

# **DAILY** **CURRENT AFFAIRS**

**SPECIAL FOR UPSC & GPSC EXAMINATION**

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## The Hindu Important News Articles & Editorial For UPSC CSE

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## Page 01 & 3 : GS 2 : International Relations / Prelims

Prime Minister Narendra Modi and Russian President Vladimir Putin held the 23rd Annual India–Russia Summit in New Delhi, reiterating the strategic depth and historical continuity of bilateral ties. Describing the relationship as “steady like a pole star (Dhruva Tara)”, India signalled that despite global geopolitical turbulence and Western pressure, its partnership with Russia remains anchored in energy security, strategic autonomy, and economic cooperation.

### India-Russia friendship like the pole star: PM

Russian President Vladimir Putin, who is on a two-day India visit, and Modi hold bilateral talks

Modi signals, despite Western opposition, energy ties to continue as a ‘strong pillar’ of partnership

Both sides sign 16 MoUs on semi-skilled workers, fertilizers, media, and academic collaboration

**Kallol Bhattacharjee**  
NEW DELHI

Appreciating Russian President Vladimir Putin for taking the India-Russia relationship to “new heights” over the past quarter of a century, Prime Minister Narendra Modi laid out an expansive canvas of energy and trade collaborations between the two countries, stretching to 2030.

Addressing the media after bilateral talks at Hyderabad House on Friday, Mr. Modi described the India-Russia friendship as a “pole star” and called for a peaceful solution to Russia’s war with Ukraine.

“Over the past eight decades, the world has witnessed many ups and downs. Humanity has faced numerous challenges and crises. Yet, through all of this, the India-Russia friendship has remained

steady like a *dhruva tara* (pole star),” the Prime Minister said.

#### ‘Sustained ties’

Foreign Secretary Vikram Misri expanded on the Prime Minister’s use of the Hindi term ‘*dhruva tara*’ during a later briefing, saying it referred to the “sustained and long-term significance of this relation.” Highlighting the “sustainability and certainty” of India-Russia ties, Mr. Misri added, “This relationship is a constant. There have been several crises along the way but they have not altered the fundamentals of this relationship.”

Mr. Putin’s visit has attracted global attention as it comes months after U.S. President Donald Trump imposed punitive tariffs on India for purchasing Russian energy. Mr. Trump described his move as a tactic to push Russia to the negotiating table on Ukraine.



Vladimir Putin and Narendra Modi shake hands at a reception in the Rashtrapati Bhavan on Friday. RV, MOORTHY

In his remarks, the Prime Minister referred to “energy security” as a “strong and vital pillar of the India-Russia partnership”. Since the beginning of the conflict in Ukraine, “India has consistently advocated for peace, with regards to the situation in Ukraine,” he added.

Ahead of the press statements by Mr. Modi and Mr. Putin at Hyderabad House,

the Russian President’s special envoy, Kirill Dmitriev, told the Russian and Indian media that “British and European press is going hysterical trying to disrupt the U.S.-Russia negotiation”. In an oblique reference to an article recently published in an Indian newspaper that was jointly authored by the French, British, and German envoys to India, Mr.

#### Pacts to raise opportunities for Indian workers in Russia

**The Hindu Bureau**  
NEW DELHI

Indian and Russian governments on Friday signed two agreements that will enhance mobility of Indian semi-skilled and skilled workers to Russia, as official sources indicated that New Delhi

will increasingly utilise India’s “strength” in the category of “semi-skilled workers” in the coming years while adding dynamism to existing relations between the partner countries.

**FULL REPORT ON**  
» PAGE 3

Dmitriev said, “We know the British empire does not exist any more but attempts to disrupt [the Russia-U.S.] peace negotiation through the use of the media is still continuing.”

Mr. Modi, who has called for peace on multiple occasions since the beginning of the Ukraine conflict in February 2022, reiterated the Indian position. “We welcome all ef-

forts being made for a peaceful and lasting resolution in this matter. India has always been, and will always be ready to contribute,” he said.

Referring to the Kudankulam power plant as the “largest nuclear reactor of India”, Mr. Putin announced that Russia is also willing to collaborate with India for small modular nuclear reactors.

The India-Russia joint statement also made an extensive reference to energy security, noting “the current and potential cooperation between Indian and Russian companies in fields such as oil and oil products, oil refining and petrochemical technologies, oilfield services and upstream technologies and related infrastructure.” Both sides have also agreed to resolve the challenges faced by their “investors in the energy sector”.

He described India and Russia as countries that both follow an “independent foreign policy” that calls for a “more just, democratic multipolar world order and respect for sovereignty”.

The two sides signed sixteen MoUs covering areas such as the mobility of semi-skilled workers, fertilizers, media, and academic collaboration.

### India, Russia to work towards boosting trade in national currencies

**T.C.A. Sharad Raghavan**  
NEW DELHI

India and Russia have agreed to continue working towards enhancing the settlement of bilateral trade in the national currencies of the two countries, Prime Minister Narendra Modi and President Vladimir Putin said in a joint statement on Friday.

Mr. Putin is in India for a two-day visit to attend the 23rd India-Russia Annual Summit as well as to hold meetings with Mr. Modi. The two leaders also discussed how to remove the tariff and non-tariffs barriers so that the two countries can achieve their target of crossing bilateral trade worth \$100 billion by 2030. Annual bilateral

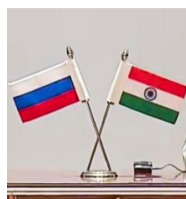
trade stood at \$68.7 billion in 2024-25.

“Russia and India have agreed to continue jointly developing systems of bilateral settlements through use of the national currencies in order to ensure the uninterrupted maintenance of bilateral trade,” the joint statement said.

It added that the two sides have agreed to continue consultations on enabling the interoperability of the national payment systems, financial messaging systems, as well as central bank digital currency platforms.

#### Reducing deficits

Experts said the ongoing move towards trade in national currencies is a way for the two countries to re-



Expert says the current move is a way for the two countries to reduce their dependence on the U.S. dollar.

duce their dependence on the U.S. dollar and move towards addressing the widening trade deficit India has with Russia. “By operationalising rupee-denominated trade, we can bypass the dollar-dependency that is currently aggravating our deficit,” Suketu

Thanawala, partner at StraCon, a business advisory and consulting firm, said.

Notably, at a time when the World Trade Organization is being increasingly sidelined in matters of international trade, the joint statement underlined the importance of an “open, inclusive, transparent and non-discriminatory multilateral trade system with the World Trade Organization at its core”.

“Both sides emphasised that addressing tariff and non-tariff trade barriers, removing bottlenecks in logistics, promoting connectivity, ensuring smooth payment mechanisms, finding mutually acceptable solutions for issues of insurance and reinsurance

and regular interaction between the businesses of the two countries are among the key elements for timely achievement of the revised bilateral trade target of \$100 billion by 2030,” the statement said.

#### Target \$100 billion

Speaking later in the evening at the India-Russia Business Forum, Mr. Modi said, “Last year, President Putin and I had set a target of crossing \$100 billion of bilateral trade between India and Russia by 2030.” “But, based on my conversations with President Putin since yesterday, and given the visible potential, I don’t think we will have to wait until 2030. I can see that clearly.”

Some experts say that,

while the achievement of the target by 2030 is debatable, it is true that bilateral trade between the two countries is set to grow.

#### ‘Bottom-up growth’

“There may be debate as to whether \$100 billion is achievable, but there is no doubt that the trade will not go back to dismal levels of \$10 billion,” Lydia Kulik, Head of India Studies at the SKOLKOVO School of Management, said.

She said the reasons for this confidence were twofold: “First, a lot has been done in recent months or a couple of years in removing obstacles to trade and even more will be done, particularly towards improving the access for Indian exporters to the Rus-

sian market.”

The second factor, she added, was that the development of business links between the two countries is currently taking place organically. “The interest is growing naturally from the bottom up, it is not solely happening on the top governmental level,” she said.

The joint statement also noted the importance of hastening the resolution of issues faced by investors in the energy sector of the two countries, saying that the India-Russia cooperation in the energy sector is a significant pillar of the Special and Privileged Strategic Partnership the two countries share.

(With inputs from Suhasini Haidar)

## Key Analysis

### 1. Strategic Significance of the “Pole Star” Analogy

- The phrase highlights stability, reliability, and long-term orientation of India–Russia relations.
- Foreign Secretary Misri emphasised that crises—Cold War, post-Soviet transitions, Ukraine war—have not altered the fundamentals of the partnership.
- This aligns with India’s independent foreign policy and emphasis on multipolarity.

### 2. Energy as the “Strong Pillar” of Partnership

- PM Modi reaffirmed that energy security will remain central to bilateral ties.
- India continues to import discounted Russian crude, resisting Western sanctions and U.S. pressure.
- The joint statement highlighted collaboration in:
  - Oil trade
  - Refining and petrochemicals
  - Upstream technologies and oilfield services
- Kudankulam nuclear plant remains the largest nuclear installation in India; Russia offered cooperation on small modular reactors (SMRs)—critical for India’s clean energy transition.

### 3. Push for Non-Dollar Trade: National Currency Settlements

- India and Russia agreed to enhance rupee–ruble trade mechanisms and make payment systems interoperable.
- This is aimed at:
  - Reducing dependency on the U.S. dollar
  - Ensuring uninterrupted trade despite sanctions
  - Addressing India’s widening trade deficit with Russia
- Experts note this is part of a larger shift towards de-dollarisation in global trade.

### 4. Trade Ambitions: Targeting \$100 Billion by 2030

- Current bilateral trade: \$68.7 billion (2024–25).
- Focus areas to achieve the revised target:

- Removing tariff and non-tariff barriers
  - Fixing logistics issues
  - Insurance and reinsurance support
  - Boosting market access for Indian exporters
- Analysts believe even if \$100 billion is ambitious, trade will not fall back to pre-Ukraine levels due to strong organic business interest.

## **5. Multilateral and Geopolitical Context**

- Summit occurs amid:
  - Russia–Ukraine war
  - U.S. tariffs on India for Russian energy imports
  - Western attempts to shape global narratives, as highlighted by Russian officials
- India maintained a consistent stand:
  - Call for peaceful resolution of the Ukraine conflict
  - Readiness to contribute to diplomatic efforts
- Both sides reiterated commitment to a just, democratic, multipolar world order—a recurring theme in India–Russia joint statements.

## **6. Institutional Strengthening: 16 MoUs Signed**

The MoUs cover:

- Migration of semi-skilled workers (important for India's labour mobility interests)
- Fertilizers (critical for India's food security)
- Media cooperation
- Academic exchanges: These institutional frameworks help diversify and deepen the partnership beyond defence and energy.

## **Conclusion**

The 2025 India–Russia summit reaffirms that the partnership remains a constant anchor in India's foreign policy. Despite shifting geopolitical alignments and Western pressure, India prioritises strategic autonomy, energy security, and pragmatic economic cooperation. The push for national currency settlements, nuclear collaboration, and ambitious trade targets all indicate a future-oriented

partnership. For UPSC, the key takeaway is that India's Russia policy is guided not by short-term crises but by long-term strategic calculations rooted in stability, mutual interests, and multipolarity.

### UPSC Prelims Practice Question

**Ques:** Which of the following areas saw the signing of MoUs between India and Russia during the recent summit?

1. Mobility of semi-skilled workers
2. Fertilizers
3. Media collaboration
4. Climate change mitigation

**Select the correct answer:**

- (a) 1, 2 and 3 only
- (b) 1 and 4 only
- (c) 2 and 4 only
- (d) 1, 2, 3 and 4

**Ans: a)**

### UPSC Mains Practice Question

**Ques:** Discuss the challenges in achieving the revised bilateral trade target of \$100 billion by 2030 between India and Russia. Suggest reforms that can help overcome tariff, non-tariff, and logistic barriers. **(150 Words)**

The Reserve Bank of India (RBI), in its December 2025 Monetary Policy Committee (MPC) meeting, reduced the policy repo rate by 25 basis points to 5.25%, marking the fourth consecutive rate cut since Governor Sanjay Malhotra assumed office in December 2024. This move comes at a time when India is experiencing an unusual macroeconomic combination—very low inflation and strong GDP growth. The RBI described this as a “rare goldilocks period,” offering substantial policy space to support growth.

## Cheaper loans likely as repo rate cut by 25 bps

**Lalatendu Mishra**  
MUMBAI

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) on Friday voted unanimously to reduce the policy repo rate by 25 basis points (bps) to 5.25% with immediate effect.

The decision comes against the backdrop of data showing that India's real Gross Domestic Product (GDP) growth accelerated to 8.2% in the second quarter and average headline inflation reduced to 1.7%, breaching the lower tolerance threshold (2%) of the inflation target (4%) set by the RBI.

With this, the MPC under Governor Sanjay Malhotra has cumulatively cut the repo rate by 125 basis

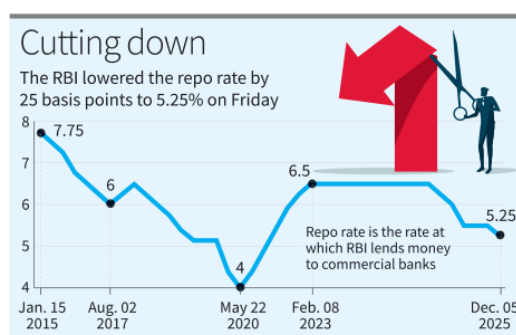
points on four occasions. He took over as RBI Governor on December 11, 2024.

The reduction will lead to lower interest rates for borrowers and savers.

After this rate cut, the standing deposit facility rate under the liquidity adjustment facility (LAF) will stand adjusted to 5%.

The marginal standing facility (MSF) rate and the bank rate will be adjusted to 5.5%. The MPC also decided to continue with the neutral stance indicating rates may go up or reduce further.

On the rationale for the decisions of the MPC, Mr. Malhotra, in the Governor's statement, said: “The MPC noted that headline inflation has eased significantly and is likely to be softer than the earlier pro-



jections, primarily on account of the exceptionally benign food prices.”

“The underlying inflation pressures are even lower as the impact of increase in price of precious metals is about 50 basis points (bps). Growth, while remaining resilient, is expected to soften somewhat. Thus, the growth-in-

flation balance, especially the benign inflation outlook on both headline and core, continues to provide the policy space to support the growth momentum,” he said.

**‘Rare goldilocks period’**  
In his opening remark, The Governor said since the October policy, the Indian

economy had witnessed rapid disinflation, with inflation coming down to an unprecedentedly low level.

“For the first time since the adoption of flexible inflation targeting (FIT), average headline inflation for a quarter at 1.7% in Q2:2025-26, breached the lower tolerance threshold (2%) of the inflation target (4%). It dipped further to a mere 0.3% in October 2025,” he said. “On the other hand, with real GDP growth accelerating to 8.2% in Q2, buoyed by strong spending during the festive season which was further facilitated by the rationalisation of the Goods and Services Tax (GST) rates. Inflation at a benign 2.2% and growth at 8% in H1:2025-26 present a rare goldilocks period,” he emphasised.

### Key Analysis

#### 1. Why Did RBI Cut the Repo Rate?

##### a. Sharp Fall in Inflation (Disinflation Trend)

- Average headline inflation fell to 1.7% in Q2, slipping below the lower tolerance level (2%) of the inflation-targeting framework for the first time since its adoption in 2016.
- October 2025 inflation dropped further to 0.3%, driven mainly by:
  - Exceptionally benign food prices
  - Very low underlying (core) inflation
  - Only marginal pressures from precious metals (50 bps impact)

##### b. Strong GDP Growth

- Real GDP growth accelerated to 8.2% in Q2, supported by:

- Festive spending
- GST rate rationalisation
- Broad-based consumption and investment revival
- Although growth may “soften somewhat,” the current momentum remains resilient.

### **c. Growth–Inflation Balance Favourable**

- With inflation far below the target and growth robust, the MPC found sufficient policy space to ease rates.
- The MPC maintained a neutral stance, signalling future rate changes will depend on data, not a pre-set path.

## **2. Key Rate Adjustments After the Cut**

- Repo rate: 5.25%
- Standing Deposit Facility (SDF): 5.00%
- Marginal Standing Facility (MSF): 5.50%
- Bank Rate: 5.50%

These adjustments realign the full Liquidity Adjustment Facility (LAF) corridor with the newly reduced policy rate.

## **3. Impact on the Economy**

### **a. For Borrowers**

- Cheaper loans
- Lower EMIs for home, auto, and business loans
- Boost to credit demand, supporting growth

### **b. For Savers**

- Lower deposit interest rates
- Potential shift toward small savings schemes or market-linked instruments

### **c. For the Macro Economy**

- Supports aggregate demand
- Helps maintain momentum in private investment

- Encourages credit flow in sectors like housing, MSMEs, and consumption

#### d. Risks (for UPSC analysis)

- If food prices reverse, inflation may rebound
- Excessive rate cuts could risk asset bubbles
- Very low inflation may push economy into “below-target inflation trap”

But the MPC believes current conditions remain manageable.

#### 4. “Rare Goldilocks Period”: Why It Matters?

A Goldilocks economy refers to an ideal condition where:

- Inflation is low
- Growth is high
- Monetary policy has room to manoeuvre

India’s inflation at 2.2% (H1 of FY26) and growth at 8% represent this equilibrium. According to the RBI, such a combination has never occurred since the adoption of Flexible Inflation Targeting (FIT).

This gives the RBI unusual freedom to support growth without risking inflation.

#### Conclusion

The RBI’s 25 bps repo rate cut reflects the extraordinary macroeconomic environment India is currently experiencing—very low inflation, strong growth, and a favourable policy window. While rate cuts will reduce borrowing costs and stimulate demand, the MPC’s continued neutral stance indicates caution and data-dependence moving forward.

#### UPSC Prelims Practice Question

**Ques :** With reference to monetary policy in India, consider the following statements:

1. A cut in the repo rate generally leads to cheaper loans for borrowers.
2. The Standing Deposit Facility (SDF) rate is always higher than the Marginal Standing Facility (MSF) rate.
3. The repo rate can be reduced only when inflation rises above the upper tolerance band.

**Which of the statements given above is/are correct?**

- (a) 1 only                      (b) 1 and 2 only                      (c) 2 and 3 only                      (d) 1, 2 and 3

**Ans: a)**

#### UPSC Mains Practice Question

**Ques :** Discuss the significance of maintaining a neutral monetary policy stance even after multiple rate cuts. What does it indicate about RBI’s approach to future inflation risks? **(150 words)**

The Lok Sabha has passed the Health Security and National Security Cess Bill, 2025, which seeks to impose a new special cess on pan masala. The cess will replace the existing GST compensation cess for this category. Its stated purpose is to create a dedicated revenue stream for two core national priorities — public health and national security.

This move highlights the government's shift toward targeted taxation on harmful products while also strengthening fiscal support for sectors with large expenditure commitments.

# Lok Sabha passes Bill to levy a special cess on pan masala

Union Finance Minister Nirmala Sitharaman says the cess will be shared with the States; it will be levied on the production capacity of machines in pan masala manufacturing factories; main aim to meet expenditure on national security and health

**The Hindu Bureau**  
NEW DELHI

**T**he Lok Sabha on Friday passed a Bill to levy a special cess on pan masala and use the fund for improving public health and strengthening national security.

The Health Security and National Security Cess Bill, 2025, will introduce a new cess that replaces the existing compensation cess under the GST framework.

## Sharing with States

Union Finance Minister Nirmala Sitharaman said the cess would be shared with the States, as public health is a State subject.

Replying to the debate



Union Finance Minister Nirmala Sitharaman speaks in the Lok Sabha during the Winter Session of Parliament on Friday. PTI

on the Bill before it was passed by a voice vote, Ms. Sitharaman said pan masala would be taxed at the maximum 40% rate under the Goods and Services Tax (GST) based on its consumption, and there would be no impact of this cess on GST revenues.

The primary intent behind the newly introduced Health Security (National Cess) Bill, 2025 is to levy a

tax specifically on the production capacity of pan masala, a category the government says cannot be effectively brought under the conventional excisable regime, the Finance Minister had clarified on Thursday.

On Friday, Ms. Sitharaman said the Bill's intent was to augment the resources for meeting expenditure on national security and for public health by levying a cess on the machines installed or other processes undertaken to manufacture pan masala and similar goods.

**'Resource stream'**  
The purpose of the Bill is to create a "dedicated and

predictable resource stream" for two domains of national importance — health and national security, she said.

The proposed Health and National Security Cess, which will be over and above the GST, will be levied on the production capacity of machines in pan masala manufacturing factories.

Initially the Bill is applicable to pan masala, however, the government may notify to extend the cess to other goods, if necessary.

Ms. Sitharaman added that the cess as a percentage of gross total revenue was 6.1% in the current fiscal, lower than 7% between 2010 to 2014.

## Key Highlights of the Bill

### 1. Nature of the Cess

- It will be a special cess, separate from GST.
- It will be levied over and above the GST rate of 40% on pan masala.
- The cess will be based on production capacity of machines, not on quantity produced.

### 2. Why Production Capacity?

The Finance Minister clarified:

- Pan masala manufacturing often involves evasive practices that make traditional excise-based assessment ineffective.
- Machine-based capacity assessment enables better compliance and predictable revenue.

### **3. Utilisation of Funds**

The cess is intended to create a dedicated funding pool for:

- Public health programmes, especially because pan masala is a major health hazard.
- National security expenditure, which requires stable long-term financing.

### **4. Sharing with States**

- Public health is a State subject, so the cess proceeds will be shared with State governments.
- This ensures States benefit from taxation on a product that imposes high health burdens on their systems.

### **5. Scope for Expansion**

- Initially applicable only to pan masala.
- The government may extend the cess to other harmful or hard-to-track goods in the future.

### **6. Impact on GST Revenues**

- The Finance Minister stated that the cess will not reduce GST revenues, since it is outside the GST framework.
- It replaces the earlier compensation cess for this category.

### **Broader Significance**

#### **a. Targeted Sin Taxation**

The cess functions like a “sin tax”, discouraging consumption of health-damaging products like pan masala and gutkha.

#### **b. Predictable Revenue Stream**

A machine-capacity-based cess:

- Prevents tax evasion
- Creates consistent and reliable revenue
- Helps plan long-term health and security expenditure

### c. Fiscal Federalism

Sharing revenue with States strengthens cooperative federalism, especially because health burdens fall disproportionately on State health systems.

### d. National Security Funding

By linking cess revenue to national security, the government signals the need for non-debt capital receipts to support defence modernisation.

### Conclusion

The Health Security and National Security Cess Bill, 2025 represents a shift toward behaviour-corrective taxation combined with targeted financing for high-priority sectors. By taxing pan masala based on production capacity and creating a predictable revenue stream shared with States, the government aims to strike a balance between public health concerns, fiscal needs, and administrative feasibility. For UPSC purposes, the Bill is important as it intersects with public health policy, cooperative federalism, GST structure, and national security financing.

### UPSC Prelims Practice Question

**Ques: With reference to the Health Security (National Cess) Bill, 2025, consider the following statements:**

1. The cess will replace the existing GST compensation cess.
2. The cess will be levied on the production capacity of machines used in pan masala manufacturing.
3. Revenue from this cess will be shared with the States.
4. The cess will directly increase GST revenues of States.

**Which of the above statements is/are correct?**

- (a) 1, 2 and 3 only
- (b) 2 and 4 only
- (c) 1 and 3 only
- (d) 1, 2, 3 and 4

**Ans: a)**

### UPSC Mains Practice Question

**Ques :** Discuss the advantages and potential risks of using capacity-based taxation to curb consumption of harmful products such as pan masala. How effective is such taxation in achieving health outcomes? **(250 words)**

India has made rapid progress in renewable energy, doubling clean capacity between 2021-25. Yet, it slipped 13 ranks to 23rd in the Climate Change Performance Index (CCPI) 2025, mainly due to slow coal phaseout. Coal remains central to India's energy security and regional employment, creating a tough trade-off. Chile's successful coal transition offers valuable lessons for India's climate strategy and just transition planning.

### *Chile's lesson for India's coal conundrum*

**D**espite dramatic gains in renewable energy, India dropped 13 places to 23rd in the Climate Change Performance Index released during COP30 in Brazil in November 2025. The main reason is the lack of progress to phase out coal. Coal presents a conundrum of the worst kind because its phaseout presents a loss of jobs and the supply of low-cost electricity in some States, while the current trajectory means the loss of lives and livelihoods from runaway global warming and air pollution. This trade-off draws attention to Chile's experience in tackling it.

**A comparison**  
The big Indian picture is that coal, as a source of the use of all energy, makes up over half while renewables (solar, wind, hydro, nuclear) are still a minority share. At the same time, the good news is that India doubled clean energy capacity during 2021-25. Now, the share of renewables in total installed power capacity is one half, although only one-fifth of electricity was actually generated using them in 2024, with coal contributing 75% of electricity generation. What is more, India is increasing domestic production of coal.

In comparison, coal's share of Chile's electricity generation fell from 43.6% to 17.5% during 2016-24. Today, renewables (especially wind and solar) make up over 60% of the country's power mix. This shift was driven by decisive government actions, first by a 2014 tax of \$5 a tonne of carbon emissions. The government imposed stringent emission standards on coal plants, raising construction and compliance costs by 30%. Competitive auctions for wind and solar power helped push renewables. Chile has also aggressively built out energy storage systems to stabilise the grid, and committed to phase out all coal by 2040. All this makes the case that even



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economies with coal dependence can accelerate a transition. That said, coal occupies a smaller share of Chile's energy when compared to India, giving it fewer plants to shut down and a smaller dependent workforce. The transition was also enabled by a political environment that allowed swift, market reforms following privatisation of key sectors.

Crucially, Chile had already begun developing alternative industries, particularly in renewables, creating pathways to absorb displaced workers and capital. In contrast, India's far deeper coal dependence and limited economic alternatives in coal regions make its transition more complex. Many districts in Jharkhand, Chhattisgarh, Odisha and West Bengal could face social risks from abrupt closures.

But it is worth remembering that coal phaseout constitutes a "no regrets" policy. That is to say it is part of averting the damage from climate change. One estimate is that by 2100, climate change would sap 3%-10% of India's GDP through heat stress and declining labour productivity. It is also part of stopping massive health damage: by one estimate, a one GW increase in coal-fired capacity corresponds to a 14% increase in infant mortality rates in districts near the plant site.

**Focus on decarbonisation**  
Considering this socio-ecological calculus, the eye needs to be squarely on decarbonisation which calls for a systematic removal of the oldest and most polluting plants, cancellation of new coal approvals, and replacement of coal output with firm renewable power backed by storage. It is important to have timelines for plant retirements and closures. TERI has suggested that India could phase out coal power entirely by 2050 to meet its net zero goals. In the transition

to this target, there could be an incremental scaling down of coal, improved efficiency and decommissioning. Three sets of action aid this central thrust of a coal phaseout.

First, the more the limitations of renewables are tackled, the better for the moving out of coal. The effort would also be aided by a drive to electrify transport, industry and households.

Second, underpinning this physical transition would be the reform of markets and regulation to disincentivise coal, for example through carbon pricing, removal of coal subsidies, clean dispatch rules and power procurement contracts that favour renewables.

Third, Chile's experience also speaks to providing robust support for workers through reskilling and alternative livelihoods. A dedicated transition fund is essential, such as the "Green Energy Transition India Fund" proposed by the Inter-Ministerial Committee.

**The issue of finance**  
Financing the transition will benefit from a blended model of public and private capital, where government support is directed toward community welfare and workforce reskilling, while private investors lead the expansion of clean energy infrastructure. The District Mineral Foundation corpus can be strategically used to foster entrepreneurship and economic diversification in coal-dependent regions.

Considering the high stakes, a phaseout of coal needs to become a top political priority. Renewable energy gains show tremendous promise, but without an actionable plan to replace coal, climate ambitions would remain hollow. The time has come for a coal exit road map, one that enshrines delivery timelines, financing of social protection, market reform, and learning from peers such as Chile.

India needs to draw up a plan to exit the use of coal and in this, Chile's experience can help

## Key Analysis

### 1. India's Coal Dependency: The Structural Challenge

- Coal accounts for over 50% of India's primary energy use.
- 75% of electricity in 2024 came from coal, despite renewable energy forming half of installed capacity.
- India is also increasing domestic coal production, driven by rising power demand and affordability concerns.
- Coal-dependent States like Jharkhand, Chhattisgarh, Odisha, West Bengal face high social risks from sudden shutdowns due to workforce concentration and limited alternative industries.

Why this is a challenge? Economic growth, low-cost energy, and employment are tightly linked to coal, slowing decarbonisation.

## 2. Chile's Energy Transition: Key Elements

Between 2016-24, Chile reduced coal's share in electricity from 43.6% to 17.5%. Today, renewables exceed 60% of the energy mix. Key actions included:

### (a) Market-Based Instruments

- Introduction of a carbon tax (\$5/tonne CO<sub>2</sub>) in 2014.
- Strict emission standards increased coal plant compliance costs by ~30%.

### (b) Promotion of Renewables

- Competitive renewable auctions for wind/solar.
- Aggressive energy storage push (reducing intermittency).
- Commitment to phase out coal completely by 2040.

### (c) Enabling Conditions

- Fewer coal plants and workforce compared to India.
- Earlier creation of alternative industries to absorb labour.
- Political willingness to implement swift market reforms after privatisation.

## 3. The Indian Context: Why the Transition is Harder

- India's coal usage is deeper and broader across its economy.
- Coal regions lack diversified industries, making closures socially risky.
- Energy demand in India is still rapidly rising, unlike Chile.
- Institutional capacity to enforce strict market reforms remains uneven.

**Yet, the article calls coal exit a "no-regrets policy" because:**

- Climate change could reduce 3–10% of India's GDP by 2100.
- Pollution from coal-linked areas shows 14% higher infant mortality per 1 GW of coal capacity.

## 4. Pathways for India: A Decarbonisation Roadmap

### (a) Systematic Coal Phaseout Mechanism

- Retire the oldest, least efficient, and most polluting plants first.
- Cancel new coal plant approvals.
- Adopt firm renewable power + storage to replace coal baseload.

- TERI's estimate: Complete coal phaseout by 2050 is feasible for net-zero goals.

**(b) Strengthening the Renewable Ecosystem**

- Fix intermittency through battery storage, pumped hydro.
- Push electrification of transport, industry and households to expand renewable demand.

**(c) Economic & Market Reforms**

- Introduce carbon pricing.
- Remove coal subsidies.
- Adopt clean dispatch rules (give priority to renewables).
- Reform power procurement contracts to favour clean energy.

**(d) Just Transition for Workers**

- Reskilling, alternative livelihoods, local entrepreneurship.
- Create a dedicated Just Transition Fund (e.g., Green Energy Transition India Fund).
- Use District Mineral Foundation (DMF) funds to diversify local economies.

**(e) Financing the Transition**

- Blended finance model:
  - Government → community support, reskilling, social protection.
  - Private sector → renewable infrastructure & storage investment.

**Conclusion**

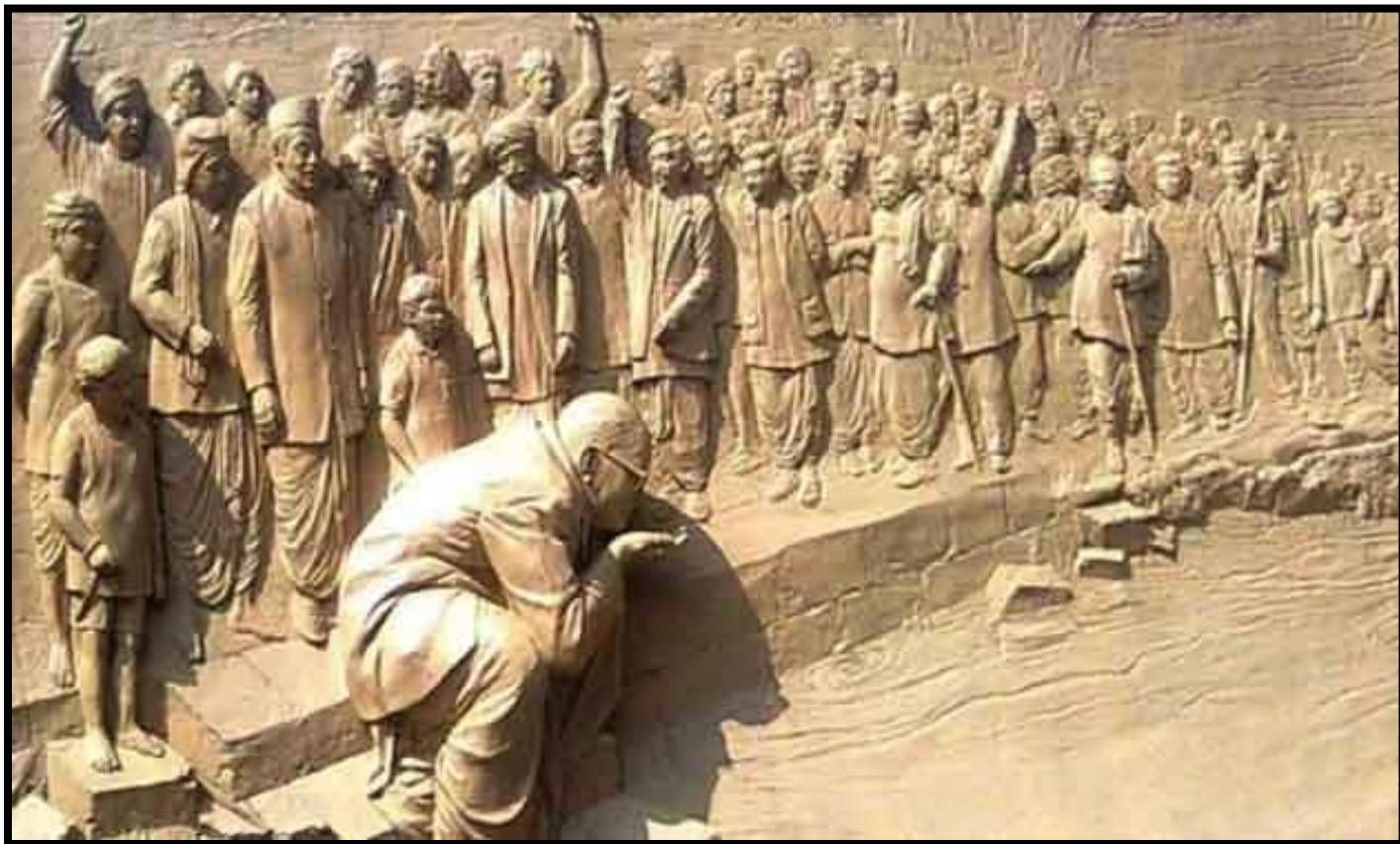
India has demonstrated strong renewable energy momentum, but without a structured coal exit strategy, climate goals will remain out of reach. Chile shows that decisive policies—carbon pricing, strict standards, renewable auctions, and worker protection—can accelerate transition even in coal-dependent economies. For India, success will require a holistic roadmap combining timelines for coal retirement, market reforms, social protection, and massive clean energy investment. Given the economic and health stakes, a coal phaseout must become a top political and policy priority for India's long-term sustainable growth.

**UPSC Mains Practice Question**

**Ques :** A just and managed coal transition is not a choice but an economic imperative for India. Examine. **(250 Words)**

**In News : GS 1 : Modern Indian History**

The Mahad Satyagrahas of 1927, Mahad 1.0 and Mahad 2.0, marked India's earliest organised struggle for human rights, equality, and dignity of Dalits, led by Dr. B. R. Ambedkar. These movements challenged caste-based exclusion from public resources like water tanks and dining spaces and laid the philosophical foundation for India's constitutional values. The events in Mahad also highlighted rising violence against Dalits, the colonial state's limited reform measures, and Ambedkar's shift from seeking reform within Hinduism to questioning its social foundations.

**Why in the news**

The Mahad Satyagrahas are back in focus because historians highlight them as India's first organised human rights movement which directly shaped the ethics and structure of the Indian Constitution. The renewed scholarly work underscores how Ambedkar's fight against caste-based exclusion at Mahad transformed into a broader constitutional philosophy of liberty, equality, and fraternity, marking a sharp departure from existing social norms where Dalits were excluded even from public water. It is significant as it reveals how one protest reshaped India's democratic imagination.

**How did the pre-independence socio-political context shape the Mahad Satyagrahas?**

1. **Pre-independence Bombay Presidency:** Provided an industrialising environment where caste norms remained deeply entrenched despite economic modernisation.

2. **High-caste hostility:** Untouchables denied access to tanks, wells, and basic public facilities, reflecting the rigidity of caste-based exclusion.
3. **Local leadership & social climate:** Figures like Ayyankali, Wankhedkar, and shudra leaders supported Ambedkar's reformist agenda.
4. **Mahad as chosen site:** The Bombay Legislative Council's 1923 resolution allowed untouchables to access public water, making Mahad a test site for enforcing equality.

### **What actions defined Mahad Satyagraha 1.0?**

1. **Assertion of equal civic rights:** Dr. Ambedkar and his amuyis drank water from the Chavdar tank in March 1927 to enforce legal rights under the 1923 resolution.
2. **High-caste backlash:** Brahmins and caste Hindus resisted the act, arguing untouchables polluted the tank.
3. **Boycott and economic pressure:** Mahars faced food and water refusal by caste Hindus.
4. **Stoning of Mahar properties:** Led by local caste groups which escalated communal tensions.
5. **Ambedkar's restraint:** Called off the satyagraha until judicial clarity was obtained on tank access.

### **Why did the Manusmriti burning at Mahad become a turning point?**

1. **Rejection of caste-based scriptures:** Dr. Ambedkar publicly burned the Manusmriti at the second conference on 25 December 1927.
2. **Shift from reform to structural critique:** Burning represented a rejection of Brahmanical authority that legitimised caste hierarchy.
3. **Link to human rights discourse:** Marked one of India's earliest acts connecting scriptures with civil rights violations.
4. **Symbolic rupture:** Demonstrated departure from earlier Hindu attempts to "purify" spaces instead of granting equality.

### **How did Mahad Satyagraha 2.0 deepen the movement?**

1. **Focus on dignity and self-respect:** Ambedkar emphasised gender equality, social inclusion, and recognition of women as Shudras.
2. **Reference to French National Assembly (1789):** Liberty, equality, and fraternity reinterpreted for Indian caste society.

3. **Shift from morality to constitutionalism:** Ambedkar linked personal freedom with civic rights for all castes and genders.
4. **Critique of Hindu scriptures:** Questioned how religious norms prevented equality and modern citizenship.

### **Why is Mahad important for India's constitutional discourse?**

1. **Equality as foundational value:** Mahad linked civic resources to basic human rights, influencing Articles 14-17.
2. **Fraternity as political principle:** Derived from Mahad 2.0's integration of dignity, gender equality, and democratic citizenship.
3. **Rejection of essentialism:** Ambedkar believed nationality required shared values, not inherited caste or religion.
4. **Manuski as alternative ethic:** A moral basis for constitutional democracy founded on human dignity and justice.

### **Conclusion**

The Mahad Satyagrahas stand as a historic bridge between social protest and constitutional philosophy. They brought ideas of liberty, equality, dignity, and fraternity into India's political vocabulary long before independence. Dr. Ambedkar transformed a local struggle over water into a national articulation of human rights, ultimately shaping the moral and legal architecture of the Indian Constitution.

### **UPSC Mains Practice Question**

**Ques :** China's rural revitalisation model reflects a mix of state-led development, community participation and long-term planning. Discuss. **(150 words)**

## New Delhi's relative isolation, India's tryst with terror

**T**he current period might well be viewed, or termed, as India's moment of reckoning. For one, India today – and despite its highly regarded diplomatic skills – increasingly appears more like an 'outlier' than a major player in world affairs. It has been virtually sitting on the sidelines when it comes to issues involving peace and order in different regions of the globe, especially in West Asia and Europe. It is also a virtual onlooker as far as the emerging situation in the Indo-Pacific is concerned. Seldom indeed has India faced a situation of this kind.

If this was not bad enough, the entire South Asian region in which India is situated, appears to be in turmoil at present. Afghanistan and Nepal are among the countries on India's periphery that appear to be most affected, but from the Maldives to Myanmar and further afield, India can hardly count on many friends and allies. This is a frightening scenario given that each day produces a range of new threats, including cyber.

### Hostility from west to east

Currently, India has to contend with two openly hostile powers on its western and eastern flanks – Pakistan and Bangladesh, respectively. In the case of Pakistan, the threat level has been going up steadily, with a growing cacophony of voices being heard in that country to teach India a proper lesson. What is aggravating the situation further is the approval of the 27th Constitutional Amendment Bill by Pakistan's Joint Parliamentary Committee of the Senate and National Assembly, which has altered the precarious balance between civil and military authority in that country.

Also, a recent amendment has introduced the concept of a new 'Chief of Defence Forces', elevating Field Marshal Asim Munir as the nation's military supremo, and the commander-in-chief of all three services, having sole control over Pakistan's nuclear assets. The amendment has invested Field Marshal Munir with absolute authority to deal with enemies (such as India), removing the fig leaf of parliamentary restraint and posing a real threat to India on its western flank. Military dictatorships in Pakistan, as elsewhere, have traditionally proved to be extremely hostile to a democratic India, and the rise and rise of Field Marshal Asim Munir, with unfettered authority, represents a significant and direct threat to a democratic India.

That such concerns are well merited, and that military dictators tend to be short sighted, is well known. Concentration of power encourages strategic adventurism. This, in turn, increases the chances of miscalculation in crises. Also, and in keeping with the general trend among military regimes, there is likely to be a tendency to turn local conflicts into spheres of proxy competition and inter-state confrontation. Hence, prospects of a lasting peace with Pakistan are unlikely. On the other hand, the risk of conflict has enhanced



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significantly. Thus, it would be wise for India not to ignore the possibility of yet another conflict with Pakistan in the near future and be prepared for all eventualities. This may as yet be in the realm of speculation, but the danger must not be ignored.

India's Pakistan problem is compounded by the fact that the interim government in Bangladesh to India's east, is proving unfriendly, if not openly hostile, to it. To add to India's discomfiture, Bangladesh is currently displaying a willingness to establish warmer relations with Pakistan. In a first, a Pakistan navy ship visited Bangladesh after almost a half-a-century and this is expected to help Pakistan re-establish its presence in the Bay of Bengal. This has serious security implications for India.

Hence, a mixture of ideological posturing and military governance on India's western and eastern flanks has raised diplomatic temperatures across the region. It could have serious and adverse consequences, if not properly handled. Extreme vigilance and careful manoeuvring is called for.

### The surfacing of 'urban terror'

Compounding India's problems at this time is the return of 'urban terror' after a gap of several years, though in a different mould, and by a whole new set of indigenous actors. It is only fair to think that in the highly disparate world that we live in, and in the circumstances prevailing today, terror is merely a hand's length away from everyday existence. Yet, till recently, urban terrorism on a significant scale had taken a back seat after the 2008 terror attacks in Mumbai sponsored by Pakistan-based Lashkar-e-Taiba and Jaish-e-Mohammed in collusion with elements of the Pakistan military establishment.

During the past two decades, sporadic terror attacks had been reported in certain urban pockets, but the latest module of urban terror – extending from Jammu and Kashmir to Faridabad and Delhi, and involving medical practitioners and doctors (most of whom had connections to the Al-Falah university, Faridabad, Haryana) reveals a new chapter in India's tryst with terrorism.

The latest terror module, comprising almost only medical practitioners, draws inspiration from, and harps back to the destruction of the Babri Masjid in Ayodhya (in 1992). It fundamentally differs from the terror attacks witnessed in Mumbai (and certain other pockets) during 1992-1993 in the wake of the Babri Masjid demolition, which were mainly carried out by 'lumpen' elements.

That more than three decades after the destruction of the Babri Masjid, terror still finds supporters and that too among the educated elite. That is it more so among groups, such as doctors, is highly disturbing. It reveals that religious terrorism is not only alive but still active.

Also, its newest disciples represent some of the best and brightest elements of a community. This

is a quantitative and qualitative leap as far as the annals of terror are concerned.

Details of the terror module, which extends from Srinagar to Faridabad to Delhi, have been widely aired. But what should cause more serious and deep concern is that they could accumulate nearly 3,000 kilograms of explosive material and also safely hide it in two houses. Further, it is alarming that a car laden with explosives could escape the police dragnet around India's capital city, Delhi, and trigger an explosion in the vicinity of Red Fort in the heart of Delhi. This reveals either extremely careful planning at one level, or total ineptness on the part of the authorities, on another. Worse still, while the 1993 terror explosions were carried out by 'lumpen elements' and the 2008 Mumbai attacks were directly sponsored by Pakistan, the latest incidents were of an entirely different character.

These were organised by a group of medical professionals, some of whom were perhaps not even born when the destruction of the Babri Masjid took place, revealing a major fault line in India's multi-cultural, multi-religious society. Far more than the details of the terror module that are being revealed through painstaking investigation, it is this aspect, and the aspect of revenge, which has been the catalyst for some of the best and brightest in a community, which should be seen as a blot on India's civilisational journey and progress.

The moot point is whether the latest incident represents mere disenchantment and anger against the nation state, or something more fundamental. It has been India's belief, and as claimed by the Union Home Minister in Parliament, that no local had joined a terrorist group in Jammu and Kashmir in recent times.

This myth has been exploded. Investigations have revealed that this is an entirely local terrorist module, which had been using encrypted channels for indoctrination, coordination, fund movements and logistics. Another aspect is that funds were being raised by professional and academic networks under the guise of social/charitable causes. There are other reports that the groups were in touch with elements in Pakistan. The links of the group also seem to extend beyond Pakistan to the United Arab Emirates, Saudi Arabia and Türkiye.

### The need for vigil

Given the new perilous external dimension to India's security, a hostile Pakistan and Bangladesh on its western and eastern borders, and the fact that much of West and South Asia are in turmoil, India needs to be careful that the situation does not lead to the fostering of religious fascism on a more extended scale. Given India's tolerance and acceptance of disparate religious beliefs, this may seem unlikely. But eternal vigilance (or diligence) is the price that needs to be paid to ensure that the situation does not deteriorate further, necessitating cause for alarm.

The country is having to deal with being an onlooker in world affairs, and also the fault lines in its multi-cultural, multi-religious society

## GS-2 : Governance

**UPSC Mains Practice Question :** Indian cities are increasingly becoming vulnerable to climate extremes, and traditional urban planning metrics are failing to capture this new reality. In this context, discuss the challenges posed by climate change to India's urban centres and suggest a resilient urban planning framework. (250 words)

**Context :**

The recent revocation of the government's mandate to pre-install the 'Sanchar Saathi' app highlights the growing tension between state power, surveillance, and citizen rights. While intended to enhance safety and combat cybercrime, the proposal raised concerns about consent, unlimited data storage, and privacy violations. This episode underscores the urgent need for digital constitutionalism—the application of constitutional principles like liberty, dignity, equality, accountability, and rule of law in the digital space.

**What is Digital Constitutionalism?**

Digital constitutionalism extends traditional democratic safeguards into the digital realm, addressing the challenges posed by data collection, artificial intelligence (AI), surveillance, and automated governance. As everyday life—from banking and healthcare to welfare distribution and political expression—is increasingly mediated by digital systems, citizens risk becoming passive data subjects rather than active rights holders. Unchecked digital power can undermine democratic principles, promote self-censorship, and erode freedoms.

**Challenges in India****1. Surveillance and Datafication**

- Technologies like metadata tracking, biometric identification, predictive analytics, and facial recognition enable invisible, constant surveillance.
- These systems, while framed as crime-prevention tools, often discriminate against minorities, women, and marginalised groups, creating disproportionate impacts.

**2. Algorithmic Governance**

- Automated systems, or "black boxes," determine welfare, jobs, loans, and online content moderation without transparency or accountability.
- Errors in algorithms can exclude deserving beneficiaries, silence legitimate speech, and violate principles of equality, reasonableness, and natural justice.

**3. Weak Legal Framework**

- Existing laws, including the IT Act, 2000 and the Digital Personal Data Protection Act, 2023, inadequately protect citizen rights.
- Broad government exemptions, weak oversight, and slow remedies exacerbate the vulnerability of individuals.

**4. Erosion of Consent and Control**

- Consent has become a routine "click-through" process, often lacking genuine autonomy.

- Digital technologies reduce personal control over identity, information, and decision-making.

## **Proposed Pathways for Strengthening Digital Constitutionalism**

### **1. Institutional Oversight**

- Establish an independent Digital Rights Commission to audit algorithms, monitor surveillance, and enforce accountability.

### **2. Limits on Surveillance**

- Restrict government surveillance to situations of necessity and proportionality with judicial warrants and parliamentary scrutiny.

### **3. Transparency and Citizen Rights**

- Mandate public transparency reports, regular bias-testing of AI, and enforce right to explanation and appeal for automated decisions.

### **4. Digital Literacy as Constitutional Empowerment**

- Educate citizens to understand, critique, and challenge digital governance structures.

### **5. Data Protection Principles**

- Emphasise purpose limitation, minimal data collection, and strict punishment for misuse.

## **Significance**

Digital technologies increasingly determine service delivery, political participation, and identity recognition. Without constitutional safeguards, efficiency may come at the cost of fundamental freedoms. Digital constitutionalism ensures that technology remains a servant of the people, rather than a silent authoritarian master. It is essential for safeguarding democracy in the algorithmic era.

## **Conclusion**

The Sanchar Saathi episode is a wake-up call for India to integrate constitutional values into digital governance. Freedom, equality, dignity, and privacy cannot be sacrificed for administrative convenience or technological efficiency. Strengthening institutional oversight, ensuring transparency, and empowering citizens are crucial steps to defend democracy and human rights in the digital age. Digital constitutionalism is not merely legal reform; it is the defence of democratic ethos in an era increasingly dominated by algorithms.

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