

# PrepAlpine

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# DAILY CURRENT AFFAIRS DATED 04.04.2026

## GS Paper II: Current Affairs

### 1. Insolvency and Bankruptcy Code (Amendment), 2026 – Reforming India’s Insolvency Framework

#### a. Introduction: Evolution of India’s Insolvency Framework

The Insolvency and Bankruptcy Code (IBC), 2016 brought a major transformation in India’s financial system by replacing a fragmented and inefficient insolvency regime with a unified, time-bound process. Its key goals were to preserve economic value, improve credit discipline, and strengthen banks by resolving Non-Performing Assets (NPAs).

However, after nearly a decade of implementation, several issues emerged—especially delays, complex procedures, and moderate recovery rates. The 2026 amendments aim to address these gaps by making the system faster, more flexible, and globally aligned.

#### b. Conceptual Foundation of the IBC

##### Resolution-Oriented Approach

- Focus is on reviving stressed firms, not just recovering money
- If revival is not possible, firms are liquidated in an orderly manner
- Emphasis on maximising asset value

##### Key Principle

- Ensures economic continuity
- Protects interests of stakeholders — creditors, employees, economy
- Promotes efficient allocation of resources

This philosophy highlights why delays and inefficiencies undermine the very purpose of the Code.

#### c. Rationale for the 2026 Amendments

##### Delays in Resolution

- Admission stage itself often took months
- Cases exceeded prescribed timelines
- Reduced value of stressed assets over time

##### Institutional Bottlenecks

- Heavy backlog in NCLT and NCLAT
- Limited capacity of tribunals
- Slowed down entire resolution process

##### Moderate Recovery Rates

- Lower recovery due to delay and asset deterioration
- Reduced confidence among creditors

##### Excessive Litigation

- Frequent legal challenges
- Procedural complexities
- Increased uncertainty

### Lack of Cross-Border Framework

- No clear mechanism for insolvency involving foreign entities
- Limited effectiveness in a globalised economy

These challenges necessitated reforms aimed at improving both speed and quality of insolvency resolution.

How 2026 Amendments Address IBC Challenges	
Problem	Reform Introduced
Delay in admission	✓ Faster admission process
Tribunal backlog	✓ Out-of-court resolution mechanism
Fragmented group cases	✓ Group insolvency framework
Cross-border gaps	✓ Cross-border insolvency provisions
Excessive litigation	✓ Time-bound appeals
Conflict of interest	✓ Separation of roles (RP vs liquidator)
Decision deadlock	✓ Lower voting thresholds
Weak oversight	✓ Strengthened IBBI powers

**Targeted reforms for systemic bottlenecks**

### d. Key Features of the 2026 Amendments

#### Streamlining Admission of Cases

- Faster admission once default is established
- Reduced judicial discretion at entry stage
- Prevents delays at the starting point

#### Creditor-Initiated Insolvency (Out-of-Court Mechanism)

- Allows creditors to initiate resolution outside courts
- Requires majority creditor approval
- Reduces burden on tribunals

#### Recognition of Group Insolvency

- Enables joint resolution of related companies
- Prevents fragmented outcomes
- Preserves value of interconnected entities

#### Cross-Border Insolvency Framework

- Recognition of foreign insolvency proceedings
- Cooperation between jurisdictions
- Aligns with global best practices

#### Addressing Conflict of Interest

- Resolution professional cannot act as liquidator
- Ensures impartiality
- Builds trust in the process

#### **Rationalisation of Voting Thresholds**

- Lower thresholds for decision-making
- Faster consensus among creditors
- Reduces delays due to deadlock

#### **Strengthening Institutional Oversight**

- Enhanced powers for IBBI
- Better monitoring and regulation
- Improved accountability

#### **Shift Toward Civil Penalties**

- Reduced reliance on criminal penalties
- More practical and less punitive approach
- Encourages compliance

#### **Expansion of Scope**

- Includes foreign entities with limited liability
- Reflects globalised business environment

#### **Time-Bound Appellate Mechanism**

- Fixed timelines for appeals
- Prevents prolonged litigation
- Ensures faster closure

Together, these features aim to make the insolvency framework more efficient and responsive.

### **e. Significance of the Amendments**

#### **Faster and Predictable Resolution**

- Reduces delays
- Improves recovery rates
- Enhances system credibility

#### **Strengthening Banking System**

- Better resolution of NPAs
- Improves bank balance sheets
- Supports credit growth

#### **Boost to Investment Climate**

- Greater transparency and certainty
- Aligns with global standards
- Attracts domestic and foreign investment

#### **Improved Credit Culture**

- Encourages timely repayment
- Discourages wilful default
- Promotes financial discipline

## **f. Challenges and Limitations**

### **Institutional Capacity Constraints**

- Limited infrastructure and manpower
- Risk of continued delays despite reforms

### **Concerns for Minority Stakeholders**

- Majority creditor dominance
- Possible marginalisation of smaller stakeholders

### **Cross-Border Implementation Challenges**

- Requires cooperation with foreign jurisdictions
- Legal and procedural complexities

### **Pre-Insolvency Issues**

- Late identification of stress
- Poor asset quality before resolution
- Limits recovery outcomes

These concerns highlight the need for complementary reforms beyond legislative changes.

## **g. Way Forward: Strengthening the Ecosystem**

### **Institutional Strengthening**

- Expand NCLT/NCLAT capacity
- Improve infrastructure and manpower

### **Capacity Building**

- Enhance skills of insolvency professionals
- Improve quality of resolution processes

### **Use of Technology**

- Digital case management systems
- Faster processing and tracking

### **Promoting Alternative Mechanisms**

- Encourage pre-packaged insolvency
- Expand out-of-court settlements

### **Balancing Stakeholder Interests**

- Protect both creditor rights and debtor interests
- Ensure fairness and transparency

These steps will help translate legal reforms into effective outcomes.

## **Conclusion**

The 2026 amendments represent an important step in the evolution of India's insolvency framework, making it more efficient, flexible, and globally integrated.

However, their success will depend on effective implementation, strong institutions, and continuous policy refinement. If these conditions are met, the IBC will continue to serve as a cornerstone of financial stability, credit discipline, and sustainable economic growth in India.

## GS Paper III: Security

### 2. INS Aridaman and India's Nuclear Submarine Capability

#### a. Introduction: Strengthening India's Strategic Deterrence

The induction of INS Aridaman, India's third nuclear-powered ballistic missile submarine (SSBN), marks a major step in enhancing the country's strategic capabilities. It strengthens the most critical pillar of India's nuclear doctrine—its second-strike capability, which ensures retaliation even after suffering a nuclear attack.

In a geopolitically tense Indo-Pacific region, such capabilities are essential for maintaining credible deterrence and long-term strategic stability.

### INS Aridaman: Key Capabilities



**STEALTH + ENDURANCE + FIREPOWER = STRATEGIC DETERRENCE**

#### b. Conceptual Foundation: Nuclear Triad and Deterrence

##### India's Nuclear Doctrine

- Based on credible minimum deterrence — maintaining only necessary capability
- Commitment to No First Use (NFU) of nuclear weapons
- Focus on deterrence rather than war-fighting

##### Nuclear Triad Explained

- Land-based missiles e.g., Agni series
- Air-delivered nuclear weapons via aircraft
- Sea-based assets — submarines with nuclear missiles

##### Importance of Sea-Based Deterrence

- Submarines operate hidden underwater (stealth)
- Difficult for enemies to detect or destroy
- Ensures retaliation capability even after first strike
- Forms the most reliable leg of the triad

### **c. INS Aridaman: Features and Capabilities**

#### **Technical Characteristics**

- Part of the Arihant-class SSBN fleet
- Displacement of around 7,000 tonnes
- Equipped with a nuclear reactor enabling long endurance
- Can remain submerged for extended periods without surfacing

#### **Missile Capability**

- Around 8 vertical launch tubes
- Can carry:
  - K-15 (short-range ballistic missiles)
  - K-4 (longer-range ballistic missiles)
- Enhanced ability to strike distant targets while remaining hidden

#### **Strategic Advantage**

- Combines stealth, endurance and firepower
- Operates deep underwater, reducing vulnerability
- Acts as a survivable nuclear platform

This capability is the result of a gradual evolution of India's submarine programme.

### **d. Evolution of India's SSBN Fleet**

#### **Phased Development Approach**

- **INS Arihant** – India's first SSBN; proof of concept
- **INS Arighaat** – Improved design and operational capability
- **INS Aridaman** – Larger size, better endurance, higher missile capacity
- Future submarines under construction to expand fleet

#### **Strategic Approach**

- Incremental capability building
- Focus on indigenous development
- Alignment with long-term defence modernisation

This evolution reflects a deliberate effort to build a credible and survivable deterrent.

### **e. Strategic Significance of INS Aridaman**

#### **Strengthening Second-Strike Capability**

- Submarines survive even if land/air assets are destroyed
- Ensures assured retaliation
- Prevents adversaries from attempting a first strike

#### **Enhancing Nuclear Triad Credibility**

- Strengthens the sea-based leg of the triad
- Improves overall deterrence reliability
- Makes India's nuclear posture more robust

#### **Improved Range and Firepower**

- Longer-range missiles expand strike capability
- Ability to target distant adversaries

- Relevant for Indo-Pacific strategic dynamics

#### **Stealth and Operational Endurance**

- Nuclear propulsion allows months of underwater operation
- Extremely difficult to detect
- Enhances survivability in conflict

#### **Strategic Presence in Indo-Pacific**

- Strengthens India's role in the Indian Ocean Region (IOR)
- Protects sea lanes and chokepoints
- Maintains regional balance of power

### **f. Broader Significance**

#### **Technological Advancement**

- Development of nuclear propulsion technology
- Indigenous missile systems (K-series)
- Strengthens defence R&D ecosystem

#### **Strategic Autonomy**

- Reduces dependence on foreign technology
- Enhances self-reliance in critical defence systems

#### **Responsible Nuclear Power Image**

- Focus on deterrence, not aggression
- Supports global perception of India as a responsible nuclear state

### **g. Challenges and Constraints**

#### **High Cost and Complexity**

- Nuclear submarines are extremely expensive
- Require advanced engineering and safety systems

#### **Limited Fleet Size**

- Smaller fleet compared to:
  - USA
  - China
- Limits continuous deployment capability

#### **Maintenance and Operational Constraints**

- Regular refit and maintenance cycles
- Reduces number of submarines available at any time

#### **Technological Challenges**

- Reactor safety and stealth design
- Advanced navigation and communication systems

These challenges highlight the need for sustained investment and long-term planning.

### **h. Way Forward: Consolidating India's SSBN Capability**

### **Fleet Expansion**

- Increase number of SSBNs
- Ensure continuous at-sea deterrence

### **Technological Upgradation**

- Develop longer-range SLBMs
- Improve stealth and detection-avoidance systems

### **Strengthening Naval Infrastructure**

- Improve submarine bases and logistics
- Enhance underwater surveillance systems

### **Focus on Indigenous R&D**

- Invest in domestic defence innovation
- Reduce reliance on external support

These steps will ensure that India's deterrence capability remains credible and future-ready.

### **Conclusion**

INS Aridaman marks a crucial milestone in strengthening India's nuclear deterrence. By reinforcing the sea-based component of the nuclear triad, it ensures that India retains a credible and survivable second-strike capability.

Thus, it is not just a technological achievement but a strategic asset that enhances national security and contributes to long-term stability in the Indo-Pacific region.

## Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

While every effort has been made to balance depth with brevity, please keep the following in mind:

### 1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

### 2. Content Length

Some sections may feel shorter or longer depending on topic relevance and news density. To fit your personal preference, you may freely resize or summarize sections using any LLM tool (ChatGPT, Gemini, Claude, etc.) at your convenience.

### 3. Format Flexibility

The formatting combines:

- paragraphs
- lists
- tables
- visual cues

—all optimised for retention.

If you prefer a specific style (lists → paras, paras → tables, etc.), feel free to convert using any free LLM.

### 4. Monthly Current Affairs Release

The complete Monthly Current Affairs Module will be released soon, optimized to a compact 100–150 pages — comprehensive yet concise, exam-ready, and revision-efficient.

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