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

# DAILY CURRENT AFFAIRS

**FOR UPSC CIVIL SERVICE EXAMINATION**

**DATE: 13/05/2026 (WEDNESDAY)**



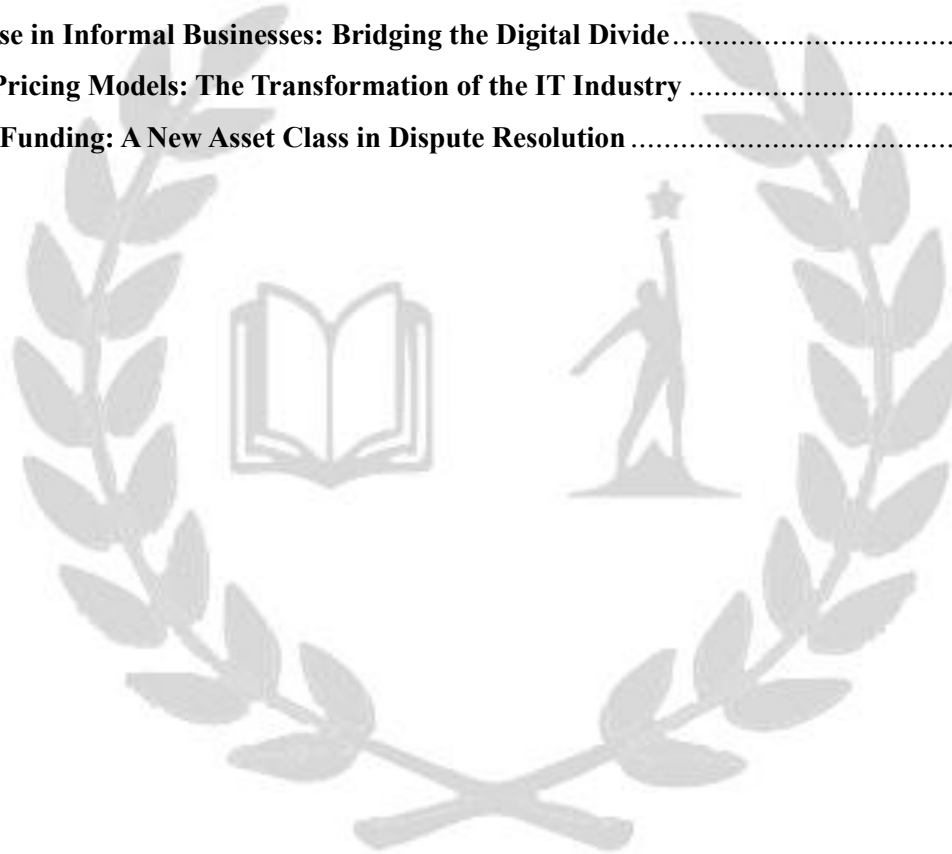
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## 1. India's Slipping Macros: Navigating External Volatility

- India is witnessing a widening Current Account Deficit (CAD) driven by rising import bills and sluggish export growth amid global slowdowns.
- The "Fragile Five" tag—a term used for emerging economies too dependent on foreign investment—is resurfacing in global discourse as capital outflows intensify.
- Forex reserves are under pressure, reducing the import cover (the months of imports a country can afford with its foreign exchange).
- Geopolitical tensions in West Asia act as a "supply-side shock," increasing the cost of crude oil and logistics.
- Rupee depreciation is exacerbating "imported inflation," making essential commodities like fertilizers and electronics more expensive.
- The government may need to implement demand curtailment measures, such as curbing non-essential imports, to stabilize the macro-balance.

**Constitutional & Legal Provisions:** Article 292 (Executive power of the Union to borrow upon the security of the Consolidated Fund of India) and the FRBM Act, 2003 (mandating fiscal discipline).

**Key Definition: Current Account Deficit (CAD):** 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.

**Conclusion:** Strengthening domestic manufacturing and diversifying energy sources are critical to insulating India from external macroeconomic shocks.

**UPSC Relevance:** GS Paper III (Indian Economy, Issues relating to planning, mobilization of resources, and growth).

## 2. Retail Inflation: CPI Hits 13-Month High

- India's Consumer Price Index (CPI) has surged to a 13-month high, primarily driven by a spike in food and fuel prices.
- Food inflation remains the "volatile component," with vegetables and edible oils showing significant price fluctuations due to climate and supply chain disruptions.
- The Reserve Bank of India's (RBI) "Inflation Targeting" framework is under test as headline inflation breaches the medium-term target.
- The West Asia crisis is indirectly impacting retail prices by increasing freight rates and global commodity benchmarks.
- Core inflation (inflation excluding food and fuel) remains a key metric for the RBI to determine if price rises are becoming entrenched.
- High inflation erodes the purchasing power of the poor, leading to a "hidden tax" on the vulnerable sections of society.

**Legal Provisions:** RBI Act, 1934 (amended in 2016 to provide a statutory basis for the Monetary Policy Framework and the 4% +/- 2% inflation target).

**Key Definition: CPI vs WPI:** CPI measures price changes from the perspective of the retail buyer, while the Wholesale Price Index (WPI) tracks prices at the factory/wholesale level.



**Conclusion:** Synergized fiscal and monetary actions are required to contain food prices and prevent inflation from derailing the post-pandemic recovery.

**UPSC Relevance:** GS Paper III (Indian Economy, Monetary Policy, and Inflation).

### 3. Energy Security: Fuel Price Pressure & OMC Losses

- State-run Oil Marketing Companies (OMCs) are facing significant "under-recoveries" as they absorb high global crude costs without fully passing them to consumers.
- India's heavy reliance on oil imports (over 80%) creates a direct link between West Asian stability and domestic fiscal health.
- Strategic Petroleum Reserves (SPR) are being monitored as a buffer against sudden global supply disruptions.
- The fiscal burden of subsidies on LPG and Kerosene continues to limit the government's space for capital expenditure.
- The shift toward LNG and renewable energy is being fast-tracked to reduce the vulnerability to "Oil Shocks."
- Fluctuations in global oil prices impact the cost of transport, leading to cascading effects on the prices of all essential goods.

**Legal Provisions:** The Petroleum Act, 1934, and the National Policy on Biofuels (2018) aimed at reducing import dependency.

**Key Definition: Under-recoveries:** The difference between the cost of importing/processing crude oil and the actual price at which OMCs sell the refined products to consumers.

**Conclusion:** Balancing consumer protection from high fuel prices with the financial health of OMCs is a critical challenge for India's energy diplomacy.

**UPSC Relevance:** GS Paper III (Energy, Infrastructure, and Government Budgeting).

### 4. Rupee Volatility: Challenges to the External Sector

- The Indian Rupee has touched record lows against the US Dollar, driven by a "strong dollar" sentiment and rising US Treasury yields.
- The Chief Economic Adviser (CEA) has highlighted risks to the external sector, particularly regarding the widening trade gap.
- RBI intervention involves selling dollars from the forex chest to prevent "excessive volatility" and ensure an orderly depreciation.
- A weak rupee makes debt servicing for Indian companies with External Commercial Borrowings (ECBs) more expensive.
- While a weaker currency theoretically helps exports, global demand weakness is preventing India from fully capitalizing on this.
- Capital flows (FPIs) are turning cautious, leading to a "capital account" strain alongside the trade deficit.

**Legal Provisions:** Foreign Exchange Management Act (FEMA), 1999, which regulates foreign exchange transactions and maintains the external value of the Rupee.



**Key Definition: Imported Inflation:** A rise in the general price level of a country due to an increase in the cost of imported products, often caused by currency depreciation.

**Conclusion:** India must focus on attracting long-term Foreign Direct Investment (FDI) to provide a stable cushion against volatile short-term capital outflows.

**UPSC Relevance:** GS Paper III (Indian Economy, External Sector, and Investment Models).

## 5. GST Review of Ride-Hailing Platforms: Taxing the Digital Economy

- The GST Council is reviewing the taxation framework for ride-hailing platforms to address complexities in the commission-based and subscription-based business models.
- Under current norms, e-commerce operators (ECOs) are responsible for collecting and depositing GST on behalf of individual service providers.
- A shift from a "Commission Model" to a "Subscription Model" by platforms has raised concerns regarding potential tax leakages and the shifting of tax liability.
- The review focuses on ensuring a level playing field between traditional taxi aggregators and newer digital entrants.
- Strengthening Section 9(5) implementation is crucial to ensure that the platform, rather than the individual driver, remains the point of taxation for ease of compliance.
- This move aligns with India's broader strategy to formalize the gig economy and capture value created in the digital services sector.

**Constitutional & Legal Provisions:** Article 279A (GST Council) and Section 9(5) of the CGST Act, 2017 (notified services where ECO is liable to pay tax).

**Key Definition: E-commerce Operator (ECO):** Any person who owns, operates, or manages a digital or electronic facility or platform for electronic commerce.

**Conclusion:** A clear and stable GST policy for ride-hailing platforms is essential to foster innovation in the platform economy while protecting the exchequer's revenue.

**UPSC Relevance:** GS Paper III (Indian Economy, Changes in industrial policy, and effects on industrial growth).

## 6. Judicial Reforms: "One Case, One Data" & Su-Sahayak AI

- The Supreme Court has introduced the "One Case, One Data" (OCOD) initiative to ensure a unified, digital record for every case across the judicial hierarchy.
- Alongside OCOD, the "Su-Sahayak" AI chatbot has been launched to assist litigants and lawyers in navigating case statuses and legal procedures.
- These reforms aim to reduce the "information asymmetry" that often hinders the common man's access to the justice system.
- Digitization facilitates a "Paperless Court" environment, significantly reducing the administrative burden and physical storage requirements of the judiciary.
- The use of AI in the judiciary is being restricted to administrative and research assistance to ensure that "human judicial discretion" remains paramount.



- This initiative is part of the broader Phase-III of the e-Courts project, which focuses on a digital-first approach to justice delivery.

**Constitutional Provisions:** Article 124 (Establishment of Supreme Court) and Article 39A (Free legal aid and equal justice for all).

**Key Definition: OCOD (One Case One Data):** A standardized data-sharing protocol that ensures case documents and data remain consistent from the trial court up to the Supreme Court.

**Conclusion:** Integrating AI and unified data systems marks a paradigm shift in the Indian judiciary, moving from a "procedure-heavy" to a "technology-driven" system.

**UPSC Relevance:** GS Paper II (Structure, organization and functioning of the Judiciary; e-Governance).

## 7. Human-Wildlife Conflict: A Socio-Ecological Crisis

- Human-Wildlife Conflict (HWC) is increasingly viewed as a complex socio-ecological challenge rather than just a biological or administrative issue.
- Habitat fragmentation, caused by linear infrastructure like highways and railways, is forcing animals into human settlements.
- Elephant corridors and tiger migratory paths are being constricted, leading to increased crop raiding and loss of human and animal lives.
- Community-based conservation models, which involve local stakeholders in monitoring and mitigation, are proving more effective than top-down approaches.
- The ecological imbalance caused by the loss of "apex predators" or "keystone species" often manifests in increased conflict with smaller herbivores.
- Financial compensation for HWC victims is being streamlined to prevent "retaliatory killings" of endangered wildlife.

**Legal Provisions:** Wildlife Protection Act, 1972 (provisions for declaring vermin and compensation) and the Forest Rights Act, 2006.

**Key Definition: Habitat Fragmentation:** The process by which large, continuous habitats are divided into smaller, isolated patches, often due to human activity.

**Conclusion:** Sustainable HWC management requires a balance between ecological integrity and the livelihood security of forest-dwelling communities.

**UPSC Relevance:** GS Paper III (Conservation, environmental pollution and degradation, environmental impact assessment).

## 8. BRICS Diplomacy: Strategic Balancing in a Multipolar World

- The visits of the Iranian and Russian Foreign Ministers to India underscore the importance of the BRICS platform in India's "Multi-aligned" foreign policy.
- Discussions are centered on the expansion of BRICS and the development of alternative payment mechanisms to bypass Western-led financial systems.
- India-Russia ties continue to focus on defense cooperation and energy security, despite the ongoing geopolitical pressures in Europe.



- India-Iran relations remain pivotally linked to the Chabahar Port project and the International North-South Transport Corridor (INSTC).
- The meeting highlights India's role as a bridge between the "Global North" and the "Global South" within the BRICS+ framework.
- Cooperation on counter-terrorism and regional stability in Afghanistan and Central Asia remains a top priority for all three nations.

**Constitutional Provisions:** Article 51 (Directive Principles of State Policy promoting international peace and security).

**Key Definition: Multipolar World Order:** A distribution of power in which more than two nation-states have nearly equal amounts of military, cultural, and economic influence.

**Conclusion:** India's engagement with BRICS partners reflects its commitment to strategic autonomy and the pursuit of a more equitable global governance structure.

**UPSC Relevance:** GS Paper II (Bilateral, regional and global groupings and agreements involving India).

## 9. Structural Shift in India's Labour Market: From Agrarian to Service-Gig Economy

- India is experiencing a structural transition characterized by a declining share of agriculture in the workforce and a rise in construction and low-end service jobs.
- The "Gig Economy" is emerging as a significant employer, providing flexible but often precarious livelihood opportunities for millions of youth.
- There is a visible "de-feminization" and "informalization" trend in certain industrial sectors, where permanent roles are being replaced by contractual labor.
- Labor productivity remains a challenge, as a large portion of the workforce is shifting to the informal service sector rather than high-value manufacturing.
- The digital divide is creating a dual labor market: one highly skilled and tech-savvy, and another stuck in low-productivity manual work.
- Skill mismatch remains a primary hurdle, where the output of the education system does not align with the technical demands of the modern industry.

**Constitutional & Legal Provisions:** Article 41 (Right to work, to education and to public assistance in certain cases) and the Four Labour Codes (2020) aimed at consolidating 29 central labor laws.

**Key Definition: Gig Economy:** A free market system in which temporary positions are common and organizations hire independent workers for short-term commitments.

**Conclusion:** To reap the demographic dividend, India must pivot toward labor-intensive manufacturing and provide social security nets for the expanding gig workforce.

**UPSC Relevance:** GS Paper III (Issues relating to employment, mobilization of resources, and inclusive growth).

## 10. Internet Use in Informal Businesses: Bridging the Digital Divide

- Data indicates a massive interstate disparity in internet adoption among informal micro-enterprises, with southern states leading significantly over the northern belt.



- Digital adoption in the informal sector is primarily driven by UPI-based payments rather than sophisticated e-commerce or digital accounting.
- High costs of hardware and lack of digital literacy are the primary "entry barriers" for small-scale informal businesses to go online.
- Increased internet usage is directly correlated with better credit access, as digital footprints allow informal businesses to prove their turnover to lenders.
- Informal businesses with internet access show higher resilience during economic shocks compared to their purely offline counterparts.
- Government initiatives like PM-WANI (Public Wi-Fi) are critical to reducing the "last-mile" connectivity gap for rural and semi-urban businesses.

**Constitutional & Legal Provisions:** The Right to Privacy (Article 21) as per the Puttaswamy Judgment and the Digital Personal Data Protection (DPDP) Act, 2023.

**Key Definition: Digital Divide:** The gap between demographics and regions that have access to modern information and communication technology and those that don't.

**Conclusion:** Universal digital inclusion is no longer a luxury but a fundamental prerequisite for the financial empowerment of India's vast informal economy.

**UPSC Relevance:** GS Paper III (Indian Economy, MSMEs, and Infrastructure; GS Paper II (e-Governance).

## 11. AI-Based Pricing Models: The Transformation of the IT Industry

- The traditional "Time and Material" (T&M) billing model in the IT sector is being disrupted by "AI Token-based" and "Outcome-based" pricing.
- AI automation is reducing the headcount required for routine coding and maintenance tasks, forcing IT firms to move up the value chain.
- Generative AI is enabling faster project delivery, leading to a shift where clients pay for the "value" or "result" rather than the number of hours worked.
- This shift poses a risk to "entry-level" IT jobs but creates a high demand for specialized AI architects and data ethicists.
- Companies are increasingly investing in "In-house AI models" to maintain data sovereignty and offer customized solutions to global clients.
- Ethical considerations and "AI bias" audits are becoming integral parts of the service delivery contracts in the digital age.

**Legal Provisions:** Information Technology Act, 2000, and the upcoming Digital India Act, which seeks to regulate emerging technologies like AI and Blockchain.

**Key Definition: Outcome-Based Billing:** A pricing model where the service provider is paid based on the achieved results or performance metrics rather than the resources consumed.

**Conclusion:** India's IT leadership depends on how quickly it can pivot from being the "world's back office" to becoming the "world's AI laboratory."

**UPSC Relevance:** GS Paper III (Science and Technology- developments and their applications; Effects of liberalization on the economy).



## 12. Litigation Funding: A New Asset Class in Dispute Resolution

- Third-Party Funding (TPF) is emerging as a mechanism where an entity (not involved in the lawsuit) finances a party's legal costs in exchange for a share of the settlement.
- This model promotes "Access to Justice" for smaller entities that may have strong legal claims but lack the financial muscle to take on large corporations.
- Litigation funding is expected to boost India's "Commercial Arbitration" ecosystem, making it a more attractive destination for international business.
- It filters out "frivolous litigation," as funders only invest in cases with a high probability of success based on rigorous legal merit.
- The development of this asset class requires a clear regulatory framework to prevent "champerty" (illegal interference in a suit) and ensure ethical standards.
- TPF aligns with the "Ease of Doing Business" by providing a financial cushion for companies stuck in long-drawn legal battles.

**Legal Provisions:** The Code of Civil Procedure (CPC) in various states (like Maharashtra and Gujarat) has been amended to recognize third-party funding.

**Key Definition: Third-Party Funding (TPF):** A financial arrangement where an external investor provides funds for a legal case in return for a contingent fee from the recovery.

**Conclusion:** While litigation funding democratizes legal recourse, a robust regulatory oversight is needed to balance profit motives with the integrity of the judicial process.

**UPSC Relevance:** GS Paper II (Judiciary, Statutory and Regulatory bodies); GS Paper III (Investment models).