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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

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VIDHVATH IAS ACADEMY



1. India-Indonesia Strategic Pact: Defense, Minerals, and Maritime Security

Key Highlights & Summary

- **BrahMos Missile Deal:** India signed a landmark defense deal worth \$200 million to supply Indonesia with two batteries of BrahMos supersonic cruise missiles, alongside Astra Air-to-Air missile systems.
- **Strategic Minerals and Energy:** The bilateral agreements include comprehensive cooperation on critical minerals, rare earth elements, space exploration, and agricultural development.
- **Maritime Security & Infrastructure:** Both nations agreed to deepen maritime security cooperation, technology transfer, and joint development of port infrastructure, specifically targeting the security of the Indo-Pacific.
- **Geopolitical Balancing:** Prime Minister Narendra Modi addressed the Indonesian Parliament, emphasizing "development, not expansionism," delivering a veiled critique of China's assertive behavior in the South China Sea.
- **High Civilian Honour:** Indian PM Narendra Modi was conferred with the *Bintang Adipurna* (Star of the Republic of Indonesia), Indonesia's highest civilian honor, by President Prabowo Subianto.
- **Defense Operationalization:** The deal highlights India's transition from a net defense importer to a key defense exporter, building on the operational success of the BrahMos missile system across its three defense services.



Essential Definitions

- **BrahMos Missile:** A ramjet supersonic cruise missile jointly developed by India's DRDO and Russia's NPO Mashinostroyeniya, capable of being launched from submarines, ships, aircraft, or land.
- **Critical Minerals:** Mineral commodities (like lithium, cobalt, and rare earths) that are vital to modern technology, green energy transition, and national security, but face significant supply chain vulnerabilities.
- **Supersonic Cruise Missile:** A guided missile that flies at speeds between Mach 1 and Mach 5 (faster than the speed of sound) within the earth's atmosphere, maintaining a constant speed throughout its flight.

Legal and Constitutional Framework

- **Article 51 (Directive Principles of State Policy):** The Indian Constitution mandates the state to promote international peace, security, and maintain just and honorable relations between nations.
- **Act East Policy:** This engagement serves as a core pillar of India's Act East Policy, elevating ties with ASEAN nations from economic cooperation to strategic and defense partnerships.
- **SAGAR Doctrine:** Security and Growth for All in the Region (SAGAR) forms the maritime legal and strategic framework under which India cooperates with littoral nations to ensure freedom of navigation and secure sea lanes of communication (SLOCs).



- **UNCLOS Compliance:** Both nations reaffirmed adherence to the United Nations Convention on the Law of the Sea (UNCLOS) to counter unilateral maritime expansionism and ensure an open, inclusive Indo-Pacific.

Conclusion

The deepening of ties between New Delhi and Jakarta marks a paradigm shift in India's neighborhood diplomacy. By combining defense exports with critical mineral cooperation, India not only strengthens its economic footprint but also establishes itself as a credible security provider in the Indo-Pacific region, effectively countering asymmetric regional assertions.

UPSC Relevance

- **GS Paper II (International Relations):** Bilateral, regional, and global groupings involving India or affecting India's interests; India's Act East Policy and Indo-Pacific strategy.
- **GS Paper III (Security & Defense):** Indigenization of technology, defense exports, and maritime security challenges.

2. Delhi Ridge Rejuvenation Plan and Mega Plantation Drive

Key Highlights & Summary

- **Ecological Restoration of Delhi Ridge:** The Central and Delhi governments have jointly resolved to rejuvenate 6,300 hectares of the Ridge area over the next four years to conserve biodiversity, soil quality, and local water systems.
- **Mega Plantation Campaign:** Launched under the 'Ek Ped Maa Ke Naam' initiative, the drive aims to plant 70 lakh trees across the capital, including 20.01 lakh trees, 37.07 lakh shrubs, and 92,960 bamboo saplings.
- **Overcoming Institutional Delays:** Resolving a three-decade administrative delay since the initial notification under the Indian Forest Act in 1994, the Delhi government has declared 5,000 hectares of this area as protected forest land to grant it strict legal immunity.
- **Focus on Indigenous Bio-diversity:** The campaign aims to phase out poisonous, invasive thorny species that create an illusion of green cover, replacing them with long-living native species like Peepal, Banyan, Neem, Gular, Arjun, and Jamun.
- **Yamuna Pollution Abatement:** In a significant waste-to-wealth step, an upcoming agreement with the National Dairy Development Board (NDDB) will completely stop the discharge of cow dung from Delhi's dairies into the Yamuna River.
- **Citizen-Led Decentralized Governance:** To promote *Jan Bhagidari* (public participation), the government launched the Green Drive Portal to distribute 12.04 lakh free saplings to schools, residents, and institutions.



Essential Definitions

- **Delhi Ridge:** A northern extension of the ancient Aravalli Range that serves as the primary "green lungs" of the National Capital Territory and acts as a natural barrier against desertification from western India.



- **Invasive Alien Species:** Exotic species introduced outside their natural habitat that outcompete indigenous flora, disturb ecological balance, and deplete groundwater tables (e.g., *Prosopis juliflora* or Vilayati Kikar in the Ridge).
- **Urban Heat Island Effect:** A metropolitan phenomenon where urban areas experience significantly warmer temperatures than surrounding rural areas due to human activities, concrete infrastructure, and the loss of natural green cover.

Legal and Constitutional Framework

- **Article 48A (Directive Principles):** Directs the State to protect and improve the environment and safeguard the forests and wildlife of the country.
- **Article 51A(g) (Fundamental Duties):** Explicitly states that it shall be the duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers, and wildlife.
- **Indian Forest Act, 1927:** The statutory framework that empowers state governments to notify forest land as Reserved or Protected, providing the mechanism to penalize encroachment and illegal deforestation.

Conclusion

The comprehensive revival of the Delhi Ridge combined with proactive dairy waste management along the Yamuna marks a critical shift toward sustainable urban metabolism. By blending legal notification safeguards, native tree afforestation, and digitized citizen interfaces, this model offers a replicable strategy for combatting severe environmental degradation and micro-climate fluctuations in major Indian metropolises.

UPSC Relevance

- **GS Paper III (Environment & Ecology):** Conservation, environmental degradation, river pollution mitigation models, and ecosystem restoration strategies.
- **GS Paper II (Governance):** Centre-State cooperative federalism, public policy implementation, and citizen-centric environmental governance.

3. Interstate Water Dispute Resolution: Four States Sign Narmada Pact

Key Highlights & Summary

- **Settlement of Outstanding Dues:** The Chief Ministers of Gujarat, Madhya Pradesh, Maharashtra, and Rajasthan signed a historic agreement to settle long-pending financial and operational dues linked to the Narmada Water Disputes Tribunal (NWDT) Award.
- **Resolution of Cost-Sharing Deadlocks:** The agreement successfully resolves decades-old disputes regarding cost-sharing frameworks for the construction of the multi-purpose Sardar Sarovar Project, financial allocations for the Sardar Sagar project, and interest burdens on borrowing accumulated during construction.
- **Resettlement and Rehabilitation (R&R):** A significant component of the pact involves the final settlement of financial liabilities regarding R&R expenditures and compensation for submerged lands across the beneficiary states.





- **Hydropower and Water Sharing:** The deal cements the resource-sharing matrix finalized by the NWDT for the allocation of water and the distribution of net power generated at the Navagam Canal Head Power House and the River Bed Power House.
- **Cooperative Federalism in Practice:** Executed in the presence of the Union Home Minister and Union Jal Shakti Minister, the pact highlights an institutional breakthrough achieved via consensual political alignment across state boundaries.
- **Transformative Regional Impact:** The dispute resolution ensures unhindered water and electricity supply to drought-prone areas, particularly aiding transformation in arid zones of Rajasthan and North Gujarat.

Essential Definitions

- **Interstate River Water Dispute:** A water-sharing or financial disagreement between two or more states over the use, distribution, or control of waters of an interstate river or river valley.
- **Tribunal Award:** A binding, statutory judgment passed by a centrally constituted tribunal under specific laws to resolve conflicts that regular courts lack the mandate or technical expertise to adjudicate.
- **Resettlement & Rehabilitation (R&R):** A state-directed framework designed to compensate, rehouse, and restore the livelihoods of populations displaced by large-scale infrastructural or irrigation developments.

Legal and Constitutional Framework

- **Article 262 of the Constitution:** Provides the constitutional mechanism for the adjudication of disputes relating to waters of interstate rivers or river valleys, barring the Supreme Court's jurisdiction over such matters if Parliament so enacts.
- **Inter-State Water Disputes Act, 1956:** Enacted under Article 262, it empowers the Central Government to set up an ad-hoc tribunal (like the NWDT in 1969) whose final award carries the sanctity of a Supreme Court decree.
- **Seventh Schedule Allocation:** Water is fundamentally a State subject (Entry 17 of List II), but it is subject to the provisions of Entry 56 of List I (Union List), which empowers the Central Government to regulate and develop interstate rivers to the extent declared by Parliament.

Conclusion

The resolution of the outstanding financial and structural aspects of the NWDT award marks a watershed moment for water governance in India. By replacing institutional litigation with consensus-driven fiscal settlements, this pact establishes a benchmark for resolving complex, lingering water disputes through the lens of functional cooperative federalism.

UPSC Relevance

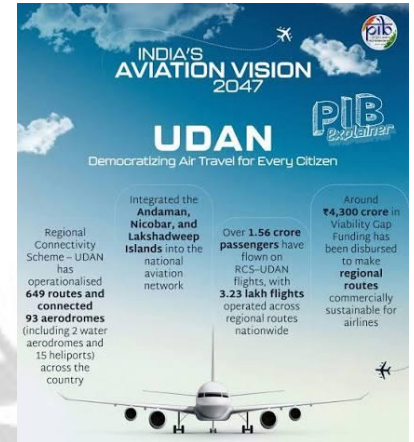
- **GS Paper II (Polity & Governance):** Interstate relations, Article 262, statutory tribunals, and statutory dispute resolution mechanisms in a federal structure.
- **GS Paper III (Infrastructure & Economy):** Multi-purpose river valley projects, irrigation challenges, water resource management, and regional development initiatives.



4. Viksit UDAN: Revamping India's Regional Aviation Ecosystem

Key Highlights & Summary

- **Launch of Viksit UDAN:** To achieve long-term fiscal viability and correct past operational gaps, the Prime Minister formally launched the next decade-long phase of the regional connectivity scheme, titled 'Viksit UDAN' (Modified UDAN).
- **Enhanced Financial Outlay:** The upgraded scheme transitions from short-term interventions to a structural 10-year policy layout (FY 2026-27 to FY 2035-36) backed by a massive central budgetary commitment of ₹28,840 crore.
- **Targeted Capital Expenditure:** To resolve structural bottlenecks, the government has earmarked ₹12,159 crore to transform 100 unserved or underutilized airstrips into functional regional aerodromes, alongside ₹3,661 crore to build 200 modern helipads.
- **Operational & Maintenance Cushion:** Addressing the critical issue of regional airport closures, the scheme creates a dedicated ₹2,577 crore O&M fund, capping annual support at ₹3.06 crore per airport and ₹0.90 crore per heliport for three initial years.
- **Revised Viability Gap Funding (VGF):** To prevent premature route dropouts highlighted by Comptroller and Auditor General (CAG) audits, ₹10,043 crore is allocated for VGF over 10 years, offering airline support for five years with gradual tapering.
- **Push for Indigenous Manufacturing:** Aligning with Atmanirbhar Bharat, the phase incentivizes the procurement and induction of home-grown aviation platforms, specifically utilizing HAL Dhruv helicopters and HAL Dornier aircraft for remote sectors.



Essential Definitions

- **Viability Gap Funding (VGF):** A one-time or structured financial grant provided by the government to infrastructure projects that are economically justified and socially necessary but lack immediate commercial profitability.
- **Aerodrome:** A defined area on land or water (including buildings, installations, and equipment) intended to be used either wholly or in part for the arrival, departure, and surface movement of aircraft.
- **Challenge Mode:** An objective procurement mechanism where states compete against predefined indicators (land allocation, fiscal concessions) to secure central infrastructure funds.

Legal and Constitutional Framework

- **National Civil Aviation Policy (NCAP) 2016:** The overarching statutory policy framework that conceived the Regional Connectivity Scheme (RCS) to democratize domestic air travel through fare caps and tax concessions.
- **Union List Jurisdiction (Seventh Schedule):** Under Entry 29 of List I of the Constitution, the regulation, operation, and development of airways, aircraft, and air navigation fall exclusively within the legislative domain of the Parliament.



- **Federal Fiscal Concessions:** To implement the scheme legally, state governments enter into binding Memorandums of Understanding (MoUs) to slash Value Added Tax (VAT) on Aviation Turbine Fuel (ATF) to 1% or less at regional hubs.

Conclusion

Viksit UDAN shifts India's regional aviation from a subsidy-dependent model toward a heavily infrastructure-backed, sustainable ecosystem. By addressing early termination flaws through systemic asset creation, extended VGF brackets, and localized O&M funding, the state aims to integrate Tier-2 and Tier-3 economies directly into the national growth narrative.

UPSC Relevance

- **GS Paper III (Infrastructure & Economy):** Aviation infrastructure, multi-modal transport integration, pricing mechanisms, and public-private partnership (PPP) frameworks.
- **GS Paper II (Governance & Public Policy):** Central sector schemes, outcome-budgeting, auditing findings of CAG, and state-level policy compliance.

Navigating the Urban Employment Landscape in India

Key Highlights & Summary

- **Widespread Job Search Distress:** According to the Mint-YouGov-CPR Millennial Survey covering over 10,000 respondents across 207 towns, nearly 70% of urban Indians experience significant hurdles when searching for employment.
- **Severity of Perceived Difficulty:** A substantial 27.4% portion of urban job seekers characterize the current employment market as "extremely difficult," making it the single largest respondent bracket in the study.
- **Asymmetry in Market Experience:** The survey data reveals a stark divide in employment access, showing that only 27.6% of urban youths view finding an active livelihood as an easy process.
- **The Structural Gap Challenge:** The findings highlight a deeper structural issue within the Indian economy, where rising educational attainment does not automatically translate into formal sector job creation.
- **Youth Demographics at Risk:** The survey primarily reflects the sentiments of millennials and urban youth, a critical demographic segment whose gainful employment is vital for India to reap its demographic dividend.
- **Geographical Spread:** The widespread sentiment across 207 towns highlights that employment distress is not restricted to small towns or specific regions, but is a uniform macro challenge across major and minor Indian urban centers.



Essential Definitions

- **Demographic Dividend:** The economic growth potential that can result from shifts in a population's age structure, specifically when the share of the working-age population (15 to 64 years) is larger than the non-working-age share.



- **Structural Unemployment:** A form of involuntary unemployment caused by a mismatch between the skills that workers in the economy can offer and the specific skills demanded of workers by employers.
- **Urbanization of Labor:** The macroeconomic transition where a significant portion of the country's workforce moves away from agricultural livelihoods toward urban-centric industrial, service, and informal sector jobs.

Legal and Constitutional Framework

- **Article 39(a) (Directive Principles):** Mandates that the State shall direct its policy toward securing that the citizens, men and women equally, have the right to an adequate means of livelihood.
- **Article 41 (Right to Work):** Directs the State, within the limits of its economic capacity and development, to make effective provision for securing the right to work, to education, and to public assistance in cases of unemployment.
- **Article 21 (Right to Life):** Broadened continuously by the Supreme Court to include the right to livelihood, emphasizing that no person can be deprived of their means of living except according to just and fair legal procedures.
- **Code on Wages, 2019:** Part of the rationalized labor codes aimed at regulating minimum wages and transforming urban employment security by establishing universal wage floors across diverse sectors.

Conclusion

The stark realities highlighted by the urban job survey signal an urgent need to pivot from mere economic growth to employment-elastic growth. Addressing the urban employment conundrum requires scaling up formal apprenticeship ecosystems, bridging industry-academia skill gaps, and introducing structured urban livelihood frameworks to prevent a vital demographic dividend from turning into a demographic liability.

UPSC Relevance

- **GS Paper III (Indian Economy):** Issues relating to planning, mobilization of resources, growth, development, and employment; jobless growth challenges.
- **GS Paper II (Social Justice & Governance):** Government policies and interventions for development in various sectors; human resource development, and skilling initiatives.

5. El Niño Threat: Centre Fast-Tracks PMFBY Enrolment for 315 Vulnerable Districts

Key Highlights & Summary

- **Monsoon Weakening Concerns:** In response to intensifying El Niño conditions and a severely depressed southwest monsoon, the Union Finance Ministry has directed insurers to aggressively fast-track farmer enrolment under the Pradhan Mantri Fasal Bima Yojana (PMFBY).
- **Identification of Vulnerable Belts:** The Agriculture Ministry and Indian Council of Agricultural Research (ICAR) have mapped out 315 districts across 12 states—including Madhya Pradesh, Maharashtra, Gujarat, Uttar Pradesh, Rajasthan, Karnataka, Bihar, and Odisha—as highly vulnerable to crop failure.
- **Tiered Priority Matrix:** Out of the 315 mapped districts, 111 are classified as high priority due to critical irrigation coverage falling below 25%, while 76 hold medium priority (25% to 50% irrigation), and 128 are marked low priority.



- **Multi-Layered Financial Safety Net:** The government is converging three major policy instruments—PMFBY for yield-loss protection, accelerated Kisan Credit Card (KCC) allocation for working capital, and direct cash transfers via PM-KISAN—to insulate rural incomes.
- **Technology-Driven Yield Assessment:** Insurance claims will be processed strictly on agro-climatic conditions and the outcomes of localized Crop Cutting Experiments (CCEs), evaluated against the moving average yield of the preceding seven years.
- **New Localized Animal-Conflict Cover:** Reflecting modern ecological challenges, the framework expands localized risk categories by introducing an optional add-on cover against wildlife crop damage for farmlands located near forest fringes.

Essential Definitions

- **El Niño:** A climate pattern characterized by the anomalous warming of surface waters in the central and eastern tropical Pacific Ocean, which historically correlates with suppressed monsoon rainfall and drought cycles in India.
- **Long Period Average (LPA):** The benchmark rainfall calculated over a 50-year period used by the India Meteorological Department (IMD) to quantify whether a monsoon season is normal, deficient, or excess.
- **Crop Cutting Experiment (CCE):** An empirical agricultural assessment method where a specified plot size is harvested to accurately evaluate the average crop yield and determine threshold losses for insurance payouts.



Legal and Constitutional Framework

- **Article 48 (Directive Principles):** Instructs the State to organize agriculture and animal husbandry on modern and scientific lines to ensure sustainable rural production.
- **Article 21 (Right to Livelihood):** The Supreme Court has consistently held that the protection of agricultural livelihoods against systemic climatic shocks is intrinsic to the right to live with dignity.
- **Operational Guidelines of PMFBY:** A statutory policy framework capping the maximum premium paid by farmers at 2% for Kharif crops, 1.5% for Rabi crops, and 5% for commercial/horticultural crops, with the remaining balance heavily subsidized by both Central and State governments.

Conclusion

The rapid operationalization of PMFBY ahead of heightened El Niño disruptions marks a vital shift from ex-post disaster relief to ex-ante climate-risk governance. By combining digital enrollment interfaces with targeted, science-based contingency planning across water-stressed districts, the state seeks to build an institutional barrier capable of neutralizing systemic agriculture shocks and rural food inflation.

UPSC Relevance

- **GS Paper III (Economy & Agriculture):** Government budgeting, agricultural insurance mechanisms, cropping patterns, and major crop safety net models.
- **GS Paper III (Environment & Climate Change):** Impact of climate anomalies like El Niño on national food security, water resource management, and climate-smart agriculture.



6. Strengthening Fiscal Federalism: Model Guidelines for Panchayat Finances

Key Highlights & Summary

- **Introduction of Model OSR Guidelines:** The Ministry of Panchayati Raj is set to roll out model Own Source Revenue (OSR) guidelines for India's 262,000 village panchayats to increase fiscal autonomy and reduce their over-reliance on central and state grants.
- **Alignment with 16th Finance Commission:** The move structurally aligns with the 16th Finance Commission's (FY2026-27 to FY2030-31) key objective of optimizing local resource mobilization to make rural local bodies self-reliant while improving public service delivery.
- **Stark Inter-State Revenue Disparities:** Currently, 42% of Gram Panchayats collect less than ₹1 lakh annually in OSR, with the national average per capita OSR standing at just ₹100. Conversely, some panchayats in western and southern India generate over ₹10 crore annually.
- **Diversifying Revenue Streams:** The model framework lists key tax and non-tax avenues including property tax, building and trade license fees, water supply and sanitation user charges, market fees, and leasing of common property resources.
- **Standardizing Data Systems:** The guidelines resolve severe data collection and recording gaps caused by individual states governing panchayats under vastly different municipal frameworks, enabling a unified national template for fiscal tracking.
- **Performance-Linked Incentives:** To drive compliance, the Centre will tie future performance-linked financial allocations to verifiable improvements made by village councils in mobilizing their localized tax bases.



Essential Definitions

- **Own Source Revenue (OSR):** The revenue that a local government body raises independently through its own tax levies (e.g., property tax) and non-tax streams (e.g., user fees), independent of higher government devolutions.
- **Gram Panchayat:** The lowest tier of rural local self-government in India at the village or small town level, acting as the statutory executive body of the Gram Sabha.
- **Fiscal Autonomy:** The degree of independence available to a sub-national or local government unit to raise, manage, and allocate financial resources based on its localized priorities.

Legal and Constitutional Framework

- **73rd Constitutional Amendment Act, 1992:** Inserted Part IX and the 11th Schedule into the Constitution, providing statutory recognition and a three-tier structure to rural local self-governance.
- **Article 243H:** Explicitly empowers state legislatures to enact laws authorizing Panchayats to levy, collect, and appropriate specific taxes, duties, tolls, and user fees.
- **Article 243I:** Mandates the setting up of a State Finance Commission (SFC) every five years to review the financial position of Panchayats and recommend principles governing the distribution of net tax proceeds between the State and local bodies.



Conclusion

The release of standardized OSR guidelines addresses the classic structural challenge of the "3Fs" (Funds, Functions, and Functionaries) crippling local governance. Transitioning Panchayats from passive administrative recipients of fiscal devolutions to active, self-sustaining units of local self-government is essential to achieving genuinely decentralized grassroots democracy.

UPSC Relevance

- **GS Paper II (Polity & Governance):** Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels, and the structural impact of the 73rd Constitutional Amendment.
- **GS Paper III (Indian Economy):** Mobilization of resources, inclusive growth, and rural public infrastructure financing.

7. Cochin Shipyard OFS: Government Triggers Green-Shoe Option

Key Highlights & Summary

- **Exercise of Green-Shoe Option:** Following overwhelming institutional demand on day one of bidding, the Central Government decided to exercise the full green-shoe option in its Offer for Sale (OFS) for Cochin Shipyard Limited (CSL).
- **Total Stake Disinvestment:** By activating the over-allotment option, the government expanded the size of the disinvestment, offloading its entire planned 5.04% stake in the state-owned defense PSU instead of the base size alone.
- **Institutional Demand Driver:** The decision was triggered after non-retail or institutional investors oversubscribed their allocated quota rapidly, signaling strong market confidence in India's defense and shipbuilding public sector enterprises.
- **Capital Mobilization Strategy:** This transaction serves as a core part of the government's non-debt capital receipts strategy, helping secure non-tax revenues to meet fiscal deficit targets without exerting inflationary pressures.
- **Strategic PSU Retention:** Despite the share offloading, the government retains a significant, commanding majority stake in Cochin Shipyard, ensuring it maintains management control and strategic alignment with national security requirements.
- **Boost to Defense Indigenization:** CSL's strong market valuation reflects its pivotal role in national maritime security, underscored by its successful construction of India's first indigenous aircraft carrier, INS Vikrant.



Essential Definitions

- **Offer for Sale (OFS):** A simplified, exchange-based bidding platform that allows promoters of listed public companies to dilute their shareholding and sell shares directly to the public, institutional investors, and retail buyers.



- **Green-Shoe Option:** An over-allotment provision in an equity offering that grants the issuer or seller the legal right to sell more shares than originally planned if investor demand turns out to be higher than anticipated.
- **Disinvestment:** The action of a government or organization selling or liquidating an asset or subsidiary, particularly involving the dilution of state stakeholding in Public Sector Undertakings (PSUs).

Legal and Constitutional Framework

- **Article 266(1) of the Constitution:** Mandates that all revenues received by the Government of India, including capital receipts raised via PSU disinvestment, must be credited directly to the Consolidated Fund of India.
- **National Investment Fund (NIF):** Constituted in 2005, this statutory fund holds the channelized proceeds from the disinvestment of Central Public Sector Enterprises, legally targeting allocations toward social infrastructure and capital investments in viable PSUs.
- **SEBI (Issue of Capital and Disclosure Requirements) Regulations:** The statutory guidelines laid down by the Securities and Exchange Board of India that strictly govern the operationalization, capping limits, and stabilization periods of green-shoe options to prevent market manipulation.

Conclusion

The successful execution of the Cochin Shipyard OFS and the immediate activation of its green-shoe option validate the high investment appetite for India's public defense manufacturing capabilities. By effectively leveraging equity markets, the state achieves dual objectives: raising non-debt financial resources to reinforce fiscal consolidation while simultaneously democratizing public ownership in a key strategic enterprise.

UPSC Relevance

- **GS Paper III (Indian Economy):** Mobilization of resources, government budgeting, public sector disinvestment policy, and non-debt capital receipts.
- **GS Paper III (Security & Infrastructure):** Indigenization of technology, defense manufacturing capability, and public sector undertakings in maritime security.

8. Government Approves PM-SETU's Pan-India Rollout

Key Highlights & Summary

- **Pan-India Deployment:** The National Steering Committee has formally approved the pan-India rollout of the Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs (PM-SETU) scheme across 200 Industrial Training Institute clusters.
- **Massive Budgetary Allocation:** The mega skilling initiative is backed by a substantial national budgetary outlay of ₹60,000 crore, aimed at restructuring vocational ecosystems over a multi-year horizon.
- **Strategic Financial Approvals:** Alongside the broad rollout, the 4th National Steering Committee cleared immediate, localized strategic investment plans worth ₹1,237.58 crore to jumpstart infrastructural modernization.



- **Hub-and-Spoke Infrastructure:** The transformation relies on upgrading existing ITIs into specialized technology hubs, enabling a cluster-based approach to deliver advanced industrial training in emerging sectors.
- **Public-Private Partnership Focus:** The scheme aims to systematically bridge the gap between academic output and industry requirement by actively integrating corporate partnerships, corporate internships, and modern machinery into ITI labs.
- **Enhancing Youth Employability:** By replacing redundant curricula with future-ready skills (such as AI, robotics, and green energy maintenance), the program aims to systematically elevate the placement conversion rates of rural and urban vocational students.



Essential Definitions

- **Industrial Training Institute (ITI):** Post-secondary schools in India constituted under the Directorate General of Training (DGT) to provide targeted vocational training in various technical trades.
- **Hub-and-Spoke Model:** An infrastructural distribution network where a centralized hub establishes specialized resource systems and disperses knowledge, equipment, or training access to peripheral nodes (spokes).
- **Skill Mismatch:** A structural economic phenomenon where the technical competencies, qualifications, and practical skills possessed by the domestic workforce do not align with the operational demands of employers.

Legal and Constitutional Framework

- **Article 41 (Directive Principles):** Instructs the State, within the limits of its economic capacity and development, to secure the right to work, to education, and to public assistance in cases of unemployment or underserved conditions.
- **Concurrent List Jurisdiction (Seventh Schedule):** Vocational and technical training of labor falls under Entry 25 of List III (Concurrent List), empowering both the Parliament and State Legislatures to co-create administrative policy frameworks.
- **National Skill Development Policy:** The statutory macro policy framework that governs standardizations, National Skills Qualification Framework (NSQF) alignments, and national certification quality controls across all Indian vocational sectors.

Conclusion

The pan-India implementation of PM-SETU represents a structural overhaul of India's long-neglected vocational infrastructure. By pumping ₹60,000 crore into 200 strategically selected ITI clusters, the state addresses the critical challenge of industrial skill gaps, transforming basic training centers into modern, industry-linked centers of excellence capable of driving formal sector employment.

UPSC Relevance

- **GS Paper II (Governance & Public Policy):** Government policies and interventions for development in various sectors; issues relating to development and management of Social Sector/Services relating to Human Resources.



- **GS Paper III (Indian Economy):** Employment, mobilization of resources, industrial growth, and the structural realization of the demographic dividend through targeted public investment.

9. Geopolitical Respite in West Asia: Macroeconomic Outlook for India

Key Highlights & Summary

- **US-Iran Breakthrough:** The United States and Iran concluded a preliminary 14-point Memorandum of Understanding (MoU) aimed at easing the West Asian crisis and ensuring the complete reopening of the strategically vital Strait of Hormuz.
- **Crude Price Moderation:** Following the diplomatic breakthrough, the Indian crude oil basket eased from an average high of \$114.5 per barrel in April 2026 to \$86.3 per barrel by late June, paving the way for price stabilization below this threshold for the remainder of FY2026-27.
- **Dual Headwinds for FY2026-27:** Despite registering a robust real GDP growth of 7.7% in FY2025-26, India faces growth headwinds in FY2026-27 due to first-quarter energy supply shocks and a severe El Niño-induced monsoon shortfall, prompting the RBI to project a lower real growth rate of 6.6%.
- **Nominal Growth and Tax Robustness:** Higher Implicit Price Deflator (IPD)-based inflation—estimated at 5.4% due to elevated wholesale and consumer baselines—is projected to push nominal GDP growth to 12.4%, outperforming budgeted forecasts and bolstering national tax collections.
- **Fiscal Deficit and Reserves Management:** Buoyed by a massive RBI dividend payout of ₹2.69 lakh crore, the fiscal deficit is expected to align closely with the budgeted target of 4.3% of GDP, providing a cushion against expanding fertilizer and food subsidy bills.
- **Escalating Crude Import Dependence:** Highlighting a long-term structural vulnerability, India's dependence on foreign crude has risen to over 90% in FY2025-26, down from a peak domestic production of 35.9 MMT in FY2011-12 down to 26 MMT currently, making the diversification of maritime transit corridors imperative.



Essential Definitions

- **Strait of Hormuz:** A narrow, highly sensitive chokepoint between the Persian Gulf and the Gulf of Oman, acting as the primary maritime transit artery through which more than one-fifth of global petroleum liquids pass.
- **Implicit Price Deflator (IPD):** A comprehensive macroeconomic measure of inflation calculated as the ratio of Nominal GDP to Real GDP, reflecting the changing price levels of all domestically produced goods and services.
- **Current Account Deficit (CAD):** A metric tracking a country's trade balance where the total value of imported goods, services, and transfers exceeds the total value of its exports.



Legal and Constitutional Framework

- **Article 266(1):** Mandates the statutory tracking of all tax revenues, public borrowings, and sovereign dividends (like the ₹2.69 lakh crore RBI payout) within the Consolidated Fund of India.
- **Fiscal Responsibility and Budget Management (FRBM) Act, 2003:** The statutory framework binding the Central Government to a structured fiscal consolidation path, targeted at maintaining the fiscal deficit near the 4.3% of GDP baseline for FY2026-27.
- **Energy Conservation Act, 2001:** Provides the legal authority to implement efficiency norms across domestic manufacturing sectors, directly contributing to the observed decline in India's energy and petroleum intensity per unit of GDP.

Conclusion

The de-escalation of the West Asian conflict offers India an essential window to secure its macroeconomic fundamentals. By neutralizing immediate fiscal shocks through crude price moderation and utilizing robust nominal tax revenues, the state must aggressively prioritize building strategic reserves of primary commodities and accelerating its transition to green energy alternatives to counter persistent structural import risks.

UPSC Relevance

- **GS Paper III (Indian Economy):** Mobilization of resources, growth and planning, fiscal deficit targets, inflation indices (WPI/CPI/IPD), and the balance of payments.
- **GS Paper II (International Relations):** Bilateral agreements affecting India's interests, strategic energy security, and the geopolitics of global maritime chokepoints.

10. Deepening the India-Australia Comprehensive Strategic Partnership

Key Highlights & Summary

- **Transition to T20 Mode:** Bilateral ties have evolved beyond the traditional 3Cs (Commonwealth, Cricket, Curry) and 3Ds (Democracy, Diaspora, Dosti) into a fast-paced strategic matrix anchored in development, defense, energy, and education.
- **Trade and Investment Surge:** Under the Economic Cooperation and Trade Agreement (ECTA), 100% of Indian exports enjoy duty-free access, helping propel bilateral trade toward a \$100 billion target by 2030, supported by \$50 billion in cumulative cross-border investments.
- **Defense and Maritime Integration:** Defense cooperation has emerged as the fastest-growing sector, driven by institutional dialogues and active joint participation in high-end multilateral military exercises including AUSINDEX, Malabar, and Talisman Sabre.
- **Clean Energy and Uranium Prospects:** The Renewable Energy Partnership focuses on solar and green hydrogen task forces, while imminent arrangements for future Australian uranium exports are set to provide a major boost to India's civil nuclear energy program.
- **Education and Skill Hubs:** Joint educational ecosystems are materializing through standalone Australian university campuses inside India, coupled with targeted vocational training programs across solar energy and mining sectors.
- **Multilateral Supply Chain Security:** Both nations are actively leveraging minilateral architectures—such as the Quad, IORA, and the Supply Chain Resilience Initiative (SCRI)—to secure critical mineral supply chains, semiconductors, and a free Indo-Pacific.



Essential Definitions

- **Economic Cooperation and Trade Agreement (ECTA):** A bilateral preferential trade pact signed between India and Australia to reduce tariffs, eliminate trade barriers, and facilitate smooth market access for goods and services.
- **Supply Chain Resilience Initiative (SCRI):** A trilateral mechanism launched by India, Japan, and Australia to reduce dependency on a single dominant nation (China) by diversifying manufacturing hubs and securing critical resource channels.
- **Minilateralism:** A diplomatic strategy involving small, focused groupings of states (e.g., India-France-Australia trilateral) formed to address specific strategic, economic, or security challenges faster than traditional multilateral bodies.

Legal and Constitutional Framework

- **Article 51 of the Constitution:** Directs the State to foster international peace and security, maintain just and honorable relations between nations, and honor treaty obligations in the dealings of organized peoples with one another.
- **Civil Nuclear Cooperation Agreement (2014):** The statutory bilateral treaty framework that provides the legal mechanism for Australia to export uranium to India exclusively for peaceful, monitored civil nuclear power generation.
- **Weapons of Mass Destruction Act, 2005:** Provides India's domestic legal enforcement mechanism to guarantee strict non-proliferation compliance, satisfying international legal pre-conditions required by global resource suppliers like Australia.

Conclusion

The transformation of India-Australia relations signifies a structural convergence of economic necessity and geopolitical realities. By aligning Australia's vast natural resource wealth—specifically critical minerals and uranium—with India's manufacturing scale, technological workforce, and maritime security capabilities, the partnership establishes a vital anchor of stability for the rules-based order across the Indo-Pacific.

UPSC Relevance

- **GS Paper II (International Relations):** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests; Indian Ocean diplomacy and the strategic orientation of the Quad.
- **GS Paper III (Security & Economy):** Defense indigenization, supply chain security, diversification of critical minerals, and clean energy infrastructure transition.

11. Inclusion of Caste in Census Pre-Test: Methodological and Strategic Dimensions

Key Highlights & Summary

- **Commencement of Census Pre-Test:** A 15-day administrative "pre-test" or rehearsal for the final phase of the Population Census commenced across 16 States and Union Territories to evaluate the feasibility of the newly drafted questionnaires.
- **Open-Column Caste Enumeration:** The ongoing pre-test features an "open column" for respondents to self-report their specific castes, serving as the foundational pilot to decide how Independent India will structurally enumerate caste for the first time.



- **Historical Shift in Decennial Policy:** Breaking away from a post-1947 policy of only counting Scheduled Castes (SCs) and Scheduled Tribes (STs), the Central Government announced that the comprehensive Population Census 2027 will fully integrate caste-wise counting.
- **Statutory Framework vs. 2011 SECC:** Unlike the 2011 Socio-Economic Caste Census (SECC), which was executed via executive orders outside the structural Census framework, the 2027 exercise integrates caste into the main census schedule to grant it full statutory backing.
- **The Open-Ended Data Challenge:** Government records indicate that the open-ended design of the 2011 SECC caused severe spelling variations and sub-caste classifications, returning over 46 lakh distinct caste names compared to only 4,147 recorded in the 1931 Census.
- **Timeline for Population Census 2027:** Following disruptions caused by the COVID-19 pandemic since 2020, the macro enumeration exercise will conclude in two comprehensive phases by February 28, 2027, establishing March 1, 2027, as the official census reference date.

What's new in the 2027 Census notification?

- The Union Home Ministry issued the notification on 16 June under Section 3 of the Census Act, 1948.
- It supersedes the earlier 2019 notification for the 2021 Census, which was delayed due to COVID-19.
- This will be the 16th Census overall and the 8th since Independence.
- It is expected to include caste-based enumeration for the first time since 1931.
- The process will be digital-first, with enumerators using mobile apps, and a self-enumeration option available to citizens.
- Around 34 lakh enumerators and supervisors will be deployed, backed by about 1.2 lakh census officers.

Essential Definitions

- **Pre-Test (Census):** A localized, preliminary pilot exercise conducted by the Registrar General of India to test the clarity, operational feasibility, data-processing compatibility, and public reception of draft questionnaires before a national rollout.
- **Socio-Economic Caste Census (SECC):** A separate, multi-agency household discovery exercise meant to identify rural and urban poverty indicators alongside caste identities to target state welfare beneficiaries.
- **Reference Date:** The specific chronological point in time (e.g., 12 a.m. on March 1, 2027) used by demographers to anchor all household counts and population traits, filtering out temporary migration variables.

Legal and Constitutional Framework

- **The Census Act, 1948:** The central legislation that provides the statutory framework, powers, and absolute data-confidentiality guarantees required to conduct the population census under the authority of the Central Government.
- **Union List Jurisdiction (Seventh Schedule):** Under Entry 69 of List I of the Indian Constitution, the planning, execution, and legislative oversight of the national Census fall exclusively within the domain of the Parliament.
- **Article 340 (Appointment of a Commission for Backward Classes):** Provides the constitutional basis for investigating the conditions of socially and educationally backward classes, a mandate directly dependent on verified, empirical population statistics.

Conclusion

The incorporation of an open column for caste in the Census pre-test highlights the complex administrative balance between political demands for equity and mathematical data precision. Standardizing these



outcomes into a clean, legally sound taxonomy will determine whether the upcoming 2027 Census successfully provides a reliable empirical foundation for targeted state welfare and reservation policies.

UPSC Relevance

- **GS Paper II (Polity & Governance):** Devolution of powers, statutory bodies, welfare schemes for vulnerable sections, and government policies targeting affirmative action.
- **GS Paper I (Indian Society):** Social stratification, caste dynamics, urbanization, and demographic shifts in contemporary India.

12. WhatsApp Username Dispute: Balancing Informational Privacy and Cyber Security

Key Highlights & Summary

- **The Username Feature Conflict:** WhatsApp announced an optional "username" feature to let users hide their personal phone numbers from unknown contacts, but the Ministry of Electronics and Information Technology (MeitY) paused its rollout over security apprehensions.
- **Shared Strategic Objective:** Paradoxically, both the instant messaging platform and the Central Government claim to pursue the identical baseline goal: protecting the digital and informational privacy of domestic citizens.
- **MeitY's Cybercrime Apprehensions:** The government warns that masking phone numbers behind customizable usernames will trigger an escalation in identity spoofing, digital arrest scams, phishing, and the impersonation of public or financial authorities.
- **Statutory Authority Debate:** Critics argue that the state cannot legally block a lawful product feature without an explicit statutory basis, while the state maintains its interventions fall under its sovereign obligation to safeguard public welfare and state security.
- **The Doctrine of Proportionality:** Legal analysts highlight that any state intervention restricting technology features must strictly fulfill the judicial three-fold test: legality, legitimate state aim, and structural proportionality.
- **The Pendulum of Preference:** Drawing from modern judicial precedents, the dispute underscores the classic administrative challenge of optimizing national security protocols without causing an extreme swing that compromises individual digital liberties.



Essential Definitions

- **Informational Privacy:** A specific facet of the right to privacy that empowers an individual to control, manage, and restrict the dissemination of their personal data, digital footprints, and communication identifiers.
- **Digital Arrest Scam:** A form of cyber fraud where perpetrators impersonate law enforcement or government officials via video calls, using fabricated charges to psychologically confine victims and extort money.
- **Identity Spoofing:** A cyberattack where a malicious actor masquerades as a trusted individual, brand, or government organization by altering identifying data to gain unauthorized access or defraud users.



Legal and Constitutional Framework

- **Article 21 (Right to Life and Liberty):** The constitutional anchor under which a nine-judge Supreme Court Bench recognized the fundamental right to privacy, explicitly checking threats from both state and non-state actors.
- **Justice K.S. Puttaswamy v. Union of India (2017):** The landmark judgment holding that informational privacy is an inalienable right, while noting that cyber threats can destabilize financial systems and justify proportional state regulations.
- **Anuradha Bhasin v. Union of India (2020):** The Supreme Court ruling clarifying that law and technology must coexist, asserting that state actions must balance liberty and security without letting the pendulum swing to either extreme.
- **Digital Personal Data Protection (DPDP) Act, 2023:** The primary statutory framework regulating how data fiduciaries process personal datasets, establishing clear accountability for user data security in India's jurisdiction.

Conclusion

The impasse between MeitY and WhatsApp highlights the complex friction between user-end encryption features and state-led cybersecurity mandates. Resolving this tension requires moving away from absolute positions, utilizing collaborative regulatory sandboxes, and establishing clear technological protocols that preserve individual anonymity while providing robust mechanisms to counter institutional impersonation.

UPSC Relevance

- **GS Paper II (Polity & Governance):** Fundamental rights, Article 21, judicial reviews, and government regulations affecting tech platforms and civil liberties.
- **GS Paper III (Internal Security & Technology):** Cyber security threats, digital fraud, data protection laws, and the challenges of managing encrypted communication networks.

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