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# **CURRENT AFFAIRS**

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# 1. 44,000 new start-ups were registered in 2025, says PM

## Why in the News?

Prime Minister Narendra Modi announced that nearly 44,000 new start-ups were registered in 2025, marking the highest annual addition since the launch of the Startup India initiative. Speaking at the 10th anniversary of Startup India, he described the mission as a “revolution,” highlighting India’s emergence as the third-largest start-up ecosystem globally.



## Background

- Startup India was launched on January 16, 2016, to:
- Foster innovation and entrepreneurship
- Promote investment-driven economic growth
- Create employment opportunities

## Key milestones over the decade:

- Start-ups increased from fewer than 500 (2016) to over 2 lakh (2025)
- Unicorns rose from 4 in 2014 to nearly 125 active unicorns
- Government support through tax incentives, regulatory easing, incubation, and funding
- The government created a Fund of Funds for Startups (FFS) to provide indirect capital support through SEBI-registered Alternative Investment Funds (AIFs).

## Features

### Record Growth in Start-ups

- 44,000 registrations in 2025 represent the largest single-year jump since inception.

- Indicates maturation of the entrepreneurial ecosystem and rising investor confidence.

## **Global Standing**

- India is now the third-largest start-up ecosystem, after the US and China.
- Indian start-ups are increasingly:
  - Turning into unicorns
  - Entering capital markets through IPOs
  - Generating large-scale employment

## **Cultural Shift towards Risk-Taking**

- Risk-taking has moved from being discouraged to being socially accepted and respected.
- Entrepreneurship is no longer limited to metro elites; Tier-2 and Tier-3 cities are emerging hubs.

## **Government Financial Support**

- Over ₹25,000 crore invested through the original Fund of Funds.
- Fund of Funds 2.0 (₹10,000 crore), approved in April 2025, focuses on:
  - Deep tech
  - Artificial Intelligence & Machine Learning
  - Quantum technologies
  - Defence and aerospace (as highlighted by Piyush Goyal)

## **Challenges**

### **Quality vs Quantity**

- A rapid increase in registrations does not always translate into:
  - Sustainable business models
  - Long-term employment generation

### **Funding Concentration**

- Venture capital remains skewed towards:
  - Fintech, e-commerce, and consumer tech
  - Manufacturing, agritech, climate tech, and social enterprises still face funding gaps.

### **Regulatory and Compliance Burden**

- Despite reforms, start-ups face:
  - Complex GST compliance
  - Labour law uncertainties
  - Delays in regulatory clearances

### **High Failure Rates**

- Many start-ups fail due to:
  - Lack of market access
  - Weak managerial capabilities
  - Overdependence on venture capital rather than profitability

## Limited Deep-Tech Commercialisation

- Deep-tech start-ups face long gestation periods and limited private risk capital.

## Way Forward

### Strengthen Deep-Tech Ecosystems

- Link start-ups with:
- Public R&D institutions
- Defence, space, and strategic sectors
- Expand patient capital and public procurement support.

### Improve Ease of Doing Business for Start-ups

- Simplify tax compliance and labour regulations.
- Fast-track insolvency mechanisms for failed start-ups to reduce stigma.

### Focus on Inclusive Entrepreneurship

- Promote start-ups in:
- Tier-2 and Tier-3 cities
- Aspirational districts
- Encourage women-led and social-impact start-ups.

### Oriented Public Funding

- Shift focus from registrations to:
- Revenue generation
- Job creation
- Export potential

### Build Entrepreneurial Skills

- Integrate entrepreneurship education with:
- Higher education
- Skill India and Digital India missions

## Conclusion

The registration of 44,000 new start-ups in 2025 reflects not just numerical growth but a structural transformation in India's economic mindset. Startup India has evolved from a policy initiative into a national movement, reshaping attitudes toward innovation and risk-taking. However, sustaining this momentum will require quality-driven growth, deeper technological innovation, and inclusive ecosystem development, ensuring that India's start-up revolution translates into long-term economic resilience and global competitiveness.

## 2. Talks on Chabahar Port Operations Will Continue with U.S. and Iran: MEA

## Why in the News?

India has reiterated that it will continue discussions with both the United States and Iran on sustaining operations at Chabahar Port, even as geopolitical tensions rise. The statement follows remarks by the Ministry of External Affairs (MEA) that India enjoys a U.S. sanctions waiver for Chabahar, valid till April 26, 2026, allowing additional time for negotiations. The issue gained prominence after renewed U.S. tariff threats against countries trading with Iran.



## Background

- Chabahar Port, located in southeastern Iran, is a strategic project developed with Indian assistance to provide India access to Afghanistan and Central Asia, bypassing Pakistan.
- India has viewed Chabahar as a counterbalance to Pakistan's Gwadar Port, developed with Chinese support.
- Due to U.S. sanctions on Iran, India required special exemptions to operate the port.
- Under the Trump administration, India received a conditional sanctions waiver recognising Chabahar's role in regional connectivity and humanitarian supplies to Afghanistan.
- Recent media reports suggested India might wind up its engagement, but MEA clarified that such claims overlook the long history of India–Iran dialogue under varying sanctions regimes.

## Features

### Sanctions Waiver Window

- The U.S. Treasury issued guidance on October 28, 2025, granting a waiver valid until April 26, 2026, enabling India to continue port-related discussions.

### Triangular Diplomacy

- India is simultaneously engaging with:
- United States, amid tariff threats announced by Donald Trump

- Iran, with whom India shares a long-standing civilisational and strategic relationship.

## High-Level Engagements

- External Affairs Minister S. Jaishankar is expected to meet U.S. Secretary of State Marco Rubio, where Chabahar is likely to feature prominently.
- Talks were also expected with Iranian Foreign Minister Seyed Abbas Araghchi, though internal developments in Iran delayed the visit.

## Strategic Significance

- Chabahar supports India's interests in:
  - Regional connectivity
  - Access to Central Asia
  - Afghanistan's economic stability
  - Reducing China–Pakistan strategic convergence

## Challenges

### U.S. Sanctions Regime

- The threat of additional 25% tariffs on countries trading with Iran complicates India's balancing act.

### Geopolitical Volatility in Iran

- Internal turbulence and Iran's strained ties with the West create uncertainty for long-term projects.

### Operational and Investment Risks

- Financial transactions, insurance, and logistics remain vulnerable under sanctions pressure.

### Strategic Autonomy vs Economic Interests

- India must reconcile its strategic autonomy with growing economic dependence on U.S. trade.

## Way Forward

- **Sustained Diplomatic Engagement:** Continue structured negotiations with the U.S. to extend or convert the waiver into a more predictable framework.
- **Issue-Based Cooperation:** Emphasise Chabahar's humanitarian and regional connectivity role, separating it from broader Iran-related sanctions.
- **Multilateral Framing:** Link Chabahar with regional initiatives involving Central Asia to enhance its legitimacy.
- **Risk Mitigation Mechanisms:** Explore alternative payment systems, insurance guarantees, and phased investments.

## Conclusion

India's calibrated approach to Chabahar reflects its broader foreign policy strategy of strategic autonomy amid great-power rivalry. With a sanctions waiver valid till April 2026, New Delhi has diplomatic space to safeguard its long-term regional interests while engaging both Washington and Tehran. The outcome of ongoing negotiations will be crucial in determining whether Chabahar

continues as a cornerstone of India's connectivity vision or becomes another casualty of geopolitical polarisation.

### 3. EU Leaders Set to be Chief Guests at 77th Republic Day Celebrations

#### Why in the News?

India has announced that top leaders of the European Union will be the Chief Guests at the 77th Republic Day celebrations (2026). The decision underlines India's deepening strategic partnership with the EU and coincides with a Republic Day Parade that will showcase several first-time military and cultural highlights, themed around 150 years of 'Vande Mataram'.



#### Background

- Republic Day (January 26) commemorates the adoption of the Indian Constitution in 1950.
- Inviting foreign leaders as Chief Guests is a long-standing diplomatic tradition, reflecting India's strategic priorities.
- The choice of EU leadership as joint chief guests signals India's growing engagement with Europe amid global geopolitical churn and supply-chain realignments.

#### Chief Guests and Their Significance

- Antonio Costa, President of the European Council
- Ursula von der Leyen, President of the European Commission

- Their presence collectively represents the European Union, marking a rare instance of EU institutional leadership being honoured together at India's national celebrations.

## Features

### Theme: 150 Years of 'Vande Mataram'

- The 90-minute parade along Kartavya Path will be anchored around the legacy of Vande Mataram.
- The theme will also dominate the Beating the Retreat ceremony.
- Paintings by artist Tejendra Kumar Mitra, illustrating verses of Vande Mataram, will be displayed.

### End of "VIP Culture"

- Enclosures at the parade will be renamed after Indian rivers.
- Beating the Retreat enclosures will be named after musical instruments, replacing the earlier "VIP" nomenclature.

### First-Time Military Highlights

- New showcases include:
- Bhairav Battalion
- Shaktibaan Regiments
- Drone Shakti
- Universal Rocket Launcher
- Introduction of a phased battle array format, with live commentary explaining operational roles.

### International and Joint Participation

- First-ever European naval contingent in the Republic Day Parade.
- Opening performance by 100 cultural artists using Indian martial musical instruments.

### Diverse Marching and Animal Contingents

- Bhairav contingent in Uncha Kadam Taal
- Ladakh Scouts
- Animal contingent featuring Zanskar ponies, Bactrian camels, and dogs, reflecting varied operational terrains.

### Scale of Participation

- 18 marching contingents
- 13 military bands

### Flypast Highlights

#### Aircraft and helicopters include:

- Rafale
- Su-30
- P-8I

- C-130
- C-295
- MiG-29
- Apache
- LCH
- ALH
- Mi-17

## Challenges

- Logistical complexity of hosting multiple high-level foreign dignitaries and first-time contingents.
- Security and coordination demands due to expanded international participation.
- Ensuring public accessibility while maintaining ceremonial grandeur after the removal of VIP enclosures.

## Way Forward

- Use the Republic Day platform to institutionalise India–EU strategic dialogue, especially in defence, technology, and climate cooperation.
- Build on the European naval participation to deepen maritime security collaboration in the Indo-Pacific.
- Continue reforms that democratise national ceremonies, reinforcing the spirit of republican equality.
- Leverage cultural themes like Vande Mataram to strengthen soft power diplomacy.

## Conclusion

The decision to invite EU leaders as Chief Guests at India's 77th Republic Day celebrations is both symbolic and strategic. Coupled with a culturally rooted theme, military modernisation showcases, and the conscious dismantling of VIP culture, Republic Day 2026 reflects India's evolving national identity, confident at home and increasingly influential on the global stage.

## 4. Expert Panel Sets Norms for Religious Sites in Sanctuaries

### Why in the News?

An apex expert body under the Ministry of Environment, Forest and Climate Change has framed guidelines governing religious structures inside wildlife sanctuaries and national parks. These norms emerged after a contentious proposal to divert forest land within the Balaram Ambaji Wildlife Sanctuary for a religious institution, raising concerns about precedent, forest rights, and encroachments in protected areas.

### Background

- The Standing Committee of the National Board for Wildlife (SCNBWL) is the apex body that evaluates proposals for the diversion of land within wildlife habitats.
- Wildlife sanctuaries often contain sacred groves, caves, temples, and pilgrimage routes, some of which predate formal forest notification.
- The issue gained urgency when, in early 2024, a proposal to divert 0.35 hectares of forest land inside the Balaram Ambaji Wildlife Sanctuary for a religious trust was initially cleared and later revoked.

## Case in Point: Balaram Ambaji Sanctuary

- In July 2024, SCNBWL cleared a proposal by a Gujarat-based religious trust after State authorities claimed the religious establishment existed before the settlement of forest rights.
- In October 2024, the clearance was revoked after SCNBWL member H. S. Singh pointed out that:
  - The trust's rights were not recorded in forest settlement reports or official records.
  - Allowing such diversion could set a nationwide precedent, encouraging similar demands inside protected areas.
- During discussions, forest officials highlighted that rights and claims remain unsettled in several sanctuaries across India.



## Features

**Post-1980 Construction = Encroachment**

- Any construction or expansion on forest land after 1980 (the year of the Forest Conservation Act) should normally be treated as encroachment.

### **Exceptional Regularisation Clause**

- In rare cases, States may propose regularisation only with a reasoned, documented order.
- Such cases will be examined individually by the Ministry, not approved automatically.

### **Standard Operating Procedure (SOP)**

- An SOP is being developed for applications involving religious institutions in protected areas.
- A dedicated expert panel, including R. Sukumar, was proposed to guide this process.

### **State-Level Deliberation**

- The guidelines are not yet final and are currently under consideration by State governments.

### **Challenges**

- **Unsettled Forest Rights:** Many sanctuaries have pending claims under the Forest Rights Act, complicating decisions on legality.
- **Precedent Risk:** Even a single approval may trigger multiple claims by religious bodies nationwide.
- **Conservation vs Faith:** Balancing ecological integrity with long-standing religious beliefs remains politically and socially sensitive.
- **Weak Documentation:** Absence of historical records makes it difficult to verify claims of pre-existing structures.

### **Way Forward**

- Strict Adherence to the Forest Conservation Act, 1980, to prevent incremental erosion of protected areas.
- Time-bound settlement of forest rights in sanctuaries to reduce ambiguity.
- Clear demarcation and mapping of genuinely pre-existing religious sites using archival and satellite data.
- Promote non-intrusive access models, such as regulated pilgrimage or virtual darshan, instead of physical expansion.
- Strengthen SCNBWL's independence to ensure ecological considerations prevail over populist pressures.

### **Conclusion**

The new norms on religious structures in wildlife sanctuaries reflect an attempt to draw a clear legal and ethical boundary between faith-based practices and ecological protection. By treating post-1980 constructions as encroachments while allowing narrowly defined exceptions, the guidelines aim to safeguard India's protected areas from gradual dilution, while recognising the

complex historical relationship between forests, faith, and communities. For India, the challenge ahead lies in consistent enforcement and rights settlement, not merely rule-making.

## 5. Budget 2026–27 Must Keep the Growth Momentum

### Why in the News?

With Budget 2026–27 approaching, industry leaders have underlined the need to sustain India's growth momentum despite global uncertainties. In this context, Jyoti Vij, Director General of the Federation of Indian Chambers of Commerce & Industry (FICCI), has outlined a set of reform-oriented expectations focusing on capital expenditure, defence, exports, clean energy, finance, and dispute resolution.



### Background

- In 2025, India faced significant global headwinds, including steep tariffs announced by the U.S., yet the economy displayed resilience.
- Structural reforms, fiscal consolidation, and public capital expenditure helped cushion external shocks.
- As Narendra Modi observed, reforms have become a “continuous national mission”, setting the context for Budget 2026–27 to deepen this trajectory.
- The challenge now is to strengthen domestic growth levers while maintaining fiscal discipline and debt sustainability.

### Feature

#### Higher Defence Capital Expenditure

- Increase defence capex share from 26.4% to 30%.

- Enhance allocation to DRDO by at least ₹10,000 crore.
- Establish an Eastern India Defence Industrial Corridor to complement Uttar Pradesh and Tamil Nadu corridors.

### **Boost to Defence Exports**

- The private sector now contributes nearly 65% of defence exports.
- Proposal for a Defence Export Promotion Council to coordinate across ministries and services.
- Target: ₹50,000 crore defence exports by 2028–29.

### **Critical Minerals and Clean Energy Transition**

- Build upon the National Critical Mineral Mission (NCMM).
- Launch a critical minerals tailings recovery programme with dedicated financing to secure strategic inputs.

### **Export Competitiveness**

- Increase allocation for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme beyond ₹18,233 crore to counter global trade headwinds.

### **Global Capability Centres (GCCs)**

- Issue clear transfer pricing guidelines for GCCs to reduce litigation and policy uncertainty.

### **Drone Ecosystem Push**

- Raise PLI support from ₹120 crore to ₹1,000 crore.
- Create a ₹1,000 crore Drone R&D Fund to boost exports and global competitiveness.

### **Deepening Corporate Bond Markets**

- Widen issuer base by lowering borrowing thresholds.
- Relax investment norms for insurance companies and provident funds.
- Allow investments in InvTs and REITs to support infrastructure financing.

### **Tax Dispute Resolution**

- Address severe pendency at the CIT(A) level.
- Introduce a dual-track system for dispute disposal.
- Fill nearly 40% vacancies in appellate tax offices.

### **Trade Facilitation**

- Remove restrictions preventing newly incorporated firms (within AEO-accredited groups) from obtaining Authorised Economic Operator (AEO) certification.

### **Customs Tariff Rationalisation**

- Continue tariff simplification.
- Reduce inverted duty structures and align tariffs across value chains to support domestic manufacturing.

### **Challenges**

- **Fiscal Constraints:** Balancing growth-oriented spending with fiscal consolidation.
- **Global Uncertainty:** Trade protectionism and geopolitical tensions are affecting exports and investments.
- **Structural Bottlenecks:** Tax disputes, inverted duties, and regulatory ambiguity.

- **Financing Gaps:** Over-reliance on banks and underdeveloped bond markets.

## Way Forward

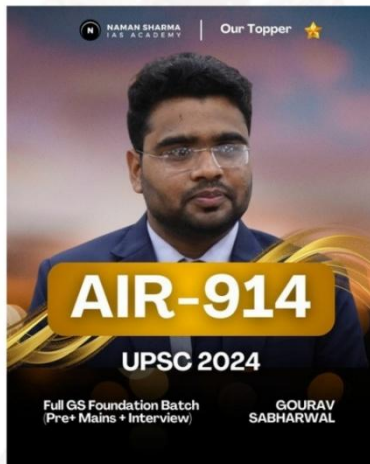
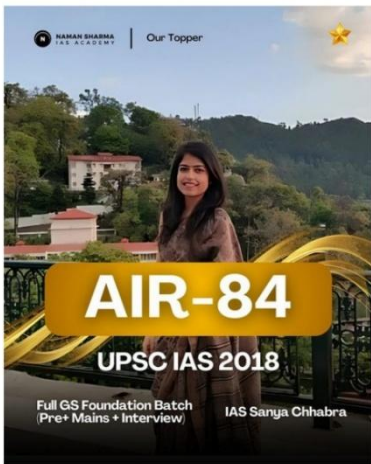
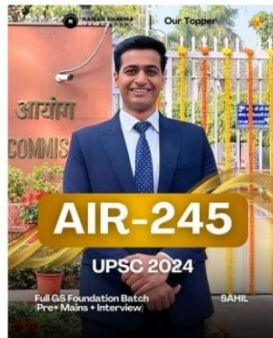
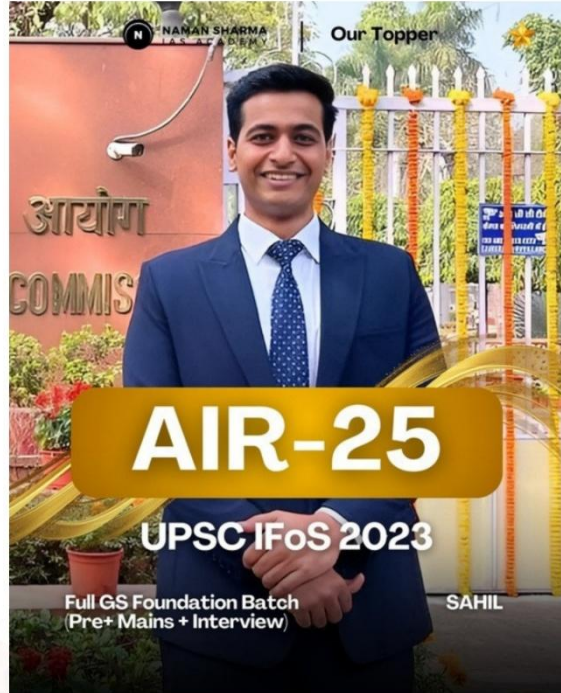
- Prioritise productive capital expenditure alongside social sector investments.
- Provide policy certainty in taxation, trade, and emerging sectors.
- Crowd in private investment through infrastructure, defence, and technology-led growth.
- Strengthen institutional capacity for faster dispute resolution and regulatory clearance.
- Align fiscal strategy with long-term competitiveness and innovation.

## Conclusion

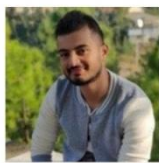
Budget 2026–27 represents a critical opportunity to consolidate India's post-pandemic and post-shock recovery into sustained, competitive growth. By combining fiscal prudence with targeted reforms in defence, exports, clean energy, finance, and technology, the Budget can reinforce domestic growth engines, unlock private investment, and enhance India's position in an increasingly fragmented global economy.



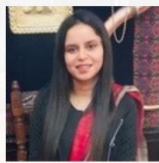
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