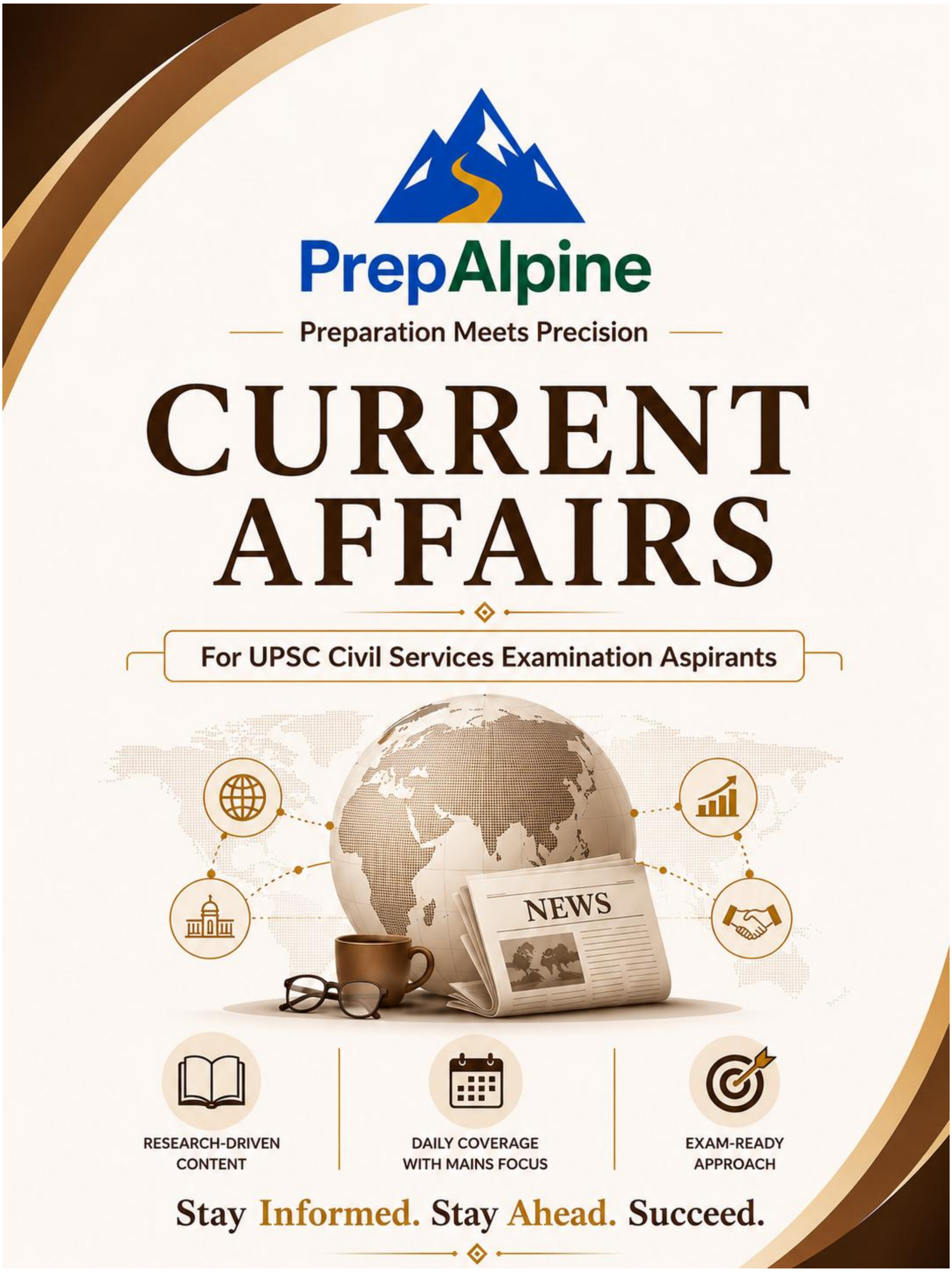
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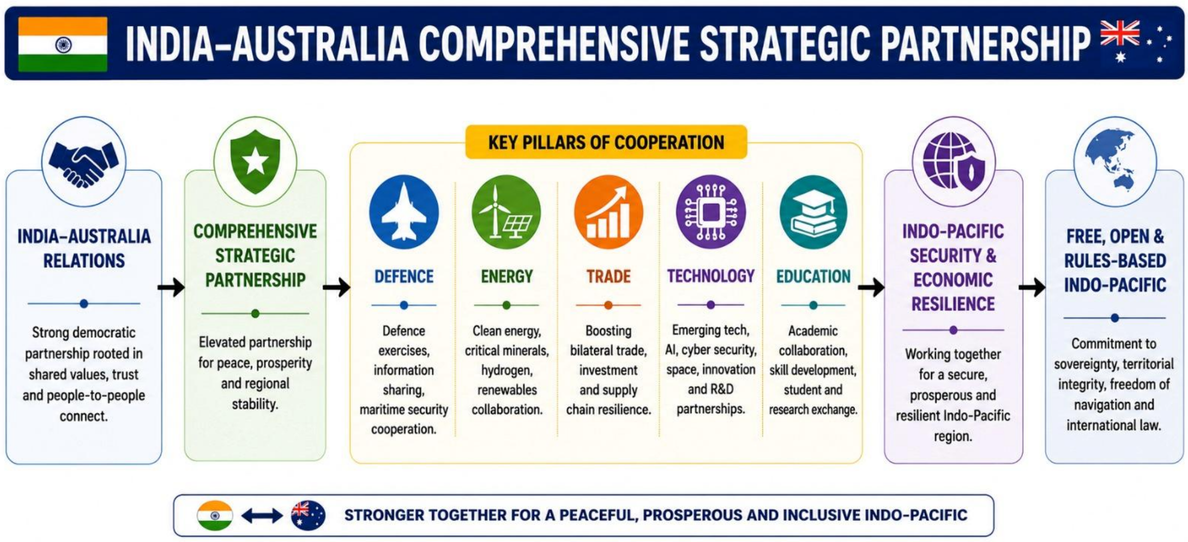
GS Paper II: International Relations

1. India–Australia Strategic Partnership Deepens

a. Introduction

India and Australia have signed a series of agreements covering defence, maritime security, critical minerals, clean energy, education, science and technology, while also operationalising the 2014 Civil Nuclear Cooperation Agreement. These developments represent another important milestone in strengthening the India–Australia Comprehensive Strategic Partnership and reflect the growing strategic convergence between the two Indo-Pacific democracies.



b. Key Developments

India and Australia agreed to operationalise the 2014 Civil Nuclear Cooperation Agreement, paving the way for a stable supply of Australian uranium to support India's civilian nuclear energy programme.

The two countries also expanded cooperation across several strategic sectors:

- Defence and maritime security.
- Critical minerals.
- Energy security and clean energy.
- Science and technology.
- Education, research and innovation.

Both sides reaffirmed their commitment to accelerating negotiations on the Comprehensive Economic Cooperation Agreement (CECA) to strengthen bilateral trade, investment and economic integration.

The leaders also reiterated their shared commitment to a free, open, inclusive and rules-based Indo-Pacific, emphasising respect for international law, freedom of navigation and the peaceful resolution of disputes.

These developments are significant not merely because of the agreements themselves, but because they collectively advance India's strategic, economic and security interests in an increasingly contested Indo-Pacific region.

c. Significance of the Partnership

- **Strengthening the Indo-Pacific Architecture:** The partnership reinforces cooperation between two major Indo-Pacific democracies committed to preserving a rules-based regional order, freedom of navigation and maritime security. It contributes to regional stability while remaining a strategic partnership rather than a formal military alliance.
- **Enhancing India's Energy Security:** Operationalisation of the Civil Nuclear Cooperation Agreement enables reliable imports of Australian uranium, diversifying India's energy basket and supporting the expansion of civilian nuclear power. This strengthens long-term energy security while contributing to India's clean energy transition and climate commitments.
- **Deepening Defence Cooperation:** Expanded defence and maritime cooperation enhances interoperability, logistics support, intelligence sharing and maritime domain awareness. It also strengthens India's capacity to secure critical sea lines of communication in the Indian Ocean Region.
- **Securing Critical Mineral Supply Chains:** Australia possesses substantial reserves of lithium, cobalt and rare earth elements, which are essential for electric vehicles, batteries, renewable energy technologies and advanced manufacturing. Cooperation in this sector reduces India's dependence on concentrated global supply chains and supports its objective of strategic autonomy.
- **Promoting Economic Diversification:** An early conclusion of the Comprehensive Economic Cooperation Agreement (CECA) would expand bilateral trade, encourage investment and strengthen resilient supply chains, thereby reducing vulnerabilities arising from geopolitical disruptions.

While the partnership offers substantial strategic and economic benefits, its growing importance must also be viewed against the backdrop of changing regional geopolitics.

d. Strategic Context

India and Australia have witnessed increasing strategic convergence due to evolving geopolitical and economic realities.

- China's growing assertiveness in the Indo-Pacific has encouraged closer cooperation among regional democracies seeking to maintain a stable balance of power.
- Recent global disruptions have highlighted the need for resilient supply chains in critical technologies, energy resources and strategic minerals.
- The partnership complements cooperation under the Quad, while remaining non-alliance based and focused on promoting regional stability, economic resilience and adherence to international law.

Despite this strong convergence of interests, translating strategic intent into tangible outcomes requires addressing several practical and policy challenges.

e. Challenges

- Negotiations on the Comprehensive Economic Cooperation Agreement (CECA) have progressed slowly.
- Both countries must carefully balance expanding strategic cooperation with their respective economic relationships with China.
- Effective implementation of defence, technology, energy and critical mineral partnerships requires sustained institutional coordination, investment and policy continuity.

Addressing these challenges through sustained political commitment and institutional cooperation will determine the long-term success of the partnership.

f. Way Forward

- Prioritise the early conclusion of the Comprehensive Economic Cooperation Agreement (CECA) to unlock greater trade and investment opportunities.

- Deepen defence industrial collaboration, maritime cooperation and joint capacity-building initiatives to strengthen regional security.
- Translate cooperation in critical minerals, clean energy and civilian nuclear power into concrete projects that enhance long-term supply chain resilience.
- Expand collaboration in emerging technologies, innovation, higher education and scientific research to promote future economic growth and technological leadership.
- Strengthen coordination through the Quad and other Indo-Pacific forums to uphold a free, open, inclusive and rules-based regional order.

Conclusion

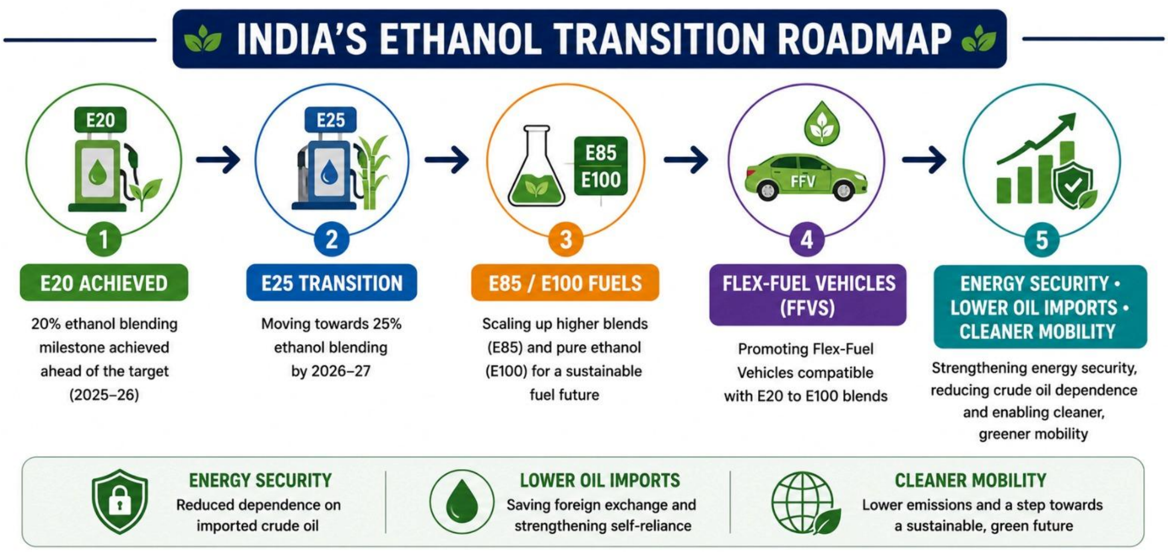
The India–Australia partnership has evolved into one of the most significant pillars of India's Indo-Pacific strategy. By combining cooperation in defence, energy, critical minerals, trade and emerging technologies, the relationship contributes not only to bilateral prosperity but also to regional stability and a resilient rules-based international order. Timely implementation of existing commitments and early conclusion of the CECA will be crucial for realising the partnership's full strategic potential.

GS Paper II: Current Affairs

2. India's Ethanol Transition: Lessons from Brazil's Biofuel Model

a. Introduction

Having achieved 20 per cent ethanol blending (E20) ahead of schedule, India is now exploring a transition towards E25 and eventually E85–E100 fuels supported by Flex-Fuel Vehicles (FFVs). Brazil's long-standing experience with ethanol provides valuable lessons on policy sequencing, infrastructure development and consumer adoption.



b. Key Developments

India has successfully achieved 20 per cent ethanol blending in petrol (E20) ahead of its original target, marking a significant milestone in the country's biofuel programme.

The Government is now considering the next phase of the transition by:

- Introducing E25 as the next standard fuel blend.
- Expanding the availability of E85 and E100 fuels.
- Promoting Flex-Fuel Vehicles (FFVs) capable of operating on multiple petrol-ethanol blends.

Brazil, which has pursued ethanol-based transport for several decades, has recently increased its mandatory gasoline blend to E30 while achieving widespread adoption of Flex-Fuel Vehicles.

As India moves beyond E20, comparing its strategy with Brazil's mature ethanol ecosystem offers important insights into the sequencing of reforms and the prerequisites for a successful transition.

c. Brazil's Ethanol Transition: A Comparative Perspective

Dimension	Brazil	India
Policy Evolution	Gradual transition over nearly five decades	Rapid progression from E10 to E20 within a few years
Vehicle Ecosystem	Flex-Fuel Vehicles widely available before higher blends	Limited availability of Flex-Fuel Vehicles
Consumer Choice	Consumers can choose between E30 petrol and E100 ethanol	E20 is the dominant fuel with limited alternatives
Pricing Policy	Ethanol supported through competitive pricing incentives	Limited price advantage for ethanol-based fuels
Infrastructure	Fuel stations and vehicle ecosystem expanded simultaneously	Fuel infrastructure and vehicle readiness are still evolving

The comparison demonstrates that Brazil's success was not driven by ethanol production alone, but by the coordinated evolution of policy, infrastructure, pricing and consumer choice.

d. Why Brazil's Model Has Been Successful

- **Gradual and Predictable Policy Evolution:** Brazil's ethanol programme evolved through a carefully sequenced policy framework over several decades. This gradual transition enabled industries, consumers and automobile manufacturers to adapt without major disruptions.
- **Simultaneous Development of Vehicles and Infrastructure:** The expansion of fuel infrastructure occurred alongside the development of compatible automobile technology, ensuring that higher ethanol blends were supported by adequate dispensing facilities and suitable vehicles.
- **Consumer-Centric Flex-Fuel Ecosystem:** The widespread adoption of Flex-Fuel Vehicles (FFVs) enabled consumers to choose between petrol and ethanol based on prevailing market prices, encouraging voluntary adoption rather than regulatory compulsion.
- **Stable Pricing and Investment Environment:** Competitive pricing policies made ethanol an economically attractive alternative to petrol, while long-term policy stability encouraged sustained investment across agriculture, automobile manufacturing and fuel distribution.

Although India's ethanol programme is comparatively younger, it has already delivered several important economic and environmental gains.

e. India's Achievements

- **Strengthening Energy Security:** Higher ethanol blending has reduced dependence on imported crude oil, improving India's energy security and reducing pressure on the balance of payments.
- **Supporting Agricultural Incomes:** The programme has generated additional demand for sugarcane and other approved feedstocks, contributing to higher farm incomes and greater diversification of agricultural markets.

- **Advancing Climate Commitments:** Increased ethanol blending has helped reduce greenhouse gas emissions from the transport sector, supporting India's commitment towards cleaner energy and net-zero emissions.

Despite these achievements, India's transition to higher ethanol blends must address several technical, economic and environmental challenges.

f. Key Concerns

- **Vehicle Compatibility:** Most vehicles currently operating in India are not designed to efficiently use higher ethanol blends. A rapid transition without adequate vehicle readiness could result in operational and maintenance challenges.
- **Lower Fuel Efficiency:** Since ethanol has a lower energy content than petrol, higher ethanol blends may reduce mileage unless accompanied by appropriate pricing incentives that offset the additional fuel consumption.
- **Consumer Awareness:** Many consumers remain unaware of the implications of higher ethanol blends for vehicle compatibility, fuel efficiency and environmental benefits. Greater public awareness will be essential for informed decision-making.
- **Infrastructure Readiness:** The availability of Flex-Fuel Vehicles, specialised fuel dispensing stations and maintenance facilities remains limited. Expanding this ecosystem is essential before introducing higher ethanol blends on a large scale.
- **Feedstock Sustainability:** Growing ethanol demand could increase dependence on water-intensive sugarcane cultivation, raising concerns regarding water security, land use and the possible diversion of food crops towards fuel production.

Addressing these concerns requires a calibrated policy approach that integrates technological readiness, consumer interests and environmental sustainability.

g. Lessons for India

- Adopt a phased and predictable roadmap for introducing higher ethanol blends, allowing industries and consumers adequate time to adapt.
- Synchronise fuel policy with automobile manufacturing, vehicle standards and fuel distribution infrastructure to ensure smooth implementation.
- Expand the production and adoption of Flex-Fuel Vehicles before making higher ethanol blends widely available.
- Improve consumer awareness regarding vehicle compatibility, fuel efficiency, operating costs and environmental benefits to encourage informed adoption.
- Promote second-generation ethanol, agricultural residues and surplus or damaged food grains to reduce dependence on water-intensive sugarcane.
- Design appropriate pricing and tax incentives to encourage voluntary consumer adoption while supporting investment across the biofuel ecosystem.

These lessons highlight that the success of India's ethanol transition will depend not merely on increasing blending percentages, but on creating a balanced and sustainable biofuel ecosystem.

h. Way Forward

- Pursue a balanced ethanol transition that simultaneously advances energy security, consumer convenience and environmental sustainability.
- Adopt a diversified mobility strategy combining biofuels, electric mobility, green hydrogen and compressed natural gas, thereby reducing dependence on any single technology.
- Accelerate investment in Flex-Fuel Vehicles, fuel distribution infrastructure and advanced biofuel technologies to prepare for higher ethanol blends.
- Ensure long-term policy stability to encourage investment across agriculture, automobile manufacturing and fuel distribution.

- Promote sustainable feedstock management, efficient water use and advanced biofuel production so that energy security objectives are achieved without compromising food security or environmental sustainability.

Conclusion

India's successful achievement of E20 marks the beginning rather than the culmination of its biofuel journey. Brazil's experience demonstrates that higher ethanol blends become sustainable only when policy, pricing, infrastructure, vehicle technology and consumer awareness evolve together. By adopting a phased, technology-neutral and sustainability-oriented approach, India can strengthen its energy security while advancing its climate and development objectives.

GS Paper III: Economics

3. Proposed Amendment to the National Food Security Act

a. Introduction

The Union Government has proposed amending the National Food Security Act (NFSA), 2013 to revise foodgrain entitlements under the Antyodaya Anna Yojana (AAY). The proposal seeks to replace the existing household-based entitlement with a per capita allocation of 7 kilograms per person per month, subject to a maximum of 35 kilograms per household. The proposal has been opposed by States such as Tamil Nadu and Kerala, which argue that it could adversely affect small households.

To understand the implications of the proposed amendment, it is essential to first compare the existing entitlement framework with the proposed per capita allocation model.

b. Existing and Proposed Entitlement under the Antyodaya Anna Yojana

Existing System	Proposed Amendment
Every AAY household receives 35 kilograms of foodgrains per month	Every eligible individual receives 7 kilograms per month, subject to a maximum of 35 kilograms per household
Household size does not affect allocation	Allocation is linked to the number of eligible family members
Large families receive lower foodgrain availability on a per person basis	Seeks to provide a uniform per person entitlement across beneficiaries

The proposed shift reflects the Government's attempt to address disparities that have emerged under the existing household-based allocation system.

c. Why Has the Amendment Been Proposed?

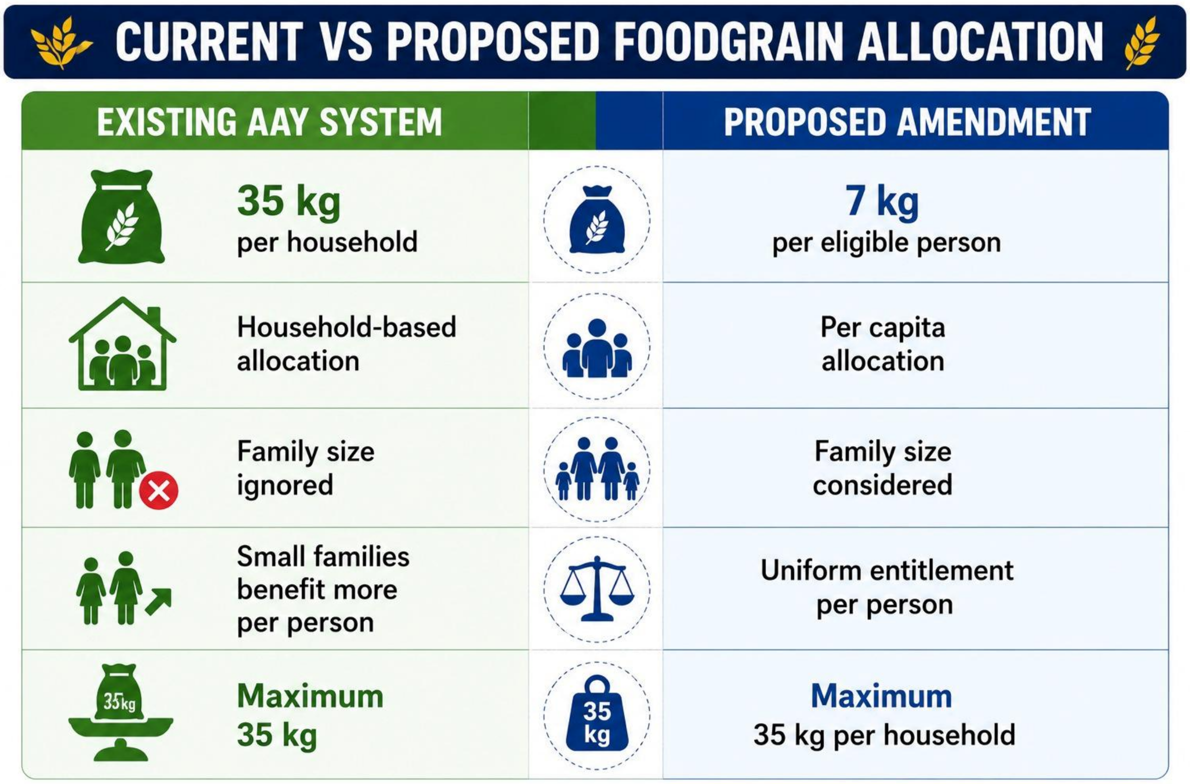
The Union Government argues that the present household-based system creates inequities within the Antyodaya Anna Yojana.

Under the existing arrangement, smaller households receive substantially more foodgrains on a per person basis than larger households. In some cases, members of larger AAY families receive less foodgrain per capita than beneficiaries covered under the Priority Household (PHH) category.

The proposed amendment therefore seeks to:

- Ensure greater equity in per person foodgrain distribution.
- Rationalise foodgrain allocation.
- Align food support more closely with the nutritional needs of individual beneficiaries.

While the proposal aims to make the distribution system more equitable, its broader implications require a careful assessment of both its potential benefits and associated concerns.



d. Potential Benefits

- **Promoting Equity:** Linking foodgrain allocation to family size can ensure that all beneficiaries within the Antyodaya Anna Yojana receive a more equitable entitlement on a per person basis, reducing disparities between small and large households.
- **Improving Transparency:** A per capita allocation provides a clearer and more objective basis for distributing foodgrains, making the entitlement system easier to understand, administer and monitor.
- **Better Targeting of Subsidies:** The revised allocation method may improve the efficiency of subsidy expenditure by reducing distortions created under the existing household-based entitlement framework.

Despite these potential advantages, the proposed reform has generated significant concerns regarding its impact on vulnerable households and regional equity.

e. Concerns

- **Reduced Allocation for Small Households:** Households with fewer than five members are likely to receive less than the current entitlement of 35 kilograms per month, potentially increasing their expenditure on food purchases.
- **Impact on Southern States:** States such as Tamil Nadu and Kerala have relatively smaller average household sizes due to demographic transition, lower fertility rates and higher urbanisation. Consequently, a larger proportion of beneficiaries in these States may experience reduced foodgrain allocations.
- **Increased Burden on Poor Families:** Lower foodgrain allocations may compel economically vulnerable households to purchase additional foodgrains from the open market, thereby increasing their financial burden.

- **Beneficiary Identification Remains Unaddressed:** While the proposal changes the method of foodgrain allocation, it does not address long-standing issues such as inclusion errors, exclusion errors and outdated beneficiary lists under the Public Distribution System.

Beyond welfare considerations, the proposed amendment also raises important questions regarding Centre–State relations and the design of national welfare programmes.

f. Federal Dimension

- Tamil Nadu and Kerala have argued that the proposal may disproportionately affect States with smaller household sizes.
- They contend that the revised entitlement formula could create regional disparities by favouring States where larger families are more common.
- The States have also emphasised that the proposal does not adequately recognise State-specific demographic patterns and the well-established Public Distribution Systems that have evolved over several decades.

The debate therefore raises broader questions concerning cooperative federalism and the need to accommodate regional diversity in the design of centrally sponsored welfare programmes.

The differing perspectives highlight several broader policy trade-offs that policymakers must carefully balance while reforming food security legislation.

g. Policy Issues

- **Equity versus Adequacy:** While a uniform per person entitlement promotes equity, it may reduce the overall quantity of foodgrains available to vulnerable small households, thereby affecting the adequacy of food support.
- **Fiscal Prudence versus Welfare:** Efforts to rationalise food subsidies should improve efficiency without weakening the fundamental objective of ensuring food security for the poorest sections of society.
- **Uniform Policy versus Regional Diversity:** Significant variations in household size across States suggest that a single national formula may not produce equitable outcomes everywhere. Policy design should therefore account for regional demographic differences while maintaining national standards.

Reconciling these competing objectives requires a balanced reform strategy that combines equity, flexibility and effective implementation.

h. Way Forward

- Undertake extensive consultations with State Governments before implementing the amendment to uphold the spirit of cooperative federalism.
- Base the final entitlement framework on evidence regarding household-size patterns and demographic variations across different States.
- Consider adopting a hybrid model that combines a minimum guaranteed household entitlement with additional per person benefits, thereby protecting small households while ensuring equitable support for larger families.
- Strengthen beneficiary identification through periodic revision of beneficiary lists, improved digitisation of the Public Distribution System and greater transparency in inclusion and exclusion criteria.
- Regularly evaluate the nutritional, fiscal and social impact of the revised entitlement system to ensure that reforms continue to serve the objectives of food security and social justice.

Conclusion

The proposed amendment to the National Food Security Act seeks to make foodgrain distribution under the Antyodaya Anna Yojana more equitable by linking entitlements to family size. However, equity in distribution must not come at the cost of adequate food support for vulnerable households or disregard regional demographic realities. A consultative, evidence-based and flexible approach can help reconcile the objectives of food security, administrative efficiency, fiscal prudence and cooperative federalism, thereby preserving the core welfare mandate of the NFSA.

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