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WILL WORK UNLESS
YOU DO

Important Issues of the Day

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Manipur President's Rule ends; Khemchand new CM

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

Rahul Karmakar

GUWAHATI

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 on Wednesday.

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



New role: Yumnam Khemchand Singh arriving at the Imphal airport ahead of taking oath as Chief Minister on Wednesday. ANI

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."

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- **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 on Wednesday.**
- **President's Rule refers to the suspension of a state government and its legislative assembly, placing the state under the direct control of the central government.**
- **It is imposed under Article 356 of the Constitution in case of failure of constitutional machinery in States. President's Rule is also called State Emergency or Constitutional Emergency.**
- **The Constitution does not clearly define "failure of constitutional machinery," leading to subjective interpretations by the Centre, which can result in misuse.**

- **Article 355: Mandates the central government to ensure that states function according to the Constitution.**
- **Article 356: Allows the President to impose President's Rule if the state government fails to function constitutionally, either on the Governor's recommendation or at the President's discretion.**
- **Article 365: If a state does not comply with the Centre's directions, the President can declare that its government cannot function constitutionally.**
- **Grounds for Proclamation: The President can impose President's Rule under Article 356 of the Indian Constitution if they are satisfied that the state's governance cannot continue constitutionally, acting either on the Governor's report or on other information or their own discretion**
- **Also, if a state fails to comply with the Centre's directions, President's Rule may be declared.**

- **Parliamentary Approval:** The proclamation must be approved by both Houses of Parliament within two months.
- **Duration:** Initially lasts for six months and can be extended up to three years with Parliament's approval every six months.
- **The 44th Amendment Act, 1978** permits extension beyond one year if a National Emergency is in force, or if Election Commission of India certifies that elections cannot be held.
- **For extension beyond three years, a constitutional amendment is required (e.g., 67th and 68th Amendments for Punjab during insurgency).**

Impacts of President's Rule:

- **Executive Powers:** The President assumes control over state functions, with the Governor acting on their behalf, supported by the Chief Secretary and appointed advisors.
- **Legislative Powers:** The State Legislature is suspended or dissolved, with Parliament exercising law-making authority (as outlined in Article 357) or delegating it to the President or a designated body.
- **Laws made during this period remain effective unless repealed by the state legislature.**
- **Financial Control:** The President can authorize expenditure from the State Consolidated Fund, but this expenditure must be subsequently approved by the Parliament.
- **Fundamental Rights:** President's Rule does not curb citizens' fundamental rights, unlike a National Emergency where Article 19 freedoms are suspended and other rights (except 20 and 21) may be curtailed.

Q. If the President of India exercises his power as provided under Article 356 of the Constitution in respect of a particular State, then (2018)

(a) the Assembly of the State is automatically dissolved.

(b) the powers of the Legislature of that State shall be exercisable by or under the authority of the Parliament.

(c) Article 19 is suspended in that State.

(d) the President can make laws relating to that State.

Which of the following are not necessarily the consequences of the proclamation of the President's rule in a State?

- 1. Dissolution of the State Legislative Assembly**
- 2. Removal of the Council of Ministers in the State**
- 3. Dissolution of the local bodies**

Select the correct answer using the code below:

(a) 1 and 2 only

(b) 1 and 3 only

(c) 2 and 3 only

(d) 1, 2 and 3

Mains Question

President's Rule under Article 356 has been described as a 'safety valve' of the Constitution, yet its frequent use raises concerns about federalism. Critically examine the constitutional provisions, judicial safeguards, and recent trends related to the imposition of President's Rule in India.

संविधान के अनुच्छेद 356 के अंतर्गत राष्ट्रपति शासन को 'संवैधानिक सुरक्षा वाल्व' कहा गया है, परंतु इसके बार-बार प्रयोग से संघवाद पर गंभीर प्रश्न उठते हैं। भारत में राष्ट्रपति शासन के प्रावधानों, न्यायिक सुरक्षा उपायों तथा इसके हालिया प्रयोग की प्रवृत्तियों का समालोचनात्मक परीक्षण कीजिए।

Jaishankar, Rubio welcome trade deal, discuss critical minerals, Quad cooperation

Suhasini Haidar
NEW DELHI

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 on Wednesday, 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.



Hand in hand: External Affairs Minister S. Jaishankar with U.S. Secretary of State Marco Rubio in Washington. AP

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-elec-

tion 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.

- **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 on Wednesday, where both sides agreed to “formalise” cooperation on critical minerals, and take forward their economic partnership.**
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What is Pax Silica?

- **About:** It is a US led coalition aimed at building a secure, resilient, and innovation-driven silicon and Artificial Intelligence (AI) supply chain ecosystem through deep cooperation with trusted global partners.
- **The inaugural Pax Silica Summit was held in Washington, D.C. in December, 2025.**
- **Objective:** It aims to reduce coercive dependencies on a single country, protect AI-critical materials and enable aligned nations to develop and deploy transformative technologies at scale.
- **China dominates the critical minerals supply chain needed for the silicon and AI supply chain ecosystem , refining over 60% of lithium, cobalt, and rare earths. Global diversification efforts are accelerating after China's restrictions on rare earth magnets disrupted supply chains.**

- **Participating Nations:** Japan, Republic of Korea, Singapore, the Netherlands, United Kingdom, Israel, United Arab Emirates, and Australia.
- **Partner countries host key firms** such as Sony, Hitachi, Fujitsu, Samsung, SK Hynix, Temasek, DeepMind, MGX, Rio Tinto, and ASML, which power the global AI supply chain.
- **Core Commitments:** Joint projects to address AI supply chain vulnerabilities across critical minerals, semiconductor design, fabrication and packaging, compute infrastructure, and energy grids, along with protecting sensitive technologies from countries of concern.
- **India's Semiconductor Push:** Under the USD 10 billion India Semiconductor Mission (ISM, 2021), India aims to build an indigenous semiconductor ecosystem.
- **10 projects approved**, involving Rs 1.6 trillion investment, covering fabrication and packaging.

Recently, there has been a concern over the short supply of a group of elements called 'rare earth metals'. Why? (2012)

- 1. China, which is the largest producer of these elements, has imposed some restrictions on their export.**
- 2. Other than China, Australia, Canada and Chile, these elements are not found in any country.**
- 3. Rare earth metals are essential for the manufacture of various kinds of electronic items and there is a growing demand for these elements.**

Which of the statements given above is/are correct?

- (a) 1 only**
- (b) 2 and 3 only**
- (c) 1 and 3 only**
- (d) 1, 2 and 3**

Mains Question

Critical minerals have emerged as the backbone of India's clean energy transition and strategic autonomy. In this context, examine India's vulnerability with respect to critical mineral supply chains and evaluate the steps taken by the government to secure their availability.

(250 Words | 15 Marks)

स्वच्छ ऊर्जा संक्रमण एवं रणनीतिक आत्मनिर्भरता के लिए महत्वपूर्ण खनिज (Critical Minerals) भारत की रीढ़ बनकर उभरे हैं। इस संदर्भ में, महत्वपूर्ण खनिजों की आपूर्ति शृंखला के संदर्भ में भारत की संवेदनशीलता की चर्चा कीजिए तथा उनकी उपलब्धता सुनिश्चित करने हेतु सरकार द्वारा उठाए गए कदमों का मूल्यांकन कीजिए।

(250 शब्द | 15 अंक)

Denotified tribes seek constitutional recognition, separate Census entry

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

Abhinay Lakshman
NEW DELHI

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

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

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.

'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.

- **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.**
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- **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 Scheme for Economic Empowerment of Denotified/Nomadic/SemiNomadic (SEED) communities was launched in February 2022 by the Ministry of Social Justice & Empowerment.**
- **It aims to provide free competitive exam coaching to these students, to provide health insurance to families, to uplift clusters of these communities through livelihood initiatives, and to provide financial assistance for housing.**

- **A National Commission for De-notified, Nomadic and Semi-Nomadic Tribes (NCDNT) was constituted in 2006 by the then government.**
- **It was headed by Balkrishna Sidram Renke and submitted its report in 2008.**
- **The commission held that “It is an irony that these tribes somehow escaped the attention of our Constitution makers.**

Idate Commission:

- **The National Commission was constituted in 2015 under the chairmanship of Shri Bhiku Ramji Idate.**
- **This commission was tasked to identify and properly list DNT communities in different states, to evaluate the progress of development of these communities in the states.**
- **Based on the recommendation of this commission, the Government of India set up the Development and Welfare Board for DNTs, SNTs &NTs (DWBDNCs) in 2019.**

The Budget and the imperative of fiscal consolidation

Page No. 6, GS 3

While presenting the Union Budget 2026-27, a considerable part of the Finance Minister's Budget speech dealt with the expenditure programmes that will be launched to enable India to become developed by 2047. The emphasis on the advanced technology sectors such as Artificial Intelligence, biopharma, semiconductor and critical minerals among others, is well taken. The concern with these expenditure programmes is on how well they are going to be implemented and the pace at which they will enable the goal of Viksit Bharat to be achieved.

Expenditure priorities, revenue prospects

In order to provide fiscal space for these changing priorities, the Government of India has been successfully undertaking a restructuring, particularly of its revenue expenditures. For more than a decade, the share of revenue expenditure to total expenditure has been going down, from 88% in 2014-15 to about 77% in 2026-27 (BE), that is a fall of 11% points. Within this, the fall in central subsidies was 7% points of total expenditure. Correspondingly, the share of capital expenditure in total expenditure has increased.

The Centre's emphasis on capital expenditure has played an important role in supporting GDP growth. As a percentage of GDP, the Centre's capital expenditure, in the post-COVID-19 years, has been at a high level. However, its annual growth rate has fallen over time. Thus, from a recent peak growth of 28.3% in 2023-24, it fell to 10.8% in 2024-25 and to 4.2% in 2025-26 (RE). It is budgeted to increase now to 11.5% in 2026-27 (BE), which is only marginally higher than the assumed nominal GDP growth of 10.0%. Thus, it will almost remain static at 3.1% of GDP in 2025-26 (RE) and 2026-27 (BE). It may be noted that the budgeted capital expenditure growth in 2025-26 was 10.1%, but a growth of only 4.2% was achieved as already noted.

The Government of India's revenue receipts,



C. Rangarajan

is Chairman, Madras School of Economics, and a former Governor of the Reserve Bank of India



D.K. Srivastava

is Member, Advisory Council to the Sixteenth Finance Commission, and a former Director of the Madras School of Economics

The Budget pinpoints the critical areas where the government needs to focus on, but sustained growth needs monetary and fiscal stability

particularly projections for 2026-27 (BE) of tax revenues are cautious and are likely to be achieved. But the concern is that the buoyancy of Centre's gross tax revenues in 2026-27 (BE) has fallen to 0.8, well below the benchmark of 1. This consists of a buoyancy of 1.1 of direct taxes, which has a share of 61.2%, and a buoyancy of 0.3 of indirect taxes, which has a share of 38.8% in Centre's gross tax revenues. The main reason for the lower overall buoyancy is linked to the Goods and Services Tax (GST) collections, which are not expected to keep pace with GDP growth in 2026-27 (BE). In view of the high pressure on increasing expenditure, both developmental and welfare, the government should take a good look at the indirect taxes structure and raise their buoyancy to 1.

The recommendations of the Sixteenth Finance Commission (FC16) have not provided for any change in the share of States in the divisible pool of central taxes, keeping it at 41%.

The assignment of taxes to the States, therefore, has remained the same at 3.9% of GDP in 2025-26 (RE) and 2026-27 (BE). Also, the FC16 did not recommend any revenue deficit grants or sector/State-specific grants. Because of discontinuation of revenue deficit grants, there would be a reduction in the overall transfers to the States as compared to FC15. In fact, there has also been a reduction in other components of FC grants – the reason why total FC grants to the States have fallen from 0.43% of GDP in 2025-26 (RE) – the last year under the recommendations of FC15 – to 0.33% in 2026-27 (BE), the first year under the recommendations of the FC16. Usually, in the first year of an FC award period, there is a step jump in the volume of grants.

Pace of fiscal consolidation

The slowdown in the pace of fiscal consolidation is also a major concern. The pace of reduction in the fiscal deficit to GDP ratio has progressively fallen in the post-COVID-19 years. Considering the period from 2023-24, the annual reduction in this ratio in successive years was 0.7% points in

2024-25, 0.4% points in 2025-26 (RE) and only 0.1% point in 2026-27 (BE). The change in the targeting strategy from fiscal deficit to targeting the debt-GDP ratio also does not give much confidence. In fact, the debt-GDP ratio and fiscal deficit to GDP ratio are interdependent and move in tandem depending on the nominal GDP growth.

A transparent strategy would be to give the glide path of debt-GDP ratio and fiscal deficit relative to GDP with an underlying assumption of nominal GDP growth for the next five years. It should also indicate as to when the respective targets committed to in the Fiscal Responsibility and Budget Management Act 2018, that is, of 40% for debt-GDP ratio and of 3% for fiscal deficit to GDP ratio are likely to be achieved.

It is also useful to note that maintaining an unduly high debt-GDP ratio leads to a high interest payment to revenue receipts ratio. The effective interest rate for central government debt is estimated at 7.12% in 2026-27 (BE). This rate has been rising progressively for the last three years. In fact, as per the 2026-27 (BE), the interest payment to revenue receipts ratio is close to 40%, thereby squeezing the space for the required primary expenditures.

It must be stressed that the limit of fiscal deficit at 3% of GDP has a strong logic behind it. If the Centre and States take 8%-9% of GDP, the investible resources available for the private sector will come down strongly. In this situation, it is difficult to expect private investment to pick up.

A good framework

Taken together, the Budget presents a good road map to achieve the status of a developed country by 2047. It has highlighted the critical areas where the government and country must focus on. Sustained growth needs monetary and fiscal stability. The path of fiscal consolidation requires a relook.

The views expressed are personal

- **For more than a decade, the share of revenue expenditure to total expenditure has been going down, from 88% in 2014-15 to about 77% in 2026-27 (BE), that is a fall of 11% points.**
- **Within this, the fall in central subsidies was 7% points of total expenditure. Correspondingly, the share of capital expenditure in total expenditure has increased.**
- **The Centre's emphasis on capital expenditure has played an important role in supporting GDP growth. As a percentage of GDP, the Centre's capital expenditure, in the post-COVID-19 years, has been at a high level.**
- **The recommendations of the Sixteenth Finance Commission (FC16) have not provided for any change in the share of States in the divisible pool of central taxes, keeping it at 41%.**

- **The slowdown in the pace of fiscal consolidation is also a major concern. The pace of reduction in the fiscal deficit to GDP ratio has progressively fallen in the post-COVID-19 years.**
- **Considering the period from 2023-24, the annual reduction in this ratio in successive years was 0.7% points in 2024-25, 0.4% points in 2025-26 (RE) and only 0.1% point in 2026-27 (BE).**
- **It should also indicate as to when the respective targets committed to in the Fiscal Responsibility and Budget Management Act 2018, that is, of 40% for debt-GDP ratio and of 3% for fiscal deficit to GDP ratio are likely to be achieved.**
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A country's fiscal deficit stands at 50,000 crores. It is receiving 10,000 crores through non-debt creating capital receipts. The country's interest liabilities are 1,500 crores. What is the gross primary deficit?

- (a) 48,500 crores**
- (b) 51,500 crores**
- (c) 58,500 crores**
- (d) None of the above**

The U.S. trade deal — gains from economic diplomacy

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India's trade playbook is working strongly, steadily and at scale. Its new trade architecture resembles a newly built expressway, anchored in strategic trade agreements that will enable faster, more predictable movement for trade. After concluding a major free trade agreement with the European Union (EU), the United Kingdom and other partners, India has now secured a consequential trade deal with the United States.

The road to this deal was neither short nor simple. Shaped through a demanding and intricate process, the deal stands as a testament to the strength, steadiness and foresight of Indian negotiators. After nearly a year of sustained dialogue, technical negotiations and quiet diplomacy, India and the U.S. agreed upon the lower tariff of 18%. The reduction of U.S. tariffs on Indian goods to this competitive level is a huge boost to Indian exports, providing improved market access, policy certainty and avenues for new strategic partnerships.

A growing network of partnerships

The India-U.S. trade deal represents an important outcome in India's expanding network of international trade partnerships. The trade agreements with the European Free Trade Association (EFTA), the U.K., and the EU give India preferential market access to the whole of Europe. Agreements with Australia and New Zealand make India a key partner of the Pacific, trade agreements with Oman and United Arab Emirates provide greater access to West Asia, and the latest deal with the U.S. deepens India's stronghold in America – a clear reflection of India's deep integration with the world.

The U.S. is the largest import market in the world and India's biggest export destination, accounting for almost one-fifth of India's total exports. Indian exports to the U.S. span a wide range of sectors, which includes apparel, gems and jewellery, agricultural products, footwear, leather and several other manufacturing products, supporting both employment and manufacturing value chains in India. With the elevated U.S. tariff levels of 50% last year, several Indian exporters were at a competitive



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Industry must use the opportunities that the India-U.S. trade deal presents

disadvantage in this critical market. The revised tariff not only provides meaningful relief and improves India's relative position *vis-à-vis* competing suppliers but also provides a constructive basis for advancing discussions under the ongoing India-U.S. Bilateral Trade Agreement (BTA). By easing immediate trade frictions, the agreement creates space to address broader issues such as regulatory cooperation, market access and supply chain under the BTA.

The gains and broader implications

The clearest gains from the tariff reduction are likely to accrue to employment-intensive export sectors, particularly apparel. The U.S. is the world's largest apparel import market, and with Indian exports now facing an 18% tariff, lower than key competitors such as Vietnam and Bangladesh, Indian manufacturers regain price competitiveness in several high-volume categories. Similar dynamics apply to gems and jewellery (where margins are highly sensitive to tariff changes and the U.S. remains a critical destination), as well as to marine products, processed foods, footwear and leather (where even modest tariff moderation materially improves landed costs). A lower tariff will enhance export viability across these sectors and support India's positioning in diversified global supply chains, further encouraging these industries to go for capacity expansion.

On the whole, the reduction in U.S. tariffs on Indian goods immediately enhances India's competitive position relative to several major exporting nations that face higher duties, including China, Bangladesh, Sri Lanka, Brazil, South Africa, Pakistan as well as the Association of Southeast Asian Nations (ASEAN) countries. This competitive positioning builds up India's export sectors and supports the country's long-term goal of becoming a global manufacturing hub.

Beyond immediate economic relief, the deal opens pathways for long-term growth and boosts the overall India-U.S. economic relationship. It encourages joint ventures, technology partnerships and investment in high-value sectors, fostering innovation, employment and

skill development.

For India, it consolidates global economic leadership and strengthens the country's capacity to engage in high-value international partnerships. For the U.S., it highlights the advantages of partnering with India to drive innovation, expand markets and reinforce supply chains. Progress on tariffs supports deeper engagement across regulatory co-operation, digital trade, clean energy and innovation-led sectors. The deal creates a mutually beneficial cycle of growth and opportunity, laying the foundation for collaboration that extends beyond commerce.

From a strategic perspective, closer economic ties complement cooperation in wider forums such as the Quad (India, Australia, Japan, the U.S.) where supply-chain resilience and trusted partnerships are central priorities. A stable trade relationship reinforces these objectives.

From tariffs to trust, a strategic reset in ties

This trade deal is more than a temporary adjustment of tariffs. It restores trust, unlocks economic opportunities and shores up a constructive strategic relationship. The India-U.S. partnership is poised to expand in areas which include technology, defence, energy and high-value manufacturing.

The deal demonstrates how thoughtful negotiation and shared priorities can turn complex challenges into lasting opportunities. It reveals how two democracies, when willing to engage thoughtfully, can craft solutions that serve national interests while advancing global stability. The India-U.S. trade deal is not just an economic milestone. It represents a renewed, balanced and strategic partnership, setting the stage for deeper cooperation and mutual prosperity in the decades ahead.

The India-U.S. trade improves access to the most important export destination, strengthens competitiveness across key sectors and supports the next phase of bilateral economic engagement. With policy momentum in place, the focus now shifts to industry to leverage these opportunities through investment, scale and enhanced competitiveness.

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- **Beyond immediate economic relief, the deal opens pathways for long-term growth and boosts the overall India-U.S. economic relationship. It encourages joint ventures, technology partnerships and investment in high-value sectors, fostering innovation, employment and skill development.**
- **For India, it consolidates global economic leadership and strengthens the country's capacity to engage in high-value international partnerships.**
- **From a strategic perspective, closer economic ties complement cooperation in wider forums such as the Quad (India, Australia, Japan, the U.S.) where supply-chain resilience and trusted partnerships are central priorities.**

Project Vault



- **The United States has launched Project Vault, a \$12 billion critical minerals stockpiling initiative, announced by Donald Trump to protect American industries from global supply disruptions.**
- **Project Vault is a public–private stockpiling programme designed to purchase, store, and manage critical minerals and rare earth elements required for strategic civilian and defence industries in the United States, similar in concept to the Strategic Petroleum Reserve.**
- **US Government, announced by Donald Trump**
- **Funded through a mix of private capital and the US Export–Import Bank**

Aim:

- **To secure uninterrupted access to critical minerals during global supply shocks.**
- **To reduce strategic dependence on China, which dominates mineral processing.**
- **To strengthen national security, advanced manufacturing, and clean energy supply chains.**

Key features:

- **Minerals covered: Rare earths and critical minerals such as cobalt, gallium, and other strategic metals**
- **Advance purchase commitments: Companies commit upfront to buy minerals later at fixed inventory prices.**

Blue Line



- **The United Nations Interim Force in Lebanon (UNIFIL) temporarily suspended patrols along parts of the Blue Line after Israel announced the release of a chemical substance near the frontier.**
- **The Blue Line is a UN-identified line of withdrawal, marking Israel's pullback from southern Lebanon.**
- **It is not an international border, but a temporary demarcation used to monitor compliance with UN resolutions.**
- **Runs for about 120 km along southern Lebanon, separating it from Israel and the Israeli-occupied Golan Heights.**
- **Extends from the Mediterranean coast near Naqoura/Rosh HaNikra to the tri-junction area near Shebaa Farms.**

Turtle Trails



- **The Union Budget 2026–27 proposed developing ‘turtle trails’ along key Olive Ridley nesting sites in Odisha, Karnataka and Kerala to promote eco-tourism.**
- **‘Turtle trails’ refer to regulated eco-tourism pathways and guided experiences near sea turtle nesting beaches, aimed at promoting conservation awareness, community livelihoods and nature-based tourism.**
- **Odisha – Rushikulya (Ganjam) and vicinity of Gahirmatha (Kendrapara)**
- **Karnataka – Coastal turtle nesting beaches**
- **Kerala – Key nesting stretches along the Arabian Sea coast**

- **The Olive Ridley sea turtle is one of the smallest and most abundant sea turtle species, named after its olive-green, heart-shaped shell.**
- **It is globally known for its unique mass nesting behaviour (arribada), where thousands of females nest synchronously on select beaches.**
- **Global range: Tropical regions of the Indian, Pacific, and Atlantic Oceans.**
- **Indian context: Major nesting beaches along the Odisha coast (Gahirmatha, Rushikulya, Devi River mouth), solitary nesting also occurs along the Tamil Nadu, Andhra Pradesh, and Andaman coasts.**
- **Marine habitat: Primarily pelagic (open ocean), but migrates to sandy beaches for nesting.**
- **IUCN conservation status: Vulnerable**
- **Legal protection in India: Schedule I species under the Wildlife (Protection) Act, 1972.**

Thank You!

