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The Analyst

CURRENT AFFAIRS Handout

20th March 2026



CONTEXT: The Punjab government has demanded ₹1.44 lakh crore from Rajasthan as a "royalty" for river water used since 1960, citing a pre-Independence agreement. This highlights the Inter-State water disputes in India.

Punjab–Rajasthan Water Dispute

- Punjab CM Bhagwant Mann demands ₹1.44 lakh crore from Rajasthan
 - Claim: Rajasthan used 18,000 cusecs water since 1960 without payment
- **1920s Agreement** (Historical Basis)
 - Between Bikaner princely state & undivided Punjab
 - Water supplied via Gang (Bikaner) Canal
 - Rajasthan (Bikaner) paid royalty/usage charges
 - Payments continued till ~1960
- **1960 Turning Point:** Indus Waters Treaty
 - India got full control over eastern rivers (Ravi, Beas, Sutlej)
 - Shift from paid arrangement → inter-state allocation
 - Rajasthan stopped paying
- **1981 Agreement**
 - Tripartite pact: PB–HR–RJ
 - Rajasthan allocated 8.6 MAF (largest share)
 - Boosted Indira Gandhi Canal
 - Formalised Rajasthan's legal entitlement
- **2004 & 2016 Developments**
 - Punjab passed Termination of Agreements Act (2004)
 - 2016 SC: States cannot unilaterally cancel inter-state agreements.
- **Changing Ground Reality**
 - Declining river water availability leading to severe water stress in Punjab
 - Punjab groundwater crisis: ~156% extraction (highest in India)
 - Rajasthan canal usage expanded
 - Allocations remain fixed despite reduced water

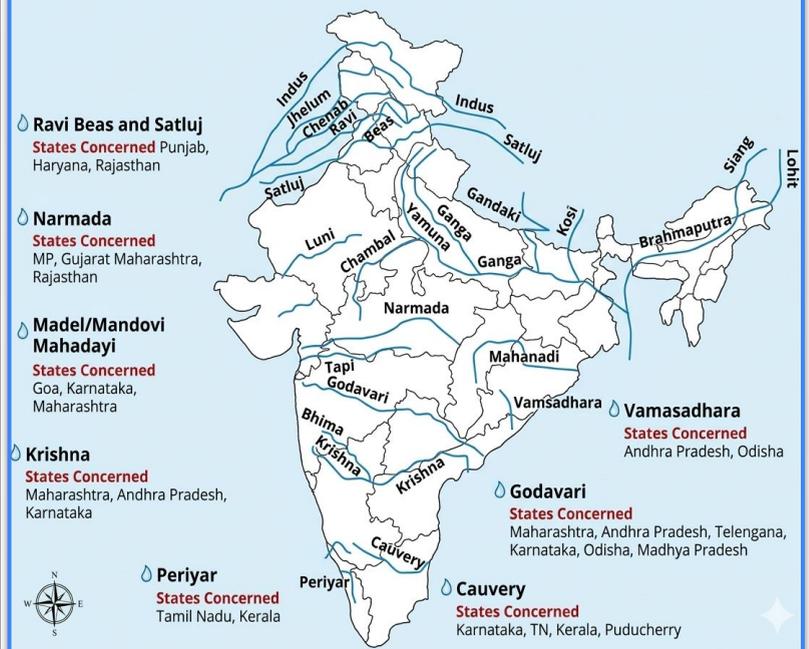
Inter-State water disputes

- India = federal polity + uneven water distribution
- ~80% rainfall in 4 months → spatial & temporal imbalance
- Rivers flow across multiple states → conflict

Constitutional Framework

- Distribution of Powers
 - **State List** (Entry 17) → Water, irrigation, canals
 - **Union List** (Entry 56) → Regulation of inter-state rivers in public interest
- **Article 262:** Empowers Parliament to adjudicate inter state river disputes and bars court jurisdiction once such laws are enacted (Basis for tribunal system).

MAJOR INTER-STATE RIVER DISPUTES



CONTEXT: The Punjab government has demanded ₹1.44 lakh crore from Rajasthan as a "royalty" for river water used since 1960, citing a pre-Independence agreement. This highlights the Inter-State water disputes in India.

Legal Frameworks

- **Inter-State River Water Disputes Act, 1956 (ISRWD Act)**
 - Provides for tribunals to give binding decisions on disputes
- **River Boards Act, 1956**
 - Enables river basin management boards
 - Not effectively implemented
- **2002 Amendment (ISRWD Act)**
 - Time limits introduced (often ignored)
 - Tribunal formation: 1 year
 - Award delivery: 3 years
- **Dispute Resolution Committees (Recent Reform)**
 - Promote pre-tribunal negotiation & amicable settlement
- **ISRWD Amendment Bill, 2019** - Proposes:
 - Replacing existing ad hoc tribunals with a single **permanent tribunal** with multiple benches
 - Fixed timelines
 - DRC
 - Central data bank
- **Judicial Role (Supreme Court)**
 - Cannot directly adjudicate disputes
 - Can interpret & enforce tribunal awards

Reasons

- **Riparian vs Non-Riparian Conflict**
 - Riparian: River basin states e.g. Punjab
 - Non-riparian: e.g., Rajasthan (Ravi-Beas)
 - Debate: Geography vs equity
- **Outdated Agreements**
 - Many based on colonial data
 - "Surplus water" assumptions

- **Federal Tensions** (State List subject + Union role)
 - States assert ownership mindset
 - Centre often seen as biased
- **Delay** in Tribunals
 - Justice delayed = conflict escalated
- **Climate Change** Impact
 - Erratic monsoons, Reduced river flows
 - Increased drought frequency
- **Groundwater Crisis**
 - MSP-driven cropping patterns
 - Over-extraction of groundwater e.g. Punjab (>150% extraction)
- **Non-Basin Based Boundaries**
 - State borders not aligned with river basins
- **Rising Water Demand**
 - Population growth, agriculture, urbanisation, industry ↑ pressure on water
- **Poor Data** Sharing
 - Lack of reliable, transparent hydrological data → mistrust
- **Politicisation** of Water
 - Used as electoral issue → technical disputes become emotional conflicts



Inter-State water disputes



CONTEXT: The Punjab government has demanded ₹1.44 lakh crore from Rajasthan as a "royalty" for river water used since 1960, citing a pre-Independence agreement. This highlights the Inter-State water disputes in India.

Way Forward

- Strengthen **Cooperative Federalism**
 - Centre - neutral mediator; promote consensus over litigation
- **Permanent Tribunal** System
 - With multiple benches for faster decisions
 - Strict timeline for tribunal formation, awards, and notification
- **River Basin** Authorities
 - Holistic management at basin level (surface + groundwater + ecology)
- Centralised **Water Data Bank**
 - Real-time, transparent hydrological data to build trust
- Use of **Technology & AI**
 - Satellite data, modelling, AI forecasting for objective allocation
- **Stakeholder** Participation
 - Include farmers, communities & industry

- Improve **Water Use Efficiency**
 - Drip irrigation, crop diversification, wastewater reuse
- **Climate-Resilient** Frameworks
 - Account for climate variability
- **Strengthen Inter-State Council (Art 263)**
 - Promote dialogue-based, non-adversarial solutions
- **Legal Reforms**
 - Strengthen enforcement under ISRWD Act
- **Environmental Safeguards**
 - Ensure ecological flows, river health, biodiversity protection
- **Indus Waters Treaty** shows
 - Even hostile nations can cooperate

MAINS PRACTISE QUESTION:

"Inter-state water disputes in India are less about water scarcity and more about governance failure." Discuss.

(10 marks, 150 words)



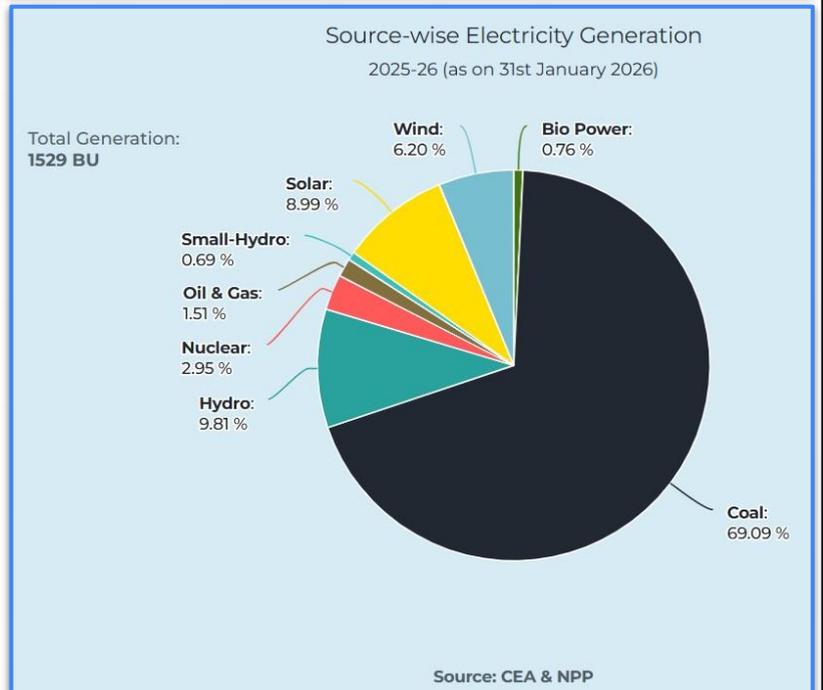
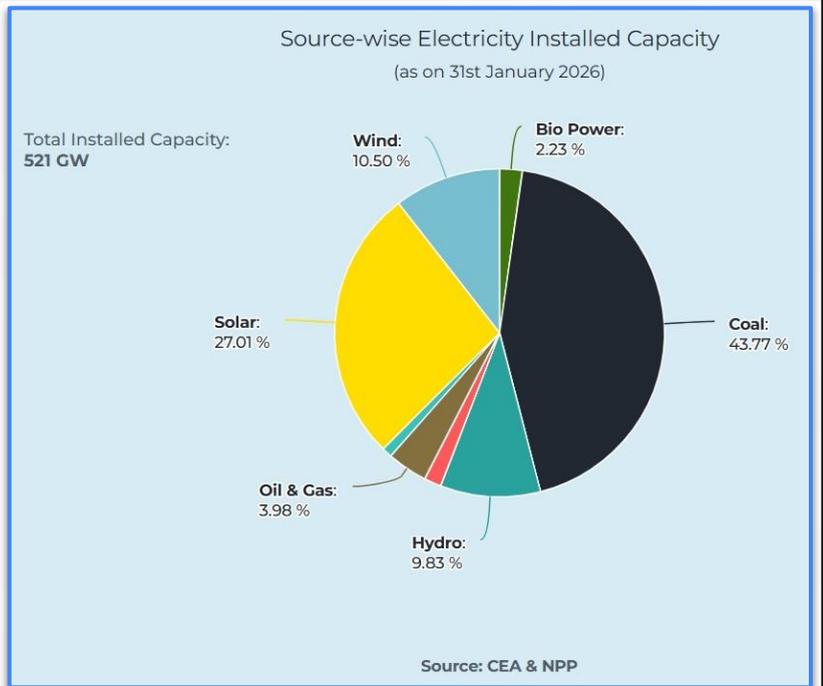
CONTEXT: Union minister of Power said India's power demand is set to rise sharply, with AI, data centres and EVs expected to add around 30 GW to peak demand in the next 5–6 years.

India Power Demand & Energy Transition

- **Rising Power Demand:**
 - **AI, data centres & EVs** may add **~30 GW** to peak demand in next 5–6 years
 - Peak demand: **250 GW** (FY25)
 - Expected 270 GW (FY26) (not reached due to weather)
- **Long-term projection:**
 - Total energy requirement: **459 GW by FY36**
 - Installed capacity target: **~1,121 GW**
 - **~786 GW** from non-fossil sources
- **Clean & affordable power crucial for:**
 - Manufacturing growth
 - Global competitiveness
 - Global pressures: Carbon regulations like CBAM

India's Electricity Demand and Clean Energy Transition

- Electricity demand **growth: ~9% annually** since FY21, surpassing the projected 6% CAGR.
- Fastest-growing demand: **Household** consumption, driven by a 40–50% YoY increase in AC sales.
- Total power generation capacity: **521 GW, third-largest** electricity producer globally.
- **Coal's dominance:** Despite its share in installed capacity falling below 50%, coal still meets 70% of the country's power demand.
- India's 2030 clean energy target: 500 GW of non-fossil fuel capacity, requiring an annual addition of ~50 GW of RE.



SECTOR-WISE DEMAND STRUCTURE

- Industry → ~41–42%
- Domestic → ~24%
- Agriculture → ~17%
- Commercial → ~8%
- Shift: Increasing share of residential + services



Power Demand in India



CONTEXT: Union minister of Power said India's power demand is set to rise sharply, with AI, data centres and EVs expected to add around 30 GW to peak demand in the next 5–6 years.

DRIVERS OF POWER DEMAND

- **Economic Growth**
 - GDP growth → industrial electricity demand
 - Industry share ~40%+ consumption
 - Railway electrification (100% by 2030)
- **Urbanisation & Lifestyle**
 - ACs, cooling demand rising
 - 35% of India's population
- **Agriculture**
 - Irrigation pumps → free electricity → inefficient usage
 - Agro-processing & Cold storage
- **Emerging Drivers**
 - AI, Data Centres, EVs, Green Hydrogen
 - (New demand layers = structural shift in electricity consumption)
- **Climate Change**
 - Temperature ↑ → cooling demand ↑
 - Rising **Heat Waves** → sharp spikes

KEY ISSUES IN POWER DEMAND MANAGEMENT

- **Peak vs Average Demand Gap**
 - High peak demand → idle capacity otherwise
- **Coal Dependence**
 - Peak demand often met by coal
 - Environmental trade-offs
- **Renewable Integration Challenge**
 - Solar available in day
 - Peak demand → evening
- **DISCOM Financial Stress**
 - Subsidies, losses
 - Poor cost recovery
- **Grid Infrastructure Constraints**
 - Transmission bottlenecks
 - Regional imbalance
 - High AT&C losses (national average is 27%)
- **Demand Forecasting Issues**
 - Weather variability
 - AI/data centres → unpredictable demand.

GOVERNMENT INITIATIVES

- **Policy & Planning**
 - National Electricity Plan (CEA)
 - Integrated energy planning (NITI Aayog)
- **Demand Side Management (DSM)**
 - UJALA LED scheme
 - Energy efficiency programs
- **Renewable Push**
 - Target: 500 GW non-fossil by 2030
 - PM-KUSUM projects
 - Production Linked Incentive Scheme for solar PV modules
 - ISA
- **Market Reforms**
 - Power exchanges e.g IEX
 - Real-time markets
- **Distribution Reforms**
 - Revamped Distribution Sector Scheme (smart metering)
 - Ujwal DISCOM Assurance Yojana (UDAY).

Way Forward

- **Supply Side**
 - Strategic Shift to Renewables & Storage like Battery Energy Storage Systems (BESS)
 - Diversify energy mix
- **Strengthening the Grid & Transmission**
 - Green Energy Corridors: From resource-rich regions to industrial hubs.
 - Accelerating Smart Grid Adoption
- **Distribution Sector Reforms (DISCOMs)**
 - Financial Discipline to ensure DISCOMs remain profitable.



Power Demand in India



CONTEXT: Union minister of Power said India's power demand is set to rise sharply, with AI, data centres and EVs expected to add around 30 GW to peak demand in the next 5–6 years.

- Electricity (Amendment) Bill 2026: Aims to allow industrial consumers to procure power directly, promoting market competition and cost-reflective tariffs.
- AT&C Loss Reduction: Bring AT&C losses down to 12–15%.

- **Emerging Technologies & Nuclear Mission**

- National Green Hydrogen Mission: To decarbonize heavy industries like steel and fertilizers.
- Nuclear Energy Mission: Pushing for 100 GW of nuclear capacity by 2047, with a focus on indigenous Small Modular Reactors (SMRs) and utilizing India's thorium reserves.
- AI-based demand forecasting

MAINS PRACTISE QUESTION:

Discuss the emerging drivers of power demand in India and examine their implications for energy policy.

(10 Marks, 1250 words)



SYLLABUS : Prelims : Geography - Places in News
Newspaper : Indian express Page No : 09

• WAR IN WEST ASIA

Ras Laffan attack deepens India's worries over LNG

The Ras Laffan hit is of particular significance, not just for global LNG flows but also for India, which is grappling with an LPG supply crisis



SUKALP SHARMA & ANIL SASI

HOURS AFTER Israel hit South Pars, the world's largest natural gas field located in the Persian Gulf and shared between Iran and Qatar. Iranian missiles Thursday struck the world's biggest liquefied natural gas (LNG) facility in Qatar's Ras Laffan Industrial City.

While this is not the first time energy infrastructure has been targeted in the West Asia war by either side, the scale of the recent attacks marks a major escalation and increases the risk of a prolonged supply disruption. Consequently, the price of international oil benchmark Brent, which was already at a little over \$100 per barrel this week, briefly breached the \$119 level on Thursday before dropping to around \$112 by evening. The price is now around 50% higher than pre-war levels. Natural gas prices also shot up significantly.

After the South Pars attack, Iran warned that it would target facilities in the region. Sure enough, it struck Saudi Arabia's Samref refinery in the Red Sea port city of Yanbu and energy infrastructure in Kuwait, besides Qatar's Ras Laffan.

While the extent of damage to Ras Laffan is not yet known, the strikes have significant escalatory implications. One, it is now unclear how much time it will take for gas output from these facilities to return to normal, even if the war stops. Two, the concerns have moved upstream from the transit pathway to the production and supply side.

Notably, US President Donald Trump said that Washington did not have advance knowledge of the Israeli attack on the South Pars gas field, and Qatar was not involved either. Trump even declared that Israel will no longer attack South Pars unless Iran attacks "a very innocent" Qatar. But he also warned Iran that if it attacked Qatar's LNG facilities, the US would "blow up the entirety" of the South Pars gas field.

Why Ras Laffan strike matters

The Ras Laffan hit is of particular significance, not just for global LNG flows but also for India. QatarEnergy's primary LNG



production units, liquefaction plants, and export infrastructure are all concentrated in Ras Laffan, accounting for roughly a fifth of global LNG supply.

Qatar had already suspended LNG production at the facility following an attack — evidently smaller in scale than the recent strikes — earlier this month. Experts had expected LNG flows from Ras Laffan to be reinstated swiftly once the war ended. Still, with extensive damage from the latest strikes now being reported, it remains unclear how long it will take for LNG supplies to normalise.

A statement from QatarEnergy said Ras Laffan was targeted with missiles, "causing sizeable fires" and "extensive" damage. There have been no reports of any injuries, given that the facility was evacuated after Iran's retaliation threat.

"In addition to the previous attack on Ras Laffan Industrial City on Wednesday 18 March 2026 that resulted in extensive damage to the Pearl GTL (Gas-to-Liquids) facility, QatarEnergy confirms that in the early hours of Thursday 19 March 2026, several of its Liquefied Natural Gas (LNG) facilities were the subject of missile attacks, causing sizeable fires and extensive further damage. Emergency response teams were deployed immediately to contain the re-

sulting damage with no reported casualties," QatarEnergy said on Thursday.

India's LNG dependency

Qatar is India's largest source of LNG. India depends on LNG imports to meet roughly half of its natural gas demand. More than two-fifths of the country's LNG comes from Qatar — almost all of it from Ras Laffan.

According to Commerce Ministry data, India imported 27 million tonnes of LNG in 2024-25, of which 11.2 million tonnes, or 41.4%, came from Qatar. QatarEnergy has an LNG production capacity of 77 million tonnes per annum, which is under expansion. In 2025, QatarEnergy exported around 81 million tonnes of LNG.

With LNG from Qatar and other sources in West Asia unable to reach India due to the effective closure of the Strait of Hormuz and a production suspension by QatarEnergy, India had already cut natural gas supplies to certain industries.

Beyond LNG, India, like many other countries that rely on West Asia for a large share of their energy imports, would be extremely worried about the prospect of an escalation in attacks on critical energy infrastructure.

So far, the disruption from the conflict

Energy dependence

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South Pars Gas Field & Ras Laffan

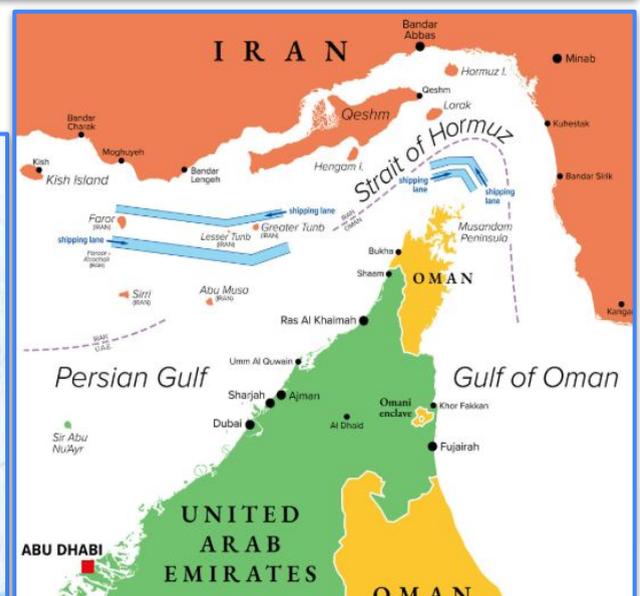
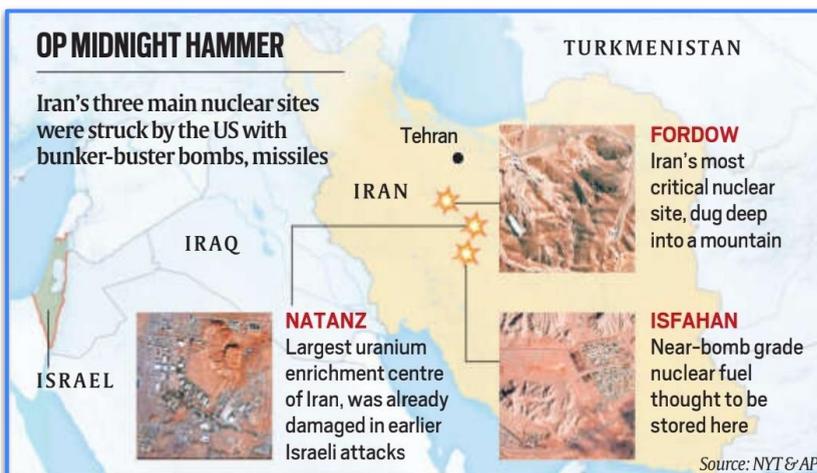


SYLLABUS : Prelims : Geography - Places in News

Newspaper : Indian express **Page No : 09**

South Pars Gas Field & Ras Laffan LNG facility

- **Location:** The South Pars/North Dome field is a giant **offshore natural gas field** located in the **Persian Gulf**.
- Ownership: Shared between **Iran** and **Qatar**.
 - **South Pars:** The northern section (about 3,700 sq. km) belongs to Iran.
 - **North Dome:** The southern section (about 6,000 sq. km) belongs to Qatar.
- Recognized as the **world's largest** natural gas field.
 - It contains an estimated 51 trillion cubic meters of gas which is roughly **19%** of the world's total gas reserves.
- Backbone of Qatar's economy (LNG)
- Primary energy source for Iran's domestic use.
- **Geological Formation:** The reservoir is located in the **Kangan-Dalan formation**, which dates back to the Permian-Triassic periods (250 ml yr old).



Domestic Systemically Important Banks



SYLLABUS : Prelims: Economy – Banking
Newspaper : The Hindu Page No : 19

Domestic Systemically Important Banks (D-SIBs)

- These banks that are “**Too Big To Fail**”
- Their failure can disrupt the entire financial system
- Identified by **RBI** in India
- Based on idea of **systemic risk**
- Large banks have:
 - High interconnections
 - Large customer base
 - Critical role in economy
- Failure → contagion effect in banking system
- **RBI Framework** (Introduced in 2014) based on:
 - Size, Interconnectedness
 - Substitutability
 - Complexity
- **Bucketing System**
 - Banks classified into buckets (1–5)
 - Higher bucket → higher risk → more capital required

Domestic Systemically Important Banks (D-SIBs) 2025



Exam Traps

- Identified by SEBI → **WRONG**
- Only public sector banks → **WRONG**
- No extra capital needed → **WRONG**
- Same as NBFCs → **WRONG**

Additional Requirements

- D-SIBs must maintain:
 - Higher **Common Equity Tier-1 (CET-1)** capital
 - CET-1 capital is a bank's core, highest-quality regulatory capital, primarily comprising ordinary shares and retained earnings.
 - It acts as the primary **loss-absorbing buffer** against financial distress.
 - Minimum required ratio of 4.5% of risk-weighted assets (RWAs) under Basel III standards
 - In India the total CET1 requirement is 8%.

Global equivalent:

- There are **30 G-SIBs** (Global Systemically Important Banks) currently (**no Indian bank**), including JP Morgan, Citibank, Bank of America, Bank of China, Goldman Sachs, etc.
- Identified by: **Financial Stability Board (FSB)**
 - The FSB is an international body that monitors and makes recommendations about the global financial system.
 - Established in **2009** under the aegis of **G20**



SYLLABUS : Prelims : Health, Economic & Social Development

Newspaper : Indian Express Page No : 14

• **AFGHANISTAN IS RANKED AS THE UNHAPPIEST COUNTRY AGAIN, FOLLOWED BY SIERRA LEONE AND MALAWI IN AFRICA**

World Happiness Report flags social media's negative impact; Finland happiest

Kostya Manenkov & Kirsten Grieshaber
Helsinki, March 19

HEAVY SOCIAL media use contributes to a stark decline in well-being among young people, with the effects particularly worrying in teenage girls in English-speaking countries and Western Europe, according to the World Happiness Report 2026 published Thursday.

The annual report, published by the Wellbeing Research Centre at the University of Oxford, also found that Finland is the happiest land in the world for the ninth year in a row, with other Nordic countries such as Iceland, Denmark

Sweden and Norway ranking among the top 10 countries.

It highlighted how life evaluations among under 25-year-olds in the United States, Canada, Australia and New Zealand have dropped significantly over the past decade, and suggested that long hours spent scrolling through social media is a key factor in that trend.

A new entry to the top five on the list is Costa Rica, which climbed to fourth place this year after rising through the ranks from 23rd place in 2023.

The report attributes that to well-being boosts from family bonds and other social connections. "We think it's because of the quality of their social lives

and the stability that they currently enjoy," said Jan-Emmanuel De Neve, an Oxford economics professor who directs the Wellbeing Research Centre and co-edits the World Happiness Report.

The report said Finland and the other Northern European countries' steady ranking on top is related to a combination of wealth, its equal distribution, having a welfare state that protects people from the risks of recessions, and a healthy life expectancy.

Finnish President Alexander Stubb reacted Thursday to his country being on first place again, saying that "I do not think there is a magic potion,



A woman walks past the Helsinki Cathedral in Finland. AP

but it helps to have a society which strives towards freedom, equality and justice."

As in previous years, nations

in or near zones of major conflict remain at the foot of the rankings. Afghanistan is ranked as the unhappiest country

again, followed by Sierra Leone and Malawi in Africa.

Country rankings were based on answers given by around 100,000 people in 140 countries and territories who were asked to rate their own lives. The study was done in partnership with the analytics firm Gallup and the UN Sustainable Development Solutions Network.

In most countries, 1,000 people are contacted by telephone or face-to-face each year.

Respondents were asked to evaluate their lives on a scale from 0 to 10. Among under-25s in English-speaking and Western European countries, that score dropped by almost one

point over the past decade.

The report said the negative correlation between well-being and extensive social media use is particularly concerning among teenage girls. For example, it said that 15-year-old girls who use social media for five hours or more reported a drop in life satisfaction, compared to others who use it less.

Young people who use social media for less than one hour per day report the highest levels of well-being, researchers said, higher than those who do not use social media at all. But adolescents are spending an estimated average of 2.5 hours a day on social media.

Researchers noted that in

some parts of the world, such as the Middle East and South America, the links between social media use and well-being are more positive — and youth well-being has not fallen despite heavy social media use.

The report said this is due to many factors that differ between continents, but concluded that heavy social media use in some countries is an important contributing factor to the decline in youth well-being.

It said the most problematic platforms are those with algorithmic feeds, featuring influencers and where the main material is visual, because they encourage social comparisons. AP

World Happiness Report 2026

Published Annually by:

- ✓ UN Sustainable Development Solutions Network (SDSN)
- ✓ Wellbeing Research Centre, Univ. of Oxford
- ✓ Gallup Analytics
- ✓ First published in 2012

Released on **20 March** (Int'l Day of Happiness)

Methodology

- ✓ Self-reported Life Evaluation (Gallup World Poll)
- ✓ Cantril Ladder (0-10 scale)

✓ **6 Key Indicators:**

- ✓ GDP per capita
- ✓ Social Support
- ✓ Healthy Life Expectancy
- ✓ Freedom of Choice
- ✓ Generosity
- ✓ Perception of Corruption

Key Highlights (2026)

- ✓ Finland = Happiest Country (9th year)
- ✓ Denmark, Iceland, Sweden
- ✓ Costa Rica rises to Top Ranks
- ✓ Bottom: Afghanistan, Sierra Leone, Malawi

India's Position

- ✓ Around **116th** Rank
- ✓ Still behind:
 - ✓ Pakistan
 - ✓ Sri Lanka
- ✓ Gradual Improvement

Social Media & Happiness

- ✓ Social media overuse ↓ Youth Happiness
- ✓ Negative Impact in:
 - ✓ USA, UK, Europe
- ✓ Moderate Use → Better Life Satisfaction

World Happiness Report 2026

Key Concepts

- Happiness ≠ only income
- Strong correlation with:
 - Trust in institutions
 - Social cohesion
 - Community support

Exam Traps

- It is published by UNDP → WRONG
- Based only on GDP → WRONG
- Measures objective happiness → WRONG (it is subjective)
- India in top 100 → WRONG (as of 2026)



SYLLABUS : Prelims : Polity – Family Court

Newspaper : The Hindu Page No : 09

Rajasthan family court annuls child marriage

Press Trust of India
JODHPUR

A 21-year-old woman, who was married off at the age of 12, has secured an annulment of her marriage following an order passed by a family court here on Thursday.

In its order, the court noted the adverse impact of child marriage on the present and future of children and emphasised the need for societal efforts to eliminate the practice.

Jurisdiction

- Marriage disputes:
 - Divorce, nullity, restitution of conjugal rights
- Maintenance:
 - Wife, children, parents
- Custody of children
- Legitimacy of marriage/child
- Property disputes between spouses

Family Courts

- Established under the **Family Courts Act, 1984**
- Aim: Speedy, inexpensive, and amicable settlement of family disputes
- Set up by:
 - **State** Governments
 - In consultation with the High Court
- Objective
 - Promote conciliation over litigation
 - Reduce burden on regular courts
 - Ensure family harmony and welfare
- Family courts are **Mandatory** in: Cities with **population > 10 lakh**
 - Can also be set up in other areas based on need

Family Courts - Special Features

1. **Conciliation-first** approach
 - a. Court must try settlement first
2. **Flexible & informal**
 - a. Not strictly bound by: Code of Civil Procedure (CPC), Indian Evidence Act
3. **In-camera proceedings**
 - a. Proceedings can be private (closed court) to protect dignity of parties
4. **Lawyers not mandatory**
 - a. Lawyer allowed only with court permission

Appeals

- Only one right to appeal lies to:
 - High Court
 - Must be filed within 30 days

Exam Traps

- Established under Constitution → WRONG
- Set up by Centre only → WRONG
- Lawyers always mandatory → WRONG
- Open court proceedings compulsory → WRONG



SYLLABUS : Prelims : Economy - Capital markets

Newspaper : The Indian Express Page No : 15

How market turbulence is hitting IPO plans & why PhonePe has hit pause

George Mathew
Mumbai, March 19

THE ONGOING conflict in West Asia has begun to ripple through global financial markets, pushing up crude oil prices and triggering a sharp sell-off in equities.

In India, this volatility is now affecting companies' fundraising plans, particularly through initial public offerings (IPOs) as the stock market has turned bearish and volatile. A key signal of this shift is the decision by fintech major PhonePe to defer its much-anticipated public listing, highlighting how geopolitical shocks can quickly alter the capital market sentiment.

How is the conflict impacting IPO plans?

The West Asian conflict has disrupted global oil supplies, keeping crude prices elevated around or above \$100 per barrel. Higher oil prices fuel inflation concerns and dampen economic outlooks, prompting investors to pull back from equities. In fact, foreign investors have already pulled out Rs 66,000 crore from Indian markets since March 1.

Indian stock markets have fallen over 9% since the conflict escalated in late February, eroding investor wealth and confidence. With the market witness-

ing volatility and sell-off on a daily basis, valuation of stocks has dipped to 52-week lows in several cases. This volatility directly affects IPO plans. When markets are unstable, companies struggle to attract investors at favourable valuations, forcing many to delay their public issues until conditions improve. This situation will also impact the plan of issuers to get a good pricing for their IPOs.

Akshay Gupta, Director, Prime Securities, said India's IPO market is facing a challenging 2026, with most new listings struggling to deliver gains amid heightened volatility and investor caution. Market jitters, driven by geopolitical tensions and weak secondary markets, are dampening risk appetite and prompting companies to delay debut plans, he said.

Why has PhonePe postponed its IPO?

PhonePe has cited geopolitical tensions and market volatility as the primary reasons for deferring its IPO. The company indicated it will revisit its listing plans once global capital markets stabilise. The fintech firm's IPO — expected to raise around Rs 12,000–13,000 crore — was poised to be one of the largest in India. Its decision reflects a

broader trend that even fundamentally strong companies prefer to wait rather than risk poor pricing or weak investor response in uncertain markets. Other companies are also set to delay the IPO plans and wait for the market to stabilise.

Of the eight mainboard IPOs so far, only three debuted above issue price, and the average return across listings is a negative -5.1%, reflecting subdued performance, Gupta said.

Link between stock market & IPO activity

IPOs are highly sensitive to stock market sentiment. When markets are bullish, investors are more willing to invest in new listings, often leading to strong demand and higher valuations.

Even companies prefer to launch IPOs when the market is stable and bullish.

However, during downturns and market crashes, investors turn risk-averse and valuations become difficult to justify. This situation is likely to force companies to price shares lower. "With markets falling sharply in a short span, pricing becomes challenging, and many investors prefer to stay on the sidelines. This reduces the chances of successful listings, prompting firms

to delay IPOs. This is the situation now," said a veteran market observer. "While the IPO pipeline remains sizeable, sustained uncertainty could further slow activity. Stabilising markets and clearer global cues are key to reviving primary market confidence and participation," Gupta said.

Assessing wider impact

The impact of IPO market disruption is broad-based. Companies across sectors — financial services, manufacturing, technology, consumer goods and infrastructure — had lined up IPOs worth around Rs 2.65 lakh crore earlier this year. Major planned offerings included NSE, SBI Mutual Fund and Jio Platforms.

Now, many medium and large IPOs are on hold. Around Rs 1.40 lakh crore worth of IPOs are awaiting regulatory approval, while another Rs 1.25 lakh crore has already been cleared but is waiting for the right market conditions.

If delays persist, it could slow corporate fundraising and expansion plans, impact job creation and investment cycles, leading to weaker performance in India's primary market compared to last year's record Rs 1.75 lakh crore fundraising.

FULL REPORT ON
WWW.INDIANEXPRESS.COM



SYLLABUS : Prelims : Economy - Capital markets

Newspaper : The Indian Express Page No : 15

IPO (Initial Public Offering)

- First time a private company offers shares to the public
- Company becomes publicly listed on stock exchange like BSE/NSE.
- **Purpose of IPO**
 - Raise capital for: Expansion, Debt repayment, and New projects
 - Provide exit route to early investors (VCs, promoters)
 - Improve: Visibility & Credibility of company
- **Regulator in India - SEBI**

Types of IPO:

- **Fresh Issue**
 - New shares issued
 - Money goes to company
- **Offer for Sale (OFS)**
 - Existing shareholders sell shares
 - Money goes to selling shareholders
- **Pricing Methods**
- **Fixed Price Issue**
 - Price decided in advance
- **Book Building Process**
 - Price discovered through bidding
 - Has price band - floor & cap (e.g. ₹100-₹120)

Key Terms:

- **DRHP** (Draft Red Herring Prospectus)
 - Submitted to SEBI before IPO approval
- **RHP** (Red Herring Prospectus)
 - Final document (without final price)

Categories of Investors:

- **QIB** (Qualified Institutional Buyers) → 50% reservation
- **NI** (Non-Institutional Investors) → 15%
- **Retail** Investors → 35%
 - Retail limit: Investment up to ₹2 lakh

Risks in IPO

- No historical market performance
- Overvaluation risk
- Market volatility
- Information Gap

Exam Traps:

- IPO means government selling shares → WRONG
- Only profitable companies can launch IPO → WRONG
- IPO price always fixed → WRONG
- SEBI issues shares → WRONG



Q1. Consider the following pairs regarding the places in Iran:

S. No	Places	Known For
1.	Fordow	The largest uranium enrichment complex of Iran
2.	Natanz	Uranium enrichment facility built deep underground.
3.	Isfahan	Uranium conversion and fuel production centre

How many of the pairs given above is/are correctly matched?

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

Answer: a

Q2. With reference to Systemically Important Banks, consider the following statements:

- 1. Domestic Systemically Important Banks (D-SIBs) are identified based solely on the size of their assets.
- 2. Global Systemically Important Banks are identified by the Reserve Bank of India.
- 3. Banks classified as D-SIBs are often referred to as "Too Big To Fail" due to their potential impact on the financial system.

Which of the statements given above is/are NOT correct?

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

Answer: c

Q3. With reference to the World Happiness Report 2026, consider the following statements:

- 1. The report ranks countries based solely on GDP per capita as an indicator of happiness.
- 2. Finland has been ranked as the happiest country in the world.

3. The report highlights excessive social media use as a factor negatively affecting the well-being of young people.

Which of the statements given above are correct?

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

Answer: a

Q4. With reference to Family Courts in India, consider the following statements:

- 1. Family Courts are established by State Governments in consultation with the respective High Courts.
- 2. An appeal against the judgment of a Family Court lies to the High Court and must be filed within 60 days.

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

Q5. With reference to an Initial Public Offering (IPO), consider the following statements:

- 1. It leads to the listing of a company's shares on stock exchanges such as the Bombay Stock Exchange and the National Stock Exchange of India.
- 2. In an Offer for Sale, the company issues new shares and receives the proceeds from investors.
- 3. The price of shares in an IPO is always fixed in advance.

Which of the statements given above is/are correct?

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

Answer: b





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