

## DAILY CURRENT AFFAIRS (DCA)

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## ECONOMIC SURVEY 2025-26 KEY HIGHLIGHTS

### Context

- Recently, the Union Minister for Finance and Corporate Affairs tabled the **Economic Survey 2025-26** in Parliament.

### What is an Economic Survey?

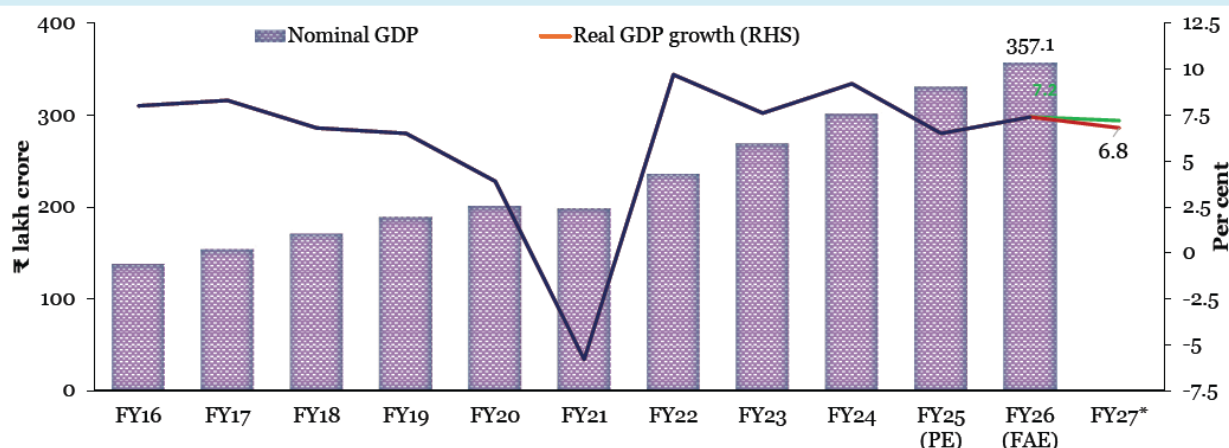
- It is an **official annual document** that reviews the **state of the Indian economy over the past year** and outlines **key economic trends, challenges, and policy directions**.
- It is prepared by the **Economic Division, Department of Economic Affairs (DEA), Ministry of Finance**, under the supervision and guidance of the **Chief Economic Adviser (CEA)**.
- It is **tabled in Parliament** just **before the Union Budget** every year.
- It typically covers:
  - Overview of the Economy:** GDP growth, Inflation, Employment trends, Fiscal deficit, External sector (exports, imports, forex reserves).

- Sector-wise Analysis:** Agriculture, Industry, Services
- Public Finance:** Government revenue and expenditure, Tax performance, Subsidies and welfare spending
- Social Sector:** Education, Health, Poverty and inequality, Human development indicators
- Special Themes:** Each year, the Survey focuses on **one or two major themes**, such as climate change & green growth, digital economy, inclusive growth, productivity and reforms.

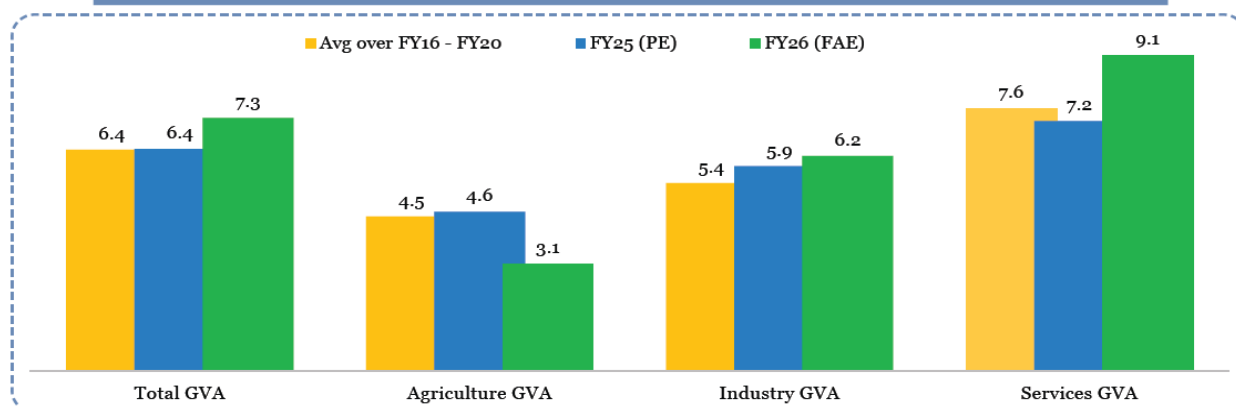
### Highlights of Economic Survey 2025-26

- Global Context and India's Growth Advantage:** The global economy remains fragile, marked by geopolitical tensions, trade fragmentation, and financial vulnerabilities.
  - India stands out as the fastest-growing major economy **for the fourth consecutive year**.
  - As per the **First Advance Estimates**, **real GDP growth in FY26 is pegged at 7.4%**, with **Gross Value Added (GVA) growth at 7.3%**, underlining strong domestic fundamentals.

### India Retains Strong Growth Momentum, Expected to Grow By 6.8 – 7.2% In FY27



### Broad-Based Growth in Real Gross Value Added (%)



- **Demand-Led Growth: Consumption and Investment**
  - ♦ **Consumption Momentum:** Private Final Consumption Expenditure (PFCE) grew **7.0% in FY26**, reaching **61.5% of GDP**, the highest level since 2012.
    - It reflects low and stable inflation, steady employment conditions, and rising real incomes.
    - Strong agricultural output boosted rural consumption, while tax rationalisation and income growth supported urban demand, indicating **broad-based consumption recovery**.
  - ♦ **Investment Revival: Gross Fixed Capital Formation** expanded by **7.8%**, maintaining a **30% share of GDP**. Investment growth was supported by sustained public capital expenditure, and renewed private sector investment, reflected in corporate announcements.
- **Sectoral Performance: Services Lead, Industry Accelerates**
  - ♦ **Services as the Growth Engine:** Services remain the primary driver of growth:
    - **GVA growth of 9.3% in H1 FY26**
    - **Estimated 9.1% growth for the full year:** Services now account for **56.4% of total GVA**, driven by modern, tradable, and digitally delivered services.
  - ♦ **Industry and Manufacturing Upswing:** Industrial activity strengthened despite global headwinds:
    - Industry GVA grew **7.0% in H1 FY26**
    - Manufacturing GVA accelerated to **7.72% in Q1** and **9.13% in Q2**
    - Production Linked Incentive (PLI) schemes have attracted over **₹2 lakh crore in investments**, generated **₹18.7 lakh crore in incremental output**, and created **over 12.6 lakh jobs**.
- **Fiscal Developments: Credibility Through Consolidation**
  - ♦ Prudent fiscal management strengthened macroeconomic stability and led to **three sovereign credit rating upgrades in 2025**.
  - ♦ Key fiscal trends include:
    - Centre's revenue receipts rising to **9.2% of GDP in FY25**
    - Non-corporate tax collections increasing from **2.4% (pre-pandemic)** to **3.3% of GDP**
- Income tax filers increasing from **6.9 crore (FY22)** to **9.2 crore (FY25)**
- ♦ Public capital expenditure rose sharply:
  - Effective capital expenditure reached **4% of GDP in FY25**
  - States were incentivised through targeted assistance to sustain capex
- ♦ India reduced its **general government debt-to-GDP ratio by 7.1 percentage points since 2020**, while maintaining high investment levels.
- **Monetary Management and Financial Intermediation**
  - ♦ **Banking Sector Strength:** Asset quality of scheduled commercial banks improved significantly, with **GNPA at 2.2%** and **net NPA at 0.5%** (September 2025).
    - Credit growth accelerated to **14.5% YoY** by December 2025.
  - ♦ **Financial Inclusion:** Flagship schemes expanded access to finance:
    - **PMJDY:** 55.02 crore accounts;
    - **PMMY:** ₹36.18 lakh crore disbursed across 55.45 crore loans;
    - **Stand-Up India** and **PM SVANidhi** strengthened entrepreneurship;
  - ♦ **Capital Markets and Regulation:** Demat accounts crossed **21.6 crore**, with women comprising nearly a fourth of investors.
    - Mutual fund participation expanded beyond metros.
    - The **IMF-World Bank FSAP (2025)** validated India's resilient, well-capitalised financial system.
- **External Sector: Resilience in a Volatile World**
  - ♦ India's share in **global merchandise exports** rose to **1.8%**, and **services exports** to **4.3%**.
  - ♦ **Total exports** hit a record **USD 825.3 billion in FY25**, led by services.
  - ♦ **Current Account Deficit** remained moderate at **1.3% of GDP (Q2 FY26)**.
  - ♦ **Remittances** reached **USD 135.4 billion**, the highest globally.
  - ♦ **Forex reserves** stood at **USD 701.4 billion**, covering ~11 months of imports.
  - ♦ India ranked **4th globally in Greenfield investments** and emerged as the largest destination for digital Greenfield projects (2020-24).
- **Inflation**
  - ♦ India recorded its **lowest-ever CPI inflation**, with average headline inflation at **1.7% (April–December 2025)**.



- It was driven by declining food and fuel prices, and effective supply-side management.
- ♦ India saw one of the **largest declines in inflation** during 2025 among emerging economies.
- **Agriculture and Food Management**
  - ♦ **Foodgrain production** reached **357.7 million tonnes** in AY 2024-25.
  - ♦ **Horticulture output** surpassed foodgrains at **362.08 MT**, accounting for **33% of agricultural GVA**.
  - ♦ Digital and market reforms expanded the reach of **e-NAM**, covering **1.79 crore farmers**.
  - ♦ Income support continued through **MSP**, **PM-KISAN** (₹4.09 lakh crore disbursed) and **PMKMY** pensions.
- **Industry and Manufacturing**
  - ♦ Industry GVA grew **7.0% in H1 FY26**, with manufacturing accelerating to **9.13% in Q2**.
  - ♦ **PLI schemes** attracted **₹2 lakh crore** investment and generated **12.6 lakh jobs**.
  - ♦ India's **Global Innovation Index rank** improved to **38th (2025)**.
  - ♦ **Semiconductor Mission** approved projects worth **₹1.6 lakh crore**.
- **Human Capital: Education, Health and Skills**
  - ♦ **Education: 24.69 crore students** enrolled across **14.71 lakh schools**; Higher education institutions increased to **70,018**; NEP reforms enabled flexible learning, credit portability and skills integration;
  - ♦ **Health: MMR declined by 86%** since 1990; **IMR reduced to 25 (2023)**; Under-five mortality declined by **78%**;
  - ♦ **Employment, Skills and Social Progress: 56.2 crore employed** in Q2 FY26;
    - Organised manufacturing added **10 lakh jobs in FY24**;
    - **e-Shram** registered **31 crore workers**, over **54% women**;
  - ♦ Social services expenditure rose to **7.9% of GDP (FY26 BE)**;
- **Rural Development and Social Progress**
  - ♦ Poverty levels declined significantly under revised global benchmarks. Social services expenditure rose to **7.9% of GDP**, while rural asset ownership, digital mapping, and women-led initiatives strengthened grassroots economic participation.
- **Emerging Frontiers: AI, Urbanisation, and Strategic Resilience**

- ♦ India's AI ecosystem is evolving around **practical, low-cost, and local solutions**, enabling adoption across sectors such as agriculture, healthcare, and governance.
- ♦ Urban connectivity projects are reshaping labour markets and easing metropolitan pressures.
  - Strategically, India is transitioning from narrow import substitution toward **strategic resilience and global indispensability**, embedding itself deeply into global value chains.

#### Looking Ahead: Strategic Resilience and Indispensability

- India's development strategy is evolving from **import substitution to strategic resilience and global indispensability**.
- A disciplined indigenisation framework, lower input costs, AI diffusion tailored to real-world needs, and integrated urbanisation models are positioning India to move from *'buying Indian'* to *'buying Indian without thinking'*.

Source: PIB

### ECONOMIC SURVEY FIRST TIME CITES POWER GAP INDEX

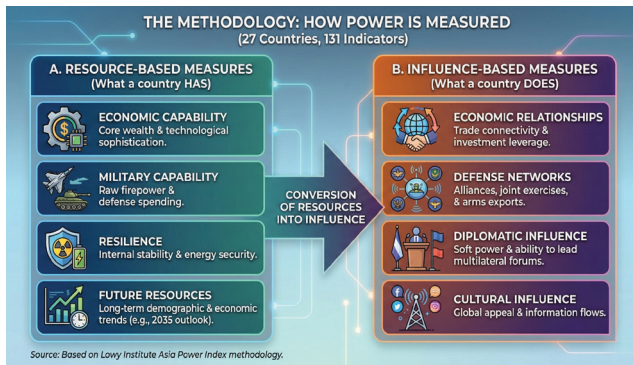
#### In News

- For the first time, the Economic Survey 2025–26, tabled in Parliament, has cited the **Power Gap Index** to underline a **Strategic Paradox in India's rise**.
- While India has officially entered the **Major Power category in Asia**, the Survey notes that it continues to underperform relative to its capabilities, reflected in a **negative Power Gap score of -4.0**.

#### What is the Power Gap Index?

- The Power Gap Index is **not a standalone index like HDI**.
- It is a derived analytical measure from the Asia Power Index compiled annually by the **Lowy Institute**.
- It measures the gap between a **country's potential power (resources)** and its actual **regional influence**.
- Every country has a certain **"Expected Power"** based on its raw resources (population, GDP, military hardware).
- The **"Comprehensive Power"** is what the country actually achieves through diplomacy, trade, and alliances.

- ♦ **Power Gap** = Comprehensive Power Score - Expected Power Score
- **Positive score:** Country punches above its weight (efficient use of resources via diplomacy, alliances, economic statecraft).
- **Negative score:** Country punches below its weight (capabilities exist, but influence is under-leveraged).



### India's Comparative Performance

- **Japan (+1.0) & Singapore (+5.2)**: High diplomatic and economic efficiency.
- **Australia (+8.0)**: The region's premier "overachiever" relative to its population size.
- **India (-4.0) 3rd out of 27**: Lowest in Asia, excluding pariah/isolated states like Russia and North Korea.

### Why is the Economic Survey Concerned?

- **Economic Connectivity**: While India has a large GDP, its integration into global supply chains (Economic Relationships) lags behind its resource potential.
- **Defense Integration**: India's military is large (Resource), but its regional defense partnerships (Influence) are still maturing compared to China or the US.
- **Stability Paradigm**: The Survey notes that India has been a recipient of stability (absorbing shocks). To close the gap, India must become a provider of stability and opportunity for the Indo-Pacific.

Source: BS

## RIISING DIGITAL ADDICTION & MENTAL HEALTH ISSUES

### Context

- The Economic Survey 2025-26, has flagged the rapid rise of digital addiction and screen-related mental health problems as a major healthcare issue, particularly among children and adolescents.

### Digital Addiction as an Emerging Public Health Issue

- The Survey recognises **excessive screen time and social media usage** as contributors to **anxiety, depression, attention disorders, sleep disruption, obesity, and lifestyle diseases**.
- Children and adolescents are identified as **neurologically and psychologically more vulnerable** to compulsive digital use due to addictive platform designs.
- Behavioral tracking and targeted advertising **exploit children's cognitive vulnerabilities**, reinforcing addictive consumption patterns.

### Key Recommendations of the Economic Survey 2025-26

- **Age-Based Limits**: The Survey calls for consideration of age-based limits on access to social media platforms to address growing concerns about digital addiction among children and adolescents.
- **Stricter Age Verification**: Online platforms should be made responsible for enforcing **age verification processes** so that minors cannot easily create accounts or access content meant for adults.
- **Age-Appropriate Default Settings**: Platforms should adopt age-appropriate defaults, meaning settings that are tailored to protect younger users by default.
- **Targeted Advertising**: The Survey also recommends curbs on targeted advertising specifically for minors, and restrictions on features like auto-play that can exacerbate compulsive use.

### Initiatives taken by Government

- **The Online Gaming (Regulation) Act, 2025**, bans online money games involving wagering and introduces a licensing framework for skill-based games.
- **Tele-MANAS**, a 24/7 mental health helpline with an app to assist with technology addiction.
- **The SHUT Clinic at NIMHANS, Bengaluru**, is India's first specialized center dedicated to treating technology addictions, such as excessive gaming, social media use, and mobile dependence.
- **The Digital Detox Centre ("Beyond Screens") in Karnataka**, a resource for counseling and therapy.

### Global Best Practices

- **Australia** has enacted the **Online Safety Amendment (Social Media Minimum Age) Act**, making it the first country to impose a statutory minimum age of **16 years** for social media use.

- **France** has moved to **restrict social media access for users under 15**, requiring parental authorization to create accounts, with the **bill passing the lower house** in 2026.

#### Way Ahead

- The stress should be given on a **strategic transition** from a treatment-centric model to a public and **preventive healthcare-led approach**.
- There is a need for **Integration of mental health services with schools** and higher educational institutions.
- **Dedicated counsellors** must be trained and deployed at scale to normalise help-seeking behaviour among children and adolescents.
- **Network-level safeguards** should be strengthened through differentiated data plans that clearly separate educational usage from recreational consumption.

Source: TH

## ECONOMIC SURVEY 2025–26: SOCIAL SECTOR PARADOX

### In News

- The Economic Survey 2025–26 flags a social sector paradox in India: strong gains in health outcomes alongside stagnation or uneven progress in education quality and urban capacity.

### What is the Social Sector Paradox?

- The social sector paradox describes a scenario where surface-level metrics like enrolment rates or life expectancy rise, but underlying quality, learning outcomes, and service delivery capacities do not keep pace with population growth, economic needs, or urban expansion.

### Key Trends Highlighted by the Survey

- **Education: Enrolment without Learning:**
  - ♦ Near-universal elementary enrolment, but low proficiency in reading and arithmetic persists.
  - ♦ Expected years of schooling, still below many major economies.
  - ♦ Sharp dropouts after Grade VIII; secondary net enrolment ~52.2%.
  - ♦ Skill mismatch risks as students exit before acquiring employable competencies.
  - ♦ Adolescent dropouts weaken the demographic dividend.
- **Health Progress But with Emerging Risks:**
  - ♦ Health shows steady gains with sharp declines in maternal mortality and under-five deaths, life expectancy exceeding 70 years, and expanded coverage via digital health and insurance like Ayushman Bharat.

- ♦ However, emerging risks include rising non-communicable diseases, obesity, and lifestyle disorders amid these improvements.

### Urbanisation: Economic Engines, Weak Foundations

- ♦ Cities generate a large share of GDP, but face low municipal revenues, capacity gaps in housing, transport, sanitation & weak climate resilience.
- ♦ Under-funded cities can become growth bottlenecks instead of catalysts.

Source: IE

## ECO SURVEY CALLS FOR RELAXING FRBM FOR CENTRE

### Context

- The Economic Survey 2025-26 has argued in favour of a delay in **strict fiscal targets for the Centre**, such as those that had been set under the **Fiscal Responsibility and Budget Management Act**.

### Highlights of survey on Fiscal Targets

- After spiking to **9.2% of GDP** during the pandemic year of **2020-21**, the **Centre's fiscal deficit** was on **target** to be **4.4%** at the end of the current financial year, in line with **commitment to halve the FY21 fiscal deficit in five years**.
- **India lowered its general government debt-to-GDP ratio** by about 7.1 percentage points since 2020 while continuing to maintain high levels of public investment
- **The FRBM Act's fiscal deficit target of 3% of GDP by March 2021** has been **repeatedly deferred by the government**, and the Survey acknowledged that there is a "perception" that this target and framework must be reinstated.
  - ♦ Since the FRBM Act was first enacted in **2003**, the 3% target has been achieved only once.
- **In her last Budget**, the Finance Minister had specified a new fiscal framework, under which the Centre would target **bringing down its debt-to-GDP ratio to 50% with a 1% leeway** above and below by **March 31, 2031**.
  - ♦ The Survey has argued, it is the appropriate strategy for now, and can be revisited after this time period is over.
  - ♦ Once this target is met, and the fiscal deficit declines gradually, **then a new FRBM target could be considered**.
- **State finances deteriorating:** While praising the Centre for its fiscal prudence, the Survey however cautioned State governments against worsening finances.

### The Fiscal Responsibility and Budget Management Act, 2003

- The Fiscal Responsibility and Budget Management Act, 2003, was enacted with a view to **provide a legislative framework for reduction of deficit of the Central Government** to a sustainable level over a medium term.
- The rules made under the Act came into force from **2004**.
- It mandates the Central Government to limit the Fiscal Deficit **upto 3% of Gross Domestic Product by 31st March, 2021**.
- It further provides that the Central Government shall endeavour to limit the General Government Debt to **60% of GDP and the Central Government Debt to 40% of GDP, by 31st March, 2025**.

### What is the fiscal deficit?

- Fiscal Deficit is defined as **excess of total budget expenditure** (revenue and capital) over total budget receipts (revenue and capital) excluding borrowings during a fiscal year.
- Fiscal Deficit = Total Expenditure – (Revenue Receipts + Non-Debt Creating Capital Receipts).

### Implications of fiscal deficit

- **Inflationary Pressure:** Persistently high fiscal deficits lead to inflation as governments resort to central bank-issued money to finance the deficit.
- **Crowding Out effect:** When the government borrows a large portion of available funds from financial markets to finance its deficit, it crowds out private investment with reduced access to credit for businesses and individuals.
- **Reduced Fiscal Space:** A high fiscal deficit limits the government's ability to respond to economic shocks or crises.
- **Difficulty in borrowing:** As a government's finances worsen, demand for the government's bonds begins to drop, forcing the government to offer to pay a higher interest rate to lenders.

### Benefits of lower fiscal deficit

- **Improved Credit Ratings:** Consistent deficit reduction enhances international credit ratings, lowering borrowing costs in global markets.
- **Reduced Debt Servicing:** Less spending on interest payments frees funds for development projects like infrastructure, education, and healthcare.

- **Improved Balance of Payments:** Lower reliance on foreign borrowing stabilizes the exchange rate and current account.
- **Enhanced Investor Confidence:** Signals fiscal discipline, attracting greater foreign and domestic investments.

### NK Singh committee recommendation (2016)

- **Debt to GDP ratio:** The Committee suggested using debt as the primary target for fiscal policy. A debt to GDP ratio of **60%** should be targeted with a **40%** limit for the center and **20%** limit for the states by FY23.
- **The fiscal deficit to GDP ratio of 2.5%** by FY23.
- **Fiscal Council:** The Committee proposed to create an autonomous Fiscal Council with a Chairperson and two members appointed by the center. The role of the Council would include:
  - ♦ Preparing multi-year fiscal forecasts,
  - ♦ Recommending changes to the fiscal strategy,
  - ♦ Improving quality of fiscal data,
  - ♦ Advising the government if conditions exist to deviate from the fiscal target.
- **Deviations:** The Committee suggested that grounds in which the government can deviate from the targets should be clearly specified, and the government should not be allowed to notify other circumstances.

Source: TH

## INDIA-ARAB LEAGUE: BRIDGING CULTURES, CREATING OPPORTUNITIES

### Context

- India is set to host the 2nd ministerial summit of foreign ministers from the **League of Arab States (Arab League)**, after a decade-long gap.
  - ♦ The first meeting was held in **2016 in Bahrain**.

### About

- The meeting is an indicator of how India and Arab states intend to recalibrate their partnership in response to:
  - ♦ Disruptions in maritime trade routes.
  - ♦ Energy transition pressures.
  - ♦ Supply chain realignments.
  - ♦ Emerging security challenges in West Asia and the Indo-Pacific.



### India–Arab League Engagement

- The Arab League, officially known as the League of Arab States was established in **Cairo in 1945** initially with seven members.
  - ♦ Currently it has **22 member states**.
- The India–Arab Foreign Ministers' Meeting is the **highest institutional mechanism** guiding India's engagement with the Arab League.
- The dialogue process was institutionalised in **2002** through a **Memorandum of Understanding** between India and the League of Arab States to establish a regular framework for consultation.
- In **2008**, the relationship was further strengthened through a Memorandum of Cooperation, leading to the establishment of the **Arab–India Cooperation Forum (AICF)**.
  - ♦ The cooperation framework was **revised in 2013** to streamline its structure and improve effectiveness.
- India holds **observer status** in the **Arab League**, which represents countries across **West Asia and North Africa**.

### Key Pillars of India–Arab League Partnership

- **Political and Strategic Coordination:** India has signed strategic partnership agreements with Oman, the UAE, Saudi Arabia, Egypt and Qatar over the past two decades.
  - ♦ India actively supports Arab countries in multilateral platforms such as the United Nations, BRICS and the Shanghai Cooperation Organisation.
  - ♦ India is recognised as one of the key strategic partners in Saudi Arabia's Vision 2030.
- **Economic Cooperation:** Bilateral trade between India and Arab League countries exceeds **240 billion dollars**, making the region one of India's largest trading partners.
  - ♦ India has signed **Comprehensive Economic Partnership Agreements** with the **UAE and Oman** to deepen economic integration.
- **Energy and Food Security:** Arab League countries supply nearly **60 percent** of India's crude oil imports and around **70 percent** of its natural gas imports.
  - ♦ India signed a **long-term LNG agreement** with **Qatar in 2024** to ensure energy security for the next two decades.
  - ♦ The UAE's participation in India's **strategic petroleum reserves** strengthens India's energy resilience.
- **People-to-People Ties:** The Indian diaspora in the Arab region, numbering over **eight million**, plays a critical role in strengthening bilateral relations.

- ♦ **Education, skills and labour mobility** remain important areas of engagement.
- **Defence and Security Engagement:** Arab League countries have consistently supported India's position against cross-border terrorism and have condemned major terror attacks in India.
  - ♦ India's access to the **Duqm Port in Oman** enhances its naval presence and maritime security capabilities in the region.
- **Emerging Areas of Cooperation:** Digital public infrastructure and fintech cooperation are gaining prominence as new pillars of engagement.
  - ♦ The **RuPay card** and **Unified Payments Interface** have been introduced in several Arab countries to facilitate seamless financial transactions.

### Challenges in India–Arab League Relations

- **Rivalries and emerging fault lines**, particularly among key regional powers, limit the scope for cohesive multilateral engagement with the Arab League as a collective entity.
- **Disruptions in critical maritime trade routes** such as the Red Sea, Gulf of Aden and Suez Canal pose risks to India's trade flows and energy imports.
- **Differences in political systems** and foreign policy priorities among Arab League members make consensus-based cooperation challenging.
- India's **balancing act** between competing regional actors, including **Iran, Israel and Gulf countries**, constrains its diplomatic space and requires careful strategic calibration.

### Way Forward

- India and the Arab League should **institutionalise regular high-level political and sectoral dialogues**.
- Cooperation should be expanded in **renewable energy, green hydrogen and climate adaptation**.
- **Economic corridors, defence manufacturing and digital connectivity** should be leveraged to create long-term strategic interdependence.

Source: TH

## SWADESHI AS A DISCIPLINED STRATEGY

### Context

- As per the **Economic Survey 2025-26**, **Swadeshi** is “**inevitable and necessary**” as the **global trading environment** is marked by **export controls, technology denial regimes and carbon border mechanisms**.



### About

- The Survey noted that, unlike corporates in post-war America, Germany, Japan, and East Asia, Indian firms show a **relative lack of appetite for long-term risk absorption and nation-building investments**.
- It said Indian firms show **limited willingness for long-term risk absorption and global competitiveness**, relying more on regulatory arbitrage and **protected margins than on productivity, scale, or learning**.
- Swadeshi means to ensure continuity of production in the face of external shocks**, and a pathway to **build enduring national capabilities** that reinforce economic sovereignty.
- Lack of Capex:** The Capital expenditure (capex) as a share of GDP **rose to 4% from 2.6% between FY20-25**, however economists are of the view that **private investment remains subdued**.

### Manufacturing Sector of India

- India's manufacturing sector is currently contributing **17% to India's GDP**.
- India has a goal to achieve the target of **25% GDP share for the manufacturing sector**.
- India is focussing on 14 identified sunrise sectors** like semiconductors, renewable energy components, medical devices, batteries and labour intensive industries, including leather and textile, to enhance the share of manufacturing in GDP.
- The industrial sector is projected to grow by 6.2%**, up from 5.9% in FY25.
  - The sector recorded growth of 7.0% in the first half of FY26, exceeding the growth of 6.1% in H1 of FY25 and the pre-COVID trend of 5.2%.
- Innovation:** India's innovation ecosystem has also strengthened, with the country's Global Innovation Index rank improving to 38th in 2025, up from 66th in 2019.
- Within manufacturing, strong performance was observed with notable growth in:**
  - Computer, electronic and optical products (34.9%).
  - Motor vehicles, trailers and semi-trailers (33.5%).
  - Other transport equipment (25.1%).
- Employment Generation:** As per the survey, seven states together account for around 60% of total employment in the manufacturing sector.

- TN tops the list with a 15% share of manufacturing jobs, followed by Gujarat and Maharashtra at 13% each.

### Challenges Faced by India's Manufacturing Sector

- Infrastructure Bottlenecks:** High logistics cost, poor port connectivity, and power shortages leads to low output.
- Low R&D and Innovation:** India invests less than 1% of GDP in R&D, limiting high-tech manufacturing.
- Import Dependence:** Heavy reliance on imports for semiconductors, electronics components, and defence equipment.
- Skill Gaps:** There is a major mismatch between workforce skills and industry requirements.
- Low Productivity:** Due to the outdated machinery, small-scale fragmented units, and limited automation productivity remains low.
- Global Competition:** Countries like Vietnam, Bangladesh, and China offer cheaper production and better ecosystems making Indian products less competitive.
- Environmental Concerns:** Rising pressure for sustainable and green manufacturing with high compliance costs.

### Major Initiatives Taken to Enable Make in India



- The National Manufacturing Mission (NMM):** It was announced in the Union Budget 2025–26, as a long-term strategic roadmap that integrates policy, execution, and governance into a single, unified vision.



### Recent Achievements of Manufacturing Sector of India

- **Ease of Doing Business:** In the World Bank's Doing Business Report (DBR) 2020 India was ranked **63rd** up from 142nd rank in 2014.
- **Production of Vaccine:** India achieved COVID-19 vaccination coverage in record time but also became a major exporter to many developing and underdeveloped countries across the world.
  - ♦ India supplies **nearly 60% of the world's vaccines**, meaning every second vaccine globally is proudly made in India.
  - ♦ **India's pharmaceutical industry** is ranked **3rd** in the world by volume and 14th in terms of value of production.
  - ♦ The industry is projected to grow to USD 130 billion by 2030 and the US\$ 450 billion market by 2047.
- **Vande Bharat Trains:** It is India's first indigenous semi-high-speed trains, and are an example of the success of the 'Make in India' initiative.
  - ♦ As of now, 102 Vande Bharat train services (51 trains) are operational across Indian Railways.
- **INS Vikrant:** It is the first domestically made aircraft carrier.
  - ♦ In 2023-24, defence production soared to ₹1.27 lakh crore, with exports reaching over 90 countries, showcasing India's growing strength and capability in this critical area.
- **Electronics:** India's electronics manufacturing sector has seen a sixfold rise in production and an eightfold surge in exports over the past 11 years. Electronics value addition has jumped from 30% to 70%, with targets to reach 90% by FY27.
  - ♦ India is the **second-largest mobile manufacturer** in the world and now manufactures 99% domestically.

- **Indian bicycles** have gained international acclaim, with exports to the UK, Germany, and the Netherlands soaring.
- **Made in Bihar' boots** are now part of the Russian Army's equipment, marking a significant milestone for Indian products in the global defence market.
- **Amul** has expanded its presence by launching its dairy products in the US promoting Indian dairy on the world stage.

### Conclusion

- As India advances toward its **\$35 trillion vision by 2047**, manufacturing will be the engine of growth.
- Supported by reforms, sectoral incentives, and resilient supply chains, the sector has gained strong momentum, reflected in GDP growth projections.
- If this momentum is sustained, India can transform from being the "factory of the world" to becoming the "innovation and leadership hub of the world."

Source: IE

## NEWS IN SHORT

### PISA (PROGRAMME FOR INTERNATIONAL STUDENT ASSESSMENT)

#### In News

- The Economic Survey notes that Indian school exams focus on rote learning, and recommends a **PISA-like assessment at Grade 10** to identify learning gaps and inform targeted interventions.

#### PISA (Programme for International Student Assessment)

- PISA evaluates education systems by testing real-world application of knowledge—focusing on **problem-solving, critical thinking, and practical literacy rather than rote memorization**.
- It is conducted every three years by the **Organisation for Economic Cooperation and Development (OECD)**.
- India participated **only once (PISA 2009)** through Tamil Nadu & Himachal Pradesh.

#### Need in India and Economic survey recommendations

- The Economic Survey notes that Indian school examinations primarily focus on rote learning and certification, failing to generate diagnostic evidence needed to identify learning gaps. Reports like ASER and NAS highlight this structural issue.

- PISA-like, competency-based assessment at the end of Grade 10 would measure the application of knowledge in reading, maths, and science, enable comparisons across states, school types, and socioeconomic groups, and provide policymakers with actionable insights for targeted interventions to improve learning outcomes.

Source: IE

## SC STAYS NEW UGC REGULATIONS ON CASTE-BASED DISCRIMINATION

### Context

- The Supreme Court of India has stayed the operation of the **University Grants Commission (Promotion of Equity in Higher Education Institutions) Regulations, 2026**, raising concerns that they could divide society.

### What are the UGC Equity Regulations, 2026?

- The Regulations were notified to address discrimination within higher educational institutions.
- **Regulation 3(c)** defined “**caste-based discrimination**” as discrimination only against members of **Scheduled Castes (SCs), Scheduled Tribes (STs), and Other Backward Classes (OBCs)**.
- The framework provided institutional and legal remedies exclusively for these categories.

### Key Observations of the Supreme Court

- **The court observed that**
  - ♦ The Regulations have **far-reaching and sweeping consequences**.
  - ♦ They may **institutionalise social divisions** within campuses.
- Discrimination is not solely caste-based and can **arise from language, region, culture, gender, or identity**.
- **Concerns related to ragging and misuse:** A general category student may be left without remedies if discrimination is committed against them.
  - ♦ Such asymmetry could lead to criminalisation and misuse of law, affecting young students' futures.

Source: IE

## SAMPOORNATA ABHIYAN 2.0

### Context

- NITI Aayog launched **Sampoornata Abhiyan 2.0 campaign**.

### About

- Sampoornata Abhiyan 2.0 is a time-bound, outcome-oriented **three-month campaign** aimed at achieving saturation of critical development indicators in **Aspirational Districts and Aspirational Blocks** across the country.
- It seeks to build upon the success of Sampoornata Abhiyan 2024, which demonstrated strong improvements in key human development indicators.
- The campaign targets **112 Aspirational Districts and 513 Aspirational Blocks** under the Aspirational Districts and Blocks Programme.

### Aspirational Districts Programme

- **It was launched in 2018** to quickly and effectively transform **112 districts** across the country.
- **Focuses on five themes:** Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development and Infrastructure.

### Aspirational Blocks Programme

- It was launched in **2023** and aims for the saturation of essential government services in **513 Blocks** (329 Districts) across the country.
- Focuses on five themes: Health & Nutrition, Education, Agriculture and Allied Services, Basic Infrastructure and Social Development.

Source: PIB

## PERSONALITY RIGHTS

### Context

- The Delhi High Court issued notice to actor Salman Khan on a plea by a China-based AI voice platform to lift an interim injunction, bringing focus on personality rights, AI misuse, and digital privacy law in India.

### What are Personality Rights?

- **Personality rights** refer to the **right of a person to protect his/her personality** under the **right to privacy or property**.
  - ♦ These could include **a pose, a mannerism or any aspect of their personality**.
- These rights are important to celebrities as their **names, photographs or even voices** can easily be misused in various advertisements by different companies to boost their sales.



- Many celebrities even register some aspects as a trademark to use them commercially.
  - ♦ For example, **Usain Bolt's "bolting"** or lightning pose is a registered trademark.

#### Reasons for providing these Rights

- The idea is that **only the owner** of these distinct features has the **right to derive any commercial benefit from it**.
- **Exclusivity** is a big factor in attracting commercial dividends for celebrities.
- Personality rights are not expressly mentioned in a Laws in India but **fall under the right to privacy**.

#### Legality of Personality Rights

- Celebrities can move the Court and **seek an injunction** when an unauthorised third party uses their personality rights for commercial purposes.

- ♦ Personality rights claims are typically filed under the **Commercial Courts Act, 2015**, since celebrities rarely hold conventional IP rights over their identity.
- Personality rights or their protection are not expressly mentioned in a statute in India but are traced to fall under the **right to privacy (Article 21)**.
  - ♦ In **K.S. Puttaswamy v. Union of India (2017)**, the Supreme Court recognised privacy as a fundamental right under Article 21.
- **Many concepts in intellectual property rights** used in protection of **trademarks** such as passing off, deception can be applied while deciding whether a celebrity deserves to be protected through an injunction.

Source: TH

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