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# **VIDHVATH IAS KAS ACADEMY** & **STUDY CENTRE**

## **DAILY CURRENT AFFAIRS**

**FOR UPSC CIVIL SERVICE EXAMINATION**

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**9972258970 & 9740702455**

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



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**VIDHVATH IAS ACADEMY**



## 1. GEOPOLITICAL VOLATILITY AND INDIA'S FERTILIZER SECURITY

- **Geopolitical Supply Chain Disruptions:** Recent military strikes involving the US, Israel, and Iran have destabilized the global fertilizer trade, causing urea prices to surge by 81% within two months and impacting the availability of raw materials like Natural Gas.
- **India's Import Dependency:** India exhibits a high vulnerability to external shocks, importing 25% of its Urea, 90% of its Phosphate, and 100% of its Potash requirements, with the Gulf region alone meeting nearly 30-50% of these needs.
- **Fiscal Burden of Subsidies:** The fertilizer subsidy bill is highly sensitive to global price hikes but inelastic to price drops; during the 2021-23 crisis, a 165% rise in the World Bank fertilizer index nearly doubled India's fiscal subsidy expenditure.
- **Strategic Stockpiling and Diversification:** To mitigate the Kharif season risks, the government has secured 20 million tonnes of stock (50% of requirement) and is diversifying suppliers toward nations like Russia, Morocco, Canada, and Indonesia.
- **Impact on Domestic Industry:** While retail prices for farmers remain controlled, listed fertilizer companies face shrinking net margins (dropping to approximately 1%) due to the rising cost of imported inputs and stagnant domestic selling prices.
- **Market Projections and Food Security:** The World Bank forecasts a 6-12% price increase in 2026, making the timely resolution of West Asian tensions critical for India's agricultural output and inflation management.

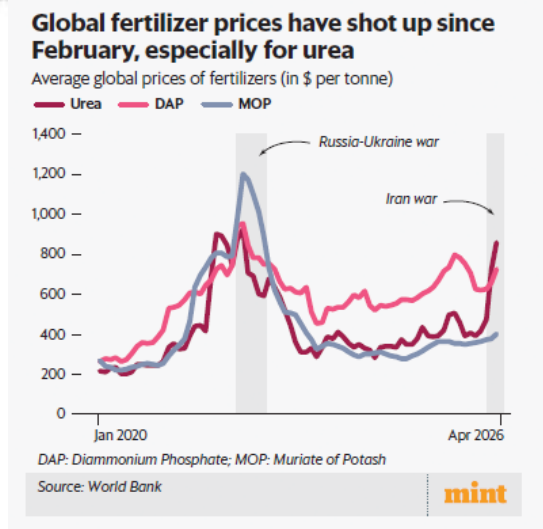


### KEY DEFINITIONS

- **Fertilizer Subsidy:** The difference between the cost of production/import and the subsidized price at which fertilizers are sold to farmers, borne by the Union Government.
- **Nutrient Based Subsidy (NBS):** A scheme where a fixed amount of subsidy is decided on an annual basis for each nutrient (N, P, K, S) contained in P&K fertilizers.
- **Kharif Season:** The monsoon sowing season (June-October) including crops like rice and maize, which demand heavy fertilizer application.

### CONSTITUTIONAL & LEGAL PROVISIONS

- **Entry 33, List III (Concurrent List):** The Constitution empowers both Center and States to control the production, supply, and distribution of "four items" including fertilizers.
- **Essential Commodities Act, 1955:** Fertilizers are declared as essential commodities. The government uses this Act to regulate movement, ensure availability, and prevent hoarding.
- **Fertilizer Control Order (FCO), 1985:** Administered under the ECA, it ensures that only fertilizers meeting prescribed quality standards are sold to farmers.





- **Article 39(b):** Directive Principle of State Policy (DPSP) guiding the state to ensure that the ownership and control of material resources are distributed to subserve the common good (basis for subsidies).

## CONCLUSION

India stands at a crossroads where agricultural sovereignty is tethered to global energy and geopolitical stability. While the current buffer stocks provide short-term relief for the Kharif season, the "sticky" nature of the subsidy bill threatens fiscal consolidation targets. A permanent solution necessitates accelerating the 'Atmanirbhar' initiatives in the fertilizer sector, such as the revival of closed urea units (Talcher, Ramagundam) and promoting Nano-Urea and alternative organic nutrients.

## UPSC RELEVANCE

- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests; Government policies and interventions.
- **GS Paper III:** Issues related to direct and indirect farm subsidies; Food security; Mobilization of resources; Supply chain management.
- **Prelims:** Fertilizers under Essential Commodities Act; Import origins of NPK; Nutrient-Based Subsidy (NBS) vs Urea pricing.

## 2. REFORMING AGRI-DERIVATIVES: SEBI'S PUSH FOR CASH SETTLEMENTS

- **Shift in Settlement Mechanism:** A SEBI-constituted working group has proposed a hybrid model for agricultural derivatives, allowing for cash settlements up to specific fixed thresholds before transitioning to mandatory physical delivery.
- **Addressing Market Shallowness:** The current mandatory physical delivery requirement—where traders must take or give actual possession of goods—acts as a barrier to entry, resulting in a shallow market compared to the booming metals and energy derivative sectors.
- **Balancing Speculation and Liquidity:** While physical delivery prevents excessive speculation and ensures price convergence with real-world spot markets, the introduction of cash settlements is intended to deepen the sector by attracting financial participants who lack the infrastructure for physical handling.
- **Policy Volatility Challenges:** Unlike non-agri commodities which benefit from policy certainty, agricultural derivatives in India have historically been hindered by frequent trading bans and regulatory interventions aimed at controlling food inflation.
- **Optimizing Regulatory Framework:** The reform focuses on recalibrating margins, position limits, and settlement mechanisms to increase market participation without compromising the integrity or the "price discovery" function of the farm sector.
- **Proposed Hybrid Threshold:** The "threshold-based" approach suggests that smaller volumes or initial contract stages could be settled in cash, while larger or final-stage positions would require physical delivery to maintain the link with the actual agricultural economy.





## KEY DEFINITIONS

- **Agri-Derivatives:** Financial contracts (Futures and Options) whose value is derived from underlying agricultural commodities like wheat, soy, or mustard.
- **Cash Settlement:** A settlement method where the difference between the contract price and the market price is paid in cash at expiration, without any actual exchange of the physical commodity.
- **Physical Delivery:** A contract requirement where the seller must deliver the actual underlying asset to the buyer at a designated warehouse upon contract expiry.
- **Price Discovery:** The process by which the market determines the price of an asset through the interactions of buyers and sellers, reflecting supply and demand dynamics.

## CONSTITUTIONAL & LEGAL PROVISIONS

- **SEBI Act, 1992:** Grants the Securities and Exchange Board of India the legal authority to regulate the commodities derivative markets, ensuring investor protection and market transparency.
- **Forward Contracts (Regulation) Amendment:** Following the merger of the Forward Markets Commission (FMC) with SEBI in 2015, commodities trading fell under the unified regulatory ambit of SEBI to streamline oversight.
- **Essential Commodities Act (ECA), 1955:** Though a separate legal tool, its invocation to control prices often leads to the suspension of agri-derivative trading, creating the "policy uncertainty" cited in the report.
- **Union List (Entry 48):** The Constitution places "Stock exchanges and futures markets" under the exclusive legislative domain of the Parliament (Central Government).

## CONCLUSION

The move toward cash settlements in agricultural derivatives represents a sophisticated regulatory evolution. By removing the logistical burden of physical delivery for a segment of the market, SEBI aims to transform agri-commodities from a niche segment into a robust asset class. However, the success of this reform hinges on maintaining a delicate equilibrium: providing enough liquidity to ensure efficient price discovery for farmers while preventing the kind of speculative volatility that could destabilize domestic food security.

## UPSC RELEVANCE

- **GS Paper III:** Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System; Buffer stocks and food security; Technology missions; Economics of animal-rearing.
- **GS Paper III:** Mobilization of resources; Growth, development, and employment; Investment models.
- **Economic Geography:** Distribution of key natural resources and their impact on trade and commerce.

## 3. REALIGNMENT IN TAMIL NADU: THE RISE OF TVK AND SOCIAL JUSTICE

- **Historic Political Shift:** The swearing-in of C. Joseph Vijay as the Chief Minister marks a departure from the decades-long bipolar dominance of the DMK and AIADMK, signaling a significant realignment in Tamil Nadu's political landscape through the Tamilaga Vettri Kazhagam (TVK).



- **Coalition Governance:** Emerging as the single largest party, the TVK formed a government by securing the support of a broad ideological spectrum, including the Congress, VCK, CPI, CPI(M), and IUML, totaling 120 legislators in the 234-member assembly.
- **Ideological Synthesis:** Despite disrupting traditional Dravidian parties, the new administration continues to draw inspiration from Dravidian principles and Tamil nationalism, positioning its agenda as "real, secular, social justice."
- **Immediate Policy Priorities:** The administration signaled its governance roadmap by signing inaugural orders for 200 units of free electricity, the creation of a specialized task force for women's safety, and a dedicated task force to combat the drug menace.
- **National Implications:** The shift has altered alliance dynamics for the 2029 Lok Sabha polls, most notably with the Congress joining a Tamil Nadu government for the first time in six decades after severing its long-standing ties with the DMK.
- **Regional Political Reshuffle:** The developments in Tamil Nadu coincide with broader national changes, including the BJP's first-time government formation in West Bengal and the NDA's continued dominance in Assam, reflecting a volatile period of state-level leadership transitions.



## KEY DEFINITIONS

- **Social Justice:** A political and philosophical concept aimed at the fair and equitable distribution of resources, opportunities, and privileges within a society, historically central to Tamil Nadu's "Justice Party" legacy.
- **Single Largest Party:** A situation in a multi-party system where one party wins more seats than any other individual party but falls short of an absolute majority (118+ in Tamil Nadu).
- **Secularism (Indian Context):** Unlike the Western concept of separation of church and state, Indian secularism implies *Sarva Dharma Sambhava* or equal respect for all religions by the state.

## CONSTITUTIONAL & LEGAL PROVISIONS

- **Article 164:** The Governor appoints the Chief Minister, and other Ministers are appointed by the Governor on the advice of the CM. The Council of Ministers is collectively responsible to the Legislative Assembly.
- **Article 188:** Every member of the Legislative Assembly or Council must, before taking their seat, make and subscribe before the Governor an oath or affirmation.
- **Article 163:** There shall be a Council of Ministers with the Chief Minister at the head to aid and advise the Governor in the exercise of his functions, except where he is required to act in his discretion.
- **The Tenth Schedule:** The "Anti-Defection Law" governs the stability of such coalition governments, preventing individual legislators from switching parties after election without specific criteria being met.

## CONCLUSION

The ascent of a new political force in Tamil Nadu represents the evolving nature of the "Dravidian Model," where the electorate seeks a synthesis of charismatic leadership and institutional social justice. While the



TVK-led coalition has successfully crossed the majority mark, the primary challenge will be maintaining cohesion among diverse ideological partners while addressing the immediate socio-economic promises of energy subsidies and public safety. This transition signifies that while the players have changed, the core tenets of Tamil political identity—secularism and social equity—remain the primary currency of power.

#### UPSC RELEVANCE

- **GS Paper II:** Appointment of the Chief Minister and Council of Ministers; Powers and functions of the Governor; Role of regional parties in national politics; Federalism and coalition governments.
- **GS Paper IV:** Probity in Governance and the ethical underpinnings of social justice as a state policy.
- **Current Affairs:** Re-emergence of multi-party coalitions at the state level and their impact on the federal structure and upcoming General Elections.

#### 4. NAVIGATING THE JNPA IPO: A STRATEGIC SHIFT IN PORT GOVERNANCE

- **Pivotal Divestment Move:** The Union Government has initiated the preliminary process for an Initial Public Offering (IPO) of the Jawaharlal Nehru Port Authority (JNPA), the nation's largest container gateway, marking a significant step in the privatization and monetization of port assets.
- **Capacity and Strategic Significance:** JNPA handles a major share of India's container traffic; a public listing is intended to unlock its valuation and provide the capital necessary for infrastructure expansion, such as the Vadhvan mega-port project.
- **Compliance and Institutional Readiness:** The current phase involves "hand-holding" the authority to meet the rigorous financial reporting and regulatory compliance standards required by SEBI for publicly listed entities.
- **Modernization through Corporatization:** The transition from a traditional "Trust" model to an "Authority" under recent legislation allows for greater financial autonomy, enabling ports to raise funds directly from capital markets rather than relying solely on budgetary support.
- **Precedential Listing:** This move follows the in-principle approval of Kamarajar Port's listing, indicating a broader policy shift toward listing state-owned ports to improve operational efficiency and transparency.
- **Multi-layered Approval Process:** The IPO trajectory requires a series of clearances from the Ministry of Ports, Shipping, and Waterways, followed by the Port Authority's board, and ultimately the Department of Investment and Public Asset Management (DIPAM).



#### KEY DEFINITIONS

- **Initial Public Offering (IPO):** The process by which a private or state-owned corporation offers shares to the public for the first time to raise capital.
- **Containerization:** A system of intermodal freight transport using standardized containers, of which JNPA is the primary hub in India.
- **Major Port:** Ports under the administrative control of the Central Government (Ministry of Ports, Shipping, and Waterways), currently numbering 12 in India.



- **Investment Bank:** A financial institution that acts as an underwriter or agent for corporations and governments issuing securities.

## CONSTITUTIONAL & LEGAL PROVISIONS

- **Major Port Authorities Act, 2021:** This legislation replaced the Major Port Trusts Act, 1963. It provides for the regulation, operation, and planning of Major Ports in India and grants them the autonomy to borrow and raise capital from markets.
- **Seventh Schedule (List I, Entry 27):** Under the Constitution of India, "Ports declared by or under law made by Parliament or existing law to be major ports, including their delimitation, and the constitution and powers of port authorities therein" fall under the Union List.
- **SEBI (Issue of Capital and Disclosure Requirements) Regulations:** The legal framework governing the eligibility and procedure for an entity to launch an IPO in India.
- **Article 298:** Grants the Union government the power to carry on any trade or business and the acquisition, holding, and disposal of property.

## CONCLUSION

The proposed IPO of JNPA signifies a transformative era for India's maritime infrastructure. By moving toward a publicly listed model, the government aims to instill professional management and fiscal discipline in port operations. While the process is in its infancy, the successful listing of JNPA could serve as a blueprint for other major ports, effectively reducing the fiscal burden on the exchequer while making Indian ports globally competitive in terms of efficiency and scale.

## UPSC RELEVANCE

- **GS Paper III:** Infrastructure: Ports, Roads, Airports, Railways; Investment models; Mobilization of resources.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- **Prelims:** Location of Major Ports; Major Port Authorities Act, 2021; Difference between Port Trusts and Port Authorities.

## 5. INDIA AND TRINIDAD & TOBAGO: STRENGTHENING THE CARIBBEAN CONNECT

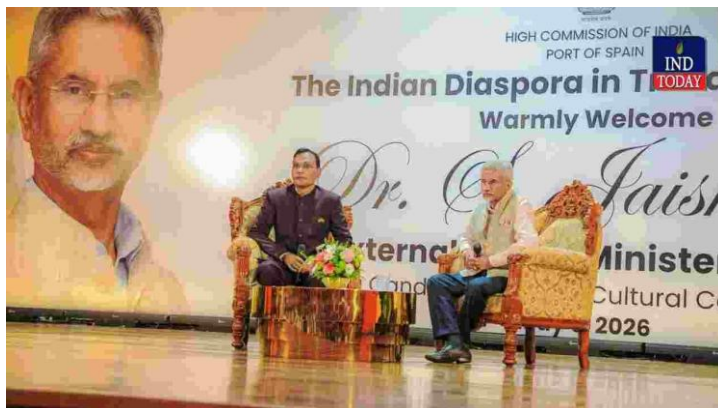
- **Deepened Diaspora Outreach:** External Affairs Minister S. Jaishankar's visit to Port of Spain emphasized India's "special bonds" with the 1.3 million-strong Caribbean diaspora, particularly the Girmitya community, which forms a vital bridge in bilateral relations.
- **Historical Girmitya Legacy:** Between 1845 and 1917, approximately 143,000 indentured laborers from India, primarily from Bihar and Uttar Pradesh, migrated to Trinidad, establishing a resilient cultural footprint that persists in the nation's socio-political fabric.
- **Strategic Development Cooperation:** The visit, as part of a three-nation tour including Jamaica and Suriname, focused on expanding India's development assistance in sectors like healthcare, IT, and renewable energy under the South-South Cooperation framework.
- **Strengthening CARICOM Ties:** India is actively revitalizing its engagement with the Caribbean Community (CARICOM), seeking to consolidate support for India's permanent membership in the UN Security Council and addressing shared concerns like climate change.



- **Cultural Diplomacy as Soft Power:** The Minister's interaction with the Indian community highlighted "Cultural Continuity," where traditional Indian practices have merged with Caribbean life, creating a unique Indo-Trinidadian identity that serves India's soft power interests.
- **Regional Strategic Shift:** India's high-level engagement in the Caribbean signifies a shift toward diversifying diplomatic partnerships beyond traditional power centers, focusing on "Small Island Developing States" (SIDS) as crucial allies in multilateral forums.

## KEY DEFINITIONS

- **Girmitiya:** Derived from the word "Agreement," it refers to the descendants of Indian indentured laborers who were sent to British colonies like Fiji, Mauritius, South Africa, and the Caribbean.
- **Indentured Labour:** A system of bonded labor where workers were contracted to work for a fixed period (usually five years) in exchange for passage, food, and housing, often under harsh conditions.
- **CARICOM:** The Caribbean Community is an organization of 15 states and dependencies in the Caribbean focused on economic integration and foreign policy coordination.



## CONSTITUTIONAL & LEGAL PROVISIONS

- **Article 51:** Directive Principle of State Policy (DPSP) that mandates the State to promote international peace and security and maintain just and honorable relations between nations.
- **Article 11:** Grants Parliament the power to regulate the right of citizenship, which underpins the Overseas Citizenship of India (OCI) scheme—a critical tool for engaging the Indian diaspora in Trinidad and Tobago.
- **Emigration Act, 1983:** The primary legal framework governing the migration of Indian workers, evolved significantly from the colonial-era laws that facilitated the initial indentured system.
- **Seventh Schedule (List I, Entry 10):** "Foreign affairs; all matters which bring the Union into relation with any foreign country" is exclusively under the jurisdiction of the Central Government.

## CONCLUSION

India's renewed focus on Trinidad and Tobago represents a sophisticated blend of historical sentiment and modern strategic pragmatism. By acknowledging the struggles and successes of the Girmitiya community, India is not just honoring its past but also securing its future in the Global South. As these Caribbean nations gain more influence in international climate and trade negotiations, India's "Development Partnership Administration" (DPA) will be the key vehicle for turning cultural affinity into concrete diplomatic and economic gains.

## UPSC RELEVANCE

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Indian Diaspora.
- **GS Paper I:** Modern Indian History—significant events and personalities (The Indentured Labour System and colonial migration).



- **Prelims:** Locations of Suriname, Jamaica, and Trinidad and Tobago; CARICOM membership; History of the Abolition of Indentured Labour (1917).

## 6. HOMEGROWN AI FOR DEFENCE: TOWARDS STRATEGIC AUTONOMY

- **Strategic Decoupling:** In light of the conflicts in West Asia (Iran) and Ukraine, the Indian defence establishment is prioritizing the decoupling of military technology from foreign-made systems to prevent dependencies during geopolitical crises.
- **Domestic Partnerships:** The Ministry of Defence (MoD) is in active consultations with domestic AI firms like SarvamAI and BharatGen to integrate indigenous foundational AI models into India's existing military infrastructure.
- **Operational Imperative:** Lessons from recent global conflicts highlight that AI is no longer a secondary tool but a primary driver for real-time operational decisions, predictive logistics, and battlefield management.
- **The "Indian Palantir" Goal:** The government aims to develop an Indian version of 'Palantir' (a renowned US big-data analytics firm) to provide high-level data integration and actionable intelligence for the armed forces.
- **Bridging the Tech Gap:** Officials acknowledge that while India may currently be "behind the curve" in foundational AI models compared to global leaders, creating a sovereign AI stack is now a "growing strategic imperative."
- **Integration with Defence Capabilities:** The focus is on ensuring that these domestic AI systems are natively compatible with India's existing hardware and communication networks to ensure seamless data flow and security.



### KEY DEFINITIONS

- **Foundational AI Models:** Large-scale artificial intelligence models (like LLMs) trained on vast amounts of data that can be adapted to a wide range of downstream tasks, including military intelligence.
- **Strategic Decoupling:** A policy of reducing economic or technological interdependence with foreign nations to ensure national security and self-reliance.
- **Sovereign AI Stack:** A complete set of software and hardware technologies (from chips to algorithms) developed and owned within a country to ensure data privacy and operational independence.

### CONSTITUTIONAL & LEGAL PROVISIONS

- **Seventh Schedule (List I, Entry 1):** "Defence of India and every part thereof" is the primary responsibility of the Union Government, providing the legal basis for all defence-tech procurement and development.
- **Defence Acquisition Procedure (DAP) 2020:** The primary manual for procurement that emphasizes 'Make in India' and 'Innovation for Defence Excellence' (iDEX) to support startups and domestic AI development.



- **Article 51A (d):** Fundamental Duty of every citizen to defend the country and render national service when called upon, which extends to indigenous technological contributions.
- **IT Act, 2000 & Proposed Digital India Act:** Legal frameworks governing data security and the use of algorithms, critical for deploying AI in sensitive strategic sectors.

## CONCLUSION

The push for homegrown AI in defence represents a critical transition from being a technology importer to a technology creator. By leveraging domestic innovators like SarvamAI and BharatGen, India is not just seeking to modernize its military but to build a "digital shield" that remains immune to foreign sanctions or supply chain disruptions. The success of this initiative will depend on sustained funding and the ability to convert high-level AI research into ruggedized, battlefield-ready applications.

## UPSC RELEVANCE

- **GS Paper III:** Internal Security; Role of external state and non-state actors in creating challenges to internal security; Challenges to internal security through communication networks; Science and Technology- developments and their applications and effects in everyday life; Indigenization of technology.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- **Prelims:** iDEX initiative; Innovations for Defence Excellence; Basics of Artificial Intelligence and Machine Learning in a strategic context.

## 7. BREAKTHROUGH IN HYPERSONIC TECHNOLOGY: DRDO'S SCRAMJET TEST

- **Successful Long-Duration Test:** The Defence Research and Development Organisation (DRDO) achieved a significant milestone by conducting a 1,200-second test of a full-scale actively cooled scramjet combustor, a substantial jump from the 700-second test in January.
- **Supersonic Combustion Capabilities:** The test, conducted at the Scramjet Connect Pipe Test (SCPT) facility in Hyderabad, validated an innovative flame stabilization technique capable of holding a continuous flame in air speeds exceeding 1.5 km per second.
- **Indigenous Fuel Development:** A critical component of this breakthrough is the indigenously developed liquid hydrocarbon endothermic scramjet fuel, which provides dual benefits of structural cooling and high-efficiency ignition.
- **Thermal Management Excellence:** To counter the extreme temperatures of hypersonic flight (exceeding Mach 5), DRDO and the Department of Science and Technology (DST) developed advanced ceramic Thermal Barrier Coatings (TBC) capable of operating beyond the melting point of steel.
- **Global Strategic Positioning:** With this successful validation of air-breathing engine technology, India joins an elite group of nations (including the US, Russia, and China) capable of developing weapons that can outpace and outmaneuver traditional missile defence systems.
- **Future Application:** The technology serves as the foundational core for India's Hypersonic Cruise Missile (HCM) and the Hypersonic Technology Demonstrator Vehicle (HSTDV), ensuring long-range, rapid-strike capabilities for the Indian Armed Forces.



## KEY DEFINITIONS

- **Hypersonic:** Speeds exceeding five times the speed of sound (Mach 5 or approximately 6,100 km per hour).
- **Scramjet (Supersonic Combustion Ramjet):** A variant of a ramjet air-breathing jet engine in which combustion takes place in supersonic airflow.
- **Actively Cooled Combustor:** A system where fuel or another coolant is circulated around the engine components to absorb heat before being injected into the combustion chamber.
- **Endothermic Fuel:** A specialized fuel that absorbs heat through chemical reactions, acting as a coolant for the engine before it is burned for thrust.



## CONSTITUTIONAL & LEGAL PROVISIONS

- **Union List (Entry 1 & 7):** Under the Seventh Schedule, "Defence of India" and "Industries declared by Parliament by law to be necessary for the purpose of defence or for the prosecution of war" are exclusive Union subjects.
- **The DRDO Charter:** Operating under the Department of Defence Research and Development (Ministry of Defence), it is legally mandated to enhance self-reliance in strategic technologies and critical military hardware.
- **Scientific Temper (Article 51A):** The Constitution lists the development of scientific temper, humanism, and the spirit of inquiry as a Fundamental Duty, which serves as the broad philosophical basis for state-funded research like that of DRDO.
- **National Security Act (NSA):** While primarily for preventive detention, the preservation of "Defence of India" mentioned within such legal frameworks underscores the gravity of protecting hypersonic intellectual property and technology.

## CONCLUSION

The successful 1,200-second test of the scramjet combustor marks India's transition from theoretical hypersonic research to practical, long-duration flight capability. By mastering the complexities of supersonic combustion and thermal protection, DRDO has addressed the two biggest hurdles in hypersonic flight. This indigenous success reduces reliance on foreign critical technologies and significantly strengthens India's credible deterrence in an increasingly volatile global security environment.

## UPSC RELEVANCE

- **GS Paper III:** Science and Technology- developments and their applications and effects in everyday life; Achievement of Indians in science & technology; Indigenization of technology and developing new technology.
- **GS Paper III:** Internal Security; Role of technology in warfare and border management.
- **Prelims:** Difference between Ramjet and Scramjet; Speed of Mach; Locations of DRDO labs like DRDL; India's HSTDV program.



## 8. INSTITUTIONAL BALANCE AND DEMOCRATIC STRENGTH: KEY PERSPECTIVES

- **Core of Democratic Strength:** The strength of a democracy is rooted in institutional balance and mutual respect for constitutional propriety between different wings of the state, rather than in confrontation.
- **Separation of Functions:** The executive is empowered to take decisions for the nation's governance, while the judiciary maintains the equilibrium through the constitutional review of those decisions, ensuring they align with the rule of law.
- **Spirit of the Constitution:** The makers of the Indian Constitution envisioned a system where institutions are not designed to oppose one another but to maintain a harmonious balance through dialogue and propriety.
- **Role of Constitutional Conventions:** Over 76 years, India's democracy has stayed intact through the preservation of constitutional conventions and values that have evolved into a well-balanced relationship between the executive and the judiciary.
- **Judicial Vigilance and Public Faith:** The judiciary plays a significant role in sustaining the roots of democracy; the public's faith remains strong because the courts act as a protector of rights when individuals feel suppressed or violated.
- **Parliamentary Reinforcement:** Every legislative change brought about through Parliament and state legislatures since 1947 has further reinforced India's multi-party democratic parliamentary system and the character of the nation.

### KEY DEFINITIONS

- **Constitutional Propriety:** Adherence to the standards of behavior and protocols that are expected within the framework of the Constitution, ensuring that no branch of government oversteps its bounds.
- **Judicial Review:** The power of the judiciary to examine the actions of the legislative, executive, and administrative arms of the government and to determine whether such actions are consistent with the Constitution.
- **Institutional Balance:** A political doctrine where the powers of government are distributed among different institutions so that they act as checks and balances on each other.

### CONSTITUTIONAL & LEGAL PROVISIONS

- **Article 50:** A Directive Principle of State Policy (DPSP) that directs the State to take steps to separate the judiciary from the executive in the public services of the State.
- **Article 13:** Provides the basis for Judicial Review, stating that the State shall not make any law that takes away or abridges the rights conferred by Part III (Fundamental Rights).
- **Basic Structure Doctrine:** Established by the Supreme Court in the *Kesavananda Bharati* case (1973), it maintains that certain features of the Constitution, including the separation of powers and the rule of law, cannot be altered by Parliament.
- **Articles 124 to 147:** Deal with the establishment, powers, and jurisdiction of the Supreme Court, ensuring its independence as the final arbiter of the Constitution.



## CONCLUSION

The discourse on institutional balance underscores that the survival of a diverse democracy like India depends on the "spirit of dialogue" between the organs of the state. While the executive's role is to drive development and policy, the judiciary's role as a watchdog ensures that this progress does not come at the cost of individual liberty or constitutional mandates. Ultimately, democracy is not merely a set of rules but a reflection of social balance where the common citizen's hope for justice remains the final benchmark of success.

## UPSC RELEVANCE

- **GS Paper II:** Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions and basic structure; Separation of powers between various organs; Dispute redressal mechanisms and institutions.
- **GS Paper IV:** Ethics in Governance; Constitutional morality; Public service values.
- **Essay:** Topics related to Democracy, Judicial Activism vs. Judicial Restraint, and the role of Institutions in Nation Building.

## 9. GUBERNATORIAL DISCRETION AND THE TAMIL NADU ELECTORAL VERDICT (2026)

- **Mandate for Change:** The 2026 Tamil Nadu Assembly elections saw a decisive shift as the Tamilaga Vettri Kazhagam (TVK) emerged as the single largest party with 108 seats, ending 59 years of alternating rule by the DMK (59 seats) and AIADMK (47 seats).
- **Controversy over Invitation:** Despite TVK being the single largest party, Governor Rajendra Vishwanath Arlekar deviated from established norms by refusing an immediate invitation, instead demanding physical proof of 118 signatures (absolute majority) prior to the swearing-in.
- **Violation of Commission Norms:** The Governor's actions contradicted the recommendations of the Sarkaria (1988), Venkatachaliah (2002), and Punchhi (2010) Commissions, which prioritize the single largest pre-poll alliance or the single largest party staking a claim to form a stable government.
- **Precedent of Minority Governments:** Indian parliamentary history is replete with minority governments (e.g., Atal Bihari Vajpayee in 1996, Narasimha Rao in 1991) where the majority was tested solely on the floor of the House rather than through pre-oath "muster rolls" at the Governor's residence.
- **The Floor Test Doctrine:** The constitutional benchmark, as reinforced in the *S.R. Bommai* case, mandates that the floor of the House is the only legitimate space to prove or disprove a majority; requiring letters of support in advance is seen as an "invention" lacking constitutional backing.
- **Risk of Horse-Trading:** By directing a vote of confidence within a hyper-compressed 72-hour window (by May 13), the Governor's order potentially facilitates "resort politics" and engineered defections, undermining the spirit of the Anti-Defection Law.

## KEY DEFINITIONS

- **Single Largest Party (SLP):** The political party that wins more seats than any other individual party in an election but fails to reach the absolute majority mark ( $1/2 + 1$ ).
- **Floor Test:** A constitutional mechanism used to determine if the executive (CM/PM) still enjoys the confidence of the legislature, conducted through a vote among the members.



- **Gubernatorial Discretion:** The discretionary powers vested in a Governor under the Constitution, particularly regarding the appointment of a Chief Minister when no party has a clear majority.
- **Resort Politics:** A colloquial term for the practice of sequestering MLAs in secure locations to prevent them from being "poached" or influenced by opposing political parties before a crucial vote.

## CONSTITUTIONAL & LEGAL PROVISIONS

- **Article 163:** Provides for a Council of Ministers with the CM at the head to aid and advise the Governor, while also acknowledging the Governor's discretionary powers.
- **Article 164(1):** States that the Chief Minister shall be appointed by the Governor. This power is discretionary in a "hung" assembly but guided by conventions.
- **Article 164(2):** Mandates that the Council of Ministers shall be collectively responsible to the Legislative Assembly of the State.
- **Tenth Schedule (Anti-Defection Law):** Inserted by the 52nd Amendment Act (1985), it provides for the disqualification of elected members on grounds of defection, which short-deadline floor tests often attempt to circumvent.

## CONCLUSION

The post-election impasse in Tamil Nadu underscores a recurring tension in Indian federalism: the role of the Governor as a constitutional bridge versus a perceived agent of the Centre. By demanding a "signed muster roll" before swearing in the leader of the single largest party, the Governor's office risked overstepping its narrow functional role of identifier into that of an arithmetic tutor. To preserve the foundation of parliamentary democracy, it is imperative that the sequence of preference established by various commissions be codified or strictly enforced by the judiciary to prevent partisan interpretations of "discretion."

## UPSC RELEVANCE

- **GS Paper II:** Appointment of the Governor, powers, and functions; Role of the Governor in a hung assembly; Constitutional conventions vs. discretionary powers; Federalism and Centre-State relations.
- **GS Paper II:** Landmark Judgments (*S.R. Bommai*, *Rameshwar Prasad*, *Nabam Rebia*) and their impact on constitutional morality.
- **Prelims:** Recommendations of the Sarkaria and Punchhi Commissions; Provisions of Articles 163 and 164; The mechanism of a Confidence Motion vs. a No-Confidence Motion.

## 10. INDIA-SOUTH KOREA DEFENCE TIES: THE KIND-X INNOVATION BRIDGE

- **Evolution of Strategic Partnership:** Diplomatic relations established in 1973 have transitioned from basic MoUs in 2005 and 2010 to a "Special Strategic Partnership" in 2015, culminating in the 2026 launch of the Korea-India Defence Accelerator (KIND-X).
- **The KIND-X Ecosystem:** Announced during the Modi-Lee Jae Myung Summit, KIND-X serves as a "defence innovation bridge" connecting startups, investors, and universities, mirroring India's successful models with the US (INDUS-X) and France (FRIND-X).
- **Institutional Synergy:** The platform is led by India's Defence Innovation Organisation (DIO) and South Korea's Defense Acquisition Program Administration (DAPA), aligning India's "iDEX" with Korea's specialized innovation enterprise systems.



- **Expansion of Co-Production:** Building on the success of the K9 Vajra-T self-propelled howitzers (L&T and Hanwha), KIND-X aims to expand technology transfer and co-development in land, naval, aero, and guided weapon systems.
- **Focus on Deep-Tech & Dual-Use:** The initiative targets emerging frontiers including AI for military applications, autonomous robotics, Space Situational Awareness (SSA), and the secured supply of critical minerals and defence semiconductors.
- **Geographic Integration:** KIND-X aims to link South Korean innovation clusters (Changwon, Daejeon) with India's Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu, as well as aerospace hubs in Bengaluru and Hyderabad.



## KEY DEFINITIONS

- **KIND-X (Korea-India Defence Accelerator):** A strategic platform designed to catalyze bilateral defence R&D, co-production, and startup collaboration between India and South Korea.
- **iDEX (Innovations for Defence Excellence):** An Indian government flagship scheme aimed at creating an ecosystem to foster innovation and technology development in Defence and Aerospace.
- **Track 1.5 Dialogue:** A diplomatic engagement involving both official government representatives (Track 1) and non-governmental experts/think tanks (Track 2) to discuss strategic issues.
- **Dual-Use Technology:** Software, hardware, or materials that can be used for both civilian and military applications (e.g., GPS, semiconductors, or AI).

## CONSTITUTIONAL & LEGAL PROVISIONS

- **Article 51:** A Directive Principle of State Policy (DPSP) that mandates India to promote international peace and security and maintain just and honorable relations between nations.
- **Seventh Schedule (List I, Entry 1 & 10):** "Defence of India" and "Foreign Affairs" are exclusive subjects of the Union List, empowering the Central Government to enter into international defence accelerators and MoUs.
- **Defence Acquisition Procedure (DAP) 2020:** The legal and procedural manual that governs "Make in India" initiatives and technology transfers involved in collaborations like the K9 Vajra-T.
- **FDI Policy in Defence:** Legal frameworks allowing up to 74% Foreign Direct Investment via the automatic route in the defence sector, which facilitates partnerships with Korean firms like Hanwha and LIG.

## CONCLUSION

KIND-X marks a transformative shift in Indo-Pacific security dynamics, moving India-South Korea ties beyond buyer-seller transactions toward a collaborative "Deep-Tech" partnership. By aligning India's "Defence Forces Vision 2047" with South Korea's "Defence Innovation 4.0," the two nations are creating a resilient industrial base. The long-term success of this bridge will depend on navigating export control regimes and establishing clear funding mechanisms to turn joint challenges into tangible battlefield assets.



## 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:** Science and Technology—developments and their applications and effects in everyday life; Indigenization of technology and developing new technology; Security challenges and their management in border areas.
- **Prelims:** Location of Changwon and Daejeon; Features of K9 Vajra-T; Agencies involved (DRDO, DIO, DAPA); Existing innovation bridges (INDUS-X, FRIND-X).

## 11. PERSISTENCE OF COUNTERFEIT CURRENCY POST-DEMONETISATION

- **Persistence of Counterfeiting:** Despite the 2016 demonetisation aimed at eradicating Fake Indian Currency Notes (FICN), NCRB's 2024 'Crime in India' report reveals that the problem remains a significant reality, with 54.61 crore worth of fake notes seized in 2024 alone.
- **Denomination Trends:** Counterfeiting has shifted toward the new series of notes; the seizure of fake 500 notes in 2024 was nearly four times higher than in 2016, while fake 2,000 notes increased twofold compared to 2017 levels.
- **Regional Concentration:** Geographically, Gujarat has emerged as a major hub, accounting for over 50% (355.72 crore) of the total value of counterfeit seizures in India between 2017 and 2024, followed by Maharashtra and Karnataka.
- **Banking System Infiltration:** Beyond law enforcement seizures, over 11 lakh fake notes valued at 40.26 crore were detected within the banking system between 2020 and 2025, indicating that counterfeits are successfully entering formal circulation.
- **Failure of Cash Reduction Goal:** Contrary to the objective of digitizing the economy, Currency in Circulation (CiC) has surged by 137% from 17.74 lakh crore in 2016 to 42.12 lakh crore in 2024, highlighting a continued heavy reliance on cash.
- **Institutional Security Challenges:** The high volume of seizures in 2022 (382.6 crore) and 2024 suggests that despite improved security features in the 'Mahatma Gandhi New Series' notes, counterfeiters have successfully replicated high-denominations.

## KEY DEFINITIONS

- **Counterfeit Currency (FICN):** Any currency produced without the legal sanction of the state or government, usually in an attempt to imitate the currency and deceive the recipient.
- **Demonetisation:** The act of stripping a currency unit of its status as legal tender. In India, this occurred on Nov 8, 2016, for 500 and 1,000 notes.
- **Legal Tender:** A form of money that courts of law are required to recognize as satisfactory payment for any monetary debt.
- **NCRB (National Crime Records Bureau):** An Indian government agency responsible for collecting and analyzing crime data as defined by the IPC and Special and Local Laws.





## CONSTITUTIONAL & LEGAL PROVISIONS

- **Union List (Entry 36):** Under the Seventh Schedule, "Currency, coinage and legal tender; foreign exchange" is an exclusive subject of the Union Government.
- **Section 489A to 489E of the IPC:** These sections deal specifically with the counterfeiting of currency notes and bank notes, prescribing life imprisonment or rigorous imprisonment for up to 10 years and fines.
- **Unlawful Activities (Prevention) Act (UAPA):** Amendments to the UAPA have classified the production, smuggling, or circulation of high-quality counterfeit Indian currency as a "terrorist act," recognizing its role in terror funding.
- **RBI Act, 1934:** Section 22 gives the Reserve Bank of India the sole right to issue banknotes in India. Section 26 empowers the Central Government to declare any series of banknotes as ceasing to be legal tender.

## CONCLUSION

The data suggests that while demonetisation provided a temporary shock to illicit networks, the systemic challenge of FICN remains unresolved. The persistence of high-value counterfeits in Gujarat and the surge in overall currency circulation indicate that technical security features alone cannot deter counterfeiting. A multi-pronged approach involving heightened border vigilance (as FICN often enters via porous borders), advanced forensic capabilities in banks, and a more aggressive push toward a "less-cash" economy is essential to safeguard India's monetary stability.

## UPSC RELEVANCE

- **GS Paper III:** Internal Security; Role of external state and non-state actors in creating challenges to internal security; Money-laundering and its prevention.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, and development.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- **Prelims:** Powers of RBI vs Central Govt under RBI Act; Role of NCRB; Security features of new banknotes.

## 12. MARITIME SECURITY AND THE INDIAN OCEAN RIM ASSOCIATION (IORA)

- **Strategic Primacy of IOR:** As India chairs the 23-nation IORA, maritime safety and security have emerged as "primordial" concerns due to the spillover effects of West Asian conflicts, including blockades in the Strait of Hormuz and military escalations.
- **Socio-Economic Impact of War:** Disruptions in the Indian Ocean have led to a sharp rise in fuel prices, fertilizer shortages affecting agricultural productivity, and severe hits to the tourism and fisheries sectors, which are vital for the livelihoods of littoral populations.
- **Erosion of the "Zone of Peace":** Regional leaders have expressed grave concern over the breach of the "status quo" in the Indian Ocean, citing incidents like the sinking of naval vessels and missile attacks near Diego Garcia as evidence that the ocean is no longer a neutral zone.



- **India's Leadership Role:** India is utilizing its chairmanship to "recharge" the IORA through "Track 1.5" dialogues and upcoming high-level summits, aligning the grouping with its "MAHASAGAR" maritime policy and broader Indo-Pacific strategy.
- **Institutional Constraints and Strengths:** While the IORA charter excludes bilateral controversies from formal deliberations, the grouping remains a critical platform for consensus on eight priority areas, including the Blue Economy and Disaster Risk Management.
- **Pakistan's Exclusionary Status:** Unlike other regional bodies, Pakistan remains excluded from IORA because its refusal to grant India "Most Favoured Nation" (MFN) status is viewed as a violation of the "sovereign equality" principle mandated by the IORA charter.

## KEY DEFINITIONS

- **IORA (Indian Ocean Rim Association):** An intergovernmental organization established in 1997 to strengthen regional cooperation and sustainable development within the Indian Ocean region.
- **Primordial Importance:** A term used to describe something that is fundamental, primary, or of the highest significance—in this context, referring to maritime security as the base for energy and food security.
- **Blue Economy:** The sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem.
- **Track 1.5 Dialogue:** A diplomatic engagement that involves both official government representatives and non-official experts, academics, and think tanks.

## CONSTITUTIONAL & LEGAL PROVISIONS

- **Article 51:** Directive Principle of State Policy (DPSP) that promotes international peace and security and encourages the settlement of international disputes by arbitration.
- **United Nations Convention on the Law of the Sea (UNCLOS):** The international legal framework that defines the rights and responsibilities of nations with respect to their use of the world's oceans, which IORA members are bound to respect.
- **Territorial Waters, Continental Shelf, EEZ and Other Maritime Zones Act, 1976:** Indian legislation that provides the legal framework for India's claims and rights over its maritime zones in the Indian Ocean.
- **Article 253:** Empowers Parliament to make any law for the whole or any part of the territory of India for implementing any treaty, agreement, or convention with any other country or countries.

## CONCLUSION

The current geopolitical volatility has transformed the Indian Ocean from a trade highway into a contested strategic arena. India's chairmanship of IORA comes at a defining moment where the association must move beyond a consultative forum to a proactive security architecture. By focusing on the tangible socio-economic fallout of maritime disruptions—such as inflation and energy insecurity—India can foster a collective regional identity that prioritizes stability over external military intrusions, ensuring the Indian Ocean remains a "Zone of Peace" in practice rather than just in theory.





## UPSC RELEVANCE

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; India and its neighborhood- relations.
- **GS Paper III:** Security challenges and their management in border areas; Linkages of organized crime with terrorism (maritime piracy/smuggling).
- **Prelims:** Member states of IORA (23 members); Eight priority areas of IORA; Location of the Strait of Hormuz and Diego Garcia; Distinction between IORA, BIMSTEC, and the Quad.



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