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• ECONOMY

Behind govt ban on sugar exports: Iran war, El Niño

The govt already faces worries over fuel, fertiliser and food inflation. It would not want any potential sugar shortage to add to these concerns



HAREESH DAMODARAN

TWO TERMS are spooking Indian policymakers with regard to agriculture: Iran war and El Niño. These also explain the thinking behind the government's decision to ban exports of sugar, notwithstanding the reasonably comfortable domestic availability of the sweetener for now.

The Directorate General of Foreign Trade (DGFT) Wednesday issued a notification placing exports of all raw, white and refined sugar in the "prohibited" category "with immediate effect till September 30, 2026".

In other words, no sugar — barring the 14,500-odd tonnes under preferential quotas at concessional duties to the European Union and the US — can go out of the country in the remaining part of the 2025-26 crushing year (October-September).

Supply situation

Indian mills are expected to produce 279 lakh tonnes (lt) of sugar in 2025-26. With opening stocks on October 1, 2025 at over 50 lt, the total supply of 329 lt would exceed the projected domestic consumption of 280 lt.

As far as exports go, the government had initially (on November 14) allowed 15 lt of shipments for the current sugar year (the sugar year runs from October to September). On February 13, it permitted an additional 5 lt of exports, taking the overall allocation for 2025-26 to 20 lt.

Out of the 20 lt, around 6 lt has already been shipped out of the country. Add to this another 0.5 lt now in ports, and the loading of which on vessels had commenced before the DGFT notification's publication.

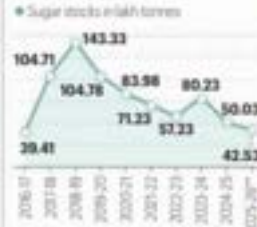
This would take the exports for the whole of 2025-26 to 6.5 lt. Deducting this,

• MEASURING INDIA'S SUGAR LEVEL

Chart 1: Sugar tally in 2025-26* (lakh tonnes)

Opening stock (lt)	50.03
Domestic production (lt)	279
Total supply (lt)	329.03
Domestic consumption (lt)	280
Exports (lt)	6.5
Closing stock (lt)	42.53

Chart 2: Sugar closing stocks at a nine-year low



*The 'sugar year' runs from October to September. **Industry estimates. Source: National Federation of Cooperative Sugar Factories (NFC). Note: Complete chart on indianexpress.com

along with the 280-lt domestic consumption, from the total availability of 329 lt will take the closing stocks as on September 30 to 42.5 lt (see chart 1).

This closing stock level would be the lowest since the 39.4 lt of the 2016-17 sugar year (see chart 2). That, by itself, shouldn't be cause for concern, as it is equivalent to about 1.8 months of domestic consumption, which can comfortably cover the country's requirement through Diwali in early-November. Mills would, moreover, start crushing for the next sugar year from November.

Taking no chances

This raises the question: Why has the Union government banned sugar exports, moving it from the "restricted" that is, subject to quantitative caps) to the outright "prohibited" category?

There are three reasons. The first has to do with El Niño — an abnormal warming of the waters of the central and eastern equatorial Pacific Ocean that leads to increased evaporation, and



Farmers in Uttar Pradesh plant sugarcane during February-April. It becomes ready for crushing in 11-12 months. ANAND/ANAPPA

cloud-formation activity around South America, while-depriving India, Southeast Asia and Australia of convective currents. El Niño is generally associated with sub-normal monsoon rainfall and higher-than-average temperatures in India.

Most global climate models are forecasting that a "weak-to-moderate" El Niño will emerge towards July, which can affect rains in the second half of the four-month southwest monsoon season (June-September). The models also suggest that the El Niño will persist till at least the end of 2026, with a significant probability of turning into a "strong-to-very strong" event.

"The impact of a poor monsoon won't be felt much in the coming sugar year. There's no dearth of water for the cane that is standing in the fields now and would be crushed in 2026-27. The problem will be for the crop that is planted for the 2027-28 sugar year," said a Maharashtra-based miller.

Farmers in Uttar Pradesh plant sugarcane between February and April. It becomes ready for crushing in 11-12 months. In Maharashtra, roughly 70% of the cane is

accounted for by a 15-month "pre-seasonal" crop planted during July-December. The balance 10% and 15% comprise an 18-month "achal" (April-June) and a 12-month "sara" (January-February) planting respectively.

It is the new cane that farmers have planted or will do so from July — for crushing only next year — which would bear the brunt of El Niño.

This crop can also suffer from a shortage of fertilisers due to the ongoing West Asia supply crisis. And that links up with the second reason for the decision to ban exports — sugarcane requires high doses of fertilisers, in addition to water, for optimal growth and yields.

The third reason is stocks. Sugar mills are supposed to file "P-II" forms before the tenth of every month, furnishing data on the stocks held by them at the start of the month. Based on this data filed online, the Department of Food and Public Distribution allots ("releases") the quota of sugar for each mill to sell in the whole of that month.

"The government is not sure if all mills are actually holding the quantity of stocks declared in their monthly P-II returns. Such mills may have monthly release quotas, but not the corresponding physical sugar to sell," said the miller quoted earlier.

Either way, the government does not want to risk any prospective shortfall in sugar, adding to its worries over fuel, fertiliser and food inflation.

Buy the export ban, per se may not help. Ex-factory prices of sugar are at Rs 38-38.5 per kg in Maharashtra and Rs 40-40.5 in Uttar Pradesh. In comparison, export prices of Indian white sugar loaded onto ships are about Rs 41 per kg, and Rs 34 per kg for raw sugar. With bagging, transportation and port handling charges at Rs 2.5/kg, the ex-factory realisations from exports would be lower than realisations from domestic sales.

The absence of price parity already limited the quantity of sugar that could be exported from India. The ban shuts that window altogether.

Trouble in the seas

Sugarcane requires high doses of fertilisers and plenty of water.

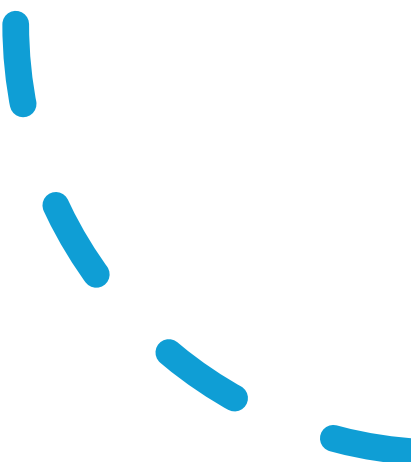
The Iran war has choked fertiliser supply through the Strait of Hormuz. And the El Niño ocean warming phenomenon will affect the monsoon.



- **Key Terms and Explanations**

- **Directorate General of Foreign Trade (DGFT):** An attached office of the Ministry of Commerce and Industry responsible for formulating and implementing the Foreign Trade Policy. It acts as the gatekeeper for India's export-import (EXIM) regulations.
- **El Niño:** A climate pattern involving the unusual warming of surface waters in the eastern tropical Pacific Ocean. For India, it typically correlates with suppressed monsoon rainfall, which is detrimental to water-intensive crops like sugarcane.
- **Strait of Hormuz:** A narrow waterway between the Persian Gulf and the Gulf of Oman. It is a global "choke point" for trade; any conflict here (such as involving Iran) disrupts the supply of petroleum and, crucially, fertilizers like urea and DAP.
- **Adsali, Suru, and Pre-seasonal:** These refer to the planting cycles of sugarcane. **Adsali** (planted in July-August) has an 18-month duration; **Pre-seasonal** (Oct-Nov) takes 15 months; and **Suru** (Jan-Feb) takes 12 months.
- **Export Price Parity:** A condition where the price of a commodity in the domestic market is roughly equal to the price it would fetch in the international market after accounting for transport and handling costs.

- **Main Arguments and Substantive Parts**

- The decision to restrict sugar exports is not a reactionary whim but a calculated move based on three pillars of risk management:
 - **The Precautionary Buffer:** While current domestic availability appears "comfortable" with a production estimate of 279 lakh tonnes, the closing stocks are projected to hit a nine-year low of roughly 42.5 lakh tonnes. This represents only about 1.8 months of domestic consumption, leaving little room for error during the peak festival season or potential crop failure.
 - **Geopolitical Contagion:** The conflict in West Asia, particularly involving Iran, threatens the "Fertilizer Security" of India. Sugarcane requires high doses of nutrients. A disruption in the Strait of Hormuz would choke the supply of raw materials for fertilizers, leading to lower yields in the 2026-27 and 2027-28 seasons.
 - **Climate Risk (El Niño):** Global models suggest a "weak-to-moderate" El Niño emerging by mid-2026, which could persist into 2027. Since sugarcane is a long-duration crop, the lack of monsoon rain in 2026 would not just affect the immediate harvest but would devastate the standing crops intended for the following year's crushing.
- 

- **Historical Evolution of the Issue**

- The regulation of sugar in India has moved from rigid control to "calibrated freedom":
- **1966 (Sugar Control Order):** Post-independence, the government exercised total control over production, distribution, and pricing under the Essential Commodities Act to ensure affordability.
- **2013 (Rangarajan Committee Reforms):** A major milestone where the "levy sugar" system (forcing mills to sell a portion to the govt at low prices) was abolished, and the regulated release mechanism was partially eased.
- **2018 (Introduction of MSP):** To protect farmers from falling prices, the government introduced a Minimum Selling Price (MSP) for sugar at the mill gate.
- **The Ethanol Shift (2020-Present):** India aggressively pushed the **Ethanol Blended Petrol (EBP) Programme**, diverting "excess" sugar to fuel production. This changed the export logic—surplus sugar is now viewed as a strategic energy reserve, not just a trade commodity.

- **Way Forward**

- To move beyond "knee-jerk" export bans, India needs a structural overhaul:
- **Drip Irrigation Mandate:** Make drip irrigation compulsory for sugarcane to decouple the crop's success from volatile monsoon patterns. 2. **Digital Stock Monitoring:** Implement a blockchain-based real-time inventory system for sugar mills to ensure the government has accurate data before making trade decisions.
- **Fertilizer Diversification:** Reduce dependence on the Strait of Hormuz by investing in domestic coal-to-urea plants and sourcing from stable partners in North Africa and North America.
- **Dynamic Export Quotas:** Instead of a total ban, implement a "moving window" export policy where quotas are released monthly based on verified stock levels.

All Previous Years' UPSC Questions

- **Prelims (2017):** With reference to agriculture in India, how can the use of 'Liquid Muck' (Fertilizer) help? (Theme: Fertilizer impact).
- **Mains (2020, GS3):** "El Niño and La Niña events have a major impact on the Indian monsoon." Discuss.
- **Mains (2022, GS3):** What are the main constraints in transport and marketing of agricultural produce in India?
- **Mains (2018, GS3):** "The food processing industry in India needs to be promoted." (Sugar being a major input).



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DECODING THE SUGAR EXPORT BAN: A Comprehensive UPSC CSE Analysis

Behind Govt. Prohibitions on Exports: Iran War, El Niño, & India's Strategic Choices

1. KEY TERMS DEFINED



DCFT
Gatekeeper of Trade,
• Definitions from
and a analysis



EL NIÑO
Warming Pacific,
warmig Pacific



STRAIT OF HORMUZ
Trade Choke Point,
Trade shoats and oil
oil and fertilizer stacks



CANE PLANTING CYCLES

Defritions from:
• Adsali
• Suru
• Pre-seasonal
durations



Definitions from trade
bram aro neroscon-itorv:
• Plarm duration
• Snottared during
carger series

2. THE TRIPLE THREAT: WHY NOW?

PRECAUTIONARY BUFFER



- Stocks at 9-year low
- Only 1.8 months use
- Priority to festivals

GEOPOLITICAL CONTAGION



- Iran Conflict threats
via Strait of Hormuz
- Fertilizer raw material
shortage risk

CLIMATE RISK (EL NIÑO)



- Poor monsoon
predicted for 2026-27
- Damage to 2-year crops

4. LOGIC & PHILOSOPHY



- Precautionary Principle -
Safety-first
- Social Contract - utilitarian state priority to
Right to Food over private trade
- Conceptual deep uncertainty is turned relationship and
ertorary to managing deep uncertainty

8. MULTIDIMENSIONAL IMPACTS



Social
• Common
man with
food and
food prices



Political
• Cane belt
map with
buxbrs with
'Elections'



Legal
• Essential
Commodities
Act text
and gavel



Ethical
• Food vs.
Food vs
Fuel/Ethanol



International
• Common:
Global price
spike chart



Economic
• Trade
reliability
and brokency



**INDIA'S CALCULATED
STRATEGIC SHIFT:
Prioritizing Domestic Security**

5. WAY FORWARD: SECTOR REFORMS



**Drip Irrigation
Mandate**
Water Efficiency



**Digital Stock
Tracking**
Transparency &
Real-time Inventory



**Fertilizer Supply
Diversification**
Resilience



**Dynamic,
Flexible Quotas**
Predictable Trade

10. UPSC CSE LINKAGES & PYQ THEMES

Syllabus GS1-4, Essay



GS1

GS2

GS3

Essay



MODEL ANSWER TIP
GS3, fg, government
buildings, philosophy

PYQ Themes

El Niño

Food Security

Essay

Buffer Stocks

Fertilizer

Agricultural Trade

What is PCOS and why does renaming it to PMOS matter?



EXPERT EXPLAINS

DR GARIMA KACHHAWA

PROFESSOR OF OBSTETRICS AND GYNAECOLOGY AT AIIMS, DELHI

FOR YEARS, the term Polycystic Ovary Syndrome (PCOS) has been widely used to describe one of the most common hormonal conditions affecting women of reproductive age. In this condition, the ovaries produce excess androgens (hormones that regulate masculine characteristics), commonly leading to irregular periods, ovarian cysts, acne, weight gain and fertility difficulties.

But many experts have long argued that the name was incomplete, even misleading. By focusing only on the ovaries, it failed to capture the full spectrum of metabolic, hormonal, reproductive and psychological challenges associated with the condition.

That understanding has now prompted a major global shift in medical terminology. After a landmark global effort led by Monash University, PCOS will now be called Polyendocrine Metabolic Ovarian Syndrome (PMOS), which better reflects the condition's complex, multisystem nature.

Dr Garima Kachhawa, professor of obstetrics and gynaecology at All India In-

stitute of Medical Sciences, Delhi, tells **Rinku Ghosh** that "the shift underlines the need for women and clinicians to look beyond reproductive symptoms and recognise the broader health risks linked to the disorder".

For years, what doctors called "cysts" actually represented a hormonal complication. Normally, during each menstrual cycle, several follicles start growing in the ovary. One of these becomes the dominant follicle, which matures fully and releases an egg (ovulation). The remaining follicles naturally regress.

In what was traditionally called PCOS, that maturation process gets disrupted. Instead of one follicle fully developing, many follicles stall midway. They remain small and immature rather than progressing to ovulation. These are called arrested follicles. On an ultrasound, these immature follicles often appear as multiple small, round fluid-filled structures around the ovary. Hence the misconception, according to Dr Kachhawa. Excerpts from an interview:

What does the renaming of PCOS to PMOS signify, and why was this change considered necessary?

The renaming of PCOS to PMOS reflects the understanding that the condition is a multisystem disorder, involving endocrine, metabolic, reproductive, psychological and dermatological features.

The term PCOS focused mainly on the ovaries and did not adequately represent the broader nature of the condition. The new name, PMOS, will be introduced globally over the next three years.

Improving detection

• Experts estimate a PMOS prevalence of around 16 to 18% in India.

• The new name may aid awareness that the condition includes important metabolic and hormonal aspects, beyond the ovaries.

• It could encourage earlier screening for obesity, diabetes, hypertension and other metabolic complications.

How is PMOS different from the traditional understanding of PCOS?

PMOS highlights its multisystem nature, including metabolic features such as obesity, dysglycaemia (abnormal blood sugar level), Type 2 diabetes, hypertension, dyslipidemia (high bad cholesterol and triglyceride levels), metabolic dysfunction-associated steatotic liver disease (MASLD) or fatty liver, cardiovascular disease and sleep apnoea. The symptoms are many.

Reproductive features could manifest as ovulatory dysfunction, irregular menstrual cycles, infertility, pregnancy complications and increased risk of endometrial cancer. Psychological features are depression, anxiety, poor quality of life and eating disorders. Dermatological features are identifiable as acne, thinning scalp and facial hair.

Why do experts say the term PCOS is misleading for patients and doctors?

The term was misleading because many women with PCOS do not actually have ovarian cysts, though they may have looked like that in an ultrasound scan. But labelling these cases as PCOS delays diagnosis and hinders effective communication between patients and health professionals. This results in patient dissatisfaction with care.

Will the new name change how the condition is treated?

The new name will not immediately change diagnostic criteria or treatment protocols. Existing treatment plans remain valid unless symptoms or health risks require reassessment.

However, it may help women better

understand that the condition extends beyond the ovaries and includes important metabolic and hormonal aspects.

It may encourage clinicians to adopt a more comprehensive approach to patient care by placing greater emphasis on screening for blood sugar, cholesterol, blood pressure and other long-term health risks, lifestyle modification, and multidisciplinary management alongside reproductive concerns.

What does this renaming mean for awareness and management of the condition in countries like India?

In India, where the prevalence of PCOS is high, the nomenclature could encourage earlier screening for obesity, diabetes, hypertension, and other metabolic complications, while promoting a more multidisciplinary and preventive approach to management.

How could this renaming help reduce stigma around the condition?

This could improve awareness among patients and healthcare providers, encourage earlier recognition of symptoms and reduce stigma associated with infertility, weight gain, acne and hirsutism.

The change carries particular significance for India, where experts estimate the prevalence of the condition to be between 16% and 18%. Given the genetic predisposition of Indians to heart disease and diabetes, delayed diagnosis can mean years of unmanaged symptoms and missed opportunities to prevent complications like insulin resistance, infertility, gestational diabetes and cardiovascular risks later in life.

- **Key Terms and Explanations**

- **PMOS (Polyendocrine Metabolic Ovarian Syndrome):** The new nomenclature that emphasizes the condition's multi-systemic nature, involving hormones (endocrine) and energy processing (metabolic).
- **Arrested Follicles:** Often mislabeled as "cysts," these are actually immature eggs that fail to develop and be released during ovulation due to hormonal imbalances.
- **Androgens:** Often called "male hormones" (like testosterone), these are present in all women. In PMOS, elevated levels lead to symptoms like acne and hirsutism (excess facial hair).
- **Insulin Resistance:** A metabolic state where cells don't respond well to insulin, leading to high blood sugar and acting as a primary driver for the weight gain and cardiovascular risks associated with the syndrome.
- **MASLD (Metabolic Dysfunction-Associated Steatotic Liver Disease):** Formerly known as "fatty liver," this highlights the link between hormonal imbalance and liver health.
- **Dysglycaemia:** An umbrella term for abnormal blood sugar levels, including pre-diabetes and Type 2 diabetes.

Main Arguments and Substantive Parts

- The core argument for this transition rests on the fact that the term "PCOS" is clinically misleading. Many women diagnosed with the condition do not actually have cysts on their ovaries, yet the name forces a focus on the reproductive organs while neglecting systemic health.
- **The "Misnomer" Problem:** By focusing on the "ovary," clinicians and patients often overlook the metabolic time bombs—like hypertension and diabetes—that accompany the condition.
- **Multisystemic Scope:** The transition to PMOS acknowledges that the condition affects the **Endocrine** (hormones), **Metabolic** (sugar/fat processing), **Reproductive** (fertility), **Psychological** (depression/anxiety), and **Dermatological** (skin/hair) systems.
- **Early Intervention:** Renaming encourages "upstream" screening. Instead of waiting for fertility issues to arise in one's 20s or 30s, the PMOS label prompts doctors to screen adolescent girls for insulin resistance and cardiovascular markers early on.
- **Patient Dissatisfaction:** The old nomenclature often led to a "wait and see" approach regarding fertility, leaving women's other symptoms (like weight gain or mental health struggles) unaddressed.

- **Historical Evolution of the Issue**

- The journey of understanding this condition reflects the broader evolution of gynecology:
- **1935 (The Stein-Leventhal Era):** Doctors Irving Stein and Michael Leventhal first described the association between polycystic ovaries and symptoms like amenorrhea. For decades, it was seen strictly as a "surgical" or "ovarian" problem.
- **Late 20th Century:** The discovery of the role of **Insulin Resistance** shifted the focus from the ovaries to the pancreas and the endocrine system.
- **2003 (The Rotterdam Criteria):** An international consensus established diagnostic criteria, but still kept the "PCOS" name, even while acknowledging that one could have the syndrome *without* polycystic ovaries.
- **2024–2026 (The PMOS Shift):** Led by institutions like Monash University and experts at AIIMS, a global consensus emerged to rename the condition to better reflect its metabolic and multisystemic reality.

- **Way Forward**

- **Multidisciplinary Clinics:** Establish "PMOS Hubs" in public hospitals that provide integrated care (Endocrinology + Gynecology + Psychiatry).
- **Standardized Screening:** The Ministry of Health should issue new guidelines for adolescent health screenings that include metabolic markers for PMOS.
- **Public Awareness Campaigns:** Use "Asha" workers and community health programs to educate the rural population that "irregular periods" are a sign of "body-wide" health, not just a "marriage/fertility" issue.
- **Digital Health Records:** Use the Ayushman Bharat Digital Mission (ABDM) to track the long-term health outcomes of women diagnosed with PMOS to prevent the onset of Type 2 diabetes.

Previous Years' UPSC Questions

- **GS 2 (2020):** "Appropriate local community-level healthcare intervention is a prerequisite to achieve 'Health for All' in India. Explain."
- **GS 2 (2022):** "The critical determinants of health care are as much outside the medical system as within it. Elaborate."
- **GS 1 (2019):** "What are the continued challenges for women in India against the background of the social and economic changes?"
- **Essay (2021):** "The hand that rocks the cradle rules the world." (Can be linked to the health of women as a foundation for societal strength).



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THE SHIFT TO PMOS: AN EXPERT-LED GUIDE TO WOMEN'S HEALTH.

EXPERT ANALYSIS ON RENAMING PCOS AND WHY IT MATTERS.

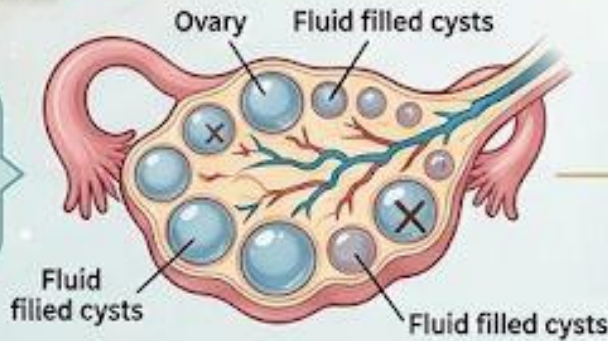


EXPERT PANEL
(Based on interviews with AIIMS experts)

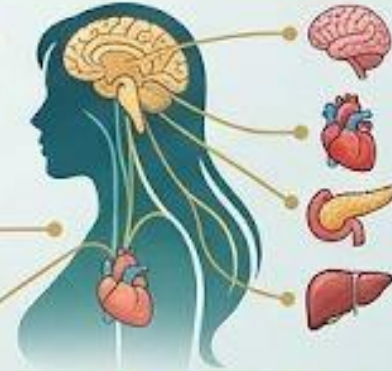
OLD ERA: POLYCYSTIC OVARY SYNDROME (PCOS)

NEW ERA: POLYENDOCRINE METABOLIC OVARIAN SYNDROME (PMOS)

NARROW REPRODUCTIVE FOCUS | FOLLICLES ARREST GROWTH



FROM A MISLEADING ORGAN FOCUS TO A COMPREHENSIVE HEALTH PERSPECTIVE.



HOLISTIC MULTISYSTEM FOCUS | ALL INTERCONNECTED

REPRODUCTIVE



OVARY DISRUPTION

Ovulatory Dysfunction, Irregular Cycles, Infertility. "Cysts" are actually immature, arrested follicles (corrected understanding).



METABOLIC & ENDOCRINE



INSULIN & HORMONE IMBALANCE

Insulin Resistance, Dysglycaemia, Obesity, Type 2 Diabetes, Hypertension. Central to PMOS.



INTERNAL ORGANS & RISKS



SYSTEMIC CHRONIC DISEASE RISKS

MASLD (Fatty Liver), Dyslipidemia (High Cholesterol), Cardiovascular Disease Risk, Sleep Apnea.



PSYCHOLOGICAL & DERMATOLOGICAL



MENTAL HEALTH & APPEARANCE

Depression, Anxiety, Poor Quality of Life, Eating Disorders. Acne, Thinning Scalp, Hirsutism (Facial Hair).



IMPROVED DETECTION & MANAGEMENT

Experts call for earlier multisystem screening. Transition encourages holistic multidisciplinary management. Existing treatment protocols valid but integrated.



REDUCED MISUNDERSTANDING & STIGMA

Cysts not always present. New name clarifies condition. Potential reduction of stigma associated with infertility alone. Improves patient satisfaction with care.

RELEVANCE TO INDIA:

High prevalence (16-18%), genetic predisposition to NCDs, delayed diagnosis means missed opportunities.

ON BEHALF OF AXIA IAS ACADEMY, THIS ANALYSIS IS PREPARED FOR ALL ASPIRANTS.



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PM's Europe trip: New alliances for new uncertainties

Shubhajt Roy
New Delhi, May 14

PRIME MINISTER Narendra Modi is headed to Norway for the third India-Nordic summit. He will then visit the Netherlands, Sweden and Italy. The visit and the summit were planned in mid-May last year but were postponed after Operation Sindoor.

The PM's trip is part of India's push to deepen ties with Europe, a process that has been on for a few years now and resulted in the India-EU Free Trade Agreement (FTA) this year. In contrast to US President Donald Trump's unpredictability, Europe has positioned itself as a reliable partner, shedding its past hesitations in engaging with India. New Delhi too has warmed up to Europe as it looks for capital for investment, destinations for its people, and technology to power growth — reflecting strategic realism.

Next month, PM Modi will head to France for the G7 summit. With the Iran war adding to global uncertainties, this engagement assumes greater significance.

India-Nordic Summit, Oslo (May 19)

The first India-Nordic summit was held in Stockholm (2018) and the second in Copenhagen (2022), bringing together leaders of India, Norway, Sweden, Denmark, Finland and Iceland. Only the US holds an equivalent summit-level engagement with the Nordics.

The trade and investment logic is important, as India-Nordic trade in goods and services touched \$19 billion in 2024 (exports \$9.4 billion, imports \$9.6 billion). Over 700 Nordic companies operate in India, while 150 Indian companies are present in the Nordic region.

The summit is expected to boost Make in India investment flows and attract Nordic capital, reinforced by the India-EU FTA, and the India-FTA Trade and Economic Partnership Agreement with the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland), which came into force on October 1, 2025.

Each Nordic country brings distinct strengths — Sweden in industrial innovation and defence; Denmark in maritime and green technology; Norway in blue economy and Arctic; Finland in digital technologies; Iceland in geothermal energy. The Nordic countries have consistently supported India's Permanent Membership in a reformed UN Security Council. Both sides also share a strong alignment on Indo-Pacific security, Arctic governance, climate action and the rules-based international order — all important elements of cooperation in the face of an unpredictable US and an assertive China. In addition, all the countries have aging populations, opening up opportunities for Indians to study and work there.

The Hague, Netherlands (May 15-17)

This is PM's second visit since 2017. The strategic and geopolitical context is that the Netherlands today engages India not as a market alone but as a major partner. The Dutch ecosystem of frontier technology paired with India's scale of deployment defines a partnership of "innovation meets scale," visible most strikingly in semiconductors, water, hydrogen and maritime technology.

Gothenburg, Sweden (May 17-18)

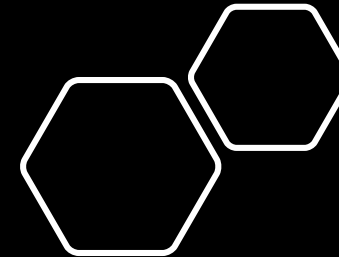
PM Modi will visit Sweden after eight years. Sweden invests over 2% of GDP in R&D and ranks consistently among the top performers in the European Innovation Scoreboard. It has taken one of Europe's firmest positions on strategic de-risking from China. Saab is building its first Carl-Gustaf manufacturing plant outside Sweden at Jindur — India's first 100% FDI-driven defence manufacturing project. Sweden also hosts one of Europe's largest critical mineral deposits.

Oslo, Norway (May 18-19)

It is the first standalone bilateral visit by an Indian PM to Norway in 43 years. Defence and maritime cooperation are key pillars of India-Norway ties. Indian shipyards now hold 17% of the Norwegian Shipowners' Association order book. Norwegian tunnelling technology has powered the Char Dham railway project.

Rome, Italy (May 19-20)

PM Modi will visit Italy at the invitation of PM Giorgia Meloni, reaffirming a strategic partnership. Italy's chairmanship of the India Middle East Europe Economic Corridor (IMEEC) as a founding member makes it the western anchor of the corridor. IMEEC will ensure stability of supply chains and boost India's energy security.



- **Key Terms and Explanations**
- **Strategic Realism:** A foreign policy approach that prioritizes national interest and tangible power dynamics over purely ideological leanings. It suggests that India is engaging with Europe not just as a "friend," but as a calculated partner for capital and technology.
- **Blue Economy:** This refers to the sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem. Norway and Denmark are pioneers in this field, offering India expertise in deep-sea mining and offshore wind.
- **De-risking:** Unlike "de-coupling" (completely cutting off trade), de-risking involves reducing reliance on a single country (often China) for critical supplies to ensure that a supply chain isn't crippled by geopolitical shocks.
- **EFTA-TEPA:** The Trade and Economic Partnership Agreement (TEPA) with the European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland). It is a landmark deal that focuses on investment commitments alongside tariff reductions.
- **IMEEC (India-Middle East-Europe Economic Corridor):** A planned multimodal transport route intended to stimulate economic development through connectivity between India, the Arabian Gulf, and Europe.
- **Critical Minerals:** These are metallic or non-metallic elements (like lithium or cobalt) that are essential for modern technology and green energy but have high supply-chain risks.

Main Arguments and Substantive Parts

- The core thesis of this diplomatic push is that Europe has transitioned from being a mere market for Indian goods to a **foundational strategic partner**.
- **Europe as a Reliable Alternative:** Amidst the unpredictability of traditional superpowers, Europe is positioned as a stable, predictable partner for India. This is visible in the push for the **India-EU Free Trade Agreement (FTA)**.
- **The Nordic Synergy:** The engagement with the five Nordic nations is driven by a "niche-complementarity" model. Each country offers a specific strength:
 - **Sweden:** A hub for R&D and defense (e.g., Saab's 100% FDI project).
 - **Denmark:** A leader in maritime and green hydrogen.
 - **Norway:** A powerhouse in the Arctic and maritime technology.
 - **Finland/Iceland:** Masters of digital tech and geothermal energy respectively.
- **Innovation Meets Scale:** This is the mantra for the Netherlands-India tie-up. The Netherlands provides frontier technology (semiconductors, water management), while India provides the massive scale for deployment and testing.
- **The Mediterranean Anchor:** Italy serves as the western gateway for the IMEEC, ensuring that India's connectivity projects have a solid landing point in Southern Europe.

- **Historical Evolution of the Issue**
- The relationship has matured through distinct phases:
- **The Cold War Era (1947–1991):** Relations were cordial but limited. India's proximity to the Soviet Union and Europe's alignment with NATO created a glass ceiling for strategic cooperation.
- **The Liberalization Pivot (1991–2010):** Following India's economic reforms, Europe became a major trading partner. However, the focus remained largely on textiles, gems, and IT services.
- **The Strategic Awakening (2014–Present):**
 - **2018:** The first India-Nordic Summit in Stockholm marked a departure from dealing with Europe only through "The Big Three" (UK, France, Germany).
 - **2022:** The second summit in Copenhagen solidified cooperation on green transitions.
 - **2025:** The entry into force of the **EFTA-TEPA** on October 1st represented a paradigm shift in trade diplomacy, moving beyond just goods to massive investment guarantees.
 - **Present Day (2026):** India is now an indispensable part of the European security and economic architecture, evidenced by 100% FDI in defense and critical mineral partnerships.

• **Way Forward**

- To maximize the benefits of this European pivot, India should:
- **Fast-track the EU-FTA:** Finalizing the comprehensive FTA with the broader European Union is essential to provide a uniform platform for trade.
- **Invest in Human Capital:** To truly benefit from "Innovation meets scale," India must upgrade its technical education to match the standards of Dutch or Swedish R&D ecosystems.
- **Infrastructure for IMEEC:** Beyond diplomatic signings, India must ensure the domestic infrastructure (ports like Mundra and JNPT) is ready for the increased throughput that IMEEC promises.
- **Arctic Presence:** Strengthen the "Maitri" and "Himadri" research stations and seek more active participation in the Arctic Council with Nordic support.

All Previous Years' UPSC Questions

- **2023 (GS 2):** "The India-Middle East-Europe Economic Corridor (IMEEC) is a game-changer for India's connectivity." Discuss its strategic and economic implications.
- **2022 (GS 2):** "The Nordic countries are small in size but giants in innovation and sustainability." In this context, analyze the significance of the India-Nordic Summit for India.
- **2018 (GS 2):** "India's relations with the European Union have been dominated by trade, but there is a need to move towards a strategic partnership." Evaluate.
- **2017 (GS 2):** "The UK's exit from the EU (Brexit) opened new doors for India's bilateral relations with individual European nations." Discuss with examples.



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\$19B Trade (2024)



Over 700 Nordic cos in India / 150 Indian cos in Nordics

INDIA-EUROPE STRATEGIC REALISM: A MULTI-ALIGNMENT PARTNERSHIP.

THE NORDIC SYNERGY

Norway
Blue economy Arctic Tunnel tech

Sweden
Defence R&D beaker

Denmark
Green tech Maritime vessel

Finland
Digital circuit

Iceland
Geothermal steam & energy

→ Over 700 Nordic cos in India / 150 Indian cos in Nordics



CONTINENTAL PILLARS

Netherlands
Semiconductors Water management

Innovation Meets Scale

Italy
IMEEC Gateway Energy Security

MULTIDIMENSIONAL ANALYSIS

- SOCIAL**
• Social and labor mobility
- POLITICAL**
• Multipolar world order cooperation
- LEGAL**
• Legal framework for international agreements and investment protection
- ETHICAL**
• Balanced scales/ global cooperation
- INTERNATIONAL**
• Indo-Pacific and rules-based order
- ECONOMIC**
• Economic coin bag and FDI

UPSC RELEVANCE & LINKAGES

- NCERT book**
- Class 12 Politics, Geog
 - Class 12 Contemporary World Politics
- GS Paper**
- GS 2 International Relations
 - GS 3 S&T/Energy

- PYQs**
- IMEEC
 - Nordic cooperation
 - EU Strategic partnership
 - EU Strategic partnership
 - EU Strategic partnership
 - Concepratim Cooperation/For technolent of India

HISTORICAL EVOLUTION

- 2018** India-EFTA Trade Agreement Negotiations Begin
- 2022** India-EFTA FTA feasibility study initiated
- 2022** Copenhagen Summit
- 2024** EFTA-TEPA Trade and Economic Partnership Agreement signed
- 2025** EFTA-TEPA entry into force

+ Uneasy truce in Beijing as Trump and Xi discuss trade, Taiwan

Ananth Krishnan

BEIJING

The United States and China appeared to come to an uneasy truce – at least for now – on trade, Taiwan, and the future of an increasingly contested relationship, as their leaders met for talks in Beijing on Thursday.

Chinese President Xi Jinping told visiting U.S. President Donald Trump that relations could descend to “clashes and conflicts” if the Taiwan question, which he described as “the most important issue in China-U.S. relations”, was not managed properly, according to the Chinese readout of the talks. “If it is handled properly, the bilateral relationship will enjoy overall sta-

bility. Otherwise, the two countries will have clashes and even conflicts, putting the entire relationship in great jeopardy,” he said. China also conveyed its opposition to U.S. arms sales to Taiwan.

The U.S. readout, for its part, made no mention of Taiwan, though Secretary of State Marco Rubio later told presspersons the U.S. position remained unchanged. The readouts suggested both sides had merely underlined their respective positions on an issue that remains a flashpoint. The White House statement said both did agree on the need to keep the Strait of Hormuz open and to support the free flow of energy, and that Mr. Xi had “made clear China’s opposition to the militari-



Leaders' day out: Xi Jinping and Donald Trump at the Temple of Heaven in Beijing on Thursday. VIA REUTERS

sation of the strait”. However, there appeared no broader agreement on addressing the Iran crisis.

The ceremony in Beijing trumped the substance. Mr. Trump’s visit began with a grand welcome on Thursday morning, as he was greeted by marching PLA troops and cheering schoolchildren at the Great

Hall of the People. “It really was a magnificent welcome like none other,” Mr. Trump said. The two leaders spent several hours in each other’s company, with delegation talks followed by Mr. Xi taking the U.S. President on a tour of the Temple of Heaven.

A state banquet followed in the evening, with

further talks over tea set for Friday in the Chinese leadership’s Zhongnanhai compound.

At the formal talks, Mr. Xi called for “a new vision” for ties, which he labelled “a constructive relationship of strategic stability” for “the next three years and beyond”.

May meet more

The two leaders may meet three more times this year alone, officials said. Mr. Trump invited Mr. Xi to visit the U.S. on September 24, which he provisionally accepted. The two leaders could also meet at an APEC (Asia-Pacific Economic Cooperation) summit that China is set to host later this year, and at the G-20 meet in Miami.

The broader challenge

facing the two leaders as they navigate a fractious relationship is a changed dynamic. “The U.S. still thinks it is dealing with the China of 10 years ago, but the power dynamic has shifted”, said Cameron Johnson, formerly Professor at New York University Shanghai and senior partner at a supply chain consulting firm that advises U.S. and Chinese companies.

Both countries have traded blows in an ongoing trade and technology war. For U.S. businesses, restricted access to rare earths was a major worry, while for China, American export controls remain a concern, especially on semiconductors.

The visit could yield a temporary truce.

- **Key Terms and Explanations**

- **Uneasy Truce:** A state of perceived peace or a cessation of hostilities that is fragile and lacks a foundation of mutual trust. In this context, it refers to a temporary "ceasefire" in the trade and technology war.
- **The Taiwan Question:** Refers to the status of Taiwan. China views it as a breakaway province (One-China Principle), while the U.S. maintains the "Taiwan Relations Act," providing defensive arms and maintaining "strategic ambiguity."
- **Strait of Hormuz:** A vital geographic chokepoint between the Persian Gulf and the Gulf of Oman. It is the world's most important oil transit channel. Cooperation here indicates a shared interest in global energy security despite bilateral friction.
- **Semiconductors and Rare Earths:** The "new oil." Semiconductors are the brains of modern electronics; Rare Earths are minerals essential for high-tech manufacturing. These are the primary weapons in the current "Technology Cold War."
- **Zhongnanhai:** The central headquarters for the Communist Party of China and the State Council. It is the Chinese equivalent of the White House or 10 Downing Street.
- **Strategic Stability:** A state in international relations where powers have enough parity or understanding that neither side feels compelled to initiate a conflict.

- **Main Arguments and Substantive Parts**

- The dialogue in Beijing reveals a relationship transitioning from "engagement" to "managed competition."
- **The Thesis of "Clash vs. Cooperation":** President Xi Jinping's core argument is that the bilateral relationship is at a crossroads. If the "Taiwan issue" is mishandled, conflict is not just a possibility but an inevitability. He argues for a "new vision" that moves beyond the old power dynamics.
- **The Shift in Power Parity:** A significant point raised is that the U.S. is "dealing with the China of 10 years ago." The argument here is that the global power structure has shifted from unipolarity to a more complex bipolar or multipolar reality where China's leverage in supply chains is absolute.
- **Functional Cooperation amidst Friction:** Despite deep-seated disagreements on Taiwan and trade, the two nations found common ground on the **Strait of Hormuz**. This suggests that "Global Commons" (energy flow, maritime security) remain the only areas where the two giants can collaborate without losing face.
- **Arms Sales as a Flashpoint:** China views U.S. arms sales to Taiwan not merely as trade, but as a violation of sovereignty. The U.S. counterargument, though omitted in the joint readout, remains anchored in maintaining the regional balance of power.

- **Historical Evolution of the Issue**

- Understanding the present requires a journey through the "Long Game" of US-China relations.
- **The 1949 Divide:** Following the Chinese Communist Revolution, the U.S. refused to recognize the PRC, backing the Nationalist government in Taiwan.
- **The 1972 Opening (Nixon in China):** Driven by the desire to counter the Soviet Union, the U.S. and China began a period of "rapprochement," leading to the 1979 formal establishment of ties.
- **The Engagement Era (1990s-2010):** The U.S. supported China's entry into the WTO (2001), believing that economic integration would lead to political liberalization. This is often called the "Liberal Peace" theory.
- **The Pivot to Asia (2012 onwards):** Under the Obama administration, the U.S. began recognizing China as a "peer competitor." This escalated into the "Trade War" under the first Trump administration and "De-risking/Decoupling" under the Biden administration.
- **The Present (2026 Context):** We are now in an era of "**Transactional Diplomacy.**" Ideology has taken a backseat to raw economic and military leverage.

- **Way Forward**

- **Establishing "Guardrails":** Both nations must define clear "Red Lines" to prevent accidental escalation, especially in the South China Sea.
- **Reviving Multilateralism:** Using platforms like the G20 or APEC to anchor bilateral issues in a global framework, making it harder for one side to act unilaterally.
- **India's Role:** India should maintain "Strategic Autonomy," leveraging the U.S.-China rivalry to strengthen its own manufacturing base (via "China+1" strategy) while ensuring regional stability through the QUAD.

Previous Years' Questions (PYQs)

- **UPSC 2020 (GS 2):** "The USA is facing an existential threat in the form of a rising China, that is much more challenging than the erstwhile Soviet Union." Explain.
- **UPSC 2018 (GS 2):** "China is using its economic relations and positive trade surplus as tools to develop potential military power in Asia." In the light of this statement, discuss its impact on India as a neighbor.
- **APSC 2022:** Discuss the impact of the US-China trade war on the global economy with special reference to emerging markets.

ANALYSIS OF THE US-CHINA 'UNEASY TRUCE': GEOPOLITICAL IMPLICATIONS FOR INDIA



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1 THEMES & CONCEPTS



Uneasy Truce
Shaking hands and shaken hands ground on the and trace ends



Taiwan Question
China could conflict examples in onfliction from others when the US are. the US



Thucydides Trap
Balance of the older USA and rising China and sicames the rising a rising China



Functional Cooperation
Joint oil tankers in the Strait of Hormuz in min liantes



2 KEY ECONOMIC WEAPONS: THE NEW OIL

China's Imwitaungi and samples of rare-earth leverage



Semiconductors

China's leverage silicon wafers.



Rare Earths

Rare-earth ore samples.

3 HISTORICAL EVOLUTION & TRADING PLACES



UPSC LINKAGES

- GS Paper 2 (IR)
- GS Paper 3 (Economy & Security)
- NCERT Class 12 (Contemporary World Politics)

MODEL ANSWER

1. **Taiwan question:** Structure eo-mar experionites the scmen-eaemens at comoting the Saiwan uomosassary expectation.
2. **Taiwan question:** Imoser eaneer which xmodel respicatinn reppactations, tolachturr oratomcchor the expectation.

INDIA'S POSITION



- **Strategic Autonomy**
- **China+1 Strategy**
China car-mal aoooh assets
- **Leveraging US-China Rivalry**
India to developmenory of China to sorrerass nola and leanan zoontons and rinices needs with leveraging US-China Rivalry

Global Geopolitical Chokepoints



India backs two-state solution for Palestine issue, says Jaishankar at BRICS meeting

Kallol Bhattacharjee
NEW DELHI

Highlighting India's traditional approach to the Israel-Palestinian conflict, External Affairs Minister S. Jaishankar on Thursday presented the "National Statement" at the BRICS ministerial, reiterating India's call for a "two-state solution" to the issue and calling for an end to "risks to maritime traffic, and disruptions to energy infrastructure" in the Gulf region.

Supporting the need for dialogue and diplomacy to resolve conflicts in the region and in North Africa, Mr. Jaishankar sought "coordinated diplomatic efforts" to deal with the situations in Lebanon, Syria, Sudan and also in Libya.

The day-long BRICS Fo-



Multilateral engagement: Prime Minister Narendra Modi with the Foreign Ministers and Heads of Delegation of BRICS countries during a meeting in New Delhi on Thursday. PTI

reign Ministers' meeting witnessed several speeches, including one by Iran's Foreign Minister Seyed Abbas Araghchi who said that Iran will defend its sovereignty while "advancing diplomacy", adding that the U.S.-Israel attack against Iran will not have a "military solution".

"The wider region also gives rise to serious concern. The conflict in Gaza has grave humanitarian implications. A sustained ceasefire, humanitarian access, and a credible pathway towards a durable and peaceful resolution remain essential," Mr. Jaishankar said. "India supports a

two-state solution where the Palestine issue is concerned." Mr. Jaishankar referred to the impact of the U.S.-Israel war on Iran and highlighted the risks that the conflict has posed to shipping and energy infrastructure.

Referring indirectly to the recent actions by the

U.S. against multiple members of the United Nations, Mr. Jaishankar drew attention to the "increasing" tendency towards "unilateral coercive measures and sanctions", terming them "inconsistent with international law".

Earlier, Mr. Jaishankar welcomed the dignitaries that included Mr. Araghchi who made an emphatic call to resist the U.S. Referring to U.S. military and trade practices, Mr. Araghchi said the international community is facing "variations" of the "same repugnant coercion".

At the end of the engagements, visiting dignitaries Mr. Araghchi, Russian Foreign Minister Sergey Lavrov and Brazil's Foreign Minister Mauro Vieira called on Prime Minister Narendra Modi.

- **Key Terms and Explanations**

- **Two-State Solution:** This is the proposed diplomatic framework to resolve the Israeli-Palestinian conflict by establishing two separate states: Israel for the Jewish people and Palestine for the Palestinian people. The goal is for both to live side-by-side in peace and security, typically based on the pre-1967 borders with mutually agreed swaps.
- **Unilateral Coercive Measures (UCMs):** These refer to economic or political measures—often sanctions—imposed by one state to compel a change in the policy of another state, without the authorization of the UN Security Council. India often critiques these as violations of international law.
- **BRICS:** An acronym for the powerful grouping of the world's leading emerging market economies, namely Brazil, Russia, India, China, and South Africa (now expanded). It serves as a platform for South-South cooperation and a counter-narrative to Western-led global governance.
- **Sovereignty:** The supreme authority of a state to govern itself. In the context of the article, it refers to Iran's right to protect its borders and internal affairs against external military or political interference.
- **Maritime Security:** This involves the protection of sea lanes of communication from threats like piracy, terrorism, and interstate conflict. Given the Gulf's role in global oil supply, disruptions here have immediate "butterfly effects" on global energy prices.

Main Arguments and Substantive Parts

- The core thesis of recent diplomatic engagements revolves around the necessity of a "middle path" that balances humanitarian ethics with strategic realism.
- **Reiteration of the Two-State Solution:** India's "National Statement" emphasizes that the only durable path to peace is a sovereign, independent, and viable Palestinian state. This underscores that while India's ties with Israel have grown, its fundamental stance on Palestinian statehood remains unchanged.
- **The Nexus of Conflict and Economy:** A major argument presented is that the Gaza conflict is no longer localized. It poses "risks to maritime traffic" and "disruptions to energy infrastructure." This links Middle Eastern stability directly to global (and Indian) economic security.
- **Critique of Unilateralism:** There is a sharp critique of "unilateral coercive measures." The argument is that sanctions imposed outside the UN framework often bypass international law and disproportionately affect civilian populations and global trade.
- **Diplomatic Multi-alignment:** By engaging with Iran, Russia, and Brazil at the BRICS forum, India demonstrates its "strategic autonomy." It seeks "coordinated diplomatic efforts" rather than military solutions for crises in Lebanon, Syria, Sudan, and Libya.

- **Historical Evolution of the Issue**

- India's relationship with the Israel-Palestine issue has undergone a fascinating transformation, moving from ideological solidarity to pragmatic "de-hyphenation."
- **Pre-1947 to 1948:** Influenced by their own struggle against colonialism, Indian leaders like Mahatma Gandhi and Jawaharlal Nehru initially opposed the partition of Palestine. India voted against the UN Partition Plan in 1947, favoring a single federal state.
- **1974 - The Recognition Era:** India became the first non-Arab state to recognize the Palestine Liberation Organization (PLO) as the sole legitimate representative of the Palestinian people.
- **1992 - The Pragmatic Shift:** Under P.V. Narasimha Rao, India established full diplomatic relations with Israel. This marked the beginning of a dual-track policy where India maintained strong ties with Palestine while building a strategic partnership with Israel.
- **2017 - De-hyphenation:** Prime Minister Modi's visit to Israel—without a concurrent visit to Ramallah—formalized the "de-hyphenation" policy. This means India treats its relations with Israel and Palestine as independent of each other, based on India's own national interests.
- **Present Day:** India now acts as a "bridge-builder," condemning terror attacks (like Oct 7) while simultaneously advocating for Palestinian rights and humanitarian corridors in Gaza.

- **Way Forward**

- A balanced approach requires moving from statements to actionable policy.
- **Revitalizing the Quartet:** India could push for a revamped "Middle East Quartet" that includes regional powers and emerging economies to restart the peace process.
- **Humanitarian Leadership:** Increasing India's contribution to UNRWA (for Palestinian refugees) while offering technological expertise to both sides for reconstruction.
- **Maritime Task Force:** Strengthening "SAGAR" (Security and Growth for All in the Region) by coordinating with BRICS members to patrol vital sea lanes without escalating military tensions.
- **Strategic Consistency:** India should continue to avoid taking sides in the Iran-Israel rivalry, focusing instead on "issue-based" support that aligns with international law and Indian interests.

All Previous Years' UPSC Questions

- **UPSC 2023 (GS2):** "The expansion of BRICS from a purely economic group to a geopolitical one reflects the changing world order. Discuss."
- **UPSC 2018 (GS2):** "India's policy of de-hyphenation in the Middle East is a classic example of strategic autonomy. Elaborate."
- **UPSC 2015 (GS2):** "The 'West Asia' region has become a theatre of great power rivalry. How does this affect India's energy security?"
- **APSC 2022:** "Discuss the significance of the BRICS grouping in the context of South-South cooperation."

COMPREHENSIVE UPSC ANALYSIS:

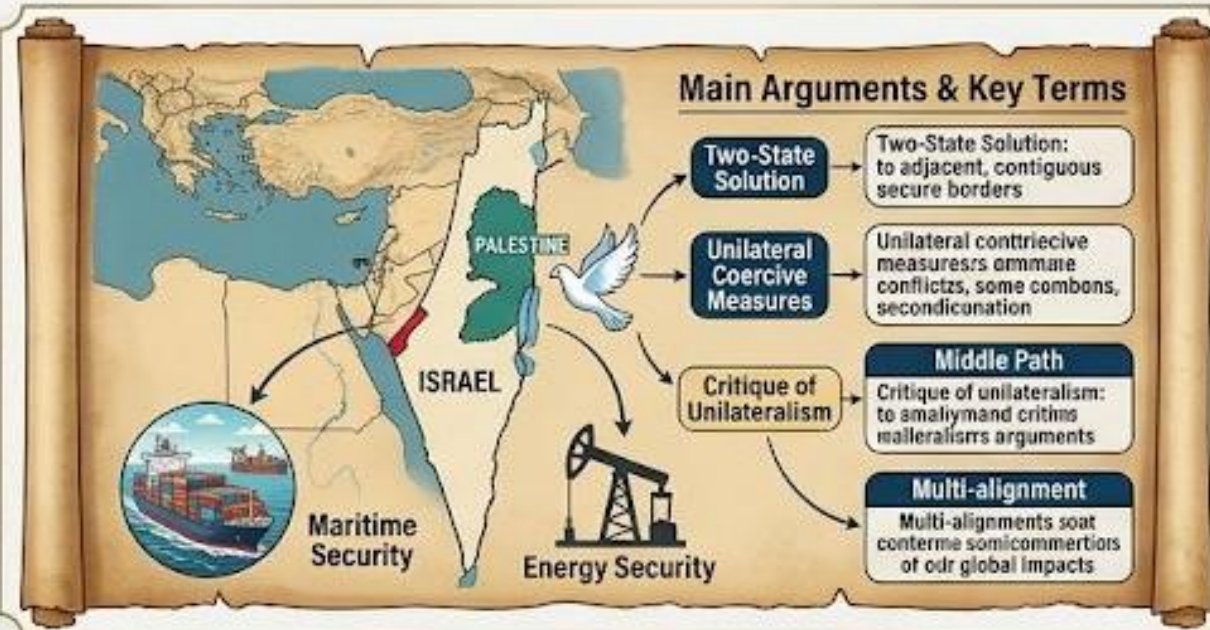
India's BRICS Stance on the Israel-Palestine Conflict



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Multidimensional Analysis



UPSC CSE Syllabus Linkages



Challenges & Way Forward



Previous Years' Questions

1. Sample question set is the Israel-Palestine question Israel annex (PYQs)?
2. Sample questions a few newer Questions in our annex (PYQs)?

Model Answer

Question: The Prime one of the Israel-Palestine premonition on the Israel-Palestine Conflict?

• Structure outline:

- Contacts situation
- Compiles in our annexation premonition
- Precipitation structure
- Evance peoples and early between situation

Capital flight and pressure on the rupee

India's economy is witnessing significant capital outflows and depreciatory pressures on the rupee amid rising oil prices and global uncertainty; coupled with a widening current account deficit, future interest rate increases abroad could place further stress on India's external account and underlying vulnerabilities

ECONOMIC NOTES

Rahul Menon

The recent announcement by Prime Minister Narendra Modi urging individuals to reduce their consumption of gold and petrol brought to the fore what many analysts have warned about: India's situation on the external front is far from rosy. The rupee has witnessed significant depreciation over the last few weeks, while the rise in LPG prices has caused hardships for the working classes and triggered a reverse migration of workers back to villages.

Let us focus on the question of capital flows. The outbreak of hostilities in the Persian Gulf and the closure of the Strait of Hormuz have led to an outflow of foreign capital and a weakening of the rupee relative to major currencies. These are to be expected given the profound uncertainty that has gripped global markets. What makes the situation doubly worrying for India is that these outflows and depreciation have occurred even though interest rates in the U.S. and the U.K. have not changed. If foreign central banks do raise interest rates, it might lead to even more pressure on India's external account in the future.

The taper tantrum

Emerging market economies such as India offer higher returns, but they are also exposed to currency and inflation risks. A rise in Indian inflation and/or a depreciation of the rupee can lower the net return to a foreign investor on holding Indian assets. The returns on Indian assets would have to be higher relative to those on foreign assets to compensate for these risks. In simple terms, the decision to hold Indian assets relative to foreign ones depends on the difference between Indian and foreign interest rates.

If Indian interest rates remain fixed, an increase in foreign interest rates can prompt foreign investors to reduce their



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holdings of Indian assets. This leads to depreciation of the rupee as it is exchanged for dollars. The only way – apart from capital controls – to arrest such a slide is to raise domestic interest rates, but that would negatively affect domestic investment. Monetary policy in emerging economies is tied to that of the U.S.; any increase in U.S. interest rates often forces smaller economies to consider raising their own rates to defend their currencies.

Given the ease with which capital can flow across borders, these outcomes can occur merely on the expectation that interest rates will rise, even before any actual rise. Such an outcome was seen in 2003. With interest rates hitting the zero lower bound in the wake of the 2008 Great Recession, the U.S. Federal Reserve announced a possible end to quantitative easing. The mere expectation of higher future interest rates caused a massive withdrawal of capital from emerging market economies. This was known as the 'taper tantrum'.

What is happening currently is somewhat similar, with capital flight occurring even though interest rates have not actually risen. What is worrying about

the current scenario is that India's depreciation and capital flight have occurred even though foreign central banks have not made any definitive signal that they intend to raise interest rates in the future.

Uncertainty in monetary policy

Despite turmoil in energy markets, central banks in developed economies did not initially raise interest rates. The U.S. Federal Reserve and the Bank of England have maintained interest rates at 3.25% since December 2023. Their initial forecasts were built on the idea that the war – and the subsequent oil price increase – would be temporary, with prices returning to normal levels. Raising interest rates in such a scenario would only prove deflationary.

However, the longer the war continues, the greater the possibility that oil prices will remain elevated, thereby increasing inflationary expectations. Rising wages and prices, as economic agents fought to maintain their purchasing power in the face of rising energy prices, would result in rising inflation.

As the war drags on, the possibility of interest rate increases to combat

inflationary pressures rises.

The beginning of the war provided confusing signals to central banks. While the futures market in the energy sector anticipated an eventual decline in prices, interest rate futures assumed heightened inflation. In dealing with this profound uncertainty, the central banks of the U.K. and the U.S. initially maintained interest rates, providing detailed forecasts outlining different scenarios. And yet, foreign capital exited the Indian economy despite foreign central banks making no commitment to raising interest rates and forecasting the rise in energy prices as being merely temporary.

The rupee had been facing depreciatory pressures for some time; the war gave impetus to a process already occurring. Perhaps one could argue that foreign capital has priced in the possibility of future interest rate hikes and has already acted upon these expectations. The future rise in interest rates – if it were to occur – may not have much of an effect then. But this is to assume that foreign wealth holders have completely discounted the initial stance of Central Banks that inflation was temporary. This is a dangerous assumption to make in a situation of such profound uncertainty.

The Prime Minister's announcement diagnoses the problem the economy currently faces. The current account deficit is widening owing to rising oil prices. Coupled with capital flight, it puts significant pressure on the rupee. But moral suasion cannot be a policy response.

The RBI had initially intervened by imposing restrictions on certain foreign exchange derivative contracts, and the government has recently announced the imposition of import duties on gold. But this has not resolved the underlying vulnerabilities. If interest rates were to rise in the future, these vulnerabilities would come under further stress. The economy is not out of the woods yet.

Rahul Menon is associate professor at O.P. Jindal Global University

THE GIST

The outbreak of hostilities in the Persian Gulf and the closure of the Strait of Hormuz have created profound uncertainty in global markets, leading to capital outflows from emerging market economies such as India.

Foreign investors may have already priced in the possibility of future interest rate increases abroad, while the war merely accelerated the depreciatory pressures that the rupee had already been facing for some time.

- **Key Terms and Explanations**

- **Capital Flight:** This occurs when assets or money rapidly flow out of a country due to an economic event, geopolitical instability, or a change in policy that makes holding local currency risky.
- **Current Account Deficit (CAD):** This is the measurement of a country's trade where the value of the goods and services it imports exceeds the value of the products it exports.
 - *Context:* India is a net importer of crude oil. When oil prices rise, the CAD widens, putting pressure on the Rupee.
- **Depreciation:** The decrease in the value of a currency relative to another currency in a floating exchange rate system.
- **Taper Tantrum:** A term coined in 2013 when the US Federal Reserve announced it would reduce (taper) its program of quantitative easing. This caused a massive surge in US bond yields and led to a rapid withdrawal of capital from emerging markets like India.
- **Moral Suasion:** A "soft" policy tool used by central banks (like the RBI) to influence and pressure commercial banks or the public into a certain course of action without using formal force or new regulations.
- **Quantitative Easing (QE):** An unconventional monetary policy where a central bank purchases longer-term securities from the open market to increase the money supply and encourage lending and investment.

- **Main Arguments and Substantive Parts**

- The core of the issue lies in how external shocks amplify domestic vulnerabilities.
- **The External Shock Trigger:** Hostilities in the Persian Gulf and the potential closure of the Strait of Hormuz act as a primary catalyst. Since this is a chokepoint for global oil trade, any disruption leads to a spike in energy prices, which is the "Achilles' heel" of the Indian economy.
- **The "Pricing-In" Phenomenon:** A significant argument is that foreign capital doesn't wait for actual interest rate hikes in the US or UK. Investors act on *expectations*. If they anticipate a rise in global rates, they pull money out of India immediately to avoid being caught in a sudden devaluation.
- **The Monetary Policy Dilemma:** The Indian central bank faces a "catch-22." To stop capital flight and stabilize the Rupee, it must raise domestic interest rates. However, raising rates increases the cost of borrowing for local businesses, which can stifle domestic investment and slow down economic growth.
- **Vulnerability of the Working Class:** While macro-analysis focuses on bonds and stocks, the real-world impact is felt through inflation (LPG and petrol prices). This leads to "reverse migration," where workers return to subsistence farming in villages because urban living becomes unaffordable.
- **Ineffectiveness of Short-term Fixes:** While the government may increase import duties on non-essentials like gold, these are "band-aid" solutions. They do not address the underlying structural vulnerability of being overly dependent on foreign capital and imported energy.

- **Historical Evolution of the Issue**

- The history of the Rupee and capital movement in India has evolved from rigid control to a delicate dance with global markets.
- **Pre-1991 (Era of Control):** Before the LPG (Liberalization, Privatization, Globalization) reforms, the Rupee was pegged, and capital movement was strictly controlled. Capital flight was less of a market phenomenon and more of a "black market" issue.
- **1991 Crisis:** A balance of payments crisis, triggered by high oil prices (Gulf War) and falling remittances, forced India to liberalize. This marked the beginning of India's integration into global financial cycles.
- **The 2008 Great Recession:** Following the global crash, developed nations lowered interest rates to zero. This led to a "flood" of cheap money into India as investors sought higher returns (the "carry trade").
- **The 2013 Taper Tantrum:** This was a watershed moment. When the US signaled an end to cheap money, India was labeled part of the "Fragile Five" economies because of its high CAD and reliance on foreign capital.
- **2020s Geopolitical Shift:** Today, the evolution has moved beyond just interest rates to include "commodity shocks" from wars (Ukraine, Middle East) and the weaponization of trade routes, making capital flows more volatile than ever.

- **Way Forward**

- To break the cycle of capital flight and Rupee pressure, a multi-pronged strategy is required:
- **Energy Transition:** Aggressive shifting to an EV ecosystem and green hydrogen to reduce the "Oil Bill" and narrow the CAD permanently.
- **Deepening Local Markets:** Encouraging domestic institutional investors (like LIC or PFRDA) so that we are less reliant on "Hot Money" from foreign FPIs.
- **Currency Internationalization:** Pushing for the settlement of trade in Rupees (e.g., the Vostro account arrangements with Russia/UAE) to reduce demand for Dollars.
- **Export Diversification:** Moving beyond service exports (IT) to high-value manufacturing (PLI Schemes) to ensure a steady, "earned" supply of foreign exchange.

Previous Years' UPSC Questions

- **Prelims (2019):** "Which of the following is/are the most likely places to find the Musk Deer in its natural habitat?" (Context: Environmental impact, but focus on the "Economy" section of that year regarding FPIs).
- **Mains (2013, GS3):** "Examine the impact of the Taper Tantrum on emerging market economies like India."
- **Mains (2021, GS3):** "Explain the difference between computing methodology of India's GDP before and after 2015." (Linked to how we measure economic resilience).
- **Mains (2015, GS3):** "The nature of economic growth in India is described as jobless growth. Do you agree?" (Linked to the reverse migration mentioned).



UPSC PREP: COMPREHENSIVE ANALYSIS OF CAPITAL FLIGHT & RUPEE PRESSURE

Geopolitical Shocks, Monetary Policies, and India's Vulnerabilities

Key Terms & Concepts

 <p>Capital Flight Rapid, massive outflow of assets due to risk</p>	 <p>Current Account Deficit (CAD) Imports exceed Exports</p>	 <p>Depreciation Decrease in local currency value vs. dollar.</p>	 <p>Taper Tantrum Sudden market panic due to US Fed ending quantitative easing</p>	 <p>Moral Suasion Soft, non-fiscal influence by central banks</p>
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Multidimensional Impact



The Logic of Capital Movement & Global Shocks



Historical Evolution Timeline



Impossible Trinity Logic



Challenges & Way Forward

Challenges	Way Forward
<ul style="list-style-type: none"> 'Hot Money' volatility USD Hegemony Inelastic Oil Demand 	<ul style="list-style-type: none"> Energy Transition (Renewables, EV) Deepening Local Capital Markets Rupee Trade Settlement Export Diversification (PLI Mfg)

Syllabus Connect & PYQs

SYLLABUS CONNECT (GS 2,3,4)	PYQ THEMES
<ul style="list-style-type: none"> Key Deficit Liberalization Compounding Second Inflation Tapeet Economy Expenditure Impact 	<ul style="list-style-type: none"> 2020: Taper Tantrum 2023: Taper Tantrum 2020s: Methodology Methodology

India's labour market shows gains, but challenges persist

PLFS 2025 points to improving employment trends alongside structural gaps in skills and participation

Phalasha Nagpal

Every year, about 7-10 million young Indians enter the labour market. They are better educated than any generation before them – the average years of formal schooling for those aged 15 and above has reached 10 years nationally – and with hopes and expectations to match. This raises key questions: Can India's economy productively absorb the current generation of new workers, including youth and women? Under what conditions? And how can India ensure that its demographic potential translates into meaningful employment and economic growth?

The recently released Periodic Labour Force Survey (PLFS) 2025 report offers some key insights.

It points to measurable progress across several dimensions, while also underlining some challenges that must be addressed to fully leverage India's demographic dividend.

Encouraging trends in employment

The Labour Force Participation Rate stands at 59%, the Workforce Participation Rate at 57%, and the unemployment rate at 3%. These are robust headline indicators. Youth unemployment has declined since 2024, with gains for rural and urban youth. Monthly PLFS bulletins through 2025 also point to improving trends in women's participation. Female LFPR in rural areas rose across successive months through September 2025, reaching its highest level since May. These trends show a sustained and directional improvement across multiple survey rounds.

The quality of employment has also improved. The share of regular wage and salaried employment increased from 22% to 24%, with gains recorded for both men and women. Correspondingly, the share of self-employment declined from 58% to 56%. Since formal salaried employment is associated with higher earnings and access to social protection, this shift in the nature of employment is among the more

important signals in the 2025 data.

Wage trends reinforce this pattern, particularly for women. In regular salaried employment, female earnings grew by 7%, compared to 6% for men. In self-employment, female earnings rose by 9% against 8% for men, while in casual labour, women's wages increased by 5%, even as male wages largely remained unchanged.

At the same time, there remains scope to further narrow gender gaps in absolute earnings. Analysis of the data indicates that women earn about 76% of male wages in salaried work, around 69% in casual labour, and just 36% in self-employment. While disparities remain substantial, the shift towards salaried employment is beginning to offer more tangible economic gains for women.

Structural transformation is also creating better employment opportunities. Agriculture's share of employment has declined to 43%, while manufacturing and services have grown to around 12% and 13%, respectively.

Young people, particularly young women, are increasingly entering manufacturing and service sectors. Caste- and gender-based occupational segregation among younger cohorts is measurably lower than among older ones, reflecting the cumulative effects of expanded access to education and rising social mobility now beginning to translate into more inclusive labour market outcomes.

Gaps in skills and job creation

The first is the education-to-employment transition. India has significantly expanded tertiary education enrolment, making higher education more accessible across income groups. Yet gaps remain. For instance, between 2004 and 2023, roughly 5 million graduates entered the labour market annually, but only about 2.8 million secured employment of any kind.

Limited access to formal skills training also poses a challenge. Only 4% of individuals aged 15-59 have received formal vocational or technical training. Yet among those who have, workforce participation is substantially higher – 83% for men and 51% for women – underscoring the strong link between skills training and employment, which needs to be both harnessed and scaled up.

Another challenge lies in women's sustained workforce participation. While most men outside the labour force cited education as the primary reason, women pointed to childcare and household

responsibilities, revealing structural constraints rooted in the unequal distribution of unpaid work. For instance, urban self-employed men work approximately 17.5 hours more per week than women, and in regular salaried employment, the gap is about 7.9 hours per week, reflecting a persistent double burden of paid and unpaid labour that women experience disproportionately.

The fourth challenge is the NEET group. Around 25% of those aged 15-29 fall into this category. Moreover, these individuals are not counted in unemployment figures. Without timely intervention, this disengagement can lead to young people becoming detached from the workforce in the long term.

The way forward

The PLFS 2025 data points to a labour market that is moving in the right direction. However, translating these gains into meaningful and productivity-led economic growth will require more targeted interventions: scaling industry-relevant skills training, enabling women's workforce participation through gender-responsive interventions, and strengthening pathways to stable job employment with expanded social protection and a focus on green sectors. Targeted programmes like apprenticeships will also be crucial to re-engage NEET youth as active contributors to the economy. (Phalasha Nagpal is Livelihoods and Gender Lead, Oxford Policy Management)

- **Key Terms and Explanations**

- **Labour Force Participation Rate (LFPR):** This represents the percentage of the population that is either working or actively seeking work. For example, if a village has 100 adults and 60 are either employed or looking for a job, the LFPR is 60%.
- **Workforce Participation Rate (WPR):** This narrows the focus to those actually employed. It is the percentage of the population that is currently working. A high gap between LFPR and WPR usually indicates high unemployment.
- **Unemployment Rate (UR):** This is the percentage of persons unemployed among the persons in the labour force. Notably, it does not include those who have given up looking for work or are full-time students.
- **NEET (Not in Education, Employment, or Training):** This refers to a specific cohort of youth (typically aged 15–29) who are disengaged from both the economy and the education system. They represent a significant risk of "human capital depreciation."
- **Structural Transformation:** This is the process where an economy shifts its workforce from low-productivity sectors (like subsistence agriculture) to higher-productivity sectors (like manufacturing and modern services).
- **Periodic Labour Force Survey (PLFS):** An official survey by the National Sample Survey Office (NSSO) designed to provide frequent estimates of labour force indicators. It moved the needle from quinquennial (every five years) surveys to more regular, actionable data.

Main Arguments and Substantive Parts

- The current discourse suggests a dual reality: significant progress in headline numbers shadowed by deep-seated structural friction.
- **The Narrative of Progress:** Headline indicators show a resilient recovery. The unemployment rate has stabilized at a low 3%, and the shift toward regular salaried employment—moving from 22% to 24%—signifies a slow but steady formalization of the workforce.
- **The Gendered Transformation:** A standout trend is the surge in female LFPR, particularly in rural areas. However, this is tempered by the "double burden." Women in self-employment perform significantly more unpaid domestic work than their male counterparts, creating a "time poverty" that limits their economic potential.
- **The Education-Employment Paradox:** India's youth are more educated than ever, with an average of 10 years of schooling. Yet, there is a "missing middle" in job creation. While 5 million graduates enter the market annually, only about half find employment that matches their qualifications, leading to "credential inflation" or underemployment.
- **Sectoral Shifts:** The reliance on agriculture is finally dipping below 45%, with manufacturing and services slowly absorbing the surplus. However, the manufacturing sector's growth must be more aggressive to accommodate the millions exiting the primary sector.

- **Historical Evolution of the Issue**
- Understanding India's labour market requires looking back at the milestones that shaped the current "Demographic Dividend."
- **Pre-Independence to 1950s:** The economy was primarily agrarian and colonial-extractive. Employment was largely unorganized, with minimal industrial presence.
- **The Nehruvian Era (1950s-1980s):** Focus on Heavy Industries and Public Sector Undertakings (PSUs). Employment was seen as a byproduct of state-led industrialization, but the "Hindu Rate of Growth" limited job expansion.
- **1991 Liberalization:** The LPG (Liberalization, Privatization, Globalization) reforms triggered a service-sector boom. While it created high-end jobs in IT and Finance, it led to "Jobless Growth" in the 2000s, where GDP grew fast but employment lagged.
- **The PLFS Era (2017–Present):** The government transitioned from the old Employment-Unemployment Surveys (EUS) to PLFS to capture real-time data. The 2025 data reflects a post-pandemic stabilization where the focus has shifted from "finding any job" to "finding quality, salaried jobs."

• **Way Forward**

- To convert the demographic dividend into a sustainable economic engine, a multi-pronged strategy is required:
- **Skill India 2.0:** Focus on "demand-driven" training. Instead of general courses, training should be linked to specific clusters (e.g., Electronics in Noida, Textiles in Tiruppur).
- **Investing in the Care Economy:** Providing subsidized childcare and elderly care can unlock millions of "woman-hours" for the formal economy.
- **Formalization via Digitalization:** Use the **Udyam portal** and **e-Shram** to provide social security to gig and informal workers, making the "salaried" shift more meaningful.
- **Green Apprenticeships:** Create a dedicated fund for apprenticeships in solar energy, EV manufacturing, and circular economy sectors to engage the NEET youth.
- **Bridging the Wage Gap:** Transparent pay reporting for companies and strengthening the implementation of the Code on Wages to ensure "Equal Pay for Equal Work."

All Previous Years' UPSC Questions

- **GS 3 (2023):** "Is India's demographic dividend reaching its peak? Discuss the challenges in utilizing the youthful population."
- **GS 3 (2019):** "How can the 'Skill India' programme help in realizing the demographic dividend of India?"
- **GS 1 (2016):** "Discuss the changes in the female labour force participation rate in India in recent years."
- **GS 3 (2017):** "The nature of employment in India is changing from formal to informal. Comment."
- **Essay (2021):** "Hand that rocks the cradle rules the world" (In the context of the economic role of women).

A Dual Reality.



Gains

- Low Unemployment Rate (~3%)
- Increase in Formal Salaried Jobs (Conceptual, e.g., to 24%)
- Rising Rural Female LFPR

Challenges

- High Informal Sector (e.g., 56% self-employed)
- Skill-Job Mismatch
- NEET Crisis

Sectoral Shift & Green Jobs



Agriculture → Manufacturing → Services

Green Jobs

Gender Realities & Time Poverty

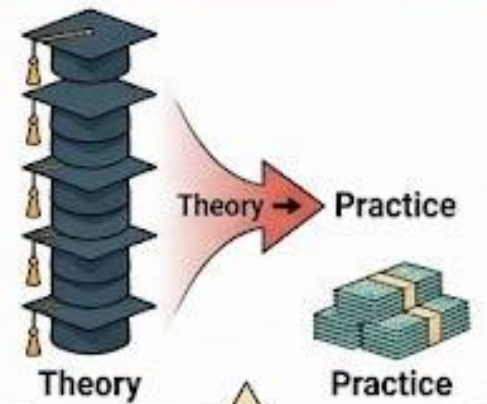
Time Poverty



Paid Work vs **Unpaid Care & Household Hours**

(Conceptual gap, rate per week) vs (Conceptual gap, e.g., 17.5 hours per week)

Skill & Education-Employment Paradox




Theory → **Practice**

Missing Middle in Job Creation

Conceptual generic data representation of graduates vs. jobs found (e.g., ~5 million vs ~2.8 million conceptually).

NEET Crisis




Not in Education, Employment, or Training (NEET)

The NEET Group Challenge (e.g., 25% of youth conceptually)

Way Forward & Reforms

- Demand-Driven Skill India 2.0
- Investing in Care Economy
- Apprenticeships for NEET
- Green Sector Pivot
- Labour Code Implementation

Historical Evolution Timeline



Pre-Independence (generic representation of trends)

Nehru yug (generic representation of trends)

LPG Reforms ('Jobless Growth' era) (e.g., reost of trends)

Current 0 2025 Era (generic representation of trends)

PLFS 2025 Era (generic representation rata)

Exam Relevance & PYQ

- GS 1 Poverty Population
- GS 2 Social Sector
- GS 3 Economy Inclusive Growth
- GS 4 Work Ethics Pay Gaps

NCERT, PYQ

Vande Mataram and the challenge to multicultural nationalism

The decision to sing the full version of *Vande Mataram* at government events has revived debate over the song's communal undertones and its compatibility with the secular and multicultural foundations of the Indian state

Venkatasayanan S.

The official oath-taking ceremony of C. Joseph Vijay, as the 13th Chief Minister of Tamil Nadu, on May 10 saw the playing of the national song *Vande Mataram* at the beginning and end of the event, before the national anthem and the Tamil anthem (*Tamil Thai Vazhithu* – a song praising Mother Tamil). Written in 1871, the Tamil anthem has been sung at all Tamil Nadu government events since 1970, following an order issued by the then Chief Minister, Mr. Karunanidhi. It is a secular song that praises the language and culture of the land without invoking any specific religion.

In 2018, controversy erupted when the Kanchi Pontiff, Shri Vijayendra Saraswathi Swamikal, refused to stand during the Tamil anthem. A legal case was filed, and in 2021, Justice G.R. Swaminathan of the Madurai Bench of the Madras High Court said that the Tamil Anthem was only a prayer song and that there was no executive or statutory order requiring people to stand. Then, the Dravida Munnetra Kazhagam (DMK) government under M. K. Stalin declared *Tamil Thai Vazhithu* the State song and mandated that everyone, except persons with disabilities, should rise while it is sung. It has been performed before the national anthem at all State government events.

Vande Mataram has long been controversial due to its glorification of one religion. In February 2026, the Government of India made it mandatory to play or sing the full song at all government events. According to the order, the song should be rendered during the arrival and departure of the Governor at formal State functions. *Vande*

Mataram was sung at Mr. Vijay's oath-taking ceremony in this order. But why did the opposition parties, including Congress, oppose singing the full verses of *Vande Mataram* at government events? While the song is celebrated for its literary excellence and its role as a slogan during the freedom struggle, the song has a strong communal undertone, glorifying the Hindu religion, which is against the secular and multicultural values of the Indian state.

Historical origins

Bankim Chandra Chatterji's Bengali novel *Anandamath*, written in 1882, has the song *Vande Mataram* ("Hail to the Mother"). The novel was translated into English as *Abey of Bliss* by Nares Chandra Sen-Gupta in 1906. The original novel's context was the Santhali rebellion against Muslim rule, where the author welcomed British rule and its positive potential for transforming India.

During the national independence movement, the novel was translated again by Basanta Kumar Roy in 1941. This version sanitised all its communal aspects to suit the Indian independence movement.

In the preface to the 1941 translation, William J. Jackson, Professor, Department of Religious Studies at Indiana University-Purdue University, mentioned that the original author would not have approved of various omissions made in the new translation. The 1941 translation, which is widely available today, does not reveal the original context of the novel or the song *Vande Mataram*.

In the prefatory note to the original 1906 translation, *Abey of Bliss*, Nares Chandra Sen-Gupta stated that anti-Muslim sentiment and Hindu

nationalist feelings were significant aspects of the novel. He wrote: "Two very sinister consequences are seen to flow from this conception of a religious basis of nationality in the present work. The first is the attempt to rehabilitate the Hindu Pantheon with new-fangled patriotic gods and goddesses, and the second is the morbid dislike of Mussulman that seems to be indicated in this work" (pages vii-x). He further observed that the heroes of the novel were hostile to Mussulmans, and this led him to think thrice before placing the work before a larger public through translation.

The novel not only glorifies the Hindu religion but also expresses anger that the caste system is not being protected under Muslim rulers. One passage states: "In every country, the bond that binds a sovereign to his subjects is the protection that he gives; but our Mussulman king – how does he protect us? Our religion is gone; so is our caste, our honour and the sacredness of our family, even! Our lives even are now to be sacrificed. Unless we drive these tipsy long beards away, a Hindu can no longer hope to save his religion."

It is not only the Muslim rulers who are opposed in the original novel; hatred against ordinary Muslims is widespread. In some sections, the villagers are urged to set fire to the Muslim homes and pillage them. The novel also mentions the Santhali rebellion as a means to make the British, the sovereigns of India, who are friendly and can instill knowledge of Hinduism. One passage reads: "The true Hinduism is based on knowledge and not on action. To revive it, therefore, you have first to disseminate objective knowledge. The English are great in objective sciences, and they are apt

teachers. Therefore, the English shall be made our sovereign".

The present debate

During the pre-independence period, the leaders did not reject *Vande Mataram* completely but tried to restrict it to the first two stanzas, as the other stanzas glorified religion. Jawaharlal Nehru read the original English translation, *Abey of Bliss*, to understand the song's background and agreed that it would irritate Muslims. In 1937, a Congress sub-committee resolved to sing the first two stanzas, which praised the beauty and abundance of the motherland. The other stanzas were excluded from the singing. During the Constituent Assembly debates, many Bengali members, including Syama Prasad Mookerjee, praised the song, but finally, *Jana Gana Mana* was adopted as the national anthem.

An idea or a text derives its meaning from the context in which it emerges; without that context, it becomes a mere ritual. Nationalism and patriotism are not mere rituals; they carry emotional and moral duties towards the political state. The revival of the song and its imposition at this period, when accusations against the ruling regime of its communal polarisation reeked more ideological than nationalistic, Indian nationalism can never be confined to a monocultural identity, and we need stronger voices from Opposition parties and civil society to protect the multi-cultural foundations of the Indian state. (Venkatasayanan S. teaches at the Department of International Relations, Political Science and History at Christ University, Bangalore. The views expressed are his personal)

- **Key Terms and Explanations**

- **Multicultural Nationalism:** A form of nationalism that defines the national identity not through a single religion, language, or ethnicity, but through a shared commitment to political principles and the coexistence of diverse cultural groups.
- **Secularism (Indian Context):** Unlike the Western "wall of separation," Indian secularism implies *Sarva Dharma Sambhava* (equal respect for all religions) and principled intervention by the state to ensure equality and justice within and between religious communities.
- **Communalism:** An ideology that emphasizes the distinct identity of a religious group, often leading to friction or hostility toward other groups, particularly when religious identity is politicized to claim superiority or state patronage.
- **Sannyasi Rebellion:** A series of revolts in late 18th-century Bengal involving monks and displaced peasants against the British East India Company. This serves as the historical backdrop for the novel *Anandamath*.
- **Constitutional Morality:** A concept championed by Dr. B.R. Ambedkar, referring to the adherence to the core values of the Constitution (liberty, equality, fraternity) over popular or traditional morality.
- **Monocultural Identity:** The promotion of a single cultural or religious narrative as the definitive representative of a nation's history and character, often at the expense of minority traditions.

Main Arguments and Substantive Parts

- The core debate centers on the **mandatory rendition of the full version of Vande Mataram** and whether this aligns with India's secular foundations.
- **The Thesis of Inclusivity:** Critics argue that while the first two stanzas of Vande Mataram are a poetic tribute to the beauty of the motherland, the subsequent stanzas transition into religious glorification. Imposing the full song is seen as an attempt to rehabilitate a religious basis for Indian nationality.
- **Contextual Sensitivity:** A text derives its meaning from the context in which it emerged. The origin of the song within a novel depicting hostility toward "Mussulmans" (Muslims) makes its full rendition problematic for a diverse population.
- **The 1937 Compromise:** Historically, the Indian National Congress recognized this friction. They resolved to use only the first two stanzas—which focus on "Sujalam, Sufalam" (well-watered, well-fruited)—to ensure the song remained a unifying slogan rather than a divisive religious hymn.
- **Opposition to Imposition:** The argument is made that nationalism should be an organic, emotional duty rather than a state-mandated ritual. Imposition reeking of ideological polarization is viewed as a threat to the multicultural fabric of the State.

• **Historical Evolution of the Issue**

- The trajectory of this debate spans over 150 years, evolving from a literary work to a revolutionary slogan, and finally to a point of constitutional contention.
- **1870s–1880s:** Bankim Chandra Chatterji writes *Vande Mataram* (1871) and later incorporates it into *Anandamath* (1882). The novel depicts a struggle against Muslim rulers and seeks British intervention as a means to restore Hindu knowledge.
- **1905–1906:** The song becomes a powerful anthem during the Swadeshi movement against the Partition of Bengal. The first English translation by Nares Chandra Sen-Gupta (1906) highlights the anti-Muslim sentiments of the original work.
- **1937–1941:** Recognizing communal sensitivities, a Congress sub-committee (including Nehru and Azad) limits the song to two stanzas. In 1941, Basanta Koomar Roy publishes a "sanitised" translation to suit the needs of the freedom struggle.
- **1950:** The Constituent Assembly adopts *Jana Gana Mana* as the National Anthem (for its inclusive geography) and *Vande Mataram* as the National Song, granting them equal status but different functional roles.
- **Recent Developments (2020s):** Legal battles in Madras High Court regarding the standing for state anthems (like *Tamil Thai Vaazhthu*) and the 2026 Union Government mandate to play the full version of *Vande Mataram* at all official functions.

• **Way Forward**

- **Adherence to the 1937 Standard:** The most pragmatic solution is to stick to the first two stanzas. This respects historical tradition while maintaining secular inclusivity.
- **Promoting Civic Nationalism:** Shift the focus from "cultural rituals" to "constitutional values." Celebrating the Preamble or the Fundamental Duties in schools may be more unifying than a specific song.
- **Inter-Faith Dialogue:** The government should engage with various religious and cultural leaders before making such mandates to build a consensus rather than imposing a top-down order.
- **Judicial Clarity:** The Supreme Court should provide a definitive guideline on the status of "National Songs" versus "National Anthems" and the limits of mandatory participation to prevent inconsistent rulings by various High Courts.

Previous Years' UPSC Questions (Theme-Based)

- **2020 (GS 1):** "Has caste lost its relevance in understanding the multi-cultural Indian Society? Elaborate with illustrations." (Relevant to the article's mention of the caste system in *Anandamath*).
- **2019 (GS 2):** "What can France learn from the Indian Constitution's approach to secularism?" (Directly relates to the multicultural vs. monocultural debate).
- **2017 (GS 2):** "The local self-government system in India has not proved to be an effective instrument of governance." (While about Panchayats, the sub-theme of "Grassroots Democracy" and "Regional Identity" is a parallel to the Tamil Nadu context).
- **2015 (GS 1):** "Describe any four cultural elements of diversity in India and rate their relative significance in building a national identity."



Vande Mataram & Multicultural Nationalism: A Comprehensive Analysis

A

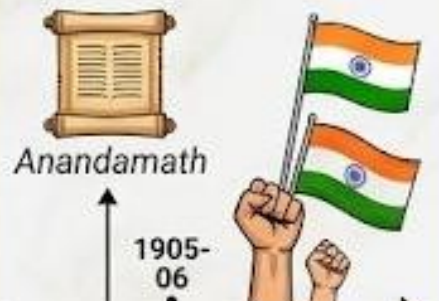
CORE TENSIONS & DEFINITIONS



- **Multicultural Nationalism:** diverse coexistence of diverse coexistence of multicultural
- **Communalism:** identity identity friction of communitime; values of national nationalism
- **Mandatory rendition debate** is mandatory debate to correct with undersonnests and strangles the multicultural nationalism

B

HISTORICAL EVOLUTION TIMELINE



Congress meeting
1. Or in two stanzas and
2 Two two stanzas

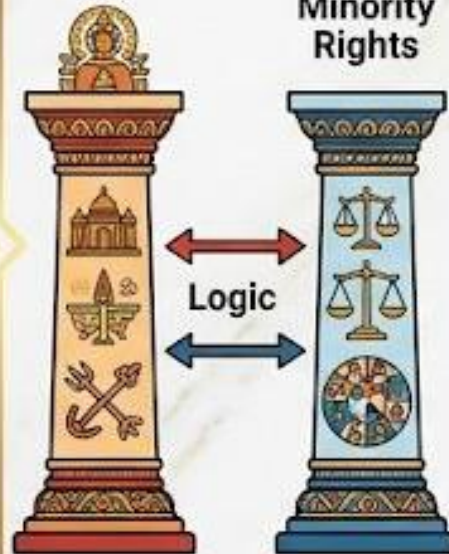


Mandate
Full Version

C

KEY ARGUMENTS & CHALLENGES

Cultural Pride & Essentialism **Secular Integrity & Minority Rights**



Organic vs. mandated nationalism or conflicts to inncarted nationalism

D

MULTIDIMENSIONAL IMPACT

Social 	Legal
Social 	Political
Strata	Centre-State friction
Legal 	Ethical
Preamble and Gavel	Conscience vs. Duty

E

UPSC LINKAGES & WAY FORWARD



Syllabus

- NCERT syllabus
- NCERT LAK syllabus
- NCERT School syllabus
- UPSC practical syllabus
- UPSC Anessment syllabus
- UPSC Ljudichi Clarity



- Stick to 1937 Compromise
- Promote Civic Nationalism
- Judicial Clarity

FIRST SIGNS OF WAR IMPACT BEGIN TO SHOW

WPI Hits 3.5-Year High of 8.3% in April

Prices of crude, natural gas, metals and minerals rise; economists see imminent increase in retail fuel prices

Our Bureau

New Delhi: India's wholesale inflation accelerated to a 42-month high of 8.3% from a year earlier in April, as the West Asia crisis weighed on prices of crude oil, natural gas, metals, and minerals, showed official data released Thursday. Inflation surged from 3.9% in March.

Economists say the sharp rise has raised the risk of its cascading effects on retail inflation. The Wholesale Price Index (WPI)-based inflation stood at 0.9% in April 2025.

Retail inflation edged up to 3.5% year-on-year in April, compared to 3.4% in March, but economists expect it to cross 4% in May.

"The first sign of the impact of war on the Indian economy has been seen in the WPI inflation number for April," said Madan Sabnavis, chief economist, Bank of Baroda. "This is a direct result of the global developments which have manifested on the oil front."

Inflation in the fuel and power

Ripple Effect



Fuel & power inflation surged 24.7%

Crude petroleum inflation jumped 88.1%

Aviation turbine fuel cost rose 142.6%

Economists expect WPI inflation to rise to 9% in May

Input costs of industrial products rise in April (%)



segment spiralled to 24.7% year-on-year in April from 1.1% in March. Crude petroleum prices spiked to 88.1% from 51.6% a month earlier.

Prices of petrol (32.4%), diesel (25.2%), and liquefied petroleum gas (10.9%) rose sharply, highlighting supply-side pressures.

Despite a 50% jump in global oil prices, the government has maintained pump prices since the Iran war broke out on February 28. Ho-

wever, prices of premium petrol, bulk diesel, and commercial LPG have seen an increase.

"So far, oil marketing companies and the government have absorbed much of the rise in crude prices, but a prolonged period of elevated oil prices may lead to some pass-through to consumers," said Rajani Sinha, chief economist at Care-Edge Ratings, adding that concerns around a higher probability

of an El Nino event this year pose upside risks to food inflation.

The ratings agency expects WPI inflation to average around 7.8% in FY27 under the base-case scenario. Ind-Ra expects wholesale inflation to climb to 9% in May while Icria expects it to rise even higher.

Economists are expecting an imminent increase in retail fuel prices.

"Retail fuel prices have been maintained since the start of the conflict, but a ₹5/litre hike for both petrol and diesel is imminent in May, as crude oil prices remain elevated," said Aastha Gudwani, India chief economist at Barclays. She added that the rise in gold and silver import duty could further push inflation by 10 basis points when fully passed on to consumers.

Sabnavis said while WPI inflation is not a target for Monetary Policy Committee, it is known that with a lag, these prices also get transmitted to the Consumer Price Index component through higher input costs.

Input costs also rose in April for several industrial products, inclu-

ding naphtha (94.8%), sulphuric acid (61%), brass metal/sheet/coils (23.5%), copper wire (20.9%), aluminium powder (26.1%) and aluminium alloys (14.8%). Aviation turbine fuel cost also rose 142.6%.

Core WPI (non-food manufactured items) inflation hit a 43-month high of 5% in April.

MANUFACTURING, FOOD

Manufactured products, which account for 64.23% of the WPI basket, saw inflation rise to 4.6% in April from 3.4% in March. Out of 22 manufactured sub-groups, 21 recorded price increases, including textiles (7.3%), basic metals (7%) and chemical products (5.1%).

Inflation in primary articles rose to 9.2% in April from 6.4% in March. Food, which accounts for around a quarter of the WPI basket, increased 2.3% from 1.9%. Among key food categories, prices of cereals and pulses fell by 0.3% and 4%, respectively. However, vegetable prices rose 0.5%, though potato and onion prices slipped 30% and 26.5%, respectively.

- **Key Terms and Explanations**
- **Wholesale Price Index (WPI):** This measures the changes in the prices of goods sold and traded in bulk by wholesale entities to other businesses. It is often considered a "producer-side" indicator. In India, it is published by the **Office of Economic Adviser**, Ministry of Commerce and Industry.
- **Base Effect:** This refers to the impact of the price levels from the previous year on the current inflation calculation. If prices were unusually low in the same month last year (e.g., 0.9% in April 2025), even a moderate price rise this year will appear as a massive percentage jump.
- **Core WPI Inflation:** This strips out volatile components like food and fuel to reveal the underlying inflation trend in manufactured goods. It reflects the pricing power of manufacturers and the cost of industrial raw materials.
- **Fuel and Power Inflation:** A specific sub-index of the WPI that tracks prices of petrol, diesel, and LPG at the wholesale level. This is highly sensitive to international crude oil benchmarks like Brent.
- **Input Cost Inflation:** This occurs when the price of raw materials (like sulphuric acid, copper, or aluminum) rises, forcing industries to either reduce their profit margins or pass the costs onto consumers.

Main Arguments and Substantive Parts

- The core thesis of the current economic situation revolves around "**Imported Inflation**" triggered by external shocks.
- **Geopolitical Causality:** The primary driver is the conflict in West Asia (notably the Iran-linked tensions). Since India imports over 80% of its crude oil, any disruption in the Persian Gulf or the Strait of Hormuz leads to an immediate spike in landed costs.
- **The Lagged Impact:** While WPI (wholesale) has surged to 8.3%, Retail Inflation (CPI) remains relatively lower at 3.5%. However, economists argue this is temporary. Eventually, high wholesale costs "cascade" into retail prices as manufacturers can no longer absorb the losses.
- **Industrial Input Stress:** The data shows staggering rises in industrial chemicals (Sulphuric acid at 61%) and metals. This suggests that the "Secondary Sector" (Manufacturing) is under intense pressure, which could lead to a slowdown in industrial output if demand dampens.
- **Governmental Absorption:** Currently, Oil Marketing Companies (OMCs) and the government are absorbing the shock of high crude prices to keep "pump prices" stable for the public. However, this is a double-edged sword as it increases the fiscal burden and impacts the financial health of OMCs.

- **Historical Evolution of the Issue**
- The way India manages inflation has undergone a sea change since independence:
- **The Pre-1991 Era:** Inflation was often driven by domestic supply shocks (famines) and controlled through "Administered Price Mechanisms" (APM). The state decided the price of essential goods.
- **The 1990s Transition:** Post-liberalization, India began aligning domestic fuel prices with global markets. The WPI was the primary anchor for monetary policy for decades.
- **The Urjit Patel Shift (2014):** Based on the Urjit Patel Committee recommendations, the RBI shifted its primary target from WPI to CPI (Consumer Price Index). This was because CPI better reflects the "cost of living" for the common man.
- **The Pandemic and Post-Pandemic Volatility:** The 2020s have seen "Black Swan" events—COVID-19 followed by the Russia-Ukraine war and now the West Asia crisis—shifting the focus back to global supply chain resilience and "energy security."

- **Way Forward**

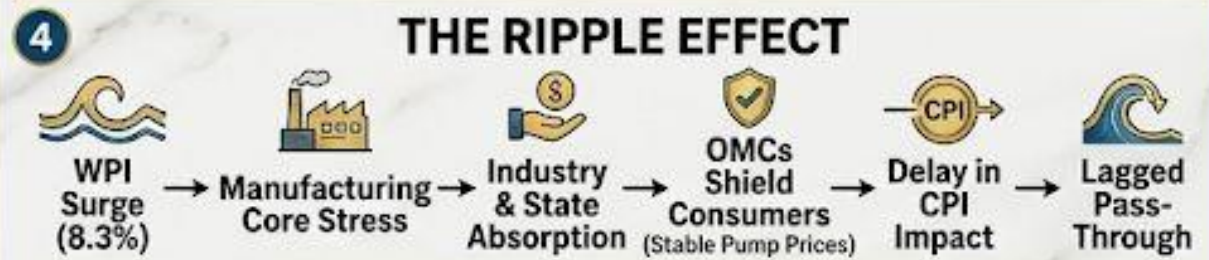
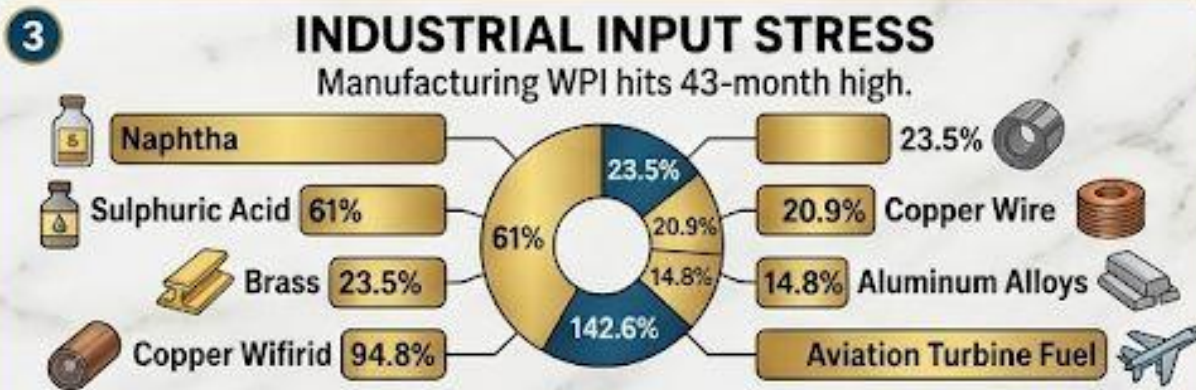
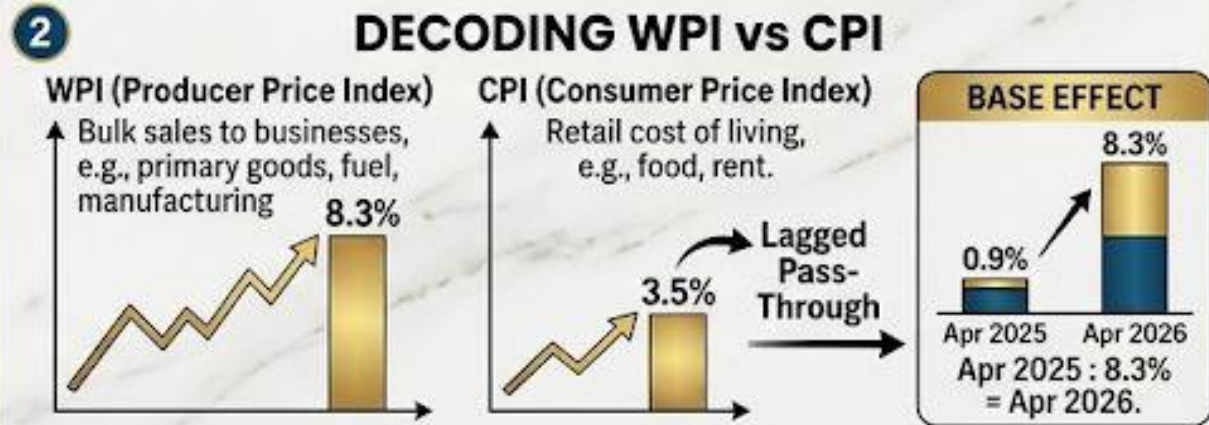
- **Strategic Petroleum Reserves (SPR):** India must aggressively expand its underground salt cavern storages to hedge against short-term supply disruptions.
- **Energy Diversification:** Rapidly scaling up the **National Green Hydrogen Mission** and solar capacity to reduce the "crude oil footprint."
- **Supply-Chain Reforms:** Improving logistics through the **PM Gati Shakti** scheme to reduce the "non-fuel" component of wholesale costs.
- **Calibrated Pass-Through:** Instead of sudden price shocks, the government should implement small, frequent adjustments to fuel prices to allow the economy to adapt gradually.

All Previous Years' UPSC Questions

- **Prelims (2021):** With reference to the Indian economy, demand-pull inflation can be caused/increased by which of the following? (Expansionary policies, Inflation-indexing wages, etc.)
- **Mains (2015, GS3):** "The nature of inflation in India is more of a supply-side phenomenon rather than a demand-side one." Discuss.
- **Mains (2020, GS3):** Explain the meaning of investment in the context of the Indian economy. How does it differ from saving? (Relevant to the WPI/Industrial growth context).



COMPREHENSIVE ANALYSIS: WPI HITS 3.5-YEAR HIGH OF 8.3% (April 2026)



6 WAY FORWARD & ACADEMY FOCUS

- Strategic Petroleum Reserves**
Oil storage caves, hit storage, cuts
- Green Transition**
Solar transition || solars, and/EVs
- GST for Fuel**
Tax document is cat for GST
- Calibrated Pass-Through**
Small, frequent price increase

UPSC CSE & NCERT LINKAGES

GS Paper 3: Inflation, Industry
GS Paper 2: IR - West Asia
Essay

Class 11 IED: Inflation & Infrastructure
Class 12 Macro: Gov Budget, Money

Free and fair elections are dependent on a truly independent poll body: SC

Top court questions neutrality of Prime Minister-led selection panel for Election Commissioners, highlights absence of even 'one absolutely neutral person'; Attorney-General says the court cannot become a 'second chamber of Parliament'; Bench suggests referring petitions to Constitution Bench

Krishnadas Rajagopal
NEW DELHI

The Supreme Court on Thursday nudged the Union government to address concerns over its dominant role in the appointment of Chief Election Commissioners and Election Commissioners, observing that free and fair elections depend on a truly independent Election Commission.

The court highlighted the absence of even "one absolutely neutral person" on the Prime Minister-chaired selection committee. It questioned the presence of a Cabinet Minister on the panel, observing that such a Minister could not be expected to defy the Prime Minister. The court also asked whether the presence of the Leader of the Opposition on the committee was merely "ornamental" as appointments could be made without a unanimous vote.

The court was hearing a batch of petitions challenging the Chief Election Commissioner and other Election Commissioners (Appointment, Conditions of Service, and Term of Office) Act, 2023.

The petitioners contended that the Act "defeated" a Constitution Bench judgment in the *Anoop Baranwal versus Union of India* case, which had constituted a selection panel comprising the Prime Minister, the Leader of the Opposition in the Lok Sabha, and the Chief Justice of India. The 2023 Act, passed within months of the judgment, replaced the Chief Justice with a Cabinet Minister nominated by the Prime Minister.

'Judicial restraint'

Describing the *Anoop Baranwal* judgment as a "classic example of judicial restraint and statesmanship", the court indicated that the 2023 Act handed the power to the Executive to "call

Judgments of this court from 1950 are eloquent on the point that the Executive cannot call the shots as far as elections are concerned... Free, fair elections are an important part of the Basic Structure

JUSTICE DIPANKAR DATTA
Supreme Court Judge



the shots" in the appointment of the Chief Election Commissioner (CEC) and Election Commissioners (ECs).

"Judgments of this court from 1950 are eloquent on the point that the Executive cannot call the shots as far as elections are concerned... Free fair elections are an important part of the Basic Structure. It can only be accomplished by having an independent Election Commission of India. The Election Commission can only be independent if it has independent Commissioners," Justice Dipankar Datta, heading a Division Bench, told Attor-

ney-General R. Venkataramani, appearing for the Union government.

Mr. Venkataramani said one cannot make a "hugely hypothetical assumption" that the Act would result only in subservient CECs and ECs unless there was an actual lapse on the ground.

"Unless you taste the pudding, how can you say the pudding is bad," Mr. Venkataramani asked.

Justice Datta replied that it was not enough for the Election Commission to be independent, and that the poll body should also appear to be independent.

The judge asked the top

law officer which law he thought occupied the "pride of place" immediately after the Constitution.

"After the Constitution, which law occupies the prime place? There are thousands of legislations, which one would you place right next to the Constitution... I would say, the election laws. Would I be wrong? Without democracy, there is nothing," Justice Datta said.

A-G's argument

Mr. Venkataramani argued that the Supreme Court could not become a "second chamber of Parliament". The petitioners, he said, cannot expect Parliament to enact laws blindly in consonance with Supreme Court judgments.

"Can somebody come to the court and say Parliament disregarded your judgment when it was bound entirely to the word of the court? The court can declare the law while ex-

amining the legality of a legislation or a state action. But the court cannot decide what a law should look like and expect Parliament to follow suit by enacting a law faithfully mirroring the court's vision," the Attorney-General submitted.

Mr. Venkataramani said the court did not declare any law under Article 141 in the *Anoop Baranwal* judgment. It had merely put in place a stop-gap arrangement for the CEC and EC appointments until Parliament enacted a law under Article 324(2).

Towards the end of the hearing, the Bench suggested referring the petitions to a Constitution Bench. The petitioners strongly opposed the move, arguing that the pleas involved a "conventional" challenge to the 2023 Act and not a "substantial question of law" warranting reference to a larger Bench under Article 145(3).

- **Key Terms and Explanations**

- **Article 324:** The constitutional provision that vests the power of superintendence, direction, and control of elections in the Election Commission. Crucially, **Article 324(2)** states that appointments shall be made by the President, subject to any law made by Parliament.
- **Basic Structure Doctrine:** A judicial principle established in the *Kesavananda Bharati* case (1973), asserting that certain fundamental features of the Constitution (like free and fair elections and the rule of law) cannot be altered even by a Constitutional Amendment.
- **Judicial Restraint:** A theory of judicial interpretation that encourages judges to limit the exercise of their own power, hesitating to strike down laws unless they are obviously unconstitutional, thereby respecting the role of the legislature.
- **Stop-gap Arrangement:** A temporary measure. In the *Anoop Baranwal* case, the Court provided a temporary selection committee (PM, LoP, and CJI) until Parliament enacted its own law.
- **Article 145(3):** Mandates that any case involving a "substantial question of law" regarding the interpretation of the Constitution must be heard by a bench of at least five judges (a Constitution Bench).

Main Arguments and Substantive Parts

- The debate centers on whether the Executive should have a "dominant say" in appointing the referees of the democratic process.
- **The Core Thesis:** The Supreme Court posits that for elections to be truly free and fair, the body conducting them must be insulated from Executive influence. If the selection panel is skewed in favor of the ruling party, the "appearance of independence" is lost.
- **The "Neutral Person" Argument:** The Bench highlighted the absence of an "absolutely neutral" member on the current panel. Since the panel consists of the PM, a Union Minister, and the Leader of Opposition, the government maintains a 2:1 majority, potentially rendering the LoP's presence "ornamental."
- **Government's Counter-Argument (Parliamentary Sovereignty):** The Attorney-General argued that the Court cannot act as a "second chamber of Parliament." The Executive maintains that as long as a law exists (the 2023 Act), the Court should not second-guess the wisdom of the legislature unless there is a clear "lapse on the ground."
- **The "Pudding" Analogy:** The Union argued that one cannot assume the Act is "bad" without seeing it in operation—the proof of the pudding is in the eating. The Court, however, countered that the very structure of the "kitchen" (the selection panel) must ensure the pudding isn't tainted from the start.

- **Historical Evolution of the Issue**

- The journey of the ECI's appointment process reflects India's maturing (and sometimes struggling) democracy:
- **1950–1989 (The Era of the Single Member):** For decades, the ECI was a single-member body appointed solely by the President on the advice of the Prime Minister. This was a period of Executive discretion.
- **1989 & 1993 (The Shift to Multi-member):** To curtail the powers of the then CEC (T.N. Seshan), the body was made multi-member. The 1993 Act ensured that the CEC and ECs have equal powers.
- **Committees and Commissions:** Over years, the **Goswami Committee (1990)** and the **Law Commission's 255th Report (2015)** recommended a bipartisan collegium (including the CJI) to ensure neutrality.
- **Anoop Baranwal Case (March 2023):** The Supreme Court ruled that in the absence of a law, a committee of PM, LoP, and CJI should appoint ECs.
- **The 2023 Act (Present):** Parliament enacted the *Election Commissioners Act, 2023*, replacing the CJI with a Union Cabinet Minister, which effectively restored Executive dominance and sparked the current legal challenge.

- **Way Forward**

- A balanced solution must reconcile Parliamentary authority with Constitutional neutrality:
- **Re-including the Judiciary:** The CJI (or a nominee) should be part of the panel to provide a non-partisan tie-breaker, as seen in the *Anoop Baranwal* judgment.
- **Unanimous or Super-majority Requirement:** Instead of a simple majority, the panel could be required to reach a consensus or a 2/3rd majority, forcing the government to engage with the Opposition.
- **Independent Secretariat:** The ECI should have its own dedicated cadre and budget, similar to the Lok Sabha or Rajya Sabha secretariats, to reduce administrative dependence on the Law Ministry.
- **Transparency in Shortlisting:** The criteria used by the Search Committee to shortlist names should be made public to prevent "cherry-picking" of loyalists.

All Previous Years' UPSC Questions

- **UPSC 2023 (GS 2):** "Discuss the role of the Election Commission of India in the light of the evolution of the Model Code of Conduct." (The current issue adds a layer of 'appointment independence' to this).
- **UPSC 2017 (GS 2):** "In the light of recent controversy regarding the use of Electronic Voting Machines (EVM), what are the challenges before the Election Commission of India to ensure the trustworthiness of elections in India?"
- **UPSC 2012 (GS 2):** "What are the steps taken by the Election Commission to ensure free and fair elections?"
- **UPSC 2004 (GS 2):** "Highlight the importance of the 61st Constitutional Amendment Act." (Lowering voting age – part of the evolution of ECI's scope).



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INSIGHTS: INSIGHTS: ECI Independence - A Democratic Pillar

KEY TERMS & CONCEPTS



Article 324

Power and Control - Definition of a constitution to at and amlieness and constitution book



Basic Structure Doctrine

Judicial Principle - Strong foundation in strong foundation and the strong pillars in are approvanees.



Judicial Restraint vs. Checks & Balances

Diagram balances vs. separation of balanced, balance vs. separation separation.



Stop-gap Arrangement

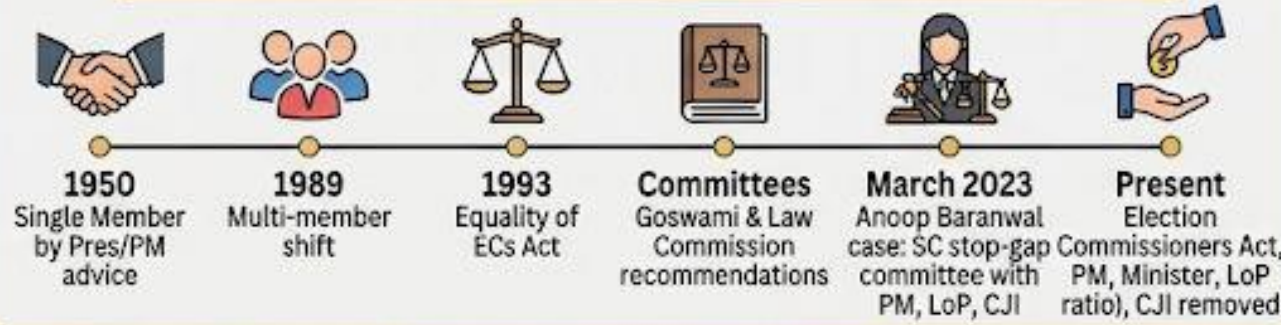
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Article 145(3)

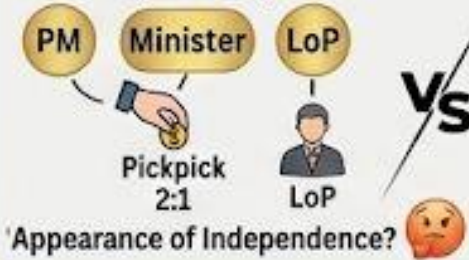
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HISTORICAL EVOLUTION OF THE ECI APPOINTMENT PROCESS

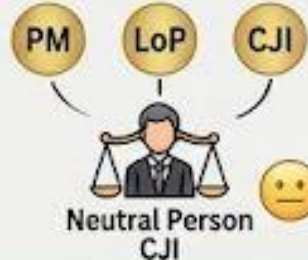


THE CENTRAL CONTENTION

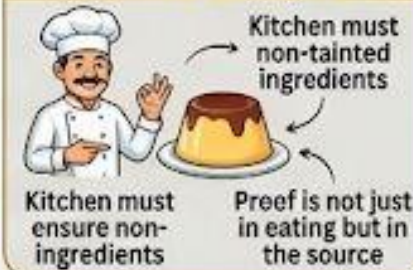
Executive-Dominated Panel (2023 Act)



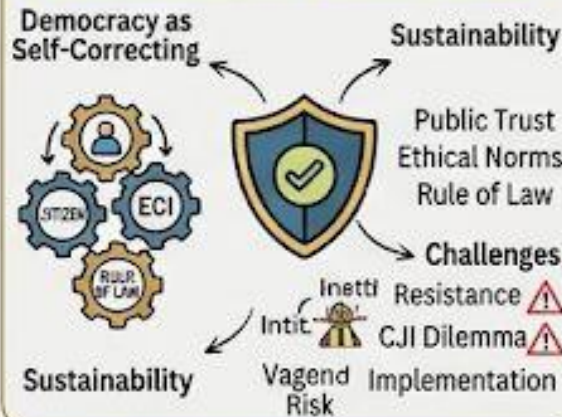
Baranwal Stop-Gap



Pudding Analogy



DEEP INSIGHTS & SUSTAINABILITY



MULTIDIMENSIONAL IMPACTS & THE WAY FORWARD



ACADEMIC LINKAGES

NCERT BASE



UPSC SYLLABUS

- GS Paper 2: Appointment, Separation of powers, Separation of powers
- GS Paper 4: Ethics, Integrity
- Essay (Democracy themes, and recomensation)
- Political Science Optional

Best linkage concept:
Veil of Ignorance (John Rawls)

PAST YEAR UPSC QUESTIONS

- 2023: 2-3 condensed previous questions from Bud-hbit?
- 2017: 2-3 condensed previous questions from the class of ECI
- 2012: 2-3 condensed previous questions from questions?

MODEL ANSWER (250 Words):
Evaluation of ECI's Autonomy Challenges.

Jaishankar slams 'unilateral' sanctions days before expiry of Russian oil purchase waiver

Subhasini Haider
Saptarupa Ghosh
NEW DELHI

As India awaits the United States' decision on extending its waiver on sanctions against the import of Russian oil, External Affairs Minister S. Jaishankar on Thursday hit out at unilateral non-UN sanctions, calling them unjustified.

Delivering the national statement at the BRICS Foreign Ministers meeting chaired by India, Mr. Jaishankar called on the grouping of emerging economies to address the problem of such sanctions.

Significantly, the meeting was attended by Russian Foreign Minister Sergey Lavrov and Iranian Foreign Minister Abbas Araghchi representing two of the U.S.'s most heavily sanctioned countries.

With the latest waiver in place, import of Russian crude oil surged to 1.96 million barrels per day since the start of May till date compared with 1.57 million barrels per day during the full month in April, according to data from real-time maritime analytics provider Epler.

The major increase in India's oil intake from Moscow in May indicates that Indian refiners are rushing to secure stable supplies from Russia while those from West Asia are stuck due to the blockades on the Strait of Hormuz.

In fact, India's import of Russian oil stood at 1.98 million barrels per day in March as the U.S. extended its sanctions waiver on Russian oil purchases for the second consecutive month. Oil imports from Russia have surged despite



External Affairs Minister Jaishankar with his Russian and Saudi Arabian counterparts at the BRICS meet on Thursday. PTI

These unjustifiable measures cannot substitute dialogue, nor can pressure replace diplomacy

S. JAISHANKAR,
External Affairs Minister

the fact that Russian crude oil is being sold at a premium of as much as \$5 for every barrel to Indian importers. "We must also address the increasing resort to unilateral coercive measures and sanctions inconsistent with international law and the UN Charter. Such measures disproportionately affect developing countries," Mr. Jaishankar said. "These unjustifiable measures cannot substitute dialogue, nor can pressure replace diplomacy," he said.

In the wake of the war in West Asia, the U.S. had granted month-long waivers for oil imports from Iran and Russia, which India took advantage of.

However, the waiver on Iran lapsed last month, and the waiver on Russia, which was extended, is set to expire on May 16, with U.S. officials indicating that there would be no exten-

sion. Speaking to the media on April 25, Treasury Secretary Scott Bessent had said he had agreed to the waivers due to requests from "more than 10 of the most vulnerable and poorest countries".

"But I wouldn't imagine that we'd have another extension," he said, adding that the Russian oil available on-board ships that the waiver covered, had already been bought up.

While the NDA government maintains India's traditional position on not accepting non-UN sanctions, in practice it has complied with a series of sanctions from the U.S. for commercial reasons, including on oil from Iran, Russia and Venezuela, trade with Iran and the development of the Chabahar port.

When asked on Wednesday whether India would consider cutting oil imports from Russia as it did in the past, if the U.S. does not extend the waiver on Saturday, External Affairs Spokesperson Randeep Jaiswal said that the government's policy is "guided by the interests of 1.4 billion Indians". However, he declined to comment on reports that India has asked the U.S. for another extension.

- **Key Terms and Explanations**

- **Unilateral Sanctions:** These are economic or political penalties imposed by one country on another without the mandate of an international body like the United Nations. For example, US sanctions on Iranian oil are unilateral because they are not backed by a UN Security Council resolution.
- **Sanctions Waiver:** A legal exemption granted by the sanctioning country (e.g., the US) allowing a third party (e.g., India) to continue trading with a sanctioned nation for a specified period without facing "secondary sanctions."
- **Strategic Autonomy:** A policy framework where a nation makes its own foreign policy decisions based on national interest, without being pressured by other states or becoming overly dependent on any single power bloc.
- **Secondary Sanctions:** Penalties imposed by a country on foreign companies or individuals that continue to do business with a sanctioned entity. This forces third-party nations to choose between trading with the sanctioned country or the sanctioning country.
- **BRICS:** An acronym for the grouping of the world's leading emerging economies, namely Brazil, Russia, India, China, and South Africa (now expanded to include Iran, Egypt, Ethiopia, and the UAE). It serves as a platform for South-South cooperation.

Main Arguments and Substantive Parts

- The current debate centers on the tension between Western-led sanctions and the developmental needs of the Global South. The core arguments can be broken down as follows:
 - **The Injustice of Non-UN Sanctions:** The primary argument is that sanctions not authorized by the UN lack international legitimacy. They are viewed as coercive tools that undermine the UN Charter and infringe upon the sovereign rights of developing nations to seek resources for their populations.
 - **National Interest Over External Pressure:** Policy decisions are increasingly guided by the "Interests of the 1.4 Billion," a phrase highlighting that energy security is not just an economic metric but a social imperative. High oil prices directly lead to inflation, affecting the poorest segments of society.
 - **Disproportionate Impact on Developing Nations:** While wealthier nations might have the fiscal space to absorb energy price shocks, developing countries face severe disruptions. The argument is that "pressure cannot replace diplomacy," and dialogue is the only sustainable way to resolve conflicts like the Ukraine-Russia war.
 - **Market Pragmatism:** Evidence shows that Indian refiners have surged their intake of Russian crude (reaching nearly 2 million barrels per day) because it remains economically viable. This is a pragmatic response to supply chain disruptions in West Asia, particularly blockades in the Strait of Hormuz.

-
- **Historical Evolution of the Issue**
 - India's approach to sanctions and energy has evolved through several distinct phases:

Period	Strategic Focus	Key Events
Pre-1990s	Non-Alignment	India maintained close ties with the USSR for defense and energy while staying out of Cold War blocs.
Post-1991	Liberalization & Diversification	India opened its economy and diversified oil imports, looking towards West Asia (Saudi Arabia, Iraq) and the US.
2010s	Sanctions Management	India dealt with US sanctions on Iran by using "Rupee-Rial" payment mechanisms and seeking waivers to develop the Chabahar Port.
2022-Present	Assertive Strategic Autonomy	Following the Russia-Ukraine conflict, India resisted Western pressure to decouple from Russia, significantly increasing oil imports to stabilize its economy.

- **Way Forward**

- To navigate this crisis, a multi-pronged strategy is required:

- **Diversified Energy Basket:** While Russia is a current priority, India must continue strengthening ties with Guyana, Brazil, and African nations to avoid over-dependence on any single sanctioned state.

- **Institutionalizing Rupee Trade:** Solving the "Accumulated Rupee" problem by encouraging Russian investment in Indian infrastructure or manufacturing (Make in India) to balance the trade deficit.

- **Strengthening Multilateralism:** Using platforms like the G20 and BRICS to advocate for a "Rules-Based Order" that prevents the weaponization of the global financial system (like SWIFT).

- **Accelerating Energy Transition:** The ultimate solution to "sanction-proofing" the economy is reducing the oil-import bill through Electric Vehicles (EVs) and Green Hydrogen.

Previous Years' UPSC Questions

- **2023 (GS 2):** "The expansion of BRICS and its potential to challenge the existing global order."

- **2022 (GS 2):** "The Russia-Ukraine war has asked tough questions of India's strategic autonomy. Discuss."

- **2020 (GS 2):** "Critically examine the role of the US in India's energy security."

- **2018 (GS 2):** "In what ways would the ongoing US-Iran nuclear standoff affect India's national interest?"

1. CORE PRINCIPLES (PHILOSOPHY)



Non-alignment

Vishwa Bandhu
(Global Friend)

- Strategic Autonomy (Multi-alignment)
- Political Realism & Pragmatism
- Vishwa Bandhu (Global Friend)



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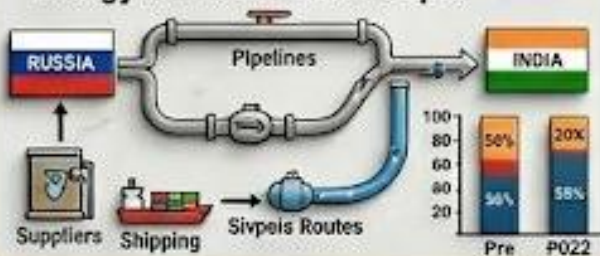
2. MARKET REALITIES (PRAGMATISM)



- Surge in Russian Oil Imports
- Controlling Inflation & Poverty
- Supply Chain Security (Strait of Hormuz risks)

3. GEOPOLITICAL STAND (UN VS UNILATERAL)

- Domestic Mandate: Affordable Energy for 1.4 Billion People



INDIA'S ENERGY DIPLOMACY & STRATEGIC AUTONOMY: A GRAND STRATEGY ANALYSIS

4. DYNAMIC GLOBAL ENGAGEMENT



- Leveraging BRICS (South-South cooperation)
- G20 Leadership for Global South
- Issue-Based Alignment (Tech with US, Energy with Russia)

4. DYNAMIC GLOBAL ENGAGEMENT



- Leader for Global South
- Issue-Based Alignment (Tech with US, Energy with Russia)
- Global Governance Reform

5. KEY CHALLENGES & RISKS



- Financial Bottlenecks (Rupee-Rouble bottlenecks)
- Stakeholder Resistance & Ethics (war-funded oil vs energy poverty)

6. SUSTAINABLE WAY FORWARD

- Diversified Energy Basket →
- Institutionalizing Rupee Trade →
- Green Energy Transition →

UPSC CSE SYLLABUS LINKAGES DIAGRAM



MODEL ANSWER STRUCTURE (GS 2 Energy Diplomacy)





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