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FOR UPSC CIVIL SERVICE EXAMINATION

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1. Creative Economy: India's Strategic Growth Engine

The "Orange Economy" encompasses sectors where value is derived from intellectual property, creativity, and cultural heritage. In the 21st century, India is transitioning from a traditional manufacturing focus to a service-led creative powerhouse, utilizing the Media, Entertainment, and AVGC-XR (Animation, Visual Effects, Gaming, Comics, and Extended Reality) sectors as primary drivers of GDP and soft power.

Key Summary Points for UPSC

- **Economic Contribution:** The Media and Entertainment (M&E) sector was valued at approximately ₹2.5 trillion in 2024, with a projected annual growth rate of 7% to reach over ₹3 trillion by 2027.
- **Employment Generation:** The creative economy currently supports over 10 million livelihoods. Projections suggest the AVGC-XR sector alone will require 20 lakh (2 million) professionals by 2030.
- **Digital Transformation:** Digital media now accounts for one-third of sector revenues, signaling a shift from traditional television and print to platform-driven consumption and online gaming.
- **AVGC-XR Frontier:** This is the most tech-intensive segment, merging art with advanced computing. India serves as a global production hub, contributing to international cinema, advertising, and immersive virtual environments.
- **Experiential Economy:** Live entertainment and organized events (concerts, festivals) are stimulating urban tourism and infrastructure development, moving beyond sponsorship-led models to ticketed, audience-driven growth.
- **Institutional Framework:** The establishment of the **Indian Institute of Creative Technologies (IICT)** as a National Centre of Excellence aims to bridge the gap between creative talent and global industry standards.



Constitutional and Legal Provisions

- **Article 19(1)(a):** Protects the freedom of speech and expression, which is the bedrock of the creative and media industries.
- **Article 29:** Protects the interests of minorities and the right to conserve distinct language, script, or culture, providing a constitutional basis for the "Orange Economy."
- **Article 51A(f):** A Fundamental Duty to value and preserve the rich heritage of our composite culture.
- **Copyright Act, 1957:** The primary legal framework for protecting Intellectual Property Rights (IPR) in creative works, essential for monetizing content.
- **Cinematograph (Amendment) Act, 2023:** Aims to curb piracy and streamline age-based certification, protecting the financial interests of the film industry.

Important Definitions

- **Orange Economy:** An economy based on the interaction between culture, economy, and technology, where the value lies in intellectual property.



- **AVGC-XR:** An acronym for Animation, Visual Effects, Gaming, Comics, and Extended Reality (including VR/AR).
- **Soft Power:** A country's ability to influence others through cultural and ideological appeal rather than coercion or payment.
- **Extended Reality (XR):** An umbrella term covering virtual reality (VR), augmented reality (AR), and mixed reality (MR).

Strategic Initiatives and Platforms

- **WAVES (World Audio Visual and Entertainment Summit):** A global forum to facilitate networking, deal-making, and policy dialogue in the M&E sector.
- **WaveX:** An initiative to foster startup innovation in the creative field through incubation and investor engagement.
- **Create in India Challenge:** A talent discovery program designed to link local creators with international commercial platforms.
- **Education Integration:** The proposed setup of AVGC labs in 15,000 secondary schools to build a grassroots talent pipeline.

Conclusion India's creative economy has transcended its role as a cultural byproduct to become a strategic economic pillar. By institutionalizing talent through the IICT and leveraging digital platforms, India is not only creating millions of jobs but also cementing its global soft power. The transition from "services provider" to "IP creator" will be the defining theme for India's Orange Economy in the coming decade.

UPSC Relevance

- **GS Paper II:** Government policies and interventions for development in various sectors.
- **GS Paper III:** Indian Economy (Growth, Development, and Employment); Technology (AVGC-XR, Digital Media).
- **Essay:** Cultural influence, Soft Power, and the future of work in a digital age.

2. Strategic Rollback: Dismantling the U.S. Climate Regulatory Framework

The recent executive action by U.S. President Donald Trump involves revoking the 2009 "Endangerment Finding," a scientific and legal cornerstone that classified greenhouse gases (GHGs) as pollutants. This move represents a paradigm shift in American environmental governance, moving from mandatory emissions curbing to a deregulatory model focused on energy dominance and cost reduction.

Key Summary Points for UPSC

- **Revocation of the Endangerment Finding:** The administration has officially repealed the 2009 EPA determination which stated that six greenhouse gases (including CO_2 and methane) pose a threat to public health and welfare. This finding was the prerequisite for all federal climate regulations.
- **Automobile Standards Elimination:** Concurrent with the repeal, the administration eliminated greenhouse gas emission standards for all motor vehicles (Model Years 2012–2027+), aiming to reduce new car costs and restore "consumer choice."



- **Economic Rationale vs. Environmental Risk:** The EPA projects regulatory savings of over \$1.3 trillion. Conversely, critics and scientists warn of long-term economic and health costs exceeding \$1.5 trillion due to increased extreme weather and respiratory illnesses.
- **Shift in Judicial Interpretation:** The move leverages recent Supreme Court doctrines, specifically the "Major Questions Doctrine" and the overturning of "Chevron Deference," arguing that the EPA lacks explicit Congressional authority to regulate the global climate.
- **Impact on Energy Sector:** Beyond transport, the repeal places restrictions on power plant carbon emissions and methane leak regulations for oil and gas producers in jeopardy, signaling a "fossil-fuel first" energy policy.
- **Global Climate Leadership:** As the world's second-largest emitter, the U.S. retreat from domestic climate laws complicates international efforts like the Paris Agreement and may trigger similar deregulatory trends elsewhere.



Constitutional and Legal Provisions

- **U.S. Clean Air Act (CAA), Section 202(a):** Originally interpreted by the Supreme Court in *Massachusetts v. EPA (2007)* to include GHGs as "air pollutants" that the EPA must regulate if they endanger health.
- **Major Questions Doctrine:** A judicial principle stating that if an agency seeks to decide an issue of major national significance, its action must be supported by clear congressional authorization.
- **Loper Bright v. Raimondo (2024):** A landmark ruling that ended "Chevron Deference," meaning courts no longer defer to an agency's interpretation of ambiguous statutes, shifting the power of legal interpretation back to the judiciary.
- **Article 21 (India Context):** While this is a U.S. development, UPSC aspirants should note the contrast with the Indian Judiciary's "Right to be free from the adverse effects of climate change," recently recognized as a fundamental right under the Right to Life.

Important Definitions

- **Endangerment Finding:** A formal regulatory conclusion that specific substances (GHGs) are reasonably anticipated to harm public health or welfare.
- **Orange Economy (Contextual):** While distinct, the creative sectors often advocate for green transitions; however, here the "Brown Economy" (fossil fuel-based) is being prioritized.
- **Regulatory Capture:** A situation where a regulatory agency, created to act in the public interest, instead advances the commercial or political concerns of special interest groups (e.g., fossil fuel industry).
- **Social Cost of Carbon (SCC):** An estimate, in dollars, of the economic damages that would result from emitting one additional ton of carbon dioxide into the atmosphere.

UPSC Relevance

- **GS Paper II:** International relations and the impact of policies of developed countries on India's interests; judicial doctrines in comparative governance.



- **GS Paper III:** Environmental pollution and degradation; Climate Change negotiations (COP); Impact of global deregulation on India's Green Hydrogen and EV missions.
- **Ethics (GS IV):** The conflict between short-term economic gains (regulatory savings) and long-term intergenerational equity (climate safety).

Conclusion

The dismantling of the U.S. climate legal basis marks a significant departure from two decades of environmental jurisprudence. While the administration frames this as "common-sense deregulation" to boost the economy, it creates a vacuum in global climate governance. For India, this move may result in increased pressure to lead green initiatives, but it also risks fluctuating global energy markets and weakened international climate finance commitments.

3. India-US Interim Trade Deal: Strategic Implications and Sovereign Choices

The recently announced "Framework for an Interim Agreement on Reciprocal Trade" between India and the United States marks a significant pivot in bilateral relations. While the deal aims to provide relief from punitive tariffs and boost exports, the procedural manner of its announcement and the accompanying concessions regarding energy procurement and national security alignment have sparked an intense debate over India's long-standing policy of strategic autonomy.

Key Summary Points for UPSC

- **Reciprocal Tariff Adjustment:** The U.S. has agreed to lower its effective tariff on Indian goods from approximately 50% (inclusive of punitive duties) to 18%. In exchange, India is expected to reduce tariffs on U.S. industrial and agricultural products (e.g., tree nuts, soybean oil) to near-zero levels.
- **The "Russian Oil" Conditionality:** A central pillar of the deal involves India's commitment to halt or significantly reduce its intake of Russian crude oil. This follows the revocation of the 25% punitive surcharge imposed by the U.S. in 2025 specifically targeting India's energy trade with Russia.
- **\$500 Billion Purchase Commitment:** India has reportedly committed to an aspirational target of purchasing \$500 billion worth of American goods (energy, coal, ICT, and technology) over the next five years to address the trade deficit.
- **Strategic Alignment Clause:** U.S. executive orders state that the tariff relief is contingent on India "aligning sufficiently" with the U.S. on matters of national security and foreign policy, potentially impacting India's independent stance on global conflicts.
- **Procedural Unilateralism:** Critics have noted that major details of the framework were first shared unilaterally by Washington, with the Indian government releasing joint statements several hours later, leading to questions regarding the "equality" of the negotiating table.
- **Impact on Connectivity Projects:** The U.S. push for India to curtail trade with Iran puts the strategic Chabahar Port project at risk, which is India's primary gateway to Central Asia and a counter to China's Belt and Road Initiative (BRI).





Constitutional and Legal Provisions

- **Article 73:** Extends the executive power of the Union to matters where Parliament has the power to make laws, enabling the government to negotiate and sign international treaties.
- **Article 253:** Grants Parliament the exclusive power to make any law for implementing treaties, agreements, or conventions with other countries. This ensures that while the executive signs a deal, its domestic enforcement requires legislative backing.
- **Article 51(c):** A Directive Principle (DPSP) that mandates the State to foster respect for international law and treaty obligations.
- **Seventh Schedule (List I, Entry 14):** Places "Entering into treaties and agreements with foreign countries and implementing of treaties, agreements and conventions with foreign countries" under the exclusive jurisdiction of the Union Government.

Important Definitions

- **Strategic Autonomy:** The ability of a nation to pursue its national interests and preferred foreign policy without being constrained by alliances or excessive dependence on other major powers.
- **Reciprocal Trade:** A trade policy where two nations grant each other mutual concessions, such as lowering tariffs, to ensure balanced and fair market access.
- **Non-Tariff Barriers (NTBs):** Trade restrictions that do not take the form of a duty (tariff), such as quotas, licensing requirements, and technical standards (e.g., Sanitary and Phytosanitary measures).
- **Interim Agreement:** A preliminary or "harvest" deal covering a limited set of issues, intended to build trust and provide early benefits before a comprehensive Free Trade Agreement (FTA) is finalized.

UPSC Relevance

- **GS Paper II:** Bilateral, regional, and global groupings involving India and affecting India's interests. Effect of policies of developed countries on India's strategic and economic sovereignty.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, and international trade. Impact of energy procurement shifts on the Current Account Deficit (CAD) and energy security.
- **Essay Topics:** "Strategic Autonomy in a Multipolar World" or "The Economics of Diplomacy: Balancing Trade and Principles."

Conclusion

The India-US Interim Trade Agreement presents a classic "pragmatic vs. principled" dilemma. While the 18% tariff rate offers Indian exporters a competitive edge over regional rivals, the external conditions tied to oil imports and geopolitical alignment represent a departure from India's historical "multi-alignment" strategy. As India prepares for the BRICS summit, the challenge lies in securing economic growth without compromising its credibility as a leader of the Global South or its sovereign right to energy security.

4. India's New Labour Codes: Transitioning Towards Universal Financial Inclusion

The implementation of the four Labour Codes—the Code on Wages, the Industrial Relations Code, the Social Security Code, and the Occupational Safety, Health and Working Conditions Code—represents a paradigm shift in Indian labour jurisprudence. By consolidating 29 central laws, these reforms aim to bridge



the gap between formal and informal employment, ensuring that financial security becomes a central pillar of the employment contract in the modern economy.

Key Summary Points for UPSC

- **Standardization of the 'Wage' Definition:** To prevent firms from structuring pay to minimize social security dues, the new definition mandates that "wages" (Basic Pay, DA, and Retaining Allowance) must constitute at least 50% of total remuneration. This automatically boosts contributions to Provident Fund (PF), pension, and gratuity.
- **Gratuity for Fixed-Term Employment:** The codes abolish the traditional five-year threshold for gratuity for fixed-term employees, entitling them to pro-rata gratuity after just one year of service. This recognizes the rise of short-term contracting in the modern market.
- **Inclusion of the "Missing Middle":** For the first time, gig workers, platform workers, and unorganized sector workers are formally recognized. The codes provide a legal framework for their social security, including disability, maternity, and old-age benefits.
- **Portability and Digital Inclusion:** The reforms emphasize the portability of benefits across state lines, which is crucial for India's massive migrant workforce. This is supported by digital platforms like the e-Shram portal to ensure seamless access.
- **Universal Minimum Wage:** The Code on Wages extends the right to minimum wages and timely payment of wages to all employees across both organized and unorganized sectors, moving away from the previous "scheduled employment" limitation.
- **Macroeconomic Multiplier Effect:** By redistributing economic value from capital to labour, the codes enhance the purchasing power and savings of the workforce, driving domestic consumption-led growth and reducing vulnerability to economic shocks.



Constitutional and Legal Provisions

- **Article 39(d):** Directive Principle of State Policy (DPSP) ensuring "equal pay for equal work for both men and women."
- **Article 41:** Right to work, to education and to public assistance in certain cases including old age, sickness and disablement.
- **Article 42:** Provision for just and humane conditions of work and maternity relief.
- **Article 43:** Mandates the state to secure a "living wage" and a decent standard of life for all workers.
- **Concurrent List (Entry 22, 23, 24):** Labour is a subject in the Concurrent List of the Seventh Schedule, allowing both Centre and States to legislate, though Central Codes aim for national uniformity.

Important Definitions

- **Fixed-Term Employment (FTE):** A contract of employment for a specific period where the worker is entitled to all statutory benefits available to a permanent worker in proportion to the period of service.



- **Gig Worker:** A person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationships.
- **Social Security:** Measures to ensure access to health care and income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity, or loss of a breadwinner.
- **Wage Ceiling:** The threshold of monthly income used to determine the eligibility or the extent of contribution towards social security schemes like EPFO or ESIC.

Key Impact Areas

Feature	Old Regime	New Labour Codes
Wage Structure	Basic pay often 30-35% of total.	Basic pay (Wages) must be minimum 50%.
Gratuity Eligibility	5 years of continuous service.	1 year for fixed-term employees.
Gig/Platform Workers	No formal recognition.	Comprehensive social security coverage.
Minimum Wage	Only for "Scheduled" sectors.	Universal for all sectors and employees.

Conclusion

The transition to the new Labour Codes is a structural intervention aimed at aligning economic growth with social justice. While the increased financial liability on corporations is significant, it is an investment in human capital that stabilizes the domestic economy. The success of these codes hinges on effective implementation by States and the digital integration of the informal workforce, ensuring that "financial inclusion" moves from a policy goal to a lived reality for every Indian worker.

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 employment, inclusive growth, and social security.
- **Essay:** The role of labour reforms in achieving a \$5 trillion economy; Balancing Ease of Doing Business with Ease of Living for workers.

5. The Panchsheel Pact and India-China Border Dynamics

The recent address by the Chief of Defence Staff (CDS), General Anil Chauhan, at the inauguration of the Bharat Himalayan International Strategic Manch (BHISM) in Dehradun, offers a critical re-evaluation of the 1954 Panchsheel Agreement. The CDS highlighted that while India viewed the pact as a definitive settlement of its northern borders, China perceived it merely as a framework for trade and intercourse, leading to the long-standing boundary dispute.

Key Summary Points for UPSC

- **Misalignment of Objectives:** India initially believed the 1954 Panchsheel Pact reinforced the legitimacy of the northern border by identifying six trade passes. However, China's stance was that the agreement was strictly for trade and did not address the border row.



- **Erosion of the Himalayan Buffer:** Following the occupation of Tibet, the traditional "Himalayan buffer" between India and Tibet evaporated, converting it into a direct and contested border with China.
- **Recognition of Tibet:** In 1954, India formally recognized Tibet as a part of China. This diplomatic move was intended to foster stability, yet it arguably surrendered strategic leverage without securing a settled border.
- **Strategic Re-classification:** The CDS distinguished between a '**Border**' (clearly defined political and legal limits) and a '**Frontier**' (diffused, rugged meeting zones of civilizations). He noted that the Middle Sector (Uttarakhand) is where the initial disputes germinated.
- **Holistic Strategic Planning:** Modern border management now requires a "Himalayan perspective," integrating military modernization with climate change, water security, and disaster preparedness.
- **Infrastructure Push:** The government has shifted from treating border areas as "buffer zones" to "mainstream areas," accelerating infrastructure development (roads, bridges, and tunnels) to ensure operational readiness.



Constitutional and Legal Provisions

- **Article 51 (DPSP):** Mandates the State to promote international peace and security, maintain just relations between nations, and foster respect for international law and treaty obligations.
- **Article 253:** Grants Parliament the power to make laws for implementing any international treaty, agreement, or convention. The Panchsheel principles were a product of executive action, but their domestic implications often fall under this article.
- **Article 3:** Empowers Parliament to alter the boundaries of states; however, the cession of Indian territory to a foreign power requires a Constitutional Amendment under **Article 368**, as established in the *Berubari Union case (1960)*.
- **Forest (Conservation) Amendment Act, 2023:** Specifically allows for the diversion of forest land for security-related infrastructure within 100 km of international borders without the requirement of central forest clearance.

Important Definitions

- **Panchsheel (Five Principles of Peaceful Coexistence):** 1. Mutual respect for territorial integrity and sovereignty; 2. Mutual non-aggression; 3. Mutual non-interference in internal affairs; 4. Equality and mutual benefit; 5. Peaceful co-existence.
- **McMahon Line:** The boundary between Tibet and British India as agreed in the Simla Convention (1914), which China refuses to recognize.
- **LAC (Line of Actual Control):** A conceptual demarcation line that separates Indian-controlled territory from Chinese-controlled territory, distinct from a legally settled international border.
- **Strategic Autonomy:** India's policy of making independent foreign policy decisions based on national interest, without being coerced by external alliances.



Conclusion

The CDS's remarks underscore a historical "strategic miscalculation" where a trade agreement was mistaken for a border settlement. As India moves forward, the focus has shifted from idealistic diplomacy to "integrated, forward-looking strategic planning." The development of BHISM signifies a move towards indigenous strategic thought, ensuring that the Himalayan frontier is managed not just as a military line, but as a vital ecological and civilizational zone.

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:** Border management and security challenges in the Himalayan region; Linkages between infrastructure development and national security.
- **International Relations:** Evolution of India-China relations from the 1954 Pact to the current LAC standoff.

6. Judicial Accountability: The Mechanism for Complaints Against Higher Judiciary

The Union Law Minister's recent disclosure in the Lok Sabha regarding 8,630 complaints received by the Chief Justice of India's (CJI) office from 2016 to 2025 has highlighted the critical discourse on judicial accountability. While the judiciary remains an independent pillar of democracy, the absence of a statutory grievance redressal mechanism for the higher judiciary (Supreme Court and High Courts) necessitates a reliance on internal procedures and the constitutional process of removal.

Key Summary Points for UPSC

- **Magnitude of Complaints:** Between 2016 and 2025, the CJI's office recorded 8,630 complaints against sitting judges, with 2024 seeing the highest volume at 1,170. This reflects growing public engagement and scrutiny of judicial conduct.
- **The "In-House Procedure":** In the absence of a legislative framework, complaints regarding misconduct or impropriety are handled via the Supreme Court's 1999 "In-House Procedure." This internal mechanism allows the CJI or High Court Chief Justices to probe allegations through fact-finding committees.
- **Restatement of Values:** Judicial conduct is guided by the "Restatement of Values of Judicial Life" (adopted in 1997), which serves as an ethical code for the higher judiciary but lacks statutory force for enforcement.
- **Grievance Redressal Channels:** Complaints are often routed through the Centralised Public Grievance Redress and Monitoring System (CPGRAMS). However, the executive merely acts as a post-office, forwarding these to the respective Chief Justices for action.
- **Legislative Lacuna:** While the Judges (Inquiry) Act, 1968, governs the removal process, there is currently no legal oversight body to handle "minor" misconduct that does not warrant impeachment, leading to calls for reviving the Judicial Standards and Accountability Bill.

Court scrutiny

Under the judiciary's in-house mechanism, complaints against judges are handled internally by the CJI and Chief Justices of the High Courts, with no public disclosure on outcomes





- **Confidentiality vs. Accountability:** The "In-House" process is predominantly confidential to maintain judicial dignity. However, critics argue this opacity hinders public trust, especially when outcomes of 8,630 complaints remain undisclosed.

Constitutional and Legal Provisions

- **Article 124(4) & 217(1)(b):** Provide for the removal of Supreme Court and High Court judges by the President only on the grounds of "proved misbehaviour or incapacity," following a special majority vote in Parliament.
- **Judges (Inquiry) Act, 1968:** Regulates the procedure for the investigation and proof of the misbehaviour or incapacity of a judge. It involves a three-member committee (SC Judge, HC CJ, and a distinguished jurist).
- **Article 235:** Grants the High Court "control" over subordinate courts, including disciplinary matters. Crucially, no such administrative control exists over the High Court or Supreme Court judges themselves.
- **Separation of Powers (Article 50):** While mandated to keep the judiciary independent from the executive, this principle is often cited to limit external oversight of judicial conduct.

Important Definitions

- **Proved Misbehaviour:** Though not defined in the Constitution, it includes corruption, lack of integrity, or actions unbecoming of a judge that damage the public's esteem of the office.
- **Impeachment:** The colloquial term for the rigorous parliamentary process of removing a judge; notably, no judge of the higher judiciary has ever been successfully impeached in India.
- **Major Questions Doctrine:** Often discussed in legal circles, it posits that agencies (or here, the judiciary) cannot decide matters of major national significance without clear legislative backing—relevant to the debate on creating an external oversight body.
- **CPGRAMS:** An online platform for citizens to lodge grievances against any government entity; for the judiciary, it acts only as a forwarding mechanism.

Conclusion

The disclosure of thousands of complaints against the higher judiciary underscores a "yawning gap" in India's legal architecture. While the current "In-House Procedure" protects the judiciary from executive interference, the lack of transparency regarding actions taken on these 8,630 complaints risks eroding public confidence. Striking a balance between judicial independence and a robust, transparent accountability framework remains one of the most pressing challenges for India's legal reforms.

UPSC Relevance

- **GS Paper II:** Structure, organization, and functioning of the Judiciary; Appointment and removal of judges; Judicial accountability and independence.
- **GS Paper IV (Ethics):** Integrity and values in judicial life; Public service and accountability mechanisms.
- **Current Affairs:** Understanding the data-driven reality of judicial grievances and the limitations of existing CPGRAMS/In-House mechanisms.



7. India-Bangladesh Relations: Strategic Priorities of the BNP Government

The Bangladesh Nationalist Party (BNP), led by its chairman **Tarique Rahman**, has secured a landslide victory in the February 2026 parliamentary elections. This political transition after two decades marks a critical juncture for New Delhi-Dhaka ties. The incoming administration has signaled a shift toward "balanced relations" and "national interest-first" diplomacy, focusing on long-standing irritants and time-bound treaties.

Key Summary Points for UPSC

- **Extradition of Sheikh Hasina:** The BNP government has identified the continued presence of former PM Sheikh Hasina in India as a major diplomatic hurdle. Following her conviction by a special tribunal in 2025, Dhaka is expected to formally press for her extradition to face trial for "crimes against humanity."
- **Ganga Water Sharing Treaty (1996):** A high-priority item is the renewal of this 30-year treaty, set to expire in **December 2026**. The BNP emphasizes a "fair and balanced" renegotiation that accounts for climate change and Bangladesh's downstream agricultural needs.
- **Ending "Border Killings":** The BNP manifesto and leadership have demanded an immediate halt to lethal fire by India's Border Security Force (BSF). They argue for a "humane" border management approach where suspected smugglers are arrested rather than shot.
- **Medical Visa Liberalization:** Citing India's role as a primary healthcare destination, the BNP has urged New Delhi to relax medical visa restrictions. They warn that continued denial might push Bangladeshis to seek alternatives in countries like China, impacting people-to-people connectivity.
- **Strategic Autonomy and "Friendship, Not Mastery":** The party's "Bangladesh Before All" doctrine signals a move away from perceived unilateral influence. The BNP seeks a relationship based on "mutual respect and equality" rather than political patronage.
- **Revival of Regional Frameworks:** The new leadership has expressed interest in reviving the SAARC (South Asian Association for Regional Cooperation) to foster integrated economic and security cooperation in the subcontinent.



Constitutional and Legal Provisions

- **Article 51 (DPSP):** Mandates India to promote international peace, maintain just relations, and respect treaty obligations—relevant to the Ganga Treaty renewal.
- **India-Bangladesh Extradition Treaty (2013):** The legal framework governing the exchange of convicts. Article 6 includes a "political offense exception," which often becomes a point of contention in high-profile extraditions.
- **Article 253:** Grants the Indian Parliament power to make laws for implementing international treaties. Any new water-sharing pact will be governed by this provision.
- **The BSF Act, 1968:** Governs the conduct of the Border Security Force. While it allows the use of force for border protection, international human rights standards advocate for "non-lethal" measures in civilian areas.



Important Definitions

- **Riparian Rights:** The rights of a country (like Bangladesh as a lower riparian state) to the water of a river that flows through its territory.
- **Joint River Commission (JRC):** A bilateral body established in 1972 to manage the 54 shared rivers between India and Bangladesh.
- **Note Verbale:** A formal diplomatic communication used to seek extradition or raise official concerns between foreign ministries.
- **July Charter:** A set of constitutional reforms in Bangladesh proposing a bicameral legislature and a two-term limit for the Prime Minister.

Conclusion

The return of the BNP introduces a "reset" phase in India-Bangladesh relations. While economic interdependence remains high, the political friction surrounding Sheikh Hasina and the fast-approaching 2026 deadline for the Ganga Treaty will test the maturity of New Delhi's "Neighborhood First" policy. A successful transition will require India to balance its security concerns with the democratic aspirations of a newly reconfigured Bangladeshi polity.

UPSC Relevance

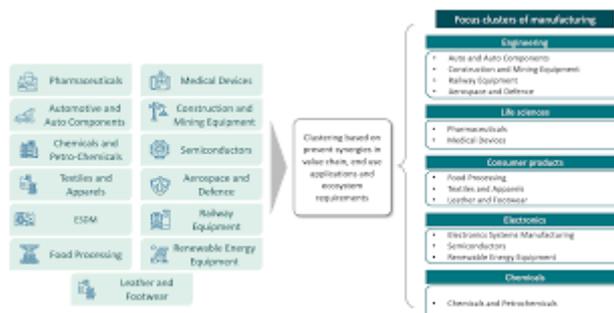
- **GS Paper II:** India and its neighborhood relations; Bilateral agreements involving India and affecting India's interests.
- **GS Paper III:** Internal security challenges and border management (BSF role, cattle smuggling, and border fencing).
- **International Relations:** The shift in South Asian geopolitics following the 2024 uprising and 2026 elections in Bangladesh.

8. Value-Addition in Electronics: NITI Aayog's Strategic Roadmap

The NITI Aayog's sixth edition of the **Trade Watch Quarterly (Q2 FY26)**, released in February 2026, highlights the meteoric rise of India's electronics sector. While it has ascended to become the second-largest export segment after petroleum, the report cautions against "assembly-led" complacency. To sustain a \$500 billion manufacturing ambition by FY30, India must transition from being a final-assembly hub to a high-value component manufacturer.

Key Summary Points for UPSC

- **Exponential Export Growth:** India's electronics exports surged from \$8.6 billion in 2015 to \$42.1 billion in 2024, exhibiting a CAGR of 17.2%. This growth significantly outpaced the global average of 4.4%, positioning electronics as 10% of India's total export basket.
- **Concentration Risk:** Current success is heavily skewed toward mobile phones and telecom equipment, which constitute over 52% of electronics exports. This reflects a "final-assembly" model rather than a deep-rooted manufacturing ecosystem.





- **The "Value Gap" in Components:** While India holds a 3.5% global share in mobile phone demand, its share in the high-value Integrated Circuits (IC) and Semiconductor segment—which accounts for 26.2% of global demand—is a marginal 0.02%.
- **Structural Cost Disadvantages:** Indian manufacturers face a 10%-18% cost disability compared to competitors in China and Vietnam. These are driven by high logistics costs, inverted duty structures, and a 9%-13% higher cost of capital.
- **The E-commerce Catalyst:** E-commerce is projected to contribute 20%-30% of merchandise exports by 2030. Electronics already accounts for nearly half of India's online retail, suggesting a massive digital export potential for MSMEs.
- **Shift to Global Value Chains (GVCs):** NITI Aayog advocates for a "Component-led" strategy, moving into PCB design, semiconductor ATMP (Assembly, Testing, Marking, and Packaging), and power electronics to embed Indian firms into intra-Asian processing trade.

Constitutional and Legal Provisions

- **Article 246 (Seventh Schedule):** 'Industries' and 'Trade and Commerce' fall under the Union and Concurrent Lists, allowing the Centre to formulate schemes like PLI and SPECS.
- **Foreign Trade (Development and Regulation) Act, 1992:** The primary legal framework for regulating and enhancing exports, under which the Directorate General of Foreign Trade (DGFT) operates.
- **Customs Act, 1962:** Crucial for addressing the "Inverted Duty Structure"—where raw materials are taxed higher than finished goods—a major hurdle identified in the report.
- **Press Note 3 (2020):** A policy amendment regulating FDI from countries sharing a land border with India. NITI Aayog suggests fast-tracking these for specific "ecosystem-critical" companies.

Important Definitions

- **Inverted Duty Structure:** A tax situation where import duties on input/raw materials are higher than those on finished products, discouraging domestic value addition.
- **Compound Annual Growth Rate (CAGR):** The mean annual growth rate of an investment over a specified period of time longer than one year.
- **Integrated Circuit (IC):** A small semiconductor wafer (chip) on which thousands or millions of tiny resistors, capacitors, and transistors are fabricated.
- **Global Value Chain (GVC):** The full range of activities (design, production, marketing, distribution) that businesses and workers do to bring a product from its conception to its end use and beyond.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment. Changes in industrial policy and their effects on industrial growth.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- **Current Affairs:** Understanding the transition from "Assemble in India" to "Make in India" and the strategic importance of semiconductors for technological sovereignty.



Conclusion

India's electronics journey is at a crossroads. Having achieved scale in assembly, the challenge is now one of depth. Bridging the \$58.5 billion trade gap in this sector requires not just fiscal incentives like the ₹40,000 crore **Electronics Components Manufacturing Scheme**, but also structural reforms in logistics and predictable procurement. For India to be more than a "consumption market" for global giants, it must anchor itself as a provider of the "brains" (chips and components) of modern gadgets.

9. Startup India Fund of Funds (FFS) 2.0: Boosting the Entrepreneurial Ecosystem

The Union Government has approved the second phase of the **Startup India Fund of Funds (FFS)** with a corpus of **₹10,000 crore**. Managed by the Small Industries Development Bank of India (SIDBI), this initiative aims to address the "funding gap" in the Indian startup landscape, particularly focusing on early-stage ventures and R&D-intensive deep-tech sectors.

Core Highlights of FFS 2.0

- **Capital Infusion:** A dedicated corpus of **₹10,000 crore** has been allocated to provide a stable flow of equity capital, ensuring startups are not solely dependent on volatile foreign venture capital.
- **Indirect Funding Model:** Unlike direct investment, the FFS does not invest directly in startups; instead, it contributes to the corpus of **Alternative Investment Funds (AIFs)** registered with SEBI, which then invest in startups.
- **Focus on Deep-Tech:** A significant portion of the second tranche is earmarked for **Deep-Technology** (AI, Biotechnology, Quantum Computing), where gestation periods are longer and risk is higher.
- **Employment & Innovation:** The scheme is designed to act as a catalyst for large-scale job creation and to foster a culture of innovation that aligns with the '**Viksit Bharat 2047**' vision.
- **SIDBI as the Implementing Agency:** SIDBI monitors the fund's utilization, ensuring that the capital is channeled into high-potential startups that have passed rigorous due diligence by SEBI-registered AIFs.
- **Multiplier Effect:** By providing "anchor" capital, the government encourages private investors to contribute to AIFs, creating a leverage effect where the total capital available to startups exceeds the initial ₹10,000 crore.



Key Definitions

- **Fund of Funds:** An investment strategy where a fund invests in other types of funds rather than investing directly in stocks, bonds, or startups.
- **Deep-Tech:** Startups based on tangible engineering innovation or scientific breakthroughs, often requiring heavy R&D and long-term capital.
- **Alternative Investment Fund (AIF):** A privately pooled investment vehicle (like venture capital or private equity) established in India, regulated under **SEBI (AIF) Regulations, 2012**.



Constitutional and Legal Context

- **Article 39:** The scheme aligns with the **Directive Principles of State Policy**, specifically promoting an economic system that prevents the concentration of wealth and ensures the "right to an adequate means of livelihood" through job creation.
- **Regulatory Framework:** Operations are governed by the **Department for Promotion of Industry and Internal Trade (DPIIT)** under the Ministry of Commerce and Industry.
- **Startup India Action Plan (2016):** The legal foundation for FFS, providing a 19-point action plan including tax exemptions (Section 54GB, Section 80-IAC of the Income Tax Act) and simplified compliance.

UPSC Relevance

- **GS Paper II:** Government policies and interventions for development in various sectors.
- **GS Paper III:** Indian Economy (Mobilization of Resources, Growth, Development, and Employment); Science and Technology (Indigenization of technology).
- **Prelims Focus:** SIDBI's role, SEBI AIF categories, and the specific mandate of the Startup India initiative.

Conclusion

The approval of FFS 2.0 signifies a shift from mere financial support to strategic ecosystem building. By prioritizing deep-tech and early-stage research, the government is mitigating the high-risk barrier for domestic investors. This move is essential for India to transition from being a "service-led" economy to a "product and innovation-led" global powerhouse, ensuring that the next generation of "Unicorns" is built on robust, home-grown technology.

10. Bilateral Air Exercise: IAF and Royal Thai Air Force (RTAF)

The Indian Air Force (IAF) recently concluded a significant four-day bilateral air combat training exercise with the Royal Thai Air Force (RTAF) in the Indian Ocean Region (IOR). This engagement marks a pivotal step in India's "Act East Policy" and underscores the growing defense architecture in Southeast Asia.

- **Strategic Geography:** The exercise was conducted from February 9 to 12 in the **Indian Ocean Region (IOR)**, a critical maritime corridor for global trade and energy security, reflecting India's role as a "Net Security Provider."
- **Combat Assets Involved:** The drill featured high-end aerial platforms, specifically the IAF's **Su-30MKI** multirole fighters and the RTAF's **SAAB Gripen** jets, allowing for dissimilar air combat training (DACT).
- **Operational Reach:** The inclusion of **IL-78 mid-air refuelling tankers** demonstrated the IAF's ability to sustain long-distance deployment and conduct extended-range maritime operations far from the mainland.
- **Synergy and Interoperability:** The primary objective was to enhance operational synergy, share best practices in air combat tactics, and strengthen professional bonds between the two air forces.
- **Diplomatic Alignment:** This bilateral engagement aligns with the **SAGAR (Security and Growth for All in the Region)** initiative, fostering a stable and rules-based order in the Indo-Pacific.





- **Technological Exchange:** By practicing against the Swedish-made Gripen jets, IAF pilots gained valuable exposure to the electronic warfare suites and maneuverability of Western-origin platforms used by regional neighbors.

Key Definitions

- **In-situ Exercise:** Military training conducted in the actual operational environment (in this case, the IOR) rather than a simulated or dedicated training range.
- **Multirole Fighter:** An aircraft designed to perform various missions such as air-to-air combat, air-to-surface attack, and reconnaissance.
- **Operational Synergy:** The combined effect of two forces working together that exceeds the sum of their individual capabilities.

Constitutional & Legal Provisions

- **Article 51 (c):** Under the Directive Principles of State Policy, the Constitution mandates the State to foster respect for international law and treaty obligations, providing the spirit for international military cooperation.
- **Union List (Seventh Schedule):** Defense of India and every part thereof, including preparation for defense, falls under the exclusive jurisdiction of the Central Government.
- **Bilateral Defense MOU (2012):** India and Thailand signed a Memorandum of Understanding on Defense Cooperation, which provides the legal framework for joint exercises and high-level visits.

Additional Keypoints

- **Exercise MAITREE:** While this was an air exercise, it complements 'Exercise MAITREE' (Army) and 'SITMEX' (Trilateral Naval exercise involving Singapore), creating a multi-domain defense partnership.
- **Regional Dominance:** The exercise serves as a strategic signal regarding India's commitment to maintaining the freedom of navigation in the IOR amidst rising geopolitical tensions.
- **Defense Exports:** Such interactions provide a platform for India to showcase its indigenous capabilities (like the LCA Tejas) to potential ASEAN partners.

Conclusion

The IAF-RTAF bilateral exercise is more than a tactical drill; it is a manifestation of India's deepening strategic footprint in the Indo-Pacific. By integrating advanced platforms like the Su-30MKI with RTAF's Gripen jets, both nations have bolstered their readiness to respond to regional security challenges. This collaboration reinforces the "Indo-Pacific Oceans Initiative" and cements Thailand's position as a key pillar in India's neighborhood-first strategy.

UPSC Relevance

- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests.
- **GS Paper III:** Security challenges and their management in border areas; Linkages of organized crime with terrorism; Various Security forces and agencies and their mandate.
- **Prelims:** Mapping of the Indian Ocean Region, technical specifications of Su-30MKI vs. Gripen, and names of bilateral exercises (Act East Policy).