



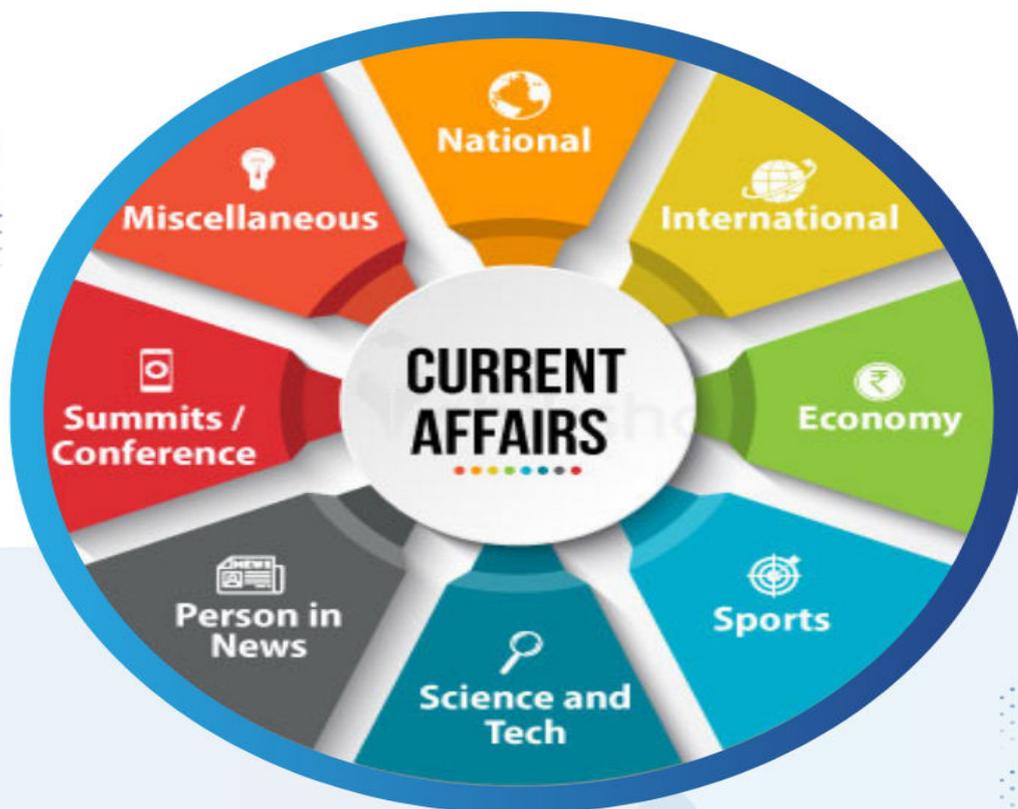
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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

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Table of Contents

1. Airline No Objection Certificates (NOCs) and Market Competition	2
2. Urban Mining: Securing India's Critical Mineral Future	3
3. Geopolitical Friction: China Denounces Pentagon's Annual Report.....	5
4. Reviving Real Estate: The Launch of SWAMIH-2 Fund.....	6
5. India's Leadership in the Kimberley Process: Securing Global Diamond Integrity.....	8
6. Semiconductor Sovereignty: India's Transition from Importer to Exporter	9
7. Indian Foreign Policy 2025: Strategic Headwinds and Navigating a Transactional World.....	11
8. Inclusive Urbanism: Bridging the Divide in Indian Cities.....	12
9. The U.S. Maritime Blockade: Sanctions and the 'Shadow Fleet' Dynamics	14
10. Digital Discipline: Indian Army's Revised Social Media Policy 2025	16



1. Airline No Objection Certificates (NOCs) and Market Competition

The Ministry of Civil Aviation recently granted **No Objection Certificates (NOCs)** to three new airlines—**Shankh Air, Al Hind Air, and FlyExpress**. This development comes amidst concerns over the growing **IndiGo–Air India duopoly**, which controls over 90% of India's domestic aviation capacity. While the NOCs signal the government's intent to foster competition, significant regulatory and financial hurdles remain before these carriers can commence commercial operations.

Core Summary of the Aviation Market Shift

- **The NOC Paradox:** An NOC is merely an initial clearance to begin the formal process of setting up an airline; it does not grant the right to fly or sell tickets. The transition from an NOC to an **Air Operator Certificate (AOC)** requires the induction of aircraft and rigorous safety audits.
- **Addressing the Duopoly:** The government's push for new entrants is a response to the dominance of IndiGo and Air India. Market concentration was highlighted by recent disruptions and fare surges, leading to calls for a more "contestable" market.
- **The Regional Connectivity Focus:** New players like **Al Hind Air** (Kerala-based) and **FlyExpress** (Telangana-based) are primarily targeting Tier 2 and Tier 3 cities, aligning with the **UDAN** (Ude Desh ka Aam Nagrik) scheme.
- **Capital and Supply Chain Constraints:** Establishing an airline is capital-intensive. New entrants face challenges in raising funds and securing aircraft from global manufacturers (Boeing/Airbus) who are currently struggling with delivery backlogs.
- **Mixed Track Record:** While regional carriers like Star Air and Fly91 have stabilized, the sector has seen numerous failures (e.g., Go First, Jet Airways, TruJet), underscoring the "high-cost, thin-margin" nature of Indian aviation.
- **Strategic Government Intent:** By issuing multiple NOCs simultaneously, the Ministry aims to build a resilient aviation ecosystem that is not over-dependent on one or two dominant players, thereby protecting consumer interests during operational crises.

Key Definitions

- **No Objection Certificate (NOC):** An administrative approval from the Ministry of Civil Aviation (MoCA) signifying that the government has no policy-level objection to a company starting an airline. It is usually valid for **3 years**.
- **Air Operator Certificate (AOC):** A mandatory license issued by the **Directorate General of Civil Aviation (DGCA)** under the **Aircraft Rules, 1937**, which permits an airline to use aircraft for commercial purposes.
- **Duopoly/Market Concentration:** A situation where two companies dominate the market, potentially leading to price-fixing, reduced service quality, and high barriers to entry for new competitors.

Constitutional and Legal Provisions

- **Entry 29, List I (Union List):** The Seventh Schedule of the Constitution vests the power to legislate on "Airways; aircraft and air navigation; provision of aerodromes..." exclusively with the Parliament.
- **The Aircraft Act, 1934 & Aircraft Rules, 1937:** The foundational legal framework for regulating the manufacture, possession, use, operation, sale, and import/export of aircraft in India.



- **Competition Act, 2002:** The **Competition Commission of India (CCI)** monitors market dominance and prevents practices that have an Appreciable Adverse Effect on Competition (AAEC).
- **Cape Town Convention and Aircraft Protocol:** India is a signatory, which facilitates easier aircraft leasing and financing by providing legal protections for international lessors.

Conclusion

The issuance of NOCs is a positive signal but not a panacea for the structural issues in Indian aviation. For these new airlines to truly challenge the IndiGo-Air India duopoly, they must overcome the "valley of death" between receiving an NOC and obtaining an AOC. Sustaining operations in a "cost-hostile" environment—marked by high **Aviation Turbine Fuel (ATF)** taxes and dollar-denominated costs—requires deep pockets and operational discipline.

UPSC Relevance

- **GS Paper II:** Government policies and interventions for development in various sectors; Statutory, regulatory, and various quasi-judicial bodies (DGCA, CCI).
- **GS Paper III:** Infrastructure (Airports/Aviation); Effects of liberalization on the economy; Changes in industrial policy and their effects on industrial growth.
- **Economic Concepts:** Monopoly vs. Duopoly, Ease of Doing Business, Market Contestability, and Supply Chain Management.

2. Urban Mining: Securing India's Critical Mineral Future

The Parliamentary Standing Committee on Coal, Mines, and Steel recently underscored the strategic necessity of 'Urban Mining'—recovering minerals from waste streams like used batteries and e-waste. As global trade wars intensify and dominant players like China impose export bans on rare earth magnets, India is pivoting toward secondary resource recovery to safeguard its energy transition and national security. By integrating recycling with domestic extraction, India aims to build a resilient supply chain for electric vehicles (EVs), defense, and renewable energy sectors.

Core Summary of Mineral Security Strategy

- **The Rise of Urban Mining:** The parliamentary panel recommends treating waste as a 'valuable resource' rather than trash. By scaling up scrapping and shredding centers, India can recover lithium, cobalt, and rare earth elements from secondary sources faster than developing new greenfield mines.
- **Geopolitical Imperatives:** China currently controls 60% of rare earth mining and 90% of processing capacity. Its April 2025 ban on rare earth magnet exports served as a wake-up call for India to reduce import dependency and protect domestic manufacturing from global supply chain disruptions.
- **Economic Incentives:** The government has announced a ₹7,280-crore incentive package specifically for permanent magnet makers. This is designed to leverage India's 6.9 million tonnes of rare earth deposits found along its coastline while supplementing them with recycled materials.
- **Energy Transition Goals:** Demand for critical minerals like cobalt and rare earths rose by 6-8% in 2024. Securing these is vital for India's climate commitments, as they are essential components in EV motors, wind turbines, and grid storage systems.
- **Private Sector Participation:** Companies like Attero Recycling and Lohum Cleantech are leading the shift, with plans to scale rare earth recovery from 1 tonne to 100 tonnes per day. This private investment is crucial for bridging the gap between waste collection and high-purity mineral output.



- **Supply Chain Resilience:** According to CEEW, India's heavy reliance on imports exposes its economy to market fluctuations. A circular economy model—where minerals are recovered and reused—creates a buffer against the 'geopolitics of energy' and export restrictions.

Key Definitions

- **Urban Mining:** The process of reclaiming raw materials from spent products, buildings, and waste instead of traditional geological mining.
- **Critical Minerals:** Metallic or non-metallic elements that are essential for modern technology and the economy, but whose supply is at risk of disruption (e.g., Lithium, Graphite, Cobalt).
- **Rare Earth Elements (REEs):** A group of 17 chemical elements used in high-tech devices. Despite the name, they are relatively abundant but difficult and environmentally taxing to extract and process.
- **Permanent Magnets:** High-strength magnets made from rare earth elements (like Neodymium) used in EV motors and defense electronics.

Constitutional and Legal Provisions

- **Article 39(b):** A Directive Principle of State Policy (DPSP) stating that the State shall direct its policy toward ensuring that the ownership and control of the material resources of the community are so distributed as best to subserve the common good.
- **Mines and Minerals (Development and Regulation) Amendment Act, 2023:** This crucial amendment delisted six critical minerals (including Lithium) from the 'atomic minerals' list, allowing the private sector to mine them through exploration licenses.
- **E-Waste (Management) Rules, 2022:** Provides the framework for Extended Producer Responsibility (EPR), mandating that manufacturers recycle a percentage of the electronics and batteries they sell.
- **National Critical Minerals Mission:** A policy framework aimed at identifying, sourcing, and processing 30 minerals identified as 'critical' for India's economic growth and national security.



Conclusion

While India possesses significant geological reserves of rare earths, the environmental and capital costs of extraction remain high. Battery scrap and e-waste recycling offer a pragmatic 'short-cut' to mineral sovereignty. By fostering a 'Circular Economy,' India can transform its waste management crisis into a strategic advantage, ensuring that its green energy goals are not held hostage by external geopolitical shifts.

UPSC Relevance

- **GS Paper III:** Infrastructure (Energy); Environment (Waste Management & Circular Economy); Science & Technology (Developments in Indigenization of Technology).
- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests (Geopolitical impact of Chinese mineral dominance).
- **Prelims Focus:** Locations of REE deposits in India (Monazite sands), the 30 critical minerals identified by the Ministry of Mines, and the functions of the Geological Survey of India (GSI).



3. Geopolitical Friction: China Denounces Pentagon's Annual Report

The Chinese Ministry of Foreign Affairs and Ministry of Defense have officially denounced the Pentagon's "**Military and Security Developments Involving the People's Republic of China 2025**" report. Beijing has accused the United States of fabricating "false narratives" and "sowing discord" to maintain global military hegemony. The report, submitted to the U.S. Congress, highlights a dual-track strategy by China: stabilizing the **Line of Actual Control (LAC)** to blunt India-U.S. strategic alignment while simultaneously expanding deep-seated defense and space cooperation with Pakistan.

Core Summary of the Geopolitical Dispute

- **The "Strategic Height" Rebuttal:** Beijing asserts that it views relations with New Delhi from a "strategic height" and "long-term perspective." China argues that the border situation is stable and bilateral, rejecting third-party interference as an attempt to provoke regional antagonism.
- **Tactical Calm vs. Long-term Intent:** The Pentagon report suggests that the October 2024 LAC disengagement agreement was a tactical move by Beijing to prevent India from fully aligning with Washington's Indo-Pacific strategy. China, however, claims this de-escalation reflects a genuine desire for "sound and stable" ties.
- **Expansion of Core Interests:** The U.S. report notes a significant shift in Beijing's rhetoric, expanding its "core interests"—traditionally limited to Taiwan—to now include territorial claims in **Arunachal Pradesh**, the South China Sea, and the Senkaku Islands.
- **The Pakistan Axis:** A major flashpoint in the report is the deepening China-Pakistan defense partnership. It highlights the delivery of **J-10C fighter jets**, co-production of JF-17s, and potential plans for a **Chinese military base** in Pakistan, which the U.S. views as a "red flag" for Indian security.
- **Military Modernization Concerns:** The Pentagon emphasizes China's Western Theatre Command's continued training for high-altitude mountain warfare despite diplomatic talks. China countered this by labeling it "malicious misinterpretation" of their defensive policy.
- **Space and Cyber Power:** The report flags China's use of "space cooperation" (e.g., the International Lunar Research Station) to undermine U.S. global leadership and notes the use of "grey-zone" tactics, including cyber and intelligence support to regional allies.



Key Definitions

- **Line of Actual Control (LAC):** The notional demarcation line that separates Indian-controlled territory from Chinese-controlled territory in the Sino-Indian border dispute.
- **Core Interests:** A term used by Chinese diplomats to describe non-negotiable issues involving national sovereignty, security, and development, where Beijing is prepared to use military force.
- **Grey-Zone Framework:** Competitive actions between states that fall below the threshold of open warfare but go beyond normal diplomatic/economic competition (e.g., cyberattacks, disinformation, or proxy support).
- **Strategic Autonomy:** India's foreign policy doctrine of maintaining independent decision-making without becoming a formal ally of any single power bloc.



Constitutional and Legal Provisions

- **Article 51 (Directive Principles):** The Constitution of India mandates the State to "promote international peace and security" and "maintain just and honourable relations between nations."
- **Article 253:** Empowers the Indian Parliament to make laws for implementing international treaties, agreements, and conventions.
- **National Security Act, 1980:** Provides the legal framework for the Indian government to detain individuals to prevent them from acting in any manner prejudicial to the security of India or its relations with foreign powers.
- **Boundary Management Frameworks:** While not "laws," the 1993, 1996, and 2005 bilateral agreements between India and China govern border conduct, though their efficacy has been challenged since the 2020 Galwan clash.

Conclusion

The war of words between Washington and Beijing underscores the "security dilemma" in South Asia. While India and China have moved toward tactical stabilization at the border to revive economic links (visas, direct flights), the underlying structural mistrust remains. For India, the challenge lies in balancing its "Strategic Autonomy" with its "Comprehensive Global Strategic Partnership" with the U.S., especially as China-Pakistan military integration continues to tighten the "noose" around India's land and maritime frontiers.

UPSC Relevance

- **GS Paper II:** India and its neighborhood relations; Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.
- **GS Paper III:** Security challenges and their management in border areas; Linkages of organized crime with terrorism (proxy wars).
- **International Relations Concepts:** String of Pearls vs. Necklace of Diamonds, Two-Front War scenario, and the "Thucydides Trap" in U.S.-China relations.

4. Reviving Real Estate: The Launch of SWAMIH-2 Fund

The Government of India is set to operationalize the **SWAMIH-2 Fund**, an enhanced version of the "Special Window for Affordable and Mid-Income Housing." With a targeted corpus of **₹15,000 crore**, the fund aims to provide last-mile financing for stalled housing projects that are commercially viable but stuck due to liquidity crunches. This initiative follows the success of SWAMIH-1, which unlocked liquidity worth over **₹35,000 crore** and completed more than **55,000 homes**. The new phase, introduced in the **Union Budget 2025-26**, seeks to bring relief to nearly **100,000 middle-class homebuyers** who are currently burdened by both EMI payments and house rent due to prolonged possession delays.

Core Summary of the SWAMIH-2 Initiative

- **Lender of Last Resort:** SWAMIH acts as a specialized stress fund for "brownfield" projects that are RERA-registered but cannot secure funding from traditional banks due to NPA status or developer history.
- **Blended Finance Model:** Unlike its predecessor, SWAMIH-2 will leverage a blended model, pooling capital from the government, public sector banks, NBFCs, and private investors to maximize the fund's reach.



- **Target Segment:** Focuses strictly on affordable and mid-income housing, targeting units priced below ₹2 crore in Mumbai, ₹1.5 crore in NCR, and ₹1 crore in other major Indian cities.
- **Net-Worth Positive Mandate:** To ensure financial discipline, the fund only invests in projects where the value of receivables and unsold inventory exceeds the cost required for completion.
- **Economic Multiplier Effect:** Beyond housing, the fund stimulates over 250 ancillary industries, including cement, steel, and electronics, while creating thousands of jobs in the construction sector.
- **Strategic Oversight:** The fund is managed by **SBI Ventures Ltd.** (a subsidiary of SBI) and sponsored by the **Department of Economic Affairs (DEA)** under the Ministry of Finance.

Key Definitions

- **Special Window:** A dedicated funding mechanism created by the government to address specific sectoral bottlenecks—in this case, the real estate liquidity trap.
- **Last-Mile Funding:** Capital provided at the final stages of a project's lifecycle to ensure it reaches completion and can be handed over to consumers.
- **Alternative Investment Fund (AIF):** A privately pooled investment vehicle in India, regulated by SEBI. SWAMIH is a **Category-II AIF**, which primarily includes real estate and private equity funds.
- **Brownfield Project:** An existing project that has been started but is currently stalled or under-utilized, as opposed to "Greenfield" projects which start from scratch.



Constitutional and Legal Provisions

- **Article 21 (Right to Life):** The Supreme Court has repeatedly interpreted the "Right to Shelter" as an integral part of the Right to Life under Article 21, making housing a core constitutional concern.
- **RERA Act, 2016:** The Real Estate (Regulation and Development) Act provides the legal framework for SWAMIH eligibility. Only projects registered with the State RERA authority are considered for funding.
- **Insolvency and Bankruptcy Code (IBC), 2016:** SWAMIH often intercedes in projects undergoing insolvency. Homebuyers are now recognized as "financial creditors" under IBC, giving them a voice in the resolution process.
- **SEBI (AIF) Regulations, 2012:** Governs the operational transparency, reporting, and investment limits for the SWAMIH fund as an investment vehicle.

Conclusion

The transition from SWAMIH-1 to SWAMIH-2 represents a move from a government-led "bailout" to a market-driven "revival" strategy. While the ₹15,000 crore corpus is small compared to the ₹4 lakh crore worth of stalled projects in India, it serves as a critical catalyst. By prioritizing projects that are nearly finished, the government ensures that the "last mile" is crossed, effectively turning frozen assets back into productive capital and restoring the trust of the middle-class investor in the Indian real estate market.

UPSC Relevance

- **GS Paper II:** Government policies and interventions for development in various sectors; Issues arising out of their design and implementation.



- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, and growth; Infrastructure (Housing); Role of AIFs and NBFCs in the financial system.
- **Prelims Focus:** Structure of Category-I, II, and III AIFs; Nodal ministry for SWAMIH; RERA and IBC mandates regarding homebuyers.

5. India's Leadership in the Kimberley Process: Securing Global Diamond Integrity

The Government of India has been selected to assume the **Chairpersonship of the Kimberley Process (KP)** for the third time, effective from **January 1, 2026**. This follows India's tenure as the **Vice Chair** starting December 25, 2025. The Kimberley Process is a critical international multilateral mechanism designed to prevent "conflict diamonds"—also known as "blood diamonds"—from entering the mainstream global market. As the world's leading hub for diamond cutting and polishing, India's leadership is significant for ensuring transparency, digital traceability, and ethical sourcing in the \$80 billion global diamond trade.

Core Summary of India's Role and the Kimberley Process

- **Tripartite Structure:** The KP is a unique collaborative initiative involving **governments, the diamond industry, and civil society**. It currently has 60 participants representing 86 countries (with the EU counting as one).
- **Definition of Conflict Diamonds:** As per UN Security Council resolutions, conflict diamonds are rough diamonds used by **rebel movements** or their allies to finance armed conflicts aimed at undermining legitimate governments.
- **Market Dominance:** KP participants account for over **99% of the global rough diamond trade**. India, being the destination for 14 out of every 15 diamonds polished globally, plays a systemic role in the scheme's success.
- **Mandatory Certification:** Under the **Kimberley Process Certification Scheme (KPCS)**, every shipment of rough diamonds crossing an international border must be transported in a tamper-resistant container and accompanied by a government-validated **KP Certificate**.
- **India's Leadership Agenda:** During its 2026 chair, India plans to prioritize **digital certification**, enhanced data-driven monitoring, and the inclusion of sustainable sourcing practices to bolster consumer confidence.
- **Economic Impact:** By eliminating illicit diamonds, the KP helps protect the reputation of the legitimate industry, which supports millions of livelihoods in India's Gem and Jewellery sector.

Key Definitions

- **Kimberley Process (KP):** A multilateral trade regime established in 2003 by **UN General Assembly Resolution 55/56** to prevent diamond-fueled violence.
- **KP Certificate (KPC):** A forgery-resistant document that accompanies every export of rough diamonds, certifying they are from conflict-free sources.
- **Nodal Agency (India):** The **Department of Commerce** is the nodal department, while the **Gem & Jewellery Export Promotion Council (GJEPC)** is the designated importing and exporting authority.

Constitutional and Legal Provisions

- **Article 51:** Part of the Directive Principles of State Policy (DPSP), which mandates the State to promote international peace, security, and maintain just and honorable relations between nations.



- **The Foreign Trade (Development and Regulation) Act, 1992:** Provides the legal basis for the Indian government to regulate the import and export of diamonds in accordance with international obligations like the KPCS.
- **Customs Act, 1962:** Used to enforce the KP standards at ports of entry/exit. Non-compliance (trading without a valid KP certificate) can lead to the seizure of consignments and legal penalties.
- **ITC (HS) Import-Export Policy:** The Directorate General of Foreign Trade (DGFT) issues notifications (e.g., Chapter 71) that explicitly prohibit the import of rough diamonds unless accompanied by a valid KP certificate.

Conclusion

India's third chairmanship of the Kimberley Process reflects its growing stature as a "responsible stakeholder" in global trade governance. While the KP has successfully reduced conflict diamonds to less than 1% of the global trade, emerging challenges like **synthetic diamonds** and "grey-zone" funding require India to lead reforms in traceability. India's focus on **technological integration (Blockchain/Digital IDs)** will be pivotal in evolving the KP from a paper-based certificate system to a modern, data-driven security architecture.

UPSC Relevance

- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India and affecting India's interests; Important International institutions and their structure.
- **GS Paper III:** Economics (Industrial policy and its effects on growth); Internal Security (Role of external state and non-state actors in creating challenges).
- **Ethics (GS IV):** Ethical sourcing of natural resources; Corporate Social Responsibility (CSR) in the luxury goods industry.

6. Semiconductor Sovereignty: India's Transition from Importer to Exporter

The Union Government has recently emphasized India's "strong entry" into the global semiconductor value chain, highlighting a strategic shift toward **Atmanirbhar Bharat** in high-tech manufacturing. Speaking at the **Abhyudaya Madhya Pradesh Growth Summit**, the leadership underscored that despite a late start, India is rapidly establishing the necessary infrastructure to achieve self-reliance and commence exports. This move is supported by a massive **₹2 trillion investment** in industrial projects and a record expansion of the MSME sector, positioning states like Madhya Pradesh as central hubs due to their geographical advantage and logistics potential.

Core Summary of India's Semiconductor Ambitions

- **Strategic Entry and Timing:** While India entered the semiconductor race later than global leaders like Taiwan and South Korea, the **India Semiconductor Mission (ISM)** has accelerated the establishment of fabrication (Fab) and testing (ATMP) units.
- **Export-Oriented Self-Reliance:** The national strategy has shifted from merely reducing import bills (currently estimated to reach \$100 billion by 2025) to becoming a net exporter of chips for automotive, medical, and telecommunication sectors.
- **Regional Growth and Logistics:** The development model focuses on "balanced regional growth," leveraging the central location of states like Madhya Pradesh to reduce transportation costs and create multi-modal logistics hubs.



- **Incentivizing the Ecosystem:** The government is utilizing a **₹76,000 crore (approx. \$10 billion)** fiscal incentive plan to provide up to 50% capital subsidy for setting up semiconductor and display fabs.
- **MSME and Startup Integration:** A record registration of **4.57 lakh MSMEs** in a single year highlights the creation of a massive ancillary supply chain required for the semiconductor industry, with nearly 50% of new startups being women-led.
- **Geopolitical Significance:** Reducing dependence on chip imports—37% of which currently come from China—is viewed as a national security imperative to protect critical information infrastructure and defense systems.



Key Definitions

- **Semiconductor Fabrication (Fab):** Highly specialized and capital-intensive plants where integrated circuits (ICs) are manufactured on silicon wafers.
- **ATMP/OSAT:** Stands for Assembly, Testing, Marking, and Packaging / Outsourced Semiconductor Assembly and Test; these units handle the final stages of chip production.
- **BIMARU Status:** An acronym for Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh, historically used to denote economically lagging states; current policies aim to shed this tag through industrialization.
- **Design Linked Incentive (DLI):** A financial subsidy provided to domestic companies and startups for designing semiconductor chips, fostering indigenous Intellectual Property (IP).

Constitutional and Legal Provisions

- **Article 298:** Grants the Union and State governments the power to carry on any trade or business and acquire, hold, and dispose of property for industrial purposes.
- **National Policy on Electronics (NPE) 2019:** The primary policy framework aiming to position India as a global hub for **Electronics System Design and Manufacturing (ESDM)**.
- **The Factories Act, 1948:** Governs the working conditions and safety standards for the large-scale industrial units being established under the semiconductor mission.
- **Mines and Minerals (Development and Regulation) Act:** Recently amended to allow private exploration of critical minerals like Lithium, which are essential for the broader electronics and battery ecosystem.

Conclusion

India's late-mover advantage lies in its ability to leapfrog into advanced nodes while simultaneously building a "legacy node" (28nm and above) ecosystem that serves the massive domestic demand for EVs and consumer electronics. The success of the "chip export ready" vision depends on sustaining the massive capital inflow and ensuring a steady pipeline of specialized STEM talent. By treating semiconductor fabs as 'Critical Infrastructure', India is not just building a factory but a foundational pillar of its 21st-century digital economy.

UPSC Relevance

- **GS Paper III:** Infrastructure (Energy, Electronics); Effects of liberalization on the economy; Changes in industrial policy and their effects on industrial growth.



- **GS Paper II:** Government policies and interventions for development; Issues arising out of their design and implementation.
- **Economic Concepts:** Global Value Chains (GVCs), Import Substitution vs. Export Promotion, and the role of MSMEs in the "Make in India" initiative.

7. Indian Foreign Policy 2025: Strategic Headwinds and Navigating a Transactional World

The year 2025 emerged as a transformative period for India's global engagement, characterized by a shift from the optimistic "Vishwaguru" projection to a more grounded, transactional reality. While the year began with expectations of a "Modi-Trump" reset and a thaw in India-China relations, it concluded with India grappling with intensified tariff wars, energy security pressures from the West, and heightened regional volatility. Planners now face the dual challenge of maintaining strategic autonomy while managing the domestic economic fallout of global instability.

Core Summary of Geopolitical Shifts

- **Fractured India-US Economic Ties:** The anticipated "Trump reset" gave way to a difficult trade environment. The US imposed a **25% reciprocal tariff** on key Indian goods (apparel, gems, and seafood) and a **25% surcharge** on Russian oil imports, effectively penalizing India's energy diversification strategy.
- **The Fragile India-China Thaw:** Despite high-level handshakes at the SCO Summit and the resumption of direct flights and visas, fundamental security guarantees along the **Line of Actual Control (LAC)** remain unresolved. Recent incidents, such as the detention of Indian citizens from Arunachal Pradesh, signal that structural mistrust persists.
- **Energy Security vs. Sanctions Pressure:** After years of resisting Western pressure on Russian Ural oil imports, India's maneuvering space narrowed significantly in late 2025. The US-led "buyer strike" on major Russian oil firms has forced India to weigh the reputational and economic costs of its energy ties with Moscow.
- **Regional Security Shocks:** The **Pahalgam terror attack (April 2025)** and India's subsequent **Operation Sindoor** redefined the "new normal" in South Asia. However, the diplomatic aftermath—marked by limited international support for India's retaliatory strikes—exposed vulnerabilities in India's global narrative.
- **Neighborhood Volatility:** Political transitions in Bangladesh (2024 regime change), Nepal (Gen-Z demonstrations), and Myanmar (Junta-led elections) have reduced India's traditional influence. Relations with Bangladesh, in particular, reached a historic low by the end of 2025.
- **Shift from Performative to Tangible Diplomacy:** The year highlighted that symbolic gestures like the "Modi-Putin hug" or "Vishwamitra" branding cannot replace hard-nosed trade deals. India is now learning to navigate a "transactional world" where domestic principles must align with foreign policy rhetoric.



Key Definitions

- **Operation Sindoor:** A military campaign launched by India in May 2025 in response to the Pahalgam terror attack, involving precision missile strikes on terror infrastructure in Pakistan and PoJK.



- **Reciprocal Tariffs:** Trade duties imposed by one country in response to similar duties imposed by another, often used as a tool in "trade wars" to protect domestic industries.
- **Revisionist Powers:** A term used in international relations to describe states (like China or Russia) that seek to change or undermine the existing global "rules-based order" to reflect their own interests.
- **Transactional Diplomacy:** A foreign policy approach based on specific, case-by-case mutual benefits rather than long-term ideological or strategic alliances.

Constitutional and Legal Provisions

- **Article 51 (DPSP):** Directs the State to promote international peace and security, maintain just and honorable relations between nations, and foster respect for international law and treaty obligations.
- **Seventh Schedule (Union List):** Items 10 to 14 vest the power to handle Foreign Affairs, treaties, and diplomatic representation exclusively with the Union Government.
- **Article 253:** Empowers the Parliament to make any law for the whole or any part of the territory of India for implementing any treaty, agreement, or convention with any other country.
- **Indus Waters Treaty (1960):** A critical legal framework governing water sharing between India and Pakistan. During Operation Sindoor, India signaled a shift by indicating it would hold the treaty "in abeyance" due to continued cross-border terrorism.

Conclusion

The 2025 foreign policy landscape serves as a stark reminder that strategic autonomy is not a static achievement but a constant struggle. India's challenge in 2026 will be to avoid the "Vishwa-victim" narrative and instead focus on strengthening internal economic resilience and consistent domestic standards. As the international order turns increasingly transactional, India's ability to leverage its market size while standing firm on its developmental red lines will define its success as a leading global power.

UPSC Relevance

- **GS Paper II:** India and its neighborhood relations; Bilateral, regional, and global groupings involving India; Effect of policies of developed and developing countries on India's interests.
- **GS Paper III:** Internal Security (Border management, Terrorism); Energy security and trade; Impact of global sanctions on the Indian economy.
- **Essay Paper:** Topics related to "Strategic Autonomy," "Global Rules-based Order," and "Neighbourhood First Policy."

8. Inclusive Urbanism: Bridging the Divide in Indian Cities

Modern urban planning often focuses on "hard" infrastructure like roads and smart grids, while neglecting the "soft" human element—the diverse people who inhabit these spaces. A critical disconnect exists between the cities we design and the lived realities of their residents. For India, where migration is a significant driver of urban growth, the failure to integrate new residents culturally and linguistically creates a "systemic tension." This exclusion not only marginalizes individuals but also undermines the long-term social and economic resilience of the metropolis. True urban sustainability requires moving beyond static blueprints toward dynamic, empathetic ecosystems that validate the belonging of every inhabitant.



Core Summary of Urban Inclusion Challenges

- **The Invisible Linguistic Tax:** New residents often pay an "invisible tax" of exclusion when they fail to meet the dominant linguistic standards of a city. This barrier restricts access to jobs, housing negotiations, and essential government services.
- **Economic Bottlenecks:** Linguistic and cultural friction channels migrants into the informal economy. While cities rely on migrant labor and taxes, they often structurally deny these contributors full access to formal social mobility and legal protections.
- **Flaw of Homogenous Planning:** Urban blueprints are frequently designed for a "static user base"—the established resident. This renders the diverse, shifting demographic of "new residents" invisible in the planning of schools, transport, and parks.
- **Governance and Representation gap:** Local planning bodies often lack the cosmopolitan diversity of the city they govern. Homogenous perspectives lead to "smart" city designs that are only accessible to those with the "right" language and documentation.
- **The Role of Empathy in Design:** Empathy is identified as the "missing link" in urban design. Successful cities are measured not by infrastructure alone, but by the comfort, security, and validated belonging of their most vulnerable residents.
- **Dynamic Ecosystems:** Cities must be viewed as fluid entities with the capacity to expand and include. Bridging the divide requires proactive investments in cultural sensitization for public-facing staff and a reimagining of cities as spaces for "all who call it home."



Key Definitions

- **Linguistic Tax:** The socio-economic disadvantage and bureaucratic hurdles faced by migrants due to their inability to communicate in the city's primary or official language.
- **Informal Economy:** Part of an economy that is neither taxed nor monitored by any form of government, where migrants often face higher exploitation and lower social security.
- **Urban Ecosystem:** A view of cities as complex, living systems where social, cultural, and physical components interact to sustain human life and well-being.
- **Cultural Sensitization:** Training designed to make individuals aware of and sensitive to the cultural, linguistic, and social differences of diverse populations to improve service delivery.

Constitutional and Legal Provisions

- **Article 15:** Prohibits discrimination by the State against any citizen on grounds only of religion, race, caste, sex, or **place of birth**. Urban exclusion based on "newcomer" status can often border on violating this principle.
- **Article 19(1)(d) and (e):** Guarantees every citizen the right to **move freely** throughout India and to **reside and settle** in any part of the country. Structural urban exclusion acts as a de facto barrier to these fundamental freedoms.



- **74th Constitutional Amendment Act, 1992:** Mandated the decentralization of power to **Urban Local Bodies (ULBs)**. It provides the legal framework for "ward committees" which should ideally represent the city's diverse demographic in planning.
- **PM SVANidhi Scheme:** A contemporary government initiative providing credit to street vendors (many of whom are migrants), acknowledging their role in the urban economy and facilitating their financial inclusion.
- **Draft National Migration Policy (NITI Aayog):** Aims to integrate migrants into the urban landscape by ensuring portability of social security benefits and reducing administrative barriers to inclusion.

Conclusion

Building "Smart Cities" is a futile exercise if the intelligence of the city does not extend to its human diversity. The current model of urban development often prioritizes physical capital over social cohesion, leading to fractured societies and inefficient economies. To secure an inclusive future, India must transition from "infrastructure-centric" to "people-centric" urbanism. By institutionalizing empathy through multilingual governance and culturally diverse representation, cities can transform from sites of exclusion into engines of equitable growth.

UPSC Relevance

- **GS Paper I:** Urbanization, their problems, and their remedies; Social empowerment and communalism vs. regionalism in urban spaces.
- **GS Paper II:** Welfare schemes for vulnerable sections; Issues relating to the development and management of Social Sector/Services relating to Health, Education, and Human Resources.
- **GS Paper III:** Inclusive growth and issues arising from it; Infrastructure: Energy, Ports, Roads, Airports, Railways etc. (Urban Infrastructure focus).
- **Essay & Ethics (GS IV):** Empathy and compassion towards the weaker sections; Ethical dimensions of urban planning and "Right to the City."

9. The U.S. Maritime Blockade: Sanctions and the 'Shadow Fleet' Dynamics

In December 2025, U.S. President Donald Trump announced a comprehensive maritime blockade of sanctioned oil tankers entering or leaving Venezuela. This move marks a significant escalation from financial "pen-and-ink" sanctions to physical enforcement. The U.S. Coast Guard and Navy have actively intercepted vessels suspected of circumventing sanctions, specifically targeting a network of ships dubbed the "shadow fleet." This development highlights the intensifying use of economic warfare and the U.S. leverage over global shipping through its dominance in finance, insurance, and maritime certification.

Core Summary of the Venezuelan Blockade

- **Targeted Vessels:** Three primary tankers faced recent action: **Skipper** (seized with 2 million barrels of crude), **Centuries** (boarded after a Venezuelan Navy escort), and **Bella 1** (intercepted for ties to Iranian oil trade).
- **The "Shadow Fleet" Phenomenon:** These ships often use deceptive tactics such as "flag hopping," turning off AIS (Automatic Identification System) transponders, and opaque ownership structures to move sanctioned oil for countries like Russia, Iran, and Venezuela.



- **Petrodollar as a Weapon:** The U.S. enforces its writ primarily through the global financial system. Since most oil transactions are dollar-denominated, the U.S. Treasury can block payments even if the trading entities have no physical presence in America.
- **Role of Maritime Intermediaries:** Sanctions effectiveness relies on the withdrawal of services from **Classification Societies** (which certify seaworthiness) and **P&I Clubs** (Protection and Indemnity insurance), making it nearly impossible for sanctioned ships to enter major international ports.
- **Enforcement Agency (OFAC):** The **Office of Foreign Assets Control** under the U.S. Treasury is the central body that identifies, lists, and freezes the assets of sanctioned individuals, companies, and vessels.
- **Shift to Physical Blockade:** The transition to a physical naval blockade suggests that purely financial sanctions were being bypassed by a growing coalition of nations (Russia, China, Iran) collaborating to create alternative trade routes.

Key Definitions

- **Shadow Fleet:** A collection of aging, often under-insured tankers that operate outside mainstream shipping regulations to transport sanctioned commodities.
- **Classification Societies:** Organizations (like the Indian Register of Shipping) that establish and maintain technical standards for the construction and operation of ships.
- **P&I Club:** A mutual insurance association that provides risk cover for open-ended maritime liabilities, such as environmental damage or loss of life.
- **AIS Spoofing:** A deceptive tactic where a ship manually alters its transmitted GPS coordinates to appear in a different location, masking visits to sanctioned ports.

Constitutional and Legal Provisions

- **Article 51 of the Indian Constitution:** Directs the State to promote international peace and respect for international law and treaty obligations.
- **UNCLOS (United Nations Convention on the Law of the Sea):** The "constitution of the oceans" which defines the rights and responsibilities of nations in their use of the world's oceans. Article 110 allows for the "Right of Visit" on the high seas under specific suspicions like piracy or slave trade.
- **Sanctions: Multilateral vs. Unilateral:** UN-mandated sanctions (under Chapter VII of the UN Charter) are legally binding on all member states. In contrast, U.S. sanctions are **unilateral**, and their global enforcement relies on the dominance of the U.S. market and currency rather than international law.
- **Freedom of Navigation:** A principle of international law that ships flagged by any sovereign state shall not suffer interference from other states, except as provided for in international law.

Conclusion

The U.S. blockade of Venezuela serves as a case study in the evolution of modern warfare. While traditional blockades were acts of war, the current "sanctions blockade" utilizes a blend of financial exclusion and targeted maritime interdiction. For India, which relies heavily on energy imports and has a massive diamond and jewelry sector sensitive to U.S. policy, these developments underscore the risks of "over-compliance" and the need to develop alternative, resilient payment and insurance mechanisms.



UPSC Relevance

- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests; Important International institutions (UNCLOS, IMO).
- **GS Paper III:** Security challenges and their management; Economic warfare and its impact on energy security; Role of external state and non-state actors in global trade.
- **Current Affairs Focus:** The "Shadow Fleet" risk to maritime environment and India's stance on unilateral sanctions vs. UN-mandated sanctions.

10. Digital Discipline: Indian Army's Revised Social Media Policy 2025

The Indian Army has recently modernized its social media guidelines, shifting from a strategy of total prohibition to one of "**Passive Participation.**" Issued by the Army Headquarters through the **Directorate General of Military Intelligence (DGMI)** in late December 2025, the new directive reflects the necessity of digital awareness for the modern soldier while maintaining a firewall against operational security (OPSEC) breaches. The policy acknowledges that in the "information age," personnel must stay abreast of global developments without becoming targets for cyber-espionage or social engineering.

Core Summary of the Revised Guidelines

- **Defining Passive Participation:** Personnel are now permitted to access platforms like **Instagram, X (formerly Twitter), YouTube, and Quora** solely for "viewing and monitoring." Active engagement—including posting, commenting, sharing, reacting (likes), or sending direct messages—remains strictly prohibited.
- **Shift in Instagram Status:** In a notable reversal of the 2020 blanket ban, Instagram has been moved to the "restricted-use" category. Soldiers can now maintain accounts to consume news and educational content but are barred from generating any user-generated content (UGC).
- **Communication Platform Rules:** Messaging apps like **WhatsApp, Telegram, Signal, and Skype** are authorized only for the exchange of "unclassified information of a general nature." Personnel are permitted to interact only with known individuals, with the legal "onus of verification" resting entirely on the user.
- **Professional Use of LinkedIn:** Usage of LinkedIn is restricted to professional advancement, such as uploading résumés or researching potential employers. Active social networking or posting views on the platform is not permitted.
- **Strict Cybersecurity Safeguards:** The policy reiterates a zero-tolerance approach toward "high-risk" digital behavior. Using VPNs, torrents, cracked software, pirated movie sites, and anonymous web proxies is forbidden due to the risk of malware and data harvesting.
- **Balancing Human Needs and Security:** The revision aligns with recent statements by the Army Chief regarding the "Gen-Z" soldier. It recognizes the smartphone as a necessity for maintaining family ties and personal growth (e-books/news) while instilling the discipline of "responding thoughtfully" rather than "reacting impulsively."

Key Definitions

- **Passive Participation:** The act of consuming information on a digital platform without interacting with the content or other users in any traceable manner.
- **OPSEC (Operational Security):** A process that identifies critical information to determine if friendly actions can be observed by adversary intelligence systems.



- **Honey Trapping:** A social engineering tactic where foreign intelligence operatives use fake social media profiles to build romantic or personal rapport with military personnel to extract classified data.
- **Unclassified Information:** Information that does not require a security clearance for access but must still be handled with discretion to avoid aggregating into a "mosaic" of sensitive data.

Constitutional and Legal Provisions

- **Article 33 of the Constitution:** Specifically empowers Parliament to restrict or abrogate the **Fundamental Rights** (including Freedom of Speech under Article 19) of the members of the Armed Forces to ensure the proper discharge of their duties and the maintenance of discipline.
- **The Army Act, 1950:** Provides the legal framework for maintaining discipline. Violation of social media policies can lead to court-martial or summary punishments under sections dealing with "disobedience of standing orders."
- **Information Technology Act, 2000:** While governing the general public, the IT Act works alongside military law to prosecute data breaches or unauthorized access to sensitive computer systems.
- **Official Secrets Act (OSA), 1923:** Remains the primary legal instrument against the disclosure of any information that could be useful to an enemy or prejudicially affect the sovereignty and integrity of India.

Conclusion

The 2025 policy update marks a pragmatic evolution in military governance, transitioning from "digital isolation" to "regulated digital awareness." By allowing passive access, the Army ensures its personnel are not left behind in the information revolution while strictly controlling the "attack surface" available to adversaries. The success of this policy hinges on continuous internal training, as the responsibility for digital security has been decentralized from "systemic bans" to "individual accountability."

UPSC Relevance

- **GS Paper II:** Government policies and interventions; Fundamental Rights and their reasonable restrictions (Article 33).
- **GS Paper III:** Internal Security (Cybersecurity); Challenges to internal security through communication networks; Role of social media in modern warfare (Hybrid Warfare).
- **Ethics (GS IV):** The conflict between individual liberty and professional discipline; Ethical use of technology in sensitive organizations.