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The United Nations Population Fund (UNFPA) released the State of the World Population 2025 report highlighting key demographic trends in India, including population estimates, fertility rates, and age structure.

India's population hits 146.39 crore: UNFPA

The country's total fertility rate declined to 1.9, falling below the replacement level of 2.1, it says

The number of people in India expected to peak at 170 crore before declining in around 40 years

It says 68% of the population in the world's most populous nation is in the age group of 15 to 64

The Hindu Bureau
NEW DELHI

India's population is estimated to have reached 146.39 crore by April, says a new UN demographic report, which adds that the country's total fertility rate (TFR) has declined to 1.9, falling below the replacement level of 2.1.

The population is expected to grow to 170 crore before starting to dip in about 40 years, the report titled "State of the World Population 2025: The Real Fertility Crisis" says. It calls India the "world's most populous nation", while pegging China's current population at 141.61 crore.

The demographic indicators in the United Na-

tions Population Fund report for 2025 are close to India's own projection of its population published in 2019 by a technical group of experts. According to these projections, India, as of 2025, will have a population of 141.10 crore.

The decennial Census, due to have been conducted in 2021, has been delayed and the government has now announced that it will be completed by March 2027.

The last Census was conducted in 2011.

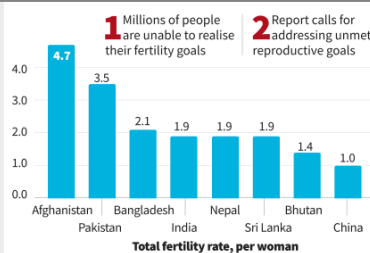
Replacement level TFR
According to the latest Sample Registration System statistical report published by the Office of the Registrar General of India for 2021, the TFR in India

Below replacement

Indian women are having fewer children than needed to maintain the population size across generations



Source: UNFPA data for 2025



was 2.0, the same as the year before, with the report saying that the replacement level TFR "has been attained" nationally.

The TFR measures the number of children a woman is expected to have throughout her reproductive age.

Replacement level TFR is the rate needed for each generation to replace the previous generation's population.

The real crisis

The UN report says that millions of people are not able to realise their real fer-

tility goals. Calling this the "real" crisis, and not overpopulation or underpopulation, the report calls for the pursuit of reproductive agency – a person's ability to make free and informed choices about sex, contraception and starting a family – in a changing world.

India's youth population remains significant, with about 24% of the population in the age bracket of 0-14, 17% in the age bracket of 10-19, and 26% in the age group of 10-24. Further, the report estimates that 68% of the population in India is of working age (15-64 years).

Elderly population

The elderly population (65 and older) currently stands at 7%, a figure that is expected to rise in the coming decades as life expectancy improves, the report adds, confirming the projections the government in India has been working with.

The UN report says that as of 2025, life expectancy at birth is projected to be 71

years for men and 74 years for women.

The report says its statistical tables on demographic indicators "draw on nationally representative household surveys" such as "Demographic and Health Surveys (DHS) Multiple Indicator Cluster Surveys (MICS), United Nations organizations estimates, and inter-agency estimates".

"They also include the latest population estimates and projections from World Population Prospects: The 2024 revision, and Model-based Estimates and Projections of Family Planning Indicators 2024 (United Nations Department of Economic and Social Affairs, Population Division)," it adds.

Key Highlights:

• India's Current Population Status:

- India's population is estimated to have reached 146.39 crore by April 2025, surpassing China (141.61 crore), reaffirming India as the world's most populous country.
- The population is projected to peak at 170 crore in around 40 years before starting to decline.

• Total Fertility Rate (TFR):

- India's TFR has declined to 1.9, which is below the replacement level of 2.1.
- This confirms that India has achieved population stabilization, as also reflected in the Sample Registration System (SRS) report for 2021.

• Demographic Dividend:

- A significant 68% of the population is in the working-age group of 15–64 years, indicating a potential demographic dividend.

- Youth population remains strong with 24% aged 0–14, 17% aged 10–19, and 26% in the 10–24 age group, providing a huge opportunity for economic growth if harnessed through education, skill development, and employment.
- **Elderly Population Trends:**
 - The elderly population (65+ years) is currently 7% but is expected to rise in coming decades due to improving life expectancy (71 years for men, 74 years for women).
 - This will lead to ageing-related policy challenges, such as higher healthcare costs and social security needs.
- **The “Real” Fertility Crisis – Reproductive Agency:**
 - The UNFPA report shifts the focus from overpopulation to unrealised reproductive goals.
 - It calls for promoting reproductive agency – the ability to make informed choices regarding childbirth, contraception, and family planning.

Implications for India:

- **Policy Readjustment:** The below-replacement TFR requires a shift in population policy from controlling growth to managing ageing and supporting reproductive rights.
- **Demographic Window of Opportunity:** The large working-age population offers a limited demographic window to boost economic productivity through investments in human capital.
- **Health and Social Infrastructure:** Increasing life expectancy and ageing trends highlight the need to strengthen geriatric care, pension systems, and universal healthcare.
- **Census and Data Gaps:** The delay in India’s 2021 Census (now expected by 2027) has created data gaps, making it harder to plan and implement welfare schemes effectively.

Conclusion:

- India’s population trajectory is entering a transformational phase — from high growth to stabilisation and eventual decline. This shift calls for strategic demographic planning, with a strong focus on reproductive autonomy, employment generation, healthcare reforms, and elderly welfare. The challenge lies not in numbers but in ensuring that every citizen lives with dignity, opportunity, and choice.

UPSC Mains Practice Question

Ques : India’s declining Total Fertility Rate (TFR) and growing working-age population present both opportunities and challenges. Discuss the implications of these demographic trends on India’s socio-economic development and suggest suitable policy measures. **(250 words)**

Page 01: GS 3 : Disaster Management:

The Singapore-flagged container ship M.V. Wan Hai 503 caught fire around 88 nautical miles off the Kerala coast. The incident has raised serious environmental, safety, and maritime security concerns, prompting coordinated firefighting and spill response operations by Indian agencies.

Key Issues and Developments:

• Fire and Explosion on Board:

- The fire reportedly began after a container explosion on the ship en route from Colombo to Mumbai.
- The ship is adrift, with containers overboard and a visible tilt of 10–15 degrees, indicating structural compromise.

• Hazardous Cargo:

- The ship was carrying 157 containers with hazardous materials — including flammable substances, combustibles, and toxic chemicals — posing high risk to both human and marine life.
- The presence of 2,000 tonnes of fuel oil and 240 tonnes of diesel near the fire zone presents the threat of a catastrophic oil spill or explosion.

• Environmental Risks:

- A potential oil spill alert has been issued by INCOIS.
- Adrift containers may beach along the Kerala coastline, especially between Kozhikode and Kochi, leading to marine and coastal pollution.
- INCOIS has deployed drift simulation tools and search-rescue systems to monitor movement of debris and hazardous material.

• Response and Coordination:

- Indian Coast Guard vessels — Samudra Prahari, Sachet, and Samarth — are engaged in firefighting and boundary cooling operations.
- Aerial surveillance has been conducted, and a district-level pollution response team has been activated by Kozhikode's District Collector.

Burning, listing container ship adrift off Kerala coast; alert sounded for oil spill

The Hindu Bureau
KOZHIKODE

Authorities issued a potential oil spill advisory on Tuesday even as explosions and a massive fire rocked the M.V. Wan Hai 503, a Singapore-flagged vessel that caught fire nearly 88 nautical miles off the Kerala coast near Kozhikode on Monday. Efforts to control the fire were still continuing through Tuesday and four crew members are still reported missing, while six others have been admitted to hospital.

The ship was en route from Colombo to Mumbai when fire broke out on board after a container explosion. The vessel is currently adrift and the Indian National Centre for Ocean Information Services (INCOIS) has issued advisories warning of drifting containers and a potential oil spill.

According to its cargo manifest, the ship is carrying 157 containers with hazardous substances — including flammable liquids and solids, solids that can spontaneously combust and substances harmful to human health — due to which firefighting operations require caution and expert advice.

Inflammable materials

There are also approximately 2,000 tonnes of fuel oil and 240 tonnes of diesel in tanks located adjacent to the fire zone on the ship, creating an imminent threat of explosion. Flames were reported from the mid-ship area and container bay just ahead of the accommodation block. Though the forward bay fire has been brought under control, thick smoke is reportedly rising from the vessel.

The ship is tilting approximately 10 to 15 de-



Coast Guard ships Samudra Prahari and Sachet working to douse the fire on M.V. Wan Hai 503 on Tuesday. x/INDIA/COASTGUARD

Vessel has 157 containers with hazardous materials

The Hindu Bureau
KOZHIKODE

According to the cargo manifest, there are 157 containers with hazardous substances on M.V. Wan Hai 503. These include flammable liquids (Class

3); flammable solids (Class 4.1); spontaneously combustible solids (Class 4.2); and toxic substances (Class 6.1) harmful to human health.

SMOKE IN THE SEA
» PAGE 3

grees to its left, and a number of containers have reportedly fallen overboard, with 10-15 of them spotted adrift on a course toward the Kerala coast. Coast Guard ships *Samudra Prahari* and *Sachet* are carrying out firefighting and boundary cooling operations at sea. Another Coast Guard vessel *Samarth*, with a team of salvors is being deployed from Kochi to support the ongoing efforts. A Coast Guard Dornier aircraft also conducted an aerial survey of the site.

INCOIS has activated its Search and Rescue Aid Tool to track the possible drift patterns of containers, debris, or people who may have gone overboard.

Simulations show that the containers are likely to continue to drift in the ocean for the next three days and might take longer to reach the beach. However,

caution is advised about a few containers beaching between Kozhikode and Kochi. The situation is being closely monitored and updated drift directions will be provided, the INCOIS statement said.

Close watch

Kozhikode District Collector Snehil Kumar Singh directed the district-level pollution response team to make arrangements to address a possible spill of fuel in the sea or the shore, and the resulting pollution impacts.

A doctor at the Hospital where the crew members have been admitted said that the crew members had not jumped into the water as had been reported earlier. They were all in the vessel and were rescued from their lifeboat by the Coast Guard. (With inputs from the Mangaluru Bureau)

- Hospitalized crew were rescued from lifeboats, contradicting earlier assumptions that they jumped into the sea.

Implications and Concerns:

- **Environmental Disaster Risk:**
 - If fuel tanks rupture or hazardous cargo spills, it can lead to marine ecosystem damage, fisheries disruption, and coastal health hazards.
- **Lacunae in Maritime Hazard Preparedness:**
 - The incident highlights the need for robust maritime disaster protocols, including handling of chemical containers and fire suppression on international vessels in Indian waters.
- **Security and Surveillance:**
 - The adrift vessel and containers stress the importance of continuous maritime domain awareness (MDA) and inter-agency coordination.
 - Real-time tools like INCOIS' drift tracking systems must be strengthened for future emergency mapping and alerts.
- **Legal and Regulatory Oversight:**
 - The case may invoke liability under international maritime safety laws, and demand better screening and regulation of dangerous cargo entering Indian maritime zones.

Conclusion:

- The Wan Hai 503 fire is a critical reminder of the multi-dimensional risks associated with modern container shipping — combining threats to human life, marine ecology, and national maritime security. Strengthening India's disaster response infrastructure, oil spill preparedness, and coastal monitoring mechanisms is essential to mitigate such incidents in future. Moreover, international collaboration in hazardous cargo regulation and maritime safety standards must be reinforced.

UPSC Mains Practice Question

Ques:The Wan Hai 503 fire incident highlights the vulnerabilities in India's maritime disaster preparedness. Discuss the need for strengthening coastal disaster response mechanisms and oil spill management systems. **(250 words)**

The recent tragedy in Mumbra, where four people died due to overcrowding and unsafe travel on Mumbai's suburban trains, has once again spotlighted the structural problems of urban transport in India's financial capital. The railways have responded with a proposal for sliding doors and better ventilation, but deeper, long-term solutions are needed to address the underlying crisis.

Key Issues Highlighted:

- **Overcrowding and Unsafe Rail Travel:**
 - Mumbai's suburban trains carry millions of commuters daily, yet infrastructure and safety systems remain outdated.
 - Incidents like the 2017 Elphinstone stampede and frequent deaths from track-crossing illustrate the chronic strain on the system.
 - Proposed interventions like sliding doors, vestibules, and crowd management staff may mitigate immediate risks but do not solve the root issue of over-dependence on a single mode of transport.
- **Urban Transport Inequity:**
 - Trains remain the cheapest mode of transport for the urban poor and working class.
 - Alternatives like metros and private vehicles are often unaffordable or inaccessible.
 - Bus services and last-mile connectivity are insufficient and underutilized.
- **Infrastructure Imbalance:**
 - While roads and vehicular movement have improved, the suburban railway system remains largely unchanged for decades.
 - Mumbai's urban expansion has followed a north-south corridor, overloading key transport arteries.
 - City planning has ignored multimodal integration and equitable development across zones.
- **Missed Opportunities:**
 - Ferry services, despite Mumbai being a coastal city, are vastly underdeveloped.

Maximum Mumbai

The city needs long-term solutions to its transportation needs

The railways have proposed automatic sliding doors with ventilation louvers in all Mumbai suburban trains by next year in response to the Mumbra train tragedy on Monday – four people died and nearly a dozen others were injured. Sliding doors could potentially force people inside and prevent footboard travel, a factor in the accident. They could ensure that passengers do not get down at unscheduled stops and put themselves in danger of being mowed down by passing trains. The proposed vestibules connecting the coaches may also help to evenly distribute the crowds. As in Japan, each station may then need a few enforcers who could shove the crowds in so that the doors could shut and the trains move. While footboard travel is indeed a dangerous safety issue, it is only an outcome of the dangerous overcrowding in Mumbai trains. For vast numbers of people, the trains offer the least expensive travel option. Not too long ago, the dangers of overcrowding resulted in the infamous stampede at the Elphinstone Road station bridge in 2017. Multiple deaths are common along the three arteries that are the lifelines of Mumbai – the Central, Harbour and Western railway lines. Many are hit by trains while crossing tracks instead of using roads or bridges. While rail safety is an immediate issue that needs to be addressed, it is also time city leaders engineer inexpensive, alternative travel options to the trains.

Mumbai's trains have been seen as an inevitable part of the extreme urbanisation that the city represents and romanticised by literature. But they are simply not humane modes of transport. The suburban train system has undergone little change over the decades though the city has boosted its roads and enabled more vehicular traffic. Two-wheelers that were a rarity a few decades ago are now common. While the Metro promises to decongest the city to an extent, these services price out the lower classes. Bus services could be enhanced for routes connecting shorter distances. Along with doubling efforts to change the structuring of the city from a north-south network with commuter movements dictated by times, planners should consider expanding ferry transport – a cheaper and possibly more eco-friendly mode of transport to a city bound by the sea. Broadly speaking though, stampedes such as the one in Bengaluru, fire accidents in congested areas, and train tragedies such as the Mumbai one only highlight how unprepared India is to handle the consequences of urbanisation and the thrust to overturn the engagement of the vast majority of the people with agriculture.

- Short-distance bus routes and eco-friendly modes of transport remain secondary in planning priorities.

Broader Implications:

- **Urbanisation without Preparedness:**
 - The incident reflects the infrastructure stress resulting from unregulated urbanisation, not only in Mumbai but across India.
 - Similar events like stampedes in Bengaluru and urban fires in congested areas point to systemic gaps in urban planning.
- **Neglect of Agricultural and Rural Development:**
 - The migration to cities is partly driven by the economic decline in rural/agricultural livelihoods.
 - India's urban push is outpacing its planning capacity, leading to unlivable conditions and safety hazards in urban slums and informal sectors.

Way Forward:

- **Urban Transport Reforms:**
 - Adopt multimodal integration: suburban trains, metros, buses, ferries.
 - Invest in affordable and inclusive transport: improved public buses, subsidised metro fares.
- **Urban Resilience Planning:**
 - Redesign cities to decentralise work zones and reduce peak-hour load.
 - Strengthen disaster preparedness in stations, bridges, and transport nodes.
- **Sustainable Urbanisation:**
 - Promote eco-friendly modes such as water transport.
 - Integrate land-use and transport planning.
- **Rural Development as Urban Relief:**
 - Revitalise agriculture and create rural employment to reduce forced urban migration.

Conclusion:

- The Mumbra train tragedy is not just a transport failure — it is a symbol of India's urbanisation crisis. Addressing this demands more than safety features; it calls for structural urban reform, inclusive mobility, and a sustainable development vision. Unless cities like Mumbai are planned for people, and not just infrastructure, such tragedies will continue to repeat.

UPSC Mains Practice Question

Ques: Overcrowding and unsafe public transport are key consequences of unplanned urbanisation in Indian cities. Examine with reference to recent incidents in Mumbai. (250 words)

Page 08: GS 2 : International relations

In light of Operation Sindoor and recent diplomatic outreach, this article critiques India's approach to taking its concerns—especially over terrorism and Kashmir—to international platforms such as the United Nations. It argues that globalising India-Pakistan issues has historically not served India's interests and remains a strategic vulnerability.

The hazards of going global on India-Pakistan issues

Operation Sindoor and subsequent events thereafter have, once again, highlighted the futility of bilateral and multilateral diplomacy in resolving differences between India and Pakistan. An entangled web of frozen ideas has enveloped the situation making it impossible to separate the different strands. The developments following the Second World War and the evolution of the Cold War have also impacted heavily on the situation. Thus, any initiative, however sincere and logical it may be, will be hampered by the existing literature formulated by the United Nations and other international bodies, not to speak of Pakistan's stubborn position that Kashmir is the core issue. It is for this reason that Pakistan finds the smokescreen of resolutions and concepts relating to Jammu and Kashmir (J&K), terrorism, self-determination, non-proliferation and peaceful settlement of disputes spread over the last 70 years or more.

For instance, in the briefing given to India's seven teams of special envoys sent out to various countries after Operation Sindoor, the very first point they were asked to assert was that J&K is an integral part of India. Most countries, particularly those which do not follow developments closely, would look up the literature and the UN maps and find that there is an inscription on UN maps depicting the India-Pakistan border, particularly in the region of J&K. The inscription says, "Dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties." Sometimes, there is a more general disclaimer regarding boundaries on the map such as: "the boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations." Therefore, most countries would not make a commitment on the question of borders. At best, they would tell us that a bilateral solution, as envisaged in the Simla Agreement, would be desirable.

India's stand on terror

Equally complex is India's position on terrorism. More than 30 years ago, India introduced in the UN General Assembly, a draft for a Comprehensive Convention against Terrorism, which was dismissed as an anti-Pakistan move in



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is a former Ambassador of India, who has specialised in multilateral diplomacy. He is the only Indian diplomat who has served at the Ambassadorial level at the United Nations in New York, Vienna and Nairobi and headed the UN Division in the Ministry of External Affairs

which others were not interested. A one man department against terrorism in Vienna was nothing more than a research post. It did not even define terrorism because of the dictum that one man's terrorist is another man's freedom fighter. The support that India had given to fighters in Africa and Sri Lanka was pointed out as an example of the difficulty in defining terrorism. The only thing that the UN could do was to keep the definition of terrorism as vague as possible.

The shocking events of 9/11 (2001) brought terrorism, which was considered to be confined to West Asia and South Asia, centre stage in the United States and Europe and it appeared that decisive action would be taken to deal with the menace globally. But after hectic activity in the political and legal bodies of the UN to finalise binding laws, the focus shifted to U.S. military action in Afghanistan, which resulted in the ouster of the Taliban government. The war in Afghanistan was meant to root out terrorism, but after decades of conflict, the U.S. fled the country, leaving the Taliban in power.

The UN's approach

The UN Security Council has established several mechanisms to combat international terrorism, that are primarily centred around the various resolutions. Under these all member-states are obliged to take various economic and security measures to prevent the commission of terrorist acts. The Counter-Terrorism Committee of the Security Council was authorised to monitor the implementation of the overall plan. As for action against terrorists, this can be covered under Article 51 of the UN Charter, which recognises the inherent right of self defence if an armed attack occurs against a member-state. Though the application of this right in the case of terrorist attacks is complicated, it can provide a basis for a state to take action against terrorist groups that have attacked it. India's position about surgical strikes on terrorist infrastructure will be judged as to whether such action is proportionate and in accordance with international humanitarian law.

The Security Council's approach to counter-terrorism recognises that it requires a comprehensive "whole-of-society" approach that respects human rights and the rule of law. It emphasises international cooperation, the importance of addressing the conditions

conducive to terrorism, and the need to prevent and counter violent extremism. In these circumstances, it will be hard for India to get a clear endorsement of its actions against terrorism. India does bring up terrorist attacks to the Security Council, but the Counter Terrorism Committee has not taken a clear position on the right of nations to treat a terrorist attack as an act of war – the new doctrine advanced by India.

The ceasefire along the Line of Control (LoC) and India's restraint in crossing the LoC even in conflict situations are the other factors which are likely to come into play in any discussion in the Security Council or other international fora on India's strategic strikes. India's special envoys may have faced these questions in discussions even with friendly countries.

The issue of hyphenation

When India took the issue of Pakistan's invasion of Kashmir to the UN, it was a pure case of aggression which should have been considered under Chapter VII of the Charter. But as it happened, the issue was discussed under Article VI on Pacific Settlement of Disputes. Consequently, several extraneous ideas were incorporated in the agenda, leading to western countries hyphenating India and Pakistan on every issue. When Pakistan and India acquired nuclear weapons, Kashmir was considered a nuclear hot spot. India has a non-first use doctrine, while Pakistan threatens to multiply its conventional military capability.

India has an established position that any bilateral discussion would only be on terrorism and the status of Pakistan Occupied Kashmir. Therefore, diplomacy at the bilateral level or multilateral level is unlikely to be effective. Pakistan will continue to internationalise the Kashmir issue, but India should refrain from seeking international intervention or support. The reports of the special envoys will indicate, if anything, that such efforts are futile, given the history of the evolution of "the India-Pakistan question" in the Security Council.

India has nothing to gain by raising its concerns internationally as its narrative has got entangled in several controversial concepts in the UN. India's only option is to ensure its security by appropriate military action as long as Pakistan continues its policy of inflicting a thousand cuts on India to gain Indian territory.

Key Arguments from the Article:

- **Frozen Diplomatic Frameworks:**
 - Decades of UN resolutions, Cold War politics, and Pakistan's narrative on Kashmir have created a complex web of outdated and biased ideas.
 - International literature (like UN maps or disclaimers on the LoC) does not affirm India's territorial integrity on Jammu & Kashmir explicitly.
 - Hence, internationalising the issue only revives old diplomatic traps.
- **Ineffectiveness of Multilateral Platforms:**
 - India's long-pending Comprehensive Convention on International Terrorism (CCIT) at the UN has made no progress, primarily due to global disagreements over the definition of terrorism.
 - Global counter-terror mechanisms like the UN Security Council's Counter Terrorism Committee have avoided endorsing India's proactive strategies such as surgical strikes or calling terrorism an act of war.
- **Bilateral Diplomacy Blocked by Pakistan:**
 - Pakistan continues to internationalise the Kashmir issue and rejects bilateral talks unless Kashmir is the central theme.
 - India, on the other hand, sticks to Simla Agreement principles, limiting engagement to terrorism and PoK, resulting in a diplomatic deadlock.
- **The Hyphenation Problem:**
 - The historical treatment of India and Pakistan as a joint concern (hyphenation) by the West—particularly post-nuclearisation—has led to Kashmir being viewed as a "nuclear flashpoint", which undercuts India's efforts to present it as a domestic security issue.
- **UN's Structural Constraints:**
 - UN bodies often adopt a balanced or vague approach, making it impossible for India to secure clear support for its territorial claims or counter-terrorism actions.
 - The lack of action under Chapter VII for Pakistan's aggression in 1947 has set a precedent that haunts current diplomacy.

Implications for India's Foreign Policy and National Security:

- **Limitations of International Support:**
 - India gains no decisive advantage by globalising its conflict with Pakistan.
 - UN's neutral stance and procedural limitations often frustrate India's attempts to get diplomatic backing.
- **Need for Self-Reliant Strategy:**
 - As long as Pakistan pursues its "thousand cuts policy," India's best recourse is to safeguard national interest through calibrated military and strategic actions, rather than international appeals.

- **Redefining Diplomacy:**

- India must de-hyphenate its international engagements, especially with Western powers, from the India-Pakistan binary, and focus on projecting itself as an independent power.

Conclusion:

- India must recalibrate its diplomatic playbook regarding Pakistan by avoiding over-dependence on international forums that are structurally constrained and historically biased. The India-Pakistan conflict, particularly over Kashmir and cross-border terrorism, must be addressed strategically and bilaterally, with domestic capacity-building and deterrence mechanisms playing a central role.

UPSC Mains Practice Question

Ques: India's efforts to internationalise the issue of cross-border terrorism and Kashmir have often met with structural and diplomatic constraints at multilateral forums. Critically examine the limitations of international diplomacy in addressing India-Pakistan conflicts. **(250 words)**

Page 12 : GS 3 : Indian Economy & Security

The Financial Stability and Development Council (FSDC), chaired by Finance Minister Nirmala Sitharaman, recently held a meeting to assess the cyber resilience of India's financial sector and explore reforms to ease compliance and return unclaimed financial assets. These measures are seen as part of a broader strategy to strengthen the stability, efficiency, and inclusiveness of the financial system.

FSDC looks to enhance cybersecurity, ease compliance burden

The Hindu Bureau

NEW DELHI

The Financial Stability and Development Council (FSDC) chaired by Union Finance Minister Nirmala Sitharaman, on Tuesday examined various ways to enhance the cyber resilience framework of the financial sector and ease the compliance burden.

“In light of the analysis of cybersecurity regulations, sectoral preparedness, and the recommendations of Financial Sector Assessment Programme (FSAP) 2024-25, the FSDC considered strengthening

the cyber resilience framework of the Indian financial sector through a financial sector-specific cybersecurity strategy,” the Finance Ministry said.

The FSDC also looked into ways to implement past decisions, such as reducing the amount of unclaimed assets in the financial sector, and seamless refund of such assets to the rightful owners.

The FSDC also discussed prescribing common know-your-customer (KYC) norms and simplify the process, including for NRIs, in the Indian securities market.

Key Highlights:

- **Cybersecurity in the Financial Sector:**

- In view of recommendations from the Financial Sector Assessment Programme (FSAP) 2024–25, the FSDC discussed implementing a sector-specific cybersecurity strategy.
- The aim is to improve cyber resilience, especially given increasing digital transactions, fintech growth, and exposure to cyber threats.
- The move is crucial for safeguarding consumer trust and financial stability, as cyberattacks can destabilize institutions and markets.

- **Simplifying Compliance and KYC Norms:**

- The Council stressed the need for common KYC norms, particularly to help Non-Resident Indians (NRIs) access the Indian securities market more smoothly.
- A streamlined and unified KYC process can reduce duplication, improve regulatory efficiency, and promote financial inclusion.

- **Unclaimed Assets in Financial Sector:**

- There is a significant amount of unclaimed money in dormant bank accounts, insurance policies, and mutual fund holdings.
- The FSDC emphasized mechanisms for seamless refunds to the rightful owners, which requires inter-agency coordination and technological integration.

Implications for the Indian Economy and Governance:

- **Strengthening Cyber Governance:**

- A dedicated financial cybersecurity strategy reflects India's growing recognition of digital vulnerabilities.
- It aligns with international best practices and enhances regulatory oversight, especially amid rising digital adoption.

- **Promoting Ease of Doing Business in Finance:**

- Common KYC norms reduce compliance fatigue for institutions and improve investor experience, especially in capital markets and cross-border transactions.

- **Addressing Public Trust and Accountability:**

- Returning unclaimed financial assets reflects a citizen-centric governance approach, enhancing trust in public financial institutions.

Conclusion:

- The FSDC's focus on cyber resilience, compliance simplification, and asset recovery signals a proactive and reform-oriented financial governance agenda. These steps are vital for ensuring that India's financial system remains secure, inclusive, and globally competitive, especially as digital finance continues to expand.

UPSC Mains Practice Question

Ques: India's growing digital financial ecosystem requires a sector-specific approach to cybersecurity. Discuss the challenges and suggest measures to strengthen cyber resilience in the Indian financial sector. (250 words)

Page : 08 Editorial Analysis

India's legal bridge is one of reciprocity, not roadblocks

In May this year, the Bar Council of India (BCI) implemented the Bar Council of India Rules for Registration and Regulation of Foreign Lawyers and Foreign Law Firms in India (hereinafter 'rules'). While many within the legal profession lauded the rules, a few law firms based in the United States have voiced strong objections, calling the rules a "non-trade barrier" and a "deliberate move to exclude or freeze out" U.S. law firms from engaging with the Indian legal ecosystem.

However, such criticism reflects a limited appreciation of the statutory mandate of the BCI and an inadequate understanding of India's comprehensive regulatory framework governing its legal affairs. On the contrary, the rules strike a balance by facilitating the entry of foreign practitioners and firms while upholding professional standards and safeguarding the interests of stakeholders within the Indian legal profession.

The criticism

First, it is contended that the rules create a 'non-tariff trade barrier' by imposing procedural restrictions on U.S.-based law firms and legal professionals, thereby attempting to 'freeze out' their entry into the Indian legal landscape. Second, it is alleged that the interests of the U.S. were overlooked during global consultations preceding the framing of the rules, making it difficult for U.S. law firms and professionals to comply with the stipulated mandates. Third, the requirement to disclose details such as the 'nature of legal work' and 'client identity' is said to conflict with the American Bar Association (ABA) Model Rules on client confidentiality. Fourth, the regulations governing fly-in, fly-out provisions have been criticised for being inconsistent with the principle of reciprocity, as they impose duration-based, disclosure-based restrictions not similarly applied to Indian counterparts operating in the U.S. Fifth, the



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Criticism of the 'Bar Council of India Rules for Registration and Regulation of Foreign Lawyers and Foreign Law Firms in India' is unfair

contention is that the rules have been introduced as a surprise move, providing no transition period for adjustment, thereby placing U.S. firms and professionals at a disadvantage. Finally, it is argued that the rules could adversely impact U.S.-India bilateral trade and legal engagement, as they may discourage Indian corporations from undertaking transactions involving U.S. laws, owing to a dearth of legal professionals who are skilled in U.S. laws.

A reality check

First, the BCI is not a trade body, but a statutory body to maintain standards of professional conduct and safeguard the interests of legal professionals across India. Second, constitutionally and technically, the practice of law cannot form part of a trade agreement, as it is governed under Entries 77 and 78 of the Union List, unlike entries dealing with trade and commerce under the Seventh Schedule of the Constitution of India. Second, In *Bar of Indian Lawyers Through Its President Jasbir Singh Malik vs D.K. Gandhi* (2024), it was held that it was a contract of personal service, thereby segregating it from trade and business practices. Third, India recently chose not to include legal services in the United Kingdom-India Free Trade Agreement, despite facing significant international pressure. This reflects India's consistent position that legal services require a distinct regulatory framework.

Fourth, the impugned rules do not bar foreign law firms and practitioners but liberalise the Indian legal ecosystem, albeit in a structured and regulated manner. For instance, Rules 3 and 4 permit foreign law firms to operate in India, subject to registration and compliance with ethical and professional conditions. Further, the fly-in, fly-out model, under the proviso to rule 3(1), allows temporary visits, subject to an aggregate stay not exceeding 60 days within a 12-month period. Fifth, Indian legal professionals lack universal access to the U.S. legal system and

are subjected to rigorous, state-specific, examination-based licensing regimes. The reciprocity requirement under the rules, subjecting the U.S. counterparts to similar regulatory compliances, merely establishes equivalence. Sixth, rule 4(h), which mandates a certificate of 'good standing at the bar', has been flagged by U.S. stakeholders as problematic, owing to its decentralised ecosystem. However, this limitation stems from the U.S. regulatory structure and cannot be attributed to the BCI or India.

Notably, rule 6 of chapter III allows for flexibility, empowering the BCI to verify such credentials holistically and on a case-by-case basis, thereby ensuring an accommodating approach, subject to an adherence to basic ethical and professional standards. Seventh, the requirement to disclose the nature and the extent of legal work does not dilute client confidentiality, as the objective is to obtain general information about the legal work or transaction. This ensures that the activities of foreign legal professionals remain within the permitted contours of legal practice in India.

There has been debate and discussion

Finally, the criticism regarding lack of consultations or a transition period before the operationalisation of the rules holds no ground. Debates and discussion have been ongoing for over two decades, encompassing expert committee reports, global consultations, and key judicial decisions such as *Lawyers Collective vs Bar Council of India* (2009) and *Bar Council of India vs A.K. Balaji* (2018) which have collectively laid the foundation for the present regulatory framework.

Far from being a barrier, the rules aim to create a cooperative bridge liberalising the Indian legal landscape in a measured manner, while safeguarding professional integrity, client confidentiality, and upholding the vital principles of reciprocity and ethical accountability.

Paper 02 : Governance

UPSC Mains Practice Question: The regulation of foreign law firms in India must balance professional ethics, national sovereignty, and global legal engagement. Critically evaluate the Bar Council of India's recent rules in this context. (250 words)

Context :

- The Bar Council of India (BCI) recently implemented the Rules for Registration and Regulation of Foreign Lawyers and Foreign Law Firms in India (2024). This has sparked debate, particularly criticism from some U.S.-based law firms claiming that the rules create trade barriers. However, the article argues that these rules reflect India's sovereign legal mandate, based on professional regulation, not trade liberalisation.

Key Issues and Clarifications:

- **Criticism by U.S. Law Firms:**
 - Accusations of a non-tariff trade barrier that excludes foreign law firms.
 - Concerns over client confidentiality and compliance with ABA Model Rules.
 - Claims of lack of transition time and reciprocity imbalance.
 - Fear that it could impact India–U.S. legal and commercial engagement.
- **Legal and Constitutional Perspective:**
 - The practice of law in India is a regulated profession, not commercial trade.
 - As per the Indian Constitution (Entries 77 & 78, Union List), law falls under governance, unlike trade.
 - Indian courts (e.g., Bar of Indian Lawyers vs. D.K. Gandhi) have clearly distinguished law from trade and business.
- **Reciprocity and Regulation:**
 - Indian lawyers face stringent licensing in the U.S.; India expects equivalent compliance through these rules.
 - Provisions like Rule 3 & 4 allow foreign firms to register and operate, ensuring controlled liberalisation.
 - The 60-day fly-in-fly-out clause facilitates temporary advisory roles without full-time practice.
- **Maintaining Ethical Standards:**
 - Requirements like certificate of good standing are reasonable, even if challenging in the U.S. context.
 - Rule 6 allows the BCI to use discretion and assess such cases holistically.
 - Disclosure of the type of legal work, without revealing clients, does not violate confidentiality.
- **Long-standing Consultations and Judicial Backing:**
 - The move is not sudden. It is the result of two decades of policy deliberation, committee reports, and judgments (Lawyers Collective, A.K. Balaji cases).
 - Reflects measured legal liberalisation, aligned with Indian legal sovereignty and professional norms.

Implications for India's Legal Ecosystem:

- **Positive Outcomes:**

- Encourages structured global integration of India's legal profession.
- Protects domestic legal market, especially smaller practitioners, from unchecked foreign dominance.
- Upholds reciprocity, ensuring fairness in global legal engagements.

- **Challenges:**

- Administrative complexities for foreign firms due to India's legal structure.
- Potential slowdown in legal collaboration in areas like international arbitration or cross-border mergers.
- Diplomatic friction with countries demanding open access to India's legal services.

Conclusion:

- The BCI rules are not a barrier, but a bridge—enabling foreign legal participation in India under regulated, ethical, and reciprocal terms. For India, legal practice is not a tradable commodity but a professional service governed by public interest, constitutional principles, and sovereignty. The move is a progressive step toward global integration without compromising professional standards or national legal integrity.
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