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Compiled by **Sapna Chauhan**

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01 NTA Reforms Must Have Meaningful Continuity: SC

GS 2 · GOVERNANCE & POLITY

WHY IN NEWS

The Supreme Court, hearing petitions on the NEET-UG 2026 paper leak, stressed that reforms in the National Testing Agency (NTA) must be institutionalised and carried on by successive officers — not become a knee-jerk reaction to a catastrophe.

- ◆ A Bench headed by **Justice P.S. Narasimha** underlined that the government must not keep hopping from one committee to the next in search of solutions. Constituting the new **Nandan Nilekani task force** should not be read as discarding, “lock, stock and barrel,” the earlier panel headed by former ISRO Chairperson **K. Radhakrishnan**.
- ◆ The court asked the Centre what it had done to implement the Radhakrishnan committee’s recommendations on structural reforms in the NEET system, warning against a cycle where each new committee undoes the last one’s work.
- ◆ The petitions — by the Federation of All India Medical Association and United Doctors Front — allege that the 2026 leak reflects a “recurring, systemic and catastrophic failure” in the way the NTA conducts the exam.
- ◆ The court’s core message: reforms must be **vibrant, institutionalised and continuous**, insulated from personnel changes, rather than a one-time fix after a scandal.

NTA reforms should have meaningful continuity: SC

Reforms in the agency must be institutionalised and not a knee-jerk reaction to a catastrophe, says the top court; it questions the government hopping from one panel to other in search of solutions

Krishnadas Rajagopal
NEW DELHI

The Supreme Court on Wednesday emphasised the need for institutionalising reforms within the National Testing Agency (NTA) while indicating that the government must not hop from one committee to the next in search of solutions.

The court made it clear that the constitution of the new Nandan Nilekani task force must not be seen as a move to discard "lock, stock, and barrel" an earlier panel headed by a former Indian Space Research Organisation (ISRO) chief.

The testing agency has been under the Supreme Court's scanner since the National Eligibility-cum-Entrance Test-Undergrad-

Structural solutions

The top court is hearing petitions alleging 'recurring, systemic, and catastrophic failure' in the NTA ecosystem

■ A seven-member committee formed in 2024 under ISRO's former Chairman K. Radhakrishnan had recommended a series of structural reforms in the NEET system

■ The Centre has also constituted a 'task force' chaired by Infosys co-founder Nandan Nilekani to usher in 'new technological reforms' in the NTA

It should not be that a committee gives recommendations, then a new committee is formed which removes the old one, lock, stock and barrel

JUSTICE P.S. NARASIMHA SC judge



uate (NEET-UG) 2026 paper leaks. The Centre has constituted the "task force" chaired by Mr. Nilekani, Infosys co-founder, to usher in new technological reforms which would make the conduct of public exams under the NTA leak-proof. But a Bench headed

by Justice P.S. Narasimha persisted to question the Centre on what it has done so far to implement the recommendations of an earlier committee headed by former ISRO Chairperson K. Radhakrishnan to improve the NTA's exam processes.

The court was hearing petitions by the Federation of All India Medical Association and United Doctors Front highlighting that 2026 paper leak was part of a "recurring, systemic, and catastrophic failure" of the NTA in conducting the NEET-UG exam.

"It should not be that a committee gives recommendations, then a new committee is formed which removes the old one, lock, stock and barrel," Justice Narasimha said.

The reforms must be vibrant, institutionalised, and carried on within the NTA by successive officers. They should not be a knee-jerk reaction after a catastrophe, he said.

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The Hindu · Editorial page clipping

KEY FACTS — NATIONAL TESTING AGENCY (NTA)

- Set up in **2017** as a **Society** registered under the Societies Registration Act, 1860 — an autonomous, self-sustaining premier testing organisation.
- Conducts entrance exams (NEET-UG, JEE Main, CUET, UGC-NET, etc.) for admission to higher educational institutions.
- **Governance:** Chaired by an eminent educationist (appointed by the Ministry of Education); a Director-General as CEO appointed by the Government; a Board of Governors drawn from user institutions.
- **Functions:** Build a question bank using modern techniques, foster an R&D culture in testing, and collaborate with global bodies such as **ETS** (Educational Testing Service).

SYLLABUS LINKAGE Prelims: NTA – statutory basis, parent ministry, exams conducted. **Mains GS2:** Statutory, regulatory and quasi-judicial bodies; institutional reform and accountability in public examinations.



02 6th Positive Indigenisation List Notified

GS 3 · DEFENCE & ECONOMY

WHY IN NEWS

The Department of Defence Production (DDP), Ministry of Defence, has notified the **6th Positive Indigenisation List (PIL)** containing **405 strategically important defence items** with an estimated business potential of **₹3,070 crore**.

- ◆ A **PIL** is essentially an official negative-import / procurement-embargo list. Once an item crosses its notified indigenisation deadline, the Armed Forces can source it **only from domestic industry**.
- ◆ **Nodal bodies:** Department of Defence Production (DDP) and Department of Military Affairs (DMA), Ministry of Defence. It operates within the **Defence Acquisition Procedure (DAP)** and the **Aatmanirbhar Bharat** (Make-in-India in Defence) framework.

- ◆ **Digital enabler — SRIJAN portal** (launched August 2020): DPSUs and Service HQs upload specifications, technical drawings and demand volumes of imported items, letting Indian private vendors and start-ups express development interest.
- ◆ **Guaranteed procurement:** vendors who develop, test and qualify items to military standards receive assured orders from the forces and DPSUs — de-risking indigenous R&D and drawing in MSMEs and start-ups.



Representative image · defence exhibition

KEY FACTS — POSITIVE INDIGENISATION LISTS

- **Aim:** systematically cut import dependence, deepen domestic manufacturing across MSMEs and start-ups, indigenise critical sub-systems and raw materials, and make India a global defence manufacturing hub.
- Separate lists are notified by DMA (for services) and DDP (for DPSUs); the present list is the **6th DDP list**.
- Complements record defence exports and the target of **₹3 lakh crore** defence production, anchoring self-reliance in a strategic sector.

SYLLABUS LINKAGE **Prelims:** PIL, SRIJAN portal, DAP, Aatmanirbhar Bharat in defence. **Mains GS3:** Indigenisation of technology and developing new technology; defence sector self-reliance and the role of MSMEs.



03 A Palestinian State: Foundation for Regional Peace

GS 2 · INTERNATIONAL RELATIONS

WHY IN NEWS

In an opinion piece, former Indian envoy **C.R. Gharekhan** argues that the one durable solution to the West Asian conflict is the creation of a sovereign, independent and viable **Palestinian state** — the substance of the two-state formula.

- ◆ Since one state (Israel) already exists, what is needed is to create the **second state, Palestine**. Without it, conflicts across the region — Gaza, the Israel-Iran war, the Israel-Hezbollah war, the Houthi phenomenon — will not be resolved.
- ◆ **UNSC Resolution 2803 (November 2025)** set up a **Board of Peace (BoP)**; its annex recognises a “credible pathway to Palestinian self-determination and statehood” as the aspiration of the Palestinian people, once Gaza redevelopment advances and PA reforms are implemented.
- ◆ **Roots of hostility:** the transition “from holy land to homeland” began with the **Balfour Declaration (1917)**, in which Britain backed a Jewish homeland while limiting the indigenous Arab population to civil and religious rights.
- ◆ Iran was not always hostile to Israel — under the Shah relations were cordial and a sizeable Jewish community remained (about **15,000 Jews** still live in Iran, with a reserved parliamentary seat). Hostility hardened after the **1979 Islamic Revolution**.
- ◆ **Mediation is the key:** a realistic settlement needs external mediation; the U.S. has the leverage, and the **1993 Oslo Accords** — mediated by Norway — remain the model of what good offices can achieve.

A Palestinian state is the foundation for regional peace

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There is one, and only one solution to the decades long, volatile and bloody situation in West Asia: the creation or the establishment of a sovereign, independent, viable Palestinian state. In essence, it is no different from the oft-stated two-state solution. But the two-state formula speaks of the establishment of two states living side by side in good neighbourliness. However, one state already exists. What is needed is to establish or create a new, second state, namely Palestine. There will never be peace and stability in the region unless this is done. All the conflicts in the region — Israel's war on Gaza, the Iran war, the Hezbollah-Israel war, the Houthi phenomenon — will not be resolved unless a viable Palestinian state comes into being. Israel's relations with its Arab neighbours will remain strained until it accepts the reality of a Palestinian state, just as the Arabs have reconciled to the reality of Israel.

United States President Donald Trump seems to have recognised the importance of working towards the creation of a Palestinian state. Resolution 2803 setting up a Board of Peace (BoP), which was adopted by the United Nations Security Council in November 2025 has the following provision in its annex: “While Gaza re-development advances and when the PA (Palestinian Authority) reform program is faithfully carried out, the conditions may finally be in place for a credible pathway to Palestinian self-determination and statehood, which we recognise as the aspiration of the Palestinian people.”

On Iran and Israel
A major player in this conflict-infested region is Iran. Iran has not always been hostile to Israel. Indeed, under the Shah, Iran's relations with Israel were cordial and there was a sizeable Jewish community in Iran. Since the Islamic revolution of 1979, most Jews left for Israel. But there are still about 15,000 Jews in Iran. Iran's Constitution provides for a seat for the Jewish community in Parliament.

Historically, there has not been perpetual enmity between Islam and Judaism. The Koran mentions many prophets and patriarchs from the Hebrew bible, such as Moses, and Abraham. The Crusades were fought between Muslims and Christians; the Jews were not a party to them. Jews were persecuted in countries professing Christianity. The Arabs bore no responsibility for the Holocaust which was carried out by Nazi Germany and its collaborators. It would not be an



C.R. Gharekhan
Former United Nations Coordinator for Occupied Territories and Special Envoy of India for West Asia

exaggeration to say that but for the Holocaust, and the sense of guilt felt by the western countries, Israel might not have been born. It is well known that most western countries, including the U.S., barred the entry of Jews seeking refuge from Hitler's Germany.

The transition from holy land to homeland started with the infamous Balfour Declaration of 1917 when the British expressed support for a homeland for the Jews, expressly limiting the indigenous Arab population only to civil and religious rights.

The roots of regional hostility
The hostility of Iran and the Arab countries towards Israel is based on the fact that Israel was created and imposed on the region at the expense of the indigenous Arab population. It is argued that the Palestinians were offered a state in the UN resolution of 1947 and a few times subsequently, but they rejected all offers. An Israeli Foreign Minister, Abba Eban, famously said that the Arabs never miss an opportunity to miss an opportunity. But one can hardly blame a landlender if he rejects an offer of a few rooms from an intruder who has occupied the whole house.

Indeed, the slogan of the Zionists was: land without people for a people without land. It is noteworthy that Hezbollah, a Shia movement, and Iran, a Shia majority country, support Hamas, a Sunni movement. This is easily explained by their commitment to the right of self-determination for the Palestinian people.

Israel naturally comes in for hostility as the only power that stands in the way of the emergence of an independent Palestine.

Hezbollah began launching rockets and missiles against Israel just after Israel started its war on Gaza after October 7, 2023. It follows that if Israel accepts the reality of a Palestinian state at some time, Hezbollah will have no reason to make the life of people in northern Israel difficult.

In that case, Iran too will stop supplying weapons to Hezbollah. This is not to suggest that if the Palestinians are able to exercise their right of self-determination, Iran and Israel will become friends. But without that, their mutual enmity will never abate. If an irreversible road map to a Palestinian state emerges and is accepted by all the parties, secondary issues such as the Strait of Hormuz will be much easier to resolve.

Since Hamas' terrorist attack on Israeli civilians in October 2023, whatever little support some in Israel had for the concept of a Palestinian state has evaporated. Israel's disproportionate and

thoughtless strikes on Gaza, post October 7, might have almost isolated Israel, but in the process, the Gaza strip has been devastated and the possibility of the emergence of Palestine has receded by many years, perhaps decades. Consequently, peace and stability in the region have become an illusion.

Mediation is the key
The only way to have a realistic possibility of resolving the conflict is through external mediation. And the only external power that has the required influence and even goodwill with both sides is the United States. It is true that there is no such thing as an honest broker. But brokers, even non-honest ones, do manage to sell the transaction to the satisfaction, or equal non-satisfaction, of both parties.

Israel has insisted on bilateral talks, adding at the same time that there is no one on the other side to negotiate with. Usually, the stronger side insists on a bilateral approach, and the weaker side prefers an outside agency to help. The only time progress was achieved was when the Oslo Accord was concluded in 1993. Oslo was negotiated with the mediation or good offices of Norway.

Under Oslo, the Palestine Liberation Organization formally recognised Israel and the PA was created; it is this PA, albeit a reformed one, that is often mentioned as a possible caretaker government of Palestine. The Oslo Accords paved the way for Jordan's recognition of Israel and eventually the Abraham Accords.

The other viable broker is the UN. Israel at the moment is dead set against the UN and has even declared the UN Secretary-General persona non grata. But Israel owes its existence to the UN. There is nothing permanent in international relations. Positions evolve with evolving situations.

Israeli Prime Minister Netanyahu has his own personal reasons for opposing the idea of an independent Palestine. He had voted against the Oslo Accords and is implacably opposed to the idea of a Palestine state.

Let us hope that in due course, enlightened leadership will emerge in West Asia on all sides. If the leaders do not have the wisdom and the courage to make the necessary decisions, however difficult, the people of the region will remain doomed to suffer and be denied the peace and stability they need. Without these, they will never be able to realise the full potential for development that new technologies have to offer.

The Hindu · Opinion page clipping

KEY FACTS — THE TWO-STATE QUESTION

- **Balfour Declaration, 1917:** British support for a Jewish national home in Palestine.
- **Oslo Accords, 1993:** mutual recognition between Israel and the PLO; created the Palestinian Authority (PA).
- **UNSC Resolution 2803 (2025):** established a Board of Peace and flagged a pathway to Palestinian statehood.
- **India's stance:** long-standing support for a sovereign, viable Palestine within a negotiated two-state solution, alongside good ties with Israel.



04 Vote of Trust: Clean Electoral Rolls, No Weaponisation

GS 2 · POLITY & GOVERNANCE

WHY IN NEWS

A U.S. endorsement of India's election machinery has spotlighted a divisive debate on **electoral integrity** in both democracies — with a caution that clean rolls are essential but must not be weaponised by the state against opponents.

- ◆ U.S. President Trump is pushing an **SIR-like exercise** in the U.S., but its highly **federalised** electoral process, governed by fragmented rules, resists such centralisation. His social-media post citing India's CEC **Gyanesh Kumar** renewed the integrity debate.
- ◆ Partisan politics in both countries has bred mistrust, with losers repeatedly questioning results. Liberal-progressive and conservative-nativist strands both want to “purify” the rolls — but in contradictory ways.
- ◆ India's **nationalised** election administration has largely worked well but faces a crisis of legitimacy; the U.S.'s **decentralised** system leaves loopholes and could benefit from an ECI-like national framework.
- ◆ The U.S. **SAVE Act** (Safeguard American Voter Eligibility) — requiring proof of citizenship for registration — passed the House in February and is pending in the Senate. Unlike the ECI, a constitutional body, the U.S. Constitution lets Congress alter State election rules.
- ◆ The editorial's warning: since **SIR** runs only once in ~20 years, it must be carried out carefully, transparently and inclusively — clean rolls and photo-ID voting are elementary, but the state must not selectively weaponise them.

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Vote of trust

Clean electoral rolls are a must, but must not be weaponised by state

President Donald Trump's appreciation of India's election mechanism has put the spotlight on a highly divisive debate over election integrity in the two democracies. Mr. Trump is pushing for an SIR-like exercise in the U.S., but its highly federalised electoral process is governed by fragmented rules and politics that resist the idea. His curious social media post citing India's Chief Election Commissioner, Gyanesh Kumar, as having wondered how the U.S. could conduct elections without a valid photo identity, has renewed concerns over election integrity in both the U.S. and India. While no one can disagree that the process should be fair and transparent, the agreement ends there. Partisan politics in both countries have fostered political mistrust, leading election losers to repeatedly question electoral integrity. The liberal and progressive strands, and the conservative and nativist strands in both countries, want to purify and streamline the electoral rolls and the processes, but in different and often contradictory ways. India and the U.S. could lead a shared democratic agenda on election rules, but only after restoring trust and integrity in their electoral processes.

India's nationalised election administration system has largely worked well, though it now faces a crisis of legitimacy. The U.S.'s decentralised system leaves too many loopholes in the process of enrolment and voting, and it could benefit

from a more robust national framework like the ECI's. The expanded Safeguard American Voter Eligibility (SAVE) Act was passed in February and is pending in the Senate. The Constitution grants each State its own methods: "...but Congress may at any time by law make or alter such regulations", unlike the Indian Constitution, which establishes the ECI as a constitutional body. Though there is no ambiguity in existing law either in the U.S. or in India that only citizens may register and vote, the process of ensuring this has become hugely controversial in both countries. The proposed federal law would require proof of citizenship for voter registration and photo ID for voting. In India, the SIR is trying to sneak in this requirement without transparency, adequate consultation or sufficient time. The very fact that SIR is meant to be conducted only once in 20 years means it should be carried out carefully and inclusively. While ruling dispensations in both countries think that the election process is too permissive and allows foreigners to obtain voting rights, their opponents point to systematic and premeditated efforts to target social groups in the name of election integrity. What is needed is an acceptance that clean electoral rolls of citizens, and voting with photo ID, are elementary requirements of a fair process. In both countries, the state must not selectively weaponise these requirements against those not in power.

The Hindu · Editorial clipping

KEY FACTS — ELECTION MACHINERY

- **SIR:** Special Intensive Revision of electoral rolls — a periodic, house-to-house re-verification exercise by the ECI.
- **ECI:** a **constitutional body** under Article 324; the U.S. has no equivalent central election authority.
- **SAVE Act (U.S.):** proposes documentary proof of citizenship for federal voter registration.
- **Core principle:** fair and transparent rolls are non-partisan public goods; integrity tools must not target groups “not in power.”

SYLLABUS LINKAGE **Prelims:** Article 324 & ECI, SIR, SAVE Act, CEC. **Mains GS2:** Salient features of the Representation of the People Act; electoral reforms; comparison of Indian and U.S. election systems.



05 Due Diligence: Reining in Surrogate Advertising

GS 2 & 3 · GOVERNANCE & HEALTH

WHY IN NEWS

Maharashtra FDA Commissioner **Tukaram Mundhe's** move to target celebrities who lend brand recall to products linked with tobacco is a welcome counterpoise — but the regulator must prove its case and avoid regulatory overreach.

- ◆ The FDA argues that **Vimal Elaichi** — endorsed by Shah Rukh Khan, Ajay Devgn and Tiger Shroff — has no market identity independent of its tobacco association, making the endorsements a **surrogate** promotion of tobacco products.
- ◆ This reading fits the **COTPA** (Cigarettes and Other Tobacco Products Act) Rules, but in *DGHS v. Som Pan Product Pvt. Ltd.* (2024) the Delhi High Court held the **state must prove** surrogate advertising — brand registration alone doesn't establish it, nor does a technically legal product automatically permit a given ad.
- ◆ India bears the **world's largest burden of oral cancer**, so treating certain ads as unfair trade practices with health consequences is justified. The **Consumer Protection Act, 2019** created endorser liability and heavy penalties, weakening the “ignorance of intent” defence.
- ◆ The problem extends beyond tobacco to products with **unsubstantiated claims** (“boosts immunity”) and to educational and financial advertising — but India's regime is fragmented across many Acts and Rules, inviting frequent litigation.
- ◆ The caution: penalties or bans could narrow the space for surrogate advertising, but if the FDA fails to act fairly it risks becoming an example of overreach that strengthens the very practices it sought to end.

GS 2,3

Due diligence

Curbs on surrogate advertising must avoid regulatory overreach

Maharashtra Food and Drug Administration (FDA) Commissioner Tukaram Mundhe's attempts to disrupt the marketing chain, by targeting the celebrities who prop up the brand recall of manufacturers' products, is an encouraging counterpoise to the consumer goods advertising landscape of today. This landscape has long suffered the consequences of a gross asymmetry: the person with the persuasive power suffers almost none of the economic downsides of consuming certain goods, a situation sustained as much by uncritical endorsement as by inequities in the public health-care system. But the FDA must still prove its suspicions. According to it, Vimal Elaichi – which Shah Rukh Khan, Ajay Devgn and Tiger Shroff have endorsed – does not have a market identity independent of its association with tobacco and that endorsing it amounts to a surrogate endorsement of tobacco products. While this seems a reasonable reading of the Cigarettes and Other Tobacco Products Act (COTPA) Rules, the Delhi High Court, in *DGHS vs Som Pan Product Pvt. Ltd.* (2024), had held that the state had a responsibility to prove a case of surrogate advertising. That is, neither could brand registration alone prove surrogate advertising nor could the mere existence of a technically legal product permit a particular advertisement.

While Mr. Mundhe's efforts are commendable, the FDA should follow through with inquiries under COTPA and the Food Safety and Standards Act 2006 that withstand scrutiny. India bears the world's largest burden of oral cancer, and the FDA is right to treat certain advertisements as unfair trade practices with significant consequences for consumer health. The endorser liability created by the Consumer Protection Act 2019, together with hefty financial penalties, has also undermined celebrities' ability to invoke ignorance of a manufacturer's intentions as a defence. The FDA's decision to have celebrity endorsers explain their decision-making is a logical extension of this principle in the domain of enforcement. The problem exemplified by tobacco also extends to products making unsubstantiated claims (e.g., "boosts immunity"), and educational and financial products. Unfortunately, India's regulatory regime is fragmented across a slew of Acts and Rules; problematic advertisements often invoke legal and administrative instruments to draw the judiciary's intervention. Penalties or bans in the FDA's case could significantly narrow the space exploited for surrogate advertising. If the FDA fails to act fairly, however, it could become yet another example of regulatory overreach that strengthened the practices it sought to end.

The Hindu · Editorial clipping

KEY FACTS — ADVERTISING & CONSUMER LAW

- **COTPA, 2003:** prohibits direct and surrogate advertising of tobacco products.
- **Consumer Protection Act, 2019:** introduced **endorser liability** and penalties for misleading advertisements; set up the CCPA.
- **FSSAI, 2006:** governs unsubstantiated food/health claims.
- *DGHS v. Som Pan Product* (2024): burden of proving surrogate advertising lies with the state.

SYLLABUS LINKAGE **Prelims:** COTPA, Consumer Protection Act 2019, CCPA, FSSAI. **Mains GS2/3:** Government policies for vulnerable sections' protection; regulation of advertising; public-health governance.



06 Before New Taxes, Make Every Rupee Count

GS 2 & 3 · ECONOMY & GOVERNANCE

WHY IN NEWS

As Tamil Nadu heads into a Budget season, an opinion piece argues that before asking citizens for new levies, the State should first collect every rupee legally due and spend what it has efficiently – a case for **zero-based and performance budgeting**.

- ◆ **Zero-based budgeting (ZBB):** every allocation must justify itself afresh rather than continue automatically from last year's Budget – an idea Tamil Nadu adopted on paper in 1988 but never made its governing discipline.
- ◆ **CAG evidence:** in 2023-24 Tamil Nadu under-spent its Budget by about **₹33,302 crore**; ₹1,078 crore of supplementary provisions across 81 cases were unnecessary as original allocations were unexhausted, and 2.89% of expenditure was not reconciled with the AG's records – signs of weak discipline, not corruption.

- ◆ **Data-driven governance:** numbers discipline government only when measurable and comparable – e.g. cost per km of road, cost per household connected to piped water, or administrative cost per welfare rupee delivered.
- ◆ **Competition cuts cost:** when the Greater Chennai Corporation opened road-restoration contracts to wider bidding, a ₹25-lakh project closed **25.9% below** the official estimate – transparent competition can create fiscal value without a single new tax.
- ◆ **Spending to outcomes:** a high-level **Expenditure Reforms Committee** is to review schemes for impact; a GST **CAG audit flagged ₹1,538.18 crore** in irregularities across 337 cases, of which only ₹8.64 crore was recovered – pointing to large compliance and collection gaps to close before new taxes.

Before new taxes, making every rupee count

5 2

Every Budget season in Tamil Nadu produces the same refrain: the State needs more money, the Centre owes the State more, and taxpayers must prepare for new levies. The first Budget of the Tamil Nadu Legislative Assembly (TNLA) begins with a different question: before asking citizens for another rupee, has the State collected every rupee legally due to it – and spent what it has as well as it should?

The data, the facts
Tamil Nadu's fiscal position is genuinely difficult. Debt is high, the revenue account remains in deficit, and salaries, pensions, welfare and interest payments leave limited room to manoeuvre. None of that is in dispute. What is in dispute is whether the response should begin with new taxation, or with making the State's existing revenue collection and expenditure substantially more efficient.

The Comptroller and Auditor General of India's (CAG) own numbers make the case. In 2023-24, Tamil Nadu budgeted about ₹4.47 lakh crore and spent roughly ₹4.14 lakh crore – a net underspend of ₹3,302.53 crore. Separately, ₹1,078 crore in supplementary provisions across 81 cases in 26 grants was found to be unnecessary because the original allocations had not even been exhausted.

The same audit records that 2.89% of revenue expenditure and 6.14% of revenue receipts had not been reconciled with the Accountant General's own records. None of this is proof of corruption. It is evidence that budgeting and accounting systems can be considerably more disciplined.

This is the argument for zero-based budgeting: an allocation should not continue automatically because it appeared in last year's Budget; it should justify its continuation and its amount. This writer has seen the idea take shape

Americal Y. Narayanan
National Spokesperson of the Tamil Nadu Legislative Assembly (TNLA), a certified public accountant (CPA) and a certified management accountant (CMA) with an MBA (all from the U.S.)

first-hand in the United States, where Jimmy Carter used zero-based budgeting as Governor of Georgia and later introduced it into the federal budget process as President. Tamil Nadu adopted the same principle on paper in 1988, the very year Carter's own experiment had long since faded from Washington. It never became the governing discipline of the Budget here. Paired with performance-based budgeting – not how many crores were released for road works, but how many kilometres were built, at what cost, and to what standard – it stops to be an accounting exercise and becomes a management tool.

Data-driven governance standards
Numbers discipline government only when they are measurable and comparable. As a starting point, the TNLA government should work toward department-wise performance data alongside comparable figures from other States and, where available, the Union government – cost per kilometre of road, cost per household connected to piped water, administrative cost per welfare rupee delivered. It can begin where data is most readily available and expand as systems improve, rather than promise a complete comparison on day one.

There is already a live example of what competition does to cost. When the Greater Chennai Corporation opened smaller road-restoration contracts to wider bidding, a ₹25 lakh Ambattur project drew nine contractors and closed 25.9% below the official estimate. That is not proof that the whole system was previously running 25% over cost – a lower bid still has to deliver the same specifications, and one tender cycle is not a trend. But it is a working demonstration that transparent competition can create real fiscal value without a single new tax. The same logic applies to revenue. A separate

CAG audit flagged ₹1,538.18 crore in irregularities across 337 Goods and Services Tax (GST) cases, of which only ₹8.64 crore had been recovered at the time of audit, alongside 244 taxpayers operating outside the GST net altogether.

These are audit findings requiring verification and due process, not revenue the government can book today. But they point to an obvious principle: before raising rates on people who are already paying honestly, exhaust the scope for improving compliance and collection efficiency. This is the brief given to the Montek Singh Ahluwalia-led Revenue Augmentation Committee – not simply to look for new taxes, but to close compliance gaps, rationalise exemptions, and identify revenue that the State is currently failing to collect.

Spending to outcomes
The same discipline has to apply on the spending side. The government has announced a high-level Expenditure Reforms Committee to review schemes for their impact and ensure that resources reach intended beneficiaries without restricting genuine welfare expansion. This is where performance-based budgeting becomes critical. The question is not merely how much was allocated or spent, but what that expenditure produced: how many kilometres of road were built, how many households received reliable drinking water, how many students gained measurable educational outcomes, and how many beneficiaries actually received the intended support.

This is not an argument for less welfare. It is an argument for welfare that can be measured. Fix the leaks first. Spend against outcomes, not habit. Then decide what, if anything, still needs to be asked of the taxpayer. That is the standard that the TNLA will hold this Budget to – and the standard it intends to hold itself to.

The Hindu · Opinion page clipping

KEY FACTS — BUDGETING CONCEPTS

- **Zero-Based Budgeting:** allocations built from a “zero base,” each justified anew; popularised in U.S. governance in the 1970s.
- **Performance / outcome budgeting:** links spending to measurable results (roads built, households served, students benefited).
- **CAG (Article 148):** audits government receipts and expenditure and reports irregularities.
- **Revenue Augmentation & Expenditure Reforms Committees:** tasked with closing compliance gaps and improving spending quality.

SYLLABUS LINKAGE Prelims: ZBB, outcome budgeting, CAG (Art. 148), GST audit. **Mains GS3:** Government budgeting; mobilisation of resources; public finance and fiscal discipline at the State level.



07 New Development Bank (NDB)

GS 2 & 3 · IR & ECONOMY

WHY IN NEWS

The **New Development Bank (NDB)** — formerly the BRICS Development Bank — is back in focus as it admits new members and expands its footprint as a multilateral development bank of the Global South.

- ◆ Headquartered in **Shanghai**, the NDB provides loans, equity participation, guarantees and technical assistance to finance sustainable infrastructure and green development across emerging markets and developing economies (EMDCs).
- ◆ **Origin:** the idea of a South-South development bank was first mooted by **India** at the 4th BRICS Summit, New Delhi (2012); the founding agreement was signed at the **6th BRICS Summit, Fortaleza, Brazil (2014)**, alongside a **\$100 billion Contingent Reserve Arrangement (CRA)**.
- ◆ The bank became operational in **July 2015**, with India's **K.V. Kamath** as its first elected President.
- ◆ **Equal voting:** unlike the Bretton Woods institutions, **no single member has a veto**; the five founders (Brazil, Russia, India, China, South Africa) each contributed an equal share of the \$50 billion subscribed capital and hold equal voting rights.
- ◆ **Expansion:** open to all UN members, provided founding BRICS nations retain at least **55% of voting power**. New members include Bangladesh, UAE and Egypt (2021), Algeria (2024) and Uzbekistan (2026).



New Development Bank headquarters, Shanghai

KEY FACTS — NDB AT A GLANCE

- **Founded:** 2014 (Fortaleza); operational 2015. **HQ:** Shanghai. **First President:** K.V. Kamath (India).
- **Subscribed capital:** \$50 billion (equal founder shares); paired with a **\$100 billion CRA** for liquidity support.
- **Governance principle:** equal voting, no veto — contrasting with the IMF/World Bank quota model.
- **Focus:** sustainable infrastructure and green projects in EMDCs; a pillar of Global-South financial architecture.

SYLLABUS LINKAGE **Prelims:** NDB – HQ, founders, CRA, first President; contrast with IMF/World Bank. **Mains GS2/3:** Important international institutions; India and multilateral development finance; BRICS.

Answer-Writing & Practice

2 MAINS QUESTIONS · 10 PRELIMS MCQS

MAINS PRACTICE QUESTIONS

Q1. “Reforms in a public institution must be institutionalised and continuous rather than a knee-jerk reaction to a crisis.” In light of the Supreme Court’s observations on the National Testing Agency, critically examine the challenges of reforming India’s public examination system. (250 words, 15 marks)

Approach: Introduce with the NEET-UG paper-leak context and the SC’s emphasis on continuity of reform.

Body: (i) explain the structural weaknesses of the NTA – opaque processes, over-centralisation, capacity gaps; (ii) discuss the risk of “committee-hopping” (Radhakrishnan panel vs Nilekani task force) and the need for institutionalised, officer-independent reform; (iii) note the Public Examinations (Prevention of Unfair Means) Act, 2024 and technology-driven safeguards. **Conclusion:** argue for a permanent, accountable and vibrant reform mechanism that survives personnel change.

Q2. “Before raising new taxes, a government must first collect what is legally due and spend efficiently.” Discuss how zero-based and outcome-based budgeting can strengthen fiscal discipline in Indian States. (250 words, 15 marks)

Approach: Define zero-based budgeting (ZBB) and outcome/performance budgeting. **Body:** (i) use evidence of under-spending, unnecessary supplementary provisions and unreconciled accounts to show scope for efficiency; (ii) explain how measurable, comparable metrics (cost per km of road, per household water connection) and transparent competitive bidding create fiscal value without new taxes; (iii) discuss the roles of the CAG, Revenue Augmentation and Expenditure Reforms Committees; note implementation challenges (data systems, political will). **Conclusion:** fiscal credibility rests on closing compliance gaps and linking spending to outcomes before new levies.

PRELIMS MCQS

1. With reference to the National Testing Agency (NTA), consider the following statements:

1. It was established as a Society registered under the Societies Registration Act, 1860.
2. It is a constitutional body under the Ministry of Education.
3. Its Chief Executive Officer is designated as the Director-General.

Which of the statements given above are correct?

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 3 only
- (D) 1, 2 and 3

2. The “Positive Indigenisation List (PIL),” seen in the news, is associated with which of the following sectors?

- (A) Renewable energy manufacturing
- (B) Defence procurement
- (C) Pharmaceutical exports
- (D) Semiconductor fabrication

- 3. The SRIJAN portal, sometimes in the news, is best described as a platform for:**
- (A) Direct benefit transfer of subsidies
 - (B) Filing consumer complaints against misleading ads
 - (C) Promoting indigenisation in the defence sector
 - (D) Real-time monitoring of electoral rolls
- 4. The Balfour Declaration, referred to in the context of West Asia, is associated with:**
- (A) The 1993 mutual recognition of Israel and the PLO
 - (B) British support for a Jewish national home in Palestine
 - (C) The creation of the UN Board of Peace
 - (D) The establishment of the Arab League
- 5. UNSC Resolution 2803 (2025), recently in the news, is associated with which of the following?**
- (A) Establishment of a Board of Peace for the Gaza/Palestine question
 - (B) Sanctions on Iran's nuclear programme
 - (C) Reform of UN Security Council membership
 - (D) A ceasefire in the Russia-Ukraine conflict
- 6. With reference to the Election Commission of India (ECI), consider the following statements:**
- 1. It is established under Article 324 of the Constitution.**
 - 2. The Special Intensive Revision (SIR) is a periodic revision of electoral rolls.**
- Which of the statements given above is/are correct?**
- (A) 1 only
 - (B) 2 only
 - (C) Both 1 and 2
 - (D) Neither 1 nor 2
- 7. The "SAVE Act," mentioned in the news, is a legislative proposal of which country?**
- (A) United Kingdom
 - (B) India
 - (C) United States
 - (D) Australia
- 8. Surrogate advertising, discussed recently, is most directly regulated in India by which of the following?**
- (A) The Cigarettes and Other Tobacco Products Act (COTPA)
 - (B) The Foreign Contribution (Regulation) Act
 - (C) The Competition Act, 2002
 - (D) The Insolvency and Bankruptcy Code
- 9. With reference to the New Development Bank (NDB), consider the following statements:**
- 1. It is headquartered in Shanghai, China.**
 - 2. Its first President was from India.**
 - 3. No single member possesses veto power.**
- Which of the statements given above are correct?**
- (A) 1 and 2 only
 - (B) 2 and 3 only
 - (C) 1 and 3 only
 - (D) 1, 2 and 3

10. The Contingent Reserve Arrangement (CRA), associated with the NDB's founding, was established with a corpus of:

- (A) \$50 billion
- (B) \$75 billion
- (C) \$100 billion
- (D) \$200 billion

ANSWER KEY & RATIONALE

- 1 → B** The NTA is an autonomous **Society** (not a constitutional or statutory body) registered under the Societies Registration Act, 1860; its CEO is the Director-General. Hence statements 1 and 3 are correct, and 2 is wrong.
- 2 → B** The PIL is notified by the Ministry of Defence (DDP/DMA) as a negative-import list of defence items to be procured only from domestic industry after their indigenisation deadlines.
- 3 → C** The SRIJAN portal (launched August 2020) lets DPSUs and Service HQs list imported items so that Indian vendors and start-ups can take up their indigenisation — a digital enabler of the Positive Indigenisation Lists.
- 4 → B** The Balfour Declaration of 1917 expressed British support for a national home for the Jewish people in Palestine while limiting the indigenous Arab population to civil and religious rights.
- 5 → A** Resolution 2803, adopted in November 2025, set up a Board of Peace (BoP) and recognised a credible pathway to Palestinian self-determination and statehood.
- 6 → C** The ECI is a constitutional body under Article 324; the SIR is a periodic house-to-house revision/verification of electoral rolls. Both statements are correct.
- 7 → C** The Safeguard American Voter Eligibility (SAVE) Act is a U.S. legislative proposal requiring documentary proof of citizenship for federal voter registration.
- 8 → A** Surrogate advertising of tobacco products is prohibited under COTPA and its Rules; the Consumer Protection Act, 2019 additionally creates endorser liability for misleading advertisements.
- 9 → D** The NDB is headquartered in Shanghai; its first elected President was India's K.V. Kamath; and unlike the Bretton Woods institutions, no single member holds a veto — all three statements are correct.
- 10 → C** The \$100 billion Contingent Reserve Arrangement (CRA) was set up alongside the NDB at the 2014 Fortaleza BRICS Summit to provide liquidity/financial stability support to members.

QUICK REVISION RECAP — 20 AUGUST 2026

- **NTA** — autonomous Society (1860 Act); SC wants reforms institutionalised, not committee-hopping after the NEET-UG 2026 leak.
- **6th PIL** — 405 defence items (₹3,070 cr) notified by DDP via the **SRIJAN** portal under Aatmanirbhar Bharat.
- **West Asia** — a viable Palestinian state as the basis for peace; **UNSC Res. 2803 (2025)** created a Board of Peace; roots in the **Balfour Declaration, 1917**.
- **Electoral integrity** — **ECI** is constitutional (Art. 324); U.S. **SAVE Act** seeks citizenship proof; clean rolls must not be weaponised.
- **Surrogate ads** — barred under **COTPA**; Consumer Protection Act, 2019 adds endorser liability (*DGHS v. Som Pan, 2024*).
- **Fiscal discipline** — **zero-based & outcome budgeting** plus transparent bidding raise value without new taxes; CAG is the check.
- **NDB** — est. 2014 (Fortaleza), HQ Shanghai, first Pres. K.V. Kamath; no veto; **\$100 bn CRA**; Uzbekistan joined 2026.