



Dr. SURESH KUMAR GINDI SIR

Dr. GINDI'S IAS ACADEMY

DAILY CURRENT AFFAIRS

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Dr. GINDI'S I.A.S. ACADEMY
Civils & Competitive Careers
TRANSFORMING ASPIRANTS INTO ACHIEVERS

JULY 1, 2026

A/C CAMPUS

Table of Contents

DAILY CURRENT AFFAIRS	2
1. GST at 9: Top Challenges for Indian Exporters.....	2
2. India's Evolving Welfare Architecture: Trends and Structural Challenges	3
3. Corporate Bond Market Resurgence: Falling Yields and Structural Shift.....	4
4. Fiscal Trajectory of India: Analysing May-End Deficit Trends	5
5. Southwest Monsoon Crisis: El Niño and Agrarian Vulnerability	7
6. Warfare and Anthropogenic Ecocide: The Case of Ukraine's Technofossils	8
7. India's West Asia Policy: Transcending the Israel Habit.....	9
8. Reconfiguring India's Defense Command: Theaterisation and Modernisation	10
9. The Resilience of the Indo-Pacific: Beyond Washington's Geopolitical Focus	11
10. Inclusive and Integrated Urban Climate Action: Safeguarding Frontline Workers.....	12
11. Sub-National Fiscal Dilemma: Balancing Social Welfare and Capital Investment.....	14
12. Digital Transformation of India's Criminal Justice System.....	15

DAILY CURRENT AFFAIRS

1. GST at 9: Top Challenges for Indian Exporters

The recent Deloitte report titled 'GST@9: The next-gen GST-Reform, rationalise and simplify' highlights persistent bottlenecks in India's indirect tax regime that continue to strain the export sector even after nine years of implementation.

- **Working Capital Crunch:** Delay in processing GST refunds remains the most critical hurdle, cited by 77% of surveyed executives, which severely blocks operational liquidity for exporters.
- **Status Denial & Compliance Burden:** Over half of the respondents (56%) face arbitrary denial of export status despite official clarifications, compounded by complex foreign exchange receipt documentation requirements (54%).
- **Structural Exclusions:** The exclusion of capital goods from the input tax credit (ITC) refund formula (42%) increases the embedded tax cost of Indian exports, rendering them less competitive globally.
- **Digital Commerce Bottlenecks:** Compliance issues regarding Tax Collected at Source (TCS) on exports via e-commerce operators (34%) and ambiguities in the classification of permanent Intellectual Property (IP) transfers (29%) hinder modern trade channels.

Key Concepts & Legal Provisions

- **Zero-Rated Supplies:** Under Section 16 of the IGST Act, 2017, exports are treated as 'zero-rated', meaning the entire supply chain is exempt from tax, allowing exporters to claim refunds on either input tax credit (ITC) or integrated tax paid.

- **Tax Collected at Source (TCS):** Under Section 52 of the CGST Act, 2017, e-commerce platforms must collect a percentage of the net value of taxable supplies made through them, impacting small digital exporters' liquidity.
- **Constitutional Basis:** GST is governed by Article 246A (discretionary power to legislate goods and services tax) and Article 279A, which established the GST Council as a joint forum of the Centre and States to resolve federal fiscal disputes.

Conclusion & UPSC Relevance

While GST has unified India's internal market, compliance friction and procedural delays in refund mechanisms undermine the statutory objective of "exporting goods, not taxes." Streamlining automated refunds, expanding the ITC formula for capital goods, and clarifying e-commerce rules are crucial to achieving India's trillion-dollar export target.

UPSC Relevance: This topic directly aligns with **GS Paper III** (Indian Economy, Mobilization of Resources, and Growth) and **GS Paper II** (Statutory Bodies—GST Council). It serves as a vital case study on cooperative federalism, ease of doing business, and fiscal reforms required to boost manufacturing and trade competitive advantage.

2. India's Evolving Welfare Architecture: Trends and Structural Challenges

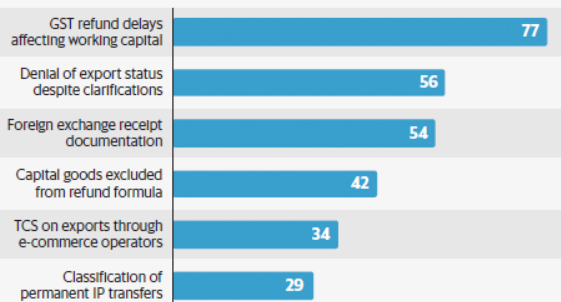
A recent Azim Premji University report, 'Realising rights: A handbook of welfare in India', highlights a structural transition in India's public delivery mechanisms, analyzing fiscal trade-offs between cash transfers and core social infrastructure.

- **The Paradox of New Welfarism:** India's welfare paradigm has transitioned from the rights-based legislations of the 2000s (e.g., MGNREGA, RTE) to "New Welfarism," which prioritizes technology-mediated direct benefit transfers (DBT) of tangible assets and cash over intangible public goods like universal health and primary education.
- **Fiscal Crowding Out of Core Sectors:** The rapid expansion of competitive, unconditional cash transfers by political parties has strained state finances. Allocations for cash transfers grew 20-fold between 2015-16 and 2024-25, now swallowing 11% of total social sector spending and directly crowding out health budgets in states like Jharkhand, Karnataka, and West Bengal.
- **Widening Centre-State Fiscal Asymmetry:** State governments shoulder the primary burden of human development, with per capita social spending reaching ₹15100 in 2023-24 compared to the Centre's ₹2150. This expansion persists despite a shrinking divisible pool due to the Centre's increasing reliance on non-shareable cesses and surcharges.
- **Centralization of Welfare Discretion:** Federal fiscal transfers have shifted away from untied State Plan schemes toward conditional Centrally Sponsored Schemes (CSS). This reduces fiscal autonomy, compelling state administrations to align local developmental projects with centralized mandates that may mismatch regional priorities.

GST@9: WHAT ARE THE TOP CHALLENGES FOR EXPORTERS?

After nine years of Goods and Services Tax (GST) implementation, refund delays continue to weigh on India's exporters, with over three-fourths of businesses citing strain on their working capital.

Share of respondents citing the biggest GST-related challenges (in %)



Based on a survey of 1,096 C-suite and senior executives across industries. Multiple responses were allowed. TCS: tax collected at source; IP: Intellectual property

Data: Manjul Paul
Graphic: Prateek Kumar

Source: 'GST@9: The next-gen GST-Reform, rationalise and simplify' report, Deloitte

- **Sub-Optimal Global Social Protection Benchmarks:** Despite substantial GDP expansion, India's low tax-to-GDP ratio (approximately 17%) restricts its public social protection spending (excluding health) to just 4.0% of GDP, lagging behind lower-middle-income peers like Vietnam (5.1%) and Thailand (4.9%).

Key Concepts & Constitutional Provisions

- **New Welfarism:** A governance approach characterized by the centralized delivery of subsidized tangible goods (e.g., electricity, housing, sanitation) and cash transfers via digital infrastructure, substituting community-led, legally enforceable public rights.
- **The JAM Trinity:** The integration of Jan Dhan accounts, Aadhaar biometric verification, and Mobile connectivity that forms the technical bedrock of India's contemporary Direct Benefit Transfer (DBT) framework.
- **Article 282 (Discretionary Grants):** Permits the Union or States to make grants for any public purpose. The Centre's increasing use of this article to fund conditional Centrally Sponsored Schemes circumvents statutory devolution channels.
- **Seventh Schedule (Division of Powers):** Public Health and Sanitation are explicitly placed under the State List (List II), meaning the fiscal diversion toward cash schemes directly erodes sub-national healthcare capabilities.

India's welfare policy has shifted to digital governance and sees citizens as beneficiaries

How India's welfare architecture has changed over time

1950s-1990s

- ▶ Focused on growth, industrialization
- ▶ Introduction of poverty alleviation programmes
- ▶ Citizens as 'duty-bound contributors'

2000-2014

- ▶ Shift towards the language of rights
- ▶ Accountability and decentralization
- ▶ Citizens as 'rights-holders'

2015-Present

- ▶ New welfarism
- ▶ Digital governance and JAM
- ▶ Citizens as 'beneficiaries'

JAM: Jan Dhan, Aadhaar, Mobile.

Source: Realising rights: A handbook of welfare in India, Azim Premji University

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Conclusion & UPSC Relevance

The transition from statutory rights-holders to passive state beneficiaries streamlines delivery but risks diluting grassroots institutional accountability. For sustainable, long-term human development, India must rebalance immediate fiscal transfers with robust, structural capital investments in public health, nutrition, and foundational education.

UPSC Relevance: This analysis directly impacts **GS Paper II** (Welfare Schemes for Vulnerable Sections, Issues Relating to Development and Management of Social Sector/Services) and **GS Paper III** (Indian Economy, Fiscal Federalism, and Resource Mobilization). It provides crucial evaluative data for mains answers regarding the efficiency, equity, and sustainability of sub-national public expenditures.

3. Corporate Bond Market Resurgence: Falling Yields and Structural Shift

The Indian primary corporate bond market is experiencing a significant revival as domestic private companies and Non-Banking Financial Companies (NBFCs) leverage declining borrowing costs and favorable regulatory interventions.

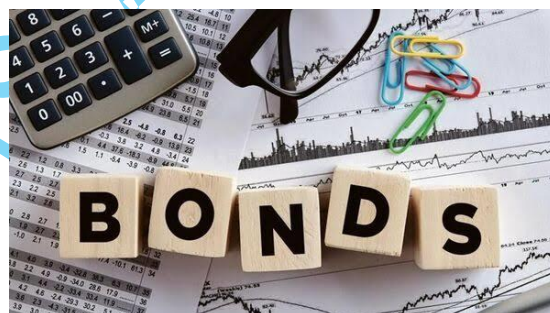
- **Easing Borrowing Costs:** Yields on five-year AAA-rated corporate bonds have fallen significantly to around 7.4-7.43% from their late-May peaks driven by geopolitical friction.

Short-term maturities (one-year and three-year papers) dropped by 34 and 24 basis points respectively, reducing the overall cost of capital.

- **Regulatory Crowding-In:** Recent Reserve Bank of India (RBI) directives encouraging state-run public sector undertakings (PSUs) to raise funds through overseas debt channels have effectively freed up liquidity and capacity within the domestic debt market for private issuers.
- **Aggressive Private Issuances:** Capitalizing on lower coupon rates, major NBFCs are actively tapping the market. For instance, Bajaj Finance raised ₹2000 crore via five-year bonds at 7.92% (8 bps lower than its previous cycle), while Cholamandalam Investment secured capital through three-year papers at 8.15%.
- **Shift from Bank Credit:** Rising bank lending rates, paired with stringent regulatory risk-weightages on unsecured bank loans to NBFCs, have compelled large corporate houses to pivot back to bond issuances as a more competitive and stable source of long-term funding.

Key Concepts & Regulatory Provisions

- **Corporate Bond & Yield:** A debt security issued by a corporation to raise capital. The bond yield represents the effective rate of return an investor receives, which moves inversely to the bond's market price.
- **Basis Points (bps):** A standard financial unit of measure for interest rates and percentages. One basis point is equal to 1/100th of 1% (i.e., 0.01% or 100 bps = 1%).
- **External Commercial Borrowings (ECB):** Commercial loans raised by eligible resident entities from non-resident entities under RBI guidelines. Diverting PSUs to ECBs alleviates domestic crowding-out.
- **SEBI Mandate on Large Corporates:** Under SEBI norms, Large Corporates (LCs) meeting specified asset and borrowing thresholds are statutorily mandated to raise at least 25% of their incremental long-term borrowings via the corporate bond market to deepen domestic debt liquidity.



Conclusion & UPSC Relevance

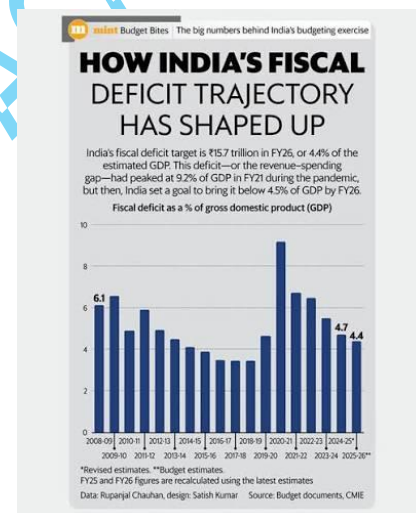
The resurgence in India's corporate bond market indicates structural maturation and improved corporate balance sheet health. To sustain this momentum, institutional structural reforms—such as enhancing market making, introducing a unified clearing platform, and broadening the investor base via pension and insurance funds—are essential to transition from a bank-dominated credit system to a robust capital-market ecosystem.

UPSC Relevance: This development directly connects with **GS Paper III** (Indian Economy, Mobilization of Resources, and Banking/Financial Market Reforms). Understanding the dynamics of the corporate debt market, credit easing, and the RBI's macroprudential regulations is highly vital for both Prelims conceptual questions and Mains analytical evaluations on economic growth.

4. Fiscal Trajectory of India: Analysing May-End Deficit Trends

The Controller General of Accounts (CGA) released the financial data for the first two months of the fiscal year 2026-27 (FY27), revealing critical structural insights into India's revenue patterns and expenditure choices.

- **Narrowing Fiscal Deficit:** India's fiscal deficit contracted sharply from 21.4% of the Budget Estimate (BE) in April to 9.6% by May-end, amounting to ₹1.62 trillion. The compression was heavily supported by a massive non-tax revenue windfall from RBI and public sector dividends.
- **Skewed Receipt Dynamics:** Total receipts reached ₹7.19 trillion (19.7% of BE), comprising ₹3.48 trillion in net tax revenue and ₹3.51 trillion in non-tax revenue. Revenue was squeezed by a permanent ₹10 per litre excise duty cut on petrol/diesel and sluggish Integrated GST (IGST) collections amid geopolitical disruptions in West Asia.
- **Front-loaded Growth Expenditures:** Total public expenditure reached 16% of BE at ₹8.81 trillion. Crucially, Capital Expenditure (CapEx) was front-loaded to ₹2.5 trillion (up from ₹2.21 trillion last fiscal) to sustain infrastructure creation and crowd-in lagging private sector investments.
- **Surging Subsidy and Debt Pressures:** Elevated global commodity prices due to regional conflicts drove a 50% spike in urea subsidies (₹28,454 crore) and pushed food subsidies to ₹40,800 crore. Simultaneously, debt-servicing costs escalated sharply, with interest payments touching ₹1.81 trillion.
- **Deficit Paradoxes:** Due to massive early dividend inflows, both the Revenue Deficit and Primary Deficit briefly dipped into the surplus zone (recording negative ₹68,985 crore and negative ₹19,107 crore respectively). Experts caution that these figures reflect temporary seasonal mismatches rather than structural fiscal consolidation.



Key Definitions & Institutional Provisions

- **Fiscal Deficit:** The excess of total government expenditure over total non-debt receipts (revenue receipts + non-debt capital receipts). It represents the total borrowing requirements of the government.
- **Primary Deficit:** Calculated as the Fiscal Deficit minus Interest Payments. It isolates current fiscal policy choices by excluding the legacy debt-servicing burdens of past years.
- **Controller General of Accounts (CGA):** Positioned under the Department of Expenditure, Ministry of Finance, the CGA is the principal advisor on accounting matters and prepares monthly macro-fiscal data under Article 150 of the Constitution.

Conclusion & UPSC Relevance

The front-loading of capital expenditure highlights a strategic commitment to supply-side economic growth. However, volatile global geopolitical undercurrents and sticky subsidy commitments emphasize the necessity for robust domestic revenue mobilization to stick to the budgeted FY27 fiscal deficit target of 4.3% of GDP.

UPSC Relevance: This topic is central to **GS Paper III** (Indian Economy, Fiscal Policy, Mobilization of Resources, and Budgeting). Conceptual clarity regarding deficit metrics (Fiscal vs.

Primary) and structural understanding of expenditure composition (Capital vs. Revenue) are perennial focus areas for both Prelims and Mains evaluations.

5. Southwest Monsoon Crisis: El Niño and Agrarian Vulnerability

The India Meteorological Department (IMD) has forecast "below normal" rainfall for July, the most critical month for Kharif sowing, following a severe 40% rainfall deficit in June that has triggered concerns over agricultural productivity and water security.

- **Severe Seasonal Deficit:** June rainfall plummeted to 99.5 mm, marking a 40% shortfall from the long-period average, making it the fifth lowest since 1901 and the worst dry spell since 2014.
- **The El Niño Impediment:** The abrupt development of El Niño conditions in the Pacific Ocean has suppressed monsoon winds and halted the formation of rain-bearing low-pressure systems over the Bay of Bengal.
- **Compounded Water Stress:** Although consecutive favorable monsoons in previous years left a buffer stock in domestic reservoirs, lack of replenishment combined with accelerated evaporation rates due to high temperatures risks rapid depletion.
- **Multidimensional Risks:** The prolonging of weak precipitation threatens to trigger widespread heat stress, lower hydropower generation capacity, disrupt ecosystem sustainability, and severe drinking water shortages across rural belts.
- **Urgent Mitigation Imperative:** The IMD emphasizes the immediate deployment of localized water conservation models, efficient multi-sectoral water governance, and the implementation of climate-resilient agricultural contingency plans.



With El Niño shadowing the monsoon, mitigation and water management must take centre stage



Key Definitions & Legal Framework

- **Long Period Average (LPA):** The LPA is the rainfall recorded over a particular region for a designated 50-year interval. Monsoon rainfall is classified as "below normal" when it falls between 90-95% of the LPA.
- **El Niño:** A climate pattern characterized by the anomalous warming of surface waters in the central and eastern tropical Pacific Ocean, which typically weakens the Indian Southwest Monsoon.
- **Disaster Management Act, 2005:** Provides the statutory institutional framework for state and district authorities to execute drought mitigation, implement micro-irrigation protocols, and disburse relief during agrarian distress.
- **Article 48A (Directive Principles):** Directs the State to protect and improve the environment and safeguard the water bodies and wildlife of the country, reinforcing the constitutional mandate for active water resource management.

Conclusion & UPSC Relevance

The intensifying monsoon deficit underscores India's structural exposure to climate variability and global macroeconomic shocks. Transitioning from reactive drought management to proactive, climate-smart agriculture—emphasizing micro-irrigation, crop diversification away from water-intensive crops, and decentralized rainwater harvesting—is critical to secure long-term food and economic sovereignty.

UPSC Relevance: This topic is highly critical for **GS Paper III** (Agriculture, Major Crops, Irrigation Systems, and Disaster Management) and **GS Paper I** (Important Geophysical Phenomena - Indian Monsoon and El Niño). Mastery of these meteorological disruptions and their structural economic fallout is essential for comprehensive mains analysis.

6. Warfare and Anthropogenic Ecocide: The Case of Ukraine's Technofossils

A discovery along Ukraine's 1200-km frontline reveals that birds are weaving nests using discarded ultra-thin fibre-optic cables. This phenomenon highlights how modern, technology-driven warfare is systematically reshaping natural ecosystems and avian behavioral biology.

- **Technological Footprint in Ecosystems:** Armies use specialized fibre-optic cables extending up to 20 km to guide aerial attack drones, shielding them from electronic jamming. This has left vast stretches of frontlines heavily littered with glass-and-plastic filaments.
- **Avian Behavioral Adaptation:** Local bird populations have begun repurposing these non-biodegradable debris materials, tightly intertwining the glass-fiber fragments with natural dry grass to build synthetic nests.
- **Dual Ecological Consequences:** Biologists note that while the tensile strength of optical fibers might structurally reinforce nests against predators, it poses severe risks of physical entanglement, toxicity, and lethal glass-splinter ingestion for chicks.
- **Indicator of Anthropocene Warfare:** The integration of military electronic waste into avian architecture serves as a stark example of "technofossils" entering the biosphere, documenting the permanent geological and ecological scarring left by armed conflicts.
- **Loss of Avian Biodiversity:** The long-term deployment of toxic, non-biodegradable military hardware along rich ecological corridors threatens Ukraine's indigenous avian species, severely disrupting local food webs and nesting cycles.



Key Definitions & Legal Provisions

- **Technofossils:** Human-made, non-biodegradable technological artifacts that persist in the environment for thousands of years, serving as distinct markers of the Anthropocene epoch.
- **Ecocide:** The widespread, long-term, or severe destruction of ecosystems caused by human activity, including military operations, which threatens the survival of local species.

- **Geneva Convention (Prohibitions on Warfare):** Protocol I (1977) of the Geneva Conventions explicitly prohibits military tactics that cause "widespread, long-term, and severe damage to the natural environment" under international humanitarian law.
- **Article 48A & 51A(g) (Indian Constitution):** Though specific to India, these clauses reflect global environmental ethics, mandating the state and citizens to protect and improve the natural environment, including forests, lakes, rivers, and wildlife.

Conclusion & UPSC Relevance

The structural alteration of bird nests using drone-guiding cables underscores that modern warfare impacts far beyond human casualties, causing systemic, long-term environmental degradation. International frameworks must strengthen legal mechanisms to hold warring nations accountable for the ecological restoration of post-conflict zones to prevent permanent biodiversity loss.

UPSC Relevance: This development directly relates to **GS Paper III** (Environmental Degradation, Conservation, and Biodiversity) and **GS Paper II** (International Treaties and Conventions). It provides an excellent, current case study for writing analytical mains answers on the ecological costs of geopolitical conflicts and the enforcement of international green laws.

7. India's West Asia Policy: Transcending the Israel Habit

The structural transition within West Asia following the recent US-Israel-Iran military escalation (February 2026) necessitates a calibrated shift in India's foreign policy, moving from defensive alignments to independent strategic architecture.

- **Erosion of the West Asian Arithmetic:** The foundational geopolitical assumption that economic sanctions could structurally contain Iran's regional reach has dissolved. Iran's resilient response via missile capabilities and its leverage over the Strait of Hormuz demonstrate that its coercive capacity cannot be ignored.
- **The Vulnerability of Energy Corridors:** The US-Iran confrontation directly impacts India's domestic macroeconomy. With the majority of India's crude oil imports transiting through the vulnerable Strait of Hormuz, any regional flashpoint directly shocks domestic inflation and supply-side stability.
- **Friction in the US-Israel Alliance:** The strategic convergence between Washington and Tel Aviv is undergoing a fundamental shift. Public rifts between the US administration and Israel over maximalist military objectives indicate that Washington's regional calculus is changing faster than expected.
- **Calibrated Reassurance toward Tehran:** Following the demise of former Supreme Leader Ayatollah Ali Khamenei, India's diplomatic delegation—combining political representation with a retired military scholar—signals sophisticated diplomatic reassurance, balancing deep historical ties while acknowledging Iran's civilizational influence across the Global South.
- **The European Trade and Global South Imperative:** Europe's political landscape has shifted sharply against actions in Gaza and Lebanon, directly threatening India's economic ambitions, including the India-EU FTA.



Furthermore, over-alignment with Israel risks depleting India's hard-earned strategic capital as a credible leader of the Global South.

Key Concepts & Constitutional Mandates

- **Architectonic Foreign Policy:** A proactive, visionary diplomatic framework where a nation actively shapes its own external strategic environment, rather than reactively adapting to alignments forged by external global powers.
- **Strategic Autonomy:** The ability of a sovereign state to pursue its national interests and execute independent foreign policy choices without being structurally coerced by geopolitical alliances.
- **Article 51 (Directive Principles):** Directs the State to promote international peace and security, maintain just and honorable relations between nations, and foster respect for international law, providing the constitutional bedrock for India's "Vishwabandhu" (Global Friend) identity.

Conclusion & UPSC Relevance

India's foreign policy must evolve past a passive "Israel habit" dictated by legacy defense procurement momentum. To safeguard its energy security, deep maritime trade routes, and millions of diaspora remittances in the Gulf, New Delhi must utilize its considerable leverage to maintain a multipolar balance between Tel Aviv, Riyadh, and Tehran.

UPSC Relevance: This topic is highly critical for **GS Paper II** (Bilateral, Regional, and Global Groupings involving India and affecting India's Interests). Mastery of West Asian geopolitics, the dynamics of energy diplomacy, and the operational balancing act between West Asian powers is vital for scoring highly in Mains international relations questions.

8. Reconfiguring India's Defense Command: Theaterisation and Modernisation

The formal transition of military leadership at the South Block, where General Dhiraj Seth assumed office as the 31st Chief of the Army Staff (COAS) succeeding General Upendra Dwivedi, underscores an accelerated structural drive toward jointness and comprehensive military transformation.

- **Mandate for Tri-Service Theaterisation:** Outgoing Chief General Upendra Dwivedi emphasized that future conflicts will be distinctly joint, integrated, and theatre-oriented. This structural pivot shifts the armed forces' direction to a singular doctrinal mandate: "to see together, take decisions together, and act together."
- **Operational Integration Milestones:** Joint operations like 'Operation Sindoor' (executed post-2025 Pahalgam crisis) have served as modern operational blueprints, successfully integrating elements of the Army, Navy, and Air Force under a shared tactical thinking model to counter asymmetrical security threats.
- **Proactive Northern and Western Vigilance:** The Indian Army maintains a robust and highly vigilant frontline posture, successfully sustaining prolonged high-altitude deployment under 'Operation Snow Leopard' along the northern borders while exercising strategic restraint and absolute professionalism on the western front.

- **Technological Force Restructuring:** The ongoing "Decade of Transformation" focuses on sweeping reforms across force restructuring, cutting-edge technology absorption, decentralized human resource management, and the rapid indigenisation of defense assets.
- **Strategic Continuity under New Leadership:** General Dhiraj Seth, the first Armoured Corps officer to lead the service since 1997, brings immense operational experience from commanding two vital western operational commands, ensuring uninterrupted continuity in executing long-term capability roadmaps.

Key Definitions & Institutional Provisions

- **Theaterisation:** A structural defense reform that integrates the distinct capabilities, personnel, and assets of the Army, Navy, and Air Force under unified, single-commander theater commands to maximize joint combat effectiveness.
- **Chief of the Army Staff (COAS):** The professional head and highest-ranking four-star operational commander of the Indian Army, functioning under the administrative oversight of the Ministry of Defence.
- **Article 243 & Article 355 (Constitutional Bedrock):** Under Article 355, it is the bounden duty of the Union to protect every State against external aggression and internal disturbance, providing the underlying constitutional mandate for systemic force modernisation and restructuring.



Conclusion & UPSC Relevance

The transition in military leadership marks a decisive step toward transforming the Indian Army into a highly integrated, technology-driven, and future-ready combat force. Successfully implementing integrated theatre commands remains the most vital prerequisite to securing India's continental borders and establishing credible deterrence against evolving multi-domain security challenges.

UPSC Relevance: This topic is directly central to **GS Paper III** (Security Challenges and their Management in Border Areas, Security Forces and Agencies and their Mandate) and **GS Paper II** (Statutory and Executive Bodies). Conceptual mastery over military jointness, theaterisation models, and higher defense management reforms is vital for mains analytical answers.

9. The Resilience of the Indo-Pacific: Beyond Washington's Geopolitical Focus

Japanese Prime Minister Sanae Takaichi's official state visit to India (July 2026) highlights that the Indo-Pacific architectural construct remains a permanent structural reality of Asian power politics, maintaining structural relevance independent of political shifts in Washington.

- **Genesis and Institutional Ownership:** Originally conceptualized by Japan via Shinzo Abe's historic 2007 "Confluence of the Two Seas" address, the principal custody of the Indo-Pacific vision has returned to Tokyo, reinforcing that the framework is an enduring geographic and geopolitical reality rather than a transient American invention.

- **Japan's Proactive Security Transition:** Confronting regional friction, Tokyo has executed an unprecedented expansion of its defense capabilities. Under Prime Minister Takaichi, Japan's defense expenditure has structurally crossed the 2% of GDP threshold, deploying long-range strike Tomahawk cruise missiles and systematically reorganizing its maritime capabilities.
- **Autonomous Indian Strategic Matrix:** India formally embraced the Indo-Pacific concept over a decade ago as the natural widening arena of its core strategic interests. New Delhi's maritime security calculations must remain resilient and free from dependency on either absolute American enthusiasm or diplomatic indifference.
- **China's Multi-Ocean Integration:** While Beijing publicly dismisses the Indo-Pacific as an artificial terminology construct, its actual maritime and continental infrastructure projects aggressively integrate the Indian and Pacific Oceans through expanding overland economic corridors and dual-use commercial naval ports.
- **Preserving the Multipolar Balance:** The Indo-Pacific rests on real Asian geography and active power dynamics. The alignment of maritime democracies like India, Japan, and Australia serves as a necessary structural counterweight to unilateral regional dominance, keeping the global commons open and rules-based.

Key Definitions & Legal Framework

- **Indo-Pacific Construct:** A strategic geographic framework that treats the Indian and Pacific Oceans as a single integrated maritime space, crucial for global trade, supply chain resilience, and security.
- **UNCLOS (1982):** The United Nations Convention on the Law of the Sea provides the international legal framework governing maritime zones, freedom of navigation, and peaceful overflight, which forms the legal foundation of a free and open Indo-Pacific.
- **Article 51 of the Indian Constitution:** Mandates the state to foster respect for international law and treaty obligations in the dealings of organized peoples with one another, providing constitutional legitimacy to India's active engagement in plurilateral maritime security frameworks.

Conclusion & UPSC Relevance

The Indo-Pacific region is a permanent structural theater of Asian geography that dictates global economic security. India must reject binary strategic traps and exercise an independent, architectonic foreign policy, using its strategic partnership with Japan to actively secure its maritime corridors and maintain a multipolar Asian equilibrium.

UPSC Relevance: This topic is central to **GS Paper II** (Bilateral, Regional, and Global Groupings involving India and affecting India's Interests) and **GS Paper III** (Security Challenges and Maritime Security). Evaluating the role of middle powers like India and Japan in balancing regional hegemony is highly critical for analytical mains responses.

10. Inclusive and Integrated Urban Climate Action: Safeguarding Frontline Workers

With urbanization accelerating alongside climate volatility, Karnataka's shifting urban development leadership presents an opportunity to pivot from purely infrastructure-driven solutions toward human-centric, equitable climate adaptation.

- **The Fallacy of Technology-Centric Progress:** Conventional urban development models prioritize digital governance and concrete infrastructure. However, the true resilience of a city depends on how its institutional systems protect frontline workers—such as sanitation workers, street sweepers, and waste collectors—who sustain daily urban operations.
- **Asymmetrical Climate Vulnerability:** Climate hazards are not experienced equally; they are filtered through socio-economic realities. Sanitation workers face a distinct "double burden," suffering occupational heat exposure outdoors during intense heatwaves and returning home to poorly ventilated, flood-prone informal settlements.
- **Intersectionality as an Urban Barometer:** Marginalized municipal workers sit at the structural intersection of labor arrangements, housing deficits, public healthcare deficiencies, and environmental planning, serving as a real-world barometer of a city's actual governance performance.
- **Systemic Gaps in Social Welfare Delivery:** While expanded Urban Primary Health Centres (UPHCs) and welfare schemes exist on paper, administrative barriers, rigid documentation mandates, and fragmented institutional lines often exclude the most vulnerable frontline workers from accessing necessary services.
- **The Imperative for Climate-Centric Policy:** Effective climate mitigation must move beyond technical emission targets. It demands integrated urban governance that treats public health, labor rights, and climate adaptation as inseparable components of a unified municipal architecture.



Key Concepts & Constitutional Provisions

- **Climate Adaptation:** Adjustments in ecological, social, or economic systems in response to actual or expected climatic stimuli and their impacts to moderate damages or exploit beneficial opportunities.
- **Heat Stress:** The total heat burden to which a worker is subjected, resulting from a combination of metabolic heat, environmental factors (temperature, humidity), and clothing insulation.
- **Article 21 (Right to Life):** Broadened by the Judiciary to encompass the right to a clean environment, livelihood, and dignified working conditions, imposing a positive constitutional obligation on municipal bodies to protect outdoor laborers.
- **Article 42 (Just and Humane Conditions of Work):** A Directive Principle mandating the State to secure just and humane conditions of work, reinforcing the need to embed heat action protocols into municipal labor contracts.

Conclusion & UPSC Relevance

Cities cannot be defined by their infrastructure investments alone, but by the structural systems that enable their citizens to live, work, and remain healthy. Transitioning to integrated urban governance—by embedding shifting shift schedules, shaded rest stops, and localized green infrastructure into Heat Action Plans—is critical to building truly resilient cities.

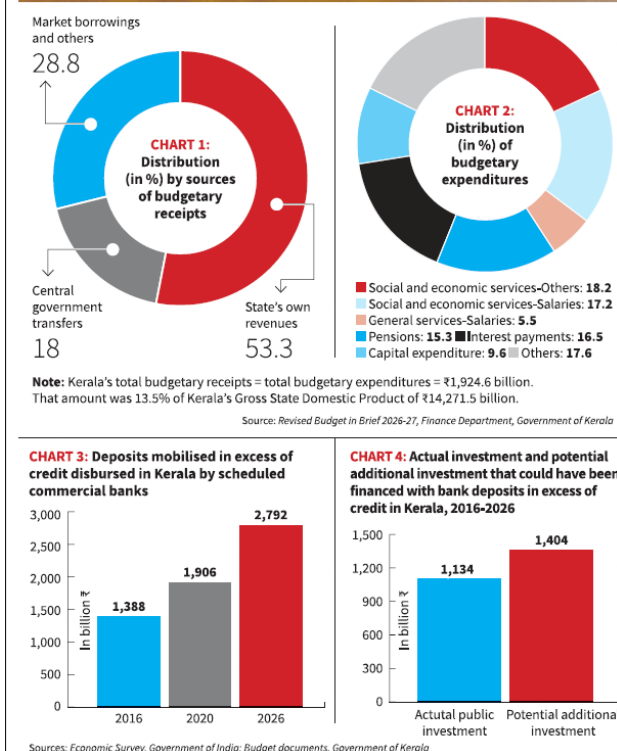
UPSC Relevance: This core issue directly impacts **GS Paper III** (Environmental Degradation and Climate Change Adaptation) and **GS Paper II** (Urban Governance, 74th Amendment, and Welfare Schemes for Vulnerable Sections). It provides an empirical case study for writing analytical mains answers on inclusive urban planning and sustainable development goals (SDG 11: Sustainable Cities).

11. Sub-National Fiscal Dilemma: Balancing Social Welfare and Capital Investment

- **Asymmetric Fiscal Federalism:** India's fiscal structure exhibits vertical imbalance; while the Union government holds dominant tax-raising powers, State governments bear a disproportionate share of public expenditure on essential social sectors like health, education, and agriculture.
- **The Revenue Expenditure Trap:** Economically advanced states like Kerala and Tamil Nadu face acute fiscal stress, with Kerala directing only 10% of its budget toward capital expenditure, while the remaining 90% is consumed by sticky revenue expenditures like salaries (20%), pensions (15.3%), and interest payments (16.5%).
- **Devolution Mismatch:** Despite robust internal tax mobilization, progressive states face diminishing returns from central pools; for instance, Kerala's share in the Union's tax devolution stands at 1.92%, which is significantly lower than its 2.6% share of the national population.
- **High Cost of Sub-National Debt:** To finance structural deficits, states rely on State Development Loans (SDLs) yielding 6.5%-7.5%, which is 0.25% to 0.75% higher than Central government borrowing rates, aggravating the debt service burden.
- **Unutilized Domestic Savings Paradox:** While state infrastructure projects suffer from capital starvation, deep private affluence exists alongside underutilized domestic savings, evidenced by Kerala's low credit-to-deposit ratio of 66% compared to the 76% national benchmark.

Key Definitions & Legal Framework

- **State Development Loans (SDLs):** Market securities issued by state governments through the Reserve Bank of India (RBI) to finance their fiscal deficits.
- **Credit-to-Deposit (CD) Ratio:** A financial metric indicating how much of a bank's mobilized deposits are deployed as credit, reflecting regional investment absorption capacity.
- **Article 293(3) (Borrowing Powers):** Mandates that a State cannot raise any loan without the consent of the Center if there is still outstanding any part of a loan made to the State by the Union, acting as a federal regulatory check on sub-national borrowing.



- **Article 280 (Finance Commission):** Dictates the statutory framework for the horizontal and vertical distribution of tax revenues between the Union and States, balancing fiscal capacity against regional developmental requirements.

Conclusion

The financial stress in advanced states reflects a structural mismatch between rising developmental aspirations and rigid fiscal spaces. To halt youth out-migration and transition into modern knowledge economies, India requires reformed fiscal architectures that enable states to tap domestic institutional savings easily and at lower borrowing costs to fund long-term asset creation.

UPSC Relevance: This topic maps directly to **GS Paper III** (Fiscal Policy, Government Budgeting, and Mobilization of Resources) and **GS Paper II** (Functions and Responsibilities of the Union and the States, Challenges Pertaining to the Federal Structure). It offers empirical data for main questions regarding cooperative federalism, horizontal devolution, and sub-national debt sustainability.

12. Digital Transformation of India's Criminal Justice System

The Ministry of Home Affairs has announced that from January 1, 2027, all investigations and trial procedures under the new criminal laws will be recorded digitally, marking a structural overhaul in judicial workflows.

- **Mandatory Electronic Workflows:** The Interoperable Criminal Justice System (ICJS) aims for a full end-to-end digital rollout by next year, integrating police, courts, prisons, forensics, and prosecution on the government-owned cloud platform, MeghRaj.
- **The Interoperability Deficit:** Despite massive backend integration, data from the National Crime Records Bureau (NCRB) reveals an operational bottleneck: only 46% of First Information Reports (FIRs) are currently digitally transmitted to and consumed by court systems.
- **Statutory Backing for Zero-FIRs:** Under the new procedural framework, 63572 Zero-FIRs have been registered. The integration of the CCTNS platform with the Bhashini AI application allows seamless translation across 23 languages, preventing jurisdiction-based service denial.
- **Forensic and Compliance Scaling:** With forensic examination now mandatory for offenses carrying punishments of seven years or more, the number of Forensic Science Laboratories (FSLs) expanded to 154 by 2025 alongside 700 mobile units, reducing backlogs despite an influx of over 1.1 million cases.
- **Asymmetric Regional Progress:** India's national implementation score rose to 70.06% by June 2026, driven by a surge in 60-day chargesheet compliance (67%) and electronic summons. However, execution remains asymmetric; only five

Digital drive

The digitisation aims to make way for faster, more transparent, and integrated justice delivery nationwide



■ All investigations and trials under BNS, BSS, and BNSS will be digitally recorded and stored on the **MeghRaj** government cloud platform

■ The **Interoperable Criminal Justice System (ICJS)** connects police, courts, prisons, prosecution, and forensic laboratories on a single platform

■ Over **63,500** zero-FIRs have been registered, allowing complaints to be filed regardless of jurisdiction and transferred electronically

■ 25 new **forensic laboratories** have been added in two years to support mandatory forensic investigations

■ Implementation has risen from 46.47% to 70.06% since January 2025, with improved **chargesheet compliance** and millions of digital evidence IDs and e-summons generated

states/UTs (including Haryana and Punjab) have met all parameters, while connectivity issues hamper northeastern states.

Key Definitions & Statutory Provisions

- **Interoperable Criminal Justice System (ICJS):** A national platform enabling the seamless transfer of data and information among the five pillars of the criminal justice system via a unified database.
- **Zero-FIR:** An FIR that can be registered at any police station irrespective of the place of crime and jurisdiction, which is later transferred to the appropriate station for investigation.
- **New Criminal Laws:** The Bharatiya Nyaya Sanhita (BNS), Bharatiya Nagarik Suraksha Sanhita (BNSS), and Bharatiya Sakshya Sanhita (BSS), which replaced the legacy IPC (1860), CrPC (1898), and Indian Evidence Act (1872) respectively on July 1, 2024.
- **Article 21 (Right to Speedy Trial):** The Supreme Court has repeatedly read the right to a speedy trial into Article 21, providing the constitutional justification for digital optimization to eliminate judicial delays.

Conclusion & UPSC Relevance

The digital transition of the criminal justice system represents a paradigm shift from colonial-era paper trails to tech-mediated accountability. Overcoming infrastructural deficits in remote regions, modernizing data standardisation, and training personnel are critical steps to translate this digital framework into swift, equitable justice delivery.

UPSC Relevance: This update is vital for **GS Paper II** (Statutory Reform, Government Policies & Interventions, and Judiciary) and **GS Paper III** (Cyber Security and Technology in Governance). It provides empirical data for mains evaluation regarding judicial reforms, police modernization, and data-driven governance.