



NAMAN SHARMA
IAS ACADEMY

Daily **CURRENT AFFAIRS**

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 **Offline Centre Location:**
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Index

- 1. Petrol, diesel excise duty cut; prices won't drop**
- 2. Finalising India-U.S. trade deal not far off, but some gaps remain: U.S. official**
- 3. Modi stresses cooperation between Centre, States in meeting with CMs**
- 4. Beyond the rhetoric of the north-south divide**
- 5. New butterfly species recorded in Arunachal was named after Zubeen**

1. Petrol, diesel excise duty cut; prices won't drop

Why in the News?

The Indian government announced a ₹10 per litre cut in the Special Additional Excise Duty (SAED) on petrol and diesel. However, contrary to common expectation, this will not reduce fuel prices for consumers. The decision was in the news due to its unusual nature—a tax cut aimed at helping oil companies rather than directly benefiting the public—amid rising global oil prices fueled by geopolitical tensions.

Fiscal cushion

Government cuts excise duty on fuel to ease OMC losses, but consumers see no relief at pumps



Fuel rush: Long queues seen at a petrol pump in Prayagraj, Uttar Pradesh, on Friday.

■ Oil marketing companies (OMCs) will not pass on **excise cuts** to consumers, govt. says

■ The purpose of the cuts is to **reduce the losses** OMCs are facing

■ Govt. estimates these losses to be **₹2,400 crore a day**

■ Govt.'s net revenue loss due to tax cuts expected at around **₹5,500 crore per 15 days**

■ Private sector OMC **Nayara Energy** has **raised petrol and diesel prices**

Background

- **Rising Global Oil Prices:** Ongoing conflicts in West Asia have pushed Brent crude futures above \$111 per barrel, disrupting seaborne energy trade and increasing input costs for India, a major oil importer.
- **Under-recoveries:** Public sector oil marketing companies (OMCs) like IOCL, BPCL, and HPCL had been selling petrol and diesel at prices below their cost of supply, absorbing heavy losses.
- **Previous Tax Structure:** Before the cut, the excise duty on petrol and diesel was high, contributing significantly to government revenues. The SAED on diesel was reduced to zero, and on petrol to ₹3 per litre.

Feature

- **Duty Cut:** The government reduced the Special Additional Excise Duty by ₹10 per litre on both fuels.
- **Not Passed to Consumers:** The reduction will not lower retail prices. Instead, it will offset the under-recoveries (losses) of public sector OMCs.

- **Export Duty Hikes:** To compensate for revenue loss, the government increased export duties on diesel (to ₹21.5 per litre) and ATF (to ₹29.5 per litre).
- **Revenue Impact:** Net revenue loss to the exchequer is estimated at ₹5,500 crore over 15 days, with rates to be reviewed fortnightly.

Challenge

- **Sustained High Global Prices:** With crude prices volatile and elevated, OMCs continue to face significant under-recoveries—₹24–26 per litre on petrol and ₹30–₹81.90 per litre on diesel, according to government estimates.
- **Fiscal Pressure:** The government is balancing between supporting OMCs and managing its own tax revenues amid global uncertainty.
- **Private vs. Public Sector:** While public OMCs have kept prices stable, private players like Nayara Energy have begun raising retail prices, creating a two-tier market.

Way Forward

- **Fortnightly Review:** The government will reassess the duty structure every 15 days, indicating a flexible, dynamic approach rather than a fixed long-term policy.
- **Monitoring Global Situation:** Policy decisions will likely depend on crude price trends and the evolving geopolitical landscape.
- **Potential for Further Measures:** If global prices remain high, the government may need to consider additional interventions to prevent OMC losses from spiralling or to manage inflation.

Conclusion

The government's decision to cut excise duty without passing on the benefit to consumers reflects a strategic choice to shore up public sector oil companies facing mounting losses from high crude prices. While it provides relief to OMCs, it avoids the inflationary risk of a retail price hike. However, with private players already raising prices and global uncertainty persisting, the situation remains fluid, requiring close monitoring and possible further policy tweaks in the coming weeks.

2. Finalising India-U.S. trade deal not far off, but some gaps remain: U.S. official

Why in the News?

A U.S. official has stated that an interim trade deal with India is “not far off, signaling progress in bilateral trade negotiations. However, the statement comes at a complex time as the U.S. administration is simultaneously navigating domestic legal setbacks on tariff authority and launching new trade investigations that involve India.

Background

- **Post-Trump Tariff Turmoil:** Following a U.S. Supreme Court ruling that invalidated the use of the International Emergency Economic Powers Act (IEEPA) for “reciprocal tariffs,” the administration is seeking alternative legal avenues, such as Special 301 trade investigations, to enforce its trade agenda.

- **Previous Negotiations:** India and the U.S. have been attempting to finalise an interim trade deal to resolve long-standing tariff and market access disputes.
- **Recent Friction:** In February, a White House fact sheet claimed India would cut tariffs on “certain pulses,” causing a political backlash in India. The fact sheet was later quietly reissued without that reference.

Feature

Gaps Remain: While a deal is close, key gaps persist:

- Pulses: The U.S. is pushing for greater market access, while India seeks to protect its domestic agricultural sector.
- Staging of Tariff Reductions: The U.S. wants India to accelerate the phased reduction of tariffs (reduce staging time), which is another point of contention.
- Legal Shift in U.S. Approach: With IEEPA off the table for reciprocal tariffs, the administration is pivoting to Special 301 probes launched in March against multiple countries, including India, citing issues like excess manufacturing capacity and forced labor.



Challenge

- **Sensitive Agricultural Politics:** Pulses are politically sensitive in both countries, making any concession domestically controversial.
- **Divergent Official Communications:** The earlier discrepancy between the White House fact sheet and the bilateral joint statement highlighted coordination issues and created mistrust in India’s political circles.
- **Compounding Trade Pressures:** Even as negotiators work on a deal, the U.S. is simultaneously investigating India under Special 301, which could introduce new tensions.

Way Forward

- **Bridging the Gaps:** Negotiators will need to find common ground on pulse market access and the timeline for tariff reductions.

- **Monitoring U.S. Trade Actions:** The timing and outcome of the Special 301 investigations, as well as any potential hike in universal tariffs (from 10% to 15%), will significantly impact the negotiation environment.
- **Diplomatic Coordination:** Clear, synchronised communication between both governments will be essential to avoid a repeat of the fact sheet controversy.

Conclusion

An interim India-U.S. trade deal appears within reach, with both sides acknowledging that only a few gaps remain. However, the path forward is complicated by domestic political sensitivities in agriculture, ongoing U.S. trade investigations against India, and unresolved questions about the future of U.S. tariff policy. While the deal could provide a much-needed boost to bilateral ties, finalisation will require careful diplomacy to align negotiating positions and manage broader trade friction.

3. Modi stresses cooperation between Centre, States in meeting with CMs

Why in the News?

Prime Minister Narendra Modi convened a high-level meeting with Chief Ministers and Lieutenant-Governors of non-poll-bound states to address the supply chain disruptions caused by the ongoing war in West Asia (which began on February 28). The meeting emphasised coordinated action between the Centre and states to ensure the availability of essential commodities like fuel and fertilisers, signalling the government's focus on preventing an economic crisis amid geopolitical instability.



Background

- **Geopolitical Trigger:** The conflict in West Asia has disrupted global trade routes, threatening India's supply chains for crude oil, fertilisers, and other essential imports.
- **Previous Experience:** The Prime Minister recalled the COVID-19 pandemic as a precedent in which the Centre and states worked together as "Team India" to manage supply chains and disruptions to daily life.
- **Vulnerabilities:** India is heavily reliant on imports for energy and agricultural inputs, making it susceptible to external shocks.

Feature

- **Participants:** Attendees included Chief Ministers from key states such as Andhra Pradesh (N. Chandrababu Naidu), Uttar Pradesh (Yogi Adityanath), Punjab (Bhagwant Mann), Gujarat (Bhupendra Patel), and others, along with Defence Minister Rajnath Singh, Home Minister Amit Shah, and top bureaucrats.
- **Focus Areas:**
 - **Fuel and Fertilisers:** Ensuring uninterrupted supply, with special attention to border and coastal states for shipping and maritime operations.
 - **Agriculture:** Planning for the Kharif season, particularly monitoring fertiliser storage and distribution.
 - **Public Confidence:** Crackdown on hoarders and rumour-mongers to prevent panic and maintain trust in essential commodity availability.
- **Support for Citizens:** States with citizens in West Asia were advised to activate helplines, appoint nodal officers, and establish district-level support systems.

Challenge

- **Supply Chain Vulnerabilities:** Disruptions in fuel and fertiliser imports could impact inflation, agricultural output, and energy security.
- **Coordination Complexity:** Ensuring seamless cooperation between the Centre and diverse state governments with varying administrative capacities and political alignments.
- **Panic Management:** Preventing misinformation and hoarding, which could exacerbate shortages and public anxiety.

Way Forward

- **Alternative Energy Push:** States were urged to accelerate efforts in biofuels, solar energy, GOBARdhan, electric mobility, and the expansion of piped natural gas connections to reduce dependence on imports.
- **Domestic Production:** Coordination with the Centre on further exploration of domestic oil and gas resources.
- **Institutional Mechanism:** A Group of Ministers has been set up for regular inter-ministerial coordination during the crisis.

Conclusion

The meeting underscores the government's proactive approach to mitigating the impact of the West Asian conflict on India's economy. By invoking the "Team India" spirit seen during the pandemic, the Centre is seeking to preempt supply disruptions through coordinated planning, alternative energy promotion, and strict action against hoarding and misinformation. Success will depend on effective implementation across states and the evolution of the geopolitical situation in the coming weeks.

4. Beyond the rhetoric of the north-south divide

Why in the News?

As India approaches the next Census and subsequent delimitation exercise, concerns over the political and economic fault lines between the southern (Peninsular) states and the northern Hindi heartland have intensified. Shashi Tharoor's article addresses this looming crisis, arguing that the decoupling of economic prosperity (in the south) from political representation (dominated by the north) threatens the structural integrity of the Indian Union.



Background

- **Divergent Development:** For decades, southern states like Tamil Nadu, Kerala, and Karnataka have outperformed northern states like Uttar Pradesh, Bihar, and Madhya Pradesh in per capita income, literacy, life expectancy, and maternal health.
- **Demographic Disparity:** The northern heartland has higher population growth, which, if seats are redistributed purely by population post-Census, will lead to a reduction in parliamentary representation for the south.
- **Historical Precedent:** Tharoor warns that India is following the path of the USSR and Yugoslavia, where an economically prosperous minority subsidised a politically dominant but impoverished majority, rather than healthy federations like the U.S., where prosperity and population align.

Feature

Two Indias Within One Sovereign Space

Peninsular States (South)

Great Indian Plain (North)

Per capita income is double or more

Per capita income comparable to sub-Saharan Africa

High human development indicators

Low human development indicators

Economic prosperity

Demographic weight

Fertility rates under control

High fertility rates

The Existential Crisis

- After delimitation, the South's political voice will be further muffled despite generating a disproportionate share of national wealth.
- Tharoor warns that a productive minority subsidising a poor majority that holds political power is a recipe for conflict, potentially making the south feel like an "extractive colony" for the Hindi belt.

The South's Own Internal Crisis

The author cautions southern states against framing this solely as a grievance against the Centre.

The south faces its own challenges:

- Middle-income trap: Growth has been extractive and unequal.
- Inequality: Per capita income is high, but agricultural wages lag far behind; wealth is concentrated in a few urban districts.
- Social stagnation: Patriarchy, casteism, and weak rule of law persist.
- Kerala as an exception: It is the only southern state that combines economic prosperity with genuine social transformation.

Challenge

- **Political Asymmetry:** The central government's push for hegemonic control and the likely delimitation outcome could deepen alienation in the south.
- **Fragile Southern Lead:** Despite economic success, the South's growth is not socially inclusive. Without addressing internal inequality, its prosperity may remain shallow and politically unsustainable.
- **Migration without Integration:** Migrants from the north to the south create a class of "internal outsiders" who vote in their home states, offering no political benefit to the south.
- **No Natural Convergence:** With a 300% per capita income differential, catching up will take generations, making a "grand bargain" elusive.

Way Forward

- **Digressive Proportionality:** Tharoor endorses Professor Santosh Mehrotra's proposal—a system that gives larger states more seats but fewer seats per person, and smaller states fewer seats but more representation per person. This balances population size with state equality.

- **Shift Focus to Internal Inclusivity:** Southern states must prioritise:
 - Closing intra-state inequality
 - Raising literacy in backward districts
 - Strengthening institutions and the rule of law
 - Moving beyond growth driven by a narrow elite
- **Sober Intellectual Dialogue:** Move beyond reactive regionalism to a social contract that ensures prosperity is shared by the many, not just the few.

Conclusion

Tharoor argues that India's north-south divide is not merely a regional grievance but an existential fault line that threatens the Union itself. While the south faces legitimate fears of political marginalisation post-delimitation, it must also confront its own internal inequalities. The path forward requires a grand bargain-not just between New Delhi and state capitals, but within states themselves, to ensure that economic prosperity translates into broad-based social transformation. Without this, the fault line will only deepen, with potentially grave consequences for India's federal structure.

5. New butterfly species recorded in Arunachal was named after Zubeen

Why in the News

- A new butterfly species, *Euthalia zubeengargi*, has been discovered in Arunachal Pradesh's Leparada district.
- It has been named in honour of Assamese cultural icon Zubeen Garg following his death in September 2025.
- The discovery was published in the scientific journal *Entomon*.

Background

- The species was recorded during field surveys conducted in 2025 by researchers from RIMT University and Travancore Natural History Society.
- It was found in semi-evergreen forests at elevations of 600–750 metres.
- Only two male individuals were observed, suggesting rarity or restricted distribution.
- The butterfly belongs to the *Euthalia* genus, commonly found in South and Southeast Asia.

Features

- **Taxonomy:** Part of the genus *Euthalia* (family Nymphalidae).

Morphology:

- Earthy brown wings
- Pale spots and markings, typical of forest-dwelling butterflies

Habitat:

- Prefers semi-evergreen forest ecosystems
- Likely dependent on specific host plants

Distribution:

- Currently known only from the Leparada district

Rarity:

- Limited sightings indicate it may be endemic or highly localised.

Significance of the Discovery**Biodiversity Enrichment**

- Highlights the rich but underexplored biodiversity of Northeast India.
- Strengthens India's status as a mega-diverse country.

Scientific Importance

- Adds to taxonomic knowledge of the *Euthalia* genus.
- Opens avenues for further ecological and evolutionary studies.

Cultural Linkage

- Naming after Zubeen Garg reflects the intersection of science and regional identity.

Conservation Indicator

- Rare species often indicate fragile ecosystems needing protection.

**Challenges****Limited Data**

- Only two individuals recorded → insufficient ecological understanding.

Habitat Threats

- Deforestation, infrastructure development, and shifting cultivation in Northeast India.

Climate Change

- Alters forest composition and microhabitats critical for butterflies.

Taxonomic Gaps

- Northeast India remains under-surveyed; many species may remain undiscovered.

Conservation Neglect

- Invertebrates like butterflies receive less policy attention compared to megafauna.

Way Forward

Intensive Field Surveys

- Expand biodiversity documentation in Arunachal Pradesh and adjoining regions.

Habitat Conservation

- Protect semi-evergreen forests through community-based conservation.

Research and Monitoring

- Long-term ecological studies on species distribution, host plants, and lifecycle.

Policy Integration

- Include insects in biodiversity action plans and conservation priorities.

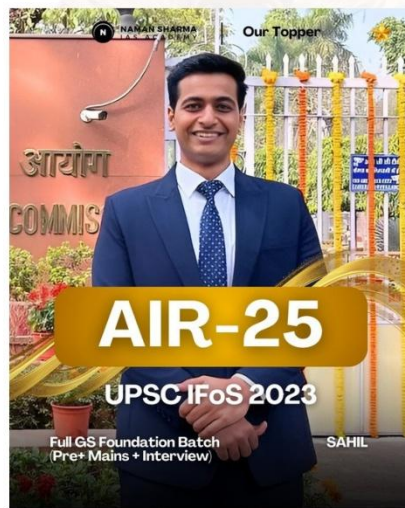
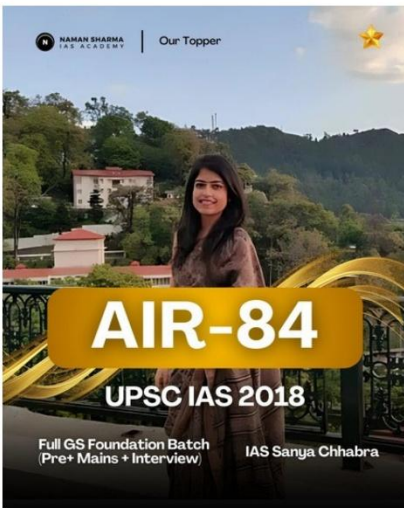
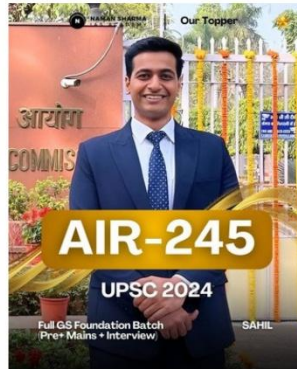
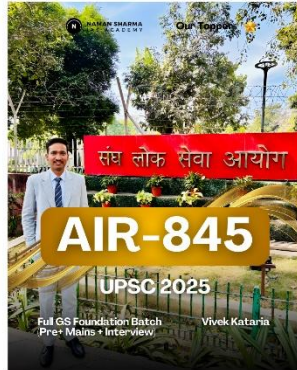
Awareness and Citizen Science

- Encourage local participation in biodiversity monitoring.

Conclusion

The discovery of *Euthalia zubeengargi* underscores the ecological richness of Northeast India and the urgent need to document and conserve lesser-known species. Beyond its scientific value, the naming of the species after Zubeen Garg symbolises how biodiversity can also reflect cultural heritage. Protecting such rare species is essential not only for ecological balance but also for sustaining India's natural legacy.

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