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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 03/11/2026 (TUESDAY)



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VIDHVATH IAS ACADEMY

1. Cyclone Murasu Makes Landfall on South Andhra Pradesh Coast

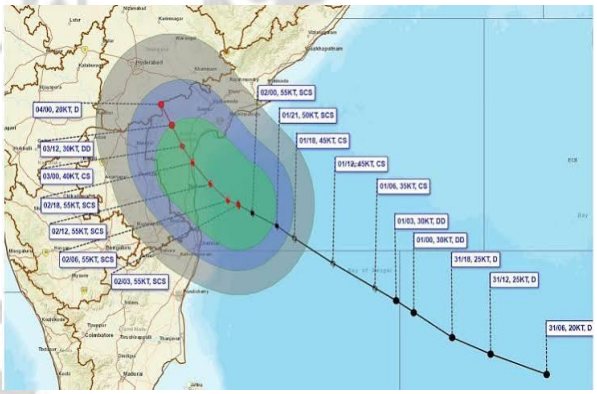
UPSC Relevance: GS Paper I (Important Geophysical Phenomena — Tropical Cyclones) and GS Paper III (Disaster Management).

Why in News: Severe Cyclonic Storm 'Murasu' made landfall near Ongole, Andhra Pradesh, with wind speeds of 100–110 kmph gusting to 120 kmph.

Background

- **Genesis & Facts:** Originated as a low-pressure area over the Bay of Bengal before rapidly intensifying into a Severe Cyclonic Storm, fueled by sea surface temperatures exceeding 28°C and low vertical wind shear.
- **Rainfall Deficit Context:** The affected districts (Bapatla, Palnadu, Markapuram, SPSR Nellore, and Prakasam) had experienced a notable rain deficit during the preceding southwest monsoon, making this sudden heavy rainfall vital for local soil moisture despite immediate flood challenges.
- **Regional Impact Data:** The storm system also triggered heavy rains and waterlogging in northern coastal districts of Tamil Nadu, while neighboring Odisha evacuated 1.6 lakh people across Ganjam, Gajapati, Malkangiri, Koraput, and Kandhamal districts due to concurrent impacts from Cyclone Arnab.
- **Naming:** Named 'Murasu' (suggested by India) as per the WMO/ESCAP panel rotation list for North Indian Ocean tropical cyclones.

Impact & Measures



- **Impacts:** Triggered very heavy to extremely heavy rainfall, localized urban waterlogging, storm surges in coastal zones, extensive crop damage in agrarian belts, power grid disruptions, and transport suspensions.
- **Measures:** The National Disaster Response Force's (NDRF) 10th Battalion deployed 14 specialized teams across Andhra Pradesh and Telangana to coordinate swift emergency rescue, relief operations, and local evacuations. State authorities sounded immediate red alerts and activated district-level emergency response systems across five vulnerable districts.
- **Solutions:** Scaling up community-based disaster management training, expanding multi-hazard early warning systems, constructing resilient cyclone shelters, and expediting the National Cyclone Risk Mitigation Project (NCRMP).

Essential Definitions

- **Tropical Cyclone:** A rapid, rotating storm system characterized by a low-pressure center, closed low-level atmospheric circulation, and strong winds.
- **Landfall:** The intersection of the eye/center of a tropical cyclone with a coastline.
- **Storm Surge:** An abnormal rise in sea water level generated by a storm, over and above the predicted astronomical tide.

Legal and Constitutional Framework

- **Disaster Management Act, 2005:** Provides the overarching statutory framework for disaster response, risk reduction, and institutional mechanisms including the NDMA, SDMAs, and NDRF.
- **Constitutional Provision:** Article 21 (Right to Life) places an affirmative obligation on the state to protect citizens' lives during natural disasters. Relief and disaster management operations operate under concurrent responsibilities.

Conclusion

Cyclone Murasu highlights the vulnerability of India's eastern coastline to recurring high-intensity tropical systems. Enhancing structural resilience, pre-disaster evacuation protocols, and climate-adaptive infrastructure is indispensable for safeguarding lives and livelihoods.

2. Centre Notifies Grievance Redressal Rules for VB-G RAM G Scheme

UPSC Relevance: GS Paper II (Governance, Transparency & Accountability, Welfare Schemes) and GS Paper III (Employment & Rural Development).

Why in News: The Ministry of Rural Development notified the Grievance Redressal Rules under the Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G), dropping key transparency provisions present in earlier draft rules and the erstwhile MGNREGA.

Background

- **Scheme Transition:** VB-G RAM G replaced MGNREGA earlier this year as India's flagship rural employment guarantee initiative.
- **Rule Evolution:** Draft rules circulated in May included stringent monitoring mechanisms. However, the final rules omitted mandatory First Information Report (FIR) registration upon *prima facie* financial irregularities and the requirement to table Action-Taken Reports (ATRs) before local body meetings.
- **Dedicated Redressal Day Dropped:** The proposal to mandate a "designated day" each week for Grievance Redressal Officers (GROs) to receive complaints in person was excluded.

Impact & Measures

- **Implications & Concerns:** Dilution of automatic legal accountability (dropping mandatory FIRs) and weakened grassroots social audit integration (omitting ATRs in local body meetings) may compromise transparency and reduce deterrence against financial corruption.
- **Positive Mechanisms Retained:**
    - Strict 15-day resolution timeline for implementation-related grievances.
    - Multi-channel filing options: in-person, Speed Post, digital platforms, and state telephone helplines.
    - Non-rejection clause guaranteeing no complaint is refused due to format, language, or procedural deficiencies.



- **Measures Needed:** Strengthening independent social audits, institutionalizing digital tracking of ATRs, and ensuring adequate staffing of GROs at district and block levels.

Essential Definitions

- **Prima Facie:** A legal principle meaning "at first sight" or based on initial impression, sufficient to establish a fact unless rebutted.
- **Grievance Redressal Mechanism:** An institutional framework designed to receive, process, and resolve complaints submitted by beneficiaries or citizens regarding service delivery.

Legal and Constitutional Framework

- **Statutory Framework:** Promulgated under statutory rule-making powers governing the VB-G RAM G legislation.
- **Constitutional Rights:** Aligns with Article 21 (Right to Livelihood as part of Right to Life) and Article 41 (Directive Principle directing the State to secure the Right to Work).
- **Section 154 of CrPC / BNSS:** Governs legal procedures regarding the registration of FIRs upon information disclosing cognizable offenses.

Conclusion

While the mandatory 15-day timeline and multi-channel submission enhance citizen access, dropping criminal accountability and local oversight mechanisms risks weakening governance. Restoring local body review and automated legal action against financial lapses is vital for maintaining transparency in rural wage-employment schemes.

3. Government Open to Addressing Investor Concerns and Foreign Capital Inflows

UPSC Relevance

GS Paper III (Indian Economy, Mobilization of Resources, and Capital Market Reforms).



Why in News

Union Finance Minister Nirmala Sitharaman acknowledged growing anxiety among retail investors over stock valuations, capital gains tax, and Foreign Portfolio Investor (FPI) outflows, emphasizing stakeholder consultations ahead of the Union Budget.

Background

- **Market Dynamics:** Indian stock markets witnessed strong FPI inflows during FY 2023–24 under the existing capital gains framework. However, recent quarters recorded net FPI outflows amid global headwinds and valuation concerns.
- **Capital Need:** Sustaining India's GDP growth rate at 7% or above requires robust capital formation, relying on both domestic retail participation and global foreign capital.
- **Market Balance:** Beyond corporate bond market deepening, equity markets play an indispensable role in financing long-term economic expansion.

Impact & Measures

- **Implications & Challenges:** Heightened market volatility, high equity valuations, and foreign capital outflows pose risks to market stability. Over-reliance on tax sops can distort market fundamentals, which should ideally be driven by corporate earnings and economic strength.
- **Government Intent:** Promised pre-budget consultations to review stakeholder concerns without creating policy bias in favor of foreign investors over domestic (rupee) investors.
- **Way Forward:** Promoting balanced tax policies, enhancing market transparency, deepening corporate bond markets, and maintaining macro-economic stability to attract sustainable, long-term capital.

Essential Definitions

- **Foreign Portfolio Investment (FPI):** Investments in foreign financial assets such as stocks and bonds without direct managerial control over companies.
- **Capital Gains Tax:** A tax levied on the profit realized from the sale of non-inventory assets like stocks, real estate, or bonds.

Legal and Constitutional Framework

- **SEBI Act, 1992:** Grants statutory powers to the Securities and Exchange Board of India to protect investor interests and regulate capital markets.
- **Income Tax Act, 1961:** Governs the taxation regime for Short-Term (STCG) and Long-Term Capital Gains (LTCG) on equity investments.
- **Constitutional Provision:** Article 265 mandates that no tax shall be levied or collected except by authority of law.

Conclusion

A balanced approach that addresses investor grievances while preserving core market fundamentals is vital. Ensuring parity between domestic retail investors and foreign portfolio capital will foster a resilient, transparent, and growth-oriented financial ecosystem.

4. Delhi Air Quality Worsens to 'Very Poor': CAQM Invokes GRAP Stage II

UPSC Relevance: GS Paper III (Environmental Pollution and Degradation, Disaster Management).

Why in News: The Commission for Air Quality Management (CAQM) invoked Stage II of the Graded Response Action Plan (GRAP) as Delhi's Air Quality Index (AQI) deteriorated to 324 ('Very Poor').

Background

- **Causes:** Deterioration is driven by unfavorable weather (calm winds and mist), transport emissions (accounting for 20.07%), and farm fires across neighboring regions.
- **Stubble Burning Trends:** IITM Decision Support System data shows stubble burning contributed 8.5% to PM2.5 levels, projected to rise to 22%. While farm fires in Punjab, Haryana, and UP are at a three-year seasonal low, active fires in Pakistan's Punjab province and Madhya Pradesh added to the pollution load.
- **Supreme Court Directions:** The SC allowed bursting certified green crackers in Delhi-NCR only between 6–7 am and 8–10 pm on Diwali (Nov 7–8), while keeping a strict 300-meter ban around hospitals, educational institutions, and silent zones.

Impact & Measures

- **Impacts:** Elevated PM2.5 levels present severe respiratory hazards, reduced visibility, and heightened seasonal smog risks across Delhi-NCR.
- **GRAP-II Mandatory Measures:**
    - Daily mechanical sweeping and water spraying with dust suppressants on roads.
    - Stricter inspections at construction sites, ban on coal/firewood in eateries, and restriction of diesel generators to essential emergency services.
    - Enhanced public transport: DMRC added 20 additional train trips on weekdays, and parking fees were hiked to discourage private vehicle use.
    - Entry restriction on non-BS-VI vehicles registered outside Delhi until Jan 31 (upheld by High Court).
- **Solutions:** Accelerate stubble management through ex-situ/in-situ machinery, enforce green cracker certification by CSIR-NEERI/PESO, and expand regional air shed management.

Essential Definitions

- **Graded Response Action Plan (GRAP):** An emergency response framework implemented in stages to prevent further deterioration of air quality in Delhi-NCR.
- **Green Crackers:** Environmentally safer fireworks formulated by CSIR-NEERI without harmful chemicals like barium, yielding reduced particulate emissions.

Legal and Constitutional Framework

- **CAQM Act, 2021:** Empowers the Commission for Air Quality Management to coordinate and enforce air quality control across the National Capital Region and adjoining areas.
- **Constitutional Rights:** Article 21 guarantees the Right to Clean Environment as part of the Right to Life (*M.C. Mehta v. Union of India*).
- **Judicial Precedents:** *Arjun Gopal v. Union of India (2018)* established regulations on green crackers balancing environmental health and cultural practices.

Conclusion

Addressing Delhi's seasonal air crisis requires strict execution of GRAP-II measures alongside cross-border airshed governance. Combining public transport enhancement, clean fuel adoption, and sustainable agricultural practices is imperative for long-term air quality restoration.

5. India's Non-Fossil Energy Targets and Clean Energy Transition

UPSC Relevance: GS Paper III (Infrastructure: Energy, Environmental Conservation, and Climate Change).

Why in News: Speaking at the Bharat Renewable Energy Summit & Expo 2026, Prime Minister Narendra Modi announced that India will add 500 GW of new non-fossil fuel capacity over the next 10–11 years.

Background

- **Panchamrit Targets & Progress:** India achieved its Paris Agreement pledge of meeting 50% installed capacity from non-fossil sources in 2025—five years ahead of its 2030 target.

- **Current Installed Capacity:** India holds 308 GW of non-fossil capacity, constituting 55.1% of the total 558.89 GW national generation capacity monitored by the Central Electricity Authority (CEA).
- **Global Standing:** India ranks among the top three countries globally in solar and renewable energy expansion.
- **Investment Drivers:** Over $164 billion has been invested in India's renewable energy sector over the past decade, including $63 billion pledged since the RE-INVEST Summit 2024. Expected investments will cross ₹20 lakh crore ($220 billion) by decade-end.

Impact & Measures

- **Energy Security:** Proactive clean energy investments helped India avert severe energy crises caused by West Asia geopolitical conflicts and global supply disruptions.
- **Challenges:** Grid integration of intermittent renewables, requirement of high-capacity Battery Energy Storage Systems (BESS), land acquisition hurdles, and reliance on imported critical minerals.
- **Government Initiatives:** National Green Hydrogen Mission, PM-KUSUM, PM Surya Ghar: Muft Bijli Yojana, Production Linked Incentive (PLI) scheme for high-efficiency solar PV modules, and Green Energy Corridors.
- **Way Forward:** Accelerate grid modernization, expand pumped storage projects, enhance domestic manufacturing of battery cells, and foster private sector investment.

Essential Definitions

- **Non-Fossil Fuel Capacity:** Electricity generation capacity derived from sources other than fossil fuels, including solar, wind, hydro, nuclear, and biomass.
- **Installed Generation Capacity:** The maximum theoretical electric output that a power plant or system can produce under specified conditions.

Legal and Constitutional Framework

- **Electricity Act, 2003:** Framework governing power sector development, renewable purchase obligations (RPOs), and grid integration.
- **Energy Conservation (Amendment) Act, 2022:** Mandates non-fossil energy use, introduces carbon credit trading, and enhances building energy codes.
- **Constitutional Mandate:** Article 48A (Directive Principles) directs the State to protect and improve the environment, while Article 51A(g) places a duty on citizens to protect the natural environment.

Conclusion

India's rapid leap in non-fossil fuel capacity underscores its commitment to global climate action and domestic energy independence. Sustaining this momentum requires robust grid infrastructure, domestic battery storage manufacturing, and targeted financial flows to power a resilient green economy.

6. The Communist Party with Xi Jinping Characteristics

UPSC Relevance: GS Paper II (International Relations, Government Policies & Politics of Neighbouring Countries).

Why in News: An analysis of the Communist Party of China's (CPC) internal dynamics highlights an unprecedented post-Mao purge, where 51 members (full and alternate) of the 20th Central Committee (CC) were expelled by the end of its fifth plenum under Xi Jinping's anti-corruption campaign.

Background

- **Scale of Anti-Corruption Campaign:** Since Xi Jinping took over as General Secretary at the 18th National Congress in 2012, discipline and supervisory organs filed 8.105 million cases and punished 7.922 million officials.
- **Targeting Senior Leadership ("Tigers"):** Out of the millions punished, 963 were high-ranking "officials registered at and supervised by the CPC Central Committee," including CC members.
- **Historical Context:** By comparison, the total number of CC members expelled stood at 49 during the entire 18th CC and 12 during the 19th CC, making the 51 expulsions in the 20th CC an unprecedented post-Mao record (approx. 1/8th of total CC membership).
- **Institutional Structure:** The CPC Central Committee (approx. 200 full and 170 alternate members) elects the 25-member Politburo and its Standing Committee, representing China's core political, military, and provincial leadership.

Impact & Measures

- **Centralization of Power:** The purges reflect tight top-down political control, pre-empting internal opposition and paving the way for Xi Jinping's potential fourth term at the 21st Party Congress.
- **PLA and Defense Oversight:** The Central Military Commission (CMC) was reduced to just two members, with political commissar General Zhang Shengmin elevated to the Politburo, signaling heightened political supervision and ideological oversight over the military.
- **Economic & External Implications:**
    - Top-down control over provincial governance prioritizes political loyalty alongside economic competence.
    - Centralized oversight creates friction with consumer confidence and domestic consumption, while foreign and state enterprises face increased scrutiny.
    - Ties domestic policy closely to foreign strategy, reinforcing assertive policies regarding Taiwan, Hong Kong, Macao, and regional security.

Essential Definitions

- **Central Committee (CC):** The political body comprising top Chinese party, government, military, and provincial leaders that exercises authority between National Congresses.
- **Full and Alternate Members:** Full CC members possess voting rights to elect top leadership, while alternate members attend plenums without voting privileges.

Legal and Constitutional Framework

- **Constitution of the CPC:** Articles governing Party discipline, self-governance, and the authority of the Central Commission for Discipline Inspection (CCDI).
- **Constitution of the PRC (2018 Amendment):** Removed presidential term limits and enshrined "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" into the state constitution.

Conclusion

The extensive purges within the CPC underscore a shift toward absolute centralization and political consolidation under Xi Jinping. For India and global stakeholders, tracking these internal dynamics is

crucial, as China's heightened political discipline directly shapes its external posture, military modernization, and regional security strategy.

7. Parallel Electricity Distribution Licensing and Centre-State Policy Divergence in Power Sector

UPSC Relevance: GS Paper II (Federalism, Centre-State Relations, Statutory Bodies) and GS Paper III (Infrastructure: Energy, Economic Reforms).

Why in News: The Haryana government directed the Haryana Electricity Regulatory Commission (HERC) to halt parallel distribution licensing granted to Eleven Power Pvt. Ltd. in Gurugram and Nuh, opposing the Centre's policy push for multiple discoms in the same area.

Background

- **Parallel Licensing Mechanism:** Under Section 14 of the Electricity Act, 2003, two or more distribution licensees can operate within the same area of supply, enabling network sharing and consumer choice.
- **Mumbai Precedent:** Mumbai remains the only Indian region with functional parallel distribution, where Tata Power, BEST, and Adani Electricity operate in overlapping areas.
- **Central Policy Push:** The Centre supports parallel licensing through the Draft Electricity (Amendment) Bill, 2025, and Draft National Electricity Policy, 2026, to enhance competition, service quality, and infrastructure utilization.
- **State Resistance:** State-owned discoms oppose private entry due to fear of "cherry-picking"—private entities servicing lucrative industrial/commercial consumers while leaving loss-making agricultural and domestic segments to state discoms.



Impact & Measures

- **Implications & Challenges:** Financial stress on state discoms, risk of cross-subsidy loss, public and employee agitation, and policy conflict between central policy direction and state execution.
- **Central & State Measures:** The Centre convened consultative meetings to promote consumer choice and market efficiency, while Haryana invoked policy override powers to protect state revenues and public interest.
- **Solutions:** Implementing non-discriminatory open access, establishing dynamic universal service obligations (USO) for private discoms, rationalizing tariffs, and creating a balanced cross-subsidy surcharge framework.

Essential Definitions

- **Parallel Distribution Licensing:** Granting distribution licenses to multiple operators to supply electricity across the same geographic region using common or separate distribution networks.
- **Universal Service Obligation (USO):** A legal mandate requiring electricity distribution companies to supply power to all consumers within their designated area without discrimination.

Legal and Constitutional Framework

- **Section 108(1) of the Electricity Act, 2003:** Mandates state electricity regulatory commissions to follow written directions issued by state governments on policy matters involving public interest.
- **Section 14 of the Electricity Act, 2003:** Enables the regulatory commission to grant parallel distribution licenses in the same supply area.
- **Constitutional Provision:** Power falls under Entry 38 of the Concurrent List (List III, Seventh Schedule), allowing both Parliament and State Legislatures to legislate on electricity matters.

Conclusion

Resolving the conflict over parallel licensing requires balancing market-driven competition with the financial viability of state discoms. Standardizing regulatory rules and enforcing uniform service obligations are critical for achieving consumer choice and sustainable power sector reform.

8. US Midterm Elections and the Economic-Geopolitical Impact on India

UPSC Relevance: GS Paper II (Effect of Policies and Politics of Developed Countries on India's Interests) and GS Paper III (Indian Economy & Trade).

Why in News: US voters cast their ballots in the midterm elections on November 3, 2026, which will determine control of all 435 House of Representatives seats, 35 Senate seats, and 36 governorships, reshaping the legislative agenda of the Trump administration.

Background

- **Structure of US Midterms:** Held midway through a President's four-year term, midterms elect members of the US Congress (House of Representatives and Senate) and state governors.
- **Current Political Baseline:** Republicans hold a narrow majority in the House and a 53–47 advantage in the Senate. Both legislative chambers must pass bills before they are sent to the President for signature.
- **Macroeconomic Trends:** Despite strong US GDP growth (reaching $33 trillion) and low unemployment (4.2%), inflation surged to 3.7% in 2026 (almost double the US central bank's 2% target), leading to negative growth in real average hourly earnings.
- **Causes of Inflation:** Policy-driven factors such as tariffs on imports and elevated global oil prices (spiked by the war in Iran) increased retail fuel prices by nearly 50%, exacerbating living costs.

Impact & Measures



- **Impact on India:**
  - **Tariffs and Trade:** Legislative changes passed by Congress empower the US President to adjust or suspend tariffs. Congressional control influences punitive tariffs on Indian goods and sanctions linked to Russian oil purchases.
  - **Immigration & Visas:** Recent executive steps raised H-1B visa fees (including a $100,000 payment requirement for certain petitions). Midterm outcomes determine whether Congress passes legislation raising wage thresholds for H-1B dependents, directly impacting Indian tech professionals and IT enterprises.

- **Global Markets:** Congressional shifts affect US fiscal deficit spending, bond yields, and capital flows toward emerging markets like India.

- **Strategic & Policy Measures:** India must deepen bipartisan engagement with US lawmakers, diversify export destinations, strengthen domestic supply chains, and negotiate bilateral trade mechanisms to mitigate trade and visa risks.

Essential Definitions

- **US Midterm Elections:** Elections held every four years at the midpoint of a US President's term to elect members of Congress and state leaders.
- **Real Hourly Earnings:** Inflation-adjusted measure of workers' hourly wages, indicating actual purchasing power.

Legal and Constitutional Framework

- **US Constitution (Article I):** Grants legislative powers to the US Congress, including the exclusive authority to initiate revenue bills in the House of Representatives and ratify treaties in the Senate.
- **US Constitution (Article II):** Vests executive authority in the President and grants veto power over Congressional legislation, subject to a two-thirds override by both houses.
- **Immigration and Nationality Act (INA):** Governs H-1B non-immigrant visas and employment-based immigration frameworks.

Conclusion

The US midterm elections carry significant domestic and international ramifications. For India, proactive diplomatic outreach and adaptive trade strategies remain crucial to navigating potential shifts in US trade tariffs, energy security policies, and skilled labor immigration laws.

9. Limitations of Satellite Radio-Collars in Tracking Cheetahs at Kuno National Park

UPSC Relevance: GS Paper III (Conservation, Environmental Pollution and Degradation, Wildlife Protection).

Why in News: Following the death of male cheetah KNG22 in Sheopur, Madhya Pradesh forest officials clarified that satellite radio-collars do not provide real-time continuous live tracking, leading to administrative suspensions.

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Background

- **Incidents & Administration:** Six forest department officials were suspended following the death of KNG22, who was found seriously injured in Sheopur territorial forest division and died during treatment.
- **Project Cheetah Baseline:** Project Cheetah represents the world's first intercontinental wild carnivore translocation, reintroducing African cheetahs (*Acinonyx jubatus*) into Kuno National Park, Madhya Pradesh.
- **Monitoring Fleet:** Kuno monitoring teams currently track around 15 cheetahs using a combination of satellite collars and Very High Frequency (VHF) ground radio-receivers.
- **Technical Constraints:** Satellite collars cost ₹4–5 lakh each and are programmed to transmit GPS location data at 6-hour intervals to balance tracking needs with battery life. If transmissions are missed due to canopy cover or terrain obstruction, data gaps can extend to 12 or 18 hours.

Impact & Measures

- **Implications & Tracking Challenges:**
    - Cheetahs move an average of 6–8 km per day, often stretching to 12–15 km or more in early morning and late evening hours.
    - Dense forest canopy, rocky terrain, caves, and deep valleys frequently cause temporary loss of satellite signal.
    - Vehicles cannot move in straight lines through dense forests; ground tracking distances are several times longer than satellite straight-line fixes.
- **Conservation & Operational Measures:**
    - Combine satellite GPS telemetry with ground-based VHF receiver tracking by foot and vehicle patrols.
    - Strengthen emergency veterinary response teams across territorial forest divisions adjoining Kuno National Park.
    - Deploy drone monitoring, real-time camera traps, and local community tracking intelligence (*Cheetah Mitras*) in buffer zones.

Essential Definitions

- **Satellite Telemetry:** Remote tracking of animals using GPS collars that transmit location coordinates to satellites at predetermined time intervals.
- **VHF Tracking:** Short-range radio-tracking using Very High Frequency hand-held receivers to pinpoint precise physical locations on the ground.

Legal and Constitutional Framework

- **Wildlife Protection Act, 1972:** Grants Schedule I protection status to the cheetah and mandates strict protection and habitat management protocols.
- **National Tiger Conservation Authority (NTCA):** Nodal agency overseeing the implementation, funding, and monitoring of Project Cheetah in India.
- **Constitutional Mandate:** Article 48A (Directive Principles) directs the State to protect wildlife and forests, while Article 51A(g) establishes a fundamental duty for citizens to protect wildlife.

Conclusion

Satellite telemetry serves as a periodic indicator rather than a continuous live tracking feed. Successful cheetah conservation requires integrating technological tools with dedicated ground patrols, rapid veterinary intervention, and strong community participation.

10. Grey Market Operations and Unofficial IPO Trading Risks for Retail Investors

UPSC Relevance: GS Paper III (Indian Economy, Capital Markets, Mobilization of Resources, Regulatory Frameworks).

Why in News: The Small Investors Welfare Association (SIREN) submitted a representation to SEBI seeking immediate regulatory intervention against the thriving unofficial grey market surrounding Initial Public Offerings (IPOs).

Background

- **Grey Market Operations:** An over-the-counter, unregulated parallel market where shares or IPO applications are traded prior to official listing on recognized stock exchanges. Key operational hubs include Ahmedabad, Jaipur, and Rajkot.
- **Shift to Digital Platforms:** Unofficial pre-IPO trading has transitioned from covert cash deals to open digital channels across WhatsApp, Telegram groups, and tracking portals.
- **Grey Market Premium (GMP):** An informal indicator representing the estimated price premium above the issue price, often used by retail investors to gauge post-listing gains.
- **Historical Warning:** Unofficial premiums do not guarantee post-listing performance; during the Reliance Power IPO, shares traded at high pre-listing premiums but crashed almost ₹100 below the issue price upon listing.

Impact & Measures

- **Implications & Challenges:**
    - High artificial GMP figures distort market sentiment, luring unsophisticated retail investors to deploy savings or loans without evaluating company fundamentals.
    - Absence of legal paperwork or online settlement mechanisms leaves retail investors vulnerable to default risks, as transactions lack legal sanctity.
    - Unofficial application "trafficking" and price inflation undermine SEBI's mandate of maintaining fair, transparent, and orderly capital markets.
- **Measures Needed:**
    - **Law Enforcement & Surveillance:** Investigate financial channels, digital tracking platforms, and operators facilitating illegal pre-issue betting.
    - **Formalization Framework:** Evaluate formalizing permissible pre-listing entitlement transactions through recognized exchange infrastructure with safeguards.
    - **Investor Awareness:** SEBI issuance of targeted investor advisories to distinguish permissible conduct from illegal pre-IPO speculation.

Essential Definitions

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- **Grey Market Premium (GMP):** The unofficial, non-binding premium over the IPO issue price at which pre-listed shares are traded in the informal market.
- **Initial Public Offering (IPO):** The process by which a private enterprise issues new or existing shares to the public for the first time to raise equity capital.

Legal and Constitutional Framework

- **SEBI Act, 1992:** Grants statutory powers to SEBI under Section 11 to regulate stock exchanges, prohibit fraudulent and unfair trade practices, and protect investor interests.
- **Securities Contracts (Regulation) Act, 1956 (SCRA):** Mandates that stock trading can only occur on recognized stock exchanges, rendering informal parallel stock markets illegal.
- **Indian Penal Code / Bharatiya Nyaya Sanhita (BNS):** Provisions governing cheating, forgery, and illegal gambling/betting operations.

Conclusion

Addressing grey market speculation requires a dual approach of strict enforcement against fraudulent operators and enhanced investor education. Ensuring that retail participation relies on sound company fundamentals rather than unverified pre-listing premiums is vital for preserving capital market integrity.

11. India's Macroeconomic Policy Trade-Offs in 2026

UPSC Relevance

GS Paper III (Indian Economy, Inflation Management, Fiscal Policy, and Monetary Policy).

Why in News

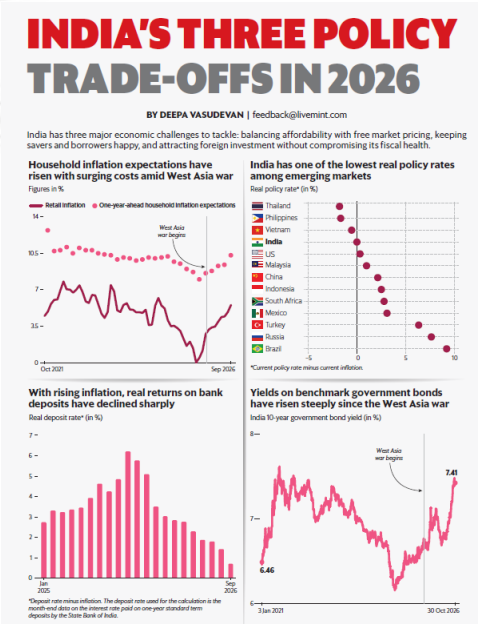
An economic evaluation highlights three critical policy trade-offs facing India in 2026 amid external shocks like the West Asia conflict and El Niño: managing price affordability versus market pricing, balancing savers versus borrowers, and attracting foreign investment without undermining fiscal health.

Background

- **Affordability vs. Market Pricing:** Government curbs on fuel price hikes insulate consumers but distort market signals and compress corporate margins in fast-moving consumer goods (FMCG), cement, and aviation sectors. Wholesale inflation surged to 11.4%, with household one-year-ahead inflation expectations reaching nearly 10.5%.
- **Savers vs. Borrowers:** Declining real deposit rates on bank savings erode household wealth. Raising interest rates benefits savers and curbs inflation expectations, but elevates borrowing costs for the government (the largest borrower) and corporate credit expansion.
- **Foreign Flows vs. Fiscal Health:** FPI net flows dropped steeply to an outflow of $5.5 billion in Apr–Jun 2026, causing the rupee to depreciate by ~6% against the US dollar. India maintains one of the lowest real policy rates among emerging markets.
- **Bond Yield Pressures:** Benchmark 10-year government bond yields rose by 82 bps in ten months to reach 7.41%. Interest outgo currently consumes 38% of revenue receipts.

Impact & Measures

- **Implications & Challenges:**
    - Fuel price caps delay necessary adjustments, leaving corporate margins squeezed while price pressures build up.
    - High US Treasury yields (≥5%) attract foreign portfolio capital away from emerging markets like India.
    - Tax concessions to attract FPIs risk lowering state revenue receipts at a time when fertilizer subsidies and rural support expenditure are rising.
- **Policy & Government Measures:**
    - Calibration of monetary policy interest rates by the RBI to anchor inflation expectations without halting industrial credit growth.



- Exemption of FPIs from withholding income tax and capital gains tax on government security investments.

- **Solutions:** Gradual price deregulation, targeted fiscal transfers over broad subsidies, tax rationalization for capital markets, and maintaining long-term debt sustainability.

Essential Definitions

- **Real Policy Rate:** The central bank benchmark interest rate adjusted for inflation (Current Policy Rate minus Current Inflation).
- **Real Deposit Rate:** The actual purchasing power return earned on bank deposits after subtracting prevailing inflation rates.

Legal and Constitutional Framework

- **RBI Act, 1934:** Establishes the Monetary Policy Committee (MPC) mandated to maintain price stability while keeping in mind the objective of growth.
- **FRBM Act, 2003:** Sets statutory targets for fiscal deficit and debt-to-GDP ratios to ensure medium-term fiscal sustainability.
- **Constitutional Provision:** Article 265 ensures no tax is levied except by authority of law, while Article 292 governs borrowing by the Union Government.

Conclusion

Addressing India's macroeconomic trade-offs requires flexible and pragmatic policymaking. Balancing price protection, investment growth, and fiscal discipline will be key to sustaining long-term economic stability.

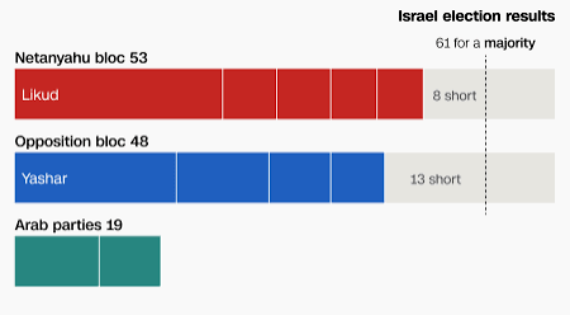
12. Inconclusive Outcome and Rightward Shift in Israeli Knesset Elections

UPSC Relevance: GS Paper II (International Relations, Bilateral and Regional Groupings, and Global Geopolitics).

Why in News: The Israeli parliamentary elections delivered an inconclusive verdict, pointing toward a hung parliament and highlighting a significant rightward political shift in public opinion.

Background

- **Electoral Structure:** The 120-seat Knesset is elected based on nationwide proportional representation, requiring political parties to cross a 3.25% electoral threshold to win seats.
- **Voting Breakdown:** Out of 38 registered parties, 11 crossed the threshold. The electorate (7.3 million total) registered a high voter turnout of 77.7%. Nearly 500,000 new voters have come of age since the 2022 elections.
- **Coalition Dynamics:** Neither major bloc secured the 61 seats required for a majority. The ruling extreme-right coalition holds 53 seats (with Netanyahu's Likud winning 27 seats, its lowest in 13 years), the centrist bloc holds 48 seats (led by Yashar with 21 seats), and the Israeli-Arab bloc (representing a 21% minority) holds 19 seats.



- **Security & Geopolitical Context:** The election followed intense regional conflict following the October 7, 2023 Hamas attack (where nearly 1,200

Israelis were killed and 251 taken hostage), leading to multi-front military operations against Hamas, Hezbollah, and Houthis.

Impact & Measures

- **Implications & Challenges:**
    - **Political Instability:** Coalition negotiations will test stability. If no leader secures a 61-seat majority within the 28-day window (extendable by 14 days), repeated snap elections may occur, mirroring the 2019–2022 instability.
    - **Hardened Peace Prospects:** Mainstream coalitions reject a two-state solution, complicating diplomatic reconciliation and regional peace initiatives.
    - **Societal & Youth Polarization:** Sharp internal divisions along ethnic, religious, and political lines persist, with Gen-Z youth showing strong preferences for right-wing candidates.
    - **Global Standing:** Ongoing regional conflict and war-related allegations continue to impact Israel's international standing and ties with allies like the US.
- **Constitutional Steps Forward:** The Israeli President invites coalition leaders sequentially to form a government, failing which a broad national unity government or fresh elections will follow.

Essential Definitions

- **Knesset:** The unicameral national legislature of Israel, comprising 120 members elected for a four-year term.
- **Proportional Representation:** An electoral system in which parties gain seats in proportion to the total number of votes cast for them nationwide.

Legal and Constitutional Framework

- **Basic Law: The Knesset (1958):** Defines the composition, electoral mechanism, 3.25% vote threshold, and term duration of the Israeli legislature.
- **Basic Law: The Government:** Governs the formal process of presidential mandate allocation for government formation, coalition timelines, and caretaker prime minister provisions.

Conclusion

The Knesset elections underscore deepening domestic polarization and a firm rightward turn in Israeli politics. Securing stable governance while navigating regional security, international relations, and economic recovery remains a critical challenge.
