

UPSC

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1. Sixteenth Finance Commission



1. Vertical Devolution: 41% Share to States Gets “Semi-Permanent” Status

- The Sixteenth Finance Commission (SFC) retained the 41% share of States in the divisible tax pool, continuing the arrangement post-Fourteenth Finance Commission.
- The earlier jump from 32% to 42% (by the Fourteenth FC) was justified due to discontinuation of State Plan grants.
- The later reduction to 41% followed the reorganisation of Jammu and Kashmir.
- Despite the Centre’s concerns over shrinking fiscal space, the SFC did not reduce States’ share further.
- **Concern:** The Centre offset the higher devolution by:
 - Increasing non-shareable cesses and surcharges
 - Reducing its contribution to Centrally Sponsored Schemes
 - Rejecting sector-specific grants recommended by the Fifteenth Finance Commission

2. Silence on Cesses and Surcharges Raises Constitutional Questions

- The SFC did not recommend limits on rising cesses and surcharges.
- **These levies are:**
 - Non-shareable with States
 - Meant to be temporary and purpose-specific

- Instead, the Commission proposed a “Grand Bargain”:
- States accept a smaller share of a larger divisible pool
- Centre merges cesses into shareable taxes
- **Criticism:**
 - The Commission arguably did not fully exercise its constitutional mandate under Articles 270 and 280.
 - It avoided directly advising the Centre against excessive use of cesses.

3. Effective Transfers Decline After Peak under Fourteenth FC

- **Trend in Transfers (% of Centre’s Gross Revenue Receipts):**
 - 11th–13th FCs: ~27–28%
 - 14th FC: 35.6% (sharp rise)
 - 15th FC: 34.4%
 - 16th FC (2026–27 BE): 32.7%
- **Key Observations:**
 - Transfers remain higher than pre-14th FC levels.
 - However, the declining trend continues.
- **SFC projections may be optimistic:**
 - Assumed 11% nominal GDP growth vs 10% in Budget.
 - Did not factor in revenue impact of September 2025 GST reforms.
- **Horizontal Devolution:** New ‘Contribution’ Criterion Sparks Efficiency Debate

4. Introduction of “Contribution” Criterion

- New parameter based on a State’s share in all-India GSDP.
- Meant to reward economic contribution (efficiency consideration).
- **However:**
 - GSDP reflects production efficiency, not fiscal efficiency.
 - Market forces concentrate capital and skilled labour in developed States.
 - Could structurally favour richer States.

5. Technical Adjustment: Square Root of GSDP Used

- To soften impact, SFC used square root of GSDP instead of full GSDP.
- **But conceptual contradiction remains:**
 - Income Distance Formula → Lower per capita GSDP = Higher share.
 - Contribution Criterion → Higher per capita GSDP = Higher share.

6. Fiscal Discipline Criterion Dropped

- Tax effort/fiscal discipline parameter removed.
- Seen as inconsistent with Commission’s efficiency narrative.
- Shifted away from rewarding fiscal responsibility.

Winners and Losers: Major Hindi Belt States among Biggest Casualties

- **Major Losing States (vs 15th FC):**
 - Madhya Pradesh
 - Uttar Pradesh
 - West Bengal
 - Bihar
 - Odisha
 - Chhattisgarh
 - Rajasthan
- **Also Impacted:**
 - Arunachal Pradesh
 - Meghalaya
 - Manipur
 - Nagaland
 - Tripura
 - Sikkim
 - Goa
- **Gains:**
 - Some richer States benefited, though gains were uneven.
 - Revenue Deficit Grants Discontinued: Equalisation Role Reduced

7. Revenue Gap & State-Specific Grants Dropped

- SFC discontinued revenue deficit grants.
- No sector-specific or State-specific grants recommended.
- Reduced fine-tuning of fiscal equalisation.

8. Article 275 Route Underutilised

- Article 275 allows need-based transfers.
- **Equalisation grants could:**
 - Address cost disabilities
 - Improve health & education standards
 - Offset formula-based losses
- **Concern:**
 - Devolution alone cannot capture India's vast inter-State disparities.

Finance Commission of India

- The Finance Commission of India is a constitutional body established under Article 280 of the Indian Constitution. Its main role is to recommend how financial resources (tax revenues) should be distributed between the Central Government and State Governments.

1. Constitutional Provision

- Article 280 of the Constitution provides for the establishment of a Finance Commission.
- It is constituted by the President of India.
- It is set up every 5 years, or earlier if needed.

2. Composition

- **The Finance Commission consists of:**
 - One Chairman
 - Four other members
 - Qualifications (as per Finance Commission Act, 1951):
 - **Chairman:** Person with experience in public affairs.

- **Members may be:**
 - A High Court judge or qualified to be one
 - Expert in government finance and accounts
 - Expert in financial matters and administration
 - Expert in economics

3. Functions of Finance Commission

- **The core functions include:**

1. Distribution of Taxes (Vertical Devolution)

- Recommends how much share of Central taxes should go to States.
- **Example:** The 15th Finance Commission recommended 41% of divisible tax pool to States.

2. Horizontal Distribution

- **Decides how the States' share is distributed among different states.**
- **Criteria include:**
 - Population
 - Income distance
 - Area
 - Forest & ecology
 - Demographic performance
 - Tax effort

3. Grants-in-Aid

- Suggests grants under Article 275.
 - Revenue deficit grants
 - Disaster management grants
 - Local body grants (Panchayats & Municipalities)

4. Strengthening Local Bodies

- **Recommends funds for:**
 - Panchayats
 - Urban local bodies

5. Disaster Management Funding

- **Recommends setup and funding for:**
 - National Disaster Response Fund (NDRF)
 - State Disaster Response Fund (SDRF)

4. Importance of Finance Commission

- Maintains fiscal federalism
- Reduces financial imbalances between Centre & States
- Promotes equitable development
- Ensures transparency in tax sharing
- It acts as a neutral and independent body.

5. Consider the following statements regarding local body grants under the 16th Finance Commission:
1. Fifty percent of the basic grants are untied.
 2. The remaining basic grants are tied to sanitation, waste and water management.
 3. Performance grants are based only on state-level reforms.

Which of the statements given above is/are correct?

- A. 1 and 2 only
B. 2 and 3 only
C. 1 and 3 only
D. 1, 2 and 3

6. With reference to the **Fourteenth Finance Commission**, which of the following statements is/are correct?

1. It increased the share of States in the central divisible pool from 32 percent to 42 percent.
2. It made recommendations concerning sector-specific grants.

Select the correct answer using the code given below:

- A. 1 only
B. 2 only
C. Both 1 and 2
D. Neither 1 nor 2

7. Which of the following statements with regard to the recommendations of the **15th Finance Commission of India** are correct?

1. It recommended grants of Rs. 4,800 crore for the period 2022–23 to 2025–26 to incentivize States to enhance educational outcomes.
2. 45% of the net proceeds of Union taxes are to be shared with States.
3. Rs. 45,000 crore are to be kept as performance-based incentive for all States for carrying out agricultural reforms.
4. It reintroduced the tax effort criterion to reward fiscal performance.

Select the correct answer using the code given below:

- A. 1, 2 and 3
B. 1, 2 and 4
C. 1, 3 and 4
D. 2, 3 and 4

8. Consider the following statements regarding the Finance Commission of India:

1. The Finance Commission is a constitutional body that recommends the distribution of tax revenues between the Union and the States and among the States.
2. Under Article 280 of the Constitution, the Finance Commission is constituted by Parliament every five years.
3. K.C. Neogy was the Chairman of the First Finance Commission of India.

Which of the statements given above is/are correct?

- A. 1 and 2 only
B. 1 and 3 only
C. 2 and 3 only
D. 1, 2 and 3

2. PM Modi conferred with Israel's 'Speaker of the Knesset Medal'

- Prime Minister Narendra Modi was conferred with the 'Speaker of the Knesset Medal' in recognition of his exceptional contribution to strengthening strategic relations between India and Israel.
- **PM Modi is the first leader to receive this medal, which is the highest honour of the Knesset — the Israeli Parliament.**
- Knesset Speaker Amir Ohana conferred the award on the Prime Minister after his address at the Israeli Parliament.



- The medal was conferred in recognition of the Prime Minister's exceptional contribution — through his personal leadership — to strengthen strategic relations between India and Israel.
- **PM Modi is a rare world leader who has received top awards from both Israel and Palestine.**
- In 2018, PM Modi was conferred the Grand Collar of the State of Palestine, which is the highest Palestinian honour for foreign leaders.
- The India-Israel relationship was elevated to the level of strategic partnership during his first visit to that country in July 2017.

Modi Visit to Israel

- **Dates: 25–26 February 2026.** This was a 2-day official State visit at the invitation of Israeli Prime Minister Benjamin Netanyahu.
- The focus was on deepening strategic partnership — especially in defence, technology, trade, science & innovation, and cultural ties.

Strategic & Defence Cooperation

- India and Israel agreed to enhance defence cooperation, including joint development, technology transfer, and potentially co-production of defence systems.
- Discussions also covered free trade agreement talks and boosting trade, cybersecurity, and AI cooperation.

Diplomatic & Symbolic Gestures

- Modi addressed the Israeli Parliament (Knesset) — a rare honour, underscoring strong bilateral ties.
- He reaffirmed India's solidarity with Israel against terrorism and expressed condolences for loss of life.
- This speech attracted criticism from some Indian opposition leaders who felt it leaned toward defending Netanyahu's policies.

- Modi visited Yad Vashem, Israel’s Holocaust memorial, paying tribute to victims — a gesture reported by multiple sources.

Agreements & Partnership Upgrade

- The two nation’s elevated ties to a “Special Strategic Partnership”, signing multiple agreements and MOUs spanning defence, tech, agriculture, trade, and people-to-people cooperation.
- Reports mention dozens of agreements and collaboration frameworks aimed at long-term growth and shared innovation.

QUESTIONS

9. Consider the following statements:

1. Prime Minister Narendra Modi became the first leader to receive the *Speaker of the Knesset Medal*, the highest honour of Israel’s Parliament.
2. Prime Minister visited Yad Vashem, Israel’s Holocaust memorial.
3. Prime Minister Modi has received the highest civilian honours from both Israel and Palestine.

Which of the statements given above is/are correct?

- | | |
|-----------------|-----------------|
| A. 1 and 2 only | C. 2 and 3 only |
| B. 1 and 3 only | D. 1, 2 and 3 |

10. Consider the following countries:

- | | |
|------------|----------|
| 1. Lebanon | 4. Egypt |
| 2. Syria | 5. Iran |
| 3. Jordan | 6. Iraq |

How many of the above countries share border with Israel?

- | | |
|---------------|----------------------|
| A. Three only | C. Five only |
| B. Four only | D. All Six countries |

11. The term “two-state solution” is sometimes mentioned in the news in the context of the affairs of:

- | | |
|-----------|----------|
| A. China | C. Iraq |
| B. Israel | D. Yemen |

3. India, Germany strengthen climate resilience through new EUR 20 million initiative

- Germany and India have strengthened their climate partnership with a major focus on adaptation and resilience during a high-level Climate Talk in New Delhi.

- The dialogue underscored the urgency of climate adaptation alongside mitigation and announced significant financial and technical cooperation to support India's upcoming National Adaptation Plan (NAP).



Major Funding Announcement

- €20 Million Large Grant Project announced under the International Climate Initiative (IKI).
- Funding will support ecosystem-based adaptation (EbA) across vulnerable ecological regions of India.
- Initiative led by Germany's Federal Ministry for Environment, Climate Action, Nature Conservation, and Nuclear Safety (BMUKN).

Focus Regions for Climate Resilience

- The project targets high-risk ecosystems that are particularly vulnerable to climate impacts:
 - Himalayas
 - Island regions
 - Western Ghats
 - North-East India
 - Lower Gangetic floodplains
- These regions face increasing threats from floods, glacial melt, biodiversity loss, erosion, and extreme weather events.

Key Intervention Strategies (Ecosystem-Based Approaches – EbA)

- The initiative emphasizes nature-based solutions that provide environmental and socio-economic co-benefits:
 - Forest restoration and afforestation
 - Strengthening biodiversity corridors
 - Flood management and erosion control
 - Groundwater recharge systems
 - Community-led natural resource management

Core Principle:

- Ecosystem-based approaches reduce climate risks while simultaneously improving livelihoods, protecting biodiversity, and offering cost-effective alternatives to purely technical infrastructure solutions.

Strengthening India's National Adaptation Plan (NAP)

- India's National Adaptation Plan (NAP) is currently being finalized under the Ministry of Environment, Forest and Climate Change.
- Germany will support the implementation phase of the NAP.

Cooperation focuses on:

- Forest and ecosystem resilience
- Biodiversity protection
- Institutional capacity building



Monitoring, Evaluation & Innovative Finance

- **A significant component of the project is strengthening systems that ensure measurable and scalable impact:**
 - Improved monitoring, evaluation, and learning (MEL) frameworks for NAP
- **Exploration of innovative financing mechanisms, including:**
 - Blended finance models
 - Biodiversity credits
 - Climate risk insurance schemes
- These mechanisms aim to mobilize private capital and ensure long-term sustainability of adaptation projects.
- **Global Context:** Adaptation as a Core Climate Priority
- **Jochen Flasbarth emphasized:**
 - Adaptation is now central to global climate policy.
 - The world can no longer choose between mitigation and adaptation — both are essential.
 - Delayed emission reductions increase future adaptation costs.
 - The financial burden will either be managed through proactive investment today or paid through climate damages tomorrow.

Call for Implementation and Budget Integration

- Adaptation must move beyond policy documents.
- Climate resilience needs budget allocations, financing strategies, and on-ground implementation frameworks.
- Institutional coordination and financial planning are essential for effective NAP execution.

National Adaptation Plan (NAP)

- A National Adaptation Plan (NAP) is a strategic framework developed by a country to reduce its vulnerability to climate change and strengthen resilience to its impacts (such as floods, droughts, heatwaves, and sea-level rise).
- It was established under the United Nations Framework Convention on Climate Change (UNFCCC) to help countries—especially developing nations—plan medium- and long-term adaptation actions.

Objectives of a NAP

- Reduce vulnerability to climate change impacts
- Integrate climate adaptation into national development planning
- Strengthen institutional capacity
- Enhance resilience in key sectors like agriculture, water, health, and infrastructure

The NAP process generally follows four key elements:

1. Laying the Groundwork

- Assess climate risks and vulnerabilities
- Review existing policies
- Identify knowledge gaps

2. Preparatory Elements

- Conduct climate impact studies
- Identify adaptation options
- Prioritize actions

3. Implementation Strategies

- Develop sectoral adaptation plans
- Mobilize funding
- Strengthen institutional coordination

4. Monitoring, Evaluation & Learning (MEL)

- Track progress
- Evaluate effectiveness
- Update strategies regularly

Key Sectors Commonly Covered

- Agriculture & Food Security
- Water Resources
- Public Health
- Infrastructure & Urban Planning
- Coastal Zones
- Ecosystems & Forestry

Funding Sources

- **Countries may access financial support through:**
 - Green Climate Fund (GCF)
 - Global Environment Facility (GEF)
 - Bilateral and multilateral donors
 - National budgets

Difference between NAP and NDC

NAP	NDC
Focuses on adaptation	Focuses on mitigation (reducing emissions)
Long-term resilience planning	Emission reduction commitments
Process-oriented	Target-oriented
Established under UNFCCC	Submitted under the Paris Agreement

Why NAPs Matter

- Climate change impacts are already occurring.
- Adaptation reduces economic losses.
- Protects vulnerable communities.
- Supports sustainable development goals.

QUESTIONS

12. Consider the following statements:

1. India and Germany held a high-level Climate Talk in New Delhi focusing on ecosystem-based climate adaptation.
2. Germany announced a EUR 20 million grant for India under the International Climate Initiative.
3. The project exclusively supports renewable energy infrastructure and excludes ecosystem restoration.

Which of the statements given above is/are correct?

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

13. Consider the following regions identified under the India–Germany climate resilience project:

1. Himalayas
2. Western Ghats
3. Thar Desert
4. Lower Gangetic floodplains

Which of the above are priority regions under the initiative?

- A. 1, 2 and 4 only
- B. 1 and 3 only
- C. 2 and 3 only
- D. 1, 2, 3 and 4

14. Consider the following statements regarding India’s climate policy stance:

1. India has recently placed greater emphasis on climate adaptation rather than mitigation.
2. Adaptation measures require extensive global coordination similar to emission reduction efforts.
3. India argues that adaptation provides more immediate and local benefits.

Which of the statements given above is/are correct?

- A. 1 and 3 only
- B. 2 only
- C. 1 and 2 only
- D. 1, 2 and 3

15. Consider the following statements regarding global climate commitments:

1. Nations must cut greenhouse gas emissions by 42% by 2030 and 57% by 2035 to stay on track.
2. COP29 secured USD 1 trillion annually in climate finance beginning in 2035.
3. The United States withdrew from the Paris Agreement in 2025.

Which of the statements given above is/are correct?

- A. 1 and 3 only
- B. 1 only
- C. 2 and 3 only
- D. 1, 2 and 3

16. Consider the following Panchamrit commitments announced by India at COP26:

1. Achieve 500 GW of non-fossil fuel electricity capacity by 2030
2. Meet 50% of energy requirements from renewable sources by 2030
3. Reduce carbon intensity of the economy by 45% by 2030 (from 2005 levels)
4. Achieve Net Zero emissions by 2050

Which of the statements given above are correct?

- A. 1, 2 and 3 only
- B. 1 and 4 only
- C. 2, 3 and 4 only
- D. 1, 2, 3 and 4

4. India's new GDP series with 2022-23 as base year

- The government has rolled out a revised series of Gross Domestic Product (GDP) with 2022-23 as the new base year, marking a significant upgrade in how the economy is measured.
- The reset is more than a statistical exercise — it reshapes how growth, sectoral contributions and real output are captured.

What is GDP and how is it different from GVA?

- **Gross Value Added (GVA)** measures the value of goods and services produced in the economy after subtracting input costs. GDP is derived by adding taxes on products and subtracting subsidies from total GVA.
- Revising the base year ensures that both GVA and GDP reflect current production patterns, price structures and data sources, making comparisons over time more meaningful.

Why is 2022-23 the new base year?

- A base year must be a “normal” year without major economic disruptions. The government has identified 2022-23 as such a year, backed by the availability of critical survey data.
- The revision aligns with the practice of updating the base roughly every five years to reflect structural changes in the economy.

What is the back series and when will it be released?

- When the base year changes, past GDP data are recalculated using the new methodology to maintain comparability. This recalculated historical data is known as the back series.
- Annual and quarterly estimates under the new base for 2022-23 to 2025-26 is released on February 27, 2026. The back series is expected by December 2026.

1. Stronger measurement of the household sector

- Earlier, informal and unincorporated enterprises were estimated using benchmark surveys and growth proxies.
- The new series will rely on annual surveys such as the Annual Survey of Unincorporated Sector Enterprises (ASUSE) and the Periodic Labour Force Survey (PLFS), allowing direct yearly estimates.
- This is expected to better capture the dynamism of the informal economy.



2. Double deflation in manufacturing

- To measure real growth more accurately, the new series eliminates single deflation in manufacturing.
- Instead, it adopts double deflation — adjusting outputs and inputs separately for price changes. Over 300 item-level price indices will be used to refine estimates.

3. Use of Supply and Use Tables

- GDP can be calculated through production and expenditure approaches, and the two do not always perfectly match, creating a statistical discrepancy.
- The new series deploys Supply and Use Tables (SUT) to reconcile production and spending data, reducing mismatches and improving consistency.

4. Updated rates, ratios and corporate classification

- Estimation ratios have been refreshed using recent expert studies.
- Multi-activity private corporations will now have their output split across activities more precisely, instead of being classified under a single dominant activity.

5. Expanded data sources

- The new framework integrates GST data for allocation and validation, e-Vahan data for estimating private consumption in road transport, and Public Finance Management System (PFMS) data for improved government expenditure measurement.
- Sector-specific studies in agriculture, fisheries, dairy and transport services have also been incorporated.

How does the new series handle inflation better?

- A GDP deflator removes price effects to measure real growth. The revised series applies deflators at a more granular level and introduces double deflation in key sectors.
- While the current Wholesale Price Index (WPI) continues to be used until updated, its application has changed to item-level deflation.
- The Producer Price Index (PPI) will be incorporated once officially released.

What changes in quarterly GDP?

- Quarterly estimates will align more closely with annual national accounts in terms of sectoral classification and deflation practices.
- High-frequency indicators such as GST collections will be used more extensively. Improved benchmarking methods are expected to enhance stability and reduce volatility in quarterly numbers.

What about states?

- Once the national base year is updated, states and Union Territories will align their Gross State Domestic Product (GSDP) series with the new base.
- This ensures methodological consistency across national and state accounts.

Why does this matter to citizens?

- GDP is not just a headline number. It shapes policy direction, investment decisions and credit availability.
- Better measurement of informal activity, digital services, agriculture diversification and manufacturing output allows policymakers to design more targeted interventions.

QUESTIONS

17. Consider the following statements:

1. Gross Value Added (GVA) measures the value of output after deducting input costs.
2. Gross Domestic Product (GDP) is obtained by adding product taxes and subtracting subsidies from total GVA.
3. Revising the base year affects GDP but does not alter GVA estimates.

Which of the statements given above is/are correct?

- | | |
|-----------------|---------------|
| A. 1 and 2 only | C. 1 only |
| B. 2 and 3 only | D. 1, 2 and 3 |

18. Consider the following statements regarding India's GDP base year revision:

1. A base year should be a normal year without major economic disruptions.
2. The revised GDP series adopts double deflation in manufacturing to improve real output measurement.
3. The back series refers to future GDP projections calculated using the new base year.

Which of the statements given above is/are correct?

- | | |
|-----------------|-----------------|
| A. 1 and 2 only | C. 1 and 3 only |
| B. 2 only | D. 1, 2 and 3 |

19. Consider the following statements:

1. The revised GDP series uses Supply and Use Tables to reconcile production and expenditure estimates.
2. GST data and e-Vahan data are used as new data sources under the revised framework.
3. After revision of the national base year, states are not required to revise their GSDP base year.

Which of the statements given above is/are correct?

- | | |
|-----------------|---------------|
| A. 1 and 2 only | C. 1 only |
| B. 2 and 3 only | D. 1, 2 and 3 |

20. With reference to the Indian economy, consider the following statements:

1. The Gross Domestic Product (GDP) has increased by four times in the last 10 years.
2. The percentage share of the Public Sector in GDP has declined in the last 10 years.

Which of the statements given above is/are correct?

- | | |
|-----------|--------------------|
| A. 1 only | C. Both 1 and 2 |
| B. 2 only | D. Neither 1 nor 2 |

21. With reference to the Indian economy, consider the following statements:
1. The rate of growth of Real Gross Domestic Product has steadily increased in the last decade.
 2. The Gross Domestic Product at market prices (in rupees) has steadily increased in the last decade.

Which of the statements given above is/are correct?

- A. 1 only
B. 2 only
C. Both 1 and 2
D. Neither 1 nor 2

22. A decrease in the tax-to-GDP ratio of a country indicates which of the following?

(UPSC Prelims 2015)

1. Slowing economic growth rate
2. Less equitable distribution of national income

Select the correct answer using the code given below:

- A. 1 only
B. 2 only
C. Both 1 and 2
D. Neither 1 nor 2

23. Which of the following statements is/are correct?

1. GDP deflator captures the average price of an unchanging basket of commodities that constitutes the GDP of the country.
2. GDP deflator can be used to measure the real GDP of the economy but not the inflation rate.

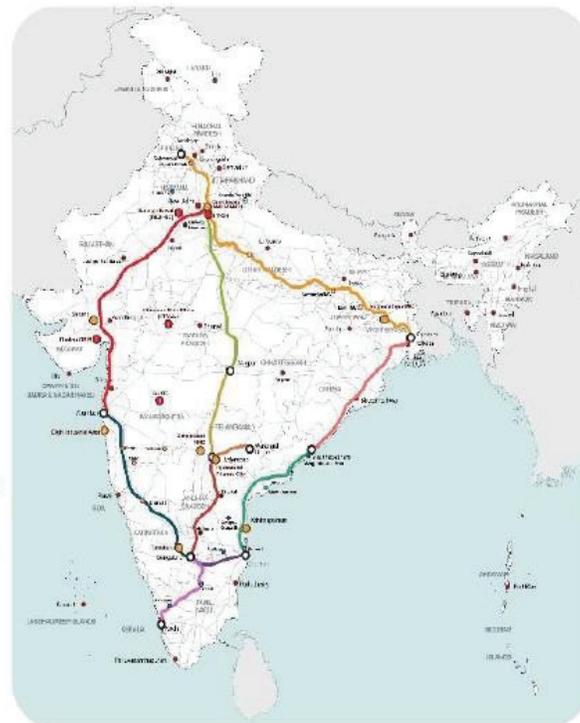
Select the correct answer using the code given below:

- A. 1 only
B. 2 only
C. Both 1 and 2
D. Neither 1 nor 2

5. Industrial Corridors of India

- In recent times, Industrial corridors have surfaced as a central strategy for strengthening India's industrial ecosystem, as they enable lower production costs, wider market access, and stronger integration with global production networks.
- To advance this model of industrial corridor-led development, the Government of India, together with State Governments, is establishing these corridors as planned economic zones supported by strong transport connectivity.
- This effort complements the National Industrial Corridor Development Programme (NICDP), through which the country is creating a network of modern industrial corridors equipped with future-ready manufacturing hubs, multimodal connectivity, and plug-and-play infrastructure.
- Complementing this vision, the Union Budget 2026-27 announced the development of an integrated East Coast Industrial Corridor with a well-connected node at Durgapur.
- These initiatives are establishing new greenfield industrial areas, regions, and nodes structured to compete with premier manufacturing and investment destinations globally.

- █ Delhi-Mumbai Industrial Corridor (DMIC)
- █ Amritsar-Kolkata Industrial Corridor (AKIC)
- █ Chennai-Bengaluru Industrial Corridor (CBIC)
- █ Vizag-Chennai Industrial Corridor (VCIC)
- █ Bengaluru-Mumbai Industrial Corridor (BMIC)
- █ Odisha Economic Corridor (OEC)
- █ Hyderabad Nagpur Industrial Corridor (HNIC)
- █ Hyderabad Warangal Industrial Corridor (HWIC)
- █ Hyderabad Bengaluru Industrial Corridor (HBIC)
- █ Extension of CBIC to Kochi via Coimbatore
- █ Delhi Nagpur Industrial Corridor (DNIC)



What are Industrial Corridors and why do they matter?

Exploring the Concept of Industrial Corridors

- Industrial corridors are linear development zones that connect major economic centres through an integrated network of roads, railways, ports, and airports. The defining features of these corridors are:
- Promotion of accelerated industrial growth by strengthening the link between industry and core infrastructure.
- Creation of globally comparable infrastructure along a defined pathway, offering a competitive and business-friendly environment.
- Facilitation of economic agglomeration and industrial clustering, helping regions maximise their growth potential.
- Optimal utilisation of regional strengths through focused investments and planned industrial development.
- Development along major transport arteries, particularly rail trunk routes, ensuring strong connectivity for efficient movement of freight and the public.

What Makes Industrial Corridors Essential

- **Industrial corridors play a fundamental role in metamorphosing regional economies by creating environments where industries can operate efficiently, sustainably, and competitively.**
- Their importance is displayed in the following ways:
 - **Integrated infrastructure strengthens industrial efficiency:** Multimodal transport networks, reliable utilities, and ICT-enabled services create a unified ecosystem that supports efficient industrial operations and the movement of goods.
 - **Plug-and-play ecosystems accelerate business readiness:** Ready-to-use facilities, assured utilities, and streamlined approvals reduce setup time, helping industries begin operations quickly and competitively.
 - **Sustainability initiatives ensure responsible growth:** Renewable energy adoption, waste recycling systems, and green building norms help industries expand while limiting environmental impact.

- **Skill development initiatives encourage regional employment:** Training programmes and partnerships with educational institutions build a skilled workforce, generating jobs and strengthening local economies.
- **Special Economic Zones attract investment and promote exports:** SEZs offer tax incentives and regulatory advantages that draw foreign investment and enhance India's position in global value chains.
- **Public-Private Partnerships improve development outcomes:** Cooperative models between government and industry ensure better planning, efficient resource use, and effective management.
- **Walk-to-work planning elevates quality of life and productivity:** Reduced commuting, lower pollution, pedestrian-friendly layouts, and green spaces support healthier lifestyles and more productive urban environments, making industrial cities attractive to investors and workers alike.

Strategic Government Interventions for Industrial Corridor Development

- As India accelerates the creation of modern, well-connected industrial corridors, a series of government-led initiatives are laying the foundation for sustainable, competitive, and future-ready industrial growth.
- **National Industrial Corridor Development Programme (NICDP):**
 - The Government of India is developing multiple Industrial Corridor Projects under the National Industrial Corridor Programme (NICDP), guided by the PM GatiShakti framework to ensure coordinated, multimodal connectivity for major economic zones.
 - Under this programme, various projects across 11 corridors are being implemented.
 - These projects are being developed through a sustainability-focused framework that supports the transition towards Low-Carbon Cities (LCCs).
- **Key elements of this approach include:**
 - Creation of extensive green spaces
 - Provision of public transit systems
 - Adoption of transit-oriented development (TOD)
 - Integration of renewable energy sources
 - Reduced dependence on conventional power
 - Conservation and recycling of water resources
 - Systematic recovery and recycling of solid waste materials
- **National Industrial Corridor Development Corporation Limited (NICDC):**
 - The National Industrial Corridor Development Corporation Limited (NICDC), previously known as Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC), was incorporated in January 2008 for the development, coordination, and implementation of the National Industrial Corridor Development Programme (NICDP) by the Government of India.
- **The NICDC:**
 - Aims to promote economic growth by developing smart cities, industrial clusters, and multi-modal logistics hubs that integrate manufacturing, transport, and technology.
 - Is committed to creating business-friendly and sustainable ecosystems with plug-and-play infrastructure, seamless connectivity, and modern urban living standards.
 - Focuses on strengthening the manufacturing sector and significantly heightens India's exports.

• **National Industrial Corridor Development and Implementation Trust (NICDIT):**

- On 7 December 2016, the Government of India approved the expansion of the scope of the DMIC Project Implementation Trust Fund (PITF) and re-designated it as the National Industrial Corridor Development and Implementation Trust (NICDIT).
- The trust has been allocated Rs. 3,000 crore under the Budget Estimates 2026-27.
- The Union Budget 2026-27 gives strong momentum to India's industrial expansion by announcing the creation of an Integrated East Coast Industrial Corridor anchored by a major node at Durgapur.
- This initiative aligns with the broader vision of the National Industrial Corridor Development Programme (NICDP), which is steadily shaping a nationwide network of advanced production centres supported by transport linkages and ready-to-operate industrial facilities.
- With development progressing across 11 Industrial Corridors, where 4 locations are already operational, and 4 are approaching completion, the government is steadily enhancing domestic manufacturing capacity, attracting substantial private investment, and generating large-scale employment.
- The introduction of 12 additional projects highlights India's intent to cultivate globally competitive manufacturing destinations rooted in sustainable design, technology-enabled administration, and compact urban planning that encourages a walk-to-work lifestyle.
- The National Industrial Corridor Development Corporation Limited (NICDC) continues to play a central role by planning and guiding modern industrial townships, logistics hubs, and integrated production clusters. Complementing this effort, the National Industrial Corridor Development and Implementation Trust (NICDIT), supports the large-scale infrastructure creation, climate-conscious urban systems, and coordinated corridor-level development.
- These commitments place India on a firmer path to strengthening its industrial foundation, broadening its export potential, enhancing connectivity across regions, and shaping a forward-looking industrial ecosystem aligned with the country's long-term economic goals.

QUESTIONS

24. Consider the following statements regarding Industrial Corridors in India:

1. Industrial corridors are linear development zones connecting major economic centres through integrated transport networks.
2. These corridors are primarily designed around air transport connectivity rather than rail and road networks.
3. They promote industrial clustering and economic agglomeration.

Which of the statements given above is/are correct?

- | | |
|-----------------|---------------|
| A. 1 and 3 only | C. 1, 2 and 3 |
| B. 2 only | D. 1 only |

25. With reference to the National Industrial Corridor Development Programme (NICDP), consider the following statements:

1. It is guided by the PM GatiShakti framework for multimodal connectivity.
2. All projects under NICDP are exclusively focused on heavy industries.
3. The programme promotes transition towards Low-Carbon Cities.

Which of the statements given above is/are correct?

- A. 1 only
B. 1 and 3 only
C. 2 and 3 only
D. 1, 2 and 3

26. Consider the following statements about the National Industrial Corridor Development Corporation Limited (NICDC):

1. NICDC was earlier known as Delhi Mumbai Industrial Corridor Development Corporation Limited.
2. It was incorporated in 2018 to implement the National Infrastructure Pipeline.
3. It promotes smart cities, industrial clusters, and multimodal logistics hubs.

Which of the statements given above is/are correct?

- A. 1 and 3 only
B. 2 only
C. 1 only
D. 1, 2 and 3

27. With reference to India's Industrial Corridor initiatives, consider the following statements:

1. The National Industrial Corridor Development and Implementation Trust (NICDIT) was created by expanding the DMIC Project Implementation Trust Fund.
2. NICDIT received an allocation of Rs. 3,000 crore under the Union Budget 2026–27.
3. All local body grants under industrial corridor projects are fully untied.

Which of the statements given above is/are correct?

- A. 1 and 2 only
B. 2 only
C. 1 only
D. 1, 2 and 3

28. In the *Index of Eight Core Industries*, which one of the following is assigned the highest weight?

- A. Coal production
B. Electricity generation
C. Fertilizer production
D. Steel production

6. Strait of Hormuz

- **Iran's Threat:** Tehran warns it will “not let a single drop of oil leave the region,” targeting any ship attempting to pass through the Strait of Hormuz.
- **Strategic Importance:** The strait is the world's most vital oil transit chokepoint, linking the Persian Gulf to the Arabian Sea.
- About 20% of global oil and gas passes through it daily.
- **Geography:** Narrowest point is only 33 km wide, bordered by Iran to the north and Oman and UAE to the south.

Potential Global Impact

- **Oil Prices:** Brent crude briefly hit \$82 per barrel after attacks near the strait. Shipping costs for supertankers to China have nearly doubled to over \$400,000 per voyage.

- **Shipping Disruption:**
Approximately 3,000 ships pass monthly; threats have stranded around 150 tankers.
- **Economic Consequences:**
Major oil importers like China, India, and Japan could face rising costs, affecting global consumer prices.
- **Gulf Economies:** Countries like Saudi Arabia heavily reliant on oil exports could also suffer economically.



Iran's Capabilities & Methods

- Iran could potentially block the strait using mines, fast attack boats, submarines, or missile-equipped vessels.
- Large military ships may be targeted by US airstrikes; the US has historically intervened to keep the strait open.
- Iran's current oil exports: ~1.7 million barrels/day, worth \$67 bn in FY 2025.

Historical Context

- During the 1980s Iran-Iraq War, similar tensions led to a "tanker war," prompting US naval escorts for safe passage.
- **Alternatives & Limitations**
 - **Saudi Arabia:** 1,200 km pipeline, up to 5 million barrels/day.
 - **UAE:** Pipeline to Fujairah port, 1.5 million barrels/day.
- **Limitations:** Alternate routes could only offset 8–10 million barrels/day, insufficient to fully replace strait throughput.
- **Bottom Line:** Any closure or disruption in the Strait of Hormuz could sharply spike global oil prices, strain shipping, and affect both Asian economies and Gulf oil producers.

QUESTIONS

29. Consider the following statements regarding the Strait of Hormuz:
1. It connects the Persian Gulf with the Arabian Sea.
 2. It lies between Iran to the north and Oman and the United Arab Emirates to the south.
 3. It provides multiple sea outlets from the Persian Gulf to the open ocean.

Which of the statements given above is/are correct?

- | | |
|-----------------|-----------------|
| A. 1 and 2 only | C. 1 and 3 only |
| B. 2 and 3 only | D. 1, 2 and 3 |

30. Consider the following statements:

1. Around one-fifth of global oil and gas supplies transit through the Strait of Hormuz.
2. More than 80% of the oil passing through the strait is destined for European markets.
3. India depends on the strait for a significant share of its crude oil and natural gas imports.

Which of the statements given above is/are correct?

- A. 1 only
B. 1 and 3 only
C. 2 and 3 only
D. 1, 2 and 3

31. With reference to the strategic significance of the Strait of Hormuz, consider the following statements:

1. Major Gulf oil exporters rely heavily on this route for maritime energy trade.
2. Existing bypass pipelines of Gulf countries can fully replace the strait's shipping capacity.
3. Iran has historically threatened to close the strait during regional conflicts and sanctions episodes.

Which of the statements given above is/are correct?

- A. 1 and 2 only
B. 1 and 3 only
C. 2 and 3 only
D. 1, 2 and 3

7. Bombay HC ruling on fee payment highlights Right to Education guarantee



1. Key Ruling

- The Nagpur Bench of the Bombay High Court ruled that a 13-year-old student cannot be expelled from school for non-payment of fees.
- The court quashed the Transfer Certificate (TC) issued by the school and ordered immediate readmission of the Class 7 student.
- The student had allegedly failed to pay Rs. 23,900 in school fees.

2. Bench and Judgment

- The judgment was delivered by a bench of Justices Anil Kilor and Raj Wakode.
- The court emphasised that a child within the age of compulsory education (6–14 years) cannot be expelled from school.

3. Legal Framework Involved

- **The decision was based on three main legal provisions:**

1. Article 21-A of the Constitution

- Guarantees free and compulsory education for children aged 6–14 years.

2. Right of Children to Free and Compulsory Education Act, 2009 (RTE Act)

- **Section 3(1):** Every child aged 6–14 has the right to free and compulsory education in a neighbourhood school.
- **Section 16:** A student cannot be held back or expelled until the completion of elementary education.

3. Maharashtra Educational Institutions (Regulation of Fee) Act, 2011

- **Section 3A:** Allows schools to charge penalties or interest for delayed fee payment, but does not permit expulsion for non-payment.

4. Background of the Dispute

- **The student studied at Father Agnes School, an unaided institution affiliated with CBSE.**
- **The father had earlier complained to authorities alleging:**
 - Arbitrary fee fixation
 - Use of non-NCERT books
- **The school denied these allegations and claimed:**
 - The father was seeking political mileage.
 - Fees for Classes 6 and 7 totaling Rs. 23,900 were unpaid.
 - In March 2025, the school issued a notice demanding payment within three days, failing which it issued a Transfer Certificate (TC).

5. Arguments by the School

- The school argued that:
- As an unaided minority institution affiliated with CBSE, it was not bound by the RTE Act.
- The fee regulation law allowed recovery measures for unpaid fees.

6. Court's Interpretation

- The High Court rejected the school's arguments based on regulatory records:
- A 2007 No Objection Certificate (NOC) allowed the school to run a CBSE section subject to following Maharashtra government rules.

- A 2022 approval letter explicitly stated that RTE Act provisions apply to the school.
- The school claimed the approval was obtained under pressure, but never legally challenged it.
- The court observed that the school cannot accept the benefits of affiliation while rejecting the obligations attached to it.

7. Court's Observations

- The court described the school's conduct as "a striking example of unfairness and arbitrary action."
- It remarked that the management "cannot blow both hot and cold."

8. Key Legal Principle Established

- The RTE Act protection is age-based, not limited to students admitted under the RTE quota.
- Therefore, all children aged 6–14 studying in a school are protected from expulsion.

9. Fee Recovery vs Right to Education

- Schools can recover fees legally, including penalties under the fee regulation law.
- However, expelling a child is not a permissible method of fee recovery.

10. Final Directions of the Court

- The Transfer Certificate was cancelled.
- The school was directed to immediately readmit the student.
- The court reaffirmed that education rights cannot be compromised due to fee disputes.

QUESTIONS

- 32.** Consider the following statements regarding the Right to Education (RTE) framework:
1. Article 21-A of the Constitution guarantees free and compulsory education to children between 6 and 14 years of age.
 2. Under the RTE Act, 2009, a student can be expelled from school for non-payment of fees after Class V.
 3. The protection against expulsion under the RTE Act applies only to students admitted under the RTE quota.

Which of the statements given above is/are correct?

- | | |
|-----------------|-----------------|
| A. 1 only | C. 2 and 3 only |
| B. 1 and 2 only | D. 1, 2 and 3 |

- 33.** With reference to the Bombay High Court ruling on fee payment and school expulsion, consider the following statements:
1. Unaided minority institutions affiliated with CBSE are automatically exempt from compliance with the RTE Act.
 2. Schools are permitted to recover unpaid fees through penalties but cannot expel students for non-payment.
 3. A school accepting government approvals subject to state rules cannot later deny those obligations.

Which of the statements given above is/are correct?

- | | |
|-----------------|-----------------|
| A. 2 only | C. 1 and 3 only |
| B. 2 and 3 only | D. 1, 2 and 3 |

37. Consider the following statements regarding the Right of Children to Free and Compulsory Education (RTE) Act, 2009:

1. The Act guarantees free and compulsory education to children aged 6–14 years.
2. The Act mandates a 25% reservation in private schools for children from disadvantaged groups.
3. The Act permanently enforces the No Detention Policy at the elementary stage.
4. Teachers can be deployed for non-educational work such as elections and disaster relief.

Which of the statements given above are correct?

- A. 1 and 2 only
B. 1, 2 and 4 only
C. 2 and 3 only
D. 1, 2, 3 and 4

8. How thorium can power India's 100 GWe by 2047 mission

1. SHANTI Act 2025: Opening India's Nuclear Sector

- The SHANTI Act 2025 is a major reform that opens India's nuclear energy sector to private companies, academia, and industry.
- It aims to create a broader innovation ecosystem for nuclear technology.
- However, the success of the Act depends not only on legislation but also on a transparent and non-monopolistic regulatory framework.

2. Uranium Dependence and Future Supply Challenges

- India's nuclear expansion currently relies heavily on imported uranium because domestic uranium ores are low-grade and expensive to extract.
- The government's 100 GWe nuclear capacity target by 2047 will require 18,000–20,000 tonnes of uranium annually.
- This demand equals about one-third of current global uranium production.
- Global nuclear capacity may grow from ~380 GWe today to ~1,400 GWe, which could exhaust the 8 million tonnes of known uranium resources in about 30 years under the once-through fuel cycle.

3. Key Implications

- Once-through uranium use is unsustainable in the long term.
- Securing sufficient global uranium supply will become increasingly difficult for India and other countries.



4. Nuclear Recycling as the Long-Term Solution

- Nuclear fuel recycling can increase energy extraction from uranium by 50–100 times.
- Only a few countries such as France, India, and Russia actively pursue recycling due to global concerns about nuclear weapons proliferation.
- Thorium-based recycling reduces proliferation risks and offers a sustainable alternative.

5. India's Advantage: Massive Thorium Reserves

- India possesses the largest thorium reserves in the world.
- **Thorium utilisation can provide:**
 - Energy independence
 - Reduced proliferation risk
 - Long-term sustainability of nuclear power
- However, thorium technology still requires major research and innovation efforts.

6. Role of Fast Breeder Reactors (FBRs)

- India's three-stage nuclear programme relies on Fast Breeder Reactors in the second stage.
- The 500 MWe Prototype Fast Breeder Reactor (PFBR) is nearing completion.
- **Future progress requires:**
 - Metal-fuelled FBRs
 - Advanced fuel recycling technologies
 - Short fuel doubling times for rapid capacity expansion
- Large-scale fast reactor deployment may still be around three decades away.

7. Producing Uranium-233 from Thorium

- FBRs will irradiate thorium to produce Uranium-233, the fuel for third-stage reactors.
- However, since fast reactor deployment is slow, Pressurised Heavy Water Reactors (PHWRs) can also be used to irradiate thorium and start producing U-233 earlier.

8. Using HALEU–Thorium Fuel in PHWRs

- High-Assay Low-Enriched Uranium (HALEU) combined with thorium can be used as fuel in PHWRs without major design modifications.
- **Benefits include:**
 - Higher burnup levels similar to light water reactors
 - Reduced spent fuel
 - Lower waste management costs
 - Improved safety and proliferation resistance

9. Need for Testing and International Cooperation

- India currently lacks facilities for accelerated irradiation testing of new fuels.
- This gap can be addressed through international partnerships, rather than simple technology imports.
- The global HALEU supply chain is expanding due to demand from next-generation reactors.

10. Future Reactors and Clean Energy Applications

- **India should prioritise development of:**
 - Thorium Molten Salt Reactors (TMSRs)
 - Small Modular Reactors (SMRs)
 - SMRs capable of producing green hydrogen through thermochemical processes

11. Role of Pyrochemical Recycling

- **Pyrochemical nuclear recycling could serve as a common backend technology for:**
 - Fast reactors
 - Thorium reactors
 - SMRs
 - HALEU–thorium fuel cycles
- This technology is complex but achievable with sustained R&D.

12. Strategic Priority for India

- **Countries like China are already advancing rapidly in these areas.**
- **India must accelerate:**
 - Thorium fuel cycle development
 - SMR technology
 - Advanced nuclear recycling

QUESTIONS

38. Consider the following statements regarding nuclear energy in India:

1. Nuclear energy generation relies on controlled atomic fission reactions.
2. Nuclear power plants emit greenhouse gases during electricity generation.
3. Nuclear energy complements renewable sources such as solar and wind due to its reliability.

Which of the statements given above are correct?

- A. 1 only
B. 1 and 3 only
C. 2 and 3 only
D. 1, 2 and 3

39. With reference to India's nuclear legal framework, consider the following statements:

1. The Atomic Energy Act, 1962 regulates atomic energy for peaceful purposes.
2. The Civil Liability for Nuclear Damage Act, 2010 introduced a no-fault liability regime.
3. The SHANTI Bill, 2025 proposes repeal of both the Atomic Energy Act, 1962 and the 2010 Liability Act.

Which of the statements given above are correct?

- A. 1 and 2 only
B. 2 and 3 only
C. 1 and 3 only
D. 1, 2 and 3

40. Consider the following statements about India's nuclear power programme:

1. Nuclear power contributes around 3% to India's total electricity generation.
2. India's current installed nuclear capacity exceeds 20 GW.
3. India aims to achieve 100 GW nuclear capacity by 2047.

Which of the statements given above are correct?

- A. 1 only
B. 1 and 3 only
C. 2 and 3 only
D. 1, 2 and 3

ANSWER KEY AND EXPLANATION

1. A 2 and 3 only

- **Statement 1 is incorrect:** States' share remains **41%**, unchanged from the 15th FC.
- **Statement 2 is correct:** Divisible pool excludes **cesses, surcharges, and cost of collection.**
- **Statement 3 is correct:** Horizontal devolution decides **how the 41% is shared among states.**

2. A 1, 2, 3 and 5 only

- Included criteria:
 - Income Distance ✓
 - Population (2011) ✓
 - Forest & Ecology ✓
 - Contribution to GDP ✓ (new parameter)
- Excluded criterion:
 - Tax and Fiscal Effort ✗ (used in 15th FC, removed in 16th FC)

3. B 1 and 3 only

- **Statement 1 is correct:** Revenue deficit grants discontinued.
- **Statement 2 is incorrect:** Local body grants = **80% basic + 20% performance-based.**
- **Statement 3 is correct:** Urbanisation premium grants are **one-time transfers.**

4. A 1 and 3 only

- **Statement 1 ✓:** Fiscal deficit cap for states = **3% of GSDP.**
- **Statement 2 ✗:** Off-budget borrowings must be **included**, not excluded.
- **Statement 3 ✓:** Debt projected to fall from **77.3% to 73.1% of GDP.**

5. A 1 and 2 only

- **Statement 1 ✓:** 50% of basic grants are untied.
- **Statement 2 ✓:** Remaining tied to sanitation, waste, water management.
- **Statement 3 ✗:** Performance grants split between **local body outcomes and state reforms.**

6. A 1 only

- **Statement 1: Correct**

The **Fourteenth Finance Commission (FFC)** recommended a major enhancement in fiscal federalism by increasing the **vertical devolution** of central taxes to states from **32% to 42%**.

This was the largest ever increase in states' share at that time and aimed to give states greater fiscal autonomy.

- **Statement 2: Incorrect**

The Fourteenth Finance Commission **did not recommend sector-specific grants.**

Instead, it:

- Emphasised **untied tax devolution** to give states flexibility in spending.
- Reduced the role of conditional/sector-specific transfers.

- Recommended grants mainly for:
 - Local bodies
 - Disaster relief
- Sector-specific grants were more prominently used by earlier Finance Commissions.

7. C 1, 3 and 4

○ Statement 1 — Correct

The **15th Finance Commission** recommended **sector-specific grants for education** to improve learning outcomes.

A total grant of Rs. **4,800 crore** was allocated for the period **2022–23 to 2025–26** to incentivize states to improve educational quality and measurable outcomes.

○ Statement 2 — Incorrect

The Commission **retained vertical devolution at 41%**, not 45%.

- 14th FC → Increased share from 32% to 42%
- 15th FC → Reduced to **41%** (after creation of Jammu & Kashmir as a UT)

Hence, 45% is incorrect.

○ Statement 3 — Correct

The Commission proposed Rs. **45,000 crore as performance-based incentives** for states undertaking **agricultural reforms**.

This aimed to promote:

- Market reforms
- Legal reforms
- Agricultural modernization

○ Statement 4 — Correct

The **tax effort criterion** (which measures how efficiently a state mobilizes its own tax revenue relative to capacity) was **reintroduced** by the 15th Finance Commission.

This was done to:

- Reward fiscally responsible states
- Incentivize better tax administration

8. B 1 and 3 only

○ Statement 1 — Correct

The Finance Commission is a **constitutional body** tasked with recommending:

- Vertical devolution — distribution of tax proceeds between the Centre and States
- Horizontal devolution — distribution among States

This function ensures fiscal federalism as per constitutional provisions.

○ Statement 2 — Incorrect

Article 280 states that the **President of India** constitutes the Finance Commission every five years (or earlier if needed).

It is **not constituted by Parliament**. Parliament only has the power to determine qualifications and selection procedures by law.

- **Statement 3 — Correct**

K.C. Neogy was the Chairman of the **First Finance Commission of India (1951)**.

9. D 1, 2 and 3 only

- **Statement 1 — Correct**

Prime Minister Narendra Modi was conferred the **Speaker of the Knesset Medal**, which is the **highest honour of the Knesset (Israel's Parliament)**.

He is the **first global leader** to receive this distinction.

- **Statement 2 — correct**

Modi visited Yad Vashem, Israel's Holocaust memorial, paying tribute to victims — a gesture reported by multiple sources.

- **Statement 3 — Correct**

PM Modi is among the rare leaders to receive **top honours from both Israel and Palestine**:

- **Speaker of the Knesset Medal** — Israel
- **Grand Collar of the State of Palestine (2018)** — Highest Palestinian honour for foreign leaders

10. B Four Countries only

- Israel is bordered by four countries: Lebanon to the north, Syria to the northeast, Jordan to the east, and Egypt to the southwest. It also borders the Mediterranean Sea to the west and the Gaza Strip and West Bank (Palestinian territories). The Golan Heights are in the northeast.

11. B Israel

- The **“two-state solution”** refers to a proposed framework to resolve the long-standing **Israel–Palestine conflict**.
- **What it means**
It proposes the creation of:
 1. **Israel** as a sovereign Jewish state
 2. **Palestine** as an independent sovereign state
- Both states would coexist peacefully, generally based on pre-1967 borders with mutually agreed land swaps.

12. A 1 and 2 only

- **Statement 1 — Correct:** The Climate Talk reaffirmed cooperation on *climate adaptation, resilience, and ecosystem-based approaches*.
- **Statement 2 — Correct:** Germany announced a **EUR 20 million grant** under the **International Climate Initiative (IKI)**.
- **Statement 3 — Incorrect:** The project focuses on **ecosystem restoration and resilience**, not only renewable energy. It includes forest restoration, biodiversity corridors, flood control, groundwater recharge, and community-led resource management.

13. A 1, 2 and 4 only

- Priority ecosystems include:
 - ✓ **Himalayas**
 - ✓ **Western Ghats**

- ✓ North-East
- ✓ Island territories
- ✓ Lower Gangetic floodplains
- ✗ Thar Desert is not mentioned under this initiative.

14. A 1 and 3 only

- **Statement 1 — Correct:** India is prioritizing **adaptation** due to global inaction and finance gaps.
- **Statement 2 — Incorrect:** Adaptation measures are largely **local and national**, unlike mitigation which depends on global cooperation.
- **Statement 3 — Correct:** Adaptation offers **immediate local resilience benefits**, such as climate-resilient infrastructure.

15. A 1 and 3 only

- **Statement 1 — Correct:** These emission reduction levels are required to meet global temperature goals.
- **Statement 2 — Incorrect:** COP29 secured only **USD 300 billion annually**, far below the USD 1 trillion demanded by developing countries.
- **Statement 3 — Correct:** The U.S. withdrawal weakened global climate momentum.

16. A 1, 2 and 3 only

- **Statement 1 — Correct:** 500 GW non-fossil capacity target.
- **Statement 2 — Correct:** 50% installed electricity capacity from non-fossil sources.
- **Statement 3 — Correct:** 45% reduction in carbon intensity (vs 2005).
- **Statement 4 — Incorrect:** India's Net Zero target year is **2070**, not 2050.

17. A 1 and 2 only

- **Statement 1 — Correct:** GVA = value of goods & services produced minus intermediate input costs.
- **Statement 2 — Correct:** GDP = GVA + taxes on products – subsidies on products.
- **Statement 3 — Incorrect:** Base-year revision affects **both GDP and GVA**, as production patterns, price structures, and data sources are updated.

18. A 1 and 2 only

- **Statement 1 — Correct:** A base year must reflect stable economic conditions. 2022–23 was chosen as a normal year.
- **Statement 2 — Correct:** Double deflation adjusts **outputs and inputs separately** for price changes, improving accuracy.
- **Statement 3 — Incorrect:** The **back series** recalculates *past GDP data* using the new base year for comparability, not future projections.

19. A 1 and 2 only

- **Statement 1 — Correct:** Supply and Use Tables reduce statistical discrepancies between production and expenditure methods.
- **Statement 2 — Correct:** Expanded sources include **GST data, e-Vahan data, and PFMS** for better sectoral estimation.

- **Statement 3 — Incorrect:** States and UTs must align their **GSDP series** with the new national base year for consistency.

20. B 2 only

- **Statement 1: Incorrect**
 - India's GDP has grown significantly over the past decade, but **it has not increased fourfold**.
 - Nominal GDP has roughly doubled, not quadrupled.
 - A four-times increase would imply 300% growth, which has not occurred within a 10-year period.
- **Statement 2: Correct**
 - Over the past decade, the **share of the public sector in GDP has declined** relative to the private sector.
 - This reflects:
 - Expansion of private enterprise
 - Disinvestment and privatization policies
 - Greater private participation in infrastructure and services
- The Indian economy has increasingly moved toward a **market-led growth structure**, reducing the relative weight of public sector output.

21. B 2 only

- **Statement 1: Incorrect**
 - *Real GDP growth rate* refers to growth adjusted for inflation.
 - India's real GDP growth has **not increased steadily**; it fluctuated due to:
 - Global financial conditions
 - Domestic economic cycles
 - Policy shocks
 - COVID-19 pandemic

Hence, growth was **variable**, not steadily rising.

- **Statement 2: Correct**
 - *GDP at market prices (in rupees)* is **nominal GDP**.
 - Nominal GDP generally rises over time because:
 - Economic output increases
 - Prices (inflation) rise

Therefore, GDP in current prices showed a **steady upward trend** over the decade.

22. A 1 only

- **Understanding Tax-to-GDP Ratio**
 - It measures how much tax revenue a government collects relative to the size of its economy.
 - A **higher ratio** = stronger revenue mobilization capacity.

- **Statement 1: Correct**
 - If tax-to-GDP ratio falls:
 - Either tax collections are weak
 - Or economic activity is slowing

A slowing economy reduces incomes, profits, consumption → **lower tax collections**.
Thus, it can indicate a **slowing growth rate**.

- **Statement 2: Incorrect**
 - Tax-to-GDP ratio does **not directly measure income distribution**.
 - Income inequality depends on:
 - Tax structure (progressive/regressive)
 - Welfare spending
 - Social policies
 - A lower ratio alone cannot imply inequitable distribution.

23. D Neither 1 nor 2

- **Statement 1: Incorrect**
 - The GDP deflator does **not** use an *unchanging basket of goods*.
 - That feature belongs to **price indices like CPI and WPI**, which rely on fixed baskets.
 - The GDP deflator:
 - Covers **all goods and services produced domestically**
 - Uses a **changing basket**, reflecting current production patterns
 - Hence, it captures price changes across the entire economy, not a fixed set of items.
- **Statement 2: Incorrect**
 - The GDP deflator is used to:
 - Convert **Nominal GDP into Real GDP**
 - Measure **inflation** at the economy-wide level

$$\text{GDP Deflator} = \left(\frac{\text{Nominal GDP}}{\text{Real GDP}} \right) \times 100$$

Because it reflects price changes in all domestically produced goods and services, it is a broad **inflation indicator**.

So, it can measure **both**:

- Real GDP
- Inflation

Hence, Statement 2 is incorrect.

24. A 1 and 3 only

- **Statement 1 — Correct:** Industrial corridors are linear zones linking economic centres via roads, railways, ports, and airports.

- **Statement 2 — Incorrect:** Corridors are mainly built along **rail trunk routes and major transport arteries**, not primarily air transport.
- **Statement 3 — Correct:** They encourage **industrial clustering and economic agglomeration** to maximise growth potential.

25. B 1 and 3 only

- **Statement 1 — Correct:** NICDP projects are guided by **PM GatiShakti** for coordinated multimodal connectivity.
- **Statement 2 — Incorrect:** Corridors support **diverse industrial ecosystems**, not just heavy industries.
- **Statement 3 — Correct:** Projects follow a sustainability framework promoting **Low-Carbon Cities (LCCs)**.

26. A 1 and 3 only

- **Statement 1 — Correct:** NICDC was previously **DMICDC**.
- **Statement 2 — Incorrect:** It was incorporated in **January 2008**, not 2018, and focuses on NICDP, not NIP.
- **Statement 3 — Correct:** It develops **smart cities, industrial clusters, and logistics hubs**.

27. A 1 and 2 only

- **Statement 1 — Correct:** NICDIT emerged from expansion of **DMIC PITF** in 2016.
- **Statement 2 — Correct:** It received Rs. **3,000 crore** in Budget 2026–27.
- **Statement 3 — Incorrect:** Grants are **partly tied** to specific purposes, not fully untied.

28. B Electricity generation

- The **Index of Eight Core Industries (ICI)** measures the performance of the most fundamental industrial sectors that drive overall economic activity. These industries form the backbone of India's industrial output and are closely linked to the **Index of Industrial Production (IIP)**.
- **What are the Eight Core Industries?**
 1. Coal
 2. Crude Oil
 3. Natural Gas
 4. Refinery Products
 5. Fertilizers
 6. Steel
 7. Cement
 8. Electricity

These sectors together account for **40.27% weight** in the IIP.

- **Weight Distribution (Highest to Lowest)**

Refinery Products → **Electricity** → Steel → Coal → Crude Oil → Natural Gas → Cement → Fertilizers

- Although **Refinery Products** has the highest weight overall, it is *not* among the options.
- Among the given choices, **Electricity** has the highest weight.

29. A 1 and 2 only

- **Statement 1 — Correct:** The Strait links the **Persian Gulf → Gulf of Oman → Arabian Sea**.
- **Statement 2 — Correct:** Iran lies to the **north**; Oman and UAE lie to the **south**.
- **Statement 3 — Incorrect:** It is the **only sea passage** from the Persian Gulf to the open ocean.

30. B 1 and 3 only

- **Statement 1 — Correct:** ~**20% of global oil & gas trade** moves through Hormuz.
- **Statement 2 — Incorrect:** Over **80% goes to Asian markets** (India, China, Japan, South Korea), not Europe.
- **Statement 3 — Correct:** India sources nearly **50% of crude oil** and ~**60% of natural gas imports** via this route.

31. B 1 and 3 only

- **Statement 1 — Correct:** Exporters like **Saudi Arabia, Iran, Iraq, Kuwait, UAE, Qatar** depend on it.
- **Statement 2 — Incorrect:** Pipelines exist but can carry **only a fraction** of Hormuz's volume.
- **Statement 3 — Correct:** Iran threatened closure during the **1980s Tanker War** and **2012 sanctions**, though never fully executed.

32. A 1 only

- **Statement 1 — Correct:** Article 21-A mandates **free and compulsory education** for children aged **6–14 years**.
- **Statement 2 — Incorrect:** **Section 16 of the RTE Act** prohibits expulsion or detention until completion of **elementary education** (Class VIII), irrespective of fee disputes.
- **Statement 3 — Incorrect:** The Court clarified that RTE protection is **age-based**, not restricted to RTE-quota students.

33. B 2 and 3 only

- **Statement 1 — Incorrect:** The Court held that the school was **bound by RTE provisions** due to prior approvals and conditions attached to affiliation.
- **Statement 2 — Correct:** Fee laws allow **penalties and legal recovery**, but **expulsion is not permitted**.
- **Statement 3 — Correct:** The Court ruled institutions cannot enjoy affiliation benefits while rejecting regulatory obligations.

34. A 1 and 3 only

- **Statement 1 — Correct:** Section 3(1) guarantees **education rights** to all children aged 6–14.
- **Statement 2 — Incorrect:** The Act allows **financial penalties**, not expulsion.
- **Statement 3 — Correct:** The High Court reaffirmed that **education is a fundamental right** and cannot be denied over fees.

35. B 2 only

Brief Explanation

○ **Statement 1 — Incorrect**

Minimum teacher qualifications under the RTE Act are prescribed by the **National Council for Teacher Education (NCTE)** under Section 23 of the Act, not by State Councils.

○ **Statement 2 — Correct**

Passing the **Teacher Eligibility Test (TET)** is a mandatory qualification for teaching primary classes. The test is conducted by the appropriate government as per **NCTE guidelines**.

○ **Statement 3 — Incorrect**

More than **90% of Teacher Education Institutions (TEIs) are privately run**, not state government institutions.

36. A 1, 2, 3 and 5 only

○ **Statement 1 — Correct**

Articles **45 and 39(f)** under DPSP emphasized state responsibility for free, equitable, and accessible education.

○ **Statement 2 — Correct**

The **Ramamurti Committee Report (1990)** was the first formal policy document discussing the Right to Education.

○ **Statement 3 — Correct**

The Supreme Court in **Unnikrishnan (1993)** ruled that education is a Fundamental Right derived from **Article 21**.

○ **Statement 4 — Incorrect**

Article **21A** was inserted in **Part III** (Fundamental Rights), not Part IV.

○ **Statement 5 — Correct**

The **86th Amendment (2002)** enabled later legislation — the **RTE Act, 2009**.

37. B 1, 2 and 4 only

○ **Statement 1 — Correct**

The RTE Act provides **free and compulsory education** to children aged **6–14 years**.

○ **Statement 2 — Correct**

Private unaided schools must reserve **25% seats** for children from disadvantaged and weaker sections.

○ **Statement 3 — Incorrect**

The **No Detention Policy** was **removed** by the RTE (Amendment) Act, 2019. States may now conduct exams and detain students under specified conditions.

○ **Statement 4 — Correct**

Teachers cannot be deployed for non-educational work **except** census, elections, and disaster relief.

38. B 1 and 3 only

- **Statement 1 — Correct:** Nuclear power is produced through **controlled nuclear fission**.
- **Statement 2 — Incorrect:** Nuclear plants generate electricity **without greenhouse gas emissions** during operation.
- **Statement 3 — Correct:** Nuclear provides **stable baseload power**, complementing intermittent renewables.

39. D 1, 2 and 3

- **Statement 1 — Correct:** The 1962 Act laid the foundation of India's nuclear programme.
- **Statement 2 — Correct:** The 2010 Act created a **no-fault liability** compensation regime.
- **Statement 3 — Correct:** SHANTI Bill aims to introduce a **unified modern framework**, replacing older laws.

40. B 1 and 3 only

- **Statement 1 — Correct:** Nuclear contributes about **3%** of electricity generation.
- **Statement 2 — Incorrect:** Installed capacity is **8.78 GW**, not above 20 GW.
- **Statement 3 — Correct:** Long-term target: **100 GW by 2047**.

41. B 1 and 3 only

- **Statement 1 — Correct:** Private firms can participate in plant operations and manufacturing.
- **Statement 2 — Incorrect:** **Sensitive fuel-cycle activities remain under Central Government control**.
- **Statement 3 — Correct:** AERB receives **formal statutory recognition**.

42. D 1, 2 and 3

- All three statements are correct:
 - Announced in **Budget 2025–26**
 - Rs. 20,000 crore allocation
 - **Five indigenous SMRs target by 2033**