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**VIDHVATH IAS KAS ACADEMY**  
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**STUDY CENTRE**

# DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

**DATE: 29/11/2025 (SATURDAY)**



 **9972258970 & 9740702455**

**#317/A SKB Arcade, D. Subbaiah Road,  
Ramaswamy Circle, Mysuru-570004**



## **Table of Contents**

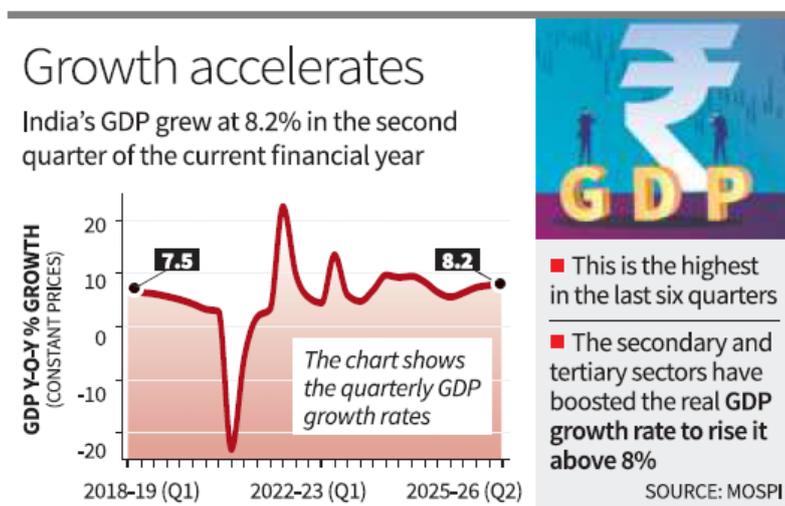
1. India's Q2 FY26 GDP Growth @ 8.2% .....	2
2. Cyclone Ditwah Devastates Sri Lanka .....	3
3. Putin's Scheduled Visit to India .....	4
4. India's FY26 Growth Outlook.....	6
5. RBI Repeals 9,400 Circulars .....	7
6. India-US Reciprocal Tariff Pact Likely by December .....	9
7. Russian Oil Imports to India Expected to Halve in December .....	10
8. Fiscal Deficit Widens on Higher Capex and Lower Tax Revenues .....	12
9. Kerala's Population Projected to Grow Till 2041 and Decline Thereafter.....	13
10. Assam: Seven More Communities Seek Inclusion in Central OBC List .....	15
11. NISAR Earth Observation Satellite Enters Final Science Phase.....	16
12. India's Disaster Response Financing and Federalism .....	18



## 1. India's Q2 FY26 GDP Growth @ 8.2%

### 1. Key Highlights

- **GDP Growth:** India's GDP grew **8.2%** in Q2 FY26 (July–September) — the **highest in six quarters**, exceeding both **Q2 FY25 (5.6%)** and **Q1 FY26 (7.8%)**.
- **Sectoral Drivers:** Manufacturing and services were the primary contributors, indicating robust real economic activity.
- **H1 FY26 Momentum:** Average growth during H1 FY26 stood at **8%**, showing sustained economic strength despite global headwinds.
- **Nominal vs Real Growth:** Nominal GDP growth was only **8.7%**, reflecting a **low GDP deflator** and weak price-led activity.
- **Fiscal Implications:** Lower nominal GDP complicates fiscal management and makes the **fiscal deficit target of 4.4%** (based on expected 10.1% nominal growth) harder to achieve.
- **Political Context:** The release coincided with the IMF rating India's national statistics with a **'C' grade** for transparency and methodology — unchanged from last year.



### 2. Key Concepts & Definitions

- **GDP (Gross Domestic Product):** Total value of goods and services produced within a country in a specific time.
- **Real GDP:** GDP adjusted for inflation; reflects actual output.
- **Nominal GDP:** GDP at current market prices; reflects both price and quantity changes.
- **GDP Deflator:** Ratio of nominal to real GDP; measures overall economy-wide inflation.
- **Fiscal Deficit:** Gap between government expenditure and revenue, expressed as % of GDP.

### 3. Constitutional & Legal Context

- **Article 112 (Budget):** GDP projections form the foundation of revenue and expenditure estimates.
- **Article 280 (Finance Commission):** Relies on credible GDP data for devolution and grants.
- **FRBM Act, 2003:** Mandates fiscal consolidation; lower nominal GDP can distort deficit ratios.
- **MoSPI's Role:** Legally responsible for compiling national accounts as per National Statistical Commission norms.

### 4. Additional Analytical Points (UPSC-Oriented)

- **Growth Dynamics:** Strong real GDP with weak nominal growth implies output recovery without significant inflation, partly due to stable global commodity prices.



- **Manufacturing Boost:** Supported by PLI schemes, logistics improvements, and export facilitation.
- **Services Expansion:** Driven by digital services, financial sector strength, and domestic demand resilience.
- **IMF Rating:** The 'C' grade relates mainly to **data transparency and methodology**, not strictly to accuracy.
- **Taxation Impact:** Lower nominal GDP may constrain tax revenues since taxes are levied on nominal values.

## 5. Conclusion

India's Q2 FY26 performance highlights **solid real economic expansion** backed by manufacturing and services. However, the **low nominal GDP** signals weak price traction and raises valid concerns about achieving fiscal consolidation targets. Amid ongoing debate about data credibility, the macroeconomic picture suggests a **resilient yet cautiously balanced recovery**.

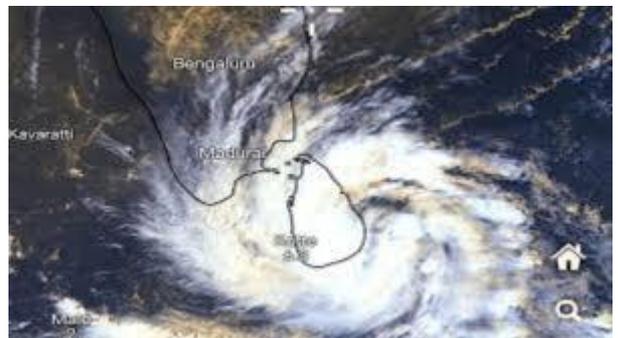
## 6. UPSC Relevance

- **GS Paper III:** Growth trends, fiscal policy, national income accounting, government budgeting.
- **Prelims:** Key economic terms, GDP data, deflator, fiscal deficit.
- **Mains:** Analytical insights into growth vs nominal trends, credibility of national statistics.
- **Essay:** India's growth trajectory, challenges in fiscal consolidation.
- **Linkages:** FRBM Act, IMF assessments, national statistics system.

## 2. Cyclone Ditwah Devastates Sri Lanka

### 1. Key Highlights

- Nearly **100 people dead** and dozens missing as Cyclone Ditwah unleashes torrential rains and floods; **20 of Sri Lanka's 25 districts** severely affected.
- Over **60,000 families (2 lakh people)** impacted under a nationwide **red alert**, with major damage in **Ampara, Batticaloa, Trincomalee**, and Central Province (Kandy, Nuwara Eliya).
- Cyclone moving **north/northwest toward Tamil Nadu**, raising concerns for India's coastal preparedness.
- **Hill-country and estate-worker communities** hit hardest due to isolation, poor infrastructure, and persistent socioeconomic vulnerabilities.
- Severe **flooding and road blockages** hamper rescue efforts, highlighting gaps in infrastructure resilience.
- Sri Lankan President urges MPs to coordinate **relief distribution** and ensure public safety amid worsening conditions.



### 2. Key Definitions

- **Cyclone:** A rotating low-pressure weather system causing heavy winds and rainfall, common in the Indian Ocean region.



- **Red Alert:** Highest emergency warning issued when a severe threat to life and property is imminent.
- **Disaster Management:** Organized approach to prepare for, respond to, and recover from disasters, aiming to reduce loss of life and property.

### 3. Constitutional & Legal Provisions (India Context)

- **Article 355:** Duty of the Union to protect states from threats, relevant in cross-border natural disaster spillover.
- **Article 51(c) – DPSP:** Encourages international cooperation; applicable for India–Sri Lanka coordination in disaster relief.
- **Disaster Management Act, 2005:** Governs India’s disaster response through NDMA, NDRF, and state agencies, especially relevant as the cyclone approaches Indian territory.
- **IMD Mandate:** IMD is the designated Regional Specialized Meteorological Centre for cyclones in the North Indian Ocean, responsible for issuing forecasts and warnings.

### 4. Additional Key Points (UPSC-Oriented)

- Highlights increasing **climate-change-induced extreme weather** events in the Indian Ocean.
- Reflects vulnerability of **small island developing states (SIDS)** and marginalized groups like estate workers.
- Reinforces the need for regional frameworks (SAARC, BIMSTEC) for **early warning, climate adaptation, and disaster coordination**.
- Relevant to issues of **climate justice**, as poorer communities bear the brunt of environmental crises.

### 5. Conclusion

Cyclone Dityah’s widespread destruction illustrates the growing intensity of climate-driven disasters in South Asia. The humanitarian crisis in Sri Lanka highlights gaps in preparedness and emphasizes the importance of resilient infrastructure and regional cooperation as the cyclone edges toward India.

### 6. UPSC Relevance

- **GS I:** Climate change, natural disasters, Indian Ocean geography.
- **GS II:** India–Sri Lanka relations, international cooperation, welfare of Indian-origin communities abroad.
- **GS III:** Disaster Management Act, NDMA/NDRF, environmental vulnerability, climate adaptation.
- **Essay:** Climate resilience, regional solidarity, social vulnerability during disasters.

## 3. Putin’s Scheduled Visit to India

### 1. Key Highlights

- Russian President **Vladimir Putin** will visit India on **December 4** for the **23rd India–Russia Annual Summit**, meeting Prime Minister Narendra Modi and President Droupadi Murmu.
- Visit aims to review progress in the “**Special and Privileged Strategic Partnership**”, set future directions, and discuss major **regional and global issues**.



- India–Russia ties have undergone a shift since Russia’s **Special Military Operation in Ukraine (2022)** and subsequent Western sanctions, leading to a **sharp rise in Russian energy imports** by India.
- India is likely to push for reducing the **trade deficit**, which has widened due to heavy crude oil imports from Russia.
- Key cooperation areas expected: **civil nuclear energy**, defence, technology, space, and broader economic engagement.
- Russia sees the visit as strategically significant for reviewing the full spectrum of ties amid changing global geopolitics.

## 2. Key Definitions

- **Special and Privileged Strategic Partnership:** Highest level of bilateral engagement India maintains with any country, signifying deep, multidimensional, long-term cooperation.
- **Annual Summit Mechanism:** Institutionalized yearly meeting between the heads of government to maintain strategic momentum and review progress.
- **Trade Deficit:** When a country’s imports exceed its exports, causing an imbalance in bilateral trade.

## 3. Constitutional & Legal Provisions (India Context)

- **Article 73 & 246 (Union Powers):** Foreign affairs and international relations fall exclusively under the Union government.
- **Article 51 (Directive Principles):** Promotes international peace, security, and cooperation—relevant to India’s stance on Ukraine conflict.
- **Atomic Energy Act, 1962:** Governs cooperation in civil nuclear energy, a key area of India–Russia collaboration (e.g., Kudankulam Nuclear Power Plant).
- **Foreign Trade (Development and Regulation) Act, 1992:** Guides India’s external trade policy, including energy imports from Russia.

## 4. Additional Key Points (UPSC-Oriented)

- Russia remains a **key defence partner** despite increasing India–U.S. strategic proximity; India continues to follow a balanced foreign policy.
- India’s consistent stance on Ukraine: **advocating dialogue and diplomacy**, reflected in PM Modi’s statement “this is not the time for war.”
- Energy ties have become central: Russia emerged as one of India’s **top crude oil suppliers** post-2022 due to discounted prices.
- Geopolitically, the visit holds significance for India’s role in a **multipolar world**, BRICS, SCO, and Eurasian stability.
- Discussions likely on payment issues, rupee–ruble mechanisms, and diversification of economic engagement beyond energy.

## 5. Conclusion

President Putin’s visit comes at a critical juncture in global politics, offering India and Russia an opportunity to reassess strategic priorities, manage economic imbalances, and strengthen cooperation in defence, nuclear



energy, and technology. The summit reinforces the continuity of a long-standing partnership amidst shifting geopolitical alignments.

## 6. UPSC Relevance

- **GS II:** International Relations, India–Russia ties, India–U.S. relations, global geopolitics (Ukraine conflict, sanctions).
- **GS III:** Energy security, nuclear energy cooperation, trade policy.
- **Essay:** Multipolar world order, balancing great-power relations, strategic autonomy in foreign policy.
- **Prelims:** Key terms (strategic partnership, trade deficit), major defence and nuclear collaborations.

## 4. India's FY26 Growth Outlook

### 1. Key Highlights

- Chief Economic Adviser **V. Anantha Nageswaran** announced that India's economy is likely to grow **7% or more in FY26**, upgraded from the **Economic Survey's 6.3–6.8%** projection.
- Strong performance driven by **8% GDP growth in H1 FY26**, including **8.2% in Q2** and **7.8% in Q1**, exceeding most optimistic estimates.
- Growth supported by structural reforms, **direct tax relief (Feb 2024 Budget)**, and **employment-linked incentive schemes (July 2024 Budget)**, alongside sustained **public capex** and **stable inflation**.
- India continues to **outperform major economies** like China (4.8%) and Indonesia (5%) despite global slowdown, tariffs, and trade uncertainties.
- Risks include global stock market volatility, tariff-related export impacts, and external demand weakness, though domestic fundamentals remain strong.
- Consumption remains resilient, reflected in **9% GST collection growth (Apr–Oct 2025)**, healthy corporate balance sheets, and stable core inflation.



### 2. Key Definitions

- **GDP (Gross Domestic Product):** Total value of goods and services produced within a country in a specific period.
- **Real GDP:** Inflation-adjusted GDP reflecting true output growth.
- **Structural Reforms:** Long-term policy changes aimed at improving productivity (e.g., tax reforms, labor laws, PLI/employment-linked schemes).
- **Public Capital Expenditure (Capex):** Government investment in infrastructure, a major driver of recent growth.
- **Core Inflation:** Inflation excluding food and fuel, indicating underlying price trends.

### 3. Constitutional & Legal Provisions (India Context)

- **Article 112:** Budget preparation relies on GDP estimates for revenue and expenditure planning.



- **FRBM Act, 2003:** Ensures fiscal prudence; higher-than-expected GDP growth eases deficit management.
- **Article 280:** Finance Commission uses GDP trends to recommend tax devolution.
- **Goods and Services Tax (GST) Acts, 2017:** Directly linked to consumption and compliance trends highlighted in growth assessment.

#### 4. Additional Key Points (UPSC-Oriented)

- Growth is anchored in **macroeconomic stability, financial stability, and fiscal prudence**, according to CEA.
- Improved **price dynamics and tax reforms** expected to boost household disposable incomes, strengthening near-term consumption.
- Healthy corporate balance sheets and improving investment climate expected to drive **private sector investment in H2 FY26**.
- India remains a major global consumption market, supporting international trade flows despite protectionist tendencies like U.S. tariffs.
- Benign food inflation outlook supported by **timely Rabi sowing**, healthy reservoir levels, and stable supply conditions.

#### 5. Conclusion

India's FY26 growth trajectory reflects strong domestic fundamentals, structural reforms, and robust consumption, positioning the economy to achieve **7%+ growth** despite global uncertainties. Stable inflation, resilient revenue collections, and steady public and private investment reinforce confidence in sustained economic expansion.

#### 6. UPSC Relevance

- **GS III:** Economic growth trends, national income, inflation, fiscal policy, structural reforms, GST, public investment.
- **GS II:** Government policies, economic governance, Centre–State fiscal relations (Finance Commission).
- **Prelims:** GDP concepts, inflation types, FRBM Act, GST-related facts.
- **Mains/Essay:** India's growth model, reform momentum, domestic drivers vs global headwinds, macroeconomic stability.

### 5. RBI Repeals 9,400 Circulars

#### 1. Key Highlights

- The **Reserve Bank of India (RBI)** has replaced **over 9,400 old circulars and guidelines** with **244 consolidated Master Directions**, aimed at simplifying regulatory compliance.
- The exercise, completed over **five to six months**, removes outdated, repetitive, and overlapping instructions that had accumulated over decades.
- The consolidation will enhance **clarity, transparency, and ease of compliance** for banks, NBFCs, and other regulated entities.



- This move aligns with the government's broader regulatory reforms such as **ease of doing business**, reduction of regulatory burden, and modernization of financial governance.
- Master Directions now serve as **single-point reference documents** for each regulatory subject, improving supervision and reducing interpretational gaps.
- Initiative strengthens **regulatory efficiency**, promotes standardization, and enhances accountability of financial institutions.

### RBI repeals 9,400 old circulars to facilitate compliance

Mumbai: The Reserve Bank of India unveiled 244 consolidated master directions on Friday, replacing more than 9,400 circulars and guidelines that had accumulated over several decades, as per a statement. This move aims to reduce redundancy and facilitate compliance. The RBI said the exercise took five to six months to complete. **SUBHANA SHAIKH**



## 2. Key Definitions

- **Circular:** An official communication from RBI providing instructions, rules, or clarifications to regulated entities.
- **Master Directions:** Consolidated, updated regulatory frameworks that bring all relevant rules on a particular subject under one document.
- **Regulatory Compliance:** Adherence to laws, rules, and guidelines set by regulatory authorities.

## 3. Constitutional & Legal Provisions (India Context)

- **RBI Act, 1934:** Empowers the RBI to issue directions, regulations, and circulars to maintain monetary and financial stability.
- **Banking Regulation Act, 1949:** Enables RBI to regulate and supervise banking companies, under which many circulars were originally issued.
- **Article 246 & Seventh Schedule:** Places banking under the Union List, giving the Centre (and RBI as its regulator) exclusive authority.
- **Prevention of Money Laundering Act (PMLA), 2002:** Many consolidated directions relate to KYC/AML compliance under RBI's supervisory mandate.

## 4. Additional Key Points (UPSC-Oriented)

- Regulatory clutter had caused compliance complexity for banks and NBFCs; consolidation enhances **governance and financial discipline**.
- Supports **digital regulatory reforms**, as Master Directions are easier to update online and remain current.
- Improves transparency for auditors, investors, and international regulators, strengthening India's financial credibility.
- Move aligns with recommendations of **Financial Stability Board (FSB)** and international best practices on streamlined regulation.
- Helps reduce litigation and interpretational disputes arising from contradictory or outdated circulars.

## 5. Conclusion

The RBI's decision to replace 9,400 circulars with 244 Master Directions marks a major step toward regulatory simplification and financial governance reform. It reduces redundancy, strengthens compliance, and enhances the efficiency and transparency of India's banking regulatory framework.



## 6. UPSC Relevance

- **GS III:** Indian Economy, Banking Sector Reforms, RBI's regulatory role, ease of doing business.
- **GS II:** Governance reforms, transparency, institutional accountability.
- **Prelims:** RBI Act, Master Directions, regulatory terminology.
- **Mains/Essay:** Financial sector governance, regulatory simplification, role of RBI in economic reforms.

## 6. India–US Reciprocal Tariff Pact Likely by December

### 1. Key Highlights

- India aims to **finalize a framework agreement on reciprocal tariffs with the US by end-December**, marking a major step toward easing strained bilateral trade relations.
- The deal is progressing in **parallel** with negotiations on a broader **India–US bilateral trade agreement**, with both sides working on “two separate parallel tracks.”
- Tariff tensions escalated after the US imposed a **50% tariff** on Indian goods (25% reciprocal tariff + 25% additional tariff for India's purchase of Russian oil), severely impacting India's exports in **labour-intensive sectors** such as garments, leather, gems, and jewellery.
- India's merchandise exports show resilience, reaching **\$491 billion in the first seven months of FY26**, partly due to market diversification (e.g., **60% rise in shrimp exports to the EU**).
- Both countries aim to raise bilateral trade to **\$500 billion by 2030**, as committed in the Modi–Biden joint statement (Feb 2024).
- Finalizing the framework pact is expected to support and accelerate the broader trade agreement, helping stabilize long-term economic engagement.



### 2. Key Definitions

- **Reciprocal Tariff:** A tariff imposed in response to or matching another country's tariff, often used to correct trade imbalances or counter discriminatory measures.
- **Framework Agreement:** A preliminary, limited-scope agreement that sets principles and resolves immediate issues, ahead of a full trade pact.
- **Bilateral Trade Agreement:** A comprehensive arrangement between two countries that reduces barriers and governs overall trade and investment flows.

### 3. Constitutional & Legal Provisions (India Context)

- **Article 246 & Seventh Schedule:** Foreign trade and commerce fall under the Union List; the central government has exclusive authority.
- **Foreign Trade (Development and Regulation) Act, 1992:** Provides legal basis for India's trade policy, including tariff and export–import regulations.
- **Customs Act, 1962:** Governs tariff structures and duties imposed on imports/exports.



- **Article 51 (DPSP):** Encourages international cooperation and respect for treaty obligations, relevant for trade diplomacy.

#### 4. Additional Key Points (UPSC-Oriented)

- India is prioritizing **market diversification** to reduce vulnerability to tariff-driven disruptions, especially from the US.
- US remains India's **largest trading partner**, accounting for ~2% of India's GDP through exports.
- Tariff issues are tied to larger geopolitical shifts such as **India's purchase of discounted Russian oil**, triggering sanctions-linked US tariffs.
- India–EU FTA discussions may accelerate following the **India–EU Summit in January**, adding strategic depth to India's trade diversification strategy.
- The success of the framework pact may shape India's position in global supply chains and boost confidence among exporters.

#### 5. Conclusion

India's push to secure a reciprocal tariff framework with the US reflects a pragmatic approach to managing trade tensions while safeguarding export sectors. The agreement, once finalized, is expected to stabilize bilateral trade, support broader strategic negotiations, and strengthen India's global trade positioning amidst shifting geopolitical and economic dynamics.

#### 6. UPSC Relevance

- **GS II:** India–US relations, trade diplomacy, global economic governance.
- **GS III:** External trade, tariff policy, export diversification, customs and trade regulations.
- **Prelims:** Tariff definitions, FTDR Act, Customs Act, types of trade agreements.
- **Essay:** Trade protectionism, India's global economic strategy, balancing geopolitical and trade imperatives.

### 7. Russian Oil Imports to India Expected to Halve in December

#### 1. Key Highlights

- India's **Russian oil imports are expected to fall by about 47% in December**, dropping from ~1.9 million barrels/day in November to **around 1 million barrels/day**, following US OFAC sanctions on major suppliers Rosneft and Lukoil (effective 21 November).
- Imports from Russia have averaged **1.6–1.8 million barrels/day** in recent years, making Russia India's **top crude supplier since FY23** due to discounted supplies amid Western sanctions on Moscow.
- Analysts expect imports may temporarily fall further to **~800,000 barrels/day** before stabilizing, significantly altering India's **energy import basket**.
- Sanctioned Rosneft and Lukoil together accounted for **nearly 60% of Russia's oil exports to India**, making the impact of sanctions more severe.
- Decline in Russian oil supplies may compel India to increase sourcing from **Middle Eastern and African suppliers**, potentially at higher prices.



- The reduction comes amid heightened US scrutiny of countries buying discounted Russian oil and broader geopolitical tensions around the Ukraine conflict.

## 2. Key Definitions

- **OFAC (Office of Foreign Assets Control):** A US agency responsible for administering and enforcing economic and trade sanctions on foreign entities.
- **Sanctions:** Penalties imposed by countries or international bodies to restrict trade/financial dealings with targeted nations, companies, or individuals.
- **Import Basket:** Distribution of a country's import sources; in energy security, it refers to diversification of crude oil suppliers.



## 3. Constitutional & Legal Provisions (India Context)

- **Article 73 / Union List (Seventh Schedule):** International trade, foreign affairs, and energy security fall under Union government jurisdiction.
- **Petroleum & Natural Gas Regulatory Board Act, 2006:** Governs regulation of downstream oil and gas markets in India.
- **Essential Commodities Act, 1955:** Provides government powers to manage supply and price stability of essential resources like petroleum products.
- **National Security Considerations:** India maintains strategic autonomy in foreign policy, allowing flexible decisions on energy sourcing.

## 4. Additional Key Points (UPSC-Oriented)

- Russia's discounted oil had helped India manage **import bills and inflation**, making the reduction geopolitically and economically significant.
- Decline may impact India's **refining margins**, as several Indian refineries optimized operations around Russian crude blends.
- The shift adds pressure on OPEC+ supply dynamics and global oil prices.
- India must balance relations with the **US (sanctions pressure)** and **Russia (strategic partner and key energy supplier)**—a crucial IR theme.
- Reinforces India's energy security mandate to diversify suppliers and expand strategic petroleum reserves.

## 5. Conclusion

The anticipated 50% drop in Russian oil imports marks a turning point in India's energy sourcing strategy. While sanctions-driven disruptions pose challenges, India's diversified supply approach and strategic autonomy will be critical in navigating global geopolitical pressures and maintaining energy security.

## 6. UPSC Relevance

- **GS II:** India–Russia relations, India–US relations, sanctions, global geopolitics of energy.
- **GS III:** Energy security, petroleum sector, import dependence, inflation trends.

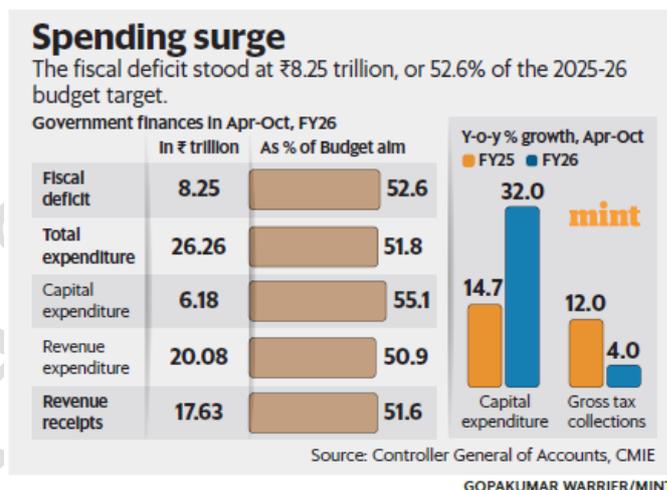


- **Prelims:** OFAC, sanctions, crude oil import patterns, strategic petroleum reserves.
- **Essay:** Geopolitics of energy, strategic autonomy, global supply chain vulnerabilities.

## 8. Fiscal Deficit Widens on Higher Capex and Lower Tax Revenues

### 1. Key Highlights

- India's **fiscal deficit reached ₹8.25 trillion** (52.6% of FY26 target) during April–October, up from **₹7.51 trillion (46.5%)** in the same period last year, driven by **higher capital expenditure (capex)** and **lower net tax revenue**.
- The fiscal deficit target for **FY26 is 4.4% of GDP**, with a budgeted absolute deficit of **₹15.69 trillion**; FY25 had closed at **4.8%**, lower than its revised estimate.
- **Net tax revenue fell to ₹12.74 trillion** (44.9% of target) from ₹13.05 trillion (50.5%) last year, mainly due to **income tax rebate** that effectively reduced tax liability to zero for incomes up to **₹12 lakh/year**.
- **Non-tax revenue increased significantly** to ₹4.89 trillion (83.9% of target), driven by dividends, spectrum fees, and higher RBI surplus transfer.
- **Total expenditure rose to ₹26.26 trillion** (51.8% of target), with capex reaching **₹6.18 trillion**, supporting infrastructure development but widening the deficit.
- Despite pressures, the government continues prioritizing **growth-oriented capex**, balancing fiscal consolidation with economic momentum.



### 2. Key Definitions

- **Fiscal Deficit:** The gap between the government's total expenditure and total revenue (excluding borrowings).
- **Capital Expenditure (Capex):** Government spending on infrastructure and asset creation (roads, railways, defence equipment), boosting long-term growth.
- **Revenue Receipts:** Income from taxes and non-tax sources; used to fund recurring expenses.
- **Non-Tax Revenue:** Includes dividends from PSUs/RBI, fees, spectrum revenues.

### 3. Constitutional & Legal Provisions

- **Article 112:** Budget (Annual Financial Statement) outlines revenue and expenditure estimates, including fiscal deficit projections.
- **FRBM Act, 2003:** Mandates fiscal discipline; requires government to reduce deficits sustainably and maintain transparency; FY26 target of 4.4% is aligned with this framework.
- **Article 266:** Governs Consolidated Fund of India, from which expenditures—including capex—are drawn.



- **Article 280:** Finance Commission recommendations influence revenue distribution and deficit management.

#### 4. Additional Key Points (UPSC-Oriented)

- Higher capex supports long-term growth and crowd-in private investment, a major government strategy since FY21.
- Income tax rebates reduce disposable burden but lower tax buoyancy in the short run.
- Non-tax revenue strength offsets some tax shortfall and eases borrowing needs.
- Fiscal deficit trends influence **bond yields, inflation expectations, investor confidence**, and India's macroeconomic stability.
- Managing the deficit is crucial for achieving the **medium-term consolidation path** under FRBM.

#### 5. Conclusion

The widening fiscal deficit during April–October reflects the government's continued emphasis on capital expenditure despite lower tax revenues. While this supports long-term growth, it requires careful fiscal management to remain aligned with the FY26 deficit target of 4.4% and maintain macroeconomic stability.

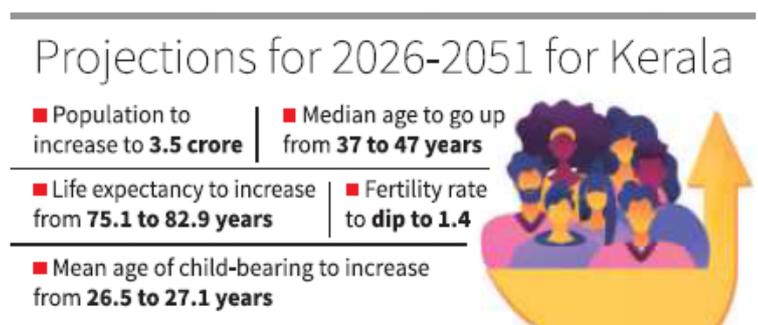
#### 6. UPSC Relevance

- **GS III:** Government budgeting, fiscal deficit, FRBM Act, tax and non-tax revenue, capital expenditure.
- **GS II:** Fiscal federalism, budget accountability, constitutional provisions on public finance.
- **Prelims:** Budget terminology, fiscal indicators, Consolidated Fund, FRBM provisions.
- **Essay:** Balancing fiscal prudence with growth, role of capex in economic recovery.

### 9. Kerala's Population Projected to Grow Till 2041 and Decline Thereafter

#### 1. Key Highlights

- Kerala's population is projected to **increase from 3.58 crore (2026) to 3.62 crore (2041)** and then gradually **decline to 3.55 crore by 2051**, according to the national report *Unravelling India's Demographic Future (2021–2051)* by IIMAD & PFI.
- Kerala will remain **India's oldest State**, with the **share of elderly (60+) rising from 18.6% in 2026 to 30.6% in 2051**, and the **median age increasing from 37 to 47 years**.
- The State's **Total Fertility Rate (TFR)** is projected to reach the **floor limit of 1.4 by 2051**, among the lowest in India, while the child population share will fall to **12.8%** (lowest in the country).
- Kerala also leads in the **oldest-old (80+) population**, increasing from about 2% (2021) to **6.4% by 2051**, followed by Tamil Nadu (5.2%).





- The State is projected to undergo **rapid urbanisation**, with the urban share rising from **47.7% (2011)** to **91.1% by 2051**.
- The report uses **Cohort Component Method** and multiple national datasets (Census, SRS, NFHS, CRS, NSS) to project demographic trends under low, medium, and high variants.

## 2. Key Definitions

- **Total Fertility Rate (TFR):** Average number of children a woman is expected to have during her lifetime; replacement-level fertility is ~2.1.
- **Median Age:** The age that divides a population into two equal halves—indicator of population ageing.
- **Oldest-old:** Population aged **80 years and above**, a critical demographic for long-term healthcare and social security policies.
- **Cohort Component Method:** A demographic technique that projects population by age, sex, fertility, mortality, and migration trends.

## 3. Constitutional & Legal Provisions (India Context)

- **Article 246 & Seventh Schedule:** Population, health, and census-related matters are under the Union and Concurrent lists.
- **Census Act, 1948:** Governs demographic data collection used for population projections.
- **Directive Principles (Articles 38, 41, 47):** Mandate the State to ensure welfare, elderly care, health, and social security, increasingly relevant for ageing States like Kerala.
- **Maintenance and Welfare of Parents and Senior Citizens Act, 2007:** Key legislation to protect the rights of an expanding elderly population.

## 4. Additional Key Points (UPSC-Oriented)

- Kerala's demographic pattern reflects the **demographic transition model**: low mortality, very low fertility, and a high ageing population.
- Ageing population will require expanded **healthcare infrastructure**, pension systems, elderly-friendly urban planning, and long-term care frameworks.
- Declining child population may impact **school enrolments, labour force participation**, and intergenerational support ratios.
- High urbanisation (90%+) by 2051 could reshape planning needs in **housing, transportation, sanitation, and digital infrastructure**.
- Bihar will remain India's **youngest State**, highlighting sharp demographic contrasts across India and implications for labour mobility and federal planning.

## 5. Conclusion

Kerala's demographic trajectory points toward a rapidly ageing society with declining fertility and limited population growth beyond 2041. These shifts present both challenges and opportunities in health, education, labour markets, and urban planning. The findings underline the need for long-term policy preparation to support an ageing population and manage accelerated urbanisation.



## 6. UPSC Relevance

- **GS I:** Population trends, demographic transition, ageing, urbanisation.
- **GS II:** Welfare of senior citizens, health policy, social security.
- **GS III:** Human resources, demographic dividend challenges, migration trends.
- **Prelims:** TFR, Census Act, demographic indicators, age-structure concepts.
- **Essay:** India's demographic future, ageing societies, inter-State demographic contrasts.

## 10. Assam: Seven More Communities Seek Inclusion in Central OBC List

### 1. Key Highlights

- After Assam Cabinet approved ST status for **six communities**, a parallel process has begun for **including seven other communities**—Bhar/Rajbhar, Bhujel, Bishnupriya Manipuri, Kiran Sheikh, Newar, Sabar, and Satnami—into the **Central OBC list**.
- The **National Commission for Backward Classes (NCBC)** conducted hearings in Guwahati to assess their claims; some of these groups are already in the **State OBC list**.
- NCBC Chair Hansraj Gangaram Ahir stated that inclusion will follow **Supreme Court directives**, requiring strict verification of documents and fulfilment of social, educational, and economic backwardness parameters.
- Assam CM Himanta Biswa Sarma has supported the move, while the Centre has expressed commitment to extending **constitutional rights** to eligible communities.
- NCBC will also examine the concerns of **Matak and Moran**, who are currently in the OBC list and seeking reconsideration of their status.
- The developments reflect ongoing efforts to reorganize and rationalize **reservation categories** in Assam amid longstanding ethnic and community demands.

### 2. Key Definitions

- **Scheduled Tribe (ST):** Communities recognized under **Article 342**, identified as socially and economically disadvantaged, eligible for affirmative action.
- **Other Backward Classes (OBC):** Socially and educationally backward communities recognized under **Articles 15(4)** and **16(4)** for reservation benefits.
- **Central OBC List:** List maintained by the Centre; inclusion ensures access to reservation in **central government jobs, educational institutions**, and other welfare schemes.
- **NCBC (National Commission for Backward Classes):** A **constitutional body (Article 338B)** empowered to examine inclusion/exclusion in OBC lists.

### 3. Constitutional & Legal Provisions

- **Article 342 & 366(25):** Procedure for inclusion/exclusion of communities in ST list; President notifies after Parliament's approval.
- **Article 338B:** Establishes NCBC; empowers it to investigate and recommend on backward classes.
- **Articles 15(4), 16(4):** Enable special provisions for socially and educationally backward classes.



- **Supreme Court Mandates:** Criteria such as social backwardness, inadequate representation, and community characteristics must be verified before inclusion.
- **Indra Sawhney Judgment (1992):** Provides the legal basis for OBC identification and reservation limits (50% cap, excluding special circumstances).

#### 4. Additional Key Points (UPSC-Oriented)

- Assam's complex ethnic landscape has led to overlapping demands for **ST, OBC, and Other Backward Classifications**, affecting political representation and resource allocation.
- Shifts in reservation categories influence **electoral politics**, especially in Assam's tribal and backward regions.
- Rationalizing community status often requires balancing identity concerns with constitutional requirements and empirical socio-economic data.
- Inclusion in Central OBC list offers access to **central welfare schemes**, scholarships, and job reservations, making the process politically sensitive.
- Community classification debates intersect with issues such as **migration, historical marginalization, and cultural identity** in Northeast India.

#### 5. Conclusion

Assam's move to examine the inclusion of seven more communities in the Central OBC list reflects ongoing efforts to address longstanding demands for social justice and equitable representation. The NCBC's scrutiny—guided by constitutional mandates and Supreme Court norms—aims to ensure that inclusion is evidence-based and aligned with national reservation frameworks.

#### 6. UPSC Relevance

- **GS II:** Constitutional bodies (NCBC), reservation policies, backward class identification, Centre–State relations.
- **GS I:** Diversity of Northeast India, ethnic communities, social structure.
- **GS III:** Welfare schemes, inclusive development, social justice frameworks.
- **Prelims:** Articles 338B, 342, OBC classification criteria, NCBC mandate.
- **Essay:** Social justice, affirmative action, identity politics, challenges of categorizing backwardness.

## 11. NISAR Earth Observation Satellite Enters Final Science Phase

### 1. Key Highlights

- The **NASA–ISRO Synthetic Aperture Radar (NISAR)** satellite, launched in July, has now **entered its final science phase**, marking the beginning of full-scale scientific operations in its five-year mission.
- NISAR is the **first jointly developed satellite** by ISRO and NASA, providing **all-weather, day–night Earth observation data**, crucial for environmental monitoring.
- The mission consists of four phases—launch, deployment, commissioning, and **science phase**; the final phase involves maintaining the science orbit through regular manoeuvres.



- A **12-metre antenna reflector** deployed post-launch supports both ISRO's **S-Band SAR** and NASA's **L-Band SAR**, enabling high-resolution global imaging.
- The S-Band SAR has already been **imaging India's landmass** and global calibration/validation sites as part of pre-science checks.
- The science phase focuses on **calibration, validation**, and seamless observation scheduling to avoid conflicts with scientific data collection.

## 2. Key Definitions

- **Synthetic Aperture Radar (SAR):** A radar system capable of producing high-resolution images regardless of weather, cloud cover, or time of day.

- **Earth Observation Satellite:** A satellite used to monitor Earth's surface, climate, vegetation, soil, oceans, and environmental changes.



- **Science Phase:** Stage of a mission where full scientific data collection and analysis are carried out after calibration and validation.

## 3. Constitutional & Legal Provisions (India Context)

- **Article 51A (h) & (j):** Promotes scientific temper and excellence in scientific research, relevant to India's space collaborations.
- **SpaceCom Policy 2020 & Remote Sensing Data Policy:** Provide guidelines for Earth observation data sharing and commercial use.
- **ISRO's Mandate:** Established under the Department of Space (DOSE) to advance space research for national development.
- **India-US Civil Space Joint Working Group (CSJWG):** Institutional mechanism facilitating projects like NISAR.

## 4. Additional Key Points (UPSC-Oriented)

- NISAR will monitor **ecosystem changes, glaciers, forests, agriculture, soil moisture, natural disasters**, and land deformation, supporting climate resilience.
- The multi-frequency SAR capability (S-band + L-band) allows deeper penetration and better monitoring of vegetation, ice sheets, and surface movements.
- Enhances India's capabilities in **disaster management**, including prediction and assessment of earthquakes, landslides, floods, and cyclones.
- Strengthens India-US strategic cooperation in **space technology**, aligning with broader Indo-Pacific collaboration.
- Supports global scientific initiatives like **carbon accounting, climate modelling**, and sustainable development monitoring.



## 5. Conclusion

The entry of NISAR into its final science phase marks a significant milestone in India–US space cooperation, unlocking advanced Earth observation capabilities for the next five years. It will play a critical role in climate science, disaster management, precision agriculture, and environmental monitoring.

## 6. UPSC Relevance

- **GS III:** Space technology, disaster management, climate monitoring, international scientific collaboration.
- **GS II:** India–US relations, strategic technology partnerships.
- **Prelims:** SAR technology, S-band vs L-band, Earth observation satellites.
- **Essay:** Role of space technology in sustainable development and climate resilience.

## 12. India's Disaster Response Financing and Federalism

### 1. Key Highlights

- India's inter-governmental disaster financing shows a **growing asymmetry between Union and States**, with rising gaps between **assessed losses and actual Central disbursements**, as seen recently in **Kerala's Wayanad landslides** (State sought ₹2,200 crore; Centre released only ₹260 crore).
- Structural issues in the **Disaster Management Act, 2005** framework—SDRF (75:25; 90:10 for NE/Himalayan States) and NDRF (Union-funded)—have led to a **drift toward centralised control**, undermining cooperative federalism.
- Key weaknesses include **outdated relief norms** (₹4 lakh for death; ₹1.2 lakh for full house loss), unclear definition of “severe disaster,” and **procedural, non-automatic fund releases**, causing delays.
- **Finance Commission allocation criteria** rely on population and area rather than scientific **hazard-vulnerability indices**, creating mismatches between exposure and actual funding needs.
- Kerala's case reflects broader national trends—procedural rigidity, delayed classification of “severe disaster,” and selective aid compared with other States (Himachal, Uttarakhand, Assam).
- Global practices (FEMA–USA, FONDEN–Mexico, Philippines disaster triggers, African/Caribbean insurance pools) show **data-driven, rule-based, automatic payout systems**, which India currently lacks.

### 2. Key Definitions

- **SDRF (State Disaster Response Fund):** Primary State-level fund for immediate disaster relief; jointly funded by Centre and State.
- **NDRF (National Disaster Response Fund):** Union government fund for severe disasters, meant to supplement SDRF.
- **Cooperative Federalism:** A governance model where Centre and States collaborate as equal partners for shared responsibilities like disaster management.
- **Vulnerability Index:** A scientific measure of exposure to hazards (floods, landslides, cyclones), used globally to allocate disaster funds.



### 3. Constitutional & Legal Provisions

- **Disaster Management Act, 2005:** Establishes NDMA, SDRF, NDRF, and financial mechanisms for disaster response.
- **Article 246 (Union List):** Disaster management and national-level coordination fall under Union responsibility.
- **Finance Commission (Article 280):** Recommends allocation of disaster-response grants to States.
- **Article 275:** Allows grants-in-aid from the Union to States, relevant for disaster support.
- **Article 355:** Union's duty to protect States against emergencies, indirectly shaping federal disaster response.

### 4. Additional Key Points (UPSC-Oriented)

- India's disaster funding often functions as **negotiated transfers**, not rule-based entitlements, weakening trust in fiscal federalism.
- SDRF balances cited by Centre as reasons to deny aid often represent **committed but unspent funds**; SDRF rules do not allow use for reconstruction, forcing temporary balances.
- Absence of **automatic triggers** (rainfall intensity, fatalities/million, loss-to-GSDP ratios) increases delays and discretion.
- A reformed system should ensure **grant-based**, not loan-based, disaster support; strengthen real-time data systems; and empower States with operational autonomy.
- The Sixteenth Finance Commission can correct structural flaws by adopting **vulnerability-based allocations**, updating norms, and ensuring predictable funding.

INDIA'S DISASTER FUNDING PROBLEM FEDERALISM UNDER STRAIN	
<b>KEY HIGHLIGHTS</b> <ul style="list-style-type: none"><li>• India's inter-governmental distancing shows a growing asymmetry between Union and States. With rising gaps between assessed losses and actual Central disbursements, 45 per cent identity in Kerala's Wayanad landslides (State sought ₹ 5,200 crore; Centre released ₹ 220 crore).</li><li>• Structural losses in the Disaster Management Act, 2005 framework—SDRF (10/24/2019 for NE/Malting) + States and NDRF (united) have led to a drift towards centralised control, undermining cooperative federalism.</li><li>• Key weaknesses include outdated relief norms (not valid for modern sea level rise), bases (losses) unclear; belated or no disaster relief; and procedural, non-automatic fund release, causing delays.</li><li>• Finance Commission allocation criteria rely on population and are rather scientific; but mismatch between exposure and actual funding needs.</li></ul>	<b>KEY DEFINITIONS</b> <ul style="list-style-type: none"><li>• <b>SDRF (State Disaster Response Fund):</b> Primary State level fund for immediate disaster relief, partly funded by Union and States.</li><li>• <b>NDRF (National Disaster Response Fund):</b> Union government fund for severe disasters meant to supplement SDRF.</li><li>• <b>Cooperative Federalism (Article 280):</b> Recommends allocation of disaster response grants on States relevant for disaster management.</li><li>• <b>Article 215:</b> Union's duty to protect States against emergencies, indirectly shaping federal disaster response.</li></ul>
<b>CONCLUSION</b> <p>India's current disaster-financing structure is increasingly centralised, slow, and misaligned with real vulnerabilities. The Wayanad episode highlights an urgent need to rebuild a rules-based, scientific, and cooperative federal system that ensures timely, adequate, and equitable disaster response. Strengthening fiscal federalism is essential to safeguard citizens in a climate-risked future.</p>	<b>ADDITIONAL KEY POINTS (UPSC (ORIENTED))</b> <ul style="list-style-type: none"><li>• India's disaster funding often functions as negotiated transfers, weakening trust in fiscal federalism and empower States regarding.</li><li>• SDRF balances cited by Centre as reasons to deny aid often represent committed but unspent funds; SDRF rules does not allow use for reconstruction forcing temporary balances.</li><li>• Absence of automatic triggers (rainfall, intensity, fatalities/million, loss to GSDP ratios) increases delays and discretion.</li><li>• A reformed system should ensure grant-based not loan-based, disaster support, strengthen real-time data systems, and empower States with operational autonomy.</li></ul>
<b>UPSC RELEVANCE</b> <ul style="list-style-type: none"><li>• <b>GS II:</b> Federalism, Centre-State relations, Finance Commission, constitutional bodies.</li><li>• <b>GS III:</b> Disaster management, Disaster Management Act 2005, climate change impacts, fiscal policy.</li><li>• <b>Prelims:</b> SDRF, NDRF, DM Act, Finance Commission roles, federal structures.</li></ul>	<b>CONCLUSION</b> <p>India's disaster financing architecture is increasingly centralised, slow, and misaligned with real vulnerabilities. The Wayanad episode highlights an urgent need to rebuild a rules-based, scientific, and cooperative federal system that ensures timely, adequate, and equitable disaster response. Strengthening fiscal federalism is essential to safeguard citizens in a climate-risked future.</p>

### 5. Conclusion

India's current disaster-financing architecture is increasingly centralised, slow, and misaligned with real vulnerabilities. The Wayanad episode highlights an urgent need to rebuild a **rules-based, scientific, and cooperative federal system** that ensures timely, adequate, and equitable disaster response. Strengthening fiscal federalism is essential to safeguard citizens in a climate-risked future.

### 6. UPSC Relevance

- **GS II:** Federalism, Centre–State relations, Finance Commission, constitutional bodies.
- **GS III:** Disaster management, Disaster Management Act 2005, climate change impacts, fiscal policy.
- **GS I:** Vulnerability in Indian states, demographic and geographic disparities.
- **Prelims:** SDRF, NDRF, DM Act, Finance Commission roles, federal structures.
- **Essay:** Cooperative federalism, climate resilience, role of governance in disaster response.