



**DR. RAJKUMAR ACADEMY  
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# WEEKLY NEWS COMPILATION

A CRISP AND COMPREHENSIVE CURRENT AFFAIRS CAPSULE

**FEBRUARY WEEK 1**

02-02-2026 TO 07-02-2026

**RARE EARTH  
CORRIDORS**

**MANIPUR  
PRESIDENT'S RULE  
ENDS**

**PENNAIYAR RIVER  
DISPUTE**

**ATAL VAYO  
ABHYUDAY  
YOJANA**

**SECURITIES  
TRANSACTION  
TAX (STT)**

## ❖ Capex scale-up

**Context: Union Budget sets Centre's capital expenditure target at ₹12.2 lakh crore; India must stay deeply integrated with global markets, attracting stable long-term investment, says Finance Minister.**

- While acknowledging the strains created by the external global environment, Union Finance Minister Nirmala Sitharaman on Sunday presented the Union Budget 2026 in Parliament, with the aim of increasing productivity across sectors and ensuring employment generation.
- Presenting her record ninth consecutive Budget, Ms. Sitharaman said India must remain deeply integrated with global markets, exporting more, and attracting stable long-term investment.
- The Budget announced several customs duty reductions aimed at boosting exports of marine, leather, and textile products, and speeding up India's energy transition. It also announced multiple infrastructure projects.
- Notably, the Budget did not include any major direct tax rate relaxations, either for individuals or corporations.
- **The Budget also set the Centre's capital expenditure target at ₹12.2 lakh crore in 2026-27, higher than the ₹10.9 lakh crore as per the Revised Estimates of 2025-26, as well as the ₹11.2 lakh crore initially budgeted that year.**

**Growth push**

- **“This Budget being the first Budget in the second quarter of the 21st Century, also leading to Viksit Bharat 2047, we are laying the path and giving a push to the economy to maintain the growth momentum,”** Ms. Sitharaman said in her post-Budget press conference. “For that sustained growth, primarily we are looking at building the ecosystem with structural reforms to make sure we create an environment to increase productivity and make sure employment is generated.”
- In order to achieve these goals, Ms. Sitharaman said the Budget was structured along **three kartavyas or duties.**
- **“Our first kartavya** is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics,” she said.
- **The second kartavya**, she added, was to fulfil the aspirations of the Indian people and build their capacity.
- **“Our third kartavya**, is to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation,” she said.

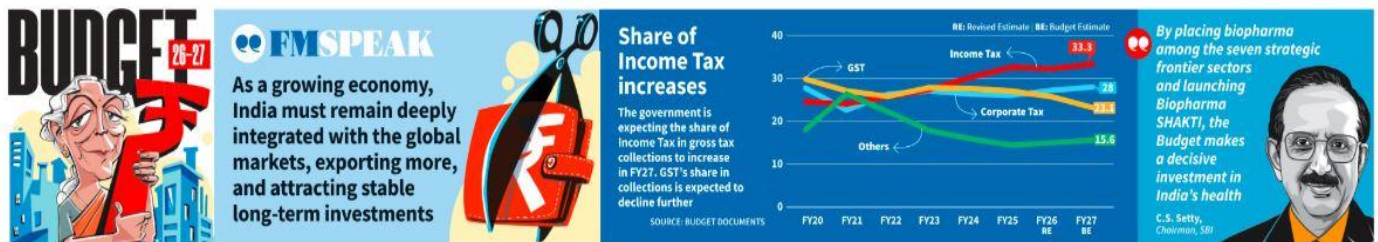
- The Budget also included several customs duty reductions aimed at boosting exports of marine, leather, and textile products, and speeding up India's energy transition.
- "We now propose to support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to establish dedicated rare earth corridors to promote mining, processing, research and manufacturing," Ms. Sitharaman announced in her speech.
- Ms. Sitharaman also announced that the first of the new national waterways to be constructed would be in Odisha, connecting places such as Talcher and Angul and Kalinga Nagar to the Paradip and Dhamra ports.
- The Budget also included the announcement of an integrated East Coast Industrial Corridor connecting Durgapur in West Bengal, as well as a new dedicated freight corridor connecting Dankuni in West Bengal to Surat in Gujarat.
- The Finance Minister said that her **first kartavya would be met through targeted measures in six areas**: scaling up manufacturing in seven strategic and frontier sectors; rejuvenating legacy industrial sectors; creating "champion MSMEs"; a powerful push for infrastructure creation; ensuring long-term energy security and stability; and developing city-economic regions.
- The **second kartavya focused on measures targeted at the services sector through the education, training and skilling of the workforce in areas such as healthcare, medical tourism, animal husbandry, animation, visual effects, gaming and comics (AVGC), and design.**
- Announcements under the **third kartavya included measures to increase farmer incomes through productivity enhancement and entrepreneurship, empowering India's Divyang and vulnerable population through livelihood opportunities, training, high-quality assistive devices, and access to mental health and trauma care.**

#### ❖ States' devolution at 41%; South's share up

**Context: The 16th Finance Commission (16th FC) has recommended that the Centre retain the 41% share of tax devolution to States as has been in force since 2021. Finance Minister Nirmala Sitharaman, in her Budget speech, announced that the Centre has accepted the recommendations.**

- "The government has accepted the recommendation of the Commission to retain the vertical share of devolution at 41%," Ms. Sitharaman said. "As recommended by the Commission, I have provided ₹1.4 lakh crore to the States for the FY 2026-27 as Finance Commission Grants. These include Rural and Urban Local Body and Disaster Management Grants."
- While the report recommended the same share of devolution between the Centre and States, it tweaked the formula that decides the division of the share. This **raises the share for five Southern States — Tamil Nadu, Kerala, Andhra Pradesh, Telangana, and Karnataka.**
- **The 16th FC submitted its report to the President on November 17, 2025, which was tabled in Parliament. It noted that the "only instrument" available to the commission to assist the finances of the Centre was its share in the divisible pool.**

- The report said that there was no further space to cut the States' share in the divisible pool as the Centre's cesses and surcharges — not sharable with the States — had “cut” the size of the divisible pool from 89.1% of gross tax revenues in 2014-15 to 74%-80% during the 2020-24 period for which actual figures are available.
- Under the new formula, a State's population now accounts for 17.5% of the weightage up from the previous 15%. Its demographic performance — how successfully it has managed to contain population growth — has a lower weightage of 10% from the previous 12.5%. The area of the State has been granted a 10% weightage by the 16th FC as compared to 15% previously.**
- A State's forest cover now receives a 10% weightage, the same as earlier. The State's per capita GSDP difference — the difference between a State's average per capita income and that of the State with the highest per capita income — has the highest weightage of 42.5%, down from 45% earlier.**
- Accordingly, Andhra Pradesh is to receive 4.217% of the devolved amount, up from the previous 4.047%. **Karnataka's share has gone up to 4.131% from 3.647%.** Kerala's share has increased to 2.382% from 1.925%. Tamil Nadu's share has increased to 4.097% from 4.079%, and Telangana's share has gone up to 2.174% from 2.102%.



## ❖ Focus on long-term investments

**Context: The STT hike will increase trading costs for high-frequency traders who rely on small price movements.**

- Finance Minister Nirmala Sitharaman introduced major changes in the way securities, shares and investments are taxed in the Union Budget 2026-27. The Budget increases the tax on derivative trades.
- What is the net effect of a **Securities Transaction Tax (STT)** raise on derivative contract on retail investors and brokers? Will the intended effect pan out?
- In Budget 2026, the FM increased the STT by 150%, from 0.02% to 0.05%. In case of future trades, if you trade one lot of Nifty futures, and Nifty is currently trading at 25,000 levels, you pay around ₹325 as STT on this trade. But with the new rates, you'll need to pay ₹812 as STT. That's an extra ₹487 per lot. For 10 trades a month, that's an extra ₹4,800 per month. For 25 trades, it's ₹12,000 extra per month, and for 50 trades, it's ₹24,000 extra per month.
- For most retail traders, the hike in Options STT is the bigger hit because it targets the premium paid. Now, every time you buy or sell an option, you'll be paying 50% more tax on the premium. For one Nifty option contract, the premium is ₹100. Under the current regime, one pays ₹0.10 as STT (0.1% of ₹100 premium). Under the new rates, this increase to ₹0.15 (0.15% of ₹100 premium), an increase of ₹0.05 per contract. For

10 trades, that is an additional ₹0.50 in tax (₹0.05 x 10 trades). For 25 trades, that's ₹1.25 extra and for 50 trades, the trader pays ₹2.50 more.

- **In short, if a trader is scalping and targeting small price movements, his or her break-even point just moved up. The trader will now need a larger price movement just to cover the additional tax, making it harder to stay profitable over time. The STT hike will increase trading costs, particularly for high-frequency traders and scalpers who rely on small price movements to profit. This could lead to a shift away from short-term speculative trading, pushing more retail investors towards long-term investment strategies. Unlike retail traders, brokers will be hit by this move.**

- Brokers may experience a decline in transaction volume as retail activity in high-frequency trading decreases due to the increased cost. This could reduce their commissions and transaction fees. However, brokers might also see an opportunity to offer more educational resources, guiding retail investors towards more sustainable investment strategies. Operationally, brokers will need to adjust their platforms to comply with the new tax rates, adding to their complexity and cost. Overall, the intention behind raising STT is likely to reduce speculative trading, especially short-term, high-frequency trades in derivatives like options. By increasing the cost of speculative trading, the government is encouraging retail investors to take a more measured approach.
- The recent changes to buyback taxation are advantageous for both retail and promoter investors in terms of absolute returns. The new law treats buyback as a capital gain, taxing it at special rates: 20% for short-term gains and 12.5% for long-term gains for retail investors.

#### ❖ Customs procedures to get simpler

**Context: Customs Integrated System will be rolled out in two years as a single, integrated and scalable platform for all the Customs processes; approvals for cargo clearance to be processed through a single and interconnected digital window by the end of the financial year**

- The Union Budget has removed Basic Customs Duty on a range of products, but also raised the levy on some. It also envisions simplification of the Customs procedures, moving into “trust based systems” for ease of doing business.
- **The Basic Customs Duty** on potassium hydroxide will go up to 7.5% from nil, increasing input costs for industries such as chemicals, soaps, detergents, and batteries unless there is adequate domestic availability. The duty on umbrellas (other than garden umbrellas) has been revised from 20% to either 20% or ₹60 per piece, whichever is higher, to curb low-priced imports.
- All dutiable goods imported for personal use will see a reduction of duty from 20% to 10%. For chewing tobacco and Jarda-scented tobacco, the National Calamity Contingent Duty will be increased to 60% from 25% from May 1. However, effective duty rate on these products will remain unchanged.
- The **Global Trade Research Initiative report** says that the Budget, though country-neutral, improves market access prospects for U.S. exporters across several high-value sectors.

- Finance Minister Nirmala Sitharaman has also proposed to increase the limit for duty-free import of specified inputs used for processing seafood products for export, from the current 1% to 3% of the FOB value of the previous year's export turnover.
- The time period for export of the final product under the **Advance Authorisation scheme** has been extended to one year from six months for export of leather or textile garments, leather or synthetic footwear and other leather products.
- For better use of capacities of manufacturing units in Special Economic Zones that are hit by global trade disruptions, there will be a onetime measure of concessional duty to facilitate sales to sell in the domestic tariff area limited to a prescribed proportion of their exports. Measures will be taken to ensure that the units in the domestic tariff area will not be affected.
- **For ease of doing business**, approvals required for cargo clearance from various Government agencies will be seamlessly processed through a single and interconnected digital window by the end of the financial year. Processes in clearance of food, drugs, plant, animal and wild life products, accounting for around 70% of interdicted cargo, will be operationalised on this system by April. The duty deferral period for tier-two and tier-three Authorised Economic Operators will be increased to 30 days and eligible manufacturer-importers will also get the duty deferral facility.
- The validity period of advance ruling, binding on Customs, will be increased from the present three years to five years.
- Regular importers with trusted long-standing supply chains will be recognised in the risk system, so that the need for verification of their cargo can be minimised.
- **Customs Integrated System** will be rolled out in two years as a single, integrated and scalable platform for all the Customs processes.



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# Customs duty changes

To reduce input costs, boost domestic manufacturing and promote export competitiveness, customs duty on the following items are being reduced [with effect from 02.02.2026, unless otherwise specified]

S. No.	Commodity	Rate of Basic Customs Duty	
		From (per cent)	To (per cent)
<b>I. CRITICAL MINERALS</b>			
1	Monazite	2.5%	Nil
<b>II. RENEWABLE ENERGY</b>			
2	Sodium antimonate for use in manufacture of solar glass	7.5%	Nil
3	Specified capital goods for use in manufacture of lithium-ion cells for batteries of Battery Energy Storage System	As applicable	Nil
<b>III. NUCLEAR ENERGY</b>			
4	All goods for generation of nuclear power falling under tariff item 8401 30 00	7.5%	Nil
5	Control and Protector Absorber Rods, Burnable Absorber Rods for generation of nuclear power falling under tariff item 8401 40 00	7.5%	Nil
6	Goods required for the setting up of specified Nuclear Power Projects, irrespective of their capacity, where the projects have been registered with the Customs Houses concerned on or before 30th September 2035 in compliance with the Project Import Regulations, 1986	As applicable	Nil
<b>IV. ELECTRONICS</b>			
7	Specified goods for use in the manufacture of Microwave Ovens falling under tariff item 8516 50 00	As applicable	Nil
<b>V. CIVIL AVIATION</b>			
8	Components or parts including engines, of aircraft, for manufacture of aircraft and parts of the aircraft	As applicable	Nil
<b>VI. DEFENCE SECTOR</b>			
9	Raw materials for manufacture of parts of aircraft for maintenance, repair, or overhauling of aircraft or components or parts of aircraft, including engines, when imported by Public Sector Units under the Ministry of Defence	As applicable	Nil
<b>VII. DRUGS/ MEDICINES</b>			
10	17 new drugs/medicines to be added in List 3 appended to TABLE I of notification No. 45/2025-Customs dated 24.10.2025	5%/10%	Nil
11	7 rare diseases that are part of National Policy for Rare Disease (NPRD), 2021 to be added in List 22 appended to TABLE I of notification No. 45/2025- Customs dated 24.10.2025 for customs duty exemption on drugs, medicines and food for special medical purposes, when imported for personal use	As applicable	Nil
<b>VIII. PERSONAL IMPORTS (WITH EFFECT FROM 01.04.2026)</b>			
12	All dutiable goods, imported for personal use under Chapter heading 9804	10%/20%	10%

SOURCE: BUDGET SPEECH 2026-27

Note: Description of entries is indicative. Notification/Tariff may be referred for complete description

FM

hands  
outa

## mixed bag for capital markets

**Context: Finance Minister Nirmala Sitharaman delivered a mixed bag to the capital markets, prioritising long-term capital instruments over short-term ones in Budget 2026-27.**

- While raising tax on derivative transactions, the FM increased investment limits for NRIs, rationalised taxation on share buybacks, and proposed measures to deepen bond markets.
- Ms. Sitharaman proposed to raise the **Securities Transaction Tax (STT) on Futures to 0.05% from 0.02%**. STT on Options Premium and Exercise of Options are both proposed to be raised to 0.15% from the present rates of 0.1% and 0.125% respectively, she said in her Budget speech in Parliament on Sunday.
- While stock markets crashed up to 2% after this announcement, tax experts say this is more of “a speed bump than a roadblock.”
- While the announcement was enough to keep market players disappointed, Ms. Sitharaman delivered a sweet pill in the form of an increase in foreign investment limit for non-resident Indians. “Individual Person Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. It is also proposed to increase the investment limit for an

individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%," the FM said.

- Beyond equity capital markets, the FM also proposed to provide a ₹100-crore incentive for single municipal bond issuances above the value of ₹1,000 crore. This is expected to improve municipal bond issuances which are currently lukewarm. Further, the Minister also proposed a framework to create markets on corporate bond indices and total returns swaps on such bonds.

# New I-T Act to take effect from April 1

**The Hindu Bureau**  
NEW DELHI

During her Budget presentation on Sunday, Finance Minister Nirmala Sitharaman informed that the Income Tax Act of 2025 would be coming into ef-

fect from April this year, with the forms and rules to be notified "shortly", provisioning "adequate time" for taxpayers to acquaint themselves with the requirements.



said that the forms had been redesigned in such a way that ordinary citizens would be able to comply without any difficulty.

The Finance Minister had proposed to overhaul

the six-decade-old Income Tax Act of 1961, in her Budget presentation last year.

The objective was to make the direct tax law "concise, lucid, easy to read and understand," the Finance Minister had stated then.

# Banking sector set for sea change; PFC, REC to be restructured

**Lalatu Mishra Saptaparno Ghosh**  
MUMBAI/DELHI

The Indian banking sector is heading for a major change with Finance Minister Nirmala Sitharaman proposing to set up a 'High Level Committee on Banking for Viksit Bharat' to enable the sector lend differently.

She said the committee will comprehensively review the financial sector

and align it with India's next phase of growth, "while safeguarding financial stability, inclusion and consumer protection."

"Indian banking sector today is characterised by strong balance sheets, historic highs in profitability, improved asset quality and coverage exceeding 98% of villages in the country," she said while presenting the Budget.

"High Level Committee



**Lending a hand:** The High Level Committee on Banking for Viksit Bharat will enable the sector lend differently. FILE PHOTO

to reform banks to suit Viksit Bharat is a clear call to privatisation of public sector banks. Private banks

work for profit and not priority-sector lending, rural credit access, and financial inclusion areas where

public banks historically play a stabilising role," Amarjeet Kaur, General Secretary, All India Trade Union Congress, said in a statement.

"The Finance Minister mentioned about rural branches in 98% villages but does not recognise that this was possible because of nationalised banking," she added.

Also, keeping the future requirement in mind the budget has proposed to restructure the Power Fi-

nance Corporation (PFC) and Rural Electrification Corporation (REC) to achieve scale and improve efficiency in public sector NBFCs.

Abhishek Nath, Sector Head for Energy and Power at the think-tank CSTEP, said the move would help NBFCs align with present requirements. "Today, we have to look at various technologies, including RE and nuclear generation, as well as transmission and storage," he stated.

**BUDGET 2025**

**FMSPEAK**

**Our government has decisively and consistently chosen action over ambivalence, reform over rhetoric, and people over populism**

**Market gives thumbs down**

Most sectors of the market, especially the energy, oil & gas and capital goods segments, reacted negatively to the budget speech, while only IT stocks bucked the trend

SECTOR	% CHANGE
Energy	-3.14%
Healthcare	-0.34%
Fast Moving Consumer Goods	-2.13%
Industrials	-2.66%
IT	+0.66% A
Auto	-1.99%
Telecom	-1.41%
Finance	-2.23%
Realty	-2.15%
Oil and gas	-2.77%
Capital goods	-3.02%
Power	-2.52%

SOURCE: BSE

**This is the blueprint for a \$7-trillion economy built on intelligence, not just scale. It is an intentional and ambitious budget**

Arundhati Bhattacharya, CEO & President, SBI, South Asia

**Context: Budget's capex focus, support for key sectors should drive medium-term growth, boost long-term investment**

- The Budget's direct and immediate impact on the Indian equity markets should be negligible. Fundamentally, any path of fiscal consolidation, as this Budget follows, is inherently not going to drive growth directly in any economy in the immediate term. However, some of the Budget's expenditure and tax proposals do enable growth momentum for the relevant sectors. In the right mix, though, these policies — for instance, more capex vs. revenue spending — do help drive an overall macro growth trajectory over the medium term.
- This Budget has continued on the path of resilience with a focus on enabling a higher future growth trajectory through capex, simplification and supporting key sectors like manufacturing and technology. Therefore, the markets should take confidence that the Budget supports medium-term growth trajectory, though near-term moves may be affected by sentiment or pre-Budget expectations.

**Global uncertainty**

- Investors should reflect on the backdrop against which this year's Budget was announced. Heightened global economic and geopolitical uncertainty meant limited leeway to take any material risks around fiscal assumptions or even growth-supporting fiscal expansion.
- The assumptions around the fiscal math are on the credible side. While some may find RBI dividends and disinvestment numbers to be on the aggressive side, the tax revenue assumptions don't seem to be building in any pickup in buoyancy. This is despite the tax cuts, simplification steps announced in the Budget and some measures meant to boost taxpayers' confidence. The net borrowings figures were also in line and should not alter local interest rates in any material way for now.

**Capex in key public sectors**

- Capex spending had taken a back seat last couple of years, after three or four years of strong growth, possibly reflecting socio-political considerations. This Budget brings the focus back to capex and that augurs well for the medium-term growth trajectory. Incentives and schemes supporting data centres, IT services, specific services such as healthcare and tourism, and manufacturing, especially electronics and semiconductors, are positive steps. They will not only aid these sectors directly, but also broader economy as they have a multiplier impact through either job creation, capital formation, increased exports or import substitution.

**Impact on derivatives**

- Increased taxes on derivatives in the equity markets will likely have some adverse impact on trading volumes for the derivatives segment. However, if one of the policy objectives was to curtail retail participation in the segment, the impact may be quite limited. However, long-term investors should take this Budget and other recent policies such as the FTAs, labour reforms as supportive of medium-term economic and earnings growth.

## ❖ Tax holiday for data centres enthruses IT business leaders

**Context: Budget may facilitate domiciliation of global IT, data operations; boost to Global Capability Centres may spur innovation; tax holiday proposed for foreign firms establishing data centres in India**

- The Union Budget signalled a strategic shift toward institutionalised innovation by aggressively lowering regulatory barriers and strategically re-engineering India’s fiscal framework to establish the nation as the definitive global hub for data, technology, and innovation, said industry experts and analysts.
- Expanding the safe harbour threshold to ₹2,000 crore alongside an automated approval system also provided much-needed fiscal predictability for large **Global Capability Centres (GCCs)**, industry stakeholders said. “The budget’s precise, data-driven approach to safe harbour is a master stroke in regulatory clarity.
- **The proposal of a tax holiday until 2047 for any foreign company establishing data centres in India, coupled with a specific safe harbour (a legal provision or regulation that reduces or eliminates liability, penalties or, tax, scrutiny for individuals and businesses, provided they meet specific, pre-defined conditions) of 15% on cost for companies providing data services from India to a related entity, creates a powerful anchor incentive,**” said Avinash Vashistha, chairman & CEO of Tholons and former Chairman and CEO of Accenture India. According to Mr. Vashistha, by clubbing all IT services under a single category with a common safe harbour margin of 15.5%, enhancing the monetary threshold for availing this benefit to ₹2,000 crore from ₹300 crore and approving it via automatic rule-driven model, the government delivered a predictable, scalable and globally competitive ecosystem that will accelerate the domiciliation of global data and IT operations.
- Gartner, a global tech research firm, said, in today’s VUCA (Volatile, Uncertain, Complex, Ambiguous) landscape, this move transformed India from a mere delivery hub into a stable, strategic sanctuary for global enterprises.

### **New sovereign currency**

- D.D. Mishra, VP analyst at Gartner, said, “Simultaneously, the 20-year tax holiday for Cloud service providers acknowledges data is the new sovereign currency.
- “This is a massive tailwind for AI-enabled data centres, though its success hinges entirely on our ability to scale industrial power infrastructure and cooling requirements.”
- The Budget has sent a decisive signal to global investors by providing a long-term tax holiday for foreign cloud service providers using Indian data centres, according to KPMG in India.

## ❖ Labour-intensive textile sector, MSMEs to get new schemes

**Context: Labour-intensive textile and apparel and Micro, Small and Medium-scale Enterprise (MSME) sector impacted by geopolitical developments in the last two years received a boost from the Budget with new schemes and higher allocations.**

## Jump in allocation

- The textile sector will see almost a 25 % jump in budgetary allocation for 2026-2027 from the current financial year while the MSME sector will see doubling of allocation.
- Union Finance Minister Nirmala Sitharaman said **Central Public Sector Enterprises** would establish high technology tool rooms in two locations as digitally enabled automated service bureaux that locally design, test and manufacture high-precision components at scale and at lower cost.
- A Scheme for Enhancement of Construction and Infrastructure Equipment would be introduced to boost local manufacturing of high-value and technologically-advanced equipment.
- A sum of ₹10,000 crore would be allocated during the next five years for a scheme for container manufacturing.
- For the 'labour-intensive textile sector,' the government proposed comprehensive measures that would include a special programme to promote sports goods, a National Fibre Scheme for manmade fibre, silk, wool, etc., **mega textile parks** developed on challenge mode for value addition to technical textiles, a Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres.
- **A National Handloom and Handicraft programme** would ensure targeted support for weavers and artisans, Mahatma Gandhi Gram Swaraj initiative would boost khadi, handloom and handicraft, Tex-Eco Initiative would promote globally competitive and sustainable textiles and apparel and Samarth 2.0 would upgrade the textile skilling ecosystem.
- Under rejuvenation of legacy industrial clusters, the budget proposed a scheme to revive 200 legacy industrial clusters, create dedicated ₹10,000 crore SME Growth Fund to create future champions and top up the Self-Reliant India Fund set up in 2021 with ₹2,000 crore to enable micro units access risk capital.

## Settlement platform

- The **TReDS (Trade receivables discounting scheme)** would be a mandatory transaction settlement platform for all purchases from MSMEs by CPSEs. A credit guarantee support mechanism would be introduced through **CGTMSE** for invoice discounting on TReDS platform; GeM would be linked with TReDS and TReDS receivables would be introduced as asset-backed securities, helping develop a secondary market.



**Context: Budget underscores commitment to building strong institutions and nurturing human capital**

- Every Union Budget offers a window into a nation's priorities, aspirations, and long-term confidence. The Union Budget, 2026 reflects the country's evolution not merely as a growing economic power, but also as a knowledge-driven, people-centric, and responsible society. It underscores a commitment to building strong institutions, nurturing human capital, and creating systems that serve both present and future generations.
- In this larger national journey, healthcare occupies a pivotal place. A healthy nation is the foundation of sustainable development, productivity, and social harmony.
- One of the most encouraging features was the decisive focus on mental health. Today, mental health has moved from the margins to the mainstream of public policy. The Budget's announcement of expansion of digital counselling services, strengthened referral systems, enhanced institutional capacity, and greater integration with primary healthcare represent a shift from fragmented efforts to coordinated care.
- Equally significant is the emphasis on skilling and capacity-building in healthcare and life sciences. India's reputation as a trusted source of medical professionals and affordable care is well established. The next phase of growth lies in deepening our expertise in advanced research, biopharmaceuticals, clinical trials, allied health services, and health informatics. Investments in specialised education, research institutions, and workforce development will create a strong pipeline of globally competitive professionals.
- The growing focus on **artificial intelligence, secure digital platforms, and data-driven diagnostics** further strengthens this ecosystem. Technology, when used responsibly, can bridge gaps in access, improve early detection, and enhance clinical decision-making.
- Research and innovation form another vital pillar of this transformation. Support for biologics, biosimilars, indigenous drug development, and clinical networks signals a long-term commitment to scientific leadership.
- Over the years, medical value travellers from around 150 nations have chosen India for complex surgeries, advanced treatments and holistic care. They are drawn not only by affordability, but by clinical excellence, compassion, and trust. The new policy framework strengthens this ecosystem and reinforces India's position as a reliable healthcare destination.
- Measures to reduce the cost of life-saving medicines and expand support for rare disease patients, reaffirm the principle that growth must be inclusive.
- Taken together, these initiatives reflect a holistic vision of development. They recognise that physical health, mental well-being, scientific capability, skilled manpower, and global engagement are deeply interconnected. They also acknowledge that healthcare is a cornerstone of nation-building.

**Context: Biopharma SHAKTI aims at facilitating domestic production of biologics and biosimilars; three new National Institutes of Pharmaceutical Education and Research to be set up; Central Drugs Standard Control Organisation to be strengthened according to global standards**

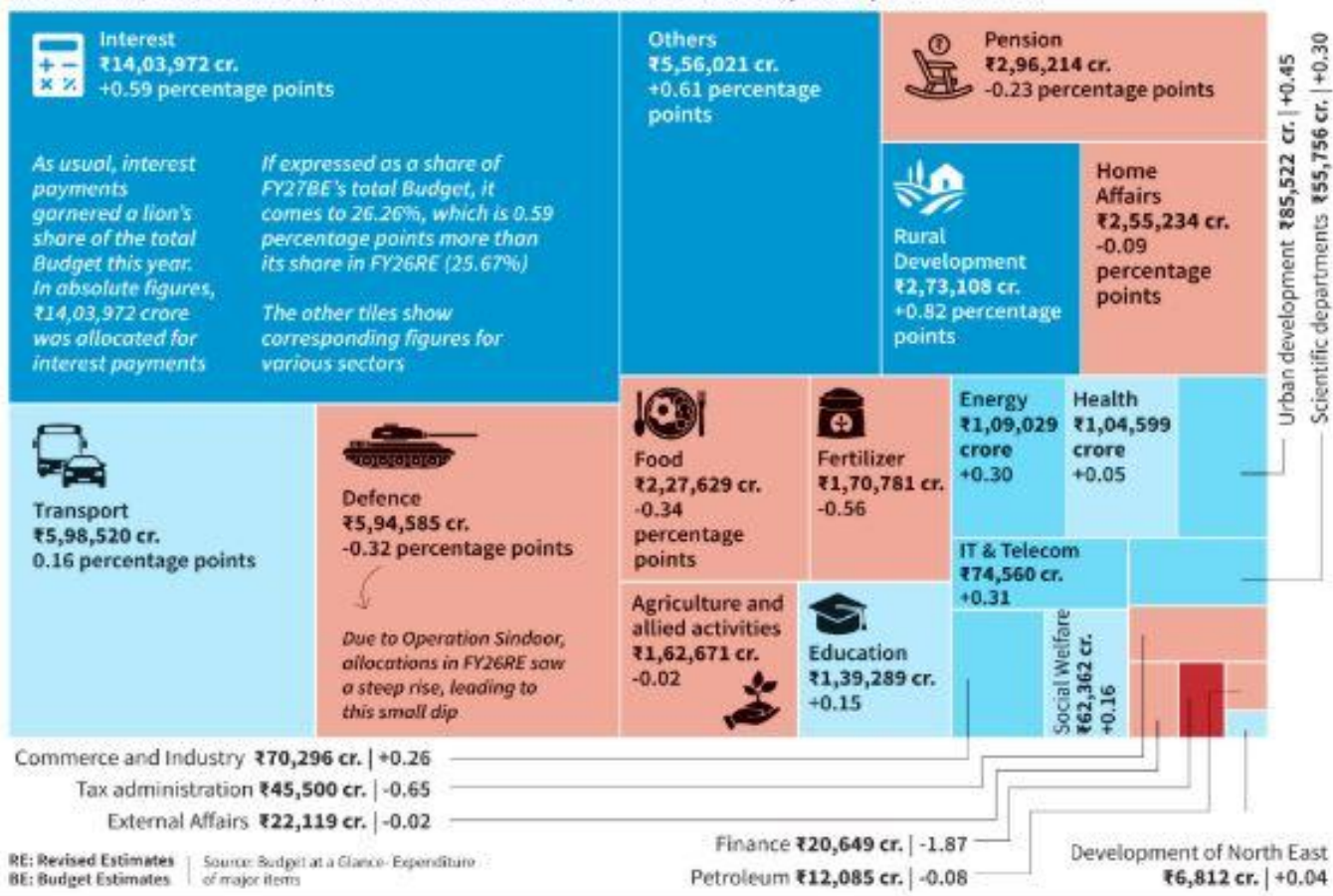
- The Union Budget has proposed a biopharma strategy for healthcare advancement through knowledge, technology, and innovation with an outlay of ₹10,000 crore over the next five years to develop India as a global biopharma manufacturing hub.
- **“Biopharma SHAKTI** will build the ecosystem for domestic production of biologics and biosimilars,” Finance Minister Nirmala Sitharaman said in the Budget speech on Sunday. Biopharma is part of the seven strategic and frontier sectors identified for scaling up by the government.
- The decision to facilitate innovation and ramp up production of biopharmaceuticals comes against the backdrop of India’s disease burden shifting towards non-communicable diseases such as diabetes, cancer and autoimmune disorders. “Biologic medicines are key to longevity and quality of life at affordable costs,” the Finance Minister said.
- **Setting up three new National Institutes of Pharmaceutical Education and Research (NIPER)** and upgrading existing seven facilities along with creation of a network of over 1,000 accredited India clinical trials sites forms part of the strategy on biopharma. “We propose to strengthen the Central Drugs Standard Control Organisation (CDSCO) to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists,” Ms. Sitharaman said.
- **Biopharmaceuticals are complex molecules and unlike other medicines they are not manufactured through chemical synthesis. According to U.S. Food and Drug Administration, biological products are generally large, complex molecules produced through biotechnology in a living system such as a microorganism, plant cell or animal cell and often more difficult to characterise than small molecule drugs.**

### Industry reaction

- Pharma industry leaders hailed the Budget announcement. Dr. Reddy’s Laboratories chairman Satish Reddy said the ₹10,000-crore programme will be a key enabler for India’s journey from volume to value leadership. “Alongside the expansion of the national clinical trials network and strengthening of the CDSCO..., these initiatives will enhance India’s capacity to develop complex, high-value therapies,” he said.
- “The Budget’s focus on health and biopharma is a welcome step... we also appreciate the government’s emphasis on strengthening CDSCO and advancing a more predictable, science-led regulatory framework. Aligning regulatory processes with global standards, while expanding India’s clinical research capabilities, will help bring medical innovation to India faster,” president and general manager of Eli Lilly and Company (India) Winselov Tucker said.
- Anuj Sethi, senior director at Crisil Ratings, said India’s pharmaceutical sector has been a leader in low-cost, small-molecule generics. The Biopharma SHAKTI will enable domestic companies to expand into more complex products such as biosimilars.

# Budget breakdown

The outlay for the transport sector (apart from interest payments) formed the bulk of the Budget Expenditure in FY27BE. Transport's share in total expenditure rose by 0.16% points from last year (increased from 11.03% of total expenses in FY26RE to 11.19% in FY27BE). The graphic depicts budgeted expenditure (₹ crore) and the change from FY26RE. For instance, the finance sector was allocated ₹20,649 crore in FY27, while its share of total expenditure decreased by 1.87% points from FY26.



## ❖ Cheaper cancer drugs; training for 1.5 lakh caregivers

**Context: Bringing immediate relief to patients with cancer and rare diseases, the Union Budget proposed a full exemption of basic customs duty on 17 cancer-related drugs and medicines. In addition, seven more rare diseases will be added to the list eligible for import duty exemption on drugs, medicines, and food for special medical purposes imported for personal use.**

- The major highlights for the health sector include creation of a nationwide network of 1,000 accredited clinical trial sites and upgrading of the drug regulatory system.
- Overall, health spending saw only modest growth, with the Health Ministry being allocated ₹1.05 lakh crore for 2026-27, just over 6% higher than the previous year's and roughly 9% more than the revised estimates. Major schemes including **Ayushman Bharat PM-JAY** received ₹9,500 crore, a marginal increase.
- A ₹100-crore provision was made for training allied healthcare professionals, alongside a push to expand care delivery beyond hospitals, particularly for geriatric services. "A strong care ecosystem, covering geriatric and allied care services will be built," Finance Minister Nirmala Sitharaman said.

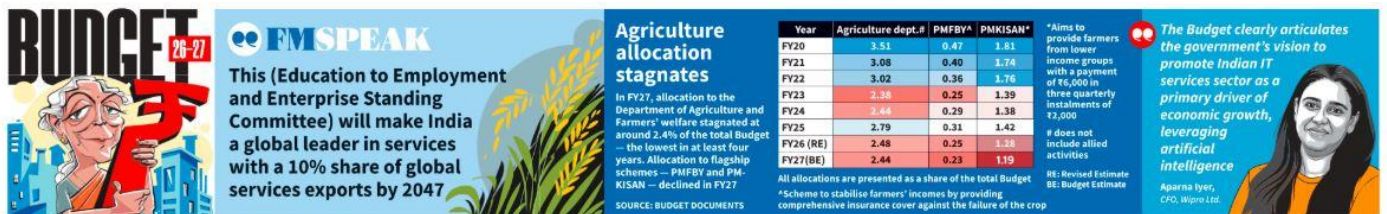
- She announced that **National Skills Qualifications Framework**-aligned programmes would be rolled out to train multi-skilled caregivers combining core care skills with allied capabilities such as wellness, yoga, and the operation of medical and assistive devices. “In the coming year, 1.5 lakh caregivers will be trained,” she said.
- The Budget also proposed a major scale-up of allied health professionals, a segment critical to easing pressure on doctors and hospitals.
- Major investments have also been proposed for the modernisation of existing healthcare facilities.
- The Budget provides for a substantial increase in MBBS, postgraduate, super-speciality, and nursing seats, aimed at strengthening teaching, learning, and clinical training capacities, while promoting cutting-edge research and innovation in advanced biomedical fields.
- Focus on mental health; comprehensive push to scale up the **AYUSH ecosystem**
- **Mental health took centre stage in the Budget**, with Finance Minister Nirmala Sitharaman on Sunday acknowledging that the country lacked sufficient national-level institutions dedicated exclusively to mental health.
- The government proposed the establishment of **two new national mental health institutes, in Ranchi and Tezpur, alongside plans to create a new National Institute of Mental Health and Neurosciences (NIMHANS) in North India**. Ms. Sitharaman said the new institutions were intended to improve access to specialised mental healthcare, advanced training, and research, particularly in regions that remain underserved.
- The Budget also unveiled a comprehensive push to scale up India’s AYUSH ecosystem and announced the establishment of three new All India Institutes of Ayurveda to strengthen education and clinical excellence in traditional medicine.
- The allocation for the AYUSH Ministry rose to ₹4,408.93 crore in FY 2026-27 from ₹3,671.82 crore (revised estimates) in 2025-26.

### ❖ Budget ignores unemployment, social security: trade unions

**Context: The allocation for the Union Labour Ministry remained unchanged at around ₹32,666 crore as in the last Budget. Trade unions alleged that the government neglected the employment sector and that there were no provisions to increase job opportunities and ensure social security of workers.**

- Union Finance Minister Nirmala Sitharaman counted the notification of labour reforms as a comprehensive reform measure, but the unions said there had been no allocation to vulnerable sections of workers such as gig workers.
- The total allocation for the Union Labour Ministry in this Budget was ₹32,666.31 crore. In the last Budget, it was ₹32,646.19 crore. This includes an allocation of ₹20,082.7 crore to the **Pradhan Mantri Viksit Bharat Rozgar Yojana**.
- Trade unions said the Budget reduced capital investment to corporate investment. “The Budget does not address unemployment. It does not address concerns of healthcare and education of workers and their families... this Budget is pro-corporate,” Indian National Trade Union Congress leader R. Chandrashekharan said.

- Bharatiya Mazdoor Sangh (BMS) said the Budget failed to address the most urgent livelihood and social security concerns of the working class. “Despite repeated pre-Budget consultations, BMS expresses grave dissatisfaction over the continued neglect of core labour and social security demands,” it said, adding that scheme workers are not yet recognised as workers and no increase was provided in the eligibility criteria and minimum pension under employees pension scheme.
- All India Trade Union Congress leader Amarjeet Kaur said the Budget was full of rhetoric with no substance for the masses, only future promises.



## ❖ Employment and strategic choices

### Context: Focus on scaling up labour-intensive sectors to drive growth, self-reliance and jobs amid global uncertainty

- The Union Budget 2026 does have employment as one element of its growth strategy, though the FM’s budget speech barely mentioned jobs. Amid global uncertainty, the emphasis on scaling up strategic and frontier sectors, alongside labour-intensive industries, reflects an attempt to advance economic growth, strategic security and self-reliance, while expanding employment.
- The proposed BioPharma SHAKTI initiative, aimed at creating an ecosystem for domestic production of biologics and biosimilars, seeks to deepen India’s manufacturing capabilities in a high-value, knowledge-intensive segment. Building on India’s established role as a global supplier of generic medicines, the initiative has the potential to expand exports, particularly to the Global South, while creating skilled employment across research, clinical trials, manufacturing, quality control and regulatory functions, linking employment generation with export-led growth.
- Building on the India Semiconductor Mission 1.0, the Budget proposes India Semiconductor Mission 2.0, expanding the focus from fabrication to domestic production of semiconductor equipment and materials, development of full-stack Indian intellectual property, and stronger supply chains. In a context of heightened geopolitical volatility and a global pax-silica shaping semiconductor value chains, strengthening domestic capability assumes importance for economic competitiveness and reducing strategic dependence.
- The effectiveness of technology-intensive manufacturing will also depend on secure access to critical minerals, particularly rare earth elements that underpin electronics, clean energy and advanced manufacturing. Following the launch of a Scheme for Rare Earth Permanent Magnets in November 2025, the Budget proposes the creation of dedicated Rare Earth Corridors to strengthen domestic supply chains by integrating

mining, processing and manufacturing, with positive implications for industrial growth, employment and strategic resilience.

- Alongside technology and capital-intensive sectors, the Budget emphasises labour-intensive industries such as textiles, which remain critical for large-scale employment. The integrated textile programme combines fibre self-reliance, cluster modernisation, support for handlooms and handicrafts, and a push towards sustainable and competitive textiles. Proposals for Mega Textile Parks and the Mahatma Gandhi Gram Swaraj initiative aim to strengthen value addition, market access and skills, expanding labour-intensive employment and rural self-employment opportunities, particularly for weavers, artisans and youth.
- The renewed emphasis on cluster-level development is a much-awaited policy shift, given the role of industrial clusters in driving industrial growth and employment. Adequate access to finance remains critical for MSMEs facing persistent liquidity constraints.

### ❖ New rural jobs scheme gets over ₹95,000 crore

**Context: Experts say the allocation is insufficient to provide 125 workdays to all workers and government will need an outlay of ₹2.3 lakh crore; ₹30,000 crore has also been set aside for MGNREGS**

- The budget for rural employment schemes saw a 43% hike, with allocation of ₹95,692.31 crore for the new scheme under the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act, 2025 and ₹30,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).
- Together, the allocation for both rural employment schemes stands at ₹1,25,692.31 crore, compared with the Revised Estimate of ₹88,000 crore for the MGNREGS in 2025-26. However according to activists, the allocation is not expected to meet the government's own target of providing 125 workdays to all workers enrolled under the MGNREGS.
- Calculations show that to meet this commitment, the government would need to allocate ₹2.3 lakh crore.
- The VB-G RAM G Act replaces the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005.
- There are approximately 8.65 crore active job card holders who can demand work under the scheme.
- "If all active job card holders are provided 125 days of employment, and the average cost per person per day is ₹355, the total expenditure required would be ₹3,83,844 crore. At a 60:40 cost-sharing ratio, the Government of India's share would amount to approximately ₹2.3 lakh crore, with the remaining share to be borne by the states," Chakradhar Budhha, a senior researcher at LibTech India, a consortium of activists and academics, said.
- The new law has not yet been notified; once it is, State governments will have six months to roll out their version of the scheme.
- In the interim, the MGNREGS will continue. The budgetary allocation of ₹30,000 crore is intended to clear the last financial year's liabilities and cover ongoing expenditure.

- Union Rural Development Minister Shivraj Singh Chouhan described the Budget as “historic,” claiming a 21% hike in allocation for rural development, from ₹1,91,406 crore in 2025-26 to ₹2,31,423 crore in 2026–27.
- The Minister highlighted that the total allocation for the MGNREGS in 2025-26 was ₹86,000 crore, while the Centre’s share for the coming year has crossed ₹95,600 crore and will exceed ₹1,51,000 crore once States’ contributions are included.
- “This is unprecedented and historic in itself, as it will give new momentum to rural India,” he said.
- He added that, in line with the 16th Finance Commission’s recommendations, panchayats will directly receive over ₹55,900 crore.

### ❖ Coconut, cocoa, sandalwood get special attention

**Context: The Centre will support high-value crops such as coconut, sandalwood, cocoa, and cashew in the coastal areas of the country, Finance Minister Nirmala Sitharaman said in her Budget speech on Sunday. However, the allocation for the scheme was ₹350 crore, with farmers organisations stating that the new initiative was just another rhetoric.**

- “Agar trees in the Northeast and nuts such as almonds, walnuts and pine nuts in our hilly regions will also be supported,” she said.
- Ms. Sitharaman said India was the world’s largest producer of coconuts and about 30 million people depended on coconuts for their livelihood.
- “To further enhance competitiveness in coconut production, I propose a Coconut Promotion Scheme to increase production and enhance productivity through various interventions, including replacing old and non-productive trees with new saplings,” she said. Ms. Sitharaman said a dedicated programme was proposed for Indian cashew and cocoa to make the country self-reliant in raw cashew and cocoa production .

### Sandalwood promotion

- Regarding sandalwood, she said the Centre would partner with State governments to promote focused cultivation and post-harvest processing to restore sandalwood ecosystem,” she said.
- Farmers organisations, however, are not enamoured by the announcement.
- “The rhetoric on investing in cash crops continued even in this year’s Budget. However, in reality, missions such as Cotton Technology Mission, Mission on Pulses, Hybrid Seeds, and Makhana Board, introduced in the past, find no mention in the budgetary figures,” the All India Kisan Sabha said in a statement.

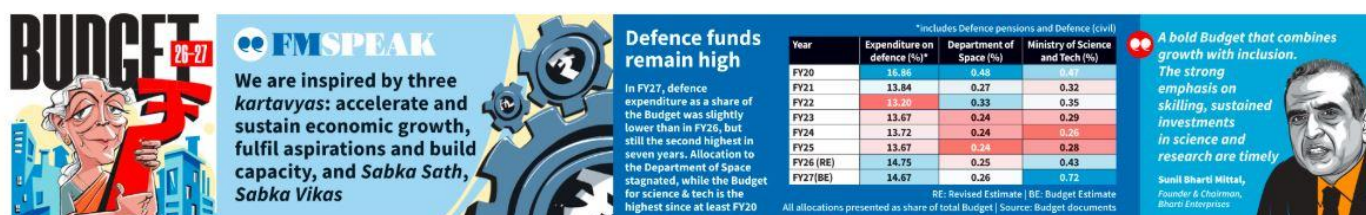
### ❖ Marginal hike for agriculture leaves farmers unhappy

**Context: The agriculture sector has got a 2.6% boost in the Union Budget, translating to an additional ₹3,000 crore in comparison to the previous year’s allocation, days after the Economic Survey pointed to a decrease in agricultural growth in the country.**

- Finance Minister Nirmala Sitharaman has proposed to spend ₹1.3 lakh crore for the sector in 2026-27, in comparison to the Budget Estimate of ₹1.27 lakh crore for 2025-26, though this is higher than the Revised Estimate of ₹1.23 lakh crore. The Agriculture Ministry's actual expenditure in the previous year 2024-25 was ₹1.29 lakh crore. The Fertilizer Ministry, meanwhile, was allocated ₹1.7 lakh crore for 2026-27, an increase of about 8.5% from the last budget.
- Farmers organisations, cutting across the political spectrum, have criticised the Budget for overlooking critical demands such as statutory minimum support price, farm debt relief, and a resolution to the crisis caused by global trade and tariff problems.

### **Research budget cut**

- The allocation for Kisan Samman Nidhi, which provides a fiscal allowance for farmers, has been retained at ₹63,500 crore, as in the last budget. The allocation for Agriculture Research and Education dipped 4.8% to ₹9,967.4 crore from the previous year's ₹10,466.39 crore.
- Ms. Sitharaman announced ₹350 crore in support to high-value agriculture such as coconut, cashew, sandalwood and other nut crops.
- She also announced an allocation of ₹150 crore for Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources), a multilingual Artificial Intelligence tool meant to integrate the AgriStack portals and the Indian Council of Agricultural Research package on agricultural practices with AI systems. "This will enhance farm productivity, enable better decisions for farmers, and reduce risk by providing customised advisory support," she said.
- Farmers organisations, from the left-leaning All India Kisan Sabha to the Sangh Parivar's Bharatiya Kisan Sangh (BKS), condemned the Budget. BKS general secretary Mohini Mohan Sharma said the Budget failed to live up to the government's vows to address farmers' problems. "There is a difference in what the government promised and what is there in the Budget," Mr. Mishra said.



### **❖ A case for higher defence allocation**

**Context: To maintain a strong military, India has to take allocation to at least 5% of its GDP in the short to medium term**

- It is usual for defence allocation to rise sharply in the Budget that follows a security challenge. It has been the case this year too, in the shadow of Operation Sindoor.
- The overall increase was more than 15% over the previous year (₹6.81 lakh crore to ₹7.84 lakh crore), with the capital outlay surging by 22% (₹1.80 lakh crore to ₹2.19 lakh crore). It may also look daunting that the defence budget had grown in the present century by a hefty 1,240% (from nearly ₹0.59 lakh crore in 2000-01).

- India's defence expenditure since 1960 to 2024, as a percentage of its GDP, has averaged nearly 3% (World Bank data) and to many, this is impressive. It is not. In the context of India's rapidly evolving security requirements, its defence budget is middling. Our security outlays must be assessed in the context of the resources committed by nations that pose a threat to India, rather than in isolation.
- Even the U.K., which has a strong military and is umbilically tied to U.S. security architecture, spent nearly 4% of its GDP on defence during the same period (1960-24). The comparative data for the world's most preeminent power, the U.S., is 5.3%. India's unfriendly neighbour Pakistan too has spent nearly 5%. China, which is a greater threat to India, is in a different league altogether. It dwarfs India's defence outlays. Though for 35 years up to 2024, its defence budget as a percentage of GDP — as assessed by the World Bank — averaged only 1.8%, in reality, it is much higher, with estimates varying widely.
- While China announced a defence budget of \$246 billion in 2025, the overwhelming opinion was that it was much higher. The Heritage Foundation estimated that in 2017, the Chinese budget was 87% of that of the U.S. It implied that in that year, China's defence budget was \$562 billion, as opposed to \$647 billion for the U.S., and \$68 billion for India.
- To maintain a strong military, India has to spend more on defence, taking the budget to at least 5% of its GDP in the short to medium term and to 6% to 7% in the long term. A credible deterrence against an increasingly aggressive China cannot be built on hopes.
- Critics would argue that India does not have the capacity to absorb a higher defence budget. Without overhauling the existing system, it may be true as we are stuck in a stasis.
- China, which did not even have an aircraft carrier when India operated one for decades, is expected to have nine by 2035. India's first indigenous aircraft carrier took nearly 20 years from planning to commissioning stage. We could not order the second so far, mainly on account of budgetary constraints.
- A much larger budget with innovative strategies is required to attain a credible defence capability and build India's domestic military industrial complex. Streamlining the Ministry of Defence, adoption of unconventional methods of gaining technology, and forging collaborations — all without the constraint of funding — are the only ways to make India a strong nation.

### ❖ Post Sindoor, major boost for defence

**Context: With the highest-ever outlay of ₹7.85 lakh crore, Budget underlines resolve to upgrade military capabilities to global standards, with a strategic emphasis on self-reliance; capex allocation up 22% to ₹2.19 lakh crore, and 75% of it will be spent on domestic procurement**

- In a decisive push to strengthen national security in the aftermath of Operation Sindoor and focus on indigenous defence production, the Union Budget has allocated a record ₹7.85 lakh crore to defence services, marking the highest-ever outlay for the sector.
- The allocation accounts for 2% of the estimated GDP for the financial year 2026-27, and reflects a 15.19% increase over the Budget Estimates for the current year.

- Defence spending now constitutes 14.67% of the Union government's total expenditure, the highest among all Ministries.
- The Defence Ministry said the enhanced allocation was aimed not only at accelerating the modernisation of the armed forces and meeting routine operational requirements but also at addressing additional financial needs arising from emergency procurement of arms and ammunition undertaken after Operation Sindoor, under both capital and revenue heads.
- Capital expenditure has been raised sharply to ₹2.19 lakh crore from ₹1.8 lakh crore in 2025-26, underlining the government's resolve to upgrade military capabilities to global standards, with a strategic emphasis on self-reliance.
- Of the Ministry's total allocation, 27.95% has been earmarked for capital expenditure, 20.17% for operational sustenance and preparedness, 26.4% for pay and allowances, 21.84% for defence pensions, and 3.64% for civil organisations.
- Capital allocation to the defence forces has risen almost 22% from the previous year's Budget Estimates, to ₹2.19 lakh crore. Within this, ₹1.85 lakh crore has been set aside for capital acquisition, nearly 24% higher than last year's. The Ministry has already concluded contracts worth ₹2.1 lakh crore during the current year up to December, with Acceptance of Necessity approvals exceeding ₹3.5 lakh crore. Upcoming projects include next-generation fighter aircraft, ships, submarines, UAVs, drones, smart weapons, and specialist vehicles.

### **Local push**

- A major thrust has been placed on indigenisation, with ₹1.39 lakh crore, or 75% of the capital acquisition budget, earmarked for procurement from domestic industries, boosting self-reliance, investment and job creation, the Ministry added. Revenue expenditure has been enhanced to ₹3.65 lakh crore, while allocations for border infrastructure, veterans' healthcare, research and development, and pensions have seen notable increases.
- Union Defence Minister Rajnath Singh thanked Prime Minister Narendra Modi for the historic allocation, saying that the Budget strengthens the balance between security, development, and self-reliance.
- Mr. Singh said the post-Operation Sindoor Budget reinforced the government's resolve to bolster national security, enhance military capabilities, and ensure the welfare of ex-servicemen, while advancing the vision of an Aatmanirbhar (self reliant) and Viksit Bharat.

# Quality of defence spending up



The share of revenue expenditure in overall defence outlay dropped while share of capital expenditure increased, leading to an improvement in quality of defence expenditure

**Table 1:** Share of capital and revenue expenditure in total defence sector outlay

Year	Capital %	Revenue %
FY20	25.62	74.38
FY21	28.81	71.19
FY22	28.92	71.08
FY23	26.33	73.67
FY24	27.00	73.00
FY25	26.83	73.17
FY26(RE)	26.95	73.05
FY27(BE)	29.44	70.56

**Table 2:** Allocations for various schemes as a share of Space Ministry's total Budget (In %)

Year	Department of Space	Space tech*	Space applications <sup>^</sup>	Space sciences <sup>#</sup>
FY20	13,017.61 cr.	68.16%	13.79	2.09
FY21	9,474.41 cr.	69.21%	12.35	1.98
FY22	12,473.84 cr.	71.14%	9.65	1.53
FY23	10,139.43 cr.	75.41%	12.51	1.13
FY24	10,704.07 cr.	75.51%	13.78	1.02
FY25	10,949.4 cr.	75.54%	14.27	0.99
FY26	12,448.6 cr.	77.13%	12.82	1.48
FY27(BE)	13,705.63 cr.	75.86%	12.59	4.16

**Table 3:** Allocations for various schemes as a share of the Science Ministry's total Budget (In %)

Year	Total (In ₹ cr.)	Science and tech	Biotech	Scientific and Industrial Research
FY20	12,637.43	42.8	18.7	38.5
FY21	11,351.48	43.1	19.9	37.0
FY22	13,113.98	39.2	21.7	39.1
FY23	12,333.14	36.0	16.6	47.5
FY24	11,558.58	34.6	12.7	52.7
FY25	13,197.67	38.0	14.9	47.0
FY26 (BE)	21,185.19	56.3	13.4	30.4
FY27 (RE)	38,260.94	73.3	9.0	17.7

\***Space tech:** Vikram Sarabhai Space Centre, ISRO Inertial Systems Unit, Liquid Propulsion Systems Centre, Satish Dhawan Space Centre, Human Space Flight Centre etc

<sup>^</sup>**Space applications:** Space Applications Centre, National Remote Sensing Centre, Indian Institute of Remote Sensing etc

<sup>#</sup>**Space sciences:** Aditya-L1, Chandrayaan-3, X-Ray Polarimeter Mission & Space Docking Experiment etc

## ❖ Budget allocates ₹6,000 crore for Census exercise

**Context: The Union Home Ministry got an increase of 9.44% in the total allocation in the Union Budget 2026-27. The overall Budget has increased from ₹2,33,210 crore to ₹2,55,233.53 crore.**

- The Intelligence Bureau has seen an increase of ₹2,889 crore in Budget allocation from the ₹3,893 crore Budget Estimate in 2025-26 to ₹6,782 crore BE in 2026-27. The Budget was revised to ₹4,193 crore in the current fiscal. The provision is for meeting the administrative expenses of the bureau.
- The Population Census, 2027 has been allocated ₹6,000 crore.
- On December 12, 2025, the Union Cabinet approved ₹11,718.24 crore for the Census activities.

## Village development

- The **second phase of the Vibrant Villages Programme**, which was approved by the Union Cabinet on April 4, 2025 for the comprehensive development of strategic villages along the International Border, has been allocated ₹300 crore in 2026-27.
- There was a significant increase in allocation for building projects and infrastructure for the Central Armed Police Forces (CAPF). The section saw an increase of ₹1,000 crore in allocation from ₹4,038 crore in 2025-26 to ₹5,040 crore in 2026-27.
- An amount of ₹1,73,802.53 crore has been given to the CAPFs such as the CRPF, the BSF and the CISF.

- The government allocated ₹450.54 crore for the modernisation of State Police Forces and Crime and Criminal Tracking Network and Systems (CCTNS), while ₹3,610.8 crore was provided for Security Related Expenditure (SRE) and Special Infrastructure Scheme for Left Wing Extremist Areas.
- The Interoperable Criminal Justice System, one of the key pillars of the new criminal laws to integrate digital platforms enabling seamless data sharing among police, courts, prosecution, prisons, and forensic agencies has been allocated ₹550 crore in 2026-27, up from ₹300 crore in 2025-26.

# With allocation of ₹500 cr., Centre bats for manufacturing sports goods in India

**Press Trust of India**  
NEW DELHI

The sports goods manufacturing sector on Sunday emerged as a major beneficiary with a first-time allocation of ₹500 crore as allocation for the Youth Affairs and Sports Ministry was raised by over ₹1,000 crore in the Union Budget.

The overall Budget allocation for the Ministry was ₹4,479.88 crore, an increase of ₹1,133.34 crore from the revised allocation of ₹3,346.54 crore for 2025-26.

The allocation for the Sports Authority of India (SAI), the nodal body for the conduct of national

camp and logistical arrangements for athletes' training, was enhanced from ₹880 crore to ₹917.38 crore.

The National Dope Testing Laboratory and the National Anti-Doping Agency's budget, however, was reduced from ₹28.55 crore in 2025-26 to ₹23

crore and from ₹24.3 crore to ₹20.3 crore, respectively.

Ms. Sitharaman emphasised India's potential to emerge as a global hub for high quality and affordable sports goods in her speech.

The government's flagship Khelo India programme received an allocation of ₹924.35 crore.



# More money and new schemes for livestock, fisheries sectors

**The Hindu Bureau**  
NEW DELHI

Union Finance Minister Nirmala Sitharaman on Sunday announced a series of schemes to strengthen the fisheries and animal husbandry sectors in the Union Budget on Sunday, with a focus on value-chain development, entrepreneurship and rural employment.

The Budget proposes in-

tegrated development of 500 reservoirs and Amrit Sarovars. Steps will be taken to strengthen the fisheries value chain in coastal areas. Market linkages involving start-ups, women-led groups and Fish Farmers Producer Organisations will be enabled to reduce post-harvest losses and improve price realisation, it said.

To provide quality employment opportunities in



**Focus on growth:** Steps will be taken to strengthen the fisheries value chain in coastal areas, says the Budget. V. RAJU

rural and peri-urban areas, the Minister said the Centre would support the animal husbandry sector

in entrepreneurship development through a credit-linked subsidy programme.

Budgetary support for the fisheries sector has been set at ₹2,761.8 crore. The Union Fisheries Ministry said the country has one of the world's largest networks of inland reservoirs, spanning about 31.5 lakh hectares, offering significant potential for inland fisheries development.

The Union Animal Husbandry Ministry received an allocation of ₹6,153.46 crore, an increase of about 21% over the previous

years. "Key provisions in the Budget focus on improving productivity, animal health, and infrastructure across the livestock value chain. Enhanced support has been extended for breed improvement programmes, expansion of veterinary services, and disease prevention initiatives to safeguard farmers' assets and ensure quality livestock output," the Ministry said in a statement, welcoming the increase in allocation.



**FMSPEAK**  
The Union government has been delivering on fiscal commitments, consistently, without compromising on social needs



**Social spending improves**

In FY27, allocation for various social sectors such as health, rural development, social welfare, higher education and school education as a share of total Budget climbed

Year	Health	Rural Development	Higher Education	School Education	Social Welfare
FY20	2.36	5.30	1.91	1.96	1.96
FY21	2.28	6.39	0.92	1.48	1.07
FY22	2.22	6.83	0.88	1.23	1.07
FY23	1.75	5.69	0.92	1.40	0.97
FY24	1.84	5.43	1.25	1.53	0.95
FY25 (RE)	1.90	4.43	0.98	1.40	0.98
FY26 (BE)	1.91	4.29	1.03	1.42	1.01
FY27 (BE)	1.96	5.11	1.04	1.56	1.17

All allocations are presented as a share of the total Budget (in %)  
RE: Revised Estimate | BE: Budget Estimate | Source: Budget documents

**This Budget gives a strong boost to affordable housing through enhanced PMAY subsidies. It will create a multiplier effect across the housing ecosystem**

D. Lakshminarayanan, MD, Sandstone Home Finance

## ❖ Budget that invests on competitiveness

**Context: The Budget will help secure strategic materials through the Rare Earth Corridors and boost MSMEs**

- The Union Budget 2026-27 comes at a moment of unusual global uncertainty, marked by disrupted supply chains, rising resource constraints and fragile multilateralism. Against this backdrop, the Budget makes a clear strategic choice: maintain fiscal discipline while using public investment to strengthen India's long-term competitiveness and improve ease of living for citizens.
- Rather than chase short-term stimulus, the Budget anchors itself in credibility. The reaffirmation of fiscal consolidation — combined with a continued push on infrastructure — signals a confidence that India's growth momentum can now be sustained with an equal focus on maintaining macro-economic stability.
- A defining feature of the Budget is its emphasis on declining debt-to-GDP ratio. The Finance Minister noted that the ratio is projected to fall from 56.1% in 2025-26 to 55.6% in 2026-27. Lower debt and reduced interest outgo are explicitly positioned as creating headroom for spending on priority areas, especially capital expenditure.
- This has allowed the government to raise public capital expenditure to ₹12.2 lakh crore, even as the fiscal deficit is reduced to 4.3% of GDP. The message is clear: infrastructure investment will remain the principal lever for growth, but it will be funded within a disciplined macro framework.
- The operationalisation of 20 new national waterways, starting with NW-5 in Odisha, and the launch of a Coastal Cargo Promotion Scheme aim to double the modal share of waterways and coastal shipping to 12% by 2047.
- By shifting bulk cargo away from road and rail to waterways, the Budget targets a structural reduction in freight costs while promoting environmentally sustainable movement of cargo. The parallel focus on skill development and ship-repair ecosystems along waterways reinforces the idea that logistics reform can generate employment alongside efficiency gains.
- The **Budget's focus on Rare Earth Corridors (RECs)** reflects a sharp understanding of the geopolitics of manufacturing. By supporting mineral-rich States such as Odisha, Kerala, Andhra Pradesh and Tamil Nadu to develop integrated corridors spanning mining, processing, research and manufacturing, the government is addressing a critical vulnerability in global supply chains.
- The proposed SME Growth Fund, liquidity support through a strengthened TReDS ecosystem, and professional compliance assistance aim to help MSMEs scale, formalise and integrate with larger value chains.
- Beyond economics, the Budget repeatedly invokes 'ease of living' through tax simplification, faster customs clearance, reduced compliance, and citizen-friendly processes. These measures may appear incremental in isolation, but together they reinforce a governance philosophy that places citizens and small businesses at the centre of reforms.

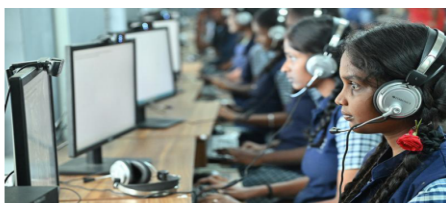
# Booster shot for education and skilling

Allocation for Education Ministry sees 14.21% increase to about ₹1.39 lakh crore; Budget for Samgra Shiksha scheme, Kendriya Vidyalaya Sangathan raised; Finance Minister announces five university townships and a panel to look at 'pathways from education to employment'

**Abhinav Lakshman**  
NEW DELHI

The Centre has made a significant push in the education and skilling sector in the Union Budget presented on Sunday.

Finance Minister Nirmala Sitharaman announced, among other things, the establishment of five university townships near major industrial and logistics corridors, provisions to set up a girls' hostel in each district to encourage the participation of more girls in STEM education, and a high-powered 'Education to Employment and Enterprise' Standing Committee to focus on the "services sector as a core driver of Viksit Bharat".



The allocation for Atal Tinkering Labs sees a jump of ₹2,700 crore from ₹500 crore last year to ₹3,200 crore this year. S. SIVA SARAVANAN

Budget documents show the allocation for the Union Education Ministry in 2026-27 has risen to about ₹1.39 lakh crore, an increase of 14.21% compared with the revised estimates for the current fiscal, with a majority of this increase being reflected in the allocation for the De-

partment of School Education and Literacy, where the allocation for Atal Tinkering Labs saw a jump of ₹2,700 crore from ₹500 crore last year to ₹3,200 crore this year.

Increases were also seen in the allocations for the Samgra Shiksha scheme, which saw a rise of ₹4,100

crore in its allocation compared with the revised estimates for 2025-26, and in the allocation for the Kendriya Vidyalaya Sangathan, which has been given about ₹600 crore more when compared with the current fiscal's revised estimates. The PM Poshan scheme also saw an increase of about ₹2,150 crore from the 2025-26 Revised Estimates.

The budget for the Ministry of Skill Development and Entrepreneurship saw a significant jump in allocation, with a Budget estimate of ₹9,885.8 crore, a 62% increase compared with the previous year's Budget Estimate. However, the Budget Estimate (2025-

26) of ₹6,100.1 crore had been revised to ₹2,703.54 crore by the current fiscal. Much of the allocation for the Skills Ministry has been towards the PM Skilling and Employability Transformation through Upgraded Industrial Training Institutes scheme, launched in 2025, which got an allocation of ₹6,081.8 crore.

The Minister also announced provisions to set up 'Content Creator Labs' across 15,000 secondary schools and 500 colleges to promote pathways in the Animation, Visual Effects, Gaming, and Comics (AVGC) sector. She also mentioned plans to set up another National Institute of Design for the promo-

tion of design education in eastern India, and the reduction of Tax Collected at Source (TCS) from 5% to 2% for pursuing education abroad.

The government also announced a high-powered Standing Committee to look at the pathways from education to employment and entrepreneurship. It will identify services sub-sectors with potential for growth, assess impact of emerging technologies, including artificial intelligence, on jobs and skills requirements, and propose measures to include AI in the curricula from school onwards and upgrading State Councils for Educational Research and Training Institutes for teacher training.



## A new rural job scheme

Much of the Rural Development Ministry's allocations was diverted to the new Viksit Bharat - Guarantee for Rozgar and Ajeevika Mission (Gramin), which is set to replace the Mahatma Gandhi NREGA scheme. Close to half of school education budget is devoted to Samagra Shiksha scheme. Numbers show the money allocated to each scheme/project as a % of each Ministry

■ Among the schemes under the Department of Rural Development, the MGNREGA and VB-G RAM G schemes made up over 60% of allocations

■ The Samagra Shiksha Scheme, formed more than 50% of the budget allocated to the Department of School Education in the last three financial years.

	FY20	FY21	FY22	FY23	FY24	FY25	FY26(RE)	FY27(BE)
<b>RURAL DEVELOPMENT</b>								
National Social Assistance Programme	7.1	21.6	5.1	5.5	5.9	5.5	4.9	5.0
MGNREGA/VB-G RAM G	58.7	56.6	61.4	51.3	55.1	48.6	47.1	64.7
Pradhan Mantri Gram Sadak Yojna	11.5	7.0	8.7	10.6	9.5	10.1	5.9	9.8
Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM)	7.4	4.7	5.8	6.5	8.6	8.3	8.6	9.9
Pradhan Mantri Awas Yojna (PMAY)- Rural	14.8	9.8	18.7	25.4	13.4	18.3	17.4	28.3
<b>HEALTH</b>								
Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PM-JAY)	5.1	3.5	3.8	8.4	8.3	8.2	9.7	9.3
<b>SCHOOL EDUCATION</b>								
Samagra Shiksha	61.6	53.7	53.5	55.4	48.3	56.0	53.8	50.4
Pradhan Mantri Poshan Shakti Nirman (PM POSHAN)	18.5	24.8	21.9	21.6	12.4	15.2	15.0	15.3
PM Schools for Rising India (PM SHRI)					1.8	5.4	6.4	9.0
<b>HIGHER EDUCATION</b>								
University Grants Commission (UGC)	12.0	11.8	13.8	13.2	9.6	8.1	6.8	6.7
Grants to Central Universities (CUs)	21.6	25.8	26.1	28.2	20.1	35.2	33.3	31.3
IITs	17.9	20.6	24.1	23.3	15.7	22.6	22.4	21.8
IIMs	1.3	1.4	1.9	1.5	0.6	0.5	0.5	0.5
National Institutes of Technology (NITs) and IIEST	9.4	10.0	10.4	10.8	5.9	11.8	11.4	11.2

The share allocated to UGC as a % of Higher Education Budget has declined over the years | Ayushman Bharat scheme forms close to 9% of the Health Budget allocation

## ❖ Marginal hike for Social Justice and Tribal Affairs

**Context: Allocations for the Department of Social Justice and Empowerment, and the Tribal Affairs Ministry remained largely the same in the Union Budget 2026-27 compared with the 2025-26 Budget Estimates (BE).**

- The Ministries implement welfare schemes for marginalised sections such as the Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), Denotified Tribes (DNTs), and Economically Weaker Section (EWS).
- According to Budget documents, the Social Justice Department's allocation for 2026-27 is ₹13,687.59 crore and the Tribal Affairs Ministry has been allocated ₹15,421.97 crore. The allocations have increased by 16.69% and 42.47%, respectively compared with the Revised Estimates (RE) for the current fiscal.
- Allocation has been increased for the Social Justice Department mostly to implement the scholarship scheme for SCs, STs, OBCs, and the scheme to provide employment, livelihood, and housing for denotified, nomadic, and semi-nomadic tribes. The Tribal Affairs Ministry has received an increase in allocation largely to implement the Eklavya Model Residential School (EMRS) scheme for tribal students.
- The Department of Social Justice and Empowerment's Scheme for **Economic Empowerment of DNTs (SEED)** received an increase in allocation of over 64% compared with the RE. The allocation has increased from ₹61.56 crore to ₹101 crore.
- The allocation for the **Atal Vayo Abhyuday Yojana for senior citizens** was increased by nearly ₹100 crore. The allocation for extending post-matric scholarships for SCs was increased by ₹360 crore, while the allocation to give scholarships for OBCs, DNTs, and Extremely Backward Classes saw an increase of ₹820 crore.
- The allocation for the Tribal Affairs Ministry's **EMRS scheme** was increased to ₹7,150.01 crore for 2026-27. The allocation to provide post and pre-matric scholarships for ST students was also increased.

## Schemes to support livelihood, assistive devices for persons with disabilities

**Abhinay Lakshman**

NEW DELHI

The Union government is preparing to launch two new schemes for persons with disabilities, aimed at training them for "dignified livelihood opportunities" and providing them with "timely access" to assistive devices by setting

up "modern retail-style" Assistive Technology Marts across the country.

Even as Finance Minister Nirmala Sitharaman announced the two new schemes – the Divyangjan Kaushal Yojana and Divyang Sahara Yojana – for empowering persons with disabilities,



rights organisation National Platform for the Rights of the Disabled (NPRD) said the Budget "continues the exclusionary trajectory of the Modi government in its third term", saying that it "violates disability rights and entrenches inequality".

The Department of Empowerment of Persons with Disabilities (DEPwD) saw an allocation of ₹1,669.72 crore for the 2026-27 fiscal, a rise of about 30% compared to the current fiscal's revised estimates, largely driven by the ₹300 crore allocation for the two new schemes.

# Despite dip in spends, Jal Jeevan Mission gets ₹67,600 crore

**Jacob Koshy**  
NEW DELHI

The Centre's marquee Jal Jeevan Mission programme, which aims to provide potable water to every rural household, has been allotted ₹67,600 crore for the financial year 2026-27, incrementally more than the ₹67,000 crore allocated in the Budget for 2025-26.

Despite the significant allocation last year, the Jal

Shakti Ministry, according to the Union Budget documents, expects to spend only about ₹17,000 crore when this financial year ends on March 31, 2026. Allocations reportedly dipped after gross irregularities in the administration of the scheme surfaced from various States.

Tamil Nadu, Tripura, Gujarat, Assam, Maharashtra, and Rajasthan have reported significant action in



**Every drop counts:** A few States such as Tamil Nadu have reported action in tackling irregularities and substandard work. FILE PHOTO

imposing the penalty and recovery process in cases of financial irregularities, and poor quality of works

under the Jal Jeevan Mission. Uttar Pradesh has reported that it initiated enquiries in 14,264

complaints received from various channels.

The Gujarat government reported that a financial loss of ₹120.65 crore had occurred due to irregularities in 620 villages of Mahisagar district, and orders had been issued for recovery from 112 implementing agencies, according to a statement in the Lok Sabha in December 2025 by C.R. Patil, the Jal Shakti Minister.

According to data reported by 32 States and Un-

ion Territories, action was taken against 621 departmental officials, 969 contractors, and 153 third party inspection agencies in cases of financial irregularities and poor quality of works under the Jal Jeevan Mission, the Ministry of Jal Shakti had said in a statement in December 2025.

As of December 11, 2025, around 12.52 crore rural households have been provided with tap water connections under the Jal Jeevan Mission.

**IMSPEAK**  
The government will ensure the dividends of growth reach every farmer, Scheduled Caste, Scheduled Tribe and the youth

**Infrastructure spending climbs**

In FY27, allocations for telecom, power and housing as a share of the total Budget have improved notably, while funds for Road Ministry have stagnated

SOURCE: BUDGET DOCUMENTS

Year	MORTH	Telecom	Power	Housing*
FY20	2.91	1.06	0.57	1.57
FY21	2.83	1.21	0.30	1.33
FY22	3.26	0.84	0.57	2.82
FY23	5.18	2.84	0.22	1.84
FY24	6.21	1.96	0.37	1.54
FY25	6.44	2.62	0.42	1.34
FY26 (RE)	5.78	1.08	0.43	1.15
FY27(BE)	5.79	1.38	0.56	1.60

\*Housing and Urban Affairs | RE: Revised Estimate | BE: Budget Estimate  
All allocations are presented as a share of the total Budget (in %)

*The intent through numbers is laudable, what is critical, however, is the design and efficacy of follow-up reforms – for cost-effective and precise delivery in national security*

Raj Shukla  
Lieutenant General (Retd.)

## ❖ Sustained growth as a key 'kartavya'

### Context: Manufacturing remains central to India's growth strategy given its role in large-scale job generation

- Over the past decade, the government's policy actions have enabled the economy to combine stability with sustained growth of around 7%, moderate inflation and a steady path of fiscal consolidation. Nonetheless, even amid the 'Goldilocks' phase that India is currently enjoying, the risks emanating from weakening multilateralism, fragmented trade, disrupted supply chains and accelerating technological change loom large.
- In this context, the Finance Minister, presenting her ninth consecutive Union Budget, a first in India's history, is to be commended for presenting a Budget that balances short-term requirements with long-term objectives, or as the Economic Survey aptly puts it, running a marathon as sprint.
- Particularly noteworthy was the framing of the government's economic agenda as kartavya, signalling a shift in perspective towards governance as a statement of duty. This article focuses on the first kartavya, namely accelerating and sustaining economic growth by enhancing productivity and competitiveness while building resilience to volatile global dynamics.
- Towards this objective, the Finance Minister announced interventions across six key areas: scaling up manufacturing in seven strategic and frontier sectors; rejuvenating legacy industrial sectors; creating champion MSMEs; delivering a strong push to infrastructure; ensuring long-term energy security and stability; and developing City Economic Regions.
- Manufacturing remains central to India's growth strategy given its role in large-scale employment generation, export competitiveness, supply chain resilience and Atmanirbharta.

- The expansion of the India Semiconductor Mission into ISM 2.0 marks a decisive deepening of India’s manufacturing strategy.
- Textiles and sports goods manufacturing also receive focused attention, reflecting their employment intensity and export potential. Modernised clusters, technology upgradation and integration with global value chains are expected to help these sectors move up the value ladder while supporting large-scale job creation. Targeted interventions are proposed for biopharma through Biopharma SHAKTI, aimed at positioning India as a global hub for biologics and biosimilars; chemicals and capital goods are similarly supported through cluster-led and scale-oriented interventions.
- The CII has consistently advocated enhanced capital support to address the resource constraints faced by MSMEs. The budget acknowledges these challenges and proposes a comprehensive set of measures such as the creation of Champion MSMEs, which is backed by a concrete financial architecture, including a ₹10,000 crore SME Growth Fund and a significant overhaul of MSME liquidity mechanisms through TReDS.
- Taken together, the first kartavya articulated in the Union Budget 2026–27 represents a coherent and well-calibrated growth strategy.

# Rare earth corridors to cut China imports

The govt. will support mineral-rich Odisha, Kerala, Andhra Pradesh, and Tamil Nadu in establishing such corridors; China’s dominance in rare earths stems not only from resource availability but more so from its long-standing strength in mining and research capacity

**The Hindu Data Team**  
CHENNAI

**F**inance Minister Nirmala Sitharaman announced in her Union Budget 2026 speech that the government will support the mineral-rich States of Odisha, Kerala, Andhra Pradesh, and Tamil Nadu in establishing rare earth corridors to promote the mining, processing, research, and manufacturing of critical minerals.

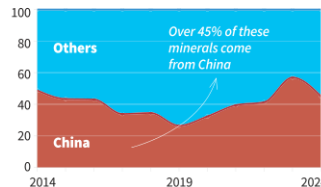
This announcement comes as China – the dominant force in rare earth production and exports – leverages its mining industry as a strategic bargaining chip in its ongoing tariff war with the U.S. While the U.S. is the second largest

## Bargaining chip

The announcement about rare earth corridors comes at a time when China is leveraging its mining industry as a strategic bargaining chip with the U.S. The chart shows China’s share (%) in India’s total rare earth imports



**Top source:** China is world’s largest producer of rare earths, contributing over 60% of global production. REUTERS



India’s rare earth imports have been increasing over time from \$14.1 million in 2014 to \$17.5 million in 2024. | SOURCE: UNCOMTRADE

importer of Chinese rare earths after Japan, India depends heavily on its neighbour for these materials.

The chart shows India’s total rare earth imports over the years and China’s

share in India’s imports. India’s rare earth imports increased from \$14.1 million in 2014 to \$17.5 million in 2024. Over 45% of these minerals come from China.

China’s dominance in rare earths stems not only

from resource availability but more so from its long-standing strength in mining and research capacity. Rare earth elements (REEs), despite the name, are not particularly scarce.

According to the Inter-

national Energy Agency (IEA), they comprise 17 metals, typically grouped into light rare earths (LREEs) – including lanthanum, cerium, praseodymium, neodymium, samarium and europium – and heavy rare earths such as gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium, scandium and yttrium.

Rare earths are essential for high-tech devices including smartphones and hard drives.



Although rare earth deposits exist in countries such as Brazil, Australia, and India, China holds nearly half of the global reserves.

China is the world’s largest producer, contributing over 60% of global production in the last five years.

Beyond extraction, China dominates the value chain with around 92% of global refining capacity, according to the IEA.

Moreover, in the last five years, China has been the largest exporter, supplying close to 30% of global demand.

## Critical components

Promethium is not included in the list as it is radioactive and does not occur in mineable quantities. They are critical components in clean energy technologies such as electric vehicles and wind turbines, as well as in defence applications.

# Boost to Infrastructure allocation



**Table 1:** About 60% of MORTH's Budget is expected to be spent on the Bharatmala programme. The table shows the allocations to various projects as a share of total expenditure

Year	MORTH expenditure	NHAI/Bharatmala Pariyojana#	NH and other road works*
FY20	78,248.72 cr	40.5	59.16
FY21	99,159.09 cr	46.45	53.54
FY22	1,23,550.6 cr	46.2	53.61
FY23	2,17,089.4cr	65.25	34.93
FY24	2,75,985.7 cr	60.65	39.38
FY25	2,99,460.3 cr	56.3	43.73
FY26(RE)	2,87,141.8cr	59.3	40.52
FY27(BE)	3,09,875.3 cr	60.44	39.37

MORTH: Ministry of Road Transport and Highways

\*Development of NHs, #For Major Works to NHAI

**Table 2:** Allocations to various projects as a share of total expenditure of the Ministry of Housing and Urban Affairs

Urban Housing	Total expenditure	MRTS and Metro Projects@	AMRUT and Smart Cities Mission	PMAY^	Swachh Bharat Abhiyan
FY20	42,054.4 cr	44.96	22.82	16.28	2.99
FY21	46,700.9 cr	19.27	20.89	44.95	2.13
FY22	1,06,840.5 cr	21.97	12.98	56.12	1.83
FY23	77,310.23 cr	30.53	19.6	37.06	2.49
FY24	68,564.9 cr	33.69	19.8	31.63	3.49
FY25	53,255.15 cr	53.6	14.59	10.92	3.55
FY26(RE)	57,203.78 cr	51.48	13.11	13.11	3.5
FY27(BE)	85,522.39 cr	36.18	9.35	21.78	2.92

@includes National Capital Region Transport Corporation ^PMAY aims at providing pucca house to every household, includes values for PMAY 2.0

**Table 3:** Allocations to various projects as a share of total expenditure of the Telecom department. Shares in %

Year	Telecom	Pension	Comp*	BSNL#
FY20	28,395.43 cr	47.37	10.3	
FY21	42,310.2 cr	35.28	17.02	
FY22	31,798.37 cr	46.75	26.1	
FY23	1,18,960.5 cr	13.06	44.97	22.18
FY24	86,883.94 cr	20.00	2.3	65.36
FY25	1,21,726.6 cr	14.97	6.74	59.1
FY26(RE)	53,398.17 cr	36.86	18.07	12.89
FY27(BE)	73,990.94 cr	28.47	32.44	38.48

Pensions: Pensionary benefits of the employees of the Department of Telecommunications (DoT),

\*Compensation to Service Providers for augmentation of telecom infrastructure, #Capital infusion in BSNL

## ❖ Budget bets on duty cuts in new clean energy push

**Context: Eschewing big-ticket announcements, Finance Minister Nirmala Sitharaman on Sunday resorted to a series of customs duty exemptions in the Union Budget to encourage domestic manufacturers of clean-energy components, including lithium-ion batteries and solar cells.**

- The basic customs duty on sodium antimonate, used in the manufacture of solar glass, has been cut from 7.5% to zero. "Specified" capital goods required for manufacturing lithium-ion cells for battery energy storage systems have also been exempted from duty, along with several components used in the manufacture of nuclear power projects, including controller and protector absorber rods.
- Last year, Parliament passed the Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Act and the Centre announced a ₹20,000-crore Nuclear Energy Mission to develop at least five indigenously designed and operational small modular reactors by 2033. Despite the policy push, the allocation for the Department of Atomic Energy has risen to ₹38,422 crore or about 2% higher than the previous year's. The allocation for atomic energy research is up by 8% to ₹10,000 crore.

- The Ministry of New and Renewable Energy saw a sharper rise in allocation to ₹32,914 crore (₹26,549 crore last year). Like last year's budget, the most significant component of this year's outlay is the Pradhan Mantri Surya Ghar Muft Bijli Yojana, which aims to electrify one crore households with solar energy by 2026-27. The Budget has earmarked ₹22,000 crore for the scheme this year (₹20,000 crore last year).
- "With a significant increase in allocation for the New and Renewable Energy sector, the Budget reinforces India's commitment to sustainability, energy security and inclusive growth," Renewable Energy Minister Pralhad Joshi said in a post on X.

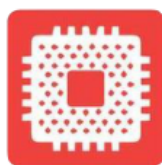
# Semiconductor Mission 2.0 unveiled; electronics parts scheme outlay doubled

**Aroon Deep**  
NEW DELHI

Union Finance Minister Nirmala Sitharaman on Sunday announced that the outlay for the Electronics Component Manufacturing Scheme (ECMS) would be increased from ₹22,805 crore to ₹40,000 crore.

The outlay is being doubled even as the scheme "already has investment commitments at double the target", and the near-doubling of the outlay will "capitalise on the momentum", she said.

The ECMS's application window is open until 2027



for just one category of goods: indigenously manufactured capital machinery to make components.

**A step forward**  
Ms. Sitharaman also announced the India Semiconductor Mission (ISM) 2.0, with an outlay yet to be announced. "ISM 1.0 expanded India's semiconductor sector capabilities," she said. "Building on this, we will launch ISM 2.0 to produce equipment and materials, design full-stack Indian IP, and fortify supply chains."

ISM 1.0 had an outlay of ₹76,000 crore.

## ₹20,000 cr. earmarked for carbon capture, storage scheme

**Jacob Koshy**  
NEW DELHI

Union Finance Minister Nirmala Sitharaman on Sunday earmarked ₹20,000 crore in the Budget towards Carbon Capture Utilisation and Storage (CCUS) – a nascent, esoteric stream of research globally, but mooted as necessary to the quest by countries for a zero-carbon future. CCUS refers to a suite of

technologies that capture carbon dioxide (CO<sub>2</sub>) emissions from large point sources – such as power plants, steel, cement, chemicals, and refineries – and either use CO<sub>2</sub> as an input for products or permanently store it in geological formations.

Under the aegis of the Principal Scientific Adviser, an expert committee of the Department of Science and Technology (DST) had



**A challenging task:** Integration into existing industrial facilities – rather than greenfield plants – is a central design principle of India's approach to Carbon Capture Utilisation Storage. FILE PHOTO

submitted a report in December 2025 on what India needed to do regarding CCUS to meet its net-zero goals for 2070.

The DST road map positions CCUS as essential for India's "hard-to-abate" sectors (for instance, iron and steel industries) where

deep emissions reductions are difficult through efficiency or renewable substitution alone.

India's approach, as outlined by the DST, is explicitly research and development-led rather than deployment first.

The road map proposes a three-phase programme focused on pushing CCUS technologies from laboratory scale to pilot and demonstration projects, and eventually to commercial readiness.

It prioritises point-source capture – especially from cement, steel, fertilizers, and power generation – and emphasises indigenous technology development, and shared transport and storage infrastructure. Integration of CCUS into existing industrial facilities – rather than greenfield plants – is a central design principle. The anticipated costs, according to this estimate, will be around ₹4,500 crore over next two years.

**BUDGET 26-27**

**IMSPEAK**

The Union government will continue to focus on developing infrastructure in Tier II and Tier III cities with over five lakh population

**Marginal rise for Railways**

In FY27, Railways' share in the overall Budget improved slightly. While Aviation Ministry's share stagnated, the Shipping Ministry's share rose to its highest in eight years

SOURCE: BUDGET DOCUMENTS

Year	Railway Ministry	Aviation Ministry	Shipping Ministry
FY20	2.6	0.14	0.06
FY21	3.2	0.12	0.04
FY22	3.56	1.9	0.04
FY23	3.87	0.22	0.04
FY24	5.53	0.06	0.05
FY25	5.49	0.06	0.06
FY26 (RE)	5.15	0.04	0.06
FY27 (BE)	5.26	0.04	0.1

This Budget focuses on enhancing India's competitiveness in the world and enables a wider participation in the benefits of economic growth

Anish Shah,  
Group CEO & MD,  
Techstars Group

**Context: Union Budget emphasises the critical role the sector will continue to play in India's economic growth story**

- The Union Budget 2026-27 comes at a defining moment in India's growth journey.
- Manifesting India's aspiration to be a developed country by 2047, the Budget gives a strategic push to manufacturing, emphasising the critical role it will continue to play in India's economic growth story.
- Despite global headwinds, the Finance Minister placed a strong emphasis on stability and policy consistency in India's journey towards Viksit Bharat. Against this backdrop, India is steadily reinforcing its position as a resilient growth engine and a trusted destination for manufacturing and investment.
- As a key driver of employment, exports, and long-term economic resilience, manufacturing remains central to India's development priorities. The Budget's emphasis on six critical industries — semiconductors, electronics, capital goods, rare earths, chemicals, and biopharma — signals India's intent to move up the value chain and deepen its capabilities in technology-intensive sectors. Global manufacturing continues to shift towards higher-value, innovation-intensive activities. The growth of medium- and high-technology industries is not only higher than low-tech segments, but has also been more resilient.
- While this will certainly help India reduce its import dependence in strategic areas, it also aligns with the need to diversify exports in high value items. India's current export composition is concentrated on low value goods, and much of the country's export growth comes from products that fall into low- and mid-complexity categories. It is imperative for India to pursue a significant structural shift towards high-technology and value products, such as advanced machinery, precision engineering goods, electronics, and chemicals. Manufacturing today is no longer just about meeting domestic demand; it is about positioning India as a preferred global production base and a competitive exporter of high-value products. Achieving this transformation requires sustained capital investment, logistics efficiency, rapid technology adoption, and workforce readiness.
- The Budget also places due emphasis on labour-intensive sectors such as textiles through an integrated programme covering the entire value chain from fibres and clusters to sustainability and skilling. Measures to modernise existing industrial clusters, support artisans, promote sustainable textiles, and strengthen skilling under Samarth 2.0 are expected to boost productivity, generate large-scale employment, and strengthen India's competitiveness in global textile and apparel markets. Support for MSMEs is further strengthened through initiatives aimed at creating Champion SMEs. Providing equity support of ₹10,000 crore through the SME Growth Fund is indeed path-breaking. This is complemented by a proposal to rejuvenate legacy industrial clusters through targeted infrastructure and technology upgradation.

# Seven rail corridors get green signal

Calling them 'growth connectors', the Finance Minister says the 4,000-km high-speed network planned at an outlay of ₹16 lakh cr. will link Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, and Varanasi-Siliguri

**Jagriti Chandra**  
NEW DELHI

**F**inance Minister Nirmala Sitharaman, in her Budget speech, announced seven high-speed rail corridors, which will connect five South Indian States and others, and will be developed at a total cost of ₹16 lakh crore.

Calling them "growth connectors", the Finance Minister said the corridors would link Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, and Varanasi-Siliguri.

The corridors will reduce travel time between Chennai and Bengaluru to an hour and a half, Benga-



**Next stop:** A total outlay of ₹2,78,030 crore has been set aside for the Ministry of Railways in the Union Budget, a hike of 10.8% from the current fiscal year's allocation. R.V. MOORTHY

luru to Hyderabad to two hours, Hyderabad to Chennai to two hours and 55 minutes. The travel duration between Pune and Hyderabad will reduce to one hour and 55 minutes, and

between Pune and Mumbai to 45 minutes.

At a press conference, Railway Minister Ashwini Vaishnaw explained that with five South Indian States interlinked, the an-

nouncement would serve as a growth multiplier for them.

The Delhi-Varanasi corridor will bring down travel time to three hours and 50 minutes. The route

from Varanasi to Siliguri via Patna will be covered in two hours and 55 minutes.

These corridors will be 4,000 km in length, and developed at an outlay of ₹16 lakh crore. A total outlay of ₹2,78,030 crore has been set aside for the Ministry of Railways in the Union Budget 2026-27 as compared with ₹2,55,466 lakh in the Revised Estimate of the financial year 2025-26, indicating a hike of 10.8%. The total capital expenditure for Railways is at ₹2,93,030 crore.

related measures such as track maintenance, locomotives, coaches with rapid installation of Kavach (indigenously developed Automatic Train Protection system), and overhead electricals.

The Ministry of Road Transport and Highways has been granted a total capital expenditure of ₹3.09 lakh crore for financial year 2026-27 as compared with ₹2.87 lakh in the revised estimate of the current fiscal, a hike of 10.7%. Allocation to state-owned National Highways Authority of India has been increased to ₹1.87 lakh crore from last year's ₹1.70 lakh crore.

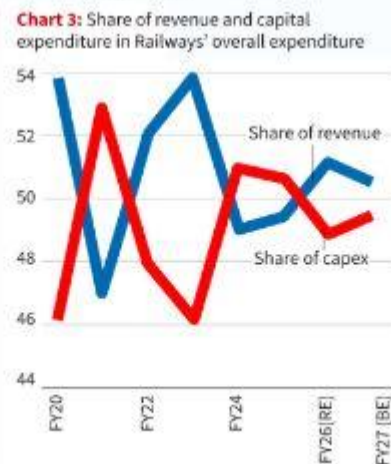
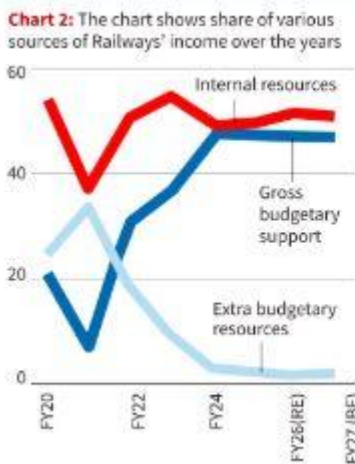
### Safety-related measures

The Railway Minister said a sum of ₹1,20,000 crore has been earmarked on safety-



## Chugging along

Not only are the Railways' allocations consistently high, but the quality of expenditure has also improved, with capital expenses as a share of Railway Budget similar to the revenue expenditure in the recent years. The sector's dependence on extra budgetary resources has also come down



**Table 4:** The table shows the budget allocations for the UDAN scheme under Ministry of Civil Aviation

Year	UDAN*
FY20	488.81
FY21	700
FY22	980.27
FY23	1063.81
FY24	822.22
FY25	789.31
FY26 (RE)	434.5
FY27 (BE)	550

\*seeks to improve infrastructure and connectivity in India especially in underserved regions

## ❖ Container-making, inland waterways on a new course

**Context:** The Budget features several proposals to boost coastal shipping and kick-start inland shipping that has largely been a non-starter especially in cargo carrying. It also promises ₹10,000 crore to support the making of containers in India.

- After the COVID-19 period, during which the government realised the value of having Indian tonnage that it can leverage for national needs, the government has announced several proposals to rejuvenate indigenous shipping. In September 2025, the Union Cabinet approved a ₹69,725 crore comprehensive package that included major investment plans so state-owned Shipping Corporation of India (SCI) could buy a range of ocean-going merchant ships.
  - On Sunday, the Finance Minister spoke about the government's aim to develop inland and coastal shipping so that its share in total cargo carried through road, rail and water increases from 6% to 12%. Being a potentially cheaper mode, inland waterways can facilitate market access for farmers and small businesses. A major push by the government is needed to overcome the current cost and time disadvantages of inland waterways, observers say.
- The Budget has proposed **to establish a new Dedicated Freight Corridors connecting Dakuni in the east to Surat in the west and operationalise 20 new national waterways (NW), starting with the Brahmani-Mahanadhi NW 5. This national waterway can connect mining centres in Talcher to industrial centres and feed Paradeep and Dhamra ports. "Mahanadi has rich potential for development and cargo carrying. But it needs sustained investment such as in periodic dredging to make this project work," said Amitabh Kumar, former Director-General of Shipping.**
- The proposal on container shipping aims to create a competitive container manufacturing ecosystem with a budgetary allocation of ₹10,000 crore over a five-year period.

## Centre floats incentives for manufacture of training aircraft, seaplane operations

**Jagriti Chandra**  
NEW DELHI

Union Finance Minister Nirmala Sitharaman on Sunday announced incentives for the manufacture of aircraft in India, including training aircraft and seaplanes, in the Union Budget.

The Minister has proposed removal of the 7.5%

to 15% basic customs duty currently applicable on "components and parts required for the manufacture of civilian, training and other aircraft", as well as the exemption of basic customs duty on raw materials imported for aircraft maintenance, repair and overhaul services in the defence sec-



tor. The civilian aerospace sector, which also has a similar demand, waits to read the fine print in Ms. Sitharaman's Budget.

The Minister has also announced "incentives to indigenise manufacturing of seaplanes" to enhance "last-mile connectivity, and promote tourism".

A viability gap funding scheme will also be introduced to support the use of seaplanes, Ms. Sitharaman said.

Seaplane flights are part of the UDAN scheme since 2018, but no routes have taken off yet. A modified UDAN scheme announced in the previous Union Budget is awaiting Cabinet approval.

# Buddhist circuits, hiking trails to put tourism on growth path

**Sreeparna Chakrabarty**  
NEW DELHI

With a focus on using tourism to generate employment and boost local economies, the Union Budget announced a pilot scheme for upskilling 10,000 guides in 20 iconic tourist sites and setting up of a National Institute of Hospitality to train professionals in the sector.

Union Finance Minister



Nirmala Sitharaman also said that a National Destination Digital Knowledge Grid to digitally document all places of cultural, spiritual and historic significance would be set up.

To boost tourism in the Northeast, Ms. Sitharaman also proposed a scheme for the development of Buddhist circuits in the region. These States include Arunachal Pradesh, Sikkim, Assam,



**Cultural curation:** The Union Budget proposes development of 15 archaeological sites into experiential destinations. VIJAY SONEJI

Manipur, Mizoram, and Tripura.

As far as budgetary allocation was concerned,

there was a marginal dip in allotment from ₹2,541.06 crore in 2025-26 to ₹2,438 crore in 2026-27. The Re-

vised Estimate for 2025-26 was ₹1,310.30 crore.

Keeping its focus on promoting cultural heritage, the Budget announced development of 15 archaeological sites, including Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace into vibrant, experiential cultural destinations. The excavated landscapes will be opened to the public through curated walkways.

She also announced the

development of ecologically sustainable environment tourism trails. The initiative includes mountain trails in Himachal Pradesh, Uttarakhand and Jammu and Kashmir; Araku Valley in the Eastern Ghats; Podhigai Malai in the Western Ghats (Tamil Nadu), turtle trails along key nesting sites in the coastal areas of Odisha, Karnataka and Kerala; and bird-watching trails along the Pulicat lake on the Andhra Pradesh-Tamil Nadu border.

## ❖ 'Budget powers MSMEs, further simplifies doing business'

**Context: Trade bodies said the Union Budget 2026-27 reflected a holistic development vision and therefore would give an overall fillip to Micro, Small, and Medium Enterprises (MSMEs) in the State. The Karnataka Small Scale Industries' Association (KASSIA) said, "The Budget laid emphasis on strengthening domestic manufacturing, scaling MSMEs, and bolstering infrastructure".**

- B.R. Ganesh Rao, president, KASSIA said, "The key announcements such as the ₹10,000 crore SME Growth Fund, the top-up of ₹4,000 crore to the Self-Reliance India Fund, and support measures integrated for traditional sectors were expected to provide critical impetus to the micro and small enterprises across the country. These measures aim to not only enhance capital access but also nurture competitive, export-oriented, and tech-enabled small businesses, which form the backbone of India's industrial ecosystem". "Overall, the Budget strikes a fine balance between growth, reforms, and inclusion, and provides a strong foundation to accelerate India's journey towards a Viksit Bharat," Mr. Rao said.
- According to the Federation of Karnataka Chambers of Commerce & Industry (FKCCI), the Union Budget 2026-27 offers forward-looking and action-oriented proposals that reinforce India's growth momentum while maintaining fiscal discipline. "The ₹10,000 crore SME Growth Fund, mandatory adoption of TReDS for CPSE procurement, revival of legacy industrial clusters, and targeted tax and customs reforms will significantly improve liquidity, competitiveness, and formalisation of MSMEs," said Uma Reddy, president of FKCCI. Measures such as enhanced TReDS coverage, professional compliance support for MSMEs, and improved ease of doing business would directly benefit State's industrial corridors and growth centres, she said.
- Prashant Gokhale, president, the Bangalore Chamber of Industry and Commerce (BCIC), said, "The Budget strengthens national resilience amid geopolitical challenges and thoughtfully addresses key sectors". The strong emphasis on the MSMEs and manufacturing would drive employment and stimulate demand for capital goods, he said.
- K.R. Sekar, ex-president of BCIC, and mentor of the Direct Tax Expert Committee and partner at Deloitte, commented, "The Budget thoughtfully addressed both (manufacturing and new-age IT). The revised margin of 15.5%, enhancement of the turnover threshold from ₹300 crore to ₹2,000 crore and the extension of tax holiday benefits for data centres are significant."

**Context: Union Minister of Finance Nirmala Sitharaman, in the Union Budget on Sunday, announced that to promote Astrophysics and Astronomy via immersive experiences, four Telescope Infrastructure facilities will be set up or upgraded.**

- These are the National Large Solar Telescope (NLST), the National Large Optical infrared Telescope (NLOT), the Himalayan Chandra Telescope, and the Cosmology Education and Research Training Center (COSMOS 2) Planetarium. All these projects will be overseen by the Bengaluru based Indian Institute of Astrophysics (IIA).
- The NLST is a proposed ground-based 2-m class optical and near infra-red (IR) observational facility in the country, which will be located near the Pongong lake in Merak, Ladakh. The NLOT is likely to come in Hanle, Ladakh. The Himalayan Chandra Telescope will get an upgrade, and the COSMOS 2 Planetarium will be established in Amaravati, Andhra Pradesh.
- “The announcement on expanding telescope infrastructure and learning facilities is a meaningful step towards strengthening India’s scientific base in astrophysics and astronomy,” said Lt. Gen. AK Bhatt (retd.), Director General, Indian Space Association (ISpA).

## Turtle trails to be developed along Karnataka coast

**The Hindu Bureau**  
BENGALURU

Union Minister of Finance Nirmala Sitharaman, who presented the Union Budget on Sunday, announced the development of turtle trails along the coast of Karnataka.

“India has the potential and opportunity to offer world-class trekking and hiking experiences. We will develop ecologically sustainable Turtle Trails along key nesting sites in the coastal areas of Odisha, Karnataka, and Kerala,”



Over the past few years, the coastal districts of Karnataka have witnessed hundreds of sea turtles flocking to the beaches to lay eggs between December and March. FILE PHOTO

the Finance Minister said in her Budget speech.

Over the past few years, the coastal districts of Kar-

nataka, especially Uttara Kannada and Dakshina Kannada have witnessed hundreds of sea turtles, mainly the Olive Ridleys, flocking to the beaches to lay eggs between December and March.

There are several turtle nesting sites along Karnataka’s vast coastline.

The Forest Department has undertaken turtle conservation efforts to ensure survival of turtles and their hatchlings.

Reacting to the announcement in the Budget to develop turtle trails along

the State’s coast, Karnataka Environment Minister Eshwar Khandre said that the State government has already set a model for this project and taken steps to protect sea turtle eggs and the hatchlings in Uttara Kannada and Dakshina Kannada districts.

“Conservation of sea turtles has been included in tourism. The State government has already taken steps to protect sea turtle eggs and the hatchlings in Uttara Kannada and Dakshina Kannada districts,” Mr. Khandre said.

# Budget proposes high-speed rail links to Bengaluru; rail activists flag lack of clarity

Rail activists and urban mobility experts remain cautious about the timeline and execution of the ambitious proposal

**Darshan Devaiah B.P.**  
BENGALURU

Union Finance Minister Nirmala Sitharaman, while presenting the Union Budget 2026-27 on Sunday, announced seven proposed High-Speed Rail (HSR) corridors across the country, describing them as “growth connectors”.

Among the seven corridors listed, the Hyderabad-Bengaluru and Chennai-Bengaluru routes are expected to directly connect Bengaluru with the two other State capitals. The other proposed corridors include Mumbai-Pune, Pune-Hyderabad, Hyderabad-Chennai, Delhi-Varanasi and Varanasi-Siliguri. “In order to promote environmentally sustainable passenger systems, we will develop seven High-Speed Rail corridors between cities as ‘growth connectors,’” Ms. Sitharaman said during her Budget speech.

Meanwhile, the Union Budget 2026-27 has earmarked ₹500 crore as budgetary support for the Bengaluru Suburban Rail Project (BSRP), up from ₹350 crore in the previous financial year (2025-26).

## Mixed response

The announcement has been welcomed by rail activists and urban mobility experts, though they remain cautious about the timeline and execution of



Passengers waiting to board a train at Krantiveera Sangolli Rayanna Bengaluru City Railway Station in Bengaluru on Sunday. ALLEN EGENUSE J.

## What Bengaluru’s mobility sector gets in Union Budget 2026-27

High-Speed Rail corridors (proposed)	Bengaluru Suburban Rail Project
<ul style="list-style-type: none"> <li>Hyderabad-Bengaluru</li> <li>Chennai-Bengaluru</li> </ul> <p>(Announced as part of seven national ‘growth connector’ corridors)</p>	<ul style="list-style-type: none"> <li>2026-27 allocation: ₹500 crore</li> <li>2025-26 allocation: ₹350 crore</li> <li>Increase: ₹150 crore</li> </ul>

the ambitious proposal. Krishna Prasad, a Bengaluru-based railway activist, said that the improved high-speed rail connectivity between major southern cities was long overdue. “Connecting cities like Bengaluru, Hyderabad, and Chennai through high-speed rail is a positive step and very much needed. However, the Budget does not clarify whether these corridors will be developed on existing railway alignments or through entirely new dedicated infras-

tructure. Without such details, it is difficult to assess how soon these projects can realistically take off,” he told *The Hindu*.

Mr. Prasad expressed disappointment over the lack of detailed announcements related to other railway projects. He noted that earlier, when Railways had a separate budget, there was greater clarity and public engagement. “The merger of the Railway Budget with the general Budget may have been administratively sound,

but it has taken away the transparency and excitement that once surrounded railway announcements. This year, apart from brief mentions, there are no concrete details on funding or timelines for key rail projects,” he said.

He added that expectations were high for enhanced funding for railway and metro projects in Karnataka. “There was hope for increased allocation to metro expansion and long-pending railway lines connecting western Karnataka with Kalyana Karnataka. Projects such as Hubballi-Raichur, Tumakuru-Rayadurga, Tumakuru-Chitradurga-Davanagere, and the Belagavi-Dharwad line need sustained funding so they can be completed without further delay. These links are crucial for improving intra-State rail connectivity,” he said.

Rajkumar Dugar, convenor of Citizens for Citizens,

termed the Budget “highly technical” and lacking focus on everyday commuter issues.

“For a city like Bengaluru, now ranked as the second most congested globally, there is nothing for metro expansion or even bus transport. High-speed rail sounds impressive, but it will take at least a decade to materialise. My concern is about today and tomorrow,” he said, expressing disappointment with Bengaluru’s Members of Parliament for not pushing harder for public transport investments.

“Given that the project has been delayed for far too long, the Centre had the opportunity to signal its seriousness by allocating at least ₹1,000 crore this year, which is very crucial for the project. We hope the State government will not be found wanting in fast-tracking BSRP by allocating a higher amount during its upcoming Budget,” he added.

Minister for Large and Medium Industries M.B. Patil said that while the announcement of high-speed corridors involving Bengaluru is welcome, the benefits to the State are minimal. He argued that a Bengaluru-Pune high-speed rail corridor would have been far more beneficial. Mr. Patil urged MPs from Karnataka and Maharashtra to collectively demand this corridor, cutting across party lines.

# Karnataka to benefit from sandalwood revival plan amidst shortfall in supply

**Chetan B.C.**  
BENGALURU

Finance Minister Nirmala Sitharaman on Sunday announced that the Centre will partner with State governments to promote focused cultivation and post-harvest processing to restore the glory of the Indian sandalwood ecosystem.

The announcement comes at a time when Karnataka, a pioneer in deregulating sandalwood cultivation, is struggling to meet demand despite being the largest producer in the country.

According to data accessed by *The Hindu*, Karnataka Soaps and Detergents Ltd. (KSDL) has an annual demand of 7,000-8,000 tonnes of sandalwood. However, only about 30% of this requirement is met through sandalwood grown within the country. KSDL, a State government entity and the primary buyer of sandalwood from farmers, is meeting the shortfall by importing sandalwood oil from Australia.

## Sandalwood market

Ironically, the sandalwood oil Karnataka imports from Australia is extracted from native Indian sandalwood species. "About 25 years ago, Australia procured our sandalwood species and cultivated them on their land. The Indian variety yielded substantial results, giving them significant success in the market," a KSDL source told *The Hindu*, adding that Karnataka is now importing from Australia.

A.C. Lakshman, former Forest Secretary of Karnataka, said that even China is rapidly expanding its sandalwood market after recognising the demand, while India has failed to capitalise on its own resource.

"In China, research has progressed to the extent of developing host plant spe-



According to data accessed by *The Hindu*, Karnataka Soaps and Detergents Ltd. has an annual demand of 7,000-8,000 tonnes of sandalwood. FILE PHOTO

cies that aid sandalwood cultivation. In Karnataka, we use *Cassia siamea* and pigeon pea as host plants, but China's newly developed species is far more effective," he explained.

A.N. Yellappa Reddy, former Environment Secretary, Government of Karnataka, welcomed the move, saying it would benefit farmers cultivating sandalwood.

However, Mr. Lakshman cautioned that the massive demand has attracted the interest of two industrialists seeking to set up factories across India for manufacturing sandalwood products, which could potentially harm farmers and exploit the market. "Our government should ensure that any move is made keeping farmers in mind. Sandalwood should not be industry-orientated. The State government must be proactive before agreeing to terms with the Centre," he cautioned.

Despite favourable conditions, sandalwood cultivation in India has remained below par due to draconian laws, lack of policies, and theft.

M.B. Patil, Minister for Large and Medium Scale Industries, told *The Hindu* that the State government has already introduced policies and onboarded farmers. However, the vulnerability of sandalwood trees to theft is making farmers hesitant.

"We are incentivising farmers, providing saplings, and supporting

them with cultivation practices. However, most are still hesitant. We are at the planning stage of addressing the theft issue," he said. According to KSDL data, 413 farmers across Karnataka are cultivating sandalwood on around 4,000 acres. Earlier, State governments attempted to relax regulations governing sandalwood cultivation and allowed farmers to sell in external markets.

Farmer leader K.T. Gangadhara said there is a need for a new policy for sandalwood growers. "Farmers first have to safeguard their plantations. Then, to harvest the crop, they require permissions from multiple offices. Post-harvest activities are extremely difficult," he said, adding that harvesting feels like hell and the government must commit to resolving these issues.

Mr. Lakshman said that in 1996, when he was Forest Secretary, a proposal to relax draconian laws was introduced but did not receive Cabinet approval. Subsequently, then Chief Minister H.D. Deve Gowda showed interest, and procedures were set to begin, but he became Prime Minister and moved to Delhi at that time.

"A few years later, then bureaucrat Chiranjeev Singh and then Forest Secretary Shankarlinge Gowda successfully convinced then Chief Minister S.M. Krishna to draft rules for sandalwood cultivation," he told *The Hindu*.

## ❖ Main focus should be wildlife conservation, not summits: Experts

**Context: Union Finance Minister Nirmala Sitharaman, in her Union Budget speech on Sunday, announced that India is set to host the first-ever Global Big Cat Summit, where heads of governments and Ministers from 95 range countries will deliberate on collective strategies for conservation.**

- How will this decision to host the summit impact the State, which, apart from being home to the second-largest tiger population in the country, has also seen many recent instances of man-animal conflicts and resultant casualties on both sides?
- Wildlife experts The Hindu spoke to were not enthusiastic about such summits and said the main focus should be on wildlife conservation.
- “I am very skeptical about these international summits and heads of states visiting them. We have had a series of them in the past, with Russian President Vladimir Putin heading one in Russia in 2010. I think what matters is what work we do and whether we are doing good science. I think these celebratory events are far too many and outweigh the actual achievements of what we are doing on ground,” said K. Ullas Karanth, an expert in wildlife conservation and tiger research.
- He added that given the resource constraints and a lot of things to do, money should be spent on these instead of such summits.
- Wildlife biologist and conservationist Sanjay Gubbi said that the focus should be on conservation and ensuring that instances of human-animal conflict are minimised.
- **“It (Global Big Cat Summit) is good for soft diplomacy but the main focus should be on developing strategies to minimise human-animal conflict and protect wildlife,”** he said.
- In the Budget, Ms. Sitharaman also spoke about the International Big Cat Alliance in 2024 launched by Prime Minister Narendra Modi. In 2024, the Union Cabinet approved its establishment, with its headquarters in India. It received a one-time budgetary support of ₹150 crore for a period of five years from 2023-24 to 2027-28.

## ❖ Dedicated rare earth corridor scheme has been on Budget wish list of Kerala

**Context: Sunday’s Union Budget announcement that Kerala has been picked, along with Andhra Pradesh, Odisha and Tamil Nadu, for establishing Dedicated Rare Earth Corridors should bring cheer to the State government as this initiative had featured prominently on its Union Budget wish list as well as in the 2026-27 State Budget that was tabled in the Assembly on January 29.**

- In its wish list presented in January in New Delhi ahead of the Union Budget, Kerala had sought ₹1,000 crore “for targeted financial support for corridor infrastructure, technology acquisition, and related development.”
- Through this project, the State seeks to become “the permanent magnet hub of the nation,” Kerala Finance Minister K.N. Balagopal stated in the State Budget.

### **Rich in elements**

- According to the State government, its coast line has an abundance of rare earth elements such as thorium and scandium that are required in areas, including space research and defence, energy generation, aviation sector, and production of electric vehicles.

- Responding to Ms. Sitharaman's announcement, Mr. Balagopal said that Kerala, through its proposal, aims to have industries based on the minerals established in Kerala.
- The State does not want to have the minerals merely mined and carted off outside the State, he added.
- Through the establishment of the corridor, the State is eyeing an investment of ₹42,000 crore and 50,000 job opportunities.

### ❖ Centre aiming for a 4.3% fiscal deficit for 2026-27

**Context: Moderation in the figure by only 10 basis points is primarily due to a fall in the gross tax to GDP ratio, say experts; the deficit budgeted in FY26 was 4.4%, down 40 basis points, from 4.8% in FY25**

- The Centre's fiscal deficit target, which is broadly the amount by which its expenditure exceeds revenue, has been set at 4.3% of the GDP for the financial year 2026-27, entailing a reduction from 4.4% as reported in the Revised Estimates for 2025-26.
- The Centre also targets a debt-to-GDP ratio of 55.6%, Finance Minister Nirmala Sitharaman said in her Budget speech on Sunday, in line with the efforts to reduce the ratio to 50% by 2031.
- Experts see this as a sign of moderation in the Centre's fiscal consolidation due, in large part, to a fall in gross tax revenue ratios. "I am happy to inform that I have fulfilled my commitment made in FY 2021-22 to reduce the fiscal deficit below 4.5% of GDP by 2025-26," Ms. Sitharaman said. "In line with the new fiscal prudence path of debt consolidation, the fiscal deficit in BE [budget estimates] 2026-27 is estimated to be 4.3% of GDP," the Union Minister said.

### **Debt ratio target**

- In her previous Budget in February 2025, Ms. Sitharaman had outlined an alternative path to fiscal consolidation by focusing on the Centre's debt-to-GDP ratio and reducing it to 50% (with leeway of 1% above and below) by March 2031.
- "In line with this, the debt-to-GDP ratio is estimated to be 55.6% of GDP in BE 2026-27, compared to 56.1% of GDP in RE (revised estimates) 2025-26," Ms. Sitharaman said. "A declining debt-to-GDP ratio will gradually free up resources for priority sector expenditure by reducing the outgo on interest payments."
- According to D.K. Srivastava, chief policy adviser at EY India, the Centre's fiscal consolidation has moderated in this Budget.
- "After achieving a reduction of 40 basis points from 4.8% of GDP in FY25 to 4.4% in FY26 (RE), the reduction in the FY27 (BE) is only 10 basis points, taking the FY27 fiscal deficit to 4.3% of GDP," he said.
- "This moderation is due to a fall in the Government of India's (GoI) gross tax revenues to GDP ratio, which has progressively gone down from 11.5% in FY25 to 11.4% in FY26 (RE) and further to 11.2% in FY27 (BE) which translates into a fall in GoI's non-debt receipts relative to GDP," Mr. Srivastava added.

## **Revenue growth**

- The Budget documents show that the Centre's net tax receipts, after accounting for devolutions to States, is budgeted at ₹28.7 lakh crore, up 7.2% over the level in the revised estimates of 2025-26.
- Notably, Budget 2026 does not contain any big tax cuts for salaried or corporate taxpayers.
- Gross corporate tax revenue is budgeted at ₹12.3 lakh crore, 11% higher than the amount received in 2025-26 as per the revised estimates of that year. Gross income tax revenue has been budgeted to grow 11.7% to ₹14.7 lakh crore over the same period.
- Notably, income tax revenue as per the revised estimates of 2025-26 was 8.8% lower than what was budgeted at the start of that year.

## **Capex growth**

- On the expenditure side, the Centre has budgeted a total expenditure of about ₹53.5 lakh crore for 2026-27, which is 7.7% higher than the revised estimates for 2025-26.
- Within this, the Centre's capital expenditure is budgeted to grow to ₹12.2 lakh crore, which is 11.5% higher than the revised estimates for 2025-26. During the post-budget press conference, Ms. Sitharaman emphasised that this amounted to 4.4% of GDP, which is the highest in at least the last 10 years.

### **❖ ₹3,400 crore allocated to schemes for six minorities**

- The Ministry of Minority Affairs (MoMA) has been allotted ₹3,400 crore for the implementation of various educational, skill and infrastructure development schemes for the six minorities in India. Quami Waqf Board's Taraqqiati Scheme and Sahari Waqf Sampati Vikas Yojna, which are aimed at computerising waqf records, have been allocated ₹32 crore.
- **Prime Minister-Viraasat Ka Samvardhan has been allocated ₹303.27 crore.**
- The budget allocation for pre-metric and post-metric scholarships remained at ₹198 crore and ₹581 crore respectively.

### **❖ No allocation for Chabahar port amid U.S. tariff pressure**

**Context: Indicating a freeze on India's activities on the Chabahar port project in Iran, the Union Budget has made no allocation for the project in 2026-27. The project had received ₹400 crore in allocation in the previous fiscal. Earlier in January, Indian officials here had stated New Delhi remains engaged with Tehran and Washington D.C. to work out a solution after American President Donald Trump announced on January 12 that any country that trades with Iran will end up paying 25% additional tariffs in trade with the U.S.**

## **Support to neighbours**

- The downturn in India's relations with Bangladesh also reflected in the Budget, with allocation for projects in Bangladesh halved to ₹60 crore from ₹120 crore. India's annual allocation for Bhutan rose to ₹2,288.55 crore, an increase of ₹138.56 crore over

last year. The allocation supports several developmental activities and infrastructure projects.

- Myanmar has also seen a cut in allocation, down to ₹300 crore this year from last year's ₹350 crore.
- Sri Lanka, on the other hand, receives ₹400 crore this year, an increase of ₹100 crore.
- Nepal has received ₹800 crore, an increase of ₹100 crore over the allocation last year.
- The External Affairs Ministry has been allocated ₹1,292 crore for international training programmes, which are increasingly being seen as an important part of India's soft diplomacy. Officials from other countries are trained in these programmes, which form a bridge between India and foreign states.

### ❖ Trump says India to resume purchases of Venezuelan oil

**Context: The move follows U.S. pressure on India to curb purchases of Russian oil amid tariffs; it reflects improved U.S.-India relations; China is welcome to make a deal to buy Venezuelan oil, says Trump**

- U.S. President Donald Trump on Saturday said India would buy Venezuelan oil, helping to replace some of the Russian oil that the world's third-biggest oil importer buys.
- "We've already made that deal, the concept of the deal," Mr. Trump told presspersons aboard Air Force One as he travelled to his vacation home in Florida from Washington.
- Reuters reported on Friday that the United States had told Delhi it could soon resume purchases of Venezuelan oil to help replace imports of Russian oil, citing three people familiar with the matter.

**• India stopped buying oil from Caracas last year after Mr. Trump, in March, imposed a 25% tariff on countries buying Venezuelan oil.**

- In his comments on Saturday, Mr. Trump said India would buy Venezuelan oil instead of Iranian crude. However, New Delhi stopped loading oil from Iran in 2019 due to U.S. sanctions over Tehran's nuclear programme.
- Indian refiners turned to U.S. oil to make up for the loss of Iranian supply, then curbed U.S. purchases and became the top buyer of Russian seaborne oil sold at a discount after Western nations imposed sanctions on Moscow for its invasion of Ukraine in 2022.
- Mr. Trump in August doubled duties on imports from India to 50% to pressure New Delhi to stop buying Russian oil, and earlier this month said the rate could rise again if it did not curb its purchases.
- However, Treasury Secretary Scott Bessent signaled in January that the additional 25% tariff on Indian goods could be removed, given what he called a sharp reduction in Indian imports of Russian oil.
- The U.S. government this week lifted some sanctions on Venezuela's oil industry to make it easier for U.S. companies to sell its crude oil.

### **'China is welcome'**

- Mr. Trump's comments on Saturday appeared to reflect continued improvement in U.S.-India relations, which have been tense throughout the past year. He also said China could make a deal with the U.S. to buy Venezuelan oil. "China is welcome to come in and would make a great deal on oil," he said, without providing any details.

## ❖ U.S. tariff on India reduced to 18%, say Modi and Trump

**Context: After a phone call with Prime Minister, U.S. President says the countries have 'agreed to a trade deal', and India will stop buying oil from Russia**

- Indicating a positive turn in a bilateral relationship that had been under strain because of multiple issues, Prime Minister Narendra Modi announced that “Made in India” products would “now” attract a “reduced tariff of 18%” in the U.S., after a telephonic conversation with President Donald Trump.
- The move is expected to significantly reduce the impact of the 50% penalty tariffs that Mr. Trump had imposed on India in August 2025. Minutes earlier, Mr. Trump had announced on the social media platform Truth Social that India and the U.S. had “agreed to a trade deal”. He said India had agreed to “stop buying Russian oil” and would reduce “Tariffs and Non Tariff Barriers against the U.S. to zero”.
- The External Affairs Ministry is yet to respond to some of the questions related to the declaration and the details shared by Mr. Trump.
- “Delighted that Made in India products will now have a reduced tariff of 18%,” said Mr. Modi thanking Mr. Trump.
- “When two large economies and the world’s largest democracies work together, it benefits our people and unlocks immense opportunities for mutually beneficial cooperation,” he said in his post on X.
- A little before Mr. Modi’s message, Mr. Trump said on Truth Social, “...we agreed to a Trade Deal between the United States and India, whereby the United States will charge a reduced Reciprocal Tariff, lowering it from 25% to 18%.” He further claimed, “...they will likewise move forward to reduce their Tariffs and Non Tariff Barriers against the United States, to ZERO”.
- Commerce and Industry Minister Piyush Goyal welcomed the developments.
- The U.S. President had said in the Truth Social post that during his discussion, India agreed “to stop buying Russian oil.” He also claimed that India will “buy much more from the United States and potentially, Venezuela”. Mr. Trump said that Mr. Modi had “committed” to increasing purchase of U.S. products to \$500 billion. The two announcements from Mr. Modi and Mr. Trump drew prompt response from the Congress, with its general secretary (communications) Jairam Ramesh saying, “It appears Mr. Modi has capitulated finally.”
- The telephone conversation between Mr. Modi and Mr. Trump took place as External Affairs Minister S. Jaishankar started a visit to the United States from February 2 to 4, when he will participate in the Critical Minerals Ministerial meet convened by U.S. Secretary of State Marco Rubio.

## ❖ Pennaiyar river dispute: SC directs Centre to form tribunal

**Context: The Supreme Court directed the Centre to constitute a tribunal to adjudicate the dispute between Tamil Nadu and Karnataka over the sharing of Pennaiyar river water.**

- A Bench, headed by Justice Vikram Nath, directed the Centre to issue a notification to constitute the inter-State water disputes tribunal within a month. “The Centre may place the complaint filed by Tamil Nadu before the tribunal upon its constitution,” the Bench said. This direction of the court comes under Section 5 of the Inter-State River Water Disputes Act of 1956.
- In 2018, Tamil Nadu moved the Supreme Court against Karnataka over its work on dams and diversions structures on the river. Karnataka had no right to utilise the waters of Pennaiyar to the detriment of the people of Tamil Nadu, the State had told the court. Tamil Nadu argued that the flowing of an inter-State river was a national asset and no single State could claim exclusive ownership of its water. An 1892 agreement over the river water was “valid and binding” on the party States, it had contended.
- Tamil Nadu had wanted a prohibition on Karnataka from initiating any new schemes in the Pennaiyar basin until a tribunal was constituted by the Centre.

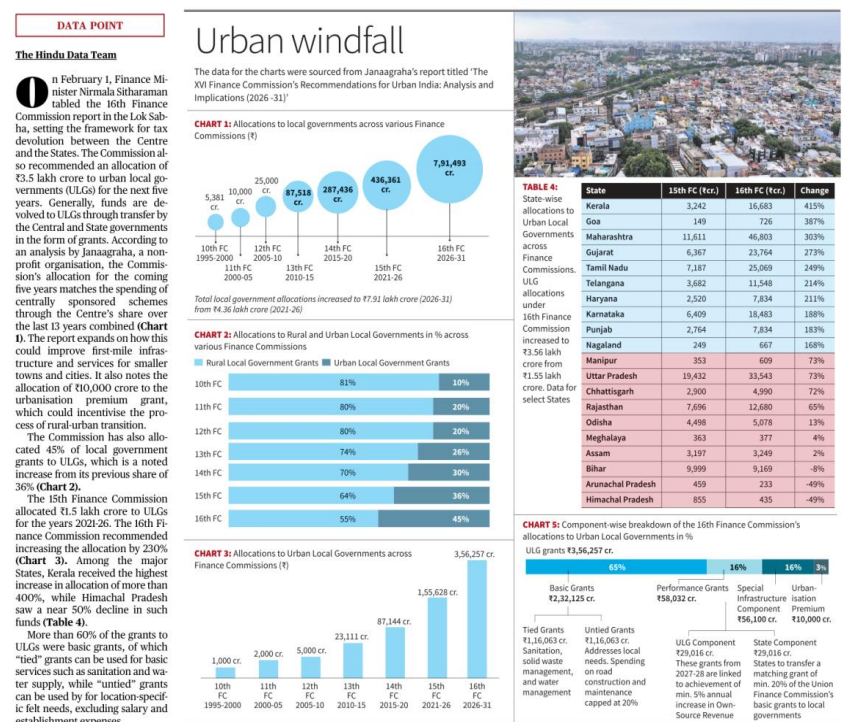
## ❖ Rise in southern States’ share of funds gives no relief to T.N.

**Context: The share of Tamil Nadu, which was 4.079% in the 15th Finance Commission, rose to 4.097% in 16th panel, with a rate of increase of only 0.44%; weights assigned to per-capita GSDP came down too**

- Despite five southern States being assigned a collectively higher share under the vertical distribution scheme of the 16th Finance Commission (FC) than in the past, Tamil Nadu’s share has seen only a marginal rise.
- The share of Tamil Nadu, which was 4.079% in the 15th FC, rose to 4.097% now, accounting for a rate of increase of 0.44%. This was followed by Telangana with a rise of 3.43% and Andhra Pradesh with 4.2%. Only Karnataka and Kerala have witnessed a double-digit rate of increase — 13.27% and 23.74%, respectively.

## Finance Commission triples grants to urban local governments

A record allocation of ₹35 lakh crore and a higher share of local grants signal a policy shift towards India’s rapidly urbanising towns and cities



- At the all-India level, Kerala's degree of rise is only next to Haryana's 24.52%, while the third slot goes to Karnataka.

### **'Virtually nothing'**

- Veteran experts in public finances say Tamil Nadu has got virtually nothing extra. "Yet again, unfair treatment," is the refrain of the experts.
- One of the experts contends that this time, the 16th FC included contribution to Gross Domestic Product (GDP) as one of the criteria for horizontal devolution. But for this element, the share of Tamil Nadu may have gone down. The criterion of tax and fiscal efforts has been removed, while the weights assigned to the criteria of area, demographic performance and per-capita GSDP (Gross State Domestic Product) have reduced. Only the criterion of population has seen an increase of weight from 15% to 17.5%, which, however, does not benefit the southern States including Tamil Nadu and Kerala.
- K.R. Shanmugam, former Director of the Madras School of Economics, says the increase in the vertical devolution for the south seems to have been achieved by decreasing the share of six northern States such as Uttar Pradesh, Madhya Pradesh and Bihar, besides West Bengal. The combined share of the seven States, which stood at 51.2%, has been brought down to 49.93%.
- Pointing out only relief and temporary restoration works are covered under disaster response fund schemes, a veteran policy maker suggests that the Union government follows the example of the Tamil Nadu government, which had created, in the light of the December 2015 floods in Chennai and surrounding areas, a project preparation fund of ₹100 crore for the formulation of projects to be posed to funding agencies.

### **Subsidy levels**

- The 16th FC has dealt elaborately with the subject of subsidies, an area where the south has been a trendsetter. "At ₹78,453 crore, Tamil Nadu had the highest absolute level of subsidy in 2023-24, followed by Karnataka, Andhra Pradesh and Telangana at ₹70,149 crore, ₹63,951 crore and ₹62,847 crore respectively," the panel records.
- Pointing out that the absolute subsidy levels are "somewhat misleading" given the State's size, the Commission names Telangana as one of the States wherein subsidy levels, as a proportion of respective GSDP, exceeded 5% during 2024-26, and Andhra Pradesh having the subsidy level standing between 3% and 5%.
- As for channelising subsidies to the eligible beneficiaries, the latest FC report refers to measures taken by Andhra Pradesh, Telangana and Tamil Nadu governments. It acknowledges that by employing information technology (IT) enabled data analysis on integrated databases, such States have been able to de-duplicate and streamline beneficiary listing, leading to substantial savings.
- Though the southern States had taken a similar stand on many issues, they differed among themselves over revenue deficit grants meant for bridging the revenue gap. While Karnataka expressed scepticism, Andhra Pradesh, Kerala and Tamil Nadu stood for the continuation of such grants. However, the 16th FC's recommendation was against the grants.

## ❖ Finance Commission triples grants to urban local governments

**Context: A record allocation of ₹3.5 lakh crore and a higher share of local grants signal a policy shift towards India's rapidly urbanising towns and cities**

- On February 1, Finance Minister Nirmala Sitharaman tabled the 16th Finance Commission report in the Lok Sabha, setting the framework for tax devolution between the Centre and the States.
- The Commission also recommended an allocation of ₹3.5 lakh crore to urban local governments (ULGs) for the next five years. Generally, funds are devolved to ULGs through transfer by the Central and State governments in the form of grants. According to an analysis by Janaagraha, a non-profit organisation, the Commission's allocation for the coming five years matches the spending of centrally sponsored schemes through the Centre's share over the last 13 years combined (Chart 1).
- The report expands on how this could improve first-mile infrastructure and services for smaller towns and cities. It also notes the allocation of ₹10,000 crore to the urbanisation premium grant, which could incentivise the process of rural-urban transition.
- The Commission has also allocated 45% of local government grants to ULGs, which is a noted increase from its previous share of 36% (Chart 2).
- The 15th Finance Commission allocated ₹1.5 lakh crore to ULGs for the years 2021-26. The 16th Finance Commission recommended increasing the allocation by 230% (Chart 3). Among the major States, Kerala received the highest increase in allocation of more than 400%, while Himachal Pradesh saw a near 50% decline in such funds (Table 4).
- More than 60% of the grants to ULGs were basic grants, of which "tied" grants can be used for basic services such as sanitation and water supply, while "untied" grants can be used by for location-specific felt needs, excluding salary and establishment expenses.

## ❖ External team involved in PSLV probe; next launch date in June, says Minister

**Context: The investigation into the causes behind the consecutive failures of the Indian Space Research Organisation (ISRO)'s Polar Satellite Launch Vehicle (PSLV) is ongoing, and an external team is also involved in the probe. But none of the companies that had satellites onboard the doomed rockets have expressed reservations over its reliability.**

### New launch date

- The ISRO is considering a fresh launch date in June, the Union Minister of State for Science and Technology, and Space, Jitendra Singh, said at a press briefing.
- On January 12, the PSLV C-62 failed in its mission to deliver 16 satellites into orbit, and crashed into the sea after the third stage of the rocket failed to ignite. This was similar to the May 18, 2025 failure of the PSLV (C-61), in which, too, the third stage failed to fire, destroying as a result the EOS-09 satellite intended for the government's strategic needs.

- “It isn’t that we (ISRO) are so unwise that we could not detect the reason for failures...this time, we are having a third party [appraisal] to create confidence, though we have expertise within ISRO for such analysis. Our probable next [launch] date, which we are ambitiously targeting, is June, after we satisfy ourselves that the problem is rectified. This year, we have 18 launches scheduled, with six of them involving private sector satellites. None have withdrawn their request to launch...this means, trust is intact. Next year, we have three big foreign launches — Japan, the United States, and France, and none have shown apprehension. That means our credibility is intact,” Mr. Singh said.

### ❖ **Manufacturing PMI rises to 55.4 in Jan.**

**Context: Activity in India’s manufacturing sector expanded at a faster rate in January 2026, rising from a two-year low in December 2025, driven by increases in new orders and buying levels, a private sector survey showed**

- The HSBC India Manufacturing Purchasing Managers’ Index rose marginally from 55 in December 2025, the lowest it had been in two years, to 55.4 in January 2026. “After losing growth traction at the end of 2025, Indian goods producers reported faster increases in new orders, output, employment and buying levels during January,” the report said.
- It added that survey participants continued to mention that demand buoyancy, new business growth and tech investment were supporting production.

### ❖ **‘Funding framework essential to ensure UPI remains a free service’**

**Context: Now that India’s Unified Payments Interface (UPI) is handling about 21 billion transactions every month and has become a crucial financial infrastructure for consumers and small merchants, a funding framework is essential to keep UPI free for majority users, say industry officials.**

- UPI’s success reshaped everyday commerce, bringing millions of small merchants into the formal economy and making instant digital payments routine across income groups, they added.
- For individuals and kirana stores, UPI’s zero-cost structure has been central to this transformation and remains a policy priority.
- Stating that person-to-person transactions continue to be free, and small and micro-merchants remain exempt from charges, officials said for sustainability a long-term funding framework should be put in place to support this scale of activity.

### **System priorities**

- “UPI has reached a level of scale where sustainability and reliability must be treated as system priorities. Keeping UPI free for consumers and small merchants is essential and should not change,” said Vishwas Patel, chairman, Payments Council of India.
- “At the same time, a payments infrastructure of this magnitude needs predictable investment in uptime, fraud prevention, and dispute resolution.”
- “A differentiated approach that recognises the role of large, high-volume merchants can help strengthen the ecosystem without compromising inclusion,” he added.

- UPI today enables merchant transactions, mandates, credit-linked products, recurring payments and early-stage cross-border use cases.

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## ❖ U.S. deal will not include sensitive sectors: Goyal

**Context: Commerce Minister says the deal will benefit labour-intensive export sectors, blames Opposition for not allowing a statement in Parliament; he says full details will be released after deal is inked**

- The trade deal with the United States, announced by U.S. President Donald Trump and Prime Minister Narendra Modi on social media late on Monday night, will exclude sensitive agricultural items and dairy, Commerce Minister Piyush Goyal said, adding that the details would be made public “soon”.
- Under the deal, the U.S. has agreed to lower its 25% “reciprocal” tariffs on India to 18% and entirely remove the additional “penalty” tariffs of 25% it had imposed on India for its import of Russian oil.
- “The trade deal finalised by India with the U.S. is the best among India’s neighbours and its competitors,” Mr. Goyal told presspersons. “PM Modi has always protected the agriculture and dairy sectors and has never compromised on their interests. In the U.S. trade deal as well, India’s sensitive sectors of agriculture and dairy have been excluded,” he said.
- Beyond this, he did not specify any other details of what India had conceded to the U.S. Nor did he address Mr. Trump’s claims that India would stop buying Russian oil, increase oil purchases from Venezuela, and increase overall purchases from the U.S.

### **Opposition blamed**

- He attacked the Leader of the Opposition in the Lok Sabha, Rahul Gandhi, the Congress, and its allies, saying it was because of their actions in Parliament on Monday that he was conveying the information on the trade deal at a press conference and not on the floor of the House. “Ordinarily, we would have wanted to speak in Parliament about this,” he said.
- “But, as you all saw, the way the Opposition, especially the Rahul Gandhi-led Congress and their allies, the DMK, the Trinamool Congress, and the SP, behaved in Parliament, reaching the Speaker’s dais and insulting him, we have had to speak before you outside the House.”
- He said that the deal was in the “final stages of detailing” between the negotiating teams of the two countries. “As soon as the final understanding of the deal is inked, the joint statement is finalised, and technical processes are completed, full details will be shared,” he said.
- In a rare public admission, Mr. Goyal acknowledged the impact of the U.S. tariffs on several sectors.
- “Our farmers and exporters were all affected by the 50% tariffs,” he said.
- “Our marine exporters were facing difficulties. The textile sector had also been facing the need for reduced tariffs. This is a deal that will protect the interests of every Indian and provide huge opportunities for all the people of India, and will protect the sensitive sectors, including agriculture and dairy,” the Union Minister said.
- Mr. Goyal said, “It will open up huge opportunities for our labour-intensive export sectors such as textiles, apparel, plastics, home decor, leather and footwear, gems and jewellery, organic chemicals, rubber goods, machinery, and aircraft components.”

## **Trump's assertions**

- Mr. Goyal also sought to address questions from the Opposition as to why the deal was first announced by Mr. Trump. “The reciprocal tariff was set by the U.S., and they were the ones who had to reduce tariffs, so when they did reduce it to 18%, that news would obviously come from the U.S,” he explained.
- In his post on Truth Social, Mr. Trump also made several assertions about what Mr. Modi had allegedly agreed to on India's behalf. One of these was that India would buy “over \$500 billion dollars [sic] worth of U.S. energy, technology, agricultural, coal, and many other products”.

## **❖ Equity, rupee markets rise on tariff cut**

**Context: Clarity has emerged in India's equity, rupee and precious metal indices after the reciprocal tariff on Indian imports to the U.S. was reduced to 18%.**

- Clarity has emerged in India's equity, currency and precious metal indices after U.S. President Donald Trump announced in a social media post late that the reciprocal tariff on Indian imports would be reduced to 18%.
- The Indian rupee emerged as the best-performing Asian currency on Tuesday, registering a record gain of 117 paise or 1.28% in a single trading session to settle at 90.32 against the U.S. dollar, after India and the U.S. agreed to a trade deal.
- In response to the announcement, India's benchmark Nifty50 index increased 2.5%, the most in nine months, to 25,727.55 points on Tuesday.
- Ever since the U.S. announced the reciprocal tariffs, Indian markets have been awaiting clarity on the trade deal.
- While equity markets swayed, currency traders were losing confidence and the safe haven demand for gold exacerbated over and above the existing global central bank purchases.
- The safe haven demand for gold has now subsided as the increase was exacerbated by the uncertainty that came from the tariffs. Though the yellow metal crashed 4.55% to \$4,777 an ounce, it rebounded sharply by 5% to close at about ₹4,950 an ounce.



## ❖ Has the 16th Finance Commission sidelined the States?

**Context: Despite a rare consensus among States, the Commission has aligned with the Centre's priorities'**

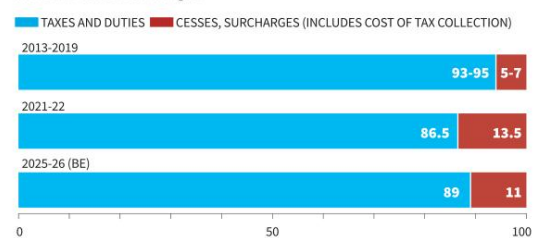
- The 16th Finance Commission (FC)'s vertical devolution recommendations prioritise the needs of the Centre over the realities of States. By merely acknowledging, rather than heeding, States' fiscal pressures, the FC has taken a distinctly conservative stance.
- To grasp the underlying tensions, we must first look deeper into the structural issues. The 16th FC has maintained the vertical devolution rate at 41%, representing the States' share of the divisible pool. Crucially, this divisible pool excludes cesses, surcharges, and collection costs, meaning its total volume is dictated by the Centre's tax strategy. By favouring cesses and surcharges over standard tax instruments, the Centre effectively shrinks the shareable revenue; conversely, a shift back to traditional taxation would expand it.
- Data show the way the present regime has gone about it. Chart 1 is a simplified representation of the divisible pool. Between 2013 and 2019, for every ₹100 collected by the Centre, about ₹93-95 was collected as taxes and duties that form the divisible pool; the remaining ₹5-7 was collected as cesses and surcharges, including the expenditure incurred in collecting these taxes. In 2021-22, for every ₹100 collected, ₹86.5 was collected as taxes and duties, while the cesses and surcharges component increased to ₹13.5. For 2025-26, the Centre is expected to collect ₹89 as taxes and duties and ₹11 as cesses and surcharges. The GST compensation cess was not included in this analysis, as it was collected to compensate the States for revenue loss due to the implementation of GST.
- Let us juxtapose the figures: post-2019, the cesses and surcharges component has nearly doubled from ₹5-7 to ₹11-13.5 for every ₹100 collected. Notably, the 16th FC has also come to the same conclusion: "In 2011-12, this non-shareable portion of revenues was 1.1% of GDP, and the divisible pool was 9.1%. By 2023-24, the non-shareable portion had expanded to 2.2% of GDP while the divisible pool stood at 9.4%."
- Further evidence of this is also seen in Charts 2A and 2B which are based on absolute collections data presented in Parliament on Tuesday. The money collected as cesses by the Centre — excluding GST compensation cess — increased from ₹44,688 crore in FY15 to ₹3,52,650 crore in FY22 and is expected to be around ₹2,51,206 crore in FY26.

### Status quo in States' share

The data for the charts were sourced from the Rajya Sabha Questions and Answers, 16th Finance Commission report and CAG reports



**Chart 1:** For every ₹100 collected by the Centre, how much ₹ is collected as taxes & duties and cesses & surcharges?



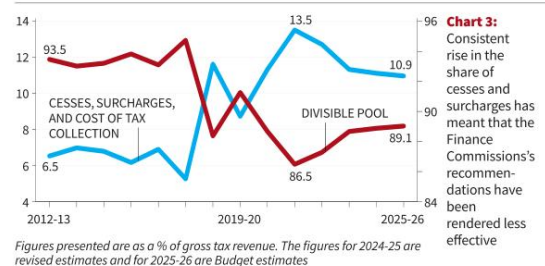
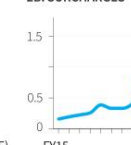
**Chart 2:** Cesses and surcharges collected over the years. Figures in ₹ lakh crore

Data for the first chart does not include Goods and Services tax compensation cess

2A: CESSES



2B: SURCHARGES



**Chart 3:** Consistent rise in the share of cesses and surcharges has meant that the Finance Commission's recommendations have been rendered less effective

Similarly, surcharges collected have risen from ₹15,702 crore in FY15 to ₹40,758 crore in FY22 and is expected to be around ₹1,72,500 crore in FY26.

- This unbridled rise in cesses and surcharges means that the share of the divisible pool in the Centre's Gross Tax Revenue (including the GST compensation cess) is expected to remain below 90% for the sixth consecutive year (Chart 3). In contrast, between FY13 and FY18, this share remained consistently above 93%. While the debate rages over whether to maintain, raise, or lower the vertical devolution rate of 41%, the underlying divisible pool is shrinking because the Centre is increasingly collecting revenue through cesses and surcharges.
- As many as 18 States — including Odisha, Haryana, and Gujarat, Kerala, and Tamil Nadu — have demanded an increase in vertical devolution from 41% to 50%. Most other States have advocated for a more moderate increase to 45% or 48%. In stark contrast, the Centre called for a “moderation in tax devolution”. While the 16th FC kept the rate unchanged in an apparent attempt to balance these competing demands, the reasoning provided suggests that maintaining the status quo primarily serves the Centre's interests.
- First, the FC notes that the Constitution does not permit a cap on cesses and surcharges. It argues that the Centre requires these funds for emergencies such as war, famine, and pandemics, concluding that imposing a limit would be “imprudent”. Interestingly, the FC simultaneously acknowledges that long-term reliance on these levies is “undesirable”, warning that if the Centre continues to favour them, it may “lose interest in standard instruments of taxation”, an outcome detrimental to States' interests.
- Furthermore, the FC points to “recent shifts in the external security and defence environment” as a justification for increased defence spending, while asserting that the Centre has demonstrated a “high degree of effectiveness” in infrastructure building, necessitating greater financial support. Also, it maintains that the current distribution of tax revenues “gives States sufficient resources to discharge their constitutional responsibilities”.
- It concludes by suggesting that the resolution lies in a mutual agreement between the Centre and the States, whereby the Centre voluntarily transitions a large part of its revenue collection from cesses and surcharges back into the divisible pool of regular taxes.
- The FC's interpretation of the fiscal landscape ultimately raises more questions than it answers. First, could the architects of the Constitution have ever envisioned such a disproportionate rise in cesses and surcharges? Second, by declaring a cap on cess as “imprudent,” has the FC not effectively forced the Centre to draw its own boundary, by refusing to play mediator? Third, doesn't the claim that the Centre demonstrates efficiency in infrastructure ignore the fact that high-performing States are getting the raw end of the bargain? Finally, if the States truly possess “sufficient” resources, why have nearly all of them — regardless of political affiliation — unanimously demanded a larger share?

## ❖ SC questions WhatsApp, Meta on personal data

**Context: The Supreme Court said it would not permit instant messaging platform WhatsApp and its parent company, Meta, to breach the right to privacy of millions of their “silent consumers” in India through the sharing and commercial exploitation of personal data.**

- A three-judge Bench headed by Chief Justice of India Surya Kant, addressing Meta and WhatsApp, compared the sharing of private data to a “decent way of committing theft”, saying by now “you must have taken away millions of bytes of data”. WhatsApp and Meta, led by senior advocates Mukul Rohatgi and Amit Sibal, objected to the court’s observations, saying users could ‘opt out’ of data sharing and that prior consent was cardinal. WhatsApp stressed that messages on its platform were end-to-end encrypted.
- Chief Justice Kant asked the online entities whether a poor street vendor or a person living in rural areas would be able to navigate the complicated and “cleverly-crafted” language of consent and be able to take an informed decision.

### **Value of shared data**

- Justice Joymalya Bagchi, who, along with Justice Vipul M. Pancholi, formed part of the Bench, said every silo of data relating to an individual — whether private or not — had value.
- He pointed out that the Digital Personal Data Protection (DPDP) Act of 2023, India’s first legal framework for digital personal data privacy, covered only the factor of privacy. There seemed to be nothing in the law on the sharing of the data value of a consumer.
- “The DPDP Act only addresses privacy. We would like to examine the rent-sharing of data. Behavioural trends and tendencies can be utilised and monetised. Your (WhatsApp’s) parent company can leverage it for online advertising...,” Justice Bagchi observed.
- The Chief Justice gave an example of a person communicating online with his doctor about medicines, only to get advertisements or notifications about medical services minutes later.
- Solicitor-General Tushar Mehta present in the courtroom, said “our private data is not only sold, but it is commercially exploited. We are not only consumers, but also products”.
- The Bench impleaded the Centre, through the Ministry of Electronics and Information Technology, as a party in the case. Justice Bagchi said the Centre has to compare the DPDP Act and the European Union’s (EU) strict online governance rules under the Digital Services Act. “The EU rules consider not only privacy but also value. I may have personal data of variously graded privacy. Privacy is lost as soon as I share certain data. Is it an acceptable jurisprudential idea that once data is shared, there is no value for that data any more?” Justice Bagchi asked.
- The court was hearing petitions filed by Meta and WhatsApp against a National Company Law Appellate Tribunal decision last year that upheld a ₹213.14-crore penalty imposed by the Competition Commission of India (CCI).

- Posting the case for interim directions on February 9, the Chief Justice said, “You cannot take advantage of these millions of silent consumers who have no voice”.

### ❖ India enters elite group with successful missile tech test

**Context: The Defence Research and Development Organisation successfully carried out the flight demonstration of Solid Fuel Ducted Ramjet technology from the Integrated Test Range, Chandipur, off the coast of Odisha,. The test was conducted at around 10.45 a.m.**

- According to the Ministry of Defence, with this achievement, India has entered an elite group of nations possessing SFDR technology, a critical capability for the development of long-range air-to-air missiles that significantly enhance combat effectiveness and provide a decisive tactical edge against adversaries.
- Defence Minister Rajnath Singh congratulated DRDO and the Indian industry partners on the successful demonstration, describing it as a major milestone in the country’s missile development programme.

### • SC has not upheld death penalty in 3 years: report

**Context: The top court acquitted 10 death row prisoners in 2025; lower courts handed down 1,310 death sentences over the past decade; high rate of acquittals raises concerns about wrongful convictions**

- The Supreme Court has not confirmed a single death penalty in the past three years, according to an annual statistics report on death penalties in India, published by the Square Circle Clinic, a criminal justice initiative at the NALSAR University of Law, Hyderabad.
- In fact, in 2025, the top court acquitted 10 prisoners who had been on death row, the highest number of such acquittals in the past decade.
- The report, which examined death penalty trends across India over the past 10 years, found that the sessions courts handed down 1,310 death sentences nationwide between 2016 and 2025.
- “Despite growing judicial scepticism at higher levels,” the lower courts sentenced 128 individuals to death in 2025 alone, the report said.



## **High rate of acquittals**

- Of the 1,310 death sentences, 842 verdicts were handed down by the High Courts, of which 70 — that is, just 8.31% — were confirmed. The High Courts acquitted 285 people on death row, while 411 death sentences were commuted.
- The Supreme Court's stance has been even more restrictive, with no death sentence confirmed in the past three years.
- Also, in cases where sessions courts imposed death sentences which were confirmed by the High Courts, not a single sentence has yet been affirmed by the Supreme Court.
- Of the 37 such death sentences which have been decided by the Supreme Court, 15 resulted in acquittal and 14 were commuted. "What is starkly clear from these figures is that errors at Sessions Courts are not only leading to wrongful imposition of death sentence but are also resulting in wrongful convictions. The high rate of acquittals by the appellate judiciary requires a serious examination of how Sessions Courts deem a case worthy of even a conviction," the report said.
- The report also showed that India had 574 prisoners — 550 men and 24 women — on death row as of December 31, 2025. The average time spent on death row before acquittal was over five years, with some prisoners languishing for nearly a decade before being exonerated.
- However, 138 individuals were also removed from death row during the year through acquittals, commutations, or remand orders
- One of the report's most alarming findings concerns procedural violations at the sentencing stage.
- Despite clear guidelines laid down by the Supreme Court in *Manoj vs State of Madhya Pradesh*, which mandate psychological evaluations, prison conduct reports, and mitigation hearings — which were elevated to a fair trial right requirement in *Vasanta Sampat Dupare vs Union of India* — in 2025, nearly 95% of death sentences in 2025 were imposed without compliance.
- Sentencing hearings were frequently conducted within days of conviction, leaving little scope for meaningful defence representation, the report said.
- Another emerging trend is the growing use of life imprisonment without remission as an alternative to the death penalty.

## **❖ 'Global aid cuts could lead to 22.6 million additional deaths'**

**Context: The drop in global aid could lead to 22.6 million additional deaths by 2030 across 93 low- and middle-income countries, including 5.4 million children under the age of five, warned a new peer-reviewed study by the Barcelona Institute for Global Health (ISGlobal), published in the Lancet Global Health.**

- The analysis showed that Sub-Saharan Africa, which accounts for 38 of the 93 countries analysed, is particularly at risk, and with 21 of the countries in Asia (including India), 12 in Latin America, 12 in West Asia and North Africa, and 10 in Europe, severe cuts to official development assistance (ODA) could be felt globally.

## **ODA achievements**

- Over the course of 2002 to 2021, the ODA helped reduce child mortality by 39%, prevented HIV/AIDS deaths by 70%, and achieved a 56% reduction in deaths from both malaria and nutritional deficiencies. Additionally, it improved various global health outcomes in these 93 countries, which are home to 75% of the world's population.
- In 2024, international aid fell for the first time in six years, and the United States, the United Kingdom, France, and Germany significantly reduced their ODA contributions for the first time in nearly 30 years. These cuts sparked the need to understand what this could mean at the human level for communities all over the world, the study said.
- “Our analyses show that development assistance is among the most effective global health interventions available,” said Davide Rasella, coordinator of the study, ICREA Research Professor at ISGlobal and at the Brazilian Institute of Collective Health.
- “Asia’s scale means that when health systems fail, the human cost is immense, and in 21 countries across the region, decades of development gains are now at risk of being reversed,” said Deepali Khanna, senior vice-president and head of Asia, The Rockefeller Foundation, which supported the study.

### ❖ India, Bhutan to strengthen cooperation in power sector

**Context: India and Bhutan will strengthen cooperation in the power sector, an official statement said on Tuesday. Minister of Energy and Natural Resources of Bhutan Lyonpo Gem Tshering met Union Power Minister Manohar Lal Khattar to strengthen cooperation in the power sector, the power ministry said. “During discussions, both sides deliberated on the commercial optimisation of power output from the Punatsangchhu-II Hydroelectric Project (1020 MW),” it said.**

- Indian, U.S. industry bodies and leaders laud tariff deal Some, however, cautioned against taking the news of the India-U.S. deal for granted, although the U.S. President’s tariff cut announcement was largely welcomed as a positive development. Industry bodies and leaders in both India and the U.S., and across sectors, have welcomed the announcement of a deal between the two countries under which tariffs on India are set to be slashed from the current 50% to 18%.
- U.S. President Donald Trump took to social media network ‘Truth Social’ late on Monday night to announce that he had spoken on the phone to his “greatest friend” Prime Minister Narendra Modi and that they had agreed to a deal to reduce India’s tariffs.
- While Mr. Trump’s post also specified various other commitments made by India, Mr. Modi’s post on X regarding the call only confirmed the duty reduction, without either confirming or denying the other aspects.
- “The reduction in reciprocal tariffs — from earlier levels of around 50% to 18%, as indicated — would be a major game-changer for the competitiveness of Indian exports vis-à-vis other Asian suppliers,” S.C. Ralhan, President of the Federation of Indian Export Organisations (FIEO), said.
- Confederation of Indian Industry (CII) President Rajiv Memani, too, said that the deal would “enhance the global competitiveness of Indian products while catalysing manufacturing growth, employment creation, and the development of resilient supply chains”.
- The deal was also welcomed by industry bodies in the U.S.

- “We are optimistic that this is the first step toward a comprehensive trade agreement that will unlock even more private sector collaboration, and we look forward to reviewing the details of the deal,” U.S. Chamber of Commerce President and CEO Suzanne P. Clark said.
- The electronics sector, which accounts for a large part of India-U.S. trade, is also expected to experience a “major catalyst” from the deal, according to Ashok Chandak, President of SEMI India and the India Energy Storage Alliance.
- Namit Joshi, Chairman of Pharmexcil, said that the U.S. currently accounts for 30-40% of the pharmaceutical industry’s total revenue.
- “This deal fosters greater market access for Indian generics and biosimilars, strengthening India’s position as the global leader in affordable medicines,” Mr. Joshi said.
- The Gem & Jewellery Export Promotion Council (GJEPC) said that the U.S. tariffs of 50% had “sharply” disrupted trade flows to U.S., which accounted for 31% of the sector’s exports in 2024-25.
- “This [the tariff cut] is poised to revive demand and stabilise operations,” the body added.
- Apart from industry bodies, the heads of several Indian companies reacted positively to the deal, saying it would positively impact them.
- “The Aditya Birla Group is the largest Indian investor in the U.S., and we see this agreement help shape more resilient supply chains, unlock manufacturing opportunities and drive long-term economic competitiveness in both the U.S. and India,” Kumar Mangalam Birla, Chairman of the Aditya Birla Group said. He added that the Group was committed to expanding its presence and investments in the U.S.
- Sudarshan Venu, Chairman of the TVS Motor Company highlighted the fact that now India has trade deals with key economic partners around the world.
- “In a challenging global environment, predictability and openness in trade help Indian industry scale, innovate and create jobs,” Mr. Venu said.
- Anish Shah, Group CEO & Managing Director of the Mahindra Group said that the reduction in tariffs on Indian exports, along with the commitment to progressively lower tariff and non-tariff barriers, “will boost growth momentum and improve the predictability businesses need to invest with confidence”.

#### **Cautionary note**

- Rahul Ahluwalia, Founder-Director of the Foundation for Economic Development, however, cautions that the deal should not be taken for granted.
- “Trump has shown a great deal of unpredictability in following through. Our most urgent task should remain internal reforms that help our regulations and institutions become globally competitive.”

### ❖ **'Govt. trying to minimise imports with Make in India'**

- The government is committed to minimising import dependence through 'Make in India' initiatives, although it can never be entirely eliminated, Defence Secretary Rajesh Kumar Singh said on Tuesday. Mr. Singh was speaking at an event to mark the signing of an MoU between Adani Defence & Aerospace and Italian aerospace giant Leonardo in New Delhi to establish an integrated helicopter manufacturing ecosystem in India.

### ❖ **Natco gets U.S. FDA nod for cancer drug generic**

**Context: Natco Pharma has received U.S. Food and Drug Administration's tentative approval for Erdafitinib Tablets 3 mg, 4 mg, and 5 mg, a generic version of Janssen Biotech cancer drug Balversa.**

- Erdafitinib tablets had estimated sales of \$60 million in the U.S. for 12 months ending September 2025, the pharma company said on Tuesday, citing industry sales data.

### ❖ **Palestinians line up to cross Rafahas it reopens**

**Context: Palestinians lined up on Tuesday on both sides of Gaza's border with Egypt, hoping to pass through the Rafah crossing after its long-awaited reopening the previous day.**

- On the Egyptian side were Palestinians who had undergone medical treatment in Egypt and had left Gaza earlier in the Israel-Hamas war.
- On the Gaza side, Palestinians in need of treatment unavailable in Gaza were brought in busses.
- Palestinian Red Crescent spokesperson said that only 16 patients, accompanied by 40 relatives, were brought from Khan Younis to the Gaza side of Rafah.

### ❖ **Russia sounds alarm as New START treaty is set to expire**

**Context: The last nuclear treaty between Washington and Moscow is set to expire tomorrow; Moscow awaiting U.S. response to one-year extension offer; Russian drones strike Ukraine ahead of talks**

- The Kremlin warned on Tuesday that the world was heading into a "dangerous" moment as the last U.S.-Russia nuclear treaty is set to expire this week.
- **New START, the last nuclear treaty between Washington and Moscow after decades of agreements dating to the Cold War, is set to expire on Thursday, and with it restrictions on the two top nuclear powers.**
- "In just a few days, the world will be in a more dangerous position than it has ever been before," spokesperson Dmitry Peskov said. The Kremlin, which has offered a one-year extension of the treaty, said "we still haven't received a response from the Americans to this initiative".
- If the treaty is not extended, the world's top two nuclear powers would "be left without a fundamental document that would limit and control these arsenals," for the first time.
- U.S. President Donald Trump, who cut many international agreements limiting the United States, said in September that an extension of the New START "sounds like a good idea," but little has changed since then.

- Meanwhile, Russia fired around 450 long-range drones and 70 missiles of various types at Ukraine in a major attack overnight, Ukrainian President Volodymyr Zelenskyy said.
- The barrage came a day before the two countries were due to attend U.S.-brokered talks in Abu Dhabi.

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**Context: Will prioritise peace, says the Chief Minister; BJP's Kuki-Zo member Nemcha Kipgen and Losii Dikho of the Naga People's Front sworn in as Deputy CMs; two more MLAs take oath as Ministers**

- The installation of a Bharatiya Janata Party (BJP)-led National Democratic Alliance government, with a Meitei leader at the helm, brought an end to nearly a year of President's Rule in Manipur.
- Around 6 p.m., Manipur Governor Ajay Kumar Bhalla administered the oath of office to former Assembly Speaker and martial artist Yumnam Khemchand Singh as the State's second Chief Minister since the 2022 election.
- The first, Nongthombam Biren Singh, resigned on February 9, 2025, following the ethnic conflict between the Kuki-Zo and Meitei communities that broke out on May 3, 2023. The swearing-in ceremony followed the revocation of President's Rule, which was imposed on February 13, 2025.
- Mr. Khemchand Singh represents the BJP from the Singjamei constituency.
- The BJP's Kangpokpi MLA, Nemcha Kipgen, from the Kuki-Zo community, and Naga People's Front MLA Losii Dikho, a Naga leader representing the Mao constituency, were sworn in as Deputy Chief Ministers. The former took the oath virtually from Manipur Bhavan in New Delhi.
- Two other Meitei MLAs — Govindas Konthoujam of the BJP (Bishnupur) and Khuraijam Loken Singh of the National People's Party (Wangoi) — were sworn in as Ministers at the Lok Bhavan in Manipur's capital, Imphal. "There will always be challenges. We will prioritise peace and work for the State's development and growth," Mr. Khemchand Singh said after swearing in.
- Congratulating the new Chief Minister and his team, Prime Minister Narendra Modi said, "I'm confident they will work diligently towards furthering development and prosperity for my sisters and brothers of Manipur."
- Speaking with journalists before heading for a Cabinet meeting, the Chief Minister said, "Manipur has 36 communities, and, naturally, we have two Deputy Chief Ministers representing two major communities." He said the Prime Minister, Home Minister Amit Shah, and the BJP's national president Nitin Nabin entrusted him with taking the State forward and ensuring lasting peace.
- Mr. Dikho said the new government will try to fulfil the responsibilities given by the Centre. "We will reach out to the people. We will ensure inclusivity and transparency," he said.
- Reacting to opposition to the government formation from certain quarters, he said it was expected. "It takes time to get things going," he added.
- Two Kuki-Zo MLAs of the BJP — former Director-General of Police L.M. Khaute (Churachandpur seat) and Ngursanglur Sanate (Tipaimukh) — were present during the swearing-in ceremony. They reached Imphal from New Delhi earlier in the day, along with the other Manipur BJP leaders and the party's central observers Sambit Patra and Tarun Chugh.
- Ms. Kipgen's swearing-in as one of the two Deputy Chief Ministers was significant, as the Kuki-Zo Council (KZC), Kuki Inpi Manipur (KIM), and other bodies had asked the

Kuki-Zo MLAs not to be a part of the government. These bodies want a Union Territory-like separate administration as the condition for the Kuki-Zos to participate in governance.

- The KZC warned that any Kuki-Zo MLA who chooses to disregard the “collective decision” by joining the government would do so in their individual capacity and would be “held responsible for any consequences”.
- The KIM stated that no Kuki-Zo MLA should, under any circumstances, associate with or lend legitimacy to a “so-called popular government that stands in complete disregard of the suffering, aspirations, and political will of the Kuki-Zo people.” The ethnic violence had left more than 260 people dead and an estimated 62,000 others internally displaced. A large majority of them are still lodged in relief camps.

### ❖ **Agriculture and dairy sectors protected in India-U.S. trade deal, Goyal tells Parliament**

**Context: Union Commerce Minister Piyush Goyal told Parliament that the government had been successful in protecting the Indian agriculture and dairy sectors in the India-U.S. trade deal.**

- Making a statement in both Houses of Parliament, Mr. Goyal said the deal would help make India self-reliant, and added that the labour-intensive sectors would receive a major boost in exports following the reduction in tariffs to 18%, which were earlier pegged at 50%.
- The tariffs on India are among the lowest compared with its competitor nations, the Union Minister said in the Lok Sabha. “India has been successful in protecting the agricultural and dairy sectors,” he said, adding that the deal would help promote initiatives such as “Make in India” and “Design in India”, and would make India self-reliant. He said the deal would open huge opportunities for skilled Indians and micro, small, and medium enterprises (MSMEs).
- He said both sides were working to complete the technical processes, and it would be announced soon. He added that ensuring energy security for Indians was the top priority of the government.

#### **‘National interest’**

- Observing that India needed goods from sectors such as aviation and nuclear energy, and the U.S. was a major player in these segments, he said the deal was in the national interest.
- Throughout Mr. Goyal’s statement in the Lok Sabha, the Opposition continued to protest on the issue of the stand-off with China in 2020 and the unpublished memoir of former Army chief M.M. Naravane. The Minister later posted on social media platform X, “Today in the Lok Sabha, I was scheduled to deliver a statement regarding the India-U.S. Trade Deal. However, when the government came prepared to provide a factual clarification on the subject, the Opposition began creating a ruckus. Consequently, I am releasing my full statement here for everyone’s benefit.”
- In the Rajya Sabha, soon after he made his statement, the Opposition members sought clarifications. Though Chairman C.P. Radhakrishnan called senior Congress member Jairam Ramesh, he could not speak as other members also stood up.

- Later, Mr. Radhakrishnan, citing Rules, said questions cannot be asked considering the sensitivity of the matter.
- Dravida Munnetra Kazhagam leader Tiruchi Siva and CPI(M) member John Brittas questioned the decision to disallow clarifications. Mr. Ramesh, however, was not allowed to speak. Mr. Radhakrishnan later said since there was no decorum, Mr. Ramesh could not be called.

### ❖ **Jaishankar, Rubio welcome trade deal, discuss critical minerals, Quad cooperation**

**Context: Welcoming the trade deal, External Affairs Minister S. Jaishankar met U.S. Secretary of State Marco Rubio and U.S. Treasury Secretary Scott Bessent in Washington, where both sides agreed to “formalise” cooperation on critical minerals, and take forward their economic partnership.**

- The meetings came two days after a call between U.S. President Donald Trump and Prime Minister Narendra Modi, after which they announced a reduction in U.S. tariffs on Indian goods to 18%, and the cancellation of 25% penalty tariffs for the purchase of Russian oil.
- The Centre has come under sharp criticism from the Opposition over the lack of transparency and scant details of the India-U.S. trade deal, and in particular the U.S. government’s statement that India has agreed to “stop buying” Russian oil, cut tariffs for most U.S. goods to zero, give U.S. agricultural products market access, and commit \$500 billion for investments and purchase of American goods.
- In a social media post, Mr. Jaishankar said that he had held a “wide-ranging conversation” with Mr. Rubio, and that discussions included “trade, energy, nuclear, defence, critical minerals and technology”. “[We] agreed on the early meetings of various mechanisms to advance our shared interests,” he said, though the two leaders did not take any questions from the media.
- Speaking at the event, Mr. Jaishankar “underlined challenges of excessive concentration” of critical mineral supply chains, and expressed support for U.S. initiatives to de-risk them.
- Mr. Jaishankar held the meetings ahead of attending the U.S.-led Critical Minerals Ministerial in Washington on Wednesday that called for “preferential trade zones” to secure semiconductor supply chains, in an effort to work around China’s recent restrictions on trade in critical minerals, and build alternate supply routes.
- The countries attending were invited to take membership of a grouping that will be shaped by the U.S., and included about 50 countries.

### **Restoring ties**

- Mr. Jaishankar’s participation in the event is significant as many of the other countries present were represented by their Energy Ministers, and indicates a desire by Delhi and Washington to move quickly on restoring ties ruptured by a year of tensions, and U.S. tariffs on Indian goods.
- Mr. Jaishankar’s visit to Washington, his seventh since Mr. Trump’s re-election in November 2024, is seen as a move to reset ties, and pick up the engagements that were sidelined in 2025, particularly on the Quad and Indo-Pacific cooperation, and critical

minerals and semiconductor technology. India is expected to be invited to join the U.S.-led Pax Silica Initiative launched in December 2025, U.S. Ambassador to India Sergio Gor had announced in January.

- India will host the Artificial Intelligence Impact Summit later in February, where a high-level U.S. delegation is expected. Meanwhile, the government still hopes to host the Quad summit this year, which it was unable to do in 2025. Mr. Jaishankar discussed Quad cooperation with U.S. Secretary of State Marco Rubio, who has thus far not visited India.
- “Secretary Rubio and Minister Jaishankar concluded their meeting by expressing their commitment to expanding bilateral and multilateral cooperation through the Quad. They acknowledged that a prosperous Indo-Pacific region remains vital to advancing our shared interests,” the U.S. State Department said.

### ❖ Denotified tribes seek constitutional recognition, separate Census entry

**Context: Denotified tribes, nomadic tribes, semi-nomadic tribes seek ‘separate column’ in 2027 caste census, claiming they have been politically misclassified among SC, ST, OBC groups; they want sub-classification to highlight backwardness within grouping.**

- Denotified tribes, nomadic tribes, and semi-nomadic tribes across the country are coming together to push for a “separate column” for themselves in Census 2027. Their demand is for constitutional recognition of the denotified tribes in a Schedule, on a par with the existing classifications of Scheduled Castes and Scheduled Tribes (SC/STs) and Other Backward Classes (OBCs).
- In February 2027, India will conduct a caste enumeration for the first time since 1931. Five years after that 1931 Census, the origins of the Scheduled Castes list came into being in the form of the Government of India (Scheduled Castes) Order, 1936.
- Half a century earlier, in 1871, a colonial law had classified entire communities, particularly nomadic and semi-nomadic tribes, as “criminals”. After the law was repealed in 1952, these groups came to be known as “denotified” tribes.
- The Social Justice Ministry has now recommended to the Office of the Registrar-General of India that these denotified, nomadic, and semi-nomadic tribes be included in the Census. The Office of the RGI has agreed to include them in next year’s caste enumeration exercise, Ministry officials assured community leaders in North India in a virtual meeting on January 30.

#### Count the uncounted

Denotified tribes seek ‘separate column’ and formal identity after decades of misclassification

##### Classification & numbers

- They were labelled ‘criminal tribes’ under the Criminal Tribes Act, 1871

- The Act was repealed in 1952, after which these communities were denotified

- The previous National Commission identified nearly 1,200 communities
- Nearly 267 communities remain outside the SC, ST, and OBC lists

- Estimates suggest up to 7 crore people in Uttar Pradesh alone

##### Key demands

- Separate Census column for denotified tribes
- Dedicated Constitutional Schedule
- Sub-classification to reflect graded backwardness within communities

#### ‘Separate column’

- “But we have no idea how they will do this,” B.K. Lodhi, a community organiser in Uttar Pradesh who was at the meeting, told The Hindu. “If we are not counted in a separate column, a separate code, in the Census forms, we will be lost once again,” said Balak

Ram Sansi, 63, a Karnal-based organiser with the All India Denotified Nomadic Tribes Development Council.

- Even as leaders from denotified, nomadic, and semi-nomadic communities across Uttar Pradesh, Haryana, Punjab, Rajasthan, and other parts of North India are fighting to have their own Schedule, some leaders have started to stress the importance of recognising “graded backwardness” within this grouping as well.
- They want the demand for sub-classification to go hand in hand with that for a separate Schedule. These leaders, like Dr. Lodhi, are drawing their arguments from an August 2024 judgment, in which the Supreme Court paved the way for sub-classification of SCs and STs.

### **Denotified tribes**

- The Criminal Tribes Act was first enacted in 1871 and then amended in 1924, before being officially repealed on August 31, 1952. The 1871 Act said it was for the “registration, surveillance and control of certain criminal tribes and eunuchs”, describing “criminal tribes” as “tribe, gang, or class of persons” that are “addicted” to committing non-bailable offences. “These communities were among the first to confront the British and sustained the struggle. That is why the colonial government classified us as ‘criminal tribes’,” Mr. Sansi said.
- The previous National Commission for Denotified Tribes, headed by Bhiku Ramji Idate, identified 1,200 such tribes, most of which have been assimilated in the SC, ST, or OBC classifications over the past seven decades. In its 2017 report, however, the Idate Commission listed 267 DNT communities that have not been classified as such. Dr. Lodhi, who served as Deputy Secretary and Director (Research) to the Idate Commission, said, “Most of the DNTs have been amalgamated in the SC, ST, OBC lists and they are not able to compete in these categories because of how marginalised they are.” Mr. Sansi said it was “politics” that led to the DNT communities being “misclassified”.

### **No caste certificates**

- Despite schemes for DNTs run by both the State and the Centre, such as the SEED scheme, only a “miniscule” percentage of people are getting benefits, mainly because governments are not willing to issue DNT certificates, the leaders said.
- The Social Justice Ministry has only spent ₹69.3 crore on the SEED scheme in the past five years (as of December 2025), compared to the planned expenditure of ₹200 crore. “The reason for this is that no State is issuing proper DNT community certificates for us despite reminders from the Centre,” Dr. Lodhi said.

## ❖ Indian cities could see far higher temperature rise than projected, says study

**Context: Climate models may be underestimating — by anything from half to two degrees — how much hotter India’s non-metropolitan cities can get from global warming relative to rural areas, according to a study published.**

- The researchers, from the University of East Anglia in the United Kingdom, analysed how temperatures would rise in 104 “medium-sized” cities in tropical and sub-tropical regions under a 2 degrees Celsius warming scenario, the emissions path that the globe is currently on. Rather than asking how hot regions become on average, the study asks a different question: how much faster do cities warm than their surrounding countryside?
- The study found that in Patiala, Punjab, land surface temperatures could rise at double the rate of warming projected by global climate models in comparison to its surrounding rural region — an extreme “outlier.” This means that if the models used in the Intergovernmental Panel on Climate Change’s assessments predict a 2 degrees Celsius temperature rise in Patiala, the rise would actually be 4 degrees Celsius when urban heat-island effects are accounted for. An extra 2 degrees Celsius rise in temperature can have significant implications for susceptibility to heat strokes, water availability, and public expenditure on cooling.

### **Urban heat-island effect**

- The study includes 18 Indian cities, and finds that all of them warm faster than nearby rural areas. On average, Indian cities experience about 45% more warming than what Earth System Models (ESMs) project for the broader region. Urban heat-island effect is the tendency for cities to be hotter than nearby rural land.

**Context: Content on social media and other digital platforms can come under the scanner as the State government will deploy AI-powered Social Media Analytics Solution software to identify hate speech and malicious campaigns in news and advertising.**

- Content on social media and other digital platforms could come under the scanner as the Karnataka government will deploy AI-powered 'Social Media Analytics Solution' software to identify hate speech, misinformation and malicious campaigns in news and advertising.
- The AI-based software will be used to assess misinformation, disinformation, hate speech and harmful narratives, especially for safety of women, children, and the public. The decision to deploy the AI-powered software at the cost of ₹67.26 crore was arrived at during the Cabinet meeting chaired by Chief Minister Siddaramaiah.
- "This is not only for fact checking, but also to identify manipulation on social media platforms and digital media platforms. Right now, the AI software will be deployed to assess. Law will come later and action will be initiated," Law and Parliamentary Affairs Minister H.K. Patil told presspersons during the post-Cabinet briefing.
- On the legal standing of screening of content, the Minister said, "I think there is no absolute bar to screen or verify criminal intentions or manipulation." He also clarified that this would not be applicable to news media outlets. "Fake media banners and houses will, however, not be spared," he said. Mr. Patil also said that there will be no human interference in this, and that no party or government will benefit.
- The Cabinet note said that the software would be developed adhering to guidelines on data sovereignty and data localisation, and cloud architecture would be developed adhering to the guidelines of MeitY. It also pointed out that the Department of IT/BT has after evaluation found the importance of IDTU project in controlling the spread of misinformation ahead of Lok Sabha elections.
- The proposed software will be proprietary algorithm, which will be dynamic and continuously renewed AI/ ML units since there is a threat of misinformation evolving and fixed algorithm was not an answer. There will be real-time alerts and geo-specific threat mapping. It would help in identifying new-age misinformation, hate speech, deep fakes, bot networks, multi-language narratives, and subject-based manipulations.

## ❖ 18 killed in blast at illegal coal mine in Meghalaya

**Context: The explosion, likely caused by dynamite, had trapped several persons at an unspecified depth, say police; CM promises action after one of the worst mining tragedies in the State since 2012**

- An explosion in an illegally operated rat-hole coal mine in Meghalaya's East Jaintia Hills district killed 18 miners on Thursday, officials said.
- This is one of the biggest mining-related tragedies since July 2012, when 15 miners died in a flooded mine in the State's South Garo Hills district. Two years later, in 2014, the National Green Tribunal (NGT) banned the hazardous mining method.
- Vikash Kumar, East Jaintia Hills district's Superintendent of Police, said the police received information about an explosion at an illegal coal mine at Mynsyngat in the Thangsko area around 11 a.m. A team rushed to the spot and confirmed that an explosion, suspected to have been caused by dynamite, had trapped several persons at an unspecified depth. "We recovered 18 bodies. An injured person, initially rushed to a community health centre, was referred to a higher medical centre for treatment," he said.
- District officials said teams from the National Disaster Response Force and the State Disaster Response Force have been engaged at the site to continue with the rescue and recovery efforts. Officials said they were trying to identify the victims.
- Expressing sympathies to the families of those killed, Meghalaya Chief Minister Conrad K. Sangma said the government has ordered an inquiry. "Accountability will be fixed, and those responsible will face strict legal action," he said. The Chief Minister also announced an ex gratia of ₹3 lakh for the next of kin of each deceased worker.
- "We have started an investigation," Mr. Kumar said, adding the police were gathering information about the mine owner. The police registered a suo motu first information report (FIR) at the Khliehriat (district headquarters) police station under relevant sections of the Bharatiya Nyaya Sanhita, read with the Mines and Minerals (Development and Regulation) Act and the Explosives Substances Act. Activists claim mine owners, backed by politicians and other influential people, continue to operate illegally despite the NGT's blanket ban on the mining of coal and its transportation in April 2014, which was later upheld by the Supreme Court.



### Several accidents

- There have been several cases of coal mine accidents before and after the ban, killing at least 50 workers to date. The last major incident was in December 2018, also in East Jaintia Hills district, where at least 15 miners were trapped in a flooded mine 370 feet below the surface. Multiple agencies, including the Indian Navy, could retrieve only two bodies in the rescue operation that lasted months. "Rat-hole mining, entailing digging

holes about 4-5 feet in height, allowing an adult to squat and work, is risky. However, daily wages as high as ₹2,000 attract many people to take up the job,” Shillong-based anti-illegal mining activist Agnes Kharshiing said.

### ❖ ‘Talks on, India-U.S. deal joint statement in 4-5 days’

**Context: India and the U.S. will “finalise and sign” a joint statement on the first tranche of the bilateral trade agreement in the next four to five days, Commerce Minister Piyush Goyal said.**

- He said U.S. tariffs on Indian exports will be cut from 50% to 18% through an executive order from the U.S. President following the statement.
- India can reduce tariffs on U.S. imports after signing the legal and formal agreement, which is expected mid-March, the Minister said.
- “Meaningful talks are going on between India and the U.S. on the decisions that were announced by the leaders of the two countries,” Mr. Goyal said. “The first tranche of the Bilateral Trade Agreement is nearly ready.”
- On the commitment to buy goods worth \$500 billion from the U.S., the Minister cited India’s growth requirements and said one “can clearly see before our eyes as potential that we can import from the U.S. over the next five years”.
- Commerce Secretary Rajesh Agrawal said a joint statement has followed each free trade agreement that India has negotiated with other countries.

### **\$500-billion imports**

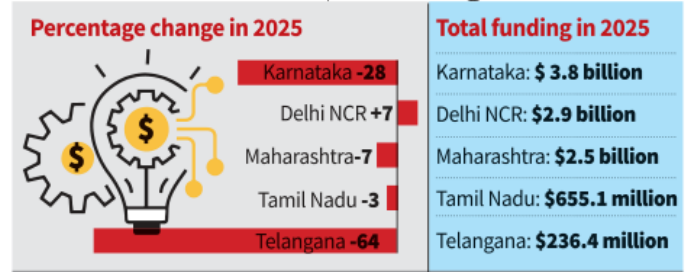
- “Once the joint statement is there, it needs to be converted into a legal agreement,” he said. “The legal agreement will give us the authority to reduce our tariffs. Their (U.S.) tariffs are executive tariffs [and so can be amended by executive orders].” MFN tariffs are those that World Trade Organisation members impose on goods from other member nations.
- Mr. Goyal said India’s growth would require large volumes of energy, data centre equipment, information and communication technology products and aircraft plus spares. “When we estimated what we would need from the U.S., we came to a figure of at least \$500 billion,” he said.

### ❖ ‘Overall funding dips, but investor interest rises in early stage start-ups in State’

**Context: In terms of the total capital raised, Karnataka, at \$3.8 billion in 2025, remained ahead of its peers, notes a report recently released by market research firm Tracxn**

**Karnataka-based tech companies recorded a year-on-year funding drop of 28% in 2025, notes a report recently released by market research firm Tracxn.**

## Overall tech start-up funding



- According to data from Tracxn, the State witnessed a significant percentage drop compared to geographies such as Maharashtra, Delhi NCR and Tamil Nadu. However, in terms of the total capital raised, Karnataka remained ahead of its peers.
- Karnataka-based tech companies raised a total funding of \$3.8 billion in 2025, a drop of 28% compared to the \$5.4 billion raised in 2024. In contrast, Delhi NCR witnessed a 7% rise and Maharashtra witnessed a 7% drop in overall tech funding in the corresponding period, as per data from Tracxn. While Telangana witnessed a 64% decline in funding, Tamil Nadu saw only a 3% drop.
- However, the total funding amount raised by tech start-ups in these geographies in 2025 stood at \$2.9 billion, \$2.5 billion, \$236.4 million and \$655.1 million, respectively, lagging behind Karnataka.
- The report titled Karnataka Tech 2025 recorded a change in capital deployment patterns in the State. A 27% contraction in deal volume was seen during 2025. The drop in overall funding was attributed largely to a slowdown in late-stage investments.
- Early-stage start-up funding witnessed a 32% rise from the previous year, with start-ups raising \$1.6 billion. This also marked a 37% rise from the \$1.1 billion raised in 2023.
- However, more caution was observed in the seed stage and late stage funding.

### **Betting on innovation**

- Seed-stage companies in Karnataka raised a total of \$434 million in 2025, marking a 17% decrease from the \$520 million raised in 2024.
- The funding drop in late-stage was even sharper, with companies raising only \$1.8 billion in 2025, a 50% drop from the \$3.6 billion raised in 2024.
- According to Tracxn, this reflected investors' preference to bet on the next wave of innovation over scaling mature assets.
- Madan Padaki, serial entrepreneur and former president of TiE Bangalore, notes that a large number of upcoming deeptech and AI start-ups are catching investor fancy, causing a spate of activity in the early stage segment.
- "In the last many years, it is the unicorns in Bengaluru that hogged a significant portion of the overall funding. Valuations of many unicorns have dropped now and they have stopped raising significant capital. Many of them are in pursuit of profitability. So, founders themselves don't want more capital, and the investors also don't want to invest in them," says Mr. Padaki.

### **Rise of IPOs**

- He points out that many start-ups have also gone for IPOs and funding is coming in the form of capital markets.
- The year that went by saw a rise in the number of public listings from the State. Nine companies took the IPO route in 2025 as against eight in 2024 and three in 2023.

- Among the companies that got listed in 2025 are Groww, Meesho, and Ather Energy.
- The ecosystem saw three unicorns created in 2025, as against five in 2024 and one in 2023.
- Enterprise Applications, FinTech, and Retail were the top-performing sectors in Karnataka's tech ecosystem in 2025.
- The Enterprise Applications sector recorded total funding of \$1.1 billion in 2025, remaining in line with 2024.
- FinTech companies raised \$1 billion during the year, representing a 47% increase from 2024.

### ❖ Amendment to panchayat raj Act to introduce ballot papers

**Context: The State Cabinet has decided to bring an amendment through the Karnataka Gram Swaraj and Panchayat Raj (Amendment) Bill, 2026, to reintroduce ballot papers in the local body election. The decision was taken to bring transparency and secrecy in elections, a note said, adding that the government had decided to drop EVMs from the election process.**

- The Cabinet also decided to bring amendment through Karnataka Police (Amendment) bill, 2026, to allow Police Establishment Board to transfer officials who have been suspended following dereliction of duty, gross negligence and misconduct.
- Sources said that currently because of the two-year tenure, the law had not permitted transfer of such officials though being suspended.
- The government has also decided to announce a one-time settlement scheme (OTS) for those who had availed themselves of loans from Karnataka Minorities Development Corporation between 2013 and 2019 when about ₹800 crore had been disbursed to beneficiaries under various schemes.

## ❖ Should the Governor's address be scrapped?



**P.D.T. Achary**

Former Secretary General of the Lok Sabha



**Alok Prasanna Kumar**

Co-founder of Vidhi Centre for Legal Policy

### PARLEY

Last month, during the joint session of the Karnataka Legislature, Governor Thawarchand Gehlot walked out of the House after reading only a few lines of his customary address prepared by the State Cabinet. The Chief Minister accused the Governor of violating his constitutional obligation. The incident followed similar developments in other Opposition-ruled States. In DMK-ruled Tamil Nadu, Governor R.N. Ravi walked out of the Assembly without delivering his inaugural address. In LDP-ruled Kerala, Governor Rajendra Vishwanath Arlekar omitted portions of the speech cleared by the Cabinet. Should the practice of Governors addressing the State legislatures be scrapped? P.D.T. Achary and Alok Prasanna Kumar discuss the question in a conversation moderated by Aaratrika Bhaumik. Edited excerpts:

#### Does a Governor's refusal to read the Cabinet-approved opening address violate the Constitution?

**P.D.T. Achary:** Under Article 176, a Governor is constitutionally mandated to address the State legislature at the commencement of the first session each year and at the first session following a general election. The address sets out the government's legislative agenda, outlining the policies and programmes it proposes to pursue during the session and the year ahead. The text of this address is prepared by the State Cabinet, and the Governor, as a constitutional functionary, is required to deliver it in that form. A Governor who declines to address the House, or who makes only a token appearance by reading selective portions of the address, cannot be said to be acting in conformity with the mandate of Article 176.

**Alok Prasanna Kumar:** Such conduct is contrary to the constitutional mandate. The Governor is an integral part of the State legislature, as recognised under Article 168 of the Constitution. This aspect is often overlooked, as the legislature is frequently understood to comprise only one or two Houses of elected representatives. As a constitutional head within this structure, the Governor is expected to facilitate, not obstruct, the functioning of the legislature.

#### Can a Governor use discretion to alter such an address?

**Alok Prasanna Kumar:** No. In *Nabam Rebia v. Deputy Speaker* (2016), the Supreme Court clarified that the Governor's address to the



Karnataka Governor Thawarchand Gehlot at the joint session of the State legislature, at Vidhana Soudha, in Bengaluru.

House is an executive function performed strictly on the aid and advice of the Council of Ministers. The recurring departures from this constitutional convention are a consequence of the existing institutional design. Unlike the President, who is indirectly elected and subject to impeachment by Parliament, the Governor holds office at the pleasure of the President, in effect, the Union government. Consequently, while the President remains institutionally answerable to Parliament, the Governor's continuance in office depends upon the confidence of the Union government rather than the legislature within which the office functions.

**P.D.T. Achary:** I agree. The Governor cannot alter the address prepared by the State Cabinet and is required only to read it before the House. The Governor bears no responsibility for its contents and incurs no liability for what it states. In a representative democracy such as ours, executive authority is vested in the Council of Ministers, as the elected representatives of the people. The Governor is therefore precluded from running a parallel government or taking independent decisions de hors the aid and advice of the State Cabinet.

#### What recourse does a Governor have if there are genuine reservations about the address's contents?

**Alok Prasanna Kumar:** The Governor cannot hold an independent view on whether the government's policies are desirable or even constitutional. Personal opinions need not be forfeited, but they must be conveyed through candid, private exchanges with the State Cabinet. Once the Governor assumes office, such personal views must yield to constitutional discipline. A Governor may offer counsel, but must recognise the limits of the office. At the same time, it is a healthy convention



At least two other sessions of the State legislature each year commence without a Governor's address, which indicates that the legislature's functioning is not inherently dependent on this ceremonial formality.

**P.D.T. ACHARY**

for the Chief Minister and the Council of Ministers to maintain regular communication with the Governor and to be receptive to any contrarian views he or she might have. Where such rapport and constitutional civility exist, it is unlikely that an elected government would disregard the Governor's counsel.

#### Is this address a colonial remnant that ought to be dispensed with?

**Alok Prasanna Kumar:** The practice ought to be retained, even if it is largely symbolic and serves little functional purpose. The focus should be on addressing instances of constitutionally impermissible gubernatorial discretion rather than abandoning the convention altogether. The address recognises the Governor's place as an integral part of the legislature and reflects the continuity of the Westminster parliamentary model adopted in India.

**P.D.T. Achary:** I do not believe there is anything sacrosanct about this practice. At least two other sessions of the State legislature each year commence without a Governor's address, which indicates that the legislature's functioning is not inherently dependent on this ceremonial formality. Moreover, Article 175 of the Constitution provides an alternative mechanism through which the Governor may address the House or send messages regarding any pending legislation. Reconsideration of this practice becomes particularly pertinent in light of the increasing instances of visibly partisan conduct by Governors in Opposition-ruled States.

Further, Article 355 imposes a duty upon the Union government to ensure that the governance of every State is carried on in accordance with the Constitution. When a Governor declines to deliver the address mandated under Article 176, it raises concerns about whether that constitutional obligation is being meaningfully upheld. Such situations also risk precipitating a constitutional crisis, as the legislative session cannot formally commence in the absence of the Governor's address.

#### Is Presidential intervention necessary when Governors fail to discharge their

#### constitutional duties?

**P.D.T. Achary:** Yes. When Governors act in a partisan manner and fail to discharge their constitutional duties, it is incumbent upon the President to intervene and require the Governor either to perform those duties or to demit office. Article 160 of the Constitution empowers the President to issue directions for the discharge of a Governor's functions, particularly to address contingencies not expressly provided for in the Constitution. However, there have been no notable instances of Presidents invoking such powers to avert situations where gubernatorial conduct threatens to create a constitutional crisis in the States.

#### Tamil Nadu Chief Minister M.K. Stalin has called for a constitutional amendment to do away with this address. How feasible is it to bring about such an amendment?

**P.D.T. Achary:** It is unlikely that such a constitutional amendment will be achievable. The Union government is unlikely to support it, and its passage would require a special majority in Parliament – a majority of the total membership of each House and a two-thirds majority of members present and voting. This is a difficult threshold to meet without a broad consensus between the government and the Opposition. Moreover, when the existing framework yields evident political benefit, there is little incentive to alter it.

**Alok Prasanna Kumar:** Such an amendment would be futile. If the Constitution is to be amended, a more meaningful reform would be to reconsider the manner in which Governors are appointed and removed. Such reform could ensure that Governors remain mindful of their allegiance lies with the Constitution, not the Union government, and that any departure from this role carries consequences for their continuance in office. This also explains why Presidents generally discharge their functions without controversy, while Governors often do not. The former is institutionally accountable to Parliament by virtue of indirect election and the possibility of impeachment.

However, as Mr. Achary has pointed out, even this would require political consensus that may be difficult to secure. Nevertheless, a serious discussion on such reforms is necessary to halt the gradual weakening of constitutional governance in Opposition-ruled States.



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## ❖ Centre signs tripartite pact to create Naga authority

**Context: A tripartite agreement for creation of the Frontier Nagaland Territorial Authority (FNFTA) was signed between Eastern Nagaland People's Organisation (ENPO), Nagaland government and Union Home Ministry.**

- The agreement was signed in the presence of Union Home Minister Amit Shah and Nagaland Chief Minister Neiphiu Rio. ENPO is an apex body representing eight recognised Naga tribes of the six eastern districts of Nagaland.
- The agreement paves the way for creation of the FNFTA for six districts of Nagaland — Tuensang, Mon, Kiphire, Longleng, Noklak and Shamator — and devolution of powers in respect of 46 subjects to the FNFTA.
- Mr. Shah said it was a significant day for a dispute-free Northeast. “Eleven years ago, several armed groups and disputes in the Northeast were pushing the region towards fragmentation and disturbing its peace. At the same time, many inter-State disputes were disrupting the peace of the States,” he said.
- Mr. Shah said that since 2019, the Centre has signed 12 important agreements in the Northeast. Mr. Shah said that he wants to assure the representatives of ENPO that the Government of India will assist in the development of Eastern Nagaland and also will

shoulder its responsibility. He added that a fixed amount will be determined every year, and the MHA will cover the initial expenditure for its establishment.

- The agreement provides, inter alia, for a mini-Secretariat for FNTA, headed by Additional Chief Secretary/Principal Secretary, sharing of development outlay for the Eastern Nagaland region proportional to population and area. However, this agreement does not affect in any manner, the provisions of Article 371(A) of the Constitution, the Ministry said.

### ❖ PM absent, Lok Sabha passes Motion of Thanks

**Context: Amid continued protests by Opposition, Lok Sabha was adjourned; Speaker says the conduct of some Opposition members in his office on Wednesday was not appropriate, terms it a 'black spot'**

- Prime Minister Narendra Modi did not reply to the debate on the Motion of Thanks to the President's address before it was passed in the Lok Sabha on Thursday. In fact, he was not present in the House when the Motion was put to vote. Union Home Minister Amit Shah and Defence Minister Rajnath Singh were also not present.
- The last time that the Motion of Thanks to the President's Address was passed without the Prime Minister's reply was in June 2004, when then Prime Minister Manmohan Singh could not deliver his reply to the debate in the Lok Sabha following BJP protests.
- He had then asked the Lok Sabha to put the Motion to vote without his reply. In his 2005 speech, Dr. Singh mentioned that he had not been allowed to speak the previous year.

### ❖ Rajya Sabha adopts the Motion of Thanks amid protests by Opposition

**Context: The Rajya Sabha adopted the Motion to Thank President Droupadi Murmu for her Address to the joint session of Parliament. The amendments moved by Opposition MPs were defeated in a voice vote in their absence. The Opposition had walked out of the House during Prime Minister Narendra Modi's reply to the debate.**

- Earlier in the day, BJP members addressed concerns expressed by Opposition members over the India-U.S. bilateral trade deal and said the deal was in the interest of the country. Shiv Sena (UBT) MP Priyanka Chaturvedi said even External Affairs Minister S. Jaishankar was unaware of the details of the trade deal. Quoting U.S. President Donald Trump, she said agriculture and dairy products were part of the deal and sought clarification from the government.

### ❖ Shah launches India's first cooperative ride service

**Context: Union Home, Cooperation Minister Amit Shah on Thursday launched Bharat Taxi, India's first cooperative-led ride-hailing platform, after a successful two-month pilot operation.**

- The service has been initially launched in Delhi-NCR and Gujarat, and will be expanded across all States and Union Territories within two years.

- “In three years, Bharat Taxi will be rolled out across the country, from Kashmir to Kanniyakumari and Dwarka to Kamakhya,” Mr. Shah said after launching the platform. He said the profits will be shared with drivers associated with Bharat Taxi. Customers can hail cars, three-wheelers and two-wheelers through the platform.

### ❖ MSF raises concerns over FTA impact on medicines in India

**Context: Médecins Sans Frontières (MSF), an international aid organisation that provides emergency medical assistance to populations in distress in more than 80 countries, has written to the European Union expressing its concern over the recently announced EU-India Free Trade Agreement.**

- The group said that the proposed restrictive provisions will have major consequence for access to medicines in India and the rest of the developing world. “We are concerned that the EU-India FTA may contain provisions with dire consequences for access to medicines in India and the rest of the developing world,” MSF said in its letter to the European Commissioner for Trade.
- “They will strengthen and extend the monopoly rights of multinational pharmaceutical manufacturers at the expense of patients in India and beyond,” the group warned.
- MSF has specifically expressed concern over data exclusivity that could effectively block compulsory licences, patent term extensions, enforcement and border measures that seek to detain imports or exports of good suspected of infringing intellectual property rights.
- It also said that some provisions of the negotiation seeks to limit, and in some cases completely block, generic competition. “Generic competition has proven to be key in lowering the prices of medicines...,” the letter said.

### ❖ India, GCC nations sign terms of reference for FTA

**Context: Appropriate that we enter a robust trading arrangement for greater free flow of goods and services, and predictability, stability to policy: Goyal**

- Representatives of India and the six-nation Gulf Cooperation Council (GCC) on Thursday signed the Terms of Reference for negotiations on a free trade agreement (FTA). The GCC countries are together India’s largest merchandise trade partners, with total merchandise trade exceeding that done with even the EU and the U.S.
- The Terms of Reference (ToR) were signed by India’s chief negotiator for the FTA, Additional Secretary Ajay Bhadoo, and his counterpart representing the Secretariat General of the Gulf Cooperation Council, Raja Al Marzouki. The signing of the ToR is a necessary precursor for the start of formal negotiations. The GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.



The GCC countries are together India’s largest merchandise trade partners.

- “It is most appropriate that we now enter into a much stronger and robust trading arrangement, which will enable a greater free flow of goods and services, bring predictability and stability to policy, help encourage greater degree of investments and take our bilateral relations between the six nation GCC group and India to greater heights,” Commerce and Industry Minister Piyush Goyal, who presided over the signing, said in his speech.

### **Bilateral benefit**

- Mr. Goyal pointed out that the two sides could significantly benefit from each other, with India’s workforce both within the GCC countries as well as in India standing to gain from the eventual agreement.
- “The GCC countries can help us with further diversification and growth of our energy sources, opportunities for our youth, and massive amounts of investments that different countries have already committed at different points of time, which will further get an impetus with a free trade agreement between India and the GCC nations,” he added.

### **❖ The end of New START and a new era of nuclear rivalry**

**Context: The New Strategic Arms Reduction Treaty (New START) officially expired on February 5, marking the end of the last remaining bilateral agreement constraining the nuclear arsenals of the U.S. and Russia. The New START treaty emerged from a period of diplomatic reset between Washington and Moscow in the late 2000s.**

- After entering into force on February 5, 2011, New START set up verifiable limits on the strategic offensive arms of both nations, including capping the number of deployed warheads to 1,550, and required both parties to reach these limits within seven years and maintain them thereafter. It also allowed 18 on-site inspections a year, mandated data exchange, and set up a bilateral commission to resolve issues.
- New START was constantly beleaguered. Russia often argued that U.S. missile defense systems undermined the strategic balance, suggesting that if one side could neutralise the other’s retaliatory strike, the ‘mutually assured destruction’ dynamic would be broken. The U.S. expressed concerns over conventional prompt global strike capabilities, where precise conventional warheads are placed on ballistic missiles, systems that New START counted under its nuclear limits.
- Later Russia also unveiled several novel strategic systems, including the Sarmat heavy ICBM and the Avangard hypersonic glide vehicle. While the U.S. successfully argued that these should be counted under New START, other systems like the nuclear-powered underwater drone Poseidon and nuclear-powered cruise missile Burevestnik remained outside the treaty's technical definitions.

### **No binding limits**

- The treaty was originally set to expire in 2021. Just days before the deadline, the Biden administration and the Kremlin agreed to a one-time, five-year extension, moving the expiration date to February 5, 2026. But in February 2023, after the conflict in Ukraine escalated and undermined bilateral relations, President Vladimir Putin said he was

suspending Russia's participation in New START because, Moscow said, the U.S. was seeking a "strategic defeat" of Russia and that western aid to Ukraine made on-site inspections in Russia impossible. The U.S. soon followed.

- Today, for the first time since 1972, there are no legally binding limits on the number of strategic nuclear weapons the U.S. and Russia can deploy. The formal channels to verify the locations and status of nuclear forces have ceased to exist, forcing intelligence agencies to rely entirely on satellite imagery and other unilateral methods, which are more error-prone and easier to politicise. Nuclear and non-nuclear strategic systems are also entangled today and that, together with the premium both sides place on non-contact options like cyberattacks, can threaten nuclear command and control without crossing a nuclear threshold. This is why analysts have stressed the loss of predictability rather than the appearance of new warheads alone.
- New START's expiry also makes the prospect of including China and other nuclear states in a larger nonproliferation regime harder in practice. Washington can now argue that it shouldn't be the only state constrained while Beijing grows. Moscow can argue that it shouldn't accept constraints while NATO's aggregate capabilities shape its security environment. And Beijing has already argued that its arsenal is smaller than those of the U.S. and Russia and that therefore it's "not fair or reasonable" to demand it enter their disarmament framework now.
- In 2025, Arms Control Association board chairman Thomas Countryman argued that the most realistic near-term path is a regime with three prongs: the U.S. and Russia establishing measures to restore basic level of transparency, the P5 group standardising definitions and modest transparency practices; and setting up of nonproliferation tools such as hotlines, launch notifications, incident prevention, and fissile material security, to involve more states without immediately forcing them to count each other's warheads.

### ❖ UN human rights agency in 'survival mode': chief

**Context: The UN human rights chief said on Thursday his agency was "in survival mode" due to funding shortfalls, as he launched a \$400 million appeal to tackle global rights crises in 2026.**

- Volker Turk warned countries that at a time when global human rights are under significant assault, his office was facing dire funding shortages hampering its life-saving work.
- The UN human rights office lost around 300 out of 2,000 staff last year and had to end or scale back its work in 17 countries.

-----All the best-----