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IN YOURSELF

Anything
IS POSSIBLE

Important Issues of the Day

- Farmers' pulse – Page No.10 , GS 3**
- Too fake to be good – Page No. 10, GS 3**
- Insurance distribution – Page No. 10, GS 3**
- Simultaneous polls – Page No. 14, GS 2**
- Defence Acquisition Council – Page No.16 , GS 2**

DAC gives nod for 114 Rafales for IAF, and six more P-8I aircraft for Navy

Approvals for ₹3.6 lakh crore mark one of the largest capital acquisition clearances; council chaired by the Defence Minister accords AoN for air-ship-based pseudo satellite for the IAF, and anti-tank mines and overhaul of vehicle platforms of Army

Saurabh Trivedi
NEW DELHI

The Defence Acquisition Council, chaired by Defence Minister Rajnath Singh, on Thursday accorded Acceptance of Necessity (AoN) for capital acquisition proposals worth approximately ₹3.6 lakh crore.

The proposals include 114 Rafale fighter jets from France for the Indian Air Force and six P-8I long-range maritime reconnaissance aircraft from the United States for the Indian Navy.

The Defence Ministry said that for the IAF, the AoN was approved for the procurement of 114 multi-role fighter aircraft (MRFA), combat missiles, and an air-ship-based high-altitude pseudo satellite (AS-HAPS). The Rafale jets are expected to significantly enhance the IAF's air-dominance capability across the full spectrum of conflict and strengthen its



'Make in India' ambitions: Most of the jets will be manufactured in India, providing a boost to domestic industry. K. MURALI KUMAR

long-range offensive and deterrence posture.

A majority of the aircraft will be manufactured in India, providing a boost to domestic defence production.

The Ministry further added that the combat mis-

siles would enhance the IAF's stand-off ground attack capability with deep-strike precision and high accuracy.

The AS-HAPS platform will be deployed for persistent intelligence, surveillance and reconnaissance

(ISR), electronic intelligence (ELINT), telecommunications and remote sensing for military applications.

For the Army, the DAC accorded AoN for the procurement of anti-tank mines (Vibhav) and the overhaul of vehicle platforms of armoured recovery vehicles (ARVs), T-72 tanks and infantry combat vehicles (BMP-II).

The Vibhav mines will serve as an anti-tank obstacle system to delay and disrupt advancing enemy mechanised forces. The overhaul of existing armoured platforms is aimed at extending their service life and ensuring operational readiness, it added.

Reconnaissance aircraft

The Navy received AoN for six additional P-8I long-range maritime reconnaissance aircraft from the U.S., along with a 4 MW marine gas turbine-based electric power generator. The P-8I aircraft will signif-

icantly bolster the Navy's long-range anti-submarine warfare, maritime surveillance and maritime strike capabilities.

Reducing dependence

The induction of the marine gas turbine-based generator under the Make-I category of the Defence Acquisition Procedure, 2020 is expected to reduce dependence on foreign manufacturers and enhance self-reliance in naval power generation systems.

For the Indian Coast Guard, the AoN was granted for the procurement of electro-optical/infrared (EO/IR) systems for its Dornier aircraft. The systems will enhance maritime surveillance and strengthen coastal security operations.

The approvals mark one of the largest capital acquisition clearances in recent years, underlining the government's thrust on force modernisation and indigenisation.

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- **The Rafale jets are expected to significantly enhance the IAF's air-dominance capability across the full spectrum of conflict and strengthen its long-range offensive and deterrence posture.**
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- **The Dassault Rafale is a 4.5 generation, multirole combat aircraft designed by Dassault Aviation, serving as a critical asset for the French Air Force and Navy.**
- **Engines: Powered by 2 engines, enabling supercruise (supersonic flight without afterburners).**
- **Speed: Mach 1.8 with a combat radius of 1,000 km**
- **Rafale C: Single-seat variant for the Air Force.**
- **Rafale B: Twin-seat variant for training and operational flexibility.**
- **Rafale M: Naval variant optimised for carrier operations.**



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- **The first of these aircraft was inducted in 2013, and it made India the first country outside the United States to get one. The Navy has been receiving them regularly since.**
- **The aircraft is designed for “long-range anti-submarine warfare (ASW), anti-surface warfare (ASuW), and intelligence, surveillance and reconnaissance (ISR) missions”, according to its maker, and is a “multi-mission aircraft” with “state of the art sensors, proven weapons systems, and a globally recognised platform”.**
- **The first aircraft produced by Boeing flew in 2009, and has been in service with the US Navy since 2013, the same year as the Indian Navy. Apart from India and the US, it has been chosen by six other militaries in the world.**
- **The aircraft has two variants — the P-8I, which is manufactured for the Indian Navy, and the P-8A Poseidon, which is flown by the US Navy, the United Kingdom’s Royal Air Force, the Royal Australian Air Force, and the Royal Norwegian Air Force. It has also been selected by the Royal New Zealand Air Force, the Republic of Korea Navy, and the German Navy.**

- **The Defence Acquisition Council (DAC) is the highest decision-making body for capital defence procurements in India, responsible for granting in-principle approvals and Acceptance of Necessity for major acquisitions.**
- **Chairman: Raksha Mantri**
- **Members: Raksha Rajya Mantris, Chief of Defence Staff, Chiefs of Army, Navy and Air Force**
- **Other members: Defence Secretary, Secretaries of Defence Production, Defence R&D, Defence Finance**
- **Member Secretary: Deputy Chief of Defence Staff (PP&FD)**

Mains Question

India's push for defence indigenisation under the Atmanirbhar Bharat initiative marks a strategic shift from being one of the largest arms importers to an emerging defence exporter. Critically examine the progress made and the challenges that remain. (250 words)

आत्मनिर्भर भारत पहल के अंतर्गत रक्षा स्वदेशीकरण की दिशा में भारत का प्रयास, विश्व के प्रमुख हथियार आयातकों में से एक से उभरते हुए रक्षा निर्यातक बनने की रणनीतिक परिवर्तन को दर्शाता है। अब तक हुई प्रगति एवं शेष चुनौतियों का समालोचनात्मक परीक्षण कीजिए। (250 शब्द)

Simultaneous polls do not violate Constitution's Basic Structure: Justice Gavai

Sobhana K. Nair
NEW DELHI

Simultaneous elections do not violate the Basic Structure of the Constitution or its federal framework, former Chief Justice of India B.R. Gavai told Parliament's Joint Committee reviewing the Constitution (One Hundred and Twenty-Ninth Amendment) Bill, 2024, which aims to synchronise elections for the Lok Sabha and Assemblies.

At the panel's meeting on Thursday, Justice Gavai said the legislation brings "only a change in the manner of elections once", which does not breach the doctrine. The structure of elections and voter rights remain the same, he noted, and therefore, the amendment would be constitutional. He further explained that it is well within Parliamentary competence to bring in such a law.

Since instruments such as the "no-confidence mo-



B.R. Gavai

tion" remain intact, Justice Gavai said, there is no impact on the accountability of the Union or State governments.

Divided opinions

So far, six former CJIs have spoken to the panel.

Two of them – Justices U.U. Lalit and Sanjiv Khanna – have raised questions about the Bill in relation to the Basic Structure of the Indian Constitution. Justice Lalit had said that the legislation in its present form will not withstand a legal challenge in the Supreme Court, while Justice Khan-

na said that it is open to question as "violating and offending the basic structure of the Constitution".

However, four of the other former CJIs – Justices Ranjan Gogoi, D.Y. Chandrachud, J.S. Khehar, and now, Justice Gavai – told the panel that the Bill does not violate the Basic Structure of the Constitution.

The Parliamentary Joint Committee, headed by BJP MP P.P. Chaudhary, is reviewing the Constitution (One Hundred and Twenty-Ninth Amendment) Bill, 2024, introduced in the Lok Sabha on December 17, 2024.

Mr. Chaudhary also told presspersons that in Thursday's meeting, several members suggested creating a common electoral roll for panchayat/municipal, Assembly, and national elections.

"Making separate electoral rolls for each of these elections is a tedious task that usually falls on government teachers..." he said.

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Mains Question

Discuss the potential advantages and disadvantages of simultaneous elections in strengthening India's democratic process. (250 words)

समवर्ती चुनाव भारत की लोकतांत्रिक प्रक्रिया को सुदृढ़ करने में किस प्रकार सहायक या बाधक हो सकते हैं? इसके लाभ एवं हानियों की चर्चा कीजिए। (250 शब्द)

The hidden cost of insurance distribution

Page No. 10, GS 3

India's life insurance industry paid ₹60,799 crore in commissions in FY2025. By itself, the figure is not extraordinary for a sector of this scale. What should alarm regulators and policymakers is the trend. In a single year, commission payouts surged 18% while premium growth managed only 6.7%. Distribution costs are now rising nearly three times faster than the business they are meant to support. The Reserve Bank of India (RBI) has expressed concern about this divergence in its Financial Stability Report (December 2025).

Public insurers show better cost discipline, while several private insurers – especially after 2022-23 – exhibit steeper commission escalation. For policyholders, this divergence is not theoretical. Over the life of a typical policy, it translates into tens of thousands of rupees of foregone value – not because of fraud or misconduct, but because of how bargaining power is concentrated across certain distribution channels.

Public and private insurance divergence

FY2025 data reveal something more fundamental than headline cost inflation – an exposure of a structural bifurcation. The Life Insurance Corporation of India (LIC), which sources nearly 95% of its business through its agency force, saw its commission ratio decline from 5.45% to 5.17% despite modest premium growth of 2.8%. In contrast, insurers heavily dependent on alternate channels – bancassurance, brokers, insurance marketing firms – saw commission ratios rise sharply from 7.21% to 8.95%, a 174-basis-point jump in a single year. Commission expenditure by private insurers surged 38.8%, from ₹25,564 crore to ₹35,491 crore.

The LIC and a few listed private insurers exhibit better cost control, while others show steep increases, pulling up private-sector averages. This 202-basis-point divergence between public and private life insurers – operating under identical regulations, selling similar products, and competing for the same customers – can largely be explained by two



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is a former Executive Director – Marketing of the Life Insurance Corporation of India

Distribution escalation is a structural faultline in India's life insurance industry

variables: channel composition and the share of single-premium versus non-single-premium business. Insurers with an agency-dominated model display cost discipline; those reliant on alternate channels show cost escalation. This is not correlation – it is structural causation.

The explanation lies in bargaining power. Twenty-six life insurers compete for partnerships with banks controlling over 4,00,000 branches. Banks can reallocate business, switch insurer partners, or adjust shelf space with relative ease. Insurers face high switching costs: building alternate distribution at scale requires years and substantial capital. The outcome is predictable – pricing power concentrates with distribution intermediaries, and commission inflation follows.

Markets respond to incentives, not intent. Historically, the Insurance Regulatory and Development Authority of India (IRDAI) imposed product-wise commission caps, limiting payouts regardless of channel. When hard caps existed, competitive pressure surfaced through marketing arrangements, technology fees, training programmes and infrastructure support. Many of these are legitimate. Concern arises when scale and timing mirror sales volumes rather than services delivered. This is not a compliance failure; it is the natural outcome of competition interacting with concentrated distribution power.

Unchanged economics

The shift in 2023-24 to the Expenses of Management (EOM) framework was well-intentioned. It aimed to encourage managerial autonomy, efficiency and accountability. However, expenses earlier embedded elsewhere have now surfaced transparently as commissions. Institutions with bargaining power have become more assertive in demanding higher payouts. Visibility has improved, but underlying economics remain unchanged.

Therefore, blaming individual agents misses the point entirely. After sourcing costs, taxes, overrides and institutional deductions, agents retain perhaps 35%-40% of headline

commissions. The bulk – nearly ₹26,000 crore in FY2025 – accrues to corporate intermediaries, particularly banks and insurance marketing firms, which command customer access at scale. This is a market-structure issue, not an agent-conduct issue.

Several popular remedies fail to address this reality. Clawbacks make intermediary cash flows uncertain, encouraging risk aversion and exit from insurance distribution, ultimately harming penetration. Commission disclosure offers limited benefit to most buyers while incentivising informal rebates that push transactions outside regulatory visibility. Open architecture, often positioned as pro-competition, risks worsening outcomes by eroding insurers' incentives to invest in agent capability and service – mirroring the mutual fund industry's post-2012 experience.

Distribution economics cannot be corrected through disclosure or accounting reclassification alone. The issue runs deeper in incentive design and bargaining power.

A way out

What would help is rebalancing commissions away from extreme front-loading toward meaningful renewal income, so that servicing and persistency matter as much as sales. Bancassurance requires explicit joint oversight by the RBI and IRDAI, focusing on persistency, complaints, servicing quality and commissions – not just headline expense ratios. EOM limits must recognise channel economics while ensuring that acquisition costs remain within reasonable bounds. Above all, regulation should pivot toward outcomes – retention, service satisfaction and claims experience rather than process compliance.

Insurance penetration has already softened, declining from 4% to 3.7% of GDP in FY2024. If distribution costs continue to rise faster than value delivered, insurance will steadily lose relevance for middle-income households.

Containing acquisition costs within rational limits is not optional. It is essential for sustainable penetration, a concern rightly flagged by the RBI.

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- **It is a statutory body formed under an Act of Parliament, i.e., the Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act 1999), for the overall supervision and development of the insurance sector in India.**
- **It acts as an autonomous authority under the Ministry of Finance, Government of India.**
- **The main goals of IRDAI are: To safeguard the interest of the policyholders by fair business conduct and settlement of claims within time.**
- **Developing and nurturing the Indian insurance industry.**
- **To regulate the business of insurance with transparency, fairness, and honest practice.**
- **Facilitating financial prudence of the insurers through solvency and stability checks of insurers.**
- **To regulate premium charges and policy terms for preventing unscrupulous pricing and unaffordability.**

- **It is responsible for registering and/or licensing insurance, reinsurance companies, and intermediaries according to the regulations.**
- **It sets the eligibility criteria, qualifications, and capital requirements for obtaining licenses in the insurance business.**
- **Head Office: Hyderabad**
- **Entities regulated by IRDAI:**
- **Life Insurance Companies: Both public and private sector companies**
- **General Insurance Companies: Both public and private sector companies.**

Too fake to be good

Labelling of synthetically generated content on social media is a must

The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules, 2026, add a critical requirement for social media platforms: AI-generated imagery must now be labelled prominently. Since the draft rules were released in October, there have been some improvements in this mandate: it is no longer prescribing a set size for such a disclosure, nor is it applicable to any AI-generated imagery that does not seek to pass off as the real thing. AI-generated imagery has flooded users' feeds and they have a right to know that this imagery is not real. The requirement that users declare synthetically generated content as such is welcome. As India approaches the AI Impact Summit with a stated intent to regulate AI only insofar as necessary, the requirement shows considerable restraint. Since the technology for creating synthetic imagery is rapidly evolving, the government will, however, have to revisit parts of the Rules that impose proactive detection of synthetic content by platforms – after all, while tech platforms are generally able to detect synthetic media automatically, this capability is constantly challenged by the billions of dollars being invested into ironing out the flaws that these detection mechanisms rely upon.

What is problematic is the government's insertion – with absolutely no public forewarning – of reducing the timelines for taking down content under the Rules to a mere two or three hours. Reducing such compliance timelines creates one of two incentives for social media platforms: either have empowered representatives at all times who can appropriately weigh the merits of a take-down notice and balance it against freedom of expression; or implement a take-down-and-ask-questions-later approach. Any delay would implicate firms in court by removing their safe harbour, an outcome they understandably wish to avoid. This shortening applies to all platforms, adding a barrier of entry to a space that should be open to constant challengers in an open Internet. This shorter timeline was not indicated in October, and since comments are not public, there is no way to confirm if all interests were properly considered.. The lack of open consultation is a particularly pressing issue when the main stakeholders are hyperscalers with hundreds of billions of dollars in planned investments over the years ahead. Their views need to be open to scrutiny, as must the deliberations their inputs lead to. The IT Rules remain contested in multiple court cases, and it is inappropriate to make sudden changes to social media governance that may have ramifications for the freedom of expression without parliamentary debate.

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- **Safe Harbour Rules:** Social media platforms are not held legally liable for user-generated content, as long as they act to remove or address flagged objectionable content, thus supporting free speech and ensuring platforms are not responsible for preemptive content control.
- **United States:** Safe harbour protection is provided under Section 230 of the Communications Decency Act, which shields platforms from being held liable for user content.
- **India:** Section 79 of the Information Technology Act, 2000 offers similar protection.
- **The Information Technology Rules, 2021,** require social media companies with over 5 million users to appoint a chief compliance officer, who can be held criminally liable for non-compliance with takedown requests or other regulations.

Farmers' pulse

Only structural reforms in agriculture sector can ensure food security

India manages its prodigious demand for pulses using a mix of import policy, price stabilisation and conditional MSP procurement. Imports are the most sensitive because a single central decision can immediately lower household spending when supply is tight, at the expense of hurting farmers, and knowing that markets cannot always absorb 'extra' supply. So, when the U.S. said that its trade deal with India obligated India to purchase pulses from American suppliers, it implied that the government had agreed to committing imports against farmers' interests – a politically fraught stance in India since the 2020-21 farm law protests and which might see a revival now. India's pulse output has hovered around 2.5 crore tonnes in recent years while demand is estimated to be three crore tonnes; imports fill the gap. Pulses account for roughly a quarter of non-cereal protein intake and support five crore farmers and their families. In the absence of a reliable MSP regime as for rice and wheat, however, farmers face organised neglect due to weak procurement mechanisms, the risks of rain-fed cultivation, and yields lower than international competitors. In 2019-24, government procurement under the Price Support Scheme fluctuated between 2.9% and 12.4% of production. Many States also have inadequate procurement centres, forcing farmers to sell to private traders regardless of the official MSP. As a result, farmers are incentivised to underinvest in pulses, leading to a vicious cycle.

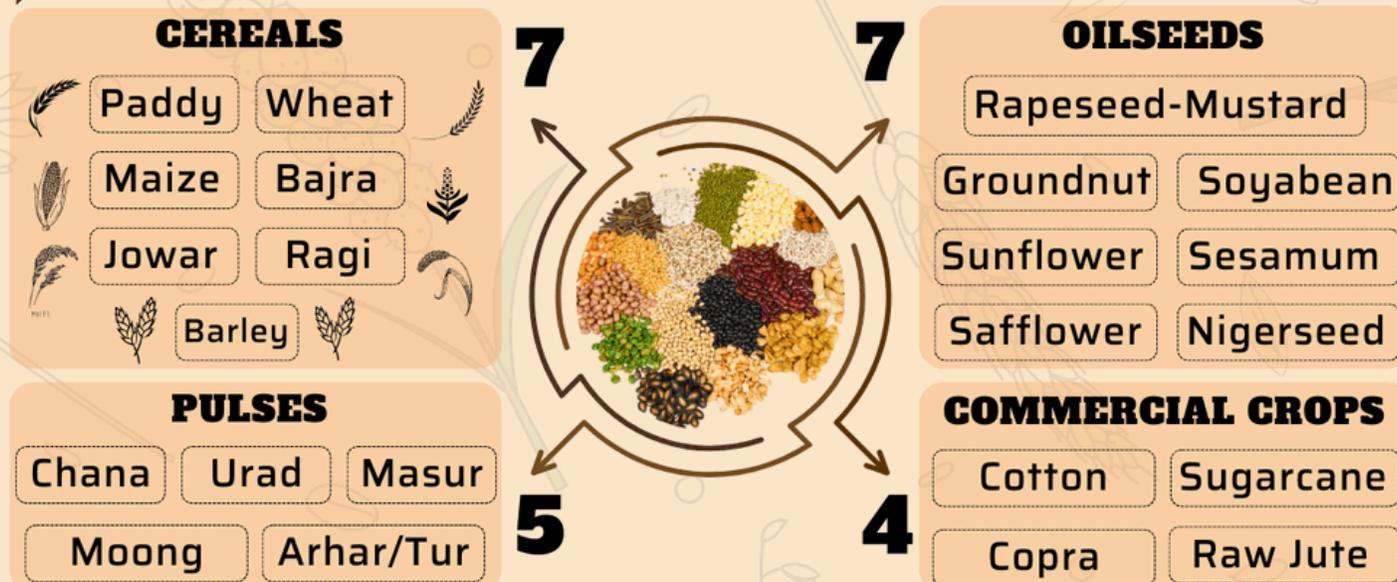
India recently announced ambitious initiatives to solve this problem, an example being the October 2025 self-sufficiency Mission, with a ₹11,440 crore outlay, targeting 310 lakh hectares of cultivation and 350 lakh tonnes of production by 2030-31. But farmers remain sceptical since older promises have yet to materialise. All this is why the initial apparent inclusion of pulses in the U.S. documents, describing what India would open to American agri-imports, hit a raw nerve among India's farmers. Opening the market to U.S. pulses would further depress domestic prices and directly contradict the government's new Mission. Breaking this cycle would require more than removing objectionable words from an agreement, including addressing the procurement infrastructure deficit, providing genuine MSP guarantees, investing in productivity improvements for rain-fed areas where pulses are grown, and creating market systems that explicitly reward farmers who choose to cultivate pulses. Until such structural reforms materialise, however, pulse farmers will continue to occupy a precarious position in India's agricultural economy and India will continue to depend on imports to meet its demand, perpetuating both food security vulnerabilities and political sensitivity around any trade agreement that appears to favour foreign producers.

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- **MSP is the price at which the government procures crops directly from farmers, offering them assured income and protection from market volatility.**
- **Determination:**
- **MSPs are recommended by the Commission for Agricultural Costs and Prices (CACP) — an attached office under the Ministry of Agriculture and Farmers Welfare, established in 1965.**
- **The Cabinet Committee on Economic Affairs (CCEA), chaired by the Prime Minister, gives the final approval.**
- **MSP is declared for 22 mandated crops — including 14 Kharif crops, 6 Rabi crops, and 2 commercial crops — plus a Fair and Remunerative Price (FRP) for sugarcane.**

CACP recommends MSPs for 23 commodities (17 Kharif and 6 Rabi)



Procedure

CACP (Commission for Agricultural Costs and Prices)

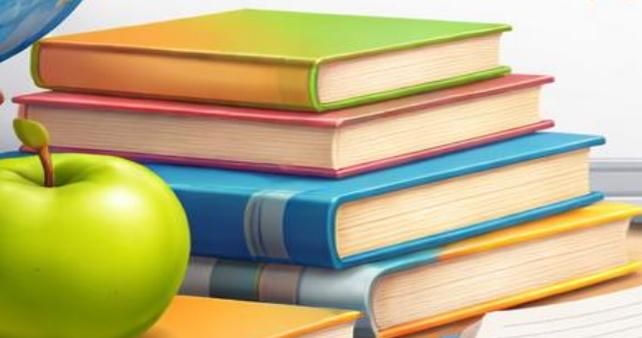
submits its recommendations

CCEA (Cabinet Committee on Economic Affairs) (headed by PM)

based on CACP's recommendations

CCEA sets MSP

Thank You!



ABCs

