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FOR UPSC CIVIL SERVICE EXAMINATION

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1. China's K Visa vs US H-1B: What It Means for India

Key Points

1. Definition of H-1B Visa

- A non-immigrant work visa issued by the US that allows firms to hire skilled foreign professionals in specialty occupations (IT, engineering, research, etc.).
- India is the largest beneficiary—**71% of all 399,395 approvals in FY24**.

2. Recent US Restrictions

- H-1B fee increased from ~\$1,000 to **\$100,000**.
- Stricter scrutiny of outsourcing firms, impacting Indian IT companies heavily dependent on the US market.
- Seen as a **non-tariff barrier on services**, in line with ongoing US protectionism (tariffs on Indian and Chinese goods).



3. China's K Visa Policy (Effective Oct 2024)

- Open to **all foreign nationals**, including those without confirmed jobs.
- Aims to attract global talent and reposition China as a hub for services and digital economy.
- Offers Indian firms a possible alternative to mitigate US visa restrictions, though risks persist.

4. Implications for India's IT Sector

- India's IT sector: **\$283 billion in value, 57% revenue from US**.
- Service exports: **\$387.5 billion in FY25**, forming over **55% of India's GDP** (Economic Survey 2024–25).
- Tightened H-1B rules may slow project delivery, reduce forex inflows, and pressure firms to explore **China, East Asia, and Asia-Pacific diversification**.

5. Risks and Challenges

- China: **high costs, regulatory barriers, and political/security concerns** limit large-scale relocation.
- India faces **overdependence on the US market**.
- Hybrid strategy likely: retaining US clients while cautiously expanding to China and other Asia-Pacific hubs.

6. Geopolitical Context

- US adopting **protectionist policies** amid trade wars.
- China using **liberal visa policies** as a soft-power tool to attract skilled workforce.
- India finds itself at a **rare convergence point with China**, though rivalry and trust deficits remain.



Constitutional & Legal Angle (India)

- **Article 19(1)(g), Indian Constitution** – Freedom to practice any profession and carry on any occupation, trade, or business (linked to opportunities abroad).
- **WTO & GATS (General Agreement on Trade in Services)** – India can raise concerns on visa restrictions as **barriers to free movement of services**.
- **IT Act, 2000** – Governs India's IT sector, which is directly impacted by global mobility restrictions.

Conclusion

The tightening of H-1B visas challenges India's IT-driven growth model, which is heavily reliant on the US market. China's K visa presents an alternative, but risks of political and regulatory friction remain. India needs to **diversify IT export destinations**, strengthen domestic digital economy policies, and leverage international forums to address mobility restrictions.

UPSC Relevance

- **GS Paper II (International Relations):** India-US-China triangular relations, mobility of skilled workforce, WTO & trade barriers.
- **GS Paper III (Economy):** Role of IT services in GDP, forex earnings, service sector dependence.
- **Essay/IR Optional:** Global talent mobility, protectionism vs liberalization, India's strategic choices in digital economy.

2. Guard Satellites: India's Strategic Need in Outer Space

Key Points

1. Definition of Guard Satellites

- Satellites designed to protect or defend existing orbital assets from hostile activities such as data-jamming, cyberattacks, or intentional collisions.
- Part of **counter-space capabilities** aimed at ensuring national security in outer space.

2. Outer Space Treaty, 1967

- Prohibits placement of **weapons of mass destruction (WMDs)** in outer space.
- Allows peaceful use of space but does **not explicitly cover electronic warfare tactics** like data-jamming or disguised orbital crashes.
- India is a signatory to the Treaty, balancing international obligations with security needs.

3. India's Security Concerns

- Recent India-Pakistan conflict showed the strategic value of satellites in **real-time intelligence and precision targeting**.
- Indian satellites faced a **near-miss incident** with a satellite from a bordering nation (possibly deliberate).





- Adversaries like **China** are advancing rapidly in space technology, raising risks of intelligence sharing against India.

4. Emerging Threats

- **Data-jamming**: Disrupting satellite communication and surveillance functions.
- **Kinetic attacks disguised as accidents**: Satellites deliberately maneuvered to collide with others.
- **Cybersecurity threats** targeting satellite command systems.

5. India's Response

- Proposal for **'bodyguard' satellites** to shield critical assets.
- Expansion of **strategic space apparatus** under agencies like ISRO and the Defence Space Agency.
- Strengthening **space situational awareness (SSA)** to track adversary maneuvers and prevent orbital collisions.

6. Global & Geopolitical Angle

- Space increasingly viewed as the **"fifth domain of warfare"** (along with land, sea, air, and cyber).
- India is ahead of Pakistan but faces challenges from **China's expanding space power**.
- Need to prepare for **multi-party intelligence sharing** among adversaries against Indian interests.

Constitutional & Legal Provisions (India)

- **Article 51(c), Indian Constitution**: Directs the State to foster respect for international law and treaty obligations.
- **Article 73 & 246 (Union List)**: Place "defense of India" and "space" under the Union's exclusive legislative power.
- **ISRO under the Department of Space**: Civilian use; **Defence Space Agency (2019)** coordinates military applications.
- **Draft Space Activities Bill, 2017 (pending)**: Aims to regulate commercial and defense-related space activities.

Conclusion

Outer space is no longer just a peaceful domain of exploration but a **strategic frontier for national security**. India's proposal for guard satellites is a proactive step to safeguard its orbital assets against emerging threats like data-jamming, espionage, and hostile maneuvers. With adversaries advancing in space warfare, India must build robust **space deterrence and defense mechanisms** while adhering to international treaties.

UPSC Relevance

- **GS Paper II (International Relations)**: Outer Space Treaty, global commons, India's treaty obligations.



- **GS Paper III (Security & Economy):** Defence preparedness, cyber and space security, role of technology in warfare.
- **Essay/IR Optional:** Militarization of space, challenges of dual-use technologies, India's strategic autonomy in space.

3. National Pension System (NPS): From Debt to 100% Equity Exposure

Key Points

1. Definition of NPS

- The **National Pension System (NPS)**, launched in 2004, is a **defined-contribution retirement savings scheme** regulated by the **Pension Fund Regulatory and Development Authority (PFRDA)**.
- Initially mandatory for government employees (except armed forces); extended in 2009 to **corporate and general public segments**.

2. Shift to 100% Equity Option (2025)

- From **1 October 2025**, non-government subscribers can opt for schemes with **100% equity exposure**.
- Earlier limits capped equity exposure at 75%.
- Reflects changing subscriber profile—more **young (<30 years)** and **risk-taking investors** using NPS not just for retirement but also as a **tax-saving and wealth-building tool**.

3. Performance of Equity Schemes

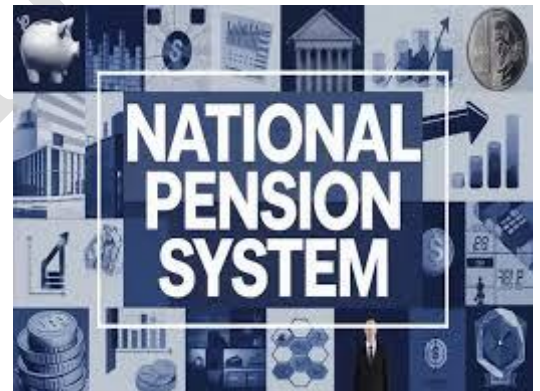
- **Scheme E (Equity)** has outperformed debt (Scheme C) and government securities (Scheme G) consistently.
- Even the worst-performing equity schemes beat the best-performing debt/gilt schemes by **3–5 percentage points annually** over seven years.
- This “**equity kicker**” can compound into significant wealth over decades.

4. Growth Trends in NPS

- **Assets Under Management (AUMs)** grew **360-fold in 15 years**, reaching **₹14.36 trillion by March 2025** (CAGR ~47%).
- Government employee contributions form ~75% of total AUMs, but **corporate and all-citizen segments** are the fastest-growing (CAGR ~40–41% in last 5 years).
- **Female participation** and **younger subscribers** are rising significantly in non-government segments.

5. Tax Incentives Driving Growth

- Additional **₹50,000 deduction under Section 80CCD(1B)** (over and above ₹1.5 lakh under Section 80C) introduced in 2016 under the **old tax regime** boosted subscriptions.





- This remains a key attraction for middle-class investors.

6. Implications of 100% Equity Option

- **For investors:** Potential for higher long-term returns, but also higher risk exposure.
- **For fund managers:** More competitive offerings beyond government-mandated contributions; helps expand presence in corporate/general citizen segments.
- **For the economy:** Deepens equity markets, enhances long-term domestic capital formation, and supports retirement security.

Constitutional & Legal Provisions (India)

- **Article 41, Directive Principles of State Policy (DPSP):** Duty of the State to provide public assistance in cases of old age.
- **PFRDA Act, 2013:** Legal basis for regulation of NPS and pension sector.
- **Income Tax Act, 1961 (Sections 80CCD(1), 80CCD(1B), 80CCD(2)):** Provides tax incentives for NPS contributions.
- **SEBI & PFRDA Coordination:** Ensures investor protection and capital market regulation.

Conclusion

The NPS's transition towards **100% equity exposure for non-government subscribers** reflects India's broader **financialization trend** and the growing risk appetite of younger investors. While it offers higher return potential, it also raises concerns about volatility and investor awareness. For long-term pension sustainability, regulatory vigilance and investor education are crucial.

UPSC Relevance

- **GS Paper II (Governance):** Role of regulatory bodies (PFRDA), social security schemes.
- **GS Paper III (Economy):** Capital markets, financial inclusion, retirement planning, equity-debt dynamics.
- **Essay / Ethics:** Balancing risk, security, and welfare in pension reforms.

4. Core Sector Growth Hits 13-Month High in August 2025

Key Points

1. Definition of Core Sector

- The **eight core industries** (coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity) form **40.27% of the Index of Industrial Production (IIP)**.
- Their performance is a lead indicator of overall **industrial and economic activity**.

2. August 2025 Growth Trends

- Core sector output rose **6.3% YoY**, the **fastest pace in 13 months**, compared to **3.7% in July 2025** and a **1.5% contraction in August 2024**.
- Growth driven by **coal (+11.4%)**, **fertilizers (+4.6%)**, **refinery products (+3%)**, and **steel (+14.2%)**.



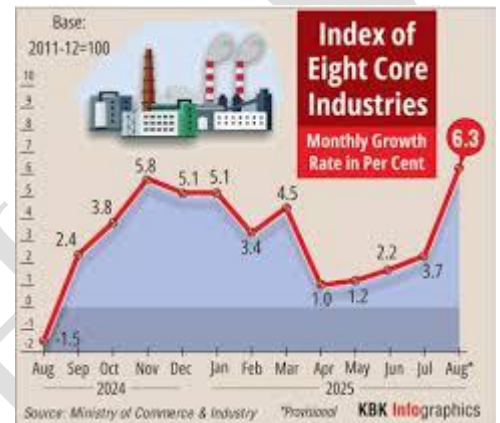
- **Crude oil (-1.2%)** and **natural gas (-2.2%)** continued to contract, though at a slower pace than July.

3. Sector-wise Performance

- **Coal:** Sharp rebound after a July contraction (-12.3%).
- **Steel & Cement:** Growth moderated but remained robust, reflecting infra activity.
- **Electricity:** Grew modestly at 3.1%.
- **Fertilizers:** Output rose ahead of rabi sowing season.

4. Industrial Output & PMI Indicators

- Overall **IIP growth in April–July 2025 was only 2.3%**, less than half of last year's pace.
- However, private survey (HSBC Manufacturing PMI) showed expansion at **59.3 in August** (17-month high), driven by new orders and job creation.
- Suggests a divergence between official output data and private business sentiment.



5. Economists' Insights

- Growth partly aided by a **low base effect**.
- Improvement concentrated in mining and infra-linked sectors, indicating revival momentum.
- Expectation: **IIP growth at 4.5–5.5% for August 2025**, aided by coal rebound and fertilizer demand.

6. Future Outlook

- With **monsoon retreat in October**, construction demand is expected to rise, supporting cement and steel.
- Fertilizer demand to strengthen further with the **rabi season**.
- Continued weakness in crude oil and gas remains a concern for energy security.

Constitutional & Legal Provisions

- **Article 39(b), Directive Principles of State Policy (DPSP):** Calls for distribution of material resources of the community to subserve the common good (relevant to natural resources like coal, gas, oil).
- **Industries (Development and Regulation) Act, 1951:** Provides regulation for key industries including coal, steel, fertilizers.
- **Energy-related policies:** National Steel Policy, Hydrocarbon Exploration Licensing Policy (HELP), Fertilizer Policy—impact core sector performance.

Conclusion

The August 2025 rebound in core sector growth highlights **resilience in coal, fertilizers, steel, and refinery products**, providing momentum to industrial recovery. However, **structural weaknesses in crude oil and**



natural gas persist. Sustained growth will depend on infrastructure push, seasonal demand (construction, rabi sowing), and policy support for energy diversification.

UPSC Relevance

- **GS Paper III (Indian Economy):** Industrial growth, IIP, role of core sectors in economic recovery.
- **GS Paper III (Infrastructure & Energy):** Importance of coal, fertilizers, steel, and petroleum for India's development.
- **Prelims:** Composition and weight of core sector industries in IIP.
- **Essay/Interview:** Industrial revival, base effect in economic growth, balancing infra push with energy security.

5. Steel Quality Control Order (QCO) and MSME Concerns

Key Highlights

- **New QCO Rule:** The Government of India issued a **Quality Control Order (QCO)** on 13 June, implemented from 16 June, mandating that all imported steel products (including intermediate raw materials like slabs and coils) must be **Bureau of Indian Standards (BIS)** certified.
- **MSME Impact:** Micro, Small, and Medium Enterprises (MSMEs) claim the rule has created a **non-tariff barrier** by restricting access to cheaper imports, raising domestic steel prices, and affecting their thin-margin businesses.
- **Financial Risks:** Advance payments worth around **₹150 crore** made before the QCO came into effect are now in jeopardy, creating financial stress for small importers.
- **Market Effect:** Prices of key products, such as the **304 series stainless steel**, have surged disproportionately in India compared to international markets due to supply shortages.
- **Industry Representations:**
 - The **Metals and Stainless Steel Merchant's Association** (17 Sept) sought exemptions for pre-paid shipments.
 - The **Federation of Associations of Maharashtra** (18 June) raised concerns about financial losses for small traders.



Key Definitions

- **Quality Control Order (QCO):** A government notification under the **Bureau of Indian Standards Act, 2016**, mandating adherence to specified quality standards for imports or domestic products.
- **Non-Tariff Barrier:** A trade restriction (other than tariffs) such as standards, regulations, or licensing requirements, which makes imports more difficult or costly.
- **MSMEs:** Defined under the **MSME Development Act, 2006** based on investment and turnover; they form the backbone of India's industrial ecosystem, contributing to exports and employment.

Legal & Policy Framework



- **BIS Act, 2016:** Empowers the government to issue QCOs to ensure quality, consumer safety, and curb substandard imports.
- **MSME Development Act, 2006:** Provides protection and support for MSMEs, recognizing their economic importance.
- **WTO Relevance:** India's QCOs must comply with WTO's Agreement on Technical Barriers to Trade (TBT), which discourages unnecessary barriers to international trade.

Conclusion

The steel QCO seeks to ensure quality and reduce substandard imports, aligning with India's self-reliance and safety objectives. However, the sudden implementation has disproportionately affected MSMEs, raising input costs and creating financial uncertainty. A balanced approach—ensuring both quality compliance and MSME viability—is essential.

UPSC Relevance

- **GS-III (Economy):** Industrial policy, MSMEs, and trade regulations.
- **GS-II (Governance & Policy):** Role of regulatory bodies like BIS.
- **GS-II (International Relations):** Non-tariff barriers and WTO obligations.
- **Prelims:** Provisions of BIS Act, MSME Development Act, WTO TBT Agreement.

6. Prime Minister's Internship Scheme – Revamp

Key Highlights

- **Objective:** The scheme aims to bridge the gap between **academic learning and real-world experience**, improving youth employability and contributing to India's **demographic dividend**.
- **Scale of Scheme:** Targets providing **1-year internship opportunities to 10 million people in 5 years**, with a **₹5,000 monthly stipend** and a **one-time joining incentive of ₹6,000**.
- **Pilot Phase Learnings:**
 - Phase 1 (Oct 2024): 6.21 lakh applications, 1.27 lakh internships offered, but only 28,000 accepted, and ~8,700 joined.
 - Phase 2 (Jan 2025): 82,000 offers, ~24,000 accepted.
 - Low adoption highlights need for **greater flexibility, transparency, and local access**.
- **Proposed Reforms:**
 - **Comprehensive overhaul** of eligibility, parameters, and scope (not just minor tweaks).
 - Use of **geotagged internship locations** for better transparency about travel requirements.
 - Encouragement of opportunities in **smaller towns and villages** to bridge the **urban-rural divide**.





Key Definitions

- **Internship:** A short-term work experience program designed to give students or fresh graduates exposure to professional work environments.
- **Demographic Dividend:** Economic growth potential resulting from a larger share of working-age population relative to dependents.
- **Geotagging:** Attaching geographical identification (latitude/longitude) to data, in this case to internship locations for transparency.

Constitutional & Policy Context

- **Directive Principles of State Policy (DPSP):** Article 41 directs the State to secure the right to work, education, and public assistance. Internship schemes align with this vision.
- **National Education Policy (NEP) 2020:** Stresses **integration of vocational education and skill-based learning** with formal education. The suggestion that **50% of UG credits be skill-based** resonates with this.
- **Skill India Mission & Apprentices Act, 1961:** Provide legal/policy framework for promoting structured skilling and apprenticeship opportunities.

Additional Key Points

- Internships with **top 500 companies** show corporate involvement but need better alignment with student needs.
- Travel requirements and lack of awareness are **barriers to participation**.
- Experts suggest aligning the scheme with **UG programs** to ensure higher adoption and recognition.

Conclusion

The revamped PM Internship Scheme aims to become a **cornerstone of workforce skilling**, ensuring youth gain practical exposure, bridging the urban-rural divide, and supporting India's demographic dividend. To succeed, reforms must focus on **transparency, accessibility, integration with higher education, and financial viability for interns**.

UPSC Relevance

- **GS-II (Governance & Social Justice):** Government schemes for skill development and youth empowerment.
- **GS-III (Economy & Employment):** Human resource development, demographic dividend, and employment generation.
- **Prelims:** Key features of NEP 2020, Apprentices Act 1961, and scheme details.
- **Essay & Ethics:** Role of youth in nation-building and importance of skill-based education.

7. India's Merchandise Exports to US Down by 22% (May–Aug 2025)

Key Highlights

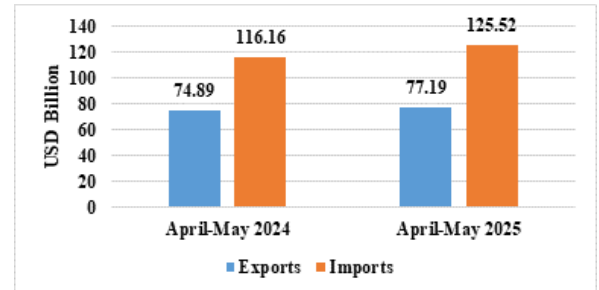
- **Export Decline:** India's exports to the US fell **22.2%** between May–August 2025, from **\$8.8 billion** to **\$6.9 billion**, as per **Global Trade Research Initiative (GTRI)**.



- **Tariff Escalation:** US tariffs on Indian goods increased sharply – **10% in early August → 25% on 7 August → 50% by month-end**, severely impacting competitiveness of Indian products.
- **Trade Impact:** The US is India's **largest export destination**, accounting for ~17% of total exports. Tariff hikes risk reducing India's access to a crucial market and hurting foreign exchange inflows.

Key Definitions

- **Merchandise Exports:** Tangible goods exported to foreign countries (e.g., textiles, steel, chemicals, electronics), excluding services like IT or tourism.
- **Tariff:** A tax imposed on imports/exports, used as a tool of trade policy to protect domestic industries or for strategic/economic leverage.



Constitutional & Legal Context

- **Article 301–307:** Ensure freedom of trade and commerce within India; at international level, trade governed by WTO agreements.
- **Foreign Trade (Development and Regulation) Act, 1992:** Empowers the government to regulate and promote foreign trade.
- **WTO Principles:** Tariff hikes of this magnitude could potentially conflict with **Most Favoured Nation (MFN)** principles, unless justified under exceptions (e.g., national security).

Additional Key Points

- **Sectoral Vulnerability:** Indian exports such as **steel, textiles, engineering goods, and electronics** are most affected by tariff hikes.
- **Services vs Goods:** While India's IT services exports remain strong, **merchandise exports are under stress**, affecting balance of payments stability.
- **Geopolitical Angle:** Tariffs are being used as an **economic weapon** amid global trade wars, not just for protectionism but also strategic signaling towards India and China.

Conclusion

The sharp fall in India's exports to the US highlights the **fragility of overdependence on a single market** and the rising trend of **protectionism** in global trade. India must **diversify export markets, enhance competitiveness, and engage in trade negotiations** to mitigate risks.

UPSC Relevance

- **GS-II (Governance & IR):** Impact of protectionist policies on India–US relations, WTO obligations.
- **GS-III (Economy):** Balance of Payments, export competitiveness, foreign trade policy.
- **Prelims:** Key provisions of **Foreign Trade Act, 1992**, WTO agreements, and trade definitions.
- **Essay/Ethics:** Globalization vs protectionism; balancing national interest and free trade.



8. Centre Plans Minority Stake Sales in State-Run Companies

Key Highlights

- **Government Move:** The Centre plans to **sell minority stakes in about half a dozen PSUs** to raise funds and boost market participation.
- **Sectors Covered:** While names were not disclosed officially, reports suggest likely candidates include **five public sector banks (PSBs)** such as **UCO Bank and Bank of Maharashtra**.
- **Policy Context:** This is part of India's **disinvestment policy**, aiming to reduce fiscal burden, increase efficiency of PSUs, and mobilize resources for development.

Key Definitions

- **Disinvestment:** Sale of government-owned equity/stake in Public Sector Enterprises (PSEs), either partially (minority stake) or fully (strategic disinvestment).
- **Minority Stake Sale:** Government sells less than 50% ownership, retaining management control.
- **Public Sector Undertaking (PSU):** A government-owned company where the majority (51% or more) equity is held by the government.

2015-16 (Companies)	Disinvestment proceeds (₹ cr)	2016-17 (Companies) *
Bharat Dynamics	198.85	State Trading Corporation
CONCOR	1,155.20	MMTC
Dredging Corporation	53.33	NMDC
Engineers India	642.50	Oil India
Hindustan Aeronautics	4,284.37	National Fertilizers
Indian Oil Corporation	9,369	Rashtriya Fertilizers & Chemicals
NTPC	13,166.55	
Power Finance Corporation	1,671	
Rural Electrification Corp	1,608	
TOTAL	32,148.80	

* These companies are yet to be disclosed. Government is seeking these companies for

Constitutional & Legal Provisions

- **Article 300A:** Protects right to property; compensation is required if government transfers assets.
- **Article 12 & 19(1)(g):** Defines state and ensures citizens' right to practice any profession; disinvestment encourages private participation.
- **Companies Act, 2013:** Regulates corporate governance of PSUs after listing.
- **Fiscal Responsibility and Budget Management (FRBM) Act, 2003:** Pushes government to reduce fiscal deficit, for which disinvestment is a key tool.

Additional Key Points

- **Economic Strategy:** Disinvestment helps meet **fiscal deficit targets** and supports **public sector reform** by increasing efficiency and competitiveness.
- **Past Precedents:** India has undertaken disinvestment in companies like LIC, Air India (strategic sale), and ONGC through IPOs/OFs (Offer for Sale).
- **Market Implication:** Sale of minority stakes deepens capital markets, improves corporate governance, and attracts retail/institutional investors.

Conclusion

The Centre's plan to offload minority stakes in PSUs is a step towards **fiscal consolidation, efficiency, and privatization-lite reforms**, without fully relinquishing control. However, the challenge lies in balancing **social welfare objectives** of PSUs with **market-driven efficiency**.

UPSC Relevance

- **GS-III (Economy):** Disinvestment policy, fiscal management, role of PSUs in economy.



- **GS-II (Governance & Polity):** Issues of state control, privatization, and regulatory framework.
- **Prelims:** Concepts of disinvestment, OFS, IPO, FRBM Act provisions.
- **Essay/Interview:** Debate on privatization vs retaining state control, balancing efficiency with welfare.

9. India–Morocco Defence Cooperation Agreement

Key Highlights

- **Historic First Visit:** Defence Minister **Rajnath Singh's visit to Morocco** marked the **first-ever trip by an Indian defence minister** to the North African nation.
- **Agreement Signed:** India and Morocco signed an agreement to **enhance military cooperation**, strengthening bilateral defence and security ties.
- **Scope of Cooperation:** Likely areas include **training, defence industry collaboration, counter-terrorism, intelligence sharing, and capacity building**.

Key Definitions

- **Defence Cooperation Agreement:** A bilateral framework for joint military activities, training exchanges, defence industry partnerships, and strategic dialogues.
- **Strategic Partnership:** A long-term arrangement between nations for cooperation in defence, security, economy, and technology to advance mutual interests.

Constitutional & Legal Provisions

- **Article 51 of the Constitution:** Promotes **international peace, security, and cooperation**.
- **Article 73:** Empowers the Union government to make agreements and treaties related to defence and external affairs.
- **Defence Production and Export Promotion Policy (DPEPP) 2020:** Encourages India's defence exports and global partnerships.
- **Arms Act, 1959:** Governs domestic arms production and trade, relevant for defence industry cooperation.



Additional Key Points

- **Geopolitical Significance:** Morocco is a **gateway to Africa and the Mediterranean**, offering India a strategic partner in the region.
- **Counter-Terrorism Cooperation:** Morocco has experience in dealing with extremist groups in North Africa, useful for India in tackling cross-border terrorism.
- **Defence Diplomacy:** The visit highlights India's expanding **defence diplomacy** in Africa under initiatives like *India–Africa Forum Summit (IAFS)*.
- **Make in India Push:** Opens opportunities for **Indian defence companies to export** equipment and technology to Morocco.



Conclusion

The agreement between India and Morocco deepens India's footprint in **Africa's defence and security architecture**, enhances counter-terrorism collaboration, and supports the vision of **Atmanirbhar Bharat in defence exports**. It also strengthens India's role in global South-South cooperation.

UPSC Relevance

- **GS-II (International Relations):** India–Africa relations, bilateral agreements, diplomacy.
- **GS-III (Security):** Defence cooperation, counter-terrorism strategies, defence exports.
- **Prelims:** Location of Morocco (North Africa, Mediterranean & Atlantic coastline), Defence Production and Export Promotion Policy (DPEPP).
- **Essay/Interview:** Role of defence diplomacy in India's foreign policy, Africa as a strategic partner in India's global outreach.

10. Stay Alert to Turbulence on India's External Front

Key Highlights

- **H-1B Visa Barrier:** Recent U.S. restrictions on **H-1B visas** may reduce the flow of Indian talent abroad, potentially impacting **remittances**—a key stabilizer of India's **current account deficit (CAD)**.
- **Remittances Crucial for BoP:** India received **\$124 billion in remittances in 2024–25**, keeping CAD at **0.6% of GDP**. India remains the **world's largest remittance recipient**.
- **Balance of Payments (BoP) Risks:** India faces structural vulnerabilities due to **inelastic imports** (oil, capital goods, bullion, pharma ingredients) and declining **FDI and FPI inflows**.
- **Capital Controls:** RBI may need to **temporarily tighten capital controls** to manage outflows but should ensure that **routine transactions** (dividends, repatriation of profits) remain unaffected.
- **India Inc's Overseas Investments:** Rising outward remittances by Indian companies may face restrictions, nudging them to reinvest domestically.
- **Global Context:** Geopolitical instability, trade wars, and economic volatility are worsening India's external sector challenges.



Key Definitions

- **Balance of Payments (BoP):** A systematic record of all economic transactions between residents of a country and the rest of the world during a specific period. It includes:
 - **Current Account:** Trade in goods/services, remittances, income.
 - **Capital Account:** FDI, FPI, loans, external borrowing.
- **Current Account Deficit (CAD):** When a country imports more goods, services, and capital than it exports.



- **Capital Controls:** Measures taken by a government/RBI to regulate capital inflows and outflows to maintain financial stability.

Constitutional & Legal Provisions

- **Article 302:** Parliament's power to regulate trade, commerce, and financial flows.
- **FEMA, 1999 (Foreign Exchange Management Act):** Governs India's foreign exchange and external transactions, including remittances.
- **RBI Act, 1934:** Empowers RBI to manage monetary policy and external stability.

Additional Key Points

- **FDI Decline:** Net FDI inflows dipped below **\$1 billion** in 2024–25, raising concerns over India's investment climate.
- **FPI Outflows:** Portfolio investors reducing exposure to India adds volatility to forex markets.
- **Policy Challenge:** Ensuring external stability without hurting growth, investment, or the diaspora's financial linkages.
- **Strategic Dependence:** India's BoP remains vulnerable to **oil shocks**, global interest rates, and U.S. policies on **talent mobility**.

Conclusion

India's **external front faces turbulence** due to global volatility, rising inelastic imports, declining capital inflows, and potential remittance risks. While remittances have cushioned CAD, India must adopt **calibrated capital control measures** and strengthen **domestic investment climate** to reduce vulnerability.

UPSC Relevance

- **GS-III (Indian Economy):** Balance of Payments, remittances, capital controls, RBI policies.
- **GS-II (International Relations):** Impact of U.S. H-1B visa restrictions on India.
- **Prelims:** Balance of Payments components, FEMA 1999, CAD trends, India's position in global remittances.
- **Essay/Interview:** "India's external vulnerability in a volatile global order" / "Remittances as India's external shock absorber."

11. UP Government Bans Caste-Based Rallies and Public Displays

Key Highlights

- **Government Order & Allahabad HC Directive:** Uttar Pradesh issued a **government order** prohibiting caste-based political rallies and public caste displays, following the **Allahabad High Court directive (16 September 2025)**, citing threats to **public order** and **national unity**.
- **Scope of the Order:**
 - Prohibits public display of caste symbols, caste-based signboards, and glorification of caste in rallies or social media.
 - Police records and **CCTNS portal** entries should remove caste references, except for cases under the **SC/ST (Prevention of Atrocities) Act, 1989**.



- Vehicles displaying caste names or slogans may face action under the **Central Motor Vehicles Act, 1988**.

- **Political Implications:**

- Affects parties with caste-based support, including **BSP, SP, NISHAD Party, Apna Dal (S), SBSP**.
- October 9 BSP rally marks a key test of government enforcement.
- Opposition alleges potential misuse to **harass rivals** while BJP asserts adherence to **constitutional responsibility**.

- **Social Context:**

- The ban coincides with the first **caste census since 1933**, highlighting deep-rooted caste-based social structures.
- Court highlighted caste glorification in **TV debates, songs, leadership, matrimonial ads**, impacting **constitutional morality** and anti-discrimination principles.



- **Key Definitions:**

- **Caste-Based Rally:** Any public gathering where mobilization, speeches, or symbols are explicitly tied to a caste group.
- **Constitutional Morality:** The principles of justice, liberty, equality, and fraternity as enshrined in the **Indian Constitution**, guiding governance and law enforcement.
- **Public Order (Article 19(2)):** Reasonable restrictions on the **right to assemble peacefully** can be imposed for maintaining safety and security.

Constitutional & Legal Provisions

- **Article 15 & 17:** Prohibit discrimination based on caste and abolish untouchability.
- **Article 19(1)(b) & 19(2):** Right to assemble peacefully subject to reasonable restrictions in the interest of **public order**.
- **SC/ST (Prevention of Atrocities) Act, 1989:** Provides special protections to Scheduled Castes and Scheduled Tribes.
- **Central Motor Vehicles Act, 1988:** Regulates vehicular conduct, applicable to caste-related displays on vehicles.

Conclusion

The UP government's order is a **step toward curbing caste-based mobilization and promoting national unity**, but faces criticism for potential political misuse and questions of enforceability. Deep-seated caste identities in politics and society pose challenges to complete implementation.

UPSC Relevance

- **GS-II (Polity & Governance):** Articles 15, 17, 19; role of state in maintaining public order; SC/ST Act.



- **GS-I (Social Issues):** Caste-based discrimination, societal conditioning, caste census implications.
- **Prelims:** Legal provisions related to public order, caste-based protections, and motor vehicle regulations.
- **Mains/Essay:** “Caste and Politics in India”, “Balancing Constitutional Morality with Social Realities”.

12. India-U.S. Diplomatic Engagement amid Trade and Visa Tensions

Key Highlights

- **High-Level Meeting:** External Affairs Minister **S. Jaishankar** met **U.S. Secretary of State Marco Rubio** on the sidelines of the **80th UN General Assembly (UNGA)** in New York to discuss bilateral and international issues.
- **Trade & Visa Issues:** Talks come amid tensions due to:
 - **50% tariffs** imposed by the U.S. on Indian goods.
 - Increased **H-1B visa fees** impacting Indian professionals working in the U.S.
 - Ongoing **trade negotiations** between India and the U.S., with Commerce Minister **Piyush Goyal** also attending discussions.
- **Bilateral & Multilateral Context:**
 - Both sides emphasized **sustained engagement** to progress on priority areas.
 - The meeting also involved discussions related to the **Quad Foreign Minister’s initiatives** and the upcoming **Quad Summit in Delhi**.
- **Frequent Diplomatic Interaction:** Jaishankar’s visit marks his **fifth official U.S. visit in the last nine months**, reflecting India’s priority on strategic dialogue and trade relations.
- **Key Definitions:**
 - **H-1B Visa:** A U.S. non-immigrant visa allowing Indian professionals to work in specialized sectors.
 - **Quad (Quadrilateral Security Dialogue):** A strategic forum comprising **India, U.S., Japan, and Australia**, focusing on security, trade, and Indo-Pacific stability.
 - **Tariffs:** Taxes or duties imposed on imports or exports to protect domestic industries or for trade negotiation purposes.



Constitutional & Legal Provisions / International Frameworks

- **Article 293:** Authorizes the Union government to borrow or give guarantees on behalf of India for external engagements and agreements.
- **WTO Framework:** Tariffs and trade disputes are governed by **World Trade Organization rules**, which India can invoke in case of trade protectionism.



- **Diplomatic Immunity & Protocols:** UNGA and international summits provide forums for resolving disputes under **Vienna Convention on Diplomatic Relations (1961)**.

Conclusion

The Jaishankar-Rubio meeting underscores India's proactive diplomacy to **balance trade, visa, and strategic concerns** with the U.S., while leveraging multilateral platforms like the UNGA and Quad for broader engagement. Sustained dialogue is crucial for **mitigating tensions** and advancing India-U.S. bilateral interests.

UPSC Relevance

- **GS-II (International Relations):** India-U.S. trade relations, H-1B visa policy, Quad initiative.
- **GS-III (Economy & External Affairs):** Trade tariffs, bilateral negotiations, global supply chain implications.
- **Prelims:** Key terms: H-1B visa, Quad, UNGA, tariffs.
- **Mains/Essay:** "India's Strategic Diplomacy in the Indo-Pacific", "Managing India-U.S. Trade Relations".

13. The Growing Relevance of Traditional Medicine

Key Highlights

- **Global Prevalence:** According to the **World Health Organization (WHO)**, traditional medicine is practiced in **88% of member-states (170 out of 194 countries)**. It remains a **primary healthcare source** for billions, particularly in low- and middle-income nations, due to **affordability and accessibility**.
- **Market Growth & Economic Significance:**
 - The **global traditional medicine market** is projected to reach **\$583 billion by 2025** with annual growth of 10–20%.
 - Country-specific estimates: **China (\$122.4B)**, **Australia (\$3.97B)**, **India's AYUSH sector (\$43.4B)**.
 - Shift from reactive to **preventive healthcare models**, addressing root causes rather than only symptoms.
- **India's AYUSH Transformation:**
 - Comprises **over 92,000 MSMEs**; revenues expanded from ₹21,697 crore (2014–15) to **₹1.37 lakh crore** in manufacturing and **₹1.67 lakh crore** in services.
 - India exports **\$1.54 billion worth of AYUSH products** to 150+ countries.
 - **Survey data (2022–23):** 95% rural and 96% urban awareness; over **50% of population** used AYUSH systems in the preceding year.
- **Scientific Validation & Research:**
 - Institutions like **All India Institute of Ayurveda, National Institute of Ayurveda**, and **Central Council for Research in Ayurvedic Sciences** focus on:





- Clinical validation
- Drug standardization
- Integrative care combining traditional and modern medicine
- Integration with **AI and digital health** for predictive care, big-data analytics, and clinical trials.
- **Global Outreach & Diplomacy:**
 - **25 bilateral agreements** and **52 institutional partnerships** established.
 - **43 AYUSH Information Cells** across 39 countries; 15 academic chairs in foreign universities.
 - **WHO Global Traditional Medicine Centre in India** promotes research, technology integration, and international collaboration.
- **Holistic Philosophy & Contemporary Relevance:**
 - Ayurveda emphasizes **balance** between body-mind, humans-nature, and consumption-conservation.
 - Focus on **preventive, affordable, inclusive, and sustainable healthcare**.
 - Addresses **lifestyle diseases, planetary health, veterinary care, and plant health**.
 - Theme 2025: “**Ayurveda for People & Planet**” (Ayurveda Day: September 23).

Key Definitions

- **AYUSH:** Ayurveda, Yoga & Naturopathy, Unani, Siddha, Homeopathy.
- **Traditional Medicine:** Medical practices, knowledge, and beliefs incorporating plant, animal, and mineral-based therapies, spiritual therapies, manual techniques, and exercises applied in health maintenance and treatment.
- **Preventive Healthcare:** Medical practices aimed at **preventing illness or detecting it early**, rather than treating existing conditions.

Constitutional & Legal Provisions / Policy Linkages

- **Article 47 (Directive Principle of State Policy):** States shall raise the level of nutrition and standard of living and improve public health, including traditional medicine promotion.
- **National AYUSH Mission (NAM):** Government initiative to strengthen AYUSH systems in India.
- **WHO Frameworks:** Collaboration for international validation, standards, and integration of traditional medicine in global health policies.

Conclusion

Traditional medicine, particularly **India's AYUSH systems**, is increasingly relevant globally for **sustainable, preventive, and affordable healthcare**. Its integration with modern science, digital health, and international partnerships positions India as a **global leader in holistic healthcare**, contributing to economic growth, soft power, and public health resilience.

UPSC Relevance



- **GS-II (Governance & Health):** Role of AYUSH, national and international health policy, WHO collaboration.
- **GS-III (Economy & Science & Tech):** Traditional medicine market, research and development, technology integration.
- **Prelims Key Terms:** AYUSH, WHO Traditional Medicine Centre, Ayurveda Day, preventive healthcare.
- **Mains/Essay:** “Role of Traditional Medicine in Sustainable Healthcare”, “Ayurveda for People and Planet”, “India’s Soft Power in Global Health Diplomacy”.

14. U.S.-India Disagreement over Corn Imports

Key Highlights

- **India’s Maize Production & Self-Sufficiency:**
 - India’s maize yield is **below 4 tonnes/hectare**, while the **global average is 6 tonnes**.
 - Despite lower yields, India has been largely **self-sufficient in maize**, occasionally exporting for **livestock feed and human consumption**.
 - Ethanol blending in petrol has increased maize demand domestically, requiring careful balancing of **food security vs. ethanol production**.
- **Current Maize Imports:**
 - India imported **1 million tonnes in 2024–25**, mainly from **Myanmar (60%) and Ukraine**, not the U.S.
 - Imports are primarily for **ethanol feedstock**, not for direct consumption.
 - U.S. corn, largely **Genetically Modified (GM)**, is not imported due to **India’s policy limiting GM cultivation** (only GM cotton allowed; GM brinjal/mustard under investigation).
- **U.S. Perspective:**
 - U.S. agriculture is **highly capitalist**, mechanized, and focused on **export-oriented cash crops** like corn and soybeans.
 - Overproduction of cash crops creates a need for **export markets**, including India for ethanol production.
 - Corn exports are politically significant, especially in **Midwest Republican states**, which are key electoral constituencies.
- **Political & Economic Stakes for India:**
 - Importing cheap U.S. corn could **undermine domestic maize farmers** and disrupt the newly established **ethanol ecosystem**, particularly in **Bihar** (politically sensitive due to elections).
 - Ethanol blending programs aim to **reduce oil import bills** and **cut carbon emissions**; importing corn would defeat this strategic objective.





- Indian maize production has **doubled recently**, and this supports both **energy security and farmer incomes**.
- **Global Trade Context:**
 - China's halt on U.S. soybean imports has created **surplus U.S. corn/soy** in Midwest markets, pressuring exports.
 - India remains cautious due to lessons from **Mexico's NAFTA experience**, where cheap U.S. corn devastated local farmers.

Key Definitions

- **Maize (Corn):** A cereal grain used for **human consumption, animal feed, and industrial purposes** (e.g., ethanol, high-fructose corn syrup).
- **Ethanol Blending Programme:** Policy to blend ethanol with petrol, aimed at **reducing oil imports and greenhouse gas emissions**.
- **Genetically Modified (GM) Crops:** Organisms whose genetic material has been altered for traits like **pest resistance or higher yields**.

Constitutional & Legal/Policy Linkages

- **Article 47 (Directive Principle of State Policy):** Promotion of **nutrition and standard of living**, which includes balancing food security with industrial use of crops.
- **National Policy on Biofuels (2018):** Supports **ethanol blending** and sustainable feedstock use.
- **WTO Rules:** Influence U.S.-India trade negotiations, particularly on **tariffs, GM crop regulations, and import quotas**.

Conclusion

India's refusal to import U.S. corn reflects a combination of **food security, farmer welfare, domestic ethanol objectives, and cautious GM crop policy**. Balancing domestic agricultural priorities with global trade pressures remains a **key challenge in India-U.S. relations**.

UPSC Relevance

- **GS-II (International Relations):** U.S.-India trade negotiations, WTO implications, global agricultural diplomacy.
- **GS-III (Economy & Agriculture):** Maize production, ethanol blending, GM crops, import substitution, energy security.
- **Prelims Key Terms:** Ethanol blending program, Genetically Modified (GM) crops, maize imports, National Policy on Biofuels.
- **Mains/Essay Topics:** "Balancing Food Security with Energy Needs in India", "India-U.S. Trade Relations and Agricultural Diplomacy".