



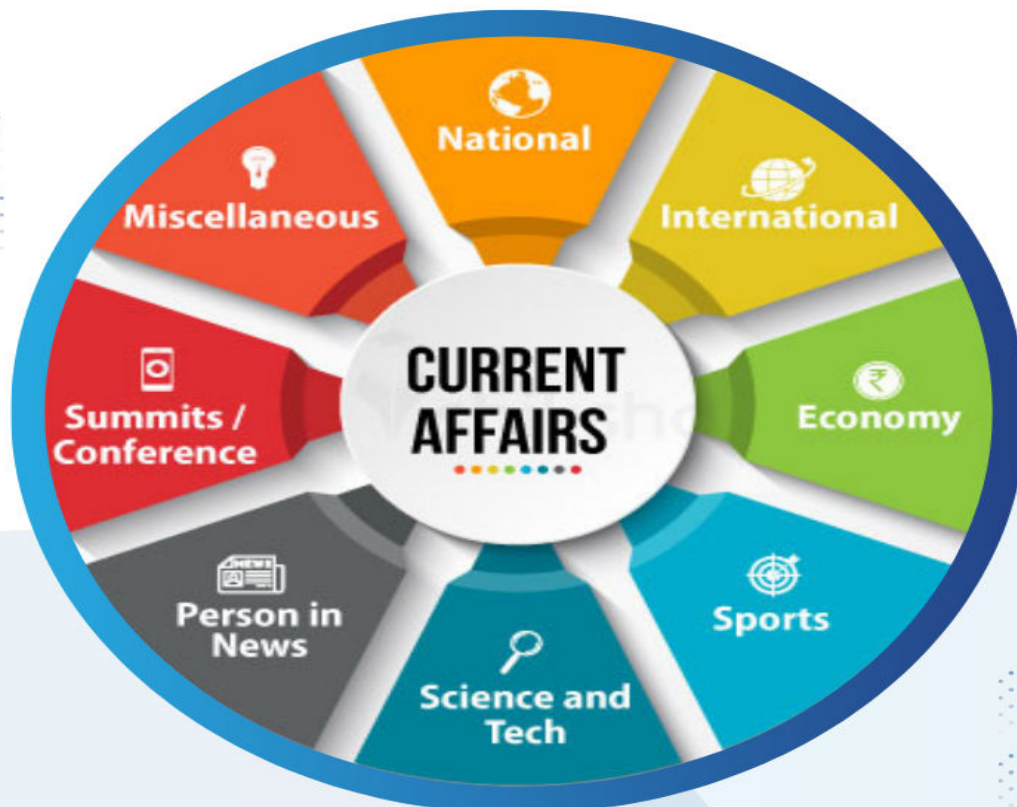
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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 04/09/2026 (FRIDAY)



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Table of Contents

1. India-Ukraine Bilateral Relations and Strategic Autonomy in Foreign Policy	2
2. India's Export Dynamics and Sectoral Divergence in GDP Growth	3
3. Northern Goshawk (Baaz): Cultural Significance, Status, and Conservation Framework.....	4
4. Expansion of Autonomous Hill Development Councils across Ladakh Districts.....	5
5. India-Belgium Relations: Strategic Diversification Beyond Traditional Trade.....	7
6. Use of Tamil as Official Language in Madras High Court: Constitutional and Legal Framework	8
7. WMO Warning on Intensifying El Nino and Global Climate Disruptions	9
8. Strengthening Preparedness Against Glacial Lake Outburst Floods (GLOFs).....	10
9. Debating the Credibility and Mechanics of India's GDP Data	12
10. Reforming Energy Governance: The Case for a Unified Ministry of Energy	13



VIDHVATH IAS ACADEMY



1. India-Ukraine Bilateral Relations and Strategic Autonomy in Foreign Policy

Key Highlights & Summary

- External Affairs Minister S. Jaishankar visited Kyiv for bilateral discussions with Ukrainian President Volodymyr Zelenskyy and Foreign Minister Andrii Sybiha to reinforce India's commitment to dialogue and diplomacy.
- India asserted that stopping crude oil imports from Russia will not resolve or dissolve the ongoing Russia-Ukraine conflict, defending its pragmatic, interest-driven energy procurement strategy.
- New Delhi expressed its readiness to extend all possible assistance to facilitate peace efforts and bring an end to the active hostilities.
- The diplomatic engagement highlights India's multi-alignment approach, maintaining active communication with Ukraine while sustaining high-level engagements with Russia, including bilateral interactions at international summits such as the SCO and BRICS.
- Ukraine welcomed India's position advocating for an end to the war, affirming its own readiness to engage in diplomatic negotiations to resolve the crisis.
- The visit underscores India's evolving stance as a credible mediator in global geopolitics, balancing energy security needs with international law principles.



Essential Definitions

- **Strategic Autonomy:** The capability of a nation to formulate and pursue its national interests and foreign policy objectives independently without being constrained by allied or third-party pressures.
- **Multi-Alignment:** A foreign policy strategy where a nation maintains constructive, non-exclusive partnerships with multiple competing global powers to maximize national interests.
- **Dialogue and Diplomacy:** Peaceful mechanisms under international framework emphasizing negotiation, mediation, and bilateral discussions over armed conflict to resolve disputes.

Legal and Constitutional Framework

- **Article 51 of the Indian Constitution:** Under Directive Principles of State Policy (DPSP), Part IV, Article 51 mandates the State to promote international peace and security, maintain just and honorable relations between nations, foster respect for international law and treaty obligations, and encourage settlement of international disputes by arbitration.
- **United Nations Charter Framework:** India's foreign policy aligns with Article 2(3) and Article 2(4) of the UN Charter, which require member states to settle international disputes by peaceful means and refrain from the threat or use of force against the territorial integrity or political independence of any state.

Conclusion India's diplomatic engagement in Kyiv reflects a nuanced calibration of strategic autonomy. By balancing its critical energy security imperatives with a principled advocacy for peaceful conflict resolution, India reinforces its status as a responsible international actor committed to global stability through dialogue rather than unilateral economic measures.



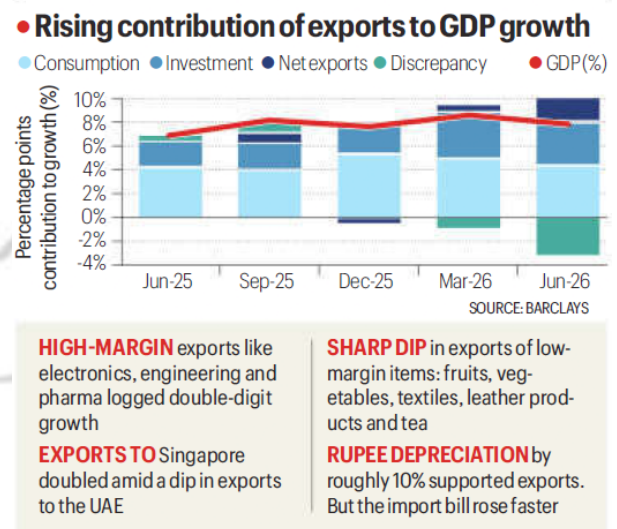
UPSC Relevance

- **GS Paper II:** India and its Neighborhood-Relations, Effect of Policies and Politics of Developed and Developing Countries on India's Interests, Important International Institutions and Fora.
- **Prelims Focus:** DPSP Article 51 provisions, Shanghai Cooperation Organisation (SCO), BRICS groupings, and key tenets of India's foreign policy framework.

2. India's Export Dynamics and Sectoral Divergence in GDP Growth

Key Highlights & Summary

- India's goods exports reached a record \$44.24 billion in June 2026, pushing overall April–June quarterly exports to \$129.32 billion (up 15% year-on-year) and boosting GDP growth to 7.8%.
- Net exports added 3 percentage points to Q1 GDP growth, supported by rising export competitiveness, non-petroleum/non-gems growth (12% to \$99.04 billion), and a decline in real imports due to West Asia geopolitical disruptions.
- A stark sectoral divide exists: high-margin sectors expanded robustly (engineering goods up 18.1%, electronics 22.6%, and pharmaceuticals 6.8%), whereas low-margin, labor-intensive sectors contracted sharply (tea down 17.5%, textiles 12.4%, leather 4.7%, fruits and vegetables 10.3%, and ceramics 25%).
- Soaring global freight rates (up to 10-fold in key markets), West Asia conflict disruptions, and high logistics costs eroded profit margins for low-margin exporters, while high-margin sectors absorbed logistics shocks more effectively.
- Trade diversification cushioned external shocks, highlighted by Free Trade Agreements (FTAs) with Australia (exports up 25%) and the UK (up 11%), alongside a 101% surge in shipments to Singapore (\$6.5 billion) offsetting a 11% dip in UAE exports.
- Currency dynamics provided mixed results: a ~10% year-on-year depreciation of the Indian Rupee (ending June at 94.7/\$1) enhanced price competitiveness for exports but inflated import bills for raw materials and energy inputs.



Essential Definitions

- **Net Exports:** The monetary value of a nation's total exports of goods and services minus its total imports over a specific period, serving as a key component of Expenditure-based Gross Domestic Product (GDP).
- **Labor-Intensive Exports:** Export commodities (such as textiles, leather, and agriculture) whose production relies predominantly on manual labor rather than automated capital, highly sensitive to logistics costs and slim profit margins.
- **Trade Diversification:** A policy strategy aimed at expanding export markets and product baskets to mitigate reliance on specific partner economies or volatile global trade routes.



Legal and Constitutional Framework

- **Article 307 of the Indian Constitution:** Authorizes Parliament to appoint an authority for carrying out the purposes of Articles 301 to 304 regarding the freedom of trade, commerce, and intercourse within the country.
- **Foreign Trade (Development and Regulation) Act, 1992:** Acts as the primary statutory framework empowering the Central Government to formulate and notify the Foreign Trade Policy (FTP) to facilitate, regulate, and boost merchandise and services exports.
- **Entry 41, List I (Union List), Seventh Schedule:** Vests exclusive legislative power in Parliament over foreign trade, import and export across customs frontiers, and international commercial engagements.

Conclusion While India's headline GDP growth reflects strong export performance driven by trade agreements and high-value manufacturing, the sharp contraction in low-margin, labor-intensive sectors poses structural risks for broad-based employment and income generation. Sustaining long-term export momentum requires targeted policy support to mitigate supply-chain disruptions and structural logistics bottlenecks.

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, changes in industrial policy and their effects on industrial growth; Foreign Trade Policy.
- **Prelims Focus:** Balance of Payments (BoP), components of GDP calculation, trade agreements (FTAs), foreign exchange rate mechanisms, and Directorate General of Foreign Trade (DGFT) mandates.

3. Northern Goshawk (Baaz): Cultural Significance, Status, and Conservation Framework

Key Highlights & Summary

- Punjab's forest department conducted official search operations in 2018 and 2025 to locate its official State Bird, the Northern Goshawk (*Accipiter gentilis*), locally termed *Baaz*, with no verified sightings.
- The bird remains centrally embedded in Sikh history and heritage, revered for its association with the Tenth Sikh Guru, Guru Gobind Singh, who is traditionally commemorated as *Bajanvala* (Master of the Hawk).
- The *Baaz* symbolizes sovereignty, spiritual authority, and the fearless warrior spirit of the *Khalsa* panth.
- Recent political narratives during the Punjab election campaigns revived public discussion around sightings of the raptor, linking its symbolic presence to leadership and divine blessings.
- Ornithological studies indicate that the species is primarily high-altitude and non-migratory to the plains of Punjab, making naturally sustained wild populations in the region extremely rare.
- Key anthropogenic threats causing global population declines include habitat destruction, deforestation, heavy metal contamination, nest-robbing for falconry, and illegal trapping.



Essential Definitions

- **Northern Goshawk (*Accipiter gentilis*):** A medium-large, powerful raptor species belonging to the family Accipitridae, characterized by short, broad wings, a long wedge-shaped tail for dense forest maneuverability, and short-burst hunting capabilities.
- **State Bird Designation:** An official emblem declared by state governments to promote wildlife conservation awareness and highlight indigenous biodiversity or cultural heritage.
- **Avian Apex Predator:** A bird species at the top of the ecological food web, serving as an indicator species for forest ecosystem health and integrity.

Legal and Constitutional Framework

- **Wildlife Protection Act (WPA), 1972:** Granted legal protection status in India; falcons and hawks are listed under Schedule I/Schedule II frameworks regulating capture, possession, or commercial trade.
- **IUCN Red List Status:** Categorized globally as 'Least Concern' (LC) by the International Union for Conservation of Nature due to its broad global distribution across North America, Europe, and Asia.
- **CITES Regulations:** Listed under Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, regulating international trade to prevent over-exploitation.
- **Constitutional Provisions:** Article 48A (DPSP) directs the State to safeguard forests and wildlife; Article 51A(g) makes it a Fundamental Duty of every citizen to protect and improve natural environment and wildlife.

Conclusion The Northern Goshawk represents a unique intersection of cultural reverence and conservation challenges in India. While its symbolic weight in Punjab's historical ethos remains strong, effective conservation requires scientifically grounded habitat management, protection under national wildlife legislation, and structured biodiversity surveys rather than political mythologizing.

UPSC Relevance

- **GS Paper III:** Environment and Ecology – Biodiversity Conservation, Wildlife Protection Act (WPA) 1972, IUCN Red List status, and CITES frameworks.
- **Prelims Focus:** Identification features of *Accipiter gentilis*, State symbols of Indian states, Article 48A and 51A(g) provisions, and schedules under the amended Wildlife Protection Act.

4. Expansion of Autonomous Hill Development Councils across Ladakh Districts

Key Highlights & Summary

- Lieutenant Governor Vinai Kumar Saxena approved notifications establishing Ladakh Autonomous Hill Development Councils (LAHDCs) for all seven districts of the Union Territory to boost participatory grassroots governance.
- Following the creation of five new districts in April 2026 (Sham, Nubra, Changthang, Zaskar, and Drass) alongside Leh and Kargil, the LAHDC framework has now been extended across the entire UT.
- Established under the LAHDC Act of 1997, each council will consist of 26 directly elected councillors who will elect a Chief Executive Councillor from among themselves.



- Executive powers vested in these councils include local land allotment, district development planning, public health, sanitation, local road transport, education, and tourism.
- The decision comes while representative civil society groups, including the Leh Apex Body (LAB) and Kargil Democratic Alliance (KDA), continue dialogue with the Ministry of Home Affairs seeking constitutional safeguards under the Sixth Schedule.
- Elections to the newly constituted councils will be notified under Section 8 of the LAHDC Act, addressing the administrative gap left after the term of the Leh Council expired in October 2025.

Essential Definitions

- **Autonomous Hill Development Council (AHDC):** A statutory local self-governing body created to decentralized administration and manage local socio-economic priorities in geographically remote, culturally distinct hill regions.
- **Democratic Decentralization:** The process of devolving political, administrative, and financial decision-making powers from central authorities to elected local bodies close to grassroots citizens.
- **Union Territory without Legislature:** A sub-national administrative division governed directly by the Central Government through an appointed Administrator or Lieutenant Governor without a state legislative assembly.

Legal and Constitutional Framework

- **Ladakh Autonomous Hill Development Councils Act, 1997:** The state statutory enactment (extended to the UT) providing the legal basis for creating district-level autonomous councils via Official Gazette notifications.
- **Jammu and Kashmir Reorganisation Act, 2019:** Carved out Ladakh as a standalone Union Territory without a legislative assembly following the abrogation of Article 370.
- **Sixth Schedule (Articles 244(2) & 275(1)):** Constitutional framework providing autonomous district councils legislative, judicial, and administrative autonomy in designated tribal areas, heavily demanded by local Ladakhi groups.



Conclusion Extending Autonomous Hill Development Councils across all seven districts represents a significant step in strengthening local self-governance within a UT without a legislative assembly. While this decentralization enhances regional planning, achieving long-term administrative stability requires balancing statutory council authority with broader constitutional demands from civil society.

UPSC Relevance

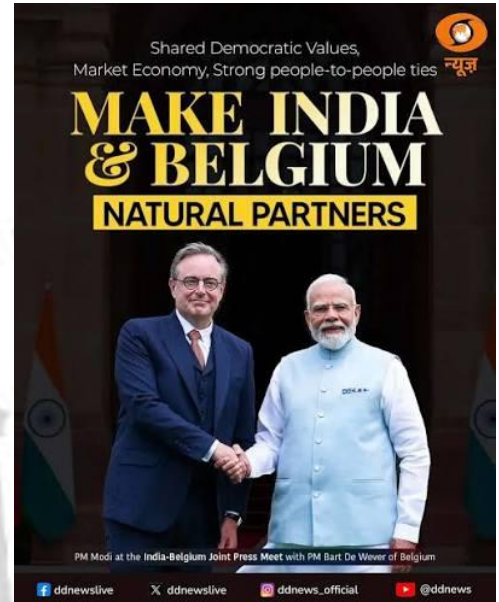
- **GS Paper II:** Federalism, Devolution of Powers and Finances up to Local Levels and Challenges Therein, Governance in Union Territories, Functions and Responsibilities of the Union and the States.
- **Prelims Focus:** LAHDC Act 1997 provisions, Sixth Schedule vs Fifth Schedule differences, Jammu & Kashmir Reorganisation Act 2019, and local self-governance structures in non-legislative UTs.



5. India-Belgium Relations: Strategic Diversification Beyond Traditional Trade

Key Highlights & Summary

- Indian Prime Minister Narendra Modi and visiting Belgian Prime Minister Bart De Wever held bilateral talks in New Delhi, agreeing to double bilateral trade over the next five years.
- Both nations agreed to elevate defense and security cooperation as a primary pillar, signing a Letter of Intent to facilitate joint research, military training, intelligence sharing, and defense co-development/co-production.
- To support two-way capital flows, an Investment Fast-Track Mechanism was established along with formalizing institutional coordination between Belgium's sovereign wealth fund (SFPIM) and India's National Investment and Infrastructure Fund (NIIF).
- Bilateral economic engagements expanded beyond the traditional Antwerp-Mumbai diamond axis into high-tech sectors including semiconductors, green hydrogen, renewable energy, and fintech coordination.
- Strategic cooperation was deepened in law enforcement through an MoU between the Central Bureau of Investigation (CBI) and Belgian Federal Police to tackle organized crime, cybercrime, and fugitive tracing.
- Both leaders emphasized "strategic openness," rejecting both economic protectionism and naive geopolitical dependencies while calling for unimpeded maritime shipping and peaceful resolution of regional conflicts in West Asia and Ukraine.



Essential Definitions

- **Strategic Openness:** A foreign economic doctrine that rejects protectionism and excessive single-source supply chain dependencies while maintaining open, competitive, and rule-based trade partnerships.
- **Investment Fast-Track Mechanism:** A dedicated bilateral administrative structure created to resolve regulatory bottlenecks, streamline approvals, and facilitate foreign direct investments between two nations.
- **Defence Co-Development and Co-Production:** A collaborative military manufacturing framework involving joint research, technology transfer, and domestic production of equipment rather than buyer-seller relationships.

Legal and Constitutional Framework

- **Article 51 of the Indian Constitution:** Under Part IV (Directive Principles of State Policy), Article 51 mandates the State to promote international peace and security, maintain just and honorable relations between nations, and foster respect for international law.
- **Union List (Seventh Schedule, Entry 10 and Entry 14):** Vests exclusive legislative and executive powers in the Union Parliament over Foreign Affairs and entering into treaties and agreements with foreign countries.



- **India-EU Strategic Partnership Framework:** Operates within the broader legal matrix of the India-European Union Broad-based Trade and Investment Agreement (BTIA) negotiations and the India-EU Connectivity Partnership.

Conclusion The elevation of India-Belgium ties signifies a transition from a diamond-centric economic relationship to a multifaceted strategic alliance. By institutionalizing defense co-production, fast-tracking investments, and expanding tech collaboration, both nations enhance supply chain resilience within the broader European Union framework.

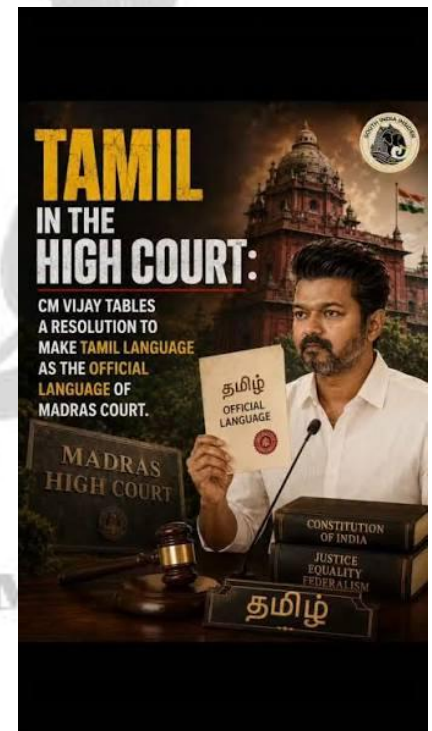
UPSC Relevance

- **GS Paper II:** India and its Neighborhood-Relations, Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests, Effect of Policies and Politics of Developed Countries on India.
- **Prelims Focus:** Article 51 (DPSP provisions), India-EU trade mechanisms, NIIF architecture, and bilateral law enforcement frameworks (CBI-Interpol/Belgian police ties).

6. Use of Tamil as Official Language in Madras High Court: Constitutional and Legal Framework

Key Highlights & Summary

- Tamil Nadu Chief Minister moved a resolution in the Legislative Assembly urging the Union Government and the President to clear Tamil as the primary language of the Madras High Court alongside English.
- The resolution seeks permission for petitions, documents, and arguments to be submitted in Tamil, as well as official judgments, decrees, and court orders to be issued in Tamil with legal training for judicial personnel.
- The Assembly had unanimously passed a similar resolution in December 2006, which was stalled after the Supreme Court Full Court declined the proposal in October 2012.
- The state government emphasized that adopting Tamil is a democratic right to ensure justice is accessible and understandable to citizens in their native tongue.
- Recent technological advances, including AI-based real-time translation, legal databases, and digital courts, were highlighted as practical enablers for bilingual court proceedings.
- Tamil holds status as the official language of the state under the Tamil Nadu Official Language Act, 1956, and was recognized as India's first Classical Language in October 2004.



Essential Definitions

- **Language of Justice:** The principle that legal proceedings, statutes, and judicial remedies must be accessible in a language understood by the litigating public to ensure fair trial and constitutional due process.
- **Classical Language:** A status granted by the Government of India to languages possessing high antiquity, a valuable body of ancient literature, an original literary tradition, and historical continuity.



- **Bilingual Judicial System:** An administrative framework permitting the parallel use of a regional language alongside English for court pleadings, oral arguments, and judicial pronouncements.

Legal and Constitutional Framework

- **Article 348(1) of the Indian Constitution:** Mandates that all proceedings in the Supreme Court and every High Court shall be in the English language until Parliament by law otherwise provides.
- **Article 348(2) of the Indian Constitution:** Empowers the Governor of a State, with the prior consent of the President, to authorize the use of Hindi or any other official language of the State in High Court proceedings.
- **Section 7 of the Official Languages Act, 1963:** Permits the Governor, with presidential consent, to authorize the use of the State's official language (in addition to English) for judgments, decrees, or orders passed by the High Court, provided an English translation accompanies them.
- **Tamil Nadu Official Language Act, 1956 (Sections 4-A & 4-B):** Mandates the use of Tamil for recording evidence and writing judgments in civil and criminal courts subordinate to the High Court.

Conclusion Revisiting the choice of language in state High Courts highlights the balance between regional linguistic identity and judicial uniformity across India. While administrative and technological tools now facilitate real-time translation, achieving full implementation requires structured coordination between the State Executive, the Union Government, and the Supreme Court judiciary.

UPSC Relevance

- **GS Paper II:** Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions and basic structure; Structure, organization, and functioning of the Judiciary.
- **Prelims Focus:** Article 348(1) and 348(2) provisions, Section 7 of the Official Languages Act 1963, criteria for Classical Language status, and rules governing language use in lower courts versus High Courts.

7. WMO Warning on Intensifying El Nino and Global Climate Disruptions

Key Highlights & Summary

- The World Meteorological Organization (WMO) warned of an impending "very strong" El Nino event with near 100% likelihood to persist through February 2027, altering global temperature and rainfall patterns.
- Sea surface temperature anomalies in the central-eastern equatorial Pacific (Nino 3.4 region) crossed 1.5°C above normal during May-July and exceeded 2.0°C in July, driving extreme heatwaves, droughts, and floods worldwide.
- The India Meteorological Department (IMD) confirmed that late August monsoon rainfall faced El Nino pressures, though overall seasonal rainfall largely escaped major deficit as three-fourths of the monsoon concluded.
- A positive phase of the Indian Ocean Dipole (IOD) is forecast to develop during September-November with a seasonal mean value of 0.9°C, offering a potential natural cushion to counter El Nino impacts over South Asia.
- Unprecedented subsurface ocean warming (over 8°C above average in places) signals sustained atmospheric feedback, prompting WMO's largest global mobilization of national hydrological and meteorological services in its 50-year history.



- The ongoing climate anomaly threatens agriculture, water security, and energy infrastructure, underscoring the urgent need for early-warning systems and local disaster preparedness.

Essential Definitions

- **El Nino-Southern Oscillation (ENSO):** A periodic ocean-atmosphere climate phenomenon involving warm ocean waters accumulating in the central and eastern equatorial Pacific, disrupting global atmospheric circulation.
- **Indian Ocean Dipole (IOD):** The temperature difference between the western tropical Indian Ocean (Arabian Sea) and the eastern tropical Indian Ocean south of Indonesia, where a positive phase indicates warmer western waters.
- **Nino 3.4 Index:** A standard meteorological metric tracking sea surface temperature anomalies in the equatorial Pacific Ocean region bounded by 5°N-5°S latitude and 120°W-170°W longitude.



Legal and Constitutional Framework

- **Disaster Management Act, 2005:** Provides the statutory framework through the National Disaster Management Authority (NDMA) to formulate action plans for climate-induced hazards like severe droughts, heatwaves, and flooding.
- **National Action Plan on Climate Change (NAPCC):** Overarching policy matrix containing specific missions, such as the National Mission for Sustainable Agriculture (NMSA) and Strategic Knowledge for Climate Change, to build resilient infrastructure.
- **Article 48A of the Indian Constitution:** Under Directive Principles of State Policy, obligates the State to protect and improve the natural environment and safeguard national ecological security.

Conclusion The forecast of a prolonged, high-intensity El Nino highlights the vulnerability of global food systems and weather regimes to ocean warming. While a developing positive Indian Ocean Dipole may temporarily cushion South Asian monsoon dynamics, long-term resilience requires institutionalizing climate-smart agriculture, adaptive water management, and proactive disaster risk reduction.

UPSC Relevance

- **GS Paper III:** Conservation, environmental pollution and degradation, environmental impact assessment; Disaster and disaster management; Major crops and cropping patterns.
- **Prelims Focus:** Mechanics of ENSO and IOD, WMO mandates, IMD forecasting models, DPSP Article 48A, and disaster management institutional structures.

8. Strengthening Preparedness Against Glacial Lake Outburst Floods (GLOFs)

Key Highlights & Summary

- Union Home Secretary Govind Mohan chaired a high-level review meeting directing Himalayan States and Union Territories—including Uttarakhand, Himachal Pradesh, Sikkim, Arunachal Pradesh, and Jammu & Kashmir—to enhance preparedness against Glacial Lake Outburst Floods (GLOFs) and snow avalanches.
- The Ministry of Home Affairs (MHA) urged a strategic paradigm shift from reactive response-based planning to proactive, preventive mitigation and community-level disaster readiness.



- Key focus areas include deploying robust Early Warning Systems (EWS), continuous monitoring of high-risk glacial lakes, mapping flow paths, preparing structured evacuation plans, and ensuring timely alert dissemination.
- The MHA emphasized seamless inter-agency coordination among state disaster management authorities, district administrations, and specialized scientific institutions like the Central Water Commission (CWC), India Meteorological Department (IMD), and Defence Geoinformatics Research Establishment (DGRE).
- Himalayan States and UTs were advised to regularly review emergency preparedness plans, identify critical gaps in early warning infrastructure, and execute pre-emptive corrective measures prior to extreme climate events.
- The Centre directed states to expedite the execution of GLOF mitigation projects sanctioned by the Central Government in 2024 to safeguard lives and vital public infrastructure.

Essential Definitions

- **Glacial Lake Outburst Flood (GLOF):** A catastrophic release of accumulated water from a glacial lake caused by moraine dam failure, ice-avalanche impact, or heavy rainfall, producing high-velocity flash floods downstream.
- **Moraine Dam:** A natural embankment of loose soil, rock debris, and ice deposited by a retreating glacier that impounds meltwater to form a high-altitude glacial lake.
- **Preventive Mitigation:** Pre-disaster risk reduction measures—such as siphoning lake water, artificial channel creation, and early warning systems—designed to minimize structural vulnerability and loss of life.

Legal and Constitutional Framework

- **Disaster Management Act, 2005:** Institutional framework establishing the National Disaster Management Authority (NDMA) and State Disaster Management Authorities (SDMAs) to formulate proactive disaster mitigation, capacity building, and response strategies.
- **National Guidelines on Management of GLOFs (NDMA):** Technical framework recommending hazard zoning, continuous satellite monitoring, real-time hydrological monitoring, and controlled lake drainage mechanisms.
- **Article 48A of the Indian Constitution:** Mandates that the State shall endeavor to protect and improve the natural environment and safeguard the country's ecological integrity.
- **Article 21 of the Indian Constitution:** Encompasses the Right to Life, which includes protection from environmental hazards and state duty to ensure public safety through effective disaster risk management.

Conclusion Addressing the escalating threat of GLOFs across the fragile Himalayan ecosystem requires transitioning from post-disaster relief to continuous monitoring and localized risk reduction. Timely execution of sanctioned mitigation projects, real-time scientific monitoring, and community integration remain critical to mitigating climate-induced disaster risks in high-altitude regions.

UPSC Relevance

- **GS Paper III:** Disaster and Disaster Management; Environmental Impact Assessment; Conservation, Environmental Pollution, and Degradation.



- **Prelims Focus:** NDMA Guidelines on GLOFs, scientific functions of DGRE, CWC, and IMD, mechanisms of moraine dam breach, and relevant provisions of the Disaster Management Act, 2005.

9. Debating the Credibility and Mechanics of India's GDP Data

Key Highlights & Summary

- Real GDP grew by 7.8% and nominal GDP expanded by 10.3% in Q1 (April–June) 2026, implying a low GDP deflator of 2.3% that ignited debate over data credibility.
- Methodological updates by MoSPI, including transitioning to double deflation for agriculture and manufacturing in recent national accounts series, address historical criticisms regarding single deflation.
- The low GDP deflator (2.3%) is driven by a 32% surge in import prices—which enter GDP calculations with a negative sign—alongside fuel excise cuts and expanded fertilizer subsidies.
- Gross Fixed Capital Formation (GFCF) grew close to 12% year-on-year, pushing investment's share of GDP above 34%, supported by 19% bank credit growth.
- Real household consumption expanded by 8.2% following tax reductions, causing the consumption deflator to collapse to 0.4%, reflecting pass-through benefits to consumers.
- Despite robust short-term percentage growth, long-term structural reforms in trade, factor markets, and the Bilateral Investment Treaty (BIT) framework remain critical for sustained dollar-denominated per capita income growth.

Essential Definitions

- **GDP Deflator:** A comprehensive measure of inflation calculated as the ratio of Nominal GDP to Real GDP multiplied by 100, capturing price changes across all domestically produced goods and services.
- **Double Deflation:** An accounting method where gross output and intermediate inputs are deflated separately using their respective specific price indices to prevent artificial margin-based growth inflation.
- **Gross Fixed Capital Formation (GFCF):** An expenditure-side GDP component measuring net additions to fixed assets, serving as a primary indicator of productive capital investment in the economy.

Legal and Constitutional Framework

- **Collection of Statistics Act, 2008:** The primary statutory enactment providing the legal mandate to collect administrative, economic, and industrial data across India.
- **National Statistical Commission (NSC) Framework:** Established via executive resolution based on the Rangarajan Commission recommendations to oversee statistical standards, methodology, and data integrity.
- **Article 112 & Article 280 of the Indian Constitution:** Underpins fiscal reporting, budgetary allocations, and revenue distribution mechanisms that rely on macroeconomic GDP estimations.

Conclusion The 7.8% GDP growth print reflects structural refinements in statistical methodology, particularly double deflation, rather than artificial data inflation. However, translating headline growth into long-term national development targets requires addressing fundamental investment bottlenecks and pursuing deep factor-market reforms.



UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development; National Income Accounting concepts (Real vs Nominal GDP, Deflators); Capital formation and Investment models.
- **Prelims Focus:** Calculation of GDP Deflator, Single vs Double Deflation, MoSPI publishing bodies, Producer Price Index (PPI), and components of Expenditure-side GDP.

10. Reforming Energy Governance: The Case for a Unified Ministry of Energy

Key Highlights & Summary

- India's energy transition requires shifting focus from standalone power generation capacity to system-wide optimization, grid balancing, and integration across diverse fuel sources.
- The current governance architecture remains fragmented across five distinct ministries: Coal, Petroleum & Natural Gas, New & Renewable Energy, Power, and Atomic Energy (under PMO).
- Inter-ministerial fragmentation creates severe execution mismatches, such as renewable projects commissioned prior to grid transmission readiness or gas-based plants built without assured fuel supply.
- Modern grid stability depends on variable roles: solar and wind provide intermittent bulk power, nuclear provides steady baseload, and hydro, batteries, or gas turbines serve peak load and storage balancing.
- Global economies—including the US, UK, Brazil, and Saudi Arabia—have consolidated energy governance under unified energy ministries to streamline strategy, planning, and investment decisions.
- Creating a single unified Ministry of Energy would centralize strategic policy and infrastructure planning while maintaining specialized technical departments for individual fuel verticals.

Essential Definitions

- **Energy Governance Fragmentation:** An administrative setup where different energy sources (coal, renewables, oil, nuclear, power) are governed by isolated ministries, leading to siloed decision-making and policy friction.
- **Baseload Power:** The minimum level of continuous electric demand required over a 24-hour period, typically supplied by stable, non-intermittent power sources such as nuclear or thermal plants.
- **Grid Balancing:** The operational practice of continuously matching real-time electricity supply with fluctuating demand using flexible generation, storage, and demand-response mechanisms.

Legal and Constitutional Framework

- **Seventh Schedule (List III - Concurrent List, Entry 38):** Grants both Parliament and State Legislatures power to legislate on 'Electricity', enabling federal coordination in power sector reforms.
- **Seventh Schedule (List I - Union List, Entry 53 & Entry 54):** Vests exclusive legislative power in Parliament over Regulation and Development of Inter-state Electricity, Oilfields, Petroleum, Mineral Resources, and Atomic Energy (Entry 6).
- **Electricity Act, 2003:** The master statutory framework governing generation, transmission, distribution, trading, and regulatory oversight (CERC/SERCs) across the national power sector.



- **Government of India (Allocation of Business) Rules, 1961:** The legal framework defining the business allocation and operational mandates across various ministries under Article 77(3) of the Constitution.

Conclusion As India targets net-zero carbon emissions by 2070 while expanding its industrial economy, fragmented energy administration remains a bottleneck. Establishing an integrated Ministry of Energy will optimize resource allocation, enhance supply chain synchronization, and ensure long-term national energy security through cohesive, system-wide governance.

UPSC Relevance

- **GS Paper II:** Government Policies and Interventions for Development; Government Structure and Institutional Reforms; Allocation of Business Rules.
- **GS Paper III:** Infrastructure: Energy; Changes in Industrial Policy and Effects on Growth; Renewable Energy Transition and Grid Management.
- **Prelims Focus:** Entry 38 of Concurrent List, provisions of the Electricity Act 2003, roles of CERC/CEA, and global best practices in institutional energy governance.



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