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1. Karnataka adopts a resolution for the restoration of MGNREGA

Why in the News?

Karnataka Legislative Assembly has passed a resolution opposing the proposed repeal of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005 and its replacement with the Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act, 2025.



Background

MGNREGA: Origins and Purpose

The MGNREGA, 2005, is a rights-based social welfare legislation that guarantees:

- 100 days of wage employment per year for rural households
- Demand-driven employment, not scheme-based allocation
- Legal entitlement with compensation for delayed wages
- Focus on rural asset creation and livelihood security

Objectives:

- Strengthening rural purchasing power
- Reducing distress migration
- Enhancing natural resource management
- Promoting women's participation in the workforce

MGNREGA is jointly funded by the Centre and States, with the Centre bearing the major share of wage costs.

Proposed VB-G RAM G Act, 2025

The Union government proposes replacing MGNREGA with a new framework aimed at:

- Skill-based rural employment
- Infrastructure-linked livelihood programs
- Greater State financial participation
- Outcome-based implementation

However, details remain contested, and several States argue that consultation has been inadequate.

Features

- Opposes repeal of MGNREGA
- Defends it as a lifeline for the rural poor
- Accuses the new law of violating cooperative federalism
- Criticises increased State financial burden (from ~10% to ~40%)
- Demands continued central commitment to rural employment guarantee

Karnataka leaders called the proposed restructuring a form of “economic coercion” that weakens State fiscal autonomy.

Challenges

Federal Tensions

- States argue the Centre is redesigning a major welfare scheme without adequate consultation.
- Increased State contribution strains already tight budgets
- Raises questions about fiscal federalism

Rural Employment Security

- MGNREGA is a legal entitlement; uncertainty about whether VB-G RAM G preserves the rights-based framework
- Fear of shift from guarantee to discretionary program

Administrative Transition Risks

- Replacing a nationwide scheme risks disruption in:
 - Wage payments
 - Job demand tracking
 - Rural asset continuity

Political Polarisation

- Welfare policy is becoming a partisan battleground
- Reduced scope for consensus-based social policy

Equity Concerns

- Poorer States may struggle to co-finance
- Could widen regional inequalities

Way Forward

Strengthen Cooperative Federalism

- Structured consultations via Inter-State Council / NITI Aayog
- Fiscal impact assessment with States

Preserve Legal Guarantee

- Any reform must retain employment as a justiciable right
- Safeguards against wage delays

Hybrid Reform Model

- Modernise MGNREGA instead of an abrupt replacement
- Add skill training and productivity-linked works
- Integrate climate resilience and green infrastructure

Transparent Fiscal Framework

- Clear burden-sharing formula
- Compensation mechanisms for fiscally weaker States

Evidence-Based Policy

- Independent evaluation of MGNREGA outcomes
- Pilot the new model before the nationwide rollout

Conclusion

MGNREGA is more than a welfare scheme; it is a cornerstone of India's rural social contract. Karnataka's resolution reflects a broader national debate about the balance between reform and rights, efficiency and equity, and central authority versus federal partnership. Any restructuring of rural employment policy must protect the livelihoods of the most vulnerable while ensuring cooperative federalism and long-term rural development.

2. Denotified tribes seek constitutional recognition, separate Census entry

Why in the News?

Denotified tribes (DNTs), nomadic tribes (NTs), and semi-nomadic tribes (SNTs) are mobilising nationally to demand:

- A separate column in the 2027 caste Census
- Constitutional recognition through a separate Schedule
- Sub-classification within their grouping to reflect graded backwardness

The Social Justice Ministry has recommended their inclusion in the Census exercise, but community leaders fear that without a distinct code, they will remain statistically invisible and politically marginalised.

Background

Colonial Stigma and Historical Injustice

- The Criminal Tribes Act of 1871 labelled entire communities as hereditary criminals.
- These tribes were subjected to surveillance, forced settlement, and social stigma.
- The Act was repealed in 1952, after Independence
- Communities were then called Denotified Tribes

However, stigma persisted socially and administratively.

Post-Independence Classification

- Most DNTs were absorbed into the SC/ST/OBC categories
- Many remained unclassified or inconsistently classified across States
- The Idade Commission (2017) identified:
 - ~1,200 DNT communities
 - 267 is still outside formal classification

This fragmentation weakened access to targeted welfare.

Census Gap

- India has not conducted a full caste enumeration since 1931.
- The upcoming 2027 caste Census is seen as a historic opportunity for statistical visibility.

Features

Separate Census Column

- Unique code for DNT/NT/SNT communities
- Prevents dilution within SC/ST/OBC data

Separate Constitutional Schedule

- Similar to SC/ST lists
- Legal recognition of historical injustice

Sub-classification

- Recognise graded backwardness within DNTs
- Inspired by the Supreme Court's 2024 ruling enabling SC/ST sub-classification

Certification Reform

- States rarely issue DNT certificates
- Welfare schemes underutilised

Challenges

Identity Fragmentation

- DNT communities are spread across multiple States
- Names and classifications vary regionally

- Administrative mapping is complex

Legal & Constitutional Hurdles

- Creating a new Schedule requires a constitutional amendment
- Political consensus may be difficult

Welfare Delivery Failure

- Schemes like SEED are underutilised
- Lack of valid certificates blocks benefits
- Budget allocations remain unspent

Statistical Invisibilisation

- Without a dedicated Census category:
 - Communities merge into broader groups
 - Policy targeting becomes impossible

Social Stigma

- Colonial branding still affects policing and social treatment
- Lack of awareness worsens discrimination

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

Way Forward

Separate Census Coding

- Assign a unique enumeration code in the 2027 Census
- Create a central registry of DNT/NT/SNT communities

Constitutional Recognition

- Consider a new Schedule or protected classification
- Parliamentary committee for structured reform

Sub-classification Framework

- Use socio-economic indicators
- Prioritise the most marginalised within DNT groups

Certification Reform

- Mandatory issuance of DNT identity certificates
- Digital registry linked to welfare access

Targeted Welfare Expansion

- Strengthen SEED and similar schemes
- Mobile education, housing, and livelihood programs
- Community-led implementation

Awareness & Decriminalisation Campaigns

- Public education about historical injustice
- Police and administrative sensitisation

Conclusion

The struggle of denotified and nomadic tribes is rooted in a colonial legacy that never fully ended. Statistical invisibility has translated into political silence and welfare exclusion. The 2027 Census offers a rare chance to correct a century-old injustice. Recognition, classification, and targeted support are not merely administrative reforms - they are acts of historical restitution and democratic inclusion.

3. Indian cities could see far higher temperature rise than projected, says study

Why in the News?

A new study by researchers at the University of East Anglia warns that Indian cities may experience far higher temperature rise than projected by global climate models. The study finds that urban areas warm significantly faster than nearby rural regions due to the urban heat-island effect, potentially underestimating real heat exposure by up to 2°C in some cities.

The urban heat-island (UHI) effect refers to the phenomenon where cities are hotter **than the surrounding countryside due to:**

- Concrete and asphalt absorb heat
- Reduced vegetation cover
- Dense infrastructure traps heat
- Air pollution alters the radiation balance
- Waste heat from vehicles, air conditioners, and industries

Traditional climate models (Earth System Models) simulate regional warming but often fail to capture micro-urban thermal dynamics, especially in medium-sized cities fully.

Features

- Covers 104 medium-sized cities in tropical and subtropical regions
- Includes 18 Indian cities
- Examines warming under a 2°C global warming scenario
- Focus: rate of urban warming relative to rural surroundings

Key findings:

- Indian cities warm ~45% faster than model projections
- Patiala could experience double the predicted warming
- Extra warming may range from 0.5°C to 2°C
- Medium cities are more vulnerable than mega-cities due to weak planning

The study shifts the question from “How hot will regions get?” to “How much hotter will cities get relative to their surroundings?”

Challenges

Underestimation in Climate Policy

- Planning based on incomplete temperature projections
- Risk of inadequate heat adaptation strategies

Public Health Crisis

- Higher heatstroke mortality
- Increased chronic illness risk
- Urban poor disproportionately affected

Energy Stress

- Rising cooling demand

- Power grid overload
- Increased fossil fuel dependence

Water Scarcity

- Heat intensifies evaporation
- Urban water systems under pressure

Infrastructure Fragility

- Roads, rail, and buildings degrade faster
- Higher maintenance costs

Governance Gap

- Medium cities lack climate-resilient planning
- Weak urban design standards

Way Forward

Urban Climate Mapping

- City-level thermal risk mapping
- Integrate UHI into climate models

Heat-Resilient Urban Design

- Cool roofs and reflective surfaces
- Urban forests and green corridors
- Permeable pavements

Climate-Smart Building Codes

- Mandatory passive cooling architecture
- Heat-reflective materials

Public Health Preparedness

- Heat action plans in all cities
- Early warning systems
- Cooling shelters

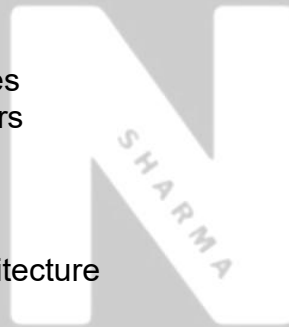
Energy Transition

- Solar-powered cooling
- Energy-efficient AC standards

Decentralised Urban Planning

- Empower municipal governments
- Climate budgeting at the city level

Conclusion



The study highlights a silent amplification of climate change inside cities. If global warming is the headline crisis, urban heat islands are the hidden multiplier. India's medium-sized cities - engines of future growth - face disproportionate heat risk. Recognising this gap is essential for designing resilient urban futures. Climate adaptation must move from national averages to street-level realities.



4. The Budget and the imperative of fiscal consolidation

Why in the News?

The Union Budget 2026–27 has revived debate on fiscal consolidation, after former RBI Governor C. Rangarajan warned that the pace of deficit reduction has slowed sharply. While the Budget emphasises capital spending and technology-led growth to achieve Viksit Bharat 2047, concerns remain about rising debt, weak tax buoyancy, and shrinking fiscal space.

Background

Fiscal consolidation refers to reducing the fiscal deficit and public debt to maintain macroeconomic stability while supporting growth.

India's fiscal trajectory:

- COVID-era expansion pushed deficits to historic highs
- Gradual consolidation began after 2022
- The FRBM framework targets:
 - 3% fiscal deficit–GDP ratio
 - 40% debt–GDP ratio for the Centre

However, recent Budgets show slowing progress in achieving these targets.

Structural shift:

- Revenue expenditure share fell from 88% (2014–15) → 77% (2026–27 BE)
- Capital expenditure share increased
- Subsidy rationalisation created fiscal space

Yet, capital expenditure growth has slowed significantly.

Features

Capital Expenditure Plateau

- Capex growth peaked at 28.3% (2023–24)
- Fell to 4.2% (2025–26 RE)
- Budgeted at 11.5% (2026–27 BE)
- Remains ~3.1% of GDP — almost stagnant

This weakens the public investment multiplier.

Weak Tax Buoyancy

- Overall tax buoyancy: 0.8
- Direct taxes buoyant (1.1)
- Indirect taxes lagging (0.3)
- GST collections not keeping pace with GDP growth

This limits fiscal room.

Reduced Transfers to States

- FC16 kept the States' share at 41%



- Revenue deficit grants discontinued
 - Total Finance Commission grants declined
- This may constrain State spending capacity.

Slowing Fiscal Consolidation

Annual deficit reduction:

- 0.7% → 0.4% → 0.1%

The glide path is flattening.

Rising Interest Burden

- Interest rate on debt: 7.12%
- Interest payments ≈ 40% of revenue receipts
- Crowds out development spending

Challenges

Debt Sustainability Risk

- High debt reduces fiscal flexibility and raises borrowing costs.

Crowding Out Private Investment

- Government borrowing of 8–9% of GDP leaves fewer investible resources for the private sector.

GST Structural Weakness

- Fragmented rate structure lowers buoyancy.

Capex Efficiency

- Slow project execution weakens growth impact.

Centre–State Fiscal Strain

- Reduced grants increase vertical fiscal imbalance.

Policy Credibility

- The shift from deficit targeting to debt targeting lacks transparency.

Way Forward

Transparent Fiscal Roadmap

- Publish 5-year glide path
- Link deficit targets to nominal GDP assumptions

GST Reform

- Simplify rate structure
- Improve compliance
- Raise buoyancy to ≥ 1

Protect Capital Expenditure

- Ring-fence infrastructure spending

- Improve execution capacity

Debt Management Strategy

- Lower cost borrowing
- Extend maturity profile
- Reduce interest burden

Strengthen State Finances

- Targeted conditional grants
- Incentives for fiscal discipline

Fiscal Rule Credibility

- Recommit to FRBM benchmarks
- Institutional monitoring

Conclusion

The Budget outlines an ambitious developmental vision, but sustained high growth requires fiscal discipline. Slowing consolidation, rising debt servicing, and weak tax buoyancy threaten long-term stability.

5. The U.S. Trade Deal — Gains from Economic Diplomacy

Why in the News?

India has concluded a significant trade arrangement with the United States that lowers U.S. tariffs on Indian goods to 18%, marking a breakthrough in bilateral economic diplomacy. The deal comes amid India's broader push to build a dense network of Free Trade Agreements (FTAs) and preferential trade frameworks with key global markets such as the EU, U.K., EFTA countries, West Asia, and the Indo-Pacific.

Background

India's trade policy over the last decade has shifted from defensive protectionism to calibrated economic engagement. Earlier concerns over trade deficits and domestic industry protection had slowed India's participation in mega trade pacts like RCEP. However, the current phase reflects a more confident India leveraging its growing market size and manufacturing ambitions.

Key background drivers include:

- **Export-led growth strategy:** India aims to expand manufacturing under initiatives like Make in India and Production Linked Incentive (PLI) schemes.
- **Global supply chain reconfiguration:** Post-pandemic disruptions and geopolitical tensions have pushed companies to diversify away from overdependence on China.
- **India–U.S. economic interdependence:** The U.S. is India's largest export market, accounting for nearly 20% of exports.
- **Tariff escalation pressures:** Elevated U.S. tariffs (up to 50% previously) had eroded India's competitiveness in labour-intensive sectors.

Features

Competitive Tariff Reduction

- The headline feature is the reduction of U.S. tariffs on Indian goods to 18%, improving India's relative standing against competitors like Vietnam, Bangladesh, and China. This is especially critical in price-sensitive sectors.

Sectoral Gains

Employment-intensive industries stand to benefit the most:

- Apparel and textiles
- Gems and jewellery
- Footwear and leather
- Marine products and processed foods
- Agricultural exports

Supply Chain Integration

The agreement strengthens India's role in diversified global value chains, encouraging:

- Capacity expansion
- Manufacturing investments
- Joint ventures
- Technology partnerships

Strategic Economic Alignment

The deal complements cooperation in broader frameworks such as:

- Quad supply-chain resilience initiatives
- Digital trade and regulatory cooperation
- Clean energy partnerships
- High-value manufacturing collaboration

Policy Certainty

- Tariff predictability reduces risk for exporters and investors, creating a stable environment for long-term business planning.

Challenges

Despite its promise, several challenges remain:

Domestic Industry Readiness

- Many Indian MSMEs lack the scale, technology, and compliance standards needed to fully exploit expanded access to the U.S. market.

Non-Tariff Barriers

- Regulatory standards, certification requirements, and intellectual property rules can still restrict market access even with lower tariffs.

Logistics and Infrastructure Gaps

- High logistics costs and port inefficiencies reduce India's export competitiveness.

Trade Imbalance Sensitivities

- The U.S. may continue to monitor trade deficits, potentially leading to future frictions.

Global Competition

- Rival exporters may negotiate their own tariff advantages, narrowing India's competitive window.

Dependence Risk

- Over-reliance on a single export destination exposes India to geopolitical or economic shocks.



Way Forward

Strengthen Manufacturing Ecosystems

- Deepen PLI schemes, industrial clusters, and skilling initiatives to raise productivity and quality.

MSME Upgradation

- Provide credit, digital tools, and export facilitation for small firms to integrate into global supply chains.

Trade Facilitation Reforms

- Modernise ports, customs procedures, and logistics networks to reduce transaction costs.

Regulatory Harmonisation

- Work toward mutual recognition of standards and faster dispute resolution under the BTA framework.

Export Diversification

- Expand markets in Africa, Latin America, and ASEAN to reduce concentration risk.

Innovation and Value Addition

- Move up the value chain in electronics, pharmaceuticals, clean energy technologies, and advanced manufacturing.

Institutionalised Economic Dialogue

- Create permanent India–U.S. trade forums involving government and industry for continuous engagement.

Conclusion

The India–U.S. trade deal marks a decisive moment in India’s evolution from cautious participant to confident architect of global trade partnerships. By restoring competitiveness in key sectors, it strengthens employment, manufacturing capacity, and India’s integration into global value chains.

6. Issues Surrounding UGC Regulations, 2026

Why in the News?

The Supreme Court has stayed the University Grants Commission (Promotion of Equity in Higher Education Institutions) Regulations, 2026, observing that certain provisions are ambiguous and open to misuse. The Court directed that the UGC Regulations, 2012, will continue to operate until further orders. The stay came in the case Mritunjay Tiwari v. Union of India, where the petitioner challenged the revised equity framework, particularly its definition of caste-based discrimination.

Background

The roots of the issue lie in earlier attempts to address caste and social discrimination in higher education:

- In 2012, UGC introduced regulations to prevent discrimination and promote equity in universities.
- These rules mandated Equal Opportunity Cells, anti-discrimination officers, and grievance redress mechanisms.
- The suicides of Rohith Vemula (2016) and Payal Tadvi (2019) intensified public scrutiny over caste discrimination on campuses.
- Their families approached the Supreme Court seeking stricter enforcement of anti-discrimination safeguards.

- During hearings, the UGC formed a review committee that culminated in the 2026 revised regulations.

Features

- **Expanded Definition of Discrimination** : Covers unfair or biased treatment of students, faculty, or staff based on religion, caste, gender, disability, etc.
- **Specific Definition of Caste-Based Discrimination**: Defined as discrimination against SC, ST, and OBC communities solely on caste grounds.
- **Institutional Mechanisms**: Strengthened grievance redressal cells, reporting procedures, and accountability requirements.
- **Preventive Framework**: Aimed to institutionalise equity policies in higher education.

Why Are the Regulations Controversial?

Definition: Seen as Asymmetric

- The core controversy lies in restricting “caste-based discrimination” to acts against SC/ST/OBC groups.

Critics argue:

- It presumes unreserved categories are always perpetrators
- It excludes reverse discrimination complaints
- It violates equal treatment principles

Supporters counter:

- Caste discrimination in India is historically asymmetric
- Legal frameworks must recognize structural disadvantage
- Targeted protection is part of substantive equality



Fear of Misuse

There is no explicit penalty for false or motivated complaints in the regulations. Opponents fear:

- Harassment through complaints

- Chilling effect on academic interactions
- Institutional overreach

Legal Ambiguity

The Supreme Court flagged ambiguity about:

- Whether a separate caste definition is necessary
- Whether it conflicts with existing equality principles
- Whether it affects classification within backward groups

Constitutional Principles at Stake

- The case touches the tension between formal equality and substantive equality:

Article 14 -Equality Before Law

- Guarantees equal protection to all citizens.

Article 15 - Non-Discrimination + Affirmative Action

- Prohibits discrimination but allows special provisions for SC/ST/OBC.

India's constitutional philosophy recognises:

- Formal equality alone cannot erase historical injustice
- Substantive equality may require differential treatment
- Protective discrimination is constitutionally valid

Existing laws like:

- Protection of Civil Rights Act, 1955
- SC/ST (Prevention of Atrocities) Act, 1989

already reflect asymmetric safeguards.

- The Court must decide whether the UGC framework is a legitimate extension of this logic or an overreach.

Challenges

- **Balancing Protection and Fairness:** Ensuring safeguards without alienating other groups.
- **Ambiguity in Drafting:** Vague definitions risk inconsistent interpretation.
- **Campus Polarisation:** Regulations may intensify identity-based tensions.
- **Weak Enforcement History:** Even the 2012 rules were poorly implemented.
- **Fear vs Reality Gap:** Perception of misuse may overshadow genuine discrimination.
- **Administrative Burden:** Universities lack trained equity officers and institutional capacity.

Way Forward

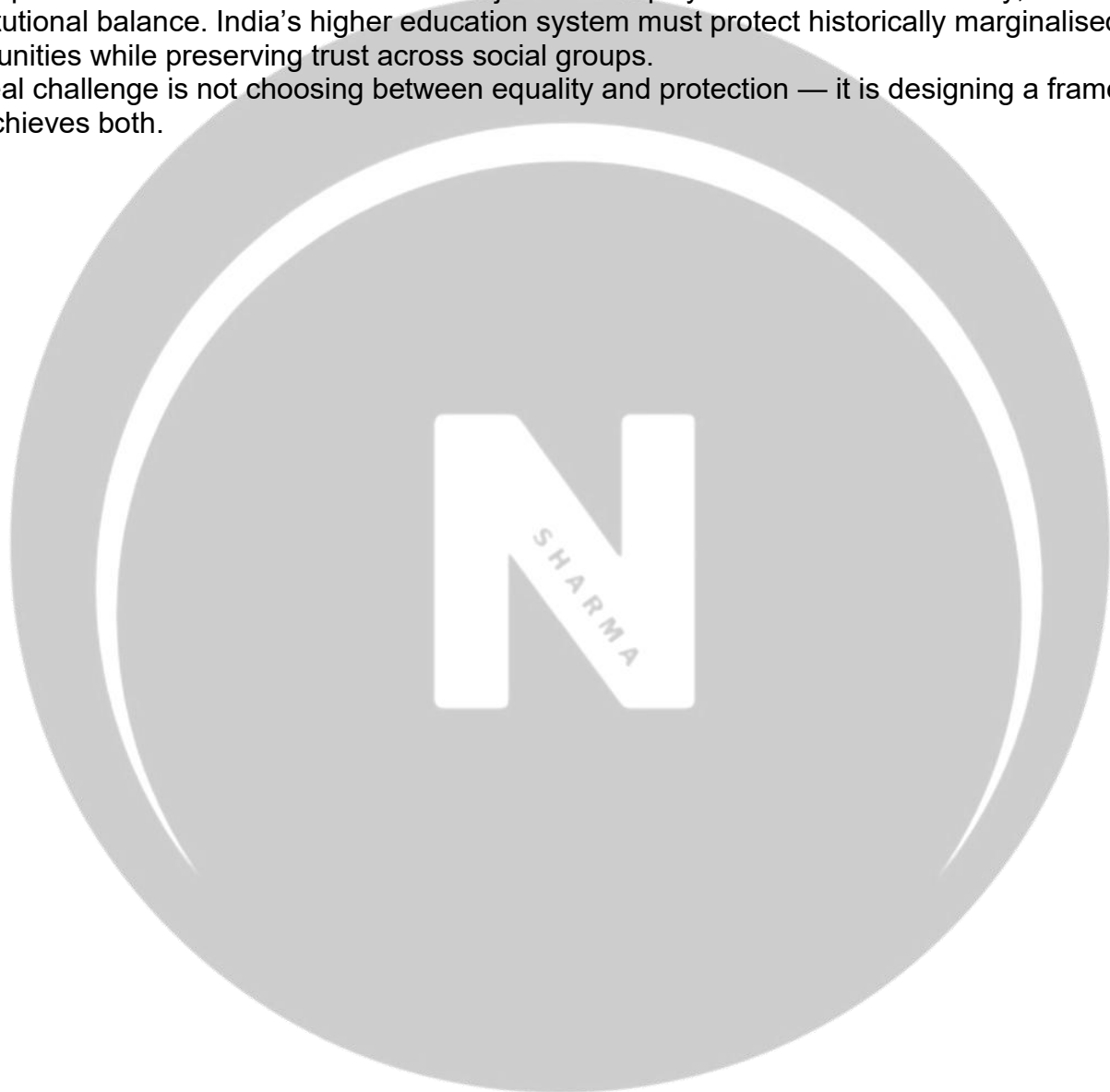
- **Stakeholder Consultation:** Engage students, faculty, legal experts, and social groups to refine language.
- **Clear Safeguards Against Misuse:** Introduce due process protections and penalties for false complaints.

- **Precision in Drafting:** Avoid ambiguity; define terms with legal clarity.
Strengthen Enforcement Focus not just on rules but on implementation.
- Training and Sensitisation Mandatory anti-discrimination training on campuses.
- Independent Oversight Bodies ensure complaints are evaluated impartially.
Data-Driven Policy: Collect anonymised evidence on discrimination patterns.

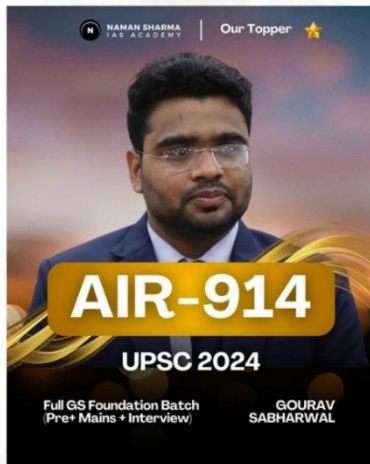
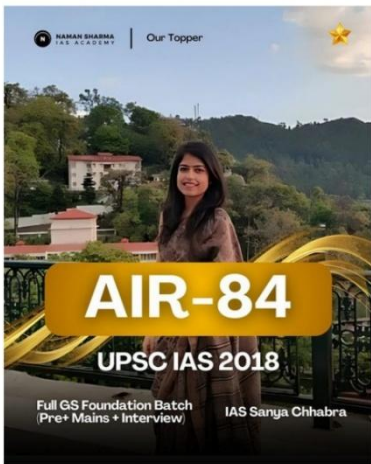
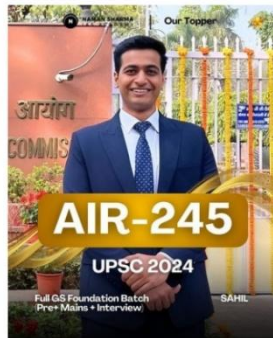
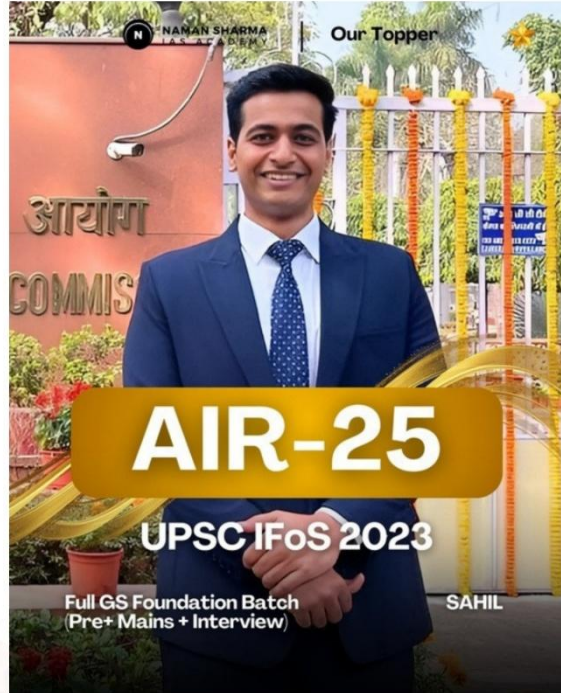
Conclusion

The Supreme Court's intervention is not a rejection of equity but a demand for clarity, fairness, and constitutional balance. India's higher education system must protect historically marginalised communities while preserving trust across social groups.

The real challenge is not choosing between equality and protection — it is designing a framework that achieves both.



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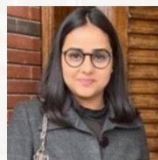
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