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FOR UPSC CIVIL SERVICE EXAMINATION

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1. GST Reforms 2025: Impact on Assam's Economy

• Overview of GST Reforms

- **Goods and Services Tax (GST):** A single indirect tax levied on the supply of goods and services, replacing multiple state and central taxes, governed under the **Constitution (One Hundred and First Amendment) Act, 2016**.
- Assam has seen reductions in GST rates to 5% for key sectors like tea, handlooms, handicrafts, tourism, and GI-tagged agricultural products.
- Expected outcomes include **lower consumer prices, improved competitiveness of industries, and increased incomes for workers and farmers**.

• Tea Industry Gains

- Tea is central to Assam's economy, employing around **6.84 lakh workers**, providing healthcare, rations, and education within estates.
- **5% GST on tea** leads to ~11% reduction in shelf prices, boosting domestic sales and exports (India exported 255 million kg of tea in 2024).
- GI-tagged **Assam Orthodox Tea** sees cost relief for small growers, lowering production expenses, enhancing margins, and supporting estate workers.
- **Legal/Constitutional relevance:** Supports **Article 38 (Directive Principles of State Policy)** by promoting equitable economic development and supporting rural employment.



• Handloom & Handicrafts

- **Muga Silk & Gamosa:** Iconic Assamese crafts largely produced by women weavers and cooperatives.
- Reduction from **12-18% GST to 5%** brings ~6.25% savings, improving competitiveness in domestic and export markets.
- Benefits **12.83 lakh weavers and 12.46 lakh looms**, enhancing livelihoods and preserving cultural heritage.
- **UPSC relevance:** Connects with **Artisan welfare, MSME sector policies, and preservation of intangible cultural heritage (Article 51A(f))**.

• Tourism & Hospitality

- Tourism sector supports over **6.51 lakh jobs** and includes hotels, homestays, guides, transport, and women-led food services.
- **GST on hotels up to ₹7,500** and related hospitality items reduced to 5%, making tourism affordable and boosting sector revenues.



- Lower costs strengthen **regional development and employment opportunities**, supporting sustainable local economies.
- **Agriculture & Horticulture: GI-tagged Crops**
 - **Joha Rice, Boka/Chokuwa Saul, Kaji Nemu, Tezpur Litchi** benefit from **5% GST**, reducing prices by 6–11% for consumers.
 - Increases demand and farm incomes, encouraging diversification and higher-value agriculture.
 - **Legal/Policy linkages:** Supports **Geographical Indication of Goods (Registration & Protection) Act, 1999**, promoting regional identity and farmer welfare.
- **Conclusion & UPSC Relevance**
 - The 2025 GST reforms in Assam demonstrate the **interlinkage of taxation, regional economic development, and employment generation**.
 - Key UPSC themes:
 - **Economic governance & policy:** Role of GST in promoting sectoral growth.
 - **Rural development & employment:** Tea estates, handloom cooperatives, and GI-tagged farming.
 - **Cultural heritage & MSMEs:** Preservation of traditional crafts and livelihoods.
 - Overall, these reforms **enhance price competitiveness, consumer welfare, and sustainable economic growth** in Assam.

National Biodiversity Authority Sanctions ₹82 Lakh for Red Sanders Conservation in Andhra Pradesh

- **Overview of the Initiative**
 - **National Biodiversity Authority (NBA):** A statutory body established under the **Biological Diversity Act, 2002**, headquartered in Chennai, to regulate biodiversity conservation and ensure benefit-sharing.
 - NBA sanctioned **₹82 lakh** to the **Andhra Pradesh Biodiversity Board** for the conservation of **Red Sanders (Pterocarpus santalinus)** under the **Access and Benefit Sharing (ABS) mechanism**.
 - Objective: Raise **1 lakh saplings** for distribution to farmers under the **Trees Outside Forests (ToF) programme**, promoting species conservation and community engagement.
- **Access and Benefit Sharing (ABS) Mechanism**
 - **Definition:** A framework under the Biological Diversity Act to regulate access to biological resources and ensure **fair and equitable sharing of benefits** with local communities, individuals, and **Biodiversity Management Committees (BMCs)**.
 - Funding is derived from **benefit-sharing amounts collected from users of Red Sanders**, reinforcing **community-driven conservation**.



- Encourages **inclusive participation** and transforms policies into actionable grassroots initiatives.
- **Significance of Red Sanders**
 - **Endemic species** of Southern Eastern Ghats, primarily in Anantapur, Chittoor, Kadapa, and Kurnool districts.
 - Threatened due to **high commercial value and smuggling**, regulated under the **Wildlife Protection Act, 1972** and listed in **CITES (Convention on International Trade in Endangered Species)**.
 - Conservation ensures protection of **genetic resources, ecological balance, and regional biodiversity**.
- **Community Participation & Economic Impact**
 - Local and tribal communities engaged in **nursery development, plantation, and long-term care**.
 - Creates **employment opportunities, skill-building**, and promotes **local stewardship** in biodiversity conservation.
 - Ensures benefits flow **directly to grassroots stakeholders**, aligning with **Article 48A** (Directive Principles on environmental protection) and **Article 51A(g)** (fundamental duty to protect the environment).
- **Linkage to National & Global Biodiversity Goals**
 - Strengthens **India's National Biodiversity Targets** and contributes to fulfilling obligations under the **Convention on Biological Diversity (CBD)**.
 - Promotes **sustainable use of biological resources** while ensuring legal, scientific, and economic safeguards.
- **Conclusion & UPSC Relevance**
 - The initiative exemplifies **policy-driven conservation** integrating **legal frameworks, community participation, and economic incentives**.
 - Key UPSC themes:
 - **Biodiversity conservation and management**
 - **Environmental governance and policy implementation**
 - **Community participation in sustainable development**
 - **International commitments (CBD, CITES)**
 - Overall, the program reflects **holistic biodiversity governance**, balancing ecological protection with socio-economic benefits for local communities.

2. India's Dairy Sector: Anchoring Nutrition and Income Security

- **Overview of India's Dairy Sector**



- **Definition:** Dairy sector encompasses **milk production, processing, and allied activities** including breeding, fodder management, and distribution.
- India is the **largest milk producer globally**, contributing nearly **25% of world supply**.
- Dairy contributes **5% to India's GDP** and directly employs **over 8 crore farmers**, particularly small and marginal farmers, with **women forming nearly 70% of the workforce**.

- **Growth and Productivity**

- Milk production increased **63.56%** in the last decade, from 146.3 million tonnes (2014–15) to 239.3 million tonnes (2023–24).
- **Per capita milk availability** rose by 48%, reaching **471 grams/day**, above the global average of 322 grams/day.
- Growth driven by **bovine population enhancement**, scientific breeding, and government initiatives such as **Rashtriya Gokul Mission (RGM)** and **Livestock Health Disease Control Programme (LHDCP)**.

Why India Leads?

The Indian dairy sector has long been a pillar of rural growth. Its strength lies in the smallholder model that connects millions of farmers through cooperative networks. Over time, this approach has ensured steady incomes and better nutrition for households across the country. Government schemes designed around farmers have added further momentum. Support for breeding, feed management and animal health has helped raise productivity and improve quality. Training, infrastructure and market linkages have also widened opportunities for farmers. India now stands as the largest producer and consumer of milk in the world. With new technologies in breeding, nutrition and health management, the sector is ready for its next phase of growth. These advances open the way for India to take a stronger place in the global dairy value chain.

- **Scientific Breeding and Artificial Insemination (AI)**

- **Artificial Insemination:** A technology to improve genetic quality and productivity of bovines. In 2024–25, **565.55 lakh AI procedures** were carried out.
- **Nationwide AI Programme (NAIP):** Covered **9.16 crore animals**, benefitting **5.54 crore farmers**.
- **Advanced reproductive technologies** include **IVF labs, sex-sorted semen, and progeny testing**, enhancing milk production and breed improvement.
- **MAITRIs (Multipurpose AI Technicians)** bring doorstep breeding services to rural farmers.

- **Cooperative Network and Women Empowerment**

- **Dairy cooperatives:** 22 milk federations, 241 district unions, 25 Milk Producer Organisations, covering **2.35 lakh villages** and **1.72 crore members**.
- Women-led cooperatives and MPOs promote **inclusive growth**, skill development, and empowerment.
- Example: **Shreeja Milk Producer Organisation** won the Dairy Innovation Award for empowering women.

- **Policy Initiatives and Schemes**

- **Rashtriya Gokul Mission (RGM):** Focuses on conservation and development of indigenous cattle/buffalo, genetic upgradation, and productivity enhancement. Total allocation **₹3,400 crore** for 15th Finance Commission cycle.
- **White Revolution 2.0:** Launched in 2024, aims to expand milk procurement, form **75,000 new dairy cooperatives**, strengthen sustainability, circular economy, and organic manure production.



- Schemes integrate **scientific practices, cooperative structures, and women's participation** for rural prosperity.
- **Conclusion and UPSC Relevance**
 - India's dairy sector is a **pillar of rural livelihood, nutritional security, and inclusive growth**.
 - Key UPSC themes:
 - **Agricultural economics:** Rural employment, productivity, cooperatives.
 - **Science and technology in agriculture:** AI, IVF, progeny testing.
 - **Women empowerment:** Role in dairy cooperatives and rural income.
 - **Policy & governance:** Rashtriya Gokul Mission, White Revolution 2.0.
 - With ongoing reforms, the sector is **poised for enhanced productivity, sustainability, and socio-economic impact**, contributing to India's broader goals of **rural development, food security, and nutrition**.

3. DAHD at World Food India 2025: Future-Ready Dairy and Livestock Technologies

- **Overview of Participation**
 - **Department of Animal Husbandry and Dairying (DAHD)**, under the **Ministry of Fisheries, Animal Husbandry and Dairying**, actively showcased innovations at **World Food India 2025** held from September 25–28, 2025, at Bharat Mandapam, New Delhi.
 - Pavilion inaugurated by **Minister of State Prof. S.P. Singh Baghel**, highlighting India's commitment to **sustainable livestock and dairy development**.
 - Featured **15 startups**, displaying **livestock-based dairy products, technological advancements, and innovative solutions**, promoting entrepreneurship in the sector.
- **Key Features and Engagement**
 - Live demonstrations and interactive exhibits, including a **"Selfie Point"**, encouraged **public participation and engagement**.
 - Showcased **flagship government schemes**, emerging technologies, and future-ready initiatives in the dairy and livestock sector.
 - The event functioned as a **knowledge-sharing and networking platform** for entrepreneurs, policymakers, and foreign delegates.
- **Policy and Sectoral Discussions**
 - DAHD participated in the **CEO Roundtable**, engaging with industry leaders on **policy support, investment opportunities, and sectoral growth strategies**.





- Hosted a **Knowledge Session on Sustainable Livestock Production**, focusing on **non-bovine sectors** such as goats, sheep, poultry, and aquaculture, emphasizing **sustainable and profitable practices**.
- **Promotion of Innovation and Entrepreneurship**
 - The pavilion encouraged startups and innovators to **demonstrate practical solutions**, fostering **public-private partnerships**.
 - Emphasized integration of **technology in dairy production, animal health, feed management, and milk processing**, aligning with the government's **Digital India and Atmanirbhar Bharat** initiatives.
- **Constitutional and Legal Relevance**
 - Supports **Article 48** (Directive Principles of State Policy) by promoting **protection and improvement of livestock**.
 - Encourages **sustainable economic development in rural areas**, complementing **Articles 39(b) & (c)** by securing equitable livelihoods for farmers and dairy entrepreneurs.
 - Aligns with government policies under **National Livestock Mission** and **Rashtriya Gokul Mission** for genetic improvement and productivity enhancement.
- **Conclusion and UPSC Relevance**
 - DAHD's participation at **World Food India 2025** highlights India's focus on **innovation, sustainability, and entrepreneurship** in dairy and livestock sectors.
 - Key UPSC themes:
 - **Agricultural and rural development**: Promoting inclusive growth through livestock sector.
 - **Science and technology in agriculture**: Startups and innovation in non-bovine and dairy sector.
 - **Policy and governance**: Strengthening schemes, public-private partnerships, and global collaborations.
 - The initiative demonstrates India's approach to **modernizing livestock and dairy ecosystems**, ensuring **sustainable livelihoods, nutritional security, and rural prosperity**.

4. Bharat Manthan-2025: Naxal Mukta Bharat – Ending Red Terror Under Modi's Leadership

- **Overview of Naxalism in India**
 - Naxalism, a form of **Left-Wing Extremism (LWE)**, emerged in the early 1970s and peaked with 3,620 violent incidents in 1971.
 - The **Red Corridor** spanned 17% of India's territory, affecting 120 million people, primarily in Chhattisgarh, Jharkhand, Odisha, Bihar, and Telangana.
 - Naxalites established **parallel governments, "people's courts", and armed camps**, targeting civilians and disrupting governance.



- **Government Strategy and Operations**

- The **Modi government's approach (2014–2024)** combined **dialogue, security operations, and development initiatives**.
- Key operations include **Operation Black Forest, Operation Octopus, and Operation Double Bull**, neutralizing 290 Naxalites in 2024 and over 270 in 2025.
- Enhanced **coordination among CAPFs, state police, DRG, STF, CRPF, and COBRA**, integrated training, forensic investigations, and intelligence-sharing improved operational effectiveness.

- **Development and Welfare Measures**

- Between 2014–2024, the government constructed **12,000 km of roads**, installed **5,000 mobile towers**, opened **1,060 bank branches and 5,899 post offices**, and established **850 schools and 186 health centers** in LWE-affected areas.
- Programs like **NiyadNellanar scheme, Ayushman Bharat, and Aadhaar-based initiatives** ensured delivery of welfare schemes to tribals.
- The government promoted **voluntary surrender**, with reintegration opportunities for Naxalites, reflecting a **policy of incentivized rehabilitation**.



- **Constitutional and Legal Context**

- Upholds **Article 352 and Article 355** (protection of internal security and state administration).
- Supports **Directive Principles (Articles 39, 46, 47)** for socio-economic justice, tribal welfare, and eradication of inequality.
- Enforcement of **Criminal Law, Unlawful Activities Prevention Act (UAPA), and anti-terrorism measures** ensured legal accountability of Naxalites.

- **Impact and Outcomes**

- Reduction in Naxal-affected districts from **126 to 18**, with “most-affected” districts decreasing from 36 to 6.
- **73% reduction in security personnel deaths** and **74% reduction in civilian deaths** in LWE areas (2014–2024) compared to the previous decade.
- Increased **public infrastructure, connectivity, and financial inclusion** significantly weakened Naxalite influence.

- **Conclusion and UPSC Relevance**

- The government's multi-pronged strategy combining **security, development, and rehabilitation** demonstrates India's approach to internal security management.
- Key UPSC themes:
 - **Internal security and insurgency management:** Understanding LWE dynamics and counter-strategies.



- **Tribal welfare and inclusive development:** Delivery of schemes in conflict zones.
- **Policy and governance:** Interlinkage of constitutional provisions, law enforcement, and socio-economic interventions.
- Shows how **coordinated governance, intelligence, and development** can systematically reduce internal threats while ensuring protection of citizens and tribal populations.

5. Mediation Training Programme for Presiding Officers of Debt Recovery Tribunals and Public Sector Bank Executives

• Overview of the Programme

- Organized by the **Department of Financial Services (DFS), Ministry of Finance** in collaboration with the **Mediation and Conciliation Project Committee (MCMP), Supreme Court of India**.
- Duration: **40 hours**, held from 24th–28th September 2025 at the **Additional Building Complex, Supreme Court of India**.
- Targeted **Presiding Officers of Debt Recovery Tribunals (DRTs)** and **senior executives of Public Sector Banks (PSBs)** to strengthen dispute resolution capacity.



• Concept of Mediation and ADR

- **Mediation:** A **voluntary and confidential process** where a neutral third party facilitates parties to reach a mutually acceptable settlement.
- **Alternative Dispute Resolution (ADR):** Includes mediation, conciliation, arbitration, and negotiation; provides faster, cost-effective, and flexible resolution compared to traditional judicial processes.
- The training compared **judicial adjudication vs ADR mechanisms**, highlighting benefits like reduced litigation backlog and enhanced compliance.

• Key Topics Covered

- **Stages of mediation:** Initiation, information exchange, negotiation, settlement drafting.
- **Roles and responsibilities** of mediators, referral judges, lawyers, and parties in facilitating settlements.
- **Negotiation and bargaining skills** for resolving financial disputes.
- Special focus on disputes under the **Recovery of Debts and Bankruptcy Act, 1993 (RDB Act)** and the **SARFAESI Act, 2002**, relevant to debt recovery and non-performing assets management in banks.

• Significance for Financial and Legal Sector

- Enhances the capacity of DRTs and PSB executives to **resolve financial disputes efficiently**, ensuring faster debt recovery and reduced NPAs.



- Promotes **stakeholder engagement** and collaboration between judiciary and banking sector.
- Encourages **judicial innovation** and adoption of globally recognized practices for financial dispute resolution.
- **Constitutional and Legal Relevance**
 - Supports **Article 21 (Right to Justice and Timely Remedy)** and **Article 14 (Equality before Law)** by enabling accessible, fair, and speedy resolution of financial disputes.
 - Complements provisions of **RDB Act, 1993** and **SARFAESI Act, 2002** for enforcement of financial claims while avoiding prolonged litigation.
 - Aligns with **Section 89 of the Code of Civil Procedure (CPC)** which encourages settlement through ADR methods.
- **Conclusion and UPSC Relevance**
 - The training reflects India's emphasis on **modernizing dispute resolution mechanisms**, combining legal, financial, and managerial perspectives.
 - Key UPSC themes: **Banking and Financial Sector reforms, Judiciary and Justice delivery, Alternative Dispute Resolution, Legal Frameworks for Debt Recovery.**
 - Enhances understanding of **institutional mechanisms for financial dispute resolution**, contributing to governance, financial stability, and efficient judicial administration.

6. Healthcare Access in Paatalkot: A Milestone for Tribal Development

- **Overview of the Initiative**
 - Dr. Rashmi Choudhary, Assistant Commissioner, **National Education Society for Tribal Students (NESTS), New Delhi**, inaugurated the first **healthcare centre in Paatalkot valley, Chhindwara district**, on 27 September 2025.
 - Targets the **Gond and Bharia tribes**, classified as **Particularly Vulnerable Tribal Groups (PVTGs)**, addressing decades-long deprivation in healthcare.
- **Geographical and Social Context**
 - **Paatalkot valley**: Remote, scattered villages (12 villages, ~4,000 residents) with difficult terrain.
 - Tribals previously had to travel long distances over steep trails for basic medical services.
 - Historically lacked access to essential government services despite infrastructure in roads, housing, education, and electricity under central schemes.
- **Government Schemes and Development Initiatives**
 - **Pradhan Mantri Janman Yojana, Dharti Abba Janjatiya Gram Utkarsh Abhiyan, and Aadi Karmayogi Abhiyan** enabled progress in:
 - Roads, electricity, housing, drinking water, and education.





- Eklavya Residential Schools for tribal children.
- Livelihood opportunities through homestays and tourism.
- Healthcare was a critical gap, now addressed through functional **Ayushman Arogya Kendra**.
- **Significance of Healthcare Centre**
 - Provides **last-mile delivery of healthcare services** in a previously inaccessible area.
 - Equipped with operational staff and essential medical facilities.
 - Ensures timely **preventive and curative services**, reducing mortality and improving quality of life.
- **Constitutional and Legal Relevance**
 - **Article 21**: Right to life includes right to health.
 - **Article 46**: Directive Principle for promoting **educational and economic interests of Scheduled Tribes**.
 - Supports **National Health Mission** and **Ayushman Bharat** objectives for universal health coverage, particularly for vulnerable populations.
 - Reinforces **inclusive development and social justice**, key governance priorities.
- **Conclusion and UPSC Relevance**
 - Marks a historic step in **tribal empowerment and last-mile governance**, highlighting the effectiveness of coordinated central schemes.
 - Demonstrates government focus on **PVTGs and marginalized communities**, relevant for UPSC themes of **Social Justice, Tribal Welfare, Health Infrastructure, and Rural Development**.
 - Reflects India's commitment to **equitable service delivery, bridging developmental gaps, and improving human development indices in remote regions**.

7. Kerala CM Releases Raj Bhavan Journal: Promoting Discourse and Constitutional Debate

- **Overview of the Event**
 - Kerala Chief Minister **Pinarayi Vijayan** released the inaugural edition of the **Raj Bhavan quarterly journal, Rajahams**, in the presence of Governor **Rajendra Vishwanath Arlekar** and MP **Shashi Tharoor**.
 - CM emphasized that the **views expressed in the journal may reflect personal opinions** and do not necessarily represent the State government's stance.
- **Content of the Journal**
 - Featured article **"Article 200 and a Constitutional Conundrum"** by





Sreekumar, Legal Adviser to the Governor, analyzed the **Supreme Court judgment on Tamil Nadu Governor's reservation of Bills for President's assent (April 2025)**.

- Raised concerns that judicial interventions may encroach upon **legislative functions**, potentially creating two classes of legislation: assented by the Governor and declared law by the Court.
- Highlighted public perception of a **legislative logjam** due to political inclinations or gaps in constitutional provisions.
- **Constitutional and Legal Context**
 - **Article 200, Constitution of India**: Governor's power to assent, withhold, or reserve Bills for President's consideration.
 - **Doctrine of Separation of Powers**: Ensures judiciary does not encroach on legislative domain.
 - **Article 163 and 154**: Roles of Governor and State Executive in governance.
 - Raises debates on **federalism, state autonomy, and checks and balances**.
- **Significance of Dissent and Public Discourse**
 - CM highlighted Kerala's **heritage of public debate and acceptance of dissent**, promoting democratic dialogue.
 - Reinforces that **diverse viewpoints** are essential for robust governance, even within official publications.
 - Supports principles of **Article 19(1)(a) – freedom of speech and expression**, and democratic deliberation.
- **Governor's Perspective and Institutional Reform**
 - Governor Arlekar suggested **Raj Bhavans be made more accessible** to the public, proposing renaming as **"Lok Bhavans"** to symbolize transparency and public engagement.
 - MP Shashi Tharoor emphasized the journal could serve as a **bridge between governance and citizens**, promoting accountability and awareness.
- **Conclusion and UPSC Relevance**
 - Highlights the **interaction between state executive, constitutional authorities, and judiciary** in democratic India.
 - Relevant for UPSC topics: **Indian Constitution (Articles 200, 154, 163), federalism, separation of powers, state governance, and public accountability**.
 - Demonstrates the importance of **freedom of expression, institutional transparency, and informed citizenry** in sustaining democratic governance.

8. Engels' Pause in the AI Economy: Implications for Growth and Equity

- **Concept of Engels' Pause**



- Term coined by **Oxford economist Robert Allen** after **Friedrich Engels**, refers to periods where **industrial or technological output rises**, but **broad-based living standards stagnate**.
- Historically observed in **19th century Britain**, where wages stagnated despite the Industrial Revolution.
- Modern concern: **AI-driven productivity** may generate wealth for a few but **stagnate wages and welfare for the majority**.
- **AI as a General-Purpose Technology (GPT)**
 - Like **steam, electricity, and the Internet**, AI can transform multiple industries by **lowering prediction costs**.
 - Historical patterns show GPTs cause **dislocations, inequality, and delayed welfare gains**, until complementary innovations, skills, and institutional adjustments emerge.
 - **Complementary capabilities** include cloud computing, data access, cybersecurity, and workforce reskilling.
- **Empirical Markers of a Modern Engels' Pause**
 - **Productivity gains with stagnant wages**: Example, AI copilots in Philippine call centers increased productivity by 30%-50%, but worker wages remained flat.
 - **Rising costs of complements**: Reskilling, certifications, and digital infrastructure add to workers' financial burden.
 - **Unequal distribution of gains**: IMF estimates 40% of jobs worldwide are exposed to AI, with benefits concentrated in the U.S., China, and large firms controlling foundational models.
 - **Job displacement and task transformation**: AI complements and replaces roles in healthcare, education, finance, and public management.
- **Policy Responses and Governance**
 - **Skills transition programs**: Examples include **Singapore's SkillsFuture** and **MBZUAI in Abu Dhabi** for AI-human capital creation.
 - **Redistribution mechanisms**: Proposals like **Universal Basic Income (UBI)**, robot taxes, and philanthropic initiatives (e.g., Chan-Zuckerberg Initiative) can channel AI gains for public good.
 - **AI infrastructure as a public good**: Accessible computing power and data are essential to ensure equitable productivity gains.
- **Constitutional, Economic, and Developmental Relevance**
 - Links to **Articles 21 (Right to Livelihood)** and **41 (Directive Principles on Right to Work and Social Security)** in the Indian Constitution.
 - Highlights the need for **inclusive growth, labour welfare, and policy intervention** to prevent exacerbation of inequality.





- Demonstrates the intersection of **technology, political economy, and governance** in shaping welfare outcomes.

- **Conclusion and UPSC Relevance**

- Engels' pause warns that **AI-driven growth may not automatically translate into broad-based prosperity**.
- Effective **policy, reskilling, social protection, and equitable AI governance** are critical to avoid dislocation and inequality.
- Relevant for UPSC syllabus: **Economic Development, Inclusive Growth, Technology and Governance, Labour Economics, Political Economy, and Constitutionally-guaranteed Rights**.

9. International Day of Awareness of Food Loss and Waste (IDAFWL) and India's Response

- **Definition and Magnitude of Food Loss and Waste (FLW)**

- **Food Loss:** Reduction in the quantity or quality of food along the supply chain, from production to retail.
- **Food Waste:** Food discarded at the retail or consumption stage.
- Globally, nearly **one-third of food produced** is lost or wasted. In India, post-harvest losses cost approximately **₹1.5 trillion annually (~3.7% of agricultural GDP)**.
- High losses in **fruits and vegetables (10%-15%)**, and significant wastage in staples like **paddy (4.8%) and wheat (4.2%)**.



- **Economic, Environmental, and Nutritional Impact**

- Losses lead to **foregone nutrition, wasted water, energy, and labor**, undermining **food security, farmer incomes, and climate sustainability**.
- **Greenhouse gas (GHG) emissions** from food loss in 30 key commodities exceed **33 million tonnes CO₂-equivalent annually**, highlighting the climate nexus.

- **Constitutional and Policy Context**

- Relevant to **Article 21 (Right to Food as part of Right to Life)** and **Directive Principles under Article 47** promoting nutrition and health.
- Integration with **Sustainable Development Goal (SDG) 12.3.1** ensures accountability and alignment with **global food loss and waste targets**.
- Government initiatives include **PMKSY/SAMPADA**, focusing on agro-processing, cold chains, and infrastructure to reduce losses.

- **Causes and Supply Chain Challenges in India**

- Majority of losses occur **pre-consumer**: handling, processing, and distribution.
- Key gaps: **weak infrastructure, fragmented supply chains, limited technology adoption**.



- Contrast with high-income countries, where **consumer-driven waste dominates**.
- **Technological and Practical Solutions**
 - Strengthening **cold chains**, modern storage, and refrigerated transport for perishables.
 - Use of **affordable technologies**: solar cold storage, low-cost cooling chambers, moisture-proof silos.
 - **Digital tools**: AI-driven forecasting, IoT sensors, and **FAO Food Loss App (FLAPP)** for monitoring.
 - Circular economy approaches: **redistribution to food banks, composting, bioenergy conversion**.
- **Shared Responsibility and Governance**
 - Governments: Invest in **resilient infrastructure, climate-aligned strategies**, and supportive policies (subsidies, credit).
 - Businesses: Adopt **circular models, technology scaling, supply chain efficiency**.
 - Civil society & consumers: Promote **awareness, responsible consumption, and waste reduction**.
- **Conclusion and UPSC Relevance**
 - Reducing food loss is **critical for food security, environmental sustainability, climate mitigation, and livelihood protection**.
 - Directly relevant to **GS Paper 2 (Governance, Food Security)**, **GS Paper 3 (Environment, Agriculture, Climate Change)**, and **GS Paper 4 (Ethics in sustainable development)**.
 - Observance of IDAFLW emphasizes **policy action, technological adoption, and collective responsibility** in addressing systemic food losses.

10. Macro-Fiscal Health of Indian States: Insights from CAG Report

- **Definition and Concept of Fiscal Health**
 - **Fiscal Health**: A measure of a State's ability to manage its revenues, expenditures, borrowings, and debt sustainably.
 - **Revenue Surplus**: When a State's income exceeds its routine expenditures, not accounting for capital spending.
 - **Vertical Fiscal Imbalance**: Disparity between States' own revenue generation capacity and their dependence on Union transfers.
- **State Revenue and Expenditure Patterns**
 - Some States report **revenue surpluses**, e.g., Uttar Pradesh recorded ₹37,000 crore, but much of it comes from **central transfers**, not internal revenue.

HOW STATES FARE

Fiscal Health Index Score (out of 100)

TOP 5 ▲

1	Odisha	67.8
2	Chhattisgarh	55.2
3	Goa	53.6
4	Jharkhand	51.6
5	Gujarat	50.5

BOTTOM 5 ▼

18	Punjab	10.7
17	Andhra Pradesh	20.9
16	West Bengal	21.8
15	Kerala	25.4
14	Haryana	27.4

Source: NITI Aayog



- Economic reforms, improved tax collection, and growth in the 2010s allowed some States to prosper, but the **pandemic reversed fiscal gains**.
- Surpluses may mask **under-investment in welfare**, deferred costs, and off-budget liabilities.
- **Borrowings and Debt Patterns**
 - Borrowing is used to finance deficits via **loans or bonds**, impacting Gross State Domestic Product (GSDP).
 - States like Andhra Pradesh, Rajasthan, and Telangana **increased borrowings post-pandemic**, while Odisha, Uttar Pradesh, and Tripura **reduced borrowings**, reflecting divergent fiscal strategies.
 - High debt burdens in States like **Punjab (45% of GSDP)** and Kerala (37%) indicate **chronic fiscal stress**.
- **Revenue Dependence and Risks**
 - Poorer States rely heavily on **Union transfers, GST compensation, and off-budget mechanisms**, leading to fiscal fragility.
 - Volatile revenue sources include **lotteries (Kerala), mining royalties (Odisha), and land sales (Telangana)**, which are unpredictable and unsustainable.
- **Fiscal-Welfare Paradox**
 - While India has one of the largest welfare states, its **fiscal base is thin**, creating a tension between **spending commitments and revenue capacity**.
 - Welfare schemes (PM-KISAN, Ayushman Bharat, Ujjwala) project political visibility but may not reflect **sustainable fiscal planning**.
 - Corporate tax cuts, GST cesses, and rebranded social spending can **mask the true fiscal burden**.
- **Conclusion and UPSC Relevance**
 - Fiscal health of States is critical for **sustainable governance, public service delivery, and economic stability**.
 - Directly relevant to **GS Paper 3 (Economy, Fiscal Policy, Public Finance)**, including concepts of **GSDP, state debt, revenue deficit, and fiscal federalism (Articles 282, 275, and Finance Commission recommendations)**.
 - Highlights the importance of **balanced fiscal strategies, responsible borrowing, and prioritization of welfare expenditures** in achieving inclusive growth.

11. India-Pakistan Diplomatic Exchange at UN over Terrorism and Pahalgam Attack

- **Background of the Dispute**
 - On **UN General Assembly (UNGA)**, India highlighted the **Pahalgam terror attack (April 2025)** and accused Pakistan of being a hub of terrorism without directly naming the country.
 - In diplomatic parlance, India referred to Pakistan as **“Terroristan”** to underscore its alleged role in cross-border terrorism.



- **Right of Reply:** A procedural provision at the UNGA allowing member states to respond to statements made by other countries during the session.

- **India's Standpoint**

- **External Affairs Minister S. Jaishankar** emphasized Pakistan's responsibility in supporting and facilitating terrorism targeting India.
- India's UN mission highlighted Pakistan's historical record in **cross-border terrorism**, stating it posed a threat to regional and global security.
- India's diplomat, Rentala Srinivas, stressed that no "arguments or untruths" could conceal Pakistan's involvement in terrorism.

- **Pakistan's Response**

- Pakistan exercised its **right of reply** twice, criticizing India for:
 - Maligning Pakistan by using the term "**Terroristan**".
 - Allegedly **failing to provide evidence** of its involvement in the Pahalgam attack.
 - Accusing India of **destabilizing neighbouring countries** through intelligence operations.
- Pakistan characterized India's statements as a **deliberate attempt to malign and insult an entire population**.



- **Key Diplomatic Terms and Concepts**

- **Cross-Border Terrorism:** Terrorist acts conducted from one country targeting another, often involving state support or harboring of non-state actors.
- **Right of Reply at UN:** Ensures that countries can respond to statements affecting their national image or interests, maintaining diplomatic balance.
- **Terroristan:** A rhetorical term used by India to symbolize Pakistan's alleged persistent role in sponsoring terrorism.

- **Implications for International Relations**

- The exchange reflects the **continuing India-Pakistan conflict over terrorism**, particularly in Kashmir.
- Highlights the **use of diplomatic forums like UNGA for narrative-building** and international pressure.
- Demonstrates challenges in presenting **evidence-based accusations** at multilateral platforms.

- **Conclusion and UPSC Relevance**

- The incident underscores the importance of **diplomatic strategies, international law, and counter-terrorism norms** in India's foreign policy.



- Relevant to **GS Paper 2 (International Relations, UN, India's Foreign Policy)** and **GS Paper 3 (Internal Security, Terrorism)**.
- Exam-relevant concepts include **cross-border terrorism, diplomatic right of reply, and multilateral forums for accountability**.

12. Repo Rate Cuts and Monetary Transmission in India

• Overview of Repo Rate and Transmission

- **Repo Rate:** The rate at which the Reserve Bank of India (RBI) lends short-term funds to commercial banks.
- **Monetary Transmission:** The process through which changes in policy rates (repo/reverse repo) affect lending and deposit rates in banks, and ultimately, credit flow and investment.
- Despite RBI cutting the repo rate by **100 basis points since February 2025**, lending rates have declined only partially, showing **asymmetric transmission**.

• Credit-Deposit Dynamics

- Aggregate **deposits** rose from ₹217.7 trillion (Jan) to ₹230.54 trillion (Jul 2025), while **bank credit** increased from ₹174.3 trillion to ₹185 trillion.
- **Credit-to-deposit ratio**, a key measure of resource deployment by banks, fell from 80% (Jan) to 78.4% (May) before slightly recovering to 80.3% (Jul).
- Indicates that despite abundant liquidity, **banks are cautious in extending credit**, reflecting weak credit demand and risk aversion.

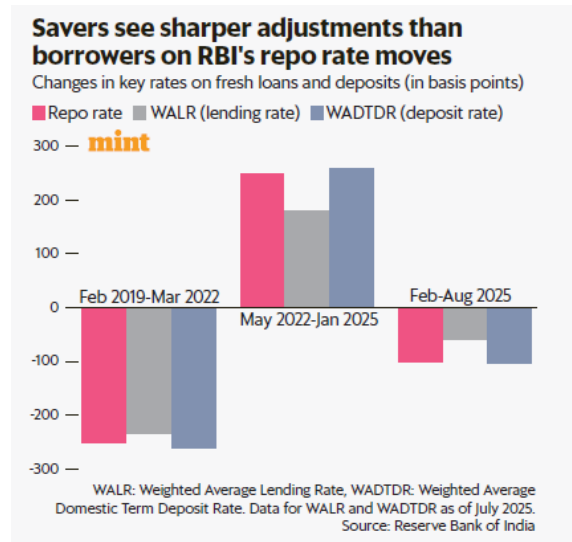
• Bank Liquidity and Behaviour

- Commercial banks' **reserves doubled** from ₹7.1 trillion to ₹13 trillion (Jan-Jul 2025), while borrowing from RBI turned negative, implying **banks parked surplus funds with the central bank**.
- High liquidity theoretically allows stronger monetary transmission, but banks are **reluctant to cut lending rates sharply**, protecting margins and managing retail deposit commitments.

• Asymmetric Impact on Lending vs. Deposits

- Lending rates fell by **53 bps**, while deposit rates declined by **101 bps** following the 100 bps repo cut.
- **Foreign banks** transmitted cuts more sharply due to floating-rate loans and wholesale deposits, while **public sector banks** adjusted slowly due to fixed-rate long-tenure loans and retail deposit structures.
- This asymmetry limits borrower relief and affects private investment revival.

• Private Investment and Capacity Utilization





- Private corporate investment remains weak, with **capacity utilization at ~75%**, below the 80-85% threshold for new projects.
- SBI survey indicates intended private capex for 2025-26 is **₹4.9 trillion**, down from ₹6.6 trillion, suggesting low risk appetite and muted demand, despite lower policy rates.

- **Conclusion and UPSC Relevance**

- Repo rate cuts alone are **insufficient to revive credit growth or private investment** due to cautious bank behaviour, weak demand, and high liquidity hoarding.
- Key concepts for UPSC: **Monetary Policy, Repo Rate, Credit-Deposit Ratio, Asymmetric Monetary Transmission, Capacity Utilization, Private Investment Trends.**
- Relevant for **GS Paper 3 (Indian Economy, Banking and Monetary Policy, Investment and Growth)** and current affairs discussions on **RBI's policy measures and their effectiveness.**

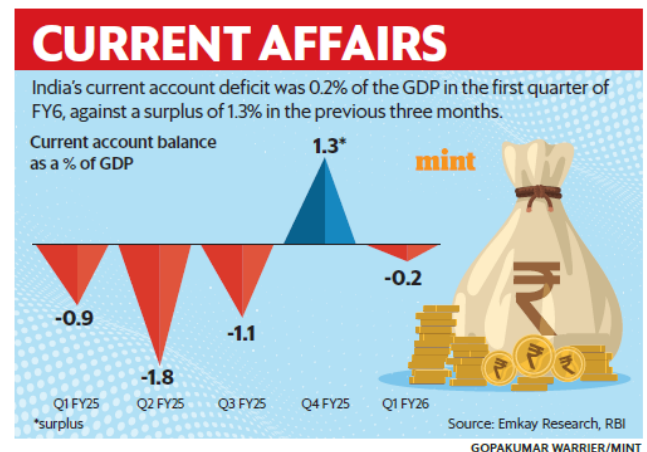
13. Impact of US H-1B Visa Policies, Tariffs, and FPI Outflows on Indian Economy

- **Context and Key Issue**

- Recent US policy changes under President Donald Trump, including **H-1B visa restrictions** and **high tariffs on imports**, combined with **foreign portfolio investment (FPI) outflows**, are putting pressure on the **Indian rupee**.
- H-1B Visa**: A US work visa allowing skilled professionals to work in the United States. Restrictions may reduce **remittances** and **IT service exports**, key contributors to India's foreign exchange inflows.

- **Current Account and Remittances**

- Current Account Balance**: Difference between a country's exports and imports of goods, services, and transfer payments.
- India receives the **largest share of remittances from the US (~27.7%)**, followed by UAE (19.2%) and UK (10.8%).
- Remittances in June 2025 rose to **\$33.2 billion**, from \$28.6 billion a year earlier. Restrictions on H-1B visas could **reduce inflows**, impacting the current account.



- **Trade and Services Exports**

- US tariffs, including **50% on certain goods** and **additional 25% on Russian oil**, may reduce India's export competitiveness.
- Net Services Exports**, largely from IT, rose to **\$47.9 billion (June 2025)**; software services contributed **\$41.5 billion**. Reduced outsourcing or visa restrictions may negatively impact these receipts.



- **Rupee Depreciation and Market Impact**

- Indian rupee weakened from **₹85.5/USD to ₹88.7/USD** following US tariff announcements.
- Continuous **FPI outflows** exacerbate pressure on the rupee, affecting capital markets and investor confidence.

- **GDP Growth Implications**

- Estimates suggest US trade restrictions could reduce **India's GDP growth by 50 basis points in FY26**, with forecasts varying between **6–6.5%** depending on tariff resolution.
- Highlights India's vulnerability to **external shocks** in a globalized economy.

- **Conclusion and UPSC Relevance**

- H-1B visa limitations, high US tariffs, and FPI exits underscore the **interlinkage of foreign policy, global trade, and domestic economic stability**.
- Key concepts for UPSC: **Current Account, Net Services Exports, Remittances, H-1B Visa, FPI, Foreign Exchange Management, GDP Impact of Trade Policies**.
- Relevant for **GS Paper 3 (Indian Economy, External Sector, Foreign Trade), International Relations (India-US relations)**, and current affairs on global economic policies affecting India.

14, NaBFID and Multilateral Agencies to Support High-Rated Infrastructure Debt

- **Background and Purpose**

- The **National Bank for Financing Infrastructure and Development (NaBFID)** is collaborating with **multilateral agencies** such as the **World Bank** and **Asian Development Bank (ADB)** to introduce a **\$1 billion risk-sharing facility**.
- Objective: Provide **partial credit guarantees** to infrastructure firms with **'BBB' to 'A' credit ratings**, enhancing their credit profiles and lowering borrowing costs.
- **Credit Ratings Definition:**
 - 'A' – High credit quality, low default risk.
 - 'BBB' – Medium credit quality, moderate default risk.



- **Credit Enhancement and Market Opportunity**

- **Partial Credit Enhancement (PCE):** Guarantees or insurance to improve the creditworthiness of bonds, making them more attractive to investors.
- Market potential for **credit-enhanced bonds in India** is estimated at **₹5 trillion**, with NaBFID targeting **₹40,000–₹50,000 crore exposure in the first two years**.
- With backing from multilateral agencies, NaBFID can exceed **RBI caps** on investments (20% per regulated entity, 10% individually for AIF schemes).



- **Infrastructure Financing Gap**

- India faces an **infrastructure financing gap exceeding 5% of GDP**.
- Despite accelerated **public investment**, **private capital participation remains low**, with insurance and pension funds allocating only **6%** of their portfolios to infrastructure.
- High capital requirements and long project timelines deter traditional lenders.

- **Role of Multilateral Agencies**

- Agencies like **World Bank and ADB** provide a **backstop for risk-sharing**, enabling NaBFID to support a larger volume of bonds at lower guarantee fees.
- This partnership encourages **corporate participation**, improving creditworthiness and reducing borrowing costs for infrastructure projects.

- **Strategic Significance**

- Strengthening the **corporate bond market** is crucial for **mobilizing private capital** for infrastructure.
- Supports India's goal of becoming a **\$30 trillion economy by 2047** by bridging the infrastructure financing gap.
- Enhances overall financial stability and investor confidence in the infrastructure sector.

- **Conclusion and UPSC Relevance**

- NaBFID's collaboration with multilateral agencies represents an innovative approach to **risk mitigation and infrastructure financing**.
 - Key terms for UPSC: **Partial Credit Enhancement (PCE), Infrastructure Financing Gap, Corporate Bonds, Credit Ratings, Multilateral Risk-Sharing Facility**.
 - Relevant for **GS Paper 3 (Indian Economy, Banking, Infrastructure Development), Finance Sector Reforms**, and current affairs on **public-private partnerships and multilateral financing**.
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