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DAILY CURRENT AFFAIRS

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1. India's Energy Security and LPG Supply Management

The Union Minister for Petroleum and Natural Gas recently addressed the Lok Sabha, asserting that India has successfully secured its crude oil supply despite the escalating geopolitical volatility in West Asia. Highlighting the government's proactive stance, the Minister emphasized that there is no shortage of essential fuels—including petrol, diesel, kerosene, and aviation turbine fuel (ATF)—while specifically outlining a new allocation strategy to stabilize the LPG market.

- **Strategic Crude Securing:** Amidst the most severe global energy disruption in recorded history, India has diversified its import basket and leveraged strategic partnerships to ensure that the domestic energy supply remains insulated from West Asian conflicts.
- **Prioritizing Household Energy:** The government's "foremost priority" remains the uninterrupted supply of cooking gas to over 33 crore households, focusing specifically on the poor and underprivileged to prevent energy poverty.
- **Commercial LPG Regulation:** To curb hoarding and black-marketing, Oil Marketing Companies (OMCs) will now allocate 20% of the average monthly commercial LPG requirement in direct coordination with State governments.
- **Combating Market Distortions:** The new regulatory measures aim to prevent the illegal diversion of domestic (subsidized) cylinders into the commercial sector, ensuring price stability and availability for genuine commercial users.
- **Crisis Management Resilience:** The administration dismissed "shortage narratives" as rumor-mongering, stating that the current logistics and buffer stocks are robust enough to navigate the ongoing global supply chain disruptions.
- **Inter-Governmental Coordination:** The involvement of State governments in the allocation process marks a shift toward a more decentralized and monitored distribution network for commercial fuels.



Key Definitions

- **Energy Security:** The uninterrupted availability of energy sources at an affordable price, involving long-term investments and short-term ability to respond to sudden changes in the supply-demand balance.
- **Oil Marketing Companies (OMCs):** Entities (mostly PSUs like IOCL, BPCL, HPCL) responsible for the refining, distribution, and marketing of petroleum products in India.
- **Strategic Petroleum Reserves (SPR):** Huge stockpiles of crude oil maintained by the government to manage potential supply disruptions.

Constitutional and Legal Provisions

- **Entry 53, List I (Union List):** The Seventh Schedule of the Constitution grants the Central Government exclusive power over "Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products."
- **Essential Commodities Act (ECA), 1955:** This Act empowers the government to regulate the production, supply, and distribution of essential commodities (including petroleum and LPG) to prevent hoarding and ensure equitable distribution.



- **LPG (Regulation of Supply and Distribution) Order, 2000:** Issued under the ECA, this provides the legal framework for prohibiting the unauthorized sale or possession of LPG cylinders and prevents diversion of domestic cylinders for commercial use.

Conclusion

India's energy strategy currently hinges on balancing geopolitical risks with domestic welfare. By securing crude supplies and tightening the regulatory grip on LPG distribution through the 20% allocation rule, the government aims to mitigate the "triple challenge" of availability, affordability, and accessibility. The transition from a centralized supply model to a state-coordinated monitoring system for commercial LPG signifies a move toward more granular governance of essential fuels during global crises.

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:** Energy Security, Infrastructure, and the impact of global geopolitical conflicts on the Indian economy.
- **Prelims:** Functional understanding of the Essential Commodities Act, the role of OMCs, and India's energy import dependency.

2. Iran's Strategic Posture and the Strait of Hormuz Crisis

Following the transition in Iran's leadership, the new Supreme Leader, Ayatollah Mojtaba Khamenei, has signaled a hardline shift in Tehran's foreign policy by vowing to maintain the blockade of the Strait of Hormuz. This development, coupled with demands for war reparations and the closure of U.S. military bases in neighboring Arab states, marks a significant escalation in regional tensions. For India, this situation is critical due to its heavy reliance on this maritime corridor for energy imports and the potential disruption of the International North-South Transport Corridor (INSTC).

- **Strategic Blockade of Hormuz:** Iran has reiterated its intent to use the "leverage" of closing the Strait of Hormuz, a primary global chokepoint through which approximately 20% of the world's total oil consumption passes daily.
- **Demands for Reparations:** The Iranian leadership has linked the cessation of hostilities to the payment of material losses and the recognition of "legitimate rights," threatening to seize or destroy enemy assets if these demands are unmet.
- **Regional Sovereignty and U.S. Presence:** Tehran has called upon Arab nations to shut down U.S. military installations, framing the Western presence as the primary catalyst for regional instability and the "Zionist regime's" aggression.
- **Conditions for Peace:** President Masoud Pezeshkian has codified Iran's terms for ending the conflict into three pillars: recognition of rights, financial reparations, and firm guarantees against future external aggression.
- **Global Energy Disruption:** The threat to keep the Strait closed introduces a high risk of "energy inflation" globally, as any prolonged closure would decouple supply chains and send crude prices to unprecedented levels.





- **Impact on India's 'Link West' Policy:** The escalation threatens India's strategic investments in the region, particularly the security of the sea lanes of communication (SLOCs) essential for the Indian economy's "energy arteries."

Key Definitions

- **Strait of Hormuz:** A narrow waterway connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea, acting as the world's most important oil transit chokepoint.
- **Chokepoint:** A geographical feature on land or at sea, such as a strait, which an armed force is forced to pass, sometimes on a substantially narrower front, and where they are vulnerable to blockade or attack.
- **Reparations:** Compensation provided by a country or entity for damage or injury caused during a conflict or through illegal acts.

Constitutional and Legal Provisions

- **UNCLOS (United Nations Convention on the Law of the Sea):** Under international law, the Strait of Hormuz is subject to the regime of "transit passage," which allows vessels the right to pass through straits used for international navigation. Iran's threat to close it challenges the customary international law principles of "freedom of navigation."
- **Article 51 of the UN Charter:** Iran often cites "inherent right of individual or collective self-defence" to justify its military maneuvers, though the legality of closing an international strait is highly contested under the Geneva Convention on the High Seas.
- **The Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976:** This Indian law defines India's maritime interests and rights, which are directly impacted when regional instability threatens transit rights in international waters.

Conclusion

The shift in Iran's leadership toward a more assertive and confrontational stance regarding the Strait of Hormuz creates a "security dilemma" in West Asia. The demand for reparations and the ultimatum regarding U.S. bases suggest that Tehran is prepared for a long-term geopolitical standoff. For the international community, the challenge lies in de-escalating the situation to prevent a global energy shock while addressing the underlying security concerns of the regional players.

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.
- **Geography (Mapping):** Physical location of the Strait of Hormuz, Persian Gulf, Gulf of Oman, and the littoral countries (Iran, Oman, UAE).

3. Taxonomical Breakthrough: First Checklist of Indian Fireflies

A landmark study published in the journal *Zootaxa* (March 2025) has consolidated over 140 years of fragmented scientific records to create the first comprehensive checklist of fireflies in India. The research, titled 'A checklist of fireflies (Coleoptera: Lampyridae) from India,' provides a crucial baseline for



biodiversity conservation by documenting 92 species across 27 genera. Given that a significant majority of these species are endemic and many have not been sighted since the 19th century, this study addresses a massive "taxonomic gap" in Indian entomology.

- **Extensive Historical Synthesis:** Researchers sifted through records dating from 1881 to 2025, utilizing global databases like the Biodiversity Heritage Library and the Zoological Record to unify scattered data.
- **High Endemism Levels:** Out of the 92 documented species, more than 60% are endemic to India, highlighting the country's unique ecological role in supporting these bioluminescent beetles.
- **The "Lost Species" Concern:** Over 50 species have not been recorded again in India since their original descriptions in the 1800s, suggesting a dire need for modern field surveys and conservation assessments.
- **Taxonomic Neglect:** The study notes that many species have lacked modern taxonomic scrutiny for over a century, leaving large gaps in understanding their life cycles, habitats, and current population status.
- **Resource for Future Research:** This checklist serves as a foundational "remedy" for fragmented research, providing a standardized resource for entomologists to conduct systematic studies on the Lampyridae family.
- **Global Significance:** By documenting 27 genera, the study places Indian firefly diversity in a global context, facilitating international cooperation in monitoring insect population declines.



Key Definitions

- **Bioluminescence:** The production and emission of light by a living organism (like fireflies) resulting from a chemical reaction (typically involving luciferin and luciferase).
- **Endemic Species:** Species that are native to a single defined geographic location, such as a specific island, nation, or other defined zone, and are not found naturally anywhere else.
- **Taxonomy:** The branch of science concerned with classification, especially of organisms; systematics.
- **Genera:** A principal taxonomic category that ranks above species and below family, and is designated by a capitalized Latin name.

Constitutional and Legal Provisions

- **Article 51A(g):** The Fundamental Duties of the Indian Constitution state that it is the duty of every citizen to "protect and improve the natural environment including forests, lakes, rivers and wildlife."
- **Biological Diversity Act, 2002:** Enacted to meet the obligations under the Convention on Biological Diversity (CBD), this act regulates access to biological resources and ensures the fair sharing of benefits.
- **Wildlife (Protection) Act, 1972:** While many insects are not individually listed in the schedules, the act provides a broad framework for the protection of habitats that support endemic species like fireflies.



- **National Biodiversity Authority (NBA):** A statutory body that performs facilitative, regulatory, and advisory functions for the Government of India on issues of conservation and sustainable use of biological resources.

Conclusion

The publication of the Indian firefly checklist marks a shift from fragmented observation to structured scientific documentation. The high rate of endemism coupled with the fact that many species haven't been seen in over a century underscores a potential "silent extinction." This study acts as a clarion call for prioritizing insect conservation and integrating entomological data into India's broader National Biodiversity Action Plan to protect these vital bio-indicators.

UPSC Relevance

- **GS Paper III:** Conservation, environmental pollution and degradation, environmental impact assessment; Biodiversity and its importance.
- **Prelims:** Specific terminology related to taxonomy (Coleoptera, Lampyridae), concepts of endemism, and statutory bodies like the National Biodiversity Authority.
- **Ethics (GS Paper IV):** Environmental ethics and the human responsibility toward lesser-known species that maintain ecological balance.

4. Strategic Recalibration of FDI Norms: Easing of Press Note 3

The Government of India has recently relaxed the stringent Foreign Direct Investment (FDI) norms established under Press Note 3 (2020), which mandated prior government approval for investments from countries sharing a land border with India. This shift aims to balance national security concerns with the pragmatic need for capital and integration into global supply chains. By allowing limited investments through the automatic route, the move seeks to attract diversified capital from global funds that may have minor beneficial ownership in restricted jurisdictions, particularly China.

- **Partial Relaxation of Automatic Route:** Foreign investors can now invest up to 10% in an Indian entity through the automatic route, provided the beneficial ownership from a land-border-sharing country is also sub-10%.
- **Restriction on Management Control:** To ensure national security and prevent "opportunistic takeovers," the relaxation is contingent upon the foreign investor not exercising any management control or holding a seat on the company's Board of Directors.
- **Targeted Sectoral Timeline:** For critical sectors such as capital goods, electronics, polysilicon, and ingot-wafers, the government has committed to a time-bound "case-by-case" approval or rejection process within a 60-day window.
- **Correction of Investment Bottlenecks:** The move addresses grievances from Private Equity (PE) and Venture Capital (VC) funds that were previously blocked from investing due to even miniscule fractional ownership by Chinese entities.
- **Supply Chain Integration:** Policy makers argue that absolute exclusion from Chinese-linked supply chains was hurting India's manufacturing ambitions; this easing facilitates the entry of non-Chinese firms operating out of China to set up units in India.





- **Mitigating Trade Deficit:** By encouraging manufacturing FDI rather than just importing finished goods, the government aims to reduce the nearly \$100 billion trade deficit with China through localized production.

Key Definitions

- **Press Note 3 (2020):** A regulatory amendment to India's FDI policy that shifted investments from land-border-sharing countries (China, Pakistan, etc.) from the "Automatic Route" to the "Government Route" (prior approval required).
- **Beneficial Ownership:** Refers to the natural person(s) who ultimately owns or controls an investment, even if the legal title is held by another entity or through a chain of companies.
- **Automatic Route:** An investment entry route where the foreign investor or the Indian company does not require any prior reserve bank or government approval.
- **Government Route:** An entry route where the investment proposal must be scrutinized and approved by the concerned administrative ministry or department before the funds are brought in.

Constitutional and Legal Provisions

- **Foreign Exchange Management Act (FEMA), 1999:** The primary legislation that consolidates and amends the law relating to foreign exchange with the objective of facilitating external trade and payments.
- **FDI Policy (Department for Promotion of Industry and Internal Trade - DPIIT):** Issued under the executive powers of the Union Government to regulate the entry and operation of foreign capital in the Indian economy.
- **Article 246 (Seventh Schedule):** Foreign exchange and international trade fall under the Union List (Entries 36 and 41), giving the Central Government exclusive power to legislate and regulate these domains.
- **National Security Exception:** While India is a signatory to various Bilateral Investment Treaties (BITs) and WTO agreements, "security exceptions" allow the state to restrict trade or investment to protect essential security interests.

Conclusion

The easing of Press Note 3 represents a nuanced "middle path" in India's economic diplomacy. While the core security architecture remains intact—retaining the 60-day scrutiny for sensitive sectors and barring management control—the relaxation acknowledges the reality of globalized capital where "pure" non-Chinese ownership is increasingly rare in large funds. If implemented effectively, this could revitalize the Indian startup ecosystem and electronics manufacturing sector, provided that the administrative "60-day" commitment is strictly honored to build investor confidence.

UPSC Relevance

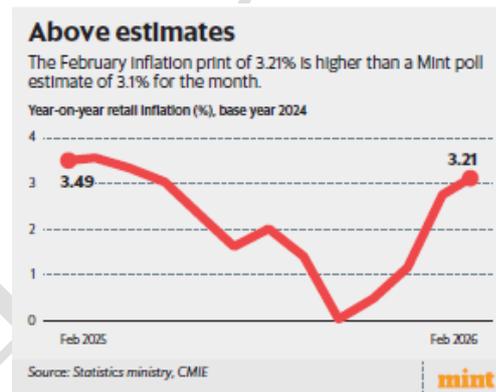
- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests; Government policies and interventions for development.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Changes in industrial policy and their effects on industrial growth.
- **Prelims:** Understanding the difference between Automatic and Government routes, countries sharing land borders with India, and the role of DPIIT in FDI policy.



5. India's Retail Inflation Dynamics: February 2026 Analysis

India's retail inflation, measured by the Consumer Price Index (CPI), rose to 3.21% in February 2026, primarily driven by a surge in the prices of food, beverages, clothing, and housing services. This uptick follows a period of historic lows, including a record-low headline inflation of 0.25% in October 2025. Despite the rise, inflation remains well within the Reserve Bank of India's (RBI) mandated target range of 2% to 6%, though the recent volatility in West Asia and its impact on global fuel and food supply chains remain a significant concern for future price stability.

- **Inflationary Rebound:** After a prolonged period of disinflation where food inflation even turned negative (reaching -5.02% in late 2025), February saw a reversal with headline inflation climbing to 3.21%.
- **New Base Year Impact:** The current data reflects a revised CPI series with 2024 as the base year, replacing the 2012 series to better represent modern consumption patterns; this transition makes direct year-on-year comparisons with the old series complex.
- **Food Basket Dominance:** Food and beverages continue to be the primary drivers of the CPI; sharp swings in these perishables often dictate the "headline" figure, necessitating a focus on supply-side management.
- **External Pressure Points:** Geopolitical disruptions in West Asia are exerting upward pressure on the "Fuel and Light" and "Transport" categories, complicating the inflation outlook for the upcoming fiscal quarters.
- **Monetary Policy Stance:** Despite inflation staying within the threshold, the RBI's Monetary Policy Committee (MPC) is expected to maintain a "status quo" on key interest rates in April to guard against potential inflationary shocks from global energy markets.
- **Sectoral Price Rise:** Beyond food, the February print highlights rising costs in utility services and clothing, suggesting a gradual broadening of inflationary pressures across the non-food components of the basket.



Key Definitions

- **Consumer Price Index (CPI):** A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care, representing the inflation experienced by the end-consumer.
- **Base Year:** The specific year used as a benchmark for the price index; 2024 is the current base year for India's CPI, used to account for changes in the consumption structure over time.
- **Headline Inflation:** The total inflation within an economy, including commodities such as food and energy prices, which tend to be much more volatile than the core components.
- **Monetary Policy Committee (MPC):** A statutory body under the RBI Act, 1934, responsible for fixing the benchmark policy interest rate (Repo Rate) to contain inflation within the specified target level.



Constitutional and Legal Provisions

- **Article 246 (Seventh Schedule):** Prices and economic planning are subjects that involve both the Union and the States; however, the regulation of the banking sector and national monetary policy falls strictly under the Union List (Entry 38).
- **RBI Act, 1934 (Section 45ZB):** Provides the legal basis for the constitution of the Monetary Policy Committee (MPC) to ensure price stability while keeping in mind the objective of growth.
- **Inflation Targeting Framework:** A formal agreement between the Government of India and the RBI (signed in 2015) that mandates the RBI to maintain retail inflation at 4% with a margin of +/- 2%.
- **Collection of Statistics Act, 2008:** The legal framework under which the Ministry of Statistics and Programme Implementation (MoSPI) collects data for various indices including CPI and IIP.

Conclusion

The rise in February retail inflation to 3.21% signals the end of the "disinflationary sweet spot" witnessed in late 2025. While the current levels are comfortable relative to the 6% upper tolerance limit, the confluence of a new base year and external geopolitical risks necessitates a cautious approach. The transition to the 2024 base year is a critical step in making the data more reflective of ground realities, but it also requires policymakers to recalibrate their understanding of "normal" price movements in a post-transition economy.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Inflationary trends and monetary policy.
- **Prelims:** Understanding the difference between CPI and WPI, the role of MoSPI vs. RBI, the composition of the CPI basket, and the significance of "Base Year" revisions.
- **Key Concept:** The impact of "imported inflation" (via fuel) on the domestic CPI and the fiscal-monetary coordination required to tackle supply-side inflation.

6. Strategic Push for Semiconductor Sovereignty: The \$11 Billion Fund

As part of its long-term vision to evolve into a global electronics powerhouse, the Government of India is set to unveil a new fund exceeding ₹1 trillion (approximately \$10.8 billion) to bolster the domestic semiconductor ecosystem. This initiative, part of the newly launched **India Semiconductor Mission (ISM) 2.0**, aims to reduce critical import dependencies and secure high-tech supply chains. The fund is designed to transition India from assembly-level operations toward advanced "wafer fabrication" and indigenous chip design, targeting 2-nanometre (nm) and 3-nm technology nodes by the early 2030s.

- **Financial Outlay and Timing:** The proposed ₹1 trillion fund is expected to be officially launched within the next two to three months, building upon the initial ₹76,000 crore incentive program (ISM 1.0) introduced in 2021.
- **Expansion of Incentive Scope:** Unlike the previous phase, which primarily focused on assembly and testing (ATMP), this fund will provide massive subsidies for chip design projects, high-end manufacturing equipment, and upstream raw material supply chains.
- **Focus on Advanced Technology:** A primary objective of this new capital injection is to move India up the value chain toward sub-28nm chip fabrication, aiming for capabilities comparable to global leaders like Taiwan and South Korea by 2032.



- **Incentivizing the "Fabless" Ecosystem:** The fund aims to support at least 50 domestic "fabless" companies (firms that design but do not manufacture chips) by expanding the **Design Linked Incentive (DLI)** scheme, fostering local Intellectual Property (IP).
- **Geopolitical Resilience:** By mirroring global initiatives like the \$52 billion US CHIPS Act, India seeks to insulate its AI, smartphone, and automotive industries from West Asian disruptions and global supply chain volatility.
- **Integration with State Policies:** The central fund will work in tandem with state-level policies (like those of Gujarat and Uttar Pradesh) to offer combined capital assistance of up to 70-80% for mega-projects.



Key Definitions

- **Semiconductor Fabrication (Fab):** A factory where integrated circuits (chips) are manufactured. It is one of the most capital-intensive and technologically complex industrial processes.
- **Fabless Company:** A semiconductor company that designs and sells hardware and chips but outsources the actual fabrication to a third-party foundry.
- **Design Linked Incentive (DLI):** A financial support scheme specifically for the design and development of semiconductor IPs, targeting startups and MSMEs.
- **Integrated Circuit (IC) Layout-Design:** The three-dimensional arrangement of the elements and interconnections that make up an integrated circuit.

Constitutional & Legal Provisions

- **Union List (Seventh Schedule):** Under Entry 52 (Industries, the control of which by the Union is declared by Parliament to be expedient in the public interest), the Central Government holds the primary authority to regulate and fund the semiconductor sector.
- **Semiconductor Integrated Circuits Layout-Design Act (SICLDA), 2000:** This is the primary legal framework for Intellectual Property Rights (IPR) in the chip industry, ensuring that original 3D designs are protected for a period of 10 years.
- **National Policy on Electronics (NPE), 2019:** The overarching policy framework that envisions India as a global hub for ESDM (Electronics System Design and Manufacturing).
- **Automatic Route (FDI):** Under current FDI norms, 100% foreign investment is permitted in the semiconductor sector through the automatic route to encourage global majors like Micron and Tata-PSMC.

Conclusion

The announcement of this \$11 billion fund marks the transition of India's semiconductor strategy from "foundational" to "expansionary." By focusing on the entire value chain—from specialized chemicals to advanced IP design—India is attempting to bypass the "middle-income trap" of being just a low-end assembler. However, the success of this mission will depend on the speed of administrative approvals (the 60-day window) and the consistent availability of ultra-pure water and uninterrupted power, which are the lifelines of any fabrication unit.



UPSC Relevance

- **GS Paper III:** Issues relating to planning, mobilization of resources, growth, and development; Science and Technology- developments and their applications and effects in everyday life.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- **Prelims:** Key statutory acts like SICLDA 2000, definitions of Deep Tech, and the role of the Ministry of Electronics and Information Technology (MeitY) in the India Semiconductor Mission.

7. India's Fertilizer Diplomacy: Securing Urea Amid West Asia Crisis

The intensifying conflict in West Asia, characterized by disruptions in the Persian Gulf and geopolitical volatility, has severely impacted India's domestic fertilizer production. As natural gas—the primary feedstock for urea—becomes scarce or prohibitively expensive due to supply chain snarls, India has formally approached China to facilitate the sale of urea cargoes. This move underscores the critical intersection of energy security and food security, forcing India to navigate complex bilateral relations with China to ensure the availability of agricultural inputs for the upcoming cropping seasons.

- **Energy-Fertilizer Linkage:** Natural gas accounts for nearly 70-80% of the cost of urea production; the current gas crunch caused by regional instability has led to a significant drop in domestic manufacturing capacity.
- **Dependence on China:** Despite efforts to achieve "Atmanirbharata" (self-reliance) in fertilizers, China remains one of the world's largest exporters of urea, making it a vital partner when traditional Middle Eastern supply routes are compromised.
- **Supply Chain Disruptions:** Recent military escalations in the West Asian region have obstructed key maritime trade routes, delaying shipments and increasing freight and insurance costs for essential commodities.
- **Food Security Imperative:** The government's request to China is a proactive measure to prevent any shortage of urea, which could otherwise lead to reduced crop yields and subsequent food inflation in the domestic market.
- **Strategic Flexibility:** The move signals a pragmatic shift in India's trade diplomacy, where immediate domestic requirements (agricultural stability) take precedence over broader geopolitical friction in the short term.
- **Buffer Stock Management:** To mitigate future shocks, the government is focusing on diversifying import sources beyond West Asia and accelerating the revival of domestic fertilizer units like those in Talcher and Ramagundam.



Key Definitions

- **Urea:** A nitrogenous fertilizer widely used in India, essential for the growth of cereal crops. It is produced by reacting ammonia with carbon dioxide, with natural gas serving as the primary source of hydrogen.
- **Feedstock:** Raw materials used in an industrial process to be converted into a finished product; for the fertilizer industry, Liquefied Natural Gas (LNG) is the critical feedstock.



- **Commodity Diplomacy:** The use of trade in essential goods (like food, fuel, or fertilizer) as a tool for a nation's foreign policy to ensure domestic stability or exert international influence.

Constitutional & Legal Provisions

- **Article 39(b):** A Directive Principle of State Policy (DPSP) stating that the State shall direct its policy toward ensuring that the ownership and control of the material resources of the community are so distributed as best to subserve the common good. Ensuring fertilizer availability for farmers aligns with this principle.
- **Essential Commodities Act (ECA), 1955:** Fertilizers are classified as an "essential commodity" under this Act, allowing the government to regulate their production, supply, and distribution to prevent hoarding and price spikes.
- **Fertilizer (Control) Order, 1985:** Issued under the ECA, this order ensures the timely availability of fertilizers of standard quality at fair prices to the farming community.
- **Union List (Seventh Schedule):** Entry 52 (Industries) and Entry 41 (Trade and Commerce with foreign countries) empower the Central Government to manage international procurement and domestic industrial regulation of fertilizers.

Conclusion

The current crisis highlights India's "vulnerability gap" in the fertilizer sector, where external energy shocks directly threaten domestic agricultural productivity. While approaching China is a necessary short-term tactical move, it emphasizes the urgent need for India to decouple its fertilizer production from volatile imported gas. Transitioning toward "Green Urea" (using green hydrogen) and expanding coal-gasification-based plants will be essential to achieving true strategic autonomy in the agricultural sector.

UPSC Relevance

- **GS Paper II:** India and its neighborhood- relations; Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.
- **GS Paper III:** Issues related to direct and indirect farm subsidies; Issues of food security; Infrastructure: Energy.
- **Geography (Mapping):** Geographical significance of West Asian maritime routes (Strait of Hormuz, Red Sea) and their role in India's energy and commodity imports.

8. Transformation or Formalisation Illusion: Analysis of India's New Labour Codes

The release of the draft central rules in December 2025 marks a pivotal step toward implementing India's four new Labour Codes. The Economic Survey 2025-26 presents a bullish outlook, projecting that these reforms will increase formalisation from 60.4% to 75.5% and contribute 1.25% to the GDP by 2029-30. By consolidating 29 complex central laws into four streamlined codes, the government aims to boost ease of doing business and incentivise job creation. However, critics argue that the codes may inadvertently promote "precarious employment" by raising industrial thresholds and substituting stable, permanent jobs with short-term fixed-term contracts.

- **Formalisation Targets vs. Ground Reality:** While the government projects the creation of 77 lakh jobs, current trends show a decline in direct factory employment (from 61% to 47%) and an increasing reliance on contract labour, which now constitutes 42% of the factory workforce.



- **Raised Regulatory Thresholds:** The Occupational Safety, Health and Working Conditions (OSH) Code significantly raises the definition of a "factory" and the threshold for contract labour and layoffs, effectively exempting a larger section of small and medium enterprises from stringent labour protections.
- **Fixed-Term Employment (FTE) Paradigm:** The codes institutionalise FTE, allowing firms to hire workers on short-term contracts with some benefits (like gratuity after one year) but without the traditional job security associated with formal employment.
- **Gig and Platform Worker Protection:** For the first time, platform companies must contribute 1-2% of their turnover to a social security fund; however, the actual implementation details and benefit levels remain deferred to future "notified schemes."
- **Wage and Productivity Nexus:** The Code on Wages introduces a National Floor Wage; while proponents argue flexible wages prevent job loss, empirical research suggests that higher minimum wages actually boost aggregate demand and reduce turnover costs.
- **Regulatory Shift to Facilitation:** The rebranding of "Labour Inspectors" as "Inspector-cum-Facilitators" and the provision for "compounding of offences" signal a shift toward voluntary compliance, which critics fear may weaken enforcement against wage theft and safety violations.



Key Definitions

- **Fixed-Term Employment:** A contract of employment for a specific period where the worker is entitled to the same statutory benefits as a permanent worker, but the contract expires automatically without notice of retrenchment.
- **Formalisation:** The process of bringing workers and firms into the formal economy, characterized by written contracts, social security benefits (EPF, ESI), and adherence to regulatory standards.
- **Compounding of Offences:** A legal mechanism where an accused pays a fine or penalty in lieu of prosecution for certain violations, effectively settling the matter without a court trial.
- **National Floor Wage:** A minimum wage level set by the Central Government below which State Governments cannot fix their respective minimum wages.

Constitutional & Legal Provisions

- **Article 43:** A Directive Principle of State Policy (DPSP) mandating the State to secure a "living wage" and conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities.
- **Article 21:** The Right to Life has been interpreted by the Supreme Court to include the Right to Livelihood and the right to work in safe and humane conditions.
- **Concurrent List (Entry 24):** Both the Union and State governments have the power to legislate on "Welfare of labour including conditions of work, provident funds, employers' liability, workmen's compensation, invalidity and old age pensions and maternity benefits."
- **Labour Codes (2020-2025):** The four codes are: 1. Code on Wages, 2. Industrial Relations Code, 3. Social Security Code, and 4. Occupational Safety, Health and Working Conditions Code.



Conclusion

The new Labour Codes represent a strategic attempt to modernize India's archaic industrial laws to suit a 21st-century economy. However, the success of these reforms hinges on whether "formalisation" leads to genuine social mobility or merely a rebranding of informal work under a legal veneer. To achieve the Economic Survey's optimistic targets, the government must ensure that "flexibility" for employers does not translate into "fragility" for workers, particularly by clarifying the ambiguous "notified schemes" for the gig economy and ensuring robust enforcement through the new facilitator-led oversight model.

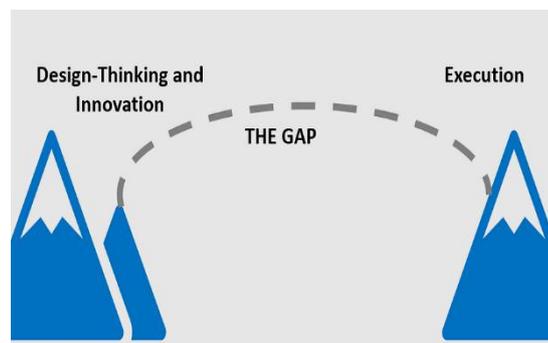
UPSC Relevance

- **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, mobilization of resources, and inclusive growth; Changes in industrial policy and their effects on industrial growth.
- **Essay/Ethics:** The trade-off between economic efficiency (Ease of Doing Business) and social justice (Labour Rights).

9. India's Innovation Paradox: Bridging the Gap Between Intent and Execution

India's Research, Development, and Innovation (RDI) landscape currently presents a stark contradiction: high policy ambition and improved global rankings alongside shallow private sector participation and weak fundamental indicators. While the government has significantly increased funding—exemplified by the ₹1,00,000 crore RDI Fund and the SHANTI Act 2025—India's R&D intensity remains stagnant at 0.65% of GDP. To transition into a "Viksit Bharat," the focus must shift from state-led initiatives to a robust, industry-driven innovation ecosystem that prioritizes long-term, high-risk research over short-term service-based models.

- **Stagnant R&D Intensity:** India's R&D expenditure as a percentage of GDP remains a low 0.65%, the lowest among BRICS nations except South Africa, trailing significantly behind global leaders like Japan and South Korea.
- **Funding vs. Outcome Gap:** Despite a ₹1 trillion RDI corpus and a six-fold increase in Atal Tinkering Lab funding (to ₹3,200 crore), the translation of research into commercially viable products remains the weakest link in the RDI chain.
- **Patent Scale and Quality:** While domestic patent filings nearly doubled to over 1,10,000 in 2024-25, India's global presence via Patent Cooperation Treaty (PCT) applications (4,547) is a small fraction of China's (70,000+) or the USA's (54,000+).
- **Human Capital and Gender Deficit:** India ranks poorly in the GII 2025 on knowledge-intensive employment (95th) and number of full-time researchers (80th), with a significant gender gap in advanced-degree employment (101st among 119 economies).
- **Missing Deep-Tech Frontier:** Most Indian unicorns rely on labor-intensive business models (e.g., instant delivery) rather than defensible R&D-led technological breakthroughs, reflecting the private sector's reluctance to invest in long-gestation projects.





- **Regulatory Liberalization:** Recent reforms, such as the SHANTI Act 2025 (permitting nuclear energy patents) and removing the three-year existence mandate for deep-tech startups, have lowered barriers to entry for private players.

Key Definitions

- **R&D Intensity:** The ratio of a country's total expenditure on research and development to its Gross Domestic Product (GDP), used as a proxy for innovation potential.
- **Deep Tech:** Startups or technologies based on substantial scientific or engineering challenges, requiring lengthy R&D and significant capital before commercialization (e.g., AI, Quantum Computing, Biotech).
- **Standard Essential Patents (SEP):** Patents that claim an invention that must be used to comply with a technical standard (like 5G or 6G), giving the patent holder significant global influence.
- **PCT (Patent Cooperation Treaty):** An international patent law treaty that provides a unified procedure for filing patent applications to protect inventions in each of its contracting states.

Constitutional & Legal Provisions

- **Article 51A(h):** A Fundamental Duty that mandates every citizen of India to "develop the scientific temper, humanism and the spirit of inquiry and reform."
- **SHANTI Act, 2025:** The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India Act, which allows patenting for peaceful uses of nuclear energy and radiation, ending a long-standing state monopoly.
- **Patent Act, 1970:** The primary legislation governing IPR in India; recent amendments have focused on reducing the timeline for patent examination to foster a more "innovation-friendly" environment.
- **Seventh Schedule (Union List):** Entry 63, 64, 65, and 66 empower the Union to regulate and fund institutions for scientific or technical education and research of national importance.

Conclusion

India has successfully built the "intent" and "infrastructure" for innovation through massive capital outlays and regulatory easing. However, the private sector's "wait-and-watch" approach remains a structural barrier. The true test of India's RDI story will lie in its ability to produce Standard Essential Patents (SEPs) in the upcoming 6G cycle and foster an ecosystem where industry takes the lead in high-risk, high-reward deep-tech ventures, moving beyond being a consumer of technology to a creator of it.

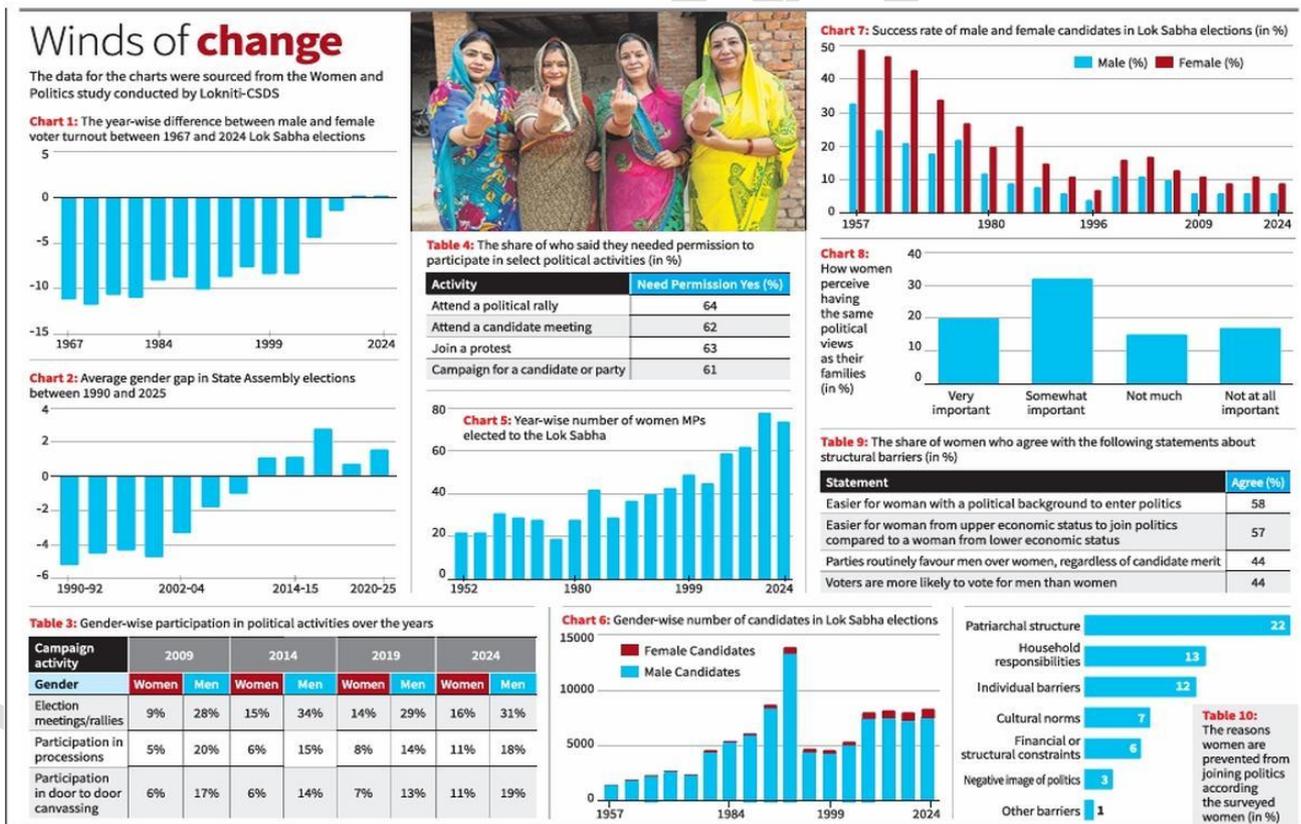
UPSC Relevance

- **GS Paper III:** Science and Technology- developments and their applications; Issues relating to Intellectual Property Rights (IPR); Investment models and R&D funding.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- **Essay/Prelims:** Global Innovation Index (GII) parameters, Patent filing trends in India, and schemes like WISE-KIRAN and WIDUSHI for promoting women in STEM.

10. The Paradox of Female Political Participation in India

Women’s engagement with electoral politics in India has transitioned from a period of wide gender disparity to one of near parity in voter turnout. However, this "silent revolution" at the polling booth faces a significant bottleneck when moving from participation to representation and decision-making power. While the gender gap in voting has effectively vanished—and even reversed in many State Assembly elections—structural, social, and institutional barriers continue to limit women’s roles as candidates and campaign participants.

- Convergence in Voter Turnout:** Since 1967, the gender turnout gap in Lok Sabha elections has shrunk from 11.2 percentage points to near parity in 2019 and 2024. In State elections, the trend reversed after 2011, with female turnout surpassing male turnout by an average of 1.6 percentage points between 2020 and 2025.
- The Representation Deficit:** Despite constituting nearly 50% of the electorate, women’s presence in the Lok Sabha remains low, peaking at 14.4% (78 MPs) in 2019 and declining to 13.6% (74 MPs) in 2024.
- Campaign and Public Engagement Gap:** Participation in active politics (rallies, door-to-door canvassing) remains gendered. Only 16% of women attend election meetings compared to nearly double the proportion of men, largely due to the "family permission" requirement reported by a majority of women.



- Electability vs. Nomination:** Data contradicts the "low electability" myth; women candidates consistently show higher success rates than men. In 2024, 9% of women candidates won compared to 6% of men, yet parties remain hesitant to nominate women who lack political lineages or high economic backing.
- Autonomy and Socialisation:** Political autonomy remains limited, with only 50% of women reporting they vote without outside advice. Furthermore, 52% of women consider it important to align their political views with their family, reflecting deep-rooted social conditioning.



- **Structural Barriers:** Patriarchal structures (cited by 22% of women), domestic responsibilities (13%), and lack of financial resources (6%) remain the primary deterrents preventing women from transitioning from "voters" to "leaders."

Key Definitions

- **Gender Turnout Gap:** The difference between the percentage of eligible male voters who cast their ballots and the percentage of eligible female voters who do the same.
- **Silent Revolution:** A term often used to describe the massive, non-violent increase in political participation among previously marginalized groups, specifically women in the Indian context.
- **Electability:** The perceived ability of a candidate to win an election, often used by political parties as a subjective criterion for ticket distribution.
- **Descriptive Representation:** The idea that elected representatives should represent not only their constituents' views but also their characteristic features (gender, race, caste).

Constitutional & Legal Provisions

- **Article 326:** Grants Universal Adult Suffrage, providing the constitutional basis for women's right to vote on equal footing with men.
- **Article 15:** Prohibits discrimination by the State against any citizen on grounds only of religion, race, caste, sex, or place of birth.
- **73rd & 74th Amendments (1992):** Mandated 1/3rd (33%) reservation for women in Panchayats and Urban Local Bodies, which served as the first major structural push for female political leadership.
- **Nari Shakti Vandan Adhiniyam (Constitution 106th Amendment Act, 2023):** Provides 33% reservation for women in the Lok Sabha and State Legislative Assemblies. Its implementation is linked to the first census and delimitation exercise conducted after the act's commencement.

Conclusion

The journey of the Indian woman politician has moved from "formal inclusion" to "active participation" as a voter, yet "structural equality" remains elusive. The consistent outperformance of women candidates in terms of success rates suggests that the bottleneck lies with party nominations rather than voter bias. While the 106th Amendment Act provides a definitive legal pathway for representation, the ultimate transformation depends on dismantling the "family permission" culture and patriarchal gatekeeping within political parties to ensure women exercise real authority rather than acting as proxies.

UPSC Relevance

- **GS Paper I:** Role of women and women's organizations; Social empowerment; Communalism, regionalism & secularism.
- **GS Paper II:** Parliament and State Legislatures—structure, functioning, conduct of business, powers & privileges; Salient features of the Representation of People's Act; Government policies and interventions for development in various sectors.
- **Essay/Ethics:** Discussion on "Political Justice" and the difference between substantive and procedural democracy.



11. Exchange Rate Volatility: Rupee Hits Record Low of 92.25

The Indian Rupee (INR) plunged to a fresh intra-day low of 92.36 before settling at a record closing low of 92.25 against the US Dollar (USD) on Thursday. This depreciation is primarily attributed to the "triple whammy" of surging global crude oil prices fueled by the West Asia conflict, persistent capital outflows by Foreign Portfolio Investors (FPIs), and a resurgent Dollar Index (DXY). As the greenback strengthens against major global currencies, the local unit remains under significant pressure, necessitating close monitoring by the Reserve Bank of India (RBI) to manage excessive volatility in the forex market.

- **Geopolitical Risk Premium:** The escalating war in West Asia has disrupted energy supply chains, leading to elevated crude oil prices which increase India's import bill and put downward pressure on the rupee.
- **Capital Flight Dynamics:** Massive withdrawal of foreign capital from domestic equity markets, driven by risk aversion among global investors, has weakened the demand for the Indian currency.
- **Stronger Greenback:** The US Dollar Index, measuring the USD against a basket of six major currencies, rose to 99.38, reflecting the dollar's status as a "safe-haven" asset during global uncertainty.
- **Trade Deficit Concerns:** With the rupee trading at the 92.25-92.36 level, the cost of imports (particularly electronics and energy) rises, potentially widening the Current Account Deficit (CAD) and fueling imported inflation.
- **Interbank Pressure:** The local unit's opening at 92.25 and its subsequent slip to 92.36 indicates sustained selling pressure at the interbank foreign exchange market despite potential central bank interventions.
- **Psychological Thresholds:** Repeated testing of the 92.35-92.40 range suggests a shift in the rupee's trading band, moving away from previous historical supports as the global macro-economic environment remains volatile.



Key Definitions

- **Depreciation:** A fall in the value of a currency in a floating exchange rate system due to market forces (supply and demand), making imports costlier and exports cheaper.
- **Dollar Index (DXY):** A measure of the value of the United States dollar relative to a basket of foreign currencies, often used as a benchmark for the dollar's global strength.
- **Forex Intervention:** The practice of a central bank (like the RBI) buying or selling foreign currency to influence the exchange rate of its own currency to maintain market stability.
- **Interbank Foreign Exchange:** The global network utilized by financial institutions to trade currencies between themselves; it determines the exchange rates that individuals and businesses receive.

Constitutional & Legal Provisions

- **Reserve Bank of India Act, 1934:** Grants the RBI the mandate to manage the exchange rate and maintain the stability of the rupee. Section 40 specifically outlines the RBI's obligation to sell or buy foreign exchange.



- **Foreign Exchange Management Act (FEMA), 1999:** The primary legal framework for regulating foreign exchange transactions in India, aiming to facilitate external trade and payments while promoting an orderly foreign exchange market.
- **Article 246 (Seventh Schedule):** Under the Union List (Entry 36), the Central Government (through the RBI) has exclusive jurisdiction over "Currency, coinage and legal tender; foreign exchange."
- **Managed Float Exchange Rate System:** India's legal and economic stance where the exchange rate is determined by market forces but the RBI intervenes to prevent "excessive volatility" or "lumpy" movements.

Conclusion

The rupee's descent to the 92.25 level is a direct manifestation of external shocks rather than domestic fundamentals. While a weaker rupee may provide a marginal boost to export competitiveness, the immediate challenges of imported inflation and a widening trade deficit pose significant risks to macroeconomic stability. The RBI faces a delicate balancing act: utilizing its forex reserves to defend the currency without stifling domestic liquidity or depleting the "war chest" needed for a prolonged geopolitical crisis.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, and development; Effects of liberalization on the economy.
- **Prelims:** Understanding the impact of currency depreciation on the Current Account Deficit (CAD), the composition of the Dollar Index, and the role of FPIs in exchange rate movements.
- **Key Concept:** "Imported Inflation" and how currency volatility affects India's fiscal deficit and monetary policy targets.

12. India's Strategic Shift in West Asia: The UNSC Resolution on Iran

In a significant departure from its traditional policy of "strategic ambivalence," India has co-sponsored and supported a Gulf Cooperation Council (GCC)-led resolution at the United Nations Security Council (UNSC). The resolution, which passed with 13 votes in favor and two abstentions (Russia and China), demands an "immediate cessation of all attacks" by Iran against GCC nations and Jordan. This move reflects India's recalibrated priorities in the region, where the safety of its 10 million-strong diaspora and the security of energy lanes in the Strait of Hormuz have taken precedence over its historical ties with Tehran.

- **Prioritizing Regional Stability:** India's co-sponsorship highlights a strategic alignment with the GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE), driven by the need to protect over 10 million Indian citizens working in these countries.
- **Energy and Maritime Security:** The resolution specifically condemns threats to international navigation in the Strait of Hormuz; India relies on this corridor for 50% of its crude oil and 90% of its LPG imports.
- **Departure from Strategic Neutrality:** By condemning Iranian actions while remaining relatively silent on U.S.-Israeli strikes—including the assassination of Iran's Supreme Leader—India faces internal and external criticism for adopting a "unbalanced" diplomatic posture.
- **Protecting Global Commons:** India's support for the resolution emphasizes its commitment to the "freedom of navigation" and the protection of commercial shipping, following recent attacks on vessels bound for Indian ports.



- **Humanitarian Rhetoric vs. Political Action:** While the Ministry of External Affairs (MEA) maintains that it prioritizes the "safety of all civilians," the absence of a specific condemnation regarding casualties in Iran and Lebanon has sparked a debate on the erosion of India's autonomous foreign policy.
- **Economic Realities:** India's discontinuation of Iranian oil imports since 2019 due to U.S. sanctions has diminished Tehran's economic leverage, making the stable, high-volume trade with GCC nations the primary driver of India's West Asia policy.

Key Definitions

- **Co-sponsorship:** In UN parlance, this indicates that a member state has not only voted for a resolution but has actively joined the proponents in drafting and promoting it, signaling high-level diplomatic commitment.
- **GCC (Gulf Cooperation Council):** A political and economic alliance of six Middle Eastern countries—Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain, and Oman—aimed at achieving unity and coordination.
- **Strait of Hormuz:** A strategic chokepoint between the Persian Gulf and the Gulf of Oman, through which a significant portion of the world's petroleum passes.
- **Strategic Autonomy:** A foreign policy doctrine where a nation makes decisions based on its own national interests without being constrained by the influence or pressure of other powerful states or alliances.



Constitutional & Legal Provisions

- **Article 51 (Directive Principles):** The Constitution of India mandates the State to "promote international peace and security" and "maintain just and honourable relations between nations." India's support for the UNSC resolution is officially framed under this mandate to prevent regional escalation.
- **Article 246 (Union List):** Foreign affairs and participation in international conferences/associations (Entries 10, 12, and 13) fall exclusively under the jurisdiction of the Union Government.
- **UN Charter (Chapter VI & VII):** The resolution falls under the UNSC's mandate to maintain international peace. While this specific resolution focuses on cessation of attacks, it sets the stage for potential "measures" under Chapter VII if non-compliance continues.
- **Customary International Law:** The principle of "freedom of the high seas" is a core tenet that India cited to justify its stance against Iranian threats to maritime blockades.

Conclusion

India's decision to co-sponsor the resolution against Iran signifies a pragmatic "Pivot to the Gulf." While this secures immediate interests regarding the diaspora and energy, it risks alienating a long-term strategic partner (Iran) and complicates India's role in the International North-South Transport Corridor (INSTC). The current stance suggests that in a polarized West Asia, India is increasingly willing to trade its traditional "neutral arbiter" status for tangible security guarantees provided by the GCC-Western security architecture.



UPSC Relevance

- **GS Paper II:** India and its neighborhood- relations; Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; 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 (Maritime security).
 - **International Relations:** The shift from "Non-Alignment" to "Multi-alignment" and the specific dynamics of India's "Link West" policy.
-