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TABLE OF CONTENT

- **Supreme Court Pushes for Stronger Banking Accountability and Regulatory Safeguards Against Digital Arrest Scams in India**: ***Cyber Crime / Digital Arrest Scams / Banking Accountability / RBI Guidelines / Financial Fraud (GS-II / GS-III)***

- **India Introduces Mineral Exchange Framework to Strengthen Transparent Trading and Strategic Management of Mineral Resources**: ***Mineral Resources / Resource Management / Critical Minerals / Commodity Trading / Mining Policy (GS-III)***

- **IDBI Bank Strategic Sale Signals Renewed Disinvestment Push and Reassessment of India's Public Sector Role**: ***Strategic Disinvestment / Public Sector Undertakings (PSUs) / Banking Reforms / Economic Governance (GS-III)***

- **Collegium Controversy Reignites Debate on Judicial Independence, Executive Influence and Transparency in Appointments**: ***Judicial Independence / Collegium System / Executive vs Judiciary / Transparency in Appointments / Judicial Reforms (GS-II)***

- **UAE Oil Spill Highlights Marine Pollution Risks and Strategic Vulnerabilities of the Strait of Hormuz**: ***Marine Pollution / Strait of Hormuz / Environmental Degradation / Maritime Security / Energy Security (GS-III)***

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IMPORTANT INSIGHTS

Supreme Court Pushes for Stronger Banking Accountability and Regulatory Safeguards Against Digital Arrest Scams in India

Recent Developments (October 2026):

- On **29 October 2026**, the **Supreme Court of India** urged the **Reserve Bank of India (RBI)** to introduce stronger safeguards against digital arrest scams and proposed making banks financially liable for victims' losses where institutional negligence or failure of due diligence is established.
- A three-judge Bench comprising Chief Justice of India **Surya Kant**, Justice **Joymalya Bagchi** and Justice **V. Mohana** expressed concern over the growing scale of cyber-enabled financial fraud and questioned the delay in introducing effective preventive mechanisms.
- The Court examined the proposed **RBI (Know Your Customer) Amendment Directions, 2026**, which seek to strengthen transaction monitoring, temporary debit restrictions and institutional accountability.
- The RBI had indicated that the regulatory framework was expected to be notified by **30 November 2026** and operationalised by **31 December 2026**. These were proposed timelines, not completed regulatory actions as of 1 November 2026.
- The Court also sought greater accountability from digital intermediaries and directed State and Union Territory police authorities to provide details of registered cases, investigations and prosecutions.

Understanding Digital Arrest Scams:

Meaning and Modus Operandi:

- **Digital arrest** is a form of cyber-enabled financial fraud in which criminals impersonate police officers, judges or officials of agencies such as the Central Bureau of Investigation (CBI), Enforcement Directorate (ED) and Narcotics Control Bureau (NCB).
- Fraudsters falsely accuse victims of involvement in money laundering, drug trafficking, financial irregularities, illegal parcels or other criminal activities.
- They create an atmosphere of fear through forged identity cards, fabricated arrest warrants, official-looking documents and manipulated video-call backgrounds resembling police stations or government offices.
- Victims are forced to remain on prolonged video calls, prevented from contacting family members and instructed to transfer money for purported verification, security deposits or settlement of cases.
- The money is subsequently routed through multiple bank accounts, including **mule accounts**, to conceal its origin and facilitate withdrawal or further transfers.

Legal Status in India:

- **Digital arrest has no legal recognition under Indian law.** No law enforcement agency can arrest or detain an individual through a video call or demand money to prevent arrest.
- Arrest and detention must follow the prescribed legal procedure under the **Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023**, and other applicable laws.
- The Ministry of Home Affairs (MHA) has warned citizens against such impersonation-based frauds and advised immediate reporting through the National Cyber Crime Reporting Portal or helpline 1930.

Supreme Court's Intervention and Banking Accountability:

Judicial Concerns:

- The Supreme Court took **suo motu cognisance** of digital arrest frauds after reports of substantial financial losses suffered by victims across the country.
- The Bench criticised the slow regulatory response and emphasised that financial institutions must not allow suspicious transactions to proceed without appropriate verification.
- The Court proposed a stronger compensation mechanism under which banks could be required to reimburse victims when their failure to exercise due diligence contributes to the fraud.
- It also raised the possibility of accountability, including prosecution where institutional complicity or serious negligence is established.

Proposed Safeguards for Banks:

- **Transaction monitoring:** Banks should identify transactions that significantly deviate from an individual's established financial behaviour and account history.
- **Temporary debit restrictions:** Unusual transactions should be temporarily suspended until prescribed verification procedures are completed.
- **Automated alerts:** Suspicious transactions should generate alerts for relevant banking authorities and police agencies to enable timely intervention.
- **Physical verification:** Appropriate authorities should verify the genuineness of suspicious transactions through suitable physical or independent verification mechanisms.
- **Compensation and accountability:** Financial institutions should compensate victims where failure of due diligence is established, while responsible officials should face appropriate action.

RBI's Proposed Regulatory Framework:

RBI (Know Your Customer) Amendment Directions, 2026:

- The RBI's proposed amendments seek to strengthen existing provisions relating to **bank accounts, money mules and cyber-enabled financial fraud** under its KYC regulatory framework.
- On **11 September 2026**, the RBI issued draft amendment directions for public consultation, following the Supreme Court's earlier order dated 4 August 2026 seeking a Standard Operating Procedure (SOP) for temporary debit holds on accounts or amounts linked to money-mule activity and cyber fraud.
- The proposed framework covers commercial banks, including small finance banks, payments banks, regional rural banks and local area banks, as well as urban cooperative banks.
- Its central objective is to prevent fraudulent proceeds from being transferred or withdrawn before suspicious transactions can be investigated.

Major Regulatory Components:

- **Risk-based transaction monitoring:** Banks should detect abnormal transactions by comparing them with customers' established account behaviour.
- **Temporary debit holds:** Banks should follow prescribed procedures for restricting suspicious transactions while verification is undertaken.
- **Inter-agency coordination:** Financial institutions should facilitate timely information-sharing with law enforcement agencies.
- **Money-mule identification:** Banks should strengthen mechanisms to identify accounts used by criminals to receive, transfer or conceal proceeds of cyber fraud.

- **Institutional responsibility:** Banks and their officials should be subject to accountability mechanisms for failures in prescribed due diligence.

Role of Technology Platforms and Law Enforcement Agencies:

Digital Intermediaries:

- Fraudsters frequently exploit **WhatsApp and other instant messaging platforms** to impersonate government officials, circulate forged documents and maintain prolonged contact with victims.
- During the Supreme Court proceedings, WhatsApp informed the Court that it had independently banned approximately **9,400 suspicious accounts**.
- The Ministry of Electronics and Information Technology (MeitY) and the Department of Telecommunications (DoT) are involved in developing measures concerning the responsibilities of digital intermediaries and telecom service providers.
- Digital platforms can strengthen fraud detection through suspicious-account identification, rapid reporting mechanisms, warning systems and cooperation with law enforcement agencies.

Institutional Framework for Cybercrime Prevention:

1. Indian Cyber Crime Coordination Centre (I4C):

- Established under the **Ministry of Home Affairs**, I4C serves as the nodal institutional mechanism for coordinating the country's response to cybercrime.
- It facilitates coordination among State police forces, central agencies, financial institutions and other stakeholders, particularly in cases involving organised and inter-State cybercrime networks.

2. National Cyber Crime Reporting Portal (NCRP)

- The portal, accessible at cybercrime.gov.in, enables citizens to report different categories of cybercrime, including online financial fraud.
- The **Citizen Financial Cyber Fraud Reporting and Management System (CFCFRMS)** facilitates coordination between banks, payment intermediaries and law enforcement agencies to prevent the further transfer of defrauded money.

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3. Cybercrime Helpline 1930

- The toll-free helpline enables citizens to report financial cyber fraud immediately and initiate action for tracing and restricting suspicious transactions.
- Timely reporting is critical because the possibility of recovering stolen funds decreases as money moves through multiple accounts.

4. Sanchar Saathi Portal (Department of Telecommunications)

- **CEIR (Central Equipment Identity Register):** Facilitates the tracing and blocking of lost or stolen mobile devices through their International Mobile Equipment Identity (IMEI) numbers.
- **TAFCOP (Telecom Analytics for Fraud Management and Consumer Protection):** Enables subscribers to identify mobile connections issued in their names and report unauthorised connections.
- **Chakshu:** Allows citizens to report suspected fraudulent communications received through calls, SMS and messaging platforms, including WhatsApp.

Constitutional and Legal Framework for Combating Cybercrime:

Constitutional Provisions:

- **Article 21 – Right to Life and Personal Liberty:** The right to privacy, recognised as a fundamental right in *K.S. Puttaswamy v. Union of India (2017)*, protects individual autonomy and informational privacy. Cyber fraud and unauthorised access to personal information threaten these interests.
- **Seventh Schedule – Distribution of Powers:**
  - **State List, Entries 1 and 2:** Public order and police fall primarily within the legislative and administrative domain of States. State police generally register FIRs and investigate cybercrime cases.
  - **Union List, Entry 31:** Posts and telegraphs, telephones, wireless, broadcasting and other like forms of communication fall within Parliament's legislative domain.
  - **Concurrent List, Entries 1 and 2:** Criminal law and criminal procedure enable coordinated legislative action by Parliament and State Legislatures, subject to constitutional provisions.
- **Article 19(1)(g) read with Article 19(6):** The freedom to practise any profession or carry on trade or business is subject to reasonable restrictions in the interests of the general public. Regulatory action against malicious digital activities must satisfy applicable constitutional requirements.

Statutory Framework:

1. Information Technology Act, 2000:

- **Section 43A:** Provides for compensation for failure to protect sensitive personal data or information by a body corporate, subject to its applicability and the relevant commencement provisions of the DPDP Act.
- **Section 66C:** Punishes identity theft involving fraudulent use of another person's electronic signature, password or unique identification feature.
- **Section 66D:** Punishes cheating by personation through a communication device or computer resource, making it particularly relevant to digital impersonation scams.
- **Section 69A:** Empowers the Central Government to direct the blocking of public access to specified online information on legally prescribed grounds and subject to the applicable procedure.

2. Bharatiya Nyaya Sanhita, 2023 (BNS)

- **Section 318:** Deals with cheating, including fraudulent or dishonest inducement causing wrongful loss or damage.
- **Section 319:** Specifically addresses cheating by personation.
- **Section 111:** Provides for punishment of organised crime, including qualifying organised criminal activities carried out by organised crime syndicates. Its application requires satisfaction of the statutory conditions and is not automatic in every cyber fraud case.

3. Digital Personal Data Protection Act, 2023

- The Act establishes a framework for regulating the processing of digital personal data and protecting the rights of individuals, known as **Data Principals**.
- It places obligations on **Data Fiduciaries** regarding lawful processing, security safeguards and personal data breach-related responsibilities.
- The Act provides for the establishment of the **Data Protection Board of India**.
- Its provisions have staggered commencement dates. The omission of Section 43A of the IT Act under Section 44(2) is scheduled to take effect 18 months after 13 November 2025, i.e. 13 May 2027. Therefore, Section 43A should not be described as already omitted as of November 2026.

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Major Challenges in Combating Digital Arrest Scams:

- **Psychological manipulation:** Fraudsters exploit fear of arrest, social stigma and the perceived authority of law enforcement institutions to pressure victims into transferring money.
- **Institutional weaknesses:** Delayed detection of abnormal transactions and inadequate coordination between banks and police agencies allow fraudulent funds to move rapidly.
- **Mule-account networks:** Multiple layers of bank accounts make it difficult to identify the ultimate beneficiaries and recover stolen funds.
- **Jurisdictional complexity:** Criminal networks frequently operate across States and international borders, creating challenges in investigation, evidence collection and prosecution.
- **Digital impersonation:** Forged documents, spoofed telephone numbers, manipulated video calls and artificial intelligence-generated content increase the credibility of fraudulent communications.
- **Low cyber awareness:** Limited digital literacy, particularly among elderly citizens and first-time digital banking users, increases vulnerability to sophisticated fraud techniques.
- **Delayed financial recovery:** Once money is withdrawn, converted or transferred across several accounts, tracing and restitution become increasingly difficult.

Way Forward:

- **Strengthen banking accountability:** Implement risk-based transaction monitoring, standardised debit-hold procedures and an effective victim-compensation framework based on clearly defined liability.
- **Improve real-time coordination:** Integrate banks, payment intermediaries, I4C and State police systems for faster detection, reporting and freezing of fraudulent transactions.
- **Strengthen cyber policing:** Develop specialised cybercrime investigation units, digital forensic capabilities and adequately trained personnel at the State and district levels.
- **Improve judicial capacity:** Strengthen cybercrime prosecution and the use of specialised judicial expertise to ensure timely adjudication while preserving procedural safeguards.
- **Enhance international cooperation:** Improve cross-border evidence-sharing, mutual legal assistance and cooperation under international cybercrime frameworks, including the UN Convention against Cybercrime.
- **Promote privacy by design:** Ensure that digital platforms and financial institutions incorporate data protection and security safeguards at the design and operational stages.
- **Expand digital literacy:** Conduct local-language awareness campaigns through schools, banks, panchayats, community organisations and public institutions.
- **Improve victim support:** Establish accessible reporting, counselling, legal assistance and financial recovery mechanisms, with special attention to elderly and vulnerable citizens.

Value Addition for UPSC:

Important Facts and Concepts:

- **Digital arrest:** A cyber-enabled impersonation and financial extortion scam; it has no legal recognition in India.
- **Constitutional foundation:** Article 21 protects privacy and personal liberty; Articles 19(1)(g) and 19(6) govern freedom of trade and reasonable restrictions.
- **Nodal institution:** Indian Cyber Crime Coordination Centre (I4C), Ministry of Home Affairs.
- **Financial fraud reporting:** National Cyber Crime Reporting Portal and helpline 1930.
- **Banking regulation:** RBI's KYC framework, transaction monitoring and money-mule account controls.
- **Relevant legislation:** Information Technology Act, 2000; Bharatiya Nyaya Sanhita, 2023; Digital Personal Data Protection Act, 2023.
- **Governance principle:** Effective cybercrime prevention requires coordination between financial regulators, law enforcement agencies, digital intermediaries and citizens.

UPSC Syllabus Linkage:

- **GS Paper II:** Constitutional provisions, fundamental rights, Centre-State relations, statutory and regulatory institutions, governance and accountability.
- **GS Paper III:** Cybersecurity, cybercrime, digital infrastructure, internal security, financial fraud and emerging technologies.
- **Essay:** Digital inclusion versus digital vulnerability, privacy versus security, and institutional accountability in the digital economy.

Key Takeaway:

India's response to digital arrest scams must move beyond public awareness towards a **preventive, accountable and coordinated cyber-governance framework**. Strong banking safeguards, rapid financial intervention, effective investigation, data protection and citizen awareness are essential to building trust in India's digital economy.

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India Introduces Mineral Exchange Framework to Strengthen Transparent Trading and Strategic Management of Mineral Resources

Recent Developments:

- The **Ministry of Mines** notified the **Mineral Exchange Rules, 2026** through a Gazette notification dated **30 June 2026**, published on **3 July 2026**, under Section 18B of the Mines and Minerals (Development and Regulation) Act, 1957.
- The **Indian Bureau of Mines (IBM)** invited applications from companies seeking registration to establish and operate mineral exchanges in India, with the initial application deadline fixed at **2 November 2026**.
- On **26 October 2026**, the Board of Directors of **PTC India Limited** approved the incorporation of a wholly owned subsidiary to establish and operate a mineral exchange, with a proposed equity investment of up to **₹65 crore**, subject to regulatory approval and extension of the application deadline.
- The proposed exchange will facilitate **electronic, delivery-based trading of physical minerals**, creating an organised marketplace for transparent price discovery and efficient mineral supply.

Understanding Mineral Exchange:

Meaning and Mechanism:

- A **Mineral Exchange** is a centralised electronic marketplace designed to facilitate transparent and competitive trading of physical mineral ores, their concentrates and processed mineral products.
- Unlike conventional commodity derivative exchanges, which primarily facilitate contracts linked to future prices, mineral exchanges focus on **delivery-based contracts**, involving the actual supply of physical commodities.
- It represents a transition from the traditional **one-to-many sales model**, such as government auctions, towards a **many-to-many trading model**, in which multiple buyers and sellers can participate in competitive transactions.
- The exchange aims to ensure fair price discovery, transparent trading, standardised quality assessment and timely delivery of minerals.

Legal and Regulatory Framework:

- **Section 18B of the Mines and Minerals (Development and Regulation) Act, 1957:** Empowers the Central Government to promote mineral markets, including trading in minerals, concentrates and processed products through mineral exchanges.
- **Mineral Exchange Rules, 2026:** Establish the regulatory framework for registration, governance, trading operations, market surveillance, clearing and settlement of mineral exchanges.
- **Indian Bureau of Mines (IBM):** Functions as the designated regulatory authority responsible for registering and supervising mineral exchanges, approving contracts and overseeing their operations.
- The framework covers minerals and their processed forms except those specified under **Part A (coal and lignite) and Part B (atomic minerals)** of the First Schedule of the MMDR Act.
- **Securities and Exchange Board of India (SEBI):** Continues to regulate securities and commodity derivatives under its existing statutory framework; these instruments are excluded from the Mineral Exchange Rules, 2026.

Regulatory and Institutional Features:

- **Registration requirements:** An applicant must be a company limited by shares, satisfy demutualised ownership requirements and meet prescribed financial and governance standards.
- **Minimum net worth:** The rules prescribe a minimum net worth requirement of **₹50 crore** for an applicant seeking registration.
- **Independent governance:** The exchange must maintain an appropriate governance structure, including independent directors and separation between ownership, management and trading rights.
- **Settlement guarantee fund:** Exchanges must maintain a fund to address settlement defaults by members or their clients.
- **Market surveillance:** The regulatory framework provides safeguards against insider trading, circular trading, cartelisation and market manipulation.
- **Quality assurance:** Exchanges must establish standards for mineral grading, sampling, testing, weighing and physical delivery.

Initial Commodities and Global Precedents:

- The initial focus is expected to include bulk minerals such as **iron ore, chromite, bauxite, limestone and manganese ore**, subject to approved trading contracts.
- Iron ore is expected to play a major role because of its large-scale industrial demand and importance in steel manufacturing.
- Future trading opportunities may extend to **critical minerals**, including lithium, cobalt, nickel and rare earth elements, subject to regulatory approval.
- **London Metal Exchange (LME):** Provides important international price benchmarks for base and industrial metals.
- **Dalian Commodity Exchange (DCE):** Based in China, it is an important global marketplace for iron ore and other commodity contracts.

Need for a Dedicated Mineral Exchange in India:

Transparent Price Discovery:

- India lacks a uniform national market-based benchmark for several minerals, resulting in regional price variations across mineral-producing states such as Odisha, Karnataka and Chhattisgarh.
- A mineral exchange can facilitate demand-supply-based price discovery and improve transparency through publicly accessible transaction information.

- It may support the development of reliable national mineral price benchmarks and reduce the scope for arbitrary pricing and anti-competitive practices.

Economic Growth and Revenue Generation:

- The mining sector contributes to industrial production, employment, infrastructure development and government revenue.
- Organised mineral trading can improve **price realisation**, strengthen market efficiency and enhance the transparency of royalty-related valuation.
- The **National Mineral Policy, 2019** emphasises sustainable mineral development, improved exploration and greater contribution of the mining sector to the national economy.

Strategic Security of Critical Minerals:

- Critical minerals such as lithium, cobalt, nickel and rare earth elements are essential for **electric vehicles, renewable energy technologies, advanced electronics and defence manufacturing**.
- A transparent domestic marketplace can improve access to these resources and strengthen supply-chain resilience.
- Mineral exchanges can complement government initiatives aimed at reducing excessive dependence on imported critical minerals.

Financial Inclusion and Credit Access:

- Standardised mineral quality certification and warehouse-based trading can support the development of reliable warehouse receipts.
- Such receipts may facilitate access to institutional credit for **micro, small and medium enterprises (MSMEs)** and downstream mineral-based industries, subject to applicable financing arrangements.

Formalisation of Mineral Trade:

- Mandatory documentation, mineral-origin verification and independent quality testing can improve traceability across the mineral supply chain.
- A regulated marketplace can discourage the entry of illegally extracted minerals into organised trade and strengthen compliance with mining regulations.

Empowering Smaller Miners and International Competitiveness:

- Small and medium-sized miners often have limited bargaining power compared with large industrial buyers.
- A competitive electronic marketplace can provide broader market access and improve their negotiating position.
- In the long term, Indian mineral exchanges may contribute to the development of regional price benchmarks and strengthen India's position in international mineral trade.

Major Challenges in Establishing Mineral Exchanges:

Physical Infrastructure Deficit:

- Physical delivery requires accredited warehouses, railway sidings, transportation networks, testing laboratories and bulk-handling facilities at suitable locations.

- High logistics costs and uneven infrastructure development can restrict participation and increase the cost of mineral transactions.

Liquidity and Market Participation:

- The success of an exchange depends on sufficient participation by mineral producers, traders, steel manufacturers and other industrial buyers.
- Existing long-term supply arrangements may discourage major market participants from shifting towards exchange-based spot trading.

Mineral Quality Standardisation:

- Minerals differ in composition, purity and grade, creating difficulties in standardising trading contracts.
- For example, iron ore is traded in different iron-content grades, making reliable **sampling, assaying and quality certification** essential.
- Independent laboratories and standardised testing procedures are necessary to minimise disputes over quality and delivery.

Market Manipulation and Regulatory Coordination:

- Large producers or buyers may attempt to influence prices through cartelisation, coordinated bidding or artificial restrictions on supply.
- Effective surveillance is necessary to prevent insider trading, circular trading and other unfair market practices.
- Clear coordination between the Indian Bureau of Mines and other regulatory institutions is essential to avoid overlapping compliance requirements.

Way Forward:

- **Phased implementation:** Begin with high-volume minerals such as iron ore, bauxite and limestone before gradually expanding to other eligible minerals.
- **Logistics infrastructure:** Develop accredited warehouses, testing facilities, railway connectivity and efficient transportation networks near major mining and industrial centres.
- **Quality standardisation:** Establish uniform mineral grading, sampling, assaying and certification standards through accredited independent agencies.
- **Digital traceability:** Use suitable digital technologies, including blockchain-based systems where feasible, to improve mineral-origin verification and transaction transparency.
- **Market liquidity:** Encourage participation by small miners, large producers, industrial consumers and financial institutions through competitive trading arrangements.
- **Regulatory coordination:** Strengthen the supervisory capacity of the IBM and establish clear coordination mechanisms with other relevant regulators.
- **Global integration:** Develop internationally competitive trading standards and transparent price benchmarks to improve India's participation in global mineral supply chains.

Value Addition for UPSC:

Important Facts and Concepts:

- **Legislative foundation:** Section 18B of the Mines and Minerals (Development and Regulation) Act, 1957.
- **Regulatory authority:** Indian Bureau of Mines, Ministry of Mines.

- **Regulatory framework:** Mineral Exchange Rules, 2026.
- **Trading mechanism:** Electronic, delivery-based trading of physical minerals.
- **Excluded categories:** Coal, lignite and atomic minerals specified in the First Schedule of the MMDR Act.
- **Minimum net worth:** ₹50 crore for registration of a mineral exchange.
- **Global examples:** London Metal Exchange and Dalian Commodity Exchange.
- **Strategic relevance:** Critical mineral security, industrial competitiveness, supply-chain resilience and formalisation of mineral markets.

UPSC Syllabus Linkage:

- **GS Paper II:** Regulatory institutions, statutory frameworks, governance and institutional accountability.
- **GS Paper III:** Mineral resources, infrastructure, industrial development, investment, economic growth and critical mineral security.
- **Essay:** Natural resource governance, strategic autonomy, sustainable industrialisation and India's role in global supply chains.

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IDBI Bank Strategic Sale Signals Renewed Disinvestment Push and Reassessment of India's Public Sector Role

Recent Developments:

- On **14 October 2026**, the **Cabinet Committee on Economic Affairs (CCEA)** approved **10955230 Canada Inc.**, a subsidiary of Fairfax Financial Holdings, as the strategic buyer for a **60.72% stake in IDBI Bank** for approximately **₹52,878 crore**.
    - The stake comprises **30.48% held by the Union Government** and **30.24% held by the Life Insurance Corporation of India (LIC)**. After the transaction, the Government and LIC are expected to retain 15% and 19%, respectively.
    - The transaction remains subject to applicable regulatory and completion requirements; approval of the buyer should not be confused with the completed transfer of ownership.
- The **Union Budget 2026–27** has set a disinvestment receipts target of **₹80,000 crore**. The IDBI transaction, once completed, is expected to provide a major contribution towards this target.
- The Government is also aiming to list **India Infrastructure Finance Company Limited (IIFCL)** and two Coal India subsidiaries during FY 2026–27, indicating a renewed focus on public-sector listings and stake dilution.

Understanding Disinvestment:

Meaning and Objectives:

- **Disinvestment** refers to the sale or dilution of the Government's equity stake in a **Public Sector Enterprise (PSE)**, public-sector financial institution or other government-owned entity.
- It converts part of the Government's ownership in public assets into financial resources and may involve either a reduction in ownership or a transfer of management control.
- Its principal objectives include mobilising **non-debt capital receipts**, reducing the financial burden on the exchequer, improving enterprise efficiency, broadening public ownership and encouraging private investment.

- The **Department of Investment and Public Asset Management (DIPAM)** under the Ministry of Finance is the nodal department for managing the Union Government's equity disinvestment and related public asset management matters.

Major Forms of Disinvestment:

- **Minority Stake Sale:** The Government sells a part of its shareholding without transferring management control. It is generally conducted through an **Initial Public Offer (IPO)**, **Offer for Sale (OFS)** or other approved market mechanisms.
- **Strategic Disinvestment:** The Government sells its entire or substantial shareholding along with the transfer of management control. When control passes to a private strategic buyer, it constitutes **privatisation**.
- **Majority Stake Sale:** This describes the sale of a controlling shareholding. Its classification as privatisation depends on whether management control is transferred to a private buyer.
- **Examples:** The transfer of Air India to the Tata Group in 2022 represents privatisation, while the proposed IDBI Bank transaction involves a strategic buyer acquiring a controlling stake.

Policy Framework Governing Disinvestment:

New Public Sector Enterprise Policy, 2021:

- Notified on **4 February 2021**, the **New PSE Policy for Atmanirbhar Bharat** seeks to minimise the Government's commercial presence while retaining a strategic role in sectors linked to national security, energy security, critical infrastructure, financial services and important minerals.
- It classifies public-sector commercial enterprises into **four broad strategic sectors** and non-strategic sectors:
    - **Strategic sectors:** Atomic energy, space and defence; transport and telecommunications; power, petroleum, coal and other minerals; and banking, insurance and financial services.
    - The Government intends to retain a **bare minimum presence** of public-sector commercial enterprises at the holding-company level in strategic sectors. Other enterprises may be privatised, merged, subsidiarised or closed, depending on the case.
    - **Non-strategic sectors:** Public-sector enterprises in these sectors are considered for privatisation wherever feasible; otherwise, closure may be considered.
- The policy does not require automatic privatisation of every enterprise. Transaction decisions depend on strategic priorities, market conditions, investor interest and administrative feasibility.

National Monetisation Pipeline (NMP):

- The **National Monetisation Pipeline** seeks to unlock the economic value of operational public infrastructure by leasing or granting private-sector rights to use mature **brownfield assets**.
- **NMP 2.0**, launched on 23 February 2026, estimates a monetisation potential of **₹16.72 lakh crore** over FY 2026–30, including ₹5.8 lakh crore in private-sector investment.
- Its coverage includes highways, railways, power, ports, coal, mines, urban infrastructure, civil aviation, warehousing, telecommunications and tourism.
- Unlike equity disinvestment, asset monetisation generally does not require the sale of ownership in the entire public enterprise. It can unlock resources while the public entity retains ownership of the underlying asset.

Monetisation of Non-Core Assets:

- The Government has also pursued the monetisation of surplus land and other non-core assets through sale, leasing, concessions and other suitable arrangements.

- The **National Land Monetisation Corporation (NLMC)** was established to facilitate the monetisation of surplus land and non-core assets held by Central Public Sector Enterprises and other government agencies.

Why is Disinvestment Economically Important?

Fiscal Management and Capital Formation:

- Disinvestment generates **non-debt capital receipts**, which can reduce the need for additional borrowing and support public investment.
- Proceeds can help finance infrastructure and development priorities, including health, education and transport. However, their developmental impact depends on how the receipts are utilised.
- Redirecting capital from non-essential government ownership towards infrastructure and social-sector priorities can improve the allocation of public resources.

Enterprise Efficiency and Corporate Governance:

- Private strategic investors may bring **professional management, technological expertise, capital investment and operational flexibility**.
- Market listing introduces disclosure requirements, independent scrutiny and shareholder accountability, potentially improving corporate governance.
- Reduced political and administrative interference can improve commercial decision-making, although effective regulation and institutional accountability remain necessary.

Deepening Capital Markets and Public Participation:

- IPOs and OFS transactions increase the supply of listed securities and provide retail investors with opportunities to participate in public-sector enterprises.
- Wider share ownership can improve market liquidity and strengthen the development of domestic capital markets.
- Strategic sales may also attract **Foreign Direct Investment (FDI)**, particularly when they bring long-term capital and specialised management capabilities.

Major Concerns and Challenges:

Valuation and Transparency:

- Public enterprises may possess valuable land, infrastructure and other assets, but private bidders generally assess them through expected future cash flows, liabilities, investment requirements and business risks.
- Differences between asset-based assessments and market-based valuations can create disputes over the adequacy of sale prices.
- Inadequate disclosure or opaque bidding can generate allegations of undervaluation, favouritism and crony capitalism, weakening public confidence.

Employment and Social Considerations:

- Privatisation may lead to organisational restructuring, workforce rationalisation and changes in service conditions.
- Employees may face uncertainty regarding job security, pensions, wages and collective bargaining rights.
- Poorly designed transactions can also affect regional development where a public enterprise is a major source of local employment.

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Monopoly and Regulatory Risks:

- Privatisation of sectors with natural-monopoly characteristics may replace a public monopoly with a **private monopoly or oligopoly**.
- Without effective competition and independent regulation, private operators may impose high prices, restrict access or compromise service quality.
- Strong sectoral regulators and competition-law enforcement are therefore essential in areas such as airports, electricity, petroleum and natural gas.

Market and Transactional Constraints:

- Large public share sales can coincide with private-sector fundraising and affect market liquidity, investor appetite and price discovery.
- Disputes over land titles, lease conditions, environmental liabilities and legacy contracts can delay transactions.
- Weak investor interest, excessive procedural requirements and uncertain policy commitments can reduce competition among bidders and lower the value realised by the Government.

Reforms Needed for an Effective Disinvestment Strategy:

Improve Transaction Design and Price Discovery:

- Adopt a **demand-driven approach** by assessing investor interest, market conditions and credible bids before finalising transaction timelines.
- Establish a rolling, multi-year disinvestment pipeline to provide investors with adequate time for due diligence and financial planning.
- Use independent valuation agencies, transparent bidding procedures and clear disclosure of liabilities to strengthen confidence in the process.

Strengthen Institutional and Regulatory Safeguards:

- Separate the Government's roles as **owner, policymaker and regulator** to minimise conflicts of interest and ensure a level playing field.
- Strengthen independent sectoral regulators and competition enforcement before transferring control in monopoly-prone sectors.
- Provide transparent employee-protection arrangements, including clear provisions for pensions, compensation and continuity of essential services.

Ensure Productive Use of Proceeds:

- Link disinvestment receipts with long-term public investment and asset creation rather than treating them as a routine source for financing recurring expenditure.
- Improve parliamentary and public scrutiny of major transactions through disclosure of valuation methodology, transaction conditions and post-sale obligations.
- Evaluate transactions on the basis of long-term economic value, productivity gains and service outcomes, rather than only the immediate sale proceeds.

Learn from International Practices:

- **Temasek Model (Singapore):** Temasek operates as a commercial investment company managing state-owned assets, illustrating the benefits of separating ownership management from day-to-day government regulation.
- **SASAC Model (China):** The State-owned Assets Supervision and Administration Commission exercises oversight over major state-owned enterprises and promotes restructuring and consolidation. Its model reflects a different political and economic system and cannot be directly replicated in India.
- India can adapt relevant practices from these models while retaining democratic accountability, parliamentary oversight and independent regulation.

Conclusion:

- Disinvestment should be treated as a tool of **public asset management and economic restructuring**, not merely as a short-term method of raising revenue.
- A credible policy requires transparent valuation, competitive bidding, regulatory safeguards, employee protection and productive utilisation of proceeds.
- The objective should be to create a more efficient public sector, encourage responsible private investment and ensure that public assets generate greater long-term economic and social value.

Value Addition for UPSC:

- **GS Paper III:** Disinvestment, privatisation, fiscal management, capital formation, infrastructure financing, public-sector reforms and investment climate.
- **GS Paper II:** Role of regulators, transparency, accountability, governance reforms and parliamentary oversight.
- **Important Distinction:** Disinvestment means sale or dilution of government equity; privatisation involves transfer of ownership and management control to a private entity; asset monetisation unlocks the value of public assets without necessarily transferring their ownership.
- **Key Institutions:** DIPAM – disinvestment and public asset management; NITI Aayog – policy inputs and asset monetisation planning; SEBI – securities-market regulation; Competition Commission of India – competition oversight; sectoral regulators – regulation of specific industries.
- **Analytical Perspective:** The success of disinvestment must be assessed through efficiency gains, competition, service quality, fiscal sustainability and long-term public value, rather than the amount of revenue generated alone.

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Collegium Controversy Reignites Debate on Judicial Independence, Executive Influence and Transparency in Appointments

Recent Developments:

- In October 2026, former Supreme Court judge **Justice Sanjay Kishan Kaul** reportedly criticised former Chief Justice of India **D.Y. Chandrachud** for allegedly seeking the Union Government's views on proposed judicial appointments before the Supreme Court Collegium formally considered the names.
- Justice Kaul recalled an episode from July 2023 in which he objected to the practice and withdrew from a collegium discussion. The account has renewed debate over the appropriate relationship between the **judiciary and executive** in judicial appointments.

- The controversy raises an important constitutional question: how can the Government be consulted as envisaged under the Constitution without compromising the judiciary's institutional independence?

Understanding the Collegium System:

Meaning and Composition:

- The **Collegium System** is the judicially evolved mechanism for recommending appointments and transfers of judges to the **Supreme Court and High Courts**. It is not expressly mentioned in the Constitution or established through a separate statute.
- It emerged through Supreme Court interpretations of constitutional provisions concerning judicial appointments, particularly the meaning of consultation between the President and the judiciary.
- **Supreme Court Collegium:** It comprises the Chief Justice of India (CJI) and the four senior-most judges of the Supreme Court.
- **High Court Collegium:** It comprises the Chief Justice of the concerned High Court and its two senior-most judges.
- Recommendations for High Court appointments are initiated by the concerned High Court Collegium and subsequently examined by the Supreme Court Collegium.

Constitutional Provisions:

- **Article 124(2):** The President appoints Supreme Court judges after consultation with such judges of the Supreme Court and High Courts as considered necessary. Consultation with the CJI is mandatory for appointments other than that of the CJI.
- **Article 217(1):** High Court judges are appointed by the President after consultation with the CJI, the Governor of the concerned State and the Chief Justice of that High Court.
- **Article 222:** The President may transfer a judge from one High Court to another after consultation with the CJI.
- **Article 50:** A Directive Principle of State Policy that directs the State to separate the judiciary from the executive in public services, supporting institutional independence.

Evolution of the Collegium System:

First Judges Case, 1981:

- **S.P. Gupta v. Union of India (1981):** A seven-judge Bench held that constitutional consultation did not mean concurrence or mandatory agreement.
- The judgment gave primacy to the **Executive** in judicial appointments. The President was not bound by the CJI's recommendation and could reject it for cogent reasons.

Second Judges Case, 1993:

- **Supreme Court Advocates-on-Record Association v. Union of India (1993):** A nine-judge Bench overruled the First Judges Case and interpreted consultation to mean concurrence in the context of judicial appointments.
- It established the **primacy of the judiciary** to safeguard judicial independence and gave birth to the Collegium System.
- The CJI's recommendation was required to reflect a collective opinion formed in consultation with the two senior-most Supreme Court judges.

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Third Judges Case, 1998:

- **In Re: Special Reference No. 1 of 1998:** President K.R. Narayanan sought the Supreme Court's opinion under **Article 143** regarding the consultation process.
- The Supreme Court clarified the composition and functioning of the Collegium:
  - **Supreme Court appointments:** CJI and four senior-most Supreme Court judges.
  - **High Court appointments and transfers:** The Supreme Court Collegium considers recommendations through the prescribed consultative process; the High Court's initial recommendation originates from its Chief Justice and two senior-most judges.
- The judgment strengthened the principle that the CJI's opinion must be institutional and collective rather than an individual decision.

National Judicial Appointments Commission and Its Rejection:

99th Constitutional Amendment and NJAC Act, 2014:

- Parliament enacted the **Constitution (99th Amendment) Act, 2014** and the **National Judicial Appointments Commission (NJAC) Act, 2014** to replace the Collegium System with a broader-based appointment mechanism.
- The proposed six-member NJAC consisted of the CJI as Chairperson, two senior-most Supreme Court judges, the Union Law Minister and two eminent persons.
- The two eminent persons were to be nominated by a committee comprising the Prime Minister, the CJI and the Leader of the Opposition in the Lok Sabha, or the leader of the largest opposition party where applicable.

Fourth Judges Case, 2015:

- In **Supreme Court Advocates-on-Record Association v. Union of India (2015)**, a five-judge Constitution Bench struck down the 99th Constitutional Amendment and the NJAC Act by a **4:1 majority**.
- The majority held that the NJAC framework compromised the **independence of the judiciary**, which forms part of the Constitution's **Basic Structure**.
- Consequently, the Collegium System was restored. The Court also directed the Government and judiciary to improve the existing appointment procedure through a revised Memorandum of Procedure.

Memorandum of Procedure:

Meaning and Appointment Process:

- The **Memorandum of Procedure (MoP)** contains the procedural framework governing the appointment of Supreme Court and High Court judges. It has been developed through consultations between the Government and the judiciary.
- The Collegium initiates recommendations for higher judicial appointments and forwards them to the Union Government for further processing.
- The Government may return a recommendation for reconsideration by communicating its objections. However, if the Collegium reiterates the recommendation, the established procedure requires the Government to proceed with the appointment.
- Following the 2015 NJAC judgment, the Supreme Court directed the revision of the MoP to incorporate **eligibility criteria, transparency, a secretariat and a mechanism for addressing complaints**.
- Despite several rounds of consultation, the revised MoP has remained unresolved, reflecting continuing differences between the Government and the judiciary.

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Why is Transparency Necessary?

- **Accountability:** Disclosure of relevant reasons for recommendations enables informed public scrutiny without compromising legitimate confidentiality.
- **Public Trust:** Transparent procedures strengthen confidence in judicial independence and the credibility of appointments.
- **Merit-based Selection:** Clearly defined criteria help demonstrate that appointments consider professional competence, integrity, experience and constitutional values.
- **Consistency:** Recorded reasons and institutional procedures reduce arbitrary decision-making and improve continuity across successive Collegiums.

Major Challenges Associated with the Collegium System:

- **Lack of a Statutory Framework:** The system is based on judicial interpretations rather than a comprehensive law enacted by Parliament.
- **Unclear Selection Criteria:** The absence of publicly codified and consistently applied eligibility and evaluation standards creates concerns regarding subjectivity.
- **Limited Transparency:** Collegium deliberations and the reasons for accepting or rejecting candidates are not always fully disclosed.
- **Risk of Executive Influence:** Delays, selective processing or repeated reconsideration of recommendations can create tension between the Government and the judiciary.
- **Accountability Deficit:** The absence of a clearly institutionalised independent review mechanism raises concerns about the evaluation of recommendations and complaints.
- **Judicial Vacancies:** Delays in appointments contribute to vacancies in constitutional courts, increasing case pendency and affecting access to justice.
- **Representation Concerns:** Greater transparency is required to assess the representation of women, marginalised communities and different regions in the higher judiciary.

International Practices:

- **United States:** The President nominates federal judges, including Supreme Court judges, and the Senate confirms the nominations. This system involves an explicit political and legislative role.
- **United Kingdom:** An independent **Judicial Appointments Commission** recommends candidates for judicial appointments, with representation from the judiciary, legal profession and non-legal members.
- **South Africa:** The **Judicial Service Commission** includes representatives from the judiciary, legislature, executive, legal profession and academia, providing a broader institutional consultation mechanism.
- India's Collegium System is distinctive because the judiciary has the primary role in recommending higher judicial appointments. International systems demonstrate alternative methods of balancing judicial expertise, executive participation and public accountability.

Way Forward:

- **Finalise the Revised MoP:** The Government and Supreme Court Collegium should resolve outstanding differences and establish clear procedures, eligibility standards and timelines.
- **Publish Reasoned Recommendations:** Collegium resolutions should provide brief, objective justifications while protecting confidential information relating to candidates and institutional deliberations.
- **Establish a Permanent Secretariat:** A dedicated secretariat can maintain candidate records, conduct preliminary scrutiny and support consistent evaluation.
- **Ensure Time-bound Processing:** The Government and Collegium should follow transparent timelines for forwarding, examining and reconsidering recommendations.

- **Promote Diversity and Merit:** Selection should consider professional competence, integrity, judicial experience and adequate representation across gender, regions and social backgrounds.
- **Strengthen Institutional Dialogue:** Consultation between the judiciary and executive should occur through the prescribed procedure without undermining the Collegium's independent deliberative role.

Conclusion:

- The Collegium System emerged to protect **judicial independence** from excessive executive influence, but its functioning has raised concerns regarding transparency, accountability and institutional consistency.
- The objective should not be to establish the absolute dominance of either institution, but to develop a transparent and constitutionally sound appointment process that preserves judicial autonomy while ensuring public confidence.

Value Addition for UPSC:

- **GS Paper II:** Separation of powers, judicial independence, appointment of constitutional authorities, judicial accountability and institutional checks and balances.
- **Constitutional Articles:** Article 50 – separation of judiciary from executive; Article 124 – Supreme Court appointments; Article 217 – High Court appointments; Article 222 – transfer of High Court judges; Article 143 – Presidential Reference.
- **Landmark Judgments:** First Judges Case (1981) – executive primacy; Second Judges Case (1993) – judicial primacy and origin of the Collegium; Third Judges Case (1998) – clarification of Collegium composition; Fourth Judges Case (2015) – NJAC struck down.
- **Core Constitutional Principle:** Judicial independence is part of the **Basic Structure Doctrine** and cannot be abrogated through a constitutional amendment.
- **Analytical Balance:** Judicial independence requires protection from political interference, while judicial accountability requires transparent procedures, objective selection standards and institutional responsibility.

UAE Oil Spill Highlights Marine Pollution Risks and Strategic Vulnerabilities of the Strait of Hormuz

Recent Developments:

- In October 2026, a major oil spill was detected in the **Persian Gulf**, off the northern coastline of the **United Arab Emirates (UAE)**. Satellite imagery from the European Union's **Copernicus Sentinel-2** programme showed the oil slick spreading towards coastal areas.
- Maritime sources identified the damaged commercial tanker **Gem No. 2** as the suspected source. The vessel was reportedly struck by an unidentified projectile on 9–10 October near the Strait of Hormuz, causing a fire. However, UAE authorities have not officially confirmed the cause of the incident.
- The slick spread towards **Umm Al Quwain**, with parts of the coastal areas of **Ras Al Khaimah, Ajman and Sharjah** also affected. Authorities temporarily closed several beaches as a precaution and initiated containment and clean-up operations.
- On **30 October 2026**, UAE authorities reported that the leak had been stopped at its source and no fresh leakage had been detected. Pollution concentration had declined, although satellite monitoring, coastal surveys and remediation operations continued.
- The incident has raised concerns about marine biodiversity, fisheries, coastal livelihoods and the safety of seawater intake systems used by desalination plants.

Understanding the UAE Oil Spill:

Nature and Causes:

- The incident is a **transboundary marine pollution risk** involving the release of oil from a damaged commercial tanker into the Persian Gulf.
- Oil spills may result from tanker accidents, vessel collisions, attacks on ships, offshore drilling failures, pipeline ruptures and operational discharges.
- The suspected damage to Gem No. 2 highlights the growing intersection between **maritime security and environmental security**, particularly in geopolitically sensitive shipping corridors.

Monitoring and Emergency Response:

- **Copernicus Sentinel-2** satellite imagery helps identify the location, spatial spread and movement of surface oil slicks. However, satellite images alone cannot establish the exact thickness, chemical composition or toxicity of spilled oil.
- UAE authorities coordinated the response through the Ministry of Energy and Infrastructure, Ministry of Climate Change and Environment, National Emergency Crisis and Disaster Management Authority, and relevant local agencies.
- Response measures included maritime and aerial surveillance, mechanical oil recovery, chemical dispersants under approved guidelines, coastal surveys and temporary beach closures.
- Authorities reported that drinking-water supplies remained unaffected and fish and food products available in local markets were safe for consumption as of 30 October 2026.

Ecological Impacts of Marine Oil Spills:

Damage to Marine Habitats:

- Oil floating on the sea surface reduces light penetration and may interfere with photosynthesis in **coral reefs, seagrass beds and other marine habitats**.
- Heavy oil can settle on coastal sediments and smother benthic organisms, affecting their feeding, respiration and reproduction.
- Coral reefs and seagrass ecosystems provide breeding, feeding and nursery grounds for marine species, making their contamination particularly damaging.

Toxicity and Food-Chain Contamination:

- Oil contains toxic compounds, including **polycyclic aromatic hydrocarbons (PAHs)**, which can affect the growth, reproduction and survival of marine organisms.
- Some persistent hydrocarbons accumulate in organisms and may be transferred through food webs, creating risks for fish, shellfish, marine predators and human consumers.
- Exposure can cause developmental abnormalities, tissue damage, reduced reproductive success and increased mortality, depending on the type and concentration of contaminants.

Impacts on Marine Fauna:

- Oil coats the feathers of seabirds and the fur of marine mammals, reducing waterproofing and insulation and increasing the risk of hypothermia and drowning.
- Marine organisms may ingest contaminated water or food, while oil exposure can damage gills, impair movement and affect reproductive systems.

- Sea turtles, dolphins, seabirds and commercially important fish species are among the vulnerable marine fauna in the Gulf region.

Damage to Mangroves and Coastal Ecosystems:

- Heavy crude can coat the aerial roots or **pneumatophores** of mangroves, obstructing gas exchange and affecting plant survival.
- Mangroves function as natural coastal barriers and important nursery habitats for fish, shrimp and crabs.
- Oil contamination of mangrove sediments may persist for long periods because low-oxygen conditions slow the natural degradation of hydrocarbons.

Risks to Desalination and Coastal Infrastructure:

Threat to Drinking-Water Security:

- The UAE depends heavily on **seawater desalination** for potable water, making coastal pollution a strategic concern.
- Oil entering seawater intake systems can interfere with treatment processes, contaminate equipment and damage sensitive filtration membranes.
- Even without permanent damage, desalination plants may need temporary operational restrictions if contaminated seawater reaches intake points.
- The oil slick was reported near the Naqa'a desalination plant, raising concerns about intake-water safety. However, no plant closure or disruption of drinking-water supply was officially reported in the available updates.
- Preventive measures include continuous monitoring of seawater quality, protective barriers around intake points, water testing and alternative supply arrangements.

Economic and Social Consequences:

- Oil contamination can disrupt fishing, aquaculture, tourism, coastal recreation and port operations.
- Temporary beach closures and fishing restrictions may affect local livelihoods and increase the cost of environmental restoration.
- Damage to marine habitats can have long-term economic consequences because fisheries and coastal tourism depend on healthy ecosystems.

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Oil Spill Containment and Remediation:

Mechanical Recovery:

- **Containment booms** are floating barriers deployed around a spill to limit the movement of surface oil and protect sensitive coastal areas.
- **Skimmers** collect oil from the water surface, while recovery vessels and storage tanks facilitate its removal and disposal.
- Mechanical recovery is generally preferred where conditions allow because it physically removes oil from the marine environment.

Chemical Dispersants:

- **Chemical dispersants** contain surface-active substances that break oil slicks into smaller droplets and transfer them into the water column.

- They can accelerate natural dispersion and microbial degradation under suitable conditions, but they do not eliminate oil or make it immediately harmless.
- Their use requires assessment of oil characteristics, water depth, weather conditions and ecological sensitivity because dispersed oil can expose underwater organisms to hydrocarbons.

Bioremediation:

- **Bioremediation** uses microorganisms capable of degrading petroleum hydrocarbons into simpler substances.
- Oil-degrading bacteria such as *Alcanivorax borkumensis* can contribute to the natural breakdown of hydrocarbons.
- The process may be supported by carefully controlled nutrient availability, particularly nitrogen and phosphorus, but its effectiveness depends on temperature, oxygen, nutrient levels and oil composition.

Sorbents and In-situ Burning:

- **Sorbent materials**, including polypropylene and suitable natural fibres, absorb or adsorb oil and are useful for recovering smaller slicks and shoreline contamination.
- **In-situ burning** involves controlled combustion of floating oil within suitable containment barriers. It may rapidly remove surface oil but produces smoke and combustion residues.
- Burning is appropriate only under carefully controlled conditions, considering weather, oil thickness, fire safety and air-pollution impacts.

Strait of Hormuz: Strategic Importance:

Geographical Significance:

- The **Strait of Hormuz** connects the Persian Gulf with the Gulf of Oman and the Arabian Sea, separating Iran from the Arabian Peninsula.
- At its narrowest point, it is approximately **39 km (21 nautical miles)** wide. Its designated shipping lanes consist of two channels, each approximately 2 nautical miles wide, separated by a 2-nautical-mile buffer zone.
- Its narrow geography makes maritime traffic vulnerable to naval blockades, sea mines, anti-ship missiles, drone attacks and other security threats.

Global Energy Trade:

- According to the International Energy Agency, approximately **20 million barrels per day** of oil and petroleum products passed through the Strait of Hormuz in 2025, accounting for around **25% of global seaborne oil trade**.
- Nearly **80% of oil shipments** passing through the Strait are destined for Asian markets, including China, India, Japan and South Korea.
- The Strait is also critical for liquefied natural gas trade. Approximately 93% of Qatar's and 96% of the UAE's LNG exports transit through this route.
- Any prolonged disruption can increase global energy prices, freight costs, insurance premiums and supply-chain uncertainty.

Alternative Export Routes:

- **Saudi Arabia:** The East-West Pipeline, also known as Petroline, transports crude oil towards the Red Sea port of Yanbu, providing an alternative to the Strait of Hormuz.

- **United Arab Emirates:** The Abu Dhabi Crude Oil Pipeline transports crude from Habshan to Fujairah on the Gulf of Oman, bypassing the Strait.
- These pipelines provide partial alternatives, but their available capacity is insufficient to replace the entire oil flow through the Strait. The International Energy Agency estimates that approximately **3.5–5.5 million barrels per day** of pipeline capacity can potentially redirect crude oil outside the Gulf.

International Cooperation and Way Forward:

- **Strengthen maritime surveillance:** Satellite monitoring, vessel tracking systems and aerial surveys should be integrated for early detection of oil spills and rapid assessment of their movement.
- **Improve emergency preparedness:** Coastal States should develop joint response protocols, maintain specialised equipment and conduct regular oil-spill response exercises.
- **Protect sensitive ecosystems:** Mangroves, coral reefs, seagrass beds, marine protected areas and desalination intake zones should receive priority during containment operations.
- **Ensure scientific remediation:** Selection of mechanical recovery, dispersants, bioremediation and other methods should depend on scientific assessment of the oil, marine conditions and ecological risks.
- **Strengthen international cooperation:** Regional coordination under relevant maritime and environmental frameworks, including the International Maritime Organization and the Kuwait Regional Convention for Cooperation on the Protection of the Marine Environment from Pollution, can improve preparedness and response.
- **Apply the Polluter Pays Principle:** Those responsible for marine pollution should bear the costs of containment, environmental restoration and compensation in accordance with applicable national and international law.

Conclusion:

- The UAE oil spill demonstrates how maritime security incidents can create serious environmental and economic risks in strategically important waterways.
- Effective management requires rapid containment, scientific monitoring, protection of coastal infrastructure and cooperation among neighbouring States.
- The incident also highlights the need to integrate **environmental security, energy security and maritime security** into regional and international policy planning.

Value Addition for UPSC:

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- **GS Paper III:** Marine pollution, environmental degradation, biodiversity conservation, energy security, disaster management and critical infrastructure.
- **GS Paper II:** International relations, regional cooperation, maritime governance and international environmental conventions.
- **Important Geography:** Persian Gulf, Strait of Hormuz, Gulf of Oman, Arabian Sea and Red Sea.
- **Important Institutions:** European Space Agency and European Union's Copernicus Programme – satellite-based Earth observation; International Maritime Organization – maritime safety and pollution prevention; International Energy Agency – global energy security analysis.
- **Important Principles:** Polluter Pays Principle, Precautionary Principle, ecosystem-based management and international cooperation.
- **Analytical Perspective:** Oil spills in strategic maritime corridors are not merely environmental disasters; they can threaten drinking-water security, coastal livelihoods, biodiversity, global energy supplies and regional stability.

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QUESTIONS

1. Arrange the following legislative items in the Seventh Schedule of the Constitution of India in sequence according to their respective Lists—starting from State List, moving to Union List, and ending with Concurrent List:

(1) Posts and telegraphs, telephones, wireless, and broadcasting

(2) Public order and Police

(3) Criminal law and Criminal procedure

Select the correct sequence using the code given below:

(A) 2 — 1 — 3

(B) 1 — 2 — 3

(C) 3 — 2 — 1

(D) 2 — 3 — 1

2. Given below are two statements, one labeled as Assertion (A) and the other as Reason (R):

Assertion (A): The establishment of a regulated Mineral Exchange in India is expected to enhance access to formal institutional credit for mineral-based MSMEs.

Reason (R): Exchange-facilitated standardized mineral quality certification and warehouse-based trading enable the issuance of reliable, negotiable warehouse receipts.

Select the correct answer using the code given below:

(A) Both A and R are true, and R is the correct explanation of A.

(B) Both A and R are true, but R is NOT the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

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3. Consider the following statements regarding the institutional scope of the National Monetisation Pipeline (NMP):

Statement 1: The National Monetisation Pipeline involves the leasing or granting of private-sector operational rights to mature brownfield public infrastructure assets.

Statement 2: Asset monetisation under the NMP invariably requires the permanent transfer of ownership of the underlying public enterprise to private consortiums.

Which one of the following is correct in respect of the above statements?

(A) Both Statement 1 and Statement 2 are correct, and Statement 2 is the correct explanation for Statement 1.

(B) Both Statement 1 and Statement 2 are correct, but Statement 2 is NOT the correct explanation for Statement 1.

(C) Statement 1 is correct, but Statement 2 is incorrect.

(D) Statement 1 is incorrect, but Statement 2 is correct.

4. Consider the following statements comparing judicial appointment frameworks across democratic jurisdictions:

(1) Unlike the United States, where federal judge appointments require formal legislative confirmation by the Senate, India's Collegium recommendations bypass any legislative confirmation process.

(2) While the United Kingdom utilizes an independent Judicial Appointments Commission involving lay non-legal members, India's higher judicial recommendation system is dominated exclusively by the judicial branch.

(3) Unlike South Africa's Judicial Service Commission, which integrates legislative, executive, legal, and academic representatives, India's constitutional text explicitly mandates an executive appointment process.

Which of the statements given above are correct?

(A) 2 and 3 only

(B) 1 and 2 only

(C) 1 and 3 only

(D) 1, 2 and 3

5. Consider the following statements regarding the technical capabilities of satellite-based Earth observation programs (such as the EU Copernicus Sentinel-2) in monitoring marine oil spills:

Statement 1: Multi-spectral satellite imagery can identify the geographic coordinates, spatial extent, and surface movement of oil slicks across vast ocean expanses.

Statement 2: Optical and multi-spectral satellite sensors can precisely determine the exact chemical composition, toxicity level, and subsurface thickness of spilled crude oil.

Which one of the following is correct in respect of the above statements?

(A) Both Statement 1 and Statement 2 are correct, and Statement 2 is the correct explanation for Statement 1.

(B) Both Statement 1 and Statement 2 are correct, but Statement 2 is NOT the correct explanation for Statement 1.

(C) Statement 1 is incorrect, but Statement 2 is correct.

(D) Statement 1 is correct, but Statement 2 is incorrect.

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ANSWER KEY

1 – Answer (A), 2 – Answer (A), 3 – Answer (C), 4 – Answer (B), 5 – Answer (D)

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