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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

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9972258970 & 9740702455

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

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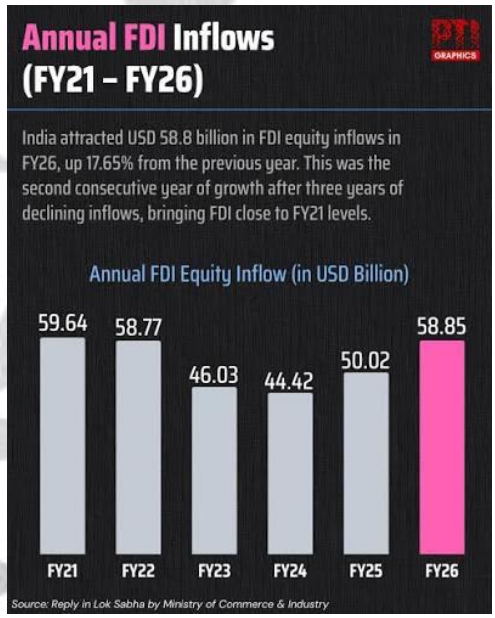
1. Foreign Direct Investment (FDI) Trends in India: Q1 FY26

Key Highlights & Summary

- **Growth in Inflows:** Foreign Direct Investment (FDI) in India rose by 6% to reach $19.81 billion during the April–June (Q1) period of the current fiscal year, up from $18.62 billion recorded in the corresponding period of FY25.
- **Divergence in US Inflows:** Capital inflows originating from the United States experienced a sharp contraction, falling by over 76% during the same quarter.
- **Institutional Data Reporting:** The official investment figures were released by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry.
- **Economic Resiliency:** The overall upward trend highlights sustained foreign investor confidence in India's macroeconomic fundamentals despite regional pullbacks.
- **Sectoral Drivers:** Continued momentum is heavily supported by strategic sectors including manufacturing, services, digital technology, and infrastructure development.
- **Global Market Dynamics:** Declines from specific jurisdictions like the US reflect shifting global monetary policies, interest rate differentials, and localized investor risk aversion.

Essential Definitions

- **Foreign Direct Investment (FDI):** Investment made by a foreign individual or entity into business interests located in another nation, establishing lasting interest and significant management control.
- **DPIIT:** Department for Promotion of Industry and Internal Trade, the central nodal agency tasked with formulating, monitoring, and streamlining India's FDI policy.
- **Automatic Route:** An entry channel where foreign investors do not require prior approval from the Government of India or the Reserve Bank of India (RBI).
- **Government Route:** An entry channel requiring explicit prior authorization from the relevant administrative ministry or department before foreign investment is processed.



Legal and Constitutional Framework

- **Foreign Exchange Management Act (FEMA), 1999:** The primary legal framework regulating cross-border capital transactions, trade balances, and FDI enforcement in India.
- **FEMA Non-Debt Instruments Rules, 2019:** Statutory rules framed under FEMA governing equity investments, sectoral caps, and compliance mandates for overseas capital.
- **Constitutional Allocation (Union List):** Article 246, Read with Entry 36 (Foreign Exchange) and Entry 41 (Trade and Commerce with foreign countries) of Schedule VII, vests exclusive legislative power in Parliament.
- **PDI Policy Circulars:** Consolidated framework updated periodically by DPIIT specifying sector-specific caps, policy conditionalities, and entry routes.

Conclusion

While the overall 6% rise in Q1 FDI inflows demonstrates India's long-term appeal as an emerging market hub, the sharp reduction in US capital indicates exposure to external global headwinds. Diversifying foreign investment sources and improving business ease remain crucial to securing resilient foreign inflows.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Indian Economy (Mobilization of Resources, Growth, Development, and Investment Models).
- **Key Focus Area:** Sectoral equity limits, statutory compliance under FEMA 1999, FDI channels (Automatic vs. Government), and macro-economic factors influencing FDI volatility.

2. Centre Trims FY27 Borrowing Estimates

Key Highlights & Summary

- **Reduction in Borrowing Target:** The Central Government has lowered its market borrowing estimate for FY27 by nearly ₹1.2 trillion, now planning to raise ₹7.86 trillion through dated securities in H2 FY27.
- **Revised Annual Estimates:** Total annual gross borrowing via dated securities for FY27 is now projected at ₹15.995 trillion, down from the original Union Budget estimate of ₹17.2 trillion.
- **Impact of Debt Switch Operations:** The borrowing requirement was previously lowered in March to ₹16.09 trillion following debt switch operations, making the current target about ₹9,500 crore lower than March estimates.
- **Debt Restructuring Strategy:** Government securities switch operations involve buying back short-term bonds and issuing longer-maturity bonds to ease immediate redemption pressures.
- **Consultation with Central Bank:** The finalized market borrowing plan was formulated by the Ministry of Finance in direct consultation with the Reserve Bank of India (RBI).



- **Fiscal Consolidation Signal:** Lower market borrowing mitigates the risk of crowding out private investment and reinforces the government's commitment to fiscal discipline.

Essential Definitions

- **Dated Government Securities (G-Secs):** Long-term debt instruments issued by the Central Government to fund fiscal deficits, carrying fixed or floating coupon rates.
- **Fiscal Deficit:** The excess of total government expenditure over its total non-borrowed receipts, indicating the reliance on debt financing.
- **G-Sec Switch Operations:** A liability management strategy where short-term or near-maturity bonds are exchanged for longer-maturity bonds to defer repayment obligations.
- **Crowding-Out Effect:** A economic scenario where heavy government borrowing absorbs loanable funds, pushing up interest rates and reducing private sector investment.

Legal and Constitutional Framework

- **Article 292 of the Constitution:** Empowers the Union Government to borrow upon the security of the Consolidated Fund of India within limits fixed by Parliament.
- **Fiscal Responsibility and Budget Management (FRBM) Act, 2003:** Sets statutory obligations for fiscal consolidation, deficit targets, and debt management transparency.
- **RBI Act, 1934 (Section 20):** Mandates the Reserve Bank of India to manage public debt and act as the banker to the Central Government.
- **Public Debt Act, 1944 / Government Securities Act, 2006:** Legal framework governing the issuance, administration, and transfer of government securities in India.

Conclusion

The reduction in FY27 gross market borrowing reflects proactive liability management and robust fiscal management. By leveraging switch operations and lowering market debt dependence, the government creates space for commercial credit expansion while stabilizing long-term sovereign bond yields.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Indian Economy (Government Budgeting, Fiscal Policy, Public Debt Management, and Capital Markets).
- **Key Focus Area:** Fiscal deficit financing, FRBM compliance, mechanics of debt switch operations, role of RBI as debt manager, and impact of sovereign borrowing on private investments.

3. Union Minister to Join Naga Peace Talks: NSCN (IM) Welcomes Move

Key Highlights & Summary

- **Ministerial Inclusion in Peace Process:** In a significant breakthrough for the Naga peace negotiations, the Central Government has agreed to involve a Union Minister or a group of Union-level Ministers in direct talks.
- **Fulfillment of Core Demand:** The inclusion of ministerial-level political representation satisfies a long-standing key demand of the National Socialist Council of Nagalim (Isak-Muivah).
- **Positive Reception by NSCN (IM):** The NSCN (IM) officially welcomed the decision, stating that high-level ministerial engagement will expedite the political process and create momentum toward an enduring settlement.
- **Follow-up on Interlocutor Appointment:** This political escalation follows seven months after former Joint Intelligence Committee chief Ajit Lal was appointed as the Centre's official negotiator.
- **Ongoing Border Volatility:** The political development occurs against the backdrop of persistent violence in border regions, highlighting the urgent imperative for a permanent peace accord.
- **Shift to Direct Political Negotiations:** Transitioning negotiations from bureaucracy and intelligence officials to political executive leadership signifies elevated prioritization by New Delhi.

Essential Definitions

- **NSCN (IM):** National Socialist Council of Nagalim (Isak-Muivah), a major Naga insurgent group that signed a ceasefire agreement with the Government of India in 1997.

- **Naga Framework Agreement:** A landmark preliminary agreement signed in August 2015 between the Centre and NSCN (IM) to lay the broad contours for a final peace settlement.
- **Greater Nagalim:** A geopolitical demand by Naga groups seeking the unification of all Naga-inhabited areas across Nagaland, Manipur, Assam, Arunachal Pradesh, and parts of Myanmar.
- **Interlocutor:** An official government-appointed representative mandated to facilitate structured dialogue between sovereign authorities and negotiating groups.

Legal and Constitutional Framework

- **Article 371A of the Constitution:** Grants special provisions to Nagaland, safeguarding Naga religious/social practices, customary laws, and ownership/transfer of land and resources from parliamentary legislation unless approved by the State Assembly.
- **Armed Forces (Special Powers) Act (AFSPA), 1958:** Special legislation providing statutory powers to armed forces in designated "disturbed areas," subject to periodic review and notification.
- **Statehood Act, 1962 (Nagaland):** Enacted by Parliament to grant full statehood to Nagaland, giving constitutional validity to historical peace accords.
- **Seventh Schedule (Union List & Concurrent List):** Outlines central powers regarding internal security, Defence, foreign affairs, and inter-state border management.

Conclusion

The decision to incorporate political executive leadership into the Naga peace process represents a crucial structural shift toward resolving India's oldest insurgency. Elevating discussions to the ministerial level helps build institutional trust and offers a pathway to reconcile national integrity with regional ethnic aspirations.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Internal Security (Linkages between Development and Spread of Extremism, Role of External State and Non-state Actors) & GS Paper II – Indian Constitution (Special Provisions for States under Article 371A).
- **Key Focus Area:** History of Naga peace process, Framework Agreement 2015, Article 371A scope, security dynamics in North-East India, and conflict resolution mechanisms.

4. Defence Manufacturing and Economic Growth in Uttar Pradesh

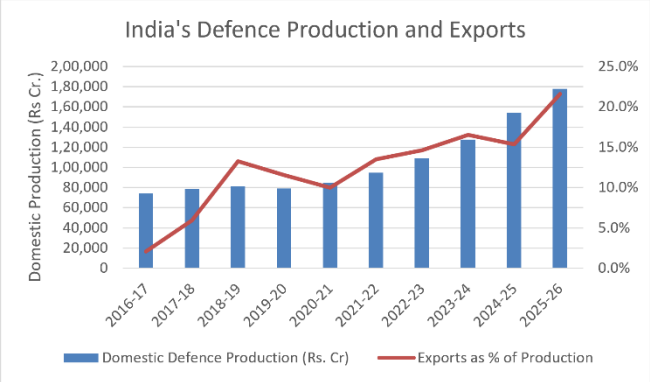
Key Highlights & Summary

- **Domestic Defence Production:** BrahMosis missiles manufactured in the transformed industrial units of Uttar Pradesh are strengthening regional deterrence and border Defence capability.
- **Indigenization of Small Arms:** AK-203 assault rifles produced at Amethi are actively deployed in counter-insurgency operations against internal security threats and cross-border terrorism.
- **UP International Trade Show (UPITS):** The fourth edition of UPITS was inaugurated in Greater Noida, showcasing state manufacturing, infrastructure development, and industrial trade growth.
- **Robust GDP Growth Performance:** India recorded a strong quarterly GDP growth rate of 7.8%, reflecting economic resilience despite macroeconomic turbulence globally.
- **Expansion of Foreign Trade Agreements:** India is actively expanding export markets for domestic entrepreneurs through bilateral Free Trade Agreements (FTAs) signed with partner nations including Mauritius, UAE, Austria, EFTA, UK, Oman, New Zealand, and the EU.

- **Defence Corridor Transformation:** Strategic manufacturing infrastructure in UP highlights the integration of state-level industrial policy with national security goals.

Essential Definitions

- **BrahMos Missile:** A supersonic cruise missile developed via an Indo-Russian joint venture, capable of being launched from land, sea, submarine, and air platforms.
- **Uttar Pradesh Defence Industrial Corridor (UPDIC):** An infrastructure project designed to reduce Defence import dependence, promote self-reliance, and establish domestic manufacturing nodes across six nodes in UP.
- **Free Trade Agreement (FTA):** A pact between two or more nations to reduce tariffs, non-tariff barriers, and quotas, facilitating seamless bilateral export-import trade.
- **Indigenization of Defence:** The domestic design, development, and production of Defence equipment to build self-reliance and protect strategic autonomy under the Make in India initiative.



Legal and Constitutional Framework

- **Constitutional Allocation (Seventh Schedule):** Entry 1 (Defence of India) and Entry 2 (Naval, military and air forces) under List I (Union List) grant exclusive legislative authority over Defence matters to Parliament.
- **Defence Acquisition Procedure (DAP) 2020:** Establishes policy guidelines prioritizing "Buy (Indian-IDDM)" (Indigenously Designed, Developed and Manufactured) categories to boost domestic Defence industries.
- **Industries (Development and Regulation) Act, 1951:** Provides the statutory backing for regulating key manufacturing sectors and managing industrial licensing in strategic industries.
- **Foreign Trade (Development and Regulation) Act, 1992:** Legally empowers the Central Government to formulate and enforce national export-import policies and trade agreements.

Conclusion

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The expansion of Defence manufacturing in Uttar Pradesh demonstrates the synergy between national security capabilities and domestic industrial development. Coupled with a robust 7.8% GDP growth rate and aggressive pursuit of global FTAs, India is fortifying its sovereign economic and Defence posture simultaneously.

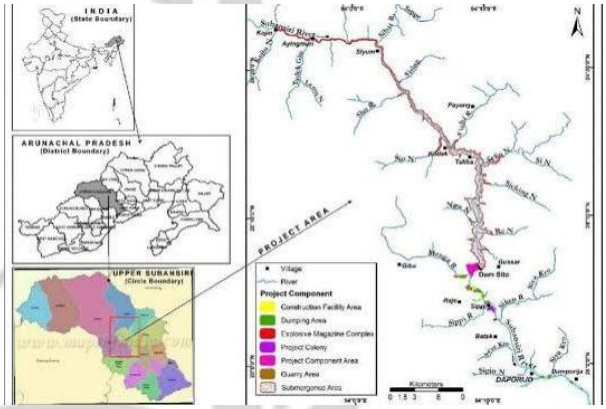
UPSC Relevance

- **Syllabus Connection:** GS Paper III – Security Challenges and Internal Security (Indigenization of Technology, Defence corridors) & GS Paper III – Indian Economy (Industrial Policy, Foreign Trade, GDP Growth).
- **Key Focus Area:** Defence Industrial Corridors (UP & Tamil Nadu), DAP 2020 policy provisions, economic impact of FTAs, counter-insurgency capabilities, and self-reliance (*Atmanirbhar Bharat*) in Defence production.

5. Arunachal's Subansiri Upper Hydel Project Gets Panel Nod

Key Highlights & Summary

- **Expert Committee Clearance:** The Environment Ministry's Expert Appraisal Committee (EAC) recommended environmental clearance for the run-of-the-river Subansiri Upper Hydroelectric Project (SUHEP) in Arunachal Pradesh.
- **Project Specifications:** Executed by NHPC Limited, the 1,605 MW project near Menga features a 237-meter-high storage dam, serving the twin objectives of power generation and flood moderation.
- **Ecological Impact Concerns:** Approval requires Stage-1 forest clearance as it entails diverting 2,733 hectares of forest land and felling approximately 1,35,733 trees, impacting wildlife habitat and biodiversity.
- **Inter-State Compensatory Afforestation:** Arunachal's high forest cover allows compensatory afforestation on 5,466 hectares of degraded forest land across 14 districts in Madhya Pradesh.
- **Judicial Precedent Alignment:** The clearance aligns with an August 2009 Supreme Court directive permitting upstream Subansiri proposals to be evaluated independently on merit by the Standing Committee.
- **Comprehensive Environmental Assessment:** The EAC evaluated glacial lake outburst flood risks, peak discharge, and downstream dam breach scenarios while mandating an Ecosystem Restoration Plan.



Essential Definitions

- **Run-of-the-River Hydroelectric Project:** A facility that generates electricity using natural river flow with minimal water storage, causing smaller upstream inundation than conventional dams.
- **Compensatory Afforestation Fund (CAF):** A regulatory financial mechanism requiring agencies diverting forest lands for non-forest purposes to fund equivalent afforestation elsewhere.
- **Expert Appraisal Committee (EAC):** A statutory technical body under the Ministry of Environment, Forest and Climate Change tasked with evaluating environmental impacts before project approvals.
- **Glacial Lake Outburst Flood (GLOF):** Sudden discharge of impounded water from a glacial lake triggered by ice/landslide avalanches or structural dam failure.

Legal and Constitutional Framework

- **Forest (Conservation) Act, 1980 / Van Adhiniyam:** Regulates forest land diversion for non-forest development, requiring mandatory Stage-1 and Stage-2 clearances and compensatory afforestation.
- **Environment (Protection) Act, 1986:** Authorizes the Environment Impact Assessment (EIA) Notification, 2006, making environmental clearances mandatory for major infrastructure projects.
- **Compensatory Afforestation Fund Act, 2016:** Provides statutory backing for managing National and State Compensatory Afforestation Funds (CAMPA) to ensure unspent money is utilized transparently.

- **Constitutional Mandate (Articles 48A & 51A(g)):** Article 48A directs the State to protect and improve the environment, while Article 51A(g) places a fundamental duty on citizens to safeguard forests and wildlife.

Conclusion

The EAC's conditional nod for the Subansiri Upper Hydroelectric Project highlights the challenge of balancing renewable energy expansion with ecological protection. Stringent adherence to the Biodiversity Management Plan and compensatory afforestation will determine its long-term environmental sustainability.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Environment & Ecology (EIA, Biodiversity Loss, Conservation) and Infrastructure (Renewable Energy, Hydropower Development).
- **Key Focus Area:** Forest Conservation Act regulations, CAMPA guidelines, environmental appraisal procedures, transboundary/downstream river impacts, and sustainable infrastructure in the Eastern Himalayas.

6. Heavy Rain Triggers Major Landslide in Sikkim Village

Key Highlights & Summary

- **Landslide Incident:** Continuous heavy rainfall triggered a severe landslide in Rimbi village, located in Sikkim's Gyalshing district, causing extensive property damage.
- **Impact on Infrastructure:** The landslide damaged several residential houses and government quarters while sweeping debris into inhabited areas and disrupting regional road connectivity.
- **Casualty Status & Damage Assessment:** No casualties have been reported so far, and local authorities have initiated comprehensive assessments to gauge the full extent of structural damage.
- **State Executive Response:** Chief Minister Prem Singh Tamang characterized the ground situation as "serious," placing administrative machinery on high alert to ensure public safety.
- **Geological Vulnerability:** Mountain slopes in the region remain highly unstable due to soil saturation, escalating risks of secondary slope failures amid ongoing rain forecasts.
- **Recurrent Himalayan Hazards:** The event follows a recent landslide near the Theng Tunnel in North Sikkim's Naga Sanctuary, underlining systemic terrain instability across the Eastern Himalayas.

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Essential Definitions

- **Landslide:** The movement of a mass of rock, debris, or earth down a slope driven by gravity, frequently triggered by heavy precipitation, seismic activity, or slope undercutting.
- **Slope Instability:** A geological condition where the shear stress along a hillside exceeds the shear strength of the soil or rock, leading to structural slope failure.
- **Debris Flow:** A fast-moving liquefied mass of soil, water, rock, and organic material that flows down steep channels during intense rainfall events.
- **National Disaster Management Authority (NDMA):** The apex statutory body in India responsible for laying down policies, plans, and guidelines for effective disaster management.

Legal and Constitutional Framework



- **Disaster Management Act, 2005:** Provides the legal framework for establishing the NDMA, State Disaster Management Authorities (SDMAs), and District Disaster Management Authorities (DDMAs) to execute mitigation and emergency response.
- **Article 21 of the Constitution:** Guarantees the fundamental Right to Life and Personal Liberty, which judicial precedents hold includes the right to protection from preventable natural hazards and environmental safety.
- **Constitutional Allocation (Seventh Schedule):** Disaster management functions under the Concurrent List (List III) through broad statutory interpretation, involving joint policy execution by Central and State Governments.
- **National Landslide Risk Management Strategy (2019):** A policy framework mandating landslide hazard zonation mapping, early warning systems, and bio-engineering techniques for slope stabilization.

Conclusion

The Rimbi village landslide underscores the acute geological fragility of the Himalayan ecosystem under intense monsoonal precipitation. Transitioning from reactive disaster response to proactive risk mitigation—through hazard zonation, structural slope stabilization, and early warning systems—is vital to protecting lives and regional infrastructure.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Disaster and Disaster Management (Landslides, Risk Reduction Measures) & GS Paper I – Physical Geography (Geomorphology, Himalayan Fragility).
- **Key Focus Area:** Institutional frameworks under DM Act 2005, National Landslide Susceptibility Mapping (NLSM), climate-induced natural hazards, eco-restoration of fragile slopes, and sustainable Himalayan infrastructure development.

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7. IIT-Delhi Researchers Develop Homegrown Graphics Chip for Low-Cost Devices

Key Highlights & Summary

- **Indigenous Semiconductor Innovation:** Researchers at IIT Delhi have designed a programmable micro-graphics processing unit (GPU), marking India's first working, indigenously developed micro-GPU prototype.
- **Focus on Embedded Applications:** The processor focuses on basic graphics rendering and display systems for low-cost embedded devices rather than resource-intensive high-end AI processing.
- **Real-World Utility:** Key potential applications include industrial control panels, e-rickshaw dashboard navigators, educational e-readers, and inland fishing boat navigation displays.
- **Hardware Architecture:** Implemented using Register Transfer Language (RTL) on a Spartan-7 Field Programmable Gate Array (FPGA) platform, allowing flexible design reconfigurability.

- **Path to Silicon Realization:** Future development plans include expanding toward an 8-16 core vector-style graphics architecture and fabricating a dedicated 65-nanometer Application-Specific Integrated Circuit (ASIC).
- **Reducing Import Dependence:** Currently, India imports virtually all GPUs; indigenous micro-GPU IP strengthens domestic hardware design capabilities and furthers semiconductor self-reliance.

Essential Definitions

- **Graphics Processing Unit (GPU):** A specialized electronic circuit designed to manipulate and alter memory to accelerate the creation of images, graphics, and video outputs.
- **Field Programmable Gate Array (FPGA):** An integrated circuit designed to be configured by a customer or designer after manufacturing, serving as a flexible testing bed for chip designs.
- **Application-Specific Integrated Circuit (ASIC):** An integrated circuit customized for a particular use or application rather than general-purpose usage.
- **Register Transfer Language (RTL):** A high-level hardware description language used in digital circuit design to model data flow between registers.

Legal and Constitutional Framework

- **India Semiconductor Mission (ISM):** A specialized business division within Digital India Corporation establishing a long-term strategic framework for developing a sustainable semiconductor ecosystem.
- **Semiconductor Integrated Circuits Layout-Design Act, 2000:** Statutory framework protecting intellectual property rights for original semiconductor integrated circuit layouts and design architectures.
- **National Policy on Electronics (NPE) 2019:** Focuses on positioning India as a global hub for Electronics System Design and Manufacturing (ESDM) through chip design incentivization.
- **Constitutional Allocation (Seventh Schedule):** Entry 69 (Higher education and research) and Entry 68 (Major central scientific institutions) under List I (Union List) grant federal jurisdiction over academic R&D funding.

Conclusion

The development of a homegrown micro-GPU by IIT Delhi demonstrates growing Indian capabilities in intellectual property and hardware design. Translating FPGA prototypes into scalable ASIC silicon chips will be instrumental in making low-cost digital hardware accessible and bridge the digital divide.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Science and Technology (Indigenization of Technology, Semiconductor Ecosystem, IT & Electronics) & GS Paper III – Inclusive Growth (Bridging Digital Divide).
- **Key Focus Area:** India Semiconductor Mission (ISM), Design Linked Incentive (DLI) scheme, hardware intellectual property (IP) creation, FPGA versus ASIC design workflows, and strategic self-reliance (*Atmanirbhar Bharat*) in critical hardware components.

8. Imperative of Institutional Reform in a Declining United Nations

Key Highlights & Summary

- **Erosion of UN Authority:** Major power rivalries and global geopolitical fragmentations are impairing the UN Security Council's capacity to resolve conflicts and enforce international law.
- **Impact of Weaponised Interdependence:** Unilateral coercive measures, extra-territorial technological restrictions, and financial blockades bypass UN oversight, making smaller economies vulnerable.
- **Security Council Gridlock:** The exercise of veto power by permanent members (P5) repeatedly paralyses decisive collective action during major international crises.
- **Emerging Technological Governance:** Rapid developments in Artificial Intelligence (AI) create critical security challenges, necessitating inclusive global regulation where developing nations have a voice.
- **Multilateral Coalition Building:** Emerging platforms like Partners for Multilateralism (P4M) enable nations to address economic interdependence and promote collaborative global governance.
- **Bidding for UNSC Non-Permanent Seat:** India is actively pursuing a non-permanent UNSC seat for the 2028-2029 term against Tajikistan to amplify Global South perspectives and drive structural reforms.



Essential Definitions

- **Weaponised Interdependence:** The exploitation of centralized global economic, technological, or financial networks by powerful states to exert unilateral coercive pressure on other nations.
- **P5 Veto Power:** The statutory right granted to the five permanent UNSC members to reject any substantive draft resolution regardless of international support.
- **Partners for Multilateralism (P4M):** A cross-regional diplomatic initiative launched to protect global supply chains, economic stability, and multilateral cooperation from unilateral pressures.
- **Global South:** A collective term referring to developing, emerging, and low-income countries in Asia, Africa, and Latin America seeking equitable global governance representation.

Legal and Constitutional Framework

- **UN Charter Article 108:** Governs the amendment procedure of the UN Charter, requiring a two-thirds vote in the General Assembly and ratification by two-thirds of UN members, including all P5 states.
- **UN Charter Article 27(3):** Establishes the voting mechanism in the Security Council, stipulating that substantive decisions require nine affirmative votes including concurring votes of permanent members.
- **Article 51 of the Indian Constitution:** Directive Principle directing the State to promote international peace, foster respect for international law, and encourage settlement of disputes by arbitration.

- **UN General Assembly Resolution 377(V):** Known as the "Uniting for Peace" resolution, enabling the UNGA to recommend collective action when the Security Council fails to act due to lack of unanimity.

Conclusion

A declining UN authority compromises rule-based global order and disproportionately impacts developing economies. Active engagement in reforming multilateral institutions allows rising powers like India to safeguard sovereign interests, ensure technological equity, and advocate for an inclusive global decision-making architecture.

UPSC Relevance

- **Syllabus Connection:** GS Paper II – International Relations (Important International Institutions, Agencies, Fora, and Effect of Policies of Developed & Developing Countries on India's Interests).
- **Key Focus Area:** UNSC structural reforms, mechanics of P5 veto power, UN Charter Amendment provisions (Article 108), Global South advocacy, weaponised interdependence, and India's candidature for UNSC 2028-2029.

9. Keralam Urges Centre to Limit Eco-Sensitive Areas to Forests

Key Highlights & Summary

- **Recommendation to Cap ESA Area:** The Keralam government submitted formal recommendations to the Centre requesting the restriction of Ecologically Sensitive Area (ESA) status in the Western Ghats to 8,590.69 sq. km.
- **Exclusion of Inhabited Zones:** The State government firmly advocated for excluding populated regions, agricultural farmlands, and plantations from the final ESA framework.



- **Reduction in Village Count:** Under Keralam's proposal, the number of ESA-designated villages would decrease from 131 to 98, keeping 33 densely populated human settlements outside the restrictive regime.
- **State Demographics & Geographic Rationale:** Keralam highlighted its unique geographic profile, characterized by high population density and 29.15% forest cover, arguing that added land restrictions impair local livelihoods.
- **Historical Draft Evolution:** The Centre's current draft proposes 9,993.7 sq. km as ESA. Previous proposals ranged from the Kasturirangan Committee's initial 13,108 sq. km down to various draft iterations from 2014 to July 2026.
- **Demand for Final Settlement:** The State requested a permanent notification to replace repeated draft notifications issued over the past decade and eliminate prolonged socioeconomic uncertainty.

Essential Definitions

- **Ecologically Sensitive Area (ESA):** Designated buffer zone around ecologically fragile landscapes where industrial, commercial, and developmental activities are regulated or prohibited to prevent degradation.

- **Western Ghats Ecology Expert Panel (WGEEP):** The Madhav Gadgil-led committee (2010) that recommended designating the entire Western Ghats region as ecologically fragile with graded restrictions.
- **High-Level Working Group (HLWG):** The K. Kasturirangan-led committee (2013) that demarcated the Western Ghats into "natural landscapes" (for protection) and "cultural landscapes" (for human activity).
- **Red Category Industries:** Heavily polluting industrial sectors strictly barred from operating within designated Eco-Sensitive Areas.

Legal and Constitutional Framework

- **Environment (Protection) Act, 1986 (Section 3):** Empowers the Central Government to take all necessary measures, including demarcating ESAs and setting environmental standards, to protect environmental quality.
- **National Green Tribunal (NGT) Act, 2010:** Statutory judicial body tasked with enforcing environmental rights, overseeing ESA compliance, and adjudicating ecological disputes.
- **Article 48A of the Constitution:** Directive Principle directing the State to safeguard, protect, and improve the nation's environment, forests, and wildlife.
- **Article 21 of the Constitution:** Protects the right to life and healthy environment, balancing ecological conservation imperatives with local livelihood security.

Conclusion

Keralam's push to limit ESAs exclusively to forest zones reflects the administrative challenge of balancing ecological conservation with human settlement rights in fragile ecosystems. Arriving at an equitable final notification is critical to maintaining biodiversity while safeguarding sustainable rural livelihoods.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Environment and Ecology (Conservation, Environmental Impact Assessment, Eco-Sensitive Zones) & GS Paper II – Federal Issues (Center-State Consultations on Land & Environment).
- **Key Focus Area:** Gadgil vs. Kasturirangan report recommendations, Environment Protection Act provisions, land-use management in Western Ghats, trade-offs between conservation and developmental rights, and federal dialogue mechanisms.

10. Independence of the Election Commission and Appointment Dynamics

Key Highlights & Summary

- **Judicial Referral on Appointment Validity:** A two-judge Supreme Court bench referred petitions challenging the Chief Election Commissioner and Other Election Commissioners Act, 2023 to a Constitution Bench due to internal disagreement.
- **Judicial Opinions and Principles:** Justice Dipankar Datta highlighted that the appointment process must be insulated from exclusive executive control to ensure procedural independence and public faith.
- **Evolution of Selection Panels:** The 2023 Act replaced the Chief Justice of India (CJI) in the selection committee—originally prescribed under the *Anoop Baranwal (2023)* verdict—with a Cabinet Minister nominated by the Prime Minister.

- **Constitutional Intent:** During Constituent Assembly debates, Dr. B.R. Ambedkar explicitly designed Article 324(2) to be subject to parliamentary legislation to prevent unchecked executive discretion.
- **Interference with Free and Fair Elections:** The debate centres on whether an executive-dominated selection committee undermines free and fair elections, which constitute a fundamental part of the Basic Structure.
- **Proposed Structural Safeguards:** Scholars and jurists suggest requiring unanimity within the selection committee to ensure genuine consensus between the government and the opposition.

Essential Definitions

- **Anoop Baranwal Case (2023):** Landmark Supreme Court ruling that established an interim selection committee comprising the PM, Leader of Opposition, and CJI for appointing Election Commissioners.
- **Basic Structure Doctrine:** A constitutional principle ruling that Parliament cannot alter or destroy certain essential features of the Constitution, such as democracy and free and fair elections.
- **Article 324(2):** The constitutional provision governing the appointment of the Chief Election Commissioner and Election Commissioners, subject to any law made by Parliament.
- **Executive Discretion:** The power granted to the executive branch to make decisions within designated legal boundaries without requiring mandatory concurrence from other branches.

Legal and Constitutional Framework

- **Article 324 of the Constitution:** Vests the superintendence, direction, and control of elections to Parliament, State Legislatures, and the offices of President and Vice-President in the Election Commission.
- **CEC and Other ECs (Conditions of Service and Term of Office) Act, 2023:** Enacted by Parliament to establish statutory provisions for the selection, appointment, and conditions of service of Election Commissioners.
- **Article 141 of the Constitution:** Declares that the law declared by the Supreme Court shall be binding on all courts within the territory of India.
- **Representation of the People Act, 1950 & 1951:** Provides the statutory architecture for conducting elections, voter registration, qualification/disqualification of candidates, and electoral dispute resolution.

Conclusion

The debate surrounding the appointment mechanism of Election Commissioners highlights the tension between legislative authority and institutional neutrality. Balancing executive representation with robust checks, such as bipartisan consensus, remains essential to upholding public trust in electoral integrity.

UPSC Relevance

- **Syllabus Connection:** GS Paper II – Indian Constitution (Structural & Constitutional Bodies, Appointment to various Constitutional Posts, Powers, Functions, and Responsibilities).
- **Key Focus Area:** Article 324 implications, Basic Structure test regarding electoral neutrality, implications of the 2023 Act, judicial review of parliamentary legislation, and institutional independence.

11. New Model Bilateral Investment Treaty and India's Foreign Investment Strategy

Key Highlights & Summary

- **Cabinet Approval Stage:** The Ministry of Finance finalised the revised Model Bilateral Investment Treaty (BIT) framework and submitted it to the Cabinet Secretariat for formal approval.
- **Expedited Bilateral Pacts:** India is pursuing and expediting negotiations for 4-5 bilateral investment treaties with major global partners, including Canada, under this updated framework.
- **Calibrating Domestic Remedies:** The new model addresses investor concerns by offering flexibility to reduce the mandatory exhaustion of local legal remedies period from the strict 5-year timeline set in the 2016 Model BIT.
- **Non-Negotiable Red Lines:** Core sovereign competencies—specifically taxation policies and sovereign right to tax—remain strictly excluded from international arbitration scope.
- **Rebounding Foreign Direct Investment:** The review comes against the backdrop of net Foreign Direct Investment (FDI) inflows recovering to $12 billion in early 2026, recovering from lower annual figures recorded in previous years.
- **Strategic Foreign Policy Objective:** Modernising the BIT framework forms part of a broader strategy announced in the Union Budget 2025-26 to make India investor-friendly and support free trade agreement (FTA) negotiations.

Essential Definitions

- **Bilateral Investment Treaty (BIT):** A reciprocal agreement between two sovereign nations establishing legal rules, rights, and protections for private cross-border investments.
- **Investor-State Dispute Settlement (ISDS):** A neutral international tribunal mechanism enabling foreign investors to seek monetary damages directly against host state governments for contractual or treaty violations.
- **Exhaustion of Local Remedies (ELR):** A customary principle requiring international investors to pursue legal dispute resolution in host country courts before filing international arbitration claims.
- **Model BIT:** A standardized legal template developed by a country to serve as a reference draft during bilateral investment negotiations.



Legal and Constitutional Framework

- **Article 253 of the Constitution:** Empowers Parliament to enact legislation necessary for implementing international treaties, agreements, or conventions with other nations.
- **Article 73 of the Constitution:** Extends executive power of the Union to all matters concerning treaty negotiations, international agreements, and foreign relations.
- **Entry 14, Union List (Seventh Schedule):** Vests exclusive legislative authority over Entering into Treaties and Agreements with Foreign Countries in the Central Government.

- **Arbitration and Conciliation Act, 1996:** Defines domestic legal procedure governing commercial arbitration, enforcement of foreign awards, and judicial oversight over dispute resolution.

Conclusion

Updating the Model Bilateral Investment Treaty represents a vital recalibration to reconcile investor rights with regulatory autonomy. By introducing flexibility into domestic legal remedy clauses while shielding core taxation rights, India seeks to build global investor confidence and boost sustained foreign capital inflows.

UPSC Relevance

- **Syllabus Connection:** GS Paper III – Indian Economy (Mobilization of Resources, Investment Models, Foreign Direct Investment) & GS Paper II – Bilateral Agreements & International Relations.
- **Key Focus Area:** Evolution of India's Model BIT (2016 vs. 2026 recalibration), balancing Investor-State Dispute Settlement (ISDS) with state regulatory sovereignty, local legal remedies clause, protection of sovereign taxation rights, and capital attraction strategies.

12. Deployment of EPR Technology and Regulatory Reforms under the SHANTI Act

Key Highlights & Summary

- **Bilateral Nuclear Dialogue:** Senior officials from the Ministry of Power, External Affairs, CEA, NTPC, and NPCIL engaged with French energy major Électricité de France (EDF) to evaluate European Pressurised Reactors (EPRs) deployment.
- **Localization & Supply Chain Ecosystem:** EDF emphasized establishing an integrated domestic manufacturing supply chain to enable large-scale component localization and leverage Indian industrial capabilities.
- **Implementation of SHANTI Act:** Discussions focused on operationalizing draft rules under the Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Act, recently published for stakeholder feedback.



- **Opening to Private Participation:** The regulatory framework marks a policy shift by opening up India's tightly regulated civil nuclear sector to private players and captive generation.
- **Multi-Reactor Strategic Roadmap:** EDF reiterated that committing to a sizable, multi-reactor program provides vendor confidence and delivers economies of scale across nuclear project execution.
- **Global Energy Sector Interest:** Modernizing India's nuclear regulatory architecture has reactivated commercial interest from leading international nuclear technology suppliers, including entities in France, the US, and Russia.

Essential Definitions

- **European Pressurised Reactor (EPR):** A Generation III+ pressurized water reactor design featuring advanced safety mechanisms, heightened thermal efficiency, and high electrical generation output.

- **SHANTI Act:** The overarching statutory framework enacted to replace older civil nuclear legislation, streamline safety regulation, and enable structured private participation in nuclear power generation.
- **Captive Nuclear Generation:** Nuclear power plants developed by or dedicated to specific energy-intensive industrial enterprises to supply baseline power for proprietary industrial operations.
- **Atomic Energy Regulatory Board (AERB):** The national statutory body tasked with enforcing safety standards, environmental safeguards, and issuing technical authorizations for nuclear facilities.

Legal and Constitutional Framework

- **SHANTI Act Provisions & Draft Rules:** Replaces the legacy legal framework to establish composite licensing, updated civil liability norms, and statutory mechanisms for private investment.
- **Entry 6, Union List (Seventh Schedule):** Grants the Central Government exclusive legislative authority over Atomic Energy and Mineral Resources necessary for its production.
- **Civil Liability for Nuclear Damage Framework:** Statutory regime governing operator financial liability, compulsory insurance mandates, and compensation mechanisms for nuclear incidents.
- **Article 21 of the Constitution:** Guarantees protection of life and environment, obligating the state to maintain rigorous safety, environmental, and radiation monitoring protocols.

Conclusion

India's nuclear sector reforms under the SHANTI Act create an inviting regulatory environment for foreign technology transfer and domestic industrial integration. Collaborative efforts with international partners like EDF support capacity expansion while balancing safety, economic feasibility, and technological self-reliance.

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