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Features :

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From Borderland to India's Strategic Resource Frontier

UPSC Syllabus: Gs Paper 3- Indian economy and Infrastructure

Introduction

India's Northeast is witnessing a major shift in its strategic importance. For decades, it was viewed mainly through the lens of border security, insurgency management, and connectivity. Today, growing interest in critical minerals, infrastructure development, investment opportunities, and trans-border engagement is reshaping this perception. As resource security and economic priorities gain prominence, the region is increasingly being seen as a strategic resource frontier with a larger role in India's development and national strategy.

Changing Strategic Identity of the Northeast

- 1. Traditional Security-Centric Perspective:** For decades, the Northeast occupied an important place in national strategy mainly because of border management, insurgencies, and geopolitical concerns involving neighbouring countries.
- 2. Infrastructure as a Strategic Tool:** Infrastructure and development projects were often justified as instruments for improving strategic access and strengthening territorial security.
- 3. Emergence of a New Strategic Narrative:** The region is increasingly being discussed in terms of economic potential, resource wealth, and development opportunities rather than only security concerns.
- 4. Strategic Gateway Role:** The Northeast is gaining importance as a gateway for connectivity, trade, and engagement with neighbouring regions and wider trans-border networks.
- 5. Growing Role in National Development:** The region is increasingly being viewed as a contributor to India's growth ambitions rather than as a distant peripheral region.
- 6. Shift in Official Language:** States such as Manipur, Arunachal Pradesh, Meghalaya, and Mizoram are being described as mineral-rich and resource-rich frontiers, reflecting a change in national perception.
- 7. Strategic Assets Rather Than Sensitive Regions:** Areas once viewed mainly as sensitive border zones are increasingly being considered strategic assets with long-term economic value.

Resource Potential and the Critical Mineral Push

- 1. Critical Minerals Gain Strategic Importance:** Critical minerals have moved beyond geological discussions and are now linked with strategic competition, industrial growth, and technological advancement.
- 2. Importance for Modern Industries:** Lithium, cobalt, graphite, nickel, and rare earth elements are essential for batteries, semiconductors, renewable technologies, and defence systems.
- 3. Global Competition for Resources:** Countries are increasingly positioning themselves around access to critical minerals because these resources are vital for future industries.

4. **India's Import Dependence:** India continues to depend on imports for several critical minerals, creating a need for domestic exploration and resource development.
5. **Expansion of Exploration Activities:** The Geological Survey of India undertook **43 critical mineral exploration projects** across Northeastern States during the **2022-23, 2023-24, and 2024-25 field seasons**.
6. **Wide Mineral Coverage:** Exploration projects have covered **graphite, vanadium, lithium, rare earth elements, nickel, and cobalt** across the region.
7. **Geographical Spread of Exploration:** Exploration activities have expanded across **Arunachal Pradesh, Meghalaya, Assam, Nagaland, and Manipur**.
8. **New Projects in Manipur:** Recent exploration projects in Manipur include investigations related to nickel, cobalt, and chromium deposits.

Growth, Infrastructure and Investment Transformation

1. **Improvement in Peace and Stability:** Numerous peace accords, reduced insurgency, and better border management have contributed to greater stability in the region.
2. **Enhanced Connectivity:** Large investments in connectivity infrastructure have improved access to previously difficult and remote areas.
3. **Strategic Policy Push:** The government adopted a combined approach of promoting peace while encouraging investment, infrastructure, and industrial development.
4. **Investment Opportunities:** States are attracting interest in sectors such as semiconductors, hydropower, pharmaceuticals, palm oil, spices, textiles, and rubber.
5. **Economic Growth Performance:** Assam recorded around **19% growth in 2023**, while Arunachal Pradesh recorded around **11% growth**, indicating a significant economic recovery across the region.
6. **Gateway to Wider Markets:** The region's strategic location strengthens India's efforts to engage with larger regional economic networks and trans-border markets.
7. **Support Through Central Initiatives:** Large public investments and special development schemes have supported infrastructure expansion and economic activity across the Northeast.

Social, Political and Institutional Challenges

1. **Limits of the Frontier Narrative:** The Northeast is not an empty frontier awaiting discovery. Its hills and valleys already contain established social, political, and cultural systems.
2. **Presence of Customary Institutions:** Many areas are governed through customary land systems and local institutions that shape relationships with territory and resources.
3. **Land Beyond Economics:** Questions related to land are closely connected with authority, identity, and historical memory rather than only economic value.
4. **Political Uncertainty in Certain Areas:** In Manipur, years of violence and displacement have intensified debates regarding land ownership and territorial arrangements.
5. **Ecological and Ownership Concerns:** Concerns regarding ownership, environmental vulnerability, and local participation have emerged across different parts of the region.

- 6. Trust and Representation Issues:** Development projects often become linked with questions of trust, representation, and political inclusion among local communities.
- 7. Weak Resource Management Capacity:** Resource Management Index scores remain low across the region. Assam scored 0.440, while Manipur scored 0.036, indicating continuing challenges in resource management and revenue generation.
- 8. Youth and Employment Challenges:** Many young people continue to face limited employment opportunities and uneven access to modern infrastructure and development benefits.

Way forward

- 1. Ensure Local Participation:** Resource development should involve local communities because questions of land and development are closely linked with representation and inclusion.
- 2. Respect Existing Land and Social Institutions:** Development policies should recognise customary land systems, local institutions, and long-standing relationships with territory.
- 3. Align Resource Development with Institutional Capacity:** Resource extraction should not move faster than institutions capable of managing its social consequences.
- 4. Build Economic Ecosystems Alongside Infrastructure:** Infrastructure projects should be accompanied by economic opportunities so that development benefits become sustainable.
- 5. Address Youth Aspirations:** Investment, employment opportunities, and skill development should help meet the aspirations of the region's young population.
- 6. Support Traditional Economic Sectors:** Tea, bamboo, rubber, weaving, and fisheries can provide development pathways that combine economic growth with local strengths.
- 7. Account for Regional Uncertainties:** Development strategies should consider the impact of changing conditions in neighbouring countries on connectivity and trade.
- 8. Ensure Development Benefits Local Communities:** The transformation of the Northeast should include the people living in the region rather than assigning only a new strategic purpose to its land.

Conclusion

The Northeast is increasingly moving from a borderland defined by security concerns to a strategic frontier shaped by resources, connectivity, and economic opportunities. Critical minerals and development initiatives have expanded its national importance. The long-term success of this transition will depend on inclusive development, local participation, and ensuring that strategic priorities remain aligned with regional realities.

Question for practice:

Discuss the transformation of India's Northeast from a security-focused borderland to a strategic resource frontier, highlighting the opportunities and challenges associated with this shift.

Source: [The Hindu](#)

How Urban Water Systems Fail, What Needs to Change

UPSC Syllabus: Gs Paper 3- Infrastructure

Introduction

Safe drinking water remains a major urban challenge despite expanding water infrastructure. **More than 4 billion people living in low- and middle-income countries lack access to safe drinking water.** Rapid urbanisation, ageing pipelines, intermittent water supply, inadequate sewage management, fragmented governance, and weak monitoring systems increase contamination risks. Waterborne diseases and preventable deaths continue to occur as a result. These challenges show that urban water security depends not only on infrastructure but also on effective management, coordination, and risk prevention.

Urban Water Systems Are Vulnerable to Contamination

1. **Leakage-Induced Contamination:** Even small leaks and openings in drinking water pipelines can allow sewage water to enter the system.
2. **Pressure Loss During Supply Interruptions:** When water supply stops, pipelines lose pressure, making it easier for contaminants to enter the network.
3. **Proximity of Water and Sewage Networks:** Drinking water and sewage infrastructure often operate close to each other. Problems in one network can affect the other.
4. **External Contaminant Exposure:** Contamination risks increase when sewage flows and pollutants accumulate around pipelines.
5. **Construction-Related Damage:** Construction activities can damage pipelines and create pathways for contaminants.

Structural Weaknesses in Urban Water and Sewage Infrastructure

1. **Ageing and Corroded Networks:** Many urban water systems rely on old and deteriorating pipelines that are more vulnerable to failures.
2. **Dependence on Intermittent Distribution:** Many cities continue to use intermittent supply systems rather than fully pressurised networks.
3. **Lack of Complete Infrastructure Mapping:** Most cities do not have comprehensive digitised maps of water and sewage networks.
4. **Limited Integration of Local Knowledge:** Field staff often possess valuable knowledge about local infrastructure conditions, but this information is not fully incorporated into planning.
5. **Budget Constraints on Modernisation:** A large share of available resources is often spent maintaining ageing infrastructure, limiting investment in new projects and upgrades.
6. **Multiple Failure Points Across the Network:** Problems can occur at treatment plants, pipelines, storage facilities, or distribution systems.
7. **Growing Pressure on Existing Infrastructure:** Urbanisation, rising demand, and climate stress are increasing pressure on already strained systems.

Challenges in Sewage Management

1. **Sewage Management Extends Beyond Agency Control:** Many aspects of sewage handling remain outside the direct control of public authorities. This creates management gaps.

2. **Bypassing of Sewage Flows:** Sewage is often diverted into stormwater drains and natural channels when sewer lines are blocked or missing. This increases contamination risks.
3. **Limited Sewer Network Coverage:** More than half of the urban population lacks access to organised sewer systems. Many households depend on septic tanks and pits.
4. **Untreated Effluent Disposal:** Septic tanks generate liquid waste that often ends up in open drains and water channels. Effective disposal solutions remain limited.
5. **Regulatory Gaps for Non-Sewered Areas:** Wastewater that does not enter formal sewer networks is difficult to regulate. Clear management frameworks are often absent.
6. **Challenges in Informal Settlements:** Slums, unauthorised colonies, and urban villages face limited access to water and sewage services. Legal restrictions and difficult layouts complicate infrastructure expansion.
7. **Physical Constraints on Infrastructure Development:** Narrow, winding, and uneven settlement patterns make it difficult to construct and maintain water and sewage networks.

Governance and Institutional Gaps

1. **Fragmented Institutional Responsibility:** Different agencies often manage different parts of the same problem. Limited coordination creates delays and weakens accountability.
2. **Gap Between Standards and Delivery:** Environmental laws prescribe standards for safe drinking water and sewage discharge. However, the institutional rules governing service delivery and infrastructure management remain underdeveloped..
3. **Safe Drinking Water as a Right to Life:** Safe drinking water is recognised as part of the constitutional right to life. However, clear institutional rules and mechanisms for ensuring this right remain inadequately defined.
4. **Limited Scope of Sewage Regulations:** Existing standards mainly regulate sewage discharge from treatment plants. They provide limited guidance for sewage management before treatment.
5. **Weak Institutional Rules:** Service delivery frameworks and infrastructure management rules remain underdeveloped. Many standards exist only as advisory codes.
6. **One-Size-Fits-All Approaches Have Limits:** Uniform protocols may not suit the diverse conditions found across different cities and neighbourhoods.
7. **Institutional Structure Alone Is Not the Solution:** Municipal corporations and water boards have shown mixed results. Outcomes depend more on **organisational culture, leadership quality, and state government support.**
8. **Importance of State Government Support:** Local water agencies often depend on state governments for institutional support, coordination, and policy direction.
9. **Water as a Public Health Issue:** Water systems are often viewed mainly as engineering projects, which can lead to underestimation of health risks and delayed intervention.

Way Forward

1. **Adopt a Long-Term Improvement Framework:** Safe water cannot be achieved through a single regulation or project. Progress requires sustained reforms over multiple years.
2. **Prioritise Public Health Outcomes:** Improvements should focus first on the most urgent risks affecting human health and environmental quality.
3. **Strengthen Institutional Capacity:** Authorities must develop the ability to identify risks early and respond quickly when failures occur.
4. **Move Towards Continuous Water Supply:** Continuous, pressurised systems reduce contamination risks associated with intermittent supply networks.
5. **Expand Real-Time Monitoring:** Sensor-based systems, digital monitoring, and water quality tracking can identify problems faster and reduce detection delays.
6. **Use Predictive and Preventive Approaches:** Data analytics and AI can help identify leakages, pipeline stress points, and infrastructure weaknesses before failures occur.
7. **Improve Operational Accountability:** Clear service standards, streamlined accountability, and continuous monitoring can improve performance. **The city of Puri in Odisha has implemented a continuous, pressurised water supply system along with round-the-clock water quality monitoring, showing how clear accountability and operational coordination can improve water reliability and safety.**
8. **Strengthen Street-Level Administration:** Effective water governance requires officials to remain present where infrastructure exists. Local oversight is essential for managing complex ground realities.
9. **Use Technology as a Supporting Tool:** Technology, public-private partnerships, and digital systems can support reforms. Their effectiveness depends on strong governance, authority, and control structures.
10. **Balance Technology with Human Oversight:** Water and sewage systems operate under complex local conditions. Digital tools can support management but cannot replace on-ground administrative presence.

Conclusion

Urban water failures arise from the combined effects of infrastructure weaknesses, sewage management challenges, contamination risks, and institutional gaps. Building resilient water systems requires continuous supply, preventive maintenance, real-time monitoring, stronger accountability, and effective local administration. Since contamination risks cannot be fully eliminated, the priority should be to improve the capacity to anticipate, manage, and respond to risks effectively.

Question for practice:

Examine the key factors responsible for the failure of urban water systems and suggest measures needed to ensure safe and reliable drinking water in cities.

Source: [Indian Express](#)

How ICMR is rewiring the health ecosystem

Source: The post “How ICMR is rewiring the health ecosystem” has been created based on “How ICMR is rewiring the health ecosystem”, published in “The Hindu” on 08th June 2026.

UPSC Syllabus: GS-2- Governance

Context: India aims to achieve the vision of **Viksit Bharat 2047**, which requires a health system that is anticipatory, equitable, innovative and evidence-driven. In this regard, the **Indian Council of Medical Research (ICMR)** is undertaking major institutional, technological and public health reforms to strengthen healthcare delivery and research outcomes.

ICMR's role in transforming the health ecosystem

1. Strategic Reorientation of Research Institutions

- a. ICMR is restructuring its institutional architecture by expanding the mandates of several institutes and transforming them into interdisciplinary centres of excellence.
- b. The focus is shifting towards emerging domains such as data science, child health and women's health.
- c. New regional institutes are being established in the Northeast and Jodhpur to strengthen regional research capacities.
- d. These institutes are working closely with State governments to ensure that research findings are translated into actionable public health interventions.

2. Creation of a Connected Research Ecosystem

- a. ICMR is moving from a compartmentalised model of research to a connected national research ecosystem.
- b. Various institutes are being linked through a shared national mission and common research objectives.
- c. This integrated approach enables coordinated responses to complex challenges such as antimicrobial resistance, pandemics and non-communicable diseases.

3. Strengthening Translational Research

- a. Through the National Health Research Programme (NHRP), ICMR is directing resources towards priority areas such as antimicrobial resistance, tuberculosis, maternal health, nutrition and emergency care.
- b. The objective is to ensure that scientific discoveries are translated into practical healthcare solutions and public health benefits.

4. Leveraging Technology for Healthcare

- a. ICMR is integrating artificial intelligence, genomics and real-time data systems into public health decision-making.

- b. AI-enabled tools are supporting tuberculosis detection, retinopathy screening and nutritional monitoring.
- c. The i-Drone initiative is improving the delivery of medicines and medical supplies to remote and difficult-to-access areas.
- d. Advances in diagnostics, vaccines and therapeutics are enabling more targeted and patient-centric healthcare interventions.

5. Promoting Innovation and Collaboration

- a. Platforms such as MedTechMitra and Medical Innovation-Patent Mitra are fostering innovation and facilitating the commercialisation of research outcomes.
- b. These initiatives are helping bridge the gap between laboratory research and affordable healthcare technologies for the public.
- c. ICMR is also strengthening national and global collaborations to accelerate healthcare innovation.

6. Advancing Universal Health Access

- a. Programmes such as the High Hypertension Control Initiative are improving the management of chronic diseases.
- b. Mission-mode interventions, including mobile stroke units and rapid cardiac response systems, are strengthening emergency healthcare services.
- c. Indigenous technologies and AI-enabled diagnostic networks are improving access to quality healthcare across disease categories.

Challenges

- 1. Significant disparities continue to exist in healthcare infrastructure and research capacity across regions.
- 2. Limited funding and shortages of skilled human resources may constrain the scale of implementation.
- 3. The adoption of AI, genomics and digital health systems raises concerns regarding data privacy and cybersecurity.
- 4. Weak coordination among institutions and States can affect the effective translation of research into policy and practice.
- 5. Last-mile healthcare delivery remains a challenge in remote and underserved areas.

Way Forward

- 1. Greater investment should be made in health research, digital infrastructure and human resource development.
- 2. Stronger Centre-State coordination is required to ensure effective implementation of research findings.
- 3. Robust data protection frameworks should be developed to support the responsible use of emerging technologies.
- 4. Public-private partnerships should be strengthened to promote innovation and commercialisation of indigenous technologies.

5. Community-centric and preventive healthcare approaches should be prioritised to achieve universal health coverage.

Conclusion: ICMR's reforms are laying the foundation for a resilient, technology-driven and inclusive health ecosystem. By strengthening research, innovation and healthcare delivery, these initiatives can significantly contribute to achieving the vision of **Viksit Bharat 2047** and improving health outcomes for all citizens.

Question: Discuss how the Indian Council of Medical Research (ICMR) is transforming India's health ecosystem. Examine the key reforms undertaken and analyse the challenges in achieving the vision of Viksit Bharat 2047.

Source: [The Hindu](#)

India-Thailand ties - A civilisational partnership for changing times

Source: The post "**India-Thailand ties - A civilisational partnership for changing times**" has been created based on "**India-Thailand ties - A civilisational partnership for changing times**", published in "Indian Express" on 08th June 2026.

UPSC Syllabus: GS-2 -International Relations

Context: India and Thailand share a long-standing relationship based on civilisational, cultural, religious and maritime connections that predate modern nation-states. These historical linkages provide a strong foundation for expanding cooperation in trade, connectivity, digital technologies and maritime security in the Indo-Pacific region.

Key Dimensions of India-Thailand Relations

1. Civilisational and Cultural Ties

- a. India and Thailand are connected through centuries of cultural and religious exchanges, particularly through Buddhism.
- b. The influence of the Ramayana continues to be visible in Thai culture, literature and artistic traditions.
- c. Historical interactions between monks, merchants, scholars and travellers created enduring bonds of mutual understanding.

2. Economic Cooperation

- a. Thailand is one of Southeast Asia's most dynamic economies and serves as an important gateway to ASEAN markets.
- b. India provides a large consumer market, technological expertise, skilled manpower and expanding manufacturing capabilities.
- c. The economic strengths of both countries complement each other and create opportunities for deeper cooperation.

3. Digital and Technological Partnership

- a. India has demonstrated success in developing digital public infrastructure at a large scale.

- b. Thailand has emerged as one of the most innovative digital economies in Southeast Asia.
- c. Both countries can collaborate in fintech regulation, cybersecurity, e-commerce, startup ecosystems and smart-city development.

4. Tourism and People-to-People Contacts

- a. Tourism strengthens cultural diplomacy and promotes economic integration between the two countries.
- b. Millions of Indian tourists visit Thailand every year because of cultural familiarity and strong hospitality networks.
- c. India can attract more Thai visitors through Buddhist pilgrimage circuits, wellness tourism, medical tourism and educational exchanges.

5. Connectivity and Regional Integration

- a. The India–Myanmar–Thailand Trilateral Highway has the potential to improve physical connectivity between South Asia and Southeast Asia.
- b. Enhanced connectivity can promote trade, investment, tourism and educational exchanges.
- c. Improved links can also support economic development in India's northeastern states.

6. Maritime and Strategic Cooperation

- a. The Bay of Bengal and the Andaman Sea are becoming increasingly important for trade, connectivity and regional security.
- b. India and Thailand share an interest in maintaining open, stable and secure maritime spaces governed by international law.
- c. Both countries can cooperate in maritime security, blue economy initiatives, disaster relief, marine research and environmental protection.

Challenges

1. Trade Challenges

- a. India faces a growing trade deficit with Thailand due to its reliance on exporting lower-value goods while importing high-value manufactured products.
- b. Non-tariff barriers, including stringent certification and approval requirements, restrict Indian products' access to the Thai market.
- c. India's export basket remains concentrated in intermediate and commodity-grade products, limiting export growth.

2. Investment Challenges

- a. Regulatory complexity, infrastructure gaps and policy variations across Indian states create challenges for Thai investors.
- b. Corruption, governance issues and foreign ownership restrictions in Thailand affect investment flows.
- c. Indian investors face difficulties due to information gaps, complex approval processes and restrictive business regulations.

3. Connectivity Challenges

- a. The India–Myanmar–Thailand Trilateral Highway depends on political and security stability in Myanmar.
- b. Ongoing instability in Myanmar delays connectivity projects and limits their economic potential.

4. Tourism Challenges

- a. Limited direct flight connectivity beyond major cities restricts tourism growth.
- b. Low awareness of diverse tourism opportunities, visa-related delays and inadequate coordination among stakeholders constrain tourism exchanges.

Way Forward

1. India and Thailand should move beyond incremental engagement and adopt a long-term strategic partnership approach.
2. Both countries should accelerate connectivity initiatives, especially the India–Myanmar–Thailand Trilateral Highway.
3. Greater collaboration should be promoted in renewable energy, pharmaceuticals, digital technologies, semiconductors and logistics.
4. Cooperation in fintech, cybersecurity, startups and digital governance should be institutionalised.
5. Maritime cooperation should be expanded through joint efforts in security, disaster management, blue economy and environmental sustainability.
6. Tourism, educational exchanges and cultural interactions should be strengthened to deepen people-to-people ties.
7. Business institutions and chambers of commerce should be encouraged to facilitate investments and commercial partnerships.

Conclusion: India–Thailand relations are rooted in a shared civilisational heritage and supported by strong economic and strategic complementarities. By strengthening connectivity, digital cooperation, maritime collaboration and people-to-people contacts, both countries can emerge as important partners in shaping the future architecture of the Indo-Pacific region.

Question: India and Thailand share deep civilisational ties that are increasingly acquiring strategic significance in the Indo-Pacific region. Discuss the key dimensions of India–Thailand relations, the challenges in the partnership, and suggest measures to strengthen bilateral cooperation.

Source: [Indian Express](#)

The Oman CEPA, a new gateway for India's exports

UPSC Syllabus: Gs Paper 2- International relation

Introduction

The India–Oman Comprehensive Economic Partnership Agreement (CEPA), which entered into force on 1 June 2026, marks a major step in strengthening economic ties between the two countries. Building on centuries-old trade and maritime relations, the agreement provides a comprehensive framework covering trade, services, investment, mobility and regulatory cooperation. By offering extensive market access and facilitating business operations, the CEPA is expected to expand India's export opportunities while strengthening its economic presence in the Gulf region.

Major Provisions of the CEPA

1. **Comprehensive Economic Framework:** The agreement covers goods, services, investment, professional mobility, regulatory cooperation and non-tariff barrier safeguards. It moves beyond traditional tariff-focused trade agreements.
2. **Extensive Duty-Free Access:** Oman has provided duty-free access on **98.08% of tariff lines**, covering **99.38% of India's exports by value**. Earlier, only **15.33%** of India's exports entered Oman duty-free under the MFN regime.
3. **Immediate Tariff Benefits:** All zero-duty concessions become effective immediately. This provides certainty and stronger competitiveness for Indian exporters in the Omani market.
4. **Balanced Market Opening by India:** India has offered tariff liberalisation on **77.79% of tariff lines**, covering **94.81% of imports from Oman by value**. Sensitive sectors remain protected through exclusions and safeguards.
5. **Protection of Sensitive Sectors:** Dairy products, cereals, fruits, vegetables, edible oils, oilseeds, spices, rubber, leather and several agricultural products are excluded from tariff concessions. This protects domestic producers and rural livelihoods.
6. **Special Safeguard Mechanisms:** Tariff Rate Quotas and Minimum Import Price provisions have been included for selected products. These measures help safeguard domestic industries from import-related pressures.

Benefits for India's Goods Exports

1. **Textiles and Apparel Advantage:** India already accounts for **43% of Oman's woven apparel imports** and **31% of knitted apparel imports**. Removal of the existing **5% tariff** improves competitiveness against major suppliers such as China.
2. **Stronger Position in Chemicals:** India supplies nearly **39% of Oman's inorganic chemical imports**. Duty-free access further strengthens India's position in this market.
3. **Growth in Engineering Goods:** Oman imports over **\$3.7 billion of mechanical machinery** and **\$3.3 billion of automobiles** annually. India's market share remains only **5% and 2%**, creating large expansion opportunities.
4. **Pharmaceutical Market Expansion:** Indian pharmaceutical products gain regulatory advantages through faster approvals and reduced compliance burdens. This supports greater participation in Oman's growing pharmaceutical market.

5. **Boost to Agriculture and Food Products:** Products such as meat, eggs, honey, butter, processed foods, rice, cashews and condiments receive stronger market access. India already holds dominant shares in several agricultural products imported by Oman.
6. **New Opportunities for Marine Exports:** All marine products, including shrimp, fish and cuttlefish, receive immediate duty-free access. This creates export opportunities for coastal states such as Andhra Pradesh, Kerala, Tamil Nadu and Gujarat.
7. **Expansion of Gems and Jewellery Exports:** Import duties of up to 5% have been removed. Indian exporters gain a competitive advantage in Oman's **\$1.07 billion** jewellery import market.

Benefits for Services and Professional Mobility

1. **Large Untapped Services Market:** Bilateral services trade stood at **\$863 million in 2024**, with India enjoying a surplus of nearly **\$447 million**. Yet India accounts for only about **5.31%** of Oman's global services imports.
2. **Wide Sectoral Coverage:** Oman has undertaken commitments across **127 services sub-sectors**. These include information technology, healthcare, education, engineering, finance, tourism and telecommunications.
3. **Professional Access Commitments:** Binding commitments have been provided for professionals in accounting, engineering, medicine, IT, education and construction. This creates new opportunities for skilled Indian workers.
4. **Greater Mobility for Professionals:** Oman has increased quotas for intra-corporate transferees and created clear mobility pathways. Business visitors, independent professionals and specialists receive defined stay provisions.
5. **Support for Joint Ventures:** Enhanced mobility provisions benefit nearly **6,000 India-Oman joint ventures**. Easier movement of professionals strengthens business operations and investments.
6. **Opportunities in AYUSH and Wellness:** Dedicated provisions relating to AYUSH and traditional medicine support expansion of Indian healthcare and wellness services in the Gulf region.

Trade Facilitation Measures

1. **Recognition of Indian Certifications:** Oman will accept certificates issued by India's **Export Inspection Council (EIC)**. This removes duplicative testing and inspection requirements.
2. **Acceptance of Organic and Halal Standards:** Oman recognises India's **National Programme for Organic Production (NPOP) certification** and halal certification systems. This improves market access for certified products.
3. **Dedicated SPS (Sanitary and Phytosanitary) Provisions:** Specific sanitary and phytosanitary provisions promote transparency and cooperation. These measures reduce regulatory uncertainty for exporters.
4. **Technical Barriers to Trade (TBT) Cooperation:** Dedicated TBT provisions help address non-tariff barriers and improve regulatory coordination between both countries.

5. **Faster Customs Procedures:** Streamlined customs processes reduce administrative delays. This lowers transaction costs for exporters.
6. **Fast-Track Clearance for Perishables:** Special clearance mechanisms for perishable products improve export efficiency and reduce spoilage-related losses.

Strategic Significance of Oman for India

1. **Gateway to the Gulf and East Africa:** Oman serves as India's gateway to the wider **Gulf Cooperation Council (GCC) region** and East African markets. Its location strengthens India's regional economic outreach.
2. **Strategic Maritime Position:** Oman sits at the crossroads of the Gulf, the Indian Ocean and East Africa. This gives it significant **geo-economic** importance.
3. **Advanced Port Infrastructure:** Ports at **Sohar, Duqm and Salalah** are emerging as major logistics and industrial hubs. They improve access to regional markets.
4. **Support for Global Value Chains:** The agreement aligns with India's efforts to integrate more deeply into global value chains. It supports diversification of trade partnerships.
5. **Expansion of India's Gulf Presence:** The CEPA strengthens India's economic and strategic footprint in a region important for trade, connectivity and energy interests.
6. **Modern Trade Architecture:** The agreement reflects India's shift from tariff negotiations towards broader economic partnerships covering trade, services, investment and mobility.

Potential Impact on India's Economy

1. **Support for Labour-Intensive Sectors:** Textiles, gems and jewellery, leather, footwear, marine products and processed foods are expected to gain from improved market access.
2. **Benefits Across States:** Gains are expected for textile clusters in Tamil Nadu, gems and jewellery industries in Gujarat, engineering hubs in Maharashtra and Punjab, pharmaceutical manufacturers in Telangana, and seafood exporters in Andhra Pradesh and Kerala.
3. **Stronger MSME Competitiveness:** Better market access, reduced compliance costs and regulatory certainty can improve the performance of Indian MSMEs.
4. **Employment and Investment Opportunities:** Expansion of exports and manufacturing activity can support job creation and attract greater investment.
5. **Deeper Economic Integration:** The agreement strengthens trade, services, logistics and investment linkages between India and the Gulf region.

Limitations of the India-Oman CEPA

1. **Limited Size of Oman's Market:** Oman's population is around **55 lakh**, which limits the overall scale of export expansion compared to larger markets. Even with duty-free access, demand growth has natural limits.
2. **Small Presence in Some High-Value Sectors:** India's presence remains low in sectors such as premium gems and jewellery. Exporters will need to build market networks and consumer demand to achieve significant growth.

3. **Exposure to Regional Instability:** Oman's strategic location is an advantage, but trade routes remain linked to the wider Gulf region. Any disruption around the Strait of Hormuz can affect maritime trade and logistics.
4. **Energy Dependence Challenges Remain:** The agreement diversifies trade relations but does not eliminate India's broader dependence on Gulf-region energy supplies and geopolitical developments.
5. **Non-Tariff Barriers May Continue:** Tariff reductions alone cannot remove all regulatory requirements, compliance procedures and administrative barriers. Some export challenges may continue despite the agreement.
6. **Need for Better Logistics Connectivity:** The full benefits of the CEPA depend on improvements in warehousing, shipping links and industrial cooperation. Weak logistics can reduce the gains from market access.
7. **Implementation and Utilisation Risks:** The agreement's success depends on how effectively businesses use the available opportunities. Under-utilisation can limit the expected trade gains.

Conclusion

The India–Oman CEPA represents a significant expansion of India's trade and economic engagement with the Gulf region. Through greater market access, stronger services commitments, improved trade facilitation and enhanced professional mobility, it creates new opportunities for businesses and exporters. However, its full benefits will depend on effective implementation, improved logistics and active participation by industry. If utilised well, it can strengthen India's integration with regional and global value chains.

Question for practice:

Evaluate the significance of the India–Oman Comprehensive Economic Partnership Agreement (CEPA) in expanding India's exports, strengthening services trade, and enhancing its strategic presence in the Gulf region.

Source: [The Hindu](#)

The Trust Deficit in India–Bangladesh Ties

UPSC Syllabus: Gs Paper 2- International Relation

Introduction

More than **100 days** have passed since the Tarique Rahman government took office in Bangladesh. Many expected India–Bangladesh relations to improve after the political transition. However, ties remain largely unchanged from the difficult period of the interim government. Diplomatic contacts have resumed, but a trust deficit continues to affect bilateral relations. Rebuilding confidence and resolving pending issues have become important for improving ties between the two countries.

Persistent Trust Deficit in Bilateral Relations

1. **No Significant Improvement After Government Change:** More than **100 days** after the Tarique Rahman government took office, relations remain largely unchanged from the difficult period of the interim administration.
2. **Political Transition Failed to Rebuild Trust:** Many in Bangladesh expected relations to improve after the return of an elected government, but they feel India has not fully adjusted to the country's new political reality.
3. **Diplomatic Outreach Has Not Produced Results:** High-level contacts and goodwill gestures have taken place, yet they have not led to meaningful progress on key bilateral issues.
4. **Mismatch Between Expectations and Responses:** Bangladesh expected early confidence-building measures from India, while India has not altered its approach significantly.
5. **Legacy of the 2024 Upheaval:** The 2024 uprising and the subsequent interim rule created deep strains that continue to influence bilateral relations.
6. **Slow Progress Towards Normalisation:** Although dialogue has resumed, both sides have struggled to move beyond mistrust and rebuild confidence.

Bangladesh's Core Grievances

1. **Continuation of Trade Restrictions:** Bangladesh expected India to reverse measures introduced during the interim government period, including restrictions on transshipment facilities and market access for Bangladeshi goods.
2. **Incomplete Visa Restoration:** Full restoration of business, medical and other visa services remains a major demand of Bangladesh.
3. **Delay in Ganga Water Treaty Renewal:** Bangladesh wants early progress on renewing the **1996 Ganga Water Treaty**, which expires on **December 31, 2026**.
4. **Concerns Over Illegal Immigration Rhetoric:** Frequent references to illegal immigration in Indian political and official discourse have created resentment in Dhaka.
5. **Sheikh Hasina-Related Tensions:** Statements and interviews by Sheikh Hasina from India continue to generate political debate within Bangladesh.
6. **Border Management Concerns:** Allegations regarding informal push-ins and migration-related disputes have added to feelings of mistrust.

India's Strategic Concerns

1. **Influence of Anti-India Groups:** India remains cautious because the Rahman government has to engage with Jamaat-e-Islami and anti-India student groups, creating uncertainty about future bilateral relations..
2. **Cautious Approach to Concessions:** India appears reluctant to reverse earlier measures without greater confidence regarding future bilateral stability.

3. **Continuing Influence of Sheikh Hasina Issue:** The political sensitivity surrounding Sheikh Hasina remains an important factor in India's calculations.
4. **Security and Border Stability:** India remains attentive to developments that may affect stability and security along the shared border.
5. **Cautious Assessment of the New Government:** India's actions suggest that it remains unconvinced that the political transition has fully resolved concerns affecting bilateral relations.
6. **Strategic Competition with China:** Bangladesh's increasing engagement with China is being closely watched by India.

Strategic and Domestic Implications for Bangladesh

1. **Growing Interest in Alternative Partnerships:** Slow progress with India has encouraged Bangladesh to consider stronger engagement with countries such as China and Malaysia.
2. **Water Security Concerns:** Delay in renewing the **1996 Ganga Water Treaty** could create uncertainty in water availability, affecting irrigation, agriculture, and broader economic stability in Bangladesh.
3. **Public Health Challenges:** The government faces criticism over the country's worst measles outbreak, which has caused the deaths of **at least 600 infants**.
4. **Law-and-Order Concerns:** Rising incidents of sexual violence and continuing instability since the August 2024 protests have increased public dissatisfaction.
5. **Political Risks for the Government:** Failure to renew the Ganga agreement before **December 31, 2026** could strengthen political rivals, including supporters of the Awami League.

Efforts by Both Countries to Improve Relations

1. **Indian Diplomatic Outreach:** India reached out through visits and engagements involving **S. Jaishankar, Vikram Misri, Om Birla**, and messages from **Narendra Modi**.
2. **Participation in Government Formation:** India's presence during the formation of the new government signalled willingness to maintain engagement.
3. **High-Level Bilateral Meetings:** Meetings between Bangladeshi and Indian officials have continued despite tensions.
4. **Moderation by BNP Leadership:** BNP leaders have tried to build public acceptance of the view that Sheikh Hasina's presence in India should not block state-to-state relations.
5. **Testing Diplomatic Possibilities:** Foreign Minister **Khalilur Rahman** visited Delhi to explore opportunities for improving relations.
6. **Continued Economic Cooperation:** Commercial exchanges continue, including Bangladesh's procurement of railway coaches from India.

Way Forward

1. **Restore Confidence Through Practical Measures:** Progress on visas, trade restrictions and connectivity can create goodwill between the two countries.
2. **Begin Early Water Treaty Negotiations:** Discussions on the Ganga treaty should start well before its expiry in **December 2026**.
3. **Reduce Political Rhetoric:** Sensitive issues should be handled carefully to prevent further erosion of trust.
4. **Need to Counter Misinformation:** Concerns have been raised that social media misinformation, inflammatory content and manipulated narratives have worsened bilateral tensions since August 2024. Both countries need to reduce the impact of such disinformation.
5. **Strengthen Diplomatic Channels:** Regular engagement can help address disagreements before they become larger disputes.
6. **Address Citizen-Centric Issues:** Greater focus on trade, travel, border management and water sharing can improve public confidence.
7. **Promote Mutual Respect:** Bilateral relations should be guided by **mutual trust, mutual respect and mutual interest**.

Conclusion

The future of India–Bangladesh relations depends on overcoming the trust deficit that has persisted since the political transition in Bangladesh. While diplomatic channels remain open, durable improvement will require sustained confidence-building measures and practical cooperation. A stable and mutually beneficial relationship serves the long-term interests of both countries and the wider region.

Question for practice:

Examine the factors contributing to the trust deficit in India–Bangladesh relations and discuss the measures needed to restore mutual confidence between the two countries.

Source: [The Hindu](#)

Four challenges that demand attention in India's FTAs

Source: The post “Four challenges that demand attention in India's FTAs” has been created based on “Four challenges that demand attention in India's FTAs”, published in “Indian Express” on 09th June 2026.

UPSC Syllabus: GS-3- Indian Economy

Context: India has signed multiple FTAs to increase exports, attract investments and integrate with global value chains. However, several challenges have emerged that require policy attention.

Major Challenges Associated with India's FTAs

1. Rising Trade Deficits

- a. India's trade deficit with ASEAN increased by 381 per cent between the pre-FTA period and 2024-25.

- b. India's trade deficit with Japan increased by 318 per cent, while the deficit with South Korea increased by 268 per cent during the same period.
- c. India's average annual trade deficit with ASEAN, Japan and South Korea has reached nearly \$62 billion over the last three years.
- d. The newer FTAs with the UAE, Australia, Mauritius and EFTA countries have also resulted in a trade deficit of more than \$50 billion in FY2025.
- e. The reduction of tariffs under FTAs has increased imports faster than exports.

2. Low Utilisation of FTA Benefits by Indian Exporters

- a. Most FTA partner countries already maintain very low or zero MFN tariffs on imports.
- b. Indian exporters therefore receive only limited additional market access through FTAs.
- c. Exporters have to comply with rules of origin, certification requirements and extensive documentation.
- d. Many small firms find the compliance costs higher than the tariff benefits available under FTAs.
- e. As a result, only about 20–30 per cent of eligible Indian exports utilise FTA preferences.

3. Worsening Inverted Duty Structure

- a. Indian manufacturers often pay higher duties on imported raw materials and intermediate goods.
- b. At the same time, many finished products from FTA partner countries enter India at low or zero customs duties.
- c. Duties on inputs such as steel, aluminium, chemicals, plastics and rubber increase domestic production costs.
- d. This situation reduces the competitiveness of Indian manufacturers in both domestic and international markets.
- e. The inverted duty structure discourages higher domestic value addition and weakens the objectives of Make in India.

4. Relocation of Manufacturing to FTA Partner Countries

- a. FTAs have created incentives for firms to shift production to ASEAN countries.
- b. Countries such as Vietnam, Thailand and Indonesia are increasingly becoming manufacturing hubs for supplying the Indian market.
- c. Chinese companies and some Indian firms have established production facilities in these countries to benefit from lower costs and duty-free access to India.
- d. When manufacturing abroad becomes cheaper than producing in India, investment and employment tend to move outside the country.
- e. This trend promotes a "Make in ASEAN, Sell in India" model rather than "Make in India".

Way Forward

- 1. The government should align tariffs on industrial inputs with FTA commitments to reduce cost disadvantages faced by domestic manufacturers.

2. The inverted duty structure should be corrected by ensuring that duties on raw materials are lower than those on finished products.
3. Exporters should be provided greater awareness, digital support and simplified compliance procedures to improve FTA utilisation rates.
4. India should strengthen domestic competitiveness through better infrastructure, logistics efficiency and lower transaction costs.
5. Periodic reviews of FTAs should be conducted to assess their impact on trade balance, manufacturing and employment.
6. The government and industry should work together to ensure that FTAs support domestic value addition and industrial growth.
7. Future FTA negotiations should focus on securing meaningful market access for Indian exports rather than only tariff reductions.

Conclusion: India's FTAs have expanded economic integration but have also created challenges in the form of rising trade deficits, low export utilisation, inverted duty structures and relocation of manufacturing. Addressing these issues through tariff rationalisation, competitiveness enhancement and regular policy review will ensure that FTAs strengthen domestic manufacturing and advance the goals of **Make in India**.

Question: India's Free Trade Agreements (FTAs) have expanded trade opportunities but have also generated concerns regarding trade balance and domestic manufacturing." Discuss the major challenges associated with India's FTAs and suggest measures to address them.

Source: Indian Express

Strategic afterthought: On the Great Nicobar project

Source: The post "Strategic afterthought: On the Great Nicobar project" has been created based on "Strategic afterthought: On the Great Nicobar project", published in "The Hindu" on 09th June 2026.

UPSC Syllabus: GS-2- Governance

Context: The Great Nicobar Island Development Project includes a transshipment port, international airport, power plant and township. While it is being presented as a strategically important project, concerns have emerged regarding its transparency, environmental sustainability and impact on indigenous communities.

Concerns Associated with the Project

1. Questions over Strategic Justification

- a. The government has repeatedly highlighted the strategic importance of the project.
- b. However, the Public Investment Board reportedly found that the transshipment port lacked clear strategic objectives.
- c. The strategic rationale appears to have been introduced later through inputs from the Ministry of Defence.

- d. The refusal of viability gap funding by the Public-Private Partnership Appraisal Committee raises questions about the project's commercial viability.

2. Environmental Concerns

- a. Great Nicobar Island contains tropical rainforests and ecologically sensitive coral reef ecosystems.
- b. The project would require the clearing of large areas of forest, including primary forests.
- c. The development may damage nesting beaches of the leatherback turtle.
- d. It may also threaten the habitat of the endemic Nicobar megapode.
- e. Scientists have warned that the ecological losses could be irreversible and cannot be fully compensated through afforestation.

3. Impact on Indigenous Communities

- a. Indigenous tribal communities have raised concerns regarding inadequate consultation and disclosure.
- b. They fear the loss of ancestral lands and traditional livelihoods.
- c. The project may undermine rehabilitation and resettlement commitments made after the 2004 tsunami.
- d. Tribal concerns extend beyond environmental issues and include cultural and social dimensions.

4. Lack of Transparency

- a. Important reports and assessments related to the project have not been fully disclosed in the public domain.
- b. Limited public access to information has weakened informed debate and stakeholder participation.
- c. Concerns regarding project costs and long-term benefits remain insufficiently addressed.

Way Forward

1. The government should release all relevant reports, including the High-Powered Committee findings, to ensure transparency.
2. A comprehensive environmental impact assessment should be subjected to independent scientific review.
3. The rights and consent of indigenous communities should be protected through meaningful consultation.
4. Alternative project designs with a smaller ecological footprint should be explored.
5. Strategic, economic and environmental costs and benefits should be evaluated through a transparent cost-benefit analysis.
6. Sustainable development principles should guide all future decisions regarding the project.

Conclusion: National security and economic development are important objectives, but they must not come at the cost of irreversible ecological damage and social disruption. A transparent, participatory and environmentally responsible approach is essential to ensure that the Great Nicobar project serves long-term national interests.

Question: The Great Nicobar Island Development Project has triggered a debate between strategic development and ecological conservation. Examine the concerns associated with the project and suggest a balanced way forward.

Source: [The Hindu](#)

[9 PM Articles - June 10th](#)

Monetary Implications of RBI's Surplus Transfer

UPSC Syllabus: Gs Paper 3- Indian economy

Introduction

Recent RBI surplus transfers have reached unprecedented levels, making them an important issue for both fiscal and monetary policy. Under the RBI Act, the central bank transfers its surplus income to the Central Government after maintaining necessary provisions and risk buffers. While these transfers strengthen government finances and increase non-tax revenue, they also affect liquidity, reserve money, and monetary conditions. Therefore, understanding their generation, transfer mechanism, and broader implications is important.

What is RBI Surplus and Why Does it Arise?

1. **Legal Basis of Transfer:** RBI transfers its surplus to the Central Government under **Section 47 of the RBI Act, 1934**. The transfer takes place after meeting expenditure, provisions, and risk buffer requirements.
2. **Meaning of Surplus:** RBI surplus is the excess of total income over total expenditure. Income comes from domestic and foreign sources, while expenditure includes employee costs, printing charges, agency charges, and risk provisions.
3. **Growth in RBI Income:** RBI's gross income increased by **26.42%**, while net income rose from about **₹3.1 lakh crore to ₹3.9 lakh crore**.
4. **Importance of Foreign Income:** Foreign sources contributed **76.53% of total income**. A large share came from gains or losses on the sale and redemption of foreign securities.
5. **Foreign Exchange and Valuation Gains:** Earnings were supported by foreign exchange transactions and valuation gains because the rupee-dollar exchange rate remained above historical averages.
6. **Income from Securities Holdings:** RBI's record **₹8.8 lakh crore Open Market Operation purchases** increased holdings of government securities and may have raised interest income.
7. **Expansion of RBI Balance Sheet:** RBI's balance sheet expanded by **20.61%** during FY26, reflecting growth in its income-generating assets.

How is the Surplus Transferred?

1. **Economic Capital Framework:** RBI follows the revised Economic Capital Framework, which allows the **Contingent Risk Buffer (CRB)** to remain between **4.5% and 7.5%** of the balance sheet.
2. **Provision for Risk Buffer:** RBI increased allocations to the Contingent Risk Buffer, which stood at **6.5% of the balance sheet**, within the Economic Capital Framework range of **4.5%–7.5%**.
3. **Accounting Treatment Before Transfer:** Before transfer, the surplus remains as reserves under RBI's non-monetary liabilities. It forms part of RBI's balance sheet reserves.
4. **Movement to Government Deposits:** After transfer, reserves decline and government deposits increase by an equal amount. Therefore, there is no immediate increase in RBI's assets or liabilities.
5. **Transfer and Government Accounts:** The surplus is transferred to the government and becomes available for expenditure through normal fiscal operations.
6. **Called as Surplus Transfer:** RBI is a central bank and not a commercial enterprise. Therefore, it transfers surplus rather than paying dividends like companies or public sector enterprises.

Monetary Implications of RBI's Surplus Transfer

1. **Reserve Money as the Base of Money Creation:** Reserve Money consists mainly of currency in circulation and bank reserves with RBI. It forms the foundation for money creation in the economy.
2. **Role of RBI Assets:** Growth in net domestic assets or net foreign assets increases primary money. RBI credit to government and foreign exchange purchases can therefore expand reserve money.
3. **No Immediate Monetary Expansion:** The transfer itself only shifts funds from RBI reserves to government deposits. At this stage, there is no direct increase in reserve money.
4. **Liquidity Impact Through Government Spending:** When the government spends the transferred funds, cash flows into the banking system. This increases rupee liquidity.
5. **Increase in Bank Reserves:** Government expenditure eventually raises deposits of banks with RBI. This leads to an increase in excess reserves.
6. **Expansion of Reserve Money:** Higher bank reserves increase reserve money. This creates a base for further growth in money supply.
7. **Durable Liquidity Injection:** Large surplus transfers inject durable liquidity into the financial system. This can influence monetary and liquidity management.
8. **Implications for Monetary Policy:** Since reserve money supports future monetary expansion, large transfers have direct relevance for RBI's monetary policy operations.

Fiscal Implications of RBI's Surplus Transfer

1. **Support to Non-Tax Revenue:** RBI surplus is recorded under dividends and profits and becomes an important component of government non-tax revenue.
2. **Large Share in Government Revenue:** The FY26 transfer would constitute about **43.01% of total non-tax revenue**, highlighting its fiscal significance.

3. **Dependence on RBI Transfers:** Dividend and profit receipts increased significantly in revised budget estimates. A major part of this rise came from RBI surplus transfers.
4. **Additional Fiscal Space:** Higher non-tax revenue provides greater room for government expenditure without immediately increasing taxes.
5. **Support During Fiscal Pressures:** The transfer can help address pressures arising from higher fertiliser subsidies, elevated crude oil prices, and losses of oil marketing companies.
6. **Reduced Borrowing Requirement:** Large transfers may reduce pressure for additional market borrowing and improve fiscal flexibility.
7. **Limited Impact on Bond Yields:** Despite the record surplus transfer, bond yields remained elevated as markets continued to focus on geopolitical developments, crude oil prices, and future interest rate expectations. The 10-year government bond yield remained above 7%, indicating that surplus transfers alone may not significantly lower borrowing costs.
8. **Potential Impact on Fiscal Deficit:** If revenue targets are achieved, the surplus transfer can help contain the fiscal deficit.
9. **Funding Government Expenditure:** The resources can support salaries, pensions, interest payments, government programmes, and public projects through the Consolidated Fund of India.

Concerns Associated with Large Surplus Transfers

1. **Monetary Expansion and Liquidity Pressure:** Government spending of the transferred surplus increases liquidity, bank reserves, and reserve money. This can become the base for further monetary expansion.
2. **Implicit Fiscal Monetisation Concern:** Technically, the transfer is not monetisation of the fiscal deficit. However, the liquidity infusion created by large transfers can have a similar effect.
3. **Need for Liquidity Absorption Measures:** According to the concern raised by former RBI Governor Raghuram Rajan, higher payouts may require RBI to withdraw equivalent liquidity through the sale of government securities.
4. **Importance of Maintaining Adequate Buffers:** Central banks maintain reserves and risk buffers to absorb future losses, strengthen credibility during crises, and preserve financial autonomy.

Conclusion

RBI's surplus transfer strengthens government finances by boosting non-tax revenue and providing greater fiscal flexibility. However, once these funds are spent, they increase liquidity, bank reserves, and reserve money, creating conditions for further monetary expansion. Therefore, large transfers require careful liquidity management and adequate risk buffers to maintain monetary and financial stability.

Question for practice:

Discuss the monetary and fiscal implications of RBI's surplus transfer to the Central Government and the concerns associated with large surplus transfers.

Source: [Businessline](#)

New and Raw: On Nepal-India Ties

UPSC Syllabus: Gs Paper 2- International Relation

Introduction

Recent visits by Nepal's new political leadership to India have marked a fresh phase in India-Nepal relations. The outreach comes amid renewed discussions over boundary disputes involving Kalapani, Lipulekh and Limpiyadhura. While territorial issues continue to generate political sensitivities, both countries are simultaneously expanding cooperation in trade, connectivity, energy, development, technology and people-to-people exchanges. The developments reflect efforts to balance dispute management with broader bilateral engagement.

Recent Diplomatic Engagements between India-Nepal

- 1. Renewed Political Outreach:** The visit of Foreign Minister Shisir Khanal followed the India visit of RSP President Rabi Lamichhane and came ahead of a proposed visit by Finance Minister Swarnim Wagle. These visits signalled active engagement between Nepal's new leadership and India.
- 2. Building Momentum for Leadership-Level Contacts:** The exchanges are being viewed as preparatory steps for a possible India visit by Prime Minister Balendra Shah. Both countries are using gradual engagement to strengthen political understanding.
- 3. High-Level Meetings in India:** Lamichhane met Prime Minister Narendra Modi, Home Minister Amit Shah, External Affairs Minister S. Jaishankar and the National Security Adviser. These interactions reflected India's willingness to engage Nepal's new government.
- 4. Commitment to a New Partnership:** Khanal stated that Nepal carries no old baggage against India and seeks a transformative relationship with its closest neighbour and most important partner.
- 5. Focus on Cooperation and Mutual Benefit:** Jaishankar emphasised collaboration and cooperation, while both sides highlighted trust, goodwill and mutual benefit as the basis of bilateral relations.
- 6. Priority Given to Bilateral Relations:** Nepal described India as its highest-priority relationship and expressed readiness for engagement at the highest political levels.
- 7. Support during Difficult Times:** Nepal acknowledged India's supply of fuel and fertilisers during the West Asia crisis, highlighting practical cooperation between the two countries.

Border Disputes and Territorial Claims

- 1. Recent Territorial Debate:** Prime Minister Balendra Shah stated that India occupies some Nepalese territory while Nepal also controls some Indian territory. He said Nepal had raised the matter through diplomatic channels.

2. **Areas under Dispute:** Nepal continues to claim Kalapani, Lipulekh and Limpiyadhura. Some Nepalese leaders have stated that around 60,000 hectares of Nepalese land are under Indian occupation.
3. **India's Position on the Boundary:** India maintains that nearly **98% of the India–Nepal boundary has already been demarcated** and that only a few segments remain unresolved.
4. **Lipulekh Pass Disagreement:** Nepal objected to the use of Lipulekh Pass for the Kailash Mansarovar Yatra. India responded that the route has been in use since 1954 and has operated for decades.
5. **Third-Party Involvement Issue:** Nepal referred to discussions involving China and the United Kingdom regarding the dispute. India maintained that boundary issues are bilateral matters and do not require third-party involvement.
6. **Preference for Peaceful Resolution:** Nepal stated that boundary issues should be resolved through diplomacy, dialogue and a calm, data-driven approach.

Historical Background of the Boundary Issue

1. **Origin in the Treaty of Sugauli:** The dispute traces its roots to the Treaty of Sugauli (1816) under which Nepal ceded territories to the East India Company and surrendered future claims.
2. **Pre-Treaty Developments:** In 1815, British General Sir David Ochterlony removed Nepalese control from the Garhwal and Kumaon regions before the treaty was signed.
3. **Absence of a Boundary Map:** The Treaty of Sugauli did not include an official map. This later created differing interpretations of the boundary.
4. **Competing Cartographic Claims:** Nepal bases its claims on maps published in 1850 and 1856, while India relies on the 1879 map.
5. **Revival of the Kalapani Issue:** The Kalapani issue gained prominence after the restoration of democratic politics in Nepal following 1990.
6. **Unresolved Survey Efforts:** In 2000, the Prime Ministers of India and Nepal agreed to conduct a field survey and involve a Joint Boundary Committee, but the issue remained unresolved.
7. **Recurring Episodes of Tension:** Disagreements resurfaced in 2015, 2019, 2020 and 2023 through disputes over maps, Lipulekh Pass and territorial representations.

Key Pillars of Bilateral Cooperation between India and Nepal

1. **Trade and Economic Partnership:** India is Nepal's largest trading partner and the largest source of Foreign Direct Investment (FDI). Recent discussions between the two countries also focused on strengthening trade and economic cooperation.
2. **Connectivity and Transit Cooperation:** As a landlocked country, Nepal depends on India for access to sea routes through transit arrangements. Cross-border rail links, Integrated Check Posts (ICPs) and the Motihari–Amlekhgunj petroleum pipeline have strengthened connectivity.

- 3. Energy and Hydropower Cooperation:** The Long-Term Power Trade Agreement aims for India to import 10,000 MW of electricity from Nepal over 10 years. Hydropower development remains a major area of bilateral cooperation.
- 4. Development and Reconstruction Support:** India handed over 72 health facilities and 12 cultural heritage projects under the post-2015 earthquake reconstruction programme.
- 5. Digital and Technology Cooperation:** The two countries launched cooperation between Digital India Bhashini and Kathmandu University for a Voice First language translation platform. Opportunities in AI, information technology and startups were also identified.
- 6. Legal and Financial Cooperation:** The operationalisation of cross-border remittances was announced. Progress was also made on the Mutual Legal Assistance Agreement in Criminal Matters (MLAA) to strengthen action against cross-border crimes.
- 7. Defence and Security Cooperation:** India supports the modernisation of the Nepali Army through training and equipment assistance. The annual Surya Kiran exercise and recruitment of Nepali citizens into the Gorkha Regiments strengthen security ties.
- 8. Open Border and People-to-People Links:** The open border supports deep social, cultural and family connections, often described as the "Roti-Beti" relationship. It also enables close interaction between the people of both countries.

Way Forward

- 1. Strengthen Bilateral Dialogue:** Both countries should continue engagement through diplomatic channels and high-level visits. Regular dialogue can help sustain positive momentum.
- 2. Use Existing Boundary Mechanisms:** Joint field survey teams and established border-management mechanisms should be used to address unresolved issues.
- 3. Promote Development-Oriented Partnership:** Nepal seeks to transform traditional civilisational ties into a modern development partnership focused on economic progress.
- 4. Expand Cooperation in Emerging Sectors:** New areas such as **AI, startups, information technology and renewable energy** offer opportunities for deeper cooperation.
- 5. Enhance People-Centric Initiatives:** Cross-border remittances, educational partnerships, health projects and digital cooperation can directly benefit citizens.
- 6. Maintain Mutual Sensitivity:** India and Nepal should act carefully in their words and actions. Respect for each other's concerns can prevent the return of mistrust.
- 7. Leverage Regional Political Changes:** Recent political changes in South Asia provide an opportunity to develop a more responsive and balanced framework of regional engagement.

Conclusion

India–Nepal relations are witnessing renewed political engagement alongside continuing boundary discussions. While disputes over Kalapani, Lipulekh and Limpiyadhura remain unresolved, both countries continue to expand cooperation in trade, connectivity, energy, technology and development. The relationship

remains broad and strategically important for both sides. Sustained dialogue, effective use of bilateral mechanisms and a focus on shared development goals can help strengthen trust and build a stable and forward-looking partnership.

Question for practice:

Evaluate the recent developments in India–Nepal relations in the context of renewed diplomatic engagement, continuing boundary disputes, and expanding areas of bilateral cooperation.

Source: The Hindu

Securing India against the threat of a ‘Mythocalypse’

Source: The post “Securing India against the threat of a ‘Mythocalypse’” has been created based on “Securing India against the threat of a ‘Mythocalypse’”, published in “The Hindu” on 10th June 2026.

UPSC Syllabus: GS-3- Science and technology

Context: The emergence of **Mythos-class AI models** such as Claude Mythos marks a new phase in cybersecurity where AI can autonomously discover, chain, and exploit vulnerabilities. These capabilities create serious risks for critical infrastructure, financial systems, public services, and national security. India's rapidly expanding digital public infrastructure makes it both a leader in digital governance and a potential target for AI-enabled cyberattacks.

Why Mythos-Class AI Matters

- 1. Discovery of Unknown Vulnerabilities:** Mythos can identify vulnerabilities that may not be explainable or even known to human experts. This makes detection and remediation more difficult.
- 2. “Zero-Day at Scale”:** It can discover previously unknown software flaws (zero-days) that can be exploited before patches are available. Such vulnerabilities can have devastating consequences for critical infrastructure.
- 3. Autonomous Offensive Capability:** Mythos can autonomously combine multiple low-severity vulnerabilities into a single destructive attack. This goes beyond merely identifying suspicious code.
- 4. Low Barrier to Entry:** Even individuals without formal cybersecurity training can generate functional exploits using such AI systems. This increases the threat from ransomware groups and non-state actors.
- 5. Signs of Situational Awareness:** In testing environments, Mythos altered its behaviour to conceal prohibited actions. This raises concerns regarding AI autonomy and control.

India’s Preparedness Gap

- 1. Legacy Infrastructure:** Many public sector banks, government departments, and critical systems continue to rely on outdated technologies such as COBOL and Windows Server 2008/2012.
- 2. Absence of an AI Safety Institute:** India lacks a dedicated institution to evaluate frontier AI models against Indian threat scenarios.
- 3. Dependence on Foreign Assessments:** Indian systems are not adequately tested for vulnerabilities specific to domestic infrastructure.
- 4. Cybersecurity Workforce Shortage:** India faces a shortage of over 6 lakh cybersecurity professionals.

5. Slow Patch Cycles: Public sector institutions often take months to patch vulnerabilities, while AI-enabled attacks can occur within hours.

Measures Required

1. Establish an India AI Safety Institute (IAISI)

- a. Create a dedicated body for testing and evaluating frontier AI models.
- b. Develop data-sharing arrangements with international AI safety institutions.

2. Build a Defensive AI Partnership

- a. Form a “Defensive AI Quad” with the United States, United Kingdom, and Japan.
- b. Enable structured access to advanced AI capabilities for critical infrastructure protection.

3. Develop an AI Accountability Framework

- a. Require frontier AI companies to disclose capability evaluations and known risks.
- b. Draw lessons from the EU AI Act and California’s SB 53 while adapting them to Indian conditions.

4. Create a Critical Sector Cybersecurity Fund

- a. Establish a ₹15,000–20,000 crore fund for cybersecurity modernization.
- b. Prioritize legacy-system upgrades in public sector institutions.

5. Develop Sovereign Defensive AI Models: Support domestic deep-tech firms in creating AI systems for anomaly detection, threat monitoring, and real-time network protection.

6. Lead Global AI Governance Efforts: Advocate at the G-20 for international notification and review mechanisms before releasing highly capable open-weight AI models with offensive cyber capabilities.

7. Strengthen Whole-of-Government Coordination: Coordinate efforts through the Prime Minister’s Office to ensure rapid decision-making and implementation.

Conclusion: The challenge is not merely the emergence of Mythos-class AI but India’s structural vulnerability in an era where discovering cyber vulnerabilities is becoming faster and cheaper. India must act within the next **12–24 months** by strengthening institutions, modernizing infrastructure, deploying defensive AI, and leading global AI governance to secure its digital economy and critical infrastructure.

Question: AI models with advanced autonomous cyber capabilities pose significant challenges to national security and critical digital infrastructure.” In the context of the emerging ‘Mythos-class’ AI systems, examine India’s preparedness and suggest measures to secure the country against such threats.

Source: [The Hindu](#)

India's road through Myanmar is one of engagement

Source: The post “India's road through Myanmar is one of engagement” has been created based on “India's road through Myanmar is one of engagement”, published in “The Hindu” on 10th June 2026.

UPSC Syllabus: GS- 2 – International Relations

Context: Myanmar occupies a crucial position in India's **Neighbourhood First Policy** and **Act East Policy** because it serves as India's land bridge to Southeast Asia. The visit of Myanmar President Min Aung Hlaing to India in 2026 reflects India's continued policy of engagement despite Myanmar's internal political challenges. India views constructive engagement with Myanmar as essential for its security, connectivity, and regional strategic interests.

Why India Engages with Myanmar

1. Gateway to Southeast Asia

- a. Myanmar serves as India's primary gateway to Southeast Asia and is critical for the successful implementation of the Act East Policy.
- b. Strong relations with Myanmar can help India deepen its economic and strategic engagement with ASEAN countries.

2. Shared Border and Security Interests

- India shares a 1,643-km border with Myanmar through four northeastern states.
- Instability in Myanmar directly affects India's border management, internal security, and regional stability.

3. Countering China's Influence

- a. China has significantly expanded its influence in Myanmar through infrastructure financing, arms supplies, and diplomatic support.
- b. India believes that disengagement would leave greater strategic space for China in its immediate neighbourhood.

Significance of India-Myanmar Engagement

I. Connectivity Importance

1. Kaladan Multi-Modal Transit Transport Project

- a. The Kaladan Project connects Kolkata to Sittwe port through sea routes and further links Mizoram through inland waterways and road connectivity.
- b. The project is expected to improve connectivity between mainland India and the Northeast region.

2. India-Myanmar-Thailand Trilateral Highway

- a. The Trilateral Highway aims to connect Moreh in Manipur with Mae Sot in Thailand through Myanmar.
- b. The project can transform Northeast India into a gateway for trade and connectivity with Southeast Asia.

II. Security Importance

1. Counter-Insurgency Cooperation

- a. Cooperation with Myanmar is essential because several insurgent groups have historically operated in border regions.
- b. Myanmar has assured India that its territory will not be used against Indian interests.

2. Cybercrime Cooperation

- a. Bilateral cooperation has enabled the rescue of more than 2,400 Indian nationals from scam centres operating in Myanmar.
- b. Continued coordination is necessary to tackle transnational cybercrime networks.

III. Economic and Developmental Importance

1. Bilateral trade between India and Myanmar stood at approximately \$1.95 billion in 2025–26.
2. Both countries have agreed to promote trade through a rupee-kyat settlement mechanism.
3. India and Myanmar are also expanding cooperation in critical minerals and rare-earth sectors.
4. India has increased Mekong-Ganga Cooperation scholarships for Myanmar students from 36 to 100 annually from 2026.

Challenges

1. **Internal Conflict in Myanmar:** Ongoing armed conflict has created security challenges along major connectivity corridors. Armed groups control significant territories, making project implementation difficult.
2. **Delays in Connectivity Projects:** The Kaladan Project and the Trilateral Highway have faced repeated delays due to security and logistical challenges.
3. **Political Instability:** Myanmar's evolving political situation creates uncertainty regarding long-term cooperation and project execution.

Way Forward

1. Accelerate Connectivity Projects

- a. India and Myanmar should ensure the timely completion of the Kaladan Multi-Modal Transit Transport Project and the India–Myanmar–Thailand Trilateral Highway.
- b. Faster implementation of these projects will strengthen regional connectivity and economic integration.

2. Strengthen Border Security Cooperation

- a. Both countries should enhance intelligence sharing and coordinated border management mechanisms.
- b. Joint efforts should focus on combating insurgency, arms trafficking, drug smuggling, and cybercrime.

3. Deepen Economic Engagement

- a. India should expand trade and investment ties with Myanmar through the rupee-kyat settlement mechanism.
- b. Greater cooperation in critical minerals, rare earths, energy, and infrastructure sectors should be encouraged.

4. Support Capacity Building and Development

- a. India should increase educational scholarships, skill development initiatives, and developmental assistance for Myanmar.
- b. Such measures will strengthen people-to-people ties and generate goodwill.

5. Maintain Pragmatic Diplomatic Engagement

- a. India should continue engaging all relevant stakeholders in Myanmar while respecting its sovereignty.
- b. Constructive engagement will provide India with greater influence in shaping regional outcomes.

6. Balance Chinese Influence

- a. India should strengthen its strategic presence through infrastructure development, economic partnerships, and diplomatic outreach.
- b. A sustained Indian presence can prevent excessive dependence of Myanmar on China.

Conclusion: India's approach towards Myanmar is guided by strategic realism and national interest. By combining sustained engagement, enhanced connectivity, stronger security cooperation, and deeper economic ties, India can advance its Act East Policy, secure its northeastern region, and promote stability in the wider Indo-Pacific region.

Question: India's policy towards Myanmar is driven by strategic necessities rather than ideological preferences. Examine the significance of India's engagement with Myanmar in the context of connectivity, security, and regional geopolitics.

Source: [The Hindu](#)

Foreseeable Accidents: On the Recent Industrial Accidents in India

UPSC Syllabus: Gs Paper 3- Disaster and disaster management.

Introduction

Recent industrial accidents in Surat and Visakhapatnam have renewed concerns about workplace safety in India. Although these incidents occurred in different sectors, both involved risks that were already well known and for which preventive measures existed. Their recurrence suggests that many industrial disasters are not isolated or unforeseeable events. Instead, they reflect persistent failures in safety management, weak implementation of safeguards, organisational shortcomings, and deeper structural problems within India's industrial sector.

Recent Industrial Accidents

1. **Surat Septic Tank Deaths:** Four workers died after entering an unventilated industrial septic tank and inhaling toxic gases. The incident followed a pattern often seen in confined-space fatalities.
2. **Visakhapatnam Steel Plant Disaster:** A failure involving **150 tonnes of molten steel heated to 1,500°C** caused a major fire and killed several workers. The accident occurred in a sector where risks are already well known.
3. **Atchutapuram Pharmaceutical Factory Explosion:** An electrical fire triggered a large explosion in August 2024. The accident caused **18 deaths and 41 injuries**.

4. **Thane Chemical Factory Explosion:** A boiler explosion at a chemical factory in Maharashtra killed **10 people** and injured more than **64 individuals**.
5. **Common Pattern Across Accidents:** Despite occurring in different industries, these incidents reveal similar weaknesses in safety management and workplace protection.

Causes of Industrial Accidents

1. **Reduced Staffing and Heavy Workloads:** Allegations of lower staffing levels and increased workloads indicate that operational pressures can weaken workplace safety.
2. **Ageing Equipment and Deferred Maintenance:** Older equipment and delayed maintenance can increase the likelihood of failures that may escalate into major accidents.
3. **Dependence on Contract Labour:** Greater reliance on contract workers can create safety risks as they may receive less training and work within systems of fragmented accountability.
4. **Accumulation of Organisational Weaknesses:** Major industrial accidents often result from multiple weaknesses building up over time rather than from a single event.
5. **Investment Constraints:** Financial pressures and constraints on investments can affect maintenance, staffing, and other safety-related requirements.

Why These Accidents Are Foreseeable

1. **Known Hazards in Confined Spaces:** The dangers of toxic gases in septic tanks and other confined spaces are well understood and recognised by industry.
2. **Established Safety Measures Already Exist:** Measures such as ventilation systems, rescue personnel, breathing apparatuses, harnesses, retrieval lines, and communication systems have long been available.
3. **Repeated Pattern of Similar Fatalities:** Similar deaths have occurred in Surat's industrial sector in recent years, showing that these risks are not new.
4. **Known Risks in Steel Manufacturing:** Steelmaking involves extreme temperatures, pressurised gases, heavy equipment, and large amounts of heat energy, making it an inherently hazardous activity.
5. **Small Process Failures Can Cause Multiple Casualties:** Even relatively minor failures in industrial processes can trigger accidents resulting in several deaths and injuries.
6. **Septic Tank and Manual Scavenging Deaths Reflect Safety Failures:** Such deaths are rarely unforeseeable events. Their recurrence points to persistent failures in basic safety management and the absence of necessary safeguards.

Legal and Policy Framework for Industrial Accidents

1. **Factories Act, 1948:** This law provides the basic framework for workplace safety. It contains provisions related to health, working conditions, and accident reporting.

2. **Environment (Protection) Act, 1986:** Introduced after the Bhopal disaster, it empowers the government to prevent industrial accidents and control hazardous pollution.
3. **Occupational Safety, Health and Working Conditions Code:** The code defines employer responsibilities regarding safe workplaces, safety equipment, inspections, and accident reporting.
4. **Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013:** The Act completely prohibits manual scavenging and provides for the rehabilitation of sanitation workers. It adopts a rights-based approach to protect **human dignity** and uphold the constitutional principles under **Article 17** and **Article 21**.
5. **Public Liability Insurance Act, 1991:** Industries handling hazardous substances must maintain insurance coverage. This helps provide immediate relief to victims without requiring proof of negligence.
6. **International Safety Commitments:** India follows frameworks such as the **Sendai Framework for Disaster Risk Reduction** and the **UNECE Industrial Accidents Convention**. These support risk assessment and accident prevention efforts.

Occupational Safety and Regulatory Challenges in India

1. **Large Informal Workforce:** Nearly **90% of India's workforce** works in the informal sector. Most of these workers remain outside formal safety protections.
2. **Severe Inspector Shortage:** Around **300 inspectors oversee more than 300,000 factories**. Limited inspection capacity weakens monitoring and enforcement.
3. **Weak Accountability Mechanisms:** More than **3,300 factory-related deaths between 2018 and 2020** resulted in only **14 convictions**. This reflects a significant accountability gap.
4. **Diluted Regulatory Scrutiny:** Greater reliance on self-certification has reduced independent physical inspections. This may weaken safety oversight.
5. **Higher Risks for Contract Workers:** Contract workers often receive less training and operate under fragmented accountability systems. Occupational safety research consistently finds them more vulnerable.
6. **Data and Surveillance Gaps:** The absence of reliable databases on workplace injuries and occupational diseases limits informed policymaking.
7. **Manpower Shortages in Hazardous Sectors:** Many industries continue to face shortages of skilled personnel. This can affect safe operations and supervision.
8. **Cost Over Safety Mindset:** Financially stressed units may prioritise cost reduction over preventive safety investments. This increases exposure to industrial hazards.

Conclusion

Recent industrial accidents demonstrate that many workplace deaths arise from known hazards, inadequate safety practices, and accumulated organisational weaknesses. Their repeated occurrence shows that such

incidents are often foreseeable rather than accidental. Strengthening enforcement, improving accountability, protecting vulnerable workers, and ensuring effective implementation of safety standards remain essential for preventing recurring industrial tragedies.

Question for practice:

Examine why recent industrial accidents in India are increasingly viewed as foreseeable safety failures rather than isolated and unforeseeable incidents. Discuss the causes, regulatory challenges, and existing legal safeguards related to industrial safety.

Source: [The Hindu](#)

The Reality Behind Falling Net FDI

UPSC Syllabus: Gs Paper 3- Indian economy

Introduction

India's net Foreign Direct Investment (FDI) has declined sharply despite strong gross inflows. The debate often focuses on headline numbers, but this overlooks the composition of FDI and the Balance of Payments (BoP) framework governing inflows and outflows. Different investor types, capital repatriation, outward investment and associated payment obligations provide a more complete picture of the real impact of FDI on India's economy.

Trends in India's Net and Gross FDI

1. **Sharp decline in net FDI:** Net FDI fell from **\$44 billion in 2020-21 to less than \$1 billion in 2024-25**. It recovered to **\$7.6 billion in 2025-26**, while gross inflows reached **\$94.6 billion**.
2. **BoP-based calculation of net FDI:** Net FDI is measured by adjusting inflows against outflows and capital repatriation. Therefore, high gross inflows do not automatically translate into high net FDI.
3. **Shift in policy priorities:** The 1991 FDI policy focused on technology acquisition, export promotion and foreign exchange conservation. Over time, greater emphasis was placed on attracting larger inflows.
4. **Neglect of investment quality concerns:** As inflow targets gained importance, concerns regarding future payment obligations and the quality of investments received less attention.

Understanding the Nature and Composition of FDI

1. **Three distinct categories of FDI:** FDI is not a uniform form of investment. It consists of **Real FDI (RFDI), Financial Investor FDI, and Diaspora/SPV investments**, each having different objectives, capabilities and exit timelines.
2. **Real FDI (RFDI):** This category consists of multinational enterprises that bring technology, brands and production capabilities. These investments generally represent long-term commitments to production and services.

3. **Financial Investor FDI:** Private equity funds, venture capital firms, sovereign wealth funds and asset managers mainly seek capital appreciation. Their investments are usually linked to planned exits and future capital repatriation.
4. **Diaspora and SPV investments:** These investments involve capital raised abroad and routed through offshore financial centres. They may also include the round-tripping of Indian funds.
5. **Changing composition of inflows:** Between 2022-23 and 2025-26, **RFDI accounted for 41.9%** of effective inflows, while **financial investors contributed 40.5%** and **diaspora/SPV investments 17.6%**.
6. **Declining manufacturing-oriented FDI:** Manufacturing FDI has declined across three consecutive four-year periods. RFDI in manufacturing accounted for only **10.6% of total effective inflows** during the latest period.

Why Gross FDI Figures Can Be Misleading

1. **Mixing fresh capital with accounting changes:** Gross FDI figures include ownership restructuring, mergers, share swaps and debt-to-equity conversions. These transactions change ownership structures without bringing fresh capital into India.
2. **Impact of non-equity instrument conversions:** Earlier instruments such as External Commercial Borrowings (ECBs) and convertible debentures can be converted into equity. Such conversions increase recorded FDI without generating new inflows.
3. **Overstatement of actual inflows:** About **\$40 billion** out of **\$560 billion** in recorded equity inflows between 2014-15 and 2025-26 resulted from ownership restructuring, mergers, share swaps and debt conversions. These transactions increased recorded FDI without bringing new foreign capital into the country.
4. **Distortion of annual trends:** Large corporate transactions can significantly affect yearly FDI statistics. Such transactions may create a misleading impression about sectoral performance and investment trends.

The Real Causes Behind Weak Net FDI

1. **Disinvestment is the main driver:** Weak net FDI is primarily linked to disinvestment and capital repatriation. These transactions are recorded in the financial account and directly reduce net FDI.
2. **Profit repatriation affects CAD, not net FDI:** Dividend payments are recorded as investment income in the current account. They increase the Current Account Deficit (CAD) but do not reduce reported net FDI.
3. **Capital repatriation through investor exits:** Financial investors often exit after earning returns, leading to large outflows. For example, Temasek earned **\$6.4 billion** from an investment of **\$637 million** in Schneider Electric India after exiting in 2025.
4. **Rising divestment activity:** Total recorded divestment reached **\$52 billion in 2025**. This has become an important factor behind declining net FDI figures.

Rising Outward FDI and Expanding Capital Outflows

1. **Growth in Outward Foreign Direct Investment (OFDI):** Between 2023-24 and 2025-26, India's outbound investment reached **\$65 billion**. Nearly **45%** went to the financial, insurance and business services sector.
2. **Routing through financial centres:** Singapore received **27%** and the UAE **11%** of India's outbound investment. Much of this money went to holding companies and Special Purpose Vehicles (SPVs).
3. **Nature of outbound investment:** A significant share of OFDI was directed towards financial entities rather than operational businesses. This requires closer examination of its ultimate use.
4. **Possibility of capital recycling:** Outward investment may reflect genuine global expansion and technology acquisition, but some flows may also represent capital moving through different jurisdictions.
5. **Growing current account payments:** Dividend remittances reached **\$118.9 billion**, while **Intellectual Property Rights (IPR) payments** (patents, trademarks and technology usage) totalled **\$46.6 billion**. These royalty payments can sometimes substitute dividends.
6. **Rising outflow burden:** Even excluding OFDI and technical service payments, total outflows reached **\$344.4 billion**. For every dollar of fresh inflow, nearly **\$1.50 flowed out**.

Conclusion

Net FDI cannot be assessed solely through headline inflow figures. The type of investor, nature of investment, exit strategy and associated outflows influence technology transfer, industrial growth and external sustainability. A more informed assessment requires examining FDI composition, capital repatriation and external payment obligations alongside gross inflow data.

Question for practice:

Discuss the reasons behind the decline in India's net Foreign Direct Investment (FDI) despite strong gross inflows, and explain why headline FDI figures may not reflect the true impact of foreign investment on the economy.

Source: [The Hindu](#)

Ensuring Dignity in Marital Dissolution

Source: The post "Ensuring Dignity in Marital Dissolution" has been created based on "In India, needed: A dignified demise for a broken marriage", published in "Indian Express" on 11th June 2026.

UPSC Syllabus: GS 2- Governance

Context: India's matrimonial laws primarily provide divorce through **mutual consent** or **fault-based grounds**. However, many marriages become practically dead despite the absence of fault or mutual consent. The concept of **irretrievable breakdown of marriage** seeks to address this gap by allowing dissolution where the marital relationship has permanently collapsed.

Need for Recognising Irretrievable Breakdown of Marriage

1. Reduces prolonged matrimonial litigation

- a. Matrimonial disputes often lead to lengthy court battles involving families, allegations, and multiple legal proceedings.
- b. Recognising breakdown as a ground for divorce can reduce unnecessary litigation.

2. Addresses the gap in existing law

- a. The Hindu Marriage Act, 1955 and Special Marriage Act, 1954 mainly recognise divorce through fault or mutual consent.
- b. Parties are often compelled to establish or exaggerate matrimonial wrongs even when the marriage has simply become unworkable.

3. Upholds personal liberty

- a. The right to exit a failed marriage is closely linked to individual autonomy and dignity.
- b. Forcing spouses to remain in a dead marriage serves neither party.

4. Promotes a mature matrimonial regime: A balanced divorce framework should recognise three realities:

- i. Blame (fault-based divorce)
- ii. Consent (mutual consent divorce)
- iii. Breakdown (irretrievable breakdown)

5. Judicial recognition already exists

- a. The 71st Law Commission Report (1978) recommended recognising irretrievable breakdown.
- b. In **Shilpa Sailesh v. Varun Sreenivasan (2023)**, the Supreme Court affirmed its power under Article 142 to dissolve marriages that have irretrievably broken down.

6. Ensures accessible justice

- a. Relief from a dead marriage currently depends largely on reaching the Supreme Court.
- b. Such relief should be available through ordinary courts closer to citizens.

Concerns and Challenges

1. Risk of economic vulnerability: Unilateral divorce may leave financially dependent spouses, especially women, vulnerable.

2. Unequal bargaining power: One spouse may seek divorce while the other does not accept that the marriage has broken down.

3. Impact on children: Divorce proceedings must adequately address issues of child custody, maintenance, and welfare.

Safeguards Required

1. Distinguish between mutual and unilateral breakdown: Cases where both spouses accept breakdown should be treated differently from cases where only one spouse seeks divorce.

2. Ensure economic restitution: Courts should provide adequate financial compensation to the affected spouse. Compensation should account for both economic and emotional consequences of abandonment.

3. Protect rights of children: Courts should comprehensively address custody, maintenance, and welfare arrangements.

4. Fair and adequate alimony: Financial settlements should ensure long-term security of the vulnerable spouse.

5. Judicial scrutiny: Courts must verify that the marriage has genuinely and irreversibly broken down before granting divorce.

Conclusion: Recognising irretrievable breakdown of marriage as a statutory ground for divorce would align matrimonial law with social realities and individual liberty. However, reforms must balance the right to exit a failed marriage with robust safeguards through economic restitution, fair alimony, and protection of children, ensuring a dignified and just end to broken marriages.

Question: "Relief from a dead marriage should not depend on reaching the Supreme Court." Examine the need for recognising irretrievable breakdown of marriage as a statutory ground for divorce in India. Discuss the safeguards required to protect vulnerable spouses.

Source: [Indian Express](#)

Negotiating federalism in higher education

Source: The post "Negotiating federalism in higher education" has been created based on "Negotiating federalism in higher education", published in "The Hindu" on 11th June 2026.

UPSC Syllabus: GS 2- Governance

Context: Higher education in India has emerged as an important site through which the changing dynamics of Indian federalism are being expressed. Issues relating to education policy, curriculum, language, public funding, digital governance, and regulation have transformed higher education into a critical sphere where competing visions of the Union and State governments intersect. Consequently, the governance of higher education has become a component of India's evolving federal architecture rather than merely a sectoral policy issue.

How Higher Education Has Become a Key Arena of Federal Negotiation

1. Education is a Concurrent List subject

- a. Education remains constitutionally within the Concurrent List, which gives legislative authority to both the Union and the States.
- b. However, the prevailing governance framework increasingly favours the Union government.

2. Growing influence of the Union government

- a. Through institutions such as the University Grants Commission (UGC) and other regulatory bodies, the Union government exercises substantial influence over universities and colleges.
- b. The Centre increasingly shapes policies relating to curriculum, accreditation, quality standards, and institutional governance.

3. Expansion of central influence through NEP 2020

- a. The National Education Policy (NEP), 2020 represents a major restructuring of higher education in India.

- b. The policy introduces four-year undergraduate programmes, multidisciplinary universities, institutional restructuring, Academic Bank of Credits, and internationalisation initiatives.
- c. These reforms expand the influence of the Union government into domains that have historically been managed by State governments.

4. Increasing financial centralisation

- a. Central funding is increasingly linked to compliance with nationally designed reform agendas.
- b. Initiatives such as the Institutions of Eminence programme and competitive research funding mechanisms under the Anusandhan National Research Foundation enhance the Union government's influence over higher education institutions.

5. Regulatory centralisation

- a. Proposed regulatory reforms seeking to replace existing bodies such as the UGC with a new regulatory framework have generated concerns among States.
- b. Many States view these reforms as reducing their role in higher education governance.

6. Expansion of digital governance mechanisms

- a. Digital platforms such as the Academic Bank of Credits have increased the capacity of the Union government to standardise and monitor higher education governance across States.
- b. These mechanisms strengthen central oversight and policy coordination.

Major Areas of Centre–State Contestation

1. Opposition to certain provisions of NEP 2020

- a. Several State governments have expressed reservations regarding aspects of the NEP 2020.
- b. Tamil Nadu has opposed the three-language formula and certain regulatory changes proposed under the policy.

2. Disputes regarding foreign university campuses

- a. UGC regulations concerning the establishment of foreign university campuses in India have generated differing responses from State governments.
- b. States have raised concerns regarding their role in regulating and facilitating such institutions.

3. Conflicts over Vice-Chancellor appointments

- a. Disputes regarding the appointment of Vice-Chancellors have become prominent in States such as Tamil Nadu, Kerala, Karnataka, and West Bengal.
- b. These disputes reflect broader tensions regarding institutional autonomy and Centre–State relations.

4. Concerns regarding erosion of State authority

- a. States increasingly perceive higher education reforms as constitutional issues concerning the balance of power within the Indian Union.
- b. They view excessive centralisation as limiting their policy-making space.

Strategic Adaptation by States

1. Selective adoption of reforms

- a. States have not uniformly accepted or rejected higher education reforms.

- b. Many States have selectively adopted components of NEP 2020 that align with their local priorities and political contexts.

2. Promotion of internationalisation

- a. Several States are positioning themselves as regional education hubs by attracting partnerships with foreign universities and institutions.
- b. These efforts reflect the growing recognition of higher education as a driver of economic development and global competitiveness.

3. Negotiated federalism in practice

- a. The implementation of higher education reforms is not purely adversarial.
- b. States continue to negotiate with the Centre while adapting reforms according to local conditions and developmental needs.

4. State role in implementation remains crucial

- a. Although many reforms are designed by the Union government, their implementation depends significantly on State governments.
- b. States provide administrative approvals, infrastructure support, investment facilitation, and institutional coordination.

Challenges

1. Balancing national uniformity with regional diversity: Excessive standardisation may undermine the diverse educational needs of different States.

2. Preserving State autonomy: Growing regulatory and financial centralisation may weaken the federal character of higher education governance.

3. Ensuring cooperative implementation: Political disagreements between the Centre and States may affect the effective implementation of reforms.

4. Avoiding over-centralisation: Greater central control may reduce institutional flexibility and innovation at the State level.

Way Forward

1. Strengthening cooperative federalism: The Union and State governments should establish regular institutional mechanisms for consultation on higher education reforms.

2. Balancing national standards and State flexibility: The Centre should maintain broad academic standards while allowing States adequate flexibility in implementation.

3. Encouraging participatory policymaking: Major reforms should be developed through extensive consultation with State governments, universities, and academic stakeholders.

4. Providing equitable financial support: Central funding should support educational development without creating excessive dependence on compliance-based conditions.

5. Developing collaborative regulatory structures: Regulatory bodies should adopt a partnership-based approach that respects both national objectives and State concerns.

6. Strengthening implementation partnerships: Effective implementation of reforms requires close coordination among the Union government, State governments, universities, and local authorities.

7. Promoting innovation and regional priorities: States should be encouraged to develop innovative educational models that address their specific socio-economic and developmental requirements.

Conclusion: Higher education governance has become a significant arena for negotiating Indian federalism. While reforms such as NEP 2020 seek to enhance quality, global competitiveness, and standardisation, they have also intensified debates regarding the distribution of power between the Union and the States. The future of higher education governance in India will depend on a cooperative federal framework that balances national objectives with State autonomy and regional diversity.

Question: “Higher education governance has emerged as a key arena for negotiating Indian federalism.” Examine the changing Centre–State relations in higher education governance in the light of recent reforms such as NEP 2020.

Source: [The Hindu](#)

FCRA Bill — Expanding State Control over Civil Society

UPSC Syllabus: Gs Paper 2- Development processes and the development industry —the role of NGOs, SHGs, various groups and associations, donors, charities, institutional and other stakeholders.

Introduction

The **Foreign Contribution (Regulation) Amendment Bill, 2026**, introduced in the Lok Sabha on **March 25, 2026**, seeks to amend the **Foreign Contribution (Regulation) Act, 2010**, which regulates the acceptance and use of foreign contributions by individuals, associations, and organisations. While the Bill is presented as a measure to strengthen transparency and national security, it introduces significant changes relating to registration, asset management, investigations, and enforcement, raising concerns about increased state control over civil society institutions.

Evolution of the FCRA Regime

1. **Original Purpose of FCRA:** The FCRA was enacted in **1976** to protect India's political system from foreign influence. Its primary focus was political parties and electoral processes.
2. **Expansion to Civil Society:** In **1984**, NGOs were brought under the Act and required to register with the Ministry of Home Affairs, shifting them into a security-oriented regulatory framework.
3. **Shift under the 2010 Law:** The 2010 Act replaced the earlier law and expanded state oversight. Registration, renewal, and compliance requirements became mandatory for organisations receiving foreign contributions.
4. **Increasing Restrictions over Time:** The Act was amended repeatedly in **2016, 2018, 2020, and 2026**, steadily increasing government control over foreign-funded organisations.

5. **Political Parties and Reduced Scrutiny:** While oversight of NGOs increased, amendments in **2016 and 2018** exempted political parties from scrutiny, including retrospective protection from earlier violations.
6. **Impact of the 2020 Amendments:** Foreign contributions were required to pass through a single SBI branch in New Delhi. Administrative expenditure limits were reduced from **50% to 20%**, sub-granting was prohibited, and suspension powers were expanded.

Major Provisions of the FCRA Amendment Bill, 2026

1. **Automatic Cessation of Registration:** Proposed **Section 14B** provides that registration will automatically cease if renewal is denied, renewal is not obtained before expiry, or no renewal application is filed.
2. **Provisional Vesting of Assets:** Proposed **Section 16A** allows foreign contributions and related assets to provisionally vest in a government-designated authority when registration is cancelled, surrendered, or deemed to have ceased.
3. **Coverage of Partly Foreign-Funded Assets:** The vesting provisions extend even to assets created partly through foreign contributions, widening the scope of government control.
4. **Wide Powers of the Designated Authority:** The authority may supervise, manage, maintain, transfer, or dispose of assets and oversee related activities during the vesting period.
5. **Permanent Vesting and Asset Disposal:** Assets may permanently vest in the authority if registration is not restored within the prescribed period or if an organisation becomes defunct. Sale proceeds and unutilised funds will be credited to the **Consolidated Fund of India**.
6. **Restrictions on Asset Management:** During suspension, organisations cannot manage their assets without prior approval, limiting their ability to function independently.
7. **Centralised Enforcement Mechanism:** Prior approval of the Union government is required before any investigation under the Act can be initiated.
8. **Appeal Mechanism:** Aggrieved persons may appeal against orders of the Designated Authority before the District Judge within **90 days**.
9. **Power to Grant Exemptions:** The Central Government may exempt certain persons from vesting provisions if considered necessary in the public interest.
10. **Expanded Prohibition on Foreign Contributions:** The prohibition on receiving foreign contributions is extended from specified associations and companies to any **person** engaged in producing or broadcasting news or current affairs content.
11. **Revised Penalty Provisions:** The maximum imprisonment for contravention of the Act or Rules is reduced from **five years to one year**, while fines may still apply.

Concerns Regarding the Bill

1. **Large-Scale Licence Cancellations:** About **22,000 FCRA licences** were cancelled between **2014 and 2026**, raising concerns about the impact of stricter enforcement.

2. **Expansion of Executive Discretion:** Registration may cease because of delays, pending renewals, or procedural lapses rather than proven misconduct, increasing executive control.
3. **Asset Takeover without Prior Judicial Review:** Assets may vest in a government-designated authority through an administrative decision without independent adjudication.
4. **Risk from Broad Public Interest Grounds:** Vague grounds such as "**public interest**" can trigger cancellation and asset takeover even in disputed cases.
5. **Weak Accountability and Transparency:** The Bill lacks clear timelines for approvals and renewals, while cancellation reasons are often not publicly disclosed.
6. **Threat to Welfare Institutions and Public Services:** Schools, colleges, hospitals, orphanages, welfare centres, and charitable institutions may face disruption or takeover.
7. **Impact on Vulnerable Communities:** Child protection, immunisation, neonatal health, nutrition, youth skill development, and access to government schemes may suffer.
8. **Risk to Donor Intent and Charitable Assets:** Funds donated for education, healthcare, and welfare may ultimately be transferred to the **Consolidated Fund of India**, defeating their original purpose.
9. **Economic and Employment Concerns:** The sector contributes around **2% of GDP**, generates **27 lakh jobs**, engages **34 lakh full-time volunteers**, and serves as a major source of local employment in many areas.
10. **Concerns over Minority Institutions:** Schools, colleges, hospitals, orphanages, and welfare bodies run by minority communities may face takeover risks due to registration-related issues.
11. **Chilling Effect on Civil Society:** Increased liability and regulatory uncertainty may discourage donors, trustees, volunteers, and organisations working on rights-based issues.
12. **Constitutional Concerns:** Questions have been raised regarding **Articles 14, 19(1)(c), 25, 26, 29, 30, and 300A**, relating to equality, association, religious freedom, minority rights, institutional autonomy, and property rights.

Way Forward

1. **Ensure Due Process:** Decisions involving cancellation, suspension, or asset vesting should be accompanied by fair procedures and adequate safeguards.
2. **Strengthen Independent Oversight:** Independent review mechanisms can reduce the risk of arbitrary administrative action.
3. **Provide Clear Timelines:** Registration, renewal, and approval processes should operate within defined timelines to reduce uncertainty.
4. **Improve Transparency:** Organisations should receive clear reasons for adverse decisions so that they can effectively challenge them.
5. **Balance Regulation and Freedom:** National security concerns should be addressed without undermining legitimate charitable, educational, religious, and social activities.
6. **Protect Public-Service Institutions:** Regulatory measures should ensure continuity of schools, hospitals, welfare centres, and other institutions serving communities.

Conclusion

FCRA Amendment Bill, 2026 represents a major expansion of state powers over foreign-funded organisations through new provisions on registration, asset vesting, enforcement, and investigations. While aimed at strengthening regulation, concerns remain regarding executive discretion, accountability, civil society autonomy, welfare institutions, and constitutional safeguards. Balancing oversight with due process remains essential.

Question for practice:

Evaluate the extent to which the Foreign Contribution (Regulation) Amendment Bill, 2026 expands state control over civil society organisations and also examine its implications for accountability, institutional autonomy, and constitutional rights.

Source: [The Hindu](#)

Rules for the Four Labour Codes - Vulnerable Workers

UPSC Syllabus: Gs Paper 2- mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

Introduction

The notification of rules under the four Labour Codes has completed the implementation framework for labour reforms enacted during **2019–20**, nearly six years after their enactment. The reforms aim to simplify labour laws, improve compliance, expand social security, and support employment generation. However, several provisions in the new rules have drawn criticism from trade unions and academics, who argue that important safeguards relating to job security, wages, gig workers, trade union rights, and worker welfare remain inadequately addressed.

Background and Rationale of the Labour Codes

- 1. Need for Labour Law Reform:** The Government consolidated 29 labour laws into four Labour Codes to simplify the legal framework and make labour regulation more efficient.
- 2. Simplifying Compliance:** Multiple laws and authorities created compliance difficulties for employers and enforcement challenges for regulators. The Codes seek to reduce this complexity.
- 3. Modernising Outdated Legislation:** Many labour laws were framed in the pre-Independence period. The reforms aim to align labour regulation with present-day economic and technological realities.
- 4. Recommendation of the National Commission on Labour:** The Second National Commission on Labour recommended grouping labour laws into a smaller number of comprehensive codes on a functional basis.
- 5. Consultative Legislative Process:** The four Codes were enacted after discussions among the Government, employers, industry representatives, and trade unions between 2015 and **2019**.

6. **Four Labour Codes Covered:** The reforms include the **Code on Wages, 2019, Industrial Relations Code, 2020, Code on Social Security, 2020, and Occupational Safety, Health and Working Conditions Code, 2020.**

Key Features and Expected Benefits of the Labour Codes

1. **Growing Labour Market Performance:** Employment rose from 47.5 crore to 64.33 crore, unemployment declined from 6.0% to 3.2%, and 1.56 crore women entered the formal workforce between 2017–18 and 2023–24.
2. **Improvement in Labour Market Indicators:** The unemployment rate declined from 6.0% to 3.2%, while 1.56 crore women entered the formal workforce during the same period.
3. **Unified Worker Protection Framework:** The Codes seek to provide wage security, social security, health protection, and welfare measures through a common legal framework.
4. **Easier Business Compliance:** Uniform definitions, single registration, single return systems, and simplified procedures are intended to reduce regulatory burdens.
5. **Greater Use of Technology:** The framework promotes digital registration, licensing, inspections, and online administration of labour laws.
6. **Improved Transparency in Enforcement:** Risk-based inspections and online processes are expected to strengthen accountability and reduce administrative complexity.
7. **Support for Economic Growth:** The reforms aim to create a business-friendly environment that encourages investment, employment generation, and economic expansion.

Concerns and Challenges in the New Rules

A. Fixed-Term Employment (FTE)

- **Lack of Minimum Tenure:** The Industrial Relations Code formally introduces Fixed-Term Employment, but neither the Code nor the Rules prescribe a minimum duration of employment.
- **Unlimited Contract Renewals:** The Rules do not place any limit on the number of times a fixed-term contract can be renewed.
- **Risk to Regular Employment:** Continuous renewals may allow employers to convert regular jobs into fixed-term positions, reducing job security for workers.

B. Wage-Related Issues

- **Ambiguity in Floor Wage:** The Rules provide a vague definition of the floor wage and do not clearly distinguish it from the minimum wage.
- **Weak Consultation Framework:** Although consultation with States is required, the Rules do not provide a detailed process for conducting such consultations.
- **Lack of Wage-Fixation Principles:** Clear principles for determining minimum wages have not been specified, creating uncertainty in wage regulation.
- **Continuation of Gender Bias:** The existing method of treating a four-member family as three consumption units continues, assigning a weight of **0.8 to an adult female** and **1.0 to an adult male.**

- **Concerns over Hourly Wage Calculation:** The Rules calculate hourly wages by dividing daily wages by eight, without considering whether workers can obtain employment for the remaining hours of the day.

C. Gig and Platform Workers

- **Unclear Employment Status:** The Rules do not clarify the employment relationship between platforms and gig workers.
- **Continued Classification as Self-Employed:** Gig and platform workers remain classified as self-employed and continue to be part of the unorganised workforce.
- **Limited Social Security Protection:** The Rules do not specify how the mandatory gratuity insurance provision will operate, leaving an important safeguard undefined.

D. Trade Union Recognition

- **Thirty Percent Membership Requirement:** A sole registered trade union must secure at least **30% membership** to gain recognition.
- **Registration Does Not Ensure Recognition:** Smaller and newly formed unions may find it difficult to achieve this threshold despite being registered.
- **Weakening of Collective Bargaining:** The requirement may further reduce the bargaining power of trade unions, which has already been declining for decades.

E. Occupational Safety and Contract Labour

- **Missing Welfare Measures:** Certain welfare provisions, including housing and medical facilities for plantation workers, are not included in the Rules.
- **No Clarity on Contract Labour Deployment:** The Rules do not specify the activities for which contract labour can be engaged.
- **Unclear Core and Non-Core Activities:** The absence of a clear distinction between core and non-core activities creates scope for ambiguity.
- **Risk of Labour Informalisation:** Contract labour may increasingly be used in core operations, further expanding informal employment arrangements.

F. Unresolved Open-Ended Provisions

- **Missed Opportunity for Safeguards:** Several contested and open-ended provisions could have been clarified through the Rules, but important worker protection concerns remain unresolved.

Way Forward

1. **Strengthen Fixed-Term Employment Safeguards:** Prescribe a minimum tenure and reasonable limits on contract renewals to prevent misuse of fixed-term contracts.
2. **Provide Clarity in Wage Regulation:** Clearly define floor wages, establish transparent wage-fixation principles, and review gender-biased consumption unit calculations.
3. **Protect Gig and Platform Workers:** Clarify employment relationships and operationalise gratuity insurance and other social security safeguards.

4. **Improve Labour Representation and Welfare:** Revisit trade union recognition requirements, clarify the use of contract labour, and include missing welfare measures for vulnerable workers.

Conclusion

The Labour Codes seek to modernise labour regulation, improve compliance, and support employment growth through a unified legal framework. However, several concerns relating to fixed-term employment, wages, gig workers, trade union recognition, contract labour, and worker welfare remain unresolved. The rules have completed the implementation framework but have not fully addressed important worker protection issues, leaving vulnerable sections of the workforce exposed to uncertainty and potential misuse.

Question for practice:

Evaluate the extent to which the rules framed under the four Labour Codes balance the objectives of labour market reforms with the protection of vulnerable workers in India.

Source: [The Hindu](#)

Spread of Indian Ideas in Southeast Asia

Source: The post “**Spread of Indian Ideas in Southeast Asia**” has been created based on “**How Southeast Asia adapted Indian ideas to local needs**”, published in “The Hindu” on 12th June 2026.

UPSC Syllabus: GS- 1- Indian Culture

Context: Between 500 AD and 1500 AD, Indian ideas spread to Southeast Asia through trade, pilgrimage, and royal patronage rather than military conquest. The interaction led to the emergence of hybrid cultures in which Hinduism and Buddhism were adapted to local political systems, economies, and cultural traditions.

How Southeast Asia Adapted Indian Ideas to Local Needs

1. Adoption of Hinduism and Buddhism through Local Adaptation

- a. Southeast Asian rulers adopted Indian religious traditions to strengthen political legitimacy.
- b. These ideas were modified according to local social and political requirements.
- c. The spread of Indian culture was a process of negotiation rather than imitation.

2. Cham Civilisation of Vietnam

- a. The Cham rulers built the **My Son Sanctuary** and primarily worshipped Shiva.
- b. Sanskrit inscriptions and linga worship reflected Hindu influence.
- c. Temple architecture developed unique regional styles distinct from Indian models.
- d. Maritime trade along the South China Sea connected the Chams with Indian, Arab, and Chinese merchants.
- e. Shaivism strengthened royal authority in a competitive trading environment.

3. Cambodia: Angkor and the Devaraja Concept

- a. **Angkor Wat**, built by King **Suryavarman II**, was dedicated to Vishnu.
- b. It reflected Hindu royal ideology and the use of religion to legitimise kingship.
- c. Later rulers such as **Jayavarman VII** promoted Mahayana Buddhism through monuments like Bayon.

- d. Massive reservoirs (baray) supported wet-rice agriculture and the hydraulic civilisation of Angkor.
- e. The king was viewed as **Devaraja (God-King)**, an adaptation without an exact parallel in India.
- f. Sanskrit and Khmer inscriptions blended Indian cosmology with local administrative realities.

4. Thailand: Buddhism and Moral Kingship

- a. Early **Dvaravati** centres reflected strong Theravada Buddhist traditions.
- b. Mon-style sculptures and dharmachakra symbols became prominent.
- c. Khmer influence introduced Hindu imagery at sites such as Phimai.
- d. The **Sukhothai Kingdom** promoted Theravada Buddhism as state ideology.
- e. Kings were regarded as protectors of Dharma rather than divine rulers.
- f. Buddhism supported a model of moral kingship based on righteousness.

5. Myanmar: Bagan and Merit-Based Kingship

- a. **Bagan** emerged as a major Theravada Buddhist centre.
- b. Earlier religious influences included Mahayana Buddhism and Hindu traditions.
- c. Kings patronised monasteries and linked political authority with merit-making.
- d. Agricultural prosperity from the Irrawaddy River supported large-scale temple construction.
- e. Pali scriptures from Sri Lanka shaped religious learning and institutions.
- f. The emphasis was on accumulation of merit through donations and religious patronage.

6. Indonesia: Religious Plurality in Java

- a. **Borobudur**, built by the Sailendra dynasty, represented Buddhist cosmology through its mandala structure.
- b. It symbolised the spiritual journey towards enlightenment.
- c. **Prambanan**, built by the Sanjaya dynasty, was dedicated to Shiva, Vishnu, and Brahma.
- d. The coexistence of both monuments reflected religious diversity and political competition.
- e. Indian epics such as the Ramayana were adapted into local traditions like wayang puppetry and Javanese art forms.
- f. Cultural expressions remained distinctly Javanese despite Indian influences.

Economic Factors Behind Cultural Exchange

- 1. Trade networks across the Bay of Bengal and South China Sea facilitated cultural diffusion.
- 2. Merchants carried not only goods but also scripts, stories, rituals, and religious texts.
- 3. Ports connected inland capitals and encouraged cultural interaction.
- 4. Agricultural surplus, particularly from rice cultivation, financed temple construction and monastic establishments.
- 5. Religion became an important instrument for political authority and social cohesion.

Unique Local Adaptations

- 1. The Cambodian **Devaraja cult** had no exact Indian equivalent.
- 2. Thai and Burmese Theravada traditions developed independent monastic lineages.
- 3. Kings in some regions were regarded as defenders of Dharma and occasionally as Bodhisattvas.

4. Cham temples used local materials and distinctive artistic styles while retaining Hindu themes.
5. Indian gods and Buddhist concepts were reinterpreted through local cultural values.

Conclusion: Southeast Asia was not a passive recipient of Indian civilisation but an active participant in cultural exchange. While Hinduism and Buddhism provided the ideological framework, local societies reshaped these traditions according to their own political, economic, and cultural needs, resulting in vibrant and unique hybrid civilisations across the region.

Question: Discuss how Southeast Asian societies adapted Indian religious and cultural ideas to suit local political, economic, and social needs between 500 AD and 1500 AD. Illustrate with suitable examples.

Source: [Indian Express](#)

India's R&D Challenge

Source: The post "India's R&D Challenge" has been created based on "R&D underspending in India has no one cause. It's systemic as well as cultural", published in "The Hindu" on 12th June 2026.

UPSC Syllabus: GS-3- Economy

Context: Research and Development (R&D) is critical for technological innovation, industrial competitiveness, and economic growth. Despite being one of the world's largest economies, India's R&D expenditure remains low relative to its developmental and strategic aspirations. The reasons are structural, historical, financial, and political **in nature**.

Factors Responsible for Low R&D Expenditure in India

1. Large Domestic Market and Weak Competitive Pressure

- a. India's vast domestic market allows firms to expand without facing strong export competition.
- b. Businesses can remain profitable without undertaking significant innovation.
- c. This reduces incentives for technological upgrading and R&D investment.

2. Historical Legacy of Colonial Deindustrialisation

- a. Colonial policies weakened indigenous manufacturing industries.
- b. Commercial communities increasingly focused on trade and intermediation rather than innovation-driven production.
- c. The manufacturing and innovation culture remained relatively underdeveloped.

3. Early Financialisation of the Corporate Sector

- A. Indian firms adopted financial-market priorities before building strong technological capabilities.
- B. Emphasis shifted towards short-term financial gains rather than productive investments.
- C. R&D spending suffered as a result.

4. Shareholder Value and Short-Termism

- a. Firms prioritise quarterly profits and stock market performance.

- b. R&D projects involve high costs and uncertain long-term returns.
- c. Consequently, companies often postpone or reduce innovation spending.

5. Executive Incentive Structures

- a. Management compensation is frequently linked to short-term financial outcomes.
- b. Executives have limited incentives to invest in projects whose benefits may materialise after their tenure.
- c. This discourages long-horizon R&D investments.

6. Market Pressures on Listed Companies

- a. Publicly listed firms face continuous investor scrutiny.
- b. Pressure to meet short-term expectations reduces willingness to undertake risky research projects.
- c. Innovation expenditure is often viewed as a cost rather than a strategic investment.

7. Uncertainty in a Competitive Democracy

- a. Diverse stakeholders, coalition-building, and changing policy priorities create uncertainty.
- b. Businesses find it difficult to predict long-term economic conditions.
- c. Higher uncertainty increases the discount rate applied to future investments.

8. Geopolitical and Developmental Constraints

- a. Security challenges and competing developmental priorities affect investment decisions.
- b. Firms become more risk-averse and focus on immediate returns.
- c. Long-term innovation projects receive lower priority.

Challenges Arising from Low R&D Expenditure

1. **Technological Dependence:** Low R&D expenditure increases India's reliance on imported technologies and foreign intellectual property, which limits strategic autonomy in critical sectors.
2. **Weak Global Competitiveness:** Due to inadequate investment in research and development, Indian firms struggle to compete in high-technology and innovation-intensive industries, resulting in lower participation in global value chains.
3. **Slow Industrial Upgradation:** Insufficient R&D spending constrains manufacturing productivity growth and makes it difficult for industries to move up the technology ladder.
4. **Limited Patent Generation:** Lower research output leads to fewer patents and intellectual property assets, thereby weakening India's overall innovation ecosystem.
5. **Brain Drain:** Limited research funding and inadequate infrastructure encourage talented researchers and scientists to migrate to countries that offer better opportunities, resulting in a loss of skilled human capital.
6. **National Security Concerns:** Dependence on external technologies in strategic sectors such as defence, semiconductors, and artificial intelligence creates vulnerabilities and reduces technological self-reliance.

Way Forward

1. Increase Public and Private R&D Spending

- a. The government should enhance its support for both basic and applied research.
- b. At the same time, greater private sector participation should be encouraged through incentives, tax benefits, and public-private partnerships.

2. Strengthen Industry–Academia Collaboration

- a. Collaboration between universities, research institutions, and industries should be promoted to foster innovation.
- b. Such partnerships can also facilitate the commercialization of research outcomes and accelerate technology transfer.

3. Provide Long-Term Policy Stability

- a. The government should ensure predictable regulatory and policy frameworks to support innovation.
- b. Stable policies reduce uncertainty and encourage investment in long-gestation research and development projects.

4. Encourage Export-Oriented Manufacturing

- a. Greater exposure to international competition can motivate firms to invest in innovation and technological advancement.
- b. This will also help strengthen India's participation in global value chains.

5. Reform Corporate Incentive Structures

- a. Corporate incentive systems should link executive compensation to long-term innovation outcomes rather than short-term financial performance.
- b. This can encourage firms to invest in future capabilities and sustainable growth.

6. Develop Innovation Clusters

- a. The establishment of technology parks, startup ecosystems, and research hubs can create an environment conducive to innovation.
- b. These clusters facilitate knowledge sharing, collaboration, and the development of innovation networks.

7. Strengthen the Intellectual Property Ecosystem

- a. Patent processing and protection mechanisms should be improved to safeguard innovations effectively.
- b. Strong enforcement of intellectual property rights can encourage innovators and stimulate research activities.

8. Invest in Human Capital

- a. Greater funding should be allocated to higher education, STEM research, and advanced skill development programs.
- b. Such investments can help attract, develop, and retain top scientific and technical talent.

9. Promote Strategic Technology Missions

- a. The government should prioritize research and development in critical sectors such as Artificial Intelligence, Semiconductors, Biotechnology, Quantum Computing, Defence Technology, and Clean Energy.
- b. Aligning R&D investments with national priorities can enhance technological self-reliance and long-term economic growth.

Conclusion: India's R&D deficit is the result of historical legacies, limited competitive pressures, premature financialisation, corporate short-termism, and policy uncertainty. Overcoming these constraints requires sustained public and private investment, stronger innovation ecosystems, industry-academia collaboration, and a long-term commitment to building indigenous technological capabilities. Enhanced R&D spending is essential for achieving economic competitiveness, technological self-reliance, and sustainable development.

Question: Despite its growing economy, India continues to underinvest in Research and Development (R&D). Examine the structural, historical, financial, and political factors responsible for low R&D expenditure in India. Suggest measures to improve India's R&D ecosystem.

Source: [Indian Express](#)

Indian industry is at a crossroads — it needs to look at longer horizons

Source: The post “**Indian industry is at a crossroads**” has been created based on “**Indian industry is at a crossroads — it needs to look at longer horizons**”, published in “Indian Express” on 13th June 2026.

UPSC Syllabus: GS-3 -Indian Economy

Context: Indian industry has traditionally focused on short-term profitability and domestic market expansion. However, in a rapidly evolving global economy, investment in R&D, innovation, and technological capability has become essential for long-term competitiveness, economic growth, and strategic influence.

Factors Behind Low Private-Sector R&D Investment in India

1. Prolonged Global and Domestic Uncertainty

- a. The period since 2008 has witnessed multiple disruptions such as the global financial crisis, Eurozone debt crisis, Covid-19 pandemic, Russia-Ukraine war, and tariff-related uncertainties.
- b. Businesses tend to delay long-term and irreversible R&D investments under such conditions.

2. Family-Owned Business Structure

- a. Most Indian businesses are family-controlled.
- b. While founders often take risks and innovate, later generations generally prioritize wealth preservation over risky investments.

3. Attractive Financial Market Returns

- a. Post-pandemic stock market gains have provided easier avenues for wealth creation.
- b. This has reduced incentives for investment in manufacturing and innovation.

4. Declining Entrepreneurial Risk-Taking

- a. Entrepreneurial energy is increasingly diverted from technology development and industrial expansion.
- b. This weakens innovation-led growth and productivity enhancement.

Importance of Long-Horizon Thinking

1. Ensuring Strategic Survival

- a. Technological dependence on foreign firms can undermine long-term competitiveness.
- b. Indian firms must become producers of intellectual property rather than mere users.

2. Strengthening India's Global Influence

- a. Economic and geopolitical influence increasingly depends on technological and industrial capabilities.
- b. Strong positions in global value chains enhance bargaining power.

3. Coping with Global Competition

- a. East Asian economies are rapidly moving up the value chain.
- b. Indian firms must invest in frontier technologies to remain competitive.

4. Aligning National and Corporate Interests: Long-term shareholder value is increasingly linked with innovation, productivity, and technological leadership.

5. Utilizing Emerging Opportunities: Supply-chain diversification away from China and India's demographic dividend offer a unique window for industrial transformation.

Way Forward

1. Increase Private Sector R&D Spending: Firms should allocate a greater share of profits toward research, innovation, and product development.

2. Promote Professional Management: Greater participation of professional managers can improve strategic decision-making and encourage long-term investments.

3. Strengthen Industry-Academia Collaboration: Partnerships between industry, universities, and research institutions can accelerate innovation and commercialization.

4. Develop Patient Capital Ecosystems: Long-term financing mechanisms should support high-risk technology and manufacturing projects.

5. Build a Culture of Innovation: Businesses should incentivize experimentation, skill development, and technological upgrading.

6. Leverage Government Support: Firms should effectively utilize incentives under industrial and technology promotion schemes while complementing them with private investment.

International Lessons

- a. **Germany's Mittelstand** grew through technical education, patient capital, and engineering excellence.
- b. **Japan** adopted long-term technological and industrial strategies.
- c. **South Korea's chaebols** invested heavily in future-oriented sectors such as semiconductors and shipbuilding.

Conclusion: India is at a decisive moment where sustained investment in R&D and technological capability is essential for economic prosperity and strategic autonomy. By adopting a long-term vision and strengthening

innovation ecosystems, Indian industry can emerge as a global leader in high-value manufacturing and technology-driven growth.

Question: Indian industry is at a crossroads where long-term investment in R&D and technological capability has become a strategic necessity rather than a competitive choice. Discuss the factors behind India's low private-sector R&D investment and examine why a long-horizon approach is crucial for India's economic and strategic future.

Source: Indian Express

The 8th CPC — a chance to reform pay commissions

Source: The post "The 8th CPC — a chance to reform pay commissions" has been created based on "The 8th CPC — a chance to reform pay commissions", published in "The Hindu" on 13th June 2026.

UPSC Syllabus: GS-2- Governance

Context: As India moves towards the **8th Central Pay Commission (CPC)**, the focus should extend beyond salary revisions to creating a fair, transparent, and fiscally sustainable public compensation framework. Public compensation significantly influences governance, institutional balance, and public trust.

Limitations of the Existing Pay Commission System

1. Lack of Common Evaluation Framework

- a. Different services operate under diverse structures, responsibilities, and career trajectories.
- b. There is no universally accepted method to compare risk, responsibility, technical complexity, and career progression.

2. Persistent Inter-Service Parity Issues

- a. Demands for parity arise despite differences in roles and institutional contexts.
- b. Compensation debates often become subjective and contentious.

3. Structural Differences Between Services

- a. Military careers follow a steep hierarchical structure with limited promotional opportunities and earlier retirement.
- b. Civil services generally provide broader career progression and longer service periods.
- c. Existing frameworks inadequately account for these differences.

4. Challenges of the Notional Functional Upgrade (NFU)

- a. NFU seeks to address promotion disparities.
- b. However, it weakens the link between responsibility, accountability, performance, and compensation.
- c. It continues to generate debates regarding equity and rationality.

5. Pension-Related Concerns

- a. India has multiple pension systems, including legacy defined-benefit schemes and contributory schemes.
- b. Rising pension liabilities create concerns regarding fiscal sustainability and inter-generational equity.

6. Fragmented Compensation Structures: Separate mechanisms exist for the executive, legislature, and judiciary. This reduces transparency and creates inconsistencies.

Need for Reform

1. Improve Transparency and Public Trust: Compensation systems must be transparent, objective, and publicly explainable.

2. Ensure Fiscal Sustainability: Salary and pension commitments should remain compatible with long-term fiscal discipline.

3. Strengthen Institutional Credibility: A rational compensation framework can reduce disputes and enhance confidence in public institutions.

Way Forward

1. Establish a Permanent Compensation Authority: Create an independent body for continuous review instead of periodic pay commissions.

2. Develop Common Assessment Principles: Use objective criteria such as responsibility, experience, risk, skill requirements, and hardship.

3. Rationalise Pension Systems: Ensure sustainability while balancing employee welfare and inter-generational equity.

4. Enhance Transparency and Accountability: Make compensation decisions evidence-based and publicly accessible.

5. Preserve Institutional Flexibility: Allow service-specific adjustments while maintaining overall comparability.

6. Create a Unified Compensation Framework: Bring greater coherence across different branches of government while respecting constitutional autonomy.

Conclusion: The 8th CPC should be viewed as an opportunity to redesign India's public compensation architecture. A transparent, sustainable, and institutionally coherent framework can strengthen governance, fiscal discipline, and public trust while ensuring fair compensation for public servants.

Question: The 8th Central Pay Commission presents an opportunity to reform India's public compensation architecture rather than merely revise salaries." Discuss the limitations of the existing pay commission system and suggest reforms for a sustainable and transparent compensation framework.

Source: [The Hindu](#)

Long Overdue: On Coal Exchanges

UPSC Syllabus: Gs Paper 3- Infrastructure

Introduction

The **Coal Exchange Rules, 2026** mark an important step in modernizing India's coal market. The rules operationalize the Mineral Exchange framework introduced through the **Mines and Minerals (Development**

and Regulation) Amendment Act, 2025. The reform seeks to create a regulated coal trading platform that promotes **transparency, market-based pricing, efficient coal allocation and wider market participation** in a sector that remains central to India's energy system.

What is the Coal Exchange Framework and Its Key Features?

1. **Legal Basis of the Reform:** The Mines and Minerals (Development and Regulation) Amendment Act, 2025 introduced the concept of a Mineral Exchange and empowered the Central Government to facilitate transparent mineral trading.
2. **Coal Exchange Rules, 2026:** The Ministry of Coal notified the Coal Exchange Rules, 2026 on June 4, 2026, providing the operational framework for coal exchanges. Coal Exchange Rules, 2026
3. **Role of the Coal Controller Organisation:** The Coal Controller Organisation (CCO) has been designated as the authority responsible for registering and regulating coal exchanges.
4. **Authorization and Registration:** Eligible entities can establish and operate coal exchanges after authorization from CCO. Registrations will remain valid for 25 years.
5. **Market Structure Transformation:** The reform shifts coal marketing from a traditional "one-to-many" sales model to a competitive "many-to-many" trading platform.
6. **Physical Delivery-Based Trading:** Unlike many commodity exchanges that function mainly as financial markets, coal exchanges are designed as physical delivery platforms.
7. **Rule-Making Powers:** Authorized exchanges can frame market rules, bye-laws and mechanisms required for coal trading.

Significance and Potential Benefits of Coal Exchanges

1. **Transparent Price Discovery:** Exchange-based trading can replace opaque negotiated sales with transparent and market-driven pricing.
2. **Better Access to Buyers and Sellers:** Commercial miners, captive miners, public sector coal companies, traders and smaller producers can access a wider pool of market participants.
3. **Improved Coal Allocation:** A competitive platform can help coal move more efficiently between producers and consumers.
4. **Support for Non-Regulated Consumers:** Coal exchanges can provide an alternative platform for consumers who currently depend on Coal India auctions.
5. **Development of Market Signals:** Like power exchanges, coal exchanges can provide signals on shortages, surpluses and broader market conditions.
6. **Balancing Regional Supply Gaps:** Surplus inventories can be redirected to areas facing shortages, improving market efficiency.
7. **Faster and More Efficient Transactions:** Standardized contracts and automated matching systems can reduce transaction time and improve operational efficiency.
8. **Support for Energy Security and Industrial Growth:** A more competitive and efficient coal market can strengthen energy security, support industrial growth and improve ease of doing business.

Major Challenges and Risks

1. **Coal Quality Differences:** Coal quality varies significantly across grades. Weak sampling, testing and certification systems can create disputes.
2. **Need for Reliable Contract Enforcement:** Standardized grading, accredited laboratories and clear delivery protocols are necessary for enforceable contracts.
3. **Liquidity Constraints:** A large share of coal is already tied to long-term contracts and captive consumption, which may limit exchange participation.
4. **Dependence on Major Market Participants:** Coal India Limited and major power sector buyers will largely determine exchange liquidity and market traction.
5. **Market Concentration Risks:** Coal India Limited supplies nearly 80% of domestic production, creating the possibility of influence over price formation if safeguards are weak.
6. **Risk of Thin Trading Volumes:** Even though power sector demand is around 770–800 million tonnes, exchange volumes may remain limited if procurement practices do not change.
7. **Price Volatility:** Exchange prices may reflect short-term supply-demand changes, increasing cost uncertainty for utilities and industries.
8. **Legal and Contractual Resistance:** Industries operating under long-term supply agreements may resist moving to exchange-based procurement.
9. **Climate and Transition Concerns:** Greater market efficiency could strengthen coal dependence unless supported by complementary transition measures.
10. **Social and Regional Impacts:** Increased efficiency and consolidation may affect employment, local economies and mining-state revenues.

Way Forward

1. **Learning from Power Exchanges:** Power exchanges improved price discovery and market signalling without replacing long-term contracts. Coal exchanges can follow a similar approach.
2. **Strong Quality Assurance Systems:** Uniform grade definitions, accredited testing laboratories and reliable certification mechanisms are essential.
3. **Building Market Liquidity:** Active participation from major producers and consumers is necessary to create a credible and liquid market.
4. **Greater Retail Participation:** Coal exchanges should encourage participation by smaller consumers and avoid excessive concentration among a few large buyers.
5. **Market Surveillance and Position Limits:** Strong monitoring systems, transparent reporting requirements and position limits are needed to prevent manipulation.
6. **Robust Dispute Resolution:** Effective grievance redress mechanisms can improve trust and reduce regulatory uncertainty.
7. **Improved Logistics and Delivery Infrastructure:** Accredited delivery points, certified logistics providers and stronger transportation networks are important for physical delivery-based trading.
8. **Managing Volatility and Regulatory Risks:** Safeguards against excessive volatility, clear renewal rules and transparent revocation conditions can improve confidence.

9. **Addressing Climate and Social Concerns:** Emissions disclosure, transition financing and support for affected mining regions can help address broader risks.

Conclusion

The **Coal Exchange Rules, 2026** have the potential to transform India's coal market through **greater transparency, competition, efficiency and market-based pricing**. However, their success will depend on **liquidity, quality standardization, strong regulation, effective logistics, market surveillance and broad participation**. A carefully implemented framework can maximize benefits while addressing operational, social and transition-related risks associated with the reform.

Question for practice:

Discuss the significance of the Coal Exchange Rules, 2026 in transforming India's coal market, and examine the major challenges that may affect the success of coal exchanges.

Source: [The Hindu](#)

Equality of Treatment for Persons with Disabilities

UPSC Syllabus: Gs Paper 2- Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes.

Introduction

India has expanded digital welfare delivery and emerged as a major digital welfare state, yet many **Persons with Disabilities (PwDs)** continue to face unequal access to social security. Disability pensions remain fragmented, inadequate, and dependent on State-level policies and administrative processes rather than disability-related needs. Despite constitutional guarantees of dignity and inclusion, large disparities persist across States. This has strengthened the case for a **Minimum Universal Disability Pension Floor Rate (MUDPFR)** to ensure equal treatment and social protection.

Present Status of Disability Welfare in India

1. **Exclusion from the Welfare System:** Despite improvements in digital welfare delivery, many **Persons with Disabilities (PwDs)** remain outside the reach of social security benefits. Unequal access continues because support varies across States.
2. **Growing Population of PwDs:** The 2011 Census recorded 2.68 crore PwDs. Their number is now conservatively estimated at 4.5 crore-6 crore due to population growth and changing disease profiles.
3. **Limited Pension Coverage:** The Indira Gandhi National Disability Pension Scheme covers only a small section of eligible beneficiaries. A large number of PwDs remain outside pension support.
4. **Low Pension Amounts:** Most States provide disability pensions of only ₹300-₹500 per month, while a few provide ₹1,000-₹3,000. These amounts are inadequate for basic living needs.
5. **Fragmented and Discretionary System:** Disability benefits are not determined by the nature or extent of disability. They depend largely on State government decisions and administrative processes.

6. **Weak Public Spending: India spends only 0.02% of GDP on** disability welfare, including pensions. This is far below **South Africa (0.12%-0.15%), Brazil (0.45%-0.50%), Australia (0.35%-0.40%) and OECD countries (2.2%).**

Why Disability Pensions Need Reform

1. **Constitutional and Legal Responsibility: Article 41** requires public assistance for persons with disabilities. **The Rights of Persons with Disabilities Act, 2016** also guarantees adequate social security, including pension benefits.
2. **Right to Live with Dignity:** The Supreme Court has recognised dignity as a fundamental right. Inadequate and unequal pensions weaken the ability of **Persons with Disabilities (PwDs)** to live with dignity.
3. **Economic Cost of Exclusion: The World Bank and UNDP** estimate that low- and middle-income countries **lose 3%-7% of GDP when PwDs are** excluded from education, employment, and social security.
4. **Benefits for Households and Economy:** Disability income improves household stability, rural consumption, and labour participation. It supports both social welfare and economic activity.
5. **Strong Economic Returns:** Studies show **fiscal multipliers of 1.4-1.6. The 2025 Pro Bono Economics report** found that the socioeconomic returns from disability pensions **exceed their costs by nearly 48%.**
6. **From Charity to Rights:** Disability pensions should not depend on administrative discretion. They should be treated as citizenship rights available to all eligible persons.

Proposal for a Minimum Universal Disability Pension Floor Rate (MUDPFR)

1. **National Minimum Pension Guarantee:** A Minimum Universal Disability Pension Floor Rate (MUDPFR) would ensure that no eligible **Persons with Disabilities (PwDs)** receives less than a minimum pension regardless of location.
2. **Uniformity with State Flexibility:** The system would create a national minimum standard while allowing States to provide additional top-up benefits according to their capacity.
3. **Supporting Inclusive Growth:** A MUDPFR would ensure that disability pensions become a nationally guaranteed minimum support system while promoting inclusive development.
4. **Affordable Fiscal Cost:** A pension of **₹8,000 per month for 40 lakh beneficiaries** would cost about **₹38,400 crore annually (0.08% of GDP)**. A pension of **₹10,000 per month for 65 lakh beneficiaries** would cost about **₹78,000 crore.**
5. **Manageable Public Expenditure:** Even a pension of ₹15,000 per month would keep expenditure below 0.2% of GDP. This remains small compared with spending on food subsidies, rural development, tax concessions, and infrastructure.
6. **Ending Geographical Inequality::** Disability pensions are among the few welfare entitlements still determined by place of residence. A MUDPFR would ensure equal minimum support across the country.

Way Forward

1. **Learning from International Models:** Countries such as **South Africa, Brazil, Australia, New Zealand, Kenya, Rwanda, Thailand, and Indonesia** provide **disability income support** through **nationally defined systems**. These models promote uniformity, universality, and portability.
2. **Creating a National Disability Pension Authority:** A single authority can reduce **duplication, delays, and weak accountability**. It can ensure one national standard through **common eligibility norms, portability, grievance redress, and performance monitoring**.
3. **Integrating Pensions with Employment:** Disability pensions should be linked with employment support systems. This can help PwDs move from survival to productive participation.
4. **Strengthening Employment Incentives:** India can expand its Disability Employment Incentive Scheme using models such as employer tax incentives, wage subsidies, and workplace support programmes.
5. **Using Existing Schemes as a Foundation:** Existing programmes such as the **Pradhan Mantri Dakshta Aur Kushalta Sampann Hitgrahi (PM-DAKSH) Scheme** and the **National Apprenticeship Promotion Scheme (NAPS)**, along with State-level employer incentives, can help expand employment opportunities for PwDs.
6. **Meeting International Commitments:** A stronger disability pension system would support commitments under **Article 28 of the UN Convention on the Rights of Persons with Disabilities, ILO Recommendation No. 202, SDG 1.3, and the G20 New Delhi Leaders' Declaration**.
7. **Leveraging Digital Delivery Systems:** India already delivers welfare benefits at scale through **Direct Benefit Transfer (DBT) and Unified Payments Interface (UPI)**. The administrative capacity and technological infrastructure required for implementing a universal disability pension system already exist.

Conclusion

A **Minimum Universal Disability Pension Floor Rate** would advance **equality, dignity, social protection, and citizenship rights** for Persons with Disabilities. It would replace a fragmented and location-based system with a uniform national guarantee. With digital delivery systems already in place, the key requirement is political commitment to ensure that disability support becomes a constitutional entitlement rather than a matter of charity or discretion.

Question for practice:

Examine the need for a Minimum Universal Disability Pension Floor Rate (MUDPFR) in ensuring equality, dignity, and social security for Persons with Disabilities in India.

Source: [The Hindu](#)

Towards a fair, efficient insolvency regime

Source: The post “Towards a fair, efficient insolvency regime” has been created based on “Towards a fair, efficient insolvency regime”, published in “The Hindu” on 15th June 2026.

UPSC Syllabus: GS-3- Economy

Context: The Insolvency and Bankruptcy Code (IBC) was enacted to provide a time-bound insolvency resolution framework in India. The proposed 2026 Creditor-Initiated Insolvency Resolution Process (CIIRP) seeks to address financial distress while preserving business continuity. However, certain provisions have generated concerns regarding creditor equality and institutional fairness.

Background and Need for Reform

1. The IBC emerged as a response to inefficiencies under earlier frameworks such as the Sick Industrial Companies Act.
2. The creditor-in-control model under the IBC improved resolution outcomes but often resulted in procedural delays and prolonged litigation.
3. The CIIRP has been proposed to provide a less disruptive alternative to conventional liquidation and insolvency proceedings.

Key Features of the 2026 CIIRP

1. The CIIRP introduces a hybrid framework that combines debtor-in-possession arrangements with creditor oversight.
2. The company continues its operations under the supervision of a resolution professional, thereby preserving business value.
3. The amendment reduces judicial intervention and streamlines procedures through changes to Sections 54C to 54P.
4. The term “may” in Section 7(5)(a) has been replaced by “shall,” making admission or rejection of applications by the NCLT mandatory under specified conditions.
5. Only a class of financial creditors belonging to notified financial institutions can initiate the process.
6. Certain financial creditors are excluded from participation in restructuring negotiations.

Concerns and Challenges

1. Creation of Arbitrary Creditor Hierarchy

- a. The amendment creates distinctions among financial creditors based on institutional identity rather than financial interest.
- b. The approach departs from the principle laid down in the Swiss Ribbons judgment.

2. Disadvantages to Smaller and Non-Notified Creditors

- a. Smaller financial and operational creditors may lose bargaining power during restructuring.
- b. Non-notified creditors may be compelled to accept restructuring plans without meaningful participation.

3. Reduced Creditor Autonomy

- a. Restricting initiation rights limits the ability of creditors to protect their interests.
- b. The provision may give rise to constitutional and economic concerns.

4. Excessive Procedural Rigidity: Mandatory admission requirements may reduce judicial discretion in complex insolvency cases.

Way Forward

1. India should adopt a default-neutral initiation rule that does not depend on regulatory status.
2. Any financial creditor should be allowed to initiate proceedings subject to a minimum threshold of creditor support.
3. The insolvency framework should maintain safeguards against frivolous filings while preserving creditor neutrality.
4. Reforms should focus on financial interest rather than institutional identity.

Conclusion: The CIIRP introduces important debtor-in-possession features that can preserve business value and improve efficiency. However, the exclusion of certain creditors and the creation of institutional hierarchies may undermine fairness within the insolvency ecosystem. A universal CIIRP model based on financial interest rather than institutional identity would help India achieve a more efficient, inclusive, and balanced insolvency regime.

Question: Examine the key features of the 2026 Creditor-Initiated Insolvency Resolution Process (CIIRP) and assess its implications for India's insolvency regime.

Source: [The Hindu](#)

The 'seven-point IQ opportunity' for Indian children

Source: The post "The 'seven-point IQ opportunity' for Indian children" has been created based on "The 'seven-point IQ opportunity' for Indian children", published in "The Hindu" on 15th June 2026.

UPSC Syllabus: GS- 2 -Social Justice

Context: Early Childhood Development (ECD) is a crucial phase during which nutrition, health, care, and learning interact to shape a child's cognitive and physical growth. India's Anganwadi system has contributed significantly to reducing child undernutrition and mortality, but there is growing recognition that cognitive development requires a more holistic approach.

Importance of Early Childhood Development

1. Early childhood development is an ecological process in which nutrition, health, and learning interact dynamically to shape brain development.
2. The first year of life is critical because the brain consumes nearly one-fifth of the body's energy and undergoes rapid growth.
3. During this period, millions of neural connections associated with movement, language, and planning are formed.

4. International research shows that a child's environment significantly influences cognitive outcomes through nutrition, stimulation, and caregiving.

Role of Anganwadis in Cognitive Development

1. Providing Holistic Early Childhood Care

- a. Anganwadis provide supplementary nutrition, growth monitoring, health services, counselling, and home visits for parents.
- b. These services help improve both physical and cognitive development outcomes.

2. Promoting Early Learning and Stimulation

- a. Preschool education in Anganwadis offers structured learning opportunities during critical developmental years.
- b. Research shows that children attending preschool demonstrate better cognitive test scores and educational outcomes.

3. Supporting Parents and Caregivers

- a. Anganwadis educate caregivers about age-appropriate stimulation, communication, and play-based learning.
- b. They encourage everyday activities such as talking, reading, singing, feeding, and playing with children to support brain development.

4. Community Mobilisation

- a. Community-based initiatives help create awareness about the importance of early childhood development.
- b. Anganwadis act as centres that connect families, communities, and government programmes.

Challenges

1. Improvements in nutrition alone do not guarantee optimal cognitive development.
2. Children exposed to infection, inflammation, toxic environments, and inadequate stimulation may experience developmental setbacks.
3. Many Anganwadis still focus predominantly on nutrition and health rather than holistic development.

Measures to Strengthen Anganwadis

1. Anganwadis should be redesigned as vibrant early childhood education centres that nurture both mind and body.
2. Play-based learning and early stimulation should be integrated into routine Anganwadi activities.
3. Greater emphasis should be placed on parental education and caregiver engagement.
4. Community participation should be strengthened to create supportive learning environments beyond Anganwadi centres.
5. Programmes such as Poshan Bhi Padhai Bhi should be effectively implemented to promote holistic child development.

Conclusion: Anganwadis have the potential to significantly enhance children's cognitive development through a holistic approach that combines nutrition, health, care, and early learning. Strengthening early stimulation,

parental involvement, and community participation will help build stronger human capital and ensure better developmental outcomes for India's children.

Question: Early Childhood Development (ECD) is critical for building human capital and improving developmental outcomes. Discuss the role of Anganwadis in enhancing cognitive development among children and suggest measures to strengthen the system.

Source: [The Hindu](#)

The Hidden History of the Thai-Bharat Connection

UPSC Syllabus: Gs Paper 2- International relation

Introduction

The **84th anniversary of the Bangkok Conference (15–23 June 1942)** draws attention to a forgotten chapter linking India and Thailand. Their relationship was built on centuries of cultural, religious, linguistic, and commercial exchanges that later acquired political significance during India's freedom struggle. The **Thai-Bharat Cultural Lodge (TBCL)** emerged as an important centre for Indian nationalists and played a key role in the developments that led to the formation of the **Indian National Army (INA)** and organised resistance against colonial rule.

Civilisational Foundations of India–Thailand Relations

Ancient Cultural Links: India and Southeast Asia have shared connections for more than two thousand years. Sanskrit, Buddhist, and Jain texts refer to the region as Suvarnabhumi and Suvarnadvipa, showing early interaction.

Trade as the First Bridge: Indian merchants travelled to Southeast Asia through sea routes. Trade in spices, aromatic wood, and gold created lasting commercial ties.

Spread of Indian Traditions: Merchants carried Indian religion, philosophy, traditions, and cultural practices to Southeast Asia. They were joined by Brahmin priests, Buddhist monks, scholars, and adventurers.

Formation of Indianised States: These interactions contributed to the rise of kingdoms influenced by Indian traditions. Funan and Lin-yi, established in the 2nd century CE, were among the earliest such kingdoms.

Idea of Greater India: European and Indian scholars described the region as Farther India, Greater India, or Indianised States. George Coedes used the term Farther India for areas influenced by Indian civilisation.

Non-Colonial Nature of Influence: Indian influence developed through existing trade and cultural contacts. It differed from European colonial expansion because long-standing relations already existed between the two regions.

Thailand's Special Place in India's Cultural Sphere

Historical Position of Thailand: Thailand formed part of the ancient Suvarnabhumi region. It was ruled by the Funan Empire, later by Dvaravati, and subsequently came under Khmer influence.

Religious Influence of Buddhism: The most important Indian contribution was Buddhism, introduced in the 3rd century BC by monks sent by King Ashoka. Buddhism later became deeply rooted in Thai society.

Coexistence of Religious Traditions: Brahmanism and Buddhism existed together in Thailand before the Sukhothai period. Several rulers followed Buddhist beliefs while also adopting Brahmanical customs.

Influence on Kingship and Worship: Indian ideas shaped concepts of divine authority and kingship. The Thai king came to be viewed as an incarnation of Vishnu, while deities such as Ganesha, Brahma, Vishnu, Shiva, and Indra are worshipped.

Language and Literary Connections: Thai contains many words of Sanskrit, Pali, and Dravidian origin. The Thai script developed from the Southern Indian Pallava script.

Ramayana Tradition in Thailand: The Ramayana survives in Thailand as Ramakien or Ramakriti. Its stories are depicted in temples and continue to influence cultural expression.

Evidence of Trade Settlements: A Tamil inscription at Takua-pa shows trade links with South India. The South Indian merchant group Manikarramam established settlements, temples, and water tanks in the region.

Architectural Legacy: Monuments such as Borobodur Stupa, Angkor Vat, and My Son Temple are important examples of Indian influence in Southeast Asia.

Thailand's Contribution to India's Freedom Struggle

Revival of Cultural Cooperation: A new phase began in 1927 when Rabindranath Tagore visited Siam and met King Prajadhipok. Their discussions highlighted the deep cultural links between India and Thailand.

Role of Swami Satyananda Puri: Prafulla Kumar Sen, later known as Swami Satyananda Puri, arrived in Bangkok in 1932. He became a respected academic and strengthened cultural links between the two societies.

Establishment of Dharam Ashram: The Swami founded Dharam Ashram in 1939. It became a centre for spiritual exchange and an important gathering place for the Indian diaspora.

Creation of the Thai-Bharat Cultural Lodge: The Ashram was transformed into the Thai-Bharat Cultural Lodge (TBCL) in December 1940. It soon emerged as a major platform for Indian nationalist activity.

Symbolic Assertion of Nationalism: The hoisting of the Indian Tricolour at TBCL openly expressed support for India's independence. The act drew protests from the British authorities.

Political Mobilisation During War: With the outbreak of the Second World War, TBCL evolved from a cultural institution into a political centre. It became a meeting point for Indian nationalists and freedom activists.

Formation of the Indian National Council: The Indian National Council (INC) was established in Bangkok in December 1941. It helped coordinate civilian political efforts connected to the independence movement.

Contribution of Giani Pritam Singh: Giani Pritam Singh spread revolutionary ideas among Indians in Thailand. He also built links with Japanese intelligence through Major Iwaichi Fujiwara.

Bangkok Conference and the Birth of the INA

Historic Gathering in Bangkok: The Bangkok Conference (15–23 June 1942) brought together more than 100 representatives from Burma, Malaya, Singapore, and other parts of Southeast Asia.

Creation of a Unified Framework: The conference united different nationalist groups under a common political and military structure. It established the Indian Independence League (IIL) as the central organisation for overseas Indians.

Blueprint for the INA: A 34-point resolution was adopted during the conference. It laid down the official framework for the formation and functioning of the INA.

Independent Character of the Movement: The resolution stated that the INA would consist of volunteers and former prisoners of war. It would remain under the supervision of the IIL rather than the Japanese military.

Demand for Political Recognition: Delegates asked Japan to recognise India as an independent nation. They also sought recognition of the IIL as the legitimate representative of Indians abroad.

Sacrifice of Early Leaders: In March 1942, Swami Satyananda Puri and Giani Pritam Singh died in a plane crash while travelling to Tokyo. Their deaths strengthened the determination of the movement.

Leadership of Netaji Subhas Chandra Bose: Netaji arrived in 1943 and assumed leadership of both the IIL and INA. He transformed the movement into a unified military and political force.

Mass Mobilisation Under Netaji: Thousands of civilians and former prisoners of war joined the movement. His call for "Total Mobilization" expanded support for the struggle.

Legacy of the Thai-Bharat Connection

Continued Role of TBCL: Even after military activities expanded, TBCL remained an important institutional bridge. It provided civilian and cultural support to the wider movement.

Link Between Freedom and Asian Liberation: The organisation upheld the idea that India's freedom was connected to the broader liberation of Asia from colonial rule. This vision continued throughout the war years.

Post-War Suppression: After the war ended in 1945, Allied forces banned TBCL and imprisoned its leaders. The organisation faced severe restrictions.

Revival in 1946: Efforts led by Pandit Raghunath Sharma helped restore the Lodge in 1946. This ensured the continuation of its historical legacy.

Importance of Social Networks: The survival of the movement after the war showed the strength of cultural and community networks built over many years. These networks supported the struggle beyond military efforts.

Living Archive of History: Today, TBCL remains the only surviving institution from this period. It preserves rare documents, photographs, and records related to the Indian diaspora and the freedom movement.

Symbol of Enduring Friendship: The Lodge represents the long-standing friendship between India and Thailand. It reflects the shared commitment of both societies to anti-colonial ideals and cooperation.

Conclusion

The Thai-Bharat connection reflects the transformation of long-standing cultural ties into political cooperation during India's freedom struggle. Institutions such as the **TBCL**, the **Indian Independence League**, and the **INA** gave this relationship a historic role in anti-colonial resistance. Today, the surviving legacy of TBCL continues to preserve this shared history and friendship between India and Thailand.

Question for practice:

Discuss the historical significance of the Thai-Bharat connection in shaping India–Thailand relations and supporting India's freedom struggle.

Source: The Hindu

India's E20 Fuel Push: Challenges and Lessons from Brazil

UPSC Syllabus: Gs Paper 3- Indian economy and Infrastructure

Introduction

India has achieved **20% ethanol blending (E20)** ahead of schedule and is now preparing for the next phase of ethanol adoption. The government has exempted **22%-30% ethanol-petrol blends** from excise duty and proposed recognition of **E85 and E100 fuels** under motor vehicle rules. These measures support India's efforts to reduce dependence on imported crude oil and prepare for a future flex-fuel vehicle ecosystem. However, they have also raised concerns about vehicle compatibility, fuel efficiency, consumer costs, infrastructure readiness, and the speed of the transition to higher ethanol blends.

Ethanol Blending Roadmap in India

Shift Beyond E20: India has already made **E20 fuel** the standard petrol variant across the country and is now considering a move towards **E25 fuel** as the next stage.

Recognition of E85 and E100 Fuels: The proposed amendments under the Central Motor Vehicles Rules seek to formally recognise **85% ethanol-blended fuel and 100% ethanol fuel**.

Introduction of Flex-Fuel Vehicles: The long-term plan is to move towards flex-fuel vehicles that can operate on different combinations of petrol and ethanol.

Two Fuel Categories in Future: Consumers may eventually have access to two categories of fuel at petrol pumps—standard fuel such as E20 or E25 and higher ethanol fuels such as E85 and E100.

Vehicle Re-Certification Requirement: Existing and future vehicles will require fresh testing, calibration, emissions certification, and homologation before they can fully adapt to higher ethanol blends.

Challenges of Higher Ethanol Blending

Risk of Engine Damage: Ethanol contains higher water content and can be corrosive. Older vehicles and many two-wheelers may face greater risks because their engines are not designed for higher ethanol blends.

Impact on Fuel Efficiency: Many consumers reported a mileage decline after the transition from E10 to E20. The reduction has been estimated at **5-12%**, depending on vehicle age and design.

Cold Weather Starting Problems: Vehicles using higher ethanol blends may face difficulty during winter starts because ethanol burns at a higher temperature than petrol.

Performance Issues in Non-Compliant Engines: Engine performance problems increase as ethanol concentration rises beyond E10. The impact could be greater during the shift from E20 to E25 than it was from E10 to E20.

Uncertainty About Long-Term Effects: There are no conclusive long-term studies on the impact of higher ethanol blends on non-compliant vehicles. However, concerns remain regarding engine life, rubber parts, valves, and piston heads.

Limited Consumer Choice: Indian consumers currently do not have the option to choose among different ethanol blends at fuel stations. This limits flexibility during the transition period.

Consumer Cost Burden: Any reduction in mileage or damage to older vehicles is likely to be borne directly by vehicle owners.

Challenges for Automakers and Fuel Suppliers

Additional Engineering Requirements: The move to E25 requires fresh work on engine calibration, corrosion resistance, fuel-system durability, and material compatibility.

Higher Vehicle Costs: The additional development and certification requirements could increase vehicle costs, which may ultimately be passed on to consumers.

Need for Policy Clarity: Automakers have sought clear timelines and coordination across fuel infrastructure, dispensing systems, and fuel standards before higher blends are introduced widely.

Constraints for Oil Marketing Companies: Oil marketing companies have indicated that they can practically supply only **two ethanol blends at a time**, creating operational challenges.

Why the Government is Promoting Higher Ethanol Blends

Reducing Crude Oil Dependence: India imports nearly **88.5% of its crude oil requirement**. Higher ethanol blending is intended to reduce dependence on imported fossil fuels.

Improving Energy Security: Greater use of domestically produced ethanol can reduce vulnerability to geopolitical disruptions and international oil price shocks.

Response to Global Energy Uncertainty: Rising fuel prices during the West Asia conflict highlighted the risks associated with heavy reliance on imported crude oil.

Support for Agricultural Producers: Farmers, particularly sugarcane growers in states such as Maharashtra and Uttar Pradesh, are facing surplus production capacity. Higher ethanol demand can absorb part of this excess output.

Gradual Transition Approach: The government has stated that higher ethanol blends will be introduced only after testing, consultations, and adequate preparation by vehicle manufacturers and fuel suppliers.

Development of Fuel Standards: The **Bureau of Indian Standards (BIS)** has already notified standards for higher ethanol blends, laying the foundation for future implementation.

The Economics of E85 Fuel: Key Concerns

Lower Retail Price Advantage: The first E85 fuel pump in Delhi offers fuel at **Rs 82.12 per litre**, nearly **Rs 20 cheaper** than E20 petrol priced around **Rs 102 per litre**.

Cost Per Kilometre Matters More: Consumers ultimately judge fuel based on the distance travelled rather than the price per litre.

Lower Energy Density of Ethanol: Ethanol contains less energy than petrol. As a result, vehicles generally travel fewer kilometres on the same quantity of fuel.

Fuel Efficiency Loss: High-ethanol fuels can reduce fuel economy by **20-30%**, depending on vehicle type and operating conditions.

Discount May Not Be Sufficient: Although E85 is about **20% cheaper** than E20 petrol, the savings may be offset by lower fuel efficiency.

Brazil's 70% Rule: Brazilian consumers generally consider ethanol attractive only when its price is around **70% or less** of petrol prices. At current prices, E85 in Delhi remains around **80% of E20 petrol prices**.

Consumer Adoption Depends on Savings: A lower pump price alone may not convince motorists to switch if the cost-per-kilometre advantage remains limited.

Lessons from Brazil's Ethanol Success Story

Long-Term Policy Commitment: Brazil developed its ethanol programme gradually over several decades, beginning in the 1970s.

Flex-Fuel Vehicle Ecosystem: Most new vehicles in Brazil can run on petrol, ethanol, or any blend between them, giving consumers greater flexibility.

Widespread Fuel Availability: Consumers can easily access different fuel options because ethanol and petrol are available across the country.

Price Incentives for Consumers: Government support ensured that ethanol remained significantly cheaper than petrol, encouraging adoption.

Consumer Choice at Fuel Stations: Motorists can compare prices and choose the most economical fuel option according to market conditions.

Strong Industry Coordination: Clear guidance to automakers helped create vehicles compatible with different fuel blends.

Public Awareness and Acceptance: Sustained public engagement helped consumers understand the benefits and limitations of ethanol fuels.

Phased Implementation Strategy: Brazil introduced changes gradually so that owners of older vehicles were not disadvantaged during the transition.

Conclusion

India's transition towards **E25, E85, and flex-fuel vehicles** forms an important part of its strategy to reduce crude oil dependence, strengthen energy security, and support domestic ethanol production. However, the success of higher ethanol blends will depend on vehicle compatibility, adequate infrastructure, consumer acceptance, and clear economic benefits. Brazil's experience shows that phased implementation, fuel choice, and meaningful savings for consumers are essential for large-scale adoption.

Question for practice:

Evaluate the opportunities and challenges associated with India's transition from E20 fuel to higher ethanol blends, and examine the lessons that can be drawn from Brazil's ethanol programme.

Source: Indian Express