

The Hindu Important News Articles & Editorial For UPSC CSE

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The recent political transition in Canada, with the exit of Prime Minister Justin Trudeau and the rise of Mark Carney as the new Prime Minister-designate, presents an opportunity to reset India-Canada relations.

- ➔ The diplomatic strain between the two nations arose over the killing of Khalistani separatist leader Hardeep Singh Nijjar in 2023, which led to expulsions of diplomats and a near-freezing of bilateral engagements.

New Delhi considers restoring High Commissioner to Canada to reset ties

A new Canadian PM spells reset opportunity for ties hit by Nijjar killing, say former Indian, Canadian diplomats; last week, PM-designate Carney spoke of 'opportunities to rebuild' ties with India as Canada diversifies trade ties amid Trump's tariffs

Suhasini Haidar
NEW DELHI

The government is considering restoring a High Commissioner to Canada, sources said, in signs that the exit of Canadian Prime Minister Justin Trudeau from office could signal a thaw in bilateral ties that have been virtually frozen since 2023 over the Nijjar case. Canadian Security Intelligence Service (CSIS) chief Daniel Rogers is set to visit India next week to attend a meeting of intelligence chiefs in Delhi.

The meeting will be the first such since the heated, extended exchange over the case between Indian and Canadian national security teams headed by National Security Adviser Ajit Doval and his Canadian counterpart in Singapore last October.

According to sources, the Ministry of External Affairs has discussed possible candidates to replace previous High Commissioner to Canada Sanjay Kumar



Outgoing PM: Justin Trudeau speaking during the Liberal leadership announcement in Ottawa, Ontario, on Sunday. AP

Verma, as the position remains vacant since he was expelled along with five Indian diplomats a few days after that Singapore meeting. The Trudeau government called them "persons of interest" in the June 2023 killing of Khalistani separatist leader Hardeep Singh Nijjar, but the Modi government denied all the charges, and said no evidence has been shared of the claims, including those linking Home Minister Amit Shah to the plot.

New Delhi then withdrew its diplomats and ex-

pelled six Canadian diplomats including the Acting High Commissioner in retaliation. It is unclear whether a new Canadian High Commissioner to India will be appointed by the newly elected leader of the Liberal party and Prime Minister-designate, Mark Carney, after he is sworn in in the next few weeks, or after Canadian federal elections are held later this year, but sources said "diplomatic movements" are already underway.

In addition, both Mr.

Carney and his Conservative Party rival Pierre Poilievre have indicated they would like to rework ties with India.

Last week, Mr. Carney said there were "opportunities to rebuild relationships with India" as Canada diversifies trade ties in the wake of tensions with U.S. President Donald Trump over tariffs. "There needs to be a shared sense of values around that commercial relationship [with India]. If I am Prime Minister, I look forward to the opportunity to build that," he said at a public event in Calgary.

Diplomats meeting

Some former diplomats from Delhi and Ottawa have met in the past few months for Track 2 discussions on how to rebuild ties that have skidded downhill since September 2023, when Mr. Trudeau announced in Parliament that Indian "government agents" were suspected to have orchestrated the killing of Nijjar outside a gurd-

wara in Brampton. They have said Mr. Trudeau's departure is an opportunity for the relationship.

"Given the existential crisis Canada faces from Trump, India has to be an important piece of Canada's diversification strategy. The lowest hanging fruit is the speedy return of High Commissioners to both capitals," said former High Commissioner to Canada Vikas Swarup.

Former Canadian diplomat David McKinnon, who served in Delhi, concurred, while noting that the Nijjar case is now before the courts, and there would be some "twists and turns" in the trial that could still affect ties.

"Given his background, I would like to think Mark Carney will be inclined to engage in international relations more thoughtfully and quietly. But he is completely untested in the political realm, of course, and he will be relying on much of the same party apparatus that served Justin Trudeau as leader," he added.

Background of the Diplomatic Strain:

- ➔ In June 2023, Hardeep Singh Nijjar was assassinated in Canada, and the Trudeau government alleged Indian involvement.
- ➔ India refuted these claims, stating that no concrete evidence was provided.

- ➔ Diplomatic expulsions followed, with both nations recalling multiple diplomats.
- ➔ Trade and security dialogues suffered a major setback due to deteriorating trust.

Current Developments:

- ➔ India is considering restoring its High Commissioner to Canada, a move signaling diplomatic re-engagement.
- ➔ The Canadian Security Intelligence Service (CSIS) chief is set to visit India for intelligence discussions.
- ➔ Carney and his Conservative Party rival Pierre Poilievre have expressed interest in improving ties with India.
- ➔ Economic diversification by Canada, driven by concerns over Trump's tariffs, makes India a crucial partner.
- ➔ Former diplomats from both nations have engaged in Track 2 diplomacy to mend relations.

Opportunities for Reset:

- ➔ **Diplomatic Normalization:** The appointment of High Commissioners in both countries can facilitate constructive dialogue.
- ➔ **Economic Cooperation:** Canada seeks to diversify its trade partnerships amid tensions with the U.S., and India offers a vast market.
- ➔ **Security Collaboration:** Intelligence-sharing and counterterrorism efforts can be strengthened.
- ➔ **People-to-People Ties:** With a significant Indian diaspora in Canada, cultural and educational exchanges can serve as a bridge.

Challenges and Risks:

- ➔ The Nijjar case remains under trial, and legal proceedings may influence future diplomatic engagement.
- ➔ Political continuity in Canada is uncertain, as federal elections are due later in the year.
- ➔ Anti-India elements within Canada's political landscape may continue to pose obstacles.
- ➔ Trust-building measures will require careful negotiation and consistent engagement.

Conclusion:

- ➔ India-Canada relations have reached a crucial juncture with Trudeau's departure. The mutual need for economic and strategic collaboration provides a strong foundation for restoring ties.
- ➔ Diplomatic engagement, trade partnerships, and shared security interests could guide the bilateral relationship towards stability.

- ➔ However, challenges such as the Nijjar case and domestic political factors in Canada must be navigated with caution. The upcoming months will be crucial in determining the trajectory of this bilateral relationship.

UPSC Mains Practice Question

Ques:India-Canada relations have faced turbulence in recent years due to political and security concerns. Analyze the key issues affecting bilateral ties and suggest measures for diplomatic reconciliation.(250 words)



The Stockholm International Peace Research Institute (SIPRI) report for 2020-24 highlights significant trends in global arms trade, with Ukraine emerging as the largest arms importer, followed by India.

India second-largest arms importer after Ukraine in 2020-24, says SIPRI

At 36%, imports from Russia made up largest share of Indian imports, down from 55% in 2015-19; India received the largest share of French arms exports at 28%; China dropped out of the list of top 10 arms importers for the first time since 1990-94

The Hindu Bureau
NEW DELHI

Ukraine, involved in a war with Russia for the past four years, became the largest importer of major arms in the world during the period between 2020 and 2024, clocking a nearly 100-fold rise in imports compared with the figures for 2015-2019.

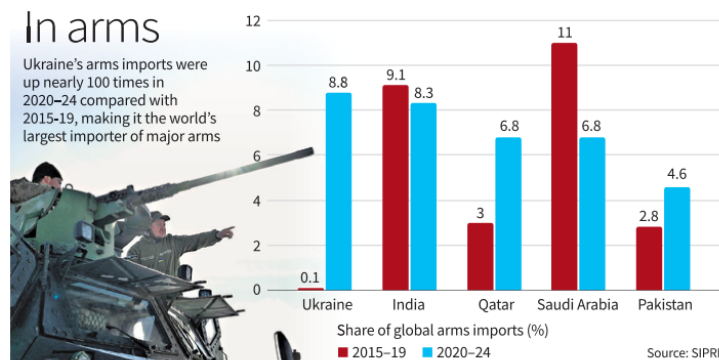
India was the second-largest arms importer, though the trade figures decreased by 9.3% between 2015-19 and 2020-24, show data from the Stockholm International Peace Research Institute (SIPRI).

The country was the biggest arms export destination for both Russia and France, though the volume with Moscow has significantly reduced.

China dropped out of the list of top 10 arms importers for the first time since 1990-94, showcasing its expanding domestic industrial base.

The largest share of Indian arms imports (36%) came from Russia, a significantly smaller share than in 2015-19 (55%) and 2010-14 (72%), the report noted.

"Arms imports by Pakistan grew by 61% between



2015-19 and 2020-24. China became even more dominant as its supplier, accounting for 81% of Pakistan's arms imports in 2020-24, compared with 74% in 2015-19," the SIPRI report released on Monday said.

While European arms imports overall grew by 155% between the same periods as the continent rearms itself, the U.S. further increased its share of global arms exports to 43%, while Russia's exports fell by 64%, accounting for 7.8% of global arms exports, falling behind France (9.6%), which emerged as the second largest arms exporter in 2020-24. Four countries in

Asia and Oceania – India, Pakistan, Japan, and Australia – ranked among the 10 largest arms importers globally in 2020-24.

Russia delivered major arms to 33 countries in 2020-24, of which two-thirds went to three countries – India (38%), China (17%), and Kazakhstan (11%).

French exports

At the same time, France exported arms to 65 countries, and its exports of major arms to other European countries almost trebled between 2015-19 and 2020-24 (187%), according to SIPRI.

"This was mainly due to deliveries of combat air-

craft to Greece and Croatia, and arms supplies to Ukraine after Russia's full-scale invasion in 2022."

Nevertheless, India received by far the largest share of French arms exports (28%) – almost twice the share that went to all European recipients combined (15%).

The second largest recipient of major arms from France was Qatar (9.7%).

India has inked contracts for some major military platforms from France, including 36 Rafale fighter jets and six Scorpene-class conventional submarines, and has more mega deals lined up.

Meanwhile, deals for 26 Rafale-M jets and three

submarines are set to be concluded very soon.

Global transfer volume

The overall volume of arms transfers globally remained at roughly the same level as in 2015-19 and 2010-14 (but was 18% higher than in 2005-2009), as increasing imports in Europe and the Americas were offset by decreases in other regions, data show.

Italy, with a 4.8% share of arms sales, jumped from 10th to sixth place on the exporters' list.

The report stated that at least 35 countries sent weapons to Ukraine since the war began in 2022, and a substantial number of deliveries are in the pipeline. The country received 8.8% of global arms imports in 2020-24.

"The new arms transfers figures clearly reflect the rearmament taking place among states in Europe in response to the threat from Russia," said Mathew George, programme director at SIPRI. However, some major arms importers, including Saudi Arabia, India, and China, saw large declines in import volumes for a variety of reasons, he added.

- ➔ While India's arms imports declined by 9.3% compared to the previous period (2015-19), it remains a key buyer, sourcing weapons primarily from Russia and France.

Key Findings of the SIPRI Report:

➔ **India's Arms Imports:**

- India was the second-largest arms importer globally, despite a decline in overall volume.
- Russia remained the largest supplier (36%), though its share has dropped from 55% (2015-19) and 72% (2010-14).
- France emerged as India's second-largest supplier, accounting for 28% of its total imports.
- Major Indian acquisitions from France include Rafale fighter jets and Scorpene submarines, with further deals in the pipeline.

➔ **Global Arms Trade Trends:**

- Ukraine saw a 100-fold increase in imports, reflecting the ongoing war.
- China dropped out of the top 10 importers for the first time since 1990-94 due to its growing domestic defense industry.
- Pakistan's imports surged by 61%, with China providing 81% of its arms.
- Europe's arms imports rose by 155% due to increasing security concerns over Russia's actions in Ukraine.

➔ **Changing Dynamics of Arms Suppliers:**

- The U.S. expanded its dominance, accounting for 43% of global exports.
- Russia's share declined to 7.8%, falling behind France (9.6%).
- Italy improved its ranking in arms exports, rising from 10th to 6th place with a 4.8% share.
- France increased its global arms exports, with 65 recipient countries.

Implications for India:

➔ **Strategic Autonomy & Defense Modernization:**

- The decline in imports reflects India's push for self-reliance (Atmanirbhar Bharat) in defense.
- The Make in India initiative and defense production collaborations aim to reduce dependency on foreign suppliers.

➔ **Diversification of Suppliers:**

- The shift from Russia to France, the U.S., and Israel indicates India's effort to diversify its defense procurement.
- Growing partnerships with European and Indo-Pacific allies enhance strategic maneuverability.

➔ **Geopolitical Considerations:**

- The decline in Russian arms supply could be due to Moscow's focus on Ukraine and sanctions impacting production.
- Strengthening ties with France and the U.S. aligns India with Western defense technology advancements.
- China's exclusion from top importers and its dominance as Pakistan's arms supplier impact regional security dynamics.

➔ **Challenges and Future Outlook:**

Daily News Analysis

- **Need for Indigenous Defense Capabilities:** Despite initiatives like DRDO projects and private sector participation, India still relies heavily on imports.
- **Balancing Geopolitical Relations:** India's diversification should ensure strategic autonomy while maintaining key defense partnerships.
- **Sustained Modernization Plans:** With deals for additional Rafale-M jets and submarines in progress, procurement strategies must align with long-term defense goals.

Conclusion:

- ➔ India remains a key player in global arms trade, balancing external procurements with indigenous defense manufacturing efforts. The evolving geopolitical scenario, marked by declining Russian exports and increasing European arms supplies, underscores the need for a robust and self-sufficient defense ecosystem.
- ➔ Future procurement strategies should focus on enhancing domestic production, strengthening international partnerships, and ensuring technological superiority to maintain national security.

UPSC Mains Practice Question

Ques : Discuss the changing dynamics of India's defense imports and its implications for strategic autonomy and national security. How can India balance foreign procurement with indigenous defense production?(250 words)

The proposed India-U.S. Bilateral Trade Agreement (BTA) marks a significant development in international trade.

- However, its legal standing under WTO laws raises important questions. As both countries are members of the WTO, their trade arrangements must align with the Most Favored Nation (MFN) principle and other WTO regulations.

An India-U.S. trade agreement and the test of WTO laws

During Prime Minister Narendra Modi's brief working visit to the United States, on February 13, 2025, New Delhi and Washington agreed to negotiate the first stage of a mutually beneficial, multi-sector Bilateral Trade Agreement (BTA) by the fall of 2025. While economists are busy calculating tariffs and trade volumes, it is essential to examine this development through the lens of international trade law. A significant portion of international trade law is codified in the General Agreement on Tariffs and Trade (GATT) and governed by the World Trade Organization (WTO). Since both the U.S. and India are members of the WTO, their bilateral trade dealings must align with the standards set by WTO law. This makes the proposed BTA between the two countries particularly important. Currently, the scope of the BTA is unclear. The U.S.-India Joint Leaders Statement, of February 13, only references a multi-sector BTA without providing specific details about its coverage. It is important to note that this agreement is not labelled as a free trade agreement (FTA). However, the terminology is less significant than the actual content of the agreement.

Free trade agreements

The WTO system operates on the most favoured nation (MFN) principle, which prohibits discrimination between trading partners. Therefore, an FTA that grants preferential access to certain countries violates the MFN rule, although countries can still establish FTAs under specific conditions.

One of these conditions, outlined in Article XXIV.8(b) of the GATT, requires member countries to eliminate customs duties and other trade barriers on "substantially all the trade" within the FTA. Although the term "substantially all the trade" is not defined in the agreement, it is



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As the U.S. and India are World Trade Organization members, their bilateral trade dealings must align with the standards set by WTO law: India must not cave in to American pressure

understood that the FTA should encompass a very high percentage of trade between the member countries.

This requirement exists because FTAs are exceptions to the MFN principle, which is a cornerstone of the multilateral trading system. Therefore, these exceptions must be tightly controlled and not permitted lightly. The proposed BTA between India and the U.S. must cover "substantially all trade" to be legally valid. It also needs to be notified to the WTO. Whether such an agreement will be economically beneficial for India is a topic of debate, with differing opinions. Legally speaking, if India and the U.S. reduce tariff rates on each other's limited products, as part of some bilateral deal, without extending similar treatment to other countries, it would violate WTO law.

Interim agreements, enabling clause

One possible way for India and the U.S. to establish a BTA for select products without violating WTO laws is to notify the agreement as an 'interim agreement', leading to the formation of an FTA. Since countries cannot finalise FTAs overnight, Article XXIV of GATT permits them to sign 'interim agreements' that pave the way for an eventual FTA, subject to specific conditions.

First, under Article XXIV.5 of GATT, countries can enter into an 'interim agreement' if it is necessary for forming a free trade area. Second, this 'interim agreement' must include a plan or schedule for establishing an FTA within a reasonable timeframe, which should typically not exceed 10 years.

However, India and the U.S. should only notify the proposed BTA as an 'interim agreement' if they genuinely intend to sign an FTA in the future. Using the 'interim agreement' approach solely to buy time while concealing an MFN-inconsistent trade deal may be politically

expedient but legally indefensible.

WTO law provides another exception to the MFN principle in the form of what is known as the 'enabling clause'. As per this arrangement, WTO countries can deviate from the MFN principle if it is meant to provide better market access to the products of developing countries. However, since the proposed India-U.S. BTA, as one gathers, will see both sides lowering tariff rates on each other's products, it possibly cannot be called an arrangement falling under the 'enabling clause'. The Joint Statement categorically talks of the U.S. welcoming India's recent measures to lower tariffs on products of interest to Washington. Thus, India seems to be providing better market access to American products, which is contrary to the spirit of a trading arrangement that would fall under the 'enabling clause'.

Respecting WTO law

U.S. President Donald Trump's problematic conception of 'reciprocal tariffs', whereby the U.S. will increase tariff rates to align with the tariffs that other nations impose on American goods violates the core WTO principles of MFN and special and differential treatment (S&DT). S&DT allows developing countries to offer less than full reciprocity in their tariff commitments towards developed countries. Reciprocal tariffs will also violate the U.S.'s bound tariff rate obligations – a promise not to impose tariff rates above what is committed – at the WTO. Nations such as India, which champion a rule-based trading order, need to actively push back against any dilution of core WTO principles. The proposed BTA negotiations present a crucial test for India to uphold WTO laws and not capitulate to American pressure.

The views expressed are personal

Key WTO Principles and Challenges

MFN Principle and FTA Exceptions

- The MFN principle ensures non-discriminatory trade among WTO members.
- A Free Trade Agreement (FTA) is an exception under Article XXIV of GATT, provided it covers "substantially all trade" and is notified to the WTO.

- ➔ If the BTA selectively reduces tariffs on certain goods, it risks violating the MFN rule unless it qualifies as an FTA.

Interim Agreement under GATT

- ➔ Article XXIV allows an interim agreement leading to an FTA, but it must have a clear timeline (usually within 10 years).
- ➔ If India and the U.S. use this provision without genuine intent to form an FTA, it could face legal scrutiny.

Enabling Clause and Its Limitations

- ➔ WTO's Enabling Clause permits trade preferences for developing countries.
- ➔ However, since the BTA involves tariff reductions for U.S. products as well, it does not qualify under this clause.

Strategic and Economic Implications for India

- ➔ **Short-Term Gains vs. Long-Term Compliance:** While the BTA can enhance India-U.S. trade relations, legal challenges at the WTO could arise if it contradicts MFN principles.
- ➔ **Rule-Based Order:** India, a proponent of WTO-based trade, must ensure the agreement does not undermine multilateral trading norms.

Conclusion

The India-U.S. BTA represents both an opportunity and a legal challenge. India must navigate WTO rules carefully to avoid violations while securing its economic interests.

- ➔ The COVID-19 pandemic, declared in March 2020, has left a lasting impact on the global economy. Even five years later, its effects continue to shape government policies, labor markets, inflation trends, and digital transformations. This analysis explores key economic shifts, with a focus on their implications for India.

Five years on, the economic impact of COVID-19 pandemic still lingers

COVID-19 and efforts to contain it triggered record government debt, hit labour markets and shifted consumer behaviour; inequality has increased, while remote work, digital payments and changes in travel patterns have endured as COVID-19's legacy continues to reshape global economies

NEWS ANALYSIS

Reuters

Five years after the World Health Organization first described the COVID-19 coronavirus outbreak as a pandemic, its effects are still being felt on the global economy.

COVID-19 and efforts to contain it triggered record government debt, hit labour markets and shifted consumer behaviour. Inequality has increased, while remote work, digital payments and changes in travel patterns have endured. Though the immediate shock has passed, COVID-19's legacy continues to reshape global economies and markets.

Here are some of the main impacts:

Debt and inflation

After countries borrowed money to protect welfare and livelihoods, global government debt has risen by 12 percentage points since 2020, with steeper increases seen in emerging markets. The pandemic sparked high levels of inflation, which proved to be a major concern in the 2024 U.S. elections. Fuelled by post-lockdown spending, government stimulus packages and shortages of labour and raw materials, inflation peaked in many countries in 2022.



Hard hit: Women's share in the workforce fell due to their over-representation in certain sectors.

To offset rising prices, central banks raised interest rates, though the intensity of their interventions varied widely.

Sovereign credit ratings, which reflect a country's ability to pay back its debts, were driven lower as economies were shuttered and governments took on huge amounts of extra debt to fill the holes left in public finances.

Data from Fitch Ratings shows the average global sovereign credit score remains a quarter of a notch lower than it was when the pandemic started, reflecting financial challenges made worse by the pandemic, inflation and stricter financial conditions.

For less wealthy emerging market countries, the



The average global sovereign credit score remains a quarter of a notch lower than it was when the pandemic started reflecting financial challenges

average remains roughly half a notch lower.

Labour, travel shifts

The pandemic caused millions of job losses, with poorer households and women hit hardest, according to the World Bank.

As lockdowns eased, employment regained momentum but with a considerable shift towards sec-

tors such as hospitality and logistics due to the growing retail delivery sector.

Women's participation in the workforce fell in 2020, mostly due to female over-representation in hard-hit sectors like accommodation, food services and manufacturing, and the burden of caring for children staying home from school.

However, the gender employment gap has slightly decreased since, data shows.

Travel and leisure habits also changed. While people travel and eat out as much as they did in 2019, an increase of work-from-home has reduced commuting in major cities such as London.

The airline sector was

one of those hit worst by the pandemic, recording industry-wide losses of \$175 billion in 2020, according to the global airlines body IATA.

Vaccination campaigns eventually resulted in the lifting of travel restrictions, allowing people back on planes. For 2025, IATA expects an industry-wide net profit of \$36.6 billion and a record 5.2 billion passengers.

But travellers must contend with prices of hotel rooms which in many regions have outpaced inflation and remain well above 2019 levels.

In the first half of 2023, Oceania, the continent in the southern hemisphere that includes Australia and smaller nations like Tonga and Fiji, saw the highest price increases from the same period of 2019, followed by North America, Latin America and Europe.

Despite minor fluctuations, there is little indication that global hotel prices will return to pre-pandemic norms. Office vacancy rates are also at record highs in many countries, the result of more remote and flexible work.

A digital world

New consumer trends developed during global lockdowns, as home-bound consumers often had no other option than to shop online. This caused an uptick in online purchases

from 2020 that has since stabilised. Analysts say that in Europe the rise in online sales has been coupled with an increase in selling space, as retailers invest in physical shops to stimulate both online and offline sales.

The space, measured in square metres, edged up almost 1% from 2022 to 2023, an increase that should extend to 2.7% by 2028, data from market research company Euronitor shows.

Shares in digital and delivery firms led gains during the pandemic, alongside those of vaccine-making pharmaceutical companies.

Five years on, some pandemic-era gainers have lost most of their appeal, but others have enjoyed lasting gains as new markets enabled by the digital shift have opened up.

Stuck at home and with more cash on hand, people also began investing more, with roughly 27% of total U.S. equity trading coming from retail investors in December 2020. Stockbroker TD Ameritrade took the biggest slice of the cake before being acquired by Charles Schwab in a \$26 billion deal.

Another platform which gained popularity during the retail trading boom of 2021 is Robinhood, which became the platform of choice for people to pump money into meme stocks.

Debt and Inflation:

- ➔ Government debt surged globally as nations implemented stimulus measures to protect welfare and livelihoods.
- ➔ Global government debt increased by 12 percentage points since 2020, with emerging markets experiencing steeper rises.

Daily News Analysis

- Inflation spiked due to supply chain disruptions, post-lockdown demand, and stimulus-driven liquidity.
- Central banks responded with interest rate hikes, leading to tighter financial conditions.
- Sovereign credit ratings declined, particularly in emerging economies, affecting their borrowing capacities.

Labor Market and Workforce Shifts:

- The pandemic caused mass job losses, with lower-income groups and women disproportionately affected.
- Women's workforce participation dropped due to over-representation in hospitality, retail, and manufacturing sectors.
- Work-from-home trends led to shifts in job locations, reducing office occupancy and altering commuting patterns.
- The gig economy and logistics sector expanded as e-commerce flourished during lockdowns.

Changes in Consumer and Travel Behavior:

- Travel and leisure habits evolved, with airline industries facing record losses in 2020 (\$175 billion).
- Tourism rebounded post-vaccination campaigns, but hotel prices remain above pre-pandemic levels.
- Remote work decreased urban commuting, impacting businesses reliant on office-goers.
- The hospitality industry adapted through digital services and hybrid work arrangements.

Digital Transformation and E-commerce Growth:

- Online retail experienced a boom as consumer habits shifted during lockdowns.
- Digital payments became more widespread, accelerating financial inclusion in emerging economies.
- Many pandemic-era tech stocks lost value after the initial surge, but digital infrastructure investments remain high.
- Retail investment participation surged, influencing stock market trends.

Implications for India:

- **Economic Recovery:** India faced contraction in GDP growth but rebounded through government stimulus and structural reforms.

Daily News Analysis

- ➔ **Employment Challenges:** Informal sector workers and women bore the brunt of job losses, necessitating targeted policy responses.
- ➔ **Digital Leap:** Expansion of UPI-based payments, e-commerce platforms, and remote work ecosystems accelerated India's digital economy.
- ➔ **Public Debt Management:** India's fiscal deficit increased due to pandemic spending, necessitating careful fiscal consolidation strategies.

Conclusion:

- ➔ The long-term economic impact of COVID-19 is evident in debt burdens, inflation patterns, labor market transformations, and digital acceleration. For India, a balanced approach focusing on economic resilience, workforce participation, and digital innovation is essential for sustained recovery.

UPSC Mains Practice Question

Ques : Discuss the long-term economic impact of the COVID-19 pandemic, focusing on inflation, labor markets, and digital transformation. How has India adapted to these changes?(250 words)

Palm oil, a key commodity in the global vegetable oil market, has historically been a low-cost option for consumers worldwide.

- ➔ However, stagnating production and increased biodiesel mandates, especially in Indonesia, are driving up prices, altering trade dynamics, and impacting economies reliant on cheap edible oil imports.

End of cheap palm oil? Output stalls with rise of biodiesel

Reuters
KUALA LUMPUR/JAKARTA

Prices of cooking oil could be buoyed up for years by stagnating production and a biodiesel push in top producer Indonesia that are making traditionally cheap palm oil costlier, eliminating an advantage that also curbed prices of rival oils.

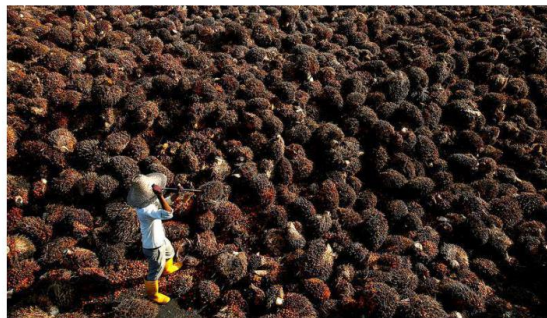
Used in everything from cakes and frying fats to cosmetics and cleaning products, palm oil makes up more than half of global vegetable oil shipments and is especially popular among consumers in emerging markets.

After decades of cheap palm oil, thanks to booming output and a battle for market share, output is slowing and Indonesia is using more to make biodiesel, respected industry analyst Dorab Mistry said.

"Those days of \$400-per-ton discounts are gone," added Mr. Mistry, a director of Indian consumer goods company Godrej International. "Palm oil won't be that cheap again as long as Indonesia keeps prioritising biodiesel."

Indonesia increased the mandatory mix of palm oil in biodiesel to 40% this year, and is studying moving to 50% in 2026, as well as a 3% blend for jet fuel next year, as it seeks to curb fuel imports.

The biodiesel push will reduce Indonesia's exports to just 20 million metric tons in 2030, down a third from 29.5 million in 2024, estimates Eddy Martono, chairman of the southeast Asian nation's largest palm



Consumer favorite: Palm oil makes up more than half of global vegetable oil shipments. REUTERS

oil association, GAPKI. Jakarta's biodiesel mandate, coupled with lower production because of floods in neighbouring Malaysia, has already lifted

palm oil prices above rival soyoil, prompting buyers to cut purchases.

In India, the largest buyer of vegetable oils, crude palm oil (CPO) has

commanded a premium over crude soybean oil for the past six months, sometimes exceeding \$100 per ton. As recently as late 2022, palm oil traded at

discounts of more than \$400. Indians were paying \$1,185 a ton for crude palm oil last week, up from less than \$500 in 2019.

Higher vegetable oil prices could complicate governments' efforts to rein in inflation, whether in palm oil-reliant nations or those dependent on rival soybean, sunflower, and rapeseed oils.

Stunted growth

Palm oil production, dominated by Indonesia and Malaysia, nearly doubled every decade from 1980 to 2020, fuelling criticism over deforestation to add plantations.

During that time, average annual production growth of more than 7% was roughly in line with demand. But Malaysia's

palm oil production stagnated more than a decade ago because of lack of space for new plantations and slow replanting, while deforestation concerns have slowed growth in Indonesia.

Even in Indonesia, replanting by smallholders, who generate 40% of its supply, remains sluggish.

As a result, global production growth has slowed to 1% annually over the past four years.

In the current decade, production growth is likely to average 1.3 million tons a year, said analyst Thomas Mielke, executive director of Oil World, less than half the average of 2.9 million in the decade to 2020.

Production could lose even more momentum from the impact of labour

shortages, ageing plantations and the spread of Ganoderma fungus, which is hurting yields, he said.

Oil palms, which start losing productivity after 20 years, need to be replaced after 25 years, with new trees taking three to four years to yield fruit, rendering land unproductive until then and making farmers reluctant to replant.

Malaysia replanted 114,000 hectares, or just 2% of total planted area in 2024, against a target of 4% to 5%, Plantation Minister Johari Abdul Ghani said in February. In Indonesia, slow replanting has brought lower yields as plantations get older, said GAPKI's Fadhil Hasan. Its yields of crude palm oil fell 11.4% to 3.42 tons per hectare in a decade.

Factors Driving Price Increase:

- ➔ **Biodiesel Push:** Indonesia, the world's largest palm oil producer, has mandated a 40% palm oil blend in biodiesel (B40) and plans to increase it to 50% by 2026. This has diverted significant quantities of palm oil away from exports, reducing global supply and pushing prices higher.
- ➔ **Declining Production Growth:** While palm oil production doubled every decade from 1980 to 2020, recent years have seen a drastic slowdown. Factors such as land shortages in Malaysia, aging plantations, slow replanting rates, and concerns over deforestation have constrained output growth.
- ➔ **Climate and Environmental Factors:** Floods in Malaysia and Indonesia have disrupted harvests. Additionally, diseases such as the Ganoderma fungus are negatively impacting yields.
- ➔ **Market Dynamics:** Historically, palm oil traded at a discount compared to other edible oils like soybean and sunflower oil. However, due to supply constraints, it has commanded a premium in recent months, particularly in key import markets like India.

Economic and Geopolitical Implications:

Daily News Analysis

- **Impact on Importing Countries:** India, the largest buyer of palm oil, has seen crude palm oil prices surge to over \$1,185 per ton, a stark contrast to sub-\$500 levels in 2019. This has raised concerns about food inflation and trade imbalances.
- **Inflationary Pressures:** As palm oil prices rise, costs of essential consumer goods, including processed foods, cosmetics, and detergents, are also increasing. This adds to the inflationary burden in emerging economies highly dependent on vegetable oil imports.
- **Sustainability and Policy Shifts:** Environmental concerns surrounding palm oil production have led to increased scrutiny and policy interventions by governments and international organizations. Sustainable certification programs and deforestation-free supply chains are gaining traction, potentially impacting production costs further.
- **Future Trade Dynamics:** With Indonesia and Malaysia prioritizing domestic use and sustainability, traditional importers may shift towards alternatives like soybean, sunflower, and rapeseed oils. This could realign global agricultural trade and production priorities.

Conclusion:

- The era of cheap palm oil is coming to an end as production constraints and Indonesia's biodiesel policies reshape the market. The shift has broad economic and geopolitical implications, particularly for major importing nations like India, which must navigate rising costs and potential supply constraints.
- Moving forward, a balanced approach involving sustainability, trade diversification, and technological advancements in plantation management will be crucial in mitigating the impact of rising palm oil prices on global food security and inflation.

UPSC Mains Practice Question

Ques: Palm oil has been a key driver of affordable vegetable oil supply globally. Discuss the factors leading to the recent rise in palm oil prices and its impact on economies like India.(250 words)

The Indian university and the search for a V-C

There have been reservations expressed from various quarters on the Draft University Grants Commission (Minimum Qualifications for Appointment and Promotion of Teachers and Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education) Regulations, 2025, that have been published for discussion.

The main reservations pertain to the regulations that indicate the method of appointment of Vice-Chancellors and the broadening of experience prescribed. Both need to be distinguished from the point of view of dynamic elements in a fast-changing federal polity as well as the legal precedents that arise from a catena of decisions by the Supreme Court of India. This article examines both issues in context.

A lesser role for the State executive

First, it must be noted that the Court has considerably reduced the role of the State executive in the selection of Vice-Chancellors (V-C) of State-funded universities. Many States continue to have their nominees in the search-cum-selection committees under such provisions in the State statutes. The Court has consistently and categorically ruled that the State executive should have no role either with the process or the recommendation leading to the appointment to be made by the Chancellor. This has been necessitated by the co-validity of the UGC's 2018 regulations (which mandated only its representative in the selection committee) leading to interpretations by States that the rest of the composition could continue as per the State legislations.

In *Gambhiran K. Gadhi vs The State Of Gujarat* (2019), *Sonali Chakravarti Banerjee* (2022), *Professor (Dr.) Sreejith P.S vs Dr. Rajasree M.S.* (2022) and *Dr. Premachandran Keezhoth and Anr. vs The Chancellor Kannur University and Ors.* (2023), the Court has enunciated that members of the State executive shall not be members of the search-cum-selection committee and evidence of such influence would invalidate the process, ab initio void, irrespective of whether the appointee was qualified or not. The resultant draft regulations of 2025 limit the search-cum-selection committee to highly qualified persons who have held the office of V-C or equivalent, to be nominated by the Chancellor of the university, the executive body of the university and the UGC. The Statutes of the Central Universities also reveal a similar pattern – where the nominees of the Visitor of the University and the UGC, and not the officers or representatives of the central



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executive, conduct the selection. Nevertheless, the State executives have a point that State universities are largely a product of statute of the State Legislatures and that a majority of their funds and efforts have been provided by the State executive. Their mandate also involves regional development and provincial priorities in research and advancement. They have to necessarily feed the State innovation ecosystem and work in tandem with the government scientific and development establishment. The central universities enrol far too low to meet requirements while private universities could be priced out of the reach of many.

Options to consider

In this context, there are two ways to look at the difficulties stated.

Alternatively, the representative of the university executive can be a consensus candidate who is informally approved by the State executive which is amply represented in the university executive. From the present judicial precedent, it cannot be a government officer or a person who enjoys the direct patronage of the government. A suitably independent and former eminent academic who is also acceptable to the government could well be nominated by the University executive.

However, it is clear that in the light of the Kannur University case and the Sreejith case of APJ Abdul Kalam Technological University that the powers to consider the short-listing and recommendation of a name or a re-appointment will have to remain away from the State or central executive which is important in preserving the requisite neutrality and impartiality required of the high office of the V-C.

A second option could be – should the UGC consider it to be appropriate – to allow the State executive to nominate one member to the search-cum-selection committee in addition to the member representing the University executive. In the process of making the search/selection, political personalities tend to have the view that the nominees would echo their master's voice.

In the experience of this writer, this is not the case and the august members tend to air sufficiently independent and reasoned views. They do not parrot extraneous views that are unsupported by the record. Here again, the nominee could be stipulated to be a former V-C or equivalent and not enjoying a position of patronage as required of advisers serving the Union Public Service Commission. Either way, it should not be too difficult to factor in the concerns of the State executives and make the

process wholesome and well-participated from the State's perspective. It is best to avoid a collision course.

The second question which involves the indication to broaden the field of experience of prospective V-Cs to academically eminent persons who are experienced with public policy, government, the public sector and private sector industry, need not raise eyebrows. It was a norm followed in the past which took second place between 2010 and 2018 when there was a 'scriptural reading' of the 2010 UGC regulations. Many courts, most notably the Madurai Bench of the Madras High Court, took restrictive views of the prescribed qualification, limiting it to 10 years of professorship or even teaching experience.

The outlook must change

Post-tertiary education, highly cited and indexed publications, a notable articulation of visionary insights, high communication skills, an ability to network and team work, presentability, dynamism and proof of diverse intellectual achievements, and even sporting traits, are well-established international norms that are looked into in the search for V-Cs. Various men and women of eminence have graced the high academic office, reflecting their wealth of experience gained in parliaments, from public diplomacy, industry, international organisations, public service, non-university institutional research, work in the voluntary sector, from creative writing, the performing arts, music and even sport in India and abroad.

Excellence and eminence are not restricted to academic departments and colleges any more. Restricting the field of choosing a V-C to the teaching or research professions alone would not be appropriate in a context of rapid change and the dire need to reinvent the Indian university. Pulling down stereotyped shibboleths and rebuilding with considerable re-imagination call for original thinking, critical analysis, advocacy, networking and team-working skills. As researcher Amanda Goodall (author of *Socrates in the Boardroom*) argued, it is not enough that a V-C is modelled after Socrates, mostly absorbed in deep thought. The days of narcissistic, isolated glory of the university enterprise is long over. The winning university of tomorrow needs to be innovative and business-like as well as deeply philosophical. This calls for considerably liberal gateways for leadership positions. The UGC has rightly attempted it, true to purpose, and the same needs the support of the university community now.

The views expressed are personal

The UGC's draft regulations reflect the view that there needs to be a reinvention of university governance – an idea that the larger university community must support

GS Paper 02 Indian Polity

UPSC Mains Practice Question: Critically analyze the Supreme Court's rulings on Vice-Chancellor appointments in India. How do these judgments align with the principles of cooperative federalism?

Context :

- Various groups have raised concerns about the Draft UGC Regulations, 2025, which outline qualifications for appointing and promoting university teachers and aim to maintain standards in higher education.

What are the primary reservations expressed regarding the Draft UGC Regulations, 2025?

- **Reduced Role of State Executives in V-C Appointments:** The draft regulations limit the State government's involvement in the search-cum-selection process, despite State universities being funded and established by State legislatures. **Example:** In the Gambhirdan K. Gadhvi vs State of Gujarat (2019) case, the Supreme Court ruled that State executive members cannot be part of the V-C selection committee, reducing their influence.
- **Broadening of Eligibility Criteria for Vice-Chancellors:** Expanding the eligibility to include individuals from public policy, government, and private sectors may dilute academic rigor and expertise. **Example:** Between 2010 and 2018, the UGC regulations required 10 years of professorship or equivalent academic experience, ensuring a focus on research-based qualifications.

Why has the Supreme Court of India ruled against the involvement of the State executive in the selection process of Vice-Chancellors?

- **Ensuring Compliance with UGC Regulations:** The Court upheld the UGC's 2018 regulations, which specify that only a UGC representative, not a State executive member, should be included in the search-cum-selection committee. **Example:** In Professor (Dr.) Sreejith P.S vs Dr. Rajasree M.S. (2022), the Court invalidated the V-C's appointment because the selection process did not follow UGC norms.
- **Preventing Arbitrary Appointments:** The Court held that allowing State executives to influence the selection process could lead to biased or politically motivated appointments, compromising merit-based selection. **Example:** In Dr. Premachandran Keezhoth vs The Chancellor, Kannur University (2023), the Court declared the V-C appointment void due to the involvement of the State executive, reinforcing the need for an independent selection process.
- **Preserving Autonomy and Neutrality:** The Court emphasized that the Vice-Chancellor's appointment process should be free from political or administrative influence to maintain the academic institution's autonomy and impartiality. **Example:** In Gambhirdan K. Gadhvi vs State of

Gujarat (2019), the Court ruled that State executive members cannot be part of the selection committee to prevent undue influence.

Who are the key stakeholders affected by the proposed changes in the search-cum-selection process?

- **State Governments and State Universities:** The reduced role of State executives limits their ability to shape the leadership of State-funded universities, affecting regional educational priorities and innovation. **Example:** State governments argue that universities play a critical role in addressing local development needs, which may be overlooked if the selection process is centralized.
- **University Governance Bodies:** University executive bodies lose direct influence over the V-C selection, reducing their ability to align leadership with institutional goals and academic vision. **Example:** Central University statutes follow a similar model where the Chancellor, UGC, and university bodies are key decision-makers, excluding executive government officials.
- **Academic and Non-Academic Professionals:** The broadened eligibility criteria open leadership positions to individuals from non-academic backgrounds, changing the traditional focus on academic excellence. **Example:** The draft regulations allow candidates with experience in public policy or industry, which some argue may dilute the focus on academic scholarship.

Which options should be suggested to balance the State executive's concerns? (Way forward)

- **State Nominee with Specific Criteria:** Permit the State executive to nominate one member to the search-cum-selection committee, provided the nominee is a distinguished academic with no active government role. **Example:** Similar to the Union Public Service Commission (UPSC) guidelines, the nominee could be a retired academic leader who is free from political affiliations.
- **Increased Consultation Mechanism:** Introduce a pre-selection consultation phase where the State executive provides inputs on regional needs without directly influencing the final selection. **Example:** The university executive could hold formal discussions with the State to ensure the selected V-C aligns with local educational and developmental goals.