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U.S. doing a trade deal with India: Trump

- At the APEC CEO summit in South Korea, President Trump says he has a great relationship with Modi
- Trump reiterates claim that he used trade ties to resolve the India-Pakistan conflict in May
- Trump says the leaders of India and Pakistan called him after two days and stopped fighting

Press Trust of India
TOKYO/SEOUL

U.S. President Donald Trump on Wednesday said Washington is "doing a trade deal with India", and emphasised that he has "a great relationship" with Prime Minister Narendra Modi, as both sides continue negotiations on a proposed pact.

"If you look at India and Pakistan... so, I'm doing a trade deal with India and I have great respect and love, as you know, for Prime Minister Modi. We have a great relationship," Mr. Trump said at the APEC (Asia-Pacific Economic Cooperation) CEO Summit in Gyeongju, South Korea.

"Prime Minister Modi is the nicest looking guy... he's tough as hell," Mr. Trump added. He landed in South Korea on Wednesday morning from Japan as part of a three-nation tour of Asia.

Mr. Trump, who did not elaborate on trade talks, reiterated his claim that he used trade to resolve the war between India and Pakistan in May. "I called Prime Minister Modi. I said, we can't make a trade deal with you... (He said) No, no, we must make a trade... I said, No, we can't. You are starting a war with Pakistan. We're not going to do it," Mr. Trump said.

He also praised Pakistan's Army chief Field Marshal Asim Munir, calling him "a great fighter" and "a great guy." "Then I called Pakistan. I said, we're not going to do trade with you because you're fighting with India and you know, two nuclear nations. And they said, no, no, no, you should let us fight. They both said that," he added.

Mr. Trump claimed that the leaders of both India and Pakistan called him after two days and stopped fighting. "After literally two days, they called up, they said, we understand, and they stopped fighting. How is that? Isn't that amazing? Now, you think [Joe] Biden would have done that?" Mr. Trump said.

If you look at India and Pakistan... I'm doing a trade deal with India and I have great respect and love, as you know, for Prime Minister Modi. We have a great relationship

DONALD TRUMP
U.S. President

Talks with EU have gone past halfway mark: Goyal

T.C.A. Sharad Raghavan
NEW DELHI

Negotiations between India and the EU on a free trade agreement have crossed the halfway mark, with 10 out of 20 chapters finalised, and several other chapters nearing completion, Union Minister Piyush Goyal said on Wednesday.

FULL REPORT
» PAGE 4

The previous day, in Tokyo, Mr. Trump said he brought the war to an end in 24 hours. "Seven planes were shot down, seven brand new, beautiful planes were shot down, and they were going at it... two big nuclear powers," he said at a reception and dinner with business leaders in the Japanese capital.

He added that he told Mr. Modi and Gen. Munir, 'Look, we're not going to do any trade if you're going to be fighting.'"

"(They said) one thing has nothing to do with the other. I said this, it has a lot to do with the other ...two nuclear powers...we get that nuclear dust all over the place. All of you are affected, right? And we said, No, we're not doing any deals if you're going to fight. And within about 24 hours, that was the end of that. It was amazing, actually," the U.S. President said.

'Under strain'

The U.S. President's comment came at a time when the relations between New Delhi and Washington have been reeling under severe strain after Mr. Trump imposed 50% tariffs on India, including an additional 25% levies for its procurement of Russian crude oil.

RELATED REPORT
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English Summary:
At the **APEC CEO Summit in South Korea**, U.S. President **Donald Trump** announced that Washington is "**doing a trade deal with India**," emphasizing his strong relationship with **Prime Minister Narendra Modi**.
Mr. Trump highlighted ongoing **negotiations for a bilateral trade agreement** and praised India as an important economic partner in the Indo-Pacific region. The statement comes amid ongoing tariff disputes and strained India-U.S. trade relations following **U.S. tariff hikes on Indian imports and crude oil**.

Key Highlights:
1. Bilateral Trade Negotiations
- The U.S. and India are negotiating a **comprehensive trade pact** focusing on market access, tariff reduction, and energy cooperation.
- Mr. Trump stated, "We're doing a trade deal with India, and I have great respect and love for Prime Minister Modi."
- The U.S. is looking to expand its market access in **agriculture, technology, and defense**, while India seeks tariff relaxations on **steel, aluminum, and IT exports**.

2. Trump's Remarks on India-Pakistan
- Mr. Trump claimed that trade diplomacy played a role in diffusing **India-Pakistan tensions** in May 2025, asserting that both sides stopped hostilities following his intervention.
- He said he refused to pursue trade with Pakistan until it ended its conflict with India.
- The statement highlighted Washington's continued strategic tilt toward **New Delhi** in South Asian geopolitics.

3. Current Trade Context
- India-U.S. relations have been **under strain** since the U.S. imposed **50% tariffs** on Indian goods and an additional **25% on crude oil imports**.
- Despite tensions, bilateral trade remains strong — crossing **$190 billion in 2024**, making the U.S. India's **largest trading partner**.
- The U.S. is also India's top destination for **IT services, pharmaceuticals, and diamonds**, while India imports **crude oil, defense technology, and aircraft parts** from the U.S.

Strategic Significance:
- The trade deal could mark a **reset in India-U.S. economic relations**, creating new cooperation avenues in **defense, energy, and digital technology**.
- Strengthening this partnership aligns with the **Indo-Pacific Economic Framework (IPEF)** and the

Quad strategic alliance.

- The move also aims to **counterbalance China's trade influence** in the region, especially after Beijing's upgraded deal with ASEAN.

Hindi Summary (हिंदी सारांश):

अमेरिकी राष्ट्रपति **डोनाल्ड ट्रंप** ने **दक्षिण कोरिया में APEC CEO सम्मेलन** के दौरान घोषणा की कि अमेरिका **भारत के साथ व्यापार समझौता (Trade Deal)** कर रहा है।

उन्होंने कहा कि उनका प्रधानमंत्री **नरेंद्र मोदी** के साथ "**बहुत अच्छा संबंध**" है।

मुख्य बिंदु:

- दोनों देशों के बीच व्यापक व्यापार समझौते पर बातचीत जारी है, जिसमें **टैरिफ में कटौती, ऊर्जा सहयोग, और बाजार पहुंच** पर फोकस है।
- ट्रंप ने कहा कि उन्होंने **भारत-पाकिस्तान के बीच तनाव कम करने** में भी व्यापारिक माध्यमों का उपयोग किया।
- अमेरिका ने भारत पर **50% आयात शुल्क** और **कच्चे तेल पर 25% अतिरिक्त शुल्क** लगाया है, जिससे रिश्ते तनावपूर्ण हैं।
- इसके बावजूद, **भारत-अमेरिका व्यापार 2024 में 190 अरब डॉलर** तक पहुंच गया।

Exam Relevance Table:

Topic	**Paper**	**Relevance**
India-U.S. Trade Relations	GS Paper 2	Bilateral Relations
U.S. Tariff Policy & Economic Diplomacy	GS Paper 3	International Trade
Indo-Pacific Strategic Framework	GS Paper 2	Geopolitics
Impact on India's Export Competitiveness	GS Paper 3	Economy

UPSC Mains Practice Question:

"The trajectory of India-U.S. trade relations has oscillated between cooperation and contention. Examine the opportunities and challenges in realizing a comprehensive trade partnership."
(250 words – GS Paper 2)

Cyclone Montha leaves two dead, flattens crops in Andhra Pradesh

Troubled waters: People fishing near Ongole, on Wednesday, in a water body swollen by the heavy rain. KOMMURI SRINIVAS

The Hindu Bureau
VIJAYAWADA

Severe cyclonic storm Montha left a trail of destruction in Andhra Pradesh, leaving two persons dead and inundating agricultural crops across 87,000 hectares. It also damaged roads, bridges and culverts, and uprooted trees, officials said after a preliminary assessment.

The severe cyclonic storm crossed the Andhra Pradesh and Yanam coasts between 11.30 p.m. on Tuesday and 12.30 a.m. on Wednesday, close to Narsapuram in Andhra Pradesh, the India Meteorological Department said. Wind speeds touched 90 kmph near the Machilipatnam coast as the storm crossed the coast.

It gradually weakened into a cyclonic storm by 2.30 a.m. and then into a deep depression by 8.30 a.m. on Wednesday, it added.

At 5.30 p.m., the deep depression over north Andhra Pradesh, south Odisha, south Chhattisgarh and northeast Telangana weakened into a depression over south Chhattisgarh. It is likely to move northwards and weaken into a well-marked low-pressure area during the next 12 hours, the bulletin at 8.30 p.m. said.

According to a preliminary assessment, crops were damaged on 87,000 hectares across 304 mandals and 1,825 villages. Over 59,000 hectares of paddy, cotton, maize, and black gram fields were submerged, resulting in severe losses to 78,796 farmers.

Several roads, 14 bridges, and multiple culverts were damaged. About 2,294 km of roads were affected, with losses estimated at ₹1,424 crore. The Rural Water Supply department sustained losses of ₹36 crore, while irrigation works worth ₹16.45 crore were affected.

The Narsapuram coast, where the landfall happened, saw no major damage.

At the Kumbabhishekam fish landing point near Kakinada Deepsea port, Gaddepalli Sairam, a fisherman hailing from Dummulapeta, is feared to have drowned in the sea. The NDRF personnel have intensified the search in the sea.

Two districts, SPSR Nellore and Prakasam, received extremely heavy rainfall. In total, 27 stations in the State, most of them in Prakasam, SPSR Nellore, and Bapatla, recorded 10 cm and more during the 24-hour period ending at 8.30 a.m. on Wednesday.

CM reviews measures

Chief Minister N. Chandrababu Naidu took stock of the cyclone impact at Odalarevu in Allavaram mandal of Dr. B.R. Ambedkar Konaseema district, Bapatla and Machilipatnam during an aerial survey. Pointing out that Prakasam and Nellore districts bore the brunt of heavy rains, he said damage to crops and assets has been reported in every coastal district. The loss is being enumerated.

Mr. Naidu said the fisherfolk who failed to undertake fishing activities and handloom weavers would be given 50 kg of rice, apart from essential commodities. They will also be paid ₹3,000 per family. The other affected people will get 25 kg of rice. Pointing out that more than 1.8 lakh people were evacuated to 2,200 relief camps to minimise loss of life, the Chief Minister said: "Our strategy of evacuating people from the vulnerable areas helped minimise loss of life and property. Past experiences of dealing with natural calamities and technology helped us design a robust preparedness plan".

English Summary:
The **Severe Cyclonic Storm Montha** made landfall along the **Andhra Pradesh coast near Machilipatnam** late Tuesday night, leaving **two dead**, destroying crops over **87,000 hectares**, and causing widespread infrastructural damage. The storm also affected **roads, bridges, culverts, and power supply**, particularly in **Prakasam and Nellore districts**.
The India Meteorological Department (IMD) reported wind speeds touching **90 kmph**, with torrential rainfall causing **flash floods and inundation** across low-lying areas.
The system weakened into a **deep depression** over **north Andhra Pradesh, Odisha, Chhattisgarh, and Telangana** by Wednesday evening but continued to trigger heavy rainfall across 27 stations.

Key Highlights:
1. Impact Overview
- **Human Toll:** 2 deaths reported, several missing fishermen feared drowned near Kakinada Deepsea Port.
- **Agriculture:**
    - Crops affected: Paddy, cotton, maize, and black gram fields.
    - **87,000 hectares** across **304 mandals** and **1,825 villages** submerged.
    - **Losses to 78,796 farmers** estimated.
- **Infrastructure Damage:**
    - 14 bridges and multiple culverts damaged.
    - **2,294 km of roads** washed away.
    - Power and water supply disrupted; repair works underway.

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2. Government Response
- **Rescue & Relief:**
    - **1.8 lakh people evacuated**; 2,200 **relief camps** set up.
    - Each family to receive ₹3,000, essential food kits, and 50 kg of rice.
- **CM's Directions:**
    - Chief Minister **N. Chandrababu Naidu** ordered aerial surveys and rapid damage assessment.
    - Directed authorities to prioritize **fishermen's safety and compensation**.
- **NDRF Action:**
    - Teams deployed for search operations and emergency relief in **Prakasam, Nellore, and East Godavari**.

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3. Meteorological Updates
- IMD classified Montha as a **Severe Cyclonic Storm** that **weakened into a deep depression** by Wednesday night.
- Expected to move **northwards**, bringing **heavy to very heavy rainfall** over Odisha and Chhattisgarh.
- Sea conditions remain **rough**, prompting advisories for fishermen to avoid venturing into the sea.

Geographical Context (For UPSC):
- **Formation Zone:** Bay of Bengal — a hotspot for post-monsoon cyclones.
- **Type:** Severe Cyclonic Storm (SCS).
- **Montha's Pattern:** Typical post-monsoon system with **rapid intensification due to high SST (Sea Surface Temperature)** and **moisture convergence**.
- **Similar Past Cyclones:** Hudhud (2014), Titli (2018), Michaung (2023).

Administrative Lessons & Mitigation Strategies:
1. **Disaster Preparedness:**
    - Pre-emptive evacuation saved thousands of lives.
    - Demonstrates the importance of **IMD's early warning systems**.
2. **Agricultural Resilience:**

    - Highlights the need for **climate-resilient cropping patterns** and **crop insurance coverage expansion** under PM Fasal Bima Yojana.
3. **Infrastructure Adaptation:**
    - Strengthen coastal embankments and **drainage systems**.
    - Build cyclone-resilient rural roads and irrigation channels.

Hindi Summary (हिंदी सारांश):

चक्रवाती तूफान "मोंथा" ने **आंध्र प्रदेश** में तबाही मचा दी —
दो लोगों की मौत, **87,000 हेक्टेयर फसलों** का नुकसान, और सैकड़ों पुल, सड़कें तथा पेड़ उखड़ गए।

- तूफान ने मंगलवार रात **मचिलीपट्टनम** के पास लैंडफॉल किया।
- अधिकतम गति **90 किमी/घंटा** रही।
- **78,000 से अधिक किसान प्रभावित**, खासकर **प्रकाशम और नेल्लोर जिलों** में।
- **1.8 लाख लोगों को सुरक्षित निकाला गया**, 2,200 राहत शिविर स्थापित किए गए।
- मुख्यमंत्री **एन. चंद्रबाबू नायडू** ने हवाई सर्वेक्षण कर राहत कार्यों की निगरानी की।
- **NDRF टीमें** समुद्री तटों पर बचाव कार्यों में लगी हैं।

Exam Relevance Table:

Topic	**Paper**	**Relevance**
Cyclone Montha – Disaster Impact	GS Paper 1	Geography & Natural Disasters
Disaster Management Measures	GS Paper 3	Preparedness & Response
Agriculture Loss & Resilience	GS Paper 3	Economy & Climate Adaptation
Early Warning System	GS Paper 3	Technology in Disaster Management

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UPSC Mains Practice Question:

"Post-monsoon cyclones over the Bay of Bengal are becoming more frequent and intense due to rising sea surface temperatures. Discuss in the context of Cyclone Montha."
(250 words – GS Paper 1 / 3)

Marine venture: Apart from Chennai, the company will also add Visakhapatnam and Goa as home ports. FILE PHOTO

Chennai to become cruise hub as firm plans expansion

The Hindu Bureau
MUMBAI

Chennai is all set to become a cruise hub as more ships will connect various destinations in the next few years, Jurgen Bailom, president and CEO, Mumbai-based Waterways Leisure Tourism Limited, said on Wednesday.

Speaking to the media on the sidelines of the India Maritime Week 2025, he said, Waterways Leisure Tourism Limited, which operates Cordelia Cruises, will make Chennai its home port (from where the ship departs, makes a voyage and returns).

"We are going to be staying all year around in Chennai... We will add more ships in the next 3-5 years," he said. Each ship can accommodate 2,500 passengers.

From Chennai, there is one ship of Cordelia Cruises that makes trips for four months a year.

"In the next five years, we will handle 1.5 to 2 million passengers a year. Chennai will become the gateway to Malaysia, Thailand, Andaman, Puri, Kolkata, Puducherry and Sri Lanka," he added.

"At present, we are home porting in Mumbai. [Apart from Chennai], we will add Visakhapatnam and Goa as home ports," he said.

Tamil Nadu's Minister for Public Works, Highways and Minor Ports E.V. Velu said the State has become a key hub for export-import trade, seafood processing, shipbuilding and repair, recycling industries, and maritime tourism and international cruise passenger transport.

"Tamil Nadu will continue to be a key partner and a model state in India's grand mission to transform the nation into a global maritime hub," he said.

Sunil Paliwal, Chairman, Indian Ports Association, Chennai Port Authority, and Kamarajar Port Limited, invited investors to Tamil Nadu.

"It is the only State that has three major ports: Kamarajar Port, Chennai Port and V.O. Chidambaranar Port," he said.

English Summary:
Chennai is set to emerge as a **major cruise tourism hub** in India as **Waterways Leisure Tourism Limited (operator of Cordelia Cruises)** announced an ambitious expansion plan during **India Maritime Week 2025**.
The firm plans to **make Chennai a home port**, adding **Visakhapatnam and Goa** as additional ports, and aims to connect destinations such as **Malaysia, Thailand, Andaman, Sri Lanka, Puducherry, and Kolkata** over the next few years.

Key Highlights:
1. Cruise Expansion Plan
- Cordelia Cruises will **station ships in Chennai year-round** beginning 2025.
- Each ship will carry **2,500 passengers**, with routes linking **domestic and international ports**.
- The company projects **1.5–2 million cruise passengers annually within five years**.

2. Maritime Growth & Economic Impact
- The initiative aligns with India's **Vision 2047 for Blue Economy** and the **Sagarmala Programme**, boosting port-led development and coastal tourism.
- Expected to create employment in sectors like **ship maintenance, food supply chains, port logistics, and hospitality**.
- Promotes **multi-port connectivity** — Kamarajar Port (Ennore), Chennai Port, and V.O. Chidambaranar Port (Thoothukudi) — enhancing Tamil Nadu's maritime network.

3. Government & Industry Collaboration
- **Tamil Nadu's Minister for Ports, E.V. Velu**, emphasized that the state is becoming a key partner in India's maritime growth, focusing on:
  - **Shipbuilding & Repair**
  - **Seafood Processing**
  - **Recycling Industries**
  - **Cruise Tourism**
- **Sunil Paliwal**, Chairman of the **Indian Ports Association**, invited investors to participate in Tamil Nadu's **cruise and port infrastructure expansion**.

Strategic Importance:
- Positions **Tamil Nadu as a maritime hub** on India's east coast.
- Boosts India's participation in the **Indian Ocean cruise network**.
- Enhances **coastal tourism, foreign exchange earnings**, and **regional employment generation**.
- Supports India's **Gati Shakti Master Plan** for integrated logistics and transport corridors.

Hindi Summary (हिंदी सारांश):
चेन्नई अब भारत का नया **क्रूज़ टूरिज्म हब** बनने जा रहा है।
वॉटरवेज़ लीजर टूरिज्म लिमिटेड (कोर्डेलिया क्रूज़) ने घोषणा की कि चेन्नई को अब "होम पोर्ट" बनाया जाएगा।
मुख्य बिंदु:
- चेन्नई से कोर्डेलिया क्रूज़ अब सालभर परिचालन करेगी।
- प्रत्येक जहाज में **2,500 यात्री** की क्षमता होगी।
- अगले **3–5 वर्षों में 1.5–2 मिलियन यात्री** प्रतिवर्ष यात्रा करेंगे।
- नए रूट: **मलेशिया, थाईलैंड, श्रीलंका, पुडुचेरी, कोलकाता, अंडमान।**
- तमिलनाडु सरकार **शिपबिल्डिंग, फिश प्रोसेसिंग, और मरीन टूरिज्म** को बढ़ावा दे रही है।

Exam Relevance Table:

Topic	Paper	Relevance
Cruise Tourism Expansion	GS Paper 3	Infrastructure Development
Sagarmala & Blue Economy	GS Paper 3	Economic Growth
Coastal & Port Policy	GS Paper 2	Governance & Maritime Policy
Tamil Nadu's Maritime Development	GS Paper 1/3	Regional Development

UPSC Mains Practice Question:
"Discuss the role of coastal tourism and cruise infrastructure in boosting India's maritime economy. How does Tamil Nadu's emergence as a cruise hub fit into this vision?"
(250 words – GS Paper 3)

IT industry a major contributor to carbon footprint, report finds

The Hindu Bureau
BENGALURU

Enforcing sustainable travel policies such as flying economy, choosing non-stop flights, trains or buses, and capping frequent flyer trips are among the recommendations made to IT companies in a report on the "Urgency and Potential of Aviation Impact Mitigation In India."

cBalance.in, a knowledge-centric solutions hub specialising in tool building and strategy development to support the management and mitigation of the impact of climate crisis which prepared the report, said that the Indian IT industry is a major contributor to business-driven air travel.

"Over a 1,000 km journey, an air traveller emits 285 kg of CO_2 per kilometre, while a railway passenger in even an air conditioned executive-class compartment emits 30 kg and in a comfortable AC bus the same passenger emits 70 kg. Clearly, air travel, irrespective of its efficiency benefits, is the most climate-polluting way to travel," it said.

English Summary:
A new report titled **"Urgency and Potential of Aviation Impact Mitigation in India"** highlights that India's **IT industry** has emerged as a **significant contributor to carbon emissions**, primarily due to **frequent business-related air travel**.
The report, prepared by **cBalance.in**, a sustainability and climate consultancy, urges IT firms to **adopt sustainable travel practices** such as:

- Opting for **economy class flights** instead of business class.
- Preferring **non-stop flights, trains, or buses** over connecting air routes.
- **Capping frequent flyer miles** to discourage excessive corporate travel.

Key Findings:

1. Aviation's Carbon Impact

- Air travel is identified as one of the **most carbon-intensive modes of transport**.
- For a **1,000 km journey**:
    - **Air travel** emits **285 kg CO_2 per passenger**.
    - **Rail travel (AC executive)** emits **30 kg CO_2.**
    - **AC bus** emits **70 kg CO_2**.
- The report notes that while aviation is less time-consuming, its **climate impact is disproportionately high**.

2. IT Industry's Role

- The **Indian IT sector**—with large volumes of international business travel for client engagement—contributes heavily to **corporate air travel emissions**.
- Frequent intercity and international flights by IT professionals account for a significant share of **Scope 3 emissions** (indirect emissions linked to operations).

3. Recommendations

- Implement **sustainable travel policies** within companies.
- Encourage **virtual meetings** and **remote collaboration** to replace unnecessary flights.
- Adopt **carbon offset programmes** and integrate travel sustainability into **ESG (Environmental, Social, Governance)** reporting frameworks.

Context & Relevance:

- The findings align with **India's Net Zero by 2070 commitment** under the **Paris Agreement**.
- The aviation sector, though small in passenger volume, contributes **significantly to India's transport emissions** due to high energy intensity.
- IT companies can lead by example, embedding **low-carbon operational policies** into corporate travel management systems.

Hindi Summary (हिंदी सारांश):

एक नई रिपोर्ट **"Urgency and Potential of Aviation Impact Mitigation in India"** के अनुसार, भारत का **आईटी क्षेत्र (IT Industry)** कार्बन उत्सर्जन का एक बड़ा स्रोत बन गया है — विशेष रूप से **व्यावसायिक हवाई यात्रा** के कारण।

मुख्य बिंदु:

- 1,000 किमी की यात्रा में:
    - **वायु यात्रा** से 285 किग्रा CO_2 उत्सर्जन,
    - **रेल यात्रा** से 30 किग्रा,
    - **एसी बस** से 70 किग्रा CO_2 उत्सर्जन होता है।
- रिपोर्ट में सुझाव दिया गया है कि कंपनियां:
    - **ऑनलाइन मीटिंग्स और वीडियो कॉन्फ्रेंसिंग** को प्राथमिकता दें।
    - **ट्रेन और बस यात्रा** को बढ़ावा दें।
    - **सस्टेनेबल ट्रैवल नीतियां** अपनाएं और **कार्बन ऑफसेट प्रोग्राम्स** लागू करें।

Exam Relevance Table:

Topic	**Paper**	**Relevance**
Carbon Footprint of IT Sector	GS Paper 3	Climate Change Mitigation
Aviation Emissions	GS Paper 3	Sustainable Development
ESG and Corporate Accountability	GS Paper 2/3	Governance & Environment
India's Net Zero Commitment	GS Paper 3	Environment & Policy

UPSC Mains Practice Question:

"Frequent air travel by corporate sectors like IT significantly adds to India's carbon footprint. Evaluate how sustainable corporate policies can mitigate such emissions."

(250 words – GS Paper 3)

India, China hold fresh round of talks on border peace

The Hindu Bureau
NEW DELHI

The Indian and Chinese militaries held a fresh round of high-level talks aimed at maintaining peace and security along the Line of Actual Control (LAC) in eastern Ladakh.

It was the first such interaction between the two militaries after the Special Representatives' talks in August between National Security Adviser Ajit Doval and Chinese Foreign Minister Wang Yi.

According to the Ministry of External Affairs (MEA), the 23rd round of India-China Corps Commander-level meeting was held on October 25 at the Chushul-Moldo border meeting point.

This was the first meeting of the General Level Mechanism in the Western Sector since the 24th round of Special Representatives' talks held on August 19. The discussions, the Ministry said, were held in a "friendly and cordial atmosphere".

The Ministry added that both sides had reviewed the progress since the 22nd round of Corps Commander-level Meeting held in October 2024 and shared the view that peace and tranquillity have been maintained in the border areas. The two sides agreed to continue using existing mechanisms to resolve any issues on the ground and to maintain stability along the LAC.

It was the first such interaction between the two militaries after the Special Representatives' talks in August

The Chinese Ministry of National Defence also confirmed the talks, stating that "the two sides engaged in active and in-depth communication on the management of the western section of the China-India border".

The latest round of talks comes amid ongoing efforts by both nations to sustain dialogue and prevent incidents along the contested frontier, where disengagement efforts have been under way since 2020.

English Summary:
India and China conducted a **fresh round of high-level military talks** at the **Chushul-Moldo border meeting point** in eastern Ladakh to maintain peace and stability along the **Line of Actual Control (LAC)**.
This marked the **first military-level interaction** between the two sides after the **Special Representatives' dialogue** in August 2025 between **National Security Adviser Ajit Doval** and **Chinese Foreign Minister Wang Yi**.
According to the **Ministry of External Affairs (MEA)**, the **23rd round of Corps Commander-level meeting** took place on **October 25**, where both nations **reviewed the situation along the LAC**, especially in the **Western Sector**.

Key Highlights:
1. Nature of the Talks
- Discussions were held in a **"friendly and cordial atmosphere."**
- Both sides shared the view that **peace and tranquillity have largely been maintained** along the LAC since the last Corps Commander-level talks in 2024.
- The talks focused on **enhancing mutual trust**, **avoiding escalation**, and **resolving remaining friction points** through existing mechanisms.

2. Agreements and Outcomes
- Reaffirmation of commitment to:
    - Maintain **communication at military and diplomatic levels**.
    - Continue to **use existing border mechanisms** for crisis management.
    - Uphold stability and avoid unilateral attempts to alter the status quo.
- **No new breakthrough** was announced, but the emphasis remained on **confidence-building and dialogue continuity**.

3. Chinese Statement
- China's Ministry of National Defence acknowledged the talks, saying both sides engaged in **"active and in-depth communication on managing the western section of the China-India border."**
- The statement reflected cautious optimism, consistent with previous diplomatic language following border negotiations.

Background Context:
- The **India-China border dispute** extends across three sectors — **Western (Ladakh)**, **Middle (Uttarakhand–Himachal)**, and **Eastern (Arunachal Pradesh)**.
- **Tensions escalated** after the **Galwan Valley clash (June 2020)**, leading to casualties on both sides and a prolonged military standoff.
- Since then, over **20 rounds of Corps Commander-level meetings** have been held to facilitate **disengagement and de-escalation**, particularly at **Hot Springs, Gogra, and Pangong Tso**.

Strategic Significance:
- These talks represent **continued engagement despite strategic distrust**.
- They signal both sides' intent to **avoid escalation**, particularly in the run-up to international summits like **BRICS and SCO**.
- Peace along the LAC remains **vital for India's national security**, as prolonged deployment imposes heavy financial and logistical strain.

Hindi Summary (हिंदी सारांश):
भारत और चीन के बीच **सीमा पर शांति बनाए रखने** के लिए **नई दौर की वार्ता** आयोजित की गई।
यह बैठक **पूर्वी लद्दाख में चुशुल-मोल्दो सीमा बिंदु** पर हुई।
- यह **23वां कॉर्प्स कमांडर-स्तरीय संवाद** था।
- बैठक में दोनों पक्षों ने **LAC पर शांति और स्थिरता बनाए रखने** पर सहमति जताई।
- वार्ता **मित्रतापूर्ण और सौहार्दपूर्ण माहौल** में हुई।
- दोनों देशों ने यह सुनिश्चित करने का संकल्प दोहराया कि **कोई भी पक्ष एकतरफा स्थिति नहीं बदलेगा।**

- **2020 के गलवान संघर्ष** के बाद यह संवाद प्रक्रिया लगातार जारी है।

Exam Relevance Table:

Topic	**Paper**	**Relevance**
India-China Border Talks	GS Paper 2	Bilateral Relations
Border Management Mechanisms	GS Paper 3	Security Challenges
Confidence-Building Measures	GS Paper 2/3	Diplomacy & Defence
Galwan Standoff & LAC	GS Paper 3	Strategic Geography

UPSC Mains Practice Question:
"Despite multiple rounds of border talks, India-China relations remain fragile due to structural distrust. Discuss how confidence-building mechanisms can strengthen border stability."
(250 words – GS Paper 2)

FTA talks with EU crossed halfway mark: Piyush Goyal

T.C.A. Sharad Raghavan
NEW DELHI

The negotiations between India and the European Union on a free trade agreement have crossed the halfway mark, with 10 out of 20 chapters of the agreement having been finalised, and several other chapters nearing completion, Union Commerce Minister Piyush Goyal said on Wednesday.

"We have made significant progress in the three-day discussion between European Commissioner for Trade and Economic Security Maros Sefcovic and his team and our team on several areas," Mr. Goyal said at a press briefing. "We have agreed to close 10 out of 20 chapters. Another four to five chapters have in principle been broadly decided."

The Minister has returned from a three-nation tour, having visited Geneva for the 16th session of the United Nations Conference on Trade and Development, Berlin for the Berlin Global Dialogues, and Brussels to "further our negotiations with the European Union" for an FTA.

He said that, on an increasing number of issues, the two teams are moving towards convergence. The team from the EU is set to visit New Delhi next week for the next round of negotiations, and Mr. Sefcovic will visit the capital at the end of November or in December, the Minister said.

On whether negotiations on the FTA would be completed by the end of the calendar year, a target set by Prime Minister Narendra Modi and President of the European Commission Ursula von der Leyen in February, Mr. Goyal said that the priority was a "good deal" rather than meeting deadlines.

"We have received guidance from our leaders, but the guidance does not mean we conclude just any deal," he said. "It has to be a good deal."

In a press release, the Ministry of Commerce and Industry had said that issues related to steel, auto, Carbon Border Adjustment Mechanism, and other EU regulations require further discussion "as these issues have higher sensitivities".

English Summary:
Union Commerce Minister **Piyush Goyal** announced that negotiations between **India and the European Union (EU)** for a **Free Trade Agreement (FTA)** have crossed the **halfway mark**, with **10 out of 20 chapters finalised** and several others nearing completion.
The progress follows a **three-day high-level discussion** between **Mr. Goyal** and **European Commissioner for Trade and Economic Security Maros Sefcovic** in **Brussels**, aimed at creating a **balanced and robust trade framework**.

Key Highlights:
1. Negotiation Progress
- 10 chapters are **closed**, and another 4–5 chapters are **broadly agreed upon in principle**.
- The discussions covered trade in goods, services, investment facilitation, and sustainable development.
- Both sides reaffirmed their commitment to a **"good deal over a rushed deal."**

2. Next Steps
- The **EU team** will visit **New Delhi next week** for another round of negotiations.
- **Maros Sefcovic** is expected to visit **India in late November or early December** for continued talks.
- The **target deadline** for completion is **end of the calendar year (2025)**, as agreed by **Prime Minister Narendra Modi** and **European Commission President Ursula von der Leyen**.

3. Trade Issues Under Discussion
- **Key concerns:**
  - Automobile sector and tariffs.
  - EU's **Carbon Border Adjustment Mechanism (CBAM)**.
  - EU digital regulations and **data protection standards**.
  - Market access for **agriculture and pharmaceuticals**.
- Both sides are aiming for **regulatory convergence** to ensure smooth trade flow.

Background Context:
- Negotiations for the **India–EU FTA (also known as BTIA – Broad-based Trade and Investment Agreement)** were launched in **2007**, but stalled in **2013** over disagreements on **tariffs, services, and IP protection**.
- Talks were **revived in 2022** after nearly a decade, driven by global supply chain realignments and India's push for greater integration with Western markets.
- The EU is India's **second-largest trading partner**, accounting for **over 10% of India's total trade**.

Strategic and Economic Significance:
- The FTA will **enhance India's market access** to the 27-member EU bloc.
- It supports India's **"Make in India" and "Export-led Growth"** vision by boosting competitiveness.
- The agreement could also **offset trade imbalances** and **strengthen economic resilience** amid global tariff disputes and CBAM-related challenges.
- For the EU, the deal diversifies trade away from China and integrates with a **growing Asian economy**.

Hindi Summary (हिंदी सारांश):
भारत और यूरोपीय संघ (EU) के बीच **मुक्त व्यापार समझौते (FTA)** की वार्ता आधे रास्ते तक पहुँच चुकी है।
20 अध्यायों में से 10 अध्यायों पर सहमति बन चुकी है, जबकि 4–5 अध्याय लगभग तय हो चुके हैं।
मुख्य बिंदु:
- वार्ता **वस्तुओं, सेवाओं, निवेश और सतत विकास** पर केंद्रित है।
- दोनों पक्षों ने सहमति जताई कि यह **"अच्छा सौदा होना चाहिए, जल्दी नहीं"।**
- प्रमुख मुद्दे:
  - **ऑटोमोबाइल टैरिफ, कार्बन बॉर्डर एडजस्टमेंट मैकेनिज्म (CBAM)**,
  - **डिजिटल नियम**,

- ○ **फार्मास्यूटिकल्स और कृषि व्यापार में बाजार पहुँच।**
- समझौते के बाद भारत को **यूरोपीय बाजारों में बेहतर प्रवेश** मिलेगा।

Exam Relevance Table:

Topic	Paper	Relevance
India–EU FTA Negotiations	GS Paper 2	Bilateral Trade Relations
Carbon Border Adjustment Mechanism (CBAM)	GS Paper 3	Environment & Economy
Global Trade Policy	GS Paper 3	Economic Diplomacy
EU–India Strategic Partnership	GS Paper 2	International Relations

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UPSC Mains Practice Question:
"The India–EU Free Trade Agreement represents both an opportunity and a challenge. Discuss the key areas of contention and their implications for India's trade competitiveness."
(250 words – GS Paper 2)

Developing nations need 12 times more funds to fight climate crisis

Jacob Koshy
NEW DELHI

To adapt to climate change, developing countries will require anywhere from $310-365 billion (at least ₹27 lakh crore) annually by 2035, according to a United Nations analysis. This is nearly 12 times more than the money that currently flows from the developed to the developing world for this purpose.

The analysis, underlining the huge gap between the demand and supply of funds needed to protect developing nations from climate change impacts, appears in *Running on Empty*, an annual report on the shortfall released on Wednesday, ahead of the 30th edition of the UN Framework Convention on Climate Change Conference of Parties (COP-30) to be held in Belem, Brazil next month.

International public adaptation finance flows to developing countries stood at $26 billion (about ₹2.2 lakh crore) in 2023, down from $28 billion the previous year. If these trends continue, a target agreed upon by countries at the COP-26 in Glasgow, to double adaptation finance to $40 billion by 2025 will be "missed", the report added.

Developing countries need more climate finance to move away from power plants dependent on fossil fuels. FILE PHOTO

Disappointing target

Finance is a significant issue in climate negotiations, as developing countries insist that developed countries pay the costs of adaptation (to deal with climate change impacts) and mitigation (to move away from fossil fuels), as well as compensation for losses and damages already occurring. This total bill is collectively called "climate finance".

At COP-29 in Baku, Azerbaijan last year, developing countries, which were demanding nearly $1.3 trillion annually by 2035, were disappointed when the developed world agreed to only $300 billion, called the New Collective Quantified Goal (NCQG) on climate finance.

Tuesday's UN report underlines this criticism. "...it is far too evident that the financial resources needed to enable adaptation action in developing countries at the scale necessary to meet the growing challenges of current and future climate risks is woefully inadequate. It will take nothing less than a global collective effort to increase climate finance to the levels articulated in the Baku to Belém Roadmap to 1.3 trillion," it notes.

The report also raises concerns that whatever money has been made available at present is primarily classified as 'debt.' Although 70% of international public adaptation finance was concessional in 2022-23, it is "worrisome" that debt instruments continue to dominate these overall flows, comprising 58% on average in that financial year, the report said.

English Summary:
A **United Nations report** has found that **developing nations** will require **$310–365 billion annually by 2035** (approx. ₹27 lakh crore) to effectively **adapt to climate change — 12 times more** than the current financial flow from developed nations.
This finding appears in the **UN Framework Convention on Climate Change (UNFCCC)** report titled *"Running on Empty"*, released ahead of the **30th Conference of Parties (COP-30)** scheduled in **Belem, Brazil**.

Key Highlights:
1. Current Adaptation Funding
- Present **international public adaptation finance** stands at **$26 billion in 2023**, slightly below the previous year's **$28 billion**.
- This funding is far below the **$40 billion per year** target agreed upon at **COP-26 (Glasgow)** for 2025.

2. Funding Gap
- Developing nations' adaptation finance **must increase 12-fold** by 2035 to manage both:
  - **Adaptation** (e.g., coping with floods, droughts, cyclones, rising sea levels).
  - **Mitigation** (e.g., reducing emissions, shifting to renewable energy).
- The **current financial assistance** remains **grossly inadequate** to meet these targets.

3. New Global Climate Finance Goal
- The report underscores the urgency of establishing a **New Collective Quantified Goal (NCQG)** on climate finance.
- The **Baku to Belém Roadmap** calls for climate finance to **increase to $1.3 trillion annually**.
- Experts highlight that only a **global collective effort** can bridge the widening funding gap.

4. Concerns Over Climate Debt
- Around **70% of climate finance** extended to developing nations is **in the form of debt**, not grants.
- This increases the **financial burden** on developing countries rather than helping them recover sustainably.
- The report terms this trend "**worrisome**," warning that debt-based aid undermines adaptation efforts.

Context and Background:
- Under the **Paris Agreement (2015)**, developed nations pledged **$100 billion annually by 2020** to support developing nations in climate adaptation and mitigation.
- However, actual disbursements have consistently fallen short.
- Developing countries argue that they are **least responsible for historical emissions** yet suffer **the worst climate impacts** — a classic case of **climate injustice**.

Global Political Context:
- Climate finance is central to debates in global forums like **G20**, **COP**, and **UNGA**.
- India, among other developing nations, has demanded **equitable finance, technology transfer**, and **loss & damage compensation**.
- The **Loss and Damage Fund** established at **COP-27 (Sharm el-Sheikh)** remains underfunded, further widening the gap between commitments and delivery.

Hindi Summary (हिंदी सारांश):
संयुक्त राष्ट्र की नई रिपोर्ट *"Running on Empty"* के अनुसार, **विकासशील देशों को जलवायु परिवर्तन से निपटने के लिए 2035 तक हर साल 310–365 अरब डॉलर (₹27 लाख करोड़)** की आवश्यकता होगी — जो वर्तमान फंड से **12 गुना अधिक** है।
मुख्य बिंदु:
- वर्तमान में केवल **26 अरब डॉलर** जलवायु अनुकूलन हेतु मिल रहे हैं।
- **COP26 (ग्लासगो)** में 2025 तक **40 अरब डॉलर वार्षिक लक्ष्य** तय किया गया था, जो अब "छूटता हुआ" लक्ष्य है।
- रिपोर्ट ने **"New Collective Quantified Goal (NCQG)"** की आवश्यकता बताई।

- **Baku से Belém रोडमैप** के अनुसार, **$1.3 ट्रिलियन वार्षिक फंड** की जरूरत है।
- अब तक मिला **70% वित्त "ऋण" के रूप में** है, जो विकासशील देशों पर बोझ बढ़ा रहा है।

Exam Relevance Table:

Topic	Paper	Relevance
Climate Finance Gap	GS Paper 3	Climate Change & Adaptation
UNFCCC and COP Framework	GS Paper 2	International Environmental Agreements
Climate Justice	GS Paper 2/3	Equity & Global Governance
Sustainable Development Goals	GS Paper 3	SDG 13: Climate Action

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UPSC Mains Practice Question:
"Despite repeated commitments, climate finance flows to developing nations remain grossly inadequate. Discuss the challenges and suggest ways to ensure equitable global climate funding."
(250 words – GS Paper 3)

Uneven growth

Increasing incomes and creating jobs are a must to boost demand

The industrial production data for September is especially useful as it provides insights into longer periods such as the second quarter and the first half of the financial year. The news is not all bad, but there are areas that warrant attention. When looked at on a half-yearly basis, the IIP data for April-September 2025 show that industrial growth was the slowest in at least five years. At just 3%, the half-yearly growth is well below what it should be. However, quarterly growth shows that things are improving – Q2 growth was a more robust 4.1%, compared to 2% in Q1. The bright spot in all of this, at least on the surface, has been the manufacturing sector. In September, it grew by 4.8%, the second highest in this financial year. On a quarterly basis, the July-September 2025 quarter saw the manufacturing sector grow by a relatively strong 4.9%, the fastest quarterly growth it has seen since the quarter-ended December 2023. On a half-yearly basis, too, the sector's growth bounced back to 4.1% in the April-September 2025 half, after having slowed to 3.8% in the first half of the previous year. Activity in the mining sector contracted in September 2025, the second quarter, as well as in the first half of the financial year. While some of this can be attributed to the monsoon this year, this performance is still unusually poor. Strengthening the sector should be a priority to shore up India's energy and strategic mineral security.

The manufacturing sector's apparent strong performance, too, is not something that should be taken at face value. The data show that the growth is not broad-based, and is instead concentrated in some sectors. Of the 23 main manufacturing sub-sectors measured in the IIP, more than half contracted in the July-September 2025 quarter. Of concern is that labour-intensive sectors such as apparels, leather products, rubber products and plastics, all contracted in the September 2025 quarter. The sectors that grew included wood products, mineral products, basic metals and fabricated metal products, many of which are more capital intensive. If this trend persists, it could have negative implications for job creation, and warrants attention. The other troubling aspect of the data is that the consumer non-durables sector has contracted for the last six consecutive quarters. While some of these are essential items such as salt and edible oils, others are items of discretionary spending. Much of this is because of the base effect, but slack demand has been a problem that policymakers have been grappling with for some time. The only real solution lies in increasing incomes and creating jobs.

English Summary:
The **Index of Industrial Production (IIP)** data for **September 2025** reveals a **mixed picture** of India's economic performance. While there are signs of quarterly improvement, **overall industrial growth remains uneven and sluggish** — raising concerns about weak demand and inadequate job creation.

Key Highlights:
1. Growth Overview
- Industrial growth for **April–September 2025** was the **slowest in at least five years**, expanding at just **3%**.
- Quarterly data shows an uptick — **Q2 growth at 4.1%**, compared to **2% in Q1** — but not enough to offset broader concerns.
- The **manufacturing sector** led the growth, expanding **4.8% in September** and **4.9% during Q2 (July–September)** — the fastest quarterly growth since December 2023.

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2. Sectoral Insights
- **Manufacturing**: Grew 4.1% in H1 (April–September 2025), up from 3.8% in the previous year.
- **Mining**: Contracted in September and across the first half of the year — an unusual dip attributed partly to **monsoon disruptions**, but still concerning given its role in **energy and strategic minerals**.
- **Labour-intensive sectors** (apparel, leather, rubber, plastics) all **contracted**, signalling stress in **employment generation**.
- Growth was **concentrated in capital-intensive sectors** — such as wood products, mineral goods, basic metals, and fabricated metals.

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3. Consumer and Demand Trends
- **Consumer non-durables** (items like food, soaps, and household goods) have **contracted for six consecutive quarters**, reflecting **weak discretionary demand**.
- **Essential goods** (salt, edible oils) saw modest growth, but **demand-driven sectors remain under pressure**.
- Policymakers face a persistent challenge of **reviving rural demand** and **stimulating income growth**.

Core Issues Identified:
1. **Jobless Growth:**
   Industrial recovery is led by **capital-intensive sectors**, not labour-intensive ones, limiting job creation.
2. **Weak Domestic Demand:**
   Sluggish wage growth and inflationary pressure have restrained household spending, especially in **rural India**.
3. **Sectoral Imbalance:**
   Concentration of growth in a few sub-sectors masks underlying weakness in **manufacturing diversity** and **consumer sentiment**.

Policy Implications:
- The government must **boost disposable incomes** through **employment generation, rural spending**, and **wage support programs**.
- **Targeted fiscal policies** (e.g., MSME incentives, labour-intensive sector support) can help distribute growth more evenly.
- **Energy security** and **mineral policy reforms** should prioritize mining sector revitalization.
- **Manufacturing diversification** through *Make in India 2.0*, *PLI schemes*, and *Skill India* must be reoriented toward labour absorption.

Hindi Summary (हिंदी सारांश):

सितंबर 2025 के **औद्योगिक उत्पादन सूचकांक (IIP)** के आंकड़े दर्शाते हैं कि भारत की औद्योगिक वृद्धि **असमान और कमजोर** बनी हुई है।
हालांकि **दूसरी तिमाही (Q2)** में कुछ सुधार देखा गया, लेकिन **कुल मिलाकर वृद्धि दर केवल 3%** रही, जो पिछले **5 वर्षों में सबसे धीमी** है।

मुख्य बिंदु:

- **निर्माण क्षेत्र (Manufacturing)** में 4.8% वृद्धि दर्ज की गई — पर यह वृद्धि **कुछ चुनिंदा पूंजी-प्रधान क्षेत्रों** तक सीमित रही।
- **श्रम-प्रधान क्षेत्र** (जैसे परिधान, चमड़ा, रबर, प्लास्टिक) में **संकुचन** देखा गया, जिससे **रोजगार सृजन प्रभावित** हुआ।
- **उपभोक्ता गैर-टिकाऊ वस्तुएं (Consumer Non-durables)** लगातार **6 तिमाहियों से घट रही हैं**, जिससे **मांग में कमजोरी** का संकेत मिलता है।

नीतिगत उपाय:

- आय बढ़ाना और **रोजगार सृजन** को प्राथमिकता देना आवश्यक है।
- सरकार को **MSME**, **ग्रामीण अर्थव्यवस्था**, और **मजदूर वर्ग** पर केंद्रित नीतियां लागू करनी होंगी।
- **माइनिंग और ऊर्जा क्षेत्र** में निवेश और उत्पादन सुधार जरूरी है।

Exam Relevance Table:

Topic	**Paper**	**Relevance**
Industrial Production & IIP	GS Paper 3	Economic Growth Indicators
Employment & Labour Markets	GS Paper 3	Inclusive Growth
Manufacturing Sector Reforms	GS Paper 3	Make in India & PLI
Consumer Demand Slowdown	GS Paper 3	Economic Challenges

UPSC Mains Practice Question:
"India's industrial recovery remains uneven and jobless. Discuss the structural reasons for this imbalance and suggest measures to ensure inclusive and broad-based growth."
(250 words – GS Paper 3)

Federalism and funds

State autonomy cannot be bargaining point for availing central financing

Kerala sprang a surprise last week by signing up for the scheme, Prime Minister Schools for Rising India (PM SHRI), that dovetails the National Education Policy (NEP)-2020, to upgrade and brand 14,500 schools nationwide as model institutions. Kerala, one of the three States to oppose the NEP-2020 (the others being Tamil Nadu and West Bengal), on the contention that it sought to encroach on the subject of school education, which is in the Concurrent List, and infuse it with communal bias and anti-scientific content, was evidently looking to gain central funds. Earlier this year, Tamil Nadu had approached the Supreme Court of India after the Centre withheld funds under the Samagra Shiksha (SS) scheme over the State's refusal to adopt the NEP-PM SHRI framework. Kerala's agreement on adopting the scheme is now in freeze after strife within the ruling Left Democratic Front (LDF) soon after the government signed the PM SHRI Memorandum of Understanding (MoU) with the Centre, without Cabinet approval – an issue deferred twice in Cabinet meetings. The CPI, a key LDF partner, demanded an immediate withdrawal. The CPI(M), which holds the general education portfolio, initially defended the decision, arguing that enrolment in PM SHRI was necessary to avail of federal funds withheld under the SS, which had led to salary arrears for teachers and non-teaching staff. The CPI(M) clarified that Kerala remained opposed to the NEP-2020 and would retain control over its school curriculum. The allies reached a détente on Wednesday – a cabinet subcommittee will scrutinise the MoU. Implementation of PM SHRI will remain suspended until the subcommittee's recommendation. The Centre will be formally informed of this decision.

Kerala has long excelled in school education, achieving near-universal gross enrolment ratio, high retention rates, superior learning outcomes, and modern infrastructure – milestones that render many NEP-2020 targets redundant in the State. For Kerala, PM SHRI amounts to little more than cosmetic rebranding of already high-performing institutions, but the State would be forced to comply with provisions of the NEP-2020 for integration of 'Indian Knowledge Systems', which many reckon is a euphemism for pseudoscience. It is regrettable that the Centre withholds federal funds under the SS to arm-twist States into accepting NEP-2020 or PM SHRI. While Tamil Nadu has pursued legal redress, its case has not received the judicial urgency it warrants. In India's federal polity, the judiciary must robustly defend cooperative federalism whenever it is undermined. As Kerala pauses PM SHRI, it must consider litigation to secure its rightful share of central funds. Federalism and State autonomy cannot be bargaining points in the quest for funds.

English Summary:
Kerala recently **signed up for the Prime Minister Schools for Rising India (PM SHRI)** scheme, which aligns with the **National Education Policy (NEP) 2020** and aims to **upgrade 14,500 schools nationwide** as model institutions.
However, the move triggered **political and constitutional debate** over **federal autonomy and central funding conditionalities**.

Key Highlights:

1. Background

- Kerala, along with **Tamil Nadu** and **West Bengal**, had earlier **opposed NEP 2020**, citing encroachment on the **Concurrent List** subject of education.
- Critics argue NEP-2020 promotes **"communal and unscientific content"** and undermines state control over curriculum.
- Despite this, Kerala signed the **PM SHRI MoU** to access **central funds** under the scheme — a decision that led to **political rifts within the ruling coalition**.

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2. Political Tussle within Kerala

- The **Left Democratic Front (LDF)** government faced internal dissent after the MoU was signed **without Cabinet approval**.
- The **CPI(M)** defended the move, saying it was necessary to **release withheld federal funds** under the **Samagra Shiksha (SS)** scheme — which impacted **teacher and staff salaries**.
- However, the **CPI (a coalition partner)** opposed it, forcing a **cabinet subcommittee** to review the decision.
- Implementation of **PM SHRI** in Kerala is now **temporarily suspended** pending further review.

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3. Centre–State Funding Conflict

- Kerala accused the Centre of using **financial coercion** to make states adopt NEP-2020 or PM SHRI.
- Funds under **Samagra Shiksha (SS)** — meant for general education — were allegedly withheld to pressure states into compliance.
- **Tamil Nadu** has already approached the **Supreme Court**, but its petition remains pending.
- Kerala argues that this undermines **cooperative federalism** and **state autonomy in education policy**.

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4. Performance vs. Policy Pressure

- Kerala already performs well in education:
  - **High enrolment and retention rates**
  - **Quality infrastructure**
  - **Modern pedagogy and learning outcomes**
- Hence, for Kerala, **PM SHRI appears redundant**, serving as a **cosmetic rebranding** of existing state achievements.

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5. Constitutional and Governance Angle

- **Education** is a **Concurrent List subject (List III, Entry 25)** — both Centre and States have legislative power.
- However, the **Centre's conditional funding mechanisms** often tilt the balance of power.
- Experts argue this erodes **fiscal federalism** and transforms cooperation into **compliance-based governance**.
- The judiciary's **slow response** to Tamil Nadu's case highlights the need for **constitutional safeguards** against fiscal overreach.

Analytical Interpretation:
This controversy exemplifies the **tension between fiscal centralization and state autonomy**.
While the **Centre's intention** of national uniformity and quality improvement is legitimate, **making central funding contingent on policy conformity** violates the **spirit of cooperative federalism**.

India’s federal structure thrives on **negotiation, not imposition**. Education reforms must encourage **state innovation and context-specific models**, not enforce **uniform templates** through fiscal pressure.

Hindi Summary (हिंदी सारांश):

केरल ने हाल ही में **प्रधानमंत्री स्कूल्स फॉर राइजिंग इंडिया (PM SHRI)** योजना से जुड़ने का निर्णय लिया, जो **राष्ट्रीय शिक्षा नीति (NEP) 2020** के तहत 14,500 स्कूलों को मॉडल संस्थान के रूप में विकसित करने का लक्ष्य रखती है। हालांकि, इस कदम ने **संघीय ढांचे और राज्यीय स्वायत्तता** को लेकर विवाद खड़ा कर दिया।

मुख्य बिंदु:

- केरल, तमिलनाडु और पश्चिम बंगाल ने NEP-2020 का विरोध किया था।
- आरोप: यह **Concurrent List** में आने वाले शिक्षा क्षेत्र में **केंद्र का हस्तक्षेप** है।
- केरल ने **PM SHRI समझौते** पर हस्ताक्षर कर **केंद्र की निधियों तक पहुंच** बनाने की कोशिश की, जिससे LDF सरकार में **राजनीतिक मतभेद** उभरे।
- **समग्र शिक्षा योजना (SS)** के फंड रोके जाने से शिक्षक वेतन पर असर पड़ा।
- फिलहाल, केरल ने योजना का कार्यान्वयन **स्थगित कर दिया** है।

संवैधानिक दृष्टिकोण:

- शिक्षा **संविधान की समवर्ती सूची** में आती है, परंतु केंद्र की **शर्त आधारित वित्तीय नीतियां** राज्य स्वायत्तता को कमजोर करती हैं।
- विशेषज्ञों के अनुसार, यह **सहकारी संघवाद** के सिद्धांत के विपरीत है।

Exam Relevance Table:

Topic	**Paper**	**Relevance**
Federalism & Fiscal Relations	GS Paper 2	Centre–State Relations
Education Policy & NEP 2020	GS Paper 2	Governance & Welfare Schemes
Cooperative vs. Competitive Federalism	GS Paper 2	Political Dynamics
Role of Judiciary in Federal Disputes	GS Paper 2	Constitutional Framework

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UPSC Mains Practice Question:

“The Centre’s conditional fiscal transfers to states challenge the spirit of cooperative federalism. Discuss in light of recent disputes related to education schemes and NEP 2020.”
(250 words – GS Paper 2)

A decade after Paris accord, an unstoppable transition

Ten years after the adoption of the Paris Agreement at COP21, the planet faces unprecedented challenges. Despite a shared global pledge to limit global warming well below 2°C and keep the 1.5°C target within reach, emissions and temperatures continue to rise at alarming rates. The devastating consequences of climate change are already visible across the globe, including in India, as seen this year in Uttarakhand, Punjab and Jammu and Kashmir.

Yet, the Paris Agreement is delivering. Ten years ago, before the adoption of the Paris Agreement, the world was heading towards global warming of around 4°C-5°C by the end of the century. Through sustained commitment and concrete and collective action, this curve was altered to approximately 2°C-3°C. This remains far above what science deems sustainable, as underscored by the Intergovernmental Panel on Climate Change (IPCC). But it demonstrates that collective action can have an impact on our collective trajectories and that multilateralism can work.

The Paris Agreement delivers because it is fair, just and promotes international solidarity with the countries most affected by the adverse impacts of climate change. It respects national circumstances and provides for differentiated levels of commitment.

Benoit Faraco

is France's Special Envoy for Climate Negotiations and a former Senior Energy and Environment Adviser to the French President

A turning point

Throughout the decade, the Paris Agreement has been a powerful instrument that engaged the world's economy on the path to a low carbon transition. Ten years ago, the most competitive way to produce energy was fossil fuel use. It is no longer the case. Today, everywhere in the world, renewable energies such as wind, solar, hydroelectricity are driving growth and jobs. This marks tremendous progress for energy security and sovereignty.

Ten years ago, electric mobility seemed an elusive dream. Today, thanks to remarkable advances in battery technology and energy storage, electric vehicles represent nearly 20% of global new car sales, heralding the drastic reduction of fossil fuels in transport, bringing also multiple co-benefits such as clean air to our cities. The scale of this transformation is monumental.

The Paris Agreement is an example of climate progress and how multilateralism can work

The impressive example of the solar alliance

The International Solar Alliance (ISA) is a striking example of the commitment by India and France to strong international multilateralism for climate progress.

Conceived at COP21 in Paris and jointly launched by Prime Minister Narendra Modi and then French President François Hollande, the ISA stands as a compelling embodiment of India and France's shared commitment to climate multilateralism. At the COP30 in Belém, France and India shared a joint vision: we needed this kind of alliance to transform the hope of the Paris Agreement into action.

Since its inception, the ISA has grown into a global coalition of more than 120 member and signatory countries, delivering concrete results through capacity building, training programmes and financial mechanisms supporting underfunded energy transitions. It was inspiring to witness first-hand the remarkable achievements of the ISA at its Eighth Assembly that this writer co-chaired on October 28, 2025, with India's Minister of New and Renewable Energy, Pralhad Joshi. The ISA's mission remains vital: to make solar energy accessible to all.

India has a strong commitment to renewable energies, more than half of which will come from solar. India aims to become the largest major economy to develop using a low-carbon pathway, fulfilling the vision of "Viksit Bharat" by 2047 and achieving net-zero carbon emission by 2070. This year, India has demonstrated leadership by achieving 50% of installed electricity capacity from non-fossil sources, five years ahead of the 2030 target.

These efforts must be sustained and expanded across all regions At COP30 in Belém, five priorities must guide the international community.

First, there must be agreement on a way to collectively raise global ambition to accelerate the reduction of carbon emissions. The world's collective efforts are still not sufficient and there is a need to accelerate efforts, for the world's people and its future.

Second, there must be a championing of a just and inclusive transition, placing vulnerable communities at its core. France devotes one-third of its climate finance to adaptation, contributing to the Green Climate Fund, the Loss and Damage Fund, and early warning systems such as CREWS. As co-chair of the Coalition for Disaster Resilient Infrastructure alongside India, France also advocates innovative, predictable climate finance such as global solidarity levies ahead of COP30.

Third, there must be a protection of natural carbon sinks – the world's forests, mangroves and oceans. From the Amazon to the Sundarbans, these ecosystems are the world's best allies in the fight against climate change.

Fourth, there must be an empowerment of non-state actors – local governments, businesses, scientists, philanthropies and citizens – to translate ambition into implementation. The broad engagement that defined COP21 must now deliver tangible results and have a real-world impact that benefits everyone.

Fifth, science must be defended by supporting the IPCC and fighting climate disinformation. Together with Brazil and other countries, France is working to ensure that facts and science, not fear, guide the global transition.

In perspective

The transformation initiated in Paris cannot be reversed. It may face obstacles, but it is unstoppable. Unstoppable because adaptation has become a necessity, not a choice. Unstoppable because industries are investing irreversibly. Unstoppable because local authorities are embedding sustainability into standards and investments. Unstoppable because multilateralism, despite challenges, will continue to deliver if the world continues to believe in it.

English Summary:

Ten years after the **Paris Climate Agreement (2015)**, the world has seen both **unprecedented challenges** and **unmistakable progress** toward a **low-carbon future**. Despite rising temperatures, the Paris Agreement has played a **transformative role** in steering the global economy towards **climate-conscious growth** through sustained **multilateral cooperation**.

1️⃣ Key Achievements:

- When the **Paris Agreement** was adopted at **COP21**, projections warned of **4°C–5°C global warming** by the end of the century.
- Due to **collective climate action**, this trajectory has now been **reduced to around 2°C–3°C**, showing tangible global progress.
- The **Intergovernmental Panel on Climate Change (IPCC)** underscores this as a major success of **collective global efforts**.

2️⃣ Why the Paris Agreement Still Matters:

- It remains **fair and equitable**, promoting **international solidarity** while respecting the **national circumstances** of developing countries.
- It has transformed global climate politics by shifting focus from "pledges" to **implementation**.
- It has engaged economies in the **low-carbon transition**, replacing fossil-fuel dependency with **renewable energy**, **electric mobility**, and **green financing**.

3️⃣ Global Low-Carbon Transition:

- **Renewables like solar, wind, and hydro** now dominate new energy investments.
- **Electric mobility** is becoming mainstream, reducing dependency on oil.

- Many countries are moving towards **net-zero targets** by 2050–2070.
- The transition is not just environmental but also **economic**, ensuring **energy sovereignty** and **job creation**.

4️⃣ The International Solar Alliance (ISA):

- The **ISA**, jointly launched by **India and France** at COP21, embodies the Paris vision of **climate multilateralism in action**.
- Today, ISA has **120+ member countries** promoting **solar energy accessibility** through:
  - Capacity building,
  - Technology transfer,
  - Financial mechanisms for underfunded regions.
- At the **8th ISA Assembly (October 2025, New Delhi)** co-chaired by **India's Minister for New & Renewable Energy**, the focus remained on **making solar affordable and inclusive**.

5️⃣ India's Leadership in the Paris Decade:

- India aims to be the **largest major economy developing along a low-carbon pathway** under *"Viksit Bharat 2047."*
- Targets:
  - **Achieve net-zero by 2070.**
  - **50% of installed electricity capacity from non-fossil sources by 2030.**
- India's commitment strengthens **climate justice** and **energy equity** in the Global South.

6️⃣ Global Priorities Ahead:

Priority	Description
1. Strengthen Collective Action	Accelerate global ambition for emission cuts and climate finance.
2. Ensure Just & Inclusive Transition	Focus on vulnerable communities via Green Climate Fund and Loss & Damage Fund.
3. Protect Natural Carbon Sinks	Forests, mangroves, and oceans are vital for carbon sequestration.
4. Empower Non-State Actors	Local communities, businesses, and scientists must drive grassroots implementation.
5. Combat Climate Disinformation	Science must be defended from denialism; factual policy-making is crucial.

7️⃣ In Perspective:

- The **Paris Agreement has created irreversible momentum**.
- Despite political and financial obstacles, **industries, investors, and societies** are locked into the transition toward sustainability.
- The challenge is no longer about **whether the transition will happen**, but **how fast and how fair** it can be made.

Hindi Summary (हिंदी सारांश):

पेरिस समझौते (2015) के दस वर्ष पूरे होने पर विश्व ने जलवायु परिवर्तन से निपटने में उल्लेखनीय प्रगति की है। हालांकि तापमान बढ़ रहा है, लेकिन वैश्विक सहयोग ने इस संकट को **4°C–5°C से घटाकर लगभग 2°C–3°C** तक सीमित किया है।

मुख्य बिंदु:

- **पेरिस समझौता** ने विकासशील देशों के लिए **न्यायसंगत और समान जिम्मेदारी** का ढांचा बनाया।
- **अंतरराष्ट्रीय सौर गठबंधन (ISA)**, भारत और फ्रांस की पहल, वैश्विक **सौर ऊर्जा सहयोग** का उत्कृष्ट उदाहरण है।
- भारत ने 2030 तक **50% गैर-जीवाश्म ऊर्जा क्षमता** और 2070 तक **नेट-जीरो उत्सर्जन** का लक्ष्य तय किया है।
- विश्व को अब **समावेशी और न्यायसंगत संक्रमण** सुनिश्चित करना होगा — जिससे **कमजोर समुदायों को लाभ** मिले।

Exam Relevance Table:

Topic	GS Paper	Relevance
Paris Agreement & COP21 Legacy	GS Paper 3	Climate Change Governance
International Solar Alliance (ISA)	GS Paper 2/3	India's Global Climate Diplomacy
Climate Finance & Adaptation	GS Paper 3	Sustainable Development
India's Net-Zero Target	GS Paper 3	Energy Security & Low Carbon Pathway

UPSC Mains Practice Question:
"A decade after the Paris Agreement, the global low-carbon transition is unstoppable. Discuss how India's climate diplomacy and energy initiatives have contributed to this shift."
(250 words – GS Paper 3)

What is China's complaint against India at WTO?

What is the Production-Linked Incentive (PLI) scheme in India? Which three specific PLIs does China oppose? What are the World Trade Organization's rules when it comes to subsidies? What does the Subsidies and Countervailing Measures agreement state?

EXPLAINER

Prabhash Ranjan

The story so far:
China has filed a complaint with the World Trade Organization (WTO) against India. It alleges that India is providing subsidies, as part of the Production-Linked Incentive (PLI) scheme, for the development of advanced chemistry cell (ACC) batteries; for boosting the auto sector; and for facilitating the production of Electric Vehicles, in contravention of WTO law.

What is the PLI scheme?
India launched the PLI scheme in 2020 to give a fillip to Indian manufacturing. This scheme provides financial incentives based on incremental sales to strategic industries; aims to bolster India's position in global value chains; and integrates medium and small-scale industries into the industrial production process through backward linkages. The three specific PLI schemes that China has challenged are – the PLI scheme which aims to incentivise the establishment of giga-scale manufacturing capabilities of ACC batteries in India; the scheme for the auto industry, which seeks to buttress the manufacturing of Advanced Automotive Technology (AAT) products in India, encompassing both vehicles and their components; and third, a scheme to promote EV manufacturing by attracting global EV manufacturers to the country.

What is China's complaint?
China alleges that the three PLI schemes provide financial benefits or subsidies to companies operating in India contingent on Domestic Value Addition (DVA). For instance, under the PLI scheme for the auto sector, one of the conditions for eligibility to get financial benefits is that there must be a 50% DVA. Likewise, one of the salient features of the PLI scheme for ACC batteries is that the beneficiary must ensure a DVA of 25%. The Chinese argue that the DVA requirements under these PLI schemes incentivise companies to use domestic goods rather than imported goods, discriminating against Chinese goods in the Indian market.

Subsidy wars: The World Trade Organization (WTO) in Geneva. AFP

What is the law on subsidies in WTO?
While providing industrial subsidies to boost domestic industry is a sovereign right of states, WTO law ensures that these subsidies are not provided in a manner that jeopardises the international trade of other countries by ushering in unfair competition. Unfair competition may arise from subsidies that confer an artificial advantage on industries for exporting or competing with imported products. Consequently, the grant of industrial subsidies is regulated by the Subsidies and Countervailing Measures (SCM) agreement of the WTO. Article 1 of the SCM agreement defines a subsidy as a financial contribution by a government or a public body that confers a benefit. The subsidy should also be specific.

The SCM agreement divides subsidies into three categories – prohibited subsidies, actionable subsidies, and non-actionable subsidies. Prohibited subsidies are forbidden by definition and are generally of two types: export subsidies and Import Substitution (IS) subsidies. Export subsidies are contingent on export performance, and IS subsidies, as defined in Article 3.1(b) of the SCM agreement, refer to subsidies contingent upon the use of domestic goods over imported goods. Thus, if a country promises a financial contribution to a specific industry on the condition that it use domestic goods or goods produced locally, rather than imported goods, it would constitute a prohibited subsidy.

Do IS subsidies violate other laws?
An IS subsidy will also breach two other WTO legal provisions. First is the national treatment obligation, codified in Article III.4 of the General Agreement on Tariffs and Trade (GATT), which obligates countries to ensure that their domestic laws do not treat imported products less favourably than their domestic products; and second, is Article 2.1 of the Trade Related Investment Measures (TRIMs) Agreement which states that no country shall impose any TRIM that is inconsistent with its national treatment obligations enshrined in GATT's Article III. The TRIMs agreement contains a specific illustration of a prohibited trade-related investment measure. This illustration pertains to local content requirements which incentivise the use of domestically produced goods. Since an IS subsidy gives preference to domestic over foreign goods, it constitutes as a proscribed TRIM under the WTO law.

China alleges that India's three PLI schemes are IS subsidies. However, it is critical to note that the DVA milestones in India's PLI scheme do not automatically translate to local content requirements. Value addition at the domestic level can occur in multiple ways, and not just through the use of domestic goods. The analysis of the DVA component in these three PLI schemes must thus consider a complex set of facts.

What happens next?
The first step in resolving a dispute at the WTO is through consultations. Thus, India and China will try to resolve this matter amicably. If this does not occur, the dispute will proceed to adjudication by a three-member ad hoc WTO panel. The WTO's appellate mechanism, the Appellate Body, has remained incapacitated since December 2019. Thus, if the WTO panel's decision is appealed, it would mean postponing the adjudication of the dispute till the time the Appellate Body is resurrected. The practical implication is that the status quo remains, and a country can continue with its impugned measures.

Prabhash Ranjan is Professor and Vice Dean (Research), Jindal Global Law School. Views are personal.

THE GIST

India's PLI scheme provides financial incentives based on incremental sales to strategic industries; aims to bolster India's position in global value chains; and integrates medium and small-scale industries into the industrial production process through backward linkages.

While providing industrial subsidies to boost domestic industry is a sovereign right of states, WTO law ensures that these subsidies are not provided in a manner that jeopardises the international trade of other countries by ushering in unfair competition.

The SCM agreement divides subsidies into three categories — prohibited subsidies, actionable subsidies, and non-actionable subsidies.

English Summary:
China has formally **filed a complaint at the World Trade Organization (WTO)** against India, alleging that India's **Production Linked Incentive (PLI) schemes** for manufacturing violate **WTO's subsidy and trade rules**.
China contends that India's **PLI framework discriminates against foreign firms** and gives **unfair advantages to domestic manufacturers**, particularly in **electric vehicles (EVs), advanced chemistry cell (ACC) batteries, and automotive components**.

1️⃣The Story So Far:

- The **People's Republic of China** claims India's **PLI scheme provides subsidies** that are inconsistent with the **WTO Agreement on Subsidies and Countervailing Measures (SCM)** and

the **Trade-Related Investment Measures (TRIMs)** agreement.
- China argues that India's PLI benefits are **contingent on local value addition (domestic content)**, violating WTO norms that prohibit subsidies tied to domestic over imported goods.

2️⃣ What is the PLI Scheme?

- Introduced in **2020**, India's **Production Linked Incentive (PLI)** scheme aims to:
  - Boost **domestic manufacturing** in key sectors,
  - Strengthen **global value chain integration**, and
  - Encourage **MSME participation** through **backward linkages**.
- It provides **financial incentives** on incremental sales based on production output, not exports.

💡 **Objective:**
To reduce import dependence, promote job creation, and enhance India's competitiveness in **electronics, automobiles, pharma, solar cells**, etc.

3️⃣ The Three PLI Schemes Challenged by China:

China has objected to the following:

1. **Advanced Chemistry Cell (ACC) Batteries** – encourages local gigafactory setups.
2. **Automobile & Auto Components** – focuses on electric vehicle and component production.
3. **Electric Vehicle (EV) Manufacturing Scheme** – promotes indigenous EV manufacturing and supply chains.

China alleges that these **schemes incentivize companies to use domestic components**, creating **discrimination against imported goods**, particularly from Chinese suppliers.

4️⃣ WTO Rules on Subsidies (SCM Agreement):

The **Subsidies and Countervailing Measures (SCM)** Agreement divides subsidies into **three categories**:

Type	Nature	WTO Status
Prohibited Subsidies	Linked to export performance or local content use	**Not allowed**
Actionable Subsidies	Allowed but can be challenged if they harm other countries	**Conditional**
Non-Actionable Subsidies	For R&D, regional development, or environment	**Permitted**

🔹 Under **Article 3.1(b)** of the SCM Agreement, any subsidy contingent upon using **domestic over imported goods** is prohibited.

🔹 Under **Article III.4 of GATT (General Agreement on Tariffs and Trade)**, members must not treat imported products less favorably than domestic ones.

5️⃣ China's Core Allegations:

- The **PLI-linked milestones** under India's DVA (Domestic Value Addition) targets effectively **compel companies to favor local inputs**.
- This creates a **trade barrier** that disadvantages imported (especially Chinese) goods.
- China claims these are **import substitution subsidies**, which fall under the "prohibited" category.

6️⃣ India's Defence:

India maintains that:

- The **PLI incentives are not tied to local content requirements** but rather to **overall domestic production performance**.
- The scheme's intent is **industrial capacity-building**, not trade discrimination.
- **Industrial subsidies** are a **sovereign right** of developing economies under WTO's development provisions.
- India's PLI does not explicitly **mandate the exclusion of foreign components**, meaning **no direct**

WTO violation.

7️⃣ Legal Context:

Relevant WTO provisions include:

- **Article III.4 of GATT** – prohibits discrimination between domestic and imported goods.
- **Article 2.1 of TRIMs Agreement** – disallows trade-related measures inconsistent with national treatment.
- **Article 3 of SCM Agreement** – bans subsidies based on export or import substitution performance.

🔸 **Local Content Rules** are seen as **prohibited TRIMs** under WTO.

🔸 If proven, India's PLI could be classified as a **prohibited subsidy** under WTO law.

8️⃣ What Happens Next? (WTO Dispute Procedure)

1. **Consultations:** India and China will engage in diplomatic discussions to resolve the issue.
2. **Panel Formation:** If unresolved, a **WTO dispute panel** will adjudicate the complaint.
3. **Appeal Stage:** Either side can appeal to the **Appellate Body**, which is currently non-functional since 2019.
4. **Outcome:** If India loses, it may need to amend its PLI design or face countermeasures.

9️⃣ Broader Implications:

- This case could **set a precedent** for other countries scrutinizing **India's industrial subsidy programs**.
- It tests the **balance between development policy and global trade compliance**.
- The dispute highlights **India–China economic friction** within multilateral institutions.

If the WTO rules against India, similar schemes (like in semiconductors or solar modules) could also face scrutiny.

Hindi Summary (हिंदी सारांश):

चीन ने भारत के खिलाफ WTO में शिकायत दर्ज कराई है, यह आरोप लगाते हुए कि भारत की **उत्पादन-आधारित प्रोत्साहन (PLI) योजनाएँ** WTO के नियमों का उल्लंघन करती हैं।

- चीन का दावा है कि भारत की योजनाएँ **स्थानीय घटकों के उपयोग को प्रोत्साहित करती हैं**, जिससे **आयातित (विशेषकर चीनी) वस्तुओं** के साथ भेदभाव होता है।
- ये **'Prohibited Subsidy'** की श्रेणी में आती हैं क्योंकि ये **Domestic Value Addition (DVA)** पर आधारित हैं।

भारत का पक्ष:

भारत ने कहा कि PLI का उद्देश्य **घरेलू उत्पादन बढ़ाना** है, न कि आयात पर प्रतिबंध लगाना।

यह योजनाएँ **WTO के विकासशील देशों के लिए अनुमत प्रोत्साहन नियमों** के अंतर्गत आती हैं।

Exam Relevance Table:

Topic	**GS Paper**	**Relevance**
WTO & SCM Agreement	GS Paper 2	International Institutions
India–China Trade Relations	GS Paper 2	Bilateral and Multilateral Issues
PLI Scheme & Industrial Policy	GS Paper 3	Economic Development & Make in India
Subsidy Classification	GS Paper 3	Global Trade Compliance

UPSC Mains Practice Question:

"Industrial subsidies have become a new arena of trade conflict in the post-COVID global economy. Discuss in the context of China's WTO complaint against India's PLI scheme."

(250 words – GS Paper 2/3)

Sugar sector concerned over reduction in ethanol sourcing

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The sugar sector is concerned over the cut in ethanol sourcing in the 2025-2026 ethanol supply year.

The Indian Sugar & Bio-Energy Manufacturers Association (ISMA) said only 289 crore litre ethanol had been allocated from sugar-based feedstock or 28% of the total need. The industry invested almost ₹40,000 crore with a capacity to supply 650 crore litre of ethanol a year. It supplied 330 crore litre last ethanol supply year.

The sector expects almost 345 lakh tonne sugar output between October 1 and September 30, 2026. Of this, local consumption will be just 284 lakh tonne and sugar diversion for ethanol 34 lakh tonne leading to excess sugar stocks.

While the Fair and Remunerative Price of sugarcane rose 16.5% to ₹355 a quintal since 2022-23, ethanol procurement prices from sugarcane juice and B-heavy molasses was static at ₹60.73 and ₹65.61 a litre respectively. Ethanol's cost of production was ₹66.09 a litre from B-heavy molasses and ₹70.70 a litre from cane juice.

The minimum selling price (MSP) of sugar has been ₹31 a kg since February 2019 with output cost at ₹40.24/kg. The Centre must ensure 50% ethanol is sourced from sugar sector, raise MSP, announce sugar export policy and increase ethanol procurement prices, ISMA said.


Centre must raise ethanol procurement price.

English Summary:
India's **sugar industry** has expressed concern over the government's **reduction in ethanol sourcing** for the **2025–2026 ethanol supply year**, fearing potential **excess sugar stocks** and **financial strain** on sugar mills.
According to the **Indian Sugar & Bio-Energy Manufacturers Association (ISMA)**, only **289 crore litres** of ethanol have been allocated from **sugar-based feedstock**, which is just **28% of total industry capacity**. The sector had the capacity to supply **650 crore litres** annually.

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1 Key Issue:

- Ethanol sourcing cut for the 2025–26 supply year.
- Only 289 crore litres approved from sugar-based sources vs. 330 crore litres in the previous year.
- The reduction affects mills' ability to **divert excess sugar towards ethanol production** — a crucial measure for maintaining price stability and managing surplus.

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2 Industry Investment and Capacity:

- The sugar industry invested nearly **₹40,000 crore** to create infrastructure for **ethanol blending**, in line with India's **ethanol blending programme (EBP)** targets.
- India aims for **20% ethanol blending in petrol by 2025**, but supply bottlenecks now threaten progress.

3️⃣ Projected Sugar Output:

- **Total sugar output (2025–26):** 345 lakh tonnes
- **Domestic consumption:** 284 lakh tonnes
- **Expected diversion to ethanol:** 34 lakh tonnes
  ➡️ **Result:** ~27 lakh tonnes of surplus sugar likely to build up.

4️⃣ Pricing & Policy Imbalance:

- **Fair and Remunerative Price (FRP)** of sugarcane rose by **16.5% to ₹355/quintal** since 2022–23.
- However, **ethanol procurement prices** remain static:
  - From **B-heavy molasses:** ₹65.61/litre
  - From **sugarcane juice:** ₹60.73/litre
- **Cost of production** has increased to ₹66.09 (B-heavy) and ₹70.70 (cane juice).
  ➡️ Mills now face a **loss per litre of ethanol** due to stagnant procurement rates.

5️⃣ Sugar Sector's Demands:

ISMA has urged the **Central Government** to:

1. **Raise ethanol procurement price** to align with cost increases.
2. **Ensure 50% ethanol sourcing** from sugarcane-based feedstock.
3. **Announce a clear ethanol export and pricing policy** to safeguard mill viability.
4. **Review minimum selling price (MSP)** of sugar (unchanged at ₹31/kg since 2019) — while actual cost is around ₹40.24/kg.

6️⃣ Broader Economic Context:

- The **ethanol blending programme** is key for:
  - **Reducing oil imports** (energy security),
  - **Enhancing farmers' income**, and
  - **Supporting climate commitments** (biofuel adoption).
- A sourcing cut risks **undermining India's biofuel targets** and **financial sustainability** of the sugar ecosystem.

7️⃣ Government's Likely Rationale:

- Prioritizing **food security and balanced grain allocation** (for maize-based ethanol).
- Managing **diversified feedstock sourcing** under **National Biofuel Policy 2018**, which aims to reduce dependence on sugar-based inputs.

Hindi Summary (हिंदी सारांश):

भारत के **शर्करा उद्योग ने इथेनॉल सोर्सिंग में कटौती** पर चिंता जताई है।

2025-26 आपूर्ति वर्ष के लिए सरकार ने केवल **289 करोड़ लीटर इथेनॉल** को मंजूरी दी है, जबकि उद्योग की क्षमता **650 करोड़ लीटर** है।

मुख्य बिंदु:

- उद्योग ने ₹40,000 करोड़ निवेश किया है।
- इससे शुगर मिलों की वित्तीय स्थिति पर असर पड़ेगा।
- FRP ₹355/क्विंटल बढ़ने के बावजूद इथेनॉल कीमतें स्थिर हैं — ₹60.73–₹65.61 प्रति लीटर।
- उद्योग ने सरकार से **इथेनॉल खरीद मूल्य बढ़ाने**, **MSP पुनरीक्षण**, और **50% सोर्सिंग** सुनिश्चित करने की मांग की है।

Exam Relevance Table:

Topic	GS Paper	Relevance
Ethanol Blending Programme	GS Paper 3	Renewable Energy, Biofuel Policy
Sugar Industry & Price Policy	GS Paper 3	Agriculture and Economy

Topic	GS Paper	Relevance
FRP & MSP Policy Issues	GS Paper 3	Government Policies & Schemes
Energy Security	GS Paper 3	Climate Commitments and Sustainable Development

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UPSC Mains Practice Question:
"Discuss how the Ethanol Blending Programme has transformed India's sugar sector and the challenges posed by recent policy changes."
(250 words – GS Paper 3)