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**VIDHVATH IAS KAS ACADEMY**  
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**STUDY CENTRE**

# DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

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**9972258970 & 9740702455**

**#317/A SKB Arcade, D. Subbaiah Road,  
Ramaswamy Circle, Mysuru-570004**



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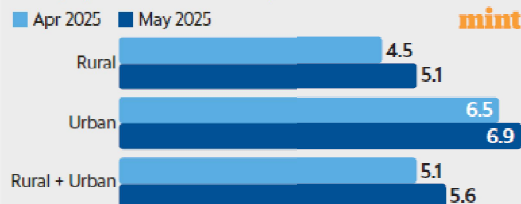
## 1. Key Economic and Strategic Developments (May–June 2025)

### 1. Rising Unemployment and Job Strain in India

- **Unemployment Rate** rose to **5.6% in May 2025** (from 5.1% in April), as per the **Periodic Labour Force Survey (PLFS)**.
  - **Rural Unemployment** increased to 5.1% (+60 basis points).
  - **Urban Unemployment** rose to 6.9% (+40 basis points).
- The indicator is based on **Current Weekly Status (CWS)** – a person's activity status in the **preceding 7 days**.
- Seasonal factors like **delay in kharif sowing** contributed to rural unemployment surge.
- **Constitutional Provision:** *Article 41* directs the State to provide the right to work, especially during unemployment.

#### Job Strain

Unemployment rate (%) in the 15 years and above age group



Based on current weekly status, which refers to a person's work status during the seven days preceding the date of the survey.

Source: Statistics ministry

### 2. Israel-Iran Conflict & Oil Price Spike

- Ongoing **Israel–Iran tensions** led to an oil price surge – **Brent crude** reached **\$75/barrel** from **\$64/barrel** in May.
- **Limited pass-through** to Indian consumers as petrol/diesel prices in Delhi remained stable, supported by government capacity to adjust **excise duties**.
- **Economic Impact:** Possible pressure on **Current Account Deficit (CAD)** and **import bill**.
- **Definition – Indian Basket of Crude:** Mix of **Oman-Dubai (sour)** and **Brent (sweet)** crude grades.

### 3. Inflation Trends: Wholesale and Retail Easing

- **Wholesale Inflation (WPI)** hit a **14-month low** in May 2025.
  - WPI food inflation dropped to **1.72%**, mainly due to **deflation in vegetables, pulses, potatoes**.
- **Retail Inflation (CPI)** also eased to a **six-year low of 2.8%**, showing broader **price stability**.
- Factors: Favourable base effect, soft global commodity prices, and positive monsoon outlook.
- **Constitutional Relevance:** Price stability is essential for the **Directive Principles (Art. 38 & 39)** promoting welfare and equitable distribution of resources.

### 4. India's Trade Deficit Narrows

- **May 2025 Trade Deficit** reduced to **\$21.9 billion** (from \$26.4 billion in April).
  - **Exports:** \$38.7 billion (marginal increase).



- **Imports:** Dropped to \$60.6 billion (mainly due to fall in **crude and gold** imports).
- Year-on-year exports declined **2.2%**, indicating continued weakness in global demand.
- **Key Terms:**
  - *Trade Deficit:* When imports exceed exports in value.
  - *Merchandise Trade:* Trade in physical goods (excluding services).

## 5. Global Aerospace: Boeing's Struggles vs Airbus

- Recent **Air India crash** has worsened **Boeing's safety record** – 467 accidents and 1,458 deaths (2015–2025).
- In contrast, **Airbus** reported 246 accidents and 564 deaths with similar fleet size.
- Boeing continues to suffer from fallout of **737 MAX crashes (2018–19)**.
- **India's growing aviation market** may prefer Airbus due to its relatively stronger safety and delivery records.

## 6. Strategic Affairs: Global Nuclear Weapons Inventory

- As per **SIPRI Yearbook 2025**, 9 nations hold approx. **12,241 nuclear weapons**.
  - **India:** Possesses **180 warheads**, behind China (600) and Pakistan (170).
  - Around **2,100 warheads** are on **high operational alert**.
- **Strategic Significance:** Nuclear deterrence remains a critical part of **India's national security doctrine**.
- **India's Policy:** Follows a "**No First Use (NFU)**" doctrine and seeks **minimum credible deterrence**.

## Additional Insight: Industrial Expansion & Corporate Trends

- **Hindustan Zinc Ltd** has launched a **250 ktpa capacity expansion**, the first phase in its plan to double output.
- **Apple Inc.**, once a tech leader, has struggled in 2025 due to **stagnant sales, AI lag**, and **shrinking market share** in China.

## Conclusion:

These developments reflect a mixed economic scenario – while inflation and trade deficit trends are favourable, **rising unemployment, geopolitical risks**, and **corporate safety/tech gaps** demand policy attention.

## 2. Catch-22 for Banks Amid Falling Interest Rates

### 1. Background: Decline in Interest Rates and Banking Pressure





- **Savings and term deposit rates** have dropped to **25-year lows**, with **savings rates around 2.5–2.75%**, the lowest since FY2001.
- Triggered by **repo rate cuts** (100 basis points recently), banks are **forced to reduce deposit rates** to maintain **net interest margins**.
- **Key Term – Repo Rate**: The rate at which the RBI lends to commercial banks. Lower repo → cheaper borrowing → lower deposit and lending rates.

## 2. Monetary Policy Transmission and Deposit Rate Challenges

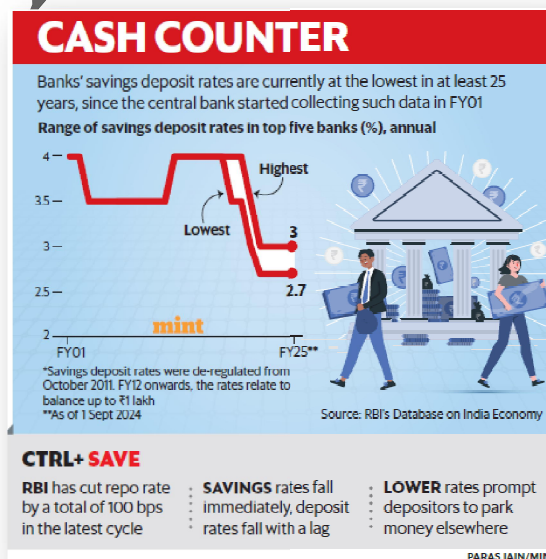
- Around **60% of floating rate loans** are benchmarked to the repo rate; hence, **loan rates fall instantly** with RBI cuts.
- But **term deposit rate cuts** take effect **only upon renewal**, so **banks slash savings deposit rates**, which are more immediately adjustable.
- This affects **financial savings behaviour** and discourages retail depositors seeking real returns.

## 3. Structural Liquidity Risks and CASA Ratio Decline

- Former RBI Governor Shaktikanta Das had warned (2024) that aggressive deposit rate cuts could lead to **structural liquidity issues**.
- CASA (Current and Savings Account) share in total deposits is shrinking:
  - SBI's CASA fell by 110 bps, HDFC by 340 bps, and ICICI by 40 bps (Q4 FY24 to Q4 FY25).
- **Key Term – CASA Ratio**: Indicates the share of low-cost funds; higher CASA means cheaper capital for banks.

## 4. Credit-Deposit Imbalance and Regulatory Risks

- **Credit growth** has moderated (10.2% in April 2025 vs 19% in April 2024), giving banks **temporary relief**.
- But when **credit demand revives**, banks may face **liquidity crunch** if they fail to mobilize enough deposits.
- **Key Term – Credit-Deposit (CD) Ratio**: Reflects the proportion of deposits used for lending. High CD ratio without deposit growth may invite **regulatory concern**.



## 5. Constitutional & Legal Linkages

- **Article 39(b)** of the Constitution (Directive Principles) promotes **equitable distribution of resources**, which includes **access to fair financial services**.
- **Banking Regulation Act, 1949**: Empowers RBI to supervise banks, including credit-deposit ratios and interest rate transmission.



- **Financial Inclusion Mandate:** RBI's priority sector lending and Jan Dhan Yojana are impacted if low savings interest demotivates small savers.

## 6. Strategic Implications & Policy Dilemma

- Banks are caught in a **policy Catch-22**:
  - Cut deposit rates → risk liquidity issues and depositor flight.
  - Keep rates high → erode margins amid falling lending rates.
- Need for **digital competitiveness**, **better service offerings**, and **financial product diversification** to retain depositors in a low-return era.

### Conclusion:

India's banking sector is facing a structural challenge: maintaining liquidity and depositor trust amid **persistently low interest rates**. The RBI must balance its **monetary easing objectives** with **systemic financial stability**.

## 3. Rupee at 3-Month Low Amid West Asia Conflict

### 1. Rupee Depreciation Triggered by Oil Price Surge

- The **Indian rupee fell to ₹86.88 per USD**, marking its **lowest point since 17 March**, following a **0.4% drop** in one day.
- The depreciation is linked to a **20% surge in Brent crude prices**, driven by escalating conflict in **West Asia (Israel-Iran tensions)**.
- **Key Term – Currency Depreciation:** Fall in the value of a domestic currency relative to foreign currencies, making imports costlier.



### 2. India's High Energy Import Dependence

- India imports **over 85% of its crude oil** requirements, making it **highly vulnerable to global oil shocks**.
- **Brent crude**, the global oil benchmark, jumped due to **geopolitical instability**, increasing India's **import bill** and **trade deficit** risks.
- This poses challenges to **fiscal and current account balances**, inflation, and economic growth.

### 3. Macroeconomic Implications

- Rising oil prices and a falling rupee could lead to:
  - **Imported inflation** (higher fuel and input costs).
  - **Widened current account deficit (CAD)** due to higher import bills.



- **Strain on forex reserves** if RBI intervenes to stabilize the rupee.
- The **twin deficit problem** (fiscal and current account deficits) may re-emerge if this trend persists.

#### 4. Policy and Constitutional Context

- **Article 39(c)** of the Indian Constitution directs the State to prevent concentration of wealth and ensure economic stability.
- **Legal Frameworks:**
  - **FEMA, 1999** governs foreign exchange management.
  - **RBI Act, 1934** empowers RBI to manage **exchange rate stability** through intervention policies.
- The **Monetary Policy Committee (MPC)** considers rupee volatility while formulating inflation targeting measures.

#### 5. Strategic & Sectoral Impact

- A weak rupee affects:
  - **Oil marketing companies** (higher import costs).
  - **Aviation and transport sectors** (fuel-linked costs rise).
  - **External debt servicing** becomes costlier in rupee terms.
- However, **exporters** in IT, textiles, and pharma may benefit from currency depreciation.

#### 6. RBI's Role and Market Sentiment

- The **RBI may intervene** via selling dollars from its forex reserves to **contain rupee volatility**.
- But continuous intervention could **drain reserves** and limit policy flexibility.
- Investor sentiment remains cautious due to **geopolitical instability** and **uncertain global oil supply chains**.

#### Conclusion:

The recent depreciation of the rupee underscores India's **energy vulnerability** and the **domino effect of geopolitics on macroeconomic stability**.

## 4. India Begins Development of Fifth-Generation Stealth Fighter Jet

### 1. AMCA: India's Indigenous Fifth-Generation Stealth Fighter

- India has officially initiated the development of a **fifth-generation stealth fighter jet** – the **Advanced Medium Combat Aircraft (AMCA)**.
- The **Aeronautical Development Agency (ADA)** under the **Ministry of Defence** has floated an **Expression of Interest (EOI)** for building **five prototypes**.



- This project aims to **enhance India's indigenous defence manufacturing** and reduce dependence on foreign fighter imports.

## 2. Features of a Fifth-Generation Fighter

- **Fifth-generation jets** are characterized by:
  - **Stealth technology** (low radar visibility),
  - **Advanced avionics and sensor fusion**,
  - **Supercruise ability**, and
  - **Network-centric warfare capabilities**.
- AMCA is envisioned to be a **multirole fighter**, capable of air superiority and ground strike missions.

## 3. Strategic and Security Significance

- Developing AMCA strengthens **India's self-reliance (Atmanirbhar Bharat)** in defence and aligns with the **Make in India** initiative.
- It enhances India's ability to deter threats from **regional adversaries**, especially in the Indo-Pacific region.
- The AMCA will complement existing platforms like the **Rafale** and **Sukhoi Su-30 MKI**, and possibly replace older MiG series aircraft.

## 4. Constitutional and Legal Provisions

- **Article 51** of the Constitution encourages development of scientific temper and pursuit of international peace and security.
- **Defence Procurement Procedure (DPP)** and **Defence Acquisition Procedure (DAP) 2020** govern the indigenous development and procurement of military platforms.
- The initiative is also part of India's obligations under the **Strategic Partnership Model** for high-tech defence development.

## 5. Institutional and Industrial Ecosystem

- The ADA collaborates with agencies like **HAL (Hindustan Aeronautics Ltd)**, **DRDO**, and private industry for design, development, and production.
- The **Department of Defence Production** oversees the policy and funding.
- **Private sector involvement** through the EOI process signals a push towards **public-private partnership (PPP)** in high-end defence manufacturing.



## 6. Challenges and Way Forward

- Key challenges include:
  - **Technological complexity** of stealth design,



- **Delayed timelines**, and
- **Cost overruns** typical of indigenous military projects.
- However, if successful, AMCA could place India among a select few nations with **fifth-generation combat aircraft capability**, like the USA (F-35), Russia (Su-57), and China (J-20).

### Conclusion:

The development of the AMCA marks a significant milestone in **India's strategic defence capabilities**, reinforcing national security, technological autonomy, and global standing.

## 5. India's Contingency Plan Amid Threat to Strait of Hormuz

### 1. Background: Geopolitical Tensions Threaten Oil Supply Routes

- Ongoing **Israel-Iran tensions** have raised fears that Iran may attempt to **block or disrupt the Strait of Hormuz**, a key maritime chokepoint for global oil transport.
- **Strait of Hormuz** handles about **one-third of the world's seaborne oil trade**, making it vital for **India's energy security** as it sources a significant portion of crude from the **Persian Gulf**.



### 2. India's Strategic Response Plan

- India is preparing to **diversify its crude oil sourcing** by procuring oil from regions **outside the Persian Gulf** (e.g., Africa, the Americas).
- Oil Minister Hardeep Singh Puri stated that **India may reduce exports of refined petroleum products** (diesel, petrol, etc.) to preserve domestic supply if the Strait is blocked.
- This highlights India's focus on **energy self-sufficiency and resilience planning** in case of supply shocks.

### 3. Energy Security and National Preparedness

- **Energy security** refers to the **uninterrupted availability of energy sources at an affordable price**.
- India's strategy includes:
  - Maintaining **strategic petroleum reserves**,
  - Strengthening **alternate supply chains**, and
  - Engaging in **bilateral energy agreements** with non-Gulf nations.
- The **Indian Strategic Petroleum Reserves Ltd. (ISPRL)** manages emergency stockpiles.





#### 4. Legal and Constitutional Provisions

- **Article 39(b)** of the Constitution (Directive Principles) mandates the **equitable distribution of resources**, including energy.
- **Essential Commodities Act, 1955** empowers the government to regulate supply, distribution, and pricing of essential items, including petroleum.
- Under **Petroleum and Natural Gas Regulatory Board Act, 2006**, energy distribution can be regulated during emergencies.

#### 5. Strategic and International Implications

- Disruption in the Strait could:
  - **Spike global oil prices,**
  - **Increase India's import bill,**
  - **Widen the current account deficit,** and
  - **Impact domestic inflation and logistics.**
- India's ability to swiftly reroute supplies and stabilize domestic consumption will also reflect on its **strategic autonomy and foreign policy flexibility.**

#### 6. Global Shipping Chokepoints & Vulnerabilities

- Alongside Hormuz, other critical chokepoints include:
  - **Bab-el-Mandeb** (Red Sea),
  - **Suez Canal,**
  - **Strait of Malacca.**
- Disruption at any such chokepoint can threaten **India's maritime trade**, underlining the need for **Blue Economy strategies** and **Maritime Security Cooperation** (e.g., with IOR nations).

#### Conclusion:

India's proactive approach to diversify crude imports and protect domestic fuel supply in light of threats to the Strait of Hormuz exemplifies its focus on **energy security and geopolitical resilience.**

## 6. India to Curb Chinese Paper Imports

### 1. Quality Control Order (QCO) for Paper Imports

- India is set to introduce a **Quality Control Order (QCO)** for **paper products**, mainly targeting **substandard imports from China.**
- The QCO will apply to **writing and printing paper, coated paper, and packaging boards**, ensuring only **BIS-certified products** can enter the Indian market.





- This move will result in **longer customs clearance times and increased compliance costs** for foreign suppliers.

## 2. Rising Paper Imports from China and ASEAN

- India's **paper and paperboard imports** have nearly **doubled** from **1.08 million tonnes in FY21 to 2.06 million tonnes in FY25**.
- Imports from **China alone increased by 33%**, contributing over **\$800 million** out of the **\$1.81 billion total paper import value** in FY25.
- **ASEAN countries (e.g., Indonesia, South Korea)** account for **20%** of total paper imports, benefiting from **FTA-based duty concessions**.

## 3. Threat to Domestic Paper Industry

- India has over **850–900 paper mills**, but only **~550 remain operational**, largely due to competition from **cheap imports**.
- The QCO aims to **protect small and medium paper mills**, which support **rural livelihoods and MSME employment**.
- The Indian Paper Manufacturers Association (IPMA) argues that QCOs will **ensure fair trade, product quality, and industry competitiveness**.



## 4. Strategic Context and WTO Notification

- The QCO comes amid broader **economic retaliation**, following **China's export restrictions on rare earth magnets**, critical for electric vehicles.
- India has **informed the WTO** of the QCO to maintain **transparency under global trade norms**.
- **WTO Agreement on Technical Barriers to Trade (TBT)** allows member nations to impose technical regulations for **consumer safety and quality**, provided they are non-discriminatory.

## 5. Constitutional and Legal Framework

- **Article 39(b)** of the Constitution mandates equitable distribution of resources and protection of small industries.
- Under the **Bureau of Indian Standards (BIS) Act, 2016**, the government can make BIS certification **mandatory for imports**.
- The initiative aligns with **Make in India, Aatmanirbhar Bharat, and MSME promotion policies**.

## 6. Industrial Policy Implications

- Imposing QCOs is part of India's strategy to **curb dumping**, enhance **manufacturing quality standards**, and build **global competitiveness**.
- Such measures are essential for **level-playing field** in the face of **unfair price competition and technical non-compliance** by foreign manufacturers.



## Conclusion:

India's proposed QCO on paper imports reflects a **strategic shift towards quality-driven trade regulation**, balancing **consumer safety**, **domestic industrial protection**, and **WTO commitments**.

## 7. Slow Recovery from Dubious Pre-Bankruptcy Transactions

### 1. Dubious 'Avoidance Transactions' Under IBC: A Persistent Problem

- **Avoidance transactions** refer to **fraudulent or preferential dealings** made by companies **just before bankruptcy** to benefit promoters or related parties while harming creditors.
- These include:
  - Preferential payments to friendly creditors,
  - Selling assets at undervalued prices,
  - Diverting assets to related parties, or
  - Taking loans on unfair terms.
- As per IBBI data (FY25), only **₹1,322 crore** (≈10%) of such transactions were recovered, out of **₹13,600 crore** disposed of by tribunals.

### 2. Legal Provisions and Structural Challenges

- The **Insolvency and Bankruptcy Code (IBC), 2016**, enables tribunals to **claw back** voidable transactions under Sections **43 to 51**.
- Only **transactions within two years** of insolvency admission can be reviewed—this **limits accountability** for long-standing misconduct.
- Delays in **National Company Law Tribunal (NCLT)** and **lack of investigative resources** hinder timely recovery.

### 3. Impact on Resolution and Creditor Recovery

- Recovery from avoidance transactions directly **enhances creditor payouts** under resolution plans. IBBI estimates that early adjudication could **add 10% more to recoverable value**.
- Yet, **legal delays**, **promoter litigation tactics**, and **lack of international cooperation** often weaken outcomes.
- Example: Only **12%** of **₹65,650 crore** in total voidable deals (368 companies) were recovered.



As per IBBI, a decision on avoidance transactions by tribunals will add recovery to creditors by at least 10%. MINT



#### 4. Constitutional and Ethical Dimensions

- **Article 39(c)** of the Directive Principles mandates the State to ensure **that economic power is not concentrated in few hands**, which avoidance transactions often violate.
- Promoters engaging in asset stripping violate the **principle of equitable interest of all stakeholders**, challenging **corporate accountability** and **business ethics**.
- Highlights the **tension between insolvency resolution vs. debt recovery**—IBC prioritizes revival over punishment.

#### 5. Enforcement Gaps and Global Dimensions

- Recovery is further hindered by:
  - Use of **shell companies**,
  - **Asset parking abroad**,
  - Lack of **cross-border insolvency cooperation** (India hasn't fully adopted **UNCITRAL Model Law** yet).
- Tracing and reclaiming diverted assets is legally and technologically complex, often resulting in **lengthy litigation battles**.

#### 6. Way Forward: Strengthening Legal and Regulatory Framework

- Recommended reforms include:
  - **Expanding the review period** for avoidance transactions,
  - **Fast-tracking NCLT timelines**,
  - **Better forensic and digital tracing tools**,
  - Adoption of **cross-border insolvency framework** for cooperation in asset recovery.
- Greater powers and funding must be given to **Resolution Professionals (RPs)** to challenge suspect deals effectively.

#### Conclusion:

The slow recovery from avoidance transactions reveals critical flaws in **India's insolvency ecosystem**, where promoter misconduct, legal loopholes, and procedural delays undermine creditor recovery and public trust. Strengthening **pre-insolvency oversight**, **institutional capacity**, and **international cooperation** is essential to uphold the **integrity of the IBC** and ensure a fair and efficient **corporate resolution regime**.

### 8. Global Conflicts and FPI Outlook on India

#### 1. FPI Outflows Amid Israel-Iran Conflict

- **Foreign Portfolio Investors (FPIs)** pulled out nearly **₹6,232 crore** from Indian equities in **June 2025**, reversing the inflows from April and May.



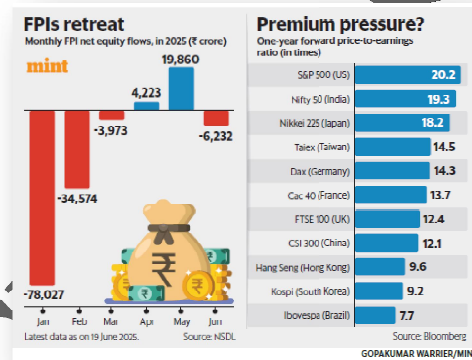
- Escalating geopolitical tensions, particularly the **Israel-Iran conflict**, are driving **risk-averse behavior** among global investors.
- FPIs, being highly **sensitive to global volatility**, tend to exit emerging markets like India in times of uncertainty.

## 2. India's Macro Fundamentals Remain Strong

- Despite FPI outflows, experts highlight **India's strong macroeconomic fundamentals**:
  - High GDP growth rate,
  - Controlled inflation,
  - Stable fiscal and current account deficits,
  - Robust foreign exchange reserves.
- These factors make India a **preferred investment destination** in the medium-to-long term.

## 3. Stock Market Valuation and Earnings Outlook

- India's **Nifty 50 index** is trading at **19.3x its one-year forward earnings**, indicating a **premium valuation** compared to global peers.
- However, **earnings growth** is expected to moderate to **low double digits** in FY26, after high growth in the previous four years.
- Slower consumption recovery and global economic slowdown may pressure corporate earnings, especially in **oil-dependent sectors**.



## 4. Crude Oil Volatility as a Key Risk

- Rising crude oil prices (due to West Asia tensions) pose risks to:
  - India's **import bill**,
  - **Inflation**,
  - **Current account deficit**,
  - **Corporate profits**, particularly in oil-linked sectors like **automobiles, paints, tyres, and FMCG**.
- A prolonged spike in Brent crude to **\$90–100/barrel** could **derail India's earnings revival** in FY26.

## 5. Role of Domestic Liquidity and Policy Support

- Despite FPI exits, **Domestic Institutional Investors (DIIs)**, including mutual funds, are infusing **₹1,300 crore daily**, supporting market liquidity.
- The **RBI's 100 basis-point repo rate cut** and **government capital expenditure** are expected to stimulate demand and **revive consumption** in H2 of FY26.
- A likely **Pay Commission revision in 2026–27** may further boost disposable income and domestic demand.



## 6. Legal and Policy Framework

- **SEBI (Securities and Exchange Board of India)** regulates FPI flows under **FPI Regulations, 2019**, ensuring transparency and risk monitoring.
- The **Foreign Exchange Management Act (FEMA), 1999** governs foreign capital movement and RBI oversight on forex stability.
- **Article 301** of the Constitution ensures freedom of trade and commerce, enabling India's open market economy to attract global capital.

### Conclusion:

India continues to present a **resilient and stable economic story**, despite short-term capital outflows due to geopolitical instability. While **foreign portfolio investments** are volatile, **domestic demand, policy support, and macro stability** position India well for long-term growth.

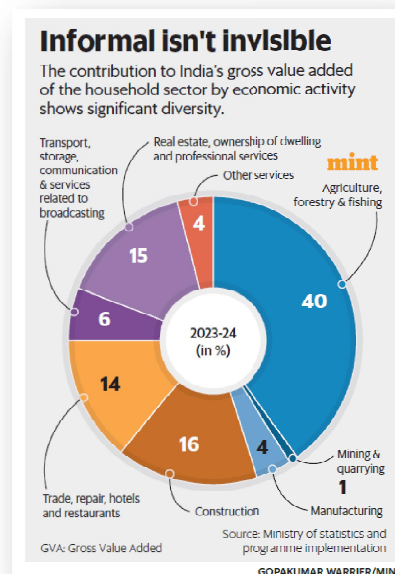
## 9. India's Informal Sector and GDP Estimation

### 1. What is the Informal Sector?

- **Informal Sector** is defined differently by:
  - **ILO**: Focuses on *informal employment* (no contracts, no job security, often daily-wage based).
  - **UN System of National Accounts (SNA)**: Focuses on *household enterprises* that don't maintain formal accounts.
- India follows the **UN-SNA approach** in GDP accounting, capturing value addition from household/unregistered enterprises.

### 2. How Informal Sector is Measured in India's GDP

- Since **2011–12**, the Indian System of National Accounts includes informal sector data.
- Informal GVA is captured using:
  - **Commodity flow method** (e.g., for agriculture, construction).
  - **Employment surveys + value-added per worker** (for other unincorporated sectors).
- Post base-year, GDP growth in informal sectors is estimated using **proxy indicators**:
  - E.g., vehicle registration (transport), GST/tax data (trade), IIP (manufacturing).







### 3. Debates on Under- or Over-estimation of GDP

- **Underestimation argument:** Claims informal sector is excluded – dismissed as the household sector is comprehensively included.
- **Overestimation criticism:** Raised post-GST, demonetization, and COVID-19 – critics say economic shocks to informal sector weren't captured well.
- Government counters this using improved data from **NSSO employment & enterprise surveys** and revised **labour-weighted value addition** methods.

### 4. Recent Statistical Improvements

- **Annual and quarterly employment surveys** (since 2017-18) → **Now monthly** (as of 2025).
- **Annual survey of unincorporated enterprises** since 2021–22 → 3 years of reliable data now available.
- NSS data now shows **informal employment levels better than past 20 years**, though shifting more towards *household-owned enterprises*.

### 5. Key Policy, Legal, and Institutional Framework

- **Ministry of Statistics & Programme Implementation (MoSPI):** Responsible for GDP and National Accounts.
- **National Sample Survey Office (NSSO):** Conducts surveys on employment and enterprises.
- **GST Composition Scheme:** Allows small enterprises (turnover below ₹1.5 crore) to pay fixed tax without full formalization, hence keeping them in the informal sector.
- India's statistics follow international standards as per **UN-SNA Guidelines**.

### 6. Way Forward: Need for Continuous & Transparent GDP Series

- India is well-positioned to move toward a **real-time GDP estimation** framework, minimizing over-dependence on episodic base-year revisions.
- Greater **data regularity, improved proxies, and formal–informal sector distinction** can enhance economic planning and policy-making.

### Conclusion

India's GDP estimation **now robustly captures informal sector contributions**, dismissing outdated concerns of underreporting. While debates on over- or under-estimation exist, **enhanced statistical tools, better employment tracking, and surveys of unincorporated enterprises** have significantly strengthened GDP measurement. Going forward, **institutionalizing continuous data updates** will further ensure **accuracy and policy reliability**, critical for inclusive economic development and welfare-oriented planning in India.





## 10. Okhla Bird Sanctuary in Crisis

### 1. Background of Okhla Bird Sanctuary (OBS)

- **Declared in 1990** as a protected area under the **Wildlife (Protection) Act, 1972**, OBS lies along the **Yamuna River**, between Delhi and Noida.
- Once a biodiversity hotspot for **300+ bird species**, especially **migratory birds** like ospreys, skimmers, and ducks.
- Functions as a critical **wetland ecosystem**, aiding biodiversity, bird migration, seed dispersal, and ecological balance.

### 2. Environmental Degradation and Water Crisis

- **Yamuna River pollution** is the core issue. Water quality at **Okhla Barrage** has severely deteriorated:
  - **BOD level reached 58 mg/l** (standard:  $\leq 3$  mg/l).
  - **No fresh water inflow**, leading to drying wetlands, death of aquatic life, and bird habitat loss.
- Birds that feed on aquatic life are rapidly disappearing due to **toxic water**, **invasive species** like water hyacinth, and drying water bodies.



### 3. Urbanisation and Mismanagement

- **Eco-Sensitive Zone (ESZ)** around OBS was reduced from standard 1 km to just a few metres (diluting the 2011 Ministry of Environment's intent).
- Urban sprawl, infrastructure like **roads, kiosks, electricity towers**, and **Dalit memorial park** nearby disrupted the fragile ecosystem.
- **Over 6,000 trees cut**, resulting in loss of habitat for small bird species (songbirds, frugivores).

### 4. Conservation and Legal Frameworks Involved

- **Wildlife (Protection) Act, 1972** – OBS is notified under this Act.
- **Environmental Impact Assessment (EIA) Notification, 2006** governs buffer zones around sensitive ecosystems.
- **Eco-Sensitive Zone (ESZ)** guidelines aim to limit development around protected areas but were diluted here.



- **Ramsar Convention on Wetlands (1971)** – India is a signatory, requiring it to protect and conserve wetlands (though OBS is not a Ramsar site, the principles apply).

## 5. Restoration Measures Suggested

- **Ensure continuous and clean water flow** from Okhla Barrage into the wetlands.
- **Remove invasive species**, such as *typha* and *water hyacinth*, which choke native vegetation.
- **Plant native fruit-bearing trees** to support frugivores and restore bird populations.
- **Limit construction**, stop encroachments, and enforce ESZ rules strictly.
- Look to successful **global wetland models** like **Thames (UK)** and **Rhine (Europe)** for ecological restoration strategies.

## Conclusion

The decline of Okhla Bird Sanctuary is a **stark symbol of ecological neglect** amidst urban expansion. It underscores the urgent need to **integrate urban planning with environmental conservation**, uphold **eco-sensitive zoning**, and enforce laws like the **Wildlife Protection Act** and **ESZ norms** in both letter and spirit. Reviving OBS is not just about protecting birds — it's a **test of India's environmental governance and its urban ecological conscience**.

## 11. India's Diplomatic Messaging Post-Operation Sindoor: A Critical Analysis

### 1. Operation Sindoor and Global Perception of Indian Diplomacy

- India launched *Operation Sindoor* (May 2025) in retaliation to the Pahalgam terror attack.
- Despite the gravity of the attack, India did **not receive the same level of diplomatic support** as in previous events (e.g., 2016 Uri, 2019 Pulwama).
- Criticism emerged that India's diplomatic channels failed to convey the seriousness of the threat and the justification for the retaliatory operation.



### 2. Key Diplomatic Setbacks for India

- **Pakistan's diplomatic wins** included deletion of reference to terror outfit *TRF* in the UNSC resolution, appointment as chair of the *Taliban Sanctions Committee*, and securing financial aid despite Indian opposition.
- **President Trump's mediation offers** and narrative equivalence between India and Pakistan further weakened India's global position.
- India's diplomatic outreach (32 countries visited by special envoys) **failed to shift global opinion** decisively in India's favour.



### 3. India's "New Normal" Doctrine and Global Discomfort

- PM Modi's three-pronged posturing:
  1. **Every terror act is war** – lowers threshold for military conflict.
  2. **No bowing to nuclear blackmail** – raises regional nuclear risks.
  3. **No distinction between state and non-state actors** – increases chances of escalation.
- These aggressive postures are seen **as risky in a volatile global environment** with ongoing conflicts (Ukraine, Gaza, South China Sea).

### 4. Structural Challenges in India's Diplomacy

- **Democratic backsliding concerns** have impaired India's image:
  - Citizenship (Amendment) Act, Article 370 revocation, internet bans, and alleged extrajudicial operations abroad (e.g., in Canada and US).
- India's **non-alignment on global conflicts** (e.g., silence on Russia's Ukraine war and Israel's actions in Gaza) has cost goodwill in both Global South and West.
- Diplomatic messages like "this is not the era of war" ring hollow when not applied to the India-Pakistan context.

### 5. Diplomats vs Policy-Makers: Don't Blame the Messenger

- The **Ministry of External Affairs (MEA)** is facing backlash not for actions but for ineffective messaging.
- As with the Shakespearean metaphor — diplomats are **messengers, not decision-makers**.
- Diplomatic success relies not only on delivery but **also on the content and consistency of the message** framed by policymakers.

### Key Concepts & Legal Frameworks:

- **Soft Power Diplomacy**: Use of persuasion and image rather than coercion in international relations.
- **UNSC Resolution Process**: India's inability to push its agenda within UNSC signals limited diplomatic leverage.
- **Vienna Convention on Diplomatic Relations (1961)**: Establishes the role of diplomats as messengers of national policy, not creators of it.
- **Democracy Index & Freedom Reports**: Impact global perception of India and indirectly affect diplomatic outcomes.

### Conclusion: Recalibrating India's Diplomatic Strategy

India's global messaging must **balance assertiveness with responsibility**, ensuring that it is seen as a **rule-abiding, secular, pluralistic democracy**. A successful diplomatic narrative must:

- Emphasize India's **moral high ground** on terrorism.
- Show **restraint and consistency** in foreign policy.



- Align with India's long-term image as a **responsible global power**. Ultimately, the **substance of the message** matters more than the **style of delivery** — and that lies in the government's hands.

## 12. Why India Must Address Its Propulsion Gap: A Strategic Defence Imperative

### 1. Persistent Dependence on Foreign Engine Technology

- India continues to rely heavily on imported propulsion systems for its air, land, and naval platforms.
- The *Advanced Medium Combat Aircraft (AMCA)*, India's flagship 5th-gen fighter project, remains hostage to foreign engine supplies (e.g., GE F414).



- Earlier projects like the *HF-24 Marut* (India's first indigenous fighter jet) failed to realise full potential due to underpowered foreign engines (British Orpheus 703).

**Key Term: Propulsion Gap** refers to a country's inability to develop its own reliable, high-performance engines for military platforms, resulting in dependence on external suppliers.

### 2. The Kaveri Engine Setback and Technological Challenges

- The *Kaveri Engine Project*, launched in 1989 by DRDO's GTRE, failed to meet thrust and reliability benchmarks after decades of work and over ₹2,000 crore expenditure.
- Attempts to revive it through collaborations (e.g., with Snecma and Safran) failed due to either institutional rigidity or denial of core technology by foreign partners.
- This failure forced ADA to adopt *U.S.-made GE F404* engines for the Tejas LCA, restricting combat performance and delaying full operational clearance.

### 3. Operational Consequences and Military Readiness Risks

- Recent delays in the delivery of 99 GE-F404 engines for LCA Mk1A have pushed back commissioning and affected IAF's combat preparedness (squadron strength dropped from 42.5 to ~30).
- HAL's ongoing struggle to negotiate full technology transfer of GE F414 engines for Tejas Mk2 and AMCA Mk1 reflects continued vulnerability.
- Similar dependency exists across services: Army's *Arjun tanks* use German engines; Navy's indigenously designed vessels rely on Russian, Ukrainian, and Western propulsion systems.

### 4. Strategic Risks: Delays, Export Restrictions, and Diplomatic Vulnerability

- Delays in engine supplies from abroad (like those from GE) not only slow down production but also affect India's ability to export defence equipment.





- Exporting systems powered by foreign engines often requires *third-party export approvals*, limiting India's sovereign defence trade.
- In a volatile geopolitical environment, this external dependency increases India's strategic and operational vulnerability.

### 5. Need for Comprehensive Reform and Long-Term Vision

- Experts argue that the propulsion gap is more *political and structural* than merely technical.
- India lacks a **cohesive innovation ecosystem**: research remains fragmented across institutions, with limited integration between academia, private industry, and government R&D.
- Achieving indigenous propulsion capability will require:
  - Strategic and sustained funding.
  - Long-term vision beyond political cycles.
  - Access to core technologies like *single-crystal turbine blades*, *thermal coatings*, and *advanced cooling systems*.

#### *Constitutional Provision:*

- **Article 51 (Directive Principles)**: Promotes development of scientific temper, innovation, and international peace, indirectly encouraging indigenous strategic capabilities.

#### *Policy Frameworks:*

- **Defence Production Policy (2020)** and **Atmanirbhar Bharat Abhiyan** aim to reduce import dependency and promote self-reliance in defence manufacturing.

### **Conclusion: Propulsion Independence is Strategic Sovereignty**

India's inability to develop its own engine technology jeopardises the future of flagship programmes like the AMCA, LCA Mk2, and others across land and sea.

Real **strategic autonomy** requires overcoming the propulsion gap through:

- Political commitment,
- Institutional reform,
- Deep private-public-academic collaboration.

Without indigenous propulsion, India's dream of becoming a global defence manufacturing hub and a self-reliant military power may remain aspirational.