



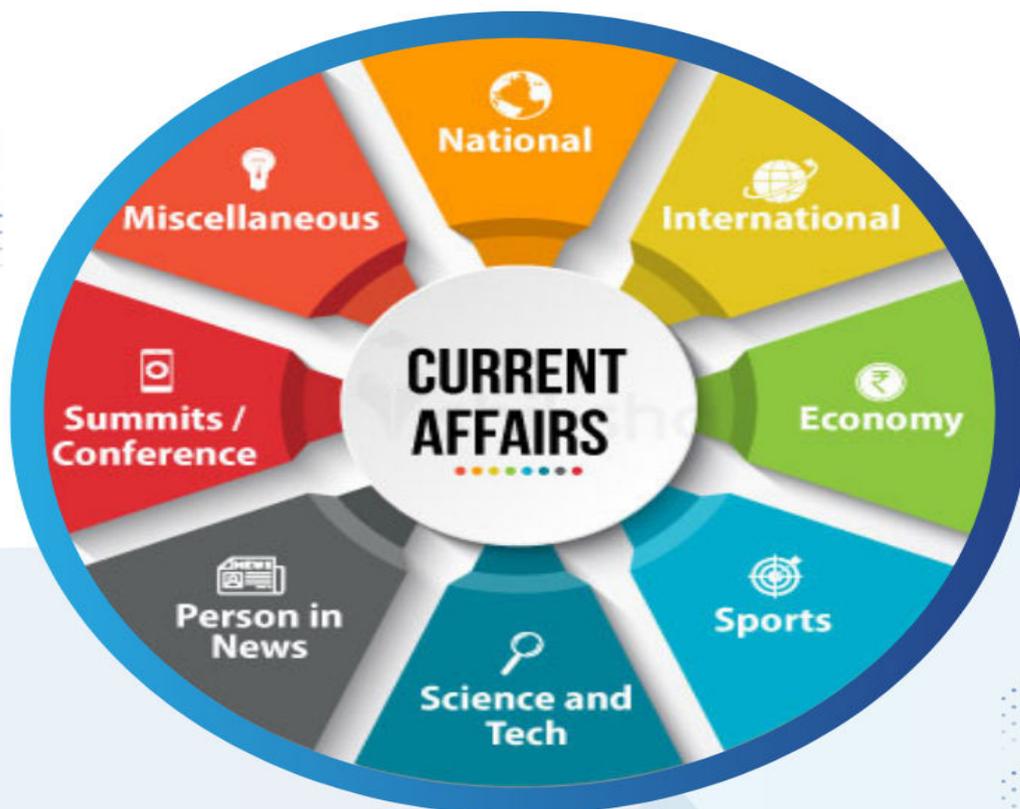
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**VIDHVATH IAS KAS ACADEMY**  
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**STUDY CENTRE**

# DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

**DATE: 06/03/2026 (FRIDAY)**



 **9972258970 & 9740702455**

**#317/A SKB Arcade, D. Subbaiah Road,  
Ramaswamy Circle, Mysuru-570004**



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## 1. Maharashtra Dharma Swatantrya Adhiniyam, 2026: Anti-Conversion Bill

The Maharashtra Cabinet has approved the draft of the **Dharma Swatantrya Adhiniyam, 2026** (Freedom of Religion Bill), aimed at curbing unlawful religious conversions. This legislative move aligns Maharashtra with several other Indian states that have enacted similar "anti-conversion" laws to address concerns regarding coercion, fraud, and misrepresentation in marriages and religious shifts.

### Key Highlights of the Proposed Bill

- **Prohibition of Unlawful Conversion:** The Bill strictly prohibits religious conversion through coercion, force, undue influence, allurement, or fraudulent means, including marriages solemnized solely for the purpose of conversion.
- **Stringent Penal Provisions:** Individuals found guilty of violating the Act face rigorous imprisonment of up to **seven years** and a maximum fine of **Rs 5 lakh**.
- **Nature of Offence:** All offences under the proposed law are classified as **non-bailable**, granting the police immediate authority to register cases and proceed with arrests upon formal allegations.
- **Liability of Organizations:** The draft includes provisions to penalize and potentially ban organizations or institutions found complicit in facilitating or funding organized unlawful conversions.
- **Prior Intimation Requirement:** Following the template of other states, the Bill likely necessitates individuals intending to convert to provide advance notice to District Authorities to verify the "free will" of the conversion.
- **Focus on Vulnerable Groups:** While the political rhetoric emphasizes the protection of women (specifically citing "Love Jihad"), the legal framework is designed to address broader exploitation involving concealment of identity or inducements.



### Constitutional and Legal Framework

- **Article 25:** Guarantees the freedom to profess, practice, and propagate religion, subject to public order, morality, and health. The Supreme Court in **Stainislaus v. State of Madhya Pradesh (1977)** ruled that the right to "propagate" does not include the right to "convert" another person.
- **Article 21:** Protects the right to privacy and the right to choose a life partner, as upheld in the **Hadiya Case (Shafin Jahan v. Asokan K.M., 2018)**, where the SC stated that the state cannot intrude into the personal choices of consenting adults.
- **Special Marriage Act (1954):** Provides a legal avenue for inter-faith marriages without the necessity of religious conversion.
- **Judicial Scrutiny:** The Supreme Court (March 2026) has issued notices to the Union and 12 states to examine the constitutional validity of similar laws, checking if they infringe upon individual autonomy or incentivize vigilantism.

### Key Definitions

- **Allurement:** Offering any gift, gratification, easy money, or material benefit to induce someone to change their religion.
- **Coercion/Force:** Using the threat of injury, social boycott, or divine displeasure to compel a person to convert.



- **Love Jihad:** A sociopolitical term used by proponents of the Bill to describe alleged campaigns where individuals use marriage and deception to convert women to another faith.

### Conclusion and UPSC Relevance

The **Dharma Swatantrya Adhiniyam, 2026** represents a complex intersection of state police powers and individual fundamental rights. While the state justifies such laws as necessary for "public order" and the protection of women from fraud, critics argue they may be misused to target minorities or restrict the personal liberty of consenting adults. The evolving jurisprudence from the Supreme Court will be the ultimate decider on whether these laws maintain a "just, fair, and reasonable" balance.

### UPSC Relevance:

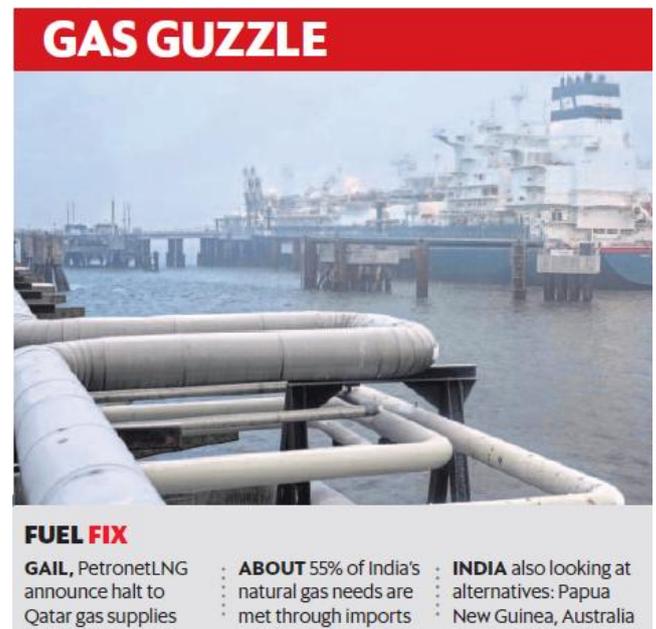
- **GS Paper II:** Functions and responsibilities of the Union and the States; Constitutional provisions regarding Secularism (Articles 25-28); Judicial Review; and Social Justice.
- **GS Paper IV (Ethics):** Issues of individual autonomy vs. state intervention; ethical dimensions of religious freedom and societal harmony.
- **Essay:** Topics related to communal harmony, women's rights, and the evolving nature of Indian secularism.

## 2. Energy Security: India's Strategic Gas Allocation Amid Qatar Crisis

The Indian government is formulating a plan to prioritize natural gas supplies following a significant disruption in Liquefied Natural Gas (LNG) shipments from **Qatar**. The suspension of operations at the **Ras Laffan** liquefaction complex, following a drone attack on March 2, 2026, has forced major suppliers like **QatarEnergy** and Indian importers like **Petronet LNG** to invoke **Force Majeure** clauses. Given India's high dependency on Middle Eastern gas, this disruption necessitates a "rejig" of domestic allocation to safeguard critical sectors.

### Key Highlights of the Gas Allocation Rejig

- **Supply Disruption at Source:** Operations at Qatar's Ras Laffan, the world's largest LNG export terminal, were halted after security incidents, impacting roughly **50% of India's total LNG imports**.
- **Prioritizing Critical Segments:** The government is shifting supply focus toward **City Gas Distribution (CGD)**—which provides Piped Natural Gas (PNG) for households and Compressed Natural Gas (CNG) for transport—and the **Fertilizer sector** to ensure food security and daily public utility.
- **Impact on Non-Priority Sectors:** Industries such as **steel, ceramics, and gas-based power plants** are likely to face significant supply cuts (estimated between 10% to 40%) as gas is diverted to higher-priority areas.
- **Maritime Logistics Challenges:** Beyond production halts, the virtual closure of the **Strait of Hormuz** due to regional hostilities has prevented LNG tankers (like the *Disha*, *Raahi*, and *Aseem*) from reaching loading ports.





- **Price Volatility:** With long-term contract supplies suspended, Indian entities are looking at the **spot market**, where prices have surged to **\$25/MMBtu**, nearly double the typical contracted rates, threatening to increase the government's subsidy burden.
- **Diversification Efforts:** In response, India is exploring alternative shipments from nations such as the **USA, Australia, and Russia**, while monitoring domestic inventory which typically lasts about 3 to 4 weeks for cooking gas.

### Constitutional & Legal Provisions

- **Article 39(b):** Directive Principles of State Policy (DPSP) mandate 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**.
- **Essential Commodities Act, 1955:** Empowers the government to control the production, supply, and distribution of essential commodities (including petroleum and its products) to maintain equitable distribution.
- **Force Majeure:** A legal doctrine (often under Section 56 of the Indian Contract Act, 1872, regarding frustration of contract) that excuses a party from performing contractual obligations due to "acts of God" or "acts of war" that are beyond their control.

### Key Definitions

- **LNG (Liquefied Natural Gas):** Natural gas (predominantly methane) that has been cooled to liquid form ( $-162^{\circ}\text{C}$ ) for ease and safety of non-pressurized storage or transport.
- **City Gas Distribution (CGD):** A network of pipelines that supplies natural gas to domestic, commercial, and industrial consumers in a specific geographical area.
- **Strait of Hormuz:** A strategic chokepoint between the Persian Gulf and the Gulf of Oman through which approximately **20% of global LNG** and **33% of seaborne oil** passes.

### Conclusion and UPSC Relevance

The Qatar gas crisis underscores the vulnerability of India's energy security to geopolitical instability in West Asia. While the "reprioritization" strategy provides a short-term buffer for households and farmers, it highlights the urgent need for India to accelerate **domestic production**, enhance **Strategic Gas Reserves**, and diversify its energy basket to reach the target of a **15% gas-based economy** by 2030.

### UPSC Relevance:

- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests; International relations (India-West Asia relations).
- **GS Paper III:** Energy Security; Infrastructure; Mobilization of resources; Effects of liberalization on the economy.
- **Geography:** Strategic importance of West Asian chokepoints (Strait of Hormuz).

## 3. Digital Rupee-Dirham Linkage: Revolutionizing Cross-Border Remittances

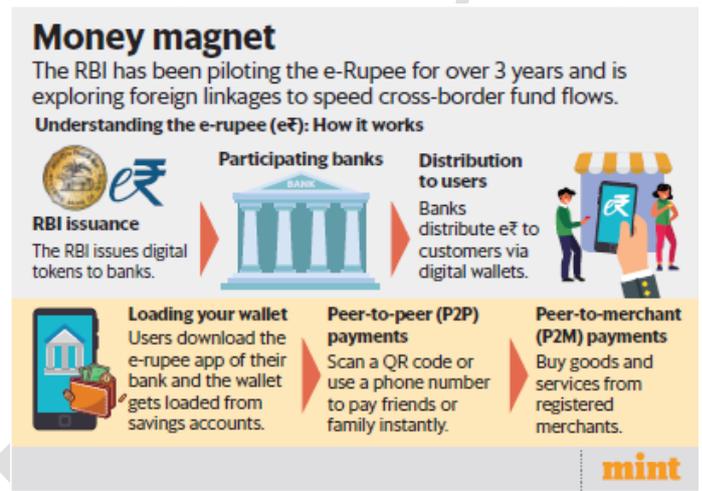
The Reserve Bank of India (RBI) and the Central Bank of the UAE are collaborating to integrate their respective Central Bank Digital Currencies (CBDCs)—the **e-Rupee** and the **Digital Dirham**. This "e-currency bridge" aims to create a seamless, real-time corridor for cross-border payments, potentially bypassing the traditional correspondent banking model. Given that the UAE is a primary source of



remittances for India, this initiative marks a significant milestone in bilateral financial technology cooperation.

### Key Highlights of the CBDC Bridge

- **Real-Time Settlements:** Unlike traditional SWIFT-based transfers that take 24–48 hours, CBDC transactions occur via "wallet-to-wallet" transfers, ensuring near-instantaneous settlement.
- **Reduction in Transaction Costs:** By eliminating intermediary banks and reducing administrative overhead, the cost of sending money—currently averaging 5% to 7% globally—could drop significantly.
- **Scalability of Pilots:** The RBI has successfully piloted the e-Rupee for over three years; the UAE linkage scales this from a domestic retail/wholesale experiment to a functional international payment system.
- **Targeting High-Volume Corridors:** With over 4 million Indians in the UAE, the bridge targets one of the world's busiest migration corridors to maximize the impact on the Indian economy.
- **Financial Inclusion & Fintech Integration:** The system allows fintech platforms to facilitate transfers by debiting rupee CBDC accounts and crediting dirham accounts instantly, enhancing the ease of doing business.
- **Programmability and Security:** CBDCs offer enhanced security through distributed ledger technology (DLT) and allow for "programmable" money, ensuring funds are used for intended purposes like education or health.



### Constitutional & Legal Provisions

- **Preamble & Article 246:** The Union Government has exclusive jurisdiction over "Currency, coinage and legal tender; foreign exchange" under Entry 36 of the Union List (Seventh Schedule).
- **The Reserve Bank of India Act, 1934:** Amended via the Finance Act, 2022, to provide a legal framework for the launch of the Digital Rupee, defining it as "banknotes" under the Act.
- **Foreign Exchange Management Act (FEMA), 1999:** Governs the flow of foreign exchange in and out of India. This CBDC bridge will require regulatory alignment with FEMA to manage capital and current account transactions.
- **Payment and Settlement Systems Act, 2007:** Provides the statutory framework for the regulation and supervision of payment systems in India, including digital sovereign currencies.

### Key Definitions

- **CBDC (Central Bank Digital Currency):** A digital form of a country's sovereign currency that is a direct liability of the central bank rather than a commercial bank.
- **e-Rupee (₹-R):** The digital token issued by the RBI that represents legal tender in a digital format, available in both Retail (CBDC-R) and Wholesale (CBDC-W) segments.



- **Remittances:** Money sent by a person in a foreign land to their home country. India remains the world's largest recipient of remittances, often exceeding \$100 billion annually.
- **Interoperability:** The ability of different digital systems (like India's UPI or CBDC) to communicate and exchange value seamlessly across borders.

### Conclusion and UPSC Relevance

The India-UAE e-currency bridge is a testament to India's leadership in Digital Public Infrastructure (DPI). By migrating from legacy banking systems to blockchain-based sovereign digital assets, India is not only securing its remittance inflows but also challenging the hegemony of traditional global payment rails. This move strengthens the "Riyal-Dirham-Rupee" economic nexus and serves as a blueprint for future global financial integration. **UPSC Relevance:**

- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India (India-UAE relations); Effect of policies of developed/developing countries on India's interests.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources; Science and Technology- developments and their applications in everyday life (Blockchain, Fintech, CBDC).

## 4. India-Finland Relations: A Strategic Partnership for Peace and Technology

Prime Minister Narendra Modi and Finnish President Alexander Stubb held high-level talks in New Delhi against the backdrop of escalating global conflicts in Ukraine and West Asia. The meeting underscored a shared commitment to "Dialogue and Diplomacy" as the only viable paths to conflict resolution. Beyond geopolitics, the two nations solidified their economic and technological ties by elevating their relationship to a "Strategic Partnership in Digitalisation and Sustainability," aiming to double bilateral trade by 2030.

### Key Highlights of the Bilateral Summit

- **Commitment to Global Peace:** Both leaders called for an "early end" to hostilities in Ukraine and West Asia, specifically addressing the Iran-US conflict. India reiterated its stance that "no issue can be resolved through military conflict."
- **Multilateral Reforms:** Finland explicitly backed India's bid for a permanent seat in a reformed UN Security Council (UNSC), emphasizing that global governance must reflect current geopolitical realities.
- **Migration and Mobility Partnership:** A significant MoU was signed to facilitate the movement of talent and professionals, particularly in the tech sector, catering to the growing Indian diaspora in Finland (currently over 20,000).
- **Strategic Technology Cooperation:** The leaders agreed to establish a Joint Working Group on Digitalisation, focusing on 6G research, Quantum Computing, and AI to build "trustworthy technologies" and resilient supply chains.
- **Sustainability and Clean Energy:** Renewed cooperation in Green Hydrogen, waste-to-energy solutions, and the world's largest bamboo-to-bioethanol refinery in Numaligarh highlights the focus on the circular economy.





- **Trade Ambitions:** With the conclusion of the India-EU Free Trade Agreement (FTA) in early 2026, both sides aim to reverse the recent dip in bilateral trade (from \$2.02 billion in 22-23 to \$1.31 billion in 24-25) by doubling it by 2030.

### Constitutional & Legal Provisions

- **Article 51 (DPSP):** The Constitution of India mandates that the State shall endeavor to promote international peace and security, maintain just and honourable relations between nations, and foster respect for international law.
- **Article 73:** The executive power of the Union extends to matters with respect to which Parliament has power to make laws, including the entering into and implementation of international treaties and agreements.
- **UN Charter Principles:** Both nations emphasized the "Rule of Law" and sovereignty as per the UN Charter, particularly regarding the territorial integrity of states in the context of the four-year-old Ukraine conflict.

### Key Definitions

- **Strategic Autonomy:** A foreign policy stance where a nation makes decisions based on its own national interests and values without being unduly influenced by other states or blocs.
- **Global South:** A term used to describe developing and least developed countries, primarily in Africa, Asia, and Latin America, which India increasingly represents on the global stage.
- **6G Research Task Force:** A collaborative technical body aimed at developing the next generation of telecommunications standards, focusing on ultra-low latency and hyper-connectivity.

### Conclusion and UPSC Relevance

The India-Finland partnership serves as a bridge between the Global South and the Nordic-Baltic region. By aligning on peace efforts and high-end technology, India is successfully diversifying its European engagements beyond the traditional "Big Three" (UK, France, Germany). Finland's expertise in telecommunications (Nokia) and sustainability, combined with India's scale and "pragmatic worldview," creates a model for democratic collaboration in an increasingly fragmented world order.

### UPSC Relevance:

- **GS Paper II:** Bilateral, regional, and global groupings involving India; Effect of policies of developed countries on India's interests (India-Finland, India-EU relations).
- **GS Paper III:** Science and Technology—developments and their applications (AI, 6G, Quantum Computing); Infrastructure (Chenab Bridge, Bio-refineries).
- **International Relations:** India's stand on the Ukraine-Russia and Iran-US conflicts; UN Security Council reforms.

## 5. Geopoliticizing Energy Security: India-US Talks on the Strait of Hormuz Insurance Plan

India is seeking technical and operational clarity from the United States regarding a proposed sovereign insurance mechanism to protect commercial vessels transiting the **Strait of Hormuz**. Amidst escalating regional hostilities in March 2026, private war-risk insurers have significantly hiked premiums or withdrawn coverage, effectively halting maritime traffic through the world's most vital energy chokepoint. The US



proposal aims to utilize the **International Development Finance Corporation (DFC)** as a federal backstop to restore the flow of global energy trade.

### Key Highlights of the Insurance Proposal

- **US Federal Backstop:** President Donald Trump directed the **DFC** to provide "Political Risk Insurance" and financial guarantees at "reasonable prices" for all maritime trade, specifically targeting oil and LNG tankers.
- **Addressing the Insurance Vacuum:** The move follows an **81% collapse in vessel transits** after private underwriters exited the market due to kinetic strikes on tankers, including those carrying Indian crew members.
- **Naval Escorts:** The plan includes a secondary "security layer" where the **US Navy** may provide physical escorts to insured tankers to deter further attacks by regional actors.
- **India's High Stakes:** New Delhi is particularly concerned as **40–50% of its crude oil** and **80–85% of its LPG** imports pass through this 21-nautical-mile-wide passage.
- **Implementation Challenges:** International insurers, including **Lloyd's of London**, have noted that the "practicalities" of the DFC plan—such as premium structures and territorial limits—remain ambiguous and require a massive capital pool (estimated over \$300 billion).
- **Strategic Diversification:** While seeking clarity on the US plan, India is simultaneously ramping up energy imports from **Russia, West Africa, and Latin America** to bypass the Persian Gulf entirely.



### Constitutional & Legal Provisions

- **Article 73:** The executive power of the Union extends to international treaties and agreements. India's engagement with the US on maritime insurance falls under the Union's power to secure national energy interests.
- **UN Convention on the Law of the Sea (UNCLOS):** The Strait of Hormuz is an "international strait" where the right of **transit passage** applies. Any interference with commercial shipping is a violation of international maritime law.
- **The Better Utilization of Investments Leading to Development (BUILD) Act, 2018 (US):** The legislation that created the DFC, allowing it to provide insurance and guarantees to advance US foreign policy and national security.
- **Essential Commodities Act, 1955:** Indian law empowering the government to regulate the supply of petroleum products during "emergency-like" supply disruptions.

### Key Definitions

- **Strait of Hormuz:** A narrow waterway between Oman and Iran connecting the Persian Gulf with the Gulf of Oman; it carries roughly **20% of global oil** and **25% of global LNG**.
- **Political Risk Insurance (PRI):** A type of insurance that protects investors and businesses against financial losses caused by political events, such as war, civil unrest, or government expropriation.



- **Force Majeure:** A legal clause that allows parties to a contract to be freed from liability or obligation when an extraordinary event or circumstance beyond their control occurs.
- **DFC (International Development Finance Corporation):** An independent agency of the US government that provides financing for private development projects, now being repurposed as a maritime security tool.

### Conclusion and UPSC Relevance

The Strait of Hormuz crisis and the subsequent US-led insurance initiative represent a shift where **financial tools are being used as instruments of maritime security**. For India, the dilemma lies in balancing its "Strategic Autonomy" with the pragmatic need for US-backed security guarantees. While the US insurance plan offers a short-term lifeline, it also underscores the fragility of India's energy supply chain and the urgent need to expand **Strategic Petroleum Reserves (SPR)** and domestic gas production.

### UPSC Relevance:

- **GS Paper II:** Effect of policies of developed countries on India's interests; Bilateral agreements (India-US); Important International institutions (DFC, UNCLOS).
- **GS Paper III:** Infrastructure (Energy, Ports); Mobilization of resources; Security challenges and their management in border/maritime areas.
- **Geography:** Location-based questions on West Asian chokepoints and their impact on global trade routes.

## 6. Geopolitics and Trade: Impact of West Asia Conflict on India's Gems & Jewellery Sector

The escalating conflict between the US-Israel and Iran in March 2026 has severely disrupted India's gems and jewellery industry, a vital component of its export economy. The suspension of air logistics at major hubs like Dubai—which serves as the primary conduit for both rough diamond imports and polished exports—has brought high-value trade to a near standstill. This disruption is particularly critical as the industry was attempting to recover from previous global headwinds and high reciprocal tariffs in western markets.

### Key Highlights of the Trade Disruption

- **Logistical Paralysis:** The closure of UAE and Israeli airspace has led to the suspension of hundreds of cargo and passenger flights. Industry data suggests that Surat and Mumbai together typically export **400 to 500 parcels daily** and import roughly **250 to 300 parcels** via Dubai; these flows have currently ceased.
- **Dubai as a Strategic Hub:** Dubai is not merely a market but the world's largest trading hub for rough diamonds. India relies on this "diamond artery" for nearly **two-thirds of its rough diamond imports** and significant bullion (gold) supplies.
- **Impact on Manufacturing:** The "Diamond City" of Surat, which processes **9 out of 10 diamonds** globally, faces a potential "work-famine." If the disruption in raw material (rough stone) supply persists, nearly **one million workers** in the polishing sector could face layoffs or reduced shifts.





- **Export Revenue at Risk:** The Middle East accounts for nearly **25% of India's annual gems and jewellery exports** (approx. \$30 billion). Prolonged instability threatens to derail the government's target of reaching \$100 billion in exports by 2027.
- **Inventory & Supply Chain Crises:** While household gold supply remains stable, industrial "just-in-time" supply chains for studded jewellery are breaking down. This forces Indian exporters to delay shipments, impacting credibility in the global market.
- **Shift in Market Sentiment:** The conflict has triggered a "safe-haven" surge in gold prices (reaching three-year highs), which further dampens domestic and international demand for finished jewellery due to price volatility.

### Constitutional & Legal Provisions

- **Article 246 (Seventh Schedule):** Entry 41 and 83 of the Union List empower the Parliament to legislate on "Trade and commerce with foreign countries" and "Duties of customs including export duties."
- **India-UAE CEPA (2022):** The Comprehensive Economic Partnership Agreement, which eliminated the 5% import duty on Indian jewellery, is the legal bedrock of this trade corridor. The current "Force Majeure" conditions in the region temporarily nullify the logistical benefits of this treaty.
- **Foreign Trade (Development and Regulation) Act, 1992:** Provides the framework for the government to facilitate or restrict exports/imports in response to national interest or global emergencies.
- **Kimberley Process Certification Scheme (KPCS):** India, as the KP Chair for 2026, is legally bound to ensure that the diamond trade remains "conflict-free." Geopolitical wars often complicate the traceability and ethical sourcing of stones.

### Key Definitions

- **Rough Diamonds:** Naturally occurring diamonds that have not yet been cut or polished. They are the essential "raw material" for India's polishing industry.
- **Bullion:** Physical gold and silver of high purity that is often kept in the form of bars, ingots, or coins.
- **Force Majeure:** A common clause in trade contracts that frees both parties from liability or obligation when an extraordinary event (like war) prevents them from fulfilling their obligations.
- **CEPA (Comprehensive Economic Partnership Agreement):** A type of free trade pact which covers negotiation on the trade in services and investment, and other areas of economic partnership beyond mere tariff reduction.

### Conclusion and UPSC Relevance

The West Asia crisis highlights the "Geopolitics of Supply Chains." For India, the gems and jewellery sector is not just a commercial interest but a social one, given its massive employment potential. The current crisis underscores the need for **Strategic Raw Material Reserves** (similar to oil reserves) and the diversification of transit hubs to reduce over-reliance on a single volatile region like the Middle East.

### UPSC Relevance:

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests (India-UAE CEPA); Effect of policies and politics of developed and developing countries on India's interests.



- **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.
- **Geography:** Map-based questions on Dubai, Strait of Hormuz, and major maritime/aerial trade routes.

## 7. Space Defence: India's 'Bodyguard' Satellite Program and Private Sector Integration

In a significant shift toward space militarization and asset protection, India's security agencies have engaged private space-tech startups to develop "Bodyguard Satellites." This initiative, emerging in early 2026, aims to safeguard India's critical space infrastructure—including communication, navigation, and surveillance satellites—from growing counter-space threats such as kinetic anti-satellite (ASAT) missiles, co-orbital interceptors, and electronic warfare. By leveraging the agility of the private sector, India seeks to build a resilient "Space Defence" architecture to counter heightened geopolitical tensions.

### Key Highlights of the Bodyguard Satellite Initiative

- **Counter-Space Protection:** These satellites are designed to perform "Proximity Operations" to detect, track, and potentially intercept or divert hostile objects (satellites or debris) threatening high-value Indian space assets.
- **Public-Private Partnership (PPP):** Marking a departure from the ISRO-centric model, security agencies are treating startups as strategic partners for rapid prototyping and deployment, with test launches planned for the first half of 2026.
- **Situational Awareness (SSA):** A primary function of these bodyguard units will be Space Situational Awareness, providing real-time data on the movement of "dark" or uncatalogued satellites in Earth's orbit.
- **Rapid Response Capabilities:** Small, modular "bodyguard" satellites can be launched on-demand via Small Satellite Launch Vehicles (SSLVs) to reinforce existing constellations during periods of heightened military alert.
- **Geopolitical Deterrence:** Following the 2019 'Mission Shakti' (ASAT test), this move signals India's transition from "Passive Space Use" to "Active Space Defence," ensuring the continuity of the digital economy and military command-and-control.
- **Dual-Use Technology:** While primarily for defence, the technology developed (autonomous maneuvering and docking) has civilian applications in satellite servicing, refueling, and active debris removal (ADR).



### Constitutional & Legal Provisions

- **Entry 7 of the Union List (Seventh Schedule):** The Constitution grants the Union Government exclusive jurisdiction over "Foreign Affairs; all matters which bring the Union into relation with any foreign country," and specifically over "Defence of India."
- **National Space Policy 2023:** This policy provides the legal framework for non-government entities (NGEs) to participate in end-to-end space activities, including the development of strategic technologies.



- **Space Liability Convention (1972):** As a signatory, India is "internationally liable" for damage caused by its space objects. Bodyguard satellites must operate within the legal bounds of "non-interference" in international space.
- **Outer Space Treaty (1967):** India adheres to the principle that space should be used for peaceful purposes, but the treaty does not explicitly prohibit defensive "bodyguard" or escort satellites as long as they do not carry weapons of mass destruction.

### Key Definitions

- **Bodyguard Satellites:** Also known as "Escort Satellites," these are small spacecraft designed to maneuver near a "parent" satellite to monitor for threats and provide defensive countermeasures.
- **Space Situational Awareness (SSA):** The knowledge and characterization of space objects and their operational environment to prevent collisions and detect hostile maneuvers.
- **Co-orbital Interception:** A method where a satellite is placed into the same orbit as a target and slowly maneuvers closer to disable it through physical contact or electronic jamming.
- **IN-SPACE:** The Indian National Space Promotion and Authorization Centre, the single-window nodal agency for promoting and regulating private space players in India.

### Conclusion and UPSC Relevance

The transition toward defensive satellite constellations reflects the "militarization of the heavens" and the end of the era where space was considered a safe sanctuary. For India, involving startups in the "Bodyguard" program is a strategic masterstroke that fosters an indigenous defence-industrial base while reducing the burden on ISRO. However, the move also necessitates a robust domestic **Space Act** to define the rules of engagement and liability for private entities operating in the strategic domain. **UPSC Relevance:**

- **GS Paper II:** Government policies and interventions for development in various sectors; International relations (Space diplomacy and treaties).
- **GS Paper III:** Science and Technology—developments and their applications (Space-tech, Startups); Security challenges and their management (Space warfare and asset protection).
- **Internal Security:** Protection of critical infrastructure and the role of the private sector in national security.

## 8. Agrarian Security: Fertilizer Production Crisis Amidst West Asian Gas Rationing

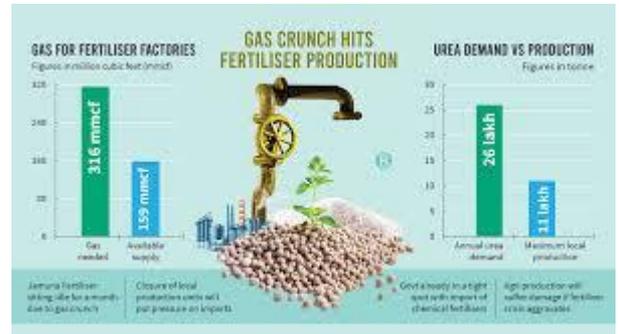
The Indian fertilizer industry has initiated production cuts and supply recalibrations following the sudden suspension of Natural Gas (NG) shipments from Qatar. As the single largest consumer of natural gas in India, the fertilizer sector is highly vulnerable to the disruption at Qatar's Ras Laffan facility. With gas distributors like GAIL and Gujarat Gas invoking 'Force Majeure' to ration feedstock, the impending Kharif sowing season faces a significant risk of nutrient shortages and price inflation.

### Key Highlights of the Fertilizer Supply Crisis

- **Feedstock Dependency:** Natural gas is both a primary fuel and a critical feedstock for urea production; the fertilizer sector accounts for **30.6%** of India's total natural gas consumption.
- **Production Trimming:** Major entities including IFFCO have begun reducing urea output to align with dwindling gas inventories, aiming to stretch existing stocks until alternative supplies are secured.



- **Force Majeure and Rationing:** State-promoted distributors have formally curtailed supplies to industrial consumers, prioritizing domestic (CGD) and strategic sectors over industrial manufacturing.
- **Timing Vulnerability:** The crisis coincides with the onset of the **Kharif (summer-sown) season**, threatening the production of staples like rice, pulses, corn, and cotton which constitute half of India's annual food supply.
- **Global Price Surge:** The West Asian conflict has triggered the sharpest rise in global crop-nutrient prices since the start of the hostilities, increasing the government's potential subsidy burden.
- **Import Vulnerability:** India's position as a top importer of LNG from the UAE and Qatar leaves its agricultural supply chain exposed to maritime chokepoints and geopolitical instability in the Persian Gulf.



### Constitutional & Legal Provisions

- **Article 39(b):** DPSP directs the State to ensure that the ownership and control of material resources (like natural gas and fertilizers) are distributed to subserve the common good.
- **Essential Commodities Act, 1955:** Fertilizers are declared as an "Essential Commodity." This allows the government to regulate production, price, and distribution to prevent hoarding during crises.
- **Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985:** Administered under the ECA, it ensures that farmers receive fertilizers of standard quality at fixed prices.
- **Force Majeure (Section 56, Indian Contract Act):** Legal provision being invoked by gas suppliers to excuse the non-performance of supply contracts due to unforeseeable "acts of war" in Qatar.

### Key Definitions

- **Feedstock:** Raw material (Natural Gas/Naphtha) used in an industrial process to be converted into another product (Urea/Ammonia).
- **Kharif Season:** The cropping season from June to October, coinciding with the Southwest Monsoon, critical for India's food security.
- **Urea:** A nitrogenous fertilizer ( $\text{NH}_2\text{CONH}_2$ ) essential for plant growth; in India, it is highly subsidized to maintain affordable farming costs.
- **Re-liquefied Natural Gas (RLNG):** LNG that has been returned to its gaseous state after transport in liquid form, ready for pipeline distribution.

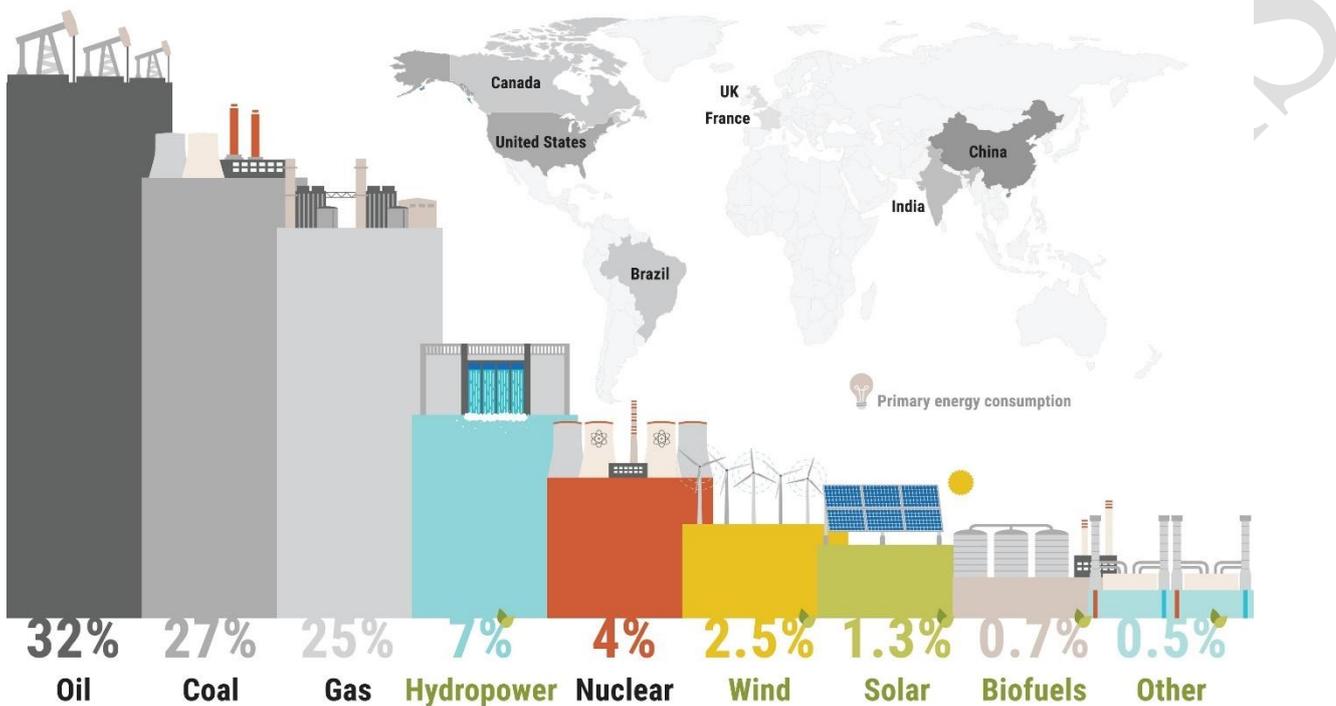
### Conclusion and UPSC Relevance

The current gas rationing highlights a critical "Energy-Food Nexus" vulnerability. India's reliance on West Asian gas for its soil nutrients means that regional conflicts directly translate into domestic food inflation risks. To mitigate such shocks, the government must accelerate the transition to **Green Ammonia**, promote **Nano Urea**, and diversify gas sourcing through long-term contracts with non-Gulf nations.

**UPSC Relevance:**

- **GS Paper II:** Government policies for the agricultural sector; Effect of global politics on India's food security.
- **GS Paper III:** Economics of Animal-Rearing and Farm Subsidies (Fertilizer Subsidy); Energy Security; Infrastructure.
- **Geography:** Monsoon patterns and the significance of the Kharif season in the Indian economy.

## ENERGY CONSUMPTION BY SOURCE, WORLD



### 9. Economic Transition: China Sets Lowest Growth Target Since 1991

China has officially lowered its annual economic growth target to a range of **4.5% to 5%** for 2026, marking its most modest expansion goal in over three decades. Announced by Premier Li Qiang at the National People's Congress, this "least ambitious" target reflects a strategic shift away from the debt-heavy, infrastructure-led model that powered China for forty years. The decision signals Beijing's prioritization of "quality over quantity," focusing on structural reforms and risk prevention amidst a cooling property market and a volatile global trade environment.

#### Key Highlights of the Growth Target Shift

- **Historical Downgrade:** This is the first formal downgrade since 2023 and the lowest since the 1991 target of 4.5%, signaling an end to the era of hyper-growth.
- **Structural Adjustment:** The lower target provides policymakers "flexibility" to address acute economic imbalances and debt risks without the pressure to deploy massive, reckless stimulus packages.
- **Fiscal Consolidation:** The government has maintained steady fiscal support but reduced consumer subsidies, with the trade-in program funding dropping from 300 billion yuan to 250 billion yuan.



- **Property Market Pivot:** The shift reflects a tacit acknowledgment that the property-led investment model is strained, necessitating new sustainable growth drivers.
- **Geopolitical Overhang:** Economic projections remain sensitive to the upcoming Xi-Trump summit, which will dictate the future of Chinese exports to the world's largest consumer market.
- **Internal Stability:** By setting a realistic goal, Beijing aims to prevent the "fabrication" of growth figures by local officials, fostering a more transparent and resilient economic foundation.

### Constitutional & Legal Framework

- **Article 15 of the PRC Constitution:** States that the country practices a "socialist market economy" where the state ensures proportional and coordinated growth through macro-regulation.
- **The 14th Five-Year Plan (2021-2025):** The current target aligns with the final year of this plan, which emphasized "High-Quality Development" and "Dual Circulation" (reducing reliance on external markets).
- **Budgetary Powers:** The National People's Congress (NPC) holds the constitutional authority to approve the national economic plan and the state budget, making the Premier's announcement a formal legal mandate.



### Key Definitions

- **Structural Adjustment:** The process of changing the fundamental components of an economy, such as moving from manufacturing/investment toward services and domestic consumption.
- **Dual Circulation:** A Chinese economic strategy that prioritizes "internal circulation" (domestic demand) while remaining open to "external circulation" (foreign trade and investment).
- **Fiscal Stimulus:** Increased government spending or tax cuts designed to boost economic activity during a slowdown.
- **NPC (National People's Congress):** The highest organ of state power in China, responsible for passing laws and approving major economic policies.

### Conclusion and UPSC Relevance

China's move to a "New Normal" of slower growth has profound implications for the global economy, particularly for commodity-exporting nations and neighboring trade partners like India. As China settles into a 4.5%-5% range, global supply chains may witness further diversification (the "China+1" strategy), potentially offering India an opportunity to capture a larger share of global manufacturing. However, a slowing China could also lead to reduced global demand and intensified dumping of cheap Chinese goods in international markets.

### UPSC Relevance:

- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests; International relations (India-China economic ties).
- **GS Paper III:** Indian Economy and issues relating to planning and growth; Impact of global economic slowdown on Indian exports and CAD (Current Account Deficit).



- **International Relations:** The shifting global economic order and the rise of the "Global South" as China's growth plateaus.

## 10. GIFT City Direct Listing: A New Frontier for Indian Capital Markets

The International Financial Services Centres Authority (IFSCA) is set to release a detailed operational framework for the "direct listing" of companies on GIFT City exchanges (NSE IX and India INX). This mechanism will allow both Indian and global firms to list their shares without the traditional requirement of an Initial Public Offering (IPO). Aimed at cash-flow positive or well-capitalized companies, this move seeks to transform the GIFT International Financial Services Centre (IFSC) into a global liquidity hub, providing companies with international exposure without the complexities and costs of fresh capital issuance.

### Key Highlights of the Direct Listing Framework

- **Listing Without Capital Raise:** The framework enables companies to list existing shares on IFSC exchanges to provide liquidity for current shareholders without issuing new equity or raising fresh funds.
- **Cost-Effectiveness:** By skipping the traditional IPO process, companies can avoid heavy underwriting fees, extensive marketing roadshows, and the mandatory requirement for investment banks to manage a primary issue.
- **Global Investor Access:** It opens a "middle path" for Indian startups and established firms to tap into dollar-based global investor pools while remaining governed by an Indian-domiciled international regulator.
- **Liquidity for Private Entities:** Privately held companies or those listed on domestic exchanges can utilize this route to facilitate secondary trading, allowing employees (ESOP holders) and early investors an exit route.
- **Alignment with Global Standards:** The move mimics successful international precedents like Spotify and Coinbase, which utilized direct listings on the NYSE/Nasdaq to achieve visibility and market-determined pricing.
- **Testing the Ecosystem:** While the direct listing rules are awaited, the GIFT City ecosystem is already maturing, with firms like XED preparing for the first-ever dollar-based IPO in the IFSC this month.



### Constitutional and Legal Provisions

- **Article 246 (Seventh Schedule):** Entry 36 (Currency, coinage, and legal tender; foreign exchange) and Entry 48 (Stock exchanges and futures markets) of the Union List give the Central Government exclusive power to regulate these domains.
- **IFSCA Act, 2019:** Established the International Financial Services Centres Authority as a unified regulator for all financial services in IFSCs, superseding the powers of RBI, SEBI, IRDAI, and PFRDA within that zone.
- **IFSCA (Listing) Regulations, 2024:** Regulation 40 specifically provides the legal basis for listing without a public offer, though the new "operational framework" will define the granular procedural requirements.



- **Foreign Exchange Management Act (FEMA), 1999:** The direct listing of Indian companies abroad (including in IFSCs) is governed by FEMA rules to ensure that the capital account transactions remain within the permitted regulatory framework of the RBI.

### Key Definitions

- **Direct Listing:** A process where a company lists its shares on a public exchange without an intermediary (underwriter) and without issuing new shares or raising capital.
- **GIFT IFSC:** Gujarat International Finance Tec-City International Financial Services Centre; India's first operational smart city and international financial hub designed to provide services currently rendered by global centers like Singapore or London.
- **Underwriting:** A process where financial institutions (investment banks) guarantee to buy any unsold shares in an IPO, a service that is bypassed in a direct listing.
- **Secondary Market Liquidity:** The ease with which existing shareholders can buy or sell shares on an exchange after the initial listing.

### Conclusion and UPSC Relevance

The introduction of a direct listing framework in GIFT City is a strategic step toward the "internationalization of Indian capital." By decoupling listing from capital raising, India is offering a sophisticated financial product that competes with offshore jurisdictions. This reform is expected to arrest the trend of Indian "unicorns" flipping their structures to foreign countries just to access global capital, thereby keeping the economic value and regulatory oversight within India's reach.

### UPSC Relevance:

- **GS Paper II:** Statutory, regulatory and various quasi-judicial bodies (IFSCA); Government policies and interventions for development.
- **GS Paper III:** Indian Economy (Capital markets, mobilization of resources); Investment models; Effects of liberalization on the economy.
- **Economy:** Concept of "External Sector" and "Financial Sector Reforms," particularly the role of IFSCs in making India a global financial hub.

## 11. Transatlantic Rift: European Resistance to U.S. Military Action in Iran

The escalation of the Iran conflict in early 2026 has fractured the traditionally unified transatlantic front, with major European powers openly challenging the U.S. administration's military strategy. While Germany maintains a pragmatic alignment with Washington, the United Kingdom and Spain have broken ranks, citing concerns over international law and the lack of a viable "endgame." This shift marks a significant departure from the "special relationship" and highlights a growing divergence in security priorities, energy vulnerabilities, and domestic political pressures within the Western alliance.

### Key Highlights of the Diplomatic Shift

- **UK's Historic Departure:** For the first time in recent memory, the U.K. has refused to automatically support a major U.S. military intervention. Prime Minister Keir Starmer emphasized the need for a "viable, thought-through plan," explicitly referencing the 2003 Iraq war as a cautionary tale.
- **Spain's Strategic Defiance:** Prime Minister Pedro Sánchez blocked the use of Spanish bases for U.S. strikes against Iran, labeling the military action as "illegal and unwise." This led to a direct war of words with the White House and threats of trade reprisals.



- **Fragmented European Response:** The continent is split between the "Pragmatic Camp" (led by German Chancellor Friedrich Merz), which prioritizes the U.S. security umbrella, and the "Legalistic Camp" (France, Spain, Ireland), which warns against violations of international law.
- **Energy and Security Vulnerabilities:** Unlike the U.S., Europe is geographically closer to the conflict and highly susceptible to spikes in energy prices and new waves of migration, driving the urgency for an "early end" to hostilities.
- **Domestic Political Pressures:** Leaders like Starmer face intense pressure from their political base and an anti-war public. Polls indicate that nearly half of the British public opposes the strikes, making "carte blanche" support for the U.S. politically untenable.
- **Realpolitik vs. Rules-Based Order:** The conflict underscores a growing realization in Europe that major powers are increasingly bypassing international constraints, forcing nations like Germany to adopt a more interest-driven, realistic foreign policy.



### Constitutional & Legal Provisions

- **Article 51 of the UN Charter:** Recognizes the inherent right of individual or collective self-defense if an armed attack occurs. European leaders (Spain, France) argue that the current U.S. strikes do not meet the legal threshold for "imminent threat" or "proportionality."
- **Article 5 of the North Atlantic Treaty:** The principle of collective defense. European nations are debating whether U.S. unilateral actions in the Middle East fall under NATO obligations or if they risk dragging the alliance into an unauthorized conflict.
- **The Royal Prerogative (UK):** Historically allows the PM to commit troops to war without a formal vote in Parliament, though recent conventions and political pressure now demand legislative debate for significant military actions.

### Key Definitions

- **Special Relationship:** A term used to describe the exceptionally close political, diplomatic, cultural, and military ties between the United Kingdom and the United States.
- **Rules-Based International Order:** A shared commitment by sovereign states to conduct their activities according to an agreed-upon set of rules, such as international law and UN treaties.
- **Regime Change:** The replacement of one government regime with another through external intervention, often via military force or covert operations.
- **Russian Roulette (Metaphor):** Used by PM Sánchez to describe the high-risk nature of the conflict, implying that the U.S. is taking unnecessary chances with global stability.

### Conclusion and UPSC Relevance

The "Iran Split" illustrates the limits of U.S. hegemony in the 21st century and the burgeoning "Strategic Autonomy" of European states. For India, this fragmentation offers a complex diplomatic landscape. While New Delhi maintains its own "strategic caution," the disagreement among Western allies allows India more room to maneuver its "middle path" diplomacy. However, the potential for global energy shocks and maritime instability remains a shared concern for both India and a divided Europe.

**UPSC Relevance:**

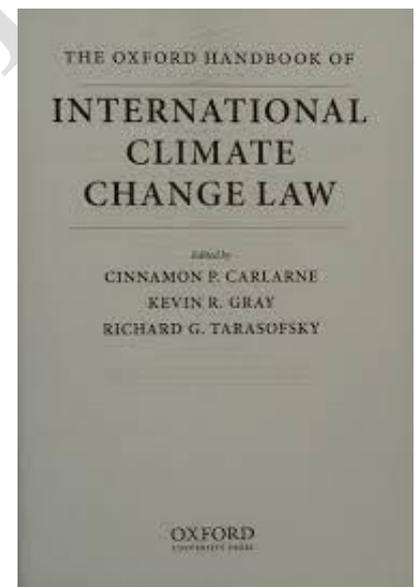
- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests (Transatlantic ties); Effect of policies and politics of developed countries on India's interests.
- **GS Paper III:** Security challenges and their management in the Middle East; Impact of global conflicts on India's energy security and economy.
- **International Relations:** The evolution of the "Global Order" and the decline of unipolarity.

**12. Climate Change and the Evolution of International Law**

The accelerating impacts of climate change are transcending biophysical concerns to challenge the foundational principles of the international legal order. As global temperatures rise, established norms regarding statehood, sovereignty, and maritime boundaries are facing unprecedented stress. The necessity to mitigate the "common concern of mankind" is prompting a potential renegotiation of the rights of states, particularly concerning natural resource extraction and the legal status of territory in the face of submergence.

**Key Highlights for UPSC**

- **Redefining Sovereignty (PSNR):** The principle of Permanent Sovereignty over Natural Resources (PSNR) is being challenged by the 1.5°C target. There is a growing push for a "Fossil-Fuel Non-Proliferation Treaty," which may limit the sovereign right of states to extract underground resources.
- **Threat to Statehood Criteria:** Under the 1933 Montevideo Convention, "territory" is a prerequisite for statehood. Sea-level rise (SLR) creates a legal vacuum for small island states that may lose their physical land but seek to maintain their sovereign status and legal identity.
- **Maritime Zone Instability:** SLR threatens to shift the "baselines" from which territorial waters and Exclusive Economic Zones (EEZs) are measured. States are currently debating between "ambulatory baselines" (moving with the tide) and "permanent baselines" to preserve their maritime rights.
- **The "Climate Refugee" Protection Gap:** The 1951 Refugee Convention does not recognize environmental or climate-induced displacement as a ground for refugee status. There is an urgent call for a specific Protocol under the UNFCCC to manage the protection and resettlement of these individuals.
- **Equity in Burden Sharing:** Developing nations argue that any dilution of PSNR or territorial rights must be accompanied by robust "Climate Finance" and the transfer of "Best Available Technologies" (BAT) from developed nations to ensure an equitable transition.
- **International Court of Justice (ICJ) Role:** The ICJ's advisory opinions suggest that a state doesn't necessarily cease to exist if one constituent element (like territory) disappears, but this customary law is yet to be codified into formal treaties for the climate era.





## Constitutional and Legal Provisions

- **Article 51 (Directive Principles):** The Indian Constitution mandates the State to foster respect for international law and treaty obligations, providing a basis for India's engagement in renegotiating climate-related legal frameworks.
- **Montevideo Convention (1933):** Defines the four pillars of statehood: permanent population, defined territory, government, and capacity to enter relations.
- **UNCLOS (1982):** The United Nations Convention on the Law of the Sea governs maritime zones. It currently lacks specific provisions for "permanent baselines" in the event of total territorial submergence.
- **UNFCCC & Paris Agreement:** Serve as the primary multilateral frameworks for climate action, currently lacking a dedicated legal regime for climate-induced migration.

## Key Definitions

- **Permanent Sovereignty over Natural Resources (PSNR):** A fundamental right under international law ensuring that peoples and nations have the right to dispose of their natural wealth and resources in the interest of their national development.
- **Ambulatory Baseline:** A legal concept where the maritime boundary (baseline) of a state shifts inland as the coastline recedes due to erosion or sea-level rise.
- **Common Concern of Mankind:** A legal principle establishing that certain issues, like climate change, create obligations for all states to cooperate, regardless of their individual contribution to the problem.
- **Climate Refugees:** Persons forced to leave their traditional habitat because of marked environmental disruption (natural or induced by man) that jeopardizes their existence or affects the quality of their life.

## Conclusion and UPSC Relevance

Climate change is no longer just an environmental issue but a "regime-changing" force in international law. The potential "unsettling" of maritime zones and the "demise" of small island states demand a shift from strict legal interpretations to "equitable principles." For India, these negotiations are vital as they impact maritime security in the Indian Ocean, energy independence, and the management of regional migration.

### UPSC Relevance:

- **GS Paper II:** International relations; Effect of policies of developed/developing countries on India's interests; Important International institutions and their mandates (UNFCCC, ICJ, UNCLOS).
- **GS Paper III:** Environment and Disaster Management; Conservation, environmental pollution, and degradation.
- **Essay & Ethics:** Dimensions of "Intergenerational Equity" and the morality of "Climate Justice" for displaced populations.



VIDHVATH IAS