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# **CURRENT AFFAIRS**

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 **Offline Centre Location:**  
SCO 173-174, Sector 17C, Chandigarh



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# 1. India's security interests are directly linked to stability in West Asia region, says Modi

## Why in the News?

Prime Minister Narendra Modi, during his visit to Israel, stated that India's security interests are "directly linked" to peace and stability in the West Asian region. The remarks were made after bilateral talks with Israeli Prime Minister Benjamin Netanyahu in Jerusalem. The visit gained significance against the backdrop of escalating tensions between Iran and the Israel-U.S. coalition, instability in the Gulf region, and ongoing conflict related to Palestinian statehood. India reiterated its support for dialogue, peaceful resolution of disputes, and zero tolerance for terrorism. The two leaders also reviewed progress on strategic initiatives such as the India-Middle East-Europe Economic Corridor (IMEC) and the I2U2 Group, alongside discussions on an early signing of a Free Trade Agreement (FTA).



## Background: India–West Asia Relations in Strategic Perspective

### What is West Asia?

West Asia (often referred to as the Middle East) includes countries such as Israel, Iran, Saudi Arabia, the UAE, Qatar, Iraq, and others. **The region is strategically vital due to:**

- Energy resources (oil & gas)
- Maritime chokepoints like Strait of Hormuz
- Large Indian diaspora
- Geopolitical rivalries (Iran–Israel, Israel–Palestine, Saudi Arabia–Iran)

## **Evolution of India–Recognised Israel in 1950 but established full diplomatic ties only in 1992.**

- Relations have expanded to defence, agriculture, water technology, cybersecurity, and space cooperation.
- The relationship is now described as a “Special Strategic Partnership.”
- India has also maintained strong ties with Palestine and Gulf Arab states, reflecting its strategic balancing approach.

## **Strategic Importance of West Asia for India**

- India’s interests in the region include:

### **Energy Security**

- Around 60% of India’s crude oil imports come from West Asia.
- Major suppliers: Iraq, Saudi Arabia, UAE.

### **Indian Diaspora**

- Over 8–9 million Indians live and work in Gulf countries.
- Remittances form a significant share of India’s foreign exchange inflows.

### **Maritime Security**

- Sea lanes in the Arabian Sea and Persian Gulf are vital for trade.
- Instability could disrupt shipping and energy supplies.

### **Counter-terrorism Cooperation**

- Intelligence sharing with Israel.
- Monitoring radicalisation and transnational terrorism.

## **Feature**

### **India-Middle East-Europe Economic Corridor (IMEC)**

IMEC aims to:

- Connect India to Europe via the UAE, Saudi Arabia, Jordan, and Israel.
- Provide rail, shipping, and digital connectivity.
- Serve as an alternative to China’s Belt and Road Initiative (BRI).

However, regional tensions (e.g., the Israel–Palestine conflict) affect its pace of implementation.

## **I2U2 Group**

### **Members:**

- India
- Israel
- UAE
- USA

### **Focus areas:**

- Food security
- Renewable energy
- Technology
- Infrastructure

This grouping reflects India's multi-alignment diplomacy.

## **Stand on Terrorism**

### **PM Modi reiterated:**

- "Terrorism has no place in the world."

### **India's consistent position:**

- Zero tolerance toward terrorism.
- Support for peaceful dialogue.
- Condemnation of attacks on civilians.

## **Geophysical and Mineral Cooperation**

- The MoU on geophysical exploration:
- Use of advanced AI technologies.
- Focus on sustainable mineral development.
- Enhances India's access to critical minerals.

## **Challenges: Strategic and Diplomatic Complexities**

- Balancing Israel and Iran

### **India maintains:**

- Strong defence cooperation with Israel.
- Energy and strategic connectivity interests with Iran (e.g., Chabahar Port).

Escalation between Iran and Israel complicates India's diplomacy.

### **Israel–Palestine Issue**

- India supports a two-state solution.
- Tensions affect regional normalisation (e.g., Saudi–Israel talks).
- IMEC's progress may depend on Saudi–Israel rapprochement.

### **Regional Instability**

- Iran–U.S. tensions
- Houthi attacks in the Red Sea
- Proxy conflicts in Syria, Lebanon, Yemen

### **Any escalation threatens:**

- Energy security
- Diaspora safety
- Maritime trade

### **Economic and Connectivity Risks**

- Infrastructure projects require political stability.
- War conditions delay investments.
- Insurance and shipping costs rise during conflicts.

## **Way Forward: India's Strategic Roadmap**

- Multi-Alignment Diplomacy

### **India must:**

- Maintain balanced ties with Israel, Iran, Saudi Arabia, UAE.
- Avoid taking sides in regional conflicts.

- Promote dialogue platforms.

### **Strengthening Energy Diversification**

- Increase renewable energy capacity.
- Expand oil sourcing beyond West Asia (e.g., Russia, Africa).
- Build strategic petroleum reserves.

### **Maritime Security Cooperation**

- Enhance naval presence in the Arabian Sea.
- Participate in anti-piracy and security missions.
- Strengthen cooperation with regional navies.

### **Accelerate IMEC in Modular Format**

Even amid instability:

- Countries can advance national segments.
- Digital and energy components can proceed independently.
- Build resilience in supply chains.

### **Diaspora Protection Mechanisms**

- Strengthen evacuation preparedness (like Operation Rahat, Operation Ganga).
- Enhance consular services.
- Negotiate labour protection agreements.

### **Promote Global South Diplomacy**

**India can:**

- Position itself as a mediator.
- Advocate for peaceful resolution in multilateral forums.
- Leverage platforms like G20 and BRICS.

### **Conclusion**

Prime Minister Narendra Modi's assertion that India's security interests are directly linked to stability in West Asia reflects a strategic reality rather than a diplomatic slogan. **The region is central to India's:**

- Energy security
- Trade connectivity
- Diaspora welfare
- Counter-terrorism cooperation

At a time when West Asia faces multiple overlapping crises, India's approach is characterised by:

- Strategic autonomy
- Multi-alignment
- Support for dialogue and peaceful resolution
- Zero tolerance for terrorism

The success of initiatives like IMEC and I2U2 will depend not only on economic ambition but also on regional peace. As a rising power and voice of the Global South, India's ability to balance relationships and contribute to stability will define its long-term strategic influence in West Asia.

## 2. I&B Minister asks online platforms to take responsibility for content

### Why in the News?

Union Information and Broadcasting Minister Ashwini Vaishnaw has urged online platforms to take responsibility for the content they host, act proactively against cybercrime, and ensure fair revenue sharing with original content creators.

Speaking at the Digital News Publishers Association (DNPA) Conclave in New Delhi, the Minister flagged deepfakes and synthetically generated content as major threats to democratic institutions, public trust, and online safety.



### Background: India's Evolving Digital Regulatory Landscape

India today is:

- One of the world's largest digital markets
- Home to over 800 million internet users
- A rapidly expanding digital news ecosystem

### However, with digital growth, serious challenges have emerged: Rise of Deepfakes and Synthetic Content

- AI-generated face swaps, voice cloning, and fabricated videos.
- Used for misinformation, fraud, harassment, and political manipulation.
- Increasingly difficult to distinguish from authentic content.

### Disinformation and Virality

#### Social media platforms allow:

- Rapid spread of false information to millions within minutes.
- Algorithm-driven amplification of sensational content.

- Weak fact-checking mechanisms in many cases.

## **Revenue Imbalance in Digital Ecosystem**

### **Traditional media houses and journalists:**

- Invest heavily in reporting, research, and verification.
- Yet platforms often capture the majority of advertising revenue.
- Content is shared widely without proportionate compensation.

This debate mirrors global conversations around digital platform accountability.

## **Features**

### **Platforms Must Take Responsibility for Hosted Content**

The Minister emphasised:

- Platforms must examine whether hosted content is illegal, harmful, or incites crime.
- Non-adherence to safety principles could attract legal accountability.
- “The nature of content has changed now” due to synthetic AI tools.
- This reflects a shift from the “intermediary neutrality” model to greater content responsibility.

### **Strong Warning on Deepfakes and Synthetic Media**

- Deepfakes were identified as:
  - A threat to institutional trust.
  - A danger to democratic decision-making.
  - A risk to personal dignity and consent.

### **The Minister stressed that:**

- Synthetic content should not be generated without the consent of the person whose face, voice, or personality is used.

### **This brings attention to:**

- Privacy rights
- Data protection
- Personality rights
- Digital consent frameworks

## **Online Safety as a Platform Duty**

### **Platforms were urged to ensure:**

- Protection of children from harmful content
- Prevention of obscenity
- Safeguards against cybercrime
- Quick response to fraud and online financial scams

India has recently enacted stronger measures to curb online money gaming fraud and financial cybercrime.

## **Fair Revenue Sharing with Content Creators**

The Minister requested platforms to:

- Rethink revenue-sharing policies.
- Ensure fair compensation to:
  - Conventional media
  - Journalists
  - Influencers

- Professors
- Researchers

## **International Context: Global Push for Platform Accountability**

- Several countries have introduced legal frameworks:
- Australia's News Media Bargaining Code.
- EU's Digital Services Act (DSA).
- Canada's Online News Act.

## **These laws:**

- Mandate revenue sharing with publishers.
- Increase transparency of algorithms.
- Impose penalties for harmful content.
- India may draw lessons from these regulatory experiments.

## **Challenges in Regulating Online Platforms**

- Free Speech vs Regulation
- Risk of overregulation affecting freedom of expression.
- Need to balance democratic rights with safety.

## **Jurisdictional Complexity**

- Many platforms operate globally.
- Enforcement across borders is difficult.

## **Technological Sophistication of Deepfakes**

- AI tools are rapidly evolving.
- Detection technologies often lag behind generation capabilities.

## **Economic Pushback from Platforms**

- Platforms may resist mandatory revenue sharing.
- Risk of reduced services or legal disputes.

## **Defining "Harmful Content"**

- Ambiguity in interpretation.
- Political sensitivity in content moderation.

## **Way Forward: Building a Responsible Digital Ecosystem**

### **Strengthen Legal Framework**

- Clear liability norms for synthetic content misuse.
- Mandatory labelling of AI-generated media.
- Strong enforcement of consent requirements.

### **Transparent Revenue-Sharing Models**

- Structured negotiation mechanisms.
- Arbitration frameworks for disputes.

- Protection for small and regional publishers.

### **Deepfake Detection Infrastructure**

- Invest in AI-based detection systems.
- Public-private collaboration.
- Capacity building for law enforcement agencies.

### **Digital Literacy Campaigns**

- Educate citizens about identifying fake content.
- School-level awareness programs.
- Media literacy training.

### **Algorithmic Transparency**

- Disclosure of content amplification mechanisms.
- Independent audits of recommendation systems.

## **Conclusion**

India stands at a critical “inflexion point” in its digital evolution. The rapid spread of deepfakes, AI-generated misinformation, and platform-driven virality has transformed the information ecosystem.

### **By calling on online platforms to:**

- Take responsibility for harmful content
- Act proactively against cybercrime
- Ensure online safety
- Share revenue fairly

The government signals a move toward greater digital accountability.

The challenge will lie in designing a framework that protects citizens and democratic institutions without stifling innovation or freedom of expression. A balanced, transparent, and technology-informed regulatory architecture will be key to building trust in India’s digital future.

## **3. Analysing India’s cycle of deprivation and affluence**

### **Why in the News?**

A recent analysis of income mobility using Consumer Pyramids Household Survey (CPHS) data highlights a worrying trend: between 2014 and 2025, downward mobility among Indian households has risen significantly, while upward mobility has not kept pace. The study suggests that inequality in India is better understood through income mobility - movements into and out of deprivation and affluence — rather than static poverty or inequality measures. The findings raise important questions about economic resilience, social justice, and the sustainability of growth in the context of widening vulnerabilities.

### **Background: Income Mobility as a Measure of Inequality**

The analysis divides households into three groups based on their 2014 per capita income rank:

- Top 10%

- Next 40%
- Bottom 50

### **Mobility is assessed relative to the 2014 position:**

- Upward mobility: Movement to a higher income group
- Downward mobility: Movement to a lower group
- No change: Same income position

The data come from the Consumer Pyramids Household Survey conducted by the Centre for Monitoring Indian Economy, spanning 2014–2025

### **The period is divided into:**

- 2014–19 (First term of the Modi government)
- 2019–24 (Second term; includes COVID-19 shock)

This framework captures dynamic income changes rather than static poverty levels.



### **Key Findings: A Tilt Towards Decline**

#### All-India Trends

- Downward mobility nearly doubled: 14% (2015) → 26.8% (2025)

- Share of households remaining in the same group fell sharply.
- Upward mobility increased gradually (14.1% → 23.5%) but remained below downward movement.

### **By 2025:**

- More than one in four households were worse-off relative to 2014
- This suggests an economy marked by growing vulnerability and uneven gains, rather than broad-based upward progress.

## **Rural–Urban Divide**

### **Rural India**

- Nearly 29% of rural households will be worse off by 2025.
- Sharpest deterioration in 2014–19.
- Vulnerability persisted post-2019.

### **Urban India**

- Better performance relative to rural areas.
- Upward mobility improved faster.
- Yet downward mobility still increased.

Inference: Gains appear concentrated in urban centres, while rural households bore the brunt of volatility. Caste-Based Patterns: Persistent Social Fault Lines

### **The study shows:**

- Downward mobility increased across all caste groups.
- Particularly sharp among OBCs and SCs.
- Around one-quarter or more of these households were worse-off by 2025.

### **For SC Households**

- Pathways upward remained constrained.
- Upward mobility muted across the decade.

### **Scheduled Tribes (STs)**

- Lower downward mobility.
- Some stronger upward episodes - possibly due to targeted interventions.

The findings reaffirm India's historical caste-based structural inequality

## **Religious Mobility Patterns**

- Downward mobility rose for both Hindus and Muslims.
- Upward mobility for Muslims remained weaker compared to Hindus.
- Sikh and Christian households experienced stronger early upward mobility, though it weakened later.
- Among Muslims, discrimination appears to restrict upward mobility more than causing a dramatic descent

## **Structural Inequality: The Deeper Story**

### **A statistical analysis found:**

- Higher district-level inequality is associated with greater downward mobility.
- Households in unequal districts are more likely to slip down.

Other determinants:

### **Positive mobility factors**

- Education
- Urban location
- Larger household size (income pooling)

## **Negative mobility factors**

- Belonging to historically disadvantaged castes
- Muslim identity
- Residence in high-inequality districts

Thus, inequality does not spur aspiration - it hardens economic boundaries

## **The 2019 Turning Point and COVID Shock**

### **The year 2019 marked:**

- A major electoral victory for the Bharatiya Janata Party.
- Soon followed by the COVID-19 pandemic.

### **The pandemic triggered:**

- Collapse of informal sector employment
- Reverse migration
- Income shocks
- Health crises

The disruption persisted beyond the immediate health emergency, contributing to mobility stagnation

## **Challenges Emerging from the Findings**

### **Rising Economic Insecurity**

More households slipping down than climbing up signals structural fragility.

### **Entrenched Social Inequality**

- Caste and religion remain decisive determinants of mobility.

### **Rural Distress**

- Agriculture and informal rural sectors remain vulnerable.

### **Informal Sector Weakness**

- Lack of a revival strategy for labour-intensive sectors.

### **Distrust and Social Frustration**

- When aspiration weakens, social tensions rise.

## **Way Forward: Restoring Upward Mobility**

### **Employment-Intensive Growth**

- Strengthen MSMEs.
- Promote rural non-farm employment.
- Labour-intensive manufacturing.

### **Education and Skill Investment**

- Universal quality schooling.
- Vocational training.
- Digital literacy for rural youth.

### **Public Health Strengthening**

- Primary health infrastructure.
- Insurance coverage.
- Pandemic preparedness.

## **Social Protection Expansion**

- Strengthen MGNREGA.
- Urban employment guarantees.
- Direct benefit transfers for vulnerable groups.

## **Address Discrimination**

- Strict anti-discrimination enforcement.
- Equal opportunity policies.
- Affirmative action with monitoring.

## **Reduce Regional Inequality**

- District-level targeted development.
- Infrastructure and connectivity expansion.

## **Conclusion**

The analysis of income mobility between 2014 and 2025 reveals a troubling pattern: while some upward movement exists, downward mobility has grown more sharply. Rural households, SCs, OBCs, and Muslims face structural constraints in climbing the income ladder. An economy where more people are slipping down than rising up cannot sustain long-term social stability. Growth without mobility deepens frustration. Therefore, public policy must shift from headline GDP expansion to:

- Inclusive employment generation
- Social protection
- Anti-discrimination measures
- Strengthening human capital

## **4. New GDP Data Series to Capture India's Economy More Accurately**

### **Why in the News?**

The Ministry of Statistics and Programme Implementation (MoSPI) is set to release a new series of national accounts with 2022–23 as the new base year, replacing the earlier 2011–12 base. The revision follows an extensive consultative process involving multiple expert sub-committees and introduces methodological upgrades, improved data sources, and enhanced granularity in the estimation of GDP and GVA.

This marks one of the most significant statistical overhauls in recent years, with implications for growth measurement, sectoral analysis, fiscal planning, and inter-state comparisons.

### **Background: Understanding GDP, GVA and Base Year Revision**

#### **What is GDP?**

- Gross Domestic Product (GDP) measures the total value of goods and services produced within a country during a given period.

#### **What is GVA?**

- Gross Value Added (GVA) measures the value added by each sector of the economy (agriculture, industry, services).

#### **Relationship:**

- $GDP = GVA + \text{Taxes on products} - \text{Subsidies on products}$

### Why Change the Base Year?

- Reflect structural changes in the economy.
- Update sectoral weights.
- Incorporate new industries and technologies.
- Improve international comparability.

### India has periodically revised base years:

- 1993–94
- 1999–2000
- 2004–05
- 2011–12
- Now: 2022–23

## New avatar

The upgrades include better methodologies, and the inclusion of new data sets, such as the GST data



- Most visible change in national accounts data is the base year's update from 2011-12 to 2022-23

- Activity-wise revenue share for a company used to calculate the value added in each business activity

- New series to also include value of the housing services provided by governments to their employees

### Features of the New GDP Series

- Updated Base Year: 2011–12 → 2022–23

#### Significance:

- Captures post-GST economy.
- Includes digital economy expansion.
- Reflects structural shifts in services and manufacturing.
- Provides better real growth comparisons.

### The 2011–12 base no longer adequately reflected the current structure of the economy, especially after:

- GST implementation (2017)
- COVID-19 disruption
- Rapid digitalisation

## Methodological Improvements

- Better Estimation of the Private Corporate Sector

### Earlier Method (2011–12 Series):

- The entire company's GVA is allocated to the sector where the majority of activity occurred.

### New Method:

- Activity-wise revenue share used to allocate value added.
- More accurate sectoral distribution.
- Better captures diversified companies.

This reduces sectoral misclassification.

## Improved Measurement of the Government Sector

### New additions:

- Inclusion of housing services provided by governments to employees.
- Enhanced coverage of:
  - Autonomous institutions
  - Local bodies

This improves the measurement of public sector output.

## Household Sector: Direct Annual Estimation

### Earlier:

- Household sector estimates were extrapolated from older surveys.

### Now:

- The Annual Survey of Unincorporated Sector Enterprises (ASUSE) is used annually.
- The Periodic Labour Force Survey (PLFS) is used annually.

### This is crucial because:

- Household and informal sectors contribute significantly to GDP.
- Direct annual estimation reduces statistical distortion.

Better Measurement of Private Final Consumption Expenditure (PFCE)

### Consumption expenditure will now:

- Use enhanced Household Consumer Expenditure Surveys.
- Use direct production data.
- Improve granular sector-wise consumption mapping.

Since consumption accounts for nearly 55–60% of India's GDP, this change is significant.

## Incorporation of New Data Sources

- Expanded Use of GST Data

### Earlier:

- GST data is used only for quarterly estimates and for limited sectors annually.

### Now:

- Used to estimate the regional output of private corporations.
- Used to identify active private firms.
- Improve accuracy for non-reporting companies.

- Better measure corporate value added.

This significantly strengthens corporate sector measurement.

## **Banking and Financial Sector Improvements**

- Use of Statistical Table Relating to Banks in India (STRBI) from the Reserve Bank of India.
- Replacement of proxy-based estimation of NBFCs with actual financial data from the Ministry of Corporate Affairs.

This enhances transparency and precision in financial sector output estimation.

## **Enhanced State-Level Data**

States have improved reporting from:

- Local bodies
- State autonomous institutions

## **This allows:**

- More direct estimation
- Less reliance on imputation

## **Why This Matters: Broader Implications**

### **More Accurate Growth Measurement**

- Better representation of informal sector.
- Improved regional data.
- Accurate sectoral composition.

### **Fiscal Planning**

- Better tax revenue forecasting.
- Improved Centre–State fiscal transfers.
- More realistic deficit ratios (as % of GDP).

### **International Comparisons**

- Aligns with the updated UN System of National Accounts.
- Enhances credibility among global investors and institutions.

### **Political Economy Impact**

#### **GDP revision may:**

- Change growth trajectory trends.
- Alter sectoral contribution rankings.
- Influence public perception of economic performance.

### **Challenge**

#### **Revision Shock**

- Back-series revisions may change past growth rates.

- Comparability issues with older data.

### **Data Reliability Concerns**

- Quality of administrative data (GST filings).
- Compliance variation across States.

### **Informal Sector Measurement**

- Despite improvements, full capture remains challenging.

### **Interpretation Issues**

- GDP revisions are often politicised.
- Misinterpretation of growth numbers possible.

### **Way Forward**

- Transparent Back-Series Release
- Independent Statistical Audit
- Regular Base Year Revision (every 5–7 years)
- Strengthening Data Governance Framework
- Better Integration of Digital Economy Metrics

### **Conclusion**

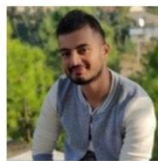
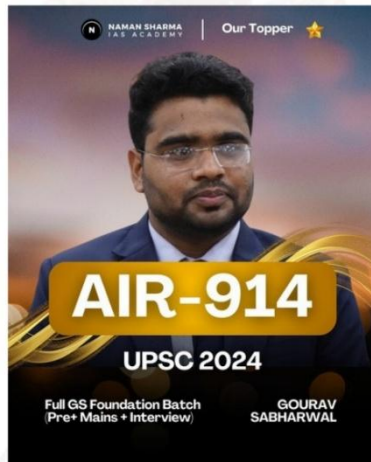
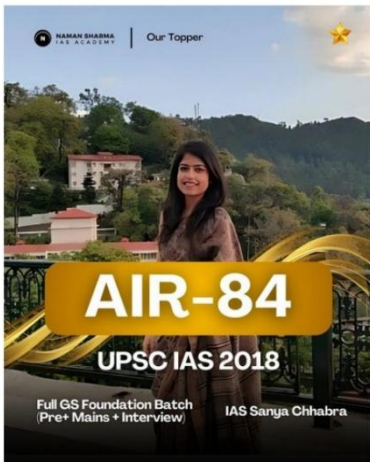
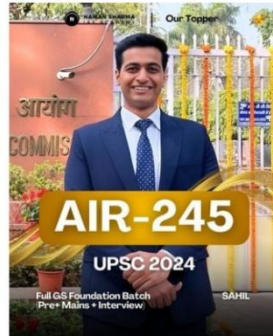
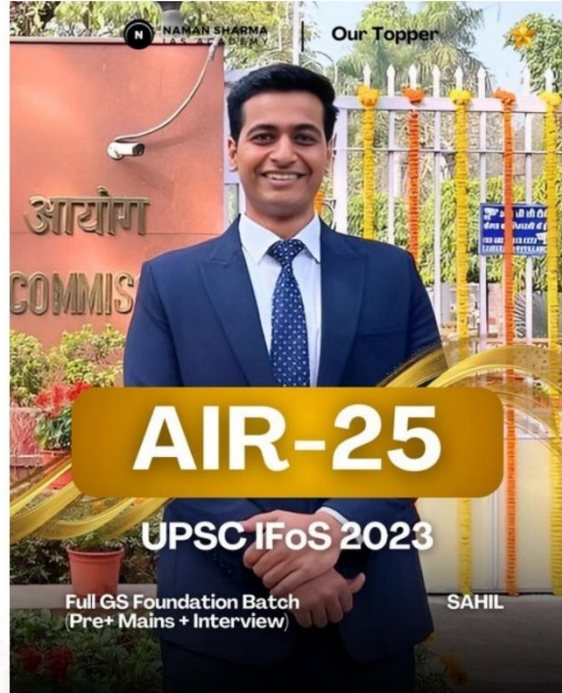
The new GDP series with 2022–23 as the base year represents a major statistical reform aimed at making India's national accounts more accurate, granular, and reflective of the current economic structure.

By incorporating:

- Activity-wise corporate data
- GST administrative records
- Annual informal sector surveys
- Improved financial sector data

India's GDP and GVA estimates are expected to better capture the realities of a rapidly transforming economy. However, credibility will depend on transparency, consistency in back-series data, and continued strengthening of statistical institutions. In a fast-changing economy, accurate measurement is not merely technical - it is foundational to sound governance and informed public debate.

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