



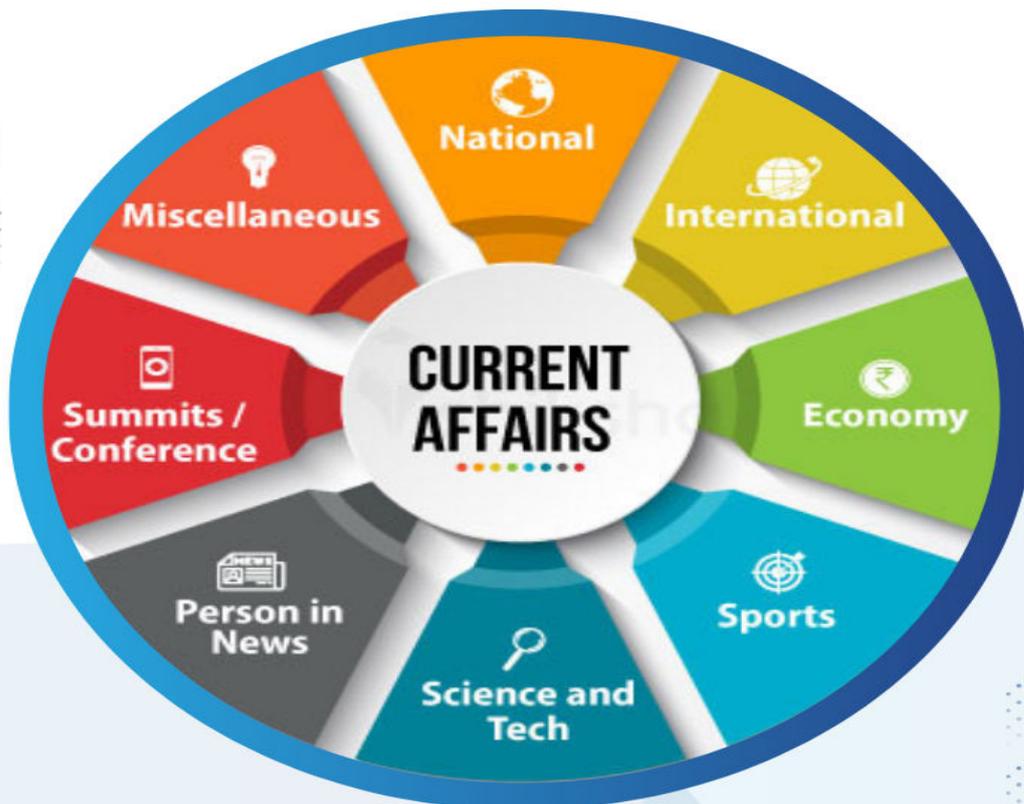
“ We help you reach for the star ”

VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 05/02/2026 (THURSDAY)



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1. End of President's Rule in Manipur and Formation of New Government

Background

President's Rule was imposed in **Manipur** following prolonged ethnic violence between Meitei and Kuki-Zo communities since May 2023, leading to a breakdown of constitutional machinery.

Key Developments

- President's Rule was revoked after nearly **one year**, restoring an elected government.
- A **BJP-led NDA government** was sworn in.
- **Yumnam Khemchand Singh** assumed office as Chief Minister, representing the **Meitei community**.
- Two **Deputy Chief Ministers** were appointed from **Kuki-Zo** and **Naga** communities, reflecting an **inclusive power-sharing arrangement**.



- The violence resulted in **over 260 deaths** and **large-scale internal displacement**, highlighting deep societal fractures.

Constitutional & Legal Framework

- **Article 356**: Imposition of President's Rule in case of failure of constitutional machinery.
- **Article 355**: Duty of the Union to protect States against internal disturbance.
- Reinforces debates on **Centre–State relations** and **cooperative federalism**.

Value Addition (UPSC Angle)

- Frequent or prolonged use of Article 356 raises concerns of **federal overreach** (S.R. Bommai case principles).
- Inclusive governance is essential in **ethnically diverse border States**, especially those with **internal security sensitivities**.

Conclusion

The revocation marks **constitutional restoration and federal normalcy**, but **durable peace** depends on reconciliation, rehabilitation of displaced persons, and confidence-building between communities.

UPSC Relevance:

GS Paper II – Federalism, constitutional governance, internal security

2. Union Budget 2026–27 and Fiscal Consolidation Concerns

Background

The Union Budget 2026–27 focuses on sustaining growth through **capital expenditure (capex)** and technology-driven development amid global uncertainty.

Key Highlights

- Increased **share of capital expenditure**, with a relative decline in revenue expenditure.



- However, the **growth rate of capex** has slowed compared to earlier post-pandemic years.
- The pace of **fiscal deficit reduction** has weakened after COVID-19.
- A **high debt-to-GDP ratio** is limiting fiscal space.

Fiscal Stress Indicators (Value Addition)

- **Interest payments** consume nearly **40% of revenue receipts**, crowding out developmental spending.
- **GST buoyancy** remains below expectations, affecting revenue mobilisation.
- Risks of **intergenerational equity** due to rising public debt.

Constitutional & Legal Framework

- **Article 266**: Consolidated Fund of India.
- **FRBM Act, 2018**: Mandates fiscal discipline and medium-term targets.

Conclusion

While capex-led growth is desirable, **credible fiscal consolidation**, improved tax compliance, and higher GST efficiency are crucial for long-term macroeconomic stability.

UPSC Relevance:

GS Paper III – Public finance, fiscal policy, economic reforms

3. India–US Trade Deal and Reduction of Tariffs

Background

India and the United States concluded a trade agreement aimed at deepening economic engagement amid global supply chain realignments.

Key Provisions

- The US **reduced tariffs on Indian goods from 50% to 18%**.
- Enhanced market access for Indian exports, especially **labour-intensive sectors** such as apparel and gems & jewellery.
- India retained protective measures for **agriculture and dairy sectors**, safeguarding farmers' interests.
- Strengthens the **strategic economic partnership** between the two countries.

Value Addition

- Supports **Make in India**, MSMEs, and export-led growth.
- Aids **China+1 supply chain diversification strategy**.
- Reflects a shift from protectionism to **strategic trade diplomacy**.

Constitutional & Legal Framework

- **Article 246**: Trade and commerce under the Union List.
- Guided by **WTO principles** and bilateral trade norms.



Conclusion

The deal represents a **mutually beneficial recalibration of trade ties**, balancing domestic sensitivities with global competitiveness.

UPSC Relevance:

GS Paper II & III – International relations, external trade

4. Supreme Court Stay on UGC Equity Regulations, 2026

Background

The **Supreme Court of India** stayed the **UGC Equity Regulations, 2026**, citing ambiguity and potential for misuse.

Key Issues

- Earlier **2012 UGC regulations** on campus equity will continue temporarily.
- Dispute over the **definition of caste-based discrimination** and lack of procedural safeguards.
- Court framed key questions on the scope of **equality jurisprudence**.

Context & Value Addition

- Regulations were introduced after incidents, including **student suicides**, allegedly linked to caste discrimination.
- Highlights tension between **formal equality** (equal treatment) and **substantive equality** (addressing historical disadvantage).

Constitutional Provisions

- **Article 14**: Equality before law.
- **Article 15**: Prohibition of discrimination and scope for affirmative action.

Conclusion

The case underscores the need for **clear, precise, and balanced regulatory drafting** to protect vulnerable groups while preventing arbitrariness.

UPSC Relevance:

GS Paper II – Constitution, social justice, education governance

5. Supreme Court on Meta, WhatsApp and Data Consent

Background

The **Supreme Court of India** examined the validity of **user consent** on dominant digital platforms while hearing matters arising from **WhatsApp's** 2021 privacy policy update.

Key Issues Raised by the Court

- Whether **consent is truly free** when users face **no real alternative** due to market dominance.
- Recognition of **data as an economic asset**, not merely a privacy concern.
- Scrutiny of **Meta** for alleged **abuse of dominant position**, already penalised by the **Competition Commission of India (CCI)**.



Analytical Value Addition

- **Network effects** in digital markets limit meaningful choice, undermining the idea of “informed consent”.



- Judicial scrutiny expands the debate from **privacy (rights-based)** to **data ownership and economic justice**.
- The **DPDP Act, 2023**, while addressing consent and protection, **does not provide a rent-sharing or data value compensation framework**.

Constitutional & Legal Framework

- **Article 21:** Right to privacy (Puttaswamy judgment).
- **Competition Act, 2002:** Prevention of abuse of dominance.

Key Definition

- **Network Effect:** The phenomenon where a service becomes more valuable as more users join it.

Conclusion

India’s digital governance framework must evolve to **protect citizens as both rights-holders and economic stakeholders** in the data economy.

UPSC Relevance:

GS Paper II & III – Digital rights, competition law, governance

6. Nuclear Deterrence Debate and Europe’s Security Architecture

Background

Europe’s security environment is undergoing reassessment amid **trust deficits within NATO**, evolving US positions, and renewed great-power rivalry.

Key Developments

- Growing unease within NATO following the US stance on strategic territories such as Greenland.
- Expiry of the **New START Treaty**, raising arms-control concerns.
- Major powers are **modernising nuclear arsenals**, despite disarmament rhetoric.
- The Ukraine war has **challenged classical nuclear deterrence theory**.

Value Addition (Security Studies Perspective)



- Despite modernisation, the **nuclear taboo** (non-use since 1945) remains strong.
- Deterrence may increasingly rely on:
 - **Conventional military strength**
 - **Strategic ambiguity**
 - **Regional security cooperation**



- Europe is exploring **security architectures with reduced US dependence**, including strategic autonomy debates.

Legal & Normative Framework

- **NPT (Non-Proliferation Treaty)** and customary international law on arms control.

Key Definition

- **Nuclear Deterrence:** Prevention of attack by threatening unacceptable retaliatory damage.

Conclusion

Future security architectures may **de-emphasise nuclear weapons**, prioritising stability through conventional strength and multilateral arms control.

UPSC Relevance:

GS Paper II – International security, arms control

7. Contract Teachers and the Regularisation Debate

Background

Contract teachers constitute nearly **16% of India's school workforce**, forming a critical pillar of public education delivery.

Key Issues

- Widespread **protests demanding job security and equal pay for equal work**.
- Many government schools are **structurally dependent** on contractual staff.
- Courts in several cases have intervened **in favour of regularisation**, citing fairness and continuity.

Value Addition (Policy Perspective)



- Contractual hiring helps States **reduce fiscal burden** and meet teacher shortages.
- However, **low morale, lack of training continuity, and job insecurity** adversely affect learning outcomes.
- Reflects deeper **structural gaps in education financing and planning**.

Constitutional & Legal Framework

- **Article 21A:** Right to Education.
- Evolving **labour rights jurisprudence** on equal pay and dignity of work.

Key Definition

- **Contractual Employment:** Employment without permanent service benefits or long-term security.

Conclusion

Sustainable education reform requires a **stable, motivated, and fairly treated teaching workforce**, balancing fiscal prudence with quality imperatives.



UPSC Relevance:

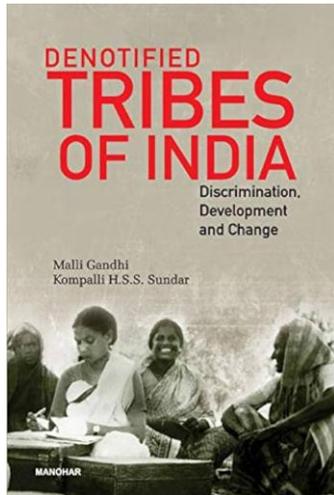
GS Paper II – Education, social sector policies

8. Denotified Tribes (DNTs) Seeking Constitutional Recognition

Background

Denotified Tribes (DNTs) are communities historically labelled as “criminal” under the **Criminal Tribes Act, 1871**, and denotified after Independence.

Current Demands



- Separate **Census column in 2027** for accurate enumeration.
- **Constitutional recognition** similar to SC/ST categories.
- **Sub-classification** to address graded levels of backwardness.
- Correction of misclassification that leads to **exclusion from welfare benefits**.

Value Addition (Social Justice Angle)

- The **SEED scheme** for DNTs remains underutilised due to lack of certification and identification.
- The Supreme Court has permitted **sub-classification within SC/ST**, strengthening DNT demands.
- Raises debate on a **potential new constitutional schedule** or refined classification mechanism.

Constitutional Framework

- **Articles 15 & 16:** Affirmative action and equality of opportunity.

Key Definition

- **Denotified Tribes:** Communities decriminalised after colonial rule but continuing to face stigma and exclusion.

Conclusion

Targeted constitutional recognition is essential to **address historical injustice and ensure effective inclusion** of DNTs in India’s social justice framework.

UPSC Relevance:

GS Paper II – Social justice, vulnerable groups

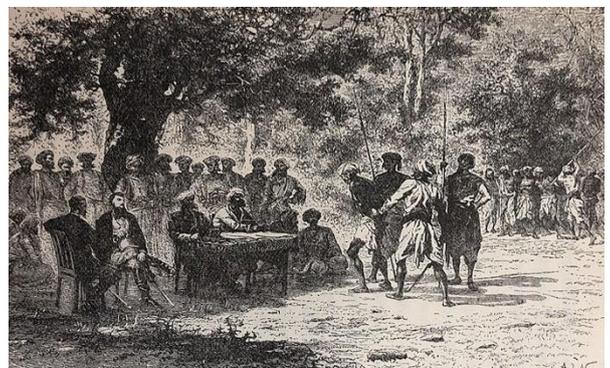
9. Launch of Bharat Taxi Cooperative Platform

Background

India launched its **first cooperative-based ride-hailing platform – Bharat Taxi**, marking a shift from investor-driven digital platforms to **member-owned digital enterprises**.

Key Features

- Drivers are **owners as well as stakeholders**, not just service providers.





- Designed to counter **aggregator-driven exploitation** and high commission models.
- Provides **insurance cover and social security benefits** to drivers.
- Nationwide expansion planned to enhance reach and scale.

Value Addition (Economic & Social Perspective)

- Aligns with the vision of a **cooperative economy** and platform decentralisation.



- Enhances **employment dignity**, income stability, and decision-making power of workers.
- Demonstrates how **digital public infrastructure (DPI)** can be leveraged for inclusive growth.
- Offers an alternative model to monopolistic gig-economy platforms.

Constitutional & Legal Framework

- **Article 43B**: Promotion of cooperative societies.
- State **Cooperative Societies Acts** govern structure and functioning.

Key Definition

- **Cooperative**: A member-owned enterprise formed to promote mutual economic and social interests.

Conclusion

Bharat Taxi represents **inclusive digital entrepreneurship**, combining technology with cooperative principles to create fairer labour markets.

UPSC Relevance:

GS Paper III – Cooperative sector, employment, inclusive growth

10. Urban Heat Island Effect and Climate Modelling

Background

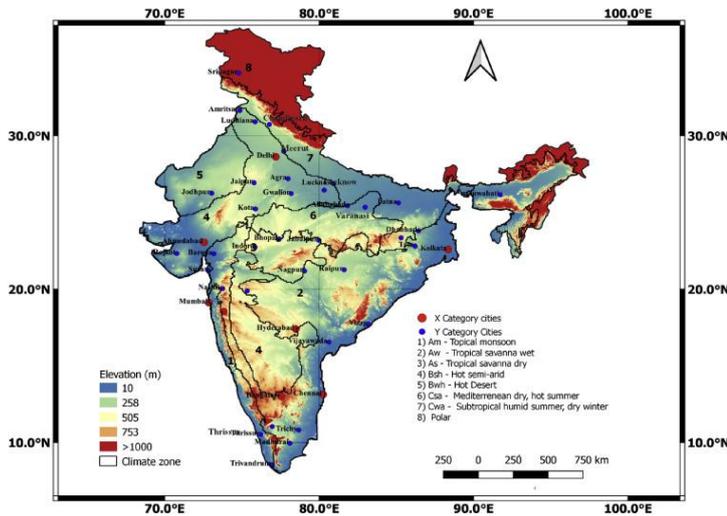
A recent study indicates that **Indian cities are warming faster than projected**, raising concerns about the adequacy of existing climate models.

Key Findings

- **Medium-sized cities** exhibit the most severe heat amplification.
- The **Urban Heat Island (UHI) effect** intensifies local temperatures beyond surrounding rural areas.
- Heightened risks of **heat stress, public health crises, and water scarcity**.
- Existing climate models may **underestimate urban heat impacts**.

Value Addition (Urban Governance Angle)

- 18 Indian cities were analysed, showing systemic urban vulnerability.



- Heat stress disproportionately affects **urban poor, elderly, and informal workers**.
- Highlights need for:
 - Heat Action Plans
 - Urban greening and reflective surfaces
 - Climate-sensitive urban design

Constitutional Framework

- **Article 48A**: State's duty to protect and improve the environment.

Key Definition

- **Urban Heat Island Effect**: Phenomenon where urban areas experience higher temperatures than surrounding rural regions due to human activities and built environments.

Conclusion

Urban planning must integrate **climate resilience and adaptation strategies** to safeguard health, productivity, and sustainability.

UPSC Relevance:

GS Paper III – Climate change, disaster management, urban planning

11. Supreme Court on Bank Fraud and Criminal Liability

Background

The **Supreme Court of India** ruled that a borrower's **willingness to repay loans does not absolve criminal liability** in cases of bank fraud.

Key Observations of the Court



- Case involved alleged **siphoning of public funds**.
- **Intent, conspiracy, and mens rea** are central to criminal liability.
- Court directed the **Enforcement Directorate (ED)** to constitute a **Special Investigation Team (SIT)**.
- Financial settlement cannot substitute **criminal prosecution**.

Value Addition (Governance & Financial Regulation)

- **Forensic audits** play a crucial role in uncovering complex frauds.
- Strengthens deterrence against **corporate malfeasance and wilful defaults**.
- Reinforces public confidence in the **banking and financial system**.



Legal Framework

- **Prevention of Money Laundering Act (PMLA).**
- Core principles of **criminal jurisprudence.**

Key Definition

- **Siphoning of Funds:** Illegal diversion of borrowed funds for unintended purposes.

Conclusion

The ruling upholds the principle that **rule of law prevails over monetary settlements**, reinforcing accountability in financial crimes.

UPSC Relevance:

GS Paper II & III – Judiciary, financial regulation, economic offences

12. India–Malaysia Comprehensive Strategic Partnership

Background

The Prime Minister’s visit to **Malaysia** marks the **first high-level engagement after elevating ties to a Comprehensive Strategic Partnership.**

Key Areas of Cooperation

- **Trade and investment expansion.**
- **Defence and maritime cooperation**, especially in the Indo-Pacific.
- Collaboration in **education, tourism, and skill development.**
- Engagement with the **Indian diaspora**, strengthening people-to-people ties.

Value Addition (Strategic Perspective)

- Maritime cooperation is vital due to Malaysia’s location near the **Strait of Malacca**, a global trade chokepoint.
- Partnership reinforces India’s **Act East Policy** and ASEAN centrality.
- Enhances regional stability amid Indo-Pacific strategic competition.

Constitutional Basis

- **Executive power of the Union** in foreign affairs (Articles 73 & 246).

Key Definition

- **Comprehensive Strategic Partnership:** A long-term, multi-sectoral framework covering political, economic, defence, and cultural cooperation.

Press Release
www.cbi.gov.in

CENTRAL BUREAU OF INVESTIGATION
(INFORMATION SECTION)

CBI ARRESTS TWO BANK OFFICIALS INVOLVED IN OPENING AND OPERATIONALIZING OF MULE ACCOUNTS FOR CYBER FRAUD

Dated: 24.12.2025

The Central Bureau of Investigation (CBI) has arrested two bank officials involved in opening of mule accounts in conspiracy with organized cyber criminals and these accounts were later used in fund transfer in cyber frauds.

During the course of investigation of a CBI case registered in connection with the mule accounts opened for committing Cybercrime frauds and based on the analysis of the digital devices, sufficient evidence has been gathered by CBI against the then Assistant Manager, Canara Bank, Patna, and the then Business Development Associate of Axis Bank, Patna. These two bankers have played active roles in opening and operationalizing the mule accounts and further guiding the cyber fraudsters in money mule transactions. Evidence has also been gathered to prove that these bankers have received quid pro quo for assisting the Cyber fraudsters as part of the conspiracy. These arrested accused have also advised the cybercrime fraudsters how to avoid the system generated red flags.

It may be recalled that CBI had earlier conducted searches at 61 locations across the country and arrested 13 accused in connection with opening and operating of mule accounts and filed charge sheets against them recently for various offences under IPC/BNS and Prevention of Corruption Act. The two bankers have been arrested today, i.e., 24.12.2025 at Varanasi, UP and Bettia, Bihar respectively and are being produced before the jurisdictional court after obtaining transit remand.

The role of other bank officials who are connected with the opening and operationalizing of mule accounts is under investigation. Investigation in this case is continuing.

The action is part of ongoing commitment of Govt of India to sternly deal with cybercrime and its perpetrators with a special emphasis on dismantling the infrastructure behind such offences.





Conclusion

India–Malaysia relations strengthen **regional stability, maritime security, and economic integration** in Southeast Asia.

UPSC Relevance:

GS Paper II – Foreign policy, Indo-Pacific, regional groupings

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