



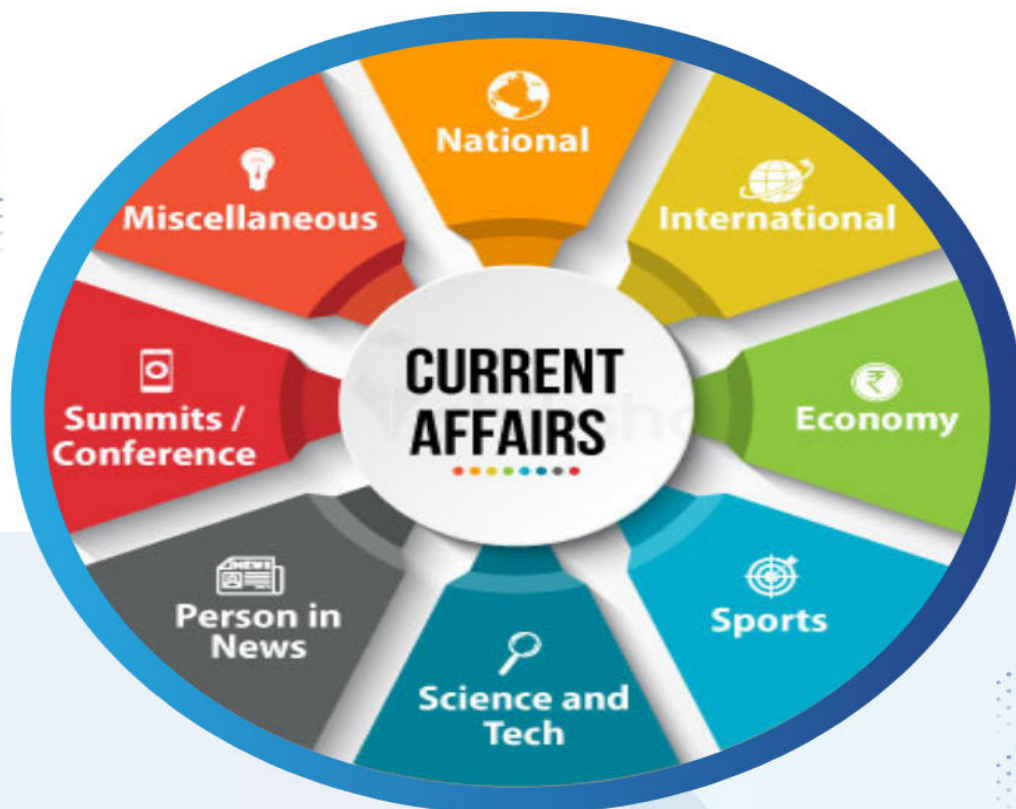
“ We help you reach for the star ”

**VIDHVATH IAS KAS ACADEMY  
&  
STUDY CENTRE**

# DAILY CURRENT AFFAIRS

**FOR UPSC CIVIL SERVICE EXAMINATION**

**DATE: 14/05/2026 (THURSDAY)**



**9972258970 & 9740702455**

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



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**VIDHVATH IAS ACADEMY**



## 1. Hike in Import Duties on Gold and Silver: Economic Implications

- **Significant Duty Revision:** The Union Government has doubled the effective tax on gold and silver imports from 9.2% to 18.4% to curb non-essential outflows and stabilize the external sector.
- **Fiscal Mechanism:** This change involves raising the Basic Customs Duty (BCD) to 10% and the Agriculture Infrastructure and Development Cess (AIDC) to 5%, calculated alongside the existing 3% IGST on the total assessable value.
- **Strategic Rationalization:** The decision is primarily driven by the West Asia crisis and global volatility in crude oil markets, which threaten to expand India's Current Account Deficit (CAD) and deplete foreign exchange reserves.
- **Prioritizing Essentials:** By making precious metals more expensive, the government aims to redirect foreign exchange towards "essential imports" like fertilizers, crude oil, defense equipment, and critical technologies.
- **Monetary & Currency Stability:** The hike aligns with efforts to protect the Indian Rupee's exchange rate against a strengthening dollar and ensures prudent management of the country's Balance of Payments (BoP).
- **Sectoral Concerns:** Industry experts warn that the move might be "retrograde," potentially incentivizing smuggling and gray market transactions due to the inelastic cultural demand for gold in India.

### Key Definitions

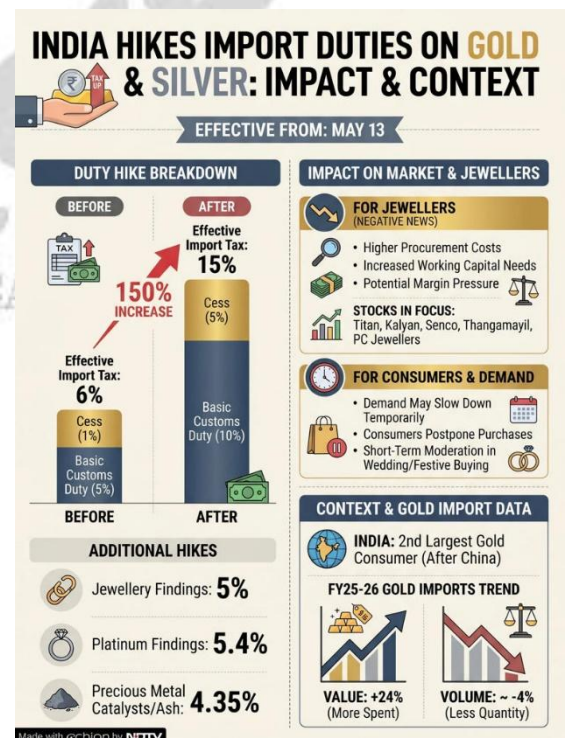
- **Current Account Deficit (CAD):** A measurement of a country's trade where the value of the goods and services it imports exceeds the value of the products it exports.
- **Agriculture Infrastructure and Development Cess (AIDC):** A tax levied by the government to raise funds for improving agriculture infrastructure, applied over and above the basic customs duty.
- **Assessable Value:** The total value determined by customs authorities (Cost + Insurance + Freight) upon which duties and taxes are calculated.

### Constitutional and Legal Provisions

- **Article 265:** No tax shall be levied or collected except by authority of law; the duty hike is implemented via notifications under the Customs Act, 1962.
- **Article 269A:** Relates to the levy and collection of IGST on supplies in the course of inter-state trade or commerce, including imports.
- **Customs Act, 1962:** Provides the legal framework for the levy of duties on imports and exports and the regulation of the same to prevent smuggling.

### Economic Context & Impact Analysis

- **BoP Management:** Gold is often the second-largest item in India's import bill after crude oil. Reducing its volume is a standard tool for managing the Balance of Payments (BoP).





- **Inflationary Pressure:** While the duty aims to save forex, it may lead to higher domestic prices for jewelry, potentially impacting the gems and jewelry sector's contribution to GDP and employment.
- **The Smuggling Paradox:** High duty differentials between domestic and international prices historically lead to an increase in illicit trade, which poses a challenge for enforcement agencies like the Directorate of Revenue Intelligence (DRI).

## Conclusion

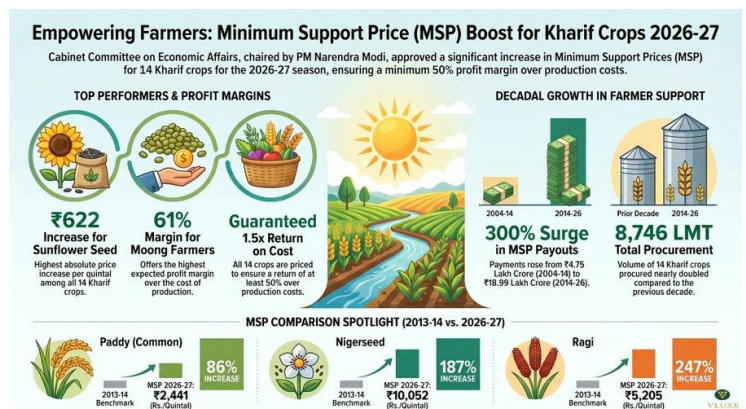
The doubling of import duties on gold and silver reflects a "stability-first" approach by the government amidst global geopolitical turbulence. While it serves as a necessary fiscal buffer to protect the CAD and foreign exchange reserves, its success depends on balancing domestic demand with the need for external sector resilience without inadvertently fueling the shadow economy.

## UPSC Relevance

- **General Studies III (Economy):** Issues relating to mobilization of resources, government budgeting, and effects of liberalization on the economy.
- **General Studies II:** Statutory, regulatory, and various quasi-judicial bodies (Role of Ministry of Finance and CBIC).
- **Prelims:** Concepts like CAD, BoP, AIDC, and the impact of customs duty on currency exchange rates.

## 2. Cabinet Approves MSP Hike for Kharif Crops 2026-27

- **Significant Increment for Paddy:** The Cabinet Committee on Economic Affairs (CCEA) has increased the Minimum Support Price (MSP) for paddy by ₹72 per quintal, bringing the rate to ₹2,441 for common varieties and ₹2,461 for Grade-A varieties.
- **Adherence to Swaminathan Principles:** The revised MSPs are designed to ensure a return of at least 50% over the cost of production (A2+FL) for all notified kharif crops, aligning with the 2018-19 Union Budget mandate.
- **Cost of Production Logic:** The pricing strategy aims to incentivize crop diversification and ensure remunerative prices for farmers amidst rising input costs for seeds, fertilizers, and labor.
- **Geopolitical Trade Concerns:** Farmer groups have expressed reservations, arguing that the hikes may be neutralized by the "disastrous impact" of recent trade deals, including the India-U.S. trade agreement and various Free Trade Agreements (FTAs).
- **Market Stabilization:** The announcement serves as a signal to the market to prevent distress sales during the peak harvest season, providing a safety net for approximately 140 million farming households.
- **Focus on Food Security:** By prioritizing staples like paddy and pulses, the government seeks to maintain a robust buffer stock for the Public Distribution System (PDS) and the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY).





## Key Definitions

- **Minimum Support Price (MSP):** A "floor price" at which the government purchases crops from farmers, intended to protect them against sharp dips in market prices.
- **Kharif Crops:** Crops sown during the onset of the southwest monsoon (June-July) and harvested in autumn (September-October), such as paddy, maize, and soyabean.
- **A2+FL Cost:** A formula that includes all paid-out costs (A2) like seeds and fertilizers, plus the imputed value of unpaid Family Labor (FL).

## Constitutional and Legal Provisions

- **Article 39(b):** Directive Principle of State Policy (DPSP) which mandates that the ownership and control of material resources are distributed to best subserve the common good, justifying state intervention in farm pricing.
- **Entry 14 (State List) & Entry 33 (Concurrent List):** Agriculture is primarily a state subject, but the supply and distribution of agricultural products fall under the Concurrent List, allowing Central intervention.
- **Commission for Agricultural Costs and Prices (CACP):** A statutory body that recommends MSPs based on factors like demand-supply, cost of production, and terms of trade between agriculture and non-agriculture sectors.

## Trade and Policy Analysis

- **WTO and Amber Box Subsidies:** India's MSP regime often faces scrutiny at the World Trade Organization (WTO) under the "Amber Box" limits, which restrict trade-distorting subsidies. Recent trade deals have heightened fears of cheaper imports undermining the MSP safety net.
- **Economic Impact of FTAs:** Critics argue that FTAs often grant greater market access to foreign dairy and grain producers, which might lead to price volatility in the domestic market despite government-mandated support prices.

## Conclusion

While the MSP hike for the 2026-27 season fulfills the promise of 50% returns, the move is shadowed by the complexities of global trade liberalisation. For the policy to be effective, the government must balance the domestic support price mechanism with robust import-export policies to shield Indian farmers from international market fluctuations.

## UPSC Relevance

- **GS Paper III:** Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System- objectives, functioning, and limitations.
- **GS Paper II:** Government policies and interventions for development in various sectors.
- **Prelims:** CCEA composition (chaired by the PM), CACP's role, Kharif vs. Rabi crop classification, and the difference between A2+FL and C2 cost metrics.

## 3. Karnataka Policy Revision: Religious Symbols in Educational Institutions

- **Order Rescission:** The Karnataka government has officially withdrawn the February 2022 order that mandated strict adherence to prescribed uniforms, a directive that previously served as the legal basis for the hijab restrictions in the state.



- **Introduction of "Limited" Symbols:** The new policy allows students to wear "limited" traditional and faith-based symbols—such as headscarves (hijabs) and sacred threads (janivaras)—provided they are worn alongside the prescribed institutional uniform.
- **Balance of Discipline and Identity:** The government maintains that institutional discipline can coexist with religious expression, provided such symbols do not interfere with student identification, campus safety, classroom instruction, or public order.
- **Trigger for Reform:** The policy shift follows recent controversies, including an incident where students were asked to remove sacred threads during a Common Entrance Test (CET), highlighting the need for a more inclusive approach to religious attire.
- **Educational Philosophy:** The Ministry of School Education and Literacy emphasized that schools should be spaces for fostering "Constitutional values," including fraternity, mutual respect, and a secular outlook that respects individual beliefs rather than opposing them.
- **Secularism Redefined:** The state's stance aligns with the Indian concept of *Sarva Dharma Sambhava*, where secularism is interpreted as equal respect for all religions rather than a complete separation of religion from public life.

### Key Definitions

- **Janivara:** A sacred thread worn by certain Hindu communities, symbolizing spiritual transition or religious commitment.
- **Secularism (Indian Context):** Unlike the Western model of "strict separation," Indian secularism involves "principled distance," where the state maintains neutrality but can intervene or accommodate religious practices to ensure equality.
- **Public Order:** A legal grounds for restricting fundamental rights under the Constitution, referring to the absence of public disorder, rioting, or communal disharmony.

### Constitutional and Legal Provisions

- **Article 25:** Guarantees the freedom of conscience and the right to freely profess, practice, and propagate religion, subject to public order, morality, and health.
- **Article 19(1)(a):** Protects the right to freedom of speech and expression, which the Supreme Court has previously interpreted to include the choice of clothing as a form of personal expression.
- **Article 21:** The Right to Privacy and Dignity, which covers the autonomy of an individual over their personal appearance and identity.
- **Article 29(2):** Prohibits discrimination in admission to educational institutions maintained by the State or receiving aid out of State funds on grounds only of religion, race, caste, or language.
- **Essential Religious Practices (ERP) Doctrine:** A judicial test used by Indian courts to determine if a religious practice is central to the faith and thus protected under Article 25.



What the government has done is withdraw the earlier order and replace it with one that explicitly allows limited faith-based symbols, including sacred threads headscarves, along with uniforms

**MADHU BANGARAPPA,**  
Karnataka Minister for School  
Education and Literacy



## Key Policy Implications

- **Inclusivity in Public Spaces:** By allowing "limited" symbols, the state attempts to reduce the dropout rates of students who previously felt forced to choose between their education and their religious identity.
- **Administrative Discretion:** The term "limited" remains subject to interpretation by institutional heads, which may lead to localized disputes regarding what constitutes an "obtrusive" vs. "non-obtrusive" symbol.
- **Judicial Precedent:** This administrative change bypasses the rigid "uniformity" argument upheld by the Karnataka High Court in 2022, shifting the focus from "uniformity of dress" to "pluralism within institutions."

## Conclusion

The Karnataka government's decision represents a pivot toward a more accommodationist secularism, seeking to reconcile institutional discipline with the diverse religious fabric of Indian society. While it aims to settle long-standing communal friction, the practical implementation will require careful calibration to ensure that "limited" symbols do not compromise the pedagogical environment or safety protocols.

## UPSC Relevance

- **GS Paper I:** Social Empowerment, Communalism, and Secularism.
- **GS Paper II:** Fundamental Rights (Articles 14, 19, 21, and 25), Judiciary (ERP Doctrine), and Government policies and interventions for development in various sectors.
- **Ethics (GS IV):** Values of tolerance, inclusion, and the conflict between individual rights and institutional regulations.

## 4. Sabarimala Reference: Judicial vs. Legislative Reform of Religion

- **Separation of Powers in Reform:** The Centre argued before a nine-judge Supreme Court bench that the Constitution does not establish the judiciary as a "reformatory overlord" for the religious traditions of 1.4 billion citizens.
- **Legislative Prerogative:** The government contended that the mechanism of religious reform was intentionally entrusted to the legislature to ensure such changes reflect the "will of the people" and evolve at a democratic pace.
- **Risks of Judicial Intervention:** The Centre warned that if courts reform religion in the absence of legislation, it creates a situation with "no limit on the judicial reformation of religious traditions," potentially opening every faith's institutional arrangements to permanent constitutional challenge.
- **Constitutional Intent of Article 25(2)(b):** Solicitor General Tushar Mehta argued that Article 25(2)(b) specifically empowers the legislature, not courts, to frame laws for social welfare and reform of Hindu religious institutions.
- **Judicial Counter-Argument:** Justice Bagchi emphasized that the court's role is to ensure "constitutionalism" prevails over "majoritarianism," acting as a check even if a majority supports a particular religious practice that violates constitutional principles.





- **Status of Denomination:** The government is pitching for "denomination status" for the devotees of Lord Ayyappa, which would grant the community greater autonomy in managing their internal religious affairs.

### Key Definitions

- **Religious Denomination:** A collection of individuals having a common faith, a common organization, and designated by a distinctive name; under Article 26, they enjoy autonomy in "matters of religion".
- **Constitutionalism:** The principle that government authority is derived from and limited by a body of fundamental law (the Constitution) to prevent arbitrary exercise of power.
- **Lakshman Rekha:** A metaphorical term used in Indian legal discourse to describe the boundary or limit that one branch of government (Judiciary, Executive, or Legislature) should not cross into the domain of another.

### Constitutional and Legal Provisions

- **Article 25(1):** Guarantees freedom of conscience and the right to freely profess, practice, and propagate religion, subject to public order, morality, and health.
- **Article 25(2)(b):** Empowers the State to make laws providing for social welfare and reform or the throwing open of Hindu religious institutions of a public character to all classes and sections of Hindus.
- **Article 26:** Grants religious denominations the right to manage their own affairs in matters of religion, establish institutions, and own property.

### Additional Keypoints

- **The "Majoritarianism" Debate:** The bench discussed whether leaving reform solely to the legislature risks "majoritarianism," where the rights of minorities or dissenting individuals within a faith might be suppressed by the political will of the majority.
- **Essential Religious Practices (ERP):** While not explicitly named in the snippet, this reference case stems from the judicial doctrine used to determine which religious practices are central to a faith and protected from state interference.

### Conclusion

The Sabarimala reference highlights a fundamental tension between judicial activism for social justice and the legislative prerogative for gradual religious reform. The Centre's stand emphasizes a strict interpretation of the separation of powers, suggesting that lasting social change must originate from the representative legislature to be culturally acceptable. Conversely, the judiciary maintains its role as the ultimate guardian of constitutional values, ensuring that no tradition—regardless of its age or popularity—trumps individual fundamental rights.

### UPSC Relevance

- **GS Paper II (Polity):** Separation of powers, structure and functioning of the Judiciary, and significant provisions related to fundamental rights (Articles 25-28).
- **GS Paper I (Society):** Secularism, communalism, and the role of religion in a democratic society.
- **Ethics (GS IV):** The conflict between traditional religious values and modern constitutional morality.



## 5. Ecological Crisis in Asola Bhatti: Invasive Species and Habitat Degradation

- **Dominance of Invasive Flora:** A 10-year management plan by the Wildlife Institute of India (WII) reveals that *Prosopis juliflora*, an invasive Mexican mesquite, now covers 63.48% (18.41 sq km) of the Asola Bhatti Wildlife Sanctuary.
- **Threat to Native Ecosystems:** Along with *Lantana camara*, these invasive species suppress native flora, alter habitat structures, and hinder groundwater recharge, posing a severe threat to the ecological recovery of the Aravalli habitat.
- **Anthropogenic Pressures:** The sanctuary faces significant stress from illegal encroachment (e.g., Sanjay Colony), waste dumping, greywater inflow, cattle entry, and the collection of fuelwood by fringe settlements.
- **Wildlife Management Challenges:** The massive influx of nearly 20,000 relocated Rhesus Macaques has exceeded the sanctuary's natural carrying capacity, necessitating artificial feeding that costs nearly ₹1 crore annually.
- **Administrative Gaps:** The report highlights critical failures such as unscientific release of rescued animals, lack of standard operating procedures (SOPs), inadequate staff training, and poor inter-agency coordination.
- **Proposed Restoration Strategy:** The WII recommends a phased removal of invasive species coupled with intensive restoration using site-specific native vegetation like dhauk, palash, and gum acacia to stabilize soil and revive biodiversity.

### Key Definitions

- **Invasive Species:** Non-native organisms that spread rapidly and cause significant environmental, economic, or human health harm by disrupting local ecosystems.
- **Carrying Capacity:** The maximum population size of a biological species that a specific environment can sustain indefinitely, given the food, habitat, water, and other available necessities.
- **Biotic Pressure:** Stress exerted on an ecosystem by living organisms, such as overgrazing by cattle or competition from invasive species.



### Constitutional and Legal Provisions

- **Article 48A:** Directive Principle of State Policy (DPSP) mandating that the State shall endeavor to protect and improve the environment and safeguard the forests and wildlife of the country.
- **Article 51A(g):** Fundamental Duty of every citizen to protect and improve the natural environment, including forests, lakes, rivers, and wildlife.
- **Wildlife (Protection) Act, 1972:** Provides the legal framework for the declaration of Wildlife Sanctuaries and the management of protected areas.
- **Environment (Protection) Act, 1986:** Empowers the Central Government to take measures to protect and improve environmental quality and prevent pollution.



## Ecological Context & Management Insights

- **Impact of *Prosopis juliflora*:** Introduced during the colonial era for afforestation, it has created monocultures that buffer local weather but ultimately combat desertification at the cost of native biodiversity.
- **Restoration Flora:** The plan suggests planting nitrogen-fixing and soil-binding species such as vetiver, munja, and babul to reclaim degraded land.
- **Monitoring & Research:** The WII emphasizes the need for continuous ecological monitoring and research-based management to address weak points in the current conservation framework.

## Conclusion

The findings for Asola Bhatti, as detailed in the report underscore the fragile state of Delhi's only wildlife sanctuary. Addressing the twin challenges of biological invasion and urban encroachment is vital for preserving the Aravalli Ridge's role as a "green lung" for the National Capital Region.

## UPSC Relevance

- **GS Paper III (Environment):** Conservation, environmental pollution and degradation, and environmental impact assessment.
- **GS Paper II (Governance):** Policy interventions for development in various sectors and issues arising out of their design and implementation.
- **Prelims:** Characteristics of invasive species (*Lantana*, *Prosopis*), Aravalli range ecology, and statutory bodies like the Wildlife Institute of India (WII).

## 6. India's Potential Mediatory Role in West Asia: Iran's Diplomatic Outreach

- **Tehran's Diplomatic Signal:** For the first time, Iran has officially conveyed to New Delhi that it would "welcome and work on" a diplomatic initiative from India to de-escalate tensions in West Asia.
- **Shift in Mediation Dynamics:** Traditionally, countries like Egypt, Qatar, Oman, and recently Pakistan have acted as mediators between the US and Iran; however, Tehran now views India as a significant player capable of facilitating dialogue.
- **Strategic Impartiality:** Iran's Deputy Foreign Minister, Kazem Gharibabadi, lauded India's "balanced view" and impartiality, particularly in its role as the current chair of the BRICS grouping.
- **BRICS Challenges:** Consensus within the 11-member BRICS remains elusive, with internal divisions—specifically reported tensions with the UAE—preventing a unified declaration on the regional conflict.
- **Strait of Hormuz Security:** Amidst regional volatility, Iran is evaluating protocols for maritime services in the Strait of Hormuz but has explicitly designated India as a "friendly nation," allowing the transit of 11 Indian vessels.





- **India's Principled Stand:** While open to peace, New Delhi maintains a policy of not acting as a "broker" in global geopolitics, preferring substantive initiatives that align with its long-term strategic interests in the region.

### Key Definitions

- **Diplomatic Initiative:** A proactive move by a state to influence a situation or resolve a conflict through negotiation, policy proposals, or international cooperation.
- **Mediator:** A neutral third party that facilitates communication and negotiation between disputing sides without engaging substantively in the core differences.
- **Strait of Hormuz:** A vital maritime chokepoint between the Persian Gulf and the Gulf of Oman, essential for global oil and gas supplies.

### Constitutional and Legal Provisions

- **Article 51:** A Directive Principle of State Policy (DPSP) that mandates the State to promote international peace and security, maintain just and honorable relations between nations, and encourage settlement of international disputes by arbitration.
- **Vienna Convention on Diplomatic Relations (1961):** The international treaty that defines a framework for diplomatic relations between independent countries and specifies the privileges of a diplomatic mission.
- **Maritime Zones Act, 1976:** India's legal framework defining its rights and jurisdiction over its territorial waters, contiguous zone, and exclusive economic zone (EEZ), relevant to protecting maritime trade in conflict zones.

### Strategic Analysis & Keypoints

- **India's 'Link West' Policy:** This outreach aligns with India's efforts to deepen engagement with West Asian powers like Iran, Saudi Arabia, and the UAE simultaneously.
- **Energy Security:** Given India's high dependence on energy imports passing through the Strait of Hormuz, any diplomatic success in this region directly secures India's economic stability.
- **Chabahar Port Factor:** India's investment in the Chabahar port in Iran remains a cornerstone of its regional connectivity strategy, bypassing Pakistan to reach Central Asia.

### Conclusion

As highlighted in Iran's invitation for an Indian diplomatic initiative underscores New Delhi's rising stature as a credible, neutral power in a polarized world. While India remains cautious about being labeled a "broker," its potential as a facilitator could be instrumental in preventing further escalation in West Asia, thereby safeguarding its own energy security and regional connectivity projects.

### UPSC Relevance

- **GS Paper II (International Relations):** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests; Effect of politics of developed and developing countries on India's interests.
- **GS Paper I:** Regional geography and importance of maritime chokepoints like the Strait of Hormuz.
- **Prelims:** BRICS expansion, geographical location of the Strait of Hormuz, and India's 'Connect Central Asia' and 'Link West' policies.



## 7. India's First Alzheimer's Therapy: Launch of Donanemab (Lormalzi)

- **Groundbreaking Medical Milestone:** India has received its first disease-modifying therapy for Alzheimer's with the launch of the drug Donanemab under the brand name Lormalzi by pharmaceutical major Eli Lilly.
- **Mechanism of Action:** Administered as a once-a-month 350 mg intravenous infusion, the drug works by dissolving amyloid beta protein plaques in the brain, which is a hallmark sign of the neuro-degenerative condition.
- **Clinical Efficacy and Limitations:** Clinical trials indicate the drug can slow cognitive decline in early-stage patients by approximately 35.1% over 76 weeks; however, it cannot reverse damage that has already occurred.
- **Target Demographic:** The therapy is strictly intended for patients in the early stages of Alzheimer's—specifically those with mild cognitive impairment or mild dementia—and is not suitable for advanced cases.
- **Economic Barrier and Accessibility:** Costing approximately Rs 1 lakh per dose (specifically Rs 91,688), the 18-month treatment course remains prohibitively expensive for most Indians, though the company plans an access programme for lower pricing.
- **Safety Concerns:** The drug is associated with amyloid-related imaging abnormalities (ARIA), including brain swelling and bleeding, which affected a significant percentage of trial participants and resulted in three treatment-related deaths.

### Key Definitions

- **Alzheimer's Disease:** A progressive, neuro-degenerative condition characterized by the build-up of plaques in the brain, leading to memory loss and cognitive decline.
- **Monoclonal Antibody:** Laboratory-made proteins designed to target specific substances in the body; in this case, they target and remove amyloid beta plaques from the brain.
- **Amyloid Beta Plaques:** Protein fragments that clump together between nerve cells in the brain, disrupting communication and triggering immune responses that destroy cells.

### Constitutional and Legal Provisions

- **Article 21:** The Right to Life and Personal Liberty, which the Supreme Court has interpreted to include the right to health and access to affordable medical treatment.
- **Article 47:** A Directive Principle of State Policy (DPSP) that mandates the State to regard the improvement of public health as among its primary duties.
- **Drugs and Cosmetics Act, 1940:** The primary legislation regulating the import, manufacture, and distribution of drugs in India, ensuring safety and efficacy standards for new launches like Donanemab.
- **National Health Policy, 2017:** Aims at attaining the highest possible level of health and well-being for all through a preventive and promotive health care orientation in all developmental policies.

### Healthcare Challenges in India

- **Rising Disease Burden:** Dementia currently affects over 8.8 million people in India, a figure projected to nearly double to 16.9 million by 2036, with Alzheimer's accounting for the majority of cases.



- **Diagnostic Gaps:** The effectiveness of Donanemab relies heavily on early diagnosis, which is currently rare in India due to a lack of specialized screening infrastructure and public awareness.
- **Infrastructure Readiness:** The Indian health system faces significant hurdles in managing specialized intravenous therapies that require continuous monitoring for side effects like brain swelling.

## Conclusion

The introduction of Donanemab, as detailed in marks a significant shift from symptomatic management to disease-modifying intervention for Alzheimer's in India. While the high cost and safety risks present immediate challenges, the arrival of such innovative therapies offers a glimmer of hope for millions. To truly benefit the population, the government and private sector must collaborate to improve early detection facilities and reduce the financial burden of specialized geriatric care.

## UPSC Relevance

- **GS Paper II:** Issues relating to development and management of Social Sector/Services relating to Health; Government policies and interventions.
- **GS Paper III:** Science and Technology- developments and their applications and effects in everyday life; Indigenization of technology and developing new technology.
- **Prelims:** Understanding of neuro-degenerative diseases, monoclonal antibodies, and the role of the Central Drugs Standard Control Organisation (CDSCO).

## 8. Reducing Edible Oil Dependence: Economic and Strategic Imperatives

- **Prime Minister's Call for Reduction:** Prime Minister Narendra Modi has urged Indian households to reduce cooking oil consumption by approximately 10% to improve public health and alleviate pressure on the national economy.
- **Rising Import Bill:** India currently imports nearly 60% of its edible oil requirements, with the import bill surging from ₹72,000 crore in 2019-20 to over ₹1.6 trillion in the 2024-25 oil year.
- **Global Price Volatility:** According to the FAO Food Price Index, global edible oil prices reached their highest level since July 2022 in April, driven by increased biofuel diversion in Indonesia and Malaysia and rising shipping costs due to West Asia conflicts.
- **Structural Yield Gaps:** India's oilseed productivity remains significantly lower than global averages; for instance, soybean yields in Brazil and the US are three to four times higher than those in India.
- **Domestic Cultivation Challenges:** Oilseed crops are primarily grown by marginal farmers in rain-fed areas, and those with irrigation facilities often shift to cereals due to lower risks and better price support mechanisms.
- **Governmental Strategic Goals:** The Centre aims to meet 72% of domestic edible oil demand by 2031 through the National Mission on Edible Oils – Oil Palm (NMEO-OP) and by promoting high-yielding varieties.

## Key Definitions

- **Current Account Deficit (CAD):** The shortfall between a country's total exports and its total imports of goods, services, and transfers.



- **Oil Year:** The specific annual cycle used for accounting in the vegetable oil industry, which in India runs from November to October.
- **Biofuel Diversion:** The process where food crops (like palm oil) are used for fuel production instead of consumption, often increasing food prices when crude oil prices are high.

### Constitutional and Legal Provisions

- **Article 47:** Directive Principle of State Policy (DPSP) that mandates the State to raise the level of nutrition and the standard of living and to improve public health.
- **Article 301-305:** Trade and commerce provisions within India that influence the movement and regulation of essential commodities like edible oils.
- **Essential Commodities Act, 1955:** Empowers the government to regulate the production, supply, and distribution of essential commodities (including edible oils) to prevent hoarding and price spikes.



### Key Implementation Barriers

- **The Inflation Paradox:** While low import duties help contain retail food inflation, they simultaneously discourage domestic farmers by making locally produced oilseeds uncompetitive against cheaper imports.
- **Irrigation Constraints:** A lack of assured irrigation limits the productivity of traditional Indian oilseeds like mustard, sesame, and groundnut compared to international staples.

### Conclusion

The push to reduce edible oil imports is a critical step toward achieving "Atmanirbharta" (self-reliance) in the agriculture sector. Success hinges on bridging the productivity gap through better seed technology and irrigation, while carefully balancing the trade-off between consumer price stability (food inflation) and remunerative prices for domestic oilseed farmers.

### UPSC Relevance

- **GS Paper III (Economy & Agriculture):** Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System; food security; and cropping patterns.
- **GS Paper III (Environment/Energy):** The nexus between edible oils and biofuels.
- **Prelims:** Specifics of the National Mission on Edible Oils – Oil Palm (NMEO-OP), FAO Food Price Index, and the impact of CAD and currency depreciation on the economy.

## 9. West Asia Conflict: Fiscal Pressures and Retail Fuel Pricing

- **Retail Price Outlook:** RBI Governor Sanjay Malhotra indicated that India may be compelled to increase retail fuel prices if the ongoing conflict in West Asia continues to keep international crude prices elevated.
- **Preserving Forex Reserves:** These remarks follow a broader call for voluntary austerity by the Prime Minister, aimed at reducing the consumption of petrol and diesel to safeguard the country's foreign exchange reserves.



- **Impact of Geopolitical Tensions:** Prolonged instability in West Asia disrupts global supply chains and increases the cost of crude oil imports, which directly exerts pressure on India's Current Account Deficit (CAD).
- **Macroeconomic Stability:** The potential for a fuel price hike is viewed as a necessary measure to manage the fiscal burden and ensure the stability of the rupee against a strengthening dollar.
- **Inflationary Risks:** Higher retail fuel prices often lead to cost-push inflation, affecting the prices of essential commodities due to increased transportation and logistics costs.
- **Strategic Austerity:** The government's emphasis on reducing non-essential imports, including gold and excessive fuel use, serves as a strategic buffer to maintain external sector resilience.

### Key Definitions

- **Cost-Push Inflation:** A type of inflation caused by substantial increases in the cost of important goods or services where no suitable alternative is available, such as fuel or raw materials.
- **Foreign Exchange (Forex) Reserves:** Assets held on reserve by a central bank in foreign currencies, used to back liabilities and influence monetary policy.
- **Fiscal Deficit:** The difference between the government's total expenditure and its total receipts excluding borrowing, indicating the extent of government reliance on borrowed funds.



### Constitutional and Legal Provisions

- **Article 246:** Relates to the distribution of legislative powers; the Union government has the authority to regulate and tax petroleum and petroleum products (Entry 53, Union List).
- **Article 280:** Finance Commission's role in recommending the distribution of net proceeds of taxes, including those on fuel, between the Union and the States.
- **Reserve Bank of India Act, 1934:** Provides the legal framework for the RBI to manage the nation's monetary policy and foreign exchange reserves to ensure price stability.

### Economic Context & Management

- **Crude Oil Dependency:** India imports over 80% of its crude oil requirements, making the domestic economy highly vulnerable to price shocks in the international market.
- **Under-recoveries:** When retail prices are not aligned with international costs, Oil Marketing Companies (OMCs) face under-recoveries, which may eventually require government subsidies or price corrections.
- **Direct vs. Indirect Impact:** While fuel price hikes directly affect motorists, the indirect impact on food and manufacturing sectors is more significant for overall consumer price index (CPI) stability.

### Conclusion

The potential hike in retail fuel prices highlights the delicate balance the RBI and the government must maintain between consumer protection and fiscal discipline. While austerity measures may provide



temporary relief for forex reserves, long-term stability in the face of West Asian volatility requires a diversified energy basket and robust macroeconomic buffers to mitigate the effects of external price shocks.

### UPSC Relevance

- **GS Paper III (Economy):** Inflationary trends, mobilization of resources, and the impact of global geopolitical events on the Indian economy.
- **GS Paper II:** Role of constitutional and statutory bodies like the RBI and the Ministry of Finance in economic governance.
- **Prelims:** Concepts of CAD, Forex reserves, the impact of crude oil prices on the Rupee, and the functions of the RBI.

## 10. Global Geopolitics and India's Fertilizer Security: The DAP Price Surge

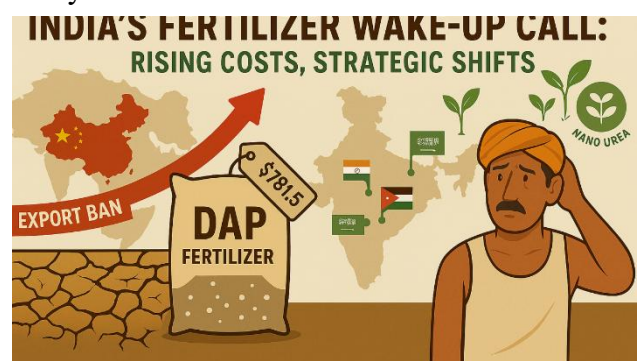
- **Escalating Import Costs:** India, the world's leading buyer of diammonium phosphate (DAP), has contracted the nutrient at approximately \$930 per tonne, representing a sharp 40% increase over pre-war price levels.
- **Impact of West Asia Conflict:** The ongoing geopolitical instability in West Asia is cited as the primary driver for supply chain disruptions and the subsequent rise in global benchmark prices for essential crop nutrients.
- **Securing Strategic Supply:** To ensure domestic availability for the upcoming agricultural seasons, Indian Potash Ltd has moved to secure 705,000 tonnes of DAP for delivery despite the premium pricing.
- **External Vulnerability:** The situation underscores India's heavy reliance on international markets for phosphatic fertilizers, making the domestic agricultural sector highly susceptible to external shocks and conflicts.
- **Fiscal Pressure:** While the contract ensures physical supply, the 40% price hike is expected to significantly increase the government's fertilizer subsidy bill to keep retail prices affordable for farmers.
- **Supply Chain Fragility:** Global benchmarks have been pushed upward as major shipping routes and production hubs are impacted by regional volatility, necessitating proactive procurement at higher costs.

### Key Definitions

- **Diammonium Phosphate (DAP):** The world's most widely used phosphorus fertilizer; it is highly soluble and quickly releases plant-available phosphate and ammonium into the soil.
- **Global Benchmarks:** Standardized pricing levels used by international markets to set the value of commodities based on supply, demand, and geopolitical risk factors.
- **Contracted Price:** The fixed price agreed upon between a buyer and a seller for a specific quantity of goods to be delivered at a future date.

### Constitutional and Legal Provisions

- **Article 39(b):** Directive Principle of State Policy (DPSP) mandating that the State shall direct its





policy toward ensuring that the ownership and control of material resources are distributed to subserve the common good.

- **Essential Commodities Act, 1955:** Provides the legal framework for the government to regulate the production, supply, and distribution of fertilizers to ensure they are available at fair prices.
- **Fertilizer Control Order (FCO), 1985:** Issued under the Essential Commodities Act, it regulates the quality, price, and distribution of fertilizers across the country.

### Key Implementation Barriers

- **Subsidy Burden:** Every spike in international DAP prices forces the Union Government to increase the Nutrient Based Subsidy (NBS) to prevent a surge in retail prices, exerting pressure on the fiscal deficit.
- **Import Dependency:** Unlike urea, where India is moving toward self-sufficiency, the country remains almost entirely dependent on imports for the raw materials (phosphoric acid/rock phosphate) or finished DAP.

### Conclusion

The procurement of DAP at 40% above pre-war prices, as noted in the file AdobeExpressPhotos\_bc29ff49349d42ffa52604b56781b55c\_CopyEdited.png, highlights the critical intersection between global geopolitics and national food security. While securing 705,000 tonnes protects the immediate interests of the farming community, the long-term solution lies in diversifying import sources and investing in domestic alternative nutrients like Nano-DAP to mitigate the impact of volatile global benchmarks.

### UPSC Relevance

- **GS Paper III (Economy & Agriculture):** Issues related to direct and indirect farm subsidies; mobilization of resources; and the impact of global supply chains on Indian agriculture.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their implementation.
- **Prelims:** Understanding of the Nutrient Based Subsidy (NBS) scheme, the role of Indian Potash Ltd, and the chemical composition/significance of DAP for Indian soils.

## 11. Railway PSU Disinvestment: Strategic Stakes Sale under NMP 2.0

- **Monetization Drive:** The Ministry of Railways plans to dilute 5-10% stakes in six listed railway PSUs and 2-3% in another listed entity during FY27 through the Offer for Sale (OFS) route.
- **National Monetisation Pipeline (NMP) 2.0:** This initiative is part of a broader strategy to meet a ₹2.62 trillion monetization target assigned to the railways for the 2026–2030 period.
- **Entities Involved:** The stake sale covers major ecosystem players including IRCTC, IRFC, Ircon International, Rail Vikas Nigam Ltd (RVNL), RITES Ltd, RailTel, and Container Corp. of India (Concor).





- **Retention of Control:** The government intends to remain the majority shareholder and retain management control in all key entities, ensuring its stake stays above 51%.
- **Capital Recycling:** Proceeds from these transactions are expected to be recycled into infrastructure creation, such as dedicated freight corridors, station redevelopment, and rolling stock modernization like Vande Bharat services.
- **Market Opportunity:** Expert opinions suggest that strengthened financial performance and current valuations of railway PSUs provide a favorable window for aggressive disinvestment to unlock value.

### Key Definitions

- **Offer for Sale (OFS):** A simplified method where promoters in listed companies can reduce their shares and raise capital through a transparent bidding process on the stock exchange.
- **Public Sector Undertaking (PSU):** A state-owned enterprise in India where the government (Union or State) holds a majority stake of 51% or more.
- **National Monetisation Pipeline (NMP):** A strategic framework used by the government to list potential core assets for monetization to fund new infrastructure projects.

### Constitutional and Legal Provisions

- **Article 298:** Grants the Union and State governments the power to carry on any trade or business and to acquire, hold, and dispose of property.
- **Department of Investment and Public Asset Management (DIPAM):** The nodal agency under the Ministry of Finance responsible for managing the government's investments in equity and advising on disinvestment.
- **SEBI Guidelines:** Disinvestment through the OFS route must adhere to the regulatory framework established by the Securities and Exchange Board of India to ensure market integrity and investor protection.

### Additional Keypoints

- **Revenue Potential:** A 5% stake sale across the six primary PSUs is estimated to fetch between ₹15,000 crore and ₹20,000 crore at current market prices.
- **Strategic Shift:** The move indicates a shift toward capital recycling through financial markets, compensating for slow private investment through traditional Public-Private Partnerships (PPP) in the rail sector.

### Conclusion

The proposed disinvestment in railway PSUs represents a pragmatic approach to financing India's massive rail infrastructure goals without straining the fiscal deficit. By leveraging the secondary market's liquidity and positive investor sentiment toward railway stocks, the government can successfully "unlock value" while maintaining the strategic oversight necessary for a national transport network.

### UPSC Relevance

- **GS Paper III (Economy):** Issues relating to mobilization of resources, investment models, and government budgeting.



- **GS Paper III (Infrastructure):** Growth and development of Railways, including modernization and financing through the National Monetisation Pipeline.
- **Prelims:** Concepts of OFS, Disinvestment vs. Strategic Sale, and the role of DIPAM.

## 12. Southwest Monsoon Onset: Arrival in Andamans Amidst El Nino Concerns

- **Early Arrival in Andamans:** The India Meteorological Department (IMD) has forecasted that conditions are turning favorable for the southwest monsoon to advance into the south Bay of Bengal and Andaman Sea around 16 May.
- **Driving Meteorological Factors:** A well-marked low-pressure area over the southwest and west-central Bay of Bengal is facilitating the progress of the monsoon current.
- **Impact of El Nino:** The weather forecaster has projected below-normal rainfall for the 2026 season due to emerging El Nino conditions, which typically suppress monsoon activity.
- **Regional Weather Divergence:** While northeast and southern India (Tamil Nadu, Kerala, and Karnataka) are expected to receive heavy rainfall, northwest and central India are bracing for intense heatwave to severe heatwave conditions.
- **Agricultural Significance:** As the primary source of irrigation and reservoir replenishment, the monsoon's performance is critical for Indian agriculture and overall food security.
- **Typical Onset Timeline:** The monsoon usually reaches the Andaman Islands by the third week of May and hits the Kerala coast on 1 June, marking the start of the four-month rainfall season.



### Key Definitions

- **Southwest Monsoon:** A seasonal wind system that blows from the southwest across the Indian Ocean toward the Indian subcontinent, providing roughly 75% of India's annual rainfall.
- **El Nino:** A climate pattern describing the unusual warming of surface waters in the eastern tropical Pacific Ocean, often leading to drought or below-normal rainfall in India.
- **Heatwave:** A period of abnormally high temperatures, defined by the IMD based on departures from the normal temperature for a specific region.

### Constitutional and Legal Provisions

- **Article 48A:** Directive Principle of State Policy (DPSP) that mandates the State to endeavor to protect and improve the environment.
- **Disaster Management Act, 2005:** Provides the legal framework for managing heatwaves and monsoon-related disasters (floods/droughts) through the NDMA and SDMA.
- **National Water Policy, 2012:** Governs the planning and management of water resources, which is heavily dependent on monsoon performance and reservoir levels.



### Additional Keypoints

- **Cyclonic Circulations:** Multiple upper-air cyclonic circulations and western disturbances are currently influencing the weather patterns across north and central India.
- **Severe Heatwave Warnings:** Specific regions like West Rajasthan and West Madhya Pradesh are expected to witness severe heatwave conditions in isolated pockets.

### Conclusion

The 2026 monsoon onset in the Andamans arrives as a dual-edged sword. While the early progress is meteorologically positive, the shadow of El Nino and the persistence of severe heatwaves in the mainland highlight the increasing volatility of India's climate. Strengthening the resilience of the agricultural sector and urban heat management protocols will be essential to mitigate the projected below-normal rainfall.

### UPSC Relevance

- **GS Paper I (Geography):** Important Geophysical phenomena such as South West Monsoon, El Nino, and their impact on the Indian subcontinent.
- **GS Paper III (Agriculture & Environment):** Impact of weather on crop patterns; environmental degradation; and disaster management (heatwaves and drought).
- **Prelims:** Specific dates and geographical markers for monsoon onset, characteristics of El Nino, and the role of the IMD in weather forecasting.