

The Hindu Important News Articles & Editorial For UPSC CSE

Saturday, 10 Jan, 2026

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Page 04 : Prelims Exam

India has achieved a significant technological milestone in the field of advanced defence and aerospace systems with the successful long-duration ground test of an actively-cooled scramjet combustor. The test was conducted by the Defence Research & Development Laboratory (DRDL), a key laboratory under the Defence Research and Development Organisation, marking a crucial step forward in India's hypersonic missile programme.

Key Facts from the News

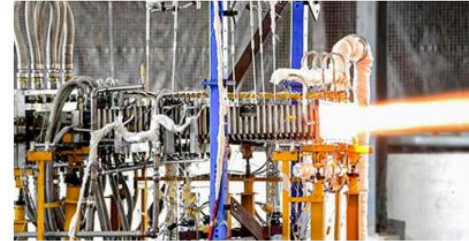
The test was carried out by Defence Research & Development Laboratory, Hyderabad.

It involved a full-scale, actively-cooled scramjet combustor.

The combustor demonstrated sustained performance for over 12 minutes, which is considered a major technological achievement.

The test was conducted at DRDL's Scramjet Connect Pipe Test Facility.

The achievement places India among a select group of nations with hypersonic propulsion capabilities.



DRDO conducts key test for hypersonic missile programme

The Defence Research & Development Laboratory, the Hyderabad-based laboratory of the Defence Research and Development Organisation, has achieved a milestone in India's hypersonic missile programme with the successful long-duration ground test of an actively-cooled scramjet full-scale combustor. The Defence Ministry said the test was conducted on Friday at the DRDL's state-of-the-art Scramjet Connect Pipe Test Facility, where the combustor demonstrated sustained performance for over 12 minutes. The successful trial positions India among the global leaders in advanced hypersonic, aerospace technologies.

minutes,
advanced

Relevant Concepts

Hypersonic Technology: Refers to flight speeds of Mach 5 or higher (five times the speed of sound).

Scramjet (Supersonic Combustion Ramjet):

An air-breathing engine with no moving parts.

Oxygen for combustion is drawn from the atmosphere, unlike conventional rocket engines.

Enables sustained hypersonic cruise, improving range and efficiency.

Actively-Cooled Combustor:

Essential because hypersonic speeds generate extreme temperatures.

Prevents structural failure and allows longer-duration operation.

Strategic and Exam Significance

Enhances India's missile deterrence and strategic autonomy.

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Reduces dependence on foreign propulsion technologies.

Strengthens India's position in future hypersonic cruise missiles and space-access systems.

Relevant to UPSC Prelims under Science & Technology – Defence, Missiles, Indigenous Technology Development.

Conclusion

The successful long-duration scramjet combustor test is a landmark achievement for India's hypersonic missile programme. It reflects the growing maturity of indigenous defence R&D and underscores India's emergence as a global leader in cutting-edge aerospace and hypersonic technologies, with significant implications for national security and strategic preparedness.

UPSC Prelims Exam Practice Question

Ques: The recently tested scramjet combustor for India's hypersonic missile programme was developed by which of the following organisations/laboratories?

- (a) Hindustan Aeronautics Limited (HAL)
- (b) Indian Space Research Organisation (ISRO)
- (c) Defence Research & Development Laboratory (DRDL)
- (d) Bharat Electronics Limited (BEL)

Ans : c)

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Page 05 : GS III : Internal Security

The inauguration of the National Improvised Explosive Device Data Management System (NIDMS) marks a significant institutional step in strengthening India's internal security architecture. Launched by Union Home Minister Amit Shah, the platform consolidates nationwide data on bomb blasts and IED incidents since 1999 into a single, secure digital repository. It represents a shift from fragmented, silo-based data handling towards integrated, technology-driven security management.

Shah launches database on bomb blasts in India

National Improvised Explosive Device Data Management System will have details since 1999; it will be crucial in probing terrorist activities, and formulating effective strategies against them, he says

The Hindu Bureau
NEW DELHI

Union Home Minister Amit Shah on Friday inaugurated the National Improvised Explosive Device Data Management System (NIDMS), a first-of-its-kind platform that contains details of every bomb blast that has occurred in the country since 1999.

Mr. Shah said the NIDMS would prove extremely important in the coming days for the investigation of all types of terrorist incidents and for analysing their various aspects.

The Minister said the Union Home Ministry had generated different kinds of data over the years, but these remained in silos until now.

"Now, we are making efforts to connect all these data sources with one another and to develop an advanced artificial intelligence-based software for their analysis. Today's launch of NIDMS will accelerate this process and prove to be an important milestone in the direction of making the country safe



Union Home Minister Amit Shah inaugurates National IED Data Management System of NSG via video conference. PTI

from terrorism," Mr. Shah said.

The NIDMS headquarters is located at the National Security Guard (NSG) garrison in Manesar, Haryana. The online database can be accessed by State police, Central Armed Police Forces, and other investigating agencies. The NSG is the primary force for conducting post-blast analysis.

Mr. Shah said data related to any explosion or IED incident occurring at any location could be included in the system and that its use would provide necessary guidance during in-

vestigations across States. He said the platform would be crucial in investigating terrorist activities, understanding trends in explosions and formulating effective strategies against them.

The NIDMS would become a robust platform for accurately analysing patterns of bomb blasts, the *modus operandi* and the explosives used. It would also help establish inter-linkages between incidents based on *modus operandi* and circuit methods, and in understanding overall trends and insights.

The NIDMS is a secure

national digital platform designed to enable accurate and organised analysis of bomb explosion-related incidents across the country.

It will strengthen the collection, standardisation, integration and secure sharing of IED-related data. Mr. Shah said it would serve as a single-click access window for data scattered across different case files for investigation agencies and anti-terror organisations.

Explaining the features of the platform, Karan Sharma, Squadron Commander of the National Bomb Data Centre, NSG, said, "One of its main functionalities is that it establishes the signature link between two or more incidents. This could be either location, type of explosions or even the circuit used. For example, the same type of delayed circuit timer was used in the March 2024 Rameswaram cafe blast and in the 2022 Mangaluru blast. Police can use this information during investigation, and the information can be used for predictive analysis in the future."

Key Features and Significance

Centralised National Database

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NIDMS contains comprehensive information on all bomb blasts and IED-related incidents across India since 1999.

It enables uniform data collection, standardisation, and secure sharing among State police, Central Armed Police Forces, and investigating agencies.

Strengthening Investigation and Forensics

The system supports post-blast analysis by identifying patterns related to explosives, circuits, triggering mechanisms, and modus operandi.

By establishing "signature links" between incidents, investigators can trace similarities across cases, even when they occur in different States or years.

Role of Specialised Institutions

The headquarters of NIDMS is located at the National Security Guard garrison in Manesar, Haryana.

The NSG, as the primary agency for post-blast analysis, ensures technical credibility and operational relevance of the data.

Use of Advanced Technology

The platform is designed to integrate with artificial intelligence-based analytical tools.

This allows trend analysis, identification of recurring techniques, and scope for predictive assessment of future threats.

Operational and Strategic Utility

Acts as a "single-click access window" for investigators, reducing delays caused by scattered case files.

Enhances inter-agency coordination and evidence-based decision-making in counter-terrorism operations.

Conclusion

The National IED Data Management System is a structural reform in India's approach to handling bomb blast and IED-related threats. By integrating historical data, forensic analysis, and advanced digital tools, NIDMS enhances investigative efficiency, supports long-term threat assessment, and strengthens institutional preparedness against terrorism. Its success will depend on timely data inputs, inter-agency cooperation, and effective use of analytical capabilities, making it a crucial component of India's evolving internal security framework.

UPSC Mians Exam Practice Question

Ques : Discuss how the National Improvised Explosive Device Data Management System (NIDMS) can enhance India's counter-terrorism and internal security preparedness. **(150 Words)**

Page 08 : GS II : Social Justice / Prelims Exam

Land ownership records form the backbone of agrarian security, rural credit access, and governance in India. In Telangana, however, a historical legacy of informal land transactions known as Sada Bainamas has left more than nine lakh farmers cultivating land without legal titles. Despite the enactment of the Telangana Bhu Bharati (Record of Rights in Land) Act, 2025, intended to resolve this long-standing anomaly, procedural hurdles and inconsistent implementation have stalled regularisation. The resulting gap between de facto possession and de jure ownership raises serious concerns about land governance, equity, and state capacity.



A farmer in Sada Bainama village, Warangal district, holds a copy of his land record, frustrated over the slow pace of the regularisation process under the Telangana Bhu Bharati Act, 2025. (AP Photo/Prakash Kulkarni)

Land owner on ground, not in official records

Decades-old Sada Bainama — informal, plain-paper land agreements — have left over nine lakh farmers in Telangana without titles as procedural hurdles and record discrepancies stall regularisation under the Bhu Bharati Act, 2025. Small and marginal farmers are calling for greater state verification and clearer rules in secure ownership and reduce disputes, report M. Rajes, P. Sridhar and P. Lavina Reddy

In several years, he has ploughed the land, but he has not got the title deed, which is a big problem for him. He has been told that he will get the title deed in the next few years, but he is not sure. He has been told that he will get the title deed in the next few years, but he is not sure. He has been told that he will get the title deed in the next few years, but he is not sure.

The Sada Bainama transactions took place several decades ago, but the farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

While the state has been trying to regularise the Sada Bainama transactions, the farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

There are many reasons why the farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

Based on the Bhu Bharati Act, the Sada Bainama transactions are not considered as legal transactions. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

According to the Bhu Bharati Act, the Sada Bainama transactions are not considered as legal transactions. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

As Rights in Land and Particular Possession Act, 1975, amendments in 2014, and the Telangana Bhu Bharati Act, 2025, the government has been trying to regularise the Sada Bainama transactions. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

High Court clearance, fresh push: The state government has been trying to regularise the Sada Bainama transactions. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

Substitution of an affidavit from the land owner or their legal heir is mandatory. Applications are not considered if the affidavit is not produced. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

Regularising the Sada Bainama transactions is a big task. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

While the state has been trying to regularise the Sada Bainama transactions, the farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

Despite the new law, progress on the ground has been slow. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

Land owners and the government have been trying to regularise the Sada Bainama transactions. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

There are many reasons why the farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed. The farmers have not been able to get the title deed.

Background: What are Sada Bainamas?

Sada Bainamas are plain-paper, unregistered land sale agreements, prevalent during the Nizam era and well into the late 20th century.

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limited state reach in rural Telangana.

They emerged due to illiteracy, poverty, high registration costs, and

While buyers often enjoyed uninterrupted possession and cultivation, they never acquired legal title, making them vulnerable to disputes and exclusion from institutional benefits.

Earlier attempts at regularisation under the Telangana Rights in Land and Pattadar Passbooks Act, 1971 and later through the RoR/Dharani framework achieved only partial success, with large numbers of applications rejected or frozen due to litigation.

The Bhu Bharati Act, 2025: Promise and Practice

The Bhu Bharati Act was introduced to replace the controversial Dharani system and restore trust in land administration. Section 6 of the Act allows regularisation of Sada Bainama transactions provided that:

The transaction predates June 2, 2014

The applicant proves continuous possession for at least 12 years

The land belongs to small or marginal farmers in rural areas

However, rules framed under the Act — not the Act itself — mandate affidavits from original sellers or their legal heirs, which has become the single largest bottleneck.

Key Issues and Challenges

1. Affidavit Requirement: A Structural Impossibility

In many cases, sellers are deceased, untraceable, or unwilling to cooperate due to rising land values.

This condition effectively nullifies decades of possession and cultivation as proof of ownership.

It contradicts the principle of adverse possession and long-term enjoyment recognised elsewhere in land jurisprudence.

2. Administrative Discretion and Allegations of Corruption

Absence of clear, written operational guidelines has led to varied interpretations by field officials.

Farmers allege selective inspections, delays, and “favour-based” regularisation, undermining rule of law.

3. Urbanisation and Exclusion

Villages merged into municipal corporations are excluded from regularisation, even when transactions were agricultural in nature.

High registration fees further prevent formalisation, especially for Dalit and marginal farmers.

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4. Poor Land Records and Lack of Surveys

Telangana lacks a comprehensive resurvey, leading to mismatches in names, survey numbers, and enjoyment columns.

This technical fragility delays software-based verification and fuels disputes.

Implications

For Farmers

Inability to access institutional credit, crop insurance, and welfare schemes like Rythu Bharosa.

Insecure inheritance and heightened risk of litigation.

For Governance

Persistence of informal landholding undermines land market efficiency, revenue mobilisation, and dispute resolution.

Weakens trust in state institutions and reform promises.

For Federal and Comparative Learning

Andhra Pradesh's decision to extend regularisation till 2027 and order a resurvey offers a policy benchmark.

Way Forward: Reforming Implementation, Not Intent

Experts and farmer groups have suggested pragmatic solutions:

Gram Sabha-based verification to establish possession and community acknowledgement.

Prioritising field inspection, enjoyment surveys, and neighbour testimony over affidavits.

Issuing public notices to sellers and buyers instead of requiring private affidavits.

Empowering Tahsildars through provisions similar to Sections 5-A and 5-B of the 1971 Act.

Conducting a statewide resurvey to correct foundational land records.

Issuing uniform, written guidelines to limit discretion and ensure accountability.

Conclusion

The Sada Bainama issue in Telangana highlights a deeper governance challenge: reconciling historical informality with modern legal frameworks. While the Bhu Bharati Act, 2025 represents a progressive intent to secure land rights, its success depends on people-centric implementation rather than rigid proceduralism. Bridging the gap between possession and ownership is not

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Daily News Analysis

merely a legal exercise—it is essential for agrarian justice, rural stability, and inclusive development. If resolved effectively, Telangana could offer a replicable model for land reforms in other parts of India grappling with similar legacies.

UPSC Prelims Exam Practice Question

Ques: Pattadar Passbooks are important for farmers primarily because they:

- (a) Confer voting rights in local bodies
- (b) Enable access to institutional credit and welfare schemes
- (c) Allow conversion of agricultural land into non-agricultural land
- (d) Are mandatory for leasing land

Ans : b)

UPSC Mains Exam Practice Question

Ques: Critically analyse the role of land records digitisation and legal clarity in reducing agrarian distress. What lessons can other States draw from Telangana's experience with Sada Bainama regularisation? (150 words)

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Restricting women's access thus institutionalises exclusion.

3. Control Disguised as Protection

While village elders justified the ban as a response to children's screen addiction, evidence from the article suggests that:

The restriction applied only to women, not men.

Women's morality, behaviour, and visibility on social media were central concerns.

This reveals a pattern where technology becomes a tool of surveillance and control, reinforcing patriarchal anxieties about women's autonomy, mobility, and choice.

4. Aspirations vs Social Conservatism

The article highlights a silent conflict between:

Young women's aspirations (education, social media presence, self-expression), and

Traditional structures that view such exposure as a threat to established norms like early marriage and systems such as satta-watta.

Digital access gives women a "window to the world," challenging rigid gender roles — which often provokes backlash from conservative community elites.

5. State Response and Rights Framework

The intervention by the NHRC and district administration underscores:

The role of the State as a protector of fundamental rights, particularly Article 14 (Equality), Article 19(1)(a) (Freedom of expression), and Article 21 (Right to life and dignity).

However, post-facto intervention is insufficient without sustained legal awareness, social reform, and grassroots enforcement.

Way Forward

Legal Literacy and Awareness: Educating rural women about constitutional rights and digital entitlements.

Gender-Sensitive Digital Policies: Aligning Digital India and women-centric schemes with last-mile social realities.

Community Engagement: Addressing legitimate concerns like screen addiction through gender-neutral measures, not discriminatory bans.

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Strengthening Local Governance: Empowering elected panchayats

over informal caste bodies.

Conclusion

The Jalore incident is not merely about smartphones; it is about who controls women's choices in a transforming India. As digital access becomes integral to citizenship, denying women the right to technology amounts to denying them participation in modern economic, social, and political life. While concerns over excessive screen use are valid, solutions cannot come at the cost of women's autonomy and constitutional freedoms. The episode underscores the urgent need to reconcile social reform with digital inclusion, ensuring that India's technological progress does not deepen existing gender hierarchies but instead becomes a vehicle for empowerment and equality.

UPSC Prelims Exam Practice Question

Ques : Consider the following statements regarding the gender digital divide in rural India:

1. Women's access to mobile phones is significantly lower than men's access.
2. Lack of digital access affects women's education, financial inclusion, and civic participation.
3. Digital divide is only a technological issue and not a social one.

Which of the statements given above is/are correct?

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

Ans: a)

UPSC Mains Exam Practice Question

Ques : Caste panchayats continue to influence social behaviour in rural India despite lacking constitutional legitimacy. Discuss this statement in the context of recent restrictions imposed on women's use of smartphones. (250 words)

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The record surge in inflows into gold Exchange Traded Funds (ETFs) in December 2025, as reported by the Association of Mutual Funds in India (AMFI), reflects a significant shift in investor behaviour amid global and domestic macroeconomic uncertainty. With net inflows into gold ETFs tripling to ₹1.16 lakh crore — the highest ever — while equity-oriented schemes witnessed a decline, the episode highlights the renewed appeal of gold as a safe-haven asset and raises important questions about market sentiment, portfolio diversification, and risk perception in India's financial markets.

Gold ETFs score over equities in Dec.

Net inflows into gold exchange traded funds tripled to a record high of ₹1,16,467 crore in Dec. 2025 from the month earlier, according to AMFI data; surge due to 'sustained demand for gold-backed products amid elevated macro uncertainty'

Ashokamithran T.
MUMBAI

Mutual fund investors chose gold exchange traded funds (ETFs) over equity-oriented schemes in December 2025, following the rally in gold and the suboptimal returns.

According to data from Association of Mutual Funds in India (AMFI), the net inflows into gold ETFs, a mutual fund investment avenue that is relatively in its nascent stage, tripled to ₹1,16,467 crore in December 2025 from the month earlier. This is a record high net inflow into gold



Recency bias: Gold ETFs recorded their highest ever inflow after gold delivered more than 70% returns in CY25. GETTYIMAGES/ISTOCK

ETFs. Meanwhile, the net inflows into equity-oriented schemes dipped 6.2% in the month under review,

coming in at ₹28,054 crore. "Gold ETFs recorded their highest ever inflow after gold delivered more

than 70% returns in CY25, pointing to some recency bias," said Feroze Azeez, Joint CEO, Anand Rath Wealth Limited.

The emergence of gold ETFs may point to both an improving diversification of the Indian mutual fund investors and a safe haven demand.

Increasing flows into gold ETFs and a decline in equity inflows also came with a net outflow of ₹66,532 crore in all open-ended schemes.

SIP inflows continued to improve on a monthly basis. "The surge was driven by sustained demand for gold-backed products

amid elevated macro uncertainty and intermittent risk-off sentiment.

Strong price momentum in gold through 2025, coupled with heightened safe-haven demand, continued to support investor interest in the segment," said Himanshu Srivastava, Principal Research, Morningstar Investment Research India.

To be sure, the benchmark Nifty 50 returned just 10% in past year, as foreign investors sold more than ₹1.5 lakh crore in Indian equities, triggered by expensive valuations to justify the quarterly earnings.

Key Issues and Analysis

1. Safe-Haven Demand amid Macro Uncertainty

Gold's strong performance in calendar year 2025, delivering over 70% returns, coincided with:

Elevated global uncertainty (geopolitical tensions, monetary tightening, volatile capital flows)

Risk-off sentiment due to foreign portfolio investor (FPI) outflows from Indian equities

In such periods, gold traditionally acts as a **store of value**, prompting investors to reallocate capital away from riskier assets like equities.

2. Recency Bias in Investment Behaviour

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The sharp inflows into gold ETFs immediately following a strong price rally indicate **recency bias**, where investors extrapolate recent high returns into future expectations.

This behavioural tendency can lead to **pro-cyclical investment decisions**, amplifying asset price movements.

For UPSC, this reflects the relevance of **behavioural finance** in understanding market dynamics beyond fundamentals.

3. Equity Market Underperformance and Valuation Concerns

During the same period:

Equity inflows declined by over 6%.

The benchmark **Nifty 50** delivered only about 10% returns over the year.

FPIs sold more than ₹1.5 lakh crore worth of Indian equities, citing stretched valuations and earnings concerns.

This divergence between gold and equity performance reinforced investor preference for defensive assets.

4. Gold ETFs and Financialisation of Gold

Traditionally, Indian households preferred **physical gold**. The growing popularity of gold ETFs signals:

Greater **financial literacy and formalisation of savings**

Reduced storage, purity, and liquidity risks compared to physical gold

Alignment with policy objectives to curb excessive physical gold imports and manage the current account deficit

Thus, gold ETFs represent a more efficient channel for gold investment within the financial system.

5. Implications for Mutual Fund Industry and Capital Markets

Net outflows from open-ended schemes despite higher SIP inflows suggest **short-term caution among lump-sum investors**.

Rising SIP contributions indicate long-term confidence remains intact, even as tactical shifts favour gold.

The trend underlines the importance of **asset allocation strategies** rather than excessive reliance on a single asset class.

Broader Economic Significance

For households: Gold ETFs offer diversification benefits and inflation hedging.

For capital markets: Shifting flows can impact equity market depth and volatility.

For policymakers: Encouraging financial gold over physical gold supports macroeconomic stability.

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Conclusion

The surge in gold ETF inflows in December 2025 underscores how investor preferences respond swiftly to market performance, global uncertainty, and perceived risks. While the trend reflects prudent diversification and the growing sophistication of Indian investors, it also carries the risk of return-chasing driven by recency bias. From a broader perspective, the episode highlights the evolving structure of India's savings landscape, where financial instruments increasingly replace traditional assets. For sustainable wealth creation, however, balanced asset allocation — rather than abrupt shifts driven by short-term market movements — remains essential.

UPSC Mains Exam Practice Question

Ques : The surge in inflows into Gold ETFs in December 2025 reflects changing investor behaviour amid macroeconomic uncertainty. Analyse the reasons for this shift and discuss its implications for India's financial markets. (250 words)

Page : 06 : Editorial Analysis

GS Paper II : International Relations

UPSC Mains Practice Question : Recent U.S. actions on oil diplomacy, including sanctions on Russia and strategic interest in Venezuela, reflect deeper anxieties about the erosion of the petrodollar system. Critically analyse this statement in the context of de-dollarisation and its implications for global trade and finance. (150 words)

Context :

The ongoing geopolitical tensions surrounding U.S. policy on oil, particularly its aggressive stance on Russia and Venezuela, reflect deeper structural shifts in global trade and finance. Traditionally, the petrodollar system — in which crude oil is predominantly priced and traded in U.S. dollars — has underpinned American economic and financial primacy since the 1970s. This system not only maintained global demand for the U.S. dollar but also facilitated large-scale recycling of petrodollars into U.S. financial assets, reinforcing dollar dominance in global reserves and international payments.

However, emerging patterns in energy trade and international finance indicate gradual de-dollarisation, driven by major economies seeking to reduce reliance on the U.S. dollar. This multifaceted shift is prompting strategic recalibrations in U.S. foreign and economic policy, with significant implications for global economic architecture and developing economies like India.

Key Issues and Analysis

1. Persistence and Conditionality of the Petrodollar

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De-dollarisation fear

U.S.'s moves on oil reflect its uneasiness over global trade and finance

President Donald Trump's urgency to push the Russia Sanctions Bill through Congress, granting him the power to impose tariffs of up to 500% on nations buying oil from Moscow, is officially framed as a punitive measure to weaken Russia's war economy. Yet, this legislative push comes just after the capture of Venezuelan President Nicolás Maduro on January 3. Throughout his press briefings thereafter, Mr. Trump emphasised Venezuela's vast oil reserves as America's underlying strategic interest. This twin focus on Russian sanctions and Venezuelan oil assets suggests that both measures are less about geopolitical 'penalisation' and more about protecting the petrodollar's dominance at a time when its hegemony is eroding. For decades, oil has been priced and largely settled in U.S. dollars. That system underpinned the dollar's centrality in global finance for much of the late 20th century. But since the sanctions on Russia following its 2014 annexation of Crimea, and, more vigorously, after the Ukraine invasion in 2022, major consumers such as China and India have deepened trading arrangements that circumvent the dollar. India, for instance, imported substantial volumes of Russian crude since 2022, accounting for more than 20% of Russia's war-period crude exports. China's purchases were even larger, reflecting its strategy to secure energy at a discount and experiment with non-dollar settlement mechanisms.

China's use of the yuan in energy trade has significantly enhanced the internationalisation of the renminbi. India has also reportedly begun paying for some Russian crude in yuan, signalling small but telling shifts in how global energy commerce is conducted. Meanwhile, the oil market is evolving with the global energy transition — electric vehicles sales, led by China, are reshaping demand patterns. Mr. Trump's "return to oil" rhetoric and policy thrust must thus be read in the context of this transition. China's dominance in the EV ecosystem represents a structural challenge not just to oil firms but also to the broader economic and financial architectures that supported U.S. dominance for decades. In this light, it is not far-fetched to argue that America's aggressive moves in Venezuela and its hardline strategy against Moscow on oil (and not much else) are aimed more at curtailing China's expanding influence — both in energy markets and in pushing alternatives to the petrodollar — than at addressing geopolitical grievances. Moreover, the spectre of a parallel currency arrangement contemplated by BRICS as a challenge to the 'mighty dollar' further unsettles traditional dollar-centric financial orders. What is at stake is not merely oil or geopolitics, but the architecture of global trade and finance at a moment of historic transition.

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Since the 1970s, the U.S. dollar's role in oil transactions has created a continuous global demand for dollars and U.S. Treasury securities, reinforcing Washington's capacity to finance deficits and exert monetary influence. This implicit linkage between oil trade and U.S. financial power has been a cornerstone of global macroeconomic stability under U.S. hegemony.

However, the petrodollar system is not legally binding and is subject to evolving geopolitical incentives. The global energy mix is changing, and several oil-importing and exporting countries are experimenting with alternative currencies to settle transactions, reflecting the early stages of de-dollarisation.

2. Emerging Non-Dollar Settlement Mechanisms

Countries like China and India have initiated significant moves toward non-dollar oil trade settlements — for instance, yuan-denominated energy transactions in China and rupee/ruble arrangements for Russian crude in case of India. These practices diminish the automatic need for U.S. dollars in global energy commerce and represent practical diversification of foreign exchange and payment systems outside Western financial infrastructure.

The BRICS initiative has also developed BRICS Pay, an independent payment messaging system intended to facilitate cross-border settlements in local currencies, further challenging dollar dominance.

3. Strategic Tensions and U.S. Policy Responses

The reported U.S. legislative push to impose severe tariffs on nations buying Russian oil and the strategic emphasis on Venezuela's oil reserves are widely interpreted as efforts to defend the petrodollar against erosion. By curbing alternative oil sources and signalling punitive measures against non-dollar trade partners, the U.S. seeks to deter systemic shifts that undermine dollar centrality.

Additionally, the BRICS bloc's discussions about a potential shared currency or expanded use of local currencies for trade — although contested in terms of practical viability — have intensified Washington's anxieties about multipolar currency competition.

4. Broader Global Financial Fragmentation

De-dollarisation is part of a broader trend of financial network diversification. Geopolitical tensions, particularly sanctions and concerns over the weaponisation of Western financial systems (like SWIFT), have accelerated initiatives to create alternative channels for trade and payments.

Such fragmentation, if sustained, could reduce the effectiveness of U.S. sanctions and Western monetary leverage but also risk higher transaction costs and complexities in international commerce, especially for emerging economies reliant on stable exchange frameworks.

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Implications for India and Other Emerging Economies

For India, which imports a large share of its energy needs, these developments have mixed implications:

Economic Costs and Strategic Autonomy: Rising oil prices or supply disruptions due to geopolitical frictions could strain India's current account and inflation dynamics.

Diversification Benefits: Participation in non-dollar settlement systems and broader trade in local currencies may reduce foreign exchange volatility and enhance strategic autonomy in trade policy.

Policy Balance: India must balance relations with the U.S. — a major trade partner — while deepening pragmatic ties with China, Russia, and BRICS members to safeguard energy security without overreliance on any single geopolitical bloc.

Conclusion

The fear surrounding de-dollarisation is not merely rhetorical; it reflects substantive shifts in global trade and financial practices. While the U.S. retains dominant fiscal and monetary influence, signs of diversification in energy trade currencies and alternative financial infrastructures signal a gradual erosion of singular dollar hegemony. The strategic emphasis on oil — including punitive measures against non-dollar transactions — is not only about geopolitical disciplining of rivals but also about preserving systemic advantages embedded in the petrodollar framework.

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