



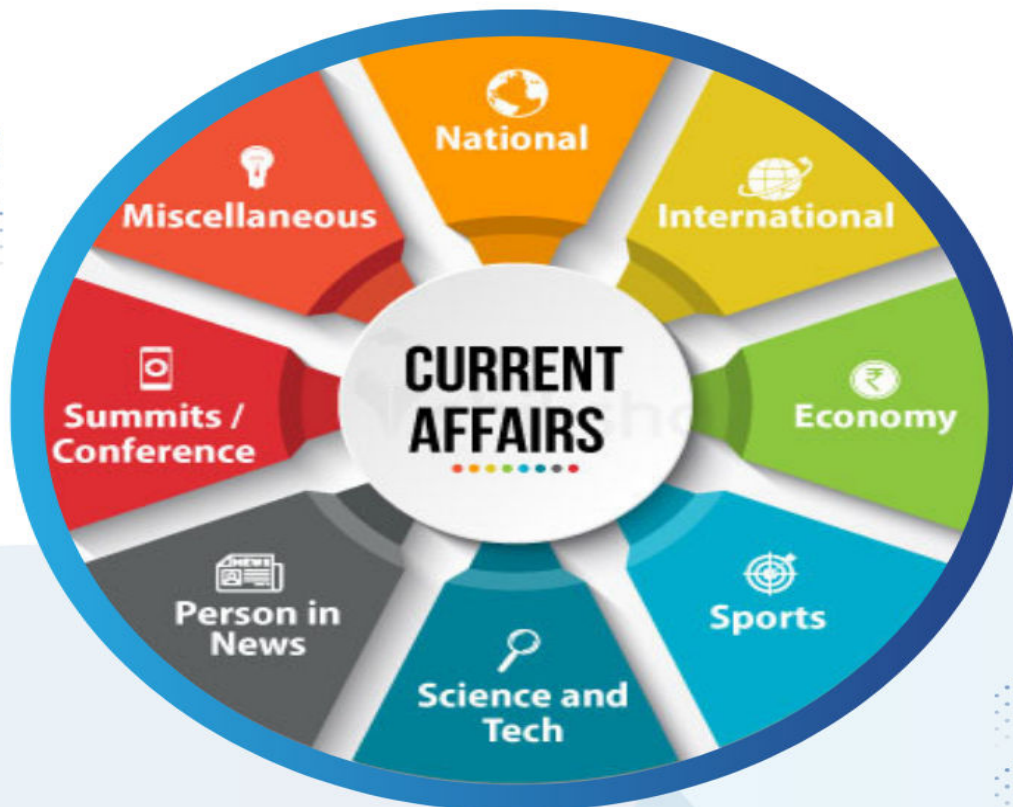
“ We help you reach for the star ”

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

# DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

**DATE: 05/05/2026 (TUESDAY)**



 **9972258970 & 9740702455**

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



## **Table of Contents**

1. RBSK 2.0: Reimagining Child Health through the Lifecycle Approach.....	2
2. India's First Multi-Lane Free Flow (MLFF) Tolling System: A Technological Leap.....	3
3. Escalating Fertilizer Subsidy: Balancing Fiscal Health and Food Security .....	5
4. PMEGP Loan Sanctions Decline: Credit Challenges for Micro-Enterprises .....	6
5. Economic Vulnerabilities Mapping: Strengthening Resilience against Global Shocks .....	8
6. Manufacturing PMI Trends: Fragile Recovery Amidst Global Headwinds.....	9
7. Suspected Hantavirus Outbreak: Emerging Zoonotic Challenges .....	11
8. Direct Tax Collection Trends in FY26: Challenges and Insights.....	12
9. UPI Performance Trends: Scaling the Digital Payments Ecosystem .....	14
10. The Rupee Paradox: Macroeconomic Strength vs. Currency Depreciation.....	15
11. Evolution and Enforcement of the Model Code of Conduct (MCC).....	17
12. Landmark Ruling on Forest Rights: Overriding Inconsistent Precedents.....	18

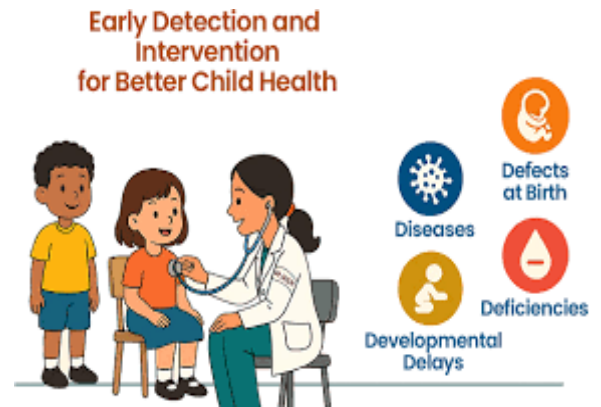


VIDHVATH IAS ACADEMY



## 1. RBSK 2.0: Reimagining Child Health through the Lifecycle Approach

- **Expansion of the 4Ds Framework:** RBSK 2.0 broadens the traditional "4Ds" (Defects at birth, Deficiencies, Diseases, Developmental delays) to include "New-Age" challenges such as non-communicable diseases (NCDs), mental health conditions, and behavioral concerns, ensuring the program evolves with India's changing epidemiological profile.
- **Comprehensive Continuum of Care:** The guidelines transition from simple screening to a preventive, promotive, and curative model, reinforcing a lifecycle-based approach that supports children from birth to 18 years through integrated service delivery.
- **Enhanced Digital Infrastructure:** Central to the update is the introduction of digital health cards and real-time data tracking systems, aimed at minimizing referral dropouts and ensuring every child identified with a condition receives timely facility-based treatment.
- **Multi-Sectoral Convergence:** The framework mandates synchronized action between the Ministry of Health, Ministry of Education, and Ministry of Women and Child Development, utilizing Anganwadi Centres and schools as primary touchpoints for universal outreach.
- **Strengthened Referral Linkages:** It establishes a robust, closed-loop referral tracking system that maps the journey from community-level identification by Mobile Health Teams (MHTs) to specialized Tertiary Care, ensuring no child is lost in the transition of care.
- **Focus on Holistic Development:** Beyond mere survival, RBSK 2.0 prioritizes "Thriving" by incorporating screening for developmental disorders and risk factors like childhood hypertension and diabetes, which were previously under-addressed.



### Key Definitions

- **4Ds Approach:** A systematic screening tool used to identify **Defects** at birth, **Deficiencies** (like Anemia), **Diseases** (like Skin conditions), and **Developmental** delays (including disabilities).
- **Continuum of Care:** A concept where healthcare is provided as a seamless transition of services from the household/community level to the hospital, throughout all stages of life.

### Constitutional & Legal Provisions

- **Article 21:** The Right to Life includes the right to health; RBSK 2.0 acts as a mechanism to fulfill this fundamental right for the pediatric population.
- **Article 39(f):** A Directive Principle of State Policy (DPSP) that mandates the State to ensure children are given opportunities to develop in a healthy manner and in conditions of freedom and dignity.
- **Article 47:** Obligates the State to raise the level of nutrition and the standard of living and to improve public health.
- **UN Convention on the Rights of the Child (UNCRC):** As a signatory, India is committed to providing the highest attainable standard of health for children, which RBSK 2.0 directly supports.



### Additional Key Points for Examination

- **Mobile Health Teams (MHTs):** These are the backbone of the program, consisting of AYUSH doctors, nurses, and pharmacists who conduct on-site screenings.
- **District Early Intervention Centres (DEIC):** The crucial link where children flagged by MHTs receive specialized diagnostic and therapy services (e.g., speech therapy, occupational therapy).
- **NCD Screening:** Inclusion of NCD risk factors marks a shift toward addressing the growing double burden of malnutrition and lifestyle diseases in adolescents.

### Conclusion

The launch of RBSK 2.0 signifies a paradigm shift from a "detect and refer" model to a "monitor and manage" ecosystem. By integrating mental health and digitalization, the government is addressing the complexities of modern childhood. If implemented with precision, it will not only reduce Out-of-Pocket Expenditure (OOPE) for vulnerable families but also ensure that India's demographic dividend is built on a foundation of robust physical and mental health.

### UPSC Relevance

- **General Studies II (Social Justice & Governance):** Issues relating to development and management of Social Sector/Services relating to Health and Education.
- **General Studies IV (Ethics):** State's moral obligation toward vulnerable sections (children).
- **Prelims:** Direct questions on the 4Ds, the age bracket of RBSK (0-18 years), and the implementing agencies.

## 2. India's First Multi-Lane Free Flow (MLFF) Tolling System: A Technological Leap

- **Transition to Barrier-less Tolling:** The MLFF system, launched at the Chorayasi Toll Plaza in Gujarat, eliminates physical barriers and toll booths, allowing vehicles to maintain highway speeds while toll is deducted automatically, ensuring seamless traffic movement.
- **Integration of ANPR and FASTag:** The system utilizes a dual-technology approach combining Automatic Number Plate Recognition (ANPR) cameras with existing RFID-based FASTag technology to identify vehicles and process payments without human intervention.
- **Enforcement through E-Notices:** To manage non-compliance (such as insufficient balance or invalid tags), NHAI has introduced a digital enforcement mechanism where E-Notices are issued via the Parivahan portal, allowing a 72-hour window for standard payment before penalties apply.
- **Impact on Logistics and Environment:** By removing idling time at plazas, the system significantly reduces fuel consumption, lowers vehicular emissions, and improves the overall "Ease of Doing Business" by speeding up freight movement across National Highways.
- **Digital Integration with VAHAN:** The MLFF framework is linked with the national VAHAN database; persistent non-payment of toll notices can lead to the blacklisting of FASTags and restriction of vehicle-related services, ensuring high accountability.





- **Operational Efficiency:** MLFF reduces the heavy capital and operational expenditure required for traditional toll plaza infrastructure, such as physical booths, large manpower deployment, and extensive land acquisition for multiple lanes.

### Key Definitions

- **Multi-Lane Free Flow (MLFF):** An electronic toll collection system that allows vehicles to pass through tolling points at cruising speed without stopping or slowing down.
- **Automatic Number Plate Recognition (ANPR):** A technology that uses optical character recognition on images to read vehicle registration plates, used here as a redundant or primary identification layer alongside FASTag.

### Constitutional & Legal Provisions

- **Entry 23, Union List (Seventh Schedule):** The Union Government has the exclusive power to legislate on National Highways.
- **National Highways Act, 1956:** Provides the legal framework for the declaration, development, and maintenance of National Highways, including the authority to levy and collect fees (tolls).
- **National Highways Fee (Determination of Rates and Collection) Rules, 2008:** The primary secondary legislation that governs how tolls are calculated and collected, recently amended to accommodate electronic and GPS-based tolling mechanisms.
- **Article 301:** Guarantees freedom of trade, commerce, and intercourse throughout the territory of India; MLFF supports this by removing physical bottlenecks to interstate movement.

### Additional Key Points for Examination

- **Global Benchmarking:** MLFF is a standard practice in advanced economies (e.g., Singapore's ERP or Dubai's Salik); its implementation marks India's shift toward "Intelligent Transport Systems" (ITS).
- **The 72-Hour Rule:** A critical procedural detail for aspirants—users must pay the standard fee within 72 hours of an E-Notice to avoid a 2x penalty (double the normal rate).
- **Satellite-Based Tolling Vision:** MLFF is considered a bridge technology toward the eventual implementation of GNSS (Global Navigation Satellite System) based tolling, which will charge users based on the actual distance traveled.

### Conclusion

The successful pilot of the MLFF system in Gujarat represents a paradigm shift from traditional "Stop-and-Go" tolling to a sophisticated digital ecosystem. While it promises to revolutionize highway travel by saving time and fuel, its nationwide success will depend on the robustness of the ANPR technology in diverse weather conditions and the seamless integration of digital dispute redressal mechanisms. This initiative aligns perfectly with the 'Gati Shakti' National Master Plan, aiming for integrated and frictionless multi-modal connectivity.

### UPSC Relevance

- **General Studies III (Infrastructure):** Important for questions regarding National Highways, investment models, and the role of technology in infrastructure development.
- **General Studies III (Environment):** Relevant to topics on reducing carbon footprints and vehicular pollution through smart city/transport initiatives.



- **Prelims:** Focus on the specific technologies (ANPR, RFID), the implementing agency (NHAI), and the legal penalties associated with the new E-Notice system.

### 3. Escalating Fertilizer Subsidy: Balancing Fiscal Health and Food Security

- **Surge in Subsidy Outlay:** India's fertilizer subsidy bill reached ₹2.17 trillion in FY26, significantly surpassing the revised budget estimate of ₹1.86 trillion, primarily due to the government's commitment to insulate farmers from global price volatility.
- **Geopolitical Supply Chokepoints:** The blockade of the Strait of Hormuz has disrupted West Asian supplies, creating a "supply-side shock" that is expected to push the FY27 budgeted subsidy of ₹1.7 trillion upward by at least 20%.
- **Import Dependency Vulnerability:** As the world's largest importer of Urea and Diammonium Phosphate (DAP), India remains highly susceptible to international nutrient prices and currency fluctuations, importing 60% of its DAP and 15% of its Urea requirements.
- **Dual Subsidy Mechanism:** The bill is divided into a heavily price-controlled regime for Urea and a fixed, nutrient-linked support system for non-urea fertilizers (P&K), with Urea traditionally consuming the lion's share of the fiscal support.
- **Agricultural Bedrock:** The subsidy serves as a critical intervention for a sector that employs 46.1% of the Indian workforce and contributes 15.6% to the national income, ensuring that input costs do not compromise national food security.
- **Fiscal Deficit Implications:** Persistent overshooting of subsidy estimates exerts immense pressure on the Union Budget, potentially widening the fiscal deficit and challenging the government's fiscal consolidation roadmap.



#### Key Definitions

- **Nutrient Based Subsidy (NBS):** A scheme for Phosphatic and Potassic (P&K) fertilizers where a fixed amount of subsidy is decided by the government annually based on the individual nutrient content (N, P, K, and S) rather than the product price.
- **Strait of Hormuz:** A strategic maritime chokepoint between the Persian Gulf and the Gulf of Oman, through which a significant portion of the world's fertilizer inputs and petroleum products are transported.

#### Constitutional & Legal Provisions

- **Article 112 (Annual Financial Statement):** The subsidy bill is a part of the Union Budget's Revenue Expenditure, reflecting the government's fiscal priorities and socio-economic obligations.
- **Article 39(b) & (c):** Under the Directive Principles of State Policy, the State is encouraged to ensure that the ownership and control of material resources are distributed to subserve the common good, justifying state intervention in essential agricultural inputs.
- **Essential Commodities Act, 1955:** Fertilizers are declared as "essential commodities" under this Act, allowing the government to regulate their production, supply, and distribution to ensure availability at fair prices.



### Additional Key Points for Examination

- **Direct Benefit Transfer (DBT):** The government utilizes a DBT system where the subsidy is released to the fertilizer companies only after the actual sale to the farmer is verified via Point of Sale (PoS) devices using Aadhaar authentication.
- **Nano Urea Shift:** To reduce the subsidy burden and improve efficiency, the government is promoting "Nano Urea" and "Nano DAP," which have higher nutrient absorption rates and lower logistics costs.
- **One Nation One Fertilizer (PMBJP):** The initiative to market all subsidized fertilizers under a single brand name, "Bharat," to standardize quality and reduce cross-country movement of fertilizers.

### Conclusion

The burgeoning fertilizer subsidy bill highlights a complex policy trilemma: maintaining affordable retail prices for farmers, ensuring domestic food security, and adhering to fiscal discipline. While short-term spikes due to the West Asia crisis are unavoidable, the long-term solution lies in diversifying import sources, accelerating the adoption of alternative fertilizers like Nano Urea, and achieving "Atmanirbhar Bharat" in fertilizer production through the revival of domestic plants.

### UPSC Relevance

- **General Studies III (Agriculture & Economy):** Direct and indirect farm subsidies and issues related to Minimum Support Prices; Public Distribution System; Food Security.
- **General Studies II (International Relations):** Impact of West Asian geopolitics and maritime chokepoints on India's domestic economy.
- **Prelims:** Differences between Urea and NBS regimes, major fertilizer exporting regions to India, and the functioning of the DBT system in fertilizers.

## 4. PMEGP Loan Sanctions Decline: Credit Challenges for Micro-Enterprises

- **Sharp Contraction in Credit Flow:** Bank loan sanctions under the Prime Minister's Employment Generation Programme (PMEGP) plunged by 50% to ₹6,148 crore in FY26, marking the third consecutive annual decline and indicating a significant slowdown in credit support for rural and urban micro-enterprises.
- **Decadal Low in Applications:** FY26 witnessed the lowest number of loan applications in a decade (2.31 lakh), with a low conversion rate where lenders approved only about 21% of the total applications received, reflecting both weak demand and stringent supply-side filters.
- **Risk Aversion and Asset Quality:** The decline is attributed to banks adopting tighter credit underwriting standards and a cautious approach toward new, untested projects to prevent a rise in Non-Performing Assets (NPAs), moving away from volume-based lending to ensure project viability.
- **Transitory Uncertainty:** A key factor for the dip was the conclusion of the 15th Finance Commission cycle in FY26, which created temporary policy uncertainty among financial institutions regarding the continuity of the subsidy-linked scheme.





- **Impact on MSME Ecosystem:** This credit squeeze affects India's 80 million MSMEs—a sector that contributes 31% to the GDP and employs over 328 million people—at a time when external headwinds like global demand shifts and trade tariffs are creating economic volatility.
- **Optimistic Outlook for FY27:** Despite the FY26 slump, the Centre has significantly increased the budgetary allocation for PMEGP to ₹4,500 crore for FY27, signaling a strong policy push to rebound job creation and entrepreneurial support in the non-farm sector.

### Key Definitions

- **Margin Money Subsidy:** The portion of the project cost (15% to 35%) provided by the Government of India under PMEGP, which is credited to the beneficiary's bank account after a lock-in period of three years.
- **Non-Performing Assets (NPA):** A loan or advance for which the principal or interest payment remained overdue for a period of 90 days or more.

### Constitutional & Legal Provisions

- **Article 39(a):** Directive Principle of State Policy (DPSP) that mandates the State to direct its policy towards securing that the citizens have the right to an adequate means of livelihood.
- **Article 41:** Mandates the State to make effective provision for securing the right to work within the limits of its economic capacity and development.
- **Article 43:** Directs the State to promote cottage industries on an individual or co-operative basis in rural areas, which is the foundational objective of the PMEGP.
- **MSME Development (MSMED) Act, 2006:** The legal framework that provides for the promotion, development, and enhancement of the competitiveness of micro, small, and medium enterprises.

### Additional Key Points for Examination

- **Implementing Agency:** The Khadi and Village Industries Commission (KVIC) acts as the single national-level nodal agency, while State KVIC Directorates, State KVIBs, and DICs implement it at the regional level.
- **Subsidy Structure:** General category beneficiaries receive a 15% (urban) or 25% (rural) subsidy; Special categories (SC/ST/OBC/Minorities/Women/PH/NER) receive 25% (urban) or 35% (rural).
- **Sectoral Contribution:** MSMEs are the second-largest employer after agriculture, making the performance of PMEGP a vital indicator for the "Ease of Doing Business" at the grassroots level.

### Conclusion

The 50% drop in PMEGP loan sanctions in FY26 serves as a wake-up call regarding the deepening risk aversion in the formal banking sector toward micro-entrepreneurship. While the government has responded by doubling the budget for FY27, the challenge lies in bridging the "trust deficit" between banks and first-generation entrepreneurs. To ensure a rebound, policy interventions must focus on improving the creditworthiness of applicants through better skill training and streamlining the digital approval process to ensure that the increased fiscal outlay translates into actual ground-level job creation.

### UPSC Relevance

- **General Studies III (Economy):** Government schemes for employment generation, inclusive growth, and issues arising from them. Role of MSMEs in the Indian economy.



- **General Studies II (Governance):** Performance of statutory, regulatory, and various quasi-judicial bodies (KVIC, Banks).
- **Prelims:** Implementing agencies of PMEGP, eligibility criteria (age 18+, no income ceiling), and the nature of the "Margin Money" subsidy.

## 5. Economic Vulnerabilities Mapping: Strengthening Resilience against Global Shocks

- **Strategic Mapping of Critical Sectors:** The EAC-PM Chairman has emphasized the urgent need to identify and monitor sectors highly susceptible to external shocks, specifically energy (crude oil and gas), food, fertilizers, metals, and critical minerals.
- **Mitigating Geopolitical Risks:** The proposal aims to insulate the Indian economy from "West Asia-like crises" by proactively addressing supply chain disruptions and price volatility through a data-driven monitoring framework.
- **Commodity Price Volatility:** As a major consumer of imported nutrients and fuel, India faces "imported inflation" whenever global prices surge; systematic mapping would allow for earlier fiscal and monetary hedging.
- **Focus on Critical Minerals:** With the global transition toward green energy, mapping the supply of critical minerals (Lithium, Cobalt, etc.) is identified as vital for the "Atmanirbhar Bharat" initiative in the EV and electronics sectors.
- **Proactive vs. Reactive Policy:** The EAC-PM advocates for a shift from reactive crisis management to a "proactive" stance where supply buffers and alternative trade routes are established before a crisis escalates.
- **Resilience through Diversification:** Monitoring economic vulnerabilities will facilitate the diversification of import sources and the strengthening of domestic production capacities to reduce over-reliance on volatile regions.

### Key Definitions

- **Economic Vulnerability:** The degree to which a country's economic growth and stability are susceptible to exogenous shocks, such as natural disasters, global price fluctuations, or geopolitical conflicts.
- **Critical Minerals:** Mineral requirements essential for modern technology and national security that have a high risk of supply chain disruption (e.g., Rare Earth Elements).
- **EAC-PM:** An independent body constituted to advise the Prime Minister on economic and related issues, providing a neutral viewpoint on macroeconomic health.

### Constitutional & Legal Provisions

- **Article 74:** While the EAC-PM is a non-constitutional, non-statutory body, it provides expert aid and advice which eventually informs the Council of Ministers' decisions under this Article.
- **Economic Security:** Though not explicitly defined in the Constitution, it is interpreted as a subset of National Security, falling under the Union List (Entry 1 to 9) regarding the defense and economic well-being of India.
- **Mines and Minerals (Development and Regulation) Amendment Act, 2023:** Legal framework providing for the exploration and auction of critical and strategic minerals mentioned by the EAC-PM.



- **Essential Commodities Act, 1955:** Leveraged to monitor and control the supply and price of "vulnerable" goods like food and fertilizers to prevent hoarding during crises.

### Additional Key Points for Examination

- **Imported Inflation:** When India maps vulnerabilities, it primarily targets items where domestic demand-supply gaps lead to a surge in the Wholesale Price Index (WPI) due to global factors.
- **Strategic Petroleum Reserves (SPR):** A practical example of "mapping and addressing" energy vulnerability; India currently maintains reserves at Visakhapatnam, Mangaluru, and Padur.
- **Supply Chain Resilience Initiative (SCRI):** A trilateral move by India, Japan, and Australia that aligns with the EAC-PM's recommendation to reduce dependency on a single dominant supplier (like China).
- **Role of Fertilizer Subsidies:** The mapping of fertilizer vulnerability is crucial to prevent the fiscal deficit from overshooting due to unexpected spikes in global natural gas or urea prices.

### Conclusion

The call by the EAC-PM Chairman for a "Vulnerability Map" marks a transition toward a more sophisticated, intelligence-led economic policy. By treating economic data as a strategic asset, India can build "shock absorbers" into its macro-policy framework. This approach is essential for maintaining a 7-8% growth trajectory in an increasingly fragmented and conflict-prone global order, ensuring that domestic development is not derailed by events beyond the nation's borders.

### UPSC Relevance

- **General Studies III (Economy):** Planning, mobilization of resources, growth, development, and employment. Effects of liberalization on the economy.
- **General Studies II (Governance):** Role of advisory bodies like EAC-PM and NITI Aayog in policy formulation.
- **Prelims:** Definition of Critical Minerals, location of Strategic Petroleum Reserves, and the difference between statutory and advisory bodies.

## 6. Manufacturing PMI Trends: Fragile Recovery Amidst Global Headwinds

- **Marginal Upswing in Momentum:** The HSBC India Manufacturing Purchasing Managers' Index (PMI) rose to 54.7 in April from 53.9 in March; however, this remains the second-slowest improvement in operating conditions in nearly four years, suggesting a "lukewarm" recovery.
- **Input Cost Inflation:** Manufacturers are facing the sharpest rise in input costs since August 2022, driven primarily by soaring crude oil prices and supply-chain disruptions linked to the US-Iran conflict, leading to significant "imported inflation."
- **Inventory Front-Loading:** The slight uptick in April is attributed to "pre-emptive buying" where consumers purchased goods before anticipated retail price hikes, and manufacturers built up inventories before energy costs escalated further.
- **Currency and Logistics Pressures:** The Indian Rupee breaching the 95/\$ mark has made imported raw materials substantially dearer, while the potential post-election hike in retail fuel prices threatens to increase logistics costs and dampen consumer purchasing power.





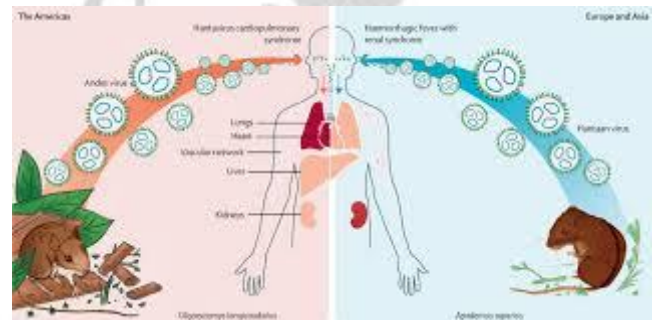
Moving forward, the manufacturing sector's health will depend heavily on the stabilization of the Rupee and the government's ability to manage the pass-through of energy costs without stifling domestic consumption.

### UPSC Relevance

- **General Studies III (Economy):** Indicators of economic growth, inflation management, and the impact of global supply chains on domestic manufacturing.
- **General Studies II (International Relations):** Impact of West Asian conflicts on India's energy security and macroeconomic stability.
- **Prelims:** Understanding the components of PMI, the difference between WPI and CPI, and the impact of Rupee depreciation on the Trade Balance.

## 7. Suspected Hantavirus Outbreak: Emerging Zoonotic Challenges

- **Crisis Off Cape Verde:** A cruise ship carrying approximately 150 passengers—primarily British, American, and Spanish nationals—has been held off the coast of West Africa following a suspected hantavirus outbreak.
- **Fatality and Transmission:** The outbreak has already claimed three lives (a Dutch couple and a German national), highlighting the deadly nature of the virus which is primarily spread by rodents but can, in rare cases, transmit between humans.
- **Mechanism of Infection:** Humans typically become infected when the virus, found in rodent droppings, saliva, or urine, becomes airborne and is subsequently inhaled.
- **Clinical Manifestations:** The disease typically begins with flu-like symptoms such as fatigue and fever, progressing within 4 to 10 days to severe respiratory issues, including coughing, shortness of breath, and fluid accumulation in the lungs.
- **Diagnostic and Therapeutic Limitations:** There is currently no specific therapy or vaccine for hantavirus infection; treatment is limited to supportive care, including rest and fluids, making early detection and prevention critical.
- **Global Health Risk Assessment:** The World Health Organization (WHO) currently assesses the risk to the wider public as low, given that the disease is typically rodent-borne and does not transfer easily between humans.



### Key Definitions

- **Hantavirus:** A family of viruses named after the Hantan River area in South Korea; it causes two major illnesses: one affecting the lungs (Hantavirus Pulmonary Syndrome) and another attacking the kidneys (Hemorrhagic Fever with Renal Syndrome).
- **Zoonotic Disease:** A disease that can be transmitted from animals to humans; hantavirus is a classic example where rodents act as the primary reservoir.

### Constitutional & Legal Provisions

- **Article 21:** The Right to Life and Personal Liberty includes the right to health; the state has a fundamental obligation to protect citizens from emerging biological threats and pandemics.



- **Article 47:** A Directive Principle of State Policy (DPSP) that mandates the State to regard the improvement of public health as among its primary duties.
- **Epidemic Diseases Act, 1897:** The primary Indian legislation used to provide for the better prevention of the spread of dangerous epidemic diseases, allowing the government to take special measures and prescribe regulations.
- **International Health Regulations (IHR 2005):** A legally binding international instrument that requires World Health Organization (WHO) member states to report certain disease outbreaks and public health events to strengthen global health security.

#### Additional Key Points for Examination

- **Emergence of Rare Syndromes:** While Hantavirus Pulmonary Syndrome (HPS) is more common in the Americas, other strains can lead to severe renal failure, emphasizing the geographical diversity of viral impacts.
- **Public Health Precautionary Principle:** The decision by Cape Verde to deny docking to the Dutch-flagged MV Hondius reflects the "precautionary principle" in international law to protect national public health against uncertain risks.
- **One Health Approach:** This outbreak underscores the need for a "One Health" framework—integrating human, animal, and environmental health—to monitor rodent populations and prevent zoonotic spillovers.

#### Conclusion

The hantavirus incident off Cape Verde serves as a stark reminder of the persistent threat posed by zoonotic pathogens in a highly interconnected world. While the risk of a widespread human-to-human pandemic remains low for this specific virus, the lack of targeted treatment and high mortality rate necessitate robust global surveillance systems. For India, which has diverse rodent ecosystems, strengthening laboratory diagnostic capacities and public health awareness remains vital to mitigating the risk of such "spillover" events.

#### UPSC Relevance

- **General Studies III (Science & Technology):** Awareness in the fields of Biotechnology and issues relating to Intellectual Property Rights; development of vaccines and treatments for emerging diseases.
- **General Studies II (Social Justice & Governance):** Issues relating to development and management of Social Sector/Services relating to Health.
- **Prelims:** Specific focus on the difference between viral and bacterial diseases, modes of transmission (zoonotic vs. human-to-human), and the role of international bodies like the WHO in managing health emergencies.

### 8. Direct Tax Collection Trends in FY26: Challenges and Insights

- **Five-Year Low Growth:** India's net direct tax collections (after refunds) grew at a marginal 5.12% year-on-year in FY26, the lowest in five years, falling short of the revised estimate of Rs 24.21 lakh crore by over Rs 80,000 crore.
- **Personal Income Tax Stagnation:** Personal Income Tax (PIT) collections experienced a sharp slowdown, growing only 0.03% against a projected 6.2%. This tepid performance is largely



attributed to substantial tax relief measures and enhanced rebates under the new personal income tax regime.

- **Impact of New Tax Regime:** The new regime has effectively made annual incomes up to Rs 12 lakh (and up to Rs 12.75 lakh for salaried individuals with standard deductions) completely tax-free, leading to a significant impact on non-corporate tax collections.
- **Resilient Corporate Tax Growth:** Despite global supply chain disruptions and conflicts, corporate tax receipts (after refunds) rose by 11.39% against the revised estimates, providing a crucial cushion to the overall direct tax growth figures.
- **Refund Management:** Overall direct tax collections before refunds grew by 4.03% to Rs 28.11 lakh crore, while total refunds declined by 1.09% to Rs 4.71 lakh crore, indicating improved refund management processes by the Central Board of Direct Taxes (CBDT).
- **Non-Corporate Sector Shortfall:** Non-corporate tax collections, which include payments from individuals, HUFs, and firms, stood at Rs 11.83 lakh crore, significantly missing the revised estimate of Rs 13.12 lakh crore due to the aforementioned rate reductions.



### Key Definitions

- **Direct Tax:** A tax paid directly by an individual or organization to the imposing entity, such as income tax, corporate tax, or property tax.
- **Central Board of Direct Taxes (CBDT):** A statutory authority functioning under the Central Board of Revenue Act, 1963, responsible for the administration of direct tax laws in India.
- **Personal Income Tax (PIT):** Tax levied on the income of individuals, Hindu Undivided Families (HUFs), and other non-corporate entities.

### Constitutional & Legal Provisions

- **Article 265:** No tax shall be levied or collected except by authority of law.
- **Article 270:** Directs that taxes levied and collected by the Union (except for certain cesses and surcharges) shall be distributed between the Union and the States.
- **Income Tax Act, 1961:** The primary legal framework governing the levy, administration, collection, and recovery of direct taxes in India.
- **Finance Act:** Passed annually by Parliament to give effect to the financial proposals of the Central Government, including changes in tax rates and slabs.

### Additional Key Points for Examination

- **Tax-to-GDP Ratio:** A critical indicator of a country's ability to mobilize resources; stagnant direct tax growth can put pressure on this ratio and the fiscal deficit target.
- **Laffer Curve Implications:** The trade-off between lower tax rates (to spur consumption) and total tax revenue collection as observed in the PIT shortfall.
- **Tax Compliance:** The role of digitalization and data integration between CBDT and CBIC (Central Board of Indirect Taxes and Customs) in curbing evasion.



## Conclusion

The fiscal data for FY26 highlights a significant transition in India's direct tax landscape. While the government has prioritized putting more money into the hands of middle-income earners through aggressive tax rebates, this has resulted in a short-term revenue squeeze in the non-corporate segment. The resilience of corporate tax collections remains the bedrock of fiscal stability. Moving forward, the focus will likely shift toward broadening the tax base and leveraging technology to enhance compliance to offset the revenue impact of these structural tax reforms.

## UPSC Relevance

- **General Studies III (Economy):** Government Budgeting, mobilization of resources, and fiscal policy. Understanding the components of direct taxes and their impact on the economy.
- **General Studies II (Governance):** Role of statutory bodies like the CBDT and the impact of administrative reforms on tax collection.
- **Prelims:** Specific focus on tax collection figures, definitions of direct vs. indirect taxes, and the constitutional articles governing taxation in India.

## 9. UPI Performance Trends: Scaling the Digital Payments Ecosystem

- **Significant Growth Trajectory:** Unified Payments Interface (UPI) transactions reached a massive count of 22.35 billion in April 2026. This represents a 25% year-on-year growth in volume compared to the 17.89 billion transactions recorded in April 2025.
- **Monthly Volume Dynamics:** While April saw high activity, the volume slightly normalized after reaching a record peak of 22.64 billion transactions in March 2026. The February 2026 volume stood at 20.39 billion, indicating a consistent upward trend in digital adoption.
- **Security Framework:** The platform maintains high growth by combining ease of use with robust security measures. It strictly adheres to the Reserve Bank of India's (RBI) mandatory two-factor authentication rule for all transactions.
- **Digital Public Infrastructure (DPI) Success:** The performance of UPI, as highlighted by the Department of Financial Services (DFS), underscores its role as a cornerstone of India's Digital Public Infrastructure, facilitating seamless peer-to-peer and peer-to-merchant payments.
- **Financial Inclusion Catalyst:** The scaling of transaction counts to over 22 billion monthly highlights the deepening of financial inclusion, as digital payments penetrate beyond urban centers into semi-urban and rural economies.



## Key Definitions

- **Unified Payments Interface (UPI):** An instant real-time payment system developed by the National Payments Corporation of India (NPCI) that facilitates inter-bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions through a mobile platform.



- **Two-Factor Authentication (2FA):** A security process in which users provide two different authentication factors to verify themselves, typically involving something the user knows (PIN) and something the user has (registered mobile device/SIM).

### Constitutional & Legal Provisions

- **Article 246 (Union List - Entry 36 & 38):** Currency, coinage, legal tender, and banking are subjects under the Union List, giving the Central Government and RBI exclusive power to regulate digital payment systems.
- **Payment and Settlement Systems Act, 2007:** The primary legal framework that provides for the regulation and supervision of payment systems in India and designates the RBI as the authority for that purpose.
- **Digital Personal Data Protection Act, 2023:** Governs how digital payment service providers process and protect the personal data of users, ensuring privacy in the digital financial ecosystem.

### Additional Key Points for Examination

- **NPCI's Role:** The National Payments Corporation of India (NPCI), an initiative of RBI and IBA under the PSS Act 2007, is the umbrella organization for operating retail payments.
- **UPI Global Expansion:** India is actively integrating UPI with systems in other countries (e.g., Singapore's PayNow, UAE, France) to facilitate seamless cross-border remittances.
- **UPI Lite and 123PAY:** Innovations aimed at increasing the reach of digital payments to feature phone users and enabling small-value offline transactions to reduce the load on the banking system.

### Conclusion

The record-breaking transaction volumes of UPI in early 2026 signify that digital payments have transitioned from an alternative to the primary mode of exchange for millions of Indians. While the growth is impressive, the challenge moving forward lies in maintaining system uptime, preventing cyber-frauds, and ensuring that the underlying banking infrastructure can keep pace with the massive transaction loads. The transition toward a "less-cash" economy is now firmly established, supported by a mix of regulatory oversight and technological innovation.

### UPSC Relevance

- **General Studies III (Economy):** Mobilization of resources, growth, and development. Changes in industrial policy and their effects on industrial growth (specifically Fintech).
- **General Studies III (Science & Technology):** Developments and their applications and effects in everyday life. IT and computers in the context of Digital India.
- **Prelims:** Specific focus on the National Payments Corporation of India (NPCI), the mechanism of IMPS/UPI, and the regulatory role of the RBI under the PSS Act 2007.

## 10. The Rupee Paradox: Macroeconomic Strength vs. Currency Depreciation

- **Macro-Fundamental Paradox:** Despite India possessing the fastest real GDP growth among major economies (>6%), low external debt-to-GDP, and a credible fiscal consolidation path, the Rupee has depreciated by over 15% since January 2023.
- **AI-Driven Capital Flight:** Global exchange rates currently reflect capital flows rather than sovereign fundamentals; the "AI investment supercycle" (2023-26) has vacuumed global capital into



US dollar assets, penalizing emerging markets that prioritize demand-side application over chip-intensive infrastructure.

- **Evolution of Services Exports:** Contrary to fears that AI will eliminate IT jobs, India's model has shifted toward over 1,800 Global Capability Centres (GCCs) performing complex, high-value engineering and research that AI is more likely to augment than replace.
- **Manufacturing and Trade Realities:** While the merchandise trade deficit remains a concern, it is largely driven by hydrocarbon imports; excluding oil, India has established competitive export niches in electronics, defense, and pharmaceuticals.
- **Correction in Real Competitiveness:** The Rupee's nominal depreciation has improved India's Real Effective Exchange Rate (REER) relative to China, correcting previous misalignments and restoring trade-weighted competitiveness for Indian exporters.
- **Record FDI Inflows:** Long-term investor confidence remains robust, with Gross Foreign Direct Investment (FDI) for FY26 projected to reach a record \$90-95 billion, signaling a decisive break from previous years' stagnancy.



### Key Definitions

- **Real Effective Exchange Rate (REER):** The weighted average of a country's currency relative to an index or basket of other major currencies, adjusted for the effects of inflation.
- **Global Capability Centres (GCCs):** Units established by multinational corporations in India to perform high-end core business functions, including R&D, analytics, and complex engineering, rather than simple back-office tasks.
- **Capital Misallocation:** A scenario where investment flows are driven by speculative narratives or momentum rather than recognizable valuation anchors or economic productivity.

### Constitutional & Legal Provisions

- **Article 246 (Seventh Schedule):** Grants the Union Government exclusive power over currency, coinage, legal tender, and foreign exchange (Entry 36).
- **FEMA, 1999:** The Foreign Exchange Management Act is the primary legal framework that empowers the Reserve Bank of India (RBI) to manage the rupee and external trade payments.
- **RBI Act, 1934:** Mandates the Reserve Bank to maintain price stability and manage the country's foreign exchange reserves to curb excessive volatility in the rupee.

### Additional Key Points for Examination

- **Digital Public Infrastructure (DPI):** India's "frugal innovation" in Aadhaar, UPI, and U-Win provides a unique, sovereign sovereign-led alternative to the capital-heavy AI models of the West.
- **Imported Inflation:** Significant depreciation risks "importing" inflation, especially in essential commodities like crude oil, which can pressure the RBI's tolerance band.
- **Foreign Exchange Reserves:** India's high reserve levels serve as a strategic buffer, distinguishing the current depreciation from a traditional "currency crisis" triggered by rollover vulnerabilities.



## Conclusion

The current valuation of the Rupee is an "unjust verdict" decoupled from India's strong internal scoreboard. While global momentum favors AI-heavy economies in the short term, India's record-high FDI and evolving services sector suggest long-term resilience. The recent depreciation, while discomfoting, offers a strategic silver lining by restoring export competitiveness against regional peers like China through REER correction.

## UPSC Relevance

- **General Studies III (Economy):** External sector, exchange rate management, FDI trends, and the impact of global geopolitical/technological cycles on the Indian macroeconomy.
- **General Studies II (International Relations):** Impact of global financial shifts and the "AI Supercycle" on India's strategic economic interests.
- **Prelims:** Conceptual understanding of REER vs. NEER, components of the Current Account Deficit, and the functioning of GCCs in India's export basket.

## 11. Evolution and Enforcement of the Model Code of Conduct (MCC)

- **Historical Origins and Formalization:** The MCC originated in 1960 as a draft by the Kerala government, followed by formalization by the Election Commission (EC) in 1968 and a critical 1979 revision that added Part VII specifically governing the "party in power".
- **Expansion of Regulatory Scope:** While initially a voluntary set of guidelines, the MCC gained unprecedented regulatory teeth in 1991 under Chief Election Commissioner T.N. Seshan, who enforced the code with rigorous discipline to ensure a level playing field.
- **Judicial Backing and Article 324:** The Supreme Court in *Mohinder Singh Gill (1978)* identified Article 324 as a "reservoir of power," granting the EC the authority to act via the MCC in areas where specific parliamentary legislation is absent.
- **Trigger for Implementation:** Legal precedents, such as *Harbans Singh Jalal v. Union of India (1997)*, have settled that the MCC comes into force immediately upon the announcement of the election schedule by the EC.
- **Restrictions on the Incumbent:** Part VII of the MCC explicitly prohibits the party in power from using government machinery, combining official visits with electioneering, or utilizing publicly funded mass media (like Doordarshan or AIR) for partisan coverage.
- **Sanctions and Penalties:** Violations of the MCC can lead to severe consequences, ranging from official censure to the suspension of a political party's recognition under the Election Symbols (Reservation and Allotment) Order, 1968.

**DO YOU KNOW?**

**MODEL CODE OF CONDUCT**  
आदर्श आचार संहिता

Model Code of Conduct is a set of guidelines issued by the Election Commission of India for the conduct of political parties and candidates during elections. Model Code of Conduct comes into effect immediately with the announcement of the election schedule by the Election Commission of India for ensuring free and fair election.

भारत निर्वाचन आयोग  
Election Commission of India

## Key Definitions

- **Corrupt Practice:** Specific illegal acts defined under Section 123 of the Representation of the People Act, 1951, which can lead to the voiding of an election.



- **Open Texture:** A legal concept referring to the deliberate flexibility in the drafting of the MCC, allowing the EC to address novel forms of misconduct not explicitly listed in statutes.

### Constitutional & Legal Provisions

- **Article 324:** Grants the Election Commission the power of superintendence, direction, and control of elections.
- **Section 123(3), RPA 1951:** Prohibits appeals to voters based on the candidate's (or voter's) religion, race, caste, community, or language.
- **Section 123(7), RPA 1951:** Categorizes obtaining assistance from government servants (including gazetted officers and potentially public broadcasters) for furthering electoral prospects as a corrupt practice.

### Additional Key Points for Examination

- **The "His" Interpretation:** In *Abhiram Singh (2017)*, the Supreme Court ruled that the term "his" in Section 123(3) refers to the identity of both the candidate and the voter, broadening the bar on sectarian appeals.
- **Media Neutrality:** Recent controversies highlight the tension between the Prime Minister's official capacity and the use of state-funded channels like Sansad TV and Doordarshan for addresses perceived as electioneering.
- **EC's Discretionary Silence:** The current debate underscores the EC's choice in exercising its "open-textured" powers, where silence on potential Part VII violations may test the existing architecture of electoral regulation.

### Conclusion

The Model Code of Conduct remains a unique instrument in Indian democracy, designed to be more flexible and responsive than rigid statutes. While the Representation of the People Act focuses on specific "nouns" like caste or religion, the MCC's Part VII focuses on the broader ethical use of public resources. The effectiveness of the MCC ultimately rests not just on its drafting, but on the willingness of the Election Commission to act as an impartial arbiter when the party in power is accused of leveraging state machinery for electoral gain.

### UPSC Relevance

- **General Studies II (Governance & Polity):** Salient features of the Representation of the People's Act; Appointment to various Constitutional posts, powers, functions, and responsibilities of various Constitutional Bodies (Election Commission).
- **General Studies IV (Ethics):** Ethical issues in international relations and funding; Corporate governance (applied to political ethics and the use of public resources).
- **Prelims:** Evolution of MCC, landmark judgments (Mohinder Singh Gill, Abhiram Singh), and specific sections of the RPA 1951.

## 12. Landmark Ruling on Forest Rights: Overriding Inconsistent Precedents

- **Primacy of Later Legislation:** The Allahabad High Court reaffirmed a fundamental legal principle that all provisions in earlier laws or court orders inconsistent with a subsequent law are null and void.



- **Tharu Community Rights Restored:** The court struck down a March 2021 decision by the District Level Committee (DLC) that had rejected the forest rights claims of the Tharu tribal community in Lakhimpur, Uttar Pradesh.
- **Supremacy of FRA 2006:** The ruling highlights that the Forest Rights Act (FRA) 2006 explicitly recognizes and vests rights in forest dwellers "notwithstanding anything contained in any other law for the time being in force".
- **Protection Against Eviction:** Under the FRA, forest dwellers cannot be evicted or removed from their land until the entire recognition and verification procedure of their claims is complete.
- **Central vs. State Law Hierarchy:** The FRA, being a central law, overrides state-level legislations such as the Tamil Nadu Forest Act 1882, particularly regarding grazing rights in tiger reserves and sanctuaries.
- **Non-coercive Mandate:** High Courts, including the Uttarakhand High Court, have recently reinforced that authorities must refrain from any coercive action or interference with agricultural activities until claims are finally adjudicated.



### Key Definitions

- **District Level Committee (DLC):** A statutory body headed by the District Collector, including the Divisional Forest Officer and Tribal Welfare Officer, responsible for the final decision on forest rights claims.
- **Gram Sabha:** A statutory authority under the FRA empowered to initiate the process of determining forest rights and authorized to proceed against violating authorities after a 60-day notice.

### Constitutional & Legal Provisions

- **Forest Rights Act (FRA), 2006:** Formally known as the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, it aims to redress historical injustices by recognizing forest land rights.
- **Article 13:** The constitutional principle that laws inconsistent with or in derogation of the fundamental rights are void; by extension, later statutes like FRA override inconsistent prior laws.
- **Section 57 of the Tamil Nadu Forest Act:** A state provision used to prohibit cattle grazing, which the court noted is now overridden by the rights recognized under the central FRA.

### Additional Key Points for Examination

- **Administrative Accountability:** The DLC's violation of the "notwithstanding" clause in the FRA is technically a punishable offense, though courts often opt for reconsidering decisions rather than immediate sanctions.
- **Judicial Consistency:** The ruling serves as a corrective measure against various High Court decisions (e.g., Madras High Court) that have historically dismissed FRA claims by labeling dwellers as "encroachers".
- **Grazing Rights:** The FRA recognizes grazing rights in all forests, including overlapping protected areas like National Parks and Wildlife Sanctuaries, which cannot be arbitrarily banned.

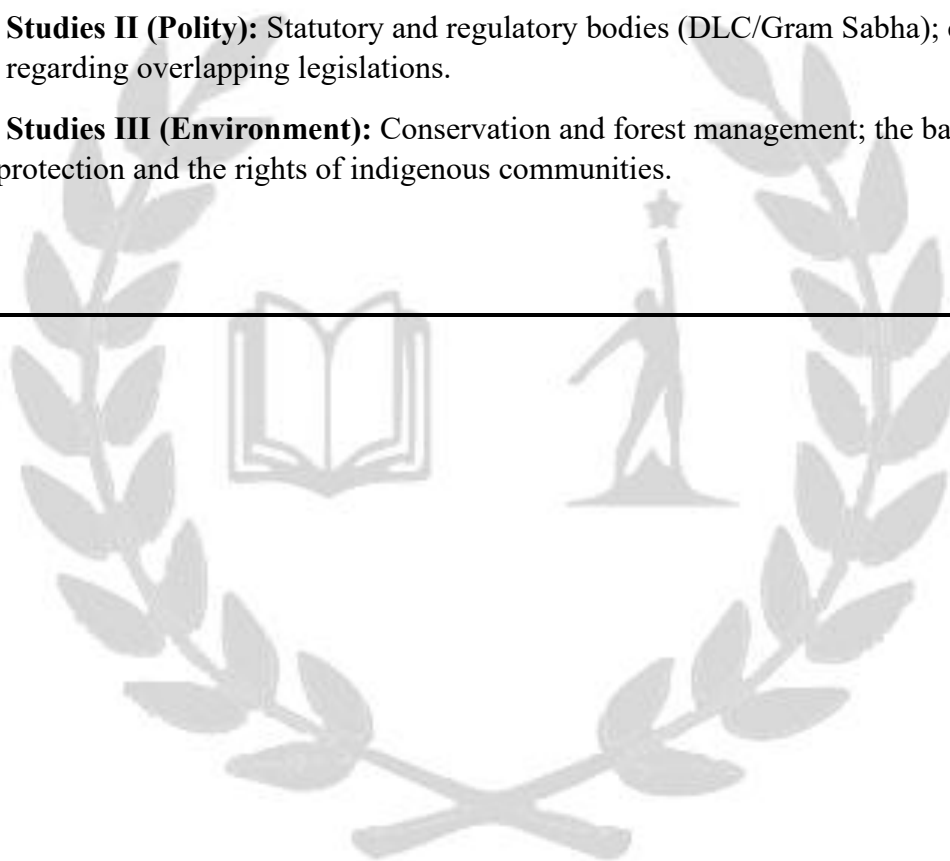


## Conclusion

The Allahabad High Court's intervention serves as a critical "breath of fresh air" for forest-dwelling communities. By reaffirming that the FRA 2006 supersedes outdated colonial-era forest laws and inconsistent interim court orders, the judiciary has re-established the statutory shield against premature evictions. However, the reluctance to invoke the FRA's specific penal mechanisms against erring officials suggests that while the legal principle is clear, administrative enforcement remains a hurdle for tribal empowerment.

## UPSC Relevance

- **General Studies II (Social Justice):** Welfare schemes for vulnerable sections; mechanisms, laws, and institutions for the protection and betterment of these sections.
- **General Studies II (Polity):** Statutory and regulatory bodies (DLC/Gram Sabha); center-state relations regarding overlapping legislations.
- **General Studies III (Environment):** Conservation and forest management; the balance between wildlife protection and the rights of indigenous communities.



VIDHVATH IAS ACADEMY