



# OAS HUB



**IDEAL FOR**  
UPSC, OPSC and Other  
Competitive Examinations

English

# DAILY CHRONICLE CURRENT AFFAIRS

## NEWS CREDIT

PIB/ PTI/ News On Air/ The Hindu/ IANS/ Business Standard/ Times Of India/ Deccan Herald/ Hindustan Times/ BBC News/ Aljazeera/ Mirror.Uk/ Times Now/ Economic Times/ Financial Express/ Indian Express...

## NEWS COVERED

Business News, financial news, economy news, company news, politics news, India news, breaking news, Indian economy, International News, Sports News, and many more topics...



**Wednesday, August 19, 2026**



|                         |
|-------------------------|
| <b>TABLE OF CONTENT</b> |
|-------------------------|

- **Royal Indian Navy Mutiny of 1946: The Naval Revolt That Exposed the Erosion of British Authority in India:** *Indian National Movement / Naval Revolt / Colonialism / Decline of British Rule / Freedom Struggle (GS-I)*
- **Indian Bond Market Resilience Amid Global Volatility: Why India's Benchmark Bond Yields Remain Relatively Stable:** *Bond Market / Government Securities / Monetary Policy / Capital Flows / Financial Stability (GS-III)*
- **National Cooperative Development Corporation Amendment Bill 2026: Expanding Cooperative Finance While Raising Federalism and Governance Questions:** *Cooperative Sector / Cooperative Finance / Federalism / Governance / Legislative Reforms (GS-II)*
- **India's UNSC 2028–29 Campaign: Strengthening Global South Representation and Advancing Reform of Multilateral Governance:** *United Nations / UNSC Reform / Global South / Multilateralism / India's Foreign Policy (GS-II)*
- **Meghalaya's Rat-Hole Coal Mining Crisis: Environmental Governance, Mine Closure and the Challenge of Sustainable Regulation:** *Rat-Hole Mining / Environmental Governance / Mine Closure / Sustainable Development / Regulation (GS-III)*



## IMPORTANT INSIGHTS

### Royal Indian Navy Mutiny of 1946: The Naval Revolt That Exposed the Erosion of British Authority in India

#### Recent Developments:

- The **80th Independence Day in 2026** has renewed historical attention to the **Royal Indian Navy (RIN) Mutiny of February 1946**, one of the final major anti-colonial uprisings before India became independent.
- The mutiny is particularly relevant to the study of the **end of British colonial rule**, because it demonstrated that discontent had entered an important section of the armed forces, which had traditionally been a principal instrument of imperial control.
- The Government of India's **Azadi Ka Amrit Mahotsav** historical repository describes the naval uprising as one of the final major challenges to British authority and records its spread across **78 ships and 22 naval units**.
- The episode remains significant for UPSC because it connects **post-war economic distress, racial discrimination, INA trials, military discontent, working-class mobilisation, communal unity and the weakening of colonial coercive power**.
- The **RIN Mutiny should not be presented as the sole cause of Indian independence**; rather, it was one of several developments that weakened the sustainability of British rule after the Second World War.

#### What Was the Royal Indian Navy Mutiny?

- The **Royal Indian Navy Mutiny**, also known as the **RIN Revolt** or **Naval Mutiny of 1946**, began on **18 February 1946** at **HMIS Talwar**, the naval signal-training establishment in Bombay.
- The immediate participants were **Indian naval ratings**, a term used for enlisted personnel in the colonial Indian Navy.
- What began as a protest over **food, working conditions and discriminatory treatment** rapidly developed into a broader anti-colonial movement involving naval personnel, civilians, workers and students.
- The revolt spread from Bombay to important naval centres including **Karachi, Calcutta, Madras and other coastal establishments**, making it one of the largest military disturbances against British rule after the **Revolt of 1857**.
- Government historical material records that the revolt eventually involved **78 ships and 22 naval units**, while contemporary historical accounts commonly place the number of participating sailors at **over 20,000**.
- The uprising ended after the striking sailors agreed to surrender following intervention by **Sardar Vallabhbhai Patel**, with the final surrender taking place on **23 February 1946** according to the Government of India's historical account.

#### Historical Background:

##### *Expansion of the Royal Indian Navy during World War II:*

- The **Royal Indian Navy expanded rapidly during the Second World War**, increasing from a relatively small pre-war force into a much larger wartime organisation.
- The rapid expansion brought large numbers of Indians into military service, but post-war demobilisation created **uncertainty over employment, status and future prospects**.
- Indian personnel increasingly compared their wartime contribution with the privileges and treatment received by European personnel, intensifying dissatisfaction within the force.

### ***Racial Discrimination and Service Grievances:***

- Indian ratings faced **inferior food, overcrowded facilities, discriminatory treatment and racial abuse**, while British personnel enjoyed comparatively better facilities and privileges.
- The problem was not restricted to material conditions because the colonial military hierarchy also reflected a broader **racialised structure of authority**.
- The Government of India's historical repository records complaints concerning **poor-quality food, inadequate facilities, unequal treatment and humiliating service conditions**.
- These grievances created the organisational environment in which a relatively local service dispute could rapidly acquire a **political and nationalist character**.

### ***Earlier Signs of Unrest:***

- The RIN had experienced **smaller-scale protests and agitations during the wartime period**, indicating that dissatisfaction among Indian ratings predated the February 1946 uprising.
- The experience of wartime mobilisation also increased political awareness among Indian personnel and exposed them to wider nationalist currents.
- The mutiny therefore emerged from an existing combination of **military dissatisfaction, racial discrimination and growing anti-colonial consciousness**.

### ***Impact of the INA Trials:***

- The **Indian National Army (INA) trials at the Red Fort** generated widespread public sympathy for the accused soldiers and strengthened nationalist sentiment during 1945–46.
- The trials also affected members of the armed forces because the INA controversy raised questions about **loyalty to the colonial state versus loyalty to India**.
- The Government of India's historical material specifically identifies the **INA movement and its trials** as an important background factor behind the naval revolt.

### **Immediate Causes and Trigger:**

#### ***Conditions at HMIS Talwar:***

- **HMIS Talwar** was an important naval signal-training establishment in Bombay and became the principal centre from which the revolt spread.
- Indian ratings had already been protesting against **poor food and discriminatory service conditions** before the full-scale strike began.
- **B.C. Dutt**, among the important early activists, had displayed nationalist slogans and circulated anti-colonial material, contributing to the growing atmosphere of resistance.

#### ***Role of Commander F.W. King:***

- The conduct of **Commander F.W. King**, the commanding officer at HMIS Talwar, became an important immediate source of resentment.
- His alleged racial abuse of Indian ratings intensified existing grievances and transformed dissatisfaction into open defiance.
- On **18 February 1946**, the ratings launched a strike over food and service conditions, which rapidly developed into a wider revolt.



### ***Why the Revolt Spread Rapidly:***

- HMIS Talwar was associated with **naval communications and signalling**, allowing information and strike appeals to spread rapidly between naval establishments.
- Radio communication enabled the Bombay revolt to influence sailors at other naval stations and on ships operating elsewhere.
- The movement therefore moved quickly from a **localised service protest to a geographically dispersed naval uprising**.

### **Major Demands of the Mutineers:**

- The demands combined **service-related grievances with nationalist and anti-imperialist demands**.
- The sailors demanded improvements in **food, pay, living conditions and service treatment**, along with an end to racial discrimination.
- They demanded action against officials responsible for alleged **racial abuse and mistreatment**.
- They sought fair arrangements for **demobilisation and post-service employment**, reflecting the insecurity created by post-war military contraction.
- They demanded the release of **INA prisoners and other political detainees**, thereby linking the naval strike with the wider nationalist movement.
- They also demanded the **withdrawal of Indian troops from Indonesia**, where Indian troops had been deployed in the post-war period.
- The slogan **"Quit India"** increasingly transformed the movement from a service dispute into an explicit challenge to British colonial rule.

### **Organisation and Leadership:**

#### ***Naval Central Strike Committee:***

- As the revolt expanded, the sailors established a **Central Strike Committee** to coordinate the movement.
- **M.S. Khan** and **Madan Singh** emerged as prominent leaders of the sailors' organisation.
- The committee represented an attempt to give an increasingly spontaneous revolt an organised political and operational structure.

#### ***Symbolism of the Indian National Navy:***

- The mutineers symbolically challenged the colonial identity of the force by referring to it as the **Indian National Navy**.
- The change represented an attempt to replace the legitimacy of the **British Crown** with the idea of an independent Indian nation.
- The symbolism demonstrated that the revolt had moved beyond demands concerning **food and service conditions**.

#### ***Flags and Nationalist Unity:***

- The sailors displayed the flags of the **Indian National Congress, Muslim League and Communist Party**, symbolising a temporary convergence of different political currents against colonial authority.
- This episode is particularly important because it demonstrated **cross-communal participation** at a time when political tensions between Congress and the Muslim League were becoming increasingly intense.
- The combination of political symbols also reflected the diverse ideological influences operating among the sailors.

## Spread of the Mutiny:

### *Bombay:*

- Bombay became the principal centre of the revolt, with naval ratings taking control of several ships and establishments.
- The movement quickly received support from sections of the **working class, students and urban population**.
- The Government of India's historical repository records that thousands of civilians participated in demonstrations and that people supplied food to the striking sailors.

### *Karachi:*

- The revolt spread to **Karachi**, where sailors also challenged British naval authority.
- Karachi was strategically important because it was one of the principal naval centres of British India.
- The spread to Karachi demonstrated that the uprising was not merely a Bombay-based disturbance.

### *Other Naval Centres:*

- The revolt also reached naval establishments in **Calcutta, Madras and other parts of the Indian coastline**.
- Radio communication played an important role in connecting the different centres of unrest.
- The geographical spread increased British fears that the disturbance could develop into a wider **military breakdown of discipline**.

## Civilian and Working-Class Support:

- The naval revolt received substantial support from sections of **Bombay's workers and students**, converting a military disturbance into a broader urban mobilisation.
- Workers, including sections of the **dockyard and industrial workforce**, participated in strikes and demonstrations.
- Civilians supplied food and other necessities to the striking sailors, demonstrating that the revolt had acquired significant popular sympathy.
- The participation of workers and students is important because it created the possibility of coordination between **military personnel and civilian political movements**.
- This combination increased British concerns about the reliability of the colonial administrative and coercive apparatus.

## Response of Nationalist Leadership:

### *Indian National Congress:*

- The **Congress leadership did not endorse the continuation of the mutiny**, despite recognising the nationalist sentiments among the sailors.
- **Sardar Vallabhbhai Patel** played the decisive role in persuading the ratings to surrender.
- Patel's approach reflected concerns that uncontrolled military rebellion could lead to **large-scale violence, administrative breakdown and complications for negotiations with the British**.
- The Government of India's historical account confirms Patel's role in securing the surrender of the sailors.



### *Mahatma Gandhi:*

- **Mahatma Gandhi criticised the mutiny** because he regarded an unorganised military uprising as an inappropriate method for achieving political freedom.
- His position reflected the Congress preference for a politically controlled transition rather than an armed or military-led confrontation.

### *Muslim League:*

- **Muhammad Ali Jinnah** also did not support continuation of the armed revolt.
- The response of both Congress and the Muslim League contributed to the political isolation of the mutineers.

### *Communist Party of India:*

- The **Communist Party of India** was more supportive of the naval uprising and encouraged wider popular mobilisation.
- Communist involvement helped connect the naval revolt with the **working-class strike movement** in Bombay.

### British Response and Suppression:

- The British authorities treated the mutiny as a serious threat to **military discipline and imperial security**.
- British naval forces prepared for military action, while authorities attempted to isolate the sailors from civilian supporters.
- The revolt was eventually suppressed through a combination of **military pressure, political negotiation and the intervention of Indian political leaders**.
- Demonstrations supporting the sailors were met with **police and military firing**, resulting in substantial civilian casualties. Government historical material records that hundreds of people were killed and thousands injured during the suppression.
- The British authorities ultimately secured the surrender of the sailors on **23 February 1946**, following negotiations led by Patel.
- Many participants subsequently faced **dismissal, disciplinary action or prosecution**, meaning that surrender did not translate into complete acceptance of their demands.

### Why Did the Mutiny Fail?

#### *Absence of Sustained Political Support:*

- The most important limitation was the absence of sustained support from the principal nationalist political organisations.
- **Congress and the Muslim League** preferred a controlled political transition and did not want the revolt to escalate into a wider armed confrontation.

#### *Military Superiority of the British:*

- The British retained control over substantial military resources and could deploy loyal forces against the mutineers.
- The sailors therefore lacked the military capacity to sustain a prolonged confrontation with the colonial state.

***Lack of Centralised National Leadership:***

- Unlike the **Indian National Army under Subhas Chandra Bose**, the naval revolt lacked a single national political or military leader capable of transforming it into a coordinated nationwide campaign.
- Its organisation developed rapidly during the uprising and therefore remained relatively improvised.

***Limited Strategic Objectives:***

- The movement combined **service grievances, nationalist objectives and anti-imperialist demands**, but it did not develop a comprehensive strategy for replacing colonial authority.
- This limited its ability to move from an uprising within the armed forces to a sustained challenge to the colonial state.

**Historical Significance:*****Challenge to the Loyalty of the Armed Forces:***

- The greatest significance of the RIN Mutiny was that it challenged the assumption that the British could indefinitely depend upon **Indian personnel within the armed forces to maintain colonial rule**.
- The revolt occurred within the military institution that the British relied upon for maintaining order, making it strategically more alarming than an ordinary civilian protest.
- The possibility of simultaneous unrest among the **Navy, Air Force, Army and civilian population** raised serious questions about the long-term viability of British rule.

***Link with the INA Movement:***

- The mutiny demonstrated that the psychological impact of the **INA trials and the nationalist controversy surrounding Subhas Chandra Bose** had extended beyond civilian politics.
- The connection between the INA issue and military unrest weakened the colonial government's ability to portray the armed forces as uniformly loyal to British authority.

***Demonstration of Popular-Military Convergence:***

- The participation of **workers, students and civilians** transformed the mutiny into a broader anti-colonial mobilisation.
- The episode therefore illustrates the convergence of **economic grievances, nationalist consciousness and military discontent** during the final phase of British rule.

***Impact on British Calculations:***

- The RIN Mutiny occurred at a time when Britain was already facing the economic and strategic consequences of the **Second World War**.
- Britain had to consider the costs of maintaining a large colonial military establishment while simultaneously managing growing political demands for independence.
- The mutiny consequently reinforced the perception that maintaining India through **coercive military power was becoming increasingly difficult**.



### RIN Mutiny and the End of British Rule:

- The mutiny should be understood as one component of a larger chain of developments that weakened British authority after 1945.
- These developments included the **INA trials, post-war economic difficulties, labour unrest, political mobilisation, military discontent and the growing demand for transfer of power.**
- The British government announced the dispatch of the **Cabinet Mission to India in 1946**, marking a major phase in negotiations over India's constitutional future.
- The RIN Mutiny therefore formed part of the wider context in which Britain increasingly sought a **political settlement and transfer of power** rather than indefinite colonial coercion.
- It is historically inaccurate to state that the mutiny alone forced Britain to grant independence; its significance lies in demonstrating the **erosion of the coercive foundations of imperial rule.**

### The Attlee–Chakravartti Account: A Caution for UPSC:

- A frequently cited post-independence account states that former British Prime Minister **Clement Attlee** later attributed Britain's decision to leave India substantially to the impact of the **INA activities and the RIN Mutiny**, rather than to the Quit India Movement alone.
- This account is associated with **Justice P.B. Chakravartti**, who later recalled a conversation with Attlee.
- However, this testimony is a **retrospective recollection and should not be treated as an uncontested primary-source explanation** of British withdrawal.
- For UPSC answers, the safer formulation is that the RIN Mutiny and INA phenomenon **contributed to British doubts about the reliability of Indian armed forces**, while Britain's withdrawal resulted from a combination of political, economic, strategic and military factors.

### RIN Mutiny and the Quit India Movement: A Comparative Perspective:

#### Quit India Movement, 1942:

- The **Quit India Movement** represented a mass political struggle initiated by the Indian National Congress during the Second World War.
- Its central demand was the immediate end of British rule, and it involved widespread **civil disobedience, underground resistance and popular mobilisation.**
- The movement was severely suppressed by the colonial government.

#### RIN Mutiny, 1946:

- The **RIN Mutiny** began as a military protest over service conditions but quickly acquired a pronounced **anti-colonial character.**
- It directly affected an important component of the colonial armed forces and received significant support from sections of the urban population.
- Its importance therefore lies particularly in the **erosion of military loyalty and colonial coercive capacity.**

#### UPSC Analytical Link:

- **Quit India weakened the political legitimacy of British rule, while the RIN Mutiny exposed vulnerabilities in the coercive machinery that sustained that rule.**
- The **INA trials** further connected nationalism with the question of loyalty within the armed forces.
- Together, these developments help explain why the post-1945 British strategy increasingly shifted towards **negotiated transfer of power.**

## Key Personalities:

### *M.S. Khan:*

- **M.S. Khan** emerged as an important leader of the Naval Central Strike Committee and represented the organised leadership of the striking sailors.

### *Madan Singh:*

- **Madan Singh** served alongside M.S. Khan in leading the sailors and represented the role of Indian ratings in coordinating the wider revolt.

### *B.C. Dutt:*

- **B.C. Dutt** was an important early activist whose nationalist activities at HMIS Talwar contributed to the atmosphere preceding the February uprising.

### *Sardar Vallabhbhai Patel:*

- **Sardar Patel** played a crucial role in persuading the sailors to surrender, thereby preventing the revolt from escalating further.

### *Muhammad Ali Jinnah:*

- **Muhammad Ali Jinnah** opposed continuation of the armed revolt and urged restraint among Muslim sailors.

### *Subhas Chandra Bose:*

- Although **Subhas Chandra Bose** was not a leader of the RIN Mutiny, the political impact of the **INA and its trials** contributed to the nationalist environment in which the revolt occurred.

## Important Facts for Prelims:

- **Event:** Royal Indian Navy Mutiny, 1946.
- **Beginning:** 18 February 1946.
- **Initial Centre:** HMIS Talwar, Bombay.
- **Participants:** Indian naval ratings.
- **Major Leadership:** M.S. Khan and Madan Singh.
- **Important Early Activist:** B.C. Dutt.
- **Major Grievances:** Poor food, discriminatory treatment, racial abuse, service conditions, pay and demobilisation concerns.
- **Major Political Issues:** INA prisoners, Quit India sentiment and withdrawal of Indian troops from Indonesia.
- **Major Naval Spread:** Bombay, Karachi, Calcutta, Madras and other naval establishments.
- **Scale:** Government historical material records 78 ships and 22 naval units.
- **Civilian Support:** Significant participation by workers, students and residents of Bombay.
- **Congress Intervention:** Sardar Vallabhbhai Patel persuaded the sailors to surrender.
- **End of Mutiny:** 23 February 1946 according to the Government of India's historical repository.
- **Historical Importance:** Demonstrated the weakening of British military authority and confidence in the loyalty of Indian armed personnel.



## Common Factual Traps for UPSC:

- The RIN Mutiny **did not begin as a purely political revolt**; it began primarily as a protest over service conditions and subsequently acquired a wider nationalist character.
- The revolt **was not led by Subhas Chandra Bose**, although the INA movement and its trials influenced the political atmosphere surrounding it.
- **Congress and the Muslim League did not support the continuation of the mutiny**, although sections of the wider political spectrum and the Communist Party supported the sailors.
- The revolt **was not successful in securing the immediate demands of the sailors** and ended through surrender.
- The mutiny **was not the sole reason for British withdrawal from India**; it was one factor within a much broader post-war crisis of British imperial power.
- **Clement Attlee did not become Prime Minister because of the RIN Mutiny**; he had already become British Prime Minister in 1945.
- Any claim that **Winston Churchill resigned because of the naval uprising is incorrect**. Churchill was Leader of the Opposition from 1945, while Attlee was Prime Minister during the 1946 negotiations.
- The frequently cited **Attlee–Chakravarti account should be treated as retrospective evidence rather than definitive proof of a single cause of British withdrawal**.

## UPSC Mains Perspective:

*Why did the RIN Mutiny become a major challenge to British rule despite its short duration?*

- The revolt originated within the **armed forces**, which constituted the principal coercive foundation of British colonial rule.
- It spread rapidly through **naval communication networks** and reached multiple strategic ports.
- It combined **economic and service grievances with nationalist demands**, thereby broadening its appeal.
- It received support from **workers, students and civilians**, creating a military-civilian convergence.
- Its occurrence immediately after the **INA trials** strengthened the perception that nationalist sentiment was penetrating sections of the armed forces.
- It therefore raised the possibility that Britain might face difficulty in maintaining India through **military coercion**, particularly in the context of post-war economic and strategic constraints.

## Conclusion:

Best Institute for OAS/IAS

- The **Royal Indian Navy Mutiny of 1946** represented one of the final major challenges to British authority before independence.
- Its immediate failure should not obscure its wider significance because the revolt demonstrated that **anti-colonial consciousness had entered an important section of the armed forces**.
- The combination of **INA-related nationalist sentiment, military dissatisfaction, labour mobilisation and weakening imperial capacity** created an increasingly difficult environment for continued British rule.
- The mutiny therefore occupies an important place in understanding the **final phase of India's freedom struggle**, particularly the transition from mass anti-colonial mobilisation to the negotiated transfer of power in 1947.

## Value Addition for UPSC:

### *One-Line Thesis:*

- “The RIN Mutiny did not independently secure Indian independence, but it exposed the declining reliability of the coercive foundations on which British rule ultimately depended.”

### *Cause–Event–Impact Framework:*

- **Causes:** Racial discrimination, poor service conditions, post-war demobilisation, INA trials and growing nationalist consciousness.
- **Event:** Strike at HMIS Talwar on 18 February 1946, followed by rapid naval expansion of the revolt.
- **Mobilisation:** Sailors, workers, students and sections of the civilian population participated.
- **Political Response:** Congress and the Muslim League opposed continuation of the revolt, while the Communist Party supported it.
- **Resolution:** Surrender on 23 February 1946 following Patel's intervention.
- **Impact:** Greater British concern about the loyalty and reliability of Indian armed forces.
- **Long-Term Significance:** Strengthened the broader post-war pressures that contributed to the British decision to transfer power.

### *Keywords for Mains Answers:*

- Colonial coercive apparatus
- Military loyalty
- Racial discrimination
- Post-war demobilisation
- INA trials
- Anti-imperialist consciousness
- Military-civilian convergence
- Crisis of colonial legitimacy
- Negotiated transfer of power
- Erosion of imperial authority

### *Relevant GS Paper I Themes:* Best Institute for OAS/IAS

- **Modern Indian History:** Final phase of the freedom struggle.
- **Freedom Movement:** Transition from mass nationalism to the end of colonial rule.
- **British Colonialism:** Crisis of imperial authority after World War II.
- **Nationalism:** Interaction between military personnel and civilian nationalist politics.
- **Post-war India:** INA trials, labour unrest, military discontent and constitutional negotiations.

\*\*\*\*\*



## **Indian Bond Market Resilience Amid Global Volatility: Why India's Benchmark Bond Yields Remain Relatively Stable**

### **Recent Developments:**

- The **Indian bond market** has remained comparatively resilient amid heightened global volatility, with the **10-year benchmark government bond yield** reportedly increasing by only **8 basis points** over the six months ending **14 August 2026**, substantially less than the increase recorded across several major economies.
- Over the same period, benchmark yields increased by **60 basis points in the United States**, **66 basis points in Japan**, **56 basis points in the United Kingdom**, **72 basis points in South Korea**, **78 basis points in Indonesia** and **61 basis points in the Philippines**, highlighting India's relative stability.
- The resilience has occurred despite external pressures arising from **geopolitical tensions**, **energy-price risks**, **global monetary-policy uncertainty** and **monsoon-related concerns**.
- Stronger-than-expected foreign-currency inflows have recently supported India's external position. The **Reserve Bank of India** reported that the special **FCNR(B) deposit swap facility** attracted **\$52.3 billion** by 13 August 2026, prompting its early closure on **31 August 2026**, instead of the originally planned 30 September 2026.
- The RBI's current policy framework also provides an important backdrop to bond-market stability. Its published market data show the **policy repo rate at 5.25%**, with the **Standing Deposit Facility rate at 5.00%** and the **Marginal Standing Facility rate at 5.50%** in July 2026.
- The **Economic Survey 2025-26** had already highlighted that active cash and liquidity management, together with strategic government-security issuance, helped reduce borrowing-cost volatility; the weighted average borrowing cost of government securities issued during FY26 was reported at **6.65%**, compared with **6.96%** in FY25.

### **Understanding Bonds and Bond Yields:**

#### ***What Is a Government Bond?***

- A **government bond** is a debt instrument through which the government raises funds from investors for a specified period and generally pays periodic interest before returning the principal at maturity.
- In India, **Government Securities**, or **G-Secs**, include dated securities issued by the Central Government and Treasury Bills issued for shorter maturities.
- G-Secs are generally considered to carry **negligible credit risk in the domestic-currency context**, although investors remain exposed to market risk arising from changes in interest rates and bond prices.

#### ***What Is Bond Yield?***

- **Bond yield** represents the return associated with holding a bond and is influenced by its market price, coupon and remaining maturity.
- Bond prices and market yields generally move in an **inverse relationship**; when market interest rates rise, existing bond prices tend to fall, while declining yields generally support higher bond prices.
- Therefore, a rise in the yield of a benchmark government bond generally indicates that investors are demanding a higher return to hold government debt.

#### ***Why Is the 10-Year Yield Important?***

- The **10-year government bond yield** is widely used as a benchmark for pricing and assessing longer-term borrowing conditions in an economy.

- Changes in the benchmark yield can influence the cost of funds for **banks, companies, infrastructure projects and households**, although actual lending rates also depend on credit risk, liquidity and other financial-market conditions.
- A sustained rise in yields can reflect expectations of **higher inflation, tighter monetary policy, greater government borrowing, increased risk premia or stronger global yields**.
- Relatively stable yields can indicate that investors consider the combination of **inflation, fiscal policy, growth and external-sector conditions** manageable.

## **Why Indian Bond Yields Remained Relatively Stable:**

### ***Global Yield Pressures:***

- Major economies experienced substantially larger increases in 10-year benchmark yields during the six-month period ending 14 August 2026.
  - **United States:** +60 basis points.
  - **Japan:** +66 basis points.
  - **United Kingdom:** +56 basis points.
  - **South Korea:** +72 basis points.
  - **Indonesia:** +78 basis points.
  - **Philippines:** +61 basis points.
  - **India:** +8 basis points.
- The relatively small movement in India indicates that domestic factors partly offset the global upward pressure on sovereign yields.

### ***Domestic Inflation–Growth Combination:***

- India's comparatively favourable **inflation-growth mix** has reduced the immediate need for aggressive monetary tightening.
- A relatively benign inflation trajectory provides the **Monetary Policy Committee** with greater flexibility to assess incoming data rather than responding mechanically to global rate increases.
- The Economic Survey has also highlighted the role of declining borrowing costs and active debt-management practices in limiting volatility in government-security yields.
- Lower and more stable inflation expectations can reduce the inflation premium demanded by bond investors, thereby supporting government-bond prices and limiting upward pressure on yields.

## **External and Domestic Forces Shaping the Bond Market:**

### ***External Pressures:***

- **Geopolitical tensions in West Asia** can raise energy prices and thereby create inflationary pressure for energy-importing economies such as India.
- Higher crude-oil prices can simultaneously increase the **import bill, current-account pressure and inflation risks**, creating potential upward pressure on bond yields.
- Concerns surrounding **El Niño and monsoon performance** can also affect food inflation, agricultural output and rural demand.
- Changes in **United States monetary policy** remain important because higher US Treasury yields can increase the relative attractiveness of dollar-denominated assets and exert pressure on emerging-market currencies and bonds.



### ***Domestic Offsetting Factors:***

- India has benefited from relatively contained inflation, resilient economic activity, an improving external-sector position and expectations of continued fiscal consolidation.
- These factors can reduce the risk premium demanded by investors and help contain upward pressure on sovereign yields.
- The combination of **stable growth and manageable inflation** is particularly important because a strong growth environment can improve fiscal revenues while lower inflation reduces the need for aggressive monetary tightening.

### **Monetary Policy: A Relatively Cautious Approach:**

#### ***Role of the Monetary Policy Committee:***

- The **Monetary Policy Committee**, or **MPC**, determines the policy repo rate with the primary objective of maintaining price stability while keeping in mind the objective of growth.
- A relatively stable inflation environment gives the MPC greater scope to maintain an appropriate policy stance rather than immediately following rate increases undertaken by other emerging economies.
- India's approach therefore differs from economies that may raise policy rates to counter stronger inflationary pressures or defend their currencies.
- The RBI's policy-rate framework directly influences short-term money-market conditions, while expectations regarding future policy rates influence longer-term government-bond yields.

#### ***Policy Transmission to Bond Markets:***

- An expected increase in policy rates can raise short-term yields and, through expectations, put upward pressure on longer-term government-bond yields.
- Conversely, expectations of stable or lower policy rates can support demand for longer-duration government securities.
- Consequently, the stability of India's inflation outlook has helped prevent external pressures from translating into a proportionately large rise in domestic bond yields.

### **RBI's Foreign-Exchange and Liquidity Measures:**

#### ***FCNR(B) Deposit Facility:***

- The RBI introduced measures to encourage foreign-currency inflows through **Foreign Currency Non-Resident (Bank)** deposits and related swap arrangements.
- The special facility attracted **\$52.3 billion through FCNR(B) deposits by 13 August 2026**, demonstrating a substantially stronger response than initially anticipated.
- The strong response led the RBI to announce that the special swap facility would close on **31 August 2026**, one month earlier than the initially scheduled date.
- Additional inflows were generated through arrangements linked with **External Commercial Borrowings and overseas foreign-currency borrowings**, strengthening the supply of foreign currency to the financial system.

#### ***Why Foreign-Currency Inflows Matter:***

- Strong foreign-currency inflows can support the **balance of payments and foreign-exchange liquidity**, thereby reducing pressure arising from external financing conditions.

- A more comfortable external position can reduce concerns about excessive currency depreciation, which is relevant for imported inflation and foreign-investor sentiment.
- Improved external liquidity can therefore indirectly support domestic financial stability and government-bond markets.

### **Liquidity Impact on the Banking System:**

#### ***Surplus Liquidity:***

- Foreign-currency inflows and RBI liquidity operations can affect the availability of funds within the domestic banking system.
- According to the supplied market assessment, **surplus liquidity averaged around ₹3.2 lakh crore during 1–13 August 2026**, compared with around **₹1.3 lakh crore during the corresponding period in July**.
- Greater surplus liquidity can place downward pressure on overnight money-market rates when banks have fewer incentives to borrow funds from one another.
- Easier short-term liquidity conditions can support the transmission of monetary policy and reduce immediate funding stress within the financial system.

#### ***Impact on Certificates of Deposit:***

- Stronger deposit mobilisation can strengthen the funding base of banks and reduce their dependence on market-based instruments such as **Certificates of Deposit**.
- Lower reliance on relatively costly wholesale funding can reduce the funding pressure faced by banks.
- A stronger deposit base can also support credit expansion without creating excessive dependence on short-term market borrowing.

### **Foreign Investment in Indian Debt:**

#### ***Positive Policy Developments:***

- India has continued to take measures aimed at deepening the **government and corporate bond markets** and increasing foreign participation.
- Tax and regulatory changes have sought to make Indian government debt more attractive to foreign investors while widening the range of securities accessible to them.
- The RBI has also progressively expanded the securities available for foreign investment, including longer-maturity government securities.
- The Economic Survey recognises the importance of foreign portfolio flows and global financial conditions in shaping Indian debt and equity markets.
- SEBI maintains dedicated frameworks and statistical reporting for **Foreign Portfolio Investors**, including their debt-market investments and utilisation of investment limits.

#### ***Bloomberg Global Aggregate Index Setback:***

- On **31 July 2026**, Bloomberg Index Services deferred the inclusion of Indian government bonds in its **Global Aggregate Index**, despite recent reforms intended to facilitate foreign investment.
- The deferment temporarily weakened expectations of additional index-driven foreign inflows into Indian government securities.
- Bloomberg's decision was presented as requiring more time for recent market improvements to become sufficiently established in practice.
- The episode demonstrates that **market accessibility, taxation, settlement systems, liquidity and regulatory predictability** all influence India's integration into global bond indices.



## Deepening India's Bond Market:

### *Government Securities Market:*

- A deeper government-securities market can improve **price discovery, liquidity and monetary-policy transmission** while providing the government with a broad investor base.
- The RBI notes that India's government-securities market provides liquidity and that retail participation has been facilitated through the **RBI Retail Direct** framework.
- Government securities also provide important reference rates for pricing other debt instruments throughout the financial system.

### *Corporate Bond Market:*

- India needs a deeper **corporate bond market** to reduce excessive dependence of large borrowers on bank credit.
- The **Union Budget 2026-27** proposed a market-making framework for corporate bonds, along with access to funds and derivatives on corporate-bond indices and **Total Return Swaps on corporate bonds**.
- These measures are intended to improve **secondary-market liquidity, price discovery, risk management and institutional participation**.
- SEBI data and official statements indicate that India's corporate bond market has expanded substantially, reaching about **₹58.2 trillion by the end of January 2026**, with the market recording roughly **12% compound annual growth since FY15**.

### *Municipal Bonds:*

- Municipal bonds can provide urban local-bodies with an alternative source of long-term infrastructure finance.
- The **Union Budget 2026-27** proposed a **₹100 crore incentive** for a single municipal-bond issuance exceeding **₹1,000 crore**, aimed at encouraging larger and more credible municipal issuances.
- A stronger municipal-bond ecosystem can improve **urban infrastructure financing, fiscal decentralisation and market-based resource mobilisation**.

## Key Risks to India's Bond Market Outlook:

### *Inflation and Food Prices:*

- A significant rise in food or energy inflation could reduce the scope for monetary accommodation and increase expectations of higher policy rates.
- A persistent inflation shock could therefore reverse the recent stability in long-term government-bond yields.

### *Global Monetary Policy:*

- Higher-for-longer interest rates in advanced economies, particularly the **United States**, can encourage global investors to shift capital towards developed-market assets.
- Such capital movements can increase pressure on emerging-market currencies, external financing conditions and domestic bond yields.

***Fiscal Position:***

- Higher government borrowing requirements can increase the supply of government securities and place upward pressure on yields if demand does not increase proportionately.
- The relationship between **fiscal consolidation and borrowing requirements** therefore remains important for long-term bond-market stability.

***Geopolitical and Commodity Risks:***

- Prolonged geopolitical tensions can increase crude-oil and other commodity prices, creating simultaneous pressure on **inflation, the current account and fiscal management**.
- Such a combination can increase the risk premium demanded by bond investors.

**Significance for the Indian Economy:*****For the Government:***

- Stable government-bond yields can help contain the **cost of public borrowing**, which is particularly important when fiscal resources are required for subsidies, infrastructure and welfare expenditure.
- Lower borrowing costs can reduce the interest burden over time and create greater fiscal space for productive expenditure.

***For Banks:***

- Stable sovereign yields provide a more predictable benchmark for the pricing of loans and investments.
- Stronger deposit growth and improved liquidity can reduce banks' dependence on expensive market-based funding.

***For Businesses:***

- More stable benchmark yields can improve the predictability of financing costs for corporations.
- A deeper corporate-bond market can also diversify corporate financing away from excessive dependence on bank loans.

***For Households:***

- Government-bond yields influence broader financial conditions and can affect the pricing of loans, deposits and fixed-income investment products.
- Greater stability in benchmark rates can therefore improve predictability for households undertaking long-term financial commitments.

***For Financial Stability:***

- A diversified investor base, deeper bond markets, stronger banking-system liquidity and stable inflation can reduce the vulnerability of the financial system to individual external shocks.
- However, excessive foreign dependence in debt markets can also create vulnerability to sudden global capital reversals, making **domestic institutional investors** important for market resilience.



## UPSC Prelims: Key Facts:

- **Government Securities:** Debt instruments issued by governments to finance public expenditure and manage public debt.
- **Bond Price–Yield Relationship:** Bond prices and yields generally move **inversely**.
- **10-Year Government Bond Yield:** An important benchmark for long-term interest rates.
- **G-Secs:** Generally considered to have negligible credit risk in the domestic-currency context, but they remain subject to market risk.
- **MPC:** Determines India's policy repo rate within the monetary-policy framework.
- **FCNR(B):** Foreign Currency Non-Resident (Bank) deposit category.
- **FPI:** Foreign Portfolio Investor.
- **Corporate Bonds:** Debt securities issued by companies to raise funds from investors.
- **Municipal Bonds:** Debt instruments issued by eligible urban local bodies or related entities to finance public infrastructure.
- **Yield Curve:** Represents the relationship between yields and maturities of debt securities.
- **Term Spread:** The difference between yields on securities of different maturities and an important indicator of market expectations.

## UPSC Mains Perspective:

*Why has India's bond market shown greater resilience than several emerging markets?*

- India's relative resilience reflects the interaction of **moderate inflation, resilient growth, fiscal credibility, external-sector management, domestic institutional demand and targeted RBI interventions**.
- The RBI's ability to use liquidity and foreign-exchange tools without relying exclusively on policy-rate changes has provided additional flexibility.
- Strong domestic demand for government securities can also reduce India's dependence on volatile foreign portfolio flows.
- The resilience should therefore be interpreted as the outcome of **macroeconomic stability and policy flexibility**, rather than as immunity from global shocks.

*What reforms are required to deepen India's bond market?*

- India should strengthen **secondary-market liquidity, market making, corporate-bond participation, municipal-bond financing, bankruptcy resolution, credit enhancement and investor diversification**.
- Greater participation by pension funds, insurance companies and retail investors can provide a more stable domestic investor base.
- Improved market infrastructure and predictable taxation can make Indian debt securities more attractive to global investors.
- The objective should be to develop a bond market capable of efficiently mobilising **long-term capital for infrastructure and productive investment** without creating excessive financial instability.

## Conclusion:

- The relative stability of Indian government-bond yields amid global volatility reflects the combined influence of **moderate inflation, resilient growth, fiscal management, external-sector resilience, domestic demand and targeted monetary and liquidity interventions**.
- The recent surge in foreign-currency inflows through the **FCNR(B) facility** demonstrates the RBI's ability to use targeted instruments to address external financing pressures without depending solely on policy-rate changes.

- Nevertheless, India's bond market remains exposed to **global interest rates, geopolitical shocks, commodity prices, inflation, fiscal borrowing and capital-flow volatility**.
- The long-term policy objective should therefore be not merely to maintain stable yields during individual episodes of global turbulence, but to build a **deep, liquid, diversified and resilient domestic debt market** capable of financing India's investment and development requirements.

### **Value Addition for UPSC:**

#### ***One-Line Analytical Statement:***

- “India's bond-market resilience reflects not the absence of global shocks, but the growing ability of domestic macroeconomic fundamentals and targeted policy instruments to absorb those shocks.”

#### ***Cause–Mechanism–Outcome Framework:***

- **Global shock:** Higher global yields, geopolitical tensions and commodity-price uncertainty.
- **Domestic buffer:** Moderate inflation, resilient growth, fiscal credibility and stronger external-sector management.
- **Policy response:** Targeted foreign-exchange measures, liquidity management and calibrated monetary policy.
- **Market outcome:** Relatively contained movement in India's benchmark government-bond yield.
- **Developmental implication:** Lower and more predictable borrowing costs, deeper debt markets and improved financing conditions.

\*\*\*\*\*

## **National Cooperative Development Corporation Amendment Bill 2026: Expanding Cooperative Finance While Raising Federalism and Governance Questions**

### **Recent Developments:**

Best Institute for OAS/IAS

- Parliament passed the **National Cooperative Development Corporation (Amendment) Bill, 2026**, with the **Rajya Sabha** passing it on **12 August 2026**. The amendment seeks to expand the financing and functional scope of the **National Cooperative Development Corporation (NCDC)**.
- The legislation is significant because it moves NCDC beyond its earlier direct-financing framework by enabling it to provide **loans and grants directly to a wider range of cooperative societies and entities engaged in cooperative development**.
- The amendment comes against the backdrop of the **National Cooperation Policy 2025**, which seeks to create a supportive legal, economic and institutional ecosystem for cooperatives and advance the vision of “**Sahkar se Samridhi**”. The policy was launched on **24 July 2025**.
- The reform is also linked with broader government initiatives such as **PACS computerisation, the World's Largest Grain Storage Plan, White Revolution 2.0, cooperative exports and diversification of Primary Agricultural Credit Societies (PACS)**. The Ministry of Cooperation continues to list these among its major cooperative-sector initiatives.
- NCDC's financial footprint has expanded substantially, with its assistance rising from **₹5,735.51 crore in 2014-15 to ₹95,182.88 crore in 2024-25**. Official government data also records total assistance of **₹59,074.67 crore during 2025-26 up to 25 November 2025**.



## NCDC Amendment Bill, 2026: Key Provisions:

### *Expansion of Direct Financial Assistance:*

- Under the earlier framework, NCDC could provide **loans and grants directly to national-level cooperative societies and cooperative societies operating in more than one State**, while assistance could also be routed through State Governments.
- The amendment expands this framework by enabling NCDC to provide **direct financial assistance to a wider category of cooperative societies and entities engaged in cooperative development**, subject to prescribed conditions.
- The change creates an additional financing channel because NCDC can continue providing funds to **State Governments for financing cooperative societies** while also extending assistance directly to eligible entities.
- The provision can reduce financing delays for viable cooperative projects by reducing dependence on multiple administrative layers.

### *Wider Coverage of Food-Related Activities:*

- The amendment expands the statutory meaning of “**foodstuffs**” to include **processed food and other food items notified by the Central Government**.
- The broader definition can bring more **food-processing, value-addition and allied cooperative activities** within the potential financing ambit of NCDC.
- This is important because strengthening food-processing cooperatives can help farmers move from primary production towards **higher-value agricultural supply chains**.

### *Removal of Rural Location Restriction:*

- The amendment removes the earlier requirement that eligible **industrial cooperatives, cottage and village industries and allied industries** should be located in rural areas.
- This can widen NCDC support to cooperative enterprises operating in **urban, peri-urban and integrated value-chain environments**.
- The change reflects the increasing diversification of cooperatives beyond conventional rural agricultural activities.

### *Expanded Investment Powers:*

- NCDC will be permitted, with **prior approval of the Central Government**, to participate in the **share capital of cooperatives or entities engaged in cooperative development**.
- This gives NCDC a broader role beyond conventional lending and grants by allowing it to support the **capital base and long-term financial sustainability** of cooperative enterprises.
- Equity participation can be particularly relevant for cooperatives requiring substantial capital for **processing, storage, logistics, technology and market expansion**.

### *Information-Sharing Powers:*

- The amendment empowers NCDC to **collect and furnish credit and other information** required for efficiently discharging its functions.
- Such information may be exchanged with the **Central Government, Reserve Bank of India, banks and other notified financial institutions**.
- Better information availability can improve **credit assessment, risk management, monitoring and financial coordination** within the cooperative ecosystem.

## Understanding NCDC:

### *Establishment and Institutional Position:*

- The **National Cooperative Development Corporation** is a statutory organisation established in **1963 under the National Cooperative Development Corporation Act, 1962**.
- NCDC functions under the administrative control of the **Ministry of Cooperation**.
- It serves as a major institutional mechanism for providing financial assistance for the development and strengthening of cooperative enterprises across agricultural and non-agricultural sectors.
- Its activities cover areas such as **agriculture, processing, storage, marketing, dairy, fisheries, livestock, handloom, poultry and weaker-section cooperatives**.

### *Evolution of NCDC:*

- The **NCDC Act, 1962** has been amended in **1973, 1974 and 2002**, progressively expanding the Corporation's functional and financing framework.
- The present amendment represents another step in adapting NCDC to the changing requirements of the cooperative sector.
- The expansion is particularly relevant because cooperatives are increasingly being used for **value addition, exports, digital services, infrastructure development and diversified rural enterprises**.

### *Financial Expansion:*

- NCDC's disbursements increased from **₹5,735.51 crore in 2014-15 to ₹95,182.88 crore in 2024-25**, representing a substantial expansion in its financial outreach.
- Official government data shows that NCDC assistance increased from **₹24,733.24 crore in 2020-21 to ₹95,182.88 crore in 2024-25**, indicating rapid growth over the period.
- This expansion demonstrates the increasing role of NCDC in financing cooperative-led **agricultural marketing, processing, infrastructure and allied economic activities**.

## Cooperatives in India: Constitutional and Institutional Framework:

### *Constitutional Status:*

- The **97th Constitutional Amendment Act, 2011** gave constitutional recognition to cooperative societies through three major changes.
  - **Article 19(1)(c)** was expanded to include the right to form cooperative societies as a **Fundamental Right**.
  - **Article 43B** was inserted into the Directive Principles of State Policy to direct the State to promote the **voluntary formation, autonomous functioning, democratic control and professional management of cooperative societies**.
  - **Part IXB** was inserted into the Constitution to provide constitutional provisions relating to cooperative societies.
- However, the Supreme Court in **Union of India v. Rajendra N. Shah (2021)** held that the constitutional amendment required ratification by at least half of the State legislatures because it affected the legislative powers of States. Consequently, the provisions of **Part IXB relating to State cooperative societies** were held inoperative, while the provisions concerning **multi-State cooperative societies** remained operative.



### *Federal Distribution of Legislative Powers:*

- **Cooperative societies whose objects are confined to one State** fall within **Entry 32 of the State List under the Seventh Schedule**.
- **Multi-State cooperative societies**, however, fall within the Union domain and are governed by the **Multi-State Cooperative Societies Act, 2002**.
- This distinction is central to understanding the federalism concerns surrounding the NCDC amendment.
- The Supreme Court has reaffirmed that **cooperative societies are principally a State subject**, making coordination between the Union and States important when national financial institutions intervene in the sector.

### **Significance of Cooperatives for India:**

#### *Economic Significance:*

- Cooperatives provide a mechanism through which small producers can achieve **economies of scale, collective bargaining power and better market access**.
- They are particularly important in sectors such as **agriculture, dairy, fisheries, fertilisers, sugar, credit and agricultural marketing**.
- **PACS** form an important part of the rural cooperative credit architecture and are increasingly being transformed into **multi-service centres**.
- The cooperative model can reduce dependence on intermediaries and strengthen producers' participation in **value chains and markets**.
- Cooperative institutions can also support exports by aggregating production, improving quality standards and facilitating access to international markets.

#### *Social Significance:*

- Cooperatives can promote **financial inclusion and grassroots participation** by providing institutional platforms for small farmers, artisans, women and other economically weaker groups.
- Women-led cooperatives can strengthen **income generation, entrepreneurship and economic decision-making**.
- Cooperatives involving **Scheduled Castes, Scheduled Tribes and other marginalised groups** can improve access to institutional finance and productive assets.
- The model therefore has relevance for **inclusive growth, social capital formation and rural empowerment**.

#### *Infrastructure and Technology:*

- Cooperatives are increasingly involved in **storage, cold chains, processing, logistics and digital services**.
- The government's **World's Largest Grain Storage Plan in the Cooperative Sector** seeks to use PACS as decentralised storage infrastructure.
- The Ministry of Cooperation is also pursuing **computerisation of PACS**, enabling them to operate as technologically enabled and diversified service centres.
- Such initiatives can reduce post-harvest losses, prevent distress sales and improve farmers' ability to hold produce until market conditions become favourable.

## National Cooperation Policy 2025: Policy Context:

### *Objectives:*

- The **National Cooperation Policy 2025** seeks to strengthen the cooperative sector through a supportive **legal, economic and institutional framework**.
- The policy is aligned with the broader objective of achieving a **developed India by 2047** through cooperative-led grassroots development.
- It seeks to promote cooperatives that are **transparent, professionally managed, technology-driven, financially sustainable and democratically governed**.
- The policy views cooperatives as an important mechanism for connecting rural producers with **markets, technology, infrastructure and value chains**.

### *Policy Initiatives:*

- The Ministry of Cooperation is implementing the policy through initiatives involving **PACS, dairy cooperatives, fisheries cooperatives, cooperative exports, grain storage and digitalisation**.
- The government has also established institutional mechanisms for monitoring and coordinating implementation of the **National Cooperation Policy 2025**.
- The policy therefore provides the broader institutional context within which the expansion of NCDC's financing role should be understood.

## Concerns Associated with the NCDC Amendment:

### *Federalism:*

- The principal concern is that **direct NCDC financing of State-level cooperatives** could reduce the practical role of State Governments in a sector constitutionally assigned to the States.
- Although direct financing can improve efficiency, bypassing State-level institutions could create tensions regarding **regulation, accountability and administrative jurisdiction**.
- The issue is particularly significant because cooperative societies are embedded within State-specific legal and institutional frameworks.

### *Coordination and Oversight:*

- State Governments and State cooperative registrars continue to have important responsibilities relating to the **registration, regulation, audit and supervision** of State-level cooperative societies.
- Direct central financing without adequate coordination could create **overlapping monitoring structures**.
- A cooperative receiving funds from NCDC may simultaneously remain subject to State-level regulatory and audit requirements, making clear institutional coordination essential.

### *Governance and Political Interference:*

- Financial expansion alone cannot guarantee cooperative success because many cooperatives face challenges involving **political interference, weak internal governance, inadequate professional management and limited accountability**.
- Greater NCDC financing should therefore be accompanied by measurable standards relating to **financial sustainability, audit quality, governance and project outcomes**.
- Funding should increasingly be evaluated not merely through the amount disbursed but through outcomes such as **income generation, employment, productivity, asset creation and market access**.



### ***Regional Disparities:***

- Cooperative development remains uneven across States and sectors.
- Strong cooperative ecosystems in some regions coexist with weaker institutional capacity in several **North-Eastern, tribal and aspirational regions**.
- Expanding NCDC's direct financing powers should therefore be accompanied by mechanisms that ensure **equitable regional access to institutional finance**.

### **Way Forward:**

#### ***Cooperative Federalism:***

- The Centre should use the expanded NCDC framework through **structured consultation with State Governments and cooperative registrars**.
- Clear protocols should define the respective responsibilities of NCDC, **State Governments and cooperative regulators**.
- Direct financing should complement rather than displace the constitutional and administrative role of States.

#### ***Governance Reforms:***

- Cooperatives require greater **professional management, transparent elections, independent auditing and member participation**.
- Political interference and elite capture should be minimised to preserve the principle of **member-owned and democratically controlled enterprises**.
- NCDC financing should increasingly incorporate **performance-linked monitoring and outcome-based evaluation**.

#### ***Digital Transformation:***

- Expansion of **computerised PACS, digital accounting, credit information systems and interoperable databases** can improve transparency and reduce information asymmetry.
- The NCDC's new information-sharing powers can contribute to better credit assessment if supported by appropriate **data protection, purpose limitation and institutional safeguards**.

#### ***Diversification:***

- Cooperatives should expand beyond traditional activities into **food processing, renewable energy, logistics, tourism, digital services, fisheries and other emerging sectors**.
- Diversification can reduce concentration risks and create new income and employment opportunities in rural and semi-urban economies.

### **Conclusion:**

- The **NCDC Amendment Bill, 2026** represents a significant attempt to modernise the financial architecture supporting India's cooperative sector by expanding direct financing, investment powers, food-related coverage and information-sharing capabilities.
- Its broader significance lies in linking cooperative finance with the objectives of **rural transformation, financial inclusion, value-chain development, technological modernisation and inclusive growth**.
- However, the success of the reform will depend on maintaining an appropriate balance between **central financial support and State-level constitutional responsibilities**.

- The preferred approach is therefore one of **cooperative federalism**, where stronger NCDC financing is accompanied by transparent governance, professional management, State coordination and outcome-based monitoring.
- In this framework, cooperatives can evolve from traditional credit and production institutions into **competitive, technology-enabled and inclusive economic organisations**, contributing to the broader objective of **Sahkar se Samriddhi**.

### Value Addition for UPSC:

#### *Constitutional Linkages:*

- **Article 19(1)(c):** Right to form cooperative societies.
- **Article 43B:** Promotion of voluntary formation, autonomous functioning, democratic control and professional management of cooperatives.
- **Part IXB:** Constitutional provisions relating to cooperative societies.
- **Entry 32, State List:** Incorporation, regulation and winding up of cooperative societies within the State domain.
- **Union List:** Multi-State cooperative societies.

#### *Important Supreme Court Judgment:*

- **Union of India v. Rajendra N. Shah, 2021:** The Supreme Court limited the operation of **Part IXB** in relation to State cooperative societies because the 97th Constitutional Amendment had not received the required ratification by half of the State legislatures, while provisions relating to multi-State cooperative societies remained operative.

#### *UPSC Mains Analytical Framework:*

- **Issue:** Expansion of central financial assistance to cooperatives.
- **Opportunity:** Better access to capital, infrastructure, technology and markets.
- **Concern:** Possible centralisation and overlap with State regulatory authority.
- **Constitutional principle:** Cooperative federalism and respect for the State List.
- **Way forward:** Direct financing with **State coordination, professional governance, transparent auditing and outcome-based monitoring**.
- **Broader objective:** Transform cooperatives into **inclusive, competitive and financially sustainable institutions** supporting rural development and grassroots economic democracy.

\*\*\*\*\*

## **India's UNSC 2028–29 Campaign: Strengthening Global South Representation and Advancing Reform of Multilateral Governance**

### Recent Developments:

- India formally launched its campaign for a **non-permanent United Nations Security Council (UNSC) seat for 2028–29** on **13 July 2026** at the United Nations Headquarters in New York.



- External Affairs Minister **S. Jaishankar** launched the candidature under the **SHANTI** framework, meaning **Securing Holistic Advancement through Norms, Trust and Integrity**, and presented India as a candidate committed to a secure, peaceful and equitable international order.
- The election for the **2028–29 term** is scheduled for **June 2027**, when India and **Tajikistan** are expected to compete for the single available seat from the **Asia-Pacific Group**.
- If elected, India will serve on the Security Council for the **ninth time**, having previously served during **1950–51, 1967–68, 1972–73, 1977–78, 1984–85, 1991–92, 2011–12 and 2021–22**. The official UN record confirms these eight previous terms.
- India's campaign is closely connected with its broader demand for **comprehensive UNSC reform**, including expansion of both permanent and non-permanent membership categories.
- India's campaign priorities include **Global South representation, contemporary peacekeeping, counter-terrorism, maritime security, climate action, clean energy transition, responsible technology governance and effective multilateralism**.
- India has also received international support for its candidature. **Australia, Brazil and Fiji**, among others, have publicly supported India's candidature for the 2028–29 non-permanent seat, while also supporting India's claim for permanent membership in a reformed Council.

## **United Nations Security Council: Composition and Structure:**

### ***Composition:***

- The **United Nations Security Council** is the principal organ of the United Nations responsible for maintaining **international peace and security**.
- The Council consists of **15 members**, comprising **5 permanent members and 10 non-permanent members**.
  - The **5 permanent members**, namely **China, France, Russia, the United Kingdom and the United States**, possess the **veto power**.
  - The **10 non-permanent members** are elected by the **United Nations General Assembly** for **two-year terms**, with five members elected every year.
- The non-permanent seats are distributed among regional groups to ensure geographical representation.
  - **African States: 3 seats.**
  - **Asia-Pacific States: 2 seats.**
  - **Latin American and Caribbean States: 2 seats.**
  - **Western European and Other States: 2 seats.**
  - **Eastern European States: 1 seat.**
- The regional allocation reflects the principle of equitable geographical representation within the Council.

### ***Election Process:***

- Non-permanent members are elected by the **United Nations General Assembly** through a **secret ballot**.
- A candidate must obtain a **two-thirds majority of members present and voting** to secure election.
- Non-permanent members cannot be immediately re-elected for another consecutive term.
- The elected members participate in all Council deliberations and possess voting rights, although they do not have the veto available to permanent members.

## **Core Functions of the UNSC:**

### ***Maintenance of International Peace and Security:***

- The Security Council is empowered to address situations that threaten **international peace and security**.
- It can investigate disputes and recommend appropriate methods for their **peaceful settlement**.

- It can call upon parties to comply with provisional measures intended to prevent escalation of conflicts.

### ***Enforcement Powers:***

- Under **Chapter VII of the UN Charter**, the Council can determine the existence of a threat to peace, breach of peace or act of aggression and take measures accordingly.
- Such measures may include **economic sanctions, diplomatic restrictions and other non-military measures**.
- In appropriate circumstances, the Council can authorise **collective military action**.
- The Council also authorises and mandates **UN peacekeeping operations**, although peacekeeping itself is not explicitly mentioned in the UN Charter.

### ***Wider Institutional Functions:***

- The Council recommends candidates for the appointment of the **UN Secretary-General**.
- It participates in the process of recommending the admission of **new UN members**.
- Its decisions and resolutions influence international responses to **armed conflicts, terrorism, proliferation, humanitarian crises and threats to international peace**.

### **India and UNSC Membership:**

#### ***India's Previous Terms:***

- India has served as a non-permanent member of the Security Council **eight times** since independence.
- Its previous terms were **1950–51, 1967–68, 1972–73, 1977–78, 1984–85, 1991–92, 2011–12 and 2021–22**.
- The proposed **2028–29 term would therefore be India's ninth tenure** on the Council.
- India's repeated election reflects considerable diplomatic support for its role in multilateral institutions, although repeated non-permanent membership does not automatically translate into permanent membership.

#### ***Present Regional Contest:***

- India is competing with **Tajikistan** for the single Asia-Pacific Group seat available for the 2028–29 term.
- The contest highlights the importance of **regional diplomacy, bilateral engagement and coalition-building**, because the election is ultimately decided by the wider UN membership.

### **SHANTI Framework: India's Campaign Priorities:**

#### ***Secure and Peaceful World:***

- India has presented its candidature around the objective of building a **secure, peaceful and equitable world**.
- The approach emphasises **dialogue, diplomacy and consultation** rather than unilateral coercion.
- India seeks to project itself as a country capable of reconciling divergent interests within multilateral institutions.

#### ***Global South Representation:***

- India intends to provide a stronger institutional voice to the **Global South** on issues of international peace and security.
- India's **Voice of Global South Summits** have provided a platform for developing countries to articulate common concerns and development priorities.



- India's campaign argues that international institutions should better reflect the **contemporary distribution of population, economic weight and geopolitical influence**.

### *Future-Ready Peacekeeping:*

- India has historically been one of the major contributors to **UN peacekeeping operations**.
- According to the government's account at the campaign launch, India has contributed nearly **300,000 personnel to around 50 UN peacekeeping missions** since the organisation's inception and currently has more than **4,300 personnel deployed across 10 missions**.
- India therefore seeks to use its peacekeeping experience to promote peacekeeping that is responsive to **new security technologies, asymmetric threats and changing conflict environments**.

### *Technology and Emerging Security Threats:*

- India has highlighted the need to maximise the benefits of technology while preventing its **misuse and harmful application**.
- Emerging technologies such as **artificial intelligence, autonomous systems and cyber capabilities** are creating new dimensions of international security.
- India's campaign therefore links technological progress with the need for **responsible governance and international cooperation**.

### *Maritime Security:*

- India has identified **safe and secure oceans** as an important component of international peace and economic stability.
- Maritime security is particularly relevant for India because the country is located at the centre of the **Indian Ocean Region** and depends heavily on maritime trade and energy routes.
- Protection of maritime communication routes is also important for **food, energy and supply-chain security**.

### *Counter-Terrorism:*

- India seeks stronger international action against **terrorism and terrorist financing networks**.
- Its campaign emphasises the need to restrict the financial, logistical and technological resources that sustain terrorist organisations.
- Counter-terrorism remains a major area where India seeks stronger and more consistent international cooperation.

### *Climate and Sustainable Development:*

- India has linked international security with **climate action, climate justice, clean-energy transitions and sustainable development**.
- Climate-related disruptions can intensify food insecurity, displacement, resource competition and economic vulnerability.
- Integrating development and security perspectives can therefore strengthen the effectiveness of multilateral responses.

## Why UNSC Membership Matters for India:

### *Greater Role in Global Governance:*

- Membership provides India with a direct institutional platform to influence discussions on **war, peace, sanctions, terrorism, peacekeeping and international security**.
- It enables India to participate in shaping resolutions and international responses to major crises.
- Membership also strengthens India's ability to build **issue-based coalitions** with developing and developed countries.

### *Advancement of Global South Interests:*

- India can use its Council membership to raise concerns relating to **development, food security, energy security, debt, climate change and equitable global governance**.
- India's development partnerships across Asia, Africa, the Pacific and other regions provide a broader diplomatic base for this role.

### *Support for Permanent Membership:*

- Successful elections to the Council strengthen India's argument that it enjoys **broad diplomatic acceptability and has made sustained contributions to the UN system**.
- However, non-permanent membership alone cannot secure permanent membership because permanent expansion requires broader agreement on **UN Charter reform**.
- India therefore treats its 2028–29 candidature as part of a larger strategy for **reforming the Security Council**.

## India's Case for UNSC Reform:

### *Changing Global Realities:*

- The Security Council was created in **1945**, when the international distribution of political and economic power differed substantially from the contemporary global order.
- Major regions of the Global South remain underrepresented in the permanent membership structure.
- India argues that the Council must better reflect **contemporary geopolitical and economic realities**.

### *Expansion in Both Categories:*

- India supports expansion of both **permanent and non-permanent membership categories**.
- India argues that merely increasing elected membership would not fundamentally alter the concentration of decision-making authority among the existing five permanent members.
- India works with the **G4**, comprising India, Brazil, Germany and Japan, in support of Security Council reform. India and Brazil have also coordinated through the **L.69 Group** on reform issues.

### *Representation of Developing Countries:*

- India advocates greater representation for **Africa, Asia-Pacific and Latin America and the Caribbean**.
- A more representative Council could enhance the legitimacy of its decisions and strengthen confidence in the multilateral system.
- India's position is therefore linked with the broader principle of **democratisation of global governance**.



## Challenges Before India:

### *Regional Competition:*

- India faces direct competition from **Tajikistan** for the Asia-Pacific Group seat.
- Regional support cannot be assumed merely on the basis of India's economic size or geopolitical importance.
- India must therefore sustain diplomatic engagement with **small states, developing countries and regional groupings**.

### *Geopolitical Rivalries:*

- India's relations with major powers can influence voting behaviour within the UN.
- Divergent interests among the **United States, China, Russia, European countries and developing states** can complicate coalition-building.
- India must maintain strategic autonomy while simultaneously securing sufficient support for its candidature.

### *Divergent Global South Priorities:*

- The Global South is not a homogeneous political bloc.
- Developing countries have different interests regarding **trade, climate finance, development finance, energy security, conflicts and strategic alignments**.
- India must therefore pursue an inclusive diplomacy that converts broad political goodwill into concrete electoral support.

### *Structural Limitations of the UNSC:*

- The **veto power** of the five permanent members remains the most significant structural constraint on Council effectiveness.
- Major geopolitical disagreements can produce **deadlock or delayed collective action**.
- India's participation can improve representation but cannot independently overcome structural veto-based limitations.

## India's Diplomatic Track Record:

### *Peacekeeping:*

- India has a long record of participation in UN peacekeeping and has contributed personnel to numerous missions across different regions.
- This record provides India with an important credential for its claim to a greater role in **international peace and security**.

### *Global South Diplomacy:*

- India's **Voice of Global South Summits** have attempted to institutionalise dialogue among developing countries.
- During India's **G20 Presidency**, India also supported the inclusion of the **African Union as a permanent member of the G20**, demonstrating its emphasis on broader representation in global institutions.

***Development Partnership:***

- India's development cooperation extends across **Asia, Africa, the Pacific, Latin America and the Caribbean.**
- Such partnerships provide diplomatic capital that can support India's campaign for multilateral positions.

**Way Forward:*****Sustained Electoral Diplomacy:***

- India should pursue an **early, sustained and inclusive campaign** rather than relying solely on its international stature.
- Bilateral outreach should be combined with engagement with **regional organisations, small island states and developing countries.**
- India should identify the specific development and security priorities of different voting groups and build issue-based partnerships.

***Global South-Centred Diplomacy:***

- India should continue presenting itself as a **bridge between developed and developing countries.**
- Its campaign should prioritise concerns such as **food and energy security, development financing, climate justice, terrorism and maritime security.**
- India should ensure that Global South advocacy produces concrete diplomatic outcomes rather than remaining primarily rhetorical.

***Multilateral Reform:***

- India should use the 2028–29 campaign to maintain momentum for **comprehensive UNSC reform.**
- Coordination with the **G4, L.69 and African partners** can strengthen the reform coalition.
- India should support a pragmatic, results-oriented reform process while resisting attempts to preserve the status quo indefinitely.

***Credible Security-Council Contribution:***

- If elected, India should focus on **consensus-building, preventive diplomacy and practical solutions** to international crises.
- Its tenure should demonstrate that greater representation can also produce **more effective and responsible decision-making.**
- A successful tenure would strengthen both India's immediate diplomatic influence and its longer-term claim for permanent membership.

**Conclusion:**

- India's campaign for the **2028–29 UNSC non-permanent seat** is more than a routine electoral exercise because it forms part of India's larger effort to reshape the architecture of global governance.
- The **SHANTI framework** combines India's traditional emphasis on peace and diplomacy with contemporary priorities such as **Global South representation, future-ready peacekeeping, maritime security, counter-terrorism, technology governance and climate justice.**
- India's principal advantage lies in its **large economy, diplomatic reach, peacekeeping record, Global South partnerships and long-standing commitment to multilateralism.**



- Its principal challenges include **regional competition, geopolitical rivalries, divergent interests among developing countries and the structural limitations created by the veto system.**
- A successful 2028–29 tenure, supported by sustained reform diplomacy, could strengthen India's case that the Security Council requires a **more representative, legitimate and effective institutional structure.**

### **Value Addition for UPSC:**

#### ***Constitutional and Institutional Linkages:***

- **UN Charter, Chapter V:** Establishes the **Security Council** and defines its composition and functions.
- **UN Charter, Article 23:** Provides for the composition of the Security Council and elected membership.
- **UN Charter, Article 24:** Assigns the Council primary responsibility for maintaining **international peace and security.**
- **UN Charter, Article 27:** Establishes the voting procedure and the special position of the permanent members.
- **UN Charter, Article 109:** Provides a framework for consideration of amendments to the Charter, relevant to broader **UN reform debates.**

#### ***India's UNSC Tenures:***

- **1950–51, 1967–68, 1972–73, 1977–78, 1984–85, 1991–92, 2011–12 and 2021–22.**
- **2028–29:** Proposed ninth tenure, with election scheduled for **June 2027.**

#### ***Key Groupings:***

- **G4:** India, Brazil, Germany and Japan; advocates expansion of permanent and non-permanent UNSC membership.
- **L.69 Group:** A cross-regional coalition of developing countries supporting comprehensive Security Council reform.
- **Global South:** Developing and emerging countries seeking greater representation and influence in global governance.

#### ***Mains Analytical Framework:***

- **Issue:** India's candidature for the 2028–29 UNSC term.
- **Opportunity:** Greater influence over international peace, security and global governance.
- **Strength:** Peacekeeping record, Global South diplomacy and growing geopolitical weight.
- **Challenge:** Regional competition, geopolitical rivalries and veto-based structural constraints.
- **Reform demand:** Expansion of both **permanent and non-permanent categories.**
- **Way forward:** Sustained coalition-building, inclusive diplomacy and outcome-oriented multilateral reform.
- **Core objective:** Transition from a **post-1945 power structure** towards a more **representative, legitimate and effective multilateral order.**

\*\*\*\*\*

## **Meghalaya's Rat-Hole Coal Mining Crisis: Environmental Governance, Mine Closure and the Challenge of Sustainable Regulation**

### **Recent Developments:**

- A committee headed by **Justice (Retd.) B.P. Katakey** has criticised the Meghalaya Government for delays in adopting a comprehensive **mine closure and restoration policy** and for inadequate action against continuing **illegal rat-hole coal mining**.
- The Meghalaya High Court constituted the single-member committee in **2022** to recommend measures for implementing directions issued by the **National Green Tribunal (NGT)** concerning illegal and unscientific coal mining.
- The issue remains active in **2026**. The Meghalaya High Court has continued examining the committee's interim reports, including concerns regarding illegal mining, accountability of officials, treatment and closure of mines, transportation of illegally mined coal and implementation of the **2024 Standard Operating Procedure (SOP)**.
- In **February 2026**, the High Court also took note of another illegal-mining incident at **Thangsko in East Jaintia Hills**, demonstrating that illegal mining has persisted despite the long-standing prohibition.
- The continuing controversy highlights the intersection of **environmental protection, occupational safety, tribal land rights, livelihood security, federalism and rule of law**.

### **Background to Rat-Hole Coal Mining in Meghalaya:**

#### ***Nature of the Mining Practice:***

- **Rat-hole mining** is a highly narrow and hazardous form of underground coal extraction in which miners enter small tunnels to reach thin coal seams.
- The tunnels are generally only around **3–4 feet high**, allowing workers to crawl through them and manually extract coal.
- Miners typically use **ropes, bamboo ladders and primitive tools** such as pickaxes, shovels and baskets.
- Meghalaya's geological conditions, particularly its **thin and scattered coal seams**, historically encouraged this method because conventional large-scale mechanised mining could be economically difficult in some locations.
- The Meghalaya Government has also highlighted that the State has distinctive **Sixth Schedule** arrangements in which land and minerals may belong to individuals, clans or communities rather than being State-owned, creating a distinctive regulatory context.

#### ***NGT Ban:***

- The **NGT ordered an immediate stoppage of rat-hole and illegal coal mining throughout Meghalaya on 17 April 2014**, along with a prohibition on illegal transportation of coal.
- The Tribunal considered rat-hole mining **illegal, unscientific and life-threatening**, besides causing serious environmental degradation.
- The NGT had earlier noted extremely acidic mine drainage in Meghalaya, with some analysed samples showing a **pH below 3**, demonstrating the severity of water pollution associated with mining.
- The prohibition was subsequently maintained, and the Supreme Court examined the continuing litigation surrounding illegal mining and environmental restoration.



## Key Concerns Identified by the Katakey Committee:

### *Delay in Mine Closure and Restoration:*

- Meghalaya has faced delays in implementing a comprehensive policy for the **closure, fencing, reclamation and ecological restoration of abandoned and illegally operated mines**.
- Many abandoned mine openings remain **unfenced or uncovered**, creating continuing risks for people and livestock.
- The committee has emphasised that every dangerous mine opening should be secured until a permanent closure mechanism is implemented.
- The issue is therefore not limited to stopping new illegal mining; it also involves managing the **legacy environmental and safety liabilities** created by decades of unscientific extraction.

### *Large Number of Abandoned Mine Openings:*

- **East Jaintia Hills** remains one of the most severely affected areas because of the concentration of abandoned and illegally operated coal mine openings.
- Earlier committee findings identified **more than 22,000 rat-hole mine openings** in the district, underlining the enormous scale of the mine-closure challenge.
- Such dispersed mine openings make conventional enforcement difficult and require **geospatial mapping, continuous surveillance and community-level monitoring**.

### *Inadequate Restoration Planning:*

- The **Central Mine Planning and Design Institute Limited** prepared detailed project reports for pilot restoration projects at **Sutnga in East Jaintia Hills** and **Arenggtim in South Garo Hills**.
- The proposed restoration projects were valued at approximately **₹63 lakh and ₹92.78 lakh**, respectively.
- Delays in obtaining necessary approvals demonstrate the institutional difficulty of translating environmental restoration plans into field-level action.
- The NGT has previously required funds available through environmental restoration mechanisms to be used for implementing action plans for areas damaged by coal mining.

## Why Rat-Hole Mining is Hazardous:

### *Occupational Safety:*

- Rat-hole mining involves **unstable underground passages, inadequate ventilation, weak structural support and limited emergency access**.
- Workers face risks from **mine collapse, flooding, toxic gases, explosions and oxygen deficiency**.
- The history of Meghalaya includes several fatal mining accidents, including the trapping and death of miners in **East Jaintia Hills**.
- A 2018 accident involving **15 miners** became a major symbol of the continuing dangers of rat-hole mining.
- More recently, the Meghalaya High Court recorded another illegal-mining accident at **Thangsko in January 2026**, demonstrating that enforcement failures continue to have human costs.

### *Environmental Degradation:*

- Unscientific extraction causes **land degradation, deforestation, soil instability and destruction of natural drainage systems**.

- Mine drainage can become highly acidic because of the oxidation of sulphide minerals, resulting in **acid mine drainage**.
- Acidic drainage can contaminate streams, rivers and groundwater and adversely affect aquatic ecosystems.
- The **Kopili and Lukha river systems** have been associated with serious pollution concerns arising from coal mining activities.
- Environmental damage can continue even after mining stops because abandoned shafts and waste materials remain sources of pollution.

### ***Child Labour and Human Rights:***

- The extremely narrow dimensions of rat-hole tunnels have historically encouraged the use of children because they can physically enter confined spaces more easily.
- Such practices raise serious concerns regarding **child labour, trafficking, occupational safety and the right to education**.
- The issue therefore extends beyond environmental regulation to the broader constitutional objective of protecting vulnerable sections of society.

### **Why Illegal Rat-Hole Mining Persists:**

#### ***Livelihood Dependence:***

- Mining has historically provided income in several coal-producing communities where alternative employment opportunities are limited.
- A sudden prohibition without adequate livelihood transition can create **economic insecurity and social resistance**.
- The Meghalaya Government has argued that thousands of families historically dependent on small-scale coal extraction were affected by the 2014 prohibition.

#### ***Economic Characteristics of Meghalaya's Coal:***

- Meghalaya's coal seams are often **thin, scattered and located in difficult hilly terrain**.
- Conventional mining may require substantial expenditure on excavation, rock removal, mine support and environmental safeguards.
- This creates an economic incentive for small-scale operators to continue using low-cost but unsafe extraction techniques.

#### ***Governance and Enforcement Deficits:***

- Illegal mining may persist when enforcement agencies face **insufficient manpower, weak inter-agency coordination, inadequate surveillance and poor accountability**.
- The High Court in 2026 noted concerns regarding the adequacy of investigation into illegal-mining cases and the fixing of responsibility on officials.
- The problem therefore requires not merely more prohibitory orders but **credible enforcement and institutional accountability**.

### **Legal and Institutional Framework:**

#### ***National Green Tribunal:***

- The NGT's **17 April 2014 order** prohibited rat-hole and illegal coal mining throughout Meghalaya.



- The Tribunal subsequently directed measures concerning **coal inventory, transportation, environmental restoration and rehabilitation of victims**.
- In 2018, the NGT continued the prohibition and established mechanisms for environmental restoration and rehabilitation.

### ***Supreme Court:***

- The Supreme Court examined the legality and regulatory dimensions of Meghalaya's coal-mining practices in **State of Meghalaya v. All Dimasa Students Union** and connected matters.
- The Court recognised the serious environmental and regulatory concerns arising from unscientific mining while examining the relationship between **tribal land rights and statutory mining regulation**.
- The case demonstrates that ownership of land or minerals under customary or Sixth Schedule arrangements does not eliminate the requirement to comply with applicable **environmental and mining laws**.

### ***Meghalaya High Court and Katakey Committee:***

- The Meghalaya High Court constituted the **Justice B.P. Katakey Committee** in 2022 to assist in monitoring compliance with directions concerning illegal coal mining.
- The committee has submitted successive interim reports identifying shortcomings in enforcement, mine closure, transportation control, restoration and official accountability.
- In 2026, the High Court directed the State to provide detailed status reports on several recommendations and continued judicial monitoring of implementation.

## **Government Measures to Curb Illegal Mining:**

### ***Surveillance and Reporting:***

- The Government has introduced **Khanan Prahari**, a mobile application for reporting unauthorised coal mining activities.
- The **Coal Mine Surveillance and Management System** uses technology to facilitate monitoring and reporting of illegal mining.
- Such systems can strengthen enforcement by enabling quicker identification and reporting of suspicious mining activity.

Best Institute for OAS/IAS

### ***Multi-Level Enforcement:***

- Monitoring committees and task forces have been constituted at different administrative levels in the coal-mining ecosystem.
- Effective enforcement requires coordination among the **district administration, police, mining authorities, pollution-control agencies and local institutions**.
- Recent enforcement measures in East Jaintia Hills have included **special enforcement teams, seizures, arrests and drone-based surveillance**.

### ***Transition to Scientific Mining:***

- Meghalaya has been moving towards **regulated and scientifically managed coal mining** under applicable mining and environmental regulations.
- The transition seeks to replace informal extraction with legally authorised mining supported by **mine plans, safety standards, environmental safeguards and regulatory supervision**.
- The transition must nevertheless account for Meghalaya's distinctive geological, social and land-ownership conditions.

## **Broader Environmental and Governance Significance:**

### ***Sustainable Development:***

- Meghalaya's experience illustrates the tension between **economic livelihoods and environmental sustainability**.
- A successful policy must move from a narrow ban-oriented approach towards **just transition**, combining environmental restoration with alternative employment.

### ***Federalism and Sixth Schedule:***

- Coal mining in Meghalaya involves a complex interaction between **Union mining legislation, State regulation, autonomous district institutions, customary landholding and environmental jurisprudence**.
- This makes Meghalaya an important case study in **cooperative federalism and differentiated governance**.
- Effective regulation should respect legitimate local institutions while ensuring compliance with national environmental and safety standards.

### ***Environmental Rule of Law:***

- The prolonged continuation of illegal mining despite judicial prohibition highlights the importance of **implementation capacity**.
- Environmental governance is effective only when laws, judicial orders, regulatory institutions and enforcement agencies operate coherently.
- The case therefore demonstrates the difference between **de jure environmental protection and de facto environmental governance**.

## **Way Ahead:**

### ***Scientific Mine Closure:***

- Meghalaya should adopt a **time-bound, legally enforceable mine-closure policy** covering mapping, fencing, backfilling, land reclamation, water treatment and ecological restoration.
- Abandoned mine openings should first be **geo-tagged and secured** to prevent accidental deaths while permanent restoration is undertaken.

### ***Just Transition for Mining Communities:***

- Alternative livelihoods should be developed through **skill development, horticulture, tourism, handicrafts, agro-processing, fisheries and small enterprises**.
- Rehabilitation should involve affected communities so that environmental regulation does not translate into prolonged livelihood insecurity.

### ***Technology-Based Enforcement:***

- Authorities should integrate **drones, satellite imagery, geographic information systems, artificial intelligence-based detection and digital transport permits** for real-time monitoring.
- Data should be shared among mining, police, revenue and environmental authorities to prevent regulatory fragmentation.



### *Accountability and Community Participation:*

- Clear responsibility should be fixed on officials for persistent illegal mining within their jurisdictions.
- Local communities should be involved in **reporting, monitoring and restoration**, because community participation can improve enforcement legitimacy and reduce dependence on illegal extraction.

### **Conclusion:**

- Meghalaya's rat-hole mining crisis is not merely an issue of illegal coal extraction; it represents a broader challenge involving **environmental degradation, occupational safety, livelihood dependence, tribal rights, institutional capacity and sustainable development**.
- The long-standing NGT prohibition and continuing judicial monitoring demonstrate that **legal prohibition alone cannot eliminate an economically embedded informal activity**.
- The durable solution lies in combining **scientific mining, strict enforcement, mine closure, ecological restoration, alternative livelihoods, technological surveillance and community participation**.
- Meghalaya can therefore transform the present crisis into an example of **just transition and sustainable resource governance**, provided that environmental protection and livelihood security are pursued together.

### **Value Addition for UPSC:**

#### *Key Constitutional and Legal Linkages:*

- **Article 21:** The right to life includes the right to live in a clean and healthy environment and is relevant to unsafe mining and environmental degradation.
- **Article 48A:** The State is required to protect and improve the environment and safeguard forests and wildlife.
- **Article 51A(g):** Citizens have a fundamental duty to protect and improve the natural environment.
- **Sixth Schedule:** Meghalaya's autonomous district arrangements are important for understanding the relationship between **customary land rights, tribal institutions and resource governance**.
- **Environment Protection Act, 1986:** Provides the broad statutory framework for environmental protection and regulation.
- **Mines and Minerals (Development and Regulation) Act, 1957:** Provides the principal statutory framework for mineral development and regulation.
- **Water (Prevention and Control of Pollution) Act, 1974:** Becomes relevant where mining causes contamination of water bodies.
- **Air (Prevention and Control of Pollution) Act, 1981:** Addresses air pollution associated with mining and related industrial activities.

#### *UPSC Mains Linkages:*

- **GS Paper I:** Tribal communities, North-Eastern India, resource distribution and regional development.
- **GS Paper II:** Federalism, Sixth Schedule, judicial activism, environmental governance and institutional accountability.
- **GS Paper III:** Mineral resources, sustainable mining, environmental pollution, disaster management and inclusive growth.
- **Essay:** "Development without ecological sustainability creates hidden economic and social liabilities."

## QUESTIONS

**1. Consider the following statements regarding the factors that led to the Royal Indian Navy (RIN) uprising in February 1946:**

- (1) Post-World War II demobilisation in the Royal Indian Navy caused acute job insecurity among ratings.
- (2) Discrimination, poor rations, and inferior living conditions relative to British sailors contributed to systemic grievances.
- (3) The immediate spark was ignited by racial abuse directed at ratings at HMIS Talwar by Commander Arthur Frederick King.
- (4) The Signal School ratings at HMIS Talwar used wireless radio communications to rapidly disseminate the strike call across naval stations nationwide.

**Which of the statements given above are correct?**

- (A) 1 and 2 only
- (B) 2, 3, and 4 only
- (C) 1, 3, and 4 only
- (D) 1, 2, 3, and 4

**2. With reference to the dynamics of government bond prices and yields, consider the following statements:**

- (1) Bond yields move inversely to bond prices; when market demand for government bonds declines, bond prices drop and yields rise.
- (2) A sustained rise in sovereign bond yields generally indicates expectations of higher inflation, monetary policy tightening, or expanding fiscal stress.
- (3) Government bond yields function as a benchmark for interest rates across the financial system, directly influencing borrowing costs for corporates, commercial banks, and households.
- (4) An increase in sovereign bond yields reflects an immediate appreciation in the principal value of existing fixed-rate bonds held by investors.

**Which of the statements given above are correct?**

- (A) 1 and 2 only
- (B) 1, 2, and 3 only
- (C) 2, 3, and 4 only
- (D) 1, 2, 3, and 4

**3. With reference to the provisions of the National Cooperative Development Corporation (Amendment) Bill, 2026, consider the following statements:**

- (1) It expands the NCDC's financial remit by enabling direct loans and grants to any cooperative society or entity engaged in cooperative development, subject to specified conditions.
- (2) It broadens the statutory definition of "foodstuffs" to include processed food and any other food items notified by the Central Government.
- (3) It removes the requirement that eligible industrial cooperatives, cottage, and village industries must be located exclusively in rural areas.
- (4) It allows NCDC to participate in the share capital of cooperative entities without requiring prior approval from the Central Government.

**Which of the statements given above are correct?**



- (A) 1 and 2 only
- (B) 2, 3, and 4 only
- (C) 1, 2, and 3 only
- (D) 1, 2, 3, and 4

**4. Consider the following statements regarding the United Nations Security Council (UNSC) and India's historic engagement with it:**

- (1) The United Nations Security Council consists of 15 members, where non-permanent members are elected for two-year terms with five members retiring every year.
- (2) An affirmative vote and approval by a simple majority of members present and voting in the UN General Assembly is required to secure a non-permanent UNSC seat.
- (3) Under the regional distribution framework, the Asia-Pacific group and the Latin America & Caribbean group are allocated two non-permanent seats each.
- (4) If elected for the 2028–29 term, India will serve on the UNSC as a non-permanent member for its eighth overall term.
- (5) Voting for the election of non-permanent members to the UNSC is conducted through open recorded voting in the General Assembly.

**How many of the above statements are correct?**

- (A) Only two
- (B) Only three
- (C) Only four
- (D) All five

**5. Consider the following statements regarding environmental governance in coal-bearing states:**

**Statement 1:** Abandoned rat-hole coal mines left uncovered and unfenced without formal mine closure policies present persistent ecological hazards and human safety risks.

**Statement 2:** Unregulated mine shafts collect rainwater and surface runoff, promoting continuous sulfide oxidation that releases heavy metals and acidic effluents into surrounding aquifers over extended periods.

**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

## ANSWER KEY

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



# OAS HUB

## DAILY CHRONICLE CURRENT AFFAIRS

*In today's fast-changing world, staying updated with current affairs is essential for both academic success and professional growth. Awareness of national and international events not only broadens general knowledge but also sharpens critical and analytical thinking skills. It enables individuals to form well-informed opinions, which are crucial for competitive examinations, group discussions, interviews, and impactful essay writing.*

*Being well-informed reflects adaptability, awareness, and intellectual curiosity—qualities that are highly valued in a competitive environment. A strong grasp of contemporary issues enhances confidence, widens perspective, and prepares individuals to tackle real-world challenges effectively, ultimately opening the door to better opportunities and long-term personal and career advancement.*

-  oashub19       oashub19  
 OASHUB22       oashub19@gmail.com  
 M5/17, Acharya Vihar Bhubaneswar 751022