

CURRENTLY — 26 SEPTEMBER 2026

1. **Why It's Getting Harder to End Wars** — *The Tribune* — **GS-2:** International Relations | **GS-3:** Security
2. **INS Trishul in France for the 24th Edition of Varuna** — *The Hindu* — **GS-2:** India–France Relations | **GS-3:** Defence & Maritime Security
3. **The Murky World of Political Party Finance** — *The Hindu* — **GS-2:** Polity | Electoral Reforms
4. **Water Wealth: Groundwater Exploitation in Punjab** — *The Hindu* — **GS-3:** Agriculture | Water Resources | Environment
5. **Union Govt., Banks to Decide Subsidy Amount for UPI After Charges Kick In** — *The Hindu* — **GS-3:** Economy | Digital Payments | Financial Inclusion
6. **Iran Proposes 7-Day Plan to End War, Reopen Strait of Hormuz** — *The Hindu* — **GS-2:** International Relations | West Asia | Maritime Security
7. **AFSPA Extended in Parts of Arunachal Pradesh, Manipur and Nagaland** — *The Hindu* — **GS-2:** Internal Security | Federalism | Human Rights

Why it's getting harder to end wars

Conflicts are increasingly viewed through the implications for the wider balance of power



LT GEN DS HOODA (RETD)
FORMER NORTHERN
ARMY COMMANDER

NEARLY 2.5 lakh people were killed in armed conflicts in 2025. The Uppsala Conflict Data Program recorded 65 armed conflicts involving states, the highest number since the Second World War. More than four years after Russia's full-scale invasion, the war in Ukraine grinds on without a political settlement. In Gaza, three years of fighting have left over 73,000 dead. A ceasefire has not resolved the underlying political and security questions, and violence continues. The war launched by the US and Israel on Iran has passed the six-month mark and spread across the region.

In 1971, Fred Iklé published *Every War Must End*, a book in which he observed that war termination was a neglected element in strategic thought. Governments, he argued, devoted considerable attention to the preparation for and conduct of wars, but far less thinking to the political and military conditions necessary to bring them to an end. He attributed this difficulty to the disconnect between military action and political purpose, shifting aims as conflict progressed, and the weight of sacrifices already made, which made compromise increasingly difficult.

None of the difficulties described by Iklé has disappeared, but the problem today may extend beyond the failure of governments to think strategically about how wars should end. Three contemporary developments deserve particular attention. Taken together, they raise the possibility that the conditions necessary to terminate wars have become more difficult



STALEMATE: More than four years after Russia's full-scale invasion, the war in Ukraine grinds on. REUTERS

cult to establish.

The first is a sharpening of geopolitical power competition as the American unipolar moment recedes. Conflicts are increasingly viewed not merely through the objectives of the belligerents, but through the implications for the wider balance of power. A rival's war can become an opportunity to weaken it, even when negotiations are possible. The Western support for Ukraine serves both as a defence against Russian aggression and the wider strategic objective of constraining Russia. China and Russia have an interest in propping up Iran so that the US cannot achieve a quick victory.

The institutions entrusted with maintaining international peace and security have fallen prey to the same geopolitical divisions. When permanent members of the Security Council are themselves belligerents or have a strategic interest in the outcome of the war, they have little incentive to come together to halt aggression. Other multilateral forums like the SCO, BRICS and G20 offer few alternatives and have struggled to develop a common approach to ending ongoing conflicts. War termination thus becomes hostage to the competing interests of the very powers whose cooperation has often been essential to

A strategy that leaves the opponent with no acceptable way out gives him every reason to keep fighting.

bringing conflicts to an end.

The second development is that decisive victory, the oldest way to end a war, has become increasingly difficult against a serious opponent. The proliferation of relatively inexpensive and widely distributed military capabilities has given weaker adversaries greater means to resist superior forces. Drones have enabled Ukraine to take the war deep into Russian territory, even as thousands of them saturate the frontlines, rendering traditional set-piece attacks to capture territory extremely hazardous.

On paper, the US and Israel possess an overwhelming military advantage over Iran, but that has not stopped Iran from widening

the conflict with missile attacks across the region. The ability to inflict enormous military damage does not necessarily translate into the ability to compel an adversary to accept defeat.

Nuclear weapons introduce another paradox. They are the ultimate instrument of force, yet their possession can make a decisive victory against a nuclear-armed adversary exceptionally difficult. Russia's nuclear arsenal constrains the extent of Western military support, while the fear of escalation keeps the conflict limited below the threshold that could invite a nuclear response.

Where both adversaries are nuclear-armed, nuclear weapons can help bring an immediate confrontation to a halt without resolving its underlying causes. The fighting ends, but the conditions that gave rise to it remain.

The third development is a changing information environment that has narrowed the political space for compromise. Leaders mobilise public support for war by promising ambitious objectives and demonising the adversary. Social media amplifies these messages, and they become entrenched in public memory.

Any tentative concession by the government is portrayed by the domestic Opposition as a sur-

render or betrayal. Even when the two sides recognise the need for compromise, leaders find themselves constrained by the high expectations they have created among their populations.

The proliferation of fake news and AI-generated photos and videos has further complicated matters. Both sides can selectively present battlefield success, exaggerate enemy losses and even manufacture evidence of victory. These competing narratives can sustain public expectations of victory even when the military situation offers no such justification. Leaders find it difficult to acknowledge setbacks that contradict their own claims of success. The battle to control perceptions has thus become an obstacle to ending the war itself.

These three developments reinforce each other. When decisive military victory becomes elusive, a negotiated settlement assumes greater importance. However, geopolitical competition makes such settlements difficult to achieve, while competing narratives leave leaders with little space for compromise. As fighting continues, external interests become entrenched and public expectations harden. What begins as a conflict with clear objectives can develop into one in which neither side can secure victory, yet neither can easily accept peace.

Iklé's warning thus acquires renewed significance for contemporary strategic thinking. Governments must clearly define what they seek to achieve through the use of military force, but also retain the flexibility to reassess political objectives based on military realities. Ultimately, wars are a two-sided contest, and their termination cannot be based on one side's objectives alone. The adversary has his own interests and calculations about the costs of continued fighting. Ending a war requires understanding what could persuade the enemy that stopping the fighting is the preferred outcome. A strategy that leaves the opponent with no acceptable way out gives him every reason to keep fighting.

1. Why It's Getting Harder to End Wars

Source: *The Tribune*

GS-2: International Relations | GS-3: Security

Context

The Uppsala Conflict Data Program (UCDP) recorded 65 state-involved armed conflicts in 2025, including Russia–Ukraine, Gaza and Sudan; 13 reached the level of war, highlighting the growing difficulty of achieving durable peace.

1. Geopolitical Rivalry Prolongs Conflicts

1. Major-power competition: Ukraine is linked to the wider Russia–US/NATO strategic rivalry.
2. Proxy dynamics: External support can allow weaker parties to continue fighting rather than negotiate.
3. Regional rivalry: West Asian conflicts involve Iran, Israel, the US and regional armed groups, multiplying interests.
4. UN deadlock: Rival positions among UN Security Council permanent members can obstruct collective action.
5. Strategic interests: States may prefer weakening an adversary over accepting an early compromise.

2. Technology Makes Decisive Victory Difficult

1. Cheap drones: Ukraine shows how inexpensive drones can damage high-value military assets.
2. Deep-strike capability: Both sides can attack targets far behind the frontline without major territorial advances.
3. War of attrition: Ukraine demonstrates how prolonged access to weapons and manpower can prevent a quick victory.
4. Non-state actors: Groups such as the Houthis have used relatively low-cost missiles and drones to challenge stronger militaries.
5. Nuclear constraint: Nuclear deterrence makes complete military defeat of a nuclear-armed opponent extremely risky.

3. Information Warfare Shrinks Space for Compromise

1. Victory narratives: Ukraine's competing claims of success make concessions politically harder.
2. Social-media polarisation: The Gaza conflict shows how online narratives can rapidly intensify public pressure.
3. Disinformation: False battlefield claims can strengthen perceptions that victory remains achievable.
4. Artificial Intelligence: AI-generated images and videos can further blur the distinction between genuine and fabricated information.
5. Political cost: Leaders may fear that compromise will be portrayed as weakness or betrayal.

4. What Is Needed to End Wars?

1. **Realistic objectives:** Military action should serve an achievable political end-state.
2. **Negotiation space:** Parties should avoid objectives that make any compromise politically impossible.
3. **Address core interests:** A settlement must consider the security concerns of both sides.
4. **Acceptable exit:** Providing an opponent a face-saving exit can make negotiations more viable.
5. **Diplomacy after force:** Military pressure should ultimately create leverage for a political settlement, not become an end in itself.

INS Trishul in France for the 24th edition of Varuna

The Hindu Bureau

NEW DELHI

Indian Navy warship *INS Trishul* arrived in Toulon in France on Tuesday to participate in the 24th edition of Varuna, the bilateral maritime exercise with the French Navy, officials said on Thursday.

According to Indian Navy, the exercise will comprise professional engagements both ashore and at sea, including cross-deck visits and operational interactions aimed at enhancing interoperability and enabling the Navies to exchange best practices.



INS Trishul arrives at the port of Toulon, France, to participate in the 24th edition of the bilateral maritime exercise Varuna. PTI

2. INS Trishul in France for the 24th Edition of Varuna

Source: *The Hindu*

GS-2: India–France Relations | GS-3: Defence & Maritime Security

Context

INS Trishul has reached Toulon, France, for the 24th edition of Exercise Varuna, the annual bilateral naval exercise between India and France.

1. Exercise Varuna

1. Participants: Indian Navy + French Navy.
2. Nature: Annual bilateral maritime exercise; formally named Varuna in 2001.
3. Focus: Interoperability, operational experience and exchange of best practices.
4. Activities: Harbour interactions, cross-deck visits and sea-based naval drills.
5. Objective: Strengthen India–France maritime cooperation and support a free, open and rules-based maritime order.

2. India–France Defence Exercises

1. Shakti: Indian Army + French Army — biennial.
2. Varuna: Indian Navy + French Navy — annual.
3. Garuda: Indian Air Force + French Air and Space Force — biennial.
4. AsterX: French space-defence exercise — expanding cooperation into space security.

The murky world of political party finance

One of the enduring ironies of the Indian political system is that political parties, which are considered the principal stakeholders of electoral democracy, do not find a mention in the Constitution, except in the Tenth Schedule. They exist as “associations” in furtherance of the fundamental rights under Article 19. No effort has been made to define and straitjacket their legal character to conform to being a company, trust, society, firm or a not-for-profit company. Even so, they continue to enjoy the benefit of income-tax exemption in an unprecedented and unparalleled manner, sometimes becoming mysterious receptacles of inexplicable monies. Just as there are shell companies that fulfil unstated purposes, there are shell political parties that serve an insidious intent. And thereby hangs a tale.

The mystery of political funding

That tale was partially unravelled by a recent BBC investigation that revealed extraordinary donations received by six Registered Unrecognised Political Parties (RUPPs). A well-known yet intriguing aspect of Indian politics – ugly and ubiquitous – stands exposed. Political parties and their benefactors thrive in this system, even if it appears reprehensible, unlawful and disturbing.

Earlier, the Association for Democratic Reforms (ADR) released a report on July 18, 2025, which found a 223% rise in the declared income of RUPPs in FY2022-23. It noted that, of the 2,764 RUPPs, only 739 had submitted their financial records for the year to the Election Commission of India (ECI), the sole custodian, under the law, of the fate and fortunes of political parties.

In a press note, “Cleaning up the Electoral System” (August 9, 2025), the ECI said it had ‘delisted’ 334 RUPPs out of 2,854 “as part of a comprehensive and continuous strategy...to clean up the electoral system.” It would be interesting to see whether the six parties in question are part of the ECI’s “continuous strategy”.

On October 16, 1994, T.N. Seshan, then Chief Election Commissioner of India, issued an order under the Election Symbols (Reservation and Allotment) Order, 1968, in which he highlighted the “ad hocism” and the “sorry state of affairs prevailing in almost all political parties in the country, whether recognised National or State parties or registered-unrecognised parties”. He observed, “I have yet to come across any party whose affairs are being run in accordance with the provisions of its constitution or rules and regulations.” Through the order, T.N. Seshan put all political parties on “notice” to set their house in order, declaring that the ECI would not remain a “mute spectator”. In subsequent guidelines prescribing the format for registration under Section 29A of the Representation of the People Act (RPA), 1951, the ECI stated in paragraph 3(xviii) that a party seeking registration must declare in its constitution that it will contest elections within five years of registration and that, if it does not “contest elections continuously



Ashok Lavasa
Former Election Commissioner of India and a former Union Finance Secretary

for six years”, it shall “be automatically taken off the list of recognised parties”.

“Taking off” or ‘delisting’ does not mean deregistration, as the ECI is not generally empowered to deregister political parties. Similarly, even if RUPPs are ‘unrecognised’, they remain eligible to receive contributions under Section 29B of the RPA, while their tax treatment is governed by Section 13A of the Income-tax Act. “Recognition” is governed by Order 6 of the Election Symbols Order, which distinguishes between ‘recognized’ and ‘unrecognized’ political parties for the purpose of allotting symbols and lays down the criteria for their classification. T.N. Seshan amended the Symbols Order and introduced Order 16A, which empowers the ECI to “suspend or withdraw recognition of a recognised political party for its failure to observe MCC [Model Code of Conduct] or follow lawful directions and instructions of the Commission”. That provision sits, rather harmlessly, in the statute book, empowering an ECI that has generally been reluctant to strike.

Hence, whether ‘delisted’ or ‘unrecognized’, the parties remain eligible to receive contributions. It is a matter for investigation whether such donations continued to qualify for tax exemptions, given that the intent behind the delisting was to disqualify them.

The scale of ‘political wealth’

A paper published by Venkatesh Nayak, a senior researcher at the Commonwealth Human Rights Initiative (which was also reported by a leading media site), revealed that 22 political parties collectively had ₹18,742.31 crore at their disposal for the 2024 general election. This included funds in their kitty when the election was announced and ₹7,416.31 crore in donations raised between the announcement and the completion of the election. After the election, these parties had ₹14,848.46 crore remaining in their custody, including cash in hand, money held in bank accounts and fixed deposits, after incurring ₹3,861.57 crore in election-related expenditure during the campaign period, according to the accounts submitted to the ECI.

The study found that, over the last decade, the exchequer ‘lost’ ₹11,813 crore in taxes due to exemptions for political donations, with individual donors and Hindu Undivided Families overtaking corporates in donating to political parties. In FY2022-23, individual donors claimed exemptions worth ₹2,275.85 crore, dwarfing corporate claims of ₹514.4 crore and those of firms and associations, at ₹115.71 crore. Declared donations to political parties increased from ₹714 crore (43 parties) in 2015-16 to ₹7,203 crore (27 parties) in 2023-24. Yet, only 41.76% of total donations, amounting to ₹28,287 crore over nine years, were claimed as tax-exempt, raising questions about the remaining 58%. Mr. Nayak asks: “What incentives are driving them to donate without tax relief? The lack of transparency obscures answers.”

What added the thickest layer of secrecy was

the so-called reform of electoral bonds introduced by the ruling party in 2018, which made the entire business of political finance murky. Although the scheme was declared unconstitutional by the Supreme Court of India in 2024, the details of the donations subsequently disclosed raised questions that remain unanswered. Most RUPPs were not eligible to receive electoral bonds, as they were restricted to parties that had “secured at least 1% of the votes in the latest Lok Sabha or State Legislative Assembly elections”. Who, then, made these contributions, and why?

The top court and ECI must act

Political parties have shown scant interest in transparency. They united in resisting the 2013 order of the Central Information Commission (CIC) bringing them under the Right to Information Act. Interestingly, besides the CIC, neither the ECI nor the Supreme Court has shown any inclination to enforce it. The Income-Tax Department and the Enforcement Directorate might not consider it a priority to scrutinise the accounts of political parties as they do those of ordinary taxpayers. The ECI lacks the mandate, intent or wherewithal to question the accounts mechanically submitted by political parties. Submission of the accounts is enough to comply with the letter of the law, even if its spirit gasps. How will that spirit be revived, and who will revive it?

It is incumbent upon the Court to order a court-monitored probe into the saga of electoral bonds and the alleged *quid pro quo* in the petitions pending before it. The probe should also examine the phenomenon of ‘insignificant’ RUPPs receiving and spending huge contributions without participating in the electoral process in any substantial manner. Surely, such “shell” parties cannot justify spending crores as “administrative expenses”.

Exercising its powers under Article 324 – described by the Court in the landmark judgment of *Kanhiya Lal Omar vs R.K. Trivedi and Others* as a “reservoir of authority” for the ECI – the ECI should order political parties to have their accounts audited by the Comptroller and Auditor General of India or its nominee. It should also consider imposing a limit on expenditure by political parties during elections, a measure it has recommended repeatedly. Tax exemptions on donations should be limited to the prescribed expenditure limit. All other donations that enrich the parties should be fully taxed.

The ECI should establish an automatic procedure to ‘deregister’ any RUPP that does not contest elections in accordance with its guidelines and develop a centralised digital portal where all registered parties can upload their financial data in standardised formats.

Let the ECI spend its energy and authority on ‘purifying’ the electoral environment rather than on chasing genuine electors off the electoral rolls. Until then, ‘We the People’ must continue to scream “*Hami yaha chhau* (we are here)”.

The Election Commission of India should scrutinise political parties and political finance rather than legitimate voters

14.

“भारत में अवक्षयी (डिप्लीटिंग) भौम जल संसाधनों का आदर्श समाधान जल संरक्षण प्रणाली है।”
शहरी क्षेत्रों में इसको किस प्रकार प्रभावी बनाया जा सकता है ? (उत्तर 250 शब्दों में दें)

“The ideal solution of depleting ground water resources in India is water harvesting system.” How can it be made effective in urban areas ? (Answer in 250 words)

15

3. The Murky World of Political Party Finance

Source: *The Hindu*

GS-2: Polity | Electoral Reforms | Election Commission of India

Context

A recent investigation into Registered Unrecognised Political Parties (RUPPs) has raised concerns over opaque political funding. The Association for Democratic Reforms (ADR) reported a 223% rise in declared RUPP income in FY 2022–23, while the Election Commission of India (ECI) has been examining inactive and non-compliant parties.

1. Why Is Political Party Funding a Concern?

1. Legal gap: Political parties are not separately defined as legal entities in the Constitution; they function as associations under Article 19.
2. RUPP opacity: Of 2,764 RUPPs, only 739 had submitted financial records for FY 2022–23, according to the ADR data cited in the piece.
3. Large financial pool: 22 political parties had ₹18,742.31 crore at their disposal for the 2024 general election.
4. Tax cost: Political-donation exemptions are estimated to have cost the exchequer ₹11,813 crore over a decade.
5. Transparency gap: Large donations and tax benefits increase the need for standardised disclosure and effective scrutiny.

2. What Is the Problem with RUPPs?

1. Registration ≠ recognition: A RUPP is registered with the ECI but does not have the status of a recognised State or National party.
2. Registration: Parties are registered under Section 29A of the Representation of the People Act, 1951.
3. Tax benefit: Eligible political parties can receive contributions under Section 29B and claim tax exemption subject to Section 13A of the Income-tax Act, 1961.
4. Inactive parties: ECI guidelines provide for removal from the registered list where a party does not contest elections continuously for six years.
5. Recent clean-up: In August 2025, ECI delisted 334 RUPPs for non-compliance; the number of RUPPs then fell from 2,854 to 2,520.

3. Electoral Bonds: Why Transparency Remains Important

1. **Supreme Court ruling:** In 2024, the Supreme Court struck down the Electoral Bond Scheme, holding non-disclosure of political funding information violative of citizens' Right to Information under Article 19(1)(a).
2. **Corporate funding:** The Court also struck down changes permitting unlimited corporate political contributions as arbitrary.
3. **Core principle:** Political funding affects voters' ability to understand potential financial influences on political parties.
4. **Present challenge:** Removing electoral bonds does not by itself resolve opacity surrounding RUPPs, donations and party expenditure.

4. What Reforms Are Suggested?

1. **Financial audit:** Greater scrutiny of party accounts, including consideration of Comptroller and Auditor General (CAG)-linked auditing.
2. **Centralised disclosure:** Create a digital portal where all registered parties upload financial information in standardised formats.
3. **Expenditure limits:** Consider limits on political-party expenditure during elections.
4. **RUPP action:** Establish a clear, automatic mechanism for removing parties that fail to meet ECI's participation requirements.
5. **Tax accountability:** Link tax benefits more closely to transparent reporting and legitimate electoral activity.

Water wealth

Groundwater exploitation in Punjab disincentivises small farmers

That Punjab is over-extracting groundwater is not news. According to the 2025-26 Dynamic Groundwater Assessment, its groundwater extraction rate was 152%. While interventions reduced the number of 'over-exploited' blocks by five over the last two assessments, 72% of its 153 blocks are in the 'red zone', the highest among States. The principal consumer is irrigation for rice and wheat, amounting to nearly 25 billion cubic metres a year in the latest estimate. Data also show that the fraction of observation wells with water below 40 metres in the post-monsoon period grew by two percentage points between 2022 and 2025. What began as a strategy to improve food security eventually yielded a concentrated rice-wheat cropping system, in which assured procurement, subsidised electricity and access to groundwater made high-yield varieties, intensive irrigation and fertilizer use and mechanisation less risky than alternative modes of cultivation. In the same vein, the reluctance of the region's farmers to pursue other crops due to uncertainties in storage options, prices, processing infrastructure, and supply chains has gone relatively unaddressed. But as the water crisis persists, the wealth gap among farmers is also widening. A recent study in the *Economic and Political Weekly* noted that while farmers with marginal landholdings use water more efficiently, wealthier farmers are better equipped to access lower water tables as well as draw higher volumes. So, as the water table drops, those unable to afford the requisite tube wells are forced to buy water, transferring their wealth to larger landowners and creating unregulated dependencies. A different study by two members of the same team, published in *Discover Sustainability*, reported that in Sangrur and Barnala, larger farms earned higher returns but recorded lower groundwater productivity *vis-à-vis* paddy, than smaller farms. Effectively, groundwater depletion raises the capital required for irrigation, which systematically privileges those farmers with better access to finance.

State governments continue to attempt to address the demand pressure in multiple ways even

Q13. भारत में घटते भूजल के लिए उत्तरदायी कारकों का परीक्षण कीजिए। भूजल में ऐसी क्षीणता को कम करने के लिए सरकार ने क्या कदम उठाए हैं ?

(उत्तर 250 शब्दों में दीजिए)

Examine the factors responsible for depleting groundwater in India. What are the steps taken by the government to mitigate such depletion of groundwater ? 15

(Answer in 250 words)

4. Water Wealth: Groundwater Exploitation in Punjab

Source: The Hindu

GS-3: Agriculture | Water Resources | Environment

Context

Punjab's groundwater extraction remains far above sustainable levels, driven largely by paddy-wheat cultivation, assured procurement and subsidised electricity. Declining water tables are now making groundwater access increasingly costly and unequal, particularly for small farmers. The Central Ground Water Board (CGWB) conducts scientific assessment and monitoring, while groundwater regulation involves the Central Ground Water Authority (CGWA) and State authorities.

1. Why is Punjab's Groundwater Being Depleted?

1. Rice-wheat cycle: Paddy and wheat provide assured markets and returns, encouraging repeated cultivation despite high water requirements.
2. Free/subsidised electricity: Low pumping costs remove the economic incentive to conserve groundwater.
3. Intensive irrigation: High-yielding varieties, fertiliser use and multiple cropping increase irrigation demand.
4. Poor crop diversification: Alternative crops lack comparable procurement, processing, storage and market support.
5. Limited surface water: Dependence on groundwater has increased because available surface-water resources cannot meet agricultural demand.

2. Groundwater Crisis and Farmer Inequality

1. Falling water table: Farmers increasingly need deeper wells and greater pumping capacity.

2. **Large-farmer advantage:** Wealthier farmers can invest in deeper tube wells and powerful pumps.
3. **Small-farmer vulnerability:** Small and marginal farmers have less capital to access deeper groundwater.
4. **Water dependence:** They may increasingly purchase irrigation water from farmers who own better groundwater infrastructure.
5. **Productivity concern:** Higher water use does not necessarily translate into proportionately higher groundwater productivity, making depletion economically inefficient.

3. Institutional Framework and Existing Measures

1. **CGWB:** Scientific body under the Ministry of Jal Shakti responsible for groundwater assessment, monitoring, exploration and conservation.
2. **CGWA:** Regulatory authority constituted under Section 3(3) of the Environment (Protection) Act, 1986, dealing with regulation and control of groundwater extraction.
3. **State role:** Groundwater management is largely implemented through State governments and their groundwater/water-resource agencies.
4. **Pani Bachao, Paisa Kamao:** Incentivises farmers to save electricity by reducing unnecessary groundwater pumping.
5. **Crop diversification:** Alternatives such as maize, cotton, pulses, vegetables and other less water-intensive crops can reduce pressure on aquifers.

4. Way Forward

1. **Reform electricity subsidies:** Shift from subsidising unlimited pumping towards rewarding water and energy conservation.
2. **Make diversification economically viable:** Provide procurement, processing, storage and market assurance for alternative crops.
3. **Protect small farmers:** Target support towards smallholders and tenants so groundwater reforms do not worsen rural inequality.
4. **Improve irrigation efficiency:** Promote drip/sprinkler irrigation, underground pipelines and rainwater harvesting.
5. **Combine regulation with incentives:** Groundwater extraction must be regulated while farmers receive viable economic alternatives to water-intensive cultivation.

Union govt., banks to decide subsidy amount for UPI after charges kick in

T.C.A. Sharad Raghavan
NEW DELHI

The Merchant Discount Rate (MDR) on UPI transactions will not be enough to cover the cost of running and maintaining the payment platform, and so the government will soon hold discussions with the Indian Banks' Association (IBA) to decide what quantum of the ongoing government subsidy should continue and in what form, sources in the Ministry of Finance have confirmed.

The Ministry of Finance will also coordinate with the IBA on how to ensure that merchants do not pass on the MDR charge to customers. The MDR charge will go live on UPI on October 15, and there is no proposal to delay this date, the sources said.

The government has budgeted ₹2,000 crore for the ongoing financial year under its incentive scheme for the promotion of RuPay

debit cards and low-value BHIM-UPI transactions.

Talks with IBA

“The MDR amount that will be collected will not be enough to cover the full cost of UPI,” a senior official in the Ministry said on condition of anonymity.

“As for the incentive the government is already providing, we will need to discuss with the IBA on how much should continue and how... We will also be speaking to the IBA in the run-up to October 15 to work out ways in which it can be ensured that the merchants do not pass on the MDR to customers,” the official added.

Separately, the Finance Ministry will also be speaking to traders and their umbrella body, the Confederation of All India Traders (CAIT), to explain the MDR charge to them and explain how most merchants will not be affected, and so should not stop accepting

UPI payments.

Issue for GST Council

Another official said that the Ministry could not “unilaterally” decide on the issue of a levy of Goods and Services Tax on the MDR amount collected by payment processors and banks from merchants.

“UPI is a service, and the MDR is the charge for providing that service to merchants,” the second official explained. “As such, that service is taxed under GST. But it is for the GST Council to decide on the rate, how much, whether to exempt and all that. The Centre cannot unilaterally take those actions.”

The second official, however, clarified that the upcoming GST Council meeting on October 7 will be related to process reforms rather than “any sort of rate issue”.

CONTINUED ON
» PAGE 10

5. Union Govt., Banks to Decide Subsidy Amount for UPI After Charges Kick In

Source: The Hindu

GS-3: Economy | Digital Payments | Financial Inclusion

Context

The Merchant Discount Rate (MDR) on specified UPI transactions is set to come into effect from October 15. However, MDR collections may not be sufficient to cover the cost of operating and maintaining the UPI ecosystem. Therefore, the government will discuss the quantum and form of continued subsidy with the Indian Banks' Association (IBA), while ensuring that merchants do not pass the charge on to customers.

1. Why is MDR Being Introduced?

1. MDR is a payment-processing charge paid within the digital-payment ecosystem for providing UPI services to merchants.
2. Zero-MDR model: UPI has largely operated without MDR, limiting direct revenue for banks and payment-service providers.
3. Rising costs: UPI requires continuous expenditure on infrastructure, cybersecurity, fraud prevention and system maintenance.
4. Financial sustainability: MDR seeks to create a revenue stream to partially recover these operational costs.
5. User protection: The objective is to introduce charges without making ordinary UPI payments costly for users.

2. Why is Government Subsidy Still Required?

1. MDR revenue is insufficient: The amount collected through MDR will not fully cover the cost of running the UPI ecosystem.
2. Limited coverage: MDR applies only to specified merchant transactions, while a large volume of UPI payments remains outside the charge framework.
3. Public-interest objective: Government support helps preserve UPI as a low-cost digital public infrastructure.
4. Financial inclusion: Subsidy helps sustain affordable digital payments for small merchants, traders and low-value transactions.
5. ₹2,000 crore allocation: The government has budgeted ₹2,000 crore for the ongoing financial year under the existing incentive scheme for digital payments.

3. How Will the Government Manage the Transition?

1. Consultation with IBA: The Finance Ministry will discuss how much subsidy should continue and in what form.
2. Merchant protection: The government will work with banks to ensure merchants do not pass MDR costs on to customers.

3. **Trader outreach:** The Ministry will engage with the Confederation of All India Traders (CAIT) to explain the new mechanism.
4. **GST question:** Any decision on imposing or exempting Goods and Services Tax (GST) on MDR falls within the GST Council's framework; the Centre cannot decide it unilaterally.
5. **Policy balance:** The system must balance financial sustainability of UPI with affordability and widespread adoption.

4. Broader Significance for India's Digital Economy

1. **From subsidy to sustainability:** MDR represents an attempt to gradually create a revenue model for maintaining digital-payment infrastructure.
2. **Public digital infrastructure:** UPI has wider economic value beyond individual transactions, supporting formalisation and digital financial inclusion.
3. **Avoiding exclusion:** Excessive charges could discourage small merchants and undermine UPI adoption.
4. **Consumer interest:** Preventing merchants from transferring MDR to customers is important for maintaining low-cost digital payments.
5. **Long-term challenge:** India must develop a model where innovation and financial sustainability do not compromise affordability and inclusion.

ARAGHCHI MEETS TRUMP ENVOYS WITKOFF, KUSHNER

Iran proposes 7-day plan to end war, reopen Strait of Hormuz, revive n-talks

Offer being looked at by US, Qatar plays mediator on UNGA margins

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New York, September 25

IRAN'S FOREIGN Minister Abbas Araghchi said Thursday that Tehran had proposed to Washington a seven-day plan to cease hostilities, reopen the Strait of Hormuz and then begin comprehensive talks on his country's nuclear programme.

Araghchi told reporters at a press briefing at the United Nations General Assembly that the proposal closely mirrored the commitments laid out in a so-called memorandum of understanding that was struck between the United States and Iran in June but quickly unravelled.

He said Iran was ready to begin putting the plan into effect as soon as Washington agreed to it.

"We have introduced a plan to the United States through the intermediators that if certain conditions are met, the Strait of Hormuz would be open on the end of the seventh



The Strait of Hormuz has been largely shut since the war broke out in February. AP FILE

day and talks would restart," Araghchi said.

He said "it would be better" if a deal was reached before the US midterm elections.

An American official familiar with the talks said that the administration was having positive and constructive discussions through mediators, but that the United States was not going to rush into a deal.

The Iranian proposal came even as President Trump and Iran's President, Masoud Pezeshkian, delivered mutually hostile speeches at the United Nations. Trump threatened Iran with "annihilation" if it did not strike a deal, while a defiant

»CONTINUED ON PAGE 2

E. EXPLAINED

Off-ramp window

The new proposal, which shrinks the 60-day timeline to 7 days, offers an off-ramp to both sides at a time when the US is headed to midterm elections and Iran has been severely impacted by the crisis in West Asia. The near closure of the Strait of Hormuz has sent global energy and food prices soaring and pressure has been mounting for a quick end to the war.

NATION

PAGE 7

AT UNGA, JAISHANKAR
FLAGS RISING ATTACKS
ON SHIPS, SEAFARERS

6. Iran Proposes 7-Day Plan to End War, Reopen Strait of Hormuz

Source: The Hindu

GS-2: International Relations | West Asia | Maritime Security | Energy Security

Context

Iran has proposed a seven-day roadmap to the United States to end hostilities, reopen the Strait of Hormuz and resume comprehensive talks on its nuclear programme. Foreign Minister Abbas Araghchi said the proposal broadly follows the failed June U.S.–Iran understanding, with Qatar facilitating communication between the two sides.

1. What Has Iran Proposed?

1. **Seven-day timeline:** If Washington accepts the conditions, the proposed process would begin immediately and Hormuz would reopen at the end of seven days.
2. **Ceasefire:** Hostilities across the region, including Lebanon, would need to stop.
3. **End naval blockade:** Iran wants the U.S. naval blockade around Iranian ports to be lifted.
4. **Sanctions and assets:** The proposal seeks relief from oil sanctions and release of frozen Iranian assets.
5. **Nuclear talks:** After the immediate de-escalation and reopening of Hormuz, comprehensive negotiations on Iran's nuclear programme would resume.

2. Why Is the Strait of Hormuz Central to the Proposal?

1. **Strategic chokepoint:** Hormuz connects the Persian Gulf with the Gulf of Oman, making it critical for global energy trade.
2. **Energy security:** Prolonged disruption has contributed to higher global oil and energy prices.
3. **Iran's leverage:** Control over access to Hormuz provides Tehran with significant bargaining power in negotiations.
4. **Global impact:** Disruption affects not only the U.S. and Iran but also major Asian energy-importing economies.
5. **Maritime security:** Sustained closure threatens commercial shipping and increases risks to tankers and seafarers.

3. Why Did the Earlier Understanding Fail?

1. **June understanding:** The earlier U.S.–Iran understanding temporarily eased hostilities and provided a framework for maritime traffic and negotiations.

2. **Unresolved nuclear issue:** The earlier arrangement deferred major questions concerning Iran's nuclear programme.
3. **Different sequencing:** Iran wants sanctions/blockade relief and de-escalation before comprehensive nuclear negotiations; Washington wants the nuclear issue addressed as part of the broader package.
4. **Breakdown of trust:** The June arrangement subsequently collapsed amid renewed confrontation and disruption around Hormuz.
5. **Current diplomacy:** Qatar is facilitating indirect communication, while the U.S. has indicated that discussions have been constructive but do not yet amount to a diplomatic breakthrough.

4. Significance for India

1. **Energy security:** India is highly dependent on imported crude oil, making prolonged Hormuz disruption a major economic concern.
2. **Trade routes:** Any sustained shipping disruption can increase freight, insurance and transportation costs.
3. **Inflation:** Higher crude prices can raise domestic fuel, transport and input costs.
4. **Indian diaspora:** Instability in the Gulf can affect the safety and livelihood of the large Indian community in the region.
5. **Diplomatic interest:** India has an interest in de-escalation, freedom of navigation and uninterrupted energy flows in West Asia.

5. Way Forward

1. **De-escalation first:** A verifiable cessation of hostilities can create space for sustained diplomacy.
2. **Sequenced negotiations:** Immediate humanitarian, maritime and economic issues can be addressed alongside, rather than waiting for resolution of every long-term dispute.
3. **Maritime security:** Ensure safe passage of commercial vessels consistent with international maritime law.
4. **Mediation:** Regional actors such as Qatar and Oman can continue facilitating indirect communication.
5. **Long-term framework:** A durable settlement requires addressing the nuclear issue, sanctions, regional security and freedom of navigation together.

AFSPA extended in parts of Arunachal, Manipur, Nagaland

The Hindu Bureau

NEW DELHI

The Union Home Ministry on Friday extended the Armed Forces (Special Powers) Act (AFSPA) in parts of Manipur, Arunachal Pradesh, and Nagaland for another six months.

The AFSPA has been extended in the whole State of Manipur except the jurisdiction of 13 police stations in five valley districts, a notification said. Manipur has been affected by ethnic violence since May 3, 2023.

On November 14, 2024, out of 19 police stations in seven districts of Manipur,

amid an improved security situation and a “large sense of security among general public”. The provisions of the Act were withdrawn from the Imphal municipality area in 2004.

In Nagaland, the Act was extended for another six months in nine districts, and 21 police stations in five other districts, another notification said.

In Arunachal Pradesh, three districts and as many police stations in another district bordering Assam, were declared “disturbed area” for another six months.

Sweeping powers

The 1958 law gives power

7. AFSPA Extended in Parts of Arunachal Pradesh, Manipur and Nagaland

Source: The Hindu

GS-2: Internal Security | Federalism | Human Rights

Context

The Union Government has extended the Armed Forces (Special Powers) Act, 1958 (AFSPA) for another six months from October 1, 2026 in specified areas of Manipur, Nagaland and Arunachal Pradesh, after reviewing the security situation. AFSPA applies only where an area is officially declared a “disturbed area” under Section 3.

1. What is AFSPA and Where Does It Apply?

1. **AFSPA, 1958:** A law that gives special powers to the armed forces to deal with serious security situations in notified disturbed areas.
2. **Manipur:** Applies to the entire State except areas under 13 police stations in five valley districts.
3. **Nagaland:** Applies to nine districts and specified areas under 21 police stations in five other districts.
4. **Arunachal Pradesh:** Applies to Tirap, Changlang and Longding, plus specified areas under three police stations in Namsai district bordering Assam.
5. **Important:** AFSPA is not automatically applicable to an entire State; the government can notify specific districts, areas or police-station jurisdictions.

2. What is a “Disturbed Area”?

1. Under Section 3, an area can be declared “disturbed” when the government considers it to be in a sufficiently disturbed or dangerous condition requiring the use of armed forces.
2. The declaration can be made by the Governor of the State or the Central Government, depending on the applicable provisions.
3. The purpose is to provide armed forces with additional legal powers where ordinary policing is considered inadequate to address serious armed insurgency or violence.
4. AFSPA can subsequently be withdrawn from areas where the security situation improves, as seen in parts of Manipur.

3. What Special Powers Does AFSPA Give?

1. Section 4: Authorised personnel can use force, including lethal force in specified circumstances, and can arrest and search without warrant subject to the Act.
2. Section 6: Prior Central Government sanction is required before prosecution or legal proceedings for acts purportedly done under AFSPA.
3. Supreme Court safeguard: In Naga People's Movement of Human Rights v. Union of India (1998), the Court upheld AFSPA but stressed that its powers must be exercised with minimum necessary force.
4. In EEVFAM v. Union of India (2016), the Supreme Court held that allegations of excessive or unlawful force cannot be ignored merely because AFSPA is in operation.

4. Why Does AFSPA Remain Controversial?

1. Security vs rights: Extraordinary powers may assist counter-insurgency, but they also raise concerns regarding civil liberties and human rights.
2. Accountability: Section 6's requirement of prior Central sanction is a major concern regarding prosecution.
3. Civilian policing: Prolonged reliance on armed forces can raise questions about the development of normal policing and civilian institutions.
4. Need for review: Continued application should correspond to the actual security situation rather than becoming permanent by routine extension.

5. Way Forward

1. Regular review of disturbed-area declarations using objective security indicators.
2. Area-specific application and progressive withdrawal wherever normal policing becomes adequate.
3. Strengthen State police and intelligence to reduce long-term dependence on extraordinary powers.
4. Ensure accountability for alleged misuse while protecting personnel acting lawfully.
5. Political dialogue and reconciliation should accompany security measures, particularly in conflict-affected regions.