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VIDHVATH IAS KAS ACADEMY & **STUDY CENTRE**

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

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Table of Contents

1. India-New Zealand Free Trade Agreement (FTA): A Strategic Economic Milestone	2
2. Supreme Court Ruling on Non-Forestry Use of Forest Land	3
3. India–New Zealand FTA and Banking Sector Transformation	4
4. The Right to Disconnect Bill: Reimagining Digital Labour Jurisprudence	6
5. India’s Doping Crisis: Global Leader in Rule Violations	7
6. Air Pollution and the Constitutional Right to a Healthy Environment.....	9
7. India’s Infrastructure 2026: Transitioning from Spending to Systems.....	11
8. Aravalli Range Protection and Regulated Mining Framework.....	12
9. Macroeconomic Overhaul: India to Adopt New Base Year in 2026.....	14
10. Surge in Indian Bond Yields: Analyzing the Nine-Month High	15



1. India-New Zealand Free Trade Agreement (FTA): A Strategic Economic Milestone

- **Trade Liberalization:** The FTA aims to double bilateral trade to \$5 billion within five years, granting India tariff-free access to New Zealand's markets while reducing or removing tariffs on 95% of New Zealand's exports to India.
- **Investment Inflow:** The agreement is projected to attract \$20 billion in investments over a 15-year period, significantly boosting capital flow into the Indian economy.
- **Labor Mobility:** New Zealand has committed to a quota of 5,000 temporary employment visas annually for Indian skilled professionals, allowing stays of up to three years.
- **Protection of Sensitive Sectors:** India has strategically excluded sensitive agricultural and dairy products—including rice, wheat, dairy, onions, sugar, and edible oils—from the agreement to protect domestic farmers.
- **Rapid Negotiation Timeline:** Reflecting strong political will, the discussions were concluded in a record nine months, with the formal signing expected in the first half of 2026.

Key Definitions

- **Free Trade Agreement (FTA):** A pact between two or more nations to reduce barriers to imports and exports among them by eliminating tariffs, quotas, and preferences on most goods and services.
- **Tariff-Free Access:** A condition where goods can be exported to another country without being subject to customs duties, making them more competitive in the international market.

Easing access
The proposed deal will give duty-free access to a range of domestic goods and includes an FDI commitment of **\$20 billion over 15 years**

New Zealand to get

- Duty-free access to goods such as sheep meat, wool, coal and over **95%** of forestry and wood articles
- Duty concessions on items such as kiwi fruit, wine, seafood, cherries, avocados, persimmons, bulk infant formula, Manuka honey, and milk albumins
- No concessions in dairy sector

Indian professionals in skilled occupations to get temporary employment entry visa pathway and stay of up to **3 years**

Ties on track: Union Minister Piyush Goyal with New Zealand Minister Todd McClay in New Delhi on Monday, PTI

The deal is expected to be signed in the first half of 2026 and aims at doubling bilateral trade to **\$5 billion in five years**

- **Rules of Origin (RoO):** Criteria used to determine the national source of a product; essential in FTAs to ensure only goods produced in the partner countries benefit from tariff cuts.

Constitutional and Legal Provisions

- **Article 253:** Grants Parliament the power to make any law for the whole or any part of the territory of India for implementing any treaty, agreement, or convention with any other country.
- **Union List (Entry 14 & 41):** Under the Seventh Schedule, "Entering into treaties and agreements with foreign countries" and "Trade and commerce with foreign countries" fall under the exclusive jurisdiction of the Central Government.
- **Foreign Trade (Development and Regulation) Act, 1992:** The primary legal framework governing the export and import of goods and the formulation of India's Foreign Trade Policy (FTP).

Additional Strategic Keypoints

- **Geopolitical Alignment:** This FTA strengthens India's "Act East" policy and deepens engagement within the Indo-Pacific region, where New Zealand is a key partner.
- **Service Sector Synergy:** Beyond goods, the visa quota highlights the importance of the "Trade in Services" component, benefiting India's large pool of IT and healthcare professionals.
- **Diversification of Supply Chains:** The deal assists in de-risking supply chains by providing alternative markets for Indian MSMEs and industrial goods like textiles and pharmaceuticals.



Conclusion

The India-New Zealand FTA represents a balanced approach to trade diplomacy, prioritizing economic expansion and professional mobility while maintaining a "defensive interest" in the dairy and agricultural sectors. By securing \$20 billion in investment and 5,000 annual work visas, India has successfully leveraged its market size to gain substantial concessions in the services and capital sectors.

UPSC Relevance

- **General Studies II:** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests.
- **General Studies III:** Indian Economy and issues relating to planning, mobilization of resources, and effects of liberalization on the economy.
- **Prelims Focus:** Specifics of the FTA (visa quotas, investment targets), excluded sectors (Dairy/Agriculture), and the constitutional basis for treaty-making in India.

2. Supreme Court Ruling on Non-Forestry Use of Forest Land

- **Strict Prohibition on Non-Forestry Activities:** The Supreme Court reaffirmed that forest lands cannot be diverted for non-forestry purposes, specifically mentioning that agriculture and cultivation do not qualify as forestry activities.
- **Primacy of Central Government Approval:** Under Section 2 of the Forest (Conservation) Act, 1980, any de-reservation of forests or use of forest land for non-forest purposes requires the mandatory prior approval of the Central Government.
- **Upholding Statutory Provisions:** The Court held that granting permission for cultivation would necessitate clearing forests, which directly violates the "mandatory directions" established in previous landmark judicial precedents.
- **The "In the Teeth of" Doctrine:** The judgment emphasized that any local or cooperative claim to forest land for farming is "in the teeth of" (in direct opposition to) existing environmental conservation laws.
- **Case Specifics:** The ruling came while upholding the Karnataka government's appeal against a cooperative society seeking to extend a lease on 134 acres of forest land for collective farming.
- **Judicial Consistency:** The Bench noted that a "catena of decisions" (a series of related cases) has consistently prohibited the de-reservation of forest land to maintain ecological balance.



Key Definitions

- **Non-Forestry Purpose:** Any activity that involves the breaking up or clearing of forest land for purposes other than reforestation, such as agriculture, mining, or commercial construction.
- **De-reservation:** The legal process of changing the status of a "Reserved Forest" to a different land-use category, thereby stripping it of its protected status.



- **Catena of Decisions:** A legal term referring to a sequence or chain of judicial precedents that support a particular legal principle.

Constitutional and Legal Provisions

- **Article 48A (DPSP):** Mandates that the State shall endeavor to protect and improve the environment and to safeguard the forests and wildlife of the country.
- **Article 51A(g) (Fundamental Duties):** It is the duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers, and wildlife.
- **Forest (Conservation) Act, 1980 (Section 2):** Restricts the State Government from making any order regarding the use of forest land for non-forest purposes without prior Central concurrence.
- **The T.N. Godavarman Thirumulpad Case (1996):** The landmark SC judgment that expanded the definition of "forest" to include all areas that satisfy the dictionary meaning, regardless of ownership or classification.

Additional Strategic Keypoints

- **Ecological Security vs. Livelihood:** The ruling underscores that while cooperative farming is encouraged, it cannot come at the cost of the "Green Cover" which is essential for climate goals.
- **Federal Balance:** The judgment reinforces the Central Government's role as the final arbiter in forest conservation, limiting the discretionary powers of State governments to lease out forest lands.
- **Precedent for Pending Litigations:** This ruling sets a clear boundary for various "encroachment" cases across India where forest land is often claimed under the guise of agricultural necessity.

Conclusion

The Supreme Court's verdict acts as a **judicial bulwark against the fragmentation of forest ecosystems**. By strictly interpreting Section 2 of the Forest (Conservation) Act, the Court has prioritized long-term environmental sustainability over short-term agricultural expansion. This ensures that the statutory "prior approval" mechanism remains the primary safeguard against the unregulated diversion of India's shrinking forest cover.

UPSC Relevance

- **General Studies II:** Important Supreme Court judgments; Federal structure (Centre-State relations regarding environmental laws).
- **General Studies III:** Environment and Biodiversity; Conservation; Environmental Impact Assessment (EIA).
- **Prelims Focus:** Forest (Conservation) Act, 1980; Constitutional Articles 48A and 51A(g); and the definition of "non-forestry purpose."

3. India–New Zealand FTA and Banking Sector Transformation

- **Strategic Shift in Trade Policy:** The India–New Zealand FTA marks the seventh trade deal under the current administration, signaling a deliberate pivot toward deep economic partnerships with developed economies that offer complementary strengths.
- **Binding Investment Commitments:** Unlike traditional MoUs, this agreement includes a "binding" commitment from New Zealand to invest \$20 billion in FDI over 15 years, with specific "claw-back" provisions to revoke concessions if investment targets are not met.



- **Public Sector Bank (PSB) Competitiveness:** PSBs have undergone a structural transformation, now competing on equal footing with private and foreign banks, recording collective profits of approximately Rs 3 lakh crore last year.
- **MSME-Centric Credit Growth:** Financial inclusion schemes like MUDRA (where 70% of beneficiaries are women) and PM SVANidhi have institutionalized credit for small-scale entrepreneurs, moving them away from exploitative informal moneylenders.
- **Women-Led Diplomacy:** Highlighting a milestone in "Nari Shakti," the India–New Zealand FTA was negotiated almost entirely by a team of women officers, reflecting a shift in leadership roles within India's external economic affairs.
- **Economic Projection 2047:** The trade pact and banking reforms are positioned as pillars to transition India from a \$4 trillion economy to a \$30–35 trillion "Viktis Bharat" by 2047, representing an eight-fold growth trajectory.



Key Definitions

- **Binding Agreement:** A legal contract between nations where specific obligations (like investment targets) must be met, often carrying penalties or the withdrawal of benefits for non-compliance.
- **Claw-back Concessions:** A provision in trade deals that allows a country to cancel or take back the tax/tariff benefits it gave to a partner country if that partner fails to fulfill promised commitments.
- **National Treatment:** A principle of international law where a country treats foreign investors and local investors equally, ensuring no discrimination against foreign entities within the domestic market.

Constitutional and Legal Provisions

- **Article 246 (Union List):** The Central Government holds exclusive power over "Banking" (Entry 45) and "Trade and Commerce with foreign countries" (Entry 41), providing the legal basis for these reforms and treaties.
- **Article 298:** Grants the Union Government the power to carry on any trade or business and make contracts, essential for the operationalization of FTAs and the management of Public Sector Banks.
- **Banking Regulation (Amendment) Act, 2020:** Provides the legal framework for the professionalization of PSBs, enabling them to compete effectively with the private sector as mentioned by the Minister.

Additional Strategic Keypoints

- **Manufacturing Hub:** The FTA aims to use India as a manufacturing base for New Zealand to export to global markets, leveraging India's "Make in India" initiative.
- **Risk Mitigation:** The agreement protects "sensitive sectors" (dairy, agriculture, and fisheries) while gaining market access for services and high-tech manufacturing.
- **Financial Stability:** The MSME credit growth rate of 14% CAGR indicates a healthy expansion of the formal economy and a reduction in the "credit gap" for small businesses.



Conclusion

The India–New Zealand FTA represents a sophisticated evolution in India's trade diplomacy, moving from simple market access to enforceable investment-linked partnerships. Simultaneously, the strengthening of the banking sector ensures that the domestic MSME ecosystem is financially equipped to capitalize on these new international opportunities. Together, these developments create a synergistic path toward a \$35 trillion economy by 2047.

UPSC Relevance

- **General Studies II:** Bilateral agreements; Governance; Role of women in bureaucracy and international relations.
- **General Studies III:** Indian Economy (Banking sector reforms, MSME credit); Effects of liberalization on the economy; Investment models (FDI).
- **Prelims Focus:** Features of the India-NZ FTA (Binding FDI, 15-year timeline); Specifics of PM SVANidhi and MUDRA schemes; National Mathematics Day (Srinivasa Ramanujan).

4. The Right to Disconnect Bill: Reimagining Digital Labour Jurisprudence

- **Recognition of Digital Encroachment:** The Bill acknowledges that digital technologies have blurred the boundaries between professional and personal life, allowing work to extend beyond physical workspaces.
- **Core Proposal:** It grants employees the legal right to ignore work-related communication (calls, emails, texts) outside of prescribed working hours without facing disciplinary action.
- **Legislative Status:** Introduced as a Private Member's Bill, it serves as a critical entry point for a broader conversation on labour reforms, though such bills are rarely enacted into law.
- **The "Definition Gap":** A major critique is the Bill's failure to define what constitutes "work" in the digital economy; it regulates after-hours communication without clarifying if such engagement counts as "working time" or "overtime."
- **Conceptual Ambiguity:** Unlike the EU or France, where employer control is the litmus test for working time, the Indian Bill functions more as a "behavioral norm" rather than an enforceable labour standard integrated with the four new Labour Codes.
- **Constitutional Linkage:** While the Bill aligns with individual autonomy and the right to a dignified life, it lacks an explicit articulation of its constitutional lineage under Article 21.



Key Definitions

- **Right to Disconnect:** The right of an employee to disengage from work and not receive or answer any work-related electronic communications outside of their normal working hours.
- **Private Member's Bill:** A bill introduced in Parliament by any member who is not a Minister. They are typically discussed on Fridays.



- **Employer Control:** A legal parameter used in international jurisprudence (e.g., EU) where any time an employee is at the disposal of the employer and carrying out activities or duties is considered "working time."

Constitutional and Legal Provisions

- **Article 21:** The Right to Life and Personal Liberty. The Right to Disconnect is seen as an extension of the right to privacy, mental health, and autonomy within Article 21.
- **Article 42 (DPSP):** Mandates that the State shall make provision for securing just and humane conditions of work.
- **Occupational Safety, Health and Working Conditions (OSH) Code, 2020:** The primary code governing working hours and overtime in India; the Bill currently lacks synchronization with this Code.
- **Seventh Schedule:** "Labour" is a subject in the Concurrent List (Entry 22, 23, and 24), allowing both Centre and States to legislate on conditions of work and industrial disputes.

Additional Strategic Keypoints

- **International Comparison:** France (El Khomri Law) and Germany have integrated "availability periods" into collective bargaining, whereas the Indian Bill remains silent on whether the right can be modified via contract.
- **Impact on Productivity:** Proponents argue it prevents "burnout" and increases long-term productivity, while critics fear it may impact the flexibility required in globalized service industries (e.g., IT/BPO).
- **The "Always-On" Culture:** The Bill challenges the prevailing corporate culture in India where constant connectivity is often equated with professional commitment.

Conclusion

The Right to Disconnect Bill marks a pivotal moment in Indian labour law, forcing a shift from a "physical workspace" mindset to a "digital economy" reality. However, for the Bill to be effective, it must move beyond being a mere advisory guideline. It requires a rigorous legal definition of "working time" that accounts for digital availability and an explicit constitutional grounding to protect individual autonomy against the 24/7 demands of modern employment.

UPSC Relevance

- **General Studies II:** Important aspects of governance; Welfare schemes for vulnerable sections; Comparison of the Indian constitutional scheme with that of other countries.
- **General Studies III:** Indian Economy and issues relating to employment; Changes in industrial policy and their effects on industrial growth.
- **Prelims Focus:** Definition and procedure of a Private Member's Bill; Provisions of the 2020 Labour Codes; Fundamental Rights vs. DPSPs regarding labour.

5. India's Doping Crisis: Global Leader in Rule Violations

- **Consecutive Global Ranking:** India has topped the World Anti-Doping Agency (WADA) list for doping offenders for the third consecutive year (2022-2024), recording 260 "Adverse Analytical Findings" (AAFs) in 2024.



- **Highest Positivity Rate:** India reported a 3.6% positivity rate from 7,113 samples, the highest globally among nations conducting over 5,000 tests, significantly exceeding the global average where most nations stay below 1.75%.
- **Inefficiency in Detection vs. Volume:** Despite conducting triple the tests (24,000+), China reported only 43 violations (0.2% rate), suggesting that India's high numbers indicate systemic usage rather than just "better detection" as claimed by NADA.
- **Sport-Specific Vulnerability:** Strength and endurance sports dominate the violation list, with Athletics (76 cases), Weightlifting (43), and Wrestling (29) accounting for nearly 60% of India's total doping cases.
- **Impact on Global Ambitions:** The International Olympic Committee (IOC) has red-flagged these statistics as a major hurdle for India's credibility as it bids for the 2030 Commonwealth Games and the 2036 Olympic Games.
- **Grassroots Deterrence Gap:** Incidents of athletes fleeing venues upon the arrival of dope-testing officials highlight a deep-seated fear and a lack of "clean sport" culture at the collegiate and university levels.



Key Definitions

- **Adverse Analytical Finding (AAF):** A report from a WADA-accredited laboratory that identifies the presence of a prohibited substance or its metabolites in a sample.
- **National Anti-Doping Agency (NADA):** The national organization responsible for promoting, coordinating, and monitoring the doping control program in all sports in India.
- **Whereabouts Failure:** A violation occurring when an elite athlete fails to provide accurate information about their location for out-of-competition testing or misses a scheduled test thrice in 12 months.

Constitutional and Legal Provisions

- **National Anti-Doping (Amendment) Bill, 2025:** Recently passed to align Indian law with the World Anti-Doping Code; it provides NADA with operational independence and establishes a statutory framework for testing and adjudication.
- **UNESCO Convention against Doping in Sport:** India is a signatory to this international treaty, which provides the legal basis for the global fight against performance-enhancing drugs.
- **Seventh Schedule (Entry 33, State List):** While "Sports" is traditionally a State subject, the Union exercises control over anti-doping via international treaties (Article 253) and the "Education" entry in the Concurrent List.

Additional Strategic Keypoints

- **Socio-Economic Pressures:** The "win-at-all-costs" mentality is often driven by the desperation for government jobs and cash incentives reserved for medalists, leading athletes to take "chemical shortcuts."
- **Inadvertent Doping:** A significant portion of cases arises from a lack of awareness regarding "unregulated supplements" and the lack of scientific support staff for rural athletes.



- **Nari Shakti in Reform:** In a notable move, the government has increased female representation in anti-doping panels to ensure a more inclusive and empathetic approach to athlete education.

Conclusion

India's position at the top of the WADA doping list is a "hall of shame" that threatens its soft power and sporting aspirations. While the National Anti-Doping (Amendment) Bill, 2025 provides the necessary legal teeth, the solution lies in a cultural shift. Transitioning from a reactive enforcement model to a proactive, grassroots-level education system is essential to ensure that India's journey to the 2036 Olympics is built on the foundation of "Fair Play" rather than "Prohibited Substances."

UPSC Relevance

- **General Studies II:** Government policies and interventions for development in various sectors; Statutory, regulatory, and various quasi-judicial bodies (NADA).
- **General Studies III:** Issues related to health; Ethics in sports; Impact of global reports on national image.
- **Prelims Focus:** WADA vs. NADA; Provisions of the 2025 Amendment Bill; Major sports affected; UNESCO Convention on Doping.

6. Air Pollution and the Constitutional Right to a Healthy Environment

- **Health Impact of Particulate Matter:** Fine particulate matter (PM_{2.5} and PM₁₀) poses the gravest risk to human health, causing strokes, heart disease, and lung ailments. Diesel Particulate Matter (DPM), often smaller than 1 micron, is particularly lethal for children.
- **Evolution of GRAP:** The Commission for Air Quality Management (CAQM) has shifted the Graded Response Action Plan (GRAP) from a discretionary to a mandatory framework. Under Phases 3 and 4, closing schools and staggering public office timings in Delhi-NCR is now compulsory for state governments.
- **Judicial Expansion of Article 21:** While the original Constitution lacked environmental provisions, the Supreme Court (SC) in cases like *Maneka Gandhi (1978)* and *M.C. Mehta (1987)* interpreted the "Right to Life" to include the right to a clean and pollution-free environment.
- **Principle of Absolute Liability:** Unlike strict liability, which has exceptions, "Absolute Liability" (introduced in the *Oleum Gas Leak case*) imposes legal responsibility for damages caused by hazardous substances regardless of fault, ensuring higher corporate accountability during disasters.
- **Environmental Jurisprudence Tools:** The Indian judiciary employs the **Precautionary Principle** (acting before scientific certainty of harm), the **Polluter Pays Principle** (polluters bear management costs), and the **Public Trust Doctrine** (State as a trustee of natural resources).
- **Climate Change as a Human Right:** In the landmark *M.K. Ranjitsinh v. Union of India (2024)*, the SC recognized the right against the adverse effects of climate change as a fundamental right under Articles 14 (Equality) and 21 (Life).



Key Definitions

- **Particulate Matter (PM_{2.5}):** Fine inhalable particles with diameters that are generally 2.5 micrometers and smaller, capable of entering the bloodstream.



- **Public Trust Doctrine:** A legal principle establishing that certain resources (air, water, forests) are preserved for public use, and the government must protect them as a trustee rather than an owner.
- **Jus Publicum:** A Latin term meaning "Public Law" or public rights, referring to the government's right to manage property and resources for the collective benefit of the people.
- **Sustainable Development:** Development that meets the needs of the present without compromising the ability of future generations to meet their own needs, balancing ecology with economy.

Constitutional and Legal Provisions

- **Article 21:** Right to Life and Personal Liberty; judicially expanded to include the right to clean air and water.
- **Article 48A (DPSP):** Mandates the State to protect and improve the environment and safeguard forests and wildlife.
- **Article 51A (g) (Fundamental Duties):** Obligates every citizen to protect and improve the natural environment.
- **Articles 32 & 226:** Power of the SC and High Courts to issue writs; utilized through Public Interest Litigations (PILs) for environmental justice.
- **Environment (Protection) Act, 1986:** Provides the framework for the central government to coordinate activities of various authorities and establish standards for environmental quality.

Additional Strategic Keypoints

- **Hybrid Governance:** The shift toward hybrid schooling and work-from-home during peak pollution periods reflects the growing "climate adaptation" strategies in urban governance.
- **Institutional Role of CAQM:** The Commission for Air Quality Management acts as a statutory body with overarching powers over state governments in the NCR to ensure a unified response to stubble burning and industrial emissions.
- **Absolute vs. Strict Liability:** For UPSC, understanding the shift from the British "Strict Liability" (Rylands v. Fletcher) to India's "Absolute Liability" is crucial for questions on industrial disasters.

Conclusion

The perennial air quality crisis in Delhi-NCR highlights a gap between judicial recognition and executive implementation. While the Supreme Court has successfully elevated environmental protection to a fundamental right, the current reliance on "literal interpretation" of Article 21 suggests a need for an express Constitutional Amendment. Formalizing the "Right to a Clean Environment" would create a direct statutory obligation, moving beyond reactive measures like GRAP toward a proactive welfare-state model.

UPSC Relevance

- **General Studies II:** Constitution, Governance, and Social Justice; Judicial activism and PILs; Statutory and regulatory bodies (CAQM).
- **General Studies III:** Environment (Pollution, Climate Change); Disaster Management (Liability principles); Science & Technology (PM_{2.5} impacts).
- **Prelims Focus:** Differences between PM_{2.5} and PM₁₀; Constitutional Articles (48A, 51A, 21); Important SC judgments; GRAP stages.



7. India's Infrastructure 2026: Transitioning from Spending to Systems

- **Strategic Shift in Approach:** India is moving from a "spending-led" model to a "systems-driven" strategy. The focus has pivoted from merely increasing capital outlays to emphasizing regulatory streamlining, timely execution, and project outcomes.
- **Capital Expenditure (Capex) Momentum:** Central capex has grown more than threefold since FY21, reaching an estimated 11.1 trillion in FY25. For 2026, the priority shifts toward "efficiency of capital" and private sector participation as fiscal consolidation becomes a government priority.
- **Highway Sector & BOT Revival:** The National Highways Authority of India (NHAI) is reviving the Build-Operate-Transfer (BOT) model with a revised Model Concession Agreement (MCA). This includes 53 projects worth 2.1 trillion designed with enhanced investor protection and buyback provisions to attract private capital.
- **Asset Monetization via InvITs:** Under the National Monetization Pipeline (NMP), operational assets are being recycled through Infrastructure Investment Trusts (InvITs) and Toll-Operate-Transfer (TOT) bundles. Improved Fastag data has enhanced traffic predictability, attracting global sovereign and pension funds.
- **Railway Freight Revolution:** With annual allocations exceeding 2.5 trillion, the focus is on the Dedicated Freight Corridors (DFCs) and the Gati Shakti Cargo Terminal (GCT) program. The goal is to increase rail's share in freight from 27% to 40% through private participation on railway land.
- **Core Sector Resilience:** Despite global headwinds, eight core industries (accounting for 40% of industrial output) showed recovery in late 2025, led by cement (14.5% growth) and steel, indicating robust demand for construction materials.



Key Definitions

- **Capital Expenditure (Capex):** Funds used by the government to acquire, upgrade, and maintain physical assets such as roads, bridges, and railways, which create long-term economic value.
- **Build-Operate-Transfer (BOT):** A project delivery model where a private entity receives a concession from the public sector to finance, design, construct, and operate a facility for a period, after which ownership is transferred back to the government.
- **InvITs (Infrastructure Investment Trusts):** Collective investment vehicles (similar to Mutual Funds) that allow individual and institutional investors to invest in infrastructure projects to earn a portion of the income (like toll) as returns.
- **Asset Monetization:** The process of creating new sources of revenue by unlocking the economic value of unutilized or underutilized public assets (like brownfield projects) without selling them off.

Constitutional and Legal Provisions

- **Seventh Schedule (Distribution of Powers):** "Railways" and "National Highways" fall under the **Union List** (Entries 22 & 23), while "Roads, bridges, and ferries" other than National Highways fall under the **State List** (Entry 13).
- **Article 266:** Deals with the Consolidated Fund of India, from which capital expenditure for mega-projects is appropriated via the Annual Financial Statement (Budget).



- **PM Gati Shakti National Master Plan:** A transformative approach for integrated planning and synchronized implementation of multimodal connectivity, breaking departmental silos.
- **National Anti-Doping (Amendment) Bill / Regulatory Streamlining:** While specific to sports, the broader legislative trend shows a move toward aligning Indian regulatory standards with global benchmarks to attract foreign infrastructure investment.

Additional Strategic Keypoints

- **Corridor-Based Planning:** Moving away from isolated projects toward integrated economic corridors that link production centers with ports and consumer hubs to reduce logistics costs (currently around 14% of GDP).
- **Logistics Efficiency:** The Western and Eastern DFCs have doubled freight speeds, a critical component in making "Make in India" globally competitive by reducing transit times.
- **The Green Transition:** 2026 will likely see infrastructure projects incorporating "Green Clauses," focusing on sustainable materials in road construction and renewable energy integration in railway stations.

Conclusion

As India enters 2026, the infrastructure narrative is maturing from "building capacity" to "ensuring productivity." By leveraging private investment through revised BOT models and recycling assets via InvITs, the government aims to sustain high growth while maintaining fiscal discipline. The success of this transition depends on the seamless integration of the Gati Shakti framework and the ability to attract long-term global capital into the core sectors.

UPSC Relevance

- **General Studies II:** Statutory, regulatory, and various quasi-judicial bodies; Government policies and interventions for development.
- **General Studies III:** Infrastructure: Energy, Ports, Roads, Airports, Railways etc.; Investment models (BOT, PPP, InvITs); Industrial growth and Core Industries.
- **Prelims Focus:** Eight Core Industries index; Components of PM Gati Shakti; National Monetization Pipeline targets; Difference between BOT and EPC models.

8. Aravalli Range Protection and Regulated Mining Framework

- **Government Stance on Ecological Threat:** The Union Environment Ministry has officially stated that there is no imminent ecological threat to the Aravalli Range, countering recent public and judicial concerns regarding large-scale degradation.
- **Moratorium on New Mining Licenses:** The Centre has committed to a temporary freeze on issuing new mining licenses in the region until a comprehensive sustainability study is completed to assess the "carrying capacity" of the ecosystem.
- **Strict Regulatory Oversight:** Future mining operations are set to be "tightly regulated," moving away from discretionary approvals to a framework based on rigorous environmental scrutiny and scientific data.
- **Afforestation-Led Approach:** The government's conservation strategy for the Aravallis primarily rests on extensive afforestation drives and the restoration of degraded forest patches to act as a "green wall" against desertification.



- **Protection of the "Green Lung":** The Ministry emphasized the role of the Aravallis as a crucial carbon sink and a barrier protecting the National Capital Region (NCR) from the expanding Thar Desert.
- **Balance of Development and Ecology:** The Centre aims to harmonize the economic necessity of mineral extraction (essential for construction in NCR) with the mandatory requirements of environmental preservation.

Key Definitions

- **Carry Capacity:** The maximum level of resource extraction and human activity that an ecosystem can sustain without undergoing permanent functional damage or collapse.
- **Sustainability Study:** A scientific assessment conducted to evaluate the long-term impact of industrial or mining activities on local biodiversity, water tables, and soil health.
- **Green Wall of India:** A proposed 1,400km long and 5km wide green belt along the Aravalli range from Gujarat to Delhi to prevent the eastward expansion of the Thar Desert.

Constitutional and Legal Provisions

- **Article 48A:** Directs the State to protect and improve the environment and to safeguard the forests and wildlife of the country.
- **Article 51A (g):** Establishes a fundamental duty for citizens to protect and improve the natural environment including forests, lakes, rivers, and wildlife.
- **Environment (Protection) Act, 1986:** Empowers the Centre to restrict areas in which any industries, operations, or processes shall not be carried out or shall be carried out subject to certain safeguards.
- **Mines and Minerals (Development and Regulation) Act, 1957:** The primary law governing the mining sector, which includes provisions for environmental conservation and the "District Mineral Foundation" (DMF) for local area development.
- **Supreme Court Precedents:** The *M.C. Mehta v. Union of India (2004)* case, where the SC banned mining in the Aravallis in Haryana to protect the ecology.

Additional Strategic Keypoints

- **Barrier Against Desertification:** The Aravallis act as a natural physical barrier that prevents wind-blown sand from the Thar Desert from reaching the fertile plains of North India.
- **Groundwater Recharge:** The range serves as a critical catchment area and a groundwater recharge zone for the water-stressed regions of Delhi, Rajasthan, and Haryana.
- **Biodiversity Hotspot:** Despite being semi-arid, the Aravallis host diverse flora and fauna, including leopards, striped hyenas, and several species of migratory birds, which are at risk from habitat fragmentation.

Conclusion

The Centre's assurance regarding the Aravallis reflects a shift toward "evidence-based policy" where scientific sustainability studies precede industrial expansion. While the focus on afforestation is a positive step, the ecological integrity of the Aravallis depends on the transparent implementation of mining regulations and the prevention of illegal encroachments. Protecting this ancient mountain range is not just a regional concern but a national priority for climate resilience in North India.



UPSC Relevance

- **General Studies I:** Physical geography of India (Aravallis as an ancient fold mountain system); Distribution of key natural resources.
- **General Studies II:** Government policies and interventions for development; Role of the Judiciary in environmental protection.
- **General Studies III:** Conservation, environmental pollution, and degradation; Environmental Impact Assessment (EIA); Mining vs. Ecology.
- **Prelims Focus:** Geological age of Aravallis; States covered by the range; Provisions of the MMDR Act; Concept of the "Great Green Wall of India."

9. Macroeconomic Overhaul: India to Adopt New Base Year in 2026

- **Strategic Re-basing:** The Ministry of Statistics and Programme Implementation (MoSPI) will launch a new series of macroeconomic data with updated base years for GDP, CPI, and IIP in 2026. This shift aims to better reflect structural changes in the Indian economy, such as the digital revolution and evolving consumption patterns.
- **New Base Year Timelines:** The Consumer Price Index (CPI) will adopt **2024** as its new base year, with the first data release scheduled for **February 12, 2026**. National Accounts (GDP) and the Index of Industrial Production (IIP) will transition to **2022-23** as the base year, with releases on **February 27** and **May 28, 2026**, respectively.
- **Methodological Improvements:** The revision will incorporate real-time data from the Goods and Services Tax Network (GSTN) and findings from the Annual Survey of Unincorporated Sector Enterprises (ASUSE). This is expected to significantly improve the measurement of the vast informal sector and state-level economic growth.
- **Adoption of Double Deflation:** A major technical shift includes the proposed adoption of "double deflation"—separately deflating output and input costs. This alignment with IMF standards provides a more accurate measure of real value-added, especially in manufacturing and services.
- **Consultative Framework:** MoSPI is conducting nationwide consultative workshops involving economists and financial experts to ensure the new methodology is robust, transparent, and globally credible, avoiding the controversies that surrounded the 2015 base year revision.
- **Comprehensive Coverage:** The overhaul includes developing "satellite accounts" for the digital economy, tourism, and culture, and expanding CPI coverage to include e-commerce pricing and more diverse urban-rural markets.



Key Definitions

- **Base Year:** A specific reference year used as a benchmark for measuring real growth by keeping prices constant, thereby removing the effects of inflation.
- **Consumer Price Index (CPI):** A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is the primary tool used by the RBI for inflation targeting.



- **Double Deflation:** A statistical method where nominal gross output and intermediate inputs are deflated separately by their own price indices to arrive at real Gross Value Added (GVA).
- **System of National Accounts (SNA):** An international standard set of recommendations on how to compile measures of economic activity; the 2026 revision aligns India with the evolving global SNA 2025 standards.

Constitutional and Legal Provisions

- **Article 246 (Union List):** "Census" (Entry 69) and "Inquiries, surveys and statistics for the purpose of any of the matters in this list" (Entry 94) provide the Union government the authority to compile national statistics.
- **Collection of Statistics Act, 2008:** The primary legal framework that empowers the government to conduct surveys and collect data for socio-economic planning.
- **National Statistical Commission (NSC) Recommendations:** The periodic rebasing (ideally every 5 years) is a mandate derived from the recommendations of the NSC to maintain data integrity.

Additional Strategic Keypoints

- **Capturing the "New Economy":** The current 2011-12 base year fails to account for gig work, UPI transactions, and app-based services; the 2022-23 base will bridge this "data-reality gap."
- **Impact on Fiscal Metrics:** Re-basing often results in a slight revision of the total GDP size. This can statistically alter the **Fiscal Deficit-to-GDP ratio** and **Debt-to-GDP ratio**, impacting sovereign credit ratings.
- **Back-Series Data:** MoSPI has committed to releasing "back-series" data (historical data recalculated with the new base) to ensure long-term economic trends remain comparable and scientifically valid.

Conclusion

The 2026 rebasing exercise is a critical step in modernizing India's statistical architecture. By moving the benchmark from 2011-12 to more recent years (2022-23 and 2024), the government is ensuring that policymakers have a realistic view of the post-pandemic economy. While the technical shift to double deflation and GST-linked data will improve accuracy, maintaining transparency during the "back-series" release will be vital for sustaining global investor confidence in India's growth narrative.

UPSC Relevance

- **General Studies II:** Statutory, regulatory, and various quasi-judicial bodies (MoSPI, NSC); Government policies and interventions for development.
- **General Studies III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Inclusive growth and issues arising from it.
- **Prelims Focus:** Differences between Real vs. Nominal GDP; Components of CPI vs. WPI; Organizations involved (CSO, NSSO, MoSPI); Meaning of "Base Year Effect."

10. Surge in Indian Bond Yields: Analyzing the Nine-Month High

- **Market Peak:** Indian 10-year government bond yields surged to **6.68%–6.70%** in late December 2025, the highest level since March 2025. This rise occurred despite a 25-basis-point repo rate cut by the RBI earlier in the month, signaling a "yield-rate divergence."



- **MPC Minutes & Rate Disappointment:** The release of the Monetary Policy Committee (MPC) minutes suggested that while inflation remains benign (projected at 2% for FY26), the RBI may be reaching the end of its rate-cutting cycle. This "hawkish tilt" in expectations led traders to pare back bets on future easing.
- **State Development Loan (SDL) Pressure:** Sentiment was severely dampened by a sudden spike in the supply of provincial debt. State governments announced sales worth ₹33,220 crore, significantly exceeding the planned calendar. Projections suggest state issuances could hit ₹4.5–5 trillion in the upcoming quarter.
- **Liquidity Constraints:** Tight banking system liquidity—driven by year-end advanced tax outflows and RBI's dollar sales to stabilize the Rupee—has pushed up borrowing costs. While the RBI injected ₹1 trillion through bond purchases (OMOs), the market viewed these as insufficient.
- **Secondary Market Triggers:** The breach of the 6.62% technical threshold triggered "stop-loss" selling (automated sales to prevent further loss), which exacerbated the yield climb in a low-volume holiday trading environment.
- **Global Headwinds:** Uncertainty regarding U.S. trade policies and potential tariffs under the incoming administration has led to foreign institutional investor (FII) outflows, further reducing demand for Indian sovereign debt.

Key Definitions

- **Bond Yield:** The annualized return an investor realizes on a bond. Yields move inversely to bond prices; when demand falls, prices drop and yields rise.
- **Stop-loss Trigger:** A predetermined price level at which an investor sells an asset to limit potential losses; in bond markets, a sudden yield spike often forces institutional selling.
- **Basis Points (bps):** A standard unit of measure for interest rates and other percentages in finance. $100 \text{ bps} = 1\%$.
- **Open Market Operations (OMO):** The buying and selling of government securities by the central bank to regulate the money supply and liquidity in the banking system.

Constitutional and Legal Provisions

- **Article 292:** Authorizes the Union Government to borrow upon the security of the Consolidated Fund of India within limits set by Parliament.
- **Article 293:** Empowers State Governments to borrow within India upon the security of the Consolidated Fund of the State. States require the Centre's consent to borrow if they have outstanding central loans.
- **FRBM Act, 2003:** The Fiscal Responsibility and Budget Management Act sets targets for the government to reduce fiscal deficits, which directly impacts the volume of bond issuance and market yields.
- **RBI Act, 1934:** Grants the Reserve Bank the mandate to manage the public debt of both the Union and the States.

Additional Strategic Keypoints

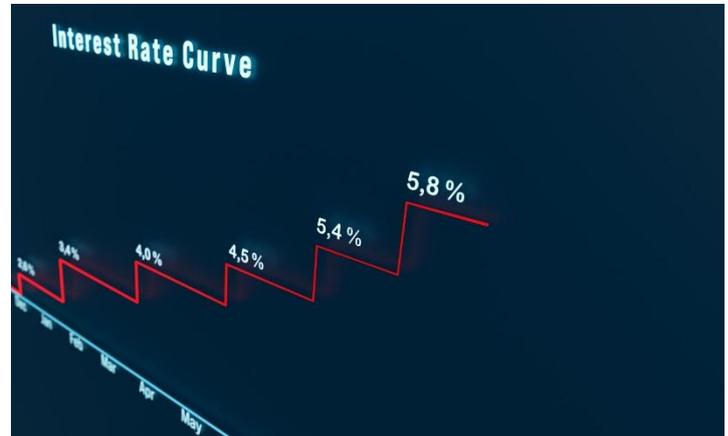
- **Crowding Out Effect:** The heavy supply of state and central bonds can "crowd out" private borrowers by consuming available credit, potentially raising interest rates for the corporate sector.



- **Yield Curve Dynamics:** The current surge is flattening the yield curve, reflecting a market that is skeptical about long-term growth sustaining at high levels if borrowing costs remain elevated.
- **Monetary Policy Transmission:** Rising yields despite a repo rate cut indicate a "clog" in transmission, where the benefits of lower policy rates are not reaching the broader economy due to market-side supply pressures.

Conclusion

The current spike in yields highlights a critical challenge for the RBI: balancing liquidity support with the need to maintain currency stability. While the 2025 rate-cut cycle provided relief, the "supply shock" from state borrowings and global volatility has neutralized these gains. For the bond market to stabilize in 2026, a more predictable state borrowing calendar and sustained RBI intervention through OMOs will be essential to prevent high borrowing costs from dampening India's 7.3% GDP growth momentum.



UPSC Relevance

- **General Studies II:** Statutory bodies (RBI and the MPC); Federalism (State vs. Central borrowing powers under Art 292/293).
- **General Studies III:** Indian Economy (Banking and Monetary Policy); Capital Markets (Debt market dynamics); Government Budgeting (Fiscal deficit and borrowing).
- **Prelims Focus:** Relationship between inflation and bond yields; Meaning of "Neutral Stance"; Difference between SDLs and G-Secs; Impact of RBI's dollar sales on domestic liquidity.