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FOR UPSC CIVIL SERVICE EXAMINATION

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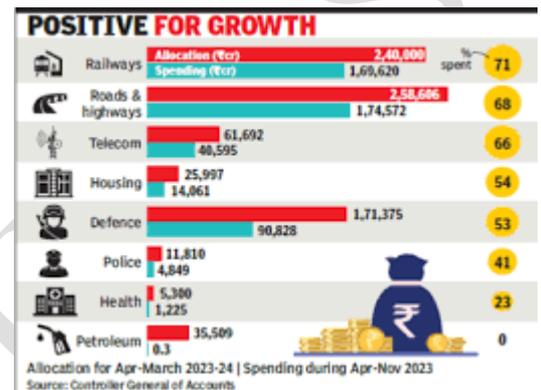
1. Next Budget May Keep Government Capex Plan Steady

1. Background and Context

- **Capital Expenditure (Capex)** refers to funds used by the government to acquire, maintain, or upgrade physical assets such as infrastructure, industries, and equipment — aimed at enhancing long-term productive capacity.
- The **Union Government** is likely to maintain its **infrastructure spending in FY 2026–27** at around **3.1–3.2% of GDP**, close to the current fiscal year’s level (₹11.21 trillion in FY 2025–26).
- This approach aligns with a **measured fiscal consolidation strategy** — balancing economic momentum while managing the **fiscal deficit target** amidst global uncertainties.

2. Fiscal Consolidation and Policy Shift

- **Fiscal Consolidation** refers to government policies aimed at reducing fiscal deficits and debt accumulation over time, as mandated under the **Fiscal Responsibility and Budget Management (FRBM) Act, 2003**.
- The move reflects a shift from “**expansion in scale**” to “**enhancement in quality and impact**” of public capex.
- The focus is on **execution efficiency**, ensuring tangible economic returns, and **better coordination between the Centre and States** for project completion and outcome monitoring.



3. Private Investment Push

- Public investment has been the **primary growth driver** in recent years, compensating for **weak private investment** and **uneven export demand**.
- However, with **improved corporate balance sheets**, **better capacity utilization**, and **macroeconomic stability**, the government expects **private sector capex to pick up**.
- This indicates a gradual **transition from state-led growth to private sector-led expansion**, easing pressure on public finances.

4. Strategic Focus Areas

- The government aims to move from “**scale to strategic depth**” — focusing on projects that:
 - Create **productive assets** with long-term economic value.
 - **Crowd in private investments** through Public-Private Partnerships (PPPs).
 - **Leverage technology** (AI, data analytics) for project tracking, transparency, and measurable outcomes.
- Emphasis is on sectors such as **transport, logistics, renewable energy, industrial corridors, and digital infrastructure** to ensure **high multiplier effects** on growth and employment.

5. Execution and Governance Reforms

- Steps include **streamlining approval processes**, **reducing project delays**, and **improving Centre-State coordination**.



- The government is promoting **data-driven monitoring** to assess project performance and fiscal efficiency.
- This aligns with the **National Infrastructure Pipeline (NIP)** and **PM Gati Shakti Mission**, designed to improve integrated infrastructure planning and delivery.

6. Constitutional and Legal Framework

- **Article 112:** Mandates the presentation of the **Annual Financial Statement (Budget)** before Parliament.
- **Article 266:** Governs the **Consolidated Fund of India**, from which capital expenditure is financed.
- **FRBM Act (2003):** Provides a framework for fiscal discipline, targeting sustainable deficit levels while promoting capital formation.

Conclusion

The government's decision to **maintain current levels of capital expenditure** in FY 2026–27 indicates a **strategic balance between fiscal prudence and growth stimulus**. As private investment gathers momentum, the focus will shift from expanding budgetary outlays to ensuring **efficiency, accountability, and high economic returns** from infrastructure spending.

UPSC Relevance:

- **GS Paper 3 – Indian Economy:** Fiscal policy, investment models, infrastructure, growth and development, and government budgeting.
- **Keywords to Remember:** Capital Expenditure, Fiscal Consolidation, FRBM Act, Public–Private Partnership (PPP), National Infrastructure Pipeline, PM Gati Shakti, Multiplier Effect.
- **Possible Questions:**
 - “Discuss the role of public capital expenditure in crowding-in private investment in India.”
 - “How does fiscal consolidation influence infrastructure development and economic growth?”

2. Net Direct Tax Receipts Up 7% to ₹12.92 Trillion till November 10

1. Overview and Key Data

- **Net direct tax collections** stood at **₹12.92 trillion** as of **10 November 2025**, marking a **7% year-on-year growth**.
- These collections account for **about 49%** of the **₹25.2 trillion FY26 target**, indicating steady performance despite a slower pace compared to last fiscal.
- **Gross collections** before refunds were **₹15.35 trillion**, up 2.15% from last year.
- **Refunds issued:** ₹2.43 trillion, showing an **18% decline** due to smaller refunds for non-corporate taxpayers, while corporate refunds saw a marginal increase.



2. Composition of Direct Taxes

- **Direct Taxes** include:



- **Corporate Tax (CIT):** Levied on company profits under the **Income Tax Act, 1961**.
- **Personal Income Tax (PIT):** Levied on individuals, Hindu Undivided Families (HUFs), etc.
- **Securities Transaction Tax (STT):** Tax on equity transactions, which remained steady at **₹35,681 crore** this year, reflecting a largely flat stock market trend.
- These taxes together form a **key component of non-debt revenue receipts**, ensuring fiscal stability.

3. Trends and Growth Moderation

- The **7% growth rate** is **below the 12.65% projection** in the **Union Budget FY26** and the **14.35% expansion recorded in FY25**, reflecting a moderation in tax momentum.
- The slowdown is attributed to:
 - **Personal income tax relief measures** introduced in Budget 2025–26, costing around **₹1 trillion** to the exchequer.
 - **Moderate corporate profit growth** and a **neutral market performance**, impacting STT inflows.
- Despite this moderation, the growth trend remains **fiscally reassuring** and consistent with the broader macroeconomic environment.

4. Policy Measures and Fiscal Implications

- The **personal income tax cuts** were aimed at increasing **disposable income** and **boosting consumption demand**, complementing recent **GST rate cuts** that could add a **₹2 trillion stimulus** to the economy.
- The government is balancing **short-term revenue moderation** with **long-term demand revival** through tax rationalisation and indirect fiscal incentives.
- The **direct tax buoyancy ratio** (percentage change in direct tax revenues relative to GDP growth) remains an important indicator of **tax efficiency and economic resilience**.

5. Legal and Institutional Framework

- **Article 265:** “No tax shall be levied or collected except by authority of law.” Ensures constitutional backing for all tax measures.
- **Income Tax Act, 1961:** Primary legislation governing direct taxes in India.
- **Finance Act (annual):** Amends tax rates and provisions each fiscal year through the Union Budget.
- **Central Board of Direct Taxes (CBDT):** Apex body under the **Department of Revenue**, responsible for policy formulation, administration, and enforcement of direct tax laws.

6. Broader Economic Perspective

- Robust direct tax inflows indicate **formalisation of the economy**, **improved compliance**, and **use of technology-driven monitoring** (e.g., e-filing, faceless assessments).
- Continued **growth in personal income tax** signals a **broadening tax base** and rising **middle-class participation** in the formal economy.
- Balanced fiscal strategy aims to sustain growth while adhering to **fiscal consolidation goals** under the **FRBM framework**.



Conclusion

India's direct tax performance for FY26 so far underscores a **steady yet moderating growth trajectory**, reflecting both the impact of tax relief measures and resilient economic activity. The government's focus on widening the tax base, improving compliance, and leveraging technology is expected to strengthen fiscal sustainability and boost demand in the medium term.

UPSC Relevance:

- **GS Paper 3 – Indian Economy:** Government budgeting, taxation policy, fiscal management, and revenue mobilisation.
- **Important Keywords:** Direct Taxes, Corporate Tax, Personal Income Tax, STT, CBDT, Tax Buoyancy, FRBM Act.
- **Possible UPSC Questions:**
 - “Discuss the role of direct taxes in promoting fiscal consolidation and economic stability in India.”
 - “How does rationalisation of personal income tax rates impact consumption and fiscal health?”

3. Red Fort Bomb Probe Finds Link to Faridabad Module

1. Background and Incident Overview

- A **car explosion occurred near the Red Fort in Delhi** during rush hour, killing 13 people and injuring several others.
- The blast involved a **white Hyundai i20**, and though not creating a crater, it was powerful enough to be heard **2 km away**.
- Following the explosion, the **National Investigation Agency (NIA)** took over the case, registering an **FIR** under anti-terror and criminal laws.
- Preliminary findings indicate the explosion may have been a **premature detonation**, triggered out of panic during coordinated security raids.



2. Connection to Faridabad Terror Module

- Investigators have linked the explosion to a **terror module busted in Faridabad**, allegedly associated with **Jaish-e-Mohammad (JeM)** — a Pakistan-based proscribed terrorist organisation.
- The **module included medical professionals**, notably **Dr. Adeel Rather (Saharanpur)**, **Dr. Muzammil Ahmad Ganaia (Faridabad)**, and **Dr. Shaheen Shahid (Lucknow)**.
- Nearly **2,900 kg of ammonium nitrate**, explosives, and firearms were seized during the Faridabad raids.
- Another suspect, **Dr. Parvez Saeed Ansari**, was later arrested, while others including **Irfan Ahmad Waghay (maulvi from Shopian)** and **Hafeez Mohammad Ishtiyag (imam from Mewat)** are under scrutiny.



3. Network and Cross-Border Links

- The module is suspected to have **international linkages**, with instructions possibly **originating from across the border**.
- **Umar Un Nabi**, a doctor from Pulwama who worked at **Al Falah Hospital, Faridabad**, is believed to have driven the blast vehicle and coordinated logistics.
- Officials suspect a **doctors' terror network** comprising **10–12 members**, operating in coordination with foreign-based handlers — highlighting a **new pattern of radicalisation among educated professionals**.

4. Legal Provisions Invoked

- The **FIR** includes stringent sections under:
 - **Unlawful Activities (Prevention) Act, 1967 (UAPA):**
 - *Section 16*: Punishment for terrorist acts.
 - *Section 18*: Punishment for conspiracy or attempt to commit terrorist acts.
 - **Explosive Substances Act, 1908:**
 - *Section 3*: Causing explosion likely to endanger life.
 - *Section 4*: Attempt to cause explosion or possession of explosives.
 - **Bharatiya Nyaya Sanhita (BNS), 2023:**
 - *Section 103(1)* – Murder.
 - *Section 109(1)* – Attempt to murder.
 - *Section 61(2)* – Criminal conspiracy.
- These provisions reflect India's **multi-layered counter-terror legal framework** ensuring accountability and deterrence against extremist acts.

5. Institutional Response and Security Measures

- The **NIA and Delhi Police Special Cell** have launched multi-state operations spanning **Delhi, Haryana, Uttar Pradesh, and Jammu & Kashmir**.
- The **Centre's swift response** underscores its commitment to dismantling terror networks and upholding **national security and internal stability**.
- The case also demonstrates **inter-agency coordination** between intelligence, forensic, and law enforcement units in tracing terror financing and logistical chains.
- The probe highlights the challenge of **homegrown radicalisation** and the **misuse of professional networks** for extremist purposes.

6. Broader National Security and Legal Context

- **Article 355** of the Constitution obligates the Union to **protect every state against external aggression and internal disturbance**.
- **National Investigation Agency Act, 2008** empowers the NIA to handle offences affecting national integrity and sovereignty.



- **Jaish-e-Mohammad (JeM)** remains listed as a **terrorist organisation under UAPA**, with several of its modules dismantled in recent years.
- The case signifies the importance of **counter-terror intelligence, cyber surveillance, and community engagement** in preempting extremist threats.

Conclusion

The Red Fort blast and its link to the Faridabad-based JeM module highlight the **evolving nature of terrorism in India**, with increasing involvement of **educated professionals** and **multi-state coordination**. The government's legal and institutional response demonstrates India's **robust anti-terror framework** and commitment to **zero tolerance against terrorism**. The case reinforces the need for continuous vigilance, intelligence-sharing, and de-radicalisation efforts.

UPSC Relevance:

- **GS Paper 3 – Internal Security:** Terrorism, counter-terror mechanisms, cyber security, and national integration.
- **Important Keywords:** Jaish-e-Mohammad (JeM), UAPA, NIA, Explosive Substances Act, Radicalisation, Cross-Border Terrorism, National Security.
- **Possible UPSC Questions:**
 - “Examine the role of UAPA and NIA in combating terrorism in India.”
 - “Discuss the challenges posed by homegrown radicalisation and its implications for India's internal security.”

4. Most Oil Refiners Skip Buying Russian Crude for December

1. Background and Context

- India, the **world's third-largest oil importer**, has **scaled back purchases of Russian crude for December 2025 deliveries**, with **five major Indian refiners** reportedly **not placing orders**.
- This marks a temporary departure from the trend since 2022, when India became one of Russia's largest oil buyers after Western nations imposed sanctions following the **Ukraine conflict**.
- The move reflects India's attempt to **balance strategic energy security with global diplomatic pressures**, especially amid **US-led discussions** on sanctions compliance and payment mechanisms.

2. Key Drivers Behind the Decision

- **Western Sanctions:** The **US and EU sanctions** on Russia's energy sector, especially restrictions on shipping, insurance, and dollar-based transactions, have made Russian crude procurement more complex.
- **Payment Challenges:** India's refiners face difficulties in settling payments due to the **sanctions on Russian banks** and the **risk of secondary sanctions** on entities dealing with restricted oil traders.
- **Diplomatic Engagement:** Ongoing **India–US energy and strategic dialogues** have influenced refiners to diversify sourcing and demonstrate compliance with international norms.





- **Price Volatility:** Russian crude discounts have narrowed in recent months, reducing its earlier cost advantage compared to Middle Eastern grades.

3. India's Energy Security and Diversification Strategy

- India imports over **85% of its crude oil needs**, making **diversification of energy sources** a strategic priority under the **Integrated Energy Policy**.
- Refiners are likely to shift toward **Middle Eastern suppliers (Iraq, Saudi Arabia, UAE)** and **African producers (Nigeria, Angola)** to fill the gap left by reduced Russian imports.
- The government continues to promote **long-term supply contracts** and **energy diplomacy** to ensure stability in crude inflows amid global market uncertainty.
- The **Indian Strategic Petroleum Reserves (ISPR)** mechanism provides short-term buffer capacity to manage such disruptions.

4. Legal, Institutional, and Policy Framework

- **Article 73 of the Constitution** empowers the Union Government to manage **international trade and foreign policy**, including energy imports.
- The **Petroleum and Natural Gas Regulatory Board (PNGRB) Act, 2006** governs downstream petroleum infrastructure and market operations.
- **Oil Marketing Companies (OMCs)** like Indian Oil, Bharat Petroleum, and Hindustan Petroleum operate under the regulatory supervision of the **Ministry of Petroleum and Natural Gas (MoPNG)**.
- **India's Energy Diplomacy Framework** involves coordination through multilateral platforms such as the **International Energy Agency (IEA)** and **OPEC+ dialogue mechanisms**.

5. Geopolitical and Economic Implications

- The scaling back signals India's **adaptive response to global geopolitical shifts** — balancing its **strategic autonomy** while maintaining **relations with both Western partners and Russia**.
- Reduced Russian crude imports could **impact India's import bill**, as alternative crude grades are costlier, potentially influencing domestic fuel prices and inflation.
- However, it also strengthens India's **credibility in international forums**, demonstrating its commitment to **rules-based trade systems** and **responsible global engagement**.
- This aligns with India's stance of "**strategic balancing**", maintaining neutrality while safeguarding national interests in the evolving global order.

6. Broader Energy Transition Context

- India's move also aligns with its long-term vision under **Energy Transition and Climate Commitments**, including the **National Hydrogen Mission** and **Net-Zero 2070 target**.
- Diversification beyond fossil fuels — toward **renewables and biofuels** — reduces vulnerability to geopolitical disruptions in oil trade.
- The shift reinforces the need for **energy self-reliance (Atmanirbhar Urja Bharat)** through domestic exploration, renewable capacity expansion, and storage infrastructure development.

Conclusion

India's decision to reduce Russian crude imports for December 2025 underscores its **strategic flexibility** in



navigating complex geopolitical and economic dynamics. While maintaining energy security remains paramount, India's cautious recalibration demonstrates its **mature foreign policy balancing** — preserving autonomy, upholding global norms, and advancing energy diversification goals.

UPSC Relevance:

- **GS Paper 2 – International Relations:** India–Russia relations, India–US energy diplomacy, impact of sanctions.
- **GS Paper 3 – Economy and Energy Security:** Oil imports, energy diversification, strategic reserves, Atmanirbhar Bharat in energy.
- **Important Keywords:** Energy Security, Strategic Autonomy, Sanctions, Crude Oil Diversification, PNGRB Act, Energy Diplomacy, ISPR, OMCs.

5. India to Miss 2030 Hydrogen Goal as Demand Fluctuates

1. Background and Context

- India had set an ambitious target under the **National Green Hydrogen Mission (NGHM)** to produce **5 million tonnes (MT) of green hydrogen annually by 2030**, aimed at reducing fossil fuel dependence and achieving **net-zero emissions by 2070**.
- However, as per the **Ministry of New and Renewable Energy (MNRE)**, India is likely to **miss this target** due to **fluctuating global demand** and **policy uncertainties** in international hydrogen markets.
- Several Indian producers have decided to **extend project timelines** to prevent oversupply and manage investment risks amidst slow global uptake.

2. Understanding Green Hydrogen and Its Importance

- **Green Hydrogen** is hydrogen produced through **electrolysis of water using renewable energy sources** (solar, wind, etc.), resulting in **zero carbon emissions**.
- It is a critical component for **decarbonising hard-to-abate sectors** such as steel, cement, chemicals, and heavy transport.
- The **National Green Hydrogen Mission (2023)**, with an **outlay of ₹19,744 crore**, was launched to make India a **global hub for green hydrogen production, usage, and export**.
- The mission supports pilot projects, electrolyser manufacturing, and incentives under the **Strategic Interventions for Green Hydrogen Transition (SIGHT)** programme.



3. Key Reasons for Delay and Challenges

- **Global Policy Uncertainty:** Delay in **clean fuel mandates** and **carbon pricing mechanisms** in developed markets (EU, US, Japan) has weakened export demand.
- **Domestic Demand Constraints:** Slow progress in **industrial adoption** and lack of **hydrogen infrastructure (storage, pipelines, refuelling)** have limited scalability.
- **Investment Risks:** Volatile **electrolyser costs**, **unclear subsidy frameworks**, and **financing challenges** have slowed project execution.



- **Technological and Logistical Barriers:** Dependence on imported electrolyser components and limited renewable energy linkage to hydrogen clusters.

4. Institutional and Legal Framework

- **National Green Hydrogen Mission (NGHM, 2023):** Anchored by MNRE, provides fiscal incentives and policy support for hydrogen production and utilization.
- **Electricity Act, 2003:** Facilitates renewable energy generation and open access for hydrogen producers.
- **Energy Conservation (Amendment) Act, 2022:** Introduces provisions for **carbon trading** and promotes **green hydrogen adoption** in industrial sectors.
- **Article 253 of the Constitution:** Empowers Parliament to implement international environmental agreements relevant to clean energy transitions.
- The **Hydrogen Purchase Obligation (HPO)**, under consideration, will mandate certain industries to procure a fixed share of hydrogen-based fuels.

5. Global and Economic Implications

- **Global Hydrogen Market:** India's delay mirrors global trends, as many countries revisit hydrogen targets amid **slower-than-expected technological scaling** and **financing gaps**.
- **Export Competitiveness:** Missing the 2030 target may **limit India's early-mover advantage** in the green hydrogen export market, particularly to Europe and East Asia.
- **Economic Opportunities:** Despite short-term challenges, India's vast renewable potential can position it as a **cost-competitive hydrogen producer** in the long run.
- **Strategic Diplomacy:** India continues to engage in hydrogen partnerships with the **EU, Japan, and Australia** for technology transfer and joint investments.

6. Future Outlook and Policy Recommendations

- Focus on **domestic demand creation** through sectoral mandates (steel, fertilizer, refineries).
- **Accelerate electrolyser manufacturing** under the **PLI Scheme** to reduce import dependency.
- Develop **hydrogen hubs and corridors** integrated with renewable power infrastructure.
- Promote **international green financing**, public-private partnerships, and **R&D in hydrogen storage and transport**.
- Leverage India's **G20 presidency outcomes** on clean energy cooperation to attract global investments.

Conclusion

India's likely shortfall in achieving its 2030 green hydrogen target highlights the challenges of transitioning to a low-carbon economy in a volatile global energy landscape. However, with policy recalibration, domestic demand creation, and technological innovation, India can still emerge as a key global player in the **green hydrogen ecosystem** by the mid-2030s. The shift from targets to realistic, phased implementation will ensure sustainable progress toward **energy independence and net-zero goals**.



UPSC Relevance:

- **GS Paper 3 – Economy & Environment:** Renewable energy, hydrogen economy, sustainable development, energy security.
- **Important Keywords:** Green Hydrogen, Electrolysis, National Green Hydrogen Mission, MNRE, Energy Conservation Act 2022, Hydrogen Purchase Obligation, Net-Zero 2070.

6. India's Cotton Imports to Hit Record High

1. Background and Key Highlights

- India's **cotton imports** are projected to **increase by 9.8%** in the **2025–26 cotton season**, reaching a **record high**, as per industry estimates.
- The surge is attributed to the government's **decision to allow duty-free cotton imports** and a **sharp decline in domestic output** to a **17-year low**.
- As the **world's second-largest cotton producer and consumer**, India's higher imports are expected to **influence global cotton prices**, which are currently hovering near six-month lows.

2. Reasons for the Surge in Imports

- **Decline in Domestic Production:** Domestic cotton output has dropped significantly due to **unfavourable weather conditions, pest attacks (especially pink bollworm)**, and **reduced acreage** under cultivation.
- **Duty-Free Import Policy:** The government temporarily **removed import duties on cotton** to address supply shortages and stabilise prices for textile industries.
- **High Domestic Prices:** Reduced availability has led to **higher local prices**, making imports a cost-effective option for textile manufacturers.
- **Textile Industry Demand:** The Indian **textile and apparel sector**, a major employment generator and export earner, requires uninterrupted cotton supply for production continuity.



3. Economic and Global Implications

- India's increased imports could **support global cotton prices**, benefiting major exporters like the **US, Brazil, and Australia**.
- Domestically, higher import dependence could **widen the trade deficit** and impact the **agricultural balance of trade**.
- This trend may affect **farmers' income**, especially smallholders reliant on cotton cultivation, and **raise concerns over agricultural sustainability**.
- The government may need to **balance import facilitation with domestic production incentives** to prevent long-term dependence on foreign suppliers.



4. Policy and Institutional Framework

- **Ministry of Textiles and Ministry of Agriculture** coordinate cotton policy through the **Cotton Corporation of India (CCI)**, which manages procurement and price stabilisation.
- **Foreign Trade Policy (FTP)** provisions and **Customs Act, 1962** empower the government to modify import duties for essential commodities.
- **Article 301 of the Constitution** guarantees **freedom of trade, commerce, and intercourse**, allowing such policy interventions in the public interest.
- The **Cotton Development and Research Association (CDRA)** and **ICAR-Central Institute for Cotton Research (CICR)** are tasked with improving productivity and pest-resistant varieties.

5. Challenges and Strategic Concerns

- **Declining Productivity:** India's cotton yield (around 450–500 kg lint per hectare) lags behind global leaders, pointing to issues in technology adoption and irrigation.
- **Climate Vulnerability:** Erratic monsoons and droughts have impacted cotton output in major producing states like Maharashtra, Gujarat, and Telangana.
- **Pest and Insect Resistance:** Recurrent pest infestations highlight the need for **biotech cotton varieties** and **integrated pest management (IPM)** strategies.
- **Supply Chain Pressures:** Rising input costs and weak procurement support have discouraged farmers, leading to a shift toward alternative cash crops.

6. Policy Recommendations and Future Outlook

- Strengthen **research and development** in high-yield and climate-resilient cotton varieties through **public-private partnerships**.
- Enhance **Minimum Support Price (MSP)** operations and **crop insurance coverage** to protect farmers from price volatility.
- Promote **domestic textile value chain integration** to reduce import dependency and improve export competitiveness.
- Introduce **cotton sustainability certification** to promote environmentally responsible production aligned with global textile sourcing standards.

Conclusion

India's record-high cotton imports reflect a complex interplay between **domestic production challenges**, **global trade dynamics**, and **policy adjustments**. While the short-term import liberalisation ensures supply stability for the textile sector, it underscores the urgent need for **revitalising domestic cotton cultivation** through technology, research, and better farm support. Balancing import flexibility with production self-reliance will be key to sustaining India's position in the global cotton value chain.

UPSC Relevance:

- **GS Paper 3 – Economy & Agriculture:** Agricultural production, import policies, trade liberalisation, and industrial linkages.
- **Important Keywords:** Cotton Imports, Duty-Free Policy, Cotton Corporation of India (CCI), Agricultural Productivity, Textile Industry, Trade Balance, MSP.



7. India Tells UNSC It Has Suffered from Cross-Border Terrorism

1. Background and Context

- At a **United Nations Security Council (UNSC) Open Debate on Small Arms**, India's **Permanent Representative to the UN, Ambassador Parvathaneni Harish**, highlighted the threat of **cross-border terrorism** and **illicit arms trafficking**.
- India asserted that it has been a **victim of cross-border terrorism for decades**, with terror groups using **illegally trafficked weapons and ammunition** supplied across its borders — a **veiled reference to Pakistan**.
- The statement coincided with the **Red Fort explosion in New Delhi**, which underscored the continuing challenge of terrorism and illegal arms proliferation.

2. Key Issues Raised by India at the UNSC

- India emphasized the need for a **“zero-tolerance approach”** towards countries, organizations, and entities that **facilitate, finance, or sponsor terrorism**.
- The envoy urged the UNSC to **strengthen international frameworks** regulating the **transfer of small arms and light weapons (SALWs)** to prevent diversion to **non-state actors and terror outfits**.
- India highlighted the importance of **responsible arms trade** and the **implementation of sanctions regimes** against entities violating arms control measures.
- The address reinforced India's long-standing demand for **accountability of state sponsors of terrorism**, calling it essential for maintaining **international peace and security**.



3. India's Experience and Policy Perspective

- India has faced persistent cross-border terrorism, particularly in **Jammu and Kashmir**, fuelled by **illicit arms, narcotics, and terror financing networks**.
- The **use of small arms and improvised explosive devices (IEDs)** in terror incidents demonstrates how illicit weapons exacerbate internal security challenges.
- India has implemented strict domestic measures, including the **Arms Act, 1959, Unlawful Activities (Prevention) Act (UAPA), 1967**, and enhanced **border management** through agencies like **BSF and NIA**.
- India supports the **UN Programme of Action (PoA) on Small Arms (2001)**, which calls for tracing, marking, and destruction of illicit weapons.

4. Legal and Institutional Frameworks

- **UN Charter (Articles 24 & 51)**: Provides the UNSC with the primary responsibility for maintaining international peace and security and recognizes the right of states to self-defense against armed aggression, including terrorism.
- **Arms Trade Treaty (ATT, 2014)**: Establishes standards for international trade in conventional arms to prevent diversion to terrorist groups — though India is not a signatory, it supports its principles.



- **Domestic Laws:**

- *Unlawful Activities (Prevention) Act, 1967* – Criminalizes support or membership of terrorist organizations.
- *Arms Act, 1959* – Regulates possession, manufacture, and import of arms and ammunition in India.
- *Explosive Substances Act, 1908* – Governs the use and control of explosive materials.

- **Constitutional Provision:** *Article 355* obliges the Union to protect every State against **external aggression and internal disturbance**, forming the basis of counter-terror efforts.

5. International and Strategic Implications

- India's intervention aligns with its broader diplomatic push to **strengthen global counter-terrorism architecture** and **expose Pakistan's role** as a sponsor of terrorism at international forums.
- It also supports India's campaign for a **Comprehensive Convention on International Terrorism (CCIT)**, pending at the UN since 1996.
- The statement enhances India's role as a **responsible stakeholder in global security governance**, emphasizing legal, intelligence, and diplomatic cooperation among member states.
- India advocates the **use of technology and information-sharing mechanisms** under the UN's **Counter-Terrorism Executive Directorate (CTED)** to trace illicit arms flows.

6. Link to Recent Domestic Developments

- The **Red Fort blast**, occurring hours before the UNSC address, highlighted the **immediate relevance** of India's concerns about illicit arms and terrorism.
- Investigations into such incidents often reveal **foreign linkages**, supporting India's claim that terrorism is not only a domestic challenge but a **transnational security issue**.

Conclusion

India's strong statement at the UNSC underscores its consistent position that **terrorism and illicit arms trafficking are global threats requiring collective international action**. By calling for a **zero-tolerance approach** and accountability of **state sponsors of terrorism**, India reinforced its image as a **frontline state combating terror**. The integration of international law, diplomatic efforts, and national security measures remains central to India's counter-terror strategy.

UPSC Relevance:

- **GS Paper 2 – International Relations:** UN Security Council, global counter-terrorism measures, India's foreign policy.
 - **GS Paper 3 – Internal Security:** Cross-border terrorism, small arms proliferation, counter-terrorism laws, internal security challenges.
 - **Important Keywords:** Cross-Border Terrorism, Small Arms, UAPA, Arms Trade Treaty, UN PoA, State-Sponsored Terrorism, UNSC, CCIT.
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8. The New India–US Defence Pact Offers Reassurance Amid Turmoil

1. Background and Context

- India and the United States signed the **2025 India–US Defence Framework Agreement** on **31 October**, led by **Defence Minister Rajnath Singh** and **US Secretary of War Pete Hegeseth**.
- The pact builds upon previous key agreements — the **1995 Agreed Minute on Defence Relations**, the **2005 Defence Framework Agreement**, and its **renewal in 2015**.
- The **2025 framework** marks a **decadal renewal** of bilateral defence cooperation, laying the groundwork for joint production, technology sharing, and strategic collaboration till **2035**.
- It comes at a time of **global geopolitical uncertainty**, especially in the **Indo-Pacific region**, and aims to reaffirm mutual trust amid economic and political tensions.



2. Key Provisions and Strategic Objectives

- The agreement focuses on **joint defence production, technology transfers, and industrial cooperation** under the **Defense Trade and Technology Initiative (DTTI)**.
- It envisages **co-production of defence systems in India**, supporting the ‘**Atmanirbhar Bharat**’ (**self-reliant India**) vision in defence manufacturing.
- It strengthens mechanisms for **information sharing, intelligence cooperation, and regional deterrence** to ensure security in the Indo-Pacific.
- The pact provides a **ten-year roadmap (2025–2035)** for reviewing and recalibrating cooperation in critical defence sectors and emerging technologies such as **AI, drones, and cyber warfare**.

3. Historical Evolution of India–US Defence Relations

- **1995 Agreed Minute:** Established the foundation for structured defence dialogue.
- **2005 Defence Framework Agreement:** Institutionalized cooperation in joint exercises and technology sharing.
- **2015 Framework:** Expanded the scope to co-development and co-production under the DTTI.
- **2025 Framework:** Represents the transition from a **buyer–seller relationship** to one based on **strategic depth, innovation, and shared technological interdependence**.
- Over the last two decades, key defence agreements — **LEMOA (2016)**, **COMCASA (2018)**, and **BECA (2020)** — have deepened interoperability and intelligence-sharing between both militaries.

4. Significance for India and the Indo-Pacific

- The agreement comes when **regional security dynamics** are shifting due to rising **China–US tensions** and assertiveness in the **South China Sea**.
- It reinforces the **Quad framework (India, US, Japan, Australia)** by promoting a **free, open, and rules-based Indo-Pacific**.



- India benefits from **technological access** and enhanced **defence capabilities**, crucial for **self-reliance** and **deterrence posture**.
- For the US, the pact strengthens its partnership with a key democratic ally in Asia, ensuring a **balance of power** against emerging regional threats.

5. Challenges and Strategic Concerns

- Despite the optimism, there remain concerns of **asymmetry in decision-making and technology access**, with India still dependent on US approvals for critical defence technologies.
- The **US–China economic rapprochement** could undermine the strategic coherence of Indo-Pacific initiatives and test the depth of US commitment to regional allies.
- Bureaucratic delays, **export control laws**, and **protectionist pressures** in both countries could slow implementation of co-production goals.
- There is a risk of the partnership reverting to a **transactional, buyer–seller model**, contrary to the vision of mutual innovation and strategic trust.

6. Legal, Constitutional, and Institutional Framework

- **Article 51 of the Indian Constitution:** Advocates for fostering international peace and security through cooperation.
- **Article 73:** Empowers the Union Government to conduct foreign and defence relations.
- **Defence Acquisition Procedure (DAP) 2020:** Facilitates indigenous production through joint ventures and FDI in the defence sector.
- **Indo–US Defence Technology and Trade Initiative (DTTI):** Institutional mechanism for defence innovation, R&D, and private sector participation.
- The pact also aligns with India’s **Strategic Partnership Model (SPM)** to promote domestic manufacturing and technology infusion.

Conclusion

The **2025 India–US Defence Framework Agreement** marks a defining moment in bilateral relations, reaffirming the **strategic convergence between the two democracies**. It not only strengthens India’s defence self-reliance but also reinforces the collective vision for a **secure, stable, and rules-based Indo-Pacific**. The next decade will test how effectively both nations transform shared ambitions into actionable cooperation and avoid a return to a transactional defence partnership.

UPSC Relevance:

- **GS Paper 2 – International Relations:** India–US relations, Indo-Pacific strategy, strategic autonomy, defence diplomacy.
- **GS Paper 3 – Security:** Defence technology, defence production, and internal–external security linkages.
- **Important Keywords:** Indo–US Defence Cooperation, DTTI, Quad, Indo-Pacific Strategy, LEMOA, COMCASA, BECA, Atmanirbhar Bharat, Strategic Partnership.



9. Bank Mergers: Business Factors Must Drive Them

1. Background and Context

- The government has repeatedly expressed interest in **creating large global-scale banks** through consolidation of **Public Sector Banks (PSBs)**, with the goal of strengthening India's global financial presence.
- This approach stems from past consolidation efforts — first, in **2017**, when **Bharatiya Mahila Bank and SBI's associate banks** merged with **State Bank of India (SBI)**, and again in **2020**, when several PSBs were merged, reducing their number from **27 to 12**.
- However, experts argue that **size alone does not ensure efficiency, stability, or financial inclusion**, emphasizing that mergers must be driven by **commercial and operational logic**, not policy mandates.



2. The Debate: Big vs. Small Banks

- Proponents argue that **large banks** can better fund **infrastructure projects** and serve **corporate credit needs**, while critics highlight that **bank size does not guarantee soundness or better performance**.
- **E.F. Schumacher's philosophy "Small is Beautiful"** underscores that smaller, agile institutions often function more efficiently and are closer to customer needs.
- Only **two Indian banks—SBI and HDFC Bank—feature among the world's top 100 banks** by total assets, indicating that India's banking strength lies more in stability and inclusion than in global ranking.
- The push for size must be balanced against **financial inclusion, credit delivery efficiency, and systemic stability**.

3. Economic and Structural Analysis

- Large banks are **not necessarily better equipped** to fund infrastructure projects due to **asset-liability mismatches** — bank deposits are short-term, while infrastructure loans are long-term.
- The **early 2000s infrastructure lending experience** by banks led to **non-performing assets (NPAs)** and stressed balance sheets.
- With **financial sector diversification**, corporate India now relies less on banks — opting instead for **corporate bonds, equities, and external commercial borrowings (ECBs)**.
- Hence, India's credit ecosystem no longer depends solely on large PSBs, reducing the need for excessive consolidation.

4. Risks of Forced Consolidation

- Mergers that are not commercially driven may lead to **cultural misalignment, operational inefficiencies, and integration challenges**.
- Large banks often become **"too big to fail,"** meaning their collapse could threaten the entire financial system, compelling **government bailouts using taxpayer funds**.



- Smaller banks, in contrast, offer **decentralized resilience** — they can fail without triggering systemic crises.
- Hence, the focus should shift from “**too big to fail**” to “**safe to fail**”, emphasizing better risk management and independent governance.

5. Legal, Institutional, and Regulatory Framework

- **Banking Regulation Act, 1949** and **Reserve Bank of India Act, 1934** empower the **RBI** to supervise, license, and approve bank mergers, ensuring stability and depositor protection.
- **Article 300A of the Constitution** safeguards the property rights of shareholders and depositors, reinforcing accountability during mergers.
- The **Public Sector Banks (Merger) Schemes** are enacted through government notifications under the **Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980**.
- The **RBI and Department of Financial Services (DFS)** play key roles in merger evaluation based on capital adequacy, asset quality, and governance standards.

6. The Way Forward: Commercial Rationale and Reform

- **Bank mergers should be market-driven**, based on efficiency, technology adoption, and customer service synergy, rather than administrative direction.
- Focus on **strengthening governance, credit appraisal, and risk management systems** before expanding scale.
- Encourage **differentiated banking models** (small finance banks, payment banks, regional banks) to improve access without over-concentration.
- Promote **private sector participation and autonomy of PSBs** under the **Banking Reforms Agenda (Indradhanush)** to ensure accountability and performance.

Conclusion

While India’s aspiration to create globally competitive banks is understandable, **size should not be mistaken for strength**. Bank mergers must be **driven by sound business logic, financial prudence, and operational compatibility**, not political or symbolic motives. Sustainable banking reform lies in **improving efficiency, governance, and risk discipline**, rather than mere consolidation. A **diverse and competitive banking ecosystem** is more crucial for financial inclusion and economic resilience than a few oversized institutions.

UPSC Relevance:

- **GS Paper 3 – Indian Economy:** Banking reforms, financial stability, NPA crisis, mergers and acquisitions.
- **GS Paper 2 – Governance and Policy:** Role of state in financial sector, public sector autonomy.
- **Important Keywords:** Bank Consolidation, Too Big to Fail, Financial Inclusion, NPA, RBI Regulation, Banking Regulation Act 1949, Indradhanush Reforms.



10. Exploited Workers and the Draft Shram Shakti Niti 2025: A Case of Empty Promises

1. Background and Context

- The **draft Shram Shakti Niti 2025**, unveiled by the Government of India, aims to create a “**future-ready**” labour framework inspired by “ancient Indian ethos.”
- It comes at a time when India faces one of the **world’s highest levels of modern slavery**, with an estimated **11 million people** in forced labour conditions, according to the International Labour Organization (ILO, 2024).
- Investigations in sectors like seafood, textiles, and quarrying reveal **widespread exploitation**—non-contractual employment, denial of social security, and poor occupational safety—reflecting deep structural gaps in India’s labour ecosystem.
- The policy, while ambitious in its digital and technological aspirations, has been criticised for **prioritising employer convenience over worker rights** and **ignoring ground-level realities of informal labour**.



2. Key Features of the Shram Shakti Niti 2025

- Proposes a **Universal Social Security Account (USSA)** integrating schemes such as EPFO, ESIC, PMJAY, and e-SHRAM for lifelong benefits (health, maternity, pension, accident cover).
- Envisions **AI-driven employment facilitation** through the National Career Service (NCS) for job matching, credential checks, and skill alignment.
- Targets **35% female labour participation** by 2030 via childcare facilities, flexible gig work, and equal pay measures.
- Seeks to align occupational safety with the **Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020**, aiming for “near-zero fatalities” by 2047.
- Promotes **green and digital transitions** in alignment with **Sustainable Development Goal 13 (Climate Action)** and Article 21 (Right to Life and Livelihood).

3. Constitutional and Legal Framework

- **Article 14 (Equality before Law)**, **Article 16 (Equal Opportunity in Employment)**, and **Article 23 (Prohibition of Forced Labour)** underpin India’s labour justice architecture.
- **Article 41 (Right to Work, Education, and Public Assistance)** and **Article 42 (Just and Humane Conditions of Work and Maternity Relief)** guide labour welfare as Directive Principles.
- **Article 15 (Non-discrimination)** and **Article 19 (Freedom of Association)** are vital for collective bargaining and union rights.
- The policy references **ILO Conventions 29 (Forced Labour)**, **155 (Occupational Safety)**, and **195 (Gender Equality and Employment Mobility)**, but critics note India’s **weak enforcement and poor compliance** with these standards.
- Labour Codes, such as the **Wages Code (2019)** and **OSHWC Code (2020)**, exist but remain **weakly implemented**, especially in informal and gig sectors.



4. Key Concerns and Criticisms

- **Digital Exclusion:** With only 38% household literacy, a digital-first approach marginalises women, elderly, and rural workers, violating Articles 14 and 15.
- **Lack of Funding Clarity:** The policy lacks concrete fiscal mechanisms—no **employer mandates or state funding commitments** for universal social security.
- **Weak Worker Protection:** Absence of **union safeguards** and **tripartite structures** (workers, employers, government) undermines collective bargaining and representation.
- **Gig and Informal Workers:** Ignores the Wages Code minimums and legal recognition for over **12 million gig workers**, risking further exploitation through algorithmic bias and opaque AI systems.
- **Safety and Enforcement Gaps:** Despite lofty goals, shortage of labour inspectors, unenforced penalties, and poor grievance mechanisms weaken oversight.
- **Gender and Caste Inequality:** No affirmative measures for **Dalit and informal women workers**, failing to address intersecting inequalities in the labour market.

5. Economic and Ethical Implications

- The **AI-driven labour matching system** risks perpetuating caste and gender biases without ethical safeguards, contrary to the equality provisions under Article 15.
- The “**flexibility**” narrative in gig and informal work often conceals exploitation, eroding job security and fair wages.
- The “**green jobs**” vision risks being urban-centric, neglecting the **400 million informal rural workers**, and could turn into an exploitative eco-transition without income support or union participation.
- Turning the **Ministry of Labour and Employment (MoLE)** into an “employment facilitator” rather than a regulator risks shifting accountability away from state protection duties.

6. The Way Forward: Rights, Regulation, and Inclusion

- Ensure **tripartite governance** of labour reforms involving unions, employers, and the state for balanced policy outcomes.
- Provide **offline access** and **literacy-sensitive systems** to bridge the digital divide in social security registration.
- Enforce **ethical AI audits** and **union-reviewed algorithms** to prevent bias in job-matching and wage assignment.
- Mandate **employer contributions** and **state co-funding** to ensure sustainable universal social protection.
- Strengthen **labour inspection systems**, penalties for violations, and **worker grievance redress mechanisms** at the district level.

Conclusion

The **Shram Shakti Niti 2025** aspires to create a futuristic, technology-driven labour ecosystem, but without strong legal enforcement, adequate funding, and inclusive mechanisms, it risks becoming a **symbolic policy detached from workers’ realities**. True labour reform in India must rest not on digital dashboards or



slogans but on **justice, dignity, and equitable rights** for its 500 million-strong workforce. The future of “Viksit Bharat” depends on how well it protects those who build it.

UPSC Relevance:

- **GS Paper 2 – Governance & Social Justice:** Labour laws, welfare schemes, rights-based policies, role of government in social security.
- **GS Paper 3 – Economy:** Informal sector, employment generation, social protection, digital inclusion.
- **Important Keywords:** Shram Shakti Niti 2025, Forced Labour, Informal Workforce, Universal Social Security Account, Occupational Safety, Gig Economy, Labour Codes, ILO Conventions.

11. India Recorded the Highest Greenhouse Gas Emissions for 2024

1. Background and Key Findings

- In **2024**, India recorded the **largest absolute increase in greenhouse gas (GHG) emissions** globally, contributing **165 MtCO₂e** to the global rise of **1,500 MtCO₂e** compared to 2023.
- India became the **third-largest emitter** of GHGs (after **China and the United States**) in absolute terms.
- However, **India’s per capita GHG emissions** stood at **3 tCO₂e**, **less than half the global average of 6.4 tCO₂e**, reflecting its **low emissions intensity** despite rapid industrial and economic growth.
- Globally, total GHG emissions reached **57,700 MtCO₂e**, the **highest on record**, driven by energy use, industrial processes, and deforestation.

2. Sectoral Breakdown of Global Emissions (2024)

- **Fossil fuel combustion** (coal, oil, and natural gas) remained the largest contributor, accounting for **69% of total emissions**.
- Within fossil CO₂ emissions, **power generation** was the biggest source, followed by **industrial combustion, transport, and fuel production**.
- **Methane (CH₄) emissions** — mainly from **agriculture and waste management** — formed **16% of total GHGs**, making it the **second-largest contributor**.
- **Deforestation and land-use change** significantly added to the year’s emission spike, undermining global carbon sinks.

3. India’s Emissions Profile and Growth Pattern

- India’s per capita GHG emissions grew by **3.7% between 2023 and 2024**, much higher than the **global average increase of 0.04%**.
- The growth was primarily driven by the **energy and industrial sectors**, amid expanding electricity demand and infrastructure development.
- Despite the growth, India’s **carbon intensity (emissions per unit of GDP)** remains relatively low due to large contributions from **renewable energy, agriculture, and low per capita consumption**.
- India’s development pattern continues to reflect a **“low-emission growth model”**, consistent with the principle of **Common But Differentiated Responsibilities (CBDR)** under the **UNFCCC**.



4. Legal, Policy, and Institutional Framework

- **Paris Agreement (2015):** India's **Nationally Determined Contributions (NDCs)** commit to reducing the **emissions intensity of GDP by 45% from 2005 levels by 2030** and achieving **net-zero by 2070**.
- **Constitutional Backing:**
 - *Article 48A* (Directive Principles): The State shall protect and improve the environment.
 - *Article 51A(g)* (Fundamental Duties): It is the duty of every citizen to protect the natural environment.
- **National Action Plan on Climate Change (NAPCC, 2008):** Implements eight missions, including the **National Solar Mission** and **National Mission for Enhanced Energy Efficiency**.
- **Energy Conservation (Amendment) Act, 2022:** Introduced the **carbon trading framework** and strengthened renewable energy adoption.
- **State Action Plans on Climate Change (SAPCCs):** Local-level climate resilience strategies integrated with India's national commitments.

5. Global and Domestic Implications

- India's rising emissions underscore the **development–environment dilemma**, as rapid growth and urbanisation drive energy use.
- The data reinforces India's argument for **climate justice**, highlighting its **low per capita footprint** and historical under-contribution to global warming.
- The trend calls for accelerating **renewable energy transitions, green hydrogen initiatives, electric mobility, and carbon capture technologies**.
- India's leadership in **International Solar Alliance (ISA)** and **Coalition for Disaster Resilient Infrastructure (CDRI)** exemplifies its proactive global climate diplomacy.

6. Policy Challenges and the Road Ahead

- **Energy Transition:** Dependence on coal for power generation remains a major bottleneck; phasing it out gradually while ensuring energy security is crucial.
- **Industrial Decarbonisation:** Expanding green manufacturing and promoting carbon pricing are key to lowering emissions intensity.
- **Agriculture and Methane:** Policies must target methane mitigation through **climate-smart agriculture, manure management, and biofuel development**.
- **Afforestation and Carbon Sinks:** Expanding forest cover and restoring degraded lands will be essential for achieving net-zero goals.
- **Equity and Climate Finance:** Developed countries must provide **finance, technology, and capacity building** to support India's low-carbon transition as per the **Paris Agreement's Article 9**.

Conclusion

India's 2024 emissions data reveal the complexity of balancing **economic growth with environmental sustainability**. While India's absolute emissions are rising, its **per capita emissions remain modest**, reaffirming its **equitable development approach**. The challenge lies in deepening decarbonisation through **renewable energy expansion, green industrial policy, and climate-resilient infrastructure**, without



undermining growth and poverty alleviation. India's success will set a critical precedent for other developing nations navigating the path toward a **just energy transition**.

UPSC Relevance:

- **GS Paper 3 – Environment, Economy, and Sustainable Development:** Climate change, energy policy, emission reduction, and environmental governance.
 - **Important Keywords:** GHG Emissions, Per Capita Emissions, Paris Agreement, Net Zero 2070, NDCs, NAPCC, CBDR, Methane Mitigation, Climate Justice.
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