China dominates these sectors not simply due to scale but due to the dense ecosystems of suppliers and manufacturers that support them.

India has made progress, particularly in electronics. Incentives have helped attract firms like Apple and Samsung. But attracting final assembly operations is only the beginning. The larger challenge is developing domestic supplier networks and component manufacturing ecosystems that anchor production locally. In contrast, Vietnam is deeply integrated into global manufacturing chains and exports far larger volumes in several key sectors. The difference is not one of market size but of integration.

India's current account has long remained in deficit, making stable capital inflows essential. Pressure on the rupee and periodic intervention by the RBI underline that reality. Gross FDI numbers may appear healthy, but when a growing share simultaneously leaves the country, the cushion becomes much thinner than it seems. This is particularly worrisome as foreign companies are known to prefer retained earnings to borrowings to fund expansion.

India's challenge is no longer simply attracting FDI; it is retaining it. That requires a predictable policy environment, greater investor confidence and deeper integration into global value chains. Investors are still coming to India. The concern is that too many are also finding reasons to leave.

*Pant is visiting professor at Shiv Nadar University and Rahul is assistant professor at Institute of Economic Growth*

That requires a predictable policy environment, greater investor confidence and deeper integration into global value chains

# 'China's technological advancements opportunity for world, not a threat'

**Associated Press**

HONG KONG

China's Premier Li Qiang on Wednesday defended the country's technological advancements as an opportunity for the world rather than a threat.

Mr. Li also said the country's heavy state subsidies were not the main reason for the rapid rise of its high-tech industries, at a time when Western officials have complained that China's state support for industries from artificial intelligence to electric vehicles has provided an unfair competitive edge.

China's No. 2 leader made the remarks in his speech at the opening plenary of the World Eco-



Li Qiang delivers his speech at the opening ceremony of the World Economic Forum in Dalian, China on Wednesday. AFP

conomic Forum's Annual Meeting of the New Champions, known as the "Summer Davos," held this week in the northeastern Chinese coastal city of Dalian.

He acknowledged there have been growing global concerns about China's

technological innovations, with some pointing to the term "China Shock 2.0," as they see the nation's high-tech boom as a threat to many advanced economies. Instead, that should be seen as "China Opportunity 2.0," he said.

"From the global development perspective, 'China Opportunity 2.0' means there'll be broader access to advanced technologies and more widely shared benefits," Mr. Li said.

U.S. and European policymakers have raised concerns over Chinese state subsidies creating unfairness to their industries, while a June report by the 38-country Organization for Economic Cooperation and Development (OECD) said huge state subsidies can distort global markets and create unfair competitive advantages.

China's large domestic market and huge corporate investments are among the key factors in its tech advancements, he said.

# Inspections in Iran will go ahead, working on modalities, says Grossi

Iran has not allowed IAEA to return to its most sensitive nuclear sites since attacks by the U.S. and Israel in June last year; MoU states that activities to be carried out with regards to nuclear material will be supervised by IAEA, says UN watchdog

**Reuters**  
VIENNA

The UN nuclear watchdog will carry out inspections in Iran soon following an interim peace accord between the United States and Iran, but modalities have yet to be finalised, the agency's chief Rafael Grossi said on Wednesday.

The two sides signed a 14-point memorandum of understanding last week setting out broad agreements in principle to end the war. The interim accord paved the way for 60 days of talks aimed at hammering out thornier details, including issues relat-

ed to Iran's nuclear programme.

"The inspections will indeed take place," International Atomic Energy Agency chief Rafael Grossi told a press conference in Japan, an audio recording of which the IAEA posted online. "We will be working on the modalities – dates, procedures, places – very soon," he said of discussions with Tehran.

Iran has not let the IAEA, which polices its nuclear programme, return to its most sensitive nuclear sites since the United States and Israel bombed them in June last year. The IAEA has inspected other sites, but inspections were



Director General of the International Atomic Energy Agency Raffael Grossi during a meeting at the IAEA headquarters in Vienna. REUTERS

suspended after the U.S.-Israeli attacks on Iran on February 28.

A central issue in talks is what will happen to Iran's highly enriched uranium,

including material enriched to up to 60% purity, a short step from the roughly 90% of weapons grade.

"Paragraph 8 of this

memorandum of understanding states explicitly that nuclear activities that are going to be carried out with regards to nuclear material, facilities, will be supervised by the IAEA, in bold letters," Mr. Grossi said.

Iran has not informed the IAEA how much of its enriched uranium survived the attacks or where it is. The IAEA estimates Iran had 440.9 kg of uranium enriched to up to 60% before Israel launched the first attack on June 13 of last year. If enriched further, that would be enough for 10 nuclear weapons, according to an IAEA yardstick.

FOR LOSSES UP TO RS 50,000, 85% OR RS 25,000, WHICHEVER IS LOWER, WILL BE PAID

# Digital fraud: RBI revamps rules, widens framework

ENS Economic Bureau

Mumbai, June 24

THE RESERVE Bank of India (RBI) Wednesday unveiled a revised compensation mechanism for victims of digital payment frauds and widened its framework for limiting customer liability.

As per the RBI, a bona fide victim who has lodged a complaint involving gross loss of up to Rs 50,000 on account of fraudulent electronic banking transaction (EBT) will be compensated 85% of the net loss amount or Rs 25,000, whichever is less, once during the lifetime. They must report the fraud on the National Cyber Crime Reporting Portal or National Cyber Crime Helpline (1930) and to the bank within five calendar days from the date of occurrence, it said in the Reserve Bank of India (Commercial Banks-Responsible Business Conduct) Third Amendment Directions, 2026.

The new directions will apply in cases of electronic banking transactions undertaken by customers of a bank on or after January 1, 2027.

For complaint on a fraudu-

## • COMPENSATION FOR ONLINE FRAUD

**NEW DIRECTIONS** will apply in cases of electronic banking transactions undertaken by bank customers on or after Jan 1, 2027

**FOR COMPLAINT** on a fraudulent EBT involving a loss of less than Rs 29,412, where a compensation of 85% is paid, 65% will be borne by the RBI, 10% by the customer's bank

**IN CASE** of a complaint arising from cross-border fraudulent

lent EBT involving a loss of less than Rs 29,412, where 85% of compensation is paid, 65% will be borne by the RBI, 10% by the bank and the remaining 10% by the beneficiary bank, it said. On a complaint from cross-border fraudulent EBT, 65% will be borne by RBI and the remaining 20% by the customer's bank.

For fraudulent EBTs involving losses between Rs 29,412 and Rs 50,000, where compensation is capped at Rs 25,000, RBI said the burden will be shared among the RBI, the cus-



EBT, 65% will be borne by the RBI and the remaining 20% by the customer's bank

tomor's bank and the beneficiary bank. In such cases, the RBI will contribute Rs 19,118, while the customer's bank and the beneficiary bank will each contribute Rs 2,941. If it arises out of cross-border fraudulent EBT, the RBI and customer's bank will contribute Rs 19,118 and Rs 5,882, respectively.

Beneficiary bank refers to the bank where the fraudulently debited amount is first credited. In cases where there is more than one beneficiary bank, the applicable compen-

## Rules to compute banks' forex risk exposure revised

*Mumbai:* The central bank Wednesday issued final rules governing how banks calculate their net foreign exchange exposure and the capital needed to be set aside against potential FX risk. The RBI had proposed changes to the rules earlier this year. The changes were intended to better align regulations with global norms and ensure consistent implementation across regulated entities. The RBI has clarified that banks have the option to exclude certain structural foreign currency investments from the calculation of net open position on both a standalone and consolidated basis. **REUTERS**

sation to be borne by each bank shall be in the proportion of the amount credited to their respective account.

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