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FOR UPSC CIVIL SERVICE EXAMINATION

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1. Government's Natural Gas Tariff Reform (2026)

The Petroleum and Natural Gas Regulatory Board (PNGRB) has introduced a landmark "One Nation, One Grid, One Tariff" reform to simplify natural gas transportation charges across India, effective from **1 January 2026**.

Key Summary Points

- **Unified Tariff Structure:** The PNGRB has collapsed the previous three-slab distance-based system into a simplified two-zone structure: Zone 1 (up to 300 km) and Zone 2 (beyond 300 km).
- **Cross-Regional Parity:** All CNG and domestic PNG consumers nationwide will now be charged the lower **Zone 1 rate of ₹54 per MMBtu**, regardless of their distance from the gas source.
- **Cost Reduction:** This move is expected to lower transportation charges by nearly **50%** for consumers located more than 300 km from gas sources, such as those in North or Northeast India.
- **Direct Consumer Savings:** Retail prices are projected to drop by **₹1.25–2.50 per kg for CNG** and **₹0.90–1.80 per SCM for PNG**, resulting in an estimated annual saving of ₹1,000 crore for the sector.
- **Resilient CGD Sector:** While overall gas consumption saw a slight dip in FY26 due to lower demand in power and fertilizer sectors, the City Gas Distribution (CGD) segment remains a growth leader, contributing 21% to total consumption.
- **Vision 2030:** The reform is a strategic step toward the government's target of increasing natural gas's share in India's primary energy mix from **~6.7% to 15% by 2030**.



Constitutional and Legal Provisions

- **PNGRB Act, 2006:** The primary legislation establishing the Board to regulate refining, processing, storage, transportation, distribution, and sale of petroleum and natural gas (excluding production).
- **Section 11 (Functions of the Board):** Mandates the board to protect consumer interests, promote competitive markets, and ensure equitable distribution of gas.
- **Section 20 & 22 (Common Carrier/Contract Carrier):** Empowers the board to declare pipelines as "common carriers" and regulate their transportation rates to ensure non-discriminatory open access.
- **Unified Tariff Regulations:** Statutory frameworks that allow for the "levelized" charging of transportation costs to eliminate regional pricing disparities.

Definitions of Key Terms

- **MMBtu:** Million British Thermal Units—a standard unit of measurement for the energy content of natural gas.
- **SCM:** Standard Cubic Metre—the unit used for measuring and billing the volume of Piped Natural Gas (PNG) delivered to households.
- **One Nation, One Grid:** A policy vision to create an integrated national gas infrastructure where geography does not dictate energy costs.



- **City Gas Distribution (CGD):** The network of pipelines and stations that supply gas to domestic, commercial, and transport (CNG) sectors within a specific geographical area.

Conclusion

The PNGRB's decision to rationalize gas tariffs marks a shift from distance-sensitive pricing to a consumer-centric "postage-stamp" tariff model. By removing the "tyranny of distance," the government is making cleaner fuels affordable for far-flung regions, thereby incentivizing the transition away from dirtier fossil fuels. This move, coupled with expected increases in global gas supplies by 2028, positions natural gas as the primary bridge fuel for India's net-zero transition.

UPSC Relevance

- **GS Paper II:** Regulatory bodies (PNGRB), Government policies, and interventions for development in various sectors.
- **GS Paper III:** Infrastructure (Energy), Environmental impact of fuels, and the shift towards a "Gas-based Economy."
- **Prelims Focus:** One Nation, One Grid initiative, PNGRB Act 2006 provisions, and the 15% gas mix target by 2030.

2. 8th Central Pay Commission: Navigating the Fiscal and Administrative Landscape

The Government of India has initiated the process for the **8th Central Pay Commission (CPC)**, a decennial exercise that fundamentally reshapes the salary structure, allowances, and pensions of over **1.1 crore** central government employees and pensioners. While the formal implementation date is slated for **1 January 2026**, the commission has been granted an 18-month window to finalize its recommendations, balancing employee welfare with macroeconomic stability.

Key Summary Points

- **Institutional Cycle:** The Centre reviews pay scales and service conditions every 10 years; the 8th CPC was officially announced in early 2025, following the conclusion of the 7th CPC's tenure on 31 December 2025.
- **The "Fitment Factor" Math:** Media projections suggest a fitment factor (a multiplier for basic pay) between **1.92 and 2.86**, aiming to adjust the minimum wage significantly from the current ₹18,000 baseline.
- **Inflation Indexing:** Remuneration is heavily influenced by the **Dearness Allowance (DA)**, which is pegged to the Consumer Price Index for Industrial Workers (CPI-IW); high-inflation periods historically lead to steeper salary growth (e.g., 14.3% CAGR during the 6th CPC).
- **Fiscal Efficiency:** Despite rising wage bills, staff expenditure as a share of the total budget has dropped from **11.4% in FY00 to 6.6% in FY23**, largely due to a shift toward a leaner workforce and a growing national budget.
- **The Downsizing Paradox:** While actual employee headcount has shrunk from 3.9 million to 3.1 million over two decades, sanctioned posts have risen to 4.0 million, leading to a high **vacancy rate of 24.2%**.
- **Global Alignment:** The 8th CPC's Terms of Reference (ToR) emphasize attracting talent and improving efficiency to transform government organizations into modern, professional, and citizen-friendly entities.



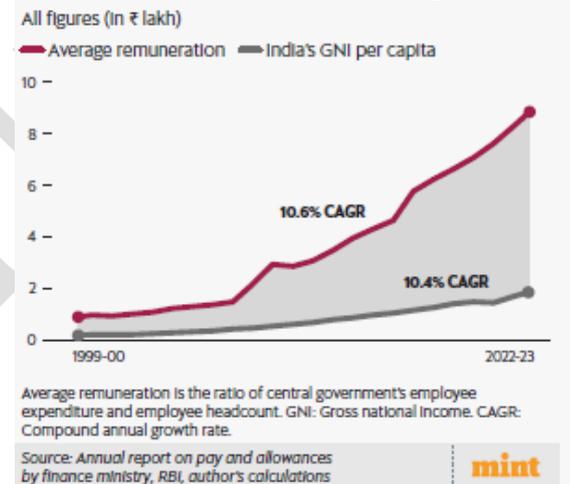
Constitutional and Legal Provisions

- **Article 309:** Empowers the President to make rules regarding the recruitment and conditions of service of persons serving the Union. The CPC is an **ad hoc administrative body** established under this executive power.
- **Article 73:** Extends the executive power of the Union to matters upon which Parliament has the power to make laws, providing the legal basis for the President to constitute the commission.
- **The PNGRB Act & Administrative Tribunals:** While the CPC recommends, disputes regarding implementation or anomalies are often settled by the **Central Administrative Tribunal (CAT)**, established under **Article 323A**.
- **Aykroyd Formula:** A legalistic-scientific benchmark used by the 7th and likely 8th CPC to determine the "Need-Based Minimum Wage," factoring in nutrition (2,700 calories), clothing, and housing requirements for a family.

Definitions of Key Terms

- **Fitment Factor:** A multiplier used to arrive at the new basic pay by combining existing basic pay with a portion of the Dearness Allowance.
- **Dearness Allowance (DA):** A cost-of-living adjustment allowance paid to government employees and pensioners to mitigate the impact of inflation.
- **Gross National Income (GNI):** The total domestic and foreign output claimed by residents of a country; government salaries are often benchmarked against GNI per capita to ensure parity with national income growth.
- **Sanctioned Posts vs. Headcount:** Sanctioned posts are the total number of positions authorized by the government, while headcount is the actual number of employees currently in service.

Central govt employees' pay has risen in line with the average national income growth



Conclusion

The 8th Central Pay Commission represents more than just a salary hike; it is a critical tool for administrative reform. By aligning pay with inflation and national income growth, the government seeks to maintain a competitive and motivated bureaucracy. However, the rising vacancy rates and the paradox of expanding sanctioned posts while shrinking actual headcount suggest that the commission must address structural recruitment issues alongside fiscal compensation.

UPSC Relevance

- **GS Paper II:** Governance and Administrative Reforms; Role of civil services in a democracy; Regulatory and quasi-judicial bodies.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, and growth; Fiscal policy and the impact of the "wage bill" on the fiscal deficit.
- **Key Concept for Prelims:** Differences between Constitutional, Statutory, and Ad hoc bodies (CPC is Ad hoc/Executive); the Aykroyd Formula; and the link between CPI-IW and DA.



3. Revival of India's Wind Power Sector: A Strategic Roadmap

The Union government is formulating a comprehensive blueprint to rejuvenate the wind energy sector, which has faced significant stagnation recently. This initiative aims to address systemic bottlenecks to meet India's ambitious 2030 climate goals.

Key Summary Points

- **Revival Blueprint:** A dedicated task force comprising officials from the Ministry of New and Renewable Energy (MNRE), the Ministry of Power, and industry stakeholders is drafting a roadmap to resolve long-standing hurdles in the wind sector.
- **Ambitious Capacity Targets:** The Centre aims to nearly double the current wind capacity from **53.6 GW** (as of late 2025) to **100 GW by 2030**, contributing to the larger national goal of 500 GW non-fossil fuel capacity.
- **Addressing Stalled Projects:** Currently, wind projects worth approximately **₹60,000 crore** (10 GW) are stalled due to unsigned Power Purchase Agreements (PPAs) and distribution companies' reluctance to procure renewable power.
- **Infrastructure & Land Reforms:** The plan focuses on streamlining land acquisition, which often involves complex negotiations with multiple owners, and enhancing grid connectivity to ensure seamless power evacuation.
- **Repowering Strategy:** The government is pushing the **National Repowering & Life Extension Policy (2023)** to replace older, sub-MW turbines with modern, high-capacity turbines (multi-MW) at high-potential sites.
- **Operational Efficiency:** Efforts are underway to improve the scheduling and forecasting of wind energy using AI and better state-level coordination to manage the inherent variability of wind power.



Constitutional & Legal Provisions

- **Concurrent List (Entry 38):** Electricity is a subject under the Seventh Schedule, meaning both the Centre and States can legislate. This necessitates the "coordination between states" mentioned in the revival plan.
- **Electricity Act, 2003:** The primary legislation governing the sector. Section 86(1)(e) mandates State Electricity Regulatory Commissions (SERCs) to promote cogeneration and generation of electricity from renewable sources.
- **Article 48A:** A Directive Principle of State Policy (DPSP) that mandates the State to protect and improve the environment, providing the constitutional moral ground for renewable energy expansion.
- **Offshore Wind Energy Lease Rules, 2023:** Legal framework for regulating the development of offshore wind projects within India's Exclusive Economic Zone (EEZ).

Key Definitions

- **Power Purchase Agreement (PPA):** A long-term legal contract between an electricity generator and a buyer (usually a DISCOM) that defines the commercial terms for the sale of electricity.



- **Repowering:** The process of replacing old wind turbines with newer, more efficient ones that have higher hub heights and larger rotor diameters to maximize energy yield from the same land area.
- **Grid Connectivity:** The physical and technical capability of a power plant to deliver electricity to the national or regional transmission network.
- **Inter-State Transmission System (ISTS) Charges:** Fees levied for using the national grid; the government has currently waived these for wind projects commissioned by June 2025 to incentivize growth.

Conclusion

The stagnation of the wind sector, once the backbone of India's renewable journey, poses a risk to the 2030 "Panchamrit" targets. By addressing the "PPA paradox" and focusing on repowering, the government is moving toward a more balanced energy mix where wind complements solar's daytime dominance. Success will depend on the "cooperative federalism" required to sync state-level DISCOMs with central ambitions.

UPSC Relevance

- **GS Paper II:** Statutory, regulatory, and various quasi-judicial bodies (MNRE, CERC); Government policies and interventions.
- **GS Paper III:** Infrastructure (Energy); Environment (Climate Change and COP26 commitments); Investment models (EPC, VGF).
- **Prelims Focus:** 500 GW target, National Repowering Policy, status of wind energy (4th globally), and the role of the Green Energy Corridor.

India's First National Counter-Terrorism Policy: A Unified Strategy

The Union Government is in the final stages of drafting India's first-ever **National Counter-Terrorism Policy and Strategy**. Aimed at providing a cohesive "template" for all States, this policy seeks to harmonize the response mechanism against evolving security threats and move beyond reactive measures to a proactive, "whole-of-government" approach.

Key Summary Points

- **Unified Response Template:** The policy will serve as a standardized operational framework for State and Central agencies, ensuring a synchronized response to terror attacks and minimizing coordination gaps between regional Anti-Terror Squads (ATS) and federal agencies.
- **Focus on Digital Radicalisation:** A primary pillar of the strategy involves combating "invisible" threats, specifically online radicalisation and the spread of extremist ideologies through social media platforms and encrypted communication.
- **Border and Integrity Management:** The policy addresses the misuse of open borders (such as the Indo-Nepal border) for infiltration and flags the security risks posed by "Aadhaar spoofing" and the illicit use of foreign passports by terror networks.
- **Tackling Foreign-Funded Ecosystems:** It identifies and targets foreign-funded conversion rackets and "charity" networks that serve as fronts for terror financing, aiming to dismantle the entire supporting ecosystem rather than just individual cells.
- **Technological Integration:** The strategy emphasizes the mandatory use of the **National Intelligence Grid (NATGRID)**, enabling law enforcement to access real-time, centralized databases for pre-empting and investigating threats.



- **Institutional Synergy:** Contours of the policy are expected to be formally shared during the high-level anti-terror conference scheduled for **December 26-27, 2025**, involving the NIA, NSG, and State police chiefs.

Constitutional and Legal Provisions

- **Entry 1 (Public Order) and Entry 2 (Police):** Under the Seventh Schedule, these are State subjects; however, the Union uses **Entry 93 (Offences against laws with respect to any of the matters in the List)** and the **NIA Act** to intervene in matters of national security.
- **Unlawful Activities (Prevention) Act (UAPA), 1967:** The primary legal tool for the policy. Recent amendments allow the government to designate individuals as terrorists and empower the NIA to seize properties linked to terror proceeds.
- **National Investigation Agency (NIA) Act, 2008:** Provides the legal mandate for a central agency to investigate "Scheduled Offences" across state borders without needing specific state consent in certain scenarios.
- **Article 355:** Imposes a duty on the Union to protect every State against external aggression and internal disturbance, providing the constitutional basis for a national policy on internal security.

Definitions of Key Terms

- **Digital Radicalisation:** The process by which individuals are introduced to extremist ideologies through the internet, often involving targeted recruitment via social media and gaming platforms.
- **NATGRID (National Intelligence Grid):** An integrated intelligence master-database that links databases for core security agencies to provide a 360-degree view of potential threats.
- **Aadhaar Spoofing:** The fraudulent manipulation or duplication of Aadhaar biometric and demographic data to create fake identities for illicit activities.
- **Whole-of-Government Approach:** A strategy where all relevant ministries (Home, Finance, IT, etc.) and state agencies work in a coordinated manner to solve a complex security problem.

Conclusion

The shift from a "Need to Know" to a "Duty to Share" philosophy marks a paradigm shift in India's internal security doctrine. By codifying a National Anti-Terror Policy, the Centre is attempting to bridge the legislative and operational silos that have historically hampered terror investigations. The success of this policy will depend on the "cooperative federalism" shown by States in adopting the central template while maintaining regional vigilance.

UPSC Relevance

- **GS Paper III (Internal Security):** Role of external state and non-state actors in creating challenges to internal security; Challenges to internal security through communication networks; Basics of cyber security; Money-laundering and its prevention.
- **GS Paper II (Governance):** Statutory, regulatory, and various quasi-judicial bodies; Government policies and interventions for development in various sectors.
- **Mains Focus:** The "Doval Doctrine" and the transition toward a proactive counter-terror strategy; The conflict between federal autonomy and national security in policing.



4. RBI's Strategic Intervention: Massive Liquidity Infusion (December 2025)

The Reserve Bank of India (RBI) has announced a significant ramp-up in its liquidity management operations to address a deepening cash crunch in the banking system and stabilize a volatile rupee. By doubling down on previous commitments, the central bank aims to provide "durable" liquidity through the first quarter of 2026.

Key Summary Points

- **Unprecedented Scale:** The RBI will inject approximately **₹2.9 trillion** (\$32 billion) into the financial system through a combination of bond purchases and currency swaps—double the intervention size projected earlier in December.
- **Open Market Operations (OMO):** The central bank will conduct outright purchases of Government Securities (G-Secs) worth **₹2 trillion** in four equal tranches of ₹50,000 crore each, scheduled between 29 December 2025 and 22 January 2026.
- **Forex Swap Mechanism:** To manage dollar demand and infuse rupee liquidity, a **\$10 billion dollar-rupee buy/sell swap** with a three-year tenor is set for 13 January 2026.
- **Countering Systemic Deficit:** These measures respond to a tightening liquidity environment where the banking system deficit hit nearly **₹60,000 crore** in late December due to advance tax outflows and sustained RBI forex interventions.
- **Market Stabilization:** The intervention aims to anchor 10-year benchmark bond yields (currently around 6.63%) toward the **6.50% zone**, improving transmission of the recent 25 basis point repo rate cut.
- **Currency Support:** By providing dollars through swaps, the RBI seeks to curb excessive volatility in the rupee, which recently touched record lows near **₹91.07** per dollar.



Constitutional and Legal Provisions

- **RBI Act, 1934 (Section 17 & 18):** Provides the legal mandate for the RBI to conduct Open Market Operations and buy/sell foreign exchange to maintain monetary stability.
- **Preamble of the RBI Act:** Explicitly charges the central bank with "securing monetary stability in India" and "operating the currency and credit system of the country to its advantage."
- **Article 246 (Seventh Schedule):** Places "Banking" and "Foreign Exchange" under the **Union List (List I)**, granting the central government and the RBI exclusive jurisdiction over these macroeconomic tools.
- **Fiscal Responsibility and Budget Management (FRBM) Act:** While not directly governing OMOs, the RBI's bond purchases are closely monitored to ensure they do not result in "indirect monetization" of the fiscal deficit, which could violate the spirit of fiscal discipline.

Key Definitions

- **Open Market Operations (OMO):** The sale or purchase of government securities by the central bank in the open market to regulate the money supply. Buying G-Secs injects liquidity; selling them absorbs it.



- **Dollar-Rupee Buy/Sell Swap:** A two-leg transaction where the RBI buys dollars from banks (injecting rupees) today and agrees to sell them back at a future date (the "far leg") at a pre-determined forward rate.
- **Durable Liquidity:** Funds injected into the system for a long duration (usually via OMOs or long-term swaps), as opposed to "transitory" liquidity provided through daily Repo auctions.
- **Yield Curve:** A line that plots interest rates of bonds having equal credit quality but differing maturity dates. RBI interventions often aim to "flatten" or lower this curve.

Conclusion

The RBI's "surprise" doubling of its liquidity push indicates a proactive shift to prevent a year-end credit squeeze. By utilizing both OMOs and FX swaps, the central bank is effectively managing the "twin challenges" of high domestic bond yields and external currency pressure. This massive infusion ensures that despite seasonal tax outflows and global headwinds, the Indian banking system remains well-oiled to support the projected **7.3% GDP growth** for FY26.

UPSC Relevance

- **GS Paper III (Economy):** Monetary Policy and its instruments; Liquidity management; Impact of exchange rate volatility on the economy; Banking system stability.
- **GS Paper II (Governance):** Role of the RBI as a statutory regulatory body and its autonomy in managing external shocks.
- **Prelims Focus:** Difference between OMO, Repo, and Swaps; Definition of "Durable Liquidity"; The impact of RBI's dollar selling on domestic rupee liquidity (sterilization).

5. Viksit Bharat — Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025

The President of India has granted assent to the **Viksit Bharat — Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025 (VB-GRAM G)**. This landmark legislation succeeds and enhances the previous rural employment framework, aiming to transition from mere distress relief to a sustainable livelihood and asset-creation model for rural India.

Key Summary Points

- **Enhanced Employment Entitlement:** The Act raises the statutory guarantee for wage employment from the previous 100 days to **125 days** per rural household per financial year, significantly boosting the rural safety net.
- **Paradigm Shift in Planning:** It moves away from ad hoc, demand-triggered work toward **Institutionalised Participatory Planning**. By creating "Viksit Gram Panchayat Plans" in advance, the government ensures work is available immediately when demanded, reducing administrative delays.
- **Strengthened Enforceability:** The Act removes previous procedural "dis-entitlement" clauses that often prevented workers from receiving unemployment allowances. It introduces a more robust, time-bound grievance redressal mechanism to ensure the legal right to work is justiciable.
- **Convergence and Saturation:** Unlike the earlier fragmented approach, the new mission focuses on **saturation-based delivery**, integrating employment with durable infrastructure and agricultural productivity to ensure welfare and development are mutually reinforcing.



- **Fiscal Commitment:** The central allocation has been increased to nearly ₹95,000 crore, maintaining a 60:40 funding ratio with States, while providing a preferential 90:10 ratio for Himalayan, Northeastern States, and UT of J&K.
- **Inclusion and Digital Transparency:** Building on a decade of reforms, the Act leverages the Aadhaar Payment Bridge (APB) and real-time fund transfer orders to eliminate leakages, while continuing to prioritize women's participation (currently at 56.73%).

Constitutional and Legal Provisions

- **Article 21 (Right to Life):** The Supreme Court has often interpreted the "Right to Livelihood" as an integral part of the Right to Life, providing the fundamental basis for a statutory employment guarantee.
- **Article 41 (Right to Work):** A Directive Principle of State Policy (DPSP) which mandates that the State shall, within the limits of its economic capacity, make effective provision for securing the right to work.
- **Seventh Schedule (List II, Entry 5):** Local Government, including Gram Panchayats. The Act reinforces the role of Gram Sabhas in approving local plans, aligning with the spirit of the 73rd Constitutional Amendment Act.
- **Statutory Character:** Unlike a mere government scheme, the VB-GRAM G Act is a law passed by Parliament, making the 125-day employment guarantee a **legal right** that citizens can claim in a court of law.

Key Definitions

- **Viksit Gram Panchayat Plan:** A comprehensive, multi-sectoral development plan created through participatory rural appraisal, which acts as the blueprint for local employment and asset creation.
- **Saturation-based Delivery:** An approach aimed at ensuring 100% coverage of eligible beneficiaries under a specific scheme or service, leaving no one behind.
- **Cooperative Federalism:** A mechanism where the Union and States work together as partners. In this Act, it is reflected through shared funding and the power of States to notify agricultural "no-work" periods during peak seasons.
- **Asset Continuum:** The conceptual transition from providing temporary wage labor to creating permanent, productive rural infrastructure (like check dams or cold storage) that enhances long-term income.

Conclusion

The VB-GRAM G Act, 2025, represents an evolutionary leap in India's social security architecture. By addressing the structural gaps of the past—such as "ghost entries," delayed payments, and fragmented asset creation—it reframes the rural employment guarantee as a tool for economic empowerment rather than just a poverty alleviation measure. By balancing central coherence with local decision-making authority, the Act seeks to build a resilient, self-reliant "Viksit Bharat" from the grassroots up.

UPSC Relevance

- **GS Paper II:** Welfare schemes for vulnerable sections; Laws and institutions constituted for the protection and betterment of these sections; Issues relating to the development and management of Social Sector/Services.



- **GS Paper III:** Issues related to direct and indirect farm subsidies and minimum support prices; Rural infrastructure; Employment and inclusive growth.
- **Mains Perspective:** The debate on "Welfare vs. Development"; The role of decentralization in achieving Sustainable Development Goals (SDG 1: No Poverty; SDG 8: Decent Work and Economic Growth).
- **Prelims Focus:** New statutory limit (125 days), funding ratios (60:40 and 90:10), and the transition from MGNREGA to VB-GRAM G.

6. Pakistan's Strategic Recalibration: Geopolitical Boon for Field Marshal Asim Munir

Pakistan's military leadership, under **Field Marshal Asim Munir**, has leveraged a series of global and regional "geopolitical churns" to reassert its influence in West Asia and the United States. Following the "**Operation Sindoor**" crisis with India in mid-2025, Islamabad has transitioned from a period of diplomatic isolation to becoming a pivotal security partner for the Gulf monarchies.

Key Summary Points

- **Strategic Mutual Defence Agreement (SMDA):** In September 2025, Pakistan and Saudi Arabia signed a landmark "NATO-style" pact. The core clause—"any aggression against either shall be considered aggression against both"—formalizes a bilateral alliance and potentially extends Pakistan's nuclear umbrella to the Gulf.
- **Geopolitical Opportunism:** Field Marshal Munir has successfully utilized regional instability—specifically Israeli strikes in Qatar and the ongoing Gaza crisis—to position the Pakistani military as a "utilitarian guarantor" for Arab security.
- **U.S.-Pakistan Rapprochement:** Despite Pakistan's economic "polycrisis," Munir has secured high-level engagement with the Trump administration, leading to a White House invite and a strategic "hyphenation" involving trade deals and counter-terrorism cooperation.
- **Nobel Prize Diplomacy:** In a unique narrative play, Pakistan nominated President Donald Trump for the **Nobel Peace Prize**, citing his perceived role in de-escalating the 2025 India-Pakistan conflict, thereby "ego-massaging" a key global power.
- **Military Supremacy:** The internal power structure in Pakistan has seen a total "fusion" of civil and military roles, with Munir overshadowing the civilian government and securing lifetime legal immunity through constitutional amendments.
- **Fragile Economic Foundation:** While diplomatic victories are visible, Pakistan's reliance on IMF bailouts and Saudi financial lifelines remains absolute, suggesting that this "strategic success" is a tactical hedge rather than a long-term economic recovery.

Constitutional and Legal Provisions

- **27th Constitutional Amendment (Pakistan):** Reportedly enacted in 2025, this amendment facilitated the promotion of the Army Chief to **Field Marshal**, granted him an extended five-year tenure, and provided legal immunity from prosecution.
- **Article 243 (Constitution of Pakistan):** Governs the command of the Armed Forces. The recent centralization of power under the Field Marshal reflects a shift in the "Rules of Business," effectively placing economic and foreign policy under military oversight.



- **UN Charter, Article 51 (Collective Defence):** The legal basis cited for the SMDA between Riyadh and Islamabad, justifying their mutual defense commitments as a right to individual and collective self-defense.
- **India-Saudi Strategic Partnership Council (2019):** A bilateral mechanism between New Delhi and Riyadh. India is currently leveraging the **Defence Cooperation Committee** under this council to balance the impact of the Saudi-Pakistan axis.

Key Definitions

- **Operation Sindoor:** A reference to the major military escalation between India and Pakistan in early-to-mid 2025, which ended following international (specifically U.S.) diplomatic intervention.
- **Article 5 Style Pledge:** A reference to the North Atlantic Treaty Organization (NATO) principle where an attack on one member is considered an attack on all; this is the defining feature of the new Saudi-Pakistan SMDA.
- **Nuclear Umbrella:** A guarantee by a nuclear-armed state to defend a non-nuclear-armed ally with its nuclear weapons. Ambiguity remains on whether the SMDA includes such a "shield" for Saudi Arabia.
- **SMDA (Strategic Mutual Defence Agreement):** The formal 2025 treaty that elevated the Pakistan-Saudi relationship from "security cooperation" to a formal "military alliance."

Conclusion

Pakistan's "return" to the mainstream of West Asian security is a result of structural anxieties in the Gulf regarding U.S. reliability and the regional superiority of Israel and Iran. Field Marshal Munir has masterfully used these strategic "crevasses" to trade military capacity for economic survival. However, this success is largely transactional; without addressing the internal "polycrisis" of debt and political legitimacy, Pakistan remains a state that negotiates by leveraging its own instability.

UPSC Relevance

- **GS Paper II:** India and its neighborhood-relations; Effect of policies and politics of developed and developing countries on India's interests.
- **GS Paper III:** Internal Security (Cross-border terrorism); Challenges to security in the neighborhood.
- **International Relations:** The "West Asia Policy" of India; Balancing ties between Saudi Arabia, Iran, and Israel in the face of the "Saudi-Pakistan axis."
- **Mains Focus:** The shift from "De-hyphenation" to "Re-hyphenation" in South Asian geopolitics; Implications of a nuclear-backed alliance in West Asia for India's maritime and energy security.

7. Structural Imbalances in India's Export Geography: A Core-Periphery Crisis

Despite the rupee hitting record lows in 2025, India's aggregate export figures appear robust. However, beneath this surface lie deep structural and regional disparities. The **RBI Handbook of Statistics on Indian States 2024-25** highlights a "core-periphery" model where export-led growth is increasingly restricted to a few industrial islands, decoupling the vast hinterland from the global trade engine.

Key Summary Points



- **Agglomeration of Trade:** India's export engine is now powered by a shrinking cluster of states. The top five—**Maharashtra, Gujarat, Tamil Nadu, Karnataka, and Uttar Pradesh**—command nearly **70%** of the national export basket, up from 65% half a decade ago.
- **Rising Market Concentration:** The **Herfindahl-Hirschman Index (HHI)** for India's export geography is rising. This signaling of "top-heavy" concentration suggests that instead of lagging regions catching up, the coastal west and south are integrating tighter into global supply chains while the north and east remain marginalized.
- **The "Capital Deepening" Trap:** Evidence from the **Annual Survey of Industries (ASI) 2022-23** shows a "smoking gun": fixed capital investment grew by **10.6%** while employment growth lagged at **7.4%**. The fixed capital per person engaged has risen to **₹23.6 lakh**, indicating that exports are becoming more capital-intensive and less labor-absorptive.
- **Broken Livelihood Link:** For decades, trade was expected to bridge the gap from agriculture to industrial employment. However, manufacturing's share of total employment remains stagnant at **11.6%-12%** (PLFS data), proving that record-high export values are no longer creating mass factory jobs in the hinterland.
- **Credit-Deposit (CD) Ratio Divide:** There is a perverse capital flight where savings from hinterland states like **Bihar** (CD ratio below 50%) are recycled to fund industrial projects in coastal states like **Tamil Nadu** (CD ratio above 90%), further widening the development gap.
- **Complexity over Cost:** Global capital is shifting from seeking "low-cost labor" (hinterland's advantage) to "**high economic complexity**" (coastal advantage). Advanced sectors like electronics, which grew **47%** year-on-year, remain "spatially sticky" in specific districts due to high logistics precision requirements.

Constitutional and Legal Provisions

- **Article 301-307 (Trade and Commerce):** Guarantees the freedom of trade, commerce, and intercourse throughout the territory of India, yet regional financial depth varies significantly.
- **Seventh Schedule (List I, Entry 41):** "Trade and commerce with foreign countries; import and export across customs frontiers" falls under the Union List, giving the Centre primary responsibility for export-linked industrial policy.
- **The SEZ Act, 2005:** Designed to promote regional development through export hubs; however, most zones are concentrated in the "Top 5" states, leading to the core-periphery pattern.
- **Inter-State Council (Article 263):** A constitutional body that could be leveraged to address the "Credit-Deposit" imbalance and promote horizontal cooperation between coastal and hinterland states.

Key Definitions

- **Herfindahl-Hirschman Index (HHI):** A metric used to measure market concentration. In this context, a rising HHI indicates that a smaller number of states are controlling a larger share of exports.
- **Capital Deepening:** An increase in the proportion of capital (machinery, technology) relative to labor in the production process, often leading to higher productivity but lower employment elasticity.
- **Economic Complexity:** A measure of the knowledge and capabilities embedded in a region's productive structure; higher complexity allows for the production of sophisticated, high-value goods.



- **Credit-Deposit (CD) Ratio:** The ratio of how much a bank lends out of the deposits it has mobilized. A low ratio in a state indicates that local savings are being invested elsewhere.

Conclusion

Exports in India are increasingly becoming an "outcome of prior structural capacity" rather than a "lever for transformation." The current trajectory suggests that states do not export their way into development; rather, they export because they have already achieved high levels of financial depth and infrastructure. Without a deliberate shift to promote labor-intensive manufacturing in the hinterland and correcting the CD ratio imbalances, India's export growth will continue to mask a deepening regional crisis of inequity.

UPSC Relevance

- **GS Paper III (Economy):** Effects of liberalization on the economy; Changes in industrial policy and their effects on industrial growth; Inclusive growth and issues arising from it.
- **GS Paper II (Governance):** Issues and challenges pertaining to the federal structure; Devolution of powers and finances up to local levels.
- **Geography (Economic):** Spatial distribution of industrial clusters in India; Impact of coastal vs. landlocked geography on trade.
- **Mains Focus:** The shift from "Volume-driven" to "Value-driven" exports; Critically analyzing whether the PLI scheme is deepening regional inequality.

8. China's WTO Challenge Against India: Dispute Over Solar and IT Subsidies

In late December 2025, China formally initiated a dispute at the World Trade Organization (WTO) against India, targeting New Delhi's industrial policies and tariff structures. This move marks an escalation in the geo-economic friction between the two Asian giants, specifically focusing on India's efforts to achieve strategic autonomy in renewable energy and electronics.

Key Summary Points

- **Formal Consultations Requested:** On December 19, 2025, China requested consultations with India at the WTO, the mandatory first step in the dispute settlement process. Beijing alleges that India's support for its solar and IT sectors creates "discriminatory" barriers for Chinese goods.
- **Targeting the PLI Scheme:** The complaint specifically challenges the **Production Linked Incentive (PLI) Scheme** for high-efficiency solar PV modules. China argues that the "Local Value Addition" (LVA) requirements act as prohibited import substitution subsidies.
- **IT Tariff Dispute:** China has also contested India's import duties and the **Agriculture Infrastructure and Development Cess (AIDC)** on smartphones, semiconductor manufacturing equipment, and flat-panel displays, claiming they exceed India's "bound rates" (maximum agreed tariffs).
- **Strategic Context:** This is China's second major WTO petition against India in 2025, following a similar complaint in October regarding **Electric Vehicle (EV)** and battery manufacturing subsidies. It reflects China's pushback against India's "China-plus-one" and "Atmanirbhar Bharat" strategies.





- **Alleged Non-Discrimination Breach:** Beijing maintains that India violates the principle of "National Treatment" by favoring domestic manufacturers over foreign entities, particularly those of Chinese origin who dominate the global solar supply chain.
- **Dispute Mechanism Limbo:** While a panel may eventually be formed, the WTO's **Appellate Body** remains non-functional (due to the US blocking judge appointments), meaning any appeal of a potential ruling would leave the case in legal limbo.

Constitutional & Legal Provisions

- **Article 253:** Empowers the Indian Parliament to make laws for implementing international treaties and agreements (like WTO commitments), even if the subject (e.g., industry) falls under the State List.
- **Foreign Trade (Development and Regulation) Act, 1992:** The primary legal framework for India's trade policy and the imposition of safeguards or anti-dumping duties.
- **WTO General Agreement on Tariffs and Trade (GATT) 1994:**
 - **Article III (National Treatment):** Prohibits the use of internal taxes or regulations to protect domestic production against imports.
 - **Article II (Schedules of Concessions):** Binds members to maximum tariff levels for specific products.
- **Agreement on Subsidies and Countervailing Measures (SCM):** Specifically **Article 3.1(b)**, which prohibits "Import Substitution Subsidies"—subsidies contingent upon the use of domestic goods over imported ones.

Definitions of Key Terms

- **Bound Rate:** The maximum tariff level a WTO member has committed to for a specific product. Increasing duties beyond this level requires negotiation or justification.
- **National Treatment:** A core WTO principle requiring that once foreign goods have entered a market, they must be treated no less favorably than identical domestic goods.
- **Import Substitution Subsidy:** A financial incentive given by a government on the condition that the producer uses local components instead of importing them.
- **Consultations:** A 60-day period in the WTO dispute process where parties try to resolve differences through talk before moving to a formal judicial "Panel."

Conclusion

The China-India trade row represents the tension between global trade rules written decades ago and modern "industrial policies" aimed at climate goals and national security. While India defends its PLI schemes as essential for energy transition and supply chain resilience, China views them as protectionist. Given the paralyzed state of the WTO's final court, this dispute is likely to serve more as a "victory of perception" and a diplomatic leverage tool rather than a quick legal fix.

UPSC Relevance

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India; Issues and challenges pertaining to the federal structure (state-led manufacturing hubs).



- **GS Paper III:** Effects of liberalization on the economy; Changes in industrial policy and their effects on industrial growth; Infrastructure (Energy).
- **Mains Focus:** Analyzing the compatibility of "Atmanirbhar Bharat" with WTO obligations; The use of trade as a weapon in geo-political rivalries; Comparison with the 2016 *India–Solar Cells* case where India lost a similar dispute to the USA.

9. Surge in Institutional Deliveries and Decline in Maternal Mortality: 2025 Health Sector Outlook

Union Health Minister J.P. Nadda recently highlighted a significant milestone in India's healthcare journey, noting that the national **institutional delivery rate** has surged to **89%**. This shift from home-based births to health facilities has been the primary driver behind the drastic reduction in the **Maternal Mortality Rate (MMR)**, reinforcing India's commitment to achieving its Sustainable Development Goals (SDG).

Key Summary Points

- **Institutional Delivery Milestone:** Childbirth at medical facilities has reached **89%**, a substantial leap attributed to the grassroots mobilization efforts of ASHA workers and frontline health personnel.
- **Reduction in MMR:** The rise in institutional births has directly led to a significant decline in maternal deaths. India has already surpassed the National Health Policy target (<100) and is on track to meet the SDG target of **<70 per 1 lakh live births** by 2030.
- **Healthcare Infrastructure Expansion:** The number of medical colleges in India has grown from **387 in 2014 to 821 in 2025**. Furthermore, the government aims to add 75,000 new medical seats by 2029 to bolster the healthcare workforce.
- **Adoption of PPP Model:** In a first-of-its-kind initiative, new medical colleges in **Dhar and Betul (Madhya Pradesh)** are being developed under a **Public-Private Partnership (PPP)** model to provide tertiary care in underserved tribal regions.
- **Universal Immunization Coverage:** Through the **Universal Immunization Programme (UIP)** and Mission Indradhanush, 12 types of life-saving vaccines are being administered to children and mothers, significantly reducing neonatal and infant mortality.
- **Role of Ayushman Arogya Mandirs:** Over **1.81 lakh Ayushman Arogya Mandirs** (formerly Health and Wellness Centres) now serve as the first point of contact, shifting the focus from curative care to preventive and promotive health services.

Constitutional and Legal Provisions

- **Article 21:** The Right to Life includes the right to health and specialized care for mothers and infants.
- **Article 42:** Directive Principle mandating the State to make provisions for securing just and humane conditions of work and for **maternity relief**.
- **Article 47:** Obligates the State to raise the level of nutrition and the standard of living of its people and the improvement of **public health** as among its primary duties.
- **National Medical Commission (NMC) Act, 2019:** Provides the regulatory framework for the expansion and standardization of medical education and the establishment of new colleges.



Key Definitions

- **Institutional Delivery:** Childbirth occurring in a medical facility (government or private) under the supervision of skilled birth attendants, which allows for immediate management of complications.
- **Maternal Mortality Rate (MMR):** The number of maternal deaths per **1,00,000 live births** due to pregnancy-related complications or during the 42 days following delivery.
- **Public-Private Partnership (PPP):** A long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility.
- **ASHA (Accredited Social Health Activist):** Community health volunteers under the National Rural Health Mission (NRHM) who act as a bridge between the community and the public health system.

Conclusion

The transition from a curative-centric model to a preventive and holistic healthcare system is yielding tangible results. The record high in institutional deliveries and the expansion of medical education through innovative PPP models demonstrate a strategic focus on "last-mile" delivery. However, the next phase of reform must focus on maintaining quality standards across these new institutions and addressing regional disparities in tribal and remote belts to ensure equitable health outcomes.

UPSC Relevance

- **GS Paper II:** Issues relating to development and management of Social Sector/Services relating to Health; Welfare schemes for vulnerable sections (Janani Suraksha Yojana, PMMVY).
- **GS Paper III:** Public-Private Partnership (PPP) models; Infrastructure and Investment models.
- **Mains Focus:** The role of digital interventions and grassroots workers in improving health indicators; Analyzing the viability of PPP in medical education; The shift toward Preventive Healthcare in the National Health Policy 2017.
- **Prelims Focus:** MMR and Institutional delivery data; Ayushman Bharat components; Constitutional articles related to health and maternity.

10. Critical Minerals: The New Frontier of National Security and Sovereignty

In a high-level discussion titled "Minerals that Matter: Geopolitics, Sovereignty and Value Chains" held in December 2025, Air Marshal Ashutosh Dixit, Chief of Integrated Defence Staff, underscored that **critical minerals** have transitioned from being industrial raw materials to becoming **strategic enablers** of national security. As India pursues its "Viksit Bharat 2047" vision, securing these minerals is now essential for maintaining technological sovereignty and a self-reliant defence apparatus.

Key Summary Points

- **Strategic Defence Dependence:** Modern warfare systems, including **jet engines, precision munitions, hypersonic missiles, and satellite-based radars**, are fundamentally dependent on a steady supply of specific critical minerals.
- **Geopolitical Vulnerability:** Global supply chains for these minerals are highly concentrated—often in a single country like China—making India susceptible to **export controls**, price manipulation, and "resource nationalism."



- **National Critical Mineral Mission (NCMM):** Launched in early 2025 with an outlay of ₹34,300 crore, this mission serves as a 7-year blueprint (2024-2031) to secure both domestic and foreign mineral assets through trilateral partnerships and state-led exploration.
- **Technological Sovereignty:** Self-reliance in semiconductors, high-capacity batteries, and green energy (solar/wind) is impossible without a resilient "value chain" that spans from extraction and mid-stream processing to end-of-life recycling.
- **Innovation & IP Landscape:** To bridge the "technological asymmetry," India has inaugurated 30 technical reports focused on Intellectual Property (IP) and market analysis, aiming to foster homegrown innovations in mineral refining and substitution.
- **Durable Security Framework:** The Integrated Defence Staff (IDS) advocates for a **National Critical Mineral Stockpile** to mitigate sudden supply disruptions during regional conflicts or geopolitical standoffs.

Constitutional and Legal Provisions

- **Seventh Schedule (List I, Entry 23):** Regulation and development of mines and minerals are under the Union List to the extent declared by Parliament to be expedient in the public interest.
- **Mines and Minerals (Development and Regulation) Act, 1957 (Amended 2023):** This amendment introduced a new category of "Critical and Strategic Minerals." It empowers the **Central Government** to exclusively auction mining leases for 24 identified critical minerals.
- **Part D of Schedule I (MMDR Act):** Lists minerals like Lithium, Beryllium, and Niobium as critical, allowing private sector participation in deep-seated mineral exploration through "exploration licenses."
- **Article 297:** Provides that all lands, minerals, and other things of value underlying the ocean within the territorial waters, the continental shelf, or the exclusive economic zone (EEZ) of India vest in the Union.

Key Definitions

- **Critical Minerals:** Metallic or non-metallic elements that have high economic importance and face significant supply chain risks. They are essential for high-tech, green energy, and defence sectors.
- **Technological Sovereignty:** The ability of a nation to develop, provide, and control the critical technologies it deems necessary for its welfare and security without being dependent on foreign powers.
- **KABIL (Khanij Bidesh India Ltd):** A joint venture of NALCO, HCL, and MECL formed to identify and acquire strategic mineral assets (like Lithium and Cobalt) in overseas locations like Argentina and Australia.
- **Value Chain Agglomeration:** The concentration of multiple stages of production—from mining to refining—within a single geographical region, often creating a monopoly that other nations find hard to break.

Conclusion

The shift in narrative from "energy transition" to "national security" marks a maturing of India's mineral strategy. By treating minerals as the "new oil," India is integrating its military requirements with industrial policy. However, the success of the National Critical Mineral Mission will depend not just on mining, but on



building high-end metallurgical capabilities and establishing "friend-shoring" alliances with resource-rich, like-minded nations to bypass hostile hegemons.

UPSC Relevance

- **GS Paper III:** Infrastructure (Energy, Mining); Security challenges and their management in border areas; Science and Technology-developments and their applications.
- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests (e.g., Minerals Security Partnership, Quad).
- **Mains Perspective:** Discuss the role of "Critical Mineral Diplomacy" in India's foreign policy; Analyze how the MMDR Amendment Act, 2023 addresses the "supply risk" of strategic minerals.
- **Prelims Focus:** 30 identified minerals list; Functions of KABIL; Features of the National Critical Mineral Mission 2025; Geographical locations of major lithium/REE reserves.

11. Community-Led Ban on Poppy Cultivation in Manipur (2026): A Strategic Shift in Governance

In a significant development for regional security and social welfare, Kuki civil society organizations (CSOs) have unanimously resolved to impose a total ban on **poppy cultivation** in Manipur's **Kangpokpi district** starting **January 1, 2026**. This community-driven initiative aims to address the socio-environmental and security challenges that have exacerbated the ongoing ethnic conflict in the state.

Key Summary Points

- **Collective Resolution:** Organizations including the **Kuki Inpi Sadar Hills and Sadar Hills Chiefs' Association** reached this decision following extensive public consultations on December 10, 16, and 19, 2025.
- **Internal Enforcement:** The resolution warns village chiefs and local authorities of "strict and decisive action" if they fail to comply, marking a shift toward community-led self-regulation rather than purely top-down state enforcement.
- **Security Implications:** Poppy cultivation is often linked to the financing of extremist groups and the proliferation of "narco-terrorism." The ban is seen as a vital step in de-escalating the **ethnic violence** that has plagued Manipur since May 2023.
- **Environmental & Economic Rationale:** CSOs highlighted the devastating impact of poppy farming on soil fertility and biodiversity, alongside the moral and social decay caused by drug addiction in local tribal communities.
- **Pressure on Insurgency:** Kuki extremist groups under the **Suspension of Operations (SoO)** agreement have historically been accused of running these plantations. This ban increases the pressure on these groups to align with legal and peaceful livelihood alternatives.
- **Regional Repercussions:** While Meitei groups have welcomed the move, they emphasize it as a formal acknowledgement of the scale of illicit cultivation in the hill districts, which the government's **"War on Drugs"** has targeted since 2017.





Constitutional & Legal Provisions

- **Article 47:** A Directive Principle of State Policy (DPSP) that directs the State to endeavor to bring about the prohibition of the consumption of intoxicating drinks and drugs which are injurious to health.
- **Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985:** The primary legislation prohibiting the production, manufacture, sale, and cultivation of narcotic drugs (including poppy) except for medical or scientific purposes under license.
- **Section 46 of NDPS Act:** Imposes a duty on landholders and village heads to give information of any illegal cultivation on their land to the police or relevant authorities.
- **Sixth Schedule (Article 244(2)):** Grants certain tribal areas in the Northeast administrative autonomy. The role of traditional village chiefs and CSOs in this ban is an exercise of social authority within these frameworks.

Key Definitions

- **Institutional Enforcement vs. Community Regulation:** While the state uses the "War on Drugs" (enforcement), community regulation refers to internal social sanctions imposed by the community on its own members.
- **Poppy Cultivation:** The illicit farming of *Papaver somniferum*, the source of raw opium used to produce heroin and other psychotropic substances.
- **Suspension of Operations (SoO) Agreement:** A tripartite agreement (Central Govt, State Govt, and Kuki militant groups) signed in 2008 to maintain peace while pursuing a political settlement.
- **Narco-Terrorism:** A synergy where drug traffickers and insurgents collaborate—the former for protection and the latter for funding their operations.

Conclusion

The resolve of Kuki groups to eliminate poppy cultivation by 2026 is a potential turning point in Manipur's recovery. By tackling the illicit economy that fuels both addiction and armed conflict, the community is reclaiming its social and moral agency. However, for this ban to be sustainable, the government must provide robust **Alternative Development (AD)** programs, ensuring that farmers have viable, legal livelihood options like horticulture or organic farming to replace the high-profit incentive of opium.

UPSC Relevance

- **GS Paper II:** Governance; Role of NGOs, SHGs, and various groups in the development process; Welfare schemes for vulnerable sections.
- **GS Paper III:** Internal Security (Linkages between development and spread of extremism); Challenges to internal security through communication networks, role of media and social networking sites; Money laundering and its prevention.
- **Mains Perspective:** Analyze the role of "community-led governance" in solving long-standing internal security issues. Evaluate the impact of the illicit drug economy on the territorial integrity and social fabric of Northeast India.
- **Prelims Focus:** NDPS Act provisions; DPSP Article 47; Geography of the Golden Triangle; Recent security agreements like SoO.