

# UPSC with SAURABH KAUSHIK

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The Hindu | Indian Express Explained | 9 Topics

[TH] The Hindu

[IE] Indian Express Explained

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### 1 Modi–Macron Nice Summit: 13 Deals, \$32 Bn Trade Target [TH]

 **GS Relevance**

**GS Paper 2** • International Relations; India–France Special Global Strategic Partnership; G7; Defence; Nuclear Energy

- ▶ June 14, 2026: PM Modi and President Macron held bilateral talks in Nice — their first meeting in France for a full state visit.
- ▶ 13 outcomes announced; India-France set \$32 billion bilateral trade target by 2031 (from current \$15.82 billion).
- ▶ UPI to be launched at Paris and Nice airports — India's first UPI expansion in continental Europe.
- ▶ India is the official AI Country Partner at VivaTech 2026 in Paris (June 17–19).

#### Key Outcomes from the Nice Summit

- **Economic Security Dialogue:** A formal high-level dialogue on economic security established — covering supply chain resilience, critical minerals, energy security and tech de-risking. This reflects France (and EU's) growing use of the term 'economic security' — borrowed from Japan's Economic Security Act (2022) — as a policy framework.
- **Trade Target:** \$32 billion bilateral trade by 2031 (doubling current \$16 billion); India is France's 3rd largest trading partner in Asia after China and Japan.

- **Innovation Roadmap 2030:** Adopted by both sides; 19 institutional agreements signed between research bodies, universities, and companies in the innovation ecosystem. India–France Year of Innovation 2026 is already underway.
- **AI Joint Working Group:** A bilateral AI governance working group established — linking MEITY/NASSCOM with French INRIA and CEA; India's MANAV AI governance framework presented at G7.
- **UPI in France:** UPI integration at Paris and Nice airports — first EU-territory UPI acceptance. Enables Indian tourists and diaspora to pay via UPI.
- **Security Pact for Classified Data:** Signed — allows sharing of sensitive defence and intelligence data; strengthens interoperability between Indian and French defence establishments.
- **High-Speed Railway:** Cooperation declaration signed; French expertise (Alstom, SNCF) in high-speed rail to support India's bullet train programme and Vande Metro modernisation.

### Pending Items: Jaitapur + 114 Rafale

- Jaitapur Nuclear Power Plant (6 EPRs of 1,650 MW each): The most consequential pending India-France item. France's EDF and India's NPCIL have agreed on 'progress in consultations' — coded language for no final agreement yet. The Nuclear Liability Act (2010) issue persists.
- 114 Rafale MRFA deal: No formal signing yet; France has confirmed ToT, Make in India, and BrahMos integration readiness. MRFA contract is expected to be signed before end of 2026.

### G7 at Évian-les-Bains (June 15–17)

- India is invited as partner (not member) for the second consecutive G7; PM Modi participated in sessions on AI governance, debt for development, food and energy security.
- Key India position: Called for reformed multilateralism; presented India as a voice of the Global South; reiterated need for UNSC reform with permanent seat for India.
- Side meetings: Modi met US President Trump (first in-person since February 2025), UK PM Keir Starmer, German Chancellor Merz, and Canadian PM Mark Carney on G7 sidelines.

#### UPSC ANGLE

- India-France: 1998 Pokhran non-sanction = foundation of trust; 2026 marks deepening into economic security and technology domains.
- Economic Security: New concept in IR; balancing trade interdependence with strategic autonomy in critical sectors.
- G7 Participation: India not a member but regularly invited — reflects India's growing global weight; India's positions on debt, energy, and AI governance shape outcomes.
- Jaitapur: Nuclear Liability Act reform or G2G arrangement could unlock 10,000 MW at one site — landmark for India's clean energy ambitions.

### Key Terms

- **Economic Security** — A policy concept prioritising protection of critical supply chains, technology, and industries from geopolitical disruption. First codified in Japan's Economic Security Promotion Act (2022); now central to EU, US, India, and France's strategic vocabulary.
- **Jaitapur NPP** — Planned nuclear power park in Maharashtra (6 EPR reactors, 9,900 MW total); India's largest planned nuclear project; stalled by liability clause in Nuclear Liability Act 2010.
- **MRFA (Medium Role Fighter Aircraft)** — India's programme to procure 114 multirole fighters for the IAF; Rafale is the leading contender; ToT and Make in India are essential conditions.
- **MANAV AI Framework** — India's Multinational AI Governance framework for Accountability and Values; presented at G7 Évian; India's bid for global AI governance leadership.

## 2 Indian Sailing Vessel Sinks Off Oman — Seafarer Safety in the Gulf [TH]

- ▶ June 14, 2026: An Indian-flagged sailing vessel sank off the coast of Oman after engine failure in the Arabian Sea.
- ▶ All crew members were rescued by Omani Coast Guard and Indian Navy units operating in the region.
- ▶ The incident occurred ~120 nautical miles south-east of Muscat in the Gulf of Oman.
- ▶ India's Operation Urja Suraksha (since March 2026) had warships in proximity — enabling quick rescue response.

### Why This Matters

- The incident, while not conflict-related, highlights the vulnerability of Indian maritime interests in the Arabian Sea amid the ongoing Hormuz crisis. The Gulf of Oman is immediately adjacent to the Strait of Hormuz conflict zone.
- Indian-flagged vessels in the region face: engine and mechanical risk (storms, unfamiliar waters); conflict-related risks (US-Iran naval activity, mines, Hormuz restrictions); and piracy risk (which resurged after Houthi attacks in the Red Sea in 2023).
- India's maritime geography: India has ~7,516 km of coastline; over 240,000 Indian seafarers serve internationally; India is a major maritime nation whose economy depends on sea-borne trade.

### India's Naval Response

- INS Trikand and INS Sumitra were reportedly operating in the Gulf of Oman area under Operation Urja Suraksha; both vessels were involved in coordinating with Omani Coast Guard for crew recovery.
- Operation Urja Suraksha (Energy Security Operation): Launched March 2026; India Navy escorts Indian-flagged and India-destined tankers and commercial vessels through the Arabian Sea to ensure uninterrupted energy supply amid Hormuz disruption.
- The Oman connection: India's CEPA with Oman (effective June 1, 2026) includes provisions for maritime cooperation and emergency coordination — operationally demonstrated in this rescue.

#### UPSC ANGLE

- Blue Water Navy: India's evolving capability to operate in distant seas (Arabian Sea, Gulf of Oman); rescue demonstrates operational reach.
- India-Oman CEPA: Included maritime cooperation provisions; this rescue shows practical utility beyond trade.
- Maritime Insurance: War-risk premiums in Arabian Sea up 400%; ordinary maritime insurance not covering Hormuz-adjacent incidents — seafarers in a legal grey zone.

## 3 PM Modi at VivaTech 2026: 'World Needs Inclusive, Human-Centric Tech'

[TH]

 **GS Relevance**

**GS Paper 2 | GS Paper 3** • *International Relations; Science and Technology; Digital India; AI Governance; India's Soft Power*

- ▶ June 17–18, 2026: PM Modi addressed VivaTech 2026 (Paris Expo Porte de Versailles) — Europe's largest technology festival.
- ▶ India is the official AI Country Partner; India pavilion hosts 200+ deep-tech startups.
- ▶ PM Modi presented India's MANAV framework for AI governance and highlighted India's DPI (Digital Public Infrastructure) model.
- ▶ 'The world needs technology that is inclusive, ethical, and human-centric' — core message.

### India's Technology Narrative at VivaTech

- **MANAV AI Framework:** India's proposed multilateral framework for responsible AI — Multinational AI Governance for Accountability and Values; positions India as a constructive global voice on AI safety vs. China (opaque, state-controlled AI) and US (regulation under pressure from tech industry).

- **DPI (Digital Public Infrastructure):** India's UPI, Aadhaar, DigiLocker, CoWIN, ONDC, OCEN stack as a 'population-scale digital infrastructure' model; presented as replicable for low-income countries; World Bank estimates India's DPI saves 30% of government service delivery costs.
- **AI for Public Good:** Modi highlighted India's health AI (AIIMS AI diagnostics), agricultural AI (Kisan Sahayak), judicial AI (SUVAS for case management) and language AI (Bhashini) as examples of government AI solving real-world problems at scale.
- **India Pavilion:** 200+ Indian deep-tech startups in AI, climate tech, biotech, space tech; 'Bharat Innovates' brand; direct investor matchmaking with European VCs, corporates and sovereign funds.

### The Geopolitical Dimension

- By presenting India as an AI governance leader at a European platform, PM Modi is simultaneously strengthening India's position in AI diplomacy, attracting European investment, and countering the narrative that AI standards will be set only by the US or China.
- VivaTech context: Europe is developing its own AI Act (world's first binding AI regulation); India's governance frameworks being discussed at VivaTech put India in early dialogue with European regulators — relevant for future EU-India digital trade and data governance.

#### UPSC ANGLE

- AI Governance: India positioning as a responsible AI nation bridges the US (Big Tech-driven) vs. EU (regulation-first) vs. China (state AI) divide.
- DPI Diplomacy: India's UPI/Aadhaar model is being adopted in ~50+ countries; VivaTech globalises this narrative.
- Soft Power: Cultural and technological diplomacy — India as a tech democracy — is part of India's evolving global brand.

- **DPI (Digital Public Infrastructure)** — Open, interoperable technology systems built by the state that enable economic activity — like roads for the digital economy; India's DPI stack (UPI, Aadhaar, DigiLocker) is globally recognised as the most sophisticated in a developing country.
- **AI Act (EU)** — World's first legally binding AI regulation; passed 2024; classifies AI systems by risk level; prohibits certain high-risk AI uses; relevant for any Indian company or government body doing business in the EU.

## 4 Brazil Deaths Raise Concerns About India's DengiAll Dengue Vaccine [TH]

GS  
Relevance

GS Paper 2 | GS Paper 3 • Health; Science and Technology; Vaccine Development; Public Health

- ▶ June 9, 2026: Brazil suspended rollout of Butantan-DV (single-dose dengue vaccine) after 2 deaths post-vaccination during its Phase 4 rollout.
- ▶ Butantan-DV and India's DengiAll (Panacea Biotec) share the same NIH-origin live-attenuated dengue virus strain — raising concerns for DengiAll's regulatory pathway.
- ▶ Both vaccines are live-attenuated tetravalent (all 4 dengue serotypes) dengue vaccines — the first of their kind globally.
- ▶ India's CDSCO (Central Drugs Standard Control Organisation) is expected to seek clarification from Brazil's ANVISA before DengiAll's approval is finalised.

### Understanding the Vaccines

- Dengue: A mosquito-borne viral disease caused by 4 distinct serotypes (DENV1–4); transmitted by Aedes mosquitoes; causes high fever, joint/muscle pain, potential haemorrhagic fever; no antiviral treatment exists; prevention via mosquito control and vaccination.
- India's dengue burden: ~300,000+ cases annually (significantly undercounted; estimated 15–20 million infections/year); 48,000+ cases in 2024; India has hyperendemicity (all 4 serotypes circulating simultaneously).

- Butantan-DV (Brazil): Developed by Instituto Butantan (São Paulo state PSU) over 8 years; approved by ANVISA (Brazil's FDA equivalent) in November 2025; based on NIH's TV003/TV005 chimeric dengue strain; single dose for ages 12–59; showed 91.6% efficacy against severe dengue in Phase 3 trials (16,000 volunteers).
- DengiAll (India): Developed by Panacea Biotech (New Delhi); uses the same NIH-licensed tetravalent attenuated strain; Phase 3 trials complete in India; CDSCO approval pending; expected to be the world's 2nd single-dose dengue vaccine if approved.

### Why the Brazil Deaths Are Concerning

- Two deaths occurred in individuals who received Butantan-DV during the Phase 4 rollout; Brazil's ANVISA suspended the rollout pending investigation into whether the deaths were causally related to the vaccine.
- Key question: Are the deaths attributable to the vaccine or coincidental (unrelated illness post-vaccination)? In large-scale vaccine rollouts, coincidental deaths are statistically expected; the investigation must determine causal link.
- The concern for DengiAll: Since both vaccines use the same or very similar live-attenuated strain, if the deaths are determined to be vaccine-related (e.g., due to the live virus causing disease in immunocompromised individuals), DengiAll would face the same safety signal, potentially delaying or blocking its approval.
- Safety mechanism being investigated: Live-attenuated vaccines carry a theoretical risk of reversion to virulence — particularly in immunocompromised individuals. If the Butantan-DV virus 'reverted' and caused illness, India's CDSCO would need to evaluate whether DengiAll's strain has the same risk.

### Current Approved Dengue Vaccines

- **Dengvaxia (Sanofi)**: CYD-TDV vaccine; approved in 2015–17; withdrawn from Philippines school vaccination programme after deaths in seronegative children (first-time dengue exposure post-vaccination increased severe risk); a cautionary tale for dengue vaccine development.
- **Qdenga (Takeda)**: TAK-003; two-dose vaccine; approved by EMA (EU), UK, Germany, Brazil; WHO-recommended for areas with >70% dengue seroprevalence; safer profile than Dengvaxia.
- **Butantan-DV**: Single-dose; approved Brazil Nov 2025; now suspended pending safety investigation.
- **DengiAll (pending)**: Single-dose; India; CDSCO approval pending; Phase 3 complete; under uncertainty due to Brazil deaths.

#### UPSC ANGLE

- Post-market surveillance: Essential for newly approved vaccines; Brazil's quick suspension shows a functional pharmacovigilance system.
- India's vaccine diplomacy: India as 'pharmacy of the world' — DengiAll is intended for export to SE Asia, Africa, Latin America; Brazil's safety concern affects India's vaccine credibility globally.
- CDSCO reform: India's regulator has been criticised for expedited approvals without independent clinical trial verification; the DengiAll case is a test of CDSCO's risk-benefit assessment capabilities.

- **Live-Attenuated Vaccine** — A vaccine using a weakened (attenuated) form of a living pathogen; provides strong immunity (often single-dose) but carries a small risk of reversion to virulence — more pronounced in immunocompromised individuals.
- **CDSCO (Central Drugs Standard Control Organisation)** — India's apex drug regulatory body under the Ministry of Health; approves drugs, vaccines, and medical devices; equivalent of US FDA or Brazil's ANVISA.
- **ANVISA** — Brazil's National Health Surveillance Agency — the drug and vaccine regulator; equivalent of CDSCO; its suspension of Butantan-DV triggers automatic re-evaluation by other regulators.
- **Pharmacovigilance** — The systematic monitoring of adverse drug/vaccine reactions after market approval; requires healthcare systems to track, report, and investigate safety signals in vaccinated populations.

- ▶ India has 240,000+ seafarers working internationally — the world's second largest pool; heavily employed on Gulf tankers.
- ▶ 3 ships with Indian crew attacked or intercepted by US forces since February 2026; India has called the attacks 'unacceptable'.
- ▶ US-Iran MoU announced June 14 (signing expected June 19) would reopen Hormuz and end the naval blockade — offering relief.
- ▶ But structural vulnerability of Indian seafarers in conflict zones is a persistent policy problem.

### India's Seafarer Vulnerability: The Numbers

- 240,000 Indian seafarers (merchant navy): Work on ships registered in Panama, Bahrain, Liberia, Marshall Islands, and other 'flags of convenience' states — meaning legal protection falls between jurisdictions.
- Gulf exposure: ~35–40% of international tanker crews are estimated to be Indian nationals; the Gulf (Arabian Sea, Persian Gulf, Oman Sea) is the highest-density Indian seafarer employment zone.
- Legal exposure: An Indian seafarer on a Panama-flagged, Saudi-owned tanker transiting the Strait of Hormuz has legal protection only from Panama (flag state), Saudi Arabia (shipowner's state), and India (seafarer's nationality state) — a fragmented jurisdiction that makes rapid intervention difficult.

### What India Can Do: Legal and Diplomatic Tools

- **ISPS Code compliance:** International Ship and Port Facility Security Code (post-9/11 IMO framework); India has reported compliance to IMO; requires countries to maintain security plans for ships in conflict-adjacent waters.
- **Bilateral agreements:** India-Oman CEPA (June 2026) includes maritime cooperation; India should seek similar provisions with Bahrain, Kuwait, UAE — countries that control or host the tanker fleets on which Indian seafarers serve.
- **India-US naval dialogue:** India can demand 'civilian vessel exemption notifications' (CVENs) from CENTCOM before US operations — informing all flagged vessels and crew of planned naval interdiction zones, enabling pre-departure safety planning.
- **Operation Urja Suraksha:** India Navy's ongoing escort operation in the Arabian Sea; can be expanded to cover non-India-flagged vessels with Indian crews — requiring rules of engagement (RoE) changes.
- **Seafarer helpline and extraction protocol:** India has no dedicated 24x7 seafarer extraction or crisis helpline; contrast with Philippines (whose POEA and DFA maintain crisis cells for OFWs); India needs an equivalent for its 240,000 maritime workers.

### Structural Limits

- India is not a guarantor state for international shipping; India can escort India-flagged vessels but lacks legal basis to intervene for Indian nationals on foreign-flagged ships without the flag state's request.
- The long-term answer is a US-Iran deal — the MoU announced June 14 would end the naval blockade and Hormuz disruption, eliminating the immediate threat. India has quietly pushed for this outcome in its diplomacy with both Washington and Tehran.

#### UPSC ANGLE

- Maritime Labour Convention (MLC) 2006: India ratified it in 2015; provides baseline protections for seafarers; but does not provide protection in war zones.
- India's Navy: 'Blue water' ambitions require doctrine and rules of engagement for protecting Indian nationals on foreign vessels — a legal-military gap to be addressed.
- Diaspora protection: India's protection of overseas citizens (seafarers, workers, students) is an increasingly important dimension of its foreign policy — Operation Urja Suraksha, Operation Dost, Operation Ganga are precedents.

- **Flag of Convenience (FoC)** — A ship registered in a country different from its owner's nationality to take advantage of lower taxes, less regulation, and cheaper registration; Panama, Liberia, and Marshall Islands are the most common FoC states; complicates legal jurisdiction over seafarers.
- **CENTCOM** — US Central Command — the military command responsible for the Middle East; conducts operations in the Strait of Hormuz and surrounding region.
- **Maritime Labour Convention (MLC), 2006** — ILO's comprehensive international convention setting minimum standards for seafarers' living and working conditions; in force 2013; 100+ ratifications.

## 6 Drop Shipping: What It Is and the Risks for Online Shoppers [TH]

GS  
Relevance

GS Paper 3 • Economy; E-Commerce; Consumer Rights; Digital India; Regulation

- ▶ Drop shipping is a retail model where the seller does not hold inventory — orders go directly from manufacturer/warehouse to customer.
- ▶ India's e-commerce boom (Rs 8.6 lakh crore market by 2026) has enabled thousands of drop-shipping businesses.
- ▶ Consumer risks: Poor quality, long delivery times, fake products, no after-sales service, complex return processes.
- ▶ India's Consumer Protection Act (2019) and e-commerce rules are catching up — but enforcement remains patchy.

### How Drop Shipping Works

- A drop-shipping seller (the 'retailer') lists products on their own website or marketplace (Amazon, Meesho, Flipkart) without physically holding the products.
- When a customer places an order, the retailer forwards it to a third-party supplier (manufacturer, wholesaler, or AliExpress-type aggregator) — often in China — who ships the product directly to the customer.
- The retailer's profit is the difference between the selling price and the wholesale price; they take no inventory risk but also have little control over quality, packaging, or delivery time.
- Indian drop-shipping scale: Estimated 3–4 lakh active drop-shipping businesses in India (2026); the model became mainstream post-COVID as e-commerce infrastructure expanded; Meesho and Shop101 partially operate on drop-shipping models for their seller base.

### Risks for Consumers

- **Product quality mismatch:** Sellers show attractive images (often copied from manufacturers); actual product is of inferior quality; no physical verification before shipping.
- **Long delivery times:** Products sourced internationally (particularly from China via AliExpress/DHgate) may take 20–40 days to arrive despite claims of '5–7 days'; customers have no visibility into the supply chain.
- **Counterfeit and IP violations:** Drop-shippers frequently list counterfeit branded products (fake Nike shoes, imitation Apple chargers, duplicate cosmetics); difficult to detect pre-purchase.
- **Return and refund difficulties:** Drop-shippers often lack warehousing for returns; claiming refund requires shipping back to the original supplier (internationally) which is often uneconomical for small purchases.
- **No customer service infrastructure:** Most drop-shipping businesses are operated by individuals without customer support teams; dispute resolution is difficult.

### Regulatory Framework and Gaps

- Consumer Protection Act (2019): Makes e-commerce platforms (as intermediaries) liable for unfair trade practices by sellers; Platform-to-Business (P2B) transparency obligations; but enforcement depends on consumer complaints — most buyers do not file formal complaints.

- E-Commerce Rules (2020 + 2023 amendments): Require marketplaces to display seller details, country of origin, and grievance officer; drop-shippers using foreign suppliers often do not accurately declare origin.
- FDI in e-commerce: India's FDI rules restrict inventory-based e-commerce for foreign companies (B2C); drop-shipping using Indian sellers but foreign suppliers operates in a grey zone.
- BIS quality standards: Bureau of Indian Standards is expanding mandatory certification (ISI mark) to more product categories — which would require physical testing and could not be 'drop-shipped' without compliance.

#### UPSC ANGLE

- Consumer Protection Act 2019: Key legislation; introduced product liability (manufacturers AND sellers liable for defective products); relevant for drop-shipping where the physical seller may be untraceable.
- Digital Advertising Concerns: Drop-shippers use Facebook/Instagram targeted ads extensively; ASCI (Advertising Standards Council of India) guidelines on misleading ads apply but are hard to enforce for small operators.
- Data Privacy: Drop-shipping businesses collect customer addresses and payment data; DPDP Act 2023 compliance obligations apply — most small operators are unaware.

- **Drop Shipping** — A retail fulfilment method where the seller does not hold inventory; customer orders are forwarded to a third-party supplier who ships directly; reduces capital need but reduces quality control.
- **Consumer Protection Act 2019** — Replaced CPA 1986; introduced product liability, unfair contracts provisions, Central Consumer Protection Authority (CCPA), and streamlined e-filing of complaints; applicable to all e-commerce transactions.
- **Country of Origin Labelling** — Mandatory requirement under Consumer Protection (E-Commerce) Rules to disclose where a product is manufactured; relevant for drop-shipping where products often originate from China or other countries.

## 7 China's Gaokao and Its Indirect Presence at FIFA World Cup 2026 [IE]

GS  
Relevance

GS Paper 2 | GS Paper 1 • International Relations; China; Society; Sports Diplomacy; Soft Power

- ▶ China's Gaokao (National College Entrance Examination) — the 'highest exam' — held June 7–8, 2026; ~13.42 million students appeared.
- ▶ FIFA World Cup 2026 is hosted jointly by the USA, Canada, and Mexico (June 11 – July 19, 2026).
- ▶ China is NOT playing in FIFA 2026 (failed to qualify); yet China has a massive indirect commercial presence at the tournament.
- ▶ Chinese sponsors are the dominant FIFA World Cup commercial partners in 2026 — out-spending Western brands.

### The Gaokao: China's 'Highest Exam'

- Gaokao (全国高考): China's National College Entrance Examination; held annually in early June; in 2026, a record 13.42 million students appeared (up from 12.91 million in 2025).
- Duration: 2 days (June 7–8, 2026); subjects: Chinese Language, Mathematics, and then 3 electives from Science (Physics, Chemistry, Biology) or Humanities (History, Geography, Politics) tracks.
- Stakes: Gaokao score determines admission to Chinese universities; access to top-tier universities (Tsinghua, Peking, Fudan) depends almost entirely on one exam — creating extreme academic pressure analogous to India's JEE/NEET situation.
- Social significance: Gaokao is China's single most significant meritocratic exercise; entire family ecosystems plan around it for years; on Gaokao days, traffic near exam centres is diverted, construction is halted, and 'quiet zones' are enforced.

- Reform debate: China is attempting to broaden Gaokao beyond pure memorisation to assess critical thinking; but the scale of the exam and its role as the primary social mobility tool makes reform slow.

### China at FIFA World Cup 2026 — Without Qualifying

- Chinese team: China failed to qualify for FIFA World Cup 2026 (ranked 89th globally by FIFA; qualified neither from Asia's AFC region nor via any other route).
- Chinese commercial dominance: Despite no Chinese team at the tournament, Chinese companies are the single largest national group of FIFA World Cup sponsors in 2026:
- **Wanda Group**: Real estate and sports conglomerate; top-tier FIFA partner since 2016; one of FIFA's six global partners (alongside Adidas, Coca-Cola, Qatar Airways, Visa, and Hyundai).
- **Mengniu (Yili)**: Chinese dairy company; official FIFA World Cup sponsor; massive investment in global sports marketing to build brand in non-Chinese markets.
- **Alipay**: Ant Group's payment platform; FIFA's official payment partner; direct competitor to Visa in the payments sponsorship space.
- **Hisense, TCL, BYD, AliExpress**: Chinese electronics, EV, and e-commerce brands — all official FIFA World Cup partners; collectively their sponsorship reportedly exceeded \$1.5 billion for the 2026 cycle.

### Why China's Commercial Strategy Matters

- 'Sport washing' vs. 'brand building': China's FIFA sponsorship is a deliberate strategy to globalise Chinese brands — particularly in markets (USA, Europe, Latin America) where Chinese brand recognition is growing but not yet dominant.
- Contrast with political messaging: China's government does not allow itself to be seen as 'soft power' promoters (unlike the USA or UK); instead, Chinese commercial entities act as brand ambassadors, building goodwill through sports associations without government fingerprints.
- Impact on Western brands: Western companies (like Budweiser, which lost FIFA sponsorship to a Chinese beer brand in some markets) face direct commercial competition from Chinese brands that have the advantage of state financial backing.

#### UPSC ANGLE

- Indian parallel: India's NEET/JEE crisis mirrors Gaokao's problems — single high-stakes examination, massive social pressure, coaching industry exploitation. The comparison is instructive for reform debates.
- China's soft power via commercial brands: State-backed commercial entities as instruments of global influence — a form of 'market power' projection distinct from traditional hard or soft power.
- FIFA as a geopolitical arena: World Cup sponsorship reflects economic power; India's emerging sports brands (Tata, Reliance, BCCI-related) are beginning to explore similar global sports marketing.

- **Gaokao** — China's National College Entrance Examination; a single national examination taken by 13+ million students annually; determines university admission; the defining social meritocracy test in China.
- **FIFA World Cup 2026** — 54th FIFA World Cup; co-hosted by USA, Canada, Mexico; first edition with 48 teams (expanded from 32); 104 matches; June 11 – July 19, 2026.
- **Sports Diplomacy** — The use of sports events, teams, and sponsorships as instruments of foreign policy, soft power, and commercial strategy; a growing dimension of Chinese, Indian, and Gulf state global influence.

## 8 How a Tiny Electronic Component Is Slowly Driving Up Inflation in India [IE]

 **GS**  
Relevance

**GS Paper 3** • Economy; Technology; Semiconductors; Inflation; Digital India; Consumer Electronics

- DRAM and NAND flash memory prices rose 25–40% globally between Q3 2025 and June 2026 — the 'memflation' crisis continues.
- Impact in India: Budget smartphones (sub-Rs 10,000) disappeared; average smartphone price rose 10.4% YoY to \$302 in Q1 2026.

- ▶ The primary driver: AI data centre demand for HBM (High Bandwidth Memory) is crowding out consumer device memory supply.
- ▶ Broader inflation contribution: Electronics price rise feeds into CPI (Consumer Electronics weight ~3.4%) and WPI (machinery and equipment).

## The Memflation Mechanism

- DRAM (Dynamic Random-Access Memory): The primary working memory in smartphones, laptops, servers. Produced by 3 companies: Samsung (~43% global share), SK Hynix (~28%), Micron (~22%). This oligopoly means supply decisions by even one firm ripple through the entire global electronics industry.
- NAND Flash: Non-volatile storage (phone storage, SSDs); similarly concentrated — Samsung, SK Hynix, Kioxia/Western Digital, Micron.
- AI demand crowding out consumer chips: Nvidia's insatiable demand for HBM (High Bandwidth Memory) — a specialised 3D-stacked DRAM used in its AI GPUs — has caused Samsung and SK Hynix to divert production capacity from commodity DRAM to HBM. This reduced consumer DRAM supply, pushing prices up.
- Supply can't be easily expanded: Building a new DRAM fab takes 3–5 years and costs \$20–30 billion; chip companies do not overbuild capacity given the industry's boom-bust cycles. The 2026 shortage is expected to last 18–24 months.

## India's Specific Exposure

- No domestic memory chip production: India imports 100% of its DRAM and NAND requirements; Tata's Dholera fab (28nm) and Micron's Gujarat ATMP unit do not produce memory chips. India has no HVM (High-Volume Manufacturing) of memory chips.
- Consumer electronics import bill: India imports ~\$70–75 billion in electronics annually; memory chips represent ~12–15% of this by value. A 30% memory price rise adds ~Rs 30,000–35,000 crore to India's electronics import bill.
- Cascading effects: Higher memory costs → higher smartphone costs → reduced smartphone upgrades → slower digital penetration → slower Digital India goals. Sub-Rs 10,000 smartphones are no longer economically viable for manufacturers, effectively excluding India's 400 million-person entry-level digital market from new device access.
- Manufacturing cost impact: Indian electronics manufacturers (Dixon Technologies, Optiemus, Lava) have seen material cost inflation of 15–18% in FY26; their ability to compete with Chinese OEM-assembled devices is diminishing.

## Macro Inflation Impact

- CPI contribution: Consumer electronics has a ~3.4% weight in India's CPI basket (in the 'clothing, bedding and footwear' and 'miscellaneous' sub-categories); a 10% electronics price rise adds ~0.34 percentage points to headline CPI.
- The contribution seems small but compounds with fuel price rises, food inflation, and fertiliser-driven food price risks — all simultaneously occurring in 2026. The memflation effect is therefore a multiplier on an already-stressed inflation environment.

### UPSC ANGLE

- Semiconductor PLI: India's Rs 76,000 crore semiconductor PLI must evolve beyond ATMP (assembly) to eventually include memory chip wafer fabrication — a 15-20 year horizon, not immediate.
- Digital Divide Risk: Sub-Rs 10,000 smartphones eliminated from market = first-time digital users (rural, poor, elderly) can no longer access affordable devices — a direct threat to Digital India and Jan Dhan/JAM trinity goals.
- Trade Policy: India should consider negotiating component-level trade agreements with South Korea and Japan for preferential memory chip pricing — similar to how critical minerals agreements work.
- Inflation Multi-causal Analysis: UPSC essays often ask about 'multiple causes of inflation' — 2026's inflation is simultaneously energy (oil), food (fertilisers, monsoon), and technology (memflation) driven.

- **DRAM** — Dynamic Random-Access Memory; volatile working memory in all computing devices; global oligopoly of Samsung, SK Hynix, and Micron; central to the memflation crisis.

- **HBM (High Bandwidth Memory)** — AI-specific 3D-stacked DRAM used in Nvidia and AMD GPUs; extremely high margins; its booming demand diverts fab capacity from consumer DRAM.
- **Memflation** — Portmanteau of 'memory' + 'inflation'; term for the sustained, sharp rise in semiconductor memory prices driven by AI demand crowding out consumer electronics supply.
- **ATMP (Assembly, Testing, Marking, Packaging)** — The downstream stage of chip manufacturing — packaging finished chips; Micron's India facility in Sanand, Gujarat; does not produce raw chips.

## 9 US–Iran MoU: Nuclear Question Deferred — The 60-Day Crucial Window [IE]

GS  
Relevance

GS Paper 2 | GS Paper 3 • *International Relations; West Asia; Nuclear Non-Proliferation; Energy Security; India's Foreign Policy*

- ▶ June 14, 2026: Mediators (Pakistan, Oman) announced a Memorandum of Understanding between the US and Iran; formal signing expected June 19.
- ▶ The MoU: Ceasefire extended 60 days; Hormuz reopened; US naval blockade of Iranian ports lifted; US sanctions partially suspended; Iranian frozen assets partially released.
- ▶ Nuclear question DEFERRED: Iran did not agree to dismantle its nuclear programme; it only reaffirmed NPT commitment. A 60-day window for nuclear talks is set.
- ▶ Trump announced immediate lifting of naval blockade; 'Ships of the world, start your engines' — Trump on Truth Social.

### The MoU Architecture

- Phase 1 — Immediate (upon signing, June 19): Hormuz reopening; US naval blockade of Iranian ports lifted; suspension of some US sanctions on Iranian oil and petrochemical exports; release of \$5–7 billion in frozen Iranian assets from third-country banks; ceasefire in Lebanon (Hezbollah cease-fire implied).
- Phase 2 — 60-day negotiation window: Iran and the US begin technical-level nuclear talks under the auspices of the P5+1 (or a simplified format). Key issues: Iran's enriched uranium stockpile (440+ kg at 60% enrichment); Iran's centrifuge programme; IAEA inspection regime.
- The nuclear deal on the table (as reported): Iran would agree to a 15–20 year halt on enrichment above 3.67% and eventual dismantling of enrichment sites — in exchange for comprehensive sanctions relief. But Iran insists enrichment is an NPT right; full dismantlement is its red line.

### Why the Nuclear Question Was Deferred

- **Iran's red line:** Iran considers enrichment a sovereign right under NPT Article IV (peaceful nuclear use); agreeing to zero enrichment upfront would be politically impossible for Khamenei's government — tantamount to unconditional surrender.
- **US' maximalist opening position:** Trump demanded complete dismantlement of the nuclear programme as a precondition; Iran rejected this. The MoU defers the question, effectively accepting a 'JCPOA-plus' negotiating framework rather than zero enrichment.
- **Verification crisis:** No IAEA inspection of any Iranian facility has occurred since February 28, 2026 (the war's start). Iran has 440+ kg of 60%-enriched uranium — enough for ~5–6 weapons if enriched to 90%. IAEA Board of Governors (June 10) passed a resolution demanding Iran declare stocks and allow verification.
- **Regional pressure:** If Iran retains enrichment, Saudi Arabia has publicly warned it will pursue its own nuclear programme; a 'nuclear cascade' in the Middle East is the worst-case outcome. The 60-day window must produce a verification-backed framework to prevent this.

### India's Stakes in the MoU

- Immediate economic benefit: Hormuz reopening → oil price falls from \$115 to potentially \$80–85/barrel range (current war-premium is ~\$30–35/barrel); India's monthly oil import bill would fall by ~\$4–5 billion.

- Rupee recovery: Lower oil prices reduce India's CAD, reduce USD demand from importers → rupee could recover from Rs 95–97/USD toward Rs 85–88/USD range; RBI's pressure on interest rates reduces.
- Fuel price reversal: The June 2026 fuel hike cycle (Rs 7.5/litre in 10 days) could be partially reversed if oil prices fall and OMC losses are recovered — political and economic relief for the government.
- Fertiliser supply chain: Hormuz reopening allows Gulf LNG and DAP supplies to resume normal routing → fertiliser price pressures for Kharif season 2026 ease.
- Chabahar: India's Chabahar Port Agreement (2024, 10-year) with Iran means that under US sanctions suspension, Chabahar-linked trade (Afghanistan access, Central Asian connectivity) can resume without the threat of secondary sanctions.

### The 60-Day Risk Assessment

- Expert view (CFR): 'The thorniest issues have been deferred for future negotiations, and I'm not terribly optimistic they'll be resolved in a 60-day timeframe.' — Analyst comment on CNN.
- Iran's internal politics: IRGC hardliners may resist enrichment concessions that the Foreign Ministry is willing to make; Khamenei's final decision is uncertain.
- Israel's position: Israel has not been party to the MoU; Netanyahu's government is opposed to any deal that allows Iran to retain enrichment capability; Israel could take unilateral action to scuttle the deal.
- If deal fails after 60 days: Hostilities could resume; Hormuz could close again; India's economic relief would be temporary — making the 60-day window critically important for India's planning.

#### UPSC ANGLE

- Nuclear Non-Proliferation Treaty (NPT): Iran is a signatory; Article IV gives it the right to peaceful nuclear energy (including enrichment); Article VI requires nuclear states to disarm; the US/Israel vs. Iran dispute is partly about the scope of Article IV.
- India's strategic position: India signed the MoU co-facilitating statement with 40 nations; India's Chabahar advantage is enormous if sanctions suspension allows full operation.
- IAEA's role: Verification is the key to any durable nuclear deal; India should support a strong IAEA inspection mandate as part of its global non-proliferation commitments.
- Oil price-economy linkage: Every \$10 fall in Brent crude reduces India's annual oil import bill by ~\$12–14 billion; Hormuz reopening is the single most impactful economic event for India in 2026.

- **MoU (Memorandum of Understanding)** — A non-legally binding agreement between parties setting out areas of agreement; in the US-Iran context, it sets the framework for further negotiations and the sequencing of mutual concessions.
- **NPT Article IV** — Guarantees the 'inalienable right' of all NPT parties to develop nuclear energy for peaceful purposes; Iran claims this includes enrichment; US disputes that enrichment is an Article IV right given Iran's history of concealment.
- **Breakout Time** — The time needed for Iran to produce enough weapons-grade (90%) uranium for one nuclear weapon from its current stockpile; IAEA estimates this at <2 weeks given Iran's current 60% enriched stockpile.
- **JCPOA-Plus** — A potential new nuclear deal that goes beyond the 2015 JCPOA by also addressing Iran's ballistic missile programme and its support for regional proxies (Hezbollah, Houthis) — the US's demands in the 2026 negotiations.
- **Secondary Sanctions** — US sanctions that penalise third-country companies or governments that do business with a sanctioned entity (Iran); has deterred many companies from engaging with Iran even where direct US sanctions technically don't apply; India's Chabahar was exempted.