

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

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The Great Nicobar Island (GNI) project, valued at approximately ₹92,000 crore, is one of India's most ambitious infrastructure undertakings. The recently notified Draft Master Plan 2024–2047 marks a shift in the project's narrative, positioning tourism as the primary economic engine alongside its strategic maritime goals.

Great Nicobar draft plan projects tourism as primary growth driver

Abhinav Lakshman
NEW DELHI

The draft master plan for developing the Great Nicobar Island (GNI) under the Centre's ₹92,000-crore mega-infrastructure project has proposed to focus on tourism as the "primary economic driver" of growth, noting that it also intends to get the "population to settle here", through permanent and temporary jobs expected to be created. The plan has been drafted for a projected population of 3.36 lakh by 2055. By that time, the plan is expected to achieve an annual inflow of more than a million tourists.

Of the projected 3.36 lakh, the local Nicobarese population is expected to grow to about 11,500 from the current 7,500.

The project, which received Stage-I clearance in 2022, includes an international container transshipment port, an airport, power plants, and a township. However, soon after the clearance, the local Nicobarese population withdrew its consent, alleging that their forest rights had not been settled. The Calcutta High Court is currently hearing a challenge to the project's clearances.

Under "future development", the draft hints at possible development of the Pemmaya buffer area on the western flank of Galathea Bay, where "tribal settlements" may be permitted.

However, this appears at variance with a separate draft relocation plan to shift local Nicobarese tribes further north to Pu-

lobhabi. While the draft master plan has been notified for public consultation, suggestions, and objections for 30 days, the notification does not mention when the plan was made public.

The draft master plan has been uploaded on the Andaman and Nicobar Islands Administration's Public Works Department website.

The notified plan proposes a township divided into several clusters: an administrative and institutional cluster near Campbell Bay, a multi-modal logistic cluster (to include airport, port, freight and passenger terminals, defence area, and green development) near Galathea Bay, and tourism, entertainment, and processing clusters along the eastern



Local push: The draft notes that it intends to get 'population to settle' in the Great Nicobar Island through job creation. FILE PHOTO

coast of the island from Galathea Bay in the south to Campbell Bay in the north.

Future vision

Envisioning the development of the island as a "seaside destination to relax and enjoy in a pristine, unspoiled and protected environment", the draft mas-

ter plan suggests several tourism models—wellness tourism (rejuvenation and lifestyle management retreats), beach tourism (around seven potential beaches identified), nature and biodiversity tourism, adventure tourism with "curated adventures", business tourism (for re-

treats, conferences, conventions), gaming tourism, and hubs for family entertainment which may have theme parks, water parks and amusement parks. One of the draft maps also indicates the possibility of a casino within the tourism and entertainment cluster.

According to the plan, the project is expected to span 166.10 sq. km, as notified in December 2025. Of this, about 40.8% has been set aside as "urbanisable", with the rest allocated to "special projects", which include the airport, container port, freight and passenger terminals, defence area, and a green development area where no tree-felling will be allowed. About 121.86 sq km of land is expected to come from diverted forest areas.

The development will

start with "anchor projects" such as the International Container Transshipment Port (ICTP), the Great Nicobar International Airport, and the GNI gas and solar power plants from 2025 to 2029. They will include physical infrastructure like roads, water reservoirs, water treatment plants, and freight terminals.

The second part of Phase 1 (2030-2035) is expected to see growth in tourism activity and upgraded infrastructure. Phase 2 (2036-2041) envisages a "phase of consolidation and enhanced growth of tourist traffic" and the opening of opportunities for other potential economic drivers. The last phase (2042-2047) has been earmarked for "future development".

Core Components of the Master Plan

Aim, Think & Achieve

The development is structured around several "anchor projects" to be executed in phases:

- **International Container Transshipment Port (ICTP):** Located at Galathea Bay, aimed at capturing global cargo traffic from the Malacca Strait.
- **Greenfield International Airport:** Designed for both civilian tourism and strategic military use.
- **Integrated Township:** Divided into clusters—Administrative, Multi-modal Logistic, and Tourism/Entertainment.
- **Green Energy:** A 450-MVA gas and solar-based power plant.

Tourism as the Growth Driver

The draft shifts focus from pure logistics to a "seaside destination" model:

Target Population: A projected surge to **3.36 lakh by 2055** (from the current ~8,500).

Tourist Inflow: Aiming for **1 million annual tourists** by 2055.

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Models of Tourism: The plan identifies beach tourism (7 potential beaches), wellness retreats, "gaming tourism" (including a potential casino), and theme parks.

Economic Intent: Job creation to encourage permanent settlement, effectively "mainstreaming" the island's economy.

Key Dimensions: Challenges & Controversies

A. Environmental Impact

Deforestation: Diversion of ~130 sq. km of forest land and the felling of nearly **9.64 lakh trees**.

Biodiversity Loss: Galathea Bay is a critical nesting site for the **Giant Leatherback Turtle**. The project also threatens the **Nicobar Megapode** and the **Nicobar Macaque**.

Geological Risk: The island is in a high-seismic zone (Zone V), making large-scale infrastructure vulnerable to earthquakes and tsunamis.

B. Tribal Rights and Social Concerns

Tribal Communities: The island is home to the **Shompen** (a Particularly Vulnerable Tribal Group - PVTG) and the **Nicobarese**.

The Consent Debate: While the administration claims no displacement, the "Comprehensive Tribal Welfare Plan" suggests relocating Nicobarese tribes to Pulobhabi. The Tribal Council previously withdrew its NOC, alleging lack of transparency.

Genocide Warnings: International experts have warned that the influx of 3 lakh outsiders could be "tantamount to genocide" for the isolated Shompen due to lack of immunity and habitat loss.

C. Strategic vs. Sustainable Development

Strategic Hub: Its proximity to the **Strait of Malacca** (a global maritime choke point) gives India a significant "eyes and ears" advantage in the Indo-Pacific.

Development Conflict: The Draft Master Plan's "urbanisable" focus (40.8% of the project area) is seen by critics as being at variance with the island's status as a **UNESCO Biosphere Reserve**.

Conclusion

The Great Nicobar project represents the classic "Development vs. Environment" dilemma. While the strategic and economic benefits of an international transshipment hub are undeniable for India's "Act East" policy and Blue Economy aspirations, the social and ecological costs are immense. For a sustainable outcome, the government must ensure that "Free, Prior and Informed Consent" (FPIC) under the Forest Rights Act, 2006 is not just a procedural formality but a meaningful dialogue with the indigenous keepers of the land.

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UPSC Prelims Exam Practice Question

Ques: With reference to the Great Nicobar Island Project, consider the following statements:

1. It includes an International Container Transshipment Port at Galathea Bay.
2. The project area falls under a UNESCO Biosphere Reserve.
3. The island lies in a low seismic risk zone.
4. The project aims to develop a greenfield international airport with dual-use capability.

Which of the statements given above are correct?

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

Ans: b)

UPSC Mains Exam Practice Question

Ques: Discuss the significance of the Great Nicobar Project in the context of India's Blue Economy and Indo-Pacific strategy. Highlight associated ecological risks. **(150 Words)**

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The upcoming visit of U.S. Secretary of State **Marco Rubio** to India in May 2026 marks a high-stakes diplomatic effort to recalibrate a relationship strained by maritime conflicts in the Middle East and complex trade disputes.

Key Diplomatic Engagements

Foreign Secretary **Vikram Misri** recently concluded a high-profile visit to Washington D.C. (April 8–10, 2026), laying the groundwork for Rubio's trip. Key meetings included:

Marco Rubio (Secretary of State): Focused on the "Comprehensive Global Strategic Partnership," specifically trade and defense.

Kash Patel (FBI Director): Addressed counterterrorism, narcotics, and organized crime.

Allison Hooker & Christopher Landau: Discussed the Quad and regional security, particularly the volatile situation in the Persian Gulf.

Strategic & Economic Friction Points

A. The Sanctions "Deadline"

India is navigating a tightrope regarding energy security and U.S. sanctions:

Russian Oil: A specific waiver for Russian oil purchases expires on **April 11, 2026**.

Iranian Oil & Chabahar: Exemptions for Iranian oil expire on **April 19, 2026**. While a guidance letter from October 2025 extended the **Chabahar Port** waiver until **April 26, 2026**, its future remains a point of intense negotiation.

B. The Pulse & Tariff Dispute

Trade remains a "sensitive area," particularly in agriculture:

The 30% Tariff: India recently imposed a 30% import duty on U.S. pulses (yellow peas, lentils, chickpeas) to protect domestic farmers.

Reciprocal Cuts: In a recent breakthrough, the U.S. agreed to slash certain tariffs from 25% to **18%**, partly to offset the impact of India's continued engagement with Russia.

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Marco Rubio to visit India in May to strengthen ties

The U.S. Secretary of State's visit comes amid complications in bilateral ties due to trade issues and Iran war; Foreign Secretary Vikram Misri holds talks with key U.S. officials in Washington DC

The Hindu Bureau

U.S. Secretary of State and National Security Advisor Marco Rubio will visit India next month, U.S. envoy to India Sergio Gorrion announced. The visit comes as New Delhi and Washington attempt to keep the bilateral relationship on track after disagreements around trade and the U.S.-Israel war against Iran have complicated ties.

The U.S. Ambassador to India Mr. Gorrion welcomed Foreign Secretary Vikram Misri to the White House, saying they had a productive meeting with Mr. Rubio which "focused on our bilateral relationship, especially trade, critical minerals, defense and the Quad (Quadrilateral Security Dialogue)". Mr. Misri has been in Washington from April 8-10 to hold discussions with administration officials on "a wide range of issues" as per the Ministry of External Affairs.

"Secretary Rubio looks forward to visiting India next month," said Mr. Gor. There was talk of New Delhi hosting the Quad Summit at the end of 2025 or early this year, with U.S. President Donald Trump potentially visiting India, but that has not been scheduled so far.

The Foreign Secretary on Thursday met separately with Deputy Secretary of State Christopher Landau, Undersecretary of State for Political Affairs Allison Hooker and Federal Bureau of Investigation (FBI) Director Kash Patel. Mr. Misri and Mr. Landau "reaffirmed the close partnership between the two countries and shared news about the situation in the Persian Gulf and other global and regional priorities," according to a readout from the State Department.

India is navigating U.S. sanctions with regard to Iran's Chabahar Port, which India had helped develop, and the purchase of oil from Iran as well as Russia. A U.S. sanctions waiver on the purchase of Russian oil and petroleum products expires on Saturday, while exemptions for the purchase of Iranian oil expire on April 19. *The Hindu* has reached out to the U.S. Treasury for comments on whether there will be an extension to these measures.

Ms. Hooker met Mr. Misri "to discuss how we can work closer together on security, defense, and the economy," she said, naming the Quad specifically. "We are finding practical ways to make both Americans and Indians safer and more prosperous, including through the Quad." Mr. Patel and Mr. Misri discussed counterterrorism,

organised crime and narcotics, according to the Indian Embassy in Washington DC.

Indian team to visit U.S. Following a meeting with U.S. Trade Representative Jamieson Greer, Mr. Gor announced that an Indian trade delegation would visit Washington at the end of April to take forward discussions on the trade deal.

Announcing that the U.S. administration looked forward to welcoming the Indian trade delegation, Mr. Gor said the U.S. and India had "previously agreed to a trade deal". While the outcomes of the deal had largely been agreed, the Trump administration has been in the process of changing the tariff structure for U.S. imports, following interventions by the U.S. Supreme Court, resulting in delays in finalising the deal. Additionally, *The Hindu* had reported in March that gaps remained in negotiating positions, including in the sensitive area of pulses.

Separately, Mr. Gor said there were "big things ahead for the U.S. and India as it relates to Pax Sili-ca," referring to a U.S.-led initiative focused on semiconductor, critical minerals and AI. India joined the pact in February this year.



Vikram Misri during a meeting with Marco Rubio and U.S. envoy to India Sergio Gor in Washington DC. @INDIANEMBASSYUS/PTI

The "Pax Silica" Initiative

One of the most significant recent developments is India joining **Pax Silica** in February 2026.

Definition: A U.S.-led strategic framework (launched Dec 2025) focused on securing the supply chains of the "compute era."

Pillars: Semiconductors, Critical Minerals, and Artificial Intelligence (AI).

Objective: To reduce global reliance on Chinese dominance in rare earth refinement and legacy chip manufacturing.

Conclusion

The India-U.S. relationship in 2026 is characterized by "Transactional Strategicism." While both nations are deeply aligned on the Quad and tech-governance (Pax Silica) to counter a common adversary, they remain at loggerheads over localized economic issues like pulse tariffs and oil sanctions. Rubio's May visit will likely determine if the proposed "Mother of all Trade Deals"—intended to mirror the India-EU pact—can finally be sealed or if it will remain stalled by domestic protectionism in both capitals.

UPSC Prelims Exam Practice Question

Ques: The term "Pax Silica", recently in news, refers to:

- (a) A maritime security alliance in the Indo-Pacific
- (b) A global climate finance mechanism
- (c) A U.S.-led framework for securing semiconductor and critical mineral supply chains
- (d) A multilateral nuclear disarmament treaty

Ans: c)

UPSC Mains Exam Practice Question

Ques: The India-U.S. relationship in recent years has been described as "Transactional Strategicism." Critically examine this statement in the context of trade disputes and strategic convergence. (150 Words)

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External Affairs Minister S. Jaishankar's visit to the UAE (April 11–12, 2026) comes at a critical juncture as India maneuvers through a volatile Middle Eastern security landscape to safeguard its energy interests.

Strategic Context: Energy Crisis in the Gulf

The visit is a direct response to the supply chain disruptions caused by the ongoing conflict involving the U.S., Israel, and Iran (which escalated significantly in late February 2026).

The Qatar Factor: Following Iranian attacks on **QatarEnergy** facilities, Qatar invoked a **force majeure** clause in March 2026, halting LNG production. As Qatar is a primary supplier of natural gas to India, this has created an immediate deficit.

Diversification Strategy: Jaishankar's UAE trip follows Petroleum Minister Hardeep Singh Puri's recent mission to Doha. The objective is to secure alternative long-term supply commitments and stabilize the energy basket.

Key Objectives of the UAE Visit

Energy Security: Beyond crude oil, the focus is on increasing the UAE's share in India's **Strategic Petroleum Reserves (SPR)** and securing LNG shipments.

Stability in the Persian Gulf: Given the UAE's influence, India seeks a "stabilizing role" to prevent further maritime escalations that could choke the **Strait of Hormuz**.

Economic Synergy: Building on the **Comprehensive Economic Partnership Agreement (CEPA)**, the visit aims to boost non-oil trade, especially through the **India-Middle East-Europe Economic Corridor (IMEC)**, despite regional instability.

Key Dimensions: Regional Geopolitics

A. The "Look West" to "Act West" Evolution

India's outreach to the UAE, Qatar, and Bahrain (following Piyush Goyal's recent talks) demonstrates a shift toward **active energy diplomacy**. India is no longer a passive buyer but a strategic partner invested in the internal security of the Gulf.

B. Impact of Global Sanctions

Jaishankar to visit UAE in bid to boost energy security

Kallol Bhattacharjee
Saptararno Ghosh
 NEW DELHI

External Affairs Minister S. Jaishankar will visit the United Arab Emirates on Saturday and Sunday, against the backdrop of the ongoing hostilities between the U.S., Israel, and Iran that has threatened India's energy security.

"We continue to reach out to countries in the Gulf region. At the direction of the Prime Minister, our Ministers are visiting Gulf countries to strengthen our energy security," External Affairs Ministry spokesperson Randhir Jaiswal said on Friday.

"External Affairs Minister is presently visiting Mauritius from where he will be travelling to the UAE on 11th and 12th April. He will hold discussions with the leaders of the UAE to foster stronger India-UAE ties," Mr. Jaiswal said, explaining that India is helping its neighbours in South Asia while ensuring its own energy security.

The External Affairs Minister has been in contact with his counterparts in the region as well as in Iran over the course of the war that started on February 28.

His visit to the UAE will be a follow-up to the Minister of Petroleum and Natural Gas Hardeep Singh Puri's visit to Qatar, which is

Randhir Jaiswal said India is engaging Gulf countries, with ministerial visits to boost energy security

one of the largest suppliers of natural gas to India. However, amid the escalating tensions, Iran attacked the facilities of QatarEnergy, one of the world's largest producers of natural gas. In March, it had invoked a force majeure clause, halting its production of liquefied natural gas (LNG).

"My friend, H.E. Saad Sherida Al-Kaabi has reaffirmed the State of Qatar's commitment to remain a reliable energy supplier and looked forward to continuing and strengthening energy relations and cooperation with India," Mr. Puri said, after his visit to Qatar.

The Centre's outreach has gained steam as U.S. President Donald Trump announced an uncertain ceasefire earlier this week. Commerce and Industry Minister Piyush Goyal spoke with his Bahraini counterpart Abdulla bin Adel Fakhro on Thursday. "Our discussions on harnessing the significant opportunities in trade and investment to further elevate India-Bahrain relations, driving greater economic cooperation and shared prosperity," Mr. Goyal said.

Iran-U.S. Dynamics: While India manages relations with Iran (specifically for the Chabahar Port), the U.S. pressure and the recent hostilities have forced India to lean more heavily on the "moderate" Arab states like the UAE and Saudi Arabia.

Ceasefire Uncertainty: The "uncertain ceasefire" mentioned by the U.S. administration has created a narrow window for India to lock in supply contracts before any potential resumption of hostilities.

C. Neighborhood First vs. Energy Security

The MEA's statement highlights that while India is assisting South Asian neighbors with their energy needs, its primary focus remains the internal economic stability of the Indian mainland, which is highly sensitive to global Brent crude fluctuations.

Conclusion

The EAM's visit to the UAE is an exercise in de-hyphenated diplomacy. India must support regional peace while simultaneously preparing for a "prolonged disruption" scenario. For the UPSC aspirant, this highlights the importance of the "Energy-Security-Diplomacy" triad—where a nation's foreign policy is increasingly dictated by its fuel requirements and the safety of maritime trade routes.

UPSC Prelims Exam Practice Question

Ques : Consider the following statements regarding Strategic Petroleum Reserves (SPR):

1. SPRs are maintained to cushion against supply disruptions.
2. India has allowed countries like the UAE to store crude oil in its SPR facilities.
3. SPRs are used only during wartime.

Which of the statements are correct?

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

Ans: a)

UPSC Mains Exam Practice Question

Ques: Analyze how geopolitical instability in West Asia impacts India's foreign policy priorities and energy security. **(150 Words)**

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Page 06: GS II : Governance / Prelims Exam

The recent decision to hold Foreign Office Consultations with Turkiye and Azerbaijan marks a pivotal recalibration of Indian foreign policy, transitioning from the post-Operation Sindoor "emotional" freeze to a more traditional stance of strategic pragmatism.

Historical Context: Operation Sindoor & Its Aftermath

The diplomatic freeze was rooted in the events of mid-2025:

The Conflict: Operation Sindoor (May 7–10, 2025) was a 96-hour military engagement triggered by the **Pahalgam terror attacks**.

The "Adversary" Label: During the conflict, Turkiye and Azerbaijan were perceived as part of a trilateral axis with Pakistan. India's Deputy Chief of Army Staff explicitly identified Turkiye as a "border adversary" due to its military/diplomatic support for Pakistan.

Economic & Social Blowback: Influence-led boycotts led to a significant drop in trade and tourism. Even during the June 2025 evacuation from Iran, India purposefully bypassed Turkish and Azerbaijani land routes in favor of Armenia and Turkmenistan.

The Current Shift: Pragmatism over Emotion

The visit of **Secretary West (Sibi George)** to Baku and the invitation to the **Turkish Deputy Foreign Minister** signify a "thaw" driven by several factors:

Breaking the "Camps" Narrative: India is moving away from the emerging "India-Armenia-Greece" vs. "Pakistan-Azerbaijan-Turkiye" trilateral rivalry. Sustaining such a binary restricts India's global maneuvering space.

Decoupling Pakistan: By engaging directly with Baku and Ankara, India asserts that its bilateral relations with third countries will not be permanently hyphenated with their stance on Pakistan or Kashmir.

Economic Realities: Both Turkiye and Azerbaijan are significant regional players. Persistent diplomatic freezes hinder India's broader connectivity projects and trade interests in Eurasia.

Key Analytical Pillars

A. The Strategic "De-hyphenation"

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Rebuilding ties

India must approach foreign relations with more pragmatism, less emotion

New Delhi's recent moves to re-engage diplomatically and hold Foreign Office Consultations with diplomats in Turkiye and Azerbaijan is a considerable shift in the government's policy, especially over the past year. Since the India-Pakistan conflict and Operation Sindoor in May 2025, the government had expressed its anger not just at Pakistan, but at countries that were seen as supportive of Pakistan, diplomatically or militarily during the conflict. In particular, the Ministry of External Affairs had expressed its disappointment with statements made by Turkiye, Azerbaijan and Malaysia, that questioned the government's decision to launch strikes on terror sites in Pakistan after the Pahalgam terror attacks. During briefings about Operation Sindoor, as the 96-hour military conflict from May 7-10 was named, the government left out envoys from countries that it felt had not expressed solidarity with India. In a military briefing in July, the deputy chief of army staff said India had had to contend with at least three adversaries on its border with Pakistan, including Turkiye. Azerbaijan too was believed to have helped Pakistan with technological support. Trade and tourism to Turkiye and Azerbaijan dropped significantly for several months, as calls to boycott them went out from influential accounts. During its evacuation of Indians from Iran after U.S.-Israel airstrikes on nuclear installations in June 2025, the MEA pointedly told those heading out by land routes to use Armenia and Turkmenistan, not either Turkiye or Azerbaijan. In addition, foreign policy commentary suggested that India was building an alliance of India, Armenia, and Greece as a counter to their age-old rivals - Pakistan, Azerbaijan and Turkiye - who had already formed a strong trilateral grouping. Given the heated rhetoric, and the freeze in diplomatic ties, the decision to send Secretary West in the MEA, Sibi George, to Baku to revive Foreign Office Consultations with Azerbaijani counterparts last week, and to invite the Turkish Deputy Foreign Minister to Delhi this week, are significant diplomatic moves that indicate that Baku and Ankara too feel that better bilateral relations are in their interests.

In a world more fraught with conflicts that fast spiral out of control, it is necessary for New Delhi to pick its diplomatic battles more carefully. The quick escalation from government demarches to online outrage and calls for boycotts have in the past few years had a detrimental impact on bilateral ties with close friends as well as neighbours. With countries that are adversaries, as both Turkiye and Azerbaijan have been, given their closeness to Pakistan and positions on the Kashmir dispute, New Delhi must consider its options with less emotion and more pragmatism. India has traditionally managed relations between rivals without allowing itself to be hyphenated with Pakistan, or by falling into multilateral "camps".

India has historically prided itself on managing relations with rivals (e.g., Iran and Saudi Arabia; Israel and Palestine). The recent re-engagement suggests a return to this doctrine, ensuring that Pakistan does not dictate the limits of India's footprint in West and Central Asia.

B. Digital Diplomacy and Public Sentiment

The article highlights a modern challenge: the **"Escalation Ladder."** * Official demarches now quickly spiral into **online boycotts** and hyper-nationalist rhetoric.

C. Geopolitical Balancing

India must balance its growing defense ties with **Armenia** (notably the sale of Pinaka rocket systems) without making it a zero-sum game that permanently alienates Azerbaijan. Pragmatism dictates that while India supports its partners, it must keep channels open with their rivals to prevent total regional polarization.

Conclusion

The move to rebuild ties with Turkiye and Azerbaijan is a mature acknowledgment that in a world of "spiraling conflicts," India cannot afford to maintain permanent diplomatic "no-go zones." By choosing **realpolitik over rhetoric**, New Delhi is reclaiming its role as an independent pole in a multi-polar world—one that prioritizes national interest over historical grievances.

UPSC Prelims Exam Practice Question

Ques: The concept of "de-hyphenation" in India's foreign policy refers to:

- (a) Linking all bilateral relations with Pakistan
- (b) Separating bilateral relations from third-country considerations
- (c) Avoiding engagement with rival countries
- (d) Forming exclusive military blocs

Ans: d)

UPSC Mains Exam Practice Question

Ques: De-hyphenation is central to India's ability to act as an independent pole in a multipolar world. Discuss with suitable examples. **(150 Words)**

The recent inter-ministerial meetings chaired by the Commerce Secretary underscore a growing crisis for India's Micro, Small, and Medium Enterprises (MSMEs). As the conflict in West Asia persists into April 2026, MSMEs are facing an unprecedented "Compliance Trap" that threatens their export competitiveness.

Govt. examining compliance burden on MSMEs due to war

MSME exporters don't have the resources to keep on top of constantly changing tariffs, penalties, and procedures brought on by shipping disruptions and delays, say exporters, industry bodies

T.C.A. Sharad Raghavan
NEW DELHI

Triple whammy
There are three different types of disruptions MSMEs face due to the West Asia conflict



- When a cargo is diverted back, it has to be stored in a warehouse or taken back to the factory
- When shipments get routed to a different port, it is left to the exporter to figure out the next step
- Many destinations have tariff quotas for particular products which get filled within the first day itself

The government on Friday announced that it had held two inter-ministerial meetings to discuss the various issues being faced by exporters in light of the West Asia crisis.

According to exporters, Micro, Small and Medium Enterprises (MSMEs) in India are especially struggling under not just the financial impact of the war in West Asia, but also due to a significant increase in their compliance burden and paperwork due to shipments being rerouted or returned to India.

"The situation that is arising in the Middle East, there's a lot of chaos in the system right now because you are not getting clarity on a number of things," Intiyaz Khatib, Vice-President of Product Management at Avalara India, a compliance solutions provider lamented.

One of the government's meetings was under the chairmanship of the Commerce Secretary and another was co-chaired by the Secretary in the Ministry of Ports, Shipping and Waterways (MoPSW) and the Commerce Secretary.

Both were attended by senior officials, port authorities, shipping agencies, export promotion councils (EPCs), industry representatives, and other stakeholders. "If routes are getting

deviated and shipments delayed, then what kind of excise duties, tariffs, and penalties do you have to pay," Mr. Khatib asked. "So, you're not getting a complete idea of what your total landed cost would be and that's where there's a lot of complications and challenges, which our MSMEs are trying to overcome to stay compliant within the system."

A large part of the problem is that MSMEs don't have the resources to hire large compliance teams or use specialised software.

"Unlike large companies, MSMEs do not have dedicated compliance teams," K.E. Raghunathan, National Chairman of the Association of Indian Entrepreneurs, explained.

"The entrepreneur is now burdened with navigating regulatory uncertainty, leading to higher costs, delayed shipments, and severe working capital stress."

"If this continues, India risks losing export competitiveness at the MSME level, where agility should have been our biggest strength," Mr. Raghunathan added.

Mr. Khatib further explained that most MSMEs use Microsoft Excel spreadsheets for their work because they cannot invest in systems that have everything inbuilt, including invoice and HS code management, master lists of all the duties and taxes, etc. "MSMEs mostly rely on fragmented systems that they're managing in different places," he said. This, he added, makes tracking changes and making corrections a time-consuming, error-prone, and tedious affair.

Pankaj Chadha, the chairman of the Engineering Exports Promotion Council of India (EEPC India) and an affected exporter himself, explained that there are three different types of disruptions MSMEs are facing due to the war in West Asia.

The first kind of issue is when the cargo is diverted back to India. It has to then either be stored in a warehouse or the exporter has to then begin the 'back-to-town' procedure and take it back to their factory.

"Now, that procedure itself can be quite challenging and imposes quite a compliance burden," Mr. Chadha said. "Remember, also, for back-to-town cargo, you get nothing under the RELIEF scheme [announced by the government]."

The second kind of issue exporters are facing is when their shipments get routed to a different port due to safety concerns.

"The shipping company says its job is done, and that it is for the exporter to figure out how to take the cargo from there to the destination," Mr. Chadha said. The third factor is that many destinations, especially in Europe, have tariff quotas for particular products, such as steel.

These quotas open once every quarter, such as on April 1, July 1, October 1, and January 1. Those quotas get filled within the first day itself, Mr. Chadha said.

"So, if a shipment reaches those ports even a few days late, then they have to wait nearly 90 days before the quota is opened again," he explained.

"All of this again means warehousing, which is not only a huge economic cost, but is also a compliance burden."

The MSME "Compliance Trap"

Unlike large conglomerates with dedicated legal and logistics departments, MSMEs operate with limited resources. The war has transformed routine shipping into a regulatory minefield:

Manual Bottlenecks: Most MSMEs rely on basic spreadsheets (Excel) rather than integrated compliance software. This makes tracking real-time changes in global tariffs, HS codes, and penalties nearly impossible.

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Daily News Analysis

The "Landed Cost" Uncertainty: Frequent route deviations mean exporters cannot accurately calculate the total cost of getting a product to a customer, leading to financial losses or uncompetitive pricing.

Working Capital Stress: Delays and rerouting trap capital in transit, preventing small businesses from reinvesting in new production cycles.

Triple Threat: Types of Shipping Disruptions

Industry bodies like EEPC India have identified three specific scenarios creating this burden:

Disruption Type	The Compliance/Economic Impact
Cargo Diversion (Back-to-Town)	Shipments returned to India require complex "back-to-town" procedures. Critically, these do not qualify for government relief schemes, leaving the exporter to bear all costs.
Route Termination	Shipping lines may drop cargo at an intermediate safe port. The exporter must then navigate the local regulations of a third country to move the goods to the final destination.
Tariff Quota Misses	Many European markets have quarterly quotas (e.g., for steel). A delay of just a few days can miss a quota window, forcing the exporter to pay for 90 days of warehousing until the next window opens.

Aim, Think & Achieve

Economic & Policy Analysis

A. Impact on the "RELIEF" Scheme

The current situation highlights a gap in the government's RELIEF scheme. Because "back-to-town" cargo (goods returned due to war) is not technically an "export" or a standard "import," it falls into a regulatory gray area where no financial incentives or tax drawbacks apply, doubling the loss for the MSME.

B. Export Competitiveness

MSMEs contribute significantly to India's total exports. The "agility" that usually defines small-scale manufacturing is being stifled by **Regulatory Uncertainty**. If MSMEs cannot stay "compliant within the system" due to the sheer volume of paperwork, India risks a long-term decline in its share of global engineering and textile markets.

C. The Digital Divide in Trade

This crisis reveals the urgent need for **Trade-Tech adoption**. The government is examining ways to simplify HS code management and invoice tracking to move MSMEs away from fragmented, error-prone manual systems toward more robust digital public infrastructure for trade.

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Conclusion

For the government, the challenge is two-fold: providing immediate financial cushions for war-related delays and, more importantly, simplifying the paperwork. As the West Asia crisis complicates maritime routes, the "Ease of Doing Business" for an Indian MSME is currently being tested by the "Difficulty of Staying Compliant."

UPSC Prelims Exam Practice Question

Ques: Which of the following best describes "tariff quota"?

- (a) A fixed tax imposed on imports
- (b) A limit on quantity of imports at concessional tariff rates
- (c) A ban on imports beyond a threshold
- (d) A subsidy for exporters

Ans: b)

UPSC Mains Exam Practice Question

Ques: Examine how supply chain disruptions and regulatory complexities affect the export competitiveness of MSMEs in India. (250 Words)

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An alternative to Viksit Bharat Shiksha Adhistan Bill

The Viksit Bharat Shiksha Adhistan (VBSA) Bill proposes to statutorily take forward the implementation of National Education Policy (NEP 2020) that the Union government adopted during the COVID period without consultation with State governments. The Bill is under examination of a Joint Parliamentary Committee (JPC), which offers an opportunity to teachers, students, State governments, and civil society to submit their amendment proposals. The Bill, as it stands, is a constitutional overreach. Entry 66 of the Union List gives limited and specific legislative power to Parliament only for coordination and determination of standards in higher education institutions (HEIs). Now, the VBSA Bill gives sole discretionary power to Union

government-controlled councils to determine standards, conduct inspection, and exercise independent, unlimited powers and functions. Under the Bill, the Education Ministry has usurped the authority of allocating funds to HEIs.

The Bill does not envisage participation of higher education institutions in decision making. Bureaucratic overreach is written into each provision of it. Bureaucrats have been given the charge of transforming higher education. The Bill dilutes the University Grants Commission (UGC)'s consultative requirements. Section 13 of the UGC Act provides for inspections for the purpose of ascertaining the financial needs of a university or its standards of teaching, examination, and research. The UGC is statutorily required to undertake inspections only after consultation with the university. The VBSA Bill, which covers Central and State-funded universities as well as private universities, takes away the autonomy of the governing bodies of Indian Institutes of Technology (IITs), Indian Institutes of Management (IIMs) and Inter-University Centres.

In the name of "Bhartiya Knowledge", the Bill seeks to sow the seeds for Hindutva ideologies. It explicitly undermines the multi-cultural character of Indian knowledge. It allows bureaucratic control, centralised ways of prescriptive regulation, determination of standards, and accreditation process. The Bill seeks to promote hyper globalisation and to regulate based on outputs legitimised in global rankings. It does not seek outcomes for national innovation, self-reliance, and social justice. The Bill has been brought in to allow the Centre to withdraw from the obligation to promote education as a public-funded enterprise for common good and push dependence on loans for higher education. It does not provide for the enforcement of affirmative action and reservation to SCs/STs and OBCs. It does not seek



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inter-institutional, inter-State and inter-regional justice.

Justice to States

The National Research Foundation (NRF) was proposed in the NEP 2020 to provide research funds to State universities (SUs). As of now, it has no provisions to provide block grants to SUs for integrated scholarship (teaching, research, and outreach). The State Higher Education Councils (SHECs) need to be represented on the councils envisaged under the VBSA Bill. The Councils should provide for consensual decision making to pursue a jointly strategic direction. The SHECs should also have a clear mandate and space for influencing the future of HEIs. The Bill should explicitly affirm the role and contribution of associations of students, teachers, and non-teaching staff in the governance of higher education by involving HEIs' senates and academic councils in gathering feedback on planning and progress.

Under the Bill, the Regulatory Council (Viniyan Parishad) is envisaged as the primary enforcer of governance and institutional norms. The Bill should not give the Centre a free hand and responsibility for formal recognition, authorisation, and closure of institutions. It now provides for graded financial penalties for regulatory violations. No institution should be closed without getting the consent of the government of the State where it is located.

Under the Bill, the accreditation council will outsource the task of accreditation to a network of third-party accrediting institutions to circumvent the deliberative process and sideline the desirable outcomes that the society expects the HEIs to contribute to. The Accreditation Council (Gunvatta Parishad) provides for technology-driven quality assessment. The approach to regulation should be deliberative and process-oriented; it cannot be prescriptive.

Output-based evaluation (patents and publications), focussed on assessment of institutions based on educational outputs (learning levels and employability), may not have much to do with the desirable outcomes. Evaluation should be outcome- and impact-centric. The Standards Council (Manak Parishad), sitting in Delhi, cannot be expected to define standards and attributes for all types of higher education. The standards will have to be shaped industrial sector- and State-wise.

Constitutionally speaking, education is a subject under the Concurrent List. The VBSA Bill's provisions are applicable to all State governments. The State governments should have a role in the determination of standards,

accreditation, and regulations. The determination of standards, accreditation, and regulations cannot be a top-down affair. Currently, States fund their higher education systems. The Bill does not offer social and inter-regional equity. Under it, private sector higher education institutions do not provide for equity and social justice. The State governments can and should be expected to take care of priorities such as contribution to school education, environment, climate, local resources rejuvenation, and local economic development.

The amended Bill must give 50% weightage each to SHECs and the Union government's councils in the process of regulation, accreditation, and determination of standards, so as to focus on the goals of space for inter-regional equity, linguistic and cultural autonomy, social justice, innovation, fundamental science, new technologies, and global excellence. The Bill should also consider incorporating a provision for regional councils to accommodate emerging ecological and socio-technical aspects in their deliberations.

The amended Bill should provide for an alternative framework for governance of higher education as a shared responsibility to build enabling mechanisms into the structures to be developed for transformative governance. The Bill must have a separate Higher Education Grants Council (HEGC) to disburse the funds available to the Ministry of Education for the integration of teaching, research, and outreach. The HEGC will have to provide not only regular funding to Central institutions but also generous funding to laggards run by the States to bridge the historical discrimination, structural gaps and voids, and deficits arising out of lack of support for research and outreach.

SHECs' role and contribution should be legislated to realise the vision and strategy of joint implementation of standards, accreditation, and regulation through the proposed verticals in the form of three separate councils. The councils for regulation, accreditation, and standards determination should be maintained by academics and professionals and have their own separate budgets. The SHECs should be duly funded by the HEGC to enable the process to become a shared responsibility. All the cesses that are presently provided for the implementation of the shared responsibility should be at the disposal of the HEGC. Who should regulate what should be explicitly stated in the amended Bill. The public purposes of higher education should be specifically mentioned to disburse allocations for the outcomes proposed for consideration.

State Higher
Education
Councils should
be represented
on the three
councils
envisaged
under the Bill

GS Paper II: Social Justice

UPSC Mains Exam Practice Question: Centralization of regulatory powers may undermine academic autonomy in higher education institutions. Discuss with reference to recent education reforms. (150 Words)

Context : The **Viksit Bharat Shiksha Adhistan (VBSA) Bill**, currently under the scrutiny of a Joint Parliamentary Committee (JPC), represents a significant attempt to codify the National Education Policy (NEP 2020) into a statutory framework. However, critics like Professor Dinesh Abrol argue that the Bill, in its current form, risks centralizing the Indian higher education system and undermining federal principles.

1. Core Criticisms of the VBSA Bill

A. Constitutional & Federal Concerns

Legislative Overreach: Under **Entry 66 of the Union List**, Parliament's power is limited to the "coordination and determination of standards." The Bill is seen as exceeding this by giving the Union government-controlled councils unlimited power over inspections and funding.

Concurrent List Violation: Since Education is a **Concurrent List** subject, the Bill's top-down approach—applying to State and private universities without State consultation—is viewed as a bypass of federal autonomy.

B. Bureaucratic vs. Academic Autonomy

Usurpation of Power: The Bill shifts authority from the **University Grants Commission (UGC)** to government-controlled councils. Unlike the UGC Act, which requires consultation with a university before inspection, the VBSA Bill allows for discretionary inspections.

Erosion of Autonomy: Bodies like IITs, IIMs, and State-funded universities lose their governing independence to a centralized bureaucratic structure.

C. Social Justice & Ideological Shifts

Equity Deficit: The Bill is criticized for not explicitly enforcing **affirmative action** (SC/ST/OBC reservations) or inter-regional justice.

Ideological Undercurrents: Critics argue the Bill promotes a monolithic version of "Bhartiya Knowledge," potentially marginalizing India's multi-cultural intellectual history in favor of specific ideologies.

2. The Proposed "Alternative Framework"

To address these gaps, an alternative governance model is proposed that treats education as a **"Shared Responsibility"** between the Centre and States.

I. Rebalancing the Vertical Councils

The Bill proposes three vertical councils (Regulation, Standards, and Accreditation). The alternative suggests:

50:50 Power Sharing: Giving 50% weightage to **State Higher Education Councils (SHECs)** in the processes of regulation and accreditation.

Manak Parishad (Standards Council): Standards should be shaped by regional and industrial needs rather than being prescriptive "one-size-fits-all" norms from Delhi.

II. Financial Autonomy: The HEGC

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Daily News Analysis

Instead of the Ministry of Education directly controlling funds, the alternative proposes a **Higher Education Grants Council (HEGC)**:

Block Grants: Moving away from a loan-based model to a public-funded enterprise.

Bridging Gaps: Providing generous funding to State-run institutions to correct "historical discrimination" and support research in laggard regions.

III. Reform in Assessment

Outcome over Output: Shifting from "Output-based" metrics (number of patents/publications) to "**Outcome-centric**" evaluation (social impact, national innovation, and environmental rejuvenation).

Third-Party Scrutiny: Opposing the outsourcing of accreditation to private third-party agencies, which might prioritize global rankings over social justice.

3. Key Analytical Pillars

Feature	Current VBSA Bill (Critique)	Alternative Proposal
Governance	Top-down, Bureaucratic	Deliberative, Participatory (Senates/Councils)
Federalism	Unitary (Centre-led)	Shared (Centre-State partnership)
Inclusivity	Vague on Reservations	Explicit Affirmative Action
Focus	Hyper-globalization / Rankings	National Innovation & Social Justice

Conclusion

The debate over the VBSA Bill is essentially a debate over the Soul of Indian Higher Education. While the Union government seeks to streamline and globalize Indian degrees, the alternative framework emphasizes that "standards" cannot be determined in a vacuum. True "Viksit Bharat" (Developed India) in education requires a system that respects regional linguistic autonomy, ensures social equity, and treats State governments as equal partners rather than administrative subordinates.