

# Arbitration Mechanism in India



Arbitration framework has matured considerably but challenges remain: CJI Surya Kant Despite significant legislative and judicial reforms to strengthen the arbitration ecosystem, India continues to be a less preferred destination for international arbitration.

- **Arbitration is a procedure** in which a dispute is submitted, by agreement of the parties, to one or more arbitrators who make a binding decision on the dispute.
- Arbitration is a **quasi-judicial proceeding**. It is one of the mechanisms of **Alternate Dispute Resolution (ADR)**.

## Arbitration Mechanism in India

- **Arbitration and Conciliation Act, 1996** governs the arbitral proceedings in India.
  - It was based on UNCITRAL (United Nations Commission on International Trade Law) **Model Law on International Commercial Arbitration 1985** and **UNCITRAL Conciliation Rules, 1980**.
  - Awards are **final, binding, and globally enforceable**.
  - **Mumbai Centre for International Arbitration (MCIA)** and the **Delhi International Arbitration Centre (DIAC)** provide institutional support.
  - **Key Amendments to the Act**
    - **2015:** Set a **12-month completion timeline**; minimized court interference.
    - **2019:** Created the **Arbitration Council of India (ACI)**.
    - **2021:** Allows for an **unconditional stay of the enforcement of arbitral awards** in cases where the arbitration agreement, contracts, or award itself was obtained through fraud or corruption.

## Recommendations for Strengthening the Arbitration Regime

- **Modernize Laws:** Aligning domestic legal frameworks with international standards.
- **Limit Judicial Intervention:** By adopting a pro-arbitration stance.
- **Leverage Technology:** Using digital tools like e-filing and videoconferencing.
- **Boost Public Awareness:** Through ICT campaigns.

# Eligible Manufacturer Importers (EMI) Scheme

Central Board of Indirect Taxes and Customs (CBIC) introduced deferred Customs Duty payment facility for eligible manufacturer importers under the EMI Scheme.

## Eligible Manufacturer Importers (EMI) Scheme



### About EMI Scheme

- **Launched by:** CBIC (announced under Union Budget 2026–27).
- **Duration:** 1 April 2026 – 31 March 2028.
- **Mechanism:** Eligible Manufacturer Importers (EMIs) can clear imported goods without paying Customs duty at the time of clearance, **instead paying it monthly as per the Deferred Payment of Import Duty Rules, 2016.**
- **Objective:** Improving cash flow for manufacturers, promoting compliance, boosting domestic manufacturing, and enhancing Ease of Doing Business.

# Current Account Deficit

The current account deficit has moderated to 30.1 billion dollars in the period of April-December 2025 from 36.6 billion dollars in the same period a year ago.



### About CAD

- CAD refers to the situation where a country's total imports of goods, services, and transfers exceed its total exports and transfers out.
- **It encompasses:** Goods and services and also income received from investments abroad and unilateral transfers, such as **remittances and foreign aid.**
- CAD is part of the broader balance of payments framework, which tracks all financial transactions between a country and the rest of the world.

# U.S. and Israeli airstrikes on Iran



U.S. airstrikes on Iran under “Operation Epic Fury” have resulted in the killing of Iran’s Supreme Leader, Ayatollah Ali Khamenei, sharply escalating tensions in the Middle East.

- The strikes triggered Iranian retaliation through missile and drone attacks, sharply escalating regional tensions.

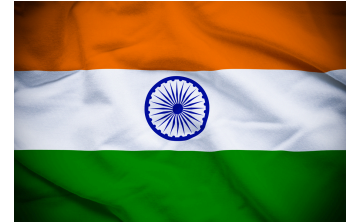
## Background of the Current Escalation

- **Post-1979 Hostility:** U.S.–Iran relations have remained strained since the 1979 Islamic Revolution, marked by sanctions, diplomatic breakdowns and ideological rivalry.
- **Nuclear Dispute:** Escalation over Iran’s nuclear programme, especially after the U.S. withdrawal from the **2015 Joint Comprehensive Plan of Action (JCPOA)** and the re-imposition of sanctions.
- **Proxy Warfare & Regional Influence:** Iran’s support to allied groups like Hamas and Hezbollah, etc., in Lebanon, Syria, Iraq and Yemen has expanded its regional footprint, raising security concerns for the U.S. and Israel.

## Consequences of Conflict

- **Regional Instability:** Escalation increases the risk of a wider Middle East conflict. E.g., missile and drone strikes against U.S. military bases and allied locations across Gulf countries such as the UAE.
- **Threat to Energy Security:** E.g. Iran has effectively closed the strategic Strait of Hormuz, a critical maritime chokepoint through which 20% of the world's oil passes annually.
- **Global Trade & Connectivity:** Maritime insecurity in the Gulf can increase freight and insurance costs, disrupt key shipping lanes, and disturb global supply chains dependent on West Asian energy flows.
- **Nuclear Escalation Risk:** Conflict raises the risk of strategic miscalculation and potential nuclear escalation.
- **Impact on India:** India imports nearly 85% of its crude oil, with a significant share sourced from West Asia; rising oil prices can widen the current account deficit and fuel inflation.
  - Additionally, around 8–9 million Indians live in the Gulf region, making diaspora safety, remittance stability, and potential evacuation major policy concerns.

# Canada PM Visit to India



Visit of the Prime Minister of Canada to India concluded India and Canada relations were formally designated as a “Strategic Partnership” in 2018.

- It was the first **bilateral** visit to India by a Canadian Prime Minister since 2018.

## List of outcomes

- **Trade Agreement:** Signed the Terms of Reference (ToR) for the Comprehensive Economic Partnership Agreement (CEPA)
  - Bilateral merchandise trade currently stands at roughly **US\$8–9 billion annually**, significantly below potential relative to economic size.
- **Nuclear Energy:** Finalized a long-term commercial contract with Canada's **Cameco** for the supply of **Uranium Ore Concentrates**.
- **Critical Minerals Cooperation:** Signed MoU to develop secure and resilient critical mineral supply and value chains.
- **Declaration of Intent for a Joint Pulse Protein Centre of Excellence** (Canada is pulse exporter to India)

## Announcements

- Set a goal to reach **US\$50 billion in bilateral trade by 2030**.
- Canada announced to join **Global Biofuels Alliance and International Solar Alliance**.
- Formation of an **India-Canada Parliamentary Friendship Group**.
- Establishment of **India-Canada Defence Dialogue**.

# Asian Infrastructure Investment Bank

The Union Finance Minister met the President of the AIIB to discuss strengthening the India-AIIB partnership.



## About AIIB:

- **Established:** in 2016
- **Objective:** it is a **multilateral development bank** that provides **financing for infrastructure projects** in Asia.
- **Headquarters:** Beijing, China
- **Membership:** Open to all members of the World Bank or Asian Development Bank.
- India is a **founding member** of AIIB.

# West Asia crisis Impact on India

The recent turmoil in West Asia could have serious economic repercussions for India, and to assess the same, the government held inter-ministerial deliberations with exporters and logistics players.



## Potential impact of the West Asia crisis on India

- **Threat to energy security:** The possible blocking of the Strait of Hormuz is concerning as it accounts for roughly one-fifth, or around 20%, of global oil passes.
  - The Strait of Hormuz carries **85% of India's LPG, 55% of LNG.**
  - India relies on imports for **more than 85 per cent of its crude oil needs**, with a substantial portion coming from West Asia.
- **Impact on trade:** Uncertainty over **56% of India's goods exports**, raising concerns as the region serves a major market for India and also transit corridor linking India to Europe, Africa, etc.
- **Supply chain disruption:** Disruptions to shipping routes are increasing insurance costs and transit times, affecting Gulf transshipment hubs like **Jebel Ali Port (UAE) and Port of Salalah (Oman).**
- **Diaspora:** Indians constitute around **30% of total expatriate workers** in the Gulf Cooperation Council.
- **Remittance:** Around **19% of India's total remittances** come only from the UAE, **7% from Saudi Arabia**, while Kuwait, Oman and Qatar also have significant contributions. (RBI Remittances Survey for 2023-24).
- **Connectivity:** May affect development of International North-South Transport Corridor (INSTC), India-Middle East-Europe Economic Corridor and the Chabahar port operated by India.

# Major Straits in Indian Ocean

Iran has vowed to attack any ship trying to pass through the Strait of Hormuz.



## About Straits:

- **Meaning:** It is a naturally formed narrow passage of water that links two larger water bodies, such as seas or oceans.
- **Major Straits in Indian Ocean:**
  - **Strait of Hormuz:** Connects Persian Gulf with Gulf of Oman and Arabian Sea.
  - **Bab-el-Mandeb Strait:** Connects the Red Sea with the Gulf of Aden and Indian Ocean.
  - **Malacca Strait:** Connects Andaman Sea (Indian Ocean) and the South China Sea (Pacific Ocean).

# India's Export Resilience



India concluded nine FTAs covering 38 countries in last three years boosting exports It has led to zero-duty market access to nearly 70% of global GDP.

- Cumulative exports reached **USD 720.76 billion** in Apr-Jan 2025-26 (+6.15% YoY)

## Sector-wise Performance

- **Electronic Goods:** India's **third-largest export category**, India is now world's second-largest mobile phone manufacturer
- **Petroleum Products:** The **seventh-largest global exporter** of refined petroleum.
- **Pharmaceuticals:** Consolidating its **Pharmacy of the World** status, ranks **3rd** largest pharmaceutical producer by **volume** and the **11th** largest by **value**.
- **Automobiles & Textiles:** The **automobile sector** provides direct and indirect employment to over **30 million people** while **textiles** maintain the **6th largest global export share**.
- **Defence:** Expanding to over **100 nations**, achieved **defence exports of ₹23,622 crore in FY25**.

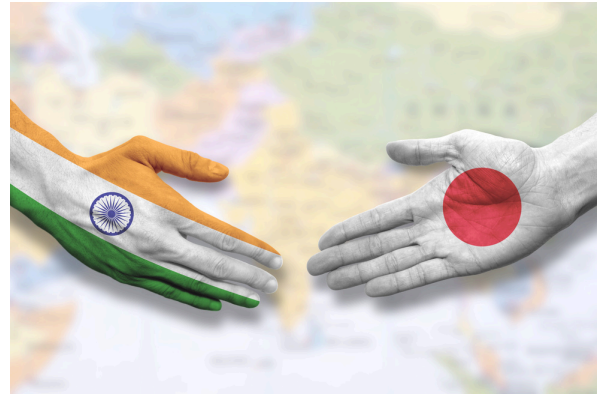
## Institutional Support Mechanism

- **Export Promotion Mission (EPM):** Backed by a ₹25,060 crore outlay (FY26-FY31), this mission especially empowers MSMEs and first-time exporters via **Niryat Protsahan and Niryat Disha**.
- **Logistics & Warehousing initiatives** like **FLOW** and **LIFT** subsidize overseas warehousing and offset freight disadvantages in low-export districts.
- The **TRACE** initiative reimburses costs for international testing, inspection, and certification requirements.

## Government Schemes & Initiatives

- **PLI Schemes:** in **Auto, Bulk Drugs, and Medical Devices** aimed at reducing critical import dependence.
- **Tech & EV Push:** The India Semiconductor Mission 2.0, the ₹40,000 crore Electronics Component Manufacturing Scheme (ECMS), and the ₹10,900 crore **PM E-DRIVE** scheme **accelerate domestic manufacturing and self-reliance**.

# India-Japan Bilateral Swap Arrangement



India has renewed its Bilateral Swap Arrangement BSA (Currency Swap Arrangement) with Japan with effect from 28th February, 2026.

- **The BSA** is a two-way arrangement where both authorities can swap their local currencies in exchange for the US Dollar.
  - **A currency swap** is a broader term defined as an agreement between two central banks to exchange a cash flow in one currency against a cash flow in another currency according to predetermined conditions.
- **The size of the India-Japan BSA:** Remains unchanged at 75 billion US Dollars.
- **Other CSAs by India:** SAARC CSA (2024-27), India-UAE CSA, India-Sri Lanka CSA, etc.

# International Atomic Energy Agency

IAEA held an emergency meeting in Vienna to address the fallout of US-Israel military strikes.



## About IAEA:

- **Formed:** in 1957.
- **Overview:** It is the world's central intergovernmental forum for scientific and technical cooperation in the nuclear field.
- **Function:** It works for the safe, secure and peaceful uses of nuclear science and technology, contributing to international peace and security and the United Nations' Sustainable Development Goals.
- **Headquarters:** Vienna (Austria).
- **Award:** Nobel Peace Prize in 2005.

# Total Lunar Eclipse and Blood Moon

India is set to witness a total lunar eclipse, confirms the Indian Meteorological Department.



## About Total Lunar Eclipse:

- It occurs when the Moon passes entirely through Earth's umbra (darkest part of its shadow), with the Earth, Sun, and Moon perfectly aligned, completely blocking direct sunlight.

## About Blood Moon:

- **Meaning:** A Blood Moon refers to the reddish appearance of the Moon.
- **Occurs:** During total lunar eclipses,
- **Cause of Formation:** This happens because of the Earth's atmosphere.

# Gitchak nakana

Researchers have found a newblind aquifer-dwelling fish 'Gitchak nakana' in Northeast India.

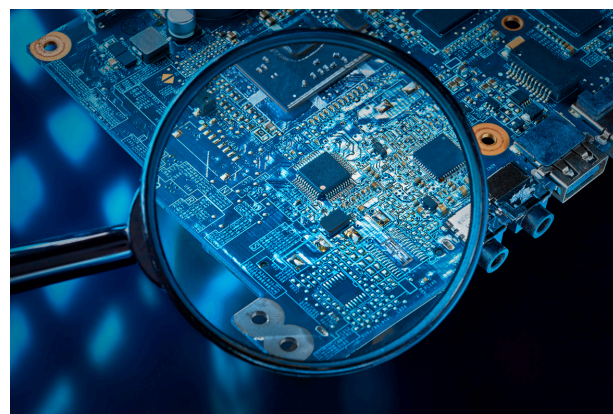
## About Gitchak nakana

- **Type:** Blind aquifer-dwelling (phreatobitic) freshwater loach.
- **Unique Feature:** Complete absence of skull roof; brain covered only by skin.
- **Adaptation:** Troglomorphic traits (eyeless), adapted to underground habitat.



# India's First Semiconductor Plant

PM Inaugurates India's First Semiconductor Plant at Sanand, Gujarat Developed by Micron, a US based private firm, the Plant will facilitate Assembly, Testing, Marking and Packaging (ATMP) of semiconductor chips.



## Significance for India

- **Supply Chain Self-Reliance:** Reduces heavy import dependence on chips (esp. from China) and enhances resilience against global disruptions (such as trade wars).
- **Strategic Importance:** Critical for defence, telecom (5G/6G), AI, space and digital infrastructure, strengthening national security.
- **Economic & Export Growth:** Boosts electronics manufacturing and attracts FDI, helping India capture a substantial share of **\$1 trillion semiconductor by 2030**.
- **Other:** generates high-skilled employment and supports *Atmanirbhar Bharat*.

## Initiatives taken in India for Semiconductor Industry

- **India Semiconductor Mission (ISM) 1.0 & 2.0:** Umbrella programme to build a comprehensive semiconductor ecosystem.
  - **ISM 2.0 (Budget 2026–27)** focuses on strengthening equipment, materials, full-stack Indian IP design, supply chain resilience and skill development.
- **Semiconductor & Display Fabs Schemes:** Fiscal support for establishing semiconductor wafer fabrication and display manufacturing units in India.
- **Compound Semiconductors & ATMP/OSAT Scheme:** Support for chip assembly, testing, packaging and specialised semiconductor segments to strengthen the domestic value chain.
- **Design Linked Incentive (DLI) Scheme:** Incentives for startups and MSMEs to promote indigenous chip design and innovation.
- **Global Partnerships & Skilling Initiatives:** India–U.S. iCET collaboration, Semicon India platform, and programmes like C2S and VLSI curriculum reforms to build skilled manpower and attract investment.

## Challenges to Overcome

- **High Investment & Long Gestation:** Semiconductor manufacturing is **capital-intensive** with long payback periods and high operational risks.
- **Technology Dependence:** Limited access to **advanced fabrication technology** and reliance on foreign firms for **critical equipment and intellectual property**.
- **Skilling & Ecosystem Gaps:** Shortage of specialised workforce and underdeveloped domestic supply chain for materials, components and supporting infrastructure.

# Ethics of AI in Modern Warfare

The United States President has designated AI company Anthropic as a 'supply chain risk' and ordered the Department of Defense (Pentagon) to terminate all military contracts with the firm.



- Anthropic has refused to allow use of its AI model Claude for unethical mass surveillance or autonomous weapons by the Pentagon, citing concerns over national defense applications.

## Role of AI in Modern Warfare and Defense

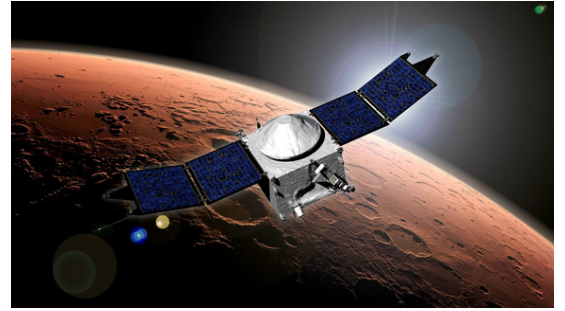
- **Autonomous weapons systems:** AI-enabled drones and robotic systems are capable of identifying and attacking targets with minimal human intervention.
  - **Precision strikes:** AI-powered targeting improves accuracy and reduces operational time.
- **Intelligence, Surveillance, and Reconnaissance (ISR):** AI processes large volumes of battlefield, satellites, drones, and sensors data to predict enemy movement and optimize strategy.
  - E.g. the US military took assistance of Claude AI to attack Iran.
- **Electronic warfare and cyber operations:** AI helps detect signals, disrupt enemy communications, and defend networks.
- **Logistics support:** AI assists in supply chain management, predictive maintenance, and battlefield decision-making.

## Key Ethical Concerns

- **Autonomous lethal decision-making:** AI systems may make life-and-death decisions without meaningful human control, violating the **Right to Life**.
  - **Accountability Gap:** It becomes difficult to determine responsibility when AI-driven systems cause harm.
- **Misuse of Personal Data:** AI-powered facial recognition and data analytics can enable large-scale monitoring of populations by governments, manipulating the public choices and violate their privacy and civil liberties.
- **AI arms race:** Competition among states could accelerate the development of increasingly autonomous and lethal systems.

# MAVEN Mission

Researcher detected a lightning-like “whistler” radio signal, providing the first evidence of such electromagnetic activity in the Martian ionosphere with the help of data obtained by NASA’s Mars Atmosphere and Volatile Evolution (MAVEN).

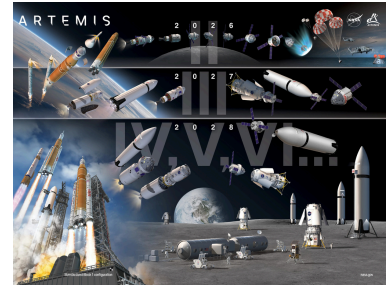


## About MAVEN Mission

- It is the **first mission devoted to understanding the Martian upper atmosphere.**
- It will determine **how much of the Martian atmosphere has been lost over time.**
- It will do so by **measuring the current rate of escape to space** and gathering enough information about the relevant processes to **allow extrapolation backward in time.**

# Artemis mission

NASA is restructuring the Artemis lunar program due to repeated delays.



## About Artemis

- Under it, NASA will send astronauts on increasingly difficult missions to explore more of the Moon for scientific discovery, economic benefits, and to build on our foundation for the first **crewed missions to Mars.**
- **Artemis I** was launched in 2022.
- Artemis II, III and IV are planned to be launched.

# Gypsum

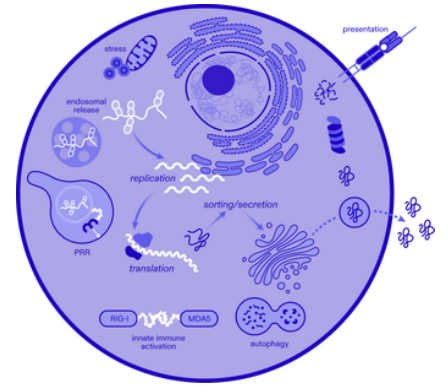
Scientists are studying gypsum deposits in the Salar de Pajonales (Atacama Desert, Chile) because the region closely resembles the harsh environmental conditions of Mars



## Gypsum

- **Nature:** Non-metallic mineral – Calcium sulphate dihydrate ( $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$ ).
- **Formation:** Formed mainly in arid and semi-arid regions through evaporation of seawater or saline lakes.
- **Properties:** Very soft mineral, Crystals are vitreous (glass-like) to pearly
- **Application:** Used in cement (setting regulator), manufacture of Plaster of Paris, fertiliser production, and as a soil conditioner for reclamation of alkaline/sodic soils.
- In India, Rajasthan holds the largest share of gypsum reserves

# Self-replicating RNA



Researchers claims to have developed a self-replicating RNA molecule named of QT45.

- **Self-replicating RNA** has ability to copy both itself and the information encoded in its complementary strand, i.e. its template.
- It supports the “**RNA World Hypothesis**”, which proposes that early life was based on self-replicating RNA before DNA and proteins evolved.

## About Ribonucleic Acid (RNA)

- RNA is a nucleic acid present in all living.
  - Unlike DNA, RNA is most often single-stranded.
  - Each sugar molecule is linked to one of four nitrogenous bases: **adenine (A)**, **uracil (U)**, **cytosine (C)**, or **guanine (G)**.
- Major types of RNA exist in cells: messenger RNA (mRNA), ribosomal RNA (rRNA), transfer RNA (tRNA), microRNA

# Nucleic Acid Test

The Supreme Court has decided to look into whether blood banks should compulsorily conduct the Nucleic Acid Test (NAT) for identification of diseases.



## About NAT

- **NAT** is a highly sensitive molecular technique that detects the genetic material for viruses such as HIV, Hepatitis in the blood.
- It is based on amplification of targeted regions of **viral ribonucleic acid or deoxyribonucleic acid (DNA)**.
- It can be an alternative to commonly used **Enzyme-Linked Immunosorbent Assay (ELISA)** test.