

# NEWSLETTER

## 17th JUNE

### 2025

## India's Total Trade Deficit Narrows to \$6.6 Billion as Total Exports Grow

**Background :** A **trade deficit** occurs when a country's **imports exceed its exports**, i.e., it buys more from the world than it sells. India tracks both **merchandise trade** (goods) and **services trade** (like IT, consulting, etc.). This monthly data, released by the **Ministry of Commerce and Industry**, gives insights into the health of the external sector and foreign exchange dynamics.

**In the News :** In **May 2025**, India's **total trade deficit** reduced to **\$6.6 billion**, significantly lower than the previous year, mainly due to **growing service exports** and **lower oil prices**. While **total exports** grew by **2.8%**, driven by a **9.4% increase in services exports**, **merchandise exports** actually shrank by **2.2%**. Imports too declined by **1%**, thanks to a fall in **petroleum import costs**.

### Key Points

**Trade Deficit Falls Sharply:** India's total trade deficit stood at **\$6.6 billion** in **May 2025**, nearly **30% lower** than in **May 2024**, mainly due to growth in **service exports** and a **decline in oil import bills**.

**Total Exports Rise by 2.8%:** Exports increased from **\$69.2 billion** (May 2024) to **\$71.1 billion** (May 2025). This includes **\$32.4 billion** in **services exports**, which saw **9.4% growth**.

**Merchandise Exports Shrink:** Despite overall export growth, **merchandise exports contracted by 2.2%** to \$38.7 billion, mainly due to **volatile petroleum prices**.

**Non-Petroleum Trade Resilient:** **Non-petroleum exports grew 5.1%**, while **non-petroleum imports increased 10%**, showing strength in sectors outside of crude oil trade.

**Oil Prices Impacting Trade:** According to Commerce Secretary **Sunil Barthwal**, volatility and falling oil prices have **dampened petroleum exports** while helping reduce the **import bill**, aiding the fall in the trade deficit.

## GK MCQs

**1. What was India's total trade deficit in May 2025?**

- A. \$10 billion
- B. \$8.7 billion
- C. \$6.6 billion
- D. \$4.4 billion

**Answer: C**

**2. What sector drove the 2.8% increase in total exports in May 2025?**

- A. Petroleum exports
- B. Manufacturing sector
- C. Agricultural exports
- D. Services sector

**Answer: D**

**3. By how much did India's merchandise exports change in May 2025 compared to May 2024?**

- A. Grew by 5.1%
- B. Declined by 2.2%
- C. Remained unchanged
- D. Increased by 9.4%

**Answer: B**

**4. What was the percentage growth in services exports in May 2025?**

- A. 5.1%
- B. 2.2%
- C. 9.4%
- D. 10%

**Answer: C**

**5. Which factor contributed to the contraction of merchandise exports, according to the Commerce Secretary?**

- A. Labour shortage
- B. Weak demand in Europe
- C. High tariffs
- D. Falling global oil prices

**Answer: D**

## India backs a peaceful resolution of the Cyprus question

**Background :** The **Cyprus question** refers to the ongoing dispute since 1974 when **Turkiye invaded Cyprus**, leading to its division into the **Turkiye-backed Northern Cyprus** and the **internationally recognized Republic of Cyprus**. India has consistently supported the **sovereignty and territorial integrity of Cyprus**, calling for a **UN-led, peaceful resolution** to the issue.

**In the News :** On his visit to **Cyprus**, Prime Minister **Narendra Modi** met with **Cyprus President Nikos Christodoulides** and reiterated India's **support for a peaceful settlement** of the Cyprus question. He sent an **indirect diplomatic message to Turkiye**, which supports Northern Cyprus and is seen as a close ally of Pakistan. The visit also strengthened India-EU ties as Cyprus is set to assume the **EU Council presidency in 2026**.

### Key Points

**India Reaffirms Support for Cyprus Unity:** PM Modi reiterated India's **unwavering support** for the **independence, sovereignty, territorial integrity, and unity** of Cyprus and called for a **lasting, peaceful solution** to the Cyprus question under **UNSC resolutions**.

**Message to Turkiye:** The visit came soon after Operation Sindoor (against Pakistan), and Modi's tour of Cyprus, including a symbolic mention of **Northern Cyprus**, was interpreted as a **subtle rebuke to Turkiye**, a known backer of both **Northern Cyprus and Pakistan**.

**UN-Led Framework Emphasized:** India and Cyprus jointly backed a **bizonal, bicommunal federation** as the path to resolving the conflict, in line with **UN Security Council resolutions** and **political equality** of both communities.

**Strategic Timing Ahead of EU Role:** The visit helps **reinvigorate**

**India-Cyprus political relations**, especially as **Cyprus will preside over the Council of the European Union in 2026**, potentially amplifying India's voice in Europe.

**Mutual Support on International Platforms:** Cyprus supports **India's permanent membership in a reformed UN Security Council**, while India has **stood by Cyprus** in its territorial dispute. Cyprus has also **condemned cross-border terrorism** and supported **India on the Kashmir issue**.

## GK MCQs

**1. What is the 'Cyprus question' primarily about?**

- A. Economic crisis in Cyprus
- B. Cyprus's role in the EU
- C. Division between Northern Cyprus and Republic of Cyprus since 1974
- D. Dispute over Mediterranean fishing rights

**Answer: C**

**2. Which country supports Northern Cyprus and is indirectly referenced in India's recent joint statement with Cyprus?**

- A. Iran
- B. Pakistan
- C. Greece
- D. Turkiye

**Answer: D**

**3. What type of settlement did India and Cyprus endorse for resolving the Cyprus issue?**

- A. Two-nation theory
- B. Military intervention
- C. Bizonal, bicommunal federation with political equality
- D. Referendum for independence

**Answer: C**

**4. What honour did Cyprus bestow upon Prime Minister Narendra Modi during his visit?**

- A. Grand Cross of the Order of Macarios III
- B. Order of the Phoenix
- C. Order of St. George
- D. European Peace Prize

**Answer: A**

**5. In what year will Cyprus assume the presidency of the Council of the European Union?**

- A. 2025
- B. 2024
- C. 2026
- D. 2027

**Answer: C**

## Registrar-General of India issues notification for Census

**Background** : India's decennial **Census** is a massive national exercise undertaken to collect population and housing data. It serves as a critical source of socio-economic, demographic, and policy-related statistics. Due to COVID-19, the **2021 Census was delayed**, and the government has now **notified the conduct of Census in 2027**.

**In the News** : On Monday, the **Registrar-General of India**, under the **Union Home Ministry**, issued a Gazette notification announcing that **Census 2027** will be conducted using **digital tools**, with **mobile apps** and **provision for self-enumeration**. With this, the **freezing of administrative boundaries** (districts, police stations, tehsils, etc.) has come into effect to ensure consistency in data collection.

### Key Points

**Census 2027 Notification Issued**: The government has officially notified that **India's next Census will be held in 2027**. For Ladakh, parts of Jammu & Kashmir, Himachal Pradesh, and Uttarakhand, the **reference date** will be **October 1, 2026**, while for the rest of India, it will be **March 1, 2027**.

**Freezing of Administrative Boundaries**: No changes to **districts, tehsils, or police station boundaries** will be allowed by any State until the Census process concludes. This is necessary because **enumeration blocks are based on existing administrative boundaries**.

**Digital Census with Self-Enumeration Option:** The Census will be conducted through **mobile applications** and will offer **self-enumeration facilities** to citizens. The government has assured that **strict data security measures** will be in place during collection, transmission, and storage.

**Deployment of Human Resources:** About **34 lakh enumerators and supervisors** and **1.3 lakh Census functionaries** will be engaged in the Census exercise. A **pre-test phase** will be held to evaluate the efficiency of mobile tools and train the field staff.

**No Mention of NPR Update:** Although the **National Population Register (NPR)** was earlier linked with Census 2021 and last updated in 2015, there is **no official update or announcement** about NPR in the current notification.

## GK MCQs

**1. When will the next Census of India be conducted?**

- A. 2027
- B. 2028
- C. 2030
- D. 2025

**Answer: A**

**2. Which government authority has issued the Census 2027 notification?**

- A. Ministry of Statistics and Programme Implementation
- B. NITI Aayog
- C. Registrar-General of India under Home Ministry
- D. Election Commission of India

**Answer: C**



**3. What is the significance of freezing administrative boundaries before Census?**

- A. To avoid land disputes
- B. To prevent gerrymandering
- C. To simplify tax collection
- D. To ensure consistency in Census enumeration blocks

**Answer: D**

**4. What is one of the major technological shifts in Census 2027?**

- A. Use of blockchain in data collection
- B. Live satellite tracking of population
- C. Use of mobile apps and digital tools for self-enumeration
- D. Biometric Aadhaar verification

**Answer: C**

**5. Which region will have an earlier Census reference date of October 1, 2026, instead of March 1, 2027?**

- A. Kerala and Tamil Nadu
- B. North-East States
- C. Maharashtra and Gujarat
- D. Union Territory of Ladakh and snow-bound areas of J&K, HP, and Uttarakhand

**Answer: D**

## When can the U.S. President deploy military on U.S. soil?

**Background :** The deployment of U.S. military forces domestically is a **legally sensitive issue**, governed by laws that **strictly separate civilian law enforcement from military involvement**. However, the President does have certain **emergency powers** under U.S. law to call in military forces or federalise the National Guard during **civil unrest, rebellion, or threats to federal authority**.

**In the News :** In response to **ICE-led raids in Los Angeles**, which triggered widespread protests and arrests, then **U.S. President Donald Trump** deployed **4,000 National Guard troops and 700 Marines**, invoking his authority under **Section 12406 of Title 10** rather than the more controversial **Insurrection Act**. This move prompted **legal challenges** from

### Key Points

**Legal Framework – Posse Comitatus Act:** This **1878 law prohibits the use of federal military personnel in domestic law enforcement**, unless explicitly authorised by law. The goal is to prevent the military from interfering in civilian affairs.

**Insurrection Act:** This Act allows the **President to deploy military forces** when there is rebellion, lawlessness, or the need to protect civil rights, even **without a state's request**. It has historically been used during major unrest like the **Detroit Rebellion (1967)** and **civil rights protests**.

**Trump's Use of Section 12406:** Rather than invoke the Insurrection Act, **Trump relied on Section 12406 of Title 10**, which allows **federalisation of the National Guard**. However, its wording is ambiguous and requires that **orders be issued through Governors**, which Trump bypassed—sparking lawsuits.

**Governor's Consent Controversy:** Normally, **deployment of forces on state soil requires cooperation** with the state government. But in this case, **California's Governor and Attorney General sued**, claiming Trump's action was **unconstitutional and a federal overreach**.

**Comparison with India:** In India, **Article 355** allows the **Union to protect States from internal disturbance**, even without a state's request. But the **Supreme Court has ruled** that such deployment must be **temporary** and **cannot override the state's authority** permanently.

## Legal Powers Used by Donald Trump

**Section 12406 of Title 10** was used to federalise the National Guard, although it traditionally works in tandem with the Insurrection Act for clear legal authority.

Trump attempted to invoke **Article II “inherent powers”** of the Constitution, citing his duty to protect **federal property and personnel**.

**No active-duty armed forces** were deployed under Section 12406, as it does **not authorise** such deployment — only **National Guard units**.

## GK MCQs

**1. Which U.S. law restricts the use of military for domestic law enforcement?**

- A. Homeland Security Act
- B. Civil Rights Act
- C. Defense Authorization Act
- D. Posse Comitatus Act

**Answer: D**

**2. Which Act allows the U.S. President to deploy military without state request during civil unrest?**

- A. Emergency Management Act
- B. Federal Policing Act
- C. Insurrection Act
- D. States Protection Act

**Answer: C**

**3. Under which section did President Trump federalise the National Guard in 2024 protests?**

- A. Section 12406 of Title 10
- B. Section 12301 of Title 10
- C. Section 117 of Title 4
- D. Section 355 of Title 9

**Answer: A**

**4. What was California's legal response to Trump's deployment of National Guard?**

- A. Welcomed it as federal assistance
- B. Referred it to the FBI
- C. Filed a lawsuit calling it unconstitutional
- D. Called for a state referendum

**Answer: C**

**5. In India, under which Article can the Centre deploy military without a State's request?**

- A. Article 246
- B. Article 360
- C. Article 355
- D. Article 352

**Answer: C**

## The Significance of the Shipki La Pass

**Background :** The **Shipki La Pass**, located in Himachal Pradesh's Kinnaur district at an altitude of 3,930 metres, has historically served as a vital **trade and cultural link** between India and Tibet (now part of China). Trade across this pass dates back to at least the 15th century and is deeply rooted in the spiritual and cultural life of the people in the region. Recent moves by the Himachal Pradesh government to open it up for tourism have sparked hopes for economic and diplomatic revival.

**In the News :** On **June 10**, the **Chief Minister of Himachal Pradesh** inaugurated tourism at Shipki La by removing the earlier **mandatory permit system** for Indian tourists. The region's communities and the **Kinnaur Indo-China Trade Association** are now pushing for the **revival of traditional trade** and cross-border cultural exchanges with Tibet.

### Key Points

**Historical Trade Route:** For centuries, Shipki La enabled exchange between India and Tibet, with **valuable goods and religious items** forming the backbone of this commerce. Folklore highlights the sanctity of this trade, symbolized by an oath tied to Lake Mansarovar and sacred peaks.

**Closed Due to Geopolitics:** Trade was halted after the **1962 Sino-India war**, further strained by the **Doklam standoff** and **COVID-19**. The route remains shut for trade, though now open for domestic tourism.

**Cultural and Spiritual Bonds:** Unlike other borders, the India-China border near Shipki La is defined by **shared Buddhist traditions, pastoral lifestyles**, and overlapping surnames like *Namgyal*, showcasing strong **civilisational continuity**.

**Tourism & Employment Potential:** Reopening Shipki La could **shorten the Mansarovar pilgrimage route by 14 days**, boosting **religious tourism**, regional **hospitality**, and **employment** for local youth.

**Low Trade Volume, High Symbolism:** While actual trade through Shipki La has historically been small, its **symbolic, cultural, and strategic importance** for **grassroots diplomacy** and cross-border trust is immense.

### Important Body- Kinnaur Indo-China Trade Association (KICTA)

Based in **Reckong Peo**, the KICTA represents local voices advocating for the **resumption of traditional trade** through Shipki La.

The association recently submitted a **formal appeal** to the Himachal CM, asking the **Ministry of External Affairs** to pursue reopening the trade route.

It emphasizes that reviving trade will **preserve indigenous livelihoods**, sustain artisan work, and **reaffirm cultural ties** with Tibet.

## GK MCQs

**1. Where is the Shipki La Pass located?**

- A. Arunachal Pradesh
- B. Uttarakhand
- C. Himachal Pradesh
- D. Sikkim

**Answer: C**

**2. Why was trade through the Shipki La Pass initially suspended?**

- A. Earthquake damage
- B. 1962 Sino-India War
- C. Deforestation
- D. Border closure by Nepal

**Answer: B**



**3. What was the most profitable item imported from Tibet via Shipki La?**

- A. Yak Milk
- B. Turquoise
- C. Wool
- D. Gold

**Answer: C**

**4. What is the name of the trade association advocating reopening of Shipki La?**

- A. Kinnaur Indo-China Trade Association
- B. Himalayan Trade Federation
- C. Indo-Tibetan Commerce Forum
- D. Himachal-Tibet Border Council

**Answer: A**

**5. What religious benefit could reopening the Shipki La pass provide?**

- A. Access to Mount Everest
- B. Shorter route to Kailash Mansarovar
- C. Direct link to Lumbini
- D. Entry to Lhasa monasteries

**Answer: B**

## Ambiguities in India's Nuclear Liability Law

**Background** : India enacted the **Civil Liability for Nuclear Damage Act (CLNDA), 2010** to establish a mechanism for compensating victims in case of a nuclear accident. This was also to align with the international **Convention on Supplementary Compensation (CSC)**. However, India's law deviates from international norms by introducing **supplier liability**, making foreign companies wary of investing in India's nuclear sector.

**In the News** : According to a *Reuters* report, India is reportedly planning to **ease its nuclear liability laws** to attract U.S. and other foreign firms for future nuclear projects. Concerns mainly revolve around **Sections 17(b) and 46** of the CLNDA, which create ambiguity and the possibility of **unlimited liability** for suppliers.



# India Nuclear Liability Law

## Key Points

**Deviation from CSC Norms:** While international nuclear laws like the CSC focus solely on operator liability, India's CLNDA introduces **supplier liability** under Section 17(b), which goes beyond global practices.

**Unlimited Supplier Risk:** Foreign suppliers are deterred by potential **unlimited liability** due to ambiguous language in **Section 46**, which allows claims beyond CLNDA under other civil laws.

**NPCIL as Operator:** All Indian reactors are operated by **Nuclear Power Corporation of India Ltd (NPCIL)**, a state-owned entity, which also faces liability under the CLNDA.

**Impact on Projects:** Key foreign collaborations like the **Jaitapur nuclear project (France)** and **Kovvada project (U.S.)** remain stalled due to supplier liability fears.

**Government's Defence:** The Indian government maintains that its law is consistent with CSC, and that the right of recourse under Section 17 is **optional**, not mandatory. However, legal experts disagree due to the structure of the Act.

## Important Body: Convention on Supplementary Compensation (CSC)

**Adopted in 1997**, the CSC aims to create a uniform global legal framework for nuclear accident compensation, capping operator liability and facilitating cross-border cooperation.

It provides for a **minimum national compensation amount**, which can be supplemented by international public funds.

The CSC's Annex strictly limits supplier liability, giving operators a right of recourse only in two situations: **contractual agreement** or **intentional harm**—conditions India's law expands upon.

## GK MCQs

**1. Which Indian law governs nuclear damage compensation?**

- A. Atomic Energy Act, 1962
- B. Nuclear Damage Compensation Act
- C. Civil Liability for Nuclear Damage Act, 2010
- D. Nuclear Regulation and Liability Act

**Answer: C**

**2. What section of the CLNDA allows operator recourse against suppliers for defective equipment?**

- A. Section 10
- B. Section 46
- C. Section 17(a)
- D. Section 17(b)

**Answer: D**

**3. Which international agreement did India ratify in 2016 to align its nuclear liability laws?**

- A. Convention on Supplementary Compensation
- B. Paris Convention
- C. NPT
- D. Vienna Convention

**Answer: A**

**4. Which foreign nation currently has operational nuclear projects in India despite supplier liability concerns?**

- A. France
- B. USA
- C. Russia
- D. Japan

**Answer: C**

**5. What is the current cap on operator liability under the CLNDA?**

- A. ₹1,000 crore
- B. ₹10,000 crore
- C. ₹15,000 crore
- D. ₹1,500 crore

**Answer: D**