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The Analyst

CURRENT AFFAIRS Handout

21st January 2026



CONTEXT: It is a mixed bag as far as the global outlook for 2026 is concerned

World Order?

Decline of the Rules-Based International Order

- Post 2nd W.W. - World Order - anchored in -
- By 2026, this order - being tested by **great power assertiveness** -
- Reflects **realist** geopolitics -

The Doctrinal Resurgence - "Donroe Doctrine"

- Historical Monroe Doctrine (1823) - Key Principles -
- Modern U.S. Interpretation - 2 aspects -
- U.S. National Security Strategy (2025)

Major Regional Dynamics

Europe

- Criticised for losing **strategic autonomy**
 - Excessive Dependence on US
 - Economic and Energy Vulnerabilities
 - Industrial Decline
 - Technological Dependence

West Asia: Temporary Calm, Deep Instability

- Israel-Palestine -
- Iran
 - faces internal unrest - claims to fight on **four fronts** -
 - US and Israel -
 - More sanctions and conflicts -

Afghanistan, Pakistan and Bangladesh

- Af-Pak
- Pakistan - 27TH Amendment & US Embrace
- Bangladesh - Democratic 'uncertainty'

China's Rising Strategic Confidence

- Successfully handled US Tariffs
- Strengthened manufacturing and supply chains -
- Dominance - Clean Tech & Rare Earth Exports - **India's Dependency**
- Expanding presence -



India's Foreign Policy Challenges: Four Vectors

A. India-U.S. Relations

- Strategic Convergence - Indo-Pacific, Defence Cooperation
- Strategic Frictions - Russian Oil

B. India-China Economic Relations

- Trade Landscape -
- Strategic Dependencies - import dependence - across strategic sectors -

CONTEXT: It is a mixed bag as far as the global outlook for 2026 is concerned

C. India–Russia Relations

- Discounted Crude
- Issues – Defence Platforms; Lack of Diversification

D. India–Pakistan and Regional Security

- Military Dominance
- US–Pakistan Engagement

India's Way Forward: Policy Recommendations

- Economic Resilience Strategy – Expansion of PLI Schemes; SM; MSMEs
- India's Defence Modernisation – Strategic Reforms; Manufacturing Push; JVs
- Economic Diplomacy – Supply Chain Diversification – REs, APIs, High Tech
- Energy Security – SPRs, Diversification
- Soft Power and Cultural Diplomacy – SSC
- Issue-based Partnership – Climate, Trade, Digital Governance, etc.

Mains Practise Question:

The current world order reflects a shift from rules-based governance to power-based politics. Elaborate with reference to regional dynamics. In this context, also discuss the challenges to India's foreign policy and suggest a way forward.

(15 Marks, 250 words)



The Importance of Pax Silica for India

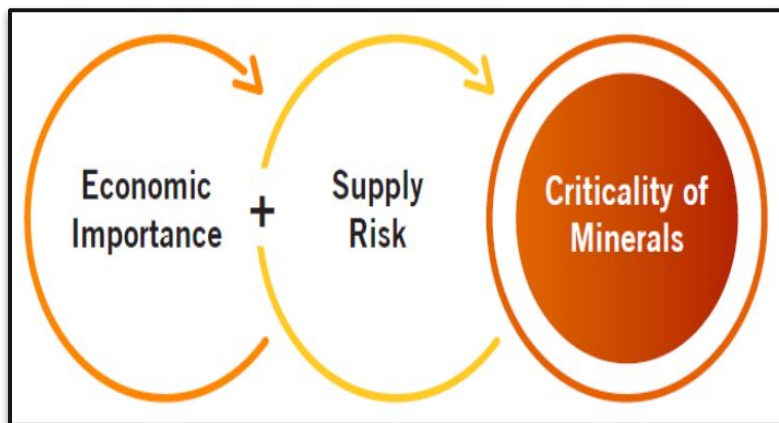


CONTEXT: India seeks to join it as it has a strong digital infrastructure, and a growing AI market

What is Pax Silica?

On **December 12, 2025**, the U.S. convened the first **Pax Silica Summit** to:

- Secure supply chains of CMs
- Strengthen SC and AI manufacturing
- Build trusted digital infrastructure
- Reduce coercive economic dependencies



Member Countries and Their Strengths

Country	Contribution
USA	Tech leadership, AI & semiconductor design
Japan	Advanced manufacturing
Australia	Largest lithium exporter, REE reserves
Netherlands	ASML – advanced chip lithography
South Korea	Memory chip manufacturing
Singapore	Semiconductor manufacturing hub
Israel	AI, defence tech, cybersecurity
UK	Third-largest AI market
Qatar & UAE	Large investment funds, AI ecosystem

Observers: Canada, EU, OECD, Taiwan.

Why Pax Silica? – Countering China

China dominates – REE supply chain; export controls – strategic leverage.

Key Incidents:

- China restricted REE exports after U.S. tariffs.
- India faced shortages of rare-earth magnets.
- India had to give assurances – China

Lessons from COVID-19: dangers of over-dependence

- India, Japan, Australia launched SCRI (2021)
- Quad launched CMI (2025)

What India Brings to Pax Silica?

- Strong digital public infrastructure
- Rapidly expanding AI market
- AI Mission & Semiconductor Mission with large funding
- Investments by Tata Group and Micron
- Growing AI startup ecosystem
- Large pool of highly trained engineers returning from the U.S.
- Existing collaborations with Japan, Singapore, Israel

India's Key Challenges

- Strategic Position: India would be: First developing country & First non-US ally member
- May antagonise China –
- Strategic Autonomy: Dilution of independent foreign policy
- Industrial Policy Conflict: India will seek to protect domestic firms – may face resistance from Pax Silica members



The Importance of Pax Silica for India



CONTEXT: India seeks to join it as it has a strong digital infrastructure, and a growing AI market

- Limited Exploration & Technological Gaps
 - Lack of Investments
- Weak Recycling Ecosystem

Way Forward for India

- India should engage more deeply with Pax Silica
- Balance participation with protection of strategic autonomy.
- Strengthen domestic semiconductor and AI ecosystems.
- Carefully manage relations with both China and Western technology blocs.

Mains Practise Question:

"The emergence of Pax Silica reflects the growing strategic importance of semiconductors, rare earth elements and Artificial Intelligence in global geopolitics." Discuss the objectives of Pax Silica and examine its implications for India's strategic autonomy and technological development.

(10 Marks, 150 words)



SYLLABUS : G.S. 2 : Health

Newspaper : The Indian Express Page No : 11

The gutkha nation and the welfare state



SHAMIKA RAVI AND
PARTHA PROTIM BARMAN

THE HOUSEHOLD Consumption Expenditure Survey (HCES) 2023-24 delivers an uncomfortable truth India cannot ignore: Tobacco consumption is rising fast, spreading wider, and embedding itself deeper into the lives of people in poorer households — just as the state expands publicly funded healthcare. This has serious implications for health outcomes, fiscal sustainability, and social policy.

Adjusted for inflation, per capita spending on tobacco rose sharply between 2011-12 and 2023-24 by 58 per cent in rural India and an even steeper 77 per cent in urban areas. Tobacco now accounts for around 1.5 per cent of monthly per capita consumption expenditure (MPCE) in rural areas and 1 per cent in urban areas. On the surface, these shares may appear modest. But the explosion in the number of households consuming tobacco is alarming. In rural India, tobacco-consuming households increased from 9.9 crore (59.3 per cent of all households) to 13.3 crore (68.6 per cent) — a 33 per cent rise in just over a decade. Urban India shows an even more dramatic increase of 59 per cent. Tobacco-consuming households jumped from 2.8 crore (34.9 per cent) to 4.7 crore (45.6 per cent). Tobacco use is no longer confined to traditional pockets or demographics — it is becoming mainstream across rural and urban India.

In rural areas, the surge is driven primarily by *gutkha* and leaf tobacco use. In cities, cigarette consumption has increased sharply, but *gutkha* has followed close behind. The most startling statistic in the survey concerns rural *gutkha* use. The share of rural households consuming *gutkha* has risen nearly sixfold — from 5.3 per cent to 30.4 per cent of households. Today, 41 per cent of all rural tobacco expenditure goes towards *gutkha*, making it the single largest tobacco product by value. Urban India, often assumed to be more health-aware, is not immune. Cigarettes remain the most



ILLUSTRATION: C.R. SASIKUMAR

widely consumed tobacco product in cities, used by 18.1 per cent of urban households. But nearly 16.8 per cent of urban households now consume *gutkha*, underscoring how aggressively it has penetrated city markets.

Geography sharpens the picture more. *Gutkha* consumption is concentrated in India's central belt — Madhya Pradesh, Uttar Pradesh, Bihar, Chhattisgarh and Rajasthan — where prevalence far exceeds the national rural average of around 30 per cent. In rural MP, more than six in 10 households consume *gutkha*; UP has crossed the 50 per cent mark. What is more worrying is that urban patterns are beginning to mirror rural ones. Nearly half of urban households in MP consume *gutkha*, while UP, Bihar and Rajasthan all record rates well above one-third. Several states in Northeast India have also recorded *gutkha* consumption above the national average in both rural and urban areas. Southern states report lower prevalence overall, but even here the numbers are troubling. In Karnataka, for instance, *gutkha* is consumed in one in four rural households.

Equally concerning is who bears the brunt of this epidemic. Tobacco use in India is increasingly concentrated among poorer households. In rural areas, more than 70 per cent of households in the bottom 40 per cent of the income dis-

In rural India, the bottom 40 per cent households spend just 2.5 per cent of monthly per capita consumption expenditure on education, while spending 4 per cent on pan, tobacco and intoxicants

tribution consume tobacco. In UP, MP and Bihar, this figure exceeds 85 per cent. Poorer rural households spend a larger share of their MPCE on tobacco (1.7 per cent) than the top 20 per cent (1.2 per cent). Urban India exhibits an even sharper class divide. Over half of the bottom 40 per cent households consume tobacco, while usage among the top 20 per cent is below 37 per cent. The poor spend nearly twice the share of their MPCE on tobacco compared to the rich. Across both rural and urban settings, tobacco consumption remains highest among the poorest and lowest among the wealthiest.

In rural India, *gutkha* use cuts across classes, suggesting a worrying social normalisation. Consumption has surged across all income groups, with prevalence among the bottom 40 and the top 20 per cent households nearly identical. In urban areas, however, inequality asserts itself: More than one in five in the bottom 40 per cent of households consume *gutkha*, compared to fewer than one in 10 among the top 20 per cent.

The health consequences of this trajectory are well known and devastating. The Ministry of Health and Family Welfare estimates that nearly 13 lakh deaths annually in India are because of tobacco use. Tobacco is a leading risk factor for non-communicable diseases

(NCDs) such as cardiovascular ailments, respiratory illness, cancer and hypertension. NCDs account for 63 per cent of all deaths in India, according to the WHO. What makes the current moment particularly fraught is the interaction between rising tobacco use and expanding public healthcare coverage. Ayushman Bharat was designed as a safety net for vulnerable families against catastrophic health expenditure. As of October 2025, over 42 crore Ayushman cards have been issued, covering nearly 12 crore families. The scheme has already helped households save an estimated Rs 1.52 lakh crore in out-of-pocket health spending.

Government health expenditure as a share of total health spending rose from 29 per cent to 48 per cent between FY2015 and FY2022, while out-of-pocket expenditure fell sharply. This is a success story, when seen partially. But declining private health spending alongside rising tobacco consumption raises a classic moral hazard concern. When tobacco use — concentrated among poorer households — drives chronic disease, the costs increasingly fall on the state. Without correctives, the long-term financial sustainability of publicly funded healthcare schemes could come under serious strain.

This risk is compounded by weak fiscal offsets. Tobacco products generated just 2.4 per cent of gross tax revenue in FY23. While the Central Excise (Amendment) Bill, 2025 proposes a hike in duties, raising the levy on chewing tobacco alone will not suffice. Regulatory oversight must be strengthened. Surrogate advertising continues unabated, with leading Bollywood celebrities promoting *gutkha* and pan masala under the fig leaf of "silver-coated cardamom". Such practices should not be tolerated.

Perhaps the starkest indictment comes from household budgets. In rural India, the bottom 40 per cent households spend just 2.5 per cent of MPCE on education, while spending 4 per cent on pan, tobacco and intoxicants. A welfare state cannot credibly champion human capital development while allowing addictive products to crowd out spending on education, nutrition and health. The government's commitment to social protection and universal health coverage cannot coexist with an unchecked rise in tobacco use. The HCES data is not just a statistical warning — it is a policy alarm bell.

Ravi is member, EAC-PM. Barman is young professional, EAC-PM



SYLLABUS : G.S. 2 : Health

Newspaper : The Indian Express Page No : 11

Household Consumption Expenditure Survey: 2023-24

प्रविष्टि तिथि: 30 JAN 2025 4:00PM by PIB Delhi

- Persistent decline in urban-rural consumption difference across India's major states continues in 2023-24
- Average MPCE on the rise across all Household types in rural and urban Areas
- Consumption Inequality drops across major states in urban and rural areas

The Ministry of Statistics and Programme Implementation (MoSPI) published the summary findings of the second of the two consecutive surveys on household consumption expenditure planned to be conducted during 2022-23 and 2023-24 on 27th December 2024 in the form of a factsheet. Prior to this, the detailed report and the unit level data of the survey of 2022-23 was released in June 2024. The detailed report of the Household Consumption Expenditure Survey: 2023-24 (HCES:2023-24) along with the unit level data is being released now.

HCES is designed to collect information on consumption and expenditure of the households on goods and services. The survey provides data required to assess trends in economic well-being and to determine and update the basket of consumer goods and services and weights used for the calculation of the Consumer Price Index. Data collected in HCES is also used to measure poverty, inequality, and social exclusion. The Monthly Per Capita Consumption Expenditure (MPCE) compiled from HCES is the primary indicator used for most analytical purposes.

The estimates of MPCE of 2023-24 are based on the data collected from 2,61,953 Households (1,54,357 in rural areas and 1,07,596 in urban areas) in the central sample spread over all States and Union Territories in the country. As in HCES:2022-23, in HCES:2023-24 also two sets of estimates of MPCE have been generated: (i) without considering imputed values of items received free of cost by the households through various social welfare programmes and (ii) considering imputed values of items received free of cost by the households through various social welfare programmes. The first set of estimates are presented in Section A while some selected indicators on the second ones are presented in Section B*/i*.

Important Findings of HCES:2023-24

- The average MPCE in rural and urban India in 2023-24 has been estimated to be Rs. 4,122 and Rs. 6,996, respectively without taking into account of the values of items received free of cost by the households through various social welfare programmes.
- Considering the imputed values of items received free of cost through various social welfare programmes, these estimates become Rs. 4,247 and Rs. 7,078 respectively, for rural and urban areas.
- At all-India level, the urban-rural gap in MPCE has declined to 71% in 2022-23 from 84% in 2011-12 and it has further reduced to 70% in 2023-24.
- Among the 18 major states, the urban-rural gap in average MPCE has declined in 18 states.
- Consumption inequality, both in rural and urban areas, for almost all the 18 major states has declined in 2023-24 from the level of 2022-23. At all-India, the Gini coefficient of consumption expenditure has declined to 0.237 in 2023-24 from 0.266 in 2022-23 for rural areas and to 0.284 in 2023-24 from 0.314 in 2022-23 for urban areas.



Ministry of Health & Family Welfare
Government of India

NATIONAL TOBACCO CONTROL PROGRAMME



About the Programme

Government of India launched the National Tobacco Control Programme (NTCP) in the year 2007-08 during the 11th Five-Year-Plan, with the aim to (i) create awareness about the harmful effects of tobacco consumption, (ii) reduce the production and supply of tobacco products, (iii) ensure effective implementation of the provisions under "The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003" (COTPA) (iv) help the people quit tobacco use, and (v) facilitate implementation of strategies for prevention and control of tobacco advocated by WHO Framework Convention of Tobacco Control.

During the 11th Five Year Plan, NTCP was implemented in 21 states covering 42 districts. To carry forward the momentum generated by the NTCP during the 11th Five Year Plan and baseline data generated through the Global Adult Tobacco Survey (GATS) India 2009-2010, indicating high level of prevalence of tobacco use, it was upscaled in the 12th Five Year Plan with a goal to reduce the prevalence of tobacco use by 5% by the end of the 12th FYP. As per the second round of GATS, the prevalence of tobacco use has reduced by six percentage points from 34.6% to 28.6% during the period from 2009-10 to 2016-17. The number of tobacco users has reduced by about 81 lakh (8.1 million).

The main thrust areas for the NTCP are as under:

- Training of health and social workers, NGOs, school teachers, and enforcement officers;
- Information, education, and communication (IEC) activities;
- School programmes;
- Monitoring of tobacco control laws;
- Coordination with Panchayati Raj Institutions for village level activities;
- Setting-up and strengthening of cessation facilities including provision of pharmacological treatment facilities at district level.



SYLLABUS : G.S. 3 : Environment

Newspaper : The Indian Express Page No : 04

Sophiya Mathew
New Delhi, January 20

THE COMMISSION for Air Quality Management (CAQM) — the pollution watchdog for Delhi-NCR — has said that a source apportionment study has been launched to prepare a new inventory of emissions.

The study will employ high-resolution mapping to track sources — from household heating to crop residue burning — to strengthen the region's Decision Support System (DSS), a real-time tool to keep a tab on Delhi's dynamic pollution sources.

The move comes after a CAQM expert panel noted that different studies often yielded different results due to "varying time periods, different locations, different chemical constituents analysed, and different modelling assumptions".

The Supreme Court-mandated panel emphasised that a "unified, data-driven approach" is essential to reduce emission uncertainty and support effective air quality management.

The Indian Express had reported last month that a consortium of institutions led by the Automotive Research Association of India (ARAI), a research body affiliated with the Ministry of Heavy Industries, has been tasked with the study aimed at preparing a new emissions inventory.

The commission said findings of the new study will be integrated into the Air Quality Early Warning System and DSS to get more accurate and real-time data. The consortium — which also includes IIT Delhi, TERI, and IITM Pune — will map emissions on a high-resolution 500 m x 500 m grid.

• GRAP 4 REVOKED

IN LIGHT of a marginal improvement in air quality, CAQM on Tuesday revoked curbs under GRAP Stage 4 in Delhi-NCR.

AT 378, Delhi's AQI entered the 'Very Poor' category after remaining 'Severe' on Sunday and Monday. While Noida's AQI was 382, Gurgaon's was 394.

GRAP 3 curbs are in place, under which schools are required to switch to hybrid mode of teaching until Class 5, and BS-III petrol and diesel private vehicles face



A hazy sky near Nizamuddin station. TASHI TOBGYAL

Ocurbs. BS-IV diesel-operated LCVs registered outside Delhi will not be permitted to enter the Capital, except those carrying essential commodities or providing essential services. **ENS**

• Skywatch



Forecast:

January 21, 2026

Partly cloudy sky, shallow to moderate fog at many places during morning hours

MAX: 22-24

4.4°C above normal

MIN: 6-8

0.4°C above normal

• **Sunrise:** 7:14 AM (January 22)

• **Sunset:** 5:51 PM (January 21)

• **Moonrise:** 9:23 AM (January 22)

• **Moonset:** 8:19 PM (January 21)

• AQI Tracker



Anand Vihar
Severe
AQI: 409



Jahangirpuri
Severe
AQI: 401



Ashok Vihar
Very Poor
AQI: 400



Wazirpur
Severe
AQI: 414

- Good (0-50)
- Satisfactory (51-100)
- Moderate (101-200)
- Poor (201-300)
- Very Poor (301-400)
- Severe (401-500)



SYLLABUS : G.S. 3 : Environment

Newspaper : The Indian Express Page No : 04

About Commission for Air Quality Management (CAQM):

- The CAQM is a **statutory body** established under the **Commission for Air Quality Management in National Capital Region (NCR) and Adjoining Areas, Act 2021**.
- **Mandate:** Better coordination, **research, identification, and resolution of problems surrounding the air quality index** and for matters connected therewith or incidental thereto.
- It undertakes action for the **prevention and control of Air pollution in Delhi-NCR & Adjoining Areas** which impacts the air quality of the National Capital Territory (NCT) of Delhi.
- The Commission is required to **coordinate its actions on monitoring of air quality with the government of Delhi and the adjoining states**, which includes Punjab, Haryana, Rajasthan, and Uttar Pradesh.
- **Powers:**
 - **Restricting activities** influencing air quality.
 - **Investigating and conducting research** related to environmental pollution impacting air quality, preparing codes and guidelines to prevent and control air pollution,
 - **Issuing directions** on matters including **inspections, or regulations**, which will be binding on the concerned person or authority.
 - **All the directions** and orders by the Commission **are of binding nature**, and any person, officer, or authority shall be bound to comply with the same.
- The commission is **directly accountable to the parliament**.

- **Composition:**
 - **Chairperson:** To be chaired by a **government official of the rank of Secretary or Chief Secretary**. He will hold the post for three years or until s/he attains the age of 70 years.
 - It will also have five **ex officio members** who are **either Chief Secretaries or Secretaries in charge of the department dealing with environment protection in the States of Delhi, Punjab, Haryana, Rajasthan, and Uttar Pradesh**.
 - Three full time technical members.
 - Three **members from non-government organisations**.
 - Technical members from **Central Pollution Control Board (CPCB)**, Indian Space Research Organisation, and NITI Aayog



SYLLABUS : G.S. 2: Statutory Bodies

Newspaper : The Hindu Page No : 12

SC to examine query by T.N., Kerala on whether ED is a 'juristic person'

Krishnadas Rajagopal
NEW DELHI

The Supreme Court on Tuesday decided to examine petitions filed by the States of Kerala and Tamil Nadu asking if the Enforcement Directorate (ED), a Central agency, is a "juristic person" who can approach High Courts for enforcement of its "rights".

A 'juristic' person is a legal fiction by which a non-human, like an incorporated company, is recognised to have rights, duties, sue or be sued like a 'natural' person.

A Bench of Justices Dipankar Datta and Satish Chandra Sharma took serious note of the question of law raised by the States, which have been riddled by ED raids and legal actions in recent times. The



Kerala said the ED cannot consider itself a 'person' but is only a statutory creation.

Bench issued a notice to the ED, posting the case for hearing after four weeks.

Kerala said the ED cannot consider itself a "person" but is only a statutory creation.

The train of events began with the ED filing a writ petition under Article 226 of the Constitution be-

fore the Kerala High Court. The agency had challenged a notification issued by the State in May 2021 setting up a Commission of Inquiry (CoI) to investigate an audio clip and a letter from two accused persons in the gold smuggling case. The duo had alleged that ED officials were coaxing them to implicate persons holding high offices in the State. The State government had tasked the Inquiry Commission to probe if there was a conspiracy afoot against the State's political leaders and, if so, to unearth the identity of those behind the plot.

On hearing of Kerala's cause, Tamil Nadu has joined ranks with its neighbour in the Supreme Court.

Tamil Nadu accused the ED of indulging in a "gross

and blatant abuse of the process of law by invoking the writ jurisdiction of the Madras High Court seeking mandamus for registration of a case relating to alleged illegal mining". It argued that the ED's writs in the High Court were "unmaintainable".

Both States want the Supreme Court to decide the question of law authoritatively.

"A statutory body can exercise only the power conferred by the relevant statute and all statutory bodies need not be body corporate with power to sue. Only a body corporate, with power to sue specifically conferred by the statute, can claim legal status or juristic person, which the Enforcement Directorate admittedly does not have....," Kerala argued.

About Enforcement Directorate

- The Directorate of Enforcement or Enforcement Directorate (ED) is a domestic law enforcement agency and economic intelligence agency.
- It is responsible for enforcing economic laws and fighting economic crimes in India.
- The origin of the ED goes back to May 1956, when an "enforcement unit" was formed, for handling Exchange Control Laws violations under the **Foreign Exchange Regulation Act, 1947**.
- In 1957, the unit was renamed as the Enforcement Directorate.
- **Nodal Ministry:** Department of Revenue, Ministry of Finance

Objectives of the ED

- The prime objective of the Enforcement Directorate is the enforcement of three key Acts of the Government of India namely:
 - Foreign Exchange Management Act, 1999 (FEMA),
 - **Prevention of Money Laundering Act, 2002 (PMLA)**, and
 - Fugitive Economic Offenders Act, 2018 (FEOA).



SYLLABUS : G.S. 2: Statutory Bodies

Newspaper : The Hindu Page No : 12

Process of Money Laundering

Money laundering involves **three stages** that finally release laundered funds into the legal financial system. These three stages are as follows:

Placement

This is the first stage of the money laundering process when illegal funds are first introduced into the legitimate financial system. It is done through several methods, including **wire transfers** or depositing money into financial institutions such as **banks, casinos, shops**, and other businesses. During this phase, the following techniques are employed to conceal the source and ownership of the funds.

- **Breaking up the money:** Money is divided into smaller sums and depositing it into multiple bank accounts to avoid detection.
- **Depositing across borders:** The cash may be **transported** across borders and deposited in offshore financial institutions to conceal or disguise to purchase **high-value assets**, such as artwork, diamonds, and gold, which can be resold later for payment by cheque or bank transfer, further distancing the illegal proceeds from their source.

Layering

It involves **multiple financial intermediaries and transactions** to confuse Anti-money laundering (AML) checks. Layering money laundering is **gradually adding legitimacy** to the source of illicit money, making it difficult to track. It is generally considered the **most complex** stage. Some of the methods utilised during this step include:

- Changing the money's currency.
- Multiple inter-bank transfers.
- Multiple structured deposits and withdrawals (**Smurfing**)
- Purchasing high-value items such as diamonds, cars, or property.
- **Multiple wire transfers** between multiple accounts in different countries.
- Opening "shell" companies.

- **Investing in businesses** that require minimal paperwork, such as currency exchanges, art galleries, and car washes.
- Using money "mules."

Integration

In the last stage, dirty money re-enters the mainstream financial system as a legitimate transaction. This is done in the form of business investment, purchase, or the sale of an asset bought during the layering. The major methods used are as follows:

- Property dealing
- Front companies and fraudulent loans
- Foreign bank complicity
- False import/export invoices



ED is a 'Juristic' Person?

SYLLABUS : G.S. 2: Statutory Bodies

Newspaper : The Hindu Page No : 12

3. With reference to the Government of India, consider the following information :

	Organization	Some of its functions	It works under
I.	Directorate of Enforcement	Enforcement of the Fugitive Economic Offenders Act, 2018	Internal Security Division-I, Ministry of Home Affairs
II.	Directorate of Revenue Intelligence	Enforces the Provisions of the Customs Act, 1962	Department of Revenue, Ministry of Finance
III.	Directorate General of Systems and Data Management	Carrying out big data analytics to assist tax officers for better policy and nabbing tax evaders	Department of Revenue, Ministry of Finance

In how many of the above rows is the information correctly matched?

- (a) Only one (b) Only two
(c) All the three (d) None



SYLLABUS : Prelims : Mapping

Newspaper : The Hindu Page No : 16

Greenland has to be acquired," Mr. Trump said.

99-year lease

The United Kingdom and Mauritius signed a deal in May 2025 to give Mauritius sovereignty over the Chagos Islands after two centuries under British control, though the U.K. will lease back Diego Garcia where the U.S. base is located, for at least 99 years.

The U.S. government welcomed the agreement at the time, saying it "secures the long-term, stable, and effective operation of the joint U.S.-U.K. military facility at Diego Garcia."

In recent years, the United Nations and its top court have urged Britain to return the islands to Maur-

itius, and the British government says it's acting to protect the security of the base from international legal challenge.

But the deal has met strong opposition from British opposition parties, which say that giving up the islands puts them at risk of interference by China and Russia.

The U.K. kept control of the Chagos Islands after Mauritius gained independence from Britain in the 1960s. But it evicted thousands of Chagos islanders, who have since mounted a series of legal claims for compensation in British courts. Over 10,000 displaced Chagossians and their descendants now live primarily in Britain, Mauritius and the Seychelles.

What are the Chagos Islands?

They are an archipelago in the Indian Ocean, located about 5,800 miles south-east of the UK and 1,250 miles north-east of Mauritius. They became British territory along with Mauritius in 1814 as part of the treaty of Paris after the defeat of Napoleon. The group of islands were designated as British Indian Ocean Territory in 1965 and detached from Mauritius, which became independent in 1968. The deal then was that the islands would return to Mauritius once they were no longer needed for Britain's defence. A joint UK-US military base was built on the largest of the islands, Diego Garcia. Displaced residents were resettled in Mauritius and Seychelles, while some were relocated to the UK in 2002.



Guardian graphic.



SYLLABUS : Prelims : Mapping

Newspaper : The Hindu Page No : 16

Why are they being returned to Mauritius now?

Since the 1980s, Mauritius has claimed sovereignty over the islands and pursued its case through international courts and tribunals. In 2019, the international court of justice (ICJ), the principal judicial organ of the United Nations, ruled in a non-binding judgment that the process of decolonisation of Mauritius was not lawfully completed when it was granted independence in 1968 and that the UK was “under an obligation to bring to an end its administration of the archipelago as rapidly as possible”.

What has happened since that ruling?

Under the government led by Rishi Sunak, a Conservative prime minister, it was announced in 2022 that the UK and Mauritius had agreed to begin negotiations on the exercise of sovereignty over the Chagos archipelago. It was argued that Britain’s defence was best served by having legal certainty over the Chagos Islands due to the risk of continued challenges in international courts. It was an acknowledgment that the UK respected international law.

The UK government stressed that agreement would “ensure the continued effective operation of the joint UK-US military base on Diego Garcia”. The Conservative government held 11 rounds of negotiations with the Mauritians before the general election in July 2024. After Labour won the summer election, the two governments published a joint statement on 3 October 2024 announcing that **a political agreement had been reached**. The treaty **was formally approved and signed** by Keir Starmer and his counterpart, the Mauritian prime minister, Navin Ramgoolam, on 22 May 2025. Starmer said the deal was vital as the UK would “not have a realistic prospect of success” if Mauritius pursued legal action. He explained that the UK could have faced a provisional measures order “within a matter of weeks”.

The UK could just ignore such orders but without an agreement it would not have legal grounds to prevent China or other nations from establishing bases on the outer islands or conducting joint exercises near Diego Garcia, it was claimed.

What are the terms of the deal?

Mauritius takes sovereignty of the islands but the UK maintains an initial 99-year lease of Diego Garcia with an option of extension. The UK will pay for that lease. The average annual cost during the initial 99-year period of the treaty is estimated by Whitehall to be £101m in 2025-26 prices. The total projected cost of the finance package using a net present value methodology is £3.4bn, although some argue it could be higher.



SYLLABUS : G.S. 3: Technology

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The EV boom is accelerating a copper crunch

The global shift toward electric vehicles (EVs) is widely celebrated as a technological breakthrough and a vital step toward a greener future. However, there also lies a growing and underappreciated challenge: an impending copper crunch. Copper is indispensable for electrification and forms the backbone of EV batteries, motors, wiring, charging infrastructure, and power grids. As EV adoption accelerates, copper demand has entered a phase of exponential growth that many policymakers and markets have underestimated. Over the past decade, EVs have moved from a niche product to the fastest-growing segment of the global automotive industry, with profound consequences for the global commodity systems.

Between 2015 and 2025, global EV sales rose from approximately 0.55 million units to an estimated 20 million units, while associated copper consumption surged from roughly 27.5 thousand tonnes to over 1.28 million tons, showing copper to be the hidden backbone of the EV revolution. However, supply growth has lagged due to decades of underinvestment, declining ore grades, and the 10-15 year development cycle for new mines. Consequently, a structural supply deficit could emerge as early as 2026, reshaping global trade, intensifying geopolitical competition and influencing the cost and the pace of EV adoption. Therefore, the EV transition must be understood not only as a technological shift but also as a resource-intensive transformation constrained by metals as much as by markets.

In near perfect lockstep

One of the most striking features of the electric vehicle (EV) transition is the near one-to-one relationship between EV sales growth and copper demand, as reflected in elasticity estimates.

Between 2016 and 2024, the copper demand elasticity with respect to EV sales mostly exceeded 1.0, indicating that copper



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With demand threatening to outpace supply, there need to be bold actions in recycling and technological innovation

consumption increased faster than EV adoption despite sustained efforts to reduce metal intensity. During this period, EV-related copper demand surged from approximately 39,000 tonnes in 2016 to over 1.1 million tonnes in 2024, while global EV sales expanded from approximately 0.75 million units to around 17 million units. The linkage was especially pronounced in 2019, when elasticity peaked at 1.76, signalling a sharp rise in copper use per vehicle – driven by larger battery packs, increased power electronics and rapid charging infrastructure expansion. Although elasticity is projected to ease to approximately 0.90 by 2025, as efficiency gains emerge, the absolute copper demand will continue to rise owing to the scale of EV deployment. With EVs requiring four to five times more copper than internal combustion vehicles and no viable large-scale substitutes available, this synchrony underscores the persistent structural demand pressure. Ultimately, this copper-intensive trajectory, more than battery technology alone, will shape the pace of global electrification.

A global copper deficit phase

While copper demand is rising sharply, global supply has begun to plateau, creating a widening gap often described as a "jaw-opening deficit". Declining ore grades at existing mines, decade-long development timelines for new projects, and environmental opposition in major producing regions such as Chile, Peru and the United States constrain supply growth. In 2024, global supply is expected to exceed demand by approximately 0.3 million tonnes, but by 2026, demand is projected to reach 30 million tonnes, while supply lags at around 28 million tonnes.

This gap is expected to widen to 4.5 million tons by 2028 and nearly 8 million tons by 2030, equivalent to the output of the world's 10 largest copper mines combined. Such shortages could increase EV costs, delay the development of

charging infrastructure, and strain decarbonisation targets. As electrification accelerates, copper scarcity may become the main bottleneck unless mining, recycling and material innovation are rapidly scaled up.

A reshaping of global market dynamics

The geography of EV-driven copper consumption signals a major shift in the global power balance, with China emerging as the dominant force in electric vehicle adoption and copper usage. China's EV-related copper demand surged from about 78,000 tonnes in 2020 to nearly 6,78,000 tonnes in 2024 and is projected to reach around 7,80,000 tonnes by 2025, accounting for almost 60% of global EV-based copper consumption. This dominance is driven not only by strong EV sales but also by China's control of over 70% of global battery cell production and its deeply integrated supply chain.

By 2025, EV-related copper demand is expected to reach approximately 210,000 tonnes in the European Union and 1,14,000 tonnes in the U.S., while India remains modest at roughly 7,200 tonnes. This asymmetry provides China with a structural advantage in terms of pricing power, long-term supply contracts, and strategic leverage over copper-rich regions. As copper becomes central to energy transition, securing access will rival battery technology as a global priority.

The EV revolution is not only reshaping transportation but also the global metals economy. Copper has emerged as a vital artery of electrification, and the world is rapidly approaching a moment when demand outpaces supply in ways that are unprecedented in modern industrial history. Policymakers, investors and environmental planners must recognise that the energy transition is inseparable from resource strategy. Without bold actions on copper supply, recycling, and technological innovation, the pace of electrification will be dictated by geology rather than ambition.

About Copper

- Copper, known for its high conductivity, malleability, and corrosion resistance, plays a crucial role in modern industries.
- India, although not among the largest producers of copper, has a significant copper industry that contributes to various sectors of the economy.
- **Physical Properties:** Malleable and ductile, Resistant to corrosion
- **Recyclability:** Copper is 100% recyclable without any loss in quality, making it an eco-friendly metal.

• Dependence on Copper Imports:

- India imports 30-40% of its refined copper, with Japanese suppliers accounting for 80% of imports.
- In 2023-24, India imported refined copper worth ₹16,500 crore, primarily for the manufacture of electrical wires and cables.



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Where Copper is Found in India?

- **Major Copper Reserves:**
 - **Rajasthan:** Khetri and Jhunjhunu belt.
 - **Madhya Pradesh:** Malanjkhand mine, the largest open-pit copper mine in India.
 - **Jharkhand:** Singhbhum copper belt.
- **Production Facilities:** Hindustan Copper Limited (HCL) operates key copper mines in these regions.

Largest Exporters of Copper in the World

- **Chile:** The leading exporter, accounting for over 30% of global production.
 - **Peru:** Known for its extensive copper mines.
 - **China:** A significant exporter despite being a large consumer.
- United States:** Major copper reserves in Arizona and Utah.
- **Australia:** A consistent exporter with large mining operations.



Q1. How many of the following pairs of copper-bearing regions and their corresponding states is/are correctly matched?

S.No	Copper-bearing regions	States
1.	Jhunjhunu belt	Madhya Pradesh
2.	Malanjkhand mine	Rajasthan
3.	Singhbhum belt	Jharkhand

Select the correct answer using the code given below.

- a) Only One
- b) Only Two
- c) All Three
- d) None

Answer: a

Q2. Consider the following statements regarding the Chagos Islands:

- The Chagos Islands came under British control in 1814 following the Treaty of Paris.
- The archipelago is located in the Indian Ocean and lies to the north-east of Mauritius.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: c

Q3. Consider the following statements regarding the Enforcement Directorate:

- It is a law enforcement and economic intelligence agency under the Ministry of Home Affairs.
- It enforces the provisions of the Prevention of Money Laundering Act, 2002, and the Fugitive Economic Offenders Act, 2018.
- It was established in 1957 to deal with violations under the Foreign Exchange Regulation Act, 1947.

Which of the statements given above are correct?

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

Answer: b

Q4. Consider the following statements regarding the composition of the Commission for Air Quality Management:

- The Chairperson of the Commission holds office for a term of five years or until attaining the age of 70 years, whichever is earlier.
- The Commission includes technical members from bodies such as the Central Pollution Control Board, the Indian Space Research Organisation, and NITI Aayog.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: b

Q5. With reference to the Supply Chain Resilience Initiative, consider the following statements:

- It aims to reduce excessive dependence on any single country and foster a virtuous cycle of strengthening supply chain resilience.
- The United States is a founding member of this initiative.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: a





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