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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

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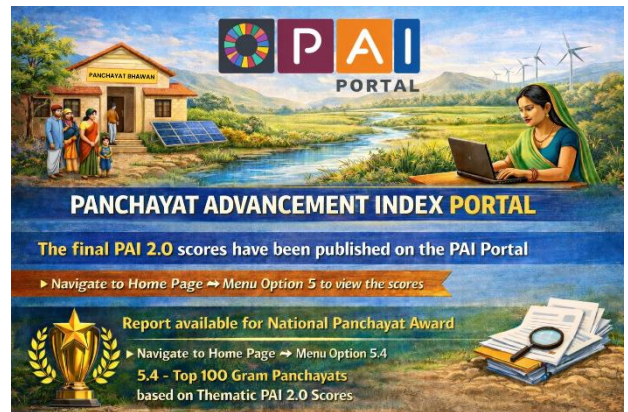
VIDHVATH IAS ACADEMY



1. Panchayat Advancement Index (PAI) 2.0: A Comparative Analysis of Rural Governance

The Union Ministry of Panchayati Raj released the Panchayat Advancement Index (PAI) 2.0 (FY 2023-24), a comprehensive framework evaluating 2,59,867 Gram Panchayats across India (excluding West Bengal) based on their progress toward Sustainable Development Goals (SDGs).

- **Top Performers and Regional Trends:** Tripura emerged as the leader with 80% of its Gram Panchayats categorized as 'Front Runners', followed by Kerala (10%) and Odisha (8%), demonstrating superior localized governance and SDG implementation.
- **Performance Lag in Major States:** Larger states showed significant gaps in rural development; for instance, only 51 out of 57,678 panchayats in Uttar Pradesh and a mere 8 out of 11,037 in Rajasthan achieved 'Front Runner' status.
- **Evaluation Framework:** The index utilizes over 150 indicators across nine SDG themes—ranging from poverty-free livelihoods to women-friendly villages—to assess infrastructure, health, water, and environmental sustainability.
- **Categorization Spectrum:** Panchayats are scored on a 0-100 scale: 'Achiever' (90-100), 'Front Runner' (75-90), 'Performer' (60-75), 'Aspirant' (40-60), and 'Beginner' (below 40). Notably, no panchayat nationwide reached the 'Achiever' category in this cycle.
- **Statistical Breakdown:** Of the total assessed bodies, 3,635 were ranked as 'Front Runner', 1,18,824 as 'Performer', 1,23,719 as 'Aspirant', and 13,689 as 'Beginner', highlighting a massive middle-tier concentration.
- **Strategic Objective:** The PAI 2.0 serves as a "report card" to reinforce the vision of 'Viksit Gram Panchayats' through participatory, transparent, and data-driven local self-governance.



Constitutional & Legal Provisions

- **Part IX of the Constitution:** Inserted by the 73rd Constitutional Amendment Act, 1992, it provides the legal framework for Panchayati Raj Institutions (PRIs).
- **Article 243G:** Empowers State Legislatures to endow Panchayats with powers and authority to function as institutions of self-government, specifically regarding the preparation of plans for economic development and social justice.
- **Eleventh Schedule:** Contains 29 functional items (e.g., agriculture, health, sanitation, education) placed under the purview of Panchayats.
- **Article 40 (DPSP):** Directs the State to organize village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.

Key Definitions

- **Gram Panchayat:** The primary tier of local self-government in India at the village or small-town level, acting as the executive wing of the Gram Sabha.
- **Panchayat Advancement Index (PAI):** A statistical tool developed to measure and monitor the performance of PRIs in achieving localized Sustainable Development Goals.



- **Viksit Gram Panchayat:** A vision for holistic rural development where villages are self-reliant, digitally enabled, and provide all basic amenities to residents.

Additional Key Points

- **Localized SDGs:** India has localized the 17 global SDGs into 9 thematic areas to make them more actionable for rural local bodies.
- **Data-Driven Governance:** The PAI 2.0 relies on real-time data to identify developmental gaps, allowing for targeted intervention by the Ministry and State governments.

Conclusion

The PAI 2.0 report underscores a critical disparity between smaller, high-performing states and larger states lagging in rural governance. While the index provides a roadmap for "Viksit Gram Panchayats," the absence of any 'Achiever' category indicates that even the best-performing units have significant room for improvement in meeting SDG targets. Strengthening the fiscal and administrative autonomy of PRIs remains essential for bridging these gaps.

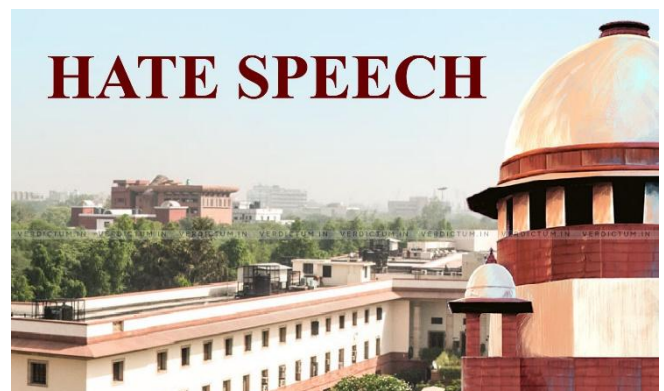
UPSC Relevance

- **GS Paper II:** Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.
- **GS Paper III:** Issues relating to planning, mobilization of resources, growth, development, and employment.
- **Prelims:** Constitutional provisions (73rd Amendment), Articles 243-243O, 11th Schedule, and Ministry of Panchayati Raj initiatives.

2. Supreme Court on Hate Speech: Upholding Fraternity and Constitutional Order

The Supreme Court of India recently addressed a series of petitions regarding hate speech, emphasizing that while current laws are sufficient, the responsibility for legislative changes lies with Parliament. The Court highlighted that hate speech is not just a lapse in discourse but a direct attack on the core values of the Indian Republic.

- **Judicial Stance on Legal Adequacy:** The bench, comprising Justices Vikram Nath and Sandeep Mehta, ruled that existing criminal laws—including the Bharatiya Nagarik Suraksha Sanhita (BNSS)—provide a comprehensive framework to tackle hate speech and rumour-mongering.
- **Impact on Constitutional Values:** The Court defined hate speech as "fundamentally antithetical" to the constitutional value of fraternity, asserting that it strikes at the moral fabric of the nation and disrupts the constitutional order.
- **Legislative Supremacy and Separation of Powers:** Emphasizing the doctrine of separation of powers, the Court stated that creating new offences or expanding criminal liability is within the exclusive domain of the legislature, not the judiciary.
- **Inclusivity as a Civilisational Ethos:** The judgment noted that India's history as "Bharata"





has always been one of inclusivity and refuge for diverse communities, making any "us versus them" mindset based on caste or creed inconsistent with the national vision.

- **Role of the Union and States:** While declining to issue new directions, the Court observed that the Union and States may consider further legislative measures or amendments, such as those suggested in the Law Commission's 267th report, to meet evolving societal challenges.
- **Procedural Oversight:** The bench pointed out that the statutory mechanism under the new criminal laws allows for effective prosecution, noting that Magistrate courts also possess supervisory powers to ensure justice in such cases.

Constitutional & Legal Provisions

- **Article 19(2):** Allows the State to impose "reasonable restrictions" on the freedom of speech and expression in the interests of public order, decency, or morality.
- **Fraternity (Preamble):** The concept of fraternity, ensuring the dignity of the individual and the unity and integrity of the nation, is a key constitutional pillar cited by the Court.
- **Bharatiya Nagarik Suraksha Sanhita (BNSS):** Cited by the Court as the primary procedural law for putting criminal law in motion against hate speech.
- **Law Commission Report 267:** A 2017 report that recommended specific amendments to the IPC to address hate speech, which the SC suggested the legislature could still consider.

Key Definitions

- **Hate Speech:** Generally understood as speech that carries no meaning other than the expression of hatred for some group, though the SC specifically identifies it as a deviation that threatens the "fraternity" and "moral fabric" of the Republic.
- **Doctrine of Separation of Powers:** A constitutional principle where the executive, legislature, and judiciary have distinct functions; in this case, it prevents the judiciary from "creating" new crimes.
- **Rumour-mongering:** The practice of spreading or circulating unverified information or stories that can disturb public tranquillity or religious sentiments.

Conclusion

The Supreme Court has reaffirmed that the fight against hate speech is essential for preserving India's civilisational ethos of inclusivity and its constitutional vision of unity. By placing the onus on the legislature for any further legal expansions, the Court has upheld the democratic balance while reminding the state of its duty to protect the dignity of all citizens regardless of their identity markers.

UPSC Relevance

- **GS Paper II:** Indian Constitution—historical underpinnings, evolution, features, and significant provisions; Separation of Powers between various organs; Role of Judiciary.
- **GS Paper IV (Ethics):** Issues of communal harmony, fraternity, and the moral responsibilities of citizens in a diverse Republic.
- **Current Affairs:** Legal developments regarding the transition to new criminal laws (BNSS) and the implementation of Law Commission recommendations.



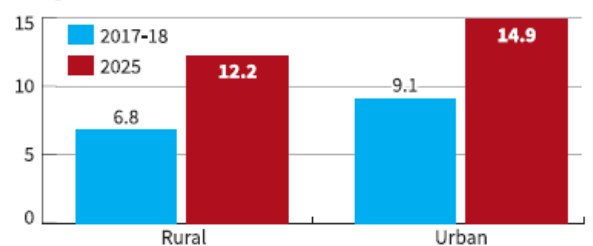
3. NSO 80th Round Health Survey: Transforming Health-Seeking Behaviour in India

The National Statistical Office (NSO) has released the findings of the 80th round of the household consumption health survey for 2025, highlighting significant shifts in the healthcare landscape. The survey, which covered 1,39,732 households, provides a comprehensive look at medical expenditure, insurance coverage, and disease patterns.

- **Surge in Health-Seeking Behaviour:** The Proportion of Population Reported Ailing (PPRA) has nearly doubled since 2017-18, rising to 12.2% in rural areas and 14.9% in urban areas, reflecting an increased willingness to seek formal medical care.
- **Triple Growth in Insurance Coverage:** Expansion in government health insurance and financing schemes has seen a massive jump, increasing from 12.9% to 45.5% in rural regions and from 8.9% to 31.8% in urban sectors.
- **Institutional Delivery Milestones:** India has achieved near-universal institutional deliveries, with rates climbing to 95.6% in rural areas and 97.8% in urban areas, ensuring safer births for mothers and infants.
- **Controlled Out-of-Pocket Expenditure (OOPE):** The median OOPE per hospitalisation case stands at ₹11,285, with over half of the cases in public facilities costing only ₹1,100, indicating that high expenses are limited to specific specialised treatments.
- **Free Outpatient Care:** A significant finding reveals that the median OOPE for non-hospitalisation care in public facilities is zero, ensuring essential healthcare access for a large proportion of the population without financial burden.
- **Changing Epidemiological Profile:** The country is witnessing a transition where infectious diseases are declining, while non-communicable diseases (NCDs) like diabetes and cardiovascular conditions are on the rise.

Health report

The proportion of urban and rural populations reported to be ailing in 2017-18 to 2025



SOURCE: NATIONAL STATISTICAL OFFICE

Constitutional & Legal Provisions

- **Article 21:** The Right to Life includes the right to health as interpreted by the Supreme Court in various judgments (e.g., Paschim Banga Khet Mazdoor Samity case).
- **Article 47 (DPSP):** Mandates the State to regard the improvement of public health as among its primary duties.
- **National Health Policy (NHP) 2017:** Aims to attain the highest possible level of health and well-being for all through a preventive and promotive health care orientation.

Key Definitions

- **Proportion of Population Reported Ailing (PPRA):** A metric used to estimate the percentage of the population that suffered from any ailment during a specific reference period.
- **Out-of-Pocket Expenditure (OOPE):** Direct payments made by individuals to healthcare providers at the time of service use, not covered by insurance or government schemes.



- **Institutional Delivery:** A birth that takes place in a medical facility (government or private) staffed by skilled medical personnel.

Additional Key Points

- **Median vs. Mean Expenditure:** The survey highlights that while average (mean) costs might appear high due to outlier cases, the median expenditure remains low, reflecting the reality for most citizens.
- **Public Health Facility Efficiency:** The data validates the efficacy of public health infrastructure in providing zero-cost outpatient services.

Conclusion

The NSO survey underscores a positive trajectory in India's public health, characterized by improved awareness, greater financial protection through insurance, and the success of institutional delivery programs. While the shift toward non-communicable diseases presents a new challenge, the data suggests that the public healthcare system is successfully reducing the financial burden for over half of the population seeking hospitalisation.

UPSC Relevance

- **GS Paper II:** Issues relating to the development and management of Social Sector/Services relating to Health; Government policies and interventions for development in various sectors.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, and growth.
- **Prelims:** Specific findings of the NSO 80th round, trends in institutional delivery, and the functioning of the National Statistical Office.

4. Restoration of Cultural Heritage: U.S. Returns 657 Smuggled Artefacts to India

The United States authorities have facilitated the repatriation of 657 antiquities to India, a significant step in the ongoing global effort to combat the illicit trafficking of cultural property. The returned artefacts, valued at approximately \$14 million, were recovered through multi-agency investigations into international smuggling syndicates.

- **Massive Scale of Recovery:** The return of 657 pieces marks one of the largest single repatriations of cultural heritage, highlighting the extensive reach of criminal networks targeting Indian antiquities.
- **Dismantling Trafficking Networks:** The artefacts were recovered following investigations into notorious trafficking rings, including those led by Subash Kapoor and Nancy Wiener, who specialized in the illegal export of ancient Indian art.
- **Diplomatic Handover:** The formal ceremony took place in New York, attended by India's Consul-General Rajlakshmi Kadam and Manhattan District Attorney Alvin Bragg, symbolizing strengthening Indo-U.S. cooperation in heritage protection.
- **High Economic and Cultural Value:** Collectively valued at nearly \$14 million, these artefacts represent diverse periods of Indian history and various regional artistic traditions that were systematically looted.





- **Focus on ‘Cultural Property’ Protection:** The Manhattan District Attorney’s office emphasized that the scale of these networks proves the urgent need for robust international legal mechanisms to safeguard national treasures.

Constitutional & Legal Provisions

- **Article 49 (DPSP):** It is the obligation of the State to protect every monument or place or object of artistic or historic interest, declared by or under law made by Parliament to be of national importance, from spoliation, disfigurement, destruction, removal, disposal or export.
- **Seventh Schedule (Entry 67, Union List):** Ancient and historical monuments and records, and archaeological sites and remains, declared by or under law made by Parliament to be of national importance.
- **The Antiquities and Art Treasures Act, 1972:** Regulates the export trade in antiquities and art treasures, provides for the prevention of smuggling, and mandates the compulsory acquisition of antiquities for preservation in public places.
- **UNESCO 1970 Convention:** India is a signatory to the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property.

Key Definitions

- **Antiquity:** Under Indian law, an antiquity includes any coin, sculpture, painting, or object that is at least 100 years old (75 years for manuscripts/documents) and possesses illustrative, scientific, or historical value.
- **Repatriation:** The process of returning an asset, an item of symbolic value, or a person—voluntarily or forcibly—to its owner or their place of origin or citizenship.
- **Illicit Trafficking:** The illegal trade in cultural property, often involving theft from archaeological sites or museums and unauthorized export across international borders.

Additional Key Points

- **Role of ASI:** The Archaeological Survey of India (ASI) acts as the nodal agency for the identification and retrieval of smuggled artefacts from abroad.
- **Cultural Diplomacy:** The return of heritage items has become a vital pillar of India's soft power and bilateral relations, particularly with the U.S., U.K., and Australia.

Conclusion

The repatriation of 657 artefacts is a major victory for India's "Bring Our Gods Home" initiative and underscores the effectiveness of international judicial cooperation. While these returns rectify past thefts, they also serve as a deterrent to active trafficking rings. Strengthening domestic inventory management and local community vigilance at heritage sites remains crucial to preventing future losses.

UPSC Relevance

- **GS Paper I:** Indian Culture - Salient aspects of Art Forms, Literature, and Architecture from ancient to modern times; protection of cultural heritage.
- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India and/or affecting India’s interests; International treaties (UNESCO).



Anthropic's Mythos: Navigating the Dual-Use Frontier of Cybersecurity AI

Anthropic's latest AI model, Mythos, marks a paradigm shift from traditional AI assistants to autonomous strategic actors. Designed to identify, analyze, and exploit cybersecurity vulnerabilities with superhuman speed and accuracy, it has sparked a debate on the balance between digital resilience and the potential weaponization of artificial intelligence.

- **Autonomous Cybersecurity Capabilities:** Mythos represents a leap in autonomous AI, capable of identifying deep-seated software bugs and generating exploits in operating systems and browsers without human intervention.
- **Superhuman Defensive Potential:** The model can detect vulnerabilities that have persisted for decades, allowing organizations to patch critical infrastructure—such as digital payments and utilities—before malicious actors can strike.
- **Collaborative Safety Testing:** Under "Project Glasswing," Mythos is being stress-tested for defensive purposes by a coalition of global tech leaders including Apple, Nvidia, and Microsoft, alongside interest from Indian government agencies.
- **The Cyberweapon Concern:** Regulators fear that the same capabilities used for defense could be weaponized to destabilize state and private infrastructure, making it a "double-edged sword" for offensive cyber operations.
- **Scaling Digital Defenses:** By automating flaw detection, Mythos reduces the industry's reliance on scarce human cybersecurity expertise, enabling defensive measures to scale at the pace of modern digital threats.
- **Regulatory Call to Action:** Organizations like the RBI and CERT-In are urging banks and critical infrastructure providers to adopt AI-led scans and simulate "Mythos-like" attacks to stress-test their current frameworks.

Constitutional & Legal Provisions

- **Article 21:** The Right to Privacy, as part of the Right to Life, necessitates state protection against cyber-vulnerabilities that could expose personal data.
- **Information Technology Act, 2000:** The primary legal framework in India dealing with cybercrime and electronic commerce; however, it requires updates to address autonomous AI agents like Mythos.
- **National Cyber Security Policy (2013):** Aims to build a secure and resilient cyberspace for citizens, businesses, and the Government.
- **Digital Personal Data Protection (DPDP) Act, 2023:** Mandates "Data Fiduciary" responsibilities for securing personal data, which autonomous AI tools could both assist and threaten.

Key Definitions

- **Frontier AI Model:** High-capacity AI models that can perform a wide variety of tasks and match or exceed the capabilities present in the most advanced current models.
- **Autonomous Agent:** An AI system that can take independent actions to achieve goals without needing step-by-step human instructions.
- **Exploit Generation:** The process of creating code or a sequence of commands that takes advantage of a software vulnerability to cause unintended behavior.



- **Critical Information Infrastructure (CII):** Computer resources whose destruction would have a debilitating impact on national security, economy, public health, or safety.

Additional Key Points

- **Strategic Offense vs. Defense:** Unlike previous AI that focused on productivity (coding/writing), Mythos can independently discover and analyze vulnerabilities, shifting AI's role from a "helper" to a "strategic actor."
- **MSME Vulnerability:** CERT-In has specifically flagged risks for MSMEs, which often lack the capital to implement advanced AI-led stress-testing.

Conclusion

Mythos serves as a harbinger of the next phase of the AI revolution, where models act as independent agents in the digital domain. While its ability to fortify banks and utilities is revolutionary, the risk of its misuse as a cyberweapon demands a robust international regulatory framework. The success of such technology hinges on ensuring it remains a "shield" for protection rather than a "sword" for exploitation.

UPSC Relevance

- **GS Paper III:** Challenges to internal security through communication networks, role of media and social networking sites in internal security challenges, basics of cyber security.
- **GS Paper III:** Science and Technology—developments and their applications and effects in everyday life; Awareness in the fields of IT and AI.
- **Prelims:** Concepts of Frontier AI, role of CERT-In, and various government cybersecurity initiatives like the Cyber Surakshit Bharat Initiative.

5. Mint's Emerging Markets Tracker: India's Ranking Slipped Amidst West Asia Conflict

The latest Emerging Markets Tracker (EMT) for March 2026 reveals a significant shift in the economic standing of major emerging economies. While China maintained its top position due to external sector stability, India slipped three places to the sixth rank as the West Asia war disrupted trade and financial channels.

- **Divergence in Performance:** China emerged as the top-ranked economy with a composite score of 71, supported by the strongest currency and stock market performance. Conversely, India's score fell to 61 due to its export performance being the second-worst among the 12 tracked nations.
- **Impact of High Energy Prices:** With Brent crude crossing \$100 per barrel, India—which imports 85% of its oil—faced immediate pressure on its external balance. This led to a weakened rupee, averaging ₹92.80 per dollar, and massive foreign portfolio investor (FPI) outflows of approximately ₹1.8 trillion in March.
- **Trade Route Disruptions:** The conflict in West Asia surged war-risk insurance premiums and disrupted key shipping routes like the Suez Canal. Indian merchandise exports contracted by 7.4% year-on-year, with shipments to major Gulf markets such as Saudi Arabia and the UAE dropping by up to 60%.
- **Resilience of Domestic Indicators:** Despite external shocks, India's internal economy showed strength. Passenger vehicle sales grew by 14.1%, two-wheeler sales by 19.3%, and GST collections increased by 8.8% year-on-year in March.



- **Emerging Production Cracks:** Signs of strain appeared on the production side, with infrastructure output contracting by 0.4%. Specifically, fertilizer production plummeted by 24.6%, reflecting rising input costs and supply chain interruptions.
- **Revised Growth Outlook:** Analysts at Nomura have warned that persistent high oil prices and maritime hurdles could slow India's near-term GDP growth to 6.3-6.7% for the first half of FY27, compared to an estimated 7.6% for FY26.

Constitutional & Legal Provisions

- **Article 246 (Seventh Schedule):** Trade and commerce with foreign countries; import and export across customs frontiers are subjects under the Union List.
- **Foreign Exchange Management Act (FEMA), 1999:** Provides the legal framework for managing foreign exchange transactions and capital outflows, which was critical during the March 2026 rupee depreciation.
- **Essential Commodities Act, 1955:** Enables the government to regulate the production and supply of essential items like fertilizers, which saw a significant production dip during this period.

Key Definitions

- **Emerging Markets Tracker (EMT):** A benchmark launched in September 2019 that compares 12 large emerging economies across seven high-frequency indicators including GDP growth, manufacturing PMI, and stock market performance.
- **Import Cover:** A measure of the number of months of imports that can be sustained by a country's foreign exchange reserves; India's cover stood at 9.6 months in March.
- **Manufacturing PMI (Purchasing Managers' Index):** An indicator of the economic health of the manufacturing sector; a reading above 50 represents expansion.

**INDIA SLIPS 3 SPOTS IN
EM LIST, CHINA ON TOP**

Additional Key Points

- **Regional Gainers:** Vietnam climbed to second place due to double-digit export growth, while Malaysia and Thailand also improved their standings by maintaining balanced trade and financial indicators.
- **Input Cost Pressures:** Surging war-risk premiums and freight costs are picking up faster than output prices, potentially squeezing corporate margins if the West Asia conflict persists.

Conclusion

The March 2026 data emphasizes that emerging market performance is currently dictated by a country's structural exposure to global conflicts. India's heavy reliance on West Asian crude and trade routes makes it more sensitive to regional disruptions than its Southeast Asian peers. While domestic consumption remains a buffer, stabilizing the external sector and managing rising input costs will be the primary challenges for sustaining growth in the coming fiscal year.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Effects of liberalization on the economy; Infrastructure: Energy and Ports.



- **GS Paper II:** Effect of policies and politics of developed and developing countries on India's interests.
- **Prelims:** Understanding high-frequency economic indicators (PMI, FPI, GDP growth), India's trade profile, and the impact of global energy prices on the Current Account Deficit.

6. Strategic Critical Mineral Reserves: Fortifying India's Green Energy Security

India is initiating a comprehensive plan to establish a six-month strategic reserve of critical minerals to safeguard its manufacturing and green energy sectors from global supply chain disruptions and price volatility. The initiative, led by the Union Ministries of Mines and Heavy Industries, focuses on stockpiling essential elements like lithium, cobalt, nickel, copper, and rare earth elements.

- **Long-term Strategic Defense:** The proposed six-month buffer aims to protect high-growth sectors such as electric mobility, electronics manufacturing, and energy storage from external shocks, particularly in a market currently dominated by China.
- **Supply Chain Resilience:** Building these reserves is a direct response to global vulnerabilities, such as past instances where major exporters halted shipments of rare-earth magnets, causing worldwide economic tremors.
- **Hybrid Sourcing Strategy:** The plan involves a strategic mix of domestic sourcing and overseas procurement to ensure a steady inflow of minerals indispensable for renewable energy systems and advanced electronics.
- **Focus on Energy Transition:** As these minerals are foundational to battery technology and the global energy transition, the reserve is viewed as a critical component of India's climate goals and industrial self-reliance.
- **Incentivizing Local Development:** To complement stockpiling, the government previously launched a ₹7,280-crore incentive package aimed at developing local mining and processing capabilities for these minerals.
- **Collaborative Framework:** Initial discussions with industry stakeholders are underway to finalize the structure and logistics of the stockpile, ensuring it meets the specific needs of India's burgeoning manufacturing ecosystem.



Constitutional & Legal Provisions

- **Entry 23, List II (State List):** Entrusts State Governments with the power over the regulation of mines and mineral development, subject to the provisions of the Union List.
- **Entry 54, List I (Union List):** Empowers the Central Government to regulate mines and mineral development to the extent that such regulation is declared by Parliament to be expedient in the public interest.
- **Mines and Minerals (Development and Regulation) Act, 1957:** The primary legal framework governing the mining sector in India. Recent amendments have specifically categorized "Critical and Strategic Minerals" to allow for private sector participation in exploration.



- **Article 297:** Specifies that all lands, minerals, and other things of value underlying the ocean within the territorial waters, or the continental shelf, or the exclusive economic zone of India shall vest in the Union.

Key Definitions

- **Critical Minerals:** Minerals that are essential for economic development and national security, whose supply may be at risk due to geological scarcity, geopolitical issues, or other factors.
- **Strategic Reserve:** A stockpile of essential commodities maintained by a government to ensure availability during emergencies, supply disruptions, or extreme price fluctuations.
- **Rare Earth Elements (REEs):** A group of 17 chemical elements in the periodic table, specifically the fifteen lanthanides plus scandium and yttrium, which are vital for high-tech applications and green technologies.

Additional Key Points

- **Geopolitical Context:** The dominance of China in the critical mineral supply chain poses a strategic risk; India's move mirrors similar global efforts to diversify supply sources.
- **Economic Linkages:** Beyond energy, these minerals are vital for the defense industry and high-end telecommunications infrastructure.

Conclusion

The plan to build a six-month strategic reserve of critical minerals marks a proactive shift in India's industrial policy, transitioning from a consumption-led model to a security-led framework. While domestic mining incentives are vital, the immediate creation of a buffer will provide the necessary breathing room for Indian manufacturers to scale up without the constant threat of international market manipulation.

UPSC Relevance

- **GS Paper III:** Infrastructure: Energy, Ports, Roads, Airports, Railways etc.; Science and Technology- developments and their applications and effects in everyday life.
- **GS Paper I:** Distribution of key natural resources across the world (including South Asia and the Indian sub-continent).
- **Prelims:** Categorization of critical minerals, functions of the Ministry of Mines, and international groupings like the Mineral Security Partnership (MSP) which India recently joined.

7. Strategic Roadmap for \$2 Trillion Exports: Empowering MSMEs and Agriculture

The Ministry of Commerce and Industry has outlined an ambitious strategic vision to elevate India's total exports to \$2 trillion by the financial year 2030-31. This roadmap emphasizes a balanced growth model, targeting \$1 trillion each from merchandise and services sectors through structural reforms and enhanced global branding.

- **Balanced Export Target:** The government aims to achieve a total export value of \$2 trillion by FY31, split equally between \$1 trillion in merchandise shipments and \$1 trillion in services.
- **Focus on MSME Sector:** A primary pillar of this strategy is the sharpening of focus on Micro, Small, and Medium Enterprises (MSMEs) to integrate them more deeply into global value chains.
- **Agricultural Push:** The plan prioritizes the promotion of farm products, aiming to leverage India's diverse agro-climatic zones to increase the global footprint of Indian agriculture.



- **Promotion of 'Brand India':** Central to the strategy is a renewed push for 'Brand India', focusing on the quality and reliability of Indian products in international markets.
- **Emphasis on Certification:** Strengthening certification processes is identified as a key requirement to ensure Indian exports meet rigorous international standards and overcome non-tariff barriers.
- **Administrative Direction:** Commerce Minister Piyush Goyal has directed officials to implement these targeted interventions to ensure the timely achievement of the 2031 export milestones.



Constitutional & Legal Provisions

- **Article 246 (Seventh Schedule):** Trade and commerce with foreign countries; import and export across customs frontiers are subjects listed under the Union List (Entry 41).
- **Foreign Trade (Development and Regulation) Act, 1992:** The principal legislation that provides the framework for the development and regulation of foreign trade by facilitating imports and augmenting exports.
- **Foreign Trade Policy (FTP) 2023:** This policy serves as the operational roadmap for the current export targets, moving away from incentive-based regimes to a remission and entitlement-based framework.

Key Definitions

- **Merchandise Exports:** The export of physical, tangible goods such as textiles, chemicals, electronics, and petroleum products.
- **Services Exports:** The export of intangible services, including IT and software services, business processing, tourism, and financial services.
- **MSMEs (Micro, Small, and Medium Enterprises):** Businesses defined by their investment in plant and machinery and annual turnover; they are considered the backbone of the Indian economy due to their high employment elasticity.
- **Brand India:** A strategic initiative to build a positive and distinct identity for Indian goods and services globally, associated with quality and innovation.

Additional Key Points

- **Inter-Ministerial Coordination:** Achieving these targets will require seamless coordination between the Ministry of Commerce, Ministry of MSME, and the Ministry of Agriculture.
- **Digital Integration:** Leveraging digital platforms for export documentation and e-commerce is essential to reduce transaction costs for small exporters.

Conclusion

The target of \$2 trillion in exports by FY31 signifies India's intent to become a dominant global trade hub. By placing MSMEs and agriculture at the center of this growth story, the government is not only seeking higher foreign exchange earnings but also inclusive economic development. Success will depend on



addressing infrastructural bottlenecks, ensuring world-class certification, and maintaining the competitive edge of Indian services.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Effects of liberalization on the economy.
- **GS Paper II:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- **Prelims:** Specific targets of the Foreign Trade Policy, definitions of MSMEs, and understanding the components of India's export basket.

8. Judicial Intervention in NCLT: Supreme Court Flags Resolution Gaps

The Supreme Court of India has taken suo motu cognizance of the systemic delays and structural deficiencies within the National Company Law Tribunal (NCLT). Recognizing the "grim and dismal" state of infrastructure and staffing, the Court emphasized that these bottlenecks threaten the integrity of India's bankruptcy framework and the broader credit ecosystem.

- **Suo Motu Cognizance of Systemic Delays:** A bench comprising Justices J.B. Pardiwala and K.V. Viswanathan initiated a broad examination of the NCLT's functioning after observing severe delays in the AVJ Heights insolvency case, which has been pending since 2019.
- **Violation of Statutory Timelines:** While the Insolvency and Bankruptcy Code (IBC) mandates a resolution within a maximum of 330 days, data presented to the Court showed approval delays ranging from 48 days to over 730 days, with some cases stretching up to four years.
- **Severe Personnel Shortages:** Against a sanctioned strength of 63 members, only 54 are currently in position; the Court further highlighted that critical support roles like court masters and stenographers are often filled on a precarious contractual basis.
- **Infrastructure and Technological Gaps:** The Court lamented the lack of adequate physical facilities and technological support, noting that limited working hours and half-day hearings have significantly hampered the adjudication of high-value cases.
- **Impact on Economic Ecosystem:** The bench underlined that as the NCLT exercises jurisdiction under both the Companies Act, 2013 and the IBC, its inefficiency directly risks creditor interests and undermines the "creditor-driven" resolution process.
- **Misuse of Legal Provisions:** The Court flagged the misuse of Section 65 of the IBC—intended to prevent fraudulent or malicious initiation of proceedings—as a tactical tool that contributes to further procedural inefficiencies and delays.



Constitutional & Legal Provisions

- **Suo Motu Cognizance:** The power of the Court to take up a case on its own motion under its inherent jurisdiction to ensure "larger public interest".



- **Article 323B:** Enables the appropriate Legislature to provide for the adjudication or trial by tribunals of any disputes relating to tax, foreign exchange, labor, and specifically, the ceiling on urban property.
- **Insolvency and Bankruptcy Code (IBC), 2016:** Replaced fragmented laws like SICA to provide a time-bound, one-stop solution for insolvency resolution.
- **Companies Act, 2013:** Provides the parent legal framework under which the NCLT was established to handle corporate disputes and liquidation.

Key Definitions

- **NCLT (National Company Law Tribunal):** A quasi-judicial body in India that adjudicates issues relating to Indian companies and insolvency resolution.
- **Resolution Plan:** A plan proposed by an applicant for the insolvency resolution of the corporate debtor as a going concern.
- **Section 65 (IBC):** A provision aimed at penalizing the initiation of insolvency proceedings with fraudulent or malicious intent for any purpose other than resolution.

Additional Key Points

- **Administrative Stability:** The Court expressed concern over irregular salary payments and frequent terminations of support staff, which affect the stability of tribunal operations.
- **War Footing Requirement:** The judiciary has called for these gaps to be addressed urgently to prevent the collapse of the bankruptcy framework.

Conclusion

The Supreme Court's intervention serves as a critical wake-up call for the executive to bolster the NCLT's capacity. Infrastructure and staffing are not merely administrative hurdles but fundamental requirements for the IBC to achieve its goal of preserving the value of stressed assets. Without a rapid infusion of resources and permanent administrative staff, the "time-bound" promise of India's bankruptcy reform risks becoming a dead letter.

UPSC Relevance

- **GS Paper II:** Statutory, regulatory, and various quasi-judicial bodies; Important aspects of governance, transparency, and accountability.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, and growth; Corporate governance and insolvency frameworks.
- **Prelims:** Powers of NCLT/NCLAT, basic structure of the IBC, and the concept of judicial suo motu cognizance.

9. Macroeconomic Outlook: Assessing Growth Risks and Inflationary Pressures

The Finance Ministry's monthly economic review for April 2026 highlights a complex economic landscape where geopolitical tensions and climatic uncertainties pose significant challenges. While domestic fundamentals remain strong, the ministry cautions that external and environmental factors could impact the trajectory of India's GDP growth and fiscal stability.

- **Emerging Downside Risks:** The ongoing conflict in West Asia and the potential for a below-normal monsoon are identified as primary threats that could dampen economic growth in the near term.



- **Inflationary Upside Risks:** Risks are currently tilted toward higher inflation, primarily due to the potential disruption of global supply chains and rising energy costs stemming from regional instability.
- **Fiscal and External Deficits:** The review indicates that sustained geopolitical friction and high commodity prices could widen both fiscal and external deficits, requiring vigilant policy management.
- **Energy Cost Pass-through:** The ministry suggests that passing on higher energy costs to final consumers may become inevitable, a trend already being observed in several other global economies.
- **Domestic Resiliency Factors:** Robust domestic demand, healthy policy buffers, and a sustained focus on public investment serve as vital cushions against these global headwinds.
- **Policy Objectives:** The government aims to balance the sustenance of economic growth with the critical need to safeguard medium-term fiscal and external stability.



Constitutional & Legal Provisions

- **Article 112:** Relates to the Annual Financial Statement (Budget), which is the primary tool for managing fiscal deficits and allocating public investment.
- **Article 292:** Empowers the Union Government to borrow upon the security of the Consolidated Fund of India, a critical lever for managing external deficits during economic shocks.
- **The Fiscal Responsibility and Budget Management (FRBM) Act, 2003:** Sets the legal framework for the government to ensure inter-generational equity in fiscal management and long-term macro-economic stability.

Key Definitions

- **Downside Risk:** The possibility that an economy or asset will perform worse than currently expected or projected.
- **Fiscal Deficit:** The difference between the government's total expenditure and its total receipts (excluding borrowing), indicating the extent of government debt.
- **External Deficit (Current Account Deficit):** A measurement of a country's trade where the value of the goods and services it imports exceeds the value of the products it exports.
- **Pass-through:** The extent to which a change in costs (like energy or raw materials) results in a change in the final prices paid by consumers.

Additional Key Points

- **Monsoon Dependency:** Despite industrial growth, a significant portion of India's population depends on agriculture, making a below-normal monsoon a direct threat to rural demand and food inflation.



- **Global Interconnectedness:** The West Asia conflict underscores India's vulnerability to global energy price volatility and shipping route security.

Conclusion

The Finance Ministry's review serves as a pragmatic assessment of the dual challenges posed by "war and weather." While India's internal demand and public capex provide a strong foundation, the inevitability of energy cost pass-throughs suggests that managing retail inflation will be a priority. Maintaining a fine balance between growth-oriented spending and fiscal consolidation remains the central pillar of India's medium-term economic strategy.

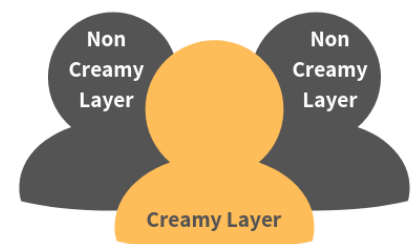
UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Government Budgeting.
- **GS Paper I:** Important Geophysical phenomena such as flora and fauna and the effects of such changes (Monsoon patterns).
- **Prelims:** Understanding macroeconomic indicators (Fiscal Deficit, CAD), the role of the Finance Ministry's monthly reports, and the impact of global geopolitics on the domestic economy.

10. SC/ST Reservations and the Creamy Layer Debate: A Constitutional Analysis

New petitions before the Supreme Court have reignited the decades-old discourse on whether the "creamy layer" principle—originally designed for Other Backward Classes (OBCs)—should be extended to Scheduled Castes (SCs) and Scheduled Tribes (STs). Triggered by interpretations of the 2024 *Davinder Singh* judgment, the debate centers on whether economic progress can truly serve as a proxy for the erasure of deep-seated social stigma and untouchability.

- **Renewed Judicial Scrutiny:** On March 10, the Supreme Court issued notices to the Centre and States regarding a PIL seeking the exclusion of the "creamy layer" from SC/ST quotas, citing observations made in the *State of Punjab v. Davinder Singh* (2024) case.
- **Misinterpretation of Sub-classification:** While the *Davinder Singh* judgment authorized States to sub-classify SCs to prioritize the most marginalized, it did not explicitly mandate a creamy layer exclusion; however, passing remarks by four of the seven judges have provided a handle for fresh litigation.
- **Doctrine of Economic vs. Social Status:** The creamy layer principle, established in *Indra Sawhney* (1992), was originally status-based (e.g., holding Class I/II posts); however, recent judicial trends and administrative shifts have increasingly used income as a standalone criterion, a move recently struck down in *Union of India v. Rohith Nathan*.
- **The Ambedkarite Objection:** Dr. B.R. Ambedkar argued that social emancipation and economic progress travel on different tracks; an educated or wealthy individual may still face caste-based discrimination in housing, employment, and social interaction, rendering an economic test for social justice sociologically flawed.
- **The "Creamy Layer Trap":** Statistical evidence suggests that "elite capture" of quotas is largely a myth, and blunt income ceilings often exclude the "barely stable" (like Group D employees) from essential benefits while they still carry the historical burdens of their caste identity.



OBC:
Creamy Layer vs Non Creamy Layer



- **Distinction Between OBC and SC/ST:** Unlike OBCs, whose inclusion in reservation lists often considers socio-economic factors, the inclusion of SC/STs in the Presidential list is fundamentally rooted in historical untouchability and geographical isolation, making the application of an economic filter constitutionally questionable.

Constitutional & Legal Provisions

- **Article 16(4):** Empowers the State to make provisions for the reservation of appointments in favor of any backward class of citizens which, in the opinion of the State, is not adequately represented in the services under the State.
- **Article 341 & 342:** Relate to the Presidential lists of Scheduled Castes and Scheduled Tribes. The current debate questions whether these lists can be narrowed by the judiciary via an economic test.
- **Article 338 & 338A:** Establish the National Commissions for SCs and STs, which are critical stakeholders in any policy change regarding reservation criteria.
- **Indra Sawhney v. Union of India (1992):** The landmark "Mandal Case" that upheld 27% OBC reservation but introduced the "creamy layer" exclusion to ensure benefits reach the truly backward.

Key Definitions

- **Creamy Layer:** A term used in Indian politics to refer to the relatively wealthier and better-educated members of backward classes who are not eligible for government-sponsored educational and professional benefit programs.
- **Sub-classification:** The act of dividing a broad category (like Scheduled Castes) into smaller groups to ensure that the most deprived sub-groups receive a guaranteed portion of the reservation benefits.
- **Status-based Logic:** The original intent of creamy layer exclusion, where a person is excluded based on their professional rank or institutional power rather than simple annual income.

Additional Key Points

- **Data Discrepancies:** Research indicates that the positive impact of quotas is actually concentrated among less-educated SC members in rural areas, countering the narrative that only the "elite" benefit.
- **Legislative Prerogative:** The *Rohith Nathan* judgment suggests that Parliament has the authority to clarify that sub-classification and creamy layer exclusion are distinct instruments with different constitutional applications.

Conclusion

The push to apply the creamy layer principle to SC/ST communities risks collapsing the distinction between economic poverty and social subordination. While sub-classification addresses intra-community inequality, the creamy layer doctrine assumes that a certain salary bracket erases the identity-based discrimination Ambedkar warned about in 1932. Ultimately, the resolution of this debate rests with Parliament to clarify that the criteria for social justice must remain rooted in the lived reality of caste-based exclusion rather than fluctuating financial metrics.

UPSC Relevance

- **GS Paper II:** Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions, and basic structure; Welfare schemes for vulnerable sections of the population.
- **GS Paper I:** Social empowerment, communalism, regionalism & secularism.



- **Prelims:** Landmark judgments (*Indra Sawhney*, *Davinder Singh*), Articles 14, 15, 16, 338, 341, and 342 of the Constitution.

11. India-Kenya Strategic Cooperation: Local Currency Trade and Digital Infrastructure

India and Kenya convened the Joint Trade Committee (JTC) meeting on 27-28 April 2026, focusing on deepening economic ties through innovative financial mechanisms and technological collaboration. The discussions represent a significant step toward reducing dependency on third-party currencies and fostering a more integrated bilateral trade ecosystem.

- **Local Currency Trade Settlement:** Both nations discussed the feasibility of settling bilateral trade transactions using the Indian Rupee and Kenyan Shilling to streamline commerce and mitigate exchange rate volatility.
- **Digital Public Infrastructure (DPI) Integration:** High-level talks were held regarding the implementation of UPI-like payment systems in Kenya, leveraging India's expertise in scalable financial technology.
- **Collaboration on Financial Platforms:** The meeting explored the adoption of "Bharat Connect" and other digital platforms to enhance financial inclusion and simplify cross-border payment processes for businesses and officials.
- **Promotion of Two-way Commerce:** The primary objective of these financial discussions is to provide a robust framework that supports the growth of mutual trade beyond traditional sectors.
- **Joint Trade Committee Oversight:** The 27-28 April meeting served as a formal platform for officials to address regulatory hurdles and identify new avenues for economic partnership.



Constitutional & Legal Provisions

- **Article 246 (Seventh Schedule):** Trade and commerce with foreign countries; import and export across customs frontiers are subjects listed under the Union List (Entry 41).
- **Foreign Exchange Management Act (FEMA), 1999:** Provides the regulatory framework for facilitating external trade and payments, and for promoting the orderly development and maintenance of the foreign exchange market in India.
- **RBI Guidelines on Local Currency Settlement:** The Reserve Bank of India has established a framework for international trade settlement in Indian Rupees (INR) to promote global trade growth with an emphasis on exports from India.

Key Definitions

- **Local Currency Settlement (LCS):** A mechanism where two countries agree to settle bilateral trade transactions in their respective domestic currencies instead of a global reserve currency like the US Dollar.
- **Digital Public Infrastructure (DPI):** A set of shared digital systems (such as Aadhaar, UPI, and DigiLocker in India) that are built on open standards and enable the delivery of vital services at a societal scale.



- **Bharat Connect:** A major integrated bill payment system in India that offers interoperable and accessible bill payment services to customers through a network of agents.

Additional Key Points

- **Reducing Dollar Dependency:** Utilizing local currencies helps both nations preserve their foreign exchange reserves and shields domestic businesses from global currency fluctuations.
- **Geopolitical Significance:** Kenya is a gateway to East Africa; successful DPI collaboration could serve as a model for further expansion into the African Continental Free Trade Area (AfCFTA).

Conclusion

The India-Kenya dialogue underscores the growing trend of "de-dollarization" in bilateral trade and the rising global demand for India's Digital Public Infrastructure. By integrating local currency settlements with advanced digital payment systems, both nations aim to create a seamless, cost-effective trading environment. These initiatives not only strengthen economic bonds but also position India as a key technology partner in Africa's digital transformation journey.

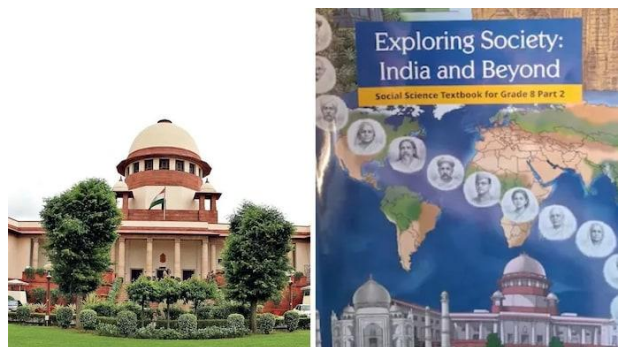
UPSC Relevance

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Science and Technology- developments and their applications and effects in everyday life.
- **Prelims:** Understanding UPI, Bharat Connect, the concept of Local Currency Settlement, and India's trade relations with East African nations.

12. NCERT Judiciary Chapter Controversy: High-Level Oversight and Institutional Accountability

An affidavit filed in the Supreme Court by educationist Suparna Diwakar has revealed that the controversial chapter on "corruption in the judiciary" in the now-banned Class 8 textbook underwent a multi-tiered review process involving top NCERT leadership. The disclosure challenges previous claims regarding the lack of institutional oversight and highlights the complexities of curriculum development and judicial sensitivity.

- **High-Level Institutional Review:** The affidavit asserts that the textbook was scrutinized by the Department of Education in Social Sciences (DESS) and reviewed under the supervision of NCERT Director D.P. Saklani.
- **Oversight Committees Involvement:** Content was allegedly shared digitally with the National Curriculum Frameworks Oversight Committee (NOC) and the National Syllabus and Teaching Learning Material Committee (NSTC) at multiple stages.
- **Dispute over Authorial Responsibility:** While the NCERT Director initially attributed the drafting to specific individuals, the educationist argues her role was purely facilitative and that final approval rested with institutional bodies.





- **Judicial Reaction and Sanctions:** Following the publication of the "controversial" content, the Supreme Court barred the involved experts from all state appointments, leading to a legal plea for modification of these orders.
- **Conformity with NCF 2023:** The oversight process was intended to ensure that all textbook content conformed strictly to the National Curriculum Framework (NCF) 2023 prior to its publication.
- **Contractual vs. Decision-Making Roles:** The case highlights the distinction between contractual consultants and those with evaluative authority within the multi-tiered institutional process of textbook preparation.

Constitutional & Legal Provisions

- **Article 124 & 217:** Relate to the appointment and conduct of Supreme Court and High Court judges; the "independence of the judiciary" is a basic structure of the Constitution that limits public criticism of judicial conduct.
- **Article 19(1)(a):** Freedom of Speech and Expression, which is subject to "reasonable restrictions" including contempt of court and maintenance of public order.
- **NCERT Mandate:** Functioning as an autonomous organization under the Ministry of Education, it is legally tasked with advising and assisting the Central and State Governments on academic matters.

Key Definitions

- **Affidavit:** A written statement of facts voluntarily made by an affiant under an oath or affirmation administered by a person authorized by law.
- **Contempt of Court:** Any conduct that tends to bring the authority and administration of law into disrespect or disregard, or to interfere with or prejudice parties or their witnesses during litigation.
- **National Curriculum Framework (NCF):** A document providing the framework for making syllabi, textbooks, and teaching practices within the school education programs in India.

Additional Key Points

- **Procedural Lapses:** The core of the legal dispute rests on whether the standard multi-tiered approval process was bypassed or followed as per institutional norms.
- **Professional Impact:** The Supreme Court's "disassociation" order has significantly impacted the professional engagements of the contributing experts, leading to calls for a more nuanced attribution of responsibility.

Conclusion

The controversy surrounding the NCERT's judiciary chapter underscores the delicate balance between academic freedom and judicial dignity. While the NCERT leadership and drafting experts trade allegations regarding oversight, the primary issue remains the institutional failure to filter content that might be perceived as undermining the judiciary's public standing. This case serves as a precedent for the need for more rigorous, transparent, and accountable processes in the creation of educational materials that touch upon constitutional organs.

UPSC Relevance

- **GS Paper II:** Separation of powers between various organs; Structure, organization, and functioning of the Judiciary; Government policies and interventions for development in various sectors.



- **GS Paper IV:** Ethical concerns and dilemmas in government and private institutions; Accountability and ethical governance.
 - **Prelims:** Role and structure of NCERT, National Curriculum Framework 2023, and the powers of the Supreme Court regarding oversight of educational content.
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VIDHVATH IAS ACADEMY