



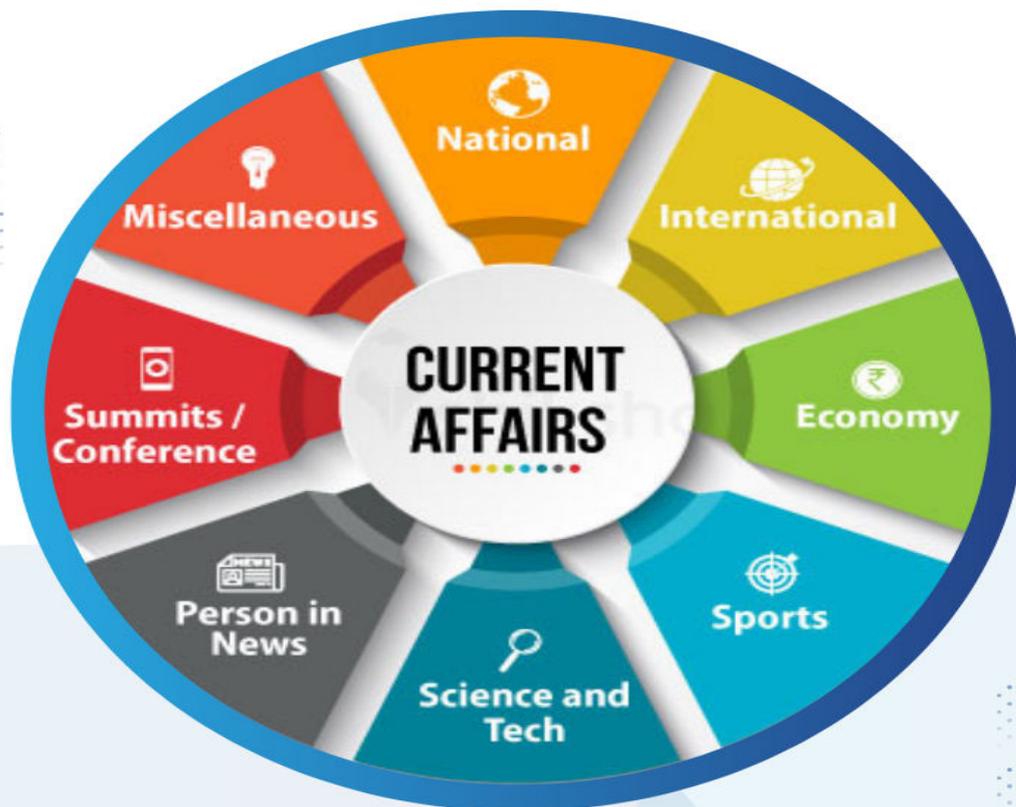
“ We help you reach for the star ”

VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 01/09/2025 (MONDAY)



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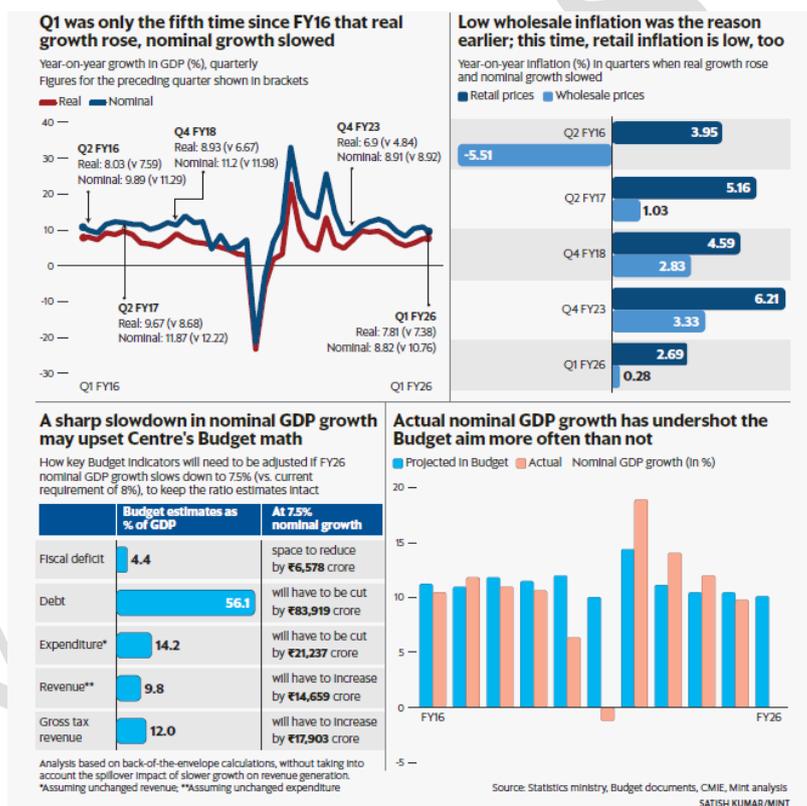
1. How India's Slowing Nominal GDP Growth May Skew Budget Math

• Definition and Context

- *Nominal GDP*: GDP measured at current market prices without adjusting for inflation.
- *Real GDP*: GDP adjusted for inflation to reflect actual output growth.
- India's **Q1 FY26 real GDP growth reached 7.8%**, but **nominal GDP slowed to 8.8%** (down from 10.8% in the previous quarter), reflecting persistently low inflation.

• Fiscal Implications of Slower Nominal Growth

- Nominal GDP is the **base for Budget estimates**, including *fiscal deficit-to-GDP ratio* and *debt-to-GDP ratio*.
- If FY26 nominal GDP growth slips to **7.5% (vs. 8% target)**, the government may need to:
 - Cut fiscal deficit by **₹6,578 crore** to maintain 4.4% target.
 - Reduce debt by **₹83,919 crore** to keep 56.1% debt ratio.
 - Curtail expenditure by **₹21,237 crore** even if revenue holds steady.



- In reality, slower nominal growth **reduces tax revenue**, further shrinking fiscal space.

• Economic Risks and Spillover Effects

- Sluggish **corporate sales and wage growth** show weak nominal GDP is not merely statistical.
- *US tariff measures* and *GST slab revamp* may raise expenditure while weakening collections.
- Tax revenue growth target of **10.8%** looks unrealistic as collections rose only **0.8%** in April–July FY26.
- Repeated undershooting of nominal GDP (6 times in last decade) threatens the fiscal consolidation roadmap.

• Why Low Inflation Narrows the Real-Nominal Gap

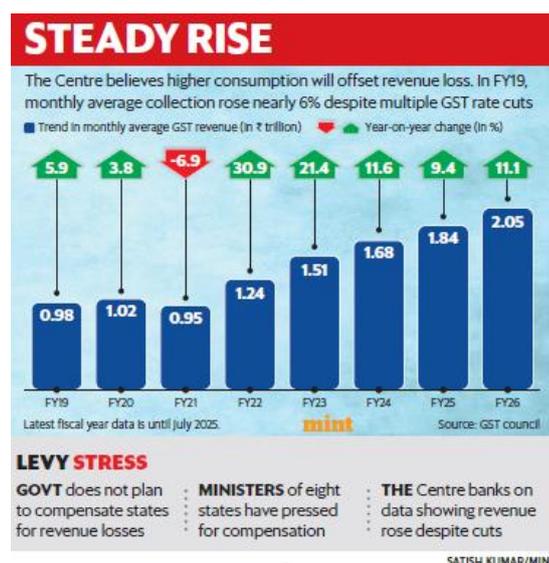
- In previous episodes, only **wholesale inflation** was low; in Q1 FY26, **both retail and wholesale inflation** were subdued.



- When inflation is low, real growth appears strong relative to nominal growth, but fiscal revenues suffer.
- **Constitutional & Legal Provisions**
 - *Article 112*: Presentation of the Union Budget to Parliament.
 - *FRBM Act, 2003*: Mandates targets for fiscal deficit and debt to ensure macroeconomic stability.
 - Fiscal indicators like **fiscal deficit (Article 292 borrowing limit)** and **tax receipts (Article 265)** are computed as a % of nominal GDP.
- **Conclusion and UPSC Relevance**
 - Slowing nominal GDP growth poses **serious risks to Budget credibility, fiscal discipline, and growth sentiment**.
 - Key concepts to understand: *difference between nominal and real GDP, fiscal deficit ratio computation, impact of inflation on revenues, FRBM targets.*
 - UPSC may test this under *Indian Economy, Budget & Fiscal Policy, Inflation trends, FRBM Act compliance, and Current Affairs on macroeconomic indicators.*

2. Centre to Assuage State Fears on GST Restructuring

- **Definition and Context**
 - *Goods and Services Tax (GST)*: A comprehensive indirect tax introduced in 2017 under *101st Constitutional Amendment Act*, subsuming multiple central and state taxes.
 - Proposed GST restructuring: Move from a **multi-slab (5%, 12%, 18%, 28%)** to **two main slabs (5% and 18%)** with a special **40% rate for luxury/sin goods**. This may reduce GST revenue by **₹50,000–55,000 crore** in FY26.
- **States' Concerns and Compensation Issue**
 - *GST compensation period (FY18–FY22)*: States were compensated for revenue loss through a compensation cess; cess proceeds (extended to 2026) now repay COVID-era loans, not state revenue shortfalls.
 - Eight opposition-ruled states (Kerala, TN, WB, Punjab, HP, Karnataka, Telangana, Jharkhand) demand a **new compensation mechanism** as net effective GST rate has already fallen from **14.4% to 11.6% (FY18–FY24)** and may drop below **10% post-restructuring**.
 - Centre has **ruled out direct compensation**, citing past evidence that rate cuts spurred demand and boosted revenue.
- **Centre's Rationale for Tax Rationalization**





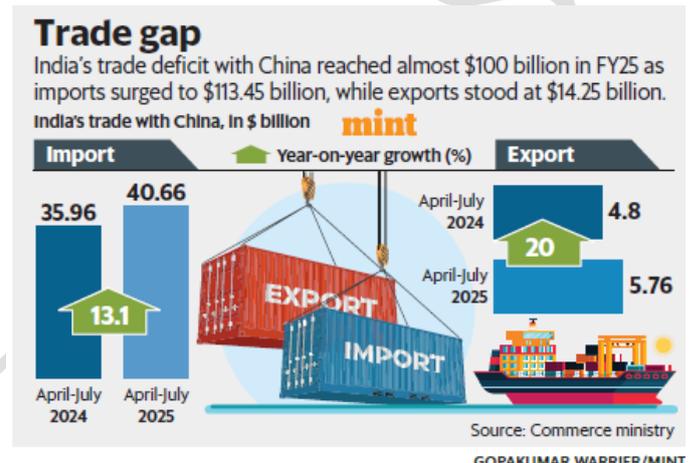
- GST relief expected to **lower prices of mass-consumption goods**, boosting **domestic demand** in sectors like textiles affected by tariff issues.
- Past data: Despite multiple rate cuts in FY19, average monthly GST collections **rose by 6%**, showing consumption-driven recovery.
- The Centre aims to present restructuring as a *stimulus measure* to complement **income tax reliefs, falling inflation, and interest rate cuts**.
- **Economic and Fiscal Implications**
 - *Price elasticity of demand* will decide if consumption rise offsets revenue loss—mass consumption goods are likely to respond more strongly than non-essential items.
 - If revenue shortfall persists, states may face **fiscal stress**, complicating compliance with *Fiscal Responsibility and Budget Management (FRBM) Act, 2003* targets.
 - Reduced GST collections may impact **Centre-State fiscal relations under Article 270** (sharing of taxes) and **Article 279A** (GST Council's role in decisions).
- **Constitutional & Legal Provisions**
 - *Article 246A*: Concurrent powers of Centre and States to legislate on GST.
 - *Article 279A*: Establishes GST Council to recommend rates, exemptions, and model laws.
 - *Article 270*: Distribution of GST revenue between Centre and States.
 - *101st Constitutional Amendment Act, 2016*: Introduced GST and compensation mechanism for 5 years.
- **Conclusion and UPSC Relevance**
 - GST restructuring is **fiscally sensitive**, balancing *revenue stability* with *consumption stimulus*.
 - Key issues include **Centre-State fiscal federalism, compensation cess expiry (March 2026), demand elasticity, and impact on FRBM targets**.
 - UPSC may test this under *Indian Economy (GST reforms, revenue trends), Fiscal Federalism (Centre-State relations), Constitutional Provisions (Articles 246A, 270, 279A), and Current Affairs on Indirect Taxation*.

3. Modi–Xi Push Balanced Trade Links and Border Stability at SCO

- **Definition and Context**
 - *Shanghai Cooperation Organisation (SCO)*: Founded in 2001 by China, Russia, and Central Asian nations, it focuses on regional security, economic cooperation, and cultural exchange.
 - India–China relations remain strained since the 2020 border clash (Galwan), but both sides are exploring economic cooperation amid global tariff pressures and supply chain disruptions.
- **Key Outcomes of the Modi–Xi Meeting**
 - Both leaders emphasized **balanced trade, investment ties, and political dialogue** to address India's **trade deficit with China**.



- Agreement to **promote people-to-people exchanges** via direct flights, visa facilitation, and resumption of *Kailash Manasarovar Yatra*.
- Modi supported **China's SCO presidency**, invited Xi to the **BRICS Summit 2026 in India**, and received reciprocal assurance of support.
- **Strategic and Economic Dimensions**
 - India seeks **greater market access** in pharmaceuticals, IT services, and agriculture; China wants **relaxation of India's 2020 investment curbs**.
 - Meeting highlights India's pursuit of **strategic autonomy**, avoiding alignment against any third country despite US tariff hikes (up to 50% citing India–Russia ties).
 - Both leaders recognized the need to **stabilize global commerce** and leverage shifts in global trade patterns caused by protectionist measures.
- **Border Stability and Diplomatic Significance**
 - Though primarily economic in focus, discussions implicitly stressed **border peace as essential to trade normalization**.
 - Engagement at Tianjin signals **incremental repair of bilateral relations** without compromising on core security concerns.
 - Diplomatic approach aligns with India's *Neighbourhood First* and *Act East* policies while balancing relations with US, Russia, and China.
- **Constitutional & Legal Provisions Related to Trade**
 - *Article 246 & Seventh Schedule*: Division of legislative powers over foreign trade.
 - *Article 253*: Parliament's power to make laws for implementing international agreements.
 - *Foreign Trade (Development and Regulation) Act, 1992*: Governs import–export policy, including curbs on FDI and trade with specific countries.
- **Conclusion and UPSC Relevance**
 - The Modi–Xi meeting at SCO reflects **India's pragmatic diplomacy**, balancing **economic engagement with strategic caution** amid global protectionism.
 - Key themes for UPSC: *India–China trade relations, strategic autonomy in foreign policy, SCO's role in regional security, investment rules post-2020 border clash, and constitutional provisions governing trade treaties.*



4. India Eyes Adding Biofuel to Diesel – Key Summary

- **Definition and Context**



- **Biofuel:** Fuel derived from biomass such as sugarcane, agricultural waste, or other organic sources. Used to reduce fossil fuel dependence and emissions.
- India has already achieved **20% ethanol blending in petrol (E20)** and now plans to introduce **biofuel blending in diesel**, starting with the construction equipment sector that consumes 3–4% of India's annual diesel supply (91 million tonnes).

• Key Government Initiative

- Inter-ministerial consultations between the **Road Transport & Highways Ministry** and **Heavy Industries Ministry** are underway.
- **Mandatory blending for construction equipment** (cranes, bulldozers, heavy carriers) will be implemented **before nationwide rollout of 10% diesel blending**.
- Goal: **Reduce crude oil import bill** (India imported 234 million tonnes of crude worth \$137 billion in FY25) and **support net-zero emissions commitment**.

• Economic and Environmental Significance

- *Supports farmer incomes* by using agricultural produce for ethanol/biofuel production.
- **Decarbonization:** Complements existing efforts like **battery-electric vehicles** for compact machines and **hydrogen vehicles** for heavy-duty use.
- **Import Substitution:** Diesel blending could reduce dependence on fossil fuel imports, improving energy security.

• Challenges and Controversies

- **Performance Concerns:** Complaints about reduced vehicle mileage and efficiency on **E20 fuel** raise questions for diesel blending.
- **Technical Feasibility:** Biofuels are more practical than electric batteries for large construction machinery, but require engine adaptations.
- **Industry Readiness:** While companies like JCB India support the move, large-scale compliance and supply chain infrastructure will be critical.

• Constitutional & Legal Provisions

- **Article 48A:** Directive to protect and improve the environment.
- **Environment Protection Act, 1986 & Energy Conservation Act, 2001:** Enable regulation of cleaner fuels.
- **National Policy on Biofuels (2018, updated 2022):** Framework for biofuel adoption, including blending targets.

India now eyes adding biofuel to diesel

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India is preparing to extend its biofuel push to the diesel-guzzling construction equipment sector, with plans to blend biofuels into diesel that powers heavy carriers, cranes, bulldozers, and other large machinery. Inter-ministerial consultations between the road transport and highways ministry and the heavy industries ministry have been started to operationalize the plan, according to two officials directly aware of the development.

Construction equipment, which consumes 3–4% of the country's annual 91 million tonnes of diesel, could be the first to face mandatory biofuel blending before a nationwide rollout of 10% blended fuel. So far, India has been blending ethanol into petrol, with the country having already achieved 20% blending. The work on biofuel blending in diesel for construction equipment vehicles has started with a discussion between the two ministries," said one of the officials cited



Construction equipment sector consumes 3–4% of India's annual 91 million tonnes of diesel supply.

above, requesting anonymity. The initiative aims to help India trim its massive crude oil import bill, the official said. It also aligns with the country's twin goals of moving towards net-zero emissions and boosting farmer incomes through greater use of biofuels.

India paid an import bill of \$137 billion to ship in 234 million tonnes of crude oil in FY25. Email queries sent to both

ministries on 28 August remained unanswered. Union minister for road transport and highways Nitin Gadkari has maintained that the 4 billion litres of annual diesel usage by construction equipment vehicles can be an opportunity for biofuel blending to cut India's crude imports.

Industry leaders are willing to accept biofuel blending as a method of reducing emissions and cutting fuel imports.

Deepak Shetty, chief executive officer and managing director of JCB India, a leading construction equipment maker, told *Mint* the company welcomes this initiative. "We view these developments positively, as they align with our commitment to sustainable innovation and India's broader goals of reducing pollution, cutting fossil fuel imports, and advancing towards net-zero emissions," he said. Construction equipment vehicle makers have earlier invested in battery-powered electric vehicles as well as hydrogen-powered vehicles to decarbonize the sector. While battery-electric power works for compact machines, it is not practical for larger machines in our industry, said Shetty. Biofuel blending, while a reputed method of reducing emissions and decreasing import dependence, has also seen controversy. In recent months, there has been an outcry over a hit to vehicle performance and mileage on use of E20 fuel, a mix of 20% ethanol into petrol.

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For an extended version of this story, go to [livemint.com](https://www.livemint.com).



- **Conclusion and UPSC Relevance**

- Diesel biofuel blending reflects India's **multi-pronged approach to energy transition**— combining environmental goals with import reduction and rural income growth.
- Key themes for UPSC: *National Policy on Biofuels, energy security, environmental sustainability, India's crude oil dependence, technological feasibility of biofuels in heavy industries, and relevant constitutional provisions.*

5. One-Stop Platform for Agricultural Investment – Key Summary

- **Definition and Context**

- *Krishi Nivesh Portal*: A digital platform launched on 3 September 2024 to attract, guide, and track investments in agriculture and allied sectors.
- India's agriculture sector suffers *post-harvest losses of 6% annually (~₹1.2 trillion)* due to inadequate infrastructure like cold storage, warehouses, and processing units.

- **Government Initiative**

- Plan to integrate **all Public-Private Partnership (PPP) schemes** from Centre and states into Krishi Nivesh to create a *single-window system* for agricultural investment.
- Portal simplifies *access to schemes, submission of proposals, and real-time approval tracking*, enhancing e-governance and plugging leakages.



- **Economic and Strategic Significance**

- *Mobilizing private capital*: Limited public funds necessitate PPP to bridge infrastructure gaps in logistics and processing.
- *Boosting agri-infrastructure*: Focus on warehouses, agro parks, value chain development, and agri export zones to improve farmer incomes and reduce crop losses.
- *Integration so far*: Nine ministries and 19 programmes onboarded, including **Agriculture Infrastructure Fund, Animal Husbandry Fund, Pradhan Mantri Matsya Sampada Yojana, Rashtriya Krishi Vikas Yojana.**

- **Planned Expansions and PPP Opportunities**

- More central and state schemes to be integrated for transparency and ease of doing business in agriculture.
- Encourages participation in *Agro Processing Parks, Agri Export Zones, and primary processing units* to support value addition and exports.
- Supports *logistics modernization* in line with India's goal of improving supply chains and reducing wastage.

- **Constitutional & Legal Provisions**



- *Article 38 & 39(b)*: Direct state to ensure equitable distribution of material resources.
- *Article 48*: Organizing agriculture and animal husbandry on modern and scientific lines.
- *Digital India Initiative and National e-Governance Plan in Agriculture (NeGPA)*: Provide legal-administrative backing for technology-driven governance.
- *Agriculture Infrastructure Fund (AIF), 2020*: Financial framework for farm infra development.
- **Conclusion and UPSC Relevance**
 - Integration of PPP schemes on Krishi Nivesh marks a **shift toward digital, transparent, investment-friendly agriculture** to modernize supply chains, reduce losses, and improve rural livelihoods.
 - Key themes for UPSC: *e-governance in agriculture, PPP models, Krishi Nivesh Portal, post-harvest infrastructure gap, constitutional provisions for agriculture, and schemes like AIF, PMMSY, RKVY.*

6. Russian Oil Discounts Likely to Hold Despite New EU Caps

● Definition and Context

- *Oil Price Cap*: A regulatory limit imposed by EU to reduce Russia's energy revenues without fully banning oil exports; latest cap reduced from **\$60 to \$47.6 per barrel effective 3 September 2025**.
- *Shadow Fleet*: Informal network of ships used to bypass sanctions or price caps by transporting oil without international oversight.

● India's Oil Imports from Russia

- Despite US pressure and additional tariffs, India continues to import Russian crude for energy security.
- India imported **\$16.18 billion** of Russian oil during April–July FY26 (lower than **\$19.46 billion** last fiscal), maintaining Russia as its **top crude supplier (~32% of import basket)**.
- Current discounts offered to India are around **\$3 per barrel (about 5%)**.

● Geopolitical and Economic Implications

- EU price cap aims to align Russian oil prices with global benchmarks while avoiding full sanctions (unlike Venezuela/Iran).
- India rejects allegations of reselling Russian oil at higher prices and asserts **energy decisions are guided by demand and security, not external pressure**.
- Informal trade via shadow fleets expected to grow, ensuring supply volumes remain unaffected by sanctions.

● Financial and Trade Impact





- Discounts on Russian oil help India manage its **high crude oil import bill (~\$137 billion annually)** and control domestic fuel prices.
- In 2022, discounts were **\$8–9 per barrel** when Brent crude was ~\$78–80; currently Brent is ~\$67, and discounts are narrower at **\$3 per barrel**.
- Additional tariffs imposed by the US (up to **50% total**) target India's continued Russian oil imports.
- **Constitutional & Legal Provisions**
 - *Article 38 & 39(b)*: Directive Principles for equitable distribution of resources and economic justice.
 - *Article 301*: Freedom of trade and commerce within India, though foreign trade policy decisions are guided by Union government.
 - *Energy Security*: Part of national economic policy under *Entry 53, Union List (oilfields and mineral oil resources)*.
- **Conclusion and UPSC Relevance**
 - The persistence of Russian oil discounts despite EU caps highlights **India's strategic autonomy in foreign policy and energy security**.
 - Key themes for UPSC: *oil price caps vs sanctions, shadow fleets, India's energy security policy, global trade tensions, constitutional provisions on resource distribution, and geopolitical implications of crude imports*.

7. Tweak in Biodiversity Norms to Boost Ayurvedic Medicine – Key Summary

- **Definition and Context**
 - *Biological Diversity Act, 2002*: Provides for conservation of biodiversity, sustainable use of its components, and fair and equitable sharing of benefits arising from biological resources and associated traditional knowledge.
 - *National Biodiversity Authority (NBA)*: Statutory body under the Ministry of Environment, Forest and Climate Change (MoEFCC) regulating access to biological resources and ensuring benefit sharing with local communities.
- **Key Regulatory Changes**
 - Simplification of approval processes for accessing biological resources and traditional knowledge.
 - Waiver of Access and Benefit Sharing (ABS) fees for startups and small businesses with turnover below ₹5 crore.
 - Significant reduction in time required for research approvals, product clearances, and application processing.
- **Economic and Healthcare Implications**





- Boost for *Ayurveda, pharmaceuticals, and wellness sectors* by encouraging innovation and faster commercialization of herbal products.
- Expected to expand *affordable healthcare options* and strengthen India's bio-economy.
- Enhances India's position as a global hub for *Ayurvedic and herbal medicines*.
- **Conservation and Community Benefit**
 - NBA to ensure reforms do not compromise *biodiversity protection* or *sustainable use* of natural resources.
 - Local communities to receive fair benefit-sharing from commercial use of traditional knowledge and biological resources.
 - Aligns with *Convention on Biological Diversity (CBD)* commitments for equitable benefit distribution.
- **Constitutional and Legal Provisions**
 - *Article 48A*: State shall protect and improve the environment and safeguard forests and wildlife.
 - *Article 51A(g)*: Fundamental duty of citizens to protect and improve the natural environment.
 - *Panchayats (Article 243G)*: Empowerment of local bodies to participate in conservation and benefit-sharing initiatives.
- **Conclusion and UPSC Relevance**
 - The reforms balance *economic growth* with *environmental sustainability*, fostering innovation in traditional medicine while protecting biodiversity.
 - Important for UPSC themes: *environmental governance, biodiversity laws, traditional knowledge protection, bio-economy, constitutional provisions on environmental conservation, and India's obligations under international biodiversity treaties*.

8. CoP-30: A Chance for the Global South to Lead Climate Action – Key Summary

- **Definition and Context**
 - *CoP-30 (Conference of the Parties)*: UN climate summit scheduled in Belém, Brazil (2025), focused on advancing collective climate action.
 - *Global South*: Developing nations in Asia, Africa, and Latin America advocating equitable climate policies that align with developmental priorities.
 - *Climate Finance*: Financial support promised by developed countries to help developing nations mitigate and adapt to climate change, yet largely unmet.
- **Global Climate Governance Shift**
 - Decline of US and EU leadership due to isolationism, political fragmentation, and inadequate climate finance.





- Opportunity for Brazil, India, South Africa, and China (Brics+) to shape a **climate agenda rooted in equity and energy sovereignty**.
- China's surplus green technology and affordable renewables can accelerate the Global South's clean energy transition.
- **Major Initiatives and Platforms**
 - Brazil leveraging Brics+ presidency to create a *Leaders' Framework Declaration on Climate Finance* and establish *Brics Laboratory for Trade, Climate Change, and Sustainable Development*.
 - South Africa using G-20 presidency to push for **green industrialization, debt relief, and low-cost finance** for Africa and other vulnerable regions.
 - De-dollarization efforts, renminbi financing, and South-South cooperation could overcome Western financial bottlenecks.
- **Challenges and Divergent Interests**
 - Fossil-fuel dependence of some Brics+ members (e.g., Russia, UAE) may dilute climate ambition.
 - Western trade tactics and failure to fulfill historic emission and finance commitments erode trust.
 - Need for *plurilateral initiatives*—coalitions of willing nations within the Global South to bypass stalled multilateral negotiations.
- **Constitutional and Legal Provisions (India)**
 - *Article 48A*: State shall protect and improve the environment.
 - *Article 51A(g)*: Fundamental duty of citizens to protect and improve the natural environment.
 - *Panchayati Raj institutions (Article 243G)* and *Forest Rights Act, 2006* empower local participation in environmental governance.
 - India's climate policy aligns with *Paris Agreement (2015)* commitments and *Sustainable Development Goals (SDGs)*.
- **Conclusion and UPSC Relevance**
 - CoP-30 offers the Global South a strategic moment to combine **development and climate goals**, ensure **equitable climate finance**, and reduce **fossil-fuel dependence** through renewable energy cooperation.
 - Important for UPSC themes: *climate governance, South-South cooperation, energy transition economics, global power shifts, India's environmental constitutional framework, and international agreements (UNFCCC, Paris Agreement)*.

9. 'Mini-cloudbursts' Are on the Rise – IMD Findings

- **Definitions and Key Context**
 - *Cloudburst*: Extreme rainfall of 10 cm or more within an hour over a small geographical area, causing flash floods and landslides.



- *Mini-cloudburst*: Similar localized heavy rain events, but slightly lower in intensity than traditional cloudbursts, occurring more frequently.
- *Western Disturbances*: Storms originating in the Mediterranean region influencing rainfall in northwestern India.
- **IMD Observations and Monsoon Trends**
 - No increasing trend in full-scale **cloudbursts**, but *mini-cloudbursts are rising* and remain **impossible to forecast accurately**.
 - Rainfall in June–August 2025 was **6% above normal**; September also expected to be **above normal by 9%**.
 - Northern India received **26% more rainfall**, while eastern and northeastern India received **17% less rainfall than normal**.
- **Rainfall Extremes and Regional Data**
 - August 2025 saw **over 700 heavy rain events** (20 cm/day or more), second only to 2024.
 - Northern India rainfall (26.5 cm) was the *highest since 2001*, southern peninsula rainfall (25 cm) *third highest since 2001*.
 - Large-scale destruction in Himachal Pradesh, Uttarakhand, and Jammu due to confluence of western disturbances and Bay of Bengal storms.
- **Long-Term Patterns**
 - Since 1980, **September rainfall has shown an increasing trend** in India.
 - Intense rainfall events are becoming more frequent due to combined climatic and weather system interactions.
 - These changes highlight vulnerabilities in Himalayan and urban regions prone to flash floods and landslides.
- **Constitutional and Legal Provisions (India)**
 - *Article 48A*: Directive Principle mandating the State to protect and improve the environment.
 - *Article 51A(g)*: Fundamental duty of citizens to protect natural resources.
 - *Disaster Management Act, 2005*: Provides legal framework for preparedness, mitigation, and response to disasters including cloudbursts and flash floods.
 - *Environment Protection Act, 1986* empowers government to regulate activities affecting climate and weather patterns indirectly.
- **Conclusion and UPSC Relevance**
 - Rising *mini-cloudburst* events indicate growing **extreme weather risks** under climate variability, demanding **improved forecasting, disaster preparedness, and resilient infrastructure**.





- Relevant for UPSC topics: *Indian monsoon dynamics, disaster management, climate change impacts, IMD functions, constitutional environmental provisions, and regional rainfall patterns.*

10. Telangana Passes Bills for 42% BC Quota in Local Body Elections

• Key Provisions and Legislative Action

- Telangana Assembly passed the *Telangana Municipalities (Third Amendment) Bill, 2025* and the *Telangana Panchayat Raj (Third Amendment) Act, 2025* to implement **42% reservation for Backward Classes (BCs)** in local body elections.
- This move awaits **Presidential assent**, as earlier Bills and an ordinance on similar lines are pending with the Centre.

• Reservation Framework and Constitutional Context

- Reservation for **SCs and STs is population-proportionate**, but **BC reservation is capped** by the 50% ceiling on total quotas (as per *Indra Sawhney vs. Union of India, 1992*).
- *Article 243D* (Panchayats) and *Article 243T* (Municipalities) provide for reservation in local bodies for SCs, STs, and women.
- Any breach of the 50% cap may require **constitutional amendment or judicial review**, unless justified by quantifiable data.

• Data-Driven Justification

- Telangana government conducted a **comprehensive socio-economic, educational, employment, political, and caste survey** to provide scientific backing for the enhanced quota.
- Similar attempts in **Bihar and Madhya Pradesh** faced **hurdles** due to lack of reliable data, making Telangana's approach significant.



• Political Reactions and Concerns

- *BRS and BJP* supported the principle of higher BC quota but raised concerns over **legal hurdles** and **pending Central approval**.
- Opposition also questioned the government's unfulfilled **budgetary promise of ₹1 lakh crore for BC welfare in five years**.

• Legal and Constitutional Provisions Relevant to UPSC

- *Article 15(4)* and *Article 16(4)*: Enable special provisions for socially and educationally backward classes.
- *Articles 243D & 243T*: Mandate reservation in Panchayats and Municipalities.
- *50% reservation ceiling*: Set by Supreme Court in *Indra Sawhney* case, with exceptions requiring extraordinary circumstances and strong empirical evidence.



- **Conclusion and UPSC Relevance**

- Telangana's move highlights **federal challenges, judicial oversight, and data-driven policymaking** in affirmative action.
- Important for UPSC topics: *Reservation policy, constitutional provisions for backward classes, local governance under 73rd & 74th Amendments, Indra Sawhney case, and Centre-State relations.*
- The case underlines **tension between social justice and constitutional limits on affirmative action**, making it a probable topic for *GS-II (Polity & Governance)* and *Essay/Interview discussions.*

11. India's Economic Churn – The Nectar of Growth

- **Robust Economic Performance**

- India's real GDP grew **7.8% in Q1 FY 2025-26**, with broad-based growth in manufacturing (7.7%), construction (7.6%), and services (9.3%).
- India is **world's fourth-largest economy** and the **fastest-growing major economy**, projected to surpass Germany to become third-largest in market exchange terms by decade-end.
- **24.82 crore people exited multidimensional poverty (2013–23)** due to large-scale delivery of basic services (bank accounts, tap water, health cover, clean cooking fuel) and direct benefit transfers.

- **Energy Security and Economic Resilience**

- India is the **third-largest energy consumer**, with refining capacity over **5.2 million barrels/day**, and aims to expand beyond **400 MTPA by 2030**.
- **Exploration acreage doubled** (8% in 2021 to 16% in 2025); Open Acreage Licensing Policy (OALP) and gas pricing reforms have boosted investment.
- Ethanol blending rose from **1.5% (2014) to 20% (2025)**, saving ₹1.25 lakh crore in foreign exchange and supporting farmers.



- **Strategic Handling of Global Oil Markets**

- India legally imports Russian crude under **G7/EU price-cap compliance**, stabilizing global oil prices and avoiding a potential \$200/barrel shock.
- Oil PSUs absorbed losses and tax cuts ensured **domestic fuel price stability**; mandatory domestic supply requirements protected consumers.
- Allegations of India being an “oil laundromat” are **unfounded**, as India has long been a major petroleum exporter processing diverse crude sources.

- **Industrial and Digital Transformation**



- **Production Linked Incentives (PLI)** and *PM Gati Shakti* are driving growth in **semiconductors, electronics, defence, and renewable energy**.
- *India Semiconductor Mission* approved four new fabrication projects; Japanese investment highlights global confidence in India's tech supply chains.
- India leads in **real-time payments (UPI)**, strengthening small businesses, formalization, and the startup ecosystem, creating a virtuous growth cycle.
- **Constitutional & Legal Provisions Relevant to Economy and Energy**
 - *Article 39(b)*: State must ensure equitable distribution of material resources.
 - *Article 47*: Duty of the State to raise nutrition and standard of living.
 - *Energy policies under MMDR Act, 1957 and Petroleum & Natural Gas Rules* regulate resource exploration.
 - *Fiscal Responsibility and Budget Management (FRBM) Act*: Ensures fiscal consolidation to sustain growth momentum.
- **Conclusion and UPSC Relevance**
 - India's growth story combines **economic reforms, energy security, industrial policy, and social inclusion**, demonstrating resilience despite global uncertainties.
 - Relevant for UPSC topics: *Indian economy, energy security, infrastructure reforms, poverty alleviation, global oil markets, digital economy, industrial policy under Atmanirbhar Bharat, and constitutional provisions for equitable growth*.
 - India's model is a "**marathoner's economy**" — steady, inclusive, democratic — and poised to become a **global growth engine** contributing **15–20% of incremental world GDP by 2030s**.

12. Importance of India's Federal Design and the Issue of Jammu & Kashmir Statehood

- **Processes for Creation and Reorganisation of States**
 - Constitution provides three methods: **Admission** (joining of an organised political unit – e.g., J&K via Instrument of Accession, 1947), **Establishment** (acquiring new territory – e.g., Goa, Sikkim), and **Formation/Reorganisation** (Article 3 – altering boundaries, names, or areas of States).
 - Parliament has wide powers under Article 3 but **cannot convert a State into a Union Territory permanently** as it undermines India's federal features.
- **Status of J&K Statehood and SC Directions**
 - *Articles 370 and 35A* were abrogated in 2019 under the J&K Reorganisation Act, making J&K a Union Territory.
 - In **December 2023**, the Supreme Court upheld the abrogation but directed





restoration of statehood and holding of Legislative Assembly elections.

- **Assembly elections were conducted in October 2024** for 90 seats, but no timeline for restoration of statehood has been announced by the Union Government.

- **India's Federal Design and Basic Structure Doctrine**

- *Article 1*: India is a “**Union of States**”—states have no right to secede, yet federalism is a **basic feature** of the Constitution (Kesavananda Bharati case, 1973).
- *Article 83(1)*: Rajya Sabha is a **permanent house**, ensuring representation of States at the Union level.
- Federal design ensures **equitable distribution of resources, welfare-state objectives, and unity with diversity**, while a strong Union protects integrity and sovereignty.

- **Constitutional Provisions Relevant to the Issue**

- *Article 3*: Power of Parliament to form or reorganise States.
- *Article 370*: Granted special status to J&K (now abrogated).
- *Basic Structure Doctrine*: Federalism is part of the Constitution's inviolable core.
- *Indian Independence Act, 1947*: Provided for princely states' accession.

- **Key Concerns on Delayed Statehood Restoration**

- Critics argue that **statehood empowers elected governments**, ensuring accountability and local decision-making.
- Continued UT status **enhances powers of the Lieutenant Governor** but risks eroding the **federal balance** envisaged by the Constitution.
- Delay may be justified by the Centre citing **security and stability considerations**, but indefinite postponement is **inconsistent with constitutional design**.

- **Conclusion and UPSC Relevance**

- The J&K issue tests **India's federal principles**, balancing national security with democratic governance.
- For UPSC: Key for *Polity* (Articles 1, 3, 83, 370), *Basic Structure Doctrine*, *Federalism vs. Unitarism*, *Centre–State relations*, and *SC's role in constitutional interpretation*.
- **Restoration of statehood is constitutionally imperative** to maintain India's cooperative federalism and uphold democratic legitimacy.

13. Why Are Orcas Offering Fresh Prey to Humans?

- **Research Findings and Data Collection**

- A *20-year study (2004–2024)* across five oceanic regions documented *34 verified cases* of orcas offering prey to humans from a significant distance, ensuring the approach was intentional.
- In *33 out of 34 cases*, orcas waited for a human response before reclaiming or abandoning the prey. Prey included seaweed, fish, reptiles, birds, and mammals.



- **Cognition, Social Behaviour, and Leadership**

- Orcas (*Orcinus orca*), the largest dolphin species, have a *high brain-to-body ratio*, associated with advanced learning, problem-solving, and prosocial behaviour.
- They live in matriarchal pods, where *the oldest female leads* and influences group behaviour, indicating structured social organisation.



- **Possible Reasons for the Behaviour**

- Earlier assumptions of *play behaviour* are challenged as *both adults and juveniles* engaged in provisioning, often offering *whole prey*, indicating exploration rather than play.
- Researchers suggest this behaviour reflects *conscious curiosity and knowledge-seeking*—similar to "scientific thinking," involving hypothesis testing and learning from human reactions.

- **Definitions and Key Concepts**

- *Prosocial behaviour*: Actions intended to benefit others, showing cooperation or altruism.
- *Exploration*: Conscious pursuit of knowledge to reduce uncertainty in physical, social, or environmental surroundings.
- *Matriarchal leadership*: A social structure led by a senior female, influencing decision-making in animal groups.

- **Conservation and Human–Animal Interactions**

- Increased human-orca contact could make orcas *more friendly or hostile* depending on leadership and environmental pressures.
- This behaviour may spark public curiosity, supporting *marine conservation efforts* but also raises caution due to orcas' ability to manipulate situations (e.g., stealing fish, damaging vessels).

- **Conclusion and UPSC Relevance**

- The study highlights *high intelligence and adaptive behaviour* in orcas, suggesting complex marine mammal cognition comparable to human-like inquiry.
- For UPSC: Relevant to *Environment and Ecology (species behaviour and conservation)*, *Ethics (prosocial vs. manipulative actions)*, *Science and Technology (animal intelligence studies)*, and *International Marine Policy*.
- **Key takeaway**: Understanding such advanced animal behaviour is vital for designing *conservation policies* that balance curiosity, safety, and ecological protection.