DAILY NEWS PAPER ANALYSIS

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CIVILS WITH AKASH
SECTOR 25 CHANDIGARH

Attacks on ships 'unacceptable', says India

Three ships struck by U.S. had strong Indian links; were catering to the nation's oil needs

Centre summons U.S. Embassy Charge d'Affaires; lodges 'strong protest' over use of 'lethal force'

Meanwhile, Trump accuses Tehran of 'totally unacceptable' drone attacks on Indian ships

M. Kalyanaraman
Kallol Bhattacherjee
CHENNAI/NEW DELHI

While condemning the U.S. attacks on three ships with Indian crew that killed three Indian seafarers, Esmaeil Baqaei, a spokesperson for Iran's Foreign Affairs Ministry, on Friday, described them as "attacks on Indian commercial vessels."

Publicly available information shows that the three ships, though foreign flagged, have deeper Indian links than just the crew on board, including potentially in ownership and management. Two ships were serving Indian ports, facilitating Iranian oil trade with India.

On Thursday, the External Affairs Ministry had said the ships were foreign-flagged and indicated that the deaths were incidental collateral damage in the conflict, tamping down any notion of targeting of Indians by the U.S.

On Friday, however, for the second time in three days, the Ministry summoned the Charge d'Affaires of the U.S. Embassy Jason Meeks and lodged a "strong protest". "The Ministry once again conveyed its deep concern over the use of lethal and deadly force against civilian shipping. Such actions are unacceptable and undermine the safety, security and stability of international maritime commerce in a sensitive region at a difficult time," said the Ministry.

Meanwhile, U.S. President Donald Trump accused Iran of carrying out "totally unacceptable" drone attacks on Indian ships "leaving the Strait of Hormuz".

Sushila Devi, wife of Shivanand Chaurasia, an Indian seafarer killed in U.S. attacks, mourns in Deoria, U.P., on Friday. REUTERS

'Flags of convenience'

Shipping experts say many Indians own and operate ships catering to India's oil needs served by Russian and, to a smaller extent, Iranian oil. Since the U.S. has imposed sanctions on the two countries, these ships are registered in countries that are called 'flags of convenience' with minimum scrutiny. Using such flags and frequent changes of names, flags and ownership are a feature of such ships, globally.

Mariner, which was hit by a U.S. missile on Monday, is owned by Arihant Shipping registered in Panama, as per Equasis database. Opencorporates.com lists six Indian names associated with the company - director, president and so on.

Mariner was one of the first ships to transit the Strait of Hormuz carrying Iranian oil and was bound for Mangalore. Since then, it has served Karwar, too.

The Settebello, struck on Wednesday, was the ship on which three Indian seafarers died. Owned by a company in UAE, its manager, IOS Marine FZE, had disputed U.S. Centcom's version that the ship's crew "repeatedly failed to comply with directions from American sources", saying no warning or call was received by the ship and no contact whatsoever was made by the U.S. Navy with the ship.

Settebello had been flagged by the United Against Nuclear Iran, a U.S.-based non-profit, which had included it in its 'Ghost Armada' list for trading in Iranian oil. The IOS Marine statement says the company had no affiliation with Iran or Iranian oil and sought evidence of U.S. Navy contacting the ship.

Settebello has changed its flag ten times – nearly all of them flags of convenience – names five times, and ownership three times. It has been managed by ship management companies located in India in the past. Its current owner owns another ship which had been managed by Global Tankers based in India.

Global Tankers was sanctioned by the U.S. for Iran links. Meanwhile, Jalweer, the Guinea Bissau-registered ship struck on Thursday, has publicly listed a One Person Company in Mumbai as responsible for safety compliance.

Its last port of call, as per marinetraffic.com, was Dighi in Maharashtra.

A deal 'has never been closer', says Araghchi

Stanly Johny

A day after U.S. President Donald Trump backed away from a threatened attack on Iran, claiming progress in talks, Iran's Foreign Minister Abbas Araghchi said on Friday that Washington and Tehran have "never been closer" to reaching a preliminary agreement.

"The Islamabad Memorandum of Understanding has never been closer. All details will be shared in due course," Mr. Araghchi said.

FULL STORY ON
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KEY HIGHLIGHTS:

Why in News?

- Three foreign-flagged commercial vessels having significant Indian links were struck during U.S. military operations in the Gulf region.
- Three Indian seafarers lost their lives.
- India lodged a strong diplomatic protest with the U.S., emphasizing the protection of civilian shipping and maritime commerce.
- The incident has highlighted issues of:
  - Maritime Security
  - Energy Security
  - Freedom of Navigation
  - Safety of Indian Seafarers
  - Geopolitics of the Strait of Hormuz

Key Exam-Relevant Points

Strait of Hormuz

- Located between Iran and Oman.
- Connects:
  - Persian Gulf
  - Gulf of Oman
  - Arabian Sea
- One of the world's most important oil chokepoints.
- Nearly one-fifth of global oil trade passes through the Strait.
- Critical for India's crude oil imports from West Asia.

Flags of Convenience (FoC)

- Practice of registering ships in a country different from the country of ownership.
- Common FoC Registries:
  - Panama
  - Liberia
  - Marshall Islands

Reasons for Use

- Lower taxation
- Reduced regulatory burden
- Easier registration procedures

Issues

- Ownership opacity
- Sanctions evasion
- Weak regulatory oversight
- Difficulty in fixing liability during disputes

Significance for India

- India imports more than 80% of its crude oil requirements.
- West Asia remains a major source of India's energy imports.
- Any disruption in the Strait of Hormuz affects:
  - Energy security
  - Inflation
  - Current Account Deficit (CAD)
  - Freight and insurance costs

Indian Seafarers

- India is among the largest suppliers of seafarers globally.
- Indian nationals work extensively on:
  - Merchant ships
  - Oil tankers
  - Container vessels
- Protection of Indian seafarers has become an important aspect of India's foreign policy.

Important Concepts

United Nations Convention on the Law of the Sea (UNCLOS), 1982

Key Maritime Zones: Maritime ZoneExtent Territorial Sea

- 12 Nautical Miles - Contiguous Zone
- 24 Nautical Miles - Exclusive Economic Zone (EEZ)
- 200 Nautical Miles - Continental Shelf
- Up to 350 Nautical Miles (under conditions) - Freedom of Navigation

- Principle under international maritime law.
- Allows vessels to move through international waters without interference.
- Essential for global trade and energy transportation.

Sea Lines of Communication (SLOCs)

- Major maritime routes used for:
  - Trade
  - Energy transportation
  - Strategic movement
- Strait of Hormuz is one of the most important SLOCs for India.

Analytical Takeaways for Mains

Concerns

- Growing militarisation of strategic waterways.
- Threat to civilian shipping.
- Vulnerability of Indian seafarers in conflict zones.
- Rising shipping and insurance costs.
- Potential disruption of energy supplies.

India's Interests

- Secure maritime trade routes.
- Ensure uninterrupted energy supplies.
- Protect Indian nationals working abroad.
- Uphold freedom of navigation under international law.

Way Forward

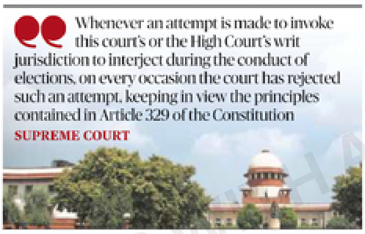
- Strengthen maritime domain awareness.
- Enhance naval presence in critical sea lanes.
- Diversify crude oil import sources.
- Strengthen international cooperation under UNCLOS.
- Develop robust mechanisms for protection and evacuation of Indian seafarers.

SC dismisses Congress leader's plea on rejection of Rajya Sabha nomination

Aaratrika Bhaumik
NEW DELHI

Observing that courts should refrain from intervening in electoral processes, the Supreme Court on Friday dismissed Congress leader Meenakshi Natarajan's plea challenging the rejection of her Rajya Sabha nomination papers from Madhya Pradesh.

A Bench of Justices Prashant Kumar Mishra and A.S. Chandurkar observed that in view of Article 329(b) of the Constitution, it had no jurisdiction to interfere with the order of the Returning Officer (RO) and that an election petition was the only remedy available in such cases.



The provision stipulates that no election to either House of Parliament or a State legislature can be called in question except through an election petition.

"...Whenever an attempt is made to invoke this court's or the High Court's writ jurisdiction to interject during the conduct of elections, on every occasion, the court has rejected such an attempt, keeping in view the principles contained in Article 329 of the Constitution," the Bench said.

The top court was hearing a plea filed by Ms. Natarajan, the Congress's sole candidate for one of the three Rajya Sabha seats from Madhya Pradesh, challenging a June 9 order of the RO and Madhya Pradesh Assembly Principal Secretary Arvind Sharma rejecting her nomination on the ground that she had failed to disclose a pending criminal case in Hyderabad in her affidavit. BJP candidates Tarun Chugh, Rajneesh Agrawal and Mahesh Kewat were declared elected unopposed to Rajya Sabha on Thursday.

Appearing for Ms. Natarajan, senior advocate A.M. Singhvi argued that the RO's decision suffered from a "patent error" and warranted interference by the court. He also questioned the EC's decision to proceed with the results despite the top court being cognisant of the matter.

KEY HIGHLIGHTS:

Context

- The Supreme Court dismissed the petition of Congress candidate Meenakshi Natarajan challenging the rejection of her Rajya Sabha nomination from Madhya Pradesh.
- The Returning Officer rejected her nomination for alleged non-disclosure of a pending criminal case in the election affidavit.
- The Court held that Article 329(b) bars judicial interference during an ongoing election process.
- The Court reiterated that disputes regarding elections can only be challenged through an Election Petition after the completion of the election process.
- Following the rejection, BJP candidates were declared elected unopposed to the Rajya Sabha from Madhya Pradesh.

Key Points

Article 329(b)

- No election to Parliament or State Legislature can be challenged except through an election petition.
- Courts generally cannot interfere during the conduct of elections.
- Objective:
  - Ensure uninterrupted electoral process.
  - Prevent judicial delays in elections.
  - Maintain electoral certainty and stability.

Election Petition

- Statutory remedy under the Representation of the People Act (RPA), 1951.
- Can be filed after declaration of election results.
- Grounds include:
  - Improper acceptance/rejection of nomination.
  - Corrupt practices.
  - Non-compliance with constitutional or statutory provisions.

Returning Officer (RO)

- Scrutinizes nomination papers.
- Ensures compliance with provisions of the RPA, 1951.
- Can reject nominations for legally valid defects.

Static Linkages

- Article 324: Superintendence, direction and control of elections vested in Election Commission of India.
- Article 327: Parliament empowered to make laws relating to elections.
- Article 329(b): Bar on judicial interference in electoral matters during election process.
- Representation of the People Act, 1951 governs conduct of elections and election disputes.
- Rajya Sabha members are elected through:
  - Proportional Representation
  - Single Transferable Vote (STV)
  - Indirect election by elected MLAs.
- Free and Fair Elections form part of the Basic Structure of the Constitution.
- Electoral transparency strengthened through mandatory disclosure of criminal antecedents, assets and liabilities by candidates.

Critical Analysis

Significance of the Judgment

- Reinforces constitutional sanctity of Article 329(b).
- Prevents frequent judicial intervention in elections.
- Ensures timely completion of electoral processes.
- Strengthens institutional autonomy of election machinery.

Concerns

- Wrongful rejection of nominations may affect democratic competition.
- Election petitions often take considerable time for disposal.
- Delayed remedies may reduce effectiveness of electoral justice.

Constitutional Balance

- Electoral continuity versus judicial review.
- Administrative efficiency versus individual candidate rights.
- Constitutional scheme favors uninterrupted elections with post-election judicial scrutiny.

Way Forward

- Fast-track disposal of election petitions.
- Strengthen scrutiny mechanisms for nomination papers.
- Uniform guidelines for Returning Officers.
- Improve transparency in nomination verification.
- Enhance accountability of election officials.
- Promote digital verification of candidate disclosures.

Equality of treatment for Persons with Disabilities

Sushil Kumar

Former Secretary, Government of India, and an Advocate in the Supreme Court and High Court

Addressing the digital divide through the Digital India Mission, India has marched on towards becoming a global "best practice" model of a digital welfare state. Yet, Persons with Disabilities (PwDs) remain largely excluded from this promise of universal outreach. Disability pensions, contrary to the very principles underlying disability rights, are determined not by the nature or extent of disability but by domicile, the discretionary decisions of State governments, and cumbersome bureaucratic processes. As a result, a vulnerable section of citizens continues to remain outside the ambit of a welfare architecture that otherwise prides itself on inclusivity and last-mile delivery.

An inadequate safety net

The 2011 Census recorded 2.68 crore PwDs. Today, accounting for population growth and changing disease profiles, their number is conservatively estimated at 4.5 crore-6 crore. Although the Supreme Court of India has recognised the right to live with dignity as a fundamental right and the Rights of Persons with Disabilities Act, 2016 provides legal protection, disability benefits – especially pensions – remain fragmented, discretionary, and inadequate. As a result, the Indira Gandhi National Disability Pension Scheme covers only a small fraction of PwDs, while pension amounts in most States range from just ₹300 to ₹500 a month, with a few offering ₹1,000-₹3,000.

India spends barely 0.02% of GDP on disability welfare including pensions. South Africa spends 0.12%-0.15% of GDP (six times more); Brazil 0.45%-0.50% (20 times more); OECD countries 2.2% (110 times more) and Australia 0.35%-0.40% (20 times more).

Beyond politics, sound economics demands the inclusion of PwDs. The World Bank and UNDP estimate that low- and middle-income countries lose 3%-7% of GDP when PwDs are excluded from education, employment, and social security. Disability income improves household stability, rural consumption, and labour participation. Studies show fiscal multipliers of 1.4-1.6, while the 2025 Pro Bono Economics report found that the socio-economic returns from disability pensions exceed their costs by nearly 48%. Far from being a welfare expense, disability pensions are an investment and an effective economic stimulus.

India must establish a Minimum Universal Disability Pension Floor Rate (MUDPFR) to give effect to the state's constitutional obligation, under Article 41, to provide public assistance to persons with disabilities, and to operationalise Section 24 of the Rights of Persons with Disabilities Act, 2016, which guarantees adequate social security, including pension benefits. Such a measure would translate the promise of inclusive growth and "Sabka Saath, Sabka Vikas" into reality by shifting disability pensions from a matter of charity and discretion to a matter of citizenship rights. While ensuring that no disabled person receives less than a minimum pension regardless of where they live, a MUDPFR would still allow States to provide additional top-ups.

This is not an unrealistic proposal. South Africa provides a national disability grant with uniform eligibility norms; Brazil's BPC guarantees a national minimum income; and Australia and New Zealand operate nationwide disability pension systems. Several developing countries, including Kenya, Rwanda, Thailand and Indonesia, also provide disability income support at the national level. International experience shows that centrally set standards promote uniformity, universality and portability.

A MUDPFR of ₹8,000 per month for 40 lakh beneficiaries would cost about ₹38,400 crore annually (0.08% of GDP), while ₹10,000 for 65 lakh beneficiaries would cost ₹78,000 crore. Even a pension of ₹15,000 per month would keep expenditure below 0.2% of GDP. Such spending is fiscally manageable when compared with allocations for food subsidies (₹2.05 lakh crore), rural development (₹1.80 lakh crore), tax concessions and revenue foregone (₹1.72 lakh crore), and infrastructure (₹11.11 lakh crore). Yet, disability pensions and inclusion continue to receive only a tiny fraction of public expenditure.

From fragmentation to integration

The current disability pension system, shared between the Ministry of Rural Development and the Department of Empowerment of Persons with Disabilities, leads to duplication, delays and diffused accountability. Countries that have faced similar challenges have addressed them through a single national authority – South Africa's SASSA, Australia's NDIA, Brazil's INSS and Ireland's Department of Social Protection. India too needs a National Disability Pension Authority to oversee eligibility norms, a national registry, portability, digital integration, grievance redress and State-wise performance monitoring – one standard, one system, one nation.

Implementing a robust disability pension system would strengthen India's bid for a UN Security Council seat by translating its commitments into action under Article 28 of the UN Convention on Rights of Persons with Disabilities, ILO Recommendation No. 202, SDG 1.3, and the G-20 New Delhi Leaders' Declaration, all of which endorse social protection as a cornerstone of inclusive development.

Combining pensions with employment support can move persons with disabilities from mere survival to productive participation. A MUDPFR could also yield economic benefits. Countries such as Singapore, South Korea, South Africa and Brazil integrate disability pensions with employment and social security systems. India should similarly strengthen its fragmented Disability Employment Incentive Scheme. Models abroad include employer tax incentives in Nigeria, the U.K.'s Access to Work programme, and Australia's wage subsidies. Existing schemes such as PM-DAKSH, NAPS and State-level employer incentives provide a foundation for expansion.

Constitutional imperative

A MUDPFR would give effect to the Constitution's guarantees of equality, equal protection, dignity and the right to life. India has already standardised major welfare programmes – from food security and health care to PM-KISAN and pensions – and delivers benefits at scale through DBT and UPI. The capacity and technology exist. What is needed is the political will to prioritise dignity. Disability pensions remain one of the few entitlements determined by where a person lives. If dignity is a constitutional right, geography cannot decide the minimum support for survival.

More than an economic or administrative reform, a MUDPFR is a moral one. It affirms that persons with disabilities are rights-bearing citizens, not recipients of charity. By transforming the state from a benevolent provider into a constitutional guarantor, it strengthens dignity, inclusion and citizenship.

Should India continue with a system in which disability pensions vary according to State budgets, political priorities and bureaucratic complexities, leaving persons with disabilities vulnerable to hardship? Or should the Republic guarantee a minimum level of support for all? A Viksit Bharat cannot leave its most vulnerable citizens at the mercy of a postcode lottery. Federalism cannot be a justification for inequality.

A MUDPFR is the next logical step in India's welfare architecture, building on rights-based entitlements enabled by digital inclusion and DBT. It would humanise the state, uphold the dignity of persons with disabilities and strengthen the Republic.

Over the past 75 years, India has steadily expanded its welfare state in pursuit of social justice. With the necessary platforms and delivery systems now in place, the time has come to secure the foundation. The real question is whether India recognises dignity for persons with disabilities as a constitutional right and a collective obligation. That promise is long overdue, and a MUDPFR offers a way to fulfil it.

India must adopt a minimum universal disability pension floor rate

KEY HIGHLIGHTS:

Why in News?

- Concerns have been raised regarding the fragmented disability pension system in India and the need for a Minimum Universal Disability Pension Floor Rate (MUDPFR).
- The proposal aims to ensure a nationally guaranteed minimum pension for all eligible Persons with Disabilities (PwDs), irrespective of their State of residence.

Key Facts

Disability Scenario in India

- Census 2011: 2.68 crore Persons with Disabilities (PwDs) (2.21% of population).
- Current estimates: 4.5–6 crore PwDs.
- Disability pensions vary significantly across States.

Existing Framework

- Indira Gandhi National Disability Pension Scheme (IGNDPS) under National Social Assistance Programme (NSAP).
- Eligibility:
  - Severe or multiple disabilities (80% or above).
  - BPL households.
  - Age: 18–79 years.
- Central assistance remains limited, while States provide additional support.

Major Issues

- Interstate disparities in pension amount.
- Low pension levels in many States.
- Complex disability certification process.
- Exclusion errors and poor coverage.
- Lack of portability across States.

Proposed Reform

Minimum Universal Disability Pension Floor Rate (MUDPFR)

- Uniform minimum pension across India.
- States may provide additional top-ups.
- Direct transfer through DBT architecture.
- Portability irrespective of domicile.

Constitutional & Legal Provisions

Constitutional Provisions

- Article 14 – Equality before Law.
- Article 21 – Right to Life with Dignity.
- Article 38 – Social Justice.
- Article 41 – Public Assistance in cases of disability, old age and unemployment.
- Article 46 – Protection of weaker sections.

Statutory Provision

  - Rights of Persons with Disabilities (RPwD) Act, 2016Expands recognized disabilities from 7 to 21.
  - Provides for social security and support measures.
  - Emphasizes equality, dignity and inclusion.

International Commitments

- UN Convention on the Rights of Persons with Disabilities (UNCRPD).
- SDG 1.3 – Social Protection Systems.
- ILO Recommendation No. 202 (Social Protection Floors).
- G20 New Delhi Leaders' Declaration (2023) – Inclusive and resilient social protection systems.

Importance for India

Social Dimension

- Reduces vulnerability and poverty among PwDs.
- Ensures dignified living.
- Promotes social inclusion.

Economic Dimension

- Enhances consumption demand.
- Improves labour force participation.
- Reduces economic losses arising from exclusion.

Governance Dimension

- Strengthens welfare delivery through:
  - Aadhaar
  - DBT
  - Jan Dhan
  - Digital India infrastructure

Challenges

- Identification of beneficiaries.
- Outdated disability data.
- Fiscal constraints.
- Centre–State coordination issues.
- Lack of a unified disability database.
- Accessibility barriers in welfare delivery systems.

Way Forward

- Establish a National Minimum Disability Pension Floor.
- Create a unified national disability registry.
- Ensure portability through DBT.
- Link pension support with:
  - Skill development
  - Employment incentives
  - Assistive technologies
- Periodically revise pension amounts based on inflation.
- Strengthen implementation of the RPwD Act, 2016.

The 8th CPC — a chance to reform pay commissions

As India moves toward the 8th Central Pay Commission (CPC), public discussion has largely centred on familiar themes – fitment factors, salary revisions and arrears. Yet, the larger question may not be how much compensation should increase, but whether the framework for determining public compensation remains coherent, equitable, and fiscally sustainable. This is not merely an administrative matter. The manner in which the state structures salaries, allowances and pensions reflects broader institutional priorities and influences public confidence in governance.

Prem Kumar Nair

Retired Indian Army officer (colonel) with an interest in governing architecture and systems

The framework deficit

Over the decades, Pay Commissions have become far more than wage-revision exercises. Their recommendations shape inter-service parity, long-term fiscal commitments and the institutional balance within the state. Yet, the process remains narrow, with a small, time-bound body tasked with evaluating a diverse ecosystem of civil, military and technical services, largely on the basis of representations from the services themselves. A key challenge is the absence of a common evaluative framework. Services operate under different structures, career trajectories and working conditions, but there is no universally accepted method for comparing risk, responsibility, technical complexity or career progression. As a result, the system often seeks parity without clearly defining its basis.

This challenge is most visible in questions of parity. Officers across services with very different career paths and responsibilities may, at certain stages, receive comparable compensation. The issue is not one of competition between services but institutional coherence. If parity is to be maintained, the principles governing it must be transparent, consistent and objectively justified.

The comparison between civilian services and the armed forces illustrates this complexity. Military careers follow a sharply pyramidal structure, with limited promotional opportunities and earlier retirement. Civilian services generally offer broader avenues for advancement and longer careers. Aligning compensation across such different systems requires careful consideration of these structural differences.

Another significant trend is the reduction in experience required for senior administrative positions. While faster career progression may reflect changing governance needs, complex policy challenges still demand institutional memory and seasoned judgment. Efficiency is important, but it cannot fully substitute for experience. Questions also arise over allowances. While they are intended to compensate for hardship, remoteness or operational risk, there is no uniform and transparent framework for assessing such conditions across services. This can create disparities that are difficult to justify and may foster perceptions of inconsistency.

Non-Functional Upgradation (NFU) raises a related concern. By allowing financial advancement without a corresponding increase in responsibility, it weakens the link between role, accountability and compensation. Though introduced to address slower promotion avenues, the NFU continues to generate debate over equity and institutional rationale.

The 8th Central Pay Commission should reform compensation frameworks, not merely salaries

The pension challenge

Pensions add another layer of complexity. India currently operates multiple pension systems, including legacy defined-benefit schemes, contributory plans for newer entrants, and separate arrangements for elected representatives. According to the Reserve Bank of India's State Finances Report (2023), salaries, pensions and interest payments consume a large share of State expenditure, limiting fiscal space for development. As a result, concerns about sustainability and inter-generational equity are becoming increasingly important.

Taken together, these issues highlight the need for a more coherent approach to public compensation. At present, pay frameworks for the executive, legislature and judiciary evolve through different processes. While constitutionally distinct, this fragmentation can create inconsistencies and reduce transparency in compensation decisions.

Public trust depends not only on fairness, but also on transparency and explainability.

A new compensation architecture

Many countries have gradually moved towards continuous and institutionalised mechanisms for reviewing public sector compensation. Independent authorities, clearly defined benchmarks and periodic review mechanisms have replaced infrequent, large-scale revisions. India's decadal Pay Commission model may therefore warrant reconsideration.

A more durable framework – whether a National Compensation Authority or a specialised public service body – could bring greater consistency to public sector pay. Rather than be a centralising authority, it could establish common principles for assessing responsibility, experience and hardship while preserving flexibility for different services and States.

Importantly, any such reform must respect India's federal structure. States should retain autonomy over implementation while operating within a broader framework of transparency, comparability and fiscal discipline. Greater coherence across branches of government, without affecting constitutional independence, would strengthen both credibility and public confidence.

Ultimately, public compensation is not simply about salaries and pensions. It is part of the larger relationship between the state and the citizen. In a democratic system, compensation structures must not only be financially sustainable, but also publicly explainable.

The 8th Pay Commission presents an opportunity to move beyond periodic revision and engage with these deeper structural questions. Whether that opportunity is utilised meaningfully may shape public trust in institutional governance for years to come.

KEY HIGHLIGHTS:

Context

- The upcoming 8th Central Pay Commission (CPC) has reignited discussions on government salaries, allowances, and pensions.
- The debate has expanded beyond salary revision to concerns regarding:
  - Inter-service parity.
  - Non-Functional Upgradation (NFU).
  - Pension sustainability.
  - Fiscal burden on governments.
  - Need for a transparent and institutionalized compensation mechanism.
- The issue is significant for governance reforms, public administration, and fiscal management.

Key Points

Central Pay Commission (CPC)

- Constituted by the Union Government to review:
  - Pay structure.
  - Allowances.
  - Pension benefits of Central Government employees.
- Recommendations are advisory in nature.

Major Issues Highlighted

Lack of Uniform Evaluation Framework

- No objective criteria to compare:
  - Responsibility.
  - Risk.
  - Technical expertise.
  - Career progression across services.

Inter-Service Parity Debate

- Similar pay scales despite differing:
  - Job profiles.
  - Promotion avenues.
  - Service conditions.

Armed Forces vs Civil Services

- Armed forces:
  - Early retirement.
  - Steep pyramidal structure.
  - Limited promotional opportunities.
- Civil services:
  - Longer service tenure.
  - Greater promotional avenues.

Non-Functional Upgradation (NFU)

- Provides financial upgradation without actual promotion.
- Raises concerns regarding:
  - Accountability.
  - Merit-based progression.

Pension Sustainability

- Coexistence of:
  - Old Pension Scheme (OPS).
  - National Pension System (NPS).
  - Other pension arrangements.
- Growing pension liabilities pose fiscal challenges.

Fiscal Concerns

- RBI State Finances Report highlights that:
  - Salaries.
  - Pensions.
  - Interest payments

constitute a major share of State expenditure, reducing developmental spending capacity.

Static Linkages

- Equality and non-arbitrariness in state action.
- Fiscal responsibility and prudent public expenditure.
- Merit-based and accountable public administration.
- Balance between efficiency and experience in governance.
- Parliamentary control over public finances.
- Welfare State obligations versus fiscal sustainability.
- Principle that public expenditure should generate administrative efficiency and public value.

Critical Analysis

Significance

- Can improve transparency in compensation determination.
- Helps maintain administrative morale.
- Supports efficient public service delivery.
- Promotes institutional coherence among services.

Concerns

- Absence of objective criteria for parity.
- NFU weakens linkage between pay and responsibility.
- Rising pension liabilities threaten fiscal sustainability.
- Large pay revisions increase revenue expenditure.

- Reduced emphasis on experience may affect policy quality.
- Fragmented compensation frameworks across institutions create inconsistencies.

Way Forward

- Establish a permanent compensation review mechanism.
- Create objective indicators for:
  - Risk.
  - Responsibility.
  - Hardship.
  - Technical specialization.
- Rationalize allowances through transparent criteria.
- Review NFU framework.
- Strengthen pension sustainability while ensuring social security.
- Ensure fiscal prudence in compensation decisions.
- Adopt periodic evidence-based reviews instead of large decadal revisions.
- Integrate compensation reforms with broader civil service reforms.

Strategic stalemate

The U.S. should lift the blockade before asking Iran to open the Hormuz Strait

President Donald Trump's decision to back off from striking Iran, just hours after threatening to seize the country's Kharg Island, underscores the dilemma he faces in dealing with Tehran. Mr. Trump, who launched the conflict with his ally Benjamin Netanyahu of Israel on February 28, now wants to end it through talks. But Iran, which survived 40 days of U.S.-Israeli bombing and now controls the Strait of Hormuz, appears unwilling to hand him a diplomatic victory. Caught between an uncontrollable Israel, whose bombing of Lebanon threatens the fragile U.S.-Iran ceasefire, and an emboldened Iran that has become increasingly defiant and intransigent, Mr. Trump reverted to his familiar playbook of using military pressure to alter Tehran's negotiating position. On Wednesday he ordered strikes on Iran after confirming that a U.S. Apache helicopter had been shot down over the Strait of Hormuz. Iran retaliated by striking U.S. bases in Kuwait, Bahrain and Jordan. After two nights of tit-for-tat strikes, Mr. Trump backed off on Thursday, claiming progress in talks. Over the past two months, he has claimed dozens of times that a deal with Iran was within reach. In the war's escalation cycle, Mr. Trump takes one step forward, two steps back.

When Mr. Trump despatched his "armada" to Iran's shores in February, he wanted to force Tehran into submission through military pressure. The U.S. and Israel had an ambitious list of demands, including dismantling Iran's nuclear programme, degrading its missile capabilities and ending its support for non-state militias. When the U.S. and Israel launched the war, they wanted regime change in Tehran. More than three months later, the war, which failed to achieve any of its declared objectives, has hardened Iran's positions. If Iran was willing to make concessions on its nuclear programme on February 27, it now insists that any discussion on the nuclear file can take place only after the U.S.-Israeli hostilities cease and the blockade is lifted. The war has fundamentally altered the strategic reality of the region. Yes, Iran has absorbed significant military and economic costs, but it has emerged strategically stronger by taking control of the Hormuz Strait and effectively trapping the U.S. in a costly stalemate. Rather than chasing a delusional Iranian surrender, Washington should adopt a phased, realistic diplomatic approach. The priority should be to enforce and extend the ceasefire in good faith and lift the blockade in exchange for Iran reopening the Strait of Hormuz. Once stability is restored, both sides can return to substantive talks on Iran's nuclear programme and work towards a durable end to the conflict.

KEY HIGHLIGHTS:

Why in News?

- Escalating tensions between the United States, Iran and Israel have renewed concerns over the security of the Strait of Hormuz, a critical maritime chokepoint for global energy trade.
- Iran has linked future negotiations on its nuclear programme to cessation of hostilities and easing of restrictions.
- The developments have implications for global oil prices, maritime security and India's energy security.

Key Facts

Strait of Hormuz

- Connects the Persian Gulf with the Gulf of Oman and the Arabian Sea.
- Bordered by Iran (north) and Oman-UAE (south).
- One of the world's most important oil transit chokepoints.
- Around 20% of global petroleum consumption passes through the strait (U.S. EIA).

Kharg Island

- Located in the Persian Gulf.
- Iran's largest crude oil export terminal.
- Handles a major share of Iranian oil exports.

Iran Nuclear Issue

- Iran is a signatory to the Nuclear Non-Proliferation Treaty (NPT), 1968.
- Nuclear activities are monitored by the International Atomic Energy Agency (IAEA).
- Joint Comprehensive Plan of Action (JCPOA), 2015 aimed to restrict Iran's nuclear programme in return for sanctions relief.

Static Linkages

- Chokepoints influence global trade and strategic competition.
- Sea Lines of Communication (SLOCs) are vital for energy and maritime security.
- Energy security is a key component of national security.
- Strategic petroleum reserves help mitigate supply disruptions.
- Nuclear non-proliferation seeks to prevent the spread of nuclear weapons.
- Economic sanctions are instruments of coercive diplomacy.
- Freedom of navigation is a principle of international maritime law.
- Balance of Power remains a key concept in international relations.

Significance for India

- India imports more than 85% of its crude oil requirements.
- A large share of India's oil imports originates from West Asia.
- Any disruption in the Strait of Hormuz can:
  - Increase crude oil prices.
  - Widen Current Account Deficit (CAD).
  - Fuel imported inflation.
  - Increase fiscal pressure through higher energy costs.
- Safety of Indian diaspora and seafarers in West Asia remains a concern.

Challenges

- Continued U.S.–Iran rivalry.
- Israel–Iran confrontation.
- Threat to global energy supply chains.
- Risk of disruption of maritime trade routes.
- Increased volatility in global oil markets.
- Possibility of wider regional conflict involving Gulf countries.

Way Forward

- Promote diplomatic resolution through multilateral engagement.
- Strengthen maritime security cooperation in the Indian Ocean Region.
- Diversify India's energy import basket.
- Expand Strategic Petroleum Reserves (SPR).
- Accelerate renewable energy transition to reduce import dependence.
- Support freedom of navigation and adherence to international law.

Long overdue

Coal exchanges can balance out energy scarcities across India

Unveiled at a time of record domestic coal production, the Coal Exchange Rules, 2026, are a case of better-late-than-never. They will create a broad market-based mechanism through regulated trading platforms for the lynchpin of India's energy system – coal. They are aimed at enhancing price discovery, transparency, access for small consumers, as well as, one would hope, reduce bilateral agreements that are often opaque and come with a whiff of graft, too often. Today, most coal transactions between producers and buyers take place through long-term contracts, primarily for the power sector, followed by auctions, imports and captive mining. While India's commodity exchanges are well established, they function largely as financial markets rather than physical delivery platforms. Coal exchanges, however, appear closer in design to power exchanges, which, despite modest volumes, play a role in price discovery, market signalling and the development of secondary markets. As if to prove this point, coal exchanges are expected to serve the non-regulated sector, which relies on Coal India auctions where coal is often sold at a premium to the highest bidder. Power exchanges are not merely niche trading platforms; they serve as points of reference for the broader power market. They have enhanced price discovery and served as a balancing market without replacing long-term power purchase agreements. Initially the power exchanges were only balancing shortages, but eventually the spot prices became a barometer of the broader power market indicating scarcity, surplus and system stresses for all electricity stakeholders. Perhaps the first role of coal exchanges could be to open up inventories, allowing surpluses to balance out shortages across India.

The templates for the two exchanges are not very different though the specific rules framed by the Coal Controller Organisation of India will determine the success of coal exchanges. Just as with the successes, the failures of power exchanges can also serve as lessons learned for coal. Coal is not as fungible as electricity, which once generated is the same everywhere requiring only minimum standards. Coal quality varies widely. Therefore, robust standards and quality assurance are as important as contract design, liquidity creation and enforcement. The latter set of requirements will ensure that major producers and consumers are drawn to the coal exchanges. The emphasis should be on facilitating participation of retail consumers unlike power exchanges, which are dominated by discoms. Coal India's stance will be crucial. Besides safeguards against volatility, dispute resolution mechanisms and improved transportation logistics will be important too, since the coal exchanges will be physical delivery platforms.

KEY HIGHLIGHTS:

Why in News?

- The Government of India has notified the Coal Exchange Rules, 2026 to establish regulated coal exchanges for transparent and market-based coal trading.
- The initiative aims to improve price discovery, transparency, competition, and access to coal, especially for non-regulated sectors.

Key Highlights

Coal Exchange Rules, 2026

- Provide a legal framework for setting up coal exchanges in India.
- Enable electronic trading and physical delivery of coal.
- Promote transparent and competitive price discovery.
- Facilitate participation of:
  - Coal producers
  - Industrial consumers
  - Traders
  - Small and medium enterprises

Significance

- Reduces dependence on opaque bilateral contracts.
- Improves efficiency in coal allocation.
- Creates benchmark coal prices.
- Helps balance regional shortages and surpluses.
- Encourages development of a secondary coal market.

Challenges

- Variations in coal quality and grades.
- Transportation and logistics constraints.
- Need for robust quality certification mechanisms.
- Risk of market concentration and price volatility.
- Requirement of adequate market liquidity.

Static Concepts

Coal Sector Reforms in India

- Coal Mines (Special Provisions) Act, 2015Enabled reallocation of cancelled coal blocks.
- Commercial Coal Mining Reforms (2020)Allowed private sector participation without end-use restrictions.
- Mines and Minerals (Development and Regulation) Act, 1957Governs mining activities in India.

Constitutional Provision

- Entry 54, Union ListParliament can regulate mines and mineral development in public interest.

Coal in India's Energy Mix

- Coal accounts for around 55% of India's primary commercial energy needs.
- Around 70% of electricity generation is coal-based.
- India is among the world's largest producers and consumers of coal.

Major Institutions

- Coal India Limited
- Coal Controller Organisation
- Ministry of Coal

Importance for UPSC Mains

Economic Significance

- Improves market efficiency and resource allocation.
- Supports industrial growth through reliable fuel access.
- Strengthens energy security by improving domestic coal utilization.

Governance Significance

- Promotes transparency and accountability.
- Reduces discretionary allocation and rent-seeking.
- Strengthens regulatory oversight in the coal sector.

Energy Security Significance

- Enhances availability of domestic coal.
- Reduces import dependence.
- Supports uninterrupted electricity generation.

Challenges

- Standardization of coal grades.
- Efficient dispute resolution mechanisms.
- Integration with rail and logistics infrastructure.
- Balancing market efficiency with affordability.
- Aligning coal reforms with climate commitments.

Way Forward

- Develop robust coal quality standards.
- Strengthen third-party certification systems.
- Improve evacuation and transportation infrastructure.
- Ensure participation of small consumers.
- Establish effective market surveillance mechanisms.
- Use coal exchanges as a transitional reform while accelerating renewable energy expansion.

El Niño emerges in Pacific Ocean, to intensify during SW monsoon: IMD

Anjali Marar
Bengaluru, June 12

THE EL NIÑO phenomenon in the equatorial Pacific Ocean, which influences weather patterns worldwide, including the Indian monsoon, has developed, the India Meteorological Department said on Friday. It is expected to strengthen further during the southwest monsoon season, the IMD said in its El Niño Southern Oscillation (ENSO) bulletin.

El Niño, during which the surface waters of the equatorial Pacific Ocean, off the northwestern coast of South America gets unusually warm, is known to suppress rainfall over the Indian region, besides causing a variety of impacts on global weather events. It is because of this El Niño that IMD has forecast a below-normal rainfall for the ongoing monsoon season.

The IMD declaration came a day after the emergence of El Niño was made public by the US-based National Oceanic and Atmospheric Administration (NOAA). "El Niño would peak during the November-January period," NOAA had said in its monthly ENSO bulletin. NOAA has predicted the El Niño strength to reach its peak and touch the 'very strong' category during November-January 2027. 'Very strong' El Niño is categorised when the sea surface temperature along the Niño 3.4 region (the main region for denoting ENSO phase) surpasses 2°C.

Fire Brigade personnel participate in a rescue drill at Girgaon Chowpatty as part of preparations to tackle emergencies during monsoon, in Mumbai on Friday. PTI

El Niño Southern Oscillation is a naturally occurring ocean-atmospheric phenomenon observed along the central and equatorial Pacific Ocean. It has three phases — warm (El Niño), neutral and La Nina (cool). El Niño means 'little boy' and La Nina means 'little' girl in Spanish. The ENSO phase is decided by the sea surface measured temperatures along the equatorial Pacific Ocean. ENSO phases can emerge once in 2-7 years, with varying intensities and alternating phases. When the temperature in one of the regions along the equatorial Pacific Ocean region, known as a Niño 3.4 region, surpasses 0.50°C, an El Niño is declared.

"El Niño developed over the past month (May), as confirmed by the above-average sea surface temperatures across the central to eastern equatorial Pacific Ocean. The latest weekly Niño 3.4 index value was +0.7 degree Celsius," NOAA said. The temperatures along other regions of the equatorial Pacific Ocean measured +0.7°C and +2.1°C along the easternmost region.

The IMD, similarly, noted a surge in the sea surface temperatures along both the Bay of Bengal and the Arabian Sea during May. "In comparison to sea surface temperatures recorded in April, positive (above normal) temperatures were predominantly evident along the eastern Indian Ocean, northern Arabian Sea and northern Bay of Bengal during May," the IMD said.

Like El Niño in the Pacific Ocean, India is also affected by its Indian Ocean counterpart, known as the Indian Ocean Dipole (IOD). This, too, has three phases : positive, neutral and negative. The IMD said that during the southwest monsoon season, IOD would continue to remain in the neutral phase. This phase commenced in early 2026 and is expected to remain so for most part of the year.

Since an episode of El Niño can last anywhere between a few months to up to two years, the peak of El Niño generally coincides with the winter season along the northern hemisphere. Over India, many El Niño years in the past have seen subdued monsoon rainfall and extreme temperatures. This year, the IMD has forecast below-average rainfall during the ongoing southwest monsoon season mainly due to El Niño. The country-wide seasonal rainfall is expected to be 10% short of normal. Except northeastern India, all other geographical regions of the country will receive below normal rainfall during June-September this year.

Climatologically, during El Niño years, northeast and extreme southern India receive normal rainfall while the rest of the country suffers below-normal rain. Due to subdued rainfall, the monsoon season may also see a spike in temperatures.

E. EXPLAINED

The El Niño effect

This year, the IMD has forecast below-average rainfall during the ongoing southwest monsoon season mainly due to El Niño. The country-wide seasonal rain is expected to be 10 per cent short of normal. Except northeastern India, all other geographical regions of India will receive below normal rain during June-September. Climatologically, during El Niño years, northeast and extreme southern India receive normal rain while the rest of the country suffers below-normal rain. Due to subdued rain, the monsoon season may also see a spike in temperatures.

KEY HIGHLIGHTS:

Context

- The India Meteorological Department (IMD) has confirmed the development of El Niño conditions over the equatorial Pacific Ocean.
- The latest Niño 3.4 index has crossed the El Niño threshold.
- IMD has attributed its forecast of below-normal Southwest Monsoon (2026) largely to the emergence of El Niño.
- The National Oceanic and Atmospheric Administration (NOAA), USA, has projected that El Niño may strengthen further and could become a very strong El Niño by late 2026.
- Simultaneously, the Indian Ocean Dipole (IOD) is expected to remain neutral, reducing the possibility of offsetting El Niño's adverse effects.

Key Points

El Niño

- Warm phase of the El Niño Southern Oscillation (ENSO).
- Characterized by abnormal warming of sea surface temperatures (SSTs) in the central and eastern equatorial Pacific Ocean.
- Declared when SST anomalies in the Niño 3.4 region exceed +0.5°C.

ENSO Phases

- El Niño – Warm phase.
- Neutral – Normal conditions.
- La Niña – Cool phase.

Impact on India

- Weakens the Walker Circulation and monsoon winds.
- Leads to below-normal rainfall over most parts of India.
- Increases probability of:
  - Drought conditions
  - Heatwaves
  - Water stress
  - Agricultural losses
  - Food inflation

IMD Forecast (2026)

- Seasonal rainfall expected to be about 10% below normal.
- Most regions likely to receive below-normal rainfall.
- Northeast India and parts of extreme southern India may receive near-normal rainfall.

Indian Ocean Dipole (IOD)

- Climate phenomenon in the Indian Ocean.
- Positive IOD generally supports the Indian monsoon.
- Neutral IOD expected during 2026, limiting support to monsoon rainfall.

Static Linkages

- Differential heating of land and sea is the primary driver of monsoon circulation.
- Walker Circulation controls east-west atmospheric circulation in the tropics.
- Trade winds influence ocean currents and SST distribution in the Pacific Ocean.
- Ocean-atmosphere interactions affect global climate systems.
- Monsoon variability directly impacts agricultural production and food security.
- Climate anomalies can influence hydrological cycles and drought occurrence.

Critical Analysis

Concerns

- Reduced monsoon rainfall may affect Kharif crop production.
- Increased dependence on irrigation and groundwater.
- Possibility of food inflation due to lower agricultural output.
- Increased frequency of heatwaves and water scarcity.
- Stress on reservoirs and hydropower generation.

Limiting Factors

- El Niño does not always result in drought.
- Monsoon performance is also influenced by:
  - Indian Ocean Dipole (IOD)
  - Madden-Julian Oscillation (MJO)
  - Eurasian snow cover
  - Local oceanic conditions

Way Forward

- Strengthen climate-resilient agriculture.
- Promote drought-resistant crop varieties.
- Expand micro-irrigation and water-use efficiency.
- Improve seasonal forecasting and early-warning systems.
- Enhance reservoir and groundwater management.
- Strengthen crop insurance and contingency planning.
- Integrate climate forecasts into agricultural policy decisions.

Too much capital adds to Air India's turbulence

SATYENDRA PANDEY

MOST CORPORATE turnarounds have similar themes. New ownership, an injection of capital, rightsizing, capex, product-revitalisation, and for the successful ones — profitability. Just four years ago, with the transition from being a Public Sector Undertaking (PSU) to new ownership under the Tata Group, Air India was supposed to be that story. However, it has been anything but.

The airline continues to incur severe losses, its reputation requires repair, and as we mark the first anniversary of the horrific Ahmedabad crash of Air India Flight 171, where 241 people on board and 19 on the ground lost their lives, there are more questions than answers.

All this while, Air India continues to struggle with culture, cash flow, and credibility. The elephant in the room is that Air India moved from a situation of constrained capital to abundant capital. But too much capital can be a curse. Because too much capital can inadvertently amplify challenges, and at scale. And capital creates a false sense of security, which then has consequent impacts.

The numbers speak for themselves: A loss in excess of $2 billion; an estimated 22 per cent-plus cut in capacity; and a wide variation in net promoter scores highlight a consistently inconsistent product. For those looking beyond the numbers, the signals are many. But those calling them out are few and far between. The fact that the airline is not able to turn a profit in a duopoly market where it holds significant advantages is very telling.

A loss in excess of $2 billion; an estimated 22 per cent-plus cut in capacity; and a wide variation in net promoter scores highlight a consistently inconsistent product

What makes the Air India situation even more compelling is that the airline's success is not only important for the airline and the Tata Group but also for India's broader ambitions. For one, strategic autonomy essentially includes air connectivity as a core pillar. To this end, the country has asserted itself by not revisiting air service bilateral agreements, a position that will be untenable without a strong global airline.

Second, Air India's success will demonstrate that PSUs can be privatised and deliver a profit to the benefit of the exchequer and all citizens. Then there is the element of jobs across the skill spectrum, where a large, successful airline can be a strong catalyst. Finally, a successful global airline provides the fillip towards building an aviation hub to challenge those in the Middle East and Southeast Asia, thereby leveraging the Indian demographic dividend and the premiumisation wave.

Air India's goals by March 2027 as part of its transformation plan highlight targets for fleet growth, market share, brand identity, innovation, and being a preferred employer. But what needs to be put front and centre is the customer in every way possible. Yes, the Indian consumer is demanding, yes, aviation is an exacting business, and yes, the returns on capital for airlines are very hard to deliver. But these are facts to be worked with. Not challenges to be glossed over. And doing this requires hard decisions that align the airline with the market reality.

Going forward, the flight path for Air India is anything but smooth. Elements of its strategy, such as the ultra-long-haul flights, engineering challenges, and overall talent strategy, require a rethink. The airline has to deliver consistency, not excuses, and the consumer has to be front and centre. There are no easy answers. Buying and financing aircraft with the backing of the Tata Group was the easy part; delivering a competitive cost structure, consistent product and service, and operational excellence is an order of magnitude more difficult.

There is an aviation adage that goes: "The three things that are of no use are the runway behind you, the altitude above you, and the fuel still in the truck." For Air India, the focus has to be the here and now. The past, the vision, and the impending product upgrades are not items that will move the needle. Similarly, market share, compliance, and seniority cannot outrank safety, consistency and reliability. A consumer cannot be taken for granted, especially in the international segment, where there are many options. As such, the first goal for the airline is to enter consumers' consideration sets.

The good news is that Air India finds itself in the right market at the right time and with a strong parent company with patient capital. But it has to be backed up with strategic intent and executive capital. One year after the crash, no Air India executive has held an official, in-person press conference to brief the public or answer questions about it.

The writer is managing partner at AT-TV, an aviation finance firm

KEY HIGHLIGHTS:

Context of the News

- Four years after Air India's privatization and transfer to the Tata Group (2022), the airline continues to face operational, financial, and service-related challenges.
- The issue has gained attention amid concerns over safety, customer satisfaction, profitability, and governance following the first anniversary of the Ahmedabad Air India Flight 171 crash.
- Air India's performance is significant not only for the aviation sector but also for India's broader privatization and infrastructure development agenda.

Key Points

- Air India continues to report substantial financial losses despite significant capital infusion.
- Challenges persist in fleet modernization, operational efficiency, engineering maintenance, and service consistency.
- India aims to develop globally competitive airlines and emerge as an international aviation hub.
- Success of Air India is viewed as an important test case for PSU privatization.
- Aviation growth is crucial for trade, tourism, connectivity, employment generation, and economic development.
- Customer-centric service delivery and safety standards remain critical for long-term competitiveness.

Static Linkages

- Privatization aims to improve efficiency, competitiveness, and resource allocation.
- Strategic sectors require a balance between commercial viability and national interests.
- Transport infrastructure acts as a growth multiplier by reducing transaction costs.
- Corporate governance emphasizes accountability, transparency, and stakeholder trust.
- Consumer welfare is enhanced through competition, efficiency, and quality service delivery.
- Safety regulation is an essential function of the state in network industries.

Critical Analysis

Significance

- Demonstrates the effectiveness of privatization reforms.
- Supports India's aspiration to become a global aviation hub.
- Enhances international connectivity and economic integration.
- Generates employment across multiple sectors.

Challenges

- Persistent financial losses despite ownership change.
- Service quality and customer satisfaction concerns.
- Safety and crisis-management issues affecting public confidence.
- Workforce integration and organizational culture challenges.
- High operational costs and intense market competition.

Concerns for Governance

- Need for greater transparency in accident investigations.
- Importance of accountability in public-facing services.
- Balancing commercial objectives with passenger safety and welfare.

Way Forward

- Prioritize safety and operational reliability.
- Strengthen customer-centric service delivery.
- Improve transparency and public communication.
- Enhance maintenance and engineering capabilities.
- Develop globally competitive cost structures.
- Strengthen corporate governance and accountability mechanisms.
- Promote skill development in the aviation workforce.
- Align aviation growth with India's hub-and-spoke connectivity strategy.

One year after AI 171 crash, questions persist

JUNE 12 marked the first anniversary of the Air India flight AI 171 crash, which claimed 260 lives in Ahmedabad: 241 of the 242 people on board and 19 on the ground. Under international aviation norms, the final investigation report into an air disaster should be made public "as soon as possible and, if possible, within 12 months". While this timeline is not legally binding, it seems that India's Aircraft Accident Investigation Bureau (AAIB) will need more time to release its final findings about the Boeing 787 Dreamliner that crashed. At the same time, the information in the public domain, particularly the preliminary report released on July 12 last year, raises concerns about the handling of the case.

The first concern relates to the manner in which the AAIB released its preliminary report: At 1 am, unsigned, and without a press briefing at which questions could be addressed. The second pertains to the report's content. It had only a single paraphrased exchange between the pilots regarding the fuel switches, rather than the full cockpit voice recorder transcript or audio. The limited information released and the questions left unanswered have fuelled speculation of pilot error. Meanwhile, Boeing and the 787 Dreamliner programme have faced recurring technical concerns, including lithium-ion battery failures, fuselage manufacturing defects, and electrical system problems. A US-based aviation safety advocacy group, citing whistleblower testimony submitted to the US Senate, alleged that the aircraft involved in the Ahmedabad crash had experienced multiple technical issues during its service life. Against this backdrop, the concerns raised by the Federation of Indian Pilots — selective disclosure of information, the apparent absence of key subject-matter experts from the investigation and an inadequate examination of a possible electrical or systems failure — deserve serious attention.

For the victims and their families, a rigorous and transparent investigation is the minimum that justice demands. Four families have filed lawsuits against Boeing and aircraft-parts manufacturer Honeywell, alleging negligence, while the father of one of the pilots has sought a court-monitored inquiry. These developments speak of erosion of confidence in the investigative process. Restoring that trust must be a priority. AAIB's interim statement on Friday said the final report will be released "upon completion of all investigative activities". The Civil Aviation Minister, too, has posted on X that the investigation continues. Every authority involved should ensure that no line of inquiry is left unexplored and no legitimate question goes unanswered. Establishing the truth about AI 171 is essential not only for accountability but also for aviation safety and public confidence. Until the final report is released, conclusions must remain guided by evidence, not conjecture.

KEY HIGHLIGHTS:

Context

- One year has passed since the crash of Air India Flight AI171 (Boeing 787 Dreamliner), which resulted in the deaths of 242 passengers and crew along with 19 persons on the ground.
- The final investigation report by the Aircraft Accident Investigation Bureau (AAIB) is still awaited.
- Concerns have been raised regarding transparency, selective disclosure of information, and possible technical failures.
- The issue highlights the importance of aviation safety, independent investigations, and public accountability.

Key Points

Aircraft Accident Investigation Bureau (AAIB)

- Established in 2012 under the Ministry of Civil Aviation.
- Investigates civil aircraft accidents and serious incidents in India.
- Functions in accordance with international standards prescribed by ICAO.

ICAO Annex 13

- Provides international standards for aircraft accident investigations.
- Objective is:
  - Prevention of future accidents.
  - Improvement of aviation safety.
- Investigation is not meant to assign blame or criminal liability.

Boeing 787 Dreamliner

- Long-range, wide-body aircraft.
- Uses advanced composite materials.
- Has faced concerns globally regarding:
  - Lithium-ion battery issues.
  - Electrical system problems.
  - Manufacturing quality concerns.

Issues Raised in the AI171 Investigation

- Delay in publication of final report.
- Limited disclosure of cockpit voice recorder information.
- Concerns regarding examination of possible electrical/system failures.
- Demand for greater transparency by pilot associations and victims' families.

Static Linkages

- Chicago Convention, 1944.
- ICAO and international civil aviation governance.
- Principles of transparency and accountability in public administration.
- Regulatory bodies and independent investigations.
- Disaster risk reduction and safety audits.
- Consumer protection and passenger safety.
- Public trust in governance institutions.
- Corporate accountability in industrial and transport accidents.

Mains Enrichment

Significance of Transparent Accident Investigations

- Enhances public confidence.
- Strengthens aviation safety standards.
- Identifies systemic failures.
- Facilitates regulatory reforms.
- Improves emergency response mechanisms.

Challenges

- Balancing confidentiality with transparency.
- Technical complexity of investigations.
- Pressure from stakeholders and media.
- Cross-border involvement of manufacturers and regulators.
- Maintaining institutional independence.

Way Forward

- Timely publication of final investigation reports.
- Strengthening technical capacity of AAIB.
- Adoption of global best practices in accident investigation.
- Greater transparency through periodic public updates.
- Improved safety audits and maintenance oversight.
- Enhanced coordination between airlines, regulators, and manufacturers.
- Institutionalization of lessons learned into aviation regulations.

Amid rising inflation, vigilance holds the key

IN RECENT weeks, there has been much concern over the direction of inflation in the economy and the implications for monetary policy. Last week, when the Monetary Policy Committee kept interest rates unchanged, the RBI pegged inflation at 5.1 per cent for the year, up from its earlier assessment of 4.6 per cent. For the first quarter, it had projected 4.2 per cent. The latest data from the National Statistics Office show that while retail inflation edged slightly upwards to 3.93 per cent in May, from 3.48 per cent in April, it was marginally lower than expectations. This also puts inflation in the quarter so far at 3.7 per cent, slightly lower than the central bank's expectation.

Food inflation rose to 4.78 per cent, up from 4.2 per cent the month before, with tomatoes and ginger seeing a sharp surge. With weak rainfall delaying kharif planting, the outlook in this category is uncertain. In the non-food category, the rise in energy prices at the retail level (petrol, diesel, commercial LPG cylinders) seems to be reflecting in transportation — of goods and personal vehicles — and restaurants. Energy price adjustments are continuing — recently, domestic LPG prices were raised by Rs 29. Prices of other key inputs are expected to continue feeding inflationary pressures, while supply-chain and energy disruptions pose upside risks. Household inflation expectations are also firming up, with three-month and one-year-ahead expectations rising by 80 basis points and 50 basis points respectively.

The global environment continues to be in flux. On Thursday, the European Central Bank raised interest rates by 25 basis points amid concerns that the energy shock is beginning to spill over into the larger economy. Other central banks — the US Federal Reserve and the Bank of England — are scheduled to hold meetings next week. In the US, consumer prices rose at an annual rate of 4.2 per cent, complicating matters for the new Fed chair. The MPC's next meeting will be in August. By then, there will probably be some indication of the flows being mopped up through the FCNR (B) route. Another month of price data will also be available, and there will be some clarity over the underlying growth momentum. These will shape the MPC's decision.

KEY HIGHLIGHTS:

Context

- The Monetary Policy Committee (MPC) of the Reserve Bank of India kept policy rates unchanged.
- RBI revised its FY inflation projection upward from 4.6% to 5.1%.
- Retail inflation (CPI) increased from 3.48% (April) to 3.93% (May).
- Food inflation rose to 4.78%, mainly due to higher prices of vegetables and perishables.
- Weak and delayed monsoon has raised concerns over Kharif sowing and food price stability.
- Rising fuel and LPG prices are contributing to inflationary pressures through higher transportation and service costs.

Key Facts

- Inflation Target under Flexible Inflation Targeting (FIT): 4% ± 2%
- Inflation measure used by RBI: Consumer Price Index (CPI-Combined)
- MPC Composition:
  - 6 Members
  - 3 from RBI
  - 3 nominated by Central Government
- Decision-making: Majority vote; RBI Governor has casting vote in case of a tie.
- Food inflation constitutes a significant share of CPI basket.
- Inflation expectations influence future consumption, savings, wage demands, and investment decisions.

Static Linkages

- Inflation can be:
  - Demand-Pull Inflation
  - Cost-Push Inflation
  - Imported Inflation
- Fuel price increases often trigger cost-push inflation.
- Monsoon performance directly impacts:
  - Agricultural production
  - Food inflation
  - Rural demand
  - Overall economic growth
- Monetary policy tools:
  - Repo Rate
  - Reverse Repo Rate
  - Cash Reserve Ratio (CRR)
  - Statutory Liquidity Ratio (SLR)
  - Open Market Operations (OMO)
- Inflation targeting framework was institutionalized through amendments to the RBI Act, 1934.

Why Inflation is Rising?

Domestic Factors

- Increase in food prices (vegetables, perishables).
- Delayed monsoon affecting Kharif sowing prospects.
- Rising LPG, petrol and diesel prices.
- Supply-chain bottlenecks.

External Factors

- Global energy market disruptions.
- Volatility in crude oil prices.
- Tightening monetary policies by major central banks.
- Imported inflation through higher commodity prices.

Significance for India

- Inflation directly affects purchasing power of households.
- Higher food inflation disproportionately impacts poor and vulnerable sections.
- Rising inflation can reduce real income and consumption demand.
- Persistent inflation may compel RBI to maintain a tighter monetary stance.
- Inflation management is crucial for sustaining long-term economic growth.

Challenges

- Balancing growth and inflation control.
- Weather-related uncertainties affecting agriculture.
- Global geopolitical tensions influencing energy prices.
- Anchoring inflation expectations among households and businesses.
- Ensuring monetary policy transmission without hurting investment.

Way Forward

- Strengthen agricultural supply chains and storage infrastructure.
- Promote climate-resilient agriculture.
- Improve food stock management and market intelligence.
- Enhance coordination between fiscal and monetary policy.
- Diversify energy sources and accelerate renewable energy adoption.