



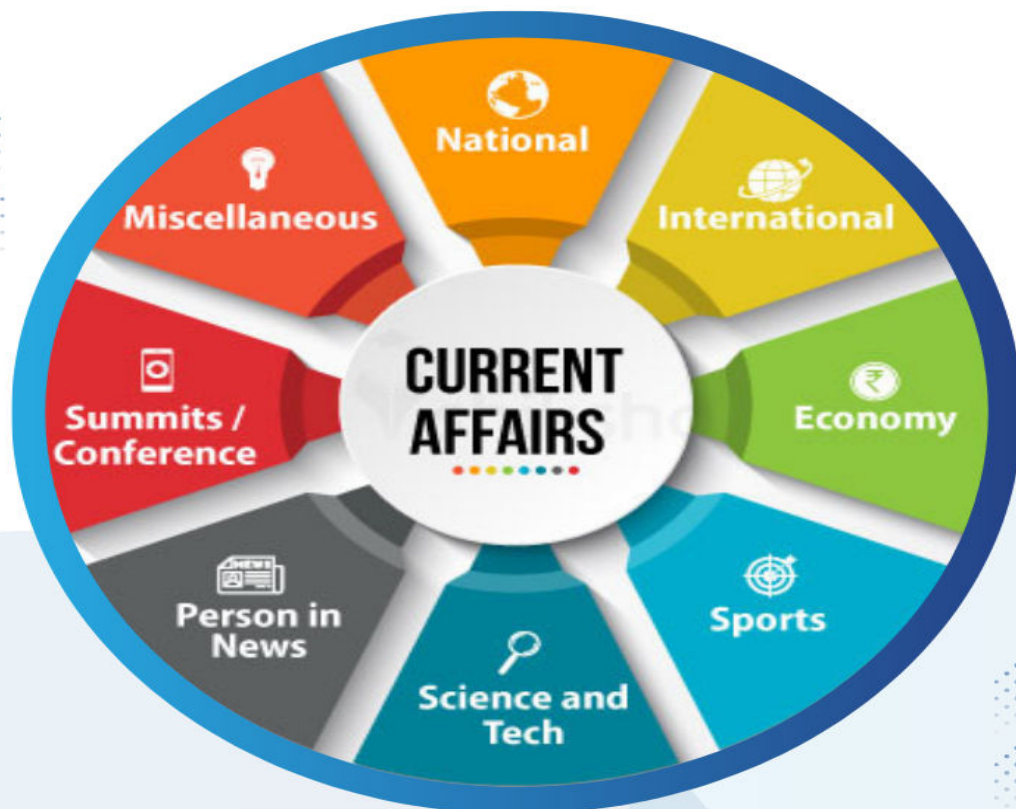
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# VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

## DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

**DATE: 27/05/2026 (WEDNESDAY)**



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**VIDHVATH IAS ACADEMY**



## 1. India-U.S. Bilateral and Quad Framework on Critical Minerals

### Definitions of Key Terms

- **Critical Minerals:** Mineral commodities that are essential to the economic and national security of a country, vulnerable to supply chain disruptions, and vital for manufacturing high-tech products, green energy technologies (like EV batteries and solar panels), and defense equipment.
- **Rare Earth Elements (REEs):** A set of 17 chemically similar metallic elements (the 15 lanthanides plus scandium and yttrium). Despite their name, they are relatively abundant in the Earth's crust but are geochemically difficult to extract and refine in economically viable and environmentally safe concentrations.

### Executive Summary

- **Strategic Bilateral Framework:** India and the United States have finalized a comprehensive bilateral framework titled "Securing of supply in the mining and processing of critical minerals and rare earths" to ensure steady, resilient, and diversified supply chains.
- **Countering Chinese Monopolies:** This strategic alliance emerges in direct response to growing global concerns over China's stringent export controls on strategic metals and rare earth elements, which have severely strained international technology supply chains.
- **Plurilateral Quad Expansion:** Complementing the bilateral pact, a separate multilateral framework was signed among all four Quad nations (India, U.S., Australia, and Japan) during the 11th Quad Foreign Ministers' Meeting.
- **Massive Financial Mobilization:** The Quad critical minerals initiative aims to mobilize approximately \$20 billion in joint government and private-sector funding to build alternative, stable processing hubs and supply routes.
- **End-to-End Value Chain Cooperation:** The bilateral cooperation spans the entire lifecycle of critical minerals, specifically focusing on collaborative mining, processing, recycling, joint financing, and the effective management of rare earth scrap.
- **Culmination of Long-Term Diplomacy:** The deal operationalizes a shared strategic priority under discussion since February 2025, aimed at mitigating global shortages exacerbated by retaliatory tariff wars and export restrictions.

### Constitutional and Legal Provisions in India

- **Union List (Seventh Schedule):** Entry 54 of List I empowers the Central Government to regulate mines and mineral development to the extent declared by Parliament by law to be expedient in the public interest.
- **Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act):** Amended recently to omit certain critical and strategic minerals (like lithium, beryllium, titanium, niobium, tantalum, and zirconium) from the list of specified atomic minerals, thereby allowing private sector participation in their mining and exploration.
- **National Mineral Exploration Policy (NMEP):** Provides framework incentives for private sector engagement in regional and detailed exploration of deep-seated and critical mineral deposits.

#### Rare deal

The framework comes amid shortfall of critical metals in global markets after China imposed export curbs on rare earth elements



**Mining strategy:** The agreement follows continued India-U.S. engagements, including India becoming a signatory to the U.S.-led Pax Silica initiative. REUTERS

#### Framework seeks to:

- Implement effective management of critical minerals and rare earths scrap
- Strengthen resilient and diversified supply chains
- Promote collaboration in financing



### Additional Strategic Key Points

- **Geopolitical Trigger:** The global market shortfall intensified after China imposed severe export restrictions on REEs following U.S. tariff enforcement, underscoring the risk of weaponized supply chains.
- **India's Domestic Vulnerability:** India is heavily import-dependent for most of its critical mineral requirements, making partnerships like the Mineral Security Partnership (MSP) and this new framework essential for its "Make in India" and net-zero carbon targets by 2070.
- **Value Chain Expansion:** The inclusion of recycling and scrap management indicates a shift toward a circular economy approach to mitigate primary extraction deficits.

### Conclusion

The India-U.S. and Quad frameworks mark a paradigm shift from pure trade-based procurement to deep strategic co-investment and co-processing. By building a parallel, resilient supply chain ecosystem outside of single-source monopolies, these agreements safeguard India's technological sovereignty, clean energy transitions, and defense readiness against geopolitical vulnerabilities.

### UPSC Relevance

- **GS Paper II (International Relations):** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests; Significance of the Quad grouping in the Indo-Pacific economic architecture.
- **GS Paper III (Economy & Science/Tech):** Infrastructure, energy security, and supply-chain resilience; Indigenization of technology; Mobilization of resources for green transitions and advanced manufacturing.

## 2. Quad Ministerial Framework on Maritime Security and Energy Resilience

### Definitions of Key Terms

- **Maritime Domain Awareness (MDA):** The effective understanding of anything associated with the maritime domain that could impact the security, safety, economy, or environment of a nation or region. It involves tracking vessel movements, identifying illicit activities, and generating real-time actionable data.
- **Choke Point:** A strategic, narrow international waterway that connects large bodies of water and acts as a crucial corridor for global trade. Due to compressed shipping traffic, it is highly susceptible to naval blockades, piracy, and geopolitical disruptions (e.g., Strait of Hormuz, Strait of Malacca).

### Executive Summary

- **Bilateral & Plurilateral Convergence:** At the 11th Quad Foreign Ministers' Meeting (FMM) in New Delhi, member states launched pivotal defense and economic initiatives to counter growing dual-front geopolitical instability in the Persian Gulf and the South China Sea.



- **Indo-Pacific Maritime Surveillance**

**Collaboration (IPMSC):** The grouping formally launched the IPMSC initiative, a mechanism designed to pool and optimize the standalone maritime reconnaissance and surveillance assets of India, the U.S., Australia, and Japan.



- **Expansion of IPMDA and COP Development:** The Quad expanded its flagship Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA) to deliver commercial, near real-time satellite tracking data across regional waters, actively building a comprehensive Common Operating Picture (COP).
- **Launch of Indo-Pacific Energy Security Initiative:** Triggered by recent market volatility and transit blockades, this new framework facilitates deep multilateral cooperation in supply chain tech, shared emergency response exercises, and structural protection for vital subsea infrastructure.
- **Infrastructure and Capacity Building Focus:** Transitioning from theoretical defense dialogue to tangible infrastructure delivery, the Quad launched the "Ports of the Future Partnership"—commencing with a pilot port infrastructure expansion project in Fiji.
- **Defense of Global Transit Corridors:** The joint declaration issued by the ministers strongly reinforced adherence to the law of the sea, unequivocally opposing arbitrary maritime tolls, hostile blockades, or coercive disruptions to freedom of navigation in global choke points.

### Constitutional and Legal Provisions

- **Article 51 of the Indian Constitution:** Contained within the Directive Principles of State Policy (DPSP), it mandates that the State shall endeavor to promote international peace and security, maintain just and honorable relations between nations, and foster respect for international law and treaty obligations.
- **Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976:** India's domestic legislation establishing its rights, sovereignty, and jurisdiction over its territorial waters (12 nautical miles), contiguous zone (24 nautical miles), and Exclusive Economic Zone (200 nautical miles).
- **United Nations Convention on the Law of the Sea (UNCLOS), 1982:** The comprehensive international legal framework governing global ocean use, maritime boundaries, and the right of innocent passage. India is a state party, whereas the U.S. recognizes it as customary international law.

### Additional Strategic Key Points

- **The Non-Militarization Narrative:** The Ministry of External Affairs (MEA) clarified that IPMSC and IPMDA provide unclassified, commercial satellite tracking data to smaller Indo-Pacific littoral states to combat illegal fishing and dark shipping, deliberately framing it as public-goods infrastructure rather than a military bloc.
- **Strategic Hubs (IFC-IOR):** India's operationalization of the IPMDA Indian Ocean wing is managed through the Information Fusion Centre-Indian Ocean Region (IFC-IOR) located in Gurugram, reinforcing New Delhi's role as a net security provider.
- **The Hormuz-Indo-Pacific Nexus:** Disruptions by regional actors at the Strait of Hormuz impact energy-importing Indo-Pacific economies via downstream commodity inflation (e.g., fertilizers, crude), forcing the Quad to expand its geographical and thematic purview.

### Conclusion

The 11th Quad Ministerial highlights the grouping's evolution from a consultative platform to a functional governance architecture. By fusing real-time maritime surveillance with tangible regional port infrastructure investments, the Quad provides an institutional counterweight to unilateral regional expansionism while upholding a rules-based, open maritime order.



## UPSC Relevance

- **GS Paper II (International Relations):** Bilateral, regional, and global groupings involving India; Effect of policies and politics of developed and developing countries on India's strategic interests; Institutional frameworks like UNCLOS and Quad.
- **GS Paper III (Security & Economy):** Security challenges and their management in border and maritime areas; Role of external state and non-state actors in creating internal/external security challenges; Energy security and infrastructure.

## 3. High-Level Committee on Demographic Change and Population Stabilisation

### Definitions of Key Terms

- **Demographic Change:** Any significant alteration in the size, structure, distribution, or composition of a human population over time, typically measured through indicators such as fertility rates, mortality rates, and migration patterns.
- **Unnatural Demographic Change:** Population shifts within a specific geographical area that cannot be explained through standard biological growth models (births minus deaths), indicating external distortions such as unchecked cross-border infiltration, orchestrated migration, or forced displacement.
- **Population Stabilisation:** The stage at which a population size becomes constant or changes very marginally over time, typically achieved when a society maintains a Total Fertility Rate (TFR) at the replacement level of 2.1 children per woman.

### Executive Summary

- **Constitution of High-Level Committee:** The Ministry of Home Affairs (MHA) has officially constituted a High-Level Committee on Demographic Change under the chairmanship of retired Supreme Court Judge Justice Prakash Prabhakar Navlekar, fulfilling an initiative announced by the Prime Minister.
- **Core Institutional Mandate:** The panel is tasked with undertaking a rigorous, data-driven scientific assessment of abnormal population shifts across various regions of India, explicitly analyzing structural changes at the level of religious and social communities that deviate from broader national trends.
- **Targeting Infiltration and Distortions:** The committee will investigate the underlying socioeconomic, cross-border, and environmental drivers behind unnatural demographic transitions, focusing on illegal immigration, abnormal settlement patterns, and organized or orchestrated internal migration.
- **Permanent Enforcement Blueprint:** A key mandate of the panel is to formulate a streamlined, permanent, and legally sound operational framework for the time-bound identification, detention, and systemic deportation of undocumented immigrants residing within Indian territory.
- **Multi-Layered Governance Framework:** To institutionalize long-term solutions, the committee will recommend robust policy structures to optimize border management, establish continuous demographic monitoring systems, and bridge operational gaps between Central and State enforcement agencies.



- **Strict Timeline for Actionable Reports:** The high-level panel has been directed to submit its final comprehensive report within a fixed duration of one year, with a provision for an extension of up to six months subject to central evaluation.

### Constitutional and Legal Provisions

- **Article 239AA and Schedule VII Entry 1 & 2:** The management of public order and policing rests predominantly with State governments, yet "Foreigners" and "Admission into, and emigration and expulsion from India" fall strictly under Entry 17 and Entry 19 of the Union List (List I).
- **The Foreigners Act, 1946:** Grants absolute power to the Central Government to regulate the entry, presence, detention, and departure of foreign nationals. Section 3 of this Act empowers the state to issue deportation orders against illegal entrants.
- **The Passports (Entry into India) Act, 1920:** Mandates that any individual entering India must possess valid passport documentation, failing which their entry constitutes a cognizable offense liable to detention and state-prosecuted eviction.
- **The Citizenship Act, 1955:** Governs the acquisition and determination of Indian citizenship, explicitly prohibiting illegal migrants from acquiring citizenship by registration or naturalization, supplemented by the recent operationalization of the Citizenship (Amendment) Act (CAA).

### Additional Strategic Key Points

- **Sovereignty and Security Implications:** Unnatural demographic imbalances significantly alter local social structures, strain public resources, and trigger internal security issues, particularly affecting tribal populations and sensitive border districts.
- **Fertility Disconnect:** The government's focus on "abnormal reasons" aligns with recent demographic trends, as the National Family Health Survey-V (NFHS-V) indicated that India's national TFR has fallen to 2.0, meaning local population spikes in specific pockets are increasingly driven by net migration rather than natural birth rates.
- **Data Integration with Census:** The panel's findings are expected to serve as critical input for structural monitoring ahead of the upcoming nationwide Census exercise, allowing the Office of the Registrar General and Census Commissioner to fine-tune identification matrices.

### Conclusion

The formation of the Justice Navlekar Committee underscores a strategic shift toward treating demographic imbalances as core national security challenges rather than mere administrative issues. By attempting to separate natural demographic transition from external infiltration, the framework aims to institutionalize border sanctity, secure local socio-cultural identities, and build an equitable population stabilization ecosystem.

### UPSC Relevance

- **GS Paper II (Governance & Polity):** Devolution of powers and challenges between Centre and States; Government policies and interventions for development; Issues arising out of design and implementation of internal security frameworks.
- **GS Paper III (Internal Security & Social Issues):** Security challenges and their management in border areas; Linkages of organized crime with infiltration; Demographic dividend versus demographic stress; Management of population stabilization and resource allocation.



## 4. Geopolitical Escalation in the Persian Gulf and U.S.-Iran Ceasefire Violations

### Definitions of Key Terms

- **Self-Defence Strikes:** Military actions executed by a state to neutralize an imminent threat or respond to an ongoing hostile act, legally justified under Article 51 of the United Nations Charter when conducted in response to an armed attack.
- **Ceasefire Breach:** A violation of a formal, temporary agreement between warring parties to suspend active hostilities, often serving as a preliminary step toward negotiating a permanent peace settlement.
- **Asymmetric Maritime Warfare:** A naval strategy where a conventionally weaker force utilizes low-cost, high-impact tactical tools—such as naval mines, fast attack craft, and uncrewed aerial vehicles (UAVs)—to disrupt, deter, or damage a superior conventional naval force.

### Executive Summary

- **Fragile Ceasefire Strained:** The seven-week-old provisional ceasefire established between the United States and Iran has encountered severe strain following a localized wave of overnight U.S. military strikes in southern Iran.
- **Targeting Strategic Assets:** U.S. Central Command (CENTCOM) executed localized bombings targeting active Iranian ballistic missile launch sites and fast-attack naval vessels allegedly deploying maritime mines in proximity to the Strait of Hormuz.
- **Iranian Retaliation and Claims:** Tehran officially condemned the operations as a gross violation of the truce, confirming retaliatory actions including the downing of an American reconnaissance drone and interceptive fire directed at an F-35 fighter jet entering its sovereign airspace.
- **Disruption near Critical Choke Points:** The hostilities caused a civilian tanker to suffer waterline damage from an external explosion off the coast of Oman, underscoring the immediate vulnerability of international commercial shipping.
- **Immediate Global Energy Shock:** Reflecting the acute geopolitical risk premium associated with the Persian Gulf, the benchmark Brent crude oil price surged by nearly 3% immediately following the confirmation of the military engagement.
- **Sustained Diplomatic Channels:** Despite the military friction, high-level diplomatic communication continues through active mediation panels in Qatar and Pakistan, with negotiators attempting to structure an agreement on the reopening of the Strait of Hormuz and the release of frozen financial assets.



### Constitutional and Legal Provisions

- **Article 51 of the UN Charter:** Recognizes the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security.
- **UNCLOS and Transit Passage:** The United Nations Convention on the Law of the Sea (UNCLOS) establishes the regime of "transit passage" for international straits like the Strait of Hormuz, strictly



prohibiting coastal states from suspending or arbitrarily disrupting non-threatening commercial navigation.

- **Article 21 of the Indian Constitution:** While a domestic provision securing the right to life and personal liberty, the Supreme Court of India has interpreted its scope to encompass economic well-being, which is directly impacted by external resource shocks, inflation, and energy supply security.

### Additional Strategic Key Points

- **Energy Security Architecture:** The Strait of Hormuz serves as the world's most critical energy transit choke point, handling approximately one-fifth of the global petroleum and liquefied natural gas (LNG) consumption. Any prolonged closure triggers downstream economic inflation worldwide.
- **India's Macroeconomic Vulnerability:** India imports over 85% of its crude oil requirements, a significant portion of which originates from the Persian Gulf region. Strategic disruptions instantly expand India's Current Account Deficit (CAD) and weaken the Indian Rupee.
- **The Asymmetric Threat of Mining:** The deployment of naval mines in shallow transit corridors represents a highly disruptive strategy that complicates international de-mining operations, drives up commercial maritime insurance premiums, and effectively enforces an unofficial blockade.

### Conclusion

The tactical friction between the U.S. and Iran demonstrates the immense volatility of negotiated truces in the absence of a comprehensive structural settlement. While both actors maintain ongoing diplomatic engagement via external mediators, the recurrent use of kinetic strikes near the Strait of Hormuz emphasizes that global energy lines remain highly vulnerable to localized military miscalculations.

### UPSC Relevance

- **GS Paper II (International Relations):** Effect of policies and politics of developed and developing countries on India's strategic interests; Geopolitics of West Asia and its direct structural impact on India's diaspora and energy diplomacy.
- **GS Paper III (Economy & Security):** Mobilization of resources and inflation management; Security challenges and their management in strategic international maritime corridors; Energy security and diversification strategies.

## 5. Delhi Cabinet Expansion of Public Distribution System Criteria and Digitalization

### Definitions of Key Terms

- **Public Distribution System (PDS):** An Indian food security system established under the Ministry of Consumer Affairs, Food and Public Distribution, managed jointly with state governments to distribute subsidized food and non-food items to India's poor.
- **Central Bank Digital Currency (CBDC):** A digital sovereign currency issued by a country's central bank—the Reserve Bank of India (RBI) in the domestic context—possessing the exact legal status, fungibility, and value as physical paper fiat currency.
- **Purpose-Bound Voucher / Token:** A digital asset configured with cryptographic smart contract restrictions that prevent it from being liquidated or spent on any transaction outside its pre-allocated purpose (e.g., restricted strictly to foodgrains).



## Executive Summary

- **Structural Income Limit Hike:** The Delhi Cabinet has formally approved a substantial upward revision of the annual family income eligibility threshold for procuring ration cards, raising it from ₹1.2 lakh to ₹2.5 lakh.
- **Realignment with Urban Inflation:** The programmatic alteration corrects long-standing policy distortions, acknowledging that previous benchmarks fell below real-world minimum wage structures and failed to capture the capital city's true economic cost of living.
- **Broadening Safety Net Outlays:** The policy expansion significantly inflates the targeted baseline of the Public Distribution System (PDS), integrating lakhs of vulnerable, low-income urban families previously excluded by rigid income ceilings.
- **System Cleanse and De-duplication:** The issuance of modernized ration cards follows a rigorous administrative audit of PDS registers that successfully detected and deleted 7.71 lakh ineligible, fraudulent, or bogus enrollments.
- **Pioneering CBDC-Enabled Welfare:** In a major institutional transition, the administration announced plans to phase out direct physical grain handouts or unmonitored bank cash transfers in favor of an advanced sovereign CBDC digital wallet system.
- **End-to-End Cryptographic Audit:** Under the proposed model, designated food subsidies are deposited directly as purpose-bound digital tokens into a citizen's token wallet, requiring electronic Point of Sale (e-PoS) biometric authentication at authorized outlets.

## Constitutional and Legal Provisions

- **Article 21 of the Indian Constitution:** Under the expanded judicial interpretation of the Right to Life, the Supreme Court of India recognizes the "Right to Food" as an integral components of living with human dignity.
- **Article 47 of the Constitution:** A Directive Principle of State Policy (DPSP) instructing the State to raise the level of nutrition and the standard of living of its people, and to consider the improvement of public health as among its primary duties.
- **National Food Security Act (NFSA), 2013:** Provides statutory backing to food security programs, legally entitling up to 75% of the rural population and 50% of the urban population to receive highly subsidized foodgrains under targeted frameworks.

## Additional Strategic Key Points

- **Targeting Cash Direct Benefit Transfer (DBT) Pitfalls:** Standard DBT cash distributions often face criticism due to diversion into non-essential household expenditures (e.g., alcohol, entertainment). The purpose-bound CBDC architecture eliminates this diversion risk completely.
- **Plugging Subsidized Commodity Leakages:** Transitioning to digital sovereign tokens cuts out middle-tier logistical cartels, checking diversion into open commercial markets, correcting weights-and-measures corruption, and generating a transparent ledger trail.
- **Operational Scale:** Delhi's food grid serves approximately 64.93 lakh active beneficiaries spanning 15.46 lakh operational ration cards, rendering any architectural intervention a vital case study for nationwide technology-led administrative reforms.



## Conclusion

The twin structural changes approved by the Delhi Cabinet balance welfare expansion with technological discipline. Raising the income ceiling acknowledges pressing urban economic realities, while replacing manual distribution lines with a purpose-bound CBDC infrastructure sets an elegant precedent for programmatic welfare delivery, proving that transparency and leak-proof distribution can coexist at a massive urban scale.

## UPSC Relevance

- **GS Paper II (Governance and Public Policy):** Issues relating to the development and management of Social Sector/Services relating to Health, Education, Human Resources; Government interventions for development in various sectors and issues arising out of their design and implementation.
- **GS Paper III (Technology and Economy):** Issues related to direct and indirect farm subsidies and PDS-objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; Economics of regulation via digital currencies.

## 6. Supreme Court Dismissal of Tamil Nadu Review Petition on Mokedatu Project

### Definitions of Key Terms

- **Review Petition:** A legal recourse under Article 137 of the Constitution of India allowing the Supreme Court to review any judgment pronounced or order made by it, typically entertained only to correct a patent error or a grave miscarriage of justice, usually decided via circulation in judges' chambers without oral arguments.
- **Balancing Reservoir:** A storage structure designed to regulate fluctuating water inflows, storing excess water during peak flow periods (such as heavy monsoons) and releasing it in a controlled manner during lean periods to meet specific downstream demands or municipal requirements.
- **Riparian State:** A state whose territory is traversed by or borders a natural river or watercourse. In the Cauvery basin context, Karnataka is the upper riparian state (upstream) and Tamil Nadu and Puducherry are lower riparian states (downstream).



### Executive Summary

- **Apex Court Rejection:** The Supreme Court of India, through a bench comprising Chief Justice Surya Kant, Justice Vinod K. Chandran, and Justice Vipul M. Pancholi, has dismissed Tamil Nadu's review petition against its November 2025 judgment regarding the Mokedatu project.
- **Affirmation of Premature Challenge:** The Court reiterated that Tamil Nadu's legal challenge to Karnataka's proposed Mokedatu Balancing Reservoir cum Drinking Water project remains premature, as the Detailed Project Report (DPR) is still pending administrative and technical evaluation.
- **Institutional Domain Restated:** The judiciary emphasized that the technical scrutiny of the DPR falls squarely under the expert jurisdiction of statutory bodies, specifically the Cauvery Water Management Authority (CWMA) and the Cauvery Water Regulation Committee (CWRC).



- **Protection of Downstream Share:** The apex court reconfirmed that Karnataka is bound by a strict legal condition to ensure the uninterrupted annual release of 177.25 tmcft of Cauvery water allocated to lower riparian states, irrespective of the project's construction.
- **Legal Recourse Retained:** The dismissal does not permanently strip Tamil Nadu of its legal remedies; the Court explicitly clarified that if the CWMA or CWRC grants statutory approval to the project, affected downstream parties remain free to challenge that approval in accordance with the law.
- **Revised DPR Process:** Following the judicial clearance, the Karnataka government has initiated the submission of a revised DPR, positioning the balancing reservoir as a vital project to secure drinking water for Bengaluru while regulating distressed seasonal flows.

### Constitutional and Legal Provisions

- **Article 137 of the Indian Constitution:** Invests the Supreme Court with the power to review any judgment pronounced or order made by it, subject to the provisions of any law made by Parliament or rules made under Article 145.
- **Article 262 of the Constitution:** Empowers Parliament to provide by law for the adjudication of any dispute or complaint with respect to the use, distribution, or control of the waters of, or in, any inter-State river or river valley, and permits excluding the jurisdiction of the Supreme Court in such matters.
- **Inter-State River Water Disputes Act, 1956:** Enacted under Article 262, this legislation provides the structural framework for constituting tribunals (like the Cauvery Water Disputes Tribunal) to adjudicate lingering inter-state river water disputes.

### Additional Strategic Key Points

- **Project Specifications:** The Mokedatu project is a multipurpose balancing reservoir proposed by Karnataka at an estimated cost of several thousand crores, located across the Cauvery River in Ramanagara district, aimed primarily at catering to Bengaluru's drinking water needs and generating 400 MW of hydroelectric power.
- **Core Political Friction:** Tamil Nadu contends that any upstream storage construction alters the natural flow of the river, jeopardizes the livelihood of farmers in its delta region (the rice bowl of Tamil Nadu), and compromises the impounding capacity of its own Mettur Dam.
- **Federal Water Governance:** This case highlights a persistent shift where the Supreme Court prefers letting statutory regulatory authorities (CWMA/CWRC) exhaust their technical assessments before executing judicial interventions, reinforcing institutional federalism.

### Conclusion

The Supreme Court's ruling establishes an administrative sequencing model for inter-state environmental conflicts, signaling that judicial remedies cannot be invoked against project conceptualizations until statutory regulatory bodies conclude their assessments. While the order allows Karnataka to advance its technical revisions, the strict enforcement of the 177.25 tmcft annual delivery mandate ensures that upper riparian development cannot proceed at the cost of downstream allocation commitments.



## UPSC Relevance

- **GS Paper II (Polity and Governance):** Inter-state relations and disputes; Statutory bodies like CWMA and CWRC; Judicial review, review petitions, and functioning of the apex court; Federal challenges and water governance.
- **GS Paper III (Environment and Infrastructure):** Resource mobilization and water security; Environmental impact assessment of major river valley projects; Sustainable management of inter-state river basins.

## 7. Public Health Emergency Preparedness and Ebola Surveillance in Bengaluru

### Definitions of Key Terms

- **Ebola Virus Disease (EVD):** A severe, often fatal illness in humans caused by the Ebola virus (a member of the *Filoviridae* family). It is a zoonotic disease transmitted to humans from wild animals (like fruit bats) and subsequently spreads within populations via direct contact with the blood, secretions, organs, or other bodily fluids of infected individuals.
- **Incubation Period:** The time interval required from the initial point of pathogenic infection to the clinical onset of the first visible symptoms. For the Ebola virus, this biological window ranges from 2 to 21 days, during which the infected individual remains non-infectious until symptoms manifest.
- **Double-Negative Protocol:** A stringent diagnostic screening mandate requiring a patient under investigation to test negative via separate polymerase chain reaction (PCR) evaluations conducted at least 48 hours apart, ensuring absolute viral clearance before official clinical discharge.

### Executive Summary

- **Suspected Case and Health Alert:** The Karnataka State Health Department has issued a high-priority epidemiological alert in Bengaluru after a 28-year-old female traveler arriving from Uganda developed baseline symptoms, triggering immediate transfer to a specialized containment facility.
- **Active Post-Airport Surveillance:** Although passing the initial international airport temperature and visual health screenings without presenting symptoms, the patient's specific travel history through an active Ebola-endemic region flagged her for continuous automated digital tracking.
- **Advanced Molecular Diagnostic Testing:** Following the development of mild localized body aches, biological samples were securely extracted and dispatched to the apex National Institute of Virology (NIV) in Pune for definitive real-time diagnostic testing.
- **Institutional Quarantine Measures:** Operating under strict precautionary protocols, state authorities have designated the state-run Epidemic Diseases Hospital as the dedicated quarantine unit, while reserving the Rajiv Gandhi Institute of Chest Diseases as the primary isolation hub.
- **Precautionary Statewide Infrastructure:** To mitigate the risk of importing high-consequence pathogens, state administrators have rapidly operationalized dual bio-containment, quarantine, and treatment wings across key entry points in Bengaluru and coastal Mangaluru.





- **Inter-Agency Epidemic Tracking:** The operation highlights the collaborative functionality of localized district surveillance teams working in tandem with Airport Health Organizations (APHOs) to implement effective contact tracing and active border bio-defense.

### Constitutional and Legal Provisions

- **Seventh Schedule (Distribution of Legislative Powers):** Public health and sanitation, including hospitals and dispensaries, fall under Entry 6 of the State List (List II), while "Prevention of the extension from one State to another of infectious or contagious diseases" falls under Entry 29 of the Concurrent List (List III).
- **The Epidemic Diseases Act, 1897:** A historical central legislation empowering state governments to prescribe temporary regulations, inspect inbound travelers, and mandate the forced segregation or hospital isolation of individuals suspected of harboring dangerous epidemic pathogens.
- **The Disaster Management Act, 2005:** Utilized complementarily to mobilize rapid administrative emergency funding, streamline inter-state logistical coordination, and enforce quick lockdown, zoning, or quarantine mandates during public health crises.
- **International Health Regulations (IHR 2005):** A legally binding World Health Organization (WHO) framework to which India is a signatory, requiring member states to strengthen core capacities for early detection, reporting, and response to potential Public Health Emergencies of International Concern (PHEIC).

### Additional Strategic Key Points

- **Pathogen Biosafety Categorization:** The Ebola virus is categorized as a Risk Group 4 pathogen, requiring the highest level of biosafety containment (BSL-4) for handling, isolation, and laboratory diagnosis due to its high case-fatality rate and lack of generic curative therapeutics.
- **Distinguishing Diagnostic Overlaps:** Early-stage clinical manifestations of EVD (fever, fatigue, muscle pain) mirror common endemic tropical diseases like malaria, typhoid, and dengue, underscoring the vital need for rapid molecular assays over symptomatic diagnosis.
- **Significance of NIV Pune:** The National Institute of Virology (NIV), Pune, functions as India's premier laboratory under the Indian Council of Medical Research (ICMR), equipped with maximum-containment BSL-4 infrastructure essential for verifying high-threat global pathogens.

### Conclusion

The swift isolation and multi-stage testing of the suspected traveler in Bengaluru illustrates the growing maturity of India's integrated public health surveillance mechanism. By preemptively isolating potential cases prior to severe symptom expression and leveraging advanced laboratory validation networks like NIV Pune, the administrative response demonstrates how aggressive border bio-defense can intercept and contain high-consequence pathogens before they gain a foothold in densely populated urban centers.

### UPSC Relevance

- **GS Paper II (Governance & Public Health):** Issues relating to the development and management of the Social Sector involving Health; Institutional frameworks for managing international health alerts; Federal sharing of health powers under List II and List III.
- **GS Paper III (Science & Technology):** Awareness in the fields of biotechnology and microbiology; Emerging infectious zoonotic diseases and biosafety levels (BSL-1 to BSL-4); Role of national scientific institutions like ICMR and NIV in bio-security.



## 8. Professor Shereen Ratnagar and Her Contributions to Harappan Studies

### Definitions of Key Terms

- **Harappan Civilisation (Indus Valley Civilisation):** A major Bronze Age civilisation (2600BCE–1900BCE for its mature phase) that extended across present-day northwest India, Pakistan, and parts of Afghanistan, known for its advanced urban planning, standardized baked bricks, drainage systems, and extensive maritime trade networks.
- **Early State Systems:** An anthropological and archaeological term denoting the earliest stages of centralized political authority, structural social stratification, and institutionalized governance within an ancient society, transitioning away from tribal or chiefdom configurations.
- **Maritime Cross-Cultural Trade:** The long-distance exchange of luxury goods, raw materials, and cultural ideas across oceanic routes, such as the verified Bronze Age trade links between the Indus Valley, the Persian Gulf (Dilmun and Magan), and Mesopotamia.

### Executive Summary

- **Demise of an Authoritative Scholar:** Noted archaeologist, ancient historian, and academician Professor Shereen Ratnagar passed away at the age of 82 in Mumbai, leaving behind a profound legacy in Indus Valley Civilisation (IVC) historiography.
- **Pioneering Works on Bronze Age Commerce:** She authored seminal books including *Encounters: The Westerly Trade of the Harappan Civilisation* and *The End of the Great Harappan Tradition*, which fundamentally reshaped our understanding of the civilization's external trade linkages and eventual decline.
- **Comparative Mesopotamian Analysis:** Ratnagar's research specialized in drawing extensive structural and economic comparisons between the Harappan cultural zone and contemporary Mesopotamian state systems, focusing on resource extraction and external trade diplomacy.
- **Deconstructing Harappan Pacifism:** Through rigorous analysis of archaeological toolkits and urban fortifications, she challenged the long-held institutional belief that the Harappans were an entirely peace-loving, egalitarian society completely detached from conflict or warfare.
- **Distinguished Academic Lineage:** Educated under pioneering archaeologist H.D. Sankalia at Deccan College, Pune, she completed her doctoral research under legendary historian Romila Thapar at Jawaharlal Nehru University (JNU), where she subsequently taught ancient history for decades.
- **Critique of Ayodhya Archaeological Findings:** Beyond her IVC research, Ratnagar, alongside archaeologist D. Mandal, critically reviewed the 2003 Archaeological Survey of India (ASI) report on the Ram Janmabhoomi-Babri Masjid site, raising notable methodological questions regarding the interpretation of sub-surface pillar bases.



### Constitutional and Legal Provisions

- **Article 49 of the Indian Constitution:** A Directive Principle of State Policy (DPSP) that mandates the State to protect every monument or place or object of artistic or historic interest, declared by or under law made by Parliament to be of national importance, from spoliation, disfigurement, destruction, or export.



- **Fundamental Duty [Article 51A(f)]:** Enjoins every citizen of India with the duty to value and preserve the rich heritage of our composite culture.
- **The Ancient Monuments and Archaeological Sites and Remains Act (AMASR Act), 1958:** The statutory legal framework governing the preservation of ancient and historical monuments, archaeological sites, and remains of national importance, regulating archaeological excavations conducted by the ASI and independent researchers.

### Additional Strategic Key Points

- **Trade Indicators:** Ratnagar's work meticulously tracked the distribution of Harappan trade indicators—such as carnelian beads, ivory products, shell inlays, and standardized cubical weights—found across Western Asia, confirming the economic interdependence of Bronze Age economies.
- **Methodological Rigor in Excavation:** Her independent research highlighted the necessity of rigorous stratigraphic controls over purely artifact-centric interpretations, a perspective that informed her critique of contemporary archaeological interpretations in India.
- **Pedagogical Impact:** As a professor at JNU's Centre for Historical Studies, she was instrumental in introducing integrated multi-disciplinary approaches, combining carbon-dating data, environmental archaeology, and socio-economic theory for students across India.

### Conclusion

The passing of Professor Shereen Ratnagar marks the end of an era in Indian archaeology that bridged classical excavation methods with modern socio-economic interpretations. Her scholarly emphasis on external trade networks and her willingness to question long-standing historical dogmas ensure that her texts remain essential reading for understanding the structural complexity, external integration, and ultimate transformation of the Harappan tradition.

### UPSC Relevance

- **GS Paper I (Indian History & Culture):** Salient features of Indian Art, Literature, and Architecture from ancient to modern times; Indus Valley Civilisation—its socio-economic features, external trade relations, urban structures, and theories regarding its decline.
- **GS Paper II (Governance):** Institutional functioning of statutory cultural bodies like the Archaeological Survey of India (ASI) and the legal protection of national heritage sites under the AMASR Act.

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## 9. Nalanda University's Integration of Indic Epics into Modern International Relations

### Definitions of Key Terms

- **Dharmic Realism:** A strategic framework derived from ancient Indian texts that balances ethical duties, moral righteousness (*Dharma*), and pragmatism to achieve state stability, security, and long-term global order without resorting to pure machiavellianism.
- **Just War Theory (Supreme Emergency):** A socio-legal doctrine defining the conditions under which military force is morally permissible. The modern concept of "Supreme Emergency" occurs when an imminent, existential threat to a state's survival justifies overriding standard moral constraints to safeguard collective preservation.
- **Vishwa Bandhu:** A civilizational foreign policy vision positioning India as a global friend or a reliable partner that contributes to collective international welfare, emphasizing mutual respect, global inclusion, and strategic autonomy.



## Executive Summary

- **Academic Paradigm Shift:** Nalanda University has introduced a pioneering curriculum within its International Relations and Peace Studies (IRPS) discipline, systematically using ancient Indian epics—the *Ramayana* and the *Mahabharata*—to decode contemporary global geopolitics.
- **Asymmetric Alliances and Strategic Insight:** Academic research at the university utilizes the *Kishkindha Kand* of the *Ramayana* to model durable, non-hegemonic frameworks for asymmetric state partnerships, exploring concepts of sovereignty, leadership, and ethical intervention.
- **Soft Power and Just War Analogy:** Student dissertations evaluate Lord Krishna's strategic maneuvers in the *Mahabharata* as early manifestations of soft power diplomacy, mapping his crisis management principles onto modern international responses to rogue states and global terror networks.
- **Synthesizing Classical Texts with Modern Foreign Policy:** The curriculum fuses traditional statecraft principles found in the *Arthashastra* with modern Environmental, Social, and Governance (ESG) frameworks, validating India's contemporary strategic choices against deep civilizational models.
- **Traditional Ecological Knowledge (TEK) for Energy Security:** The research extends into climate diplomacy, demonstrating how traditional community-led infrastructure—such as the indigenous *Ahar-Pyne* water systems of Bihar—can offer decentralized, community-driven models for the global clean energy transition.
- **Contrast with Western Binary Paradigms:** The institutional objective seeks to provide an alternative to Western international relations frameworks, which are frequently viewed as zero-sum binary contests of winning versus losing, replacing them with an emphasis on cumulative civilizational wisdom and sustainable conflict resolution.



## Constitutional and Legal Provisions

- **Article 51 of the Indian Constitution:** Directly echoes ancient international ethics by commanding the State to promote international peace and security, maintain just and honorable relations between nations, and foster respect for international law.
- **Article 253 of the Constitution:** Grants Parliament the supreme authority to enact laws for implementing international treaties, agreements, and conventions, enabling the statutory execution of India's global statecraft commitments.
- **The Nalanda University Act, 2010:** An Act of Parliament that established Nalanda University as an international institution of eminence, specifically mandated to replicate the academic excellence, cross-cultural dialogue, and philosophical heritage of the historic ancient Nalanda seat of learning.

## Additional Strategic Key Points

- **Reviving Historical Institutionalism:** The ancient Nalanda University (destroyed in the 12th century) served as an early global center for transnational knowledge exchange; its modern reincarnation leverages this historic identity to anchor India's current soft power diplomacy.



- **Alliance Formation Theory:** By comparing modern geopolitical security theories with internal epic alliances (e.g., the Rama-Sugriva pact), researchers seek to challenge Western dominance in alliance-formation theories.
- **Community-Conditioned Governance:** Case studies from frontier Himalayan regions indicate that effective resource management relies on community-led practices rather than top-down state mandates, altering how global sustainability programs can be designed.

## Conclusion

Nalanda University's instructional model marks an important development in decolonizing the academic study of international relations in India. By establishing that ancient Indian texts offer structural, pragmatic answers to contemporary military, diplomatic, and ecological challenges, this framework reclaims India's civilizational inheritance to construct an alternative, cooperative paradigm for the modern global order.

## UPSC Relevance

- **GS Paper I (Indian Culture & History):** Salient aspects of literature, philosophy, and ancient seats of learning like Nalanda; Continuing relevance of traditional knowledge systems.
- **GS Paper II (International Relations & Governance):** Formulation of Indian foreign policy; Ideological and civilizational drivers of strategic autonomy; Use of soft power in multilateral diplomacy.
- **GS Paper III (Environment & Security):** Traditional conservation techniques and decentralized models for renewable energy transformation; Alternative conflict resolution systems.

## 10. Geopolitical Volatility in the Strait of Hormuz and India's Energy Security Strategy

### Definitions of Key Terms

- **Strait of Hormuz:** A strategically vital, narrow waterway connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea. It serves as the world's primary maritime transit choke point, routing approximately 20% of global petroleum and liquefied natural gas (LNG) consumption.
- **Under-Recoveries:** The financial difference between the higher international market-linked cost of importing and refining crude oil and the lower administered retail price at which state-run Oil Marketing Companies (OMCs) are mandated to sell fuel domestically to shield consumers from inflation.
- **Strategic Petroleum Reserve (SPR):** Large underground rock caverns built by a nation to store emergency crude oil inventories, serving as an economic cushion against sudden supply chain disruptions or geopolitical embargoes.

### Executive Summary

- **Geopolitical Choke Point Crisis:** Escalating conflict in West Asia has transformed the Strait of Hormuz into a volatile maritime fault line, triggering sharp increases in global Brent crude prices, ocean freight costs, and multi-year highs in marine insurance premiums.
- **Domestic Price Insulation:** Through state intervention, alternative sourcing, and financial absorption by public sector OMCs, India has kept domestic fuel prices stable (near ₹95 per litre).





This contrasts with advanced economies like Germany and the UK, where prices have risen by roughly 25% on average to cross ₹220 and ₹204 per litre, respectively.

- **Sourcing Diversification and SPR Expansion:** India has actively reduced its traditional reliance on the Persian Gulf by expanding its import basket to Russia, the US, West Africa, and the Atlantic basin. Furthermore, a strategic pact was finalized with the UAE to store 30 million barrels of crude oil within India's domestic SPR infrastructure.
- **Critical Structural Reallocation:** To prevent cascading domestic economic shocks, the government maximized localized LPG production by nearly 50% to sustain over 33 crore Ujjwala connections, while prioritizing gas allocations to safeguard public transport and agricultural fertilizer networks.
- **OMC Financial Stress:** This prolonged consumer insulation has created severe fiscal friction, with state-run OMCs incurring daily under-recoveries estimated between ₹700 crore and ₹800 crore during peak volatility, highlighting the long-term unsustainability of absolute price suppression.
- **Call for Economic Realism:** With Consumer Price Index (CPI) inflation remaining moderate between 3.2% and 3.5% in early 2026, policy experts advocate for a calibrated, one-time price correction of approximately 13% on petroleum products to stabilize OMC balances and curb fiscal deficit expansion.

### Constitutional and Legal Provisions

- **Article 297 of the Indian Constitution:** Specifies that all lands, minerals, and other things of value underlying the ocean within the territorial waters, the contiguous zone, or the Exclusive Economic Zone (EEZ) of India vest strictly in the Union.
- **Seventh Schedule (List I - Union List):** Entry 53 explicitly empowers the Central Government to legislate and govern matters concerning regulation and development of oilfields, mineral oil resources, petroleum, and petroleum products.
- **The Petroleum Act, 1934 and Essential Commodities Act, 1955:** Federal statutes that grant the Central Government sovereign authority to control the import, transport, storage, production, supply, and pricing distribution of petroleum products during national emergencies.

### Additional Strategic Key Points

- **Macroeconomic Vulnerability:** India is structurally vulnerable to external energy shocks, importing over 85% of its crude oil requirements. Sustained disruptions widen the Current Account Deficit (CAD) and put downward pressure on the Indian Rupee.
- **Logistical Redirection:** Avoiding the Strait of Hormuz or the Red Sea forces commercial vessels to circumnavigate Africa via the Cape of Good Hope. This detour adds weeks to transit timelines and significantly increases global trade emissions.
- **Demand-Side Management:** The Prime Minister's appeals for responsible fuel conservation, reduced travel, and remote work emphasize a strategic shift toward behavioral demand-side management to complement supply-side geopolitics.

### Conclusion

India's management of the current West Asian energy crisis demonstrates strong tactical agility and administrative coordination. However, the multi-billion dollar financial losses borne by public oil marketing companies emphasize that state-funded insulation has long-term economic limits. Transitioning into an era of permanent geopolitical volatility requires a shift toward structural realism, balancing near-term retail



price stability with timely fiscal corrections, strategic reserve accumulation, and an accelerated transition toward clean energy alternatives.

### UPSC Relevance

- **GS Paper II (International Relations):** Effect of policies and politics of developed and developing countries on India's strategic interests; Geopolitics of maritime choke points and West Asian foreign policy.
- **GS Paper III (Indian Economy & Security):** Infrastructure and Energy Security; Mobilization of resources, fiscal deficit tracking, and inflation management; Security challenges along critical international sea lines of communication (SLOCs).

## 11. Rajya Sabha Defections and Constitutional Nuances of the Tenth Schedule

### Definitions of Key Terms

- **Anti-Defection Law (Tenth Schedule):** A constitutional framework inserted into the Constitution of India to deter political defections by elected legislators, prescribing the penalty of disqualification if a member voluntarily gives up party membership or votes against party directions.
- **Political Party vs. Legislature Party:** The "political party" refers to the core organizational structure, office-bearers, and registered framework of a political entity, whereas the "legislature party" comprises only those elected members of Parliament or State Legislative Assemblies who represent that party inside the house.
- **Deeming Fiction:** A legal technique where a statute mandates that certain facts or circumstances must be accepted or treated as true, regardless of their actual reality, to fulfill a specific legislative purpose.

### Executive Summary

- **National Defection Crisis:** A major constitutional issue emerged in the Rajya Sabha when seven out of ten sitting Members of Parliament from the Aam Aadmi Party (AAP) claimed immunity from the Anti-Defection Law to merge with the Bharatiya Janata Party (BJP).
- **Invocation of the Merger Defense:** The defecting legislators invoked Paragraph 4 of the Tenth Schedule, asserting that because they comprise more than a two-thirds majority of the party's total legislative strength in the upper house, their realignment is constitutionally protected.
- **Abolition of the Split Doctrine:** The historical "split" defense under Paragraph 3, which protected a one-third legislative faction from disqualification, was permanently removed by the 91st Constitutional Amendment Act, 2003, establishing that internal legislative fractions are no longer a valid legal defense.
- **Primacy of the Parent Political Party:** Interpreting the Tenth Schedule requires maintaining an unbroken connection between the legislature party and the parent political party, ensuring that an elected legislative faction cannot arbitrarily override or appropriate the legal identity of the registered party organization.
- **Dual-Condition Merger Test:** A literal reading of Paragraph 4 suggests that a valid merger cannot be triggered solely by a numerical vote inside the legislature; it requires a structural merger of the original organizational political party, which must then be approved by a two-thirds majority within the legislature party.



- **Implications for the Opposition:** This case highlights an urgent need for definitive judicial clarity on whether a legislative majority can absorb a political party's identity, an outcome that directly impacts multi-party balance and the institutional role of the Opposition in a parliamentary democracy.

### Constitutional and Legal Provisions

- **Article 102(2) and Article 191(2):** Constitutional provisions stating that a person shall be disqualified for being a member of either House of Parliament or a State Legislative Assembly if they are so disqualified under the Tenth Schedule.
- **Paragraph 4 of the Tenth Schedule:** Provides immunity from disqualification only if a legislator's original political party merges with another political party, and the legislator claims that they and other members have become members of such other political party, supported by at least two-thirds of the legislature party.
- **Paragraph 6 of the Tenth Schedule:** Vesting absolute initial jurisdiction in the Chairman or Speaker of the House to decide questions of disqualification arising out of defection, making their office the primary adjudicatory authority in these disputes.

### Additional Strategic Key Points

- **Electoral Reform Committee Precedents:** The deletion of the split provision by the 91st Amendment was based on the recommendations of the Dinesh Goswami Committee (1990) and the 170th Law Commission of India Report (1999), which sought to curb mass unprincipled defections.
- **Judicial Precedent (Subhash Desai Case, 2023):** A five-judge Constitution Bench of the Supreme Court held that a whip and leader of a legislature party must be appointed by the political party, affirming that the legislature party cannot independently sever its ties from its organizational core.
- **Kihoto Hollohan v. Zachillhu (1992):** While upholding the validity of the Tenth Schedule, the Supreme Court ruled that the Speaker/Chairman's decision is subject to judicial review under Articles 136, 226, and 227, though only on grounds of infirmity, mala fides, or violation of natural justice.

### Conclusion

The current political split within the Rajya Sabha highlights a significant gray area in India's anti-defection framework, where legislators use the two-thirds merger exception as a functional substitute for the abolished split clause. Resolving this controversy requires a strict legal interpretation that treats the organizational political party as the primary source of legitimacy. This approach prevents numerical legislative factions from undermining democratic mandates and preserves the constitutional role of the opposition.

### UPSC Relevance

- **GS Paper II (Polity and Governance):** Comparison of constitutional schemes; Parliament and State Legislatures—structure, functioning, conduct of business, powers & privileges; Tenth Schedule and its evolving judicial interpretations.
- **GS Paper II (Electoral Reforms):** Role of political parties, the impact of defections on political stability, and the structural efficacy of the 52nd and 91st Constitutional Amendments.



## 12. Global Impact of Indonesia's Resource Nationalism and Export Centralisation

### Definitions of Key Terms

- **Resource Nationalism:** A state-led economic strategy where a government asserts control over natural resources located within its territory, often restricting foreign ownership, implementing export bans, or taxing windfalls to boost domestic value addition and state revenue.
- **Under-Invoicing:** A trade fraud mechanism where exporters deliberately state a lower value for goods on commercial invoices than the actual transactional value to evade export duties, minimize domestic tax liabilities, or illicitly spirit capital out of the country.
- **Sovereign Wealth Fund (SWF):** A state-owned investment fund composed of pools of money derived from a country's reserves, natural resource exports, or budgetary surpluses, managed by the government to invest in domestic industries or global financial assets.

### Executive Summary

- **Radical Trade Centralisation Mandate:** Indonesian President Prabowo Subianto has announced the "Government Regulation on Natural Resource Commodity Export Governance," structurally eliminating direct commercial trade between private resource companies and global buyers.
- **State Agency Monopsony and Monopoly:** Under the new trade framework, resource producers are legally mandated to sell primary commodities directly to the state-run agency, PT Danantara Sumberdaya Indonesia, which will hold the exclusive sovereign right to trade with foreign markets.
- **Targeting Historical Fiscal Leakages:** The structural overhaul seeks to reclaim massive revenue streams, following official state estimates that Indonesia lost over \$900 billion over the past 34 years due to widespread trade fraud, under-invoicing, and systematic corporate tax evasion.
- **Correction of Revenue-to-GDP Distortions:** The policy targets a chronic domestic macroeconomic imbalance: despite Indonesia's massive resource wealth, its state revenue-to-GDP ratio stands at just 12%, far below the Asia-Pacific average of 19.5% and the OECD baseline of 33.9%.
- **Phased Rollout Targeting Pillars:** The centralisation model takes effect by September, following a brief transition phase starting in June, and initially targets the country's economic backbones: palm oil, thermal coal, ferro-alloys, and nickel components.
- **Severe Market Realignments:** The sudden policy shift triggered an immediate 2.4% drop in the Jakarta Composite Index and raised deep supply chain concerns among major global importers, particularly China and India, which depend heavily on Indonesian raw inputs.



### Constitutional and Legal Provisions in India

- **Article 39(b) of the Constitution:** A core Directive Principle of State Policy (DPSP) dictating that the State shall direct its policy toward securing that the ownership and control of the material resources of the community are so distributed as best to subserve the common good.
- **Seventh Schedule (List I - Union List):** Entry 41 grants the Parliament of India exclusive jurisdiction over "Trade and commerce with foreign countries; import and export across customs frontiers," giving the Union full legal authority to counter external supply shocks via trade adjustments.



- **The Foreign Trade (Development and Regulation) Act, 1992:** India's principal statutory framework enabling the Central Government to develop, regulate, and alter foreign trade policies, manage canalized imports, or impose retaliatory restrictions to protect domestic economic interests.

#### Additional Strategic Key Points

- **India's Energy and Food Vulnerability:** India is highly exposed to this policy shift. It is a major global consumer of vegetable oils and depends heavily on Indonesian palm oil for FMCG manufacturing, while relying on Indonesian thermal coal to fuel its domestic power grids.
- **The Downstream EV Supply Chain:** Indonesia's control over nickel and ferro-alloys directly alters the global economics of stainless steel and electric vehicle (EV) battery manufacturing, driving up production costs for alternative processing hubs.
- **Canalization Precedents:** The Indonesian structure mimics the concept of "canalization" used historically by India through state enterprises like the Minerals and Metals Trading Corporation (MMTC), demonstrating a global shift back toward state-directed economic models.

#### Conclusion

Indonesia's move toward absolute export centralisation marks a significant turning point in global resource nationalism. While the policy aims to fix long-standing domestic tax deficits and eliminate corporate invoicing fraud, it injects immediate volatility into global supply chains. For importing nations like India, this state-enforced transformation underscores the limits of open market procurement and highlights the urgent need to diversify bilateral supply lanes and build resilient domestic commodity reserves.

#### UPSC Relevance

- **GS Paper II (International Relations):** Effect of policies and politics of developed and developing countries on India's strategic interests; Bilateral and multilateral trade dynamics within the Indo-Pacific and ASEAN frameworks.
- **GS Paper III (Indian Economy & Infrastructure):** Supply chain security, resource mobilization, and imported inflation management; Energy security challenges regarding thermal coal and mineral inputs for the domestic EV transition.