VAJIRAM & RAVI
Institute for IAS Examination

The Analyst

CURRENT AFFAIRS Handout

9th February 2026

Civil Servants Appraisal Overhaul

CONTEXT: Cabinet Secretariat has sent "scorecards" for Union Secretaries, signalling a shift towards performance based appraisal of Senior Civil Servants.

MAINS PYQ 2020

7. "आर्थिक प्रदर्शन के लिए संस्थागत गुणवत्ता एक निर्णायक चालक है"। इस संदर्भ में लोकतंत्र को सुदृढ़ करने के लिए सिविल सेवा में सुधारों के सुझाव दीजिए। (उत्तर 150 शब्दों में दीजिये)

"Institutional quality is a crucial driver of economic performance". In this context suggest reforms in Civil Service for strengthening democracy.
(Answer in 150 words)   10

"Truly awesome . . . brilliant in its simplicity and power."
—Steven Levitt, coauthor of *Freakonomics*

THE ORIGINS OF POWER, PROSPERITY, AND POVERTY

WHY NATIONS FAIL

DARON ACEMOGLU   JAMES A. ROBINSON
READ BY DAN WOREN · AN UNABRIDGED PRODUCTION

4.1 Good Governance and Development

4.1.1 A World Bank study of six measures of perceived quality of governance affecting per capita GDP of more than 150 countries concluded that *"results show a strong positive causal relationship from improved governance to better development outcomes".[33]* While there has been considerable discussion on the causality, it is widely agreed that good governance is the sine qua non, both for sustainable development and improved quality of life.

- **SPARROW Portal –** Smart Performance Appraisal Report Recording Online Window (SPARROW) - Improves timeliness, record keeping, and transparency.
- **PRAGATI Portal - 2015**
- **360-Degree Feedback** (Multi-Source Feedback) – For Senior Posts -Used mainly for empanelment and top-level appointments (Joint Secretary & above).

Present system of Evaluation

- **E - Service book -** all data related with service of employees are recorded in the service book e.g. joining of employee, their promotion, transfer, salary, leave etc.
- **ACRs to APARs (2008)-Annual Performance Appraisal Report**
  - Focuses on **work output, personal attributes, and functional competencies**.
  - Officer can now **view and respond** to remarks → more transparency.

Need for Performance review Reforms

- **Lack of Measurable Outcomes** -Focus was on process compliance, not results or citizen impact.
- **Weak Accountability Mechanisms -**Difficulty in identifying non-performers due to absence of objective metrics, Seniority vs Merit.

Civil Servants Appraisal Overhaul

CONTEXT: Cabinet Secretariat has sent "scorecards" for Union Secretaries, signalling a shift towards performance based appraisal of Senior Civil Servants.

- **Changing Governance Demands** – Post-1991 liberalisation and rise of citizen-centric Increased public scrutiny highlighted performance gaps.
- **Training–Performance Disconnect**
- **Empirical Data of inefficiency**

e. *Performance Appraisal:*
- Generally, officers are very liberal in assessing their sub-ordinates. A large number of officers are thus rated as 'outstanding' by their superior officers without adequate justification for such a rating.
- In many jobs there are no deliverables which could be adequately quantified. This has to be taken into account while assessing performance.
- Performance appraisals should be broad-based to include peer review of performance.
- The performance appraisal form instead of being general should be organization-specific.

Trending | Rahul Gandhi Yatra Plan | Udaipur Women Delivery | Rahul Mamkootathil | Kedarnath Skeleton Found | Noida D

Audit finds Karnataka social welfare department has spent extra Rs 14 crore on chapati machines, Rs 2.9cr loss from idle complex

Pearl D'souza / Aug 28, 2025, 23:55 IST

Bengaluru: The Comptroller and Auditor General of India (CAG) has flagged two cases of wasteful spending and revenue loss by state departments — one involving chapati-making machines procured for hostels, and another concerning a vacant public works department (PWD) shopping complex.

Mizoram museum lying idle for over 12 years: CAG report

ep 01, 2025, 04:03 IST

Aizawl: The Comptroller and Auditor General (CAG) of India, in its latest audit report tabled during the just-concluded monsoon session of the assembly, highlighted that the Mizoram State Museum constructed by the state art and culture department with an expenditure of Rs 3.22 crore was found to be lying idle for more than 12 years due to incomplete design or improper planning.

10

TENTH REPORT

SECOND ADMINISTRATIVE REFORMS COMMISSION

REFURBISHING OF PERSONNEL ADMINISTRATION
- Scaling New Heights

New Foot Forward – Scorecard mechanism : Features and Significance

Need for Performance Review Reforms

Committee & Commission Observations

- **Surinder Nath Committee (2003)** recommended performance-linked promotion and weeding out of inefficient officers.
- **Hota Committee (2004)** emphasised transparency and objective benchmarks in civil service evaluation.
- **2nd ARC – 10th Report –** emphasised need of objectivity in Review of Officers.

- **Monthly** Administrative Scorecards to review performance ->Real time improvement
- **Negative marks** - excessive expenditure on foreign visits, events, or excessive pendency of files -> **Create Deterrence**
- **Discretion nudging -> Excellence**
- **Reduce delays at various levels**
- **Absolute and relative assessment - CSE Analogy**
- **Continuation of reforms Agenda**
  - Since 2024 demi official letters now include quantitative indicators of respective ministries ; **Delayering to max. (4) levels**
- **Results not reasons : Role based governance**

Civil Servants Appraisal Overhaul

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Parameters used in assessment

PARAMETER	MAX MARKS
File disposal	20
Public grievance redressal	5
Cabinet/CCEA notes	5
Litigation	5
Output/Activities annexure A of the monthly DO	15
Expenditure on schemes and capital expenditure	15
Timely completion of PMG projects	10
Financial Advisor/IFD	6
Disposal of bills by PAO/CCA	4
Output/Activities in Annexure C of the monthly D.O.	10
Discretionary marks by Cabinet Secretary	5
Total	**100**
NEGATIVE MARKS	**-12**

Explaining the need to issue scorecards, the Cabinet Secretary, in a communication to Secretaries, is learnt to have conveyed that "the fact that something cannot be measured with perfect accuracy does not mean that it should not be measured at all".

What is PMG ?

- The Project Monitoring Group (PMG), Invest India is an institutional mechanism for **milestone-based monitoring** of projects and for **expediting issue resolution** and **regulatory bottlenecks**
- in projects with investments upwards of ₹ **500 Cr. in India.**
- It was set up as a special cell in the Cabinet Secretariat, Government of India in 2013 and was subsequently brought under the administrative control of the Prime Minister's Office (PMO) in 2015.

- Currently, **PMG is situated at Invest India**, Department of Industry and Internal Trade **(DPIIT), Ministry of Commerce.** This relocation was done in order to create a one-stop facilitation destination for investors at all stages of the investment process, including issue resolution.
- **Prime Minister's Office appointed PMG as Secretariat to Monitoring Group in August 2021**.

Persisting Challenges

- **Skill capacity Mismatch**
- **Political Interference in functioning** { verbal Orders - no ground - TSR Subramanian Case , 2013}
- **Legal and Procedural Rigidities** - precedents and manuals slows innovation and adaptive decision-making.
- **Over burdening and Role creep -**
- **Corruption Challenge** - CPI 2024 - 96th/180 position. Declining ranks from 93rd in 2023
- **Public Trust Deficit** - Perception GAP

Harsuhinder Pal Singh Brar Given Additional Charge of Punjab INFOTECH

Mr Harsuhinder (IAS, 2020 batch), currently serving as Director, Higher Education, Punjab, will continue in the same role and has been given additional charge as Managing Director of Punjab Information and Communication Technology Corporation Limited (Punjab INFOTECH).

The move is expected to strengthen digital governance initiatives and enhance technology-driven reforms in the education and administrative sectors.

'Corrupt IAS are in the way': Indian-American founder rips into bureaucracy in letter to Piyush Goyal

Piyush Goyal last week urged Indian startups to focus less on food delivery and gaming apps and more on deep-tech innovation.

Civil Servants Appraisal Overhaul

VAJIRAM & RAVI

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Other Reforms Required

- Shift fully to **KPIs over APARS**
- Timely filing of **Vacancies**
- **Creation of Civil Services Board** for neutrality in transfers and postings, Tenures
- **Capacity Building & Continuous Learning**
  - Institutionalise Mission Karmayogi–style competency mapping, mid-career training, and digital skill certification.
  - Link training outcomes directly with promotions and postings.
- **Specialisation and Lateral Entry**
- **Citizen co- creation and Social Accountability**

Mains Practise Question

Question : An efficient and accountable civil service is the backbone of good governance."
In this context, discuss the need for regular performance reviews of civil servants. Also examine the broader structural and functional challenges facing the civil services in India and suggest suitable reforms.
(15 Marks, 250 words)

Year	Authorized cadre strength	Number of officers in position (As on 1st January)
1951 (At the time of the initial constitution of the service)	1232	957 (Including 336 officers of the Indian Civil Service)
1961	1862	1722 (Including 215 officers of the Indian Civil Service)
1971	3203	2754 (Including 88 officers of the Indian Civil Service)
1981	4599	3883
1991	5334	4881
2001	5159	5118
2002	5159	5051
2003	5159	4871
2004	5159	4791
2005	5261	4788
2006	5337	4790
2007	5422	4731
2008	5460	4761
2009	5671	4572
2010	5689	4534
2011	6077	4456
2012	6154	4377
2013	6217	4737
2014	6270	4619
2015	6375	4802
2016	6396	4926
2017	6500	5004
2018	6553	5104
2019	6699	5205
2020	6715	5205
2021	6746	5231
2022	6789	5317
2023	6829	5464
2024	6858	5542
2025	6877	5578

India-Myanmar ties

CONTEXT: Recent Questionable practices in elections in Myanmar are testing India- Myanmar ties, as India faces a Policy Dilemma.

MAINS PYQ 2013 : Theme of Neighbourhood Relations

2013

✓ The protests in Shahbag Square in Dhaka, Bangladesh, reveal a fundamental split in society between the nationalists and Islamic forces. What is its significance for India? (10 M)

✓ In respect of India-Sri Lanka relations, discuss how domestic factors influence foreign policy. (10 M)

Story so Far ...

Facts of the matter

- **Military Coup:** February **2021**
- **Elections (2025):** Voting in only **~265/330 townships**
- **Turnout:** Around **55%** (official claim)
- **Human Cost: 3,000+ deaths, 20,000+ arrests**
- **Displacement: 1.3 million** internally displaced
- **Legitimacy Crisis:** Elections seen as controlled and non-credible.
- **Political Repression:** Opposition leaders jailed; limited freedoms.
- **Ongoing Civil War:** Armed resistance + ethnic militias hold territory.
- **Instability Continues:** Elections failed to restore normalcy.

read the cartoon

This cartoon appeared in 2005 when Aung San Suu Kyi turned 60. What is the cartoonist saying here?

AUNG SAN SUU KYI IS 60-YEAR-OLD

HAPPY BIRTHDAY!

countries where people cannot express their opinion freely. They still cannot elect their leaders. They cannot take big decisions about their present and future life.

One such country is Myanmar, previously known as Burma. It gained freedom from colonial rule in 1948 and became a democracy. But the democratic rule ended in 1962 with a military coup. In 1990 elections were held for the first time after almost 30 years. The National League for Democracy (NLD), led by Aung San Suu Kyi (pronounced Soo-chi), won the election. But the military leaders of Myanmar refused to step down and did not recognise the election results. Instead, the military put the elected pro-democracy leaders, including Suu Kyi, under house arrest. Political activists accused of even the most trivial offences have been jailed. Anyone caught publicly airing views or issuing statements critical of the regime can be sentenced up to twenty years in prison. Due to the coercive policies of the military-ruled government in Myanmar, about 6 to 10 lakh people in that country have been uprooted from their homes and have taken shelter elsewhere.

Despite being under house arrest, Suu Kyi continued to campaign for democracy. According to her: *"The quest for democracy in Burma is the struggle of the people to live whole, meaningful lives as free and equal members of the world community."* Her struggle has won international recognition. She has also been awarded the Nobel Peace Prize. Finally, under her leadership, the NLD fought the historic 2015 elections and a democratic republic was established.

ACTIVITY

- Locate Myanmar on an atlas. Which Indian states border this country?
- Write a short essay on the life of Aung San Suu Kyi.
- Collect newspaper reports on the struggle for democracy in Myanmar.

India-Myanmar ties

CONTEXT: Recent Questionable practices in elections in Myanmar are testing India- Myanmar ties, as India faces a Policy Dilemma.

Significance of Myanmar for India.

- India shares spiritual, historical, linguistic and ethnic ties with Myanmar.
- For India, Myanmar is both a strategic neighbour - **NFP**
- Gateway to Southeast Asia, crucial for its **Act East Policy.**
- **Trade** : India 4th largest trading partner of myanmar -2 bn$ in 2016, 1 bn$ in 2021.
- **Maritime** Security - Kyaukpyu Port.
- **Stability in NorthEast :**
  - **Operation Hot Pursuits 2015**
  - **Regional Border Committee Meeting (RBCs)** to discuss counter insurgency and border security.

- **Capacity Building:** IT institutes, agricultural research centres, industrial training centres.
- **Border & Rakhine Development Programmes** + **heritage restoration** at Bagan.
- **$500 million Line of Credit** for infra (optical fibre, railways, refinery renovation).
- **2022 Agreement: Integrated Check Post at Tamu** to boost border trade & movement.

Progress in Ties :

India–Myanmar Development Cooperation

- India's development assistance to Myanmar >**$1.75 billion**, largely **grant-based**.
- **Connectivity Projects: Kaladan Multimodal Project** and **India–Myanmar–Thailand Trilateral Highway** linking Northeast India to SE Asia.
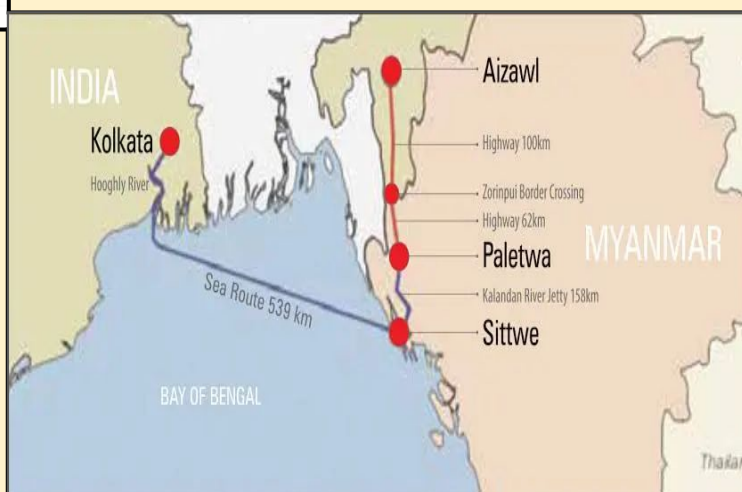
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Myanmar Questions in Prelims

10. With reference to India's projects on connectivity, consider the following statements :

1. East-West Corridor under Golden Quadrilateral Project connects Dibrugarh and Surat.
2. Trilateral Highway connects Moreh in Manipur and Chiang Mai in Thailand via Myanmar.
3. Bangladesh-China-India-Myanmar Economic Corridor connects Varanasi in Uttar Pradesh with Kunming in China.

How many of the above statements are correct?

(a) Only one
(b) Only two
(c) All three
(d) None

19. Consider the following pairs :

Community sometimes mentioned in the news	In the affairs of
1. Kurd	: Bangladesh
2. Madhesi	: Nepal
3. Rohingya	: Myanmar

Which of the pairs given above is/are correctly matched?

(a) 1 and 2
(b) 2 only
(c) 2 and 3
(d) 3 only

64. In the Mekong-Ganga Cooperation, an initiative of six countries, which of the following is/are *not* a participant/ participants?

1. Bangladesh
2. Cambodia
3. China
4. Myanmar
5. Thailand

Importance for Prelims : Myanmar

- **Historical Ties - common governance post Anglo burmese wars, till separation by GOI 1935 Act.**
- **Border with India:** 1643 km border, Shares boundary with **Arunachal Pradesh, Nagaland, Manipur, Mizoram**
- **Administrative Divisions: 7 States** Kachin, Kayah, Kayin, Chin, Mon, Rakhine, Shan.
- **Irrawaddy Dolphin: Endangered — IUCN Red List**
- **Chin Refugees:** Large inflow into **Mizoram & Manipur** after **2021 military coup**
- **Regional Grouping:** Member of **ASEAN** and **BIMSTEC, Mekong Ganga Cooperation**
- **IMBAX - Military exercise**

Challenges In ties

- **Immediate challenge** - Post Military Coup the elections, continue to pose a long-standing **dilemma** for New Delhi's security and connectivity interests, without legitimising a deeply contested political mechanism.
- **Weak Trade Ties:** Bilateral trade ~ **$2 billion**; India lags behind **China**;
- **Rohingya Issue:** Refugee influx raises **internal security** and resource concerns., Chin also - 90k refugee in mizoram, manipur
- **Northeast Insurgency:** Militants operate along **Myanmar border** (ULFA, NSCN-IM etc.).
- **Porous Border:** Arms trafficking, trained cadres, cross-border terrorism.
- **Cyber Slavery issue -** cyber slavery networks operating in border conflict zones in Myanmar, from where 2,165 Indians have been rescued since 2022,

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Three Anglo-Burmese Wars

War	Years	Key Treaty / Outcome
1st	1824-26	Treaty of Yandabo (1826) – Assam, Manipur, Arakan ceded
2nd	1852	No major treaty – Lower Burma annexed
3rd	1885	No treaty – Complete annexation to British India

- **Scrapping of Free Movement Regime Misuse:** Smuggling, weapons, fake currency.
- **Trust Deficit:** Delays in Indian projects reduce credibility.
- **China Factor:** Strong economic presence; **BRI projects** increase influence in Myanmar.

MYANMAR CYBER SCAM HUB: INDIA REPATRIATES CITIZENS

PEACEFUL RALLY
IN PROTEST AGAINST THE GOVT. MOVE TO SCRAP "FREE MOVEMENT REGIME(FMR) AND CONSTRUCTION OF INDO-MYANMAR BORDER FENCING"

Way forward

- Continue the **high level engagement,** MEA Visit 2022, PM on sidelines of SCO 2025 MESSAGE -engagement would continue, but without explicit political endorsement.
- **Collaboration on issues** - **Operation Brahma march 2025 –** Earthquake victims
- Need to **reassess timelines,** risk exposure and engagement strategies for projects amid instability
- **Coordinate** for traditional and non traditional Security challenges
- **Coherent national Refugee policy**

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- Renegotiate the ASEAN **FTA** for realisationfull potential
- **Development** support for restoration -principles with Pragmatism

Mains Practise Question
Question : "India–Myanmar relations are critical to India's Act East Policy as well as its internal security architecture."
Discuss the strategic significance of India–Myanmar ties.
In this context, analyse the recent political, economic and security challenges affecting the relationship, and suggest a practical way forward for India
(15 Marks, 250 words)

PM CARES Fund vs NDRF

SYLLABUS: **Prelims**: Statutory Bodies; **GS** paper 2
Newspaper: The Indian Express; **Page Number**: 1

Decoding the News

funds are not permissible under Rule 41(2) (viii) and 41(2)(xvii) of the Rules of Procedure and Conduct of Business in Lok Sabha.

Under the stipulated conditions that govern the right to ask questions in the Lok Sabha, Rule 41(2) (viii) states that "it shall not relate to a matter which is not primarily the concern of the Government of India". Rule 41(2) (xvii) states "it shall not raise matters that are under the control of bodies or persons not primarily responsible to the Government of India".

The reasoning for questions and matters not being admissible in Lok Sabha given by the PMO, it is learnt, was that the corpus of these funds is constituted entirely with voluntary public contribution and not from any allocation out of the Consolidated Fund of India.

The PMO told the Lok Sabha Secretariat that in case a situation arises to determine the admissibility of a question or notice of zero hour or special mention seeking information on the three funds arises, the conditions in the provisions may be exercised, it is learnt.

Information denied for 3 funds, citing rules of Lok Sabha (formulated under Article 118)

- **PM CARES Fund:** Public charitable trust for **national emergencies** (e.g., COVID-19).

- **PMNRF:** Provides **immediate relief** for natural disasters, accidents, riots etc.

- **NDF:** Focused on **welfare of armed & paramilitary forces** and support to their families.

Significance of PM CARES Fund

- Established **March 2020** as a **public charitable trust** for **national emergencies** (COVID-19, disasters, health crises), Trust deed registered under Registration Act, 1908. .
- Receives **voluntary donations** from individuals, corporates, PSUs and foreign contributors.
- Last Published Amount for 2023 reflects 6238 crore Rs Balance.

The Court Does Not Find Merit in Petitioners' Claims

The Court was faced with three broad questions: (1) whether the Union government was under any obligation to utilise the NDRF for tackling COVID-19; (2) whether all donations should be to the NDRF instead of the PM CARES fund; and (3) whether the amount already in the PM CARES fund should be transferred to the NDRF. These questions are closely linked and were treated as such by the bench.

Akshay Kumar donates Rs 25 crore to PM Narendra Modi's CARES fund to fight coronavirus war

Akshay Kumar announced that he will contribute a sum of Rs 25 crore to Prime Minister Narendra Modi's recently-announced CARES fund to fight the novel coronavirus pandemic.

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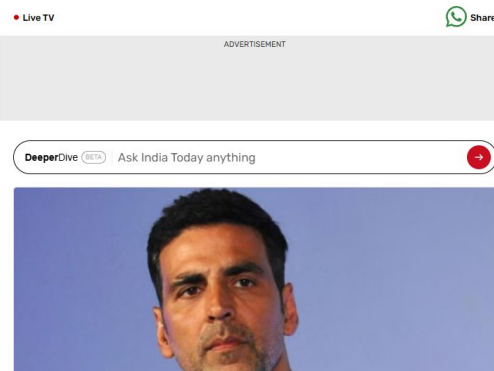
Supreme Court Dismisses Petition on PM CARES Fund

Manini Menon | 9th Sep 2020

Petition filed before Supreme Court questioning contributions to PM Cares Fund during COVID-19 crisis.

THE EMBLEMS AND NAMES (PREVENTION OF IMPROPER USE) ACT, 1950

ACT No. 12 OF 1950[1]

[*1st March, 1950.*]

An Act to prevent the improper use of certain emblems and names for professional and commercial purposes.

BE it enacted by Parliament as follows:—

1. Short title, extent, application and commencement.—(*1*) This Act may be called the Emblems and Names (Prevention of Improper Use) Act, 1950.

(*2*) It extends to the whole of India [2]*** and also applies to citizens of India outside India.

(*3*) It shall come into force on such date[3] as the Central Government may, by notification in the Official Gazette, appoint.

2. Definitions.—In this Act, unless the context otherwise requires,—

(*a*) "emblem" means any emblem, seal, flag, insignia, coat-of-arms or pictorial representation specified in the Schedule;

(*b*) "competent authority" means any authority competent under any law for the time being in force to register any company, firm, or other body of persons or any trade mark or design or to grant a patent;

(*c*) "name" includes any abbreviation of a name.

3. Prohibition of improper use of certain emblems and names.—Notwithstanding anything contained in any law for the time being in force, no person shall, except in such cases and under such conditions as may be prescribed by the Central Government, use, or continue to use, for the purpose of any trade, business, calling or profession, or in the title of any patent, or in any trade mark or design, any name or emblem specified in the Schedule or any colourable imitation thereof without the previous permission of the Central Government or such officer of Government as may be authorised in this behalf by the Central Government.

4. Prohibition of registration of certain companies, etc.—(*1*) Notwithstanding anything contained in any law for the time being in force, no competent authority shall,—

(*a*) register any company, firm or other body of persons which bears any name, or

(*b*) register a trade mark or design which bears any emblem or name, or

(*c*) grant a patent in respect of an invention which bears a title containing any emblem or name,

if the use of such name or emblem is in contravention of section 3.

(*2*) If any question arises before a competent authority whether any emblem is an emblem specified in the Schedule or a colourable imitation thereof, the competent authority may refer the question to the

THE SCHEDULE

[*See* sections 2(*a*) and 3]

1. The name, emblem or official seal of the United Nations Organization.

2. The name, emblem or official seal of the World Health Organization.

3. The Indian National Flag.

[1][4. The name, emblem or official seal of the Government of India or of any State, or any other insignia or coat-of-arms used by any such Government or by a Department of any such Government.]

[2][5. The emblems of the St. John's Ambulance Association (India), and the St. John's Ambulance Brigade (India), consisting of the device of a white eight pointed cross embellished in the four principal angles [3]***, whether or not the device is surrounded or accompanied by concentric circles or other decoration or by lettering.]

[4][6. The name, emblem or official seal of the President, Governor, [5]*** [6][Sadar-i-Riyasat] or Republic or Union of India.]

[4][7. Any name which may suggest or be calculated to suggest—

(*i*) the patronage of the Government of India or the Government of a State; or

(*ii*) connection with any local authority or any corporation or body constituted by the Government under any law for the time being in force.]

[4][8. The name, emblem or official seal of the United Nations Educational, Scientific and Cultural Organisation.]

[7][9. The name or pictorial representation of Rashtrapati, [8]*** Rashtrapati Bhavan, Raj Bhavan.]

[9][9A.[10][The name or pictorial representation of Mahatma Gandhi [11][Shrimati Indira Gandhi,] Chatrapati Shivaji Maharaj or the Prime Minister of India or the words 'Gandhi' 'Nehru' or 'Shivaji', except the pictorial use thereof on calendars where only the name of the manufacturers and printers of the calendars are given and the calendars are not used for advertising goods.]]

[12][9B. The name or pictorial representation of "Shri Lal Bahadur Shastri".]

[13][10. The medals, badges or decorations instituted by the Government from time to time or the miniatures or replicas of such medals, badges or decorations [14][or the names of such medals, badges or decorations or of the miniatures or replicas thereof].]

[15][11. The name, emblem or official seal of the International Civil Aviation Organisation.]

[16][12. The word "Interpol" which is an integral part of the International Criminal Police Organisation.]

PM CARES Fund vs NDRF

Prelims pointers : comparison of NDRF vs PMCARES

Feature	National Disaster Response Fund (NDRF)	PM CARES Fund
Legal Nature	Statutory fund established under the Disaster Management Act	Public charitable trust
Primary Objective	Calamities like cyclones, floods, and earthquakes to assist states	Public health emergencies and distress
Scope	Covers natural disasters but lacks specific biological emergency provisions	Specifically refers to public health emergencies
Funding Source	Budgetary allocations and public funds	Voluntary contributions from individuals and organizations
Audit Authority	Audited by the Comptroller and Auditor General (CAG)	Audited by a private chartered accountant
Oversight	Subject to statutory government oversight	Operates as a trust without mandatory CAG oversight

High Government Borrowing: Both **Centre and States** are borrowing heavily to fund welfare schemes, infrastructure and post-pandemic recovery, increasing demand for loans in the market.- India 10yr @6.7%

Crowding Out Effect: Large government borrowing absorbs available liquidity, leaving **less credit for private sector**, which pushes interest rates upward.(17 lakh crore - 17% high)

Fiscal Deficit Pressures: Combined fiscal deficit of Centre + States remains high, signalling higher risk and leading to **higher bond yields**.

RBI Monetary Policy Transmission - Lack of transmission of repo rate cut to effective cost

ON FEBRUARY 3, Andhra Pradesh and Assam borrowed Rs 1,100 crore and Rs 1,000 crore respectively through auction sales of 15-year state government securities at an average yield or interest rate of 7.66%.

One year ago — on February 4, 2025 — the two states had paid only 7.15-7.16% at the auction of securities with the same 15-year tenor that raised Rs 2,000 crore and Rs 900 crore respectively.

The story wasn't different for the Gujarat government that, on January 27, mobilised Rs 2,000 crore via a 10-year security sale at an average yield of 7.45%. In a year-ago auction of the same security on January 28, 2025, the state government mopped up Rs 1,000 crore at just Rs 7.02%.

To put these into perspective, the Reserve Bank of India (RBI) has, since February 6, 2025, cut its benchmark policy repo rate from 6.5% to 5.25%. But this reduction — in the rate at which it provides overnight (i.e. one-day maturity) loans to commercial banks — hasn't led to any lowering of borrowing costs for state governments.

OUTSTANDING LIABILITIES (AS % OF GDP)

● Centre ● States

Year	Centre	States
2011-12	51.7	22.8
2012-13	50.5	22.3
2013-14	50.1	23.7
2014-15		
2015-16	48.2	25.1
2016-17		
2017-18	50.7	
2018-19		
2019-20		26.6
2020-21	57.4	
2021-22	56.4	29.1
2022-23	55.2	28.1
2023-24		
2024-25		
2025-26		29.2

Note: 2025-26 is Revised Estimates for the Centre; 2024-25 is Revised Estimates and 2025-26 is Budget Estimates for the States. Source: Budget documents of Union and State Governments.

WHAT IS A BOND YIELD?
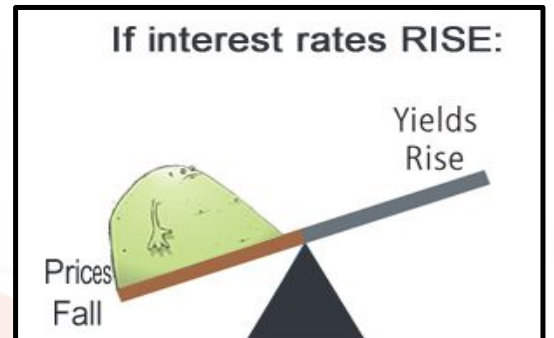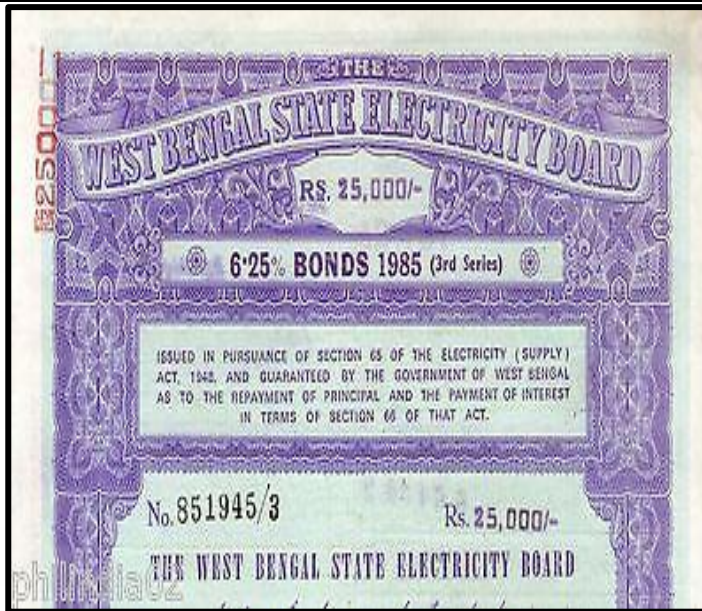
- The return an investor receives from a bond
- Expressed as a percentage
- Calculated based on the bond's interest payments and its current price

BOND

THE WEST BENGAL STATE ELECTRICITY BOARD
RS. 25,000/-
6.25% BONDS 1985 (3rd Series)

ISSUED IN PURSUANCE OF SECTION 66 OF THE ELECTRICITY (SUPPLY) ACT, 1948, AND GUARANTEED BY THE GOVERNMENT OF WEST BENGAL AS TO THE REPAYMENT OF PRINCIPAL AND THE PAYMENT OF INTEREST IN TERMS OF SECTION 66 OF THAT ACT.

No. 851945/3   Rs. 25,000/-
THE WEST BENGAL STATE ELECTRICITY BOARD

If interest rates RISE:

Yields Rise
Prices Fall

If interest rates FALL:

Prices Rise
Yields Fall

Case - I

Market Interest rate
↳ 8%
(Jan. 2024)

[100 ₹ 10% (yearly)]

April 2024
Market Interest Rate
↳ 12%

Ⓐ   Ⓑ   Ⓒ   Ⓓ
70₹ 75₹ 78₹ 80₹

Effective Int. Rate = 12.5%

Case - II

Market Interest rate
↳ 8%
(Jan. 2024)

[100 ₹ 10% (yearly)]

April 2024
Market Interest Rate
↳ 7%

Ⓐ   Ⓑ   Ⓒ   Ⓓ
105₹ 107₹ 108₹ 110₹

Effective Int. Rate = 9%

Bond Price   Bond Yield
100 ₹   10%   (Inverse Relation)
80 ₹   12.5%

Market Interest rate   Bond Yield   (Direct Relation)
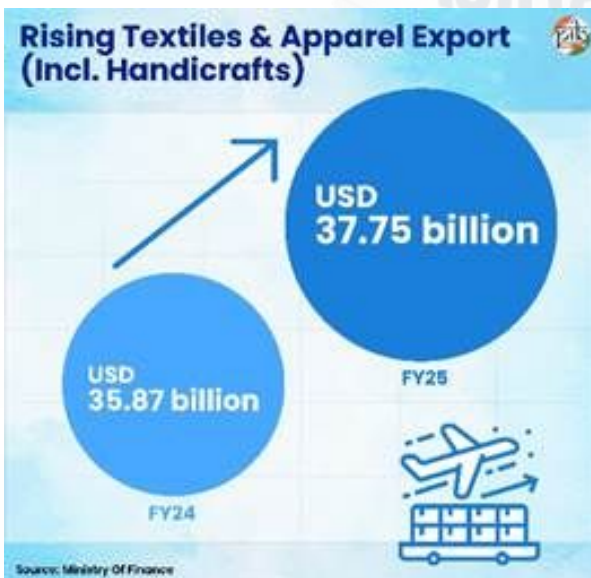8%   10%
12%   12.5%

Budgetary schemes for textile sector

India's Thriving Textile Sector

- World's largest cultivator of cotton by acreage
- Largest producer of jute
- 2nd-largest producer of silk and cotton
- 2nd major global hub in man-made fibres (MMF) segment
- 2nd-largest producer of polyester and viscose fibres
- 6th largest global exporter of textiles and apparel

Source: Ministry Of Finance
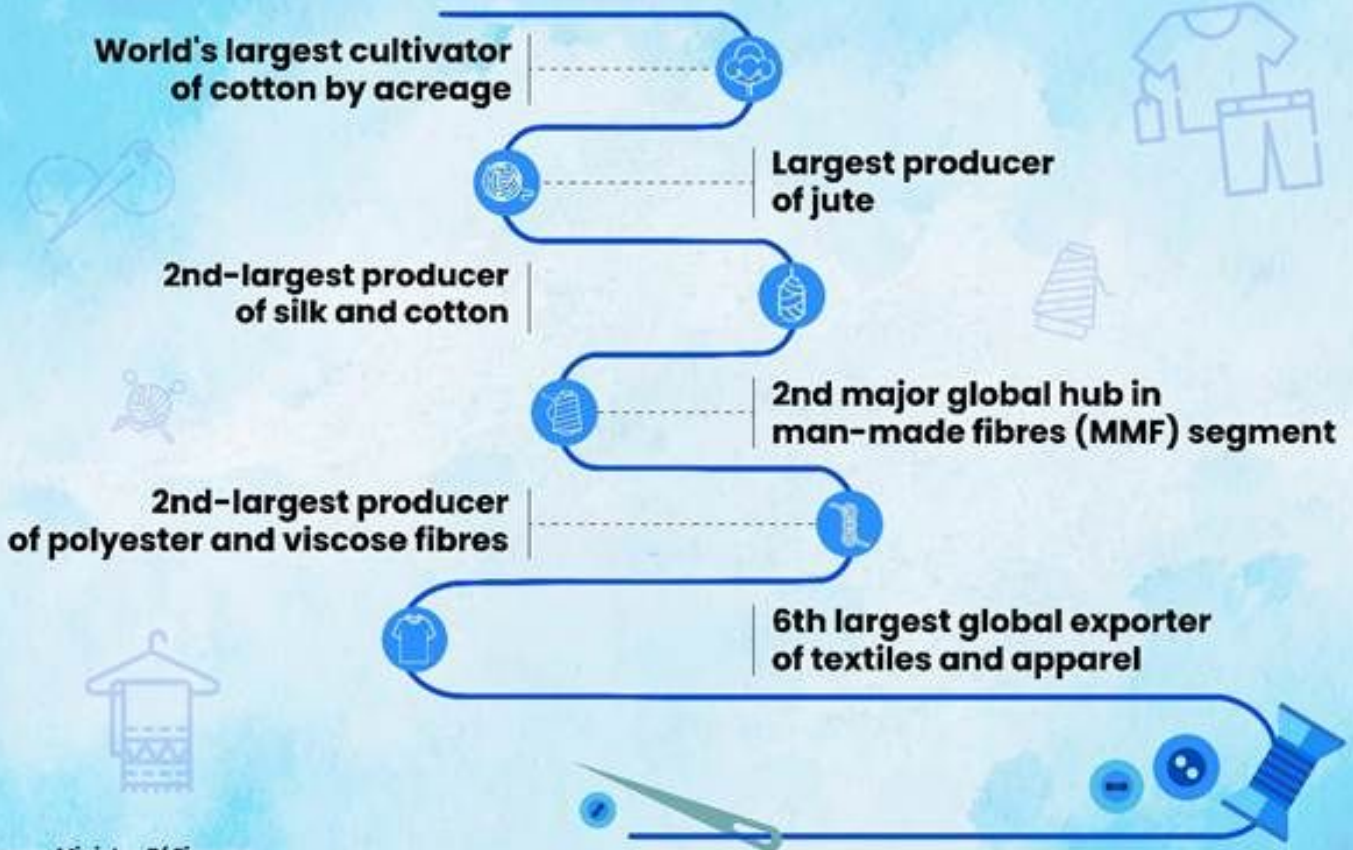
Rising Textiles & Apparel Export (Incl. Handicrafts)

USD 37.75 billion — FY25

USD 35.87 billion — FY24

Source: Ministry Of Finance

Supplementing the previous reforms:

- To enhance transparency, the **Kapas Kisan mobile app was launched**, enabling farmer self-registration and slot booking.
- The **'Kasturi Cotton Bharat' Programme** was launched, to enhance the global market acceptance of Indian cotton.
- PM MITRA Scheme - Flagship
- GST 2.0 and Labour Reforms

Budgetary schemes for textile sector

Prelims pointers :steps taken in Budget for Textiles

Mega Textile Parks and Technical Textiles

The Government has announced the setting up of Mega Textile Parks in challenge mode, with a focus on **providing integrated infrastructure, enabling scale efficiencies, and promoting value addition** across the textile value chain. These parks are also expected to support the growth of **technical textiles**, a high-potential segment with applications in industrial, medical, defence, and infrastructure sectors.

Mahatma Gandhi Gram Swaraj Initiative

The Mahatma Gandhi Gram Swaraj Initiative focuses on strengthening khadi, handloom, and handicrafts. The initiative emphasises **global market linkage, branding, streamlined training, skilling, quality improvement, and process modernisation**. It aims to benefit weavers, village industries, and rural youth, while **supporting One District One Product (ODOP) initiative**.

Export Promotion Measures for Textiles and Allied Sectors

To support exports of textiles and allied sectors, the Budget has announced the **extension of the export obligation period from six months to twelve months** for exporters of textile garments, leather garments, leather or synthetic footwear, and other leather products manufactured using duty-free imported inputs. This measure is intended to provide greater operational flexibility, ease of compliance, and improved working capital management for exporters.

Integrated Programme for the Textile Sector

- **National Fibre Scheme** for self-reliance in natural fibres, man-made fibres, and new-age fibres
- **Textile Expansion and Employment Scheme** to modernise traditional clusters
- **National Handloom and Handicraft Programme** to integrate & strengthen existing schemes
- **Tex-Eco Initiative** for globally competitive and sustainable textiles & apparels
- **Samarth 2.0** to modernize and upgrade textile skilling ecosystem

- **Mahatma Gandhi Bunkar Bima / Grant Initiative** – supports khadi, handloom and handicrafts through market access and training

- While earlier support was **piecemeal**, while the current budget attempts an **integrated blueprint** linking production, skills and exports.

- Challenges remain: **design ownership,**
- **branding,**
- **fragmented supply chains,**
- **weak pricing power,**
- **global competition**
- **infrastructure gaps.**

Significance :

- **Textile ECO Niti Initiative** – promotes sustainability and competitiveness.
- **Samarth 2.0** – large-scale **skill development** in textiles.

Sant Ravidas

The Hindu

PM Modi visits Punjab renames Adampur airport after Guru Ravidas

Prime Minister Narendra Modi on Sunday (February 1, 2026) renamed the Adampur airport in Punjab's Jalandhar district as 'Sri Guru Ravidas...

1 week ago
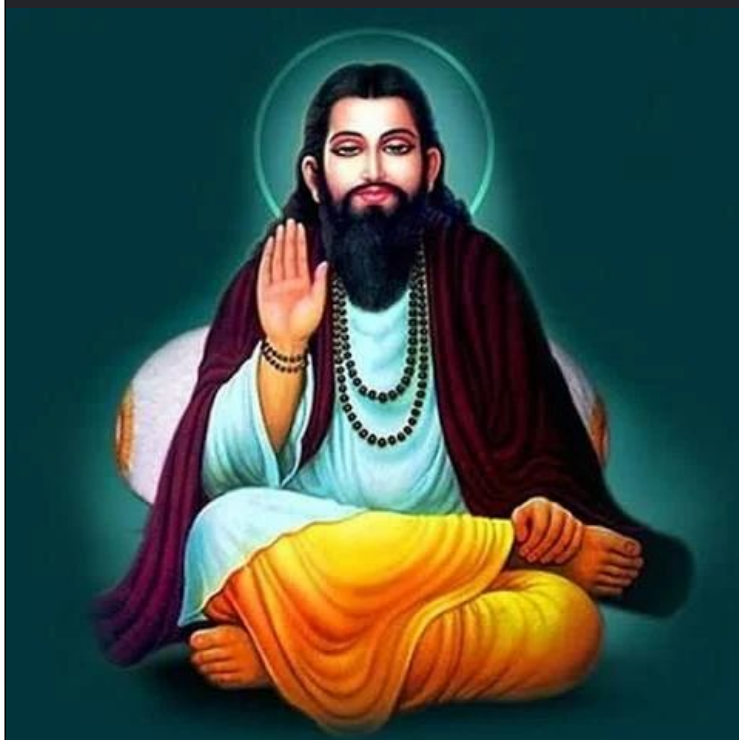
- Sant Ravidas - (14th /15th - 16th century)was born in a village called Sir Gobardhanpur, near Varanasi in Uttar Pradesh, India.
- Ravidas is traditionally seen as a student of the bhakti-poet Ramananda.
- He is also thought to have lived around the same time as **Kabir**, another famous poet-saint.
- He was a well-known **poet**. His poems, written in local languages, inspired many people.
- 41 of his devotional songs and poems are found in the Sikh holy book, the **Guru Granth Sahib.**
- Many of his poems are also in the Panch Vani text of the **Dadu Panthi** tradition within Hinduism....

Prelims pointers : Philosophy and Teachings:

- The core of Guru Ravidas's philosophy was the **rejection of the caste system** and the promotion of human rights and dignity.
- He envisioned a society called '**Beghumpura**' (a city without sorrow), where there is no suffering, no fear, and no discrimination.
- He also became a symbol of opposition to **untouchability** in society by the higher caste people for the lower caste people.
- He emphasised the philosophy of spiritual freedom.
- He abandoned the **saguna** (with attributes, image) forms of supreme beings and focussed on the nirguna (without attributes, abstract) form of supreme beings.
- **Meera Bai,** a revered figure in Hindu spiritualism, is said to have considered Guru Ravidas as her spiritual Guru.

83. With reference to the famous Sattriya dance, consider the following statements :

1. Sattriya is a combination of music, dance and drama.

2. It is a centuries-old living tradition of Vaishnavites of Assam.

3. It is based on classical Ragas and Talas of devotional songs composed by Tulsidas, Kabir and Mirabai.

Which of the statements given above is/are correct?

(a) 1 only

(b) 1 and 2 only

(c) 2 and 3 only

(d) 1, 2 and 3

- The **Guru's teachings** now form the basis of the Ravidassia religion.

- Ravidassias believe that Guru Ravidas should be treated as a saint just like the other gurus, as he lived before the first Sikh Guru, and his teachings were **studied by the Sikh Gurus**.

- The Ravidassia community adopted the **Amrit Bani Guru Ravidass** as its holy book and established its own symbols and rituals.

52. Consider the following Bhakti Saints :
1. Dadu Dayal
2. Guru Nanak
3. Tyagaraja

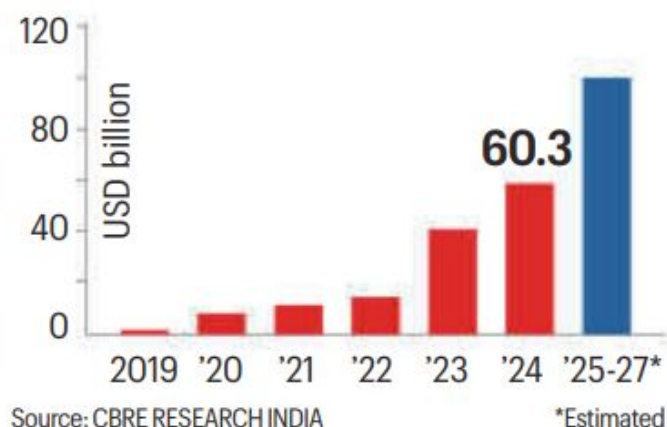Who among the above was/were preaching when the Lodi dynasty fell and Babur took over?

(a) 1 and 3

(b) 2 only

(c) 2 and 3

(d) 1 and 2

AI Impact Summit

- The summit builds on a series of international meetings on AI governance.
- The **Bletchley Park AI Safety Summit** (2023) focused on identifying catastrophic AI risks.
- **The Seoul Summit (2024)** widened the agenda to include innovation and inclusivity.
- **The Paris AI Action Summit (2025)** shifted attention to implementation and economic opportunities.
- Each iteration has gradually expanded the scope beyond safety towards practical and developmental concerns..

Prelims pointers : China factor at AI Impact summit

- **Summit Format and Invitations** – The AI Summit is not a formal multilateral grouping. Participation is determined by the host country, giving India the discretion to invite China despite geopolitical sensitivities.
- **Precedents from Earlier Summits** – When the UK hosted the first AI Safety Summit, it faced opposition from allies and domestic lawmakers over inviting China, but proceeded nonetheless. China also participated in the subsequent summits in Seoul and Paris.
- **Signal** of Easing India–China Ties

India's cumulative data centre investments

USD billion

60.3

2019 '20 '21 '22 '23 '24 '25-27*

Source: CBRE RESEARCH INDIA   *Estimated

AI Impact Summit

Hardware and Energy: India's Key AI Constraints

- **Dependence on Imported Computing Hardware** – A major disadvantage for India in the AI race is the lack of domestically produced advanced hardware. Access to high-end GPUs, which power AI systems, depends largely on imports, limiting self-reliance.

- **Hopes from India–US Tech Trade** – The proposed interim India–US trade deal offers some relief. It is expected to significantly expand trade in technology products, including GPUs and data centre equipment, and deepen joint technology cooperation.

- **Policy Push for Data Centres** – India has announced a tax holiday until 2047 for foreign companies setting up data centres. This aims to attract global players and build domestic AI infrastructure, even as reliance on imported hardware continues.

- **Budget Signals and AI Mission** – In the Union Budget 2026–27, the allocation for subsidising compute under the IndiaAI Mission was halved. This came alongside strong growth in electronics manufacturing and iPhone exports, indicating shifting priorities.

- **Energy Needs and Nuclear Power** – Powering AI data centres is emerging as a critical challenge. The government is exploring nuclear energy as a long-term solution.

Q1. Regarding the PM CARES Fund and the National Disaster Response Fund, consider the following statements:
1. Both are statutory funds created under an Act of Parliament.
2. Donations to both funds qualify for 100% tax deduction under Section 80G.
3. Both are subject to audit by the Comptroller and Auditor General of India.

Which of the statements given above are correct?
a) 2 only
b) 1 and 3 only
c) 2 and 3 only
d) 1, 2 and 3

Answer: a

Q2. Which of the following factors can directly lead to a rise in borrowing costs in the economy?
1. Large government market borrowing programme
2. Persistent high combined fiscal deficit
3. Weak transmission of RBI repo rate cuts to bank lending rates
4. Increase in surplus liquidity in the banking system

Select the correct answer using the codes given below.
a) 1 only
b) 3 only
c) 1 and 2 only
d) 1, 2 and 3 only

Answer: d

Q3. Regarding the status of the Indian textiles sector, consider the following statements:
1. India is the world's top producer of jute.
2. It is the third-largest source of silk and cotton globally.
3. India is the world's largest exporter of technical textiles.

Which of the statements given above are correct?
a) 2 and 3 only
b) 1, 2 and 3
c) 1 only
d) 3 only

Answer: c

Q4. Regarding the working of Sant Ravidas, consider the following statements:
1. He was a Bhakti saint associated mainly with the Nirguna tradition.
2. His verses are included in the Guru Granth Sahib.
3. He advocated temple-based ritual worship as the primary path to liberation.
4. He was a contemporary of Kabir.

How many of the statements given above is/are correct?
a) Only One
b) Only Two
c) Only Three
d) All four

Answer: c

Q5. Consider the following statements:
1. The Bletchley Park AI Safety Summit emphasised catastrophic and frontier AI risks.
2. The Seoul Summit expanded the agenda to include innovation and inclusivity.
3. The Paris AI Action Summit focused mainly on drafting a binding global AI treaty.

Which of the statements given above is/are correct?
a) 1 and 3 only
b) 1 and 2 only
c) 2 only
d) 3 only

Answer: b

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