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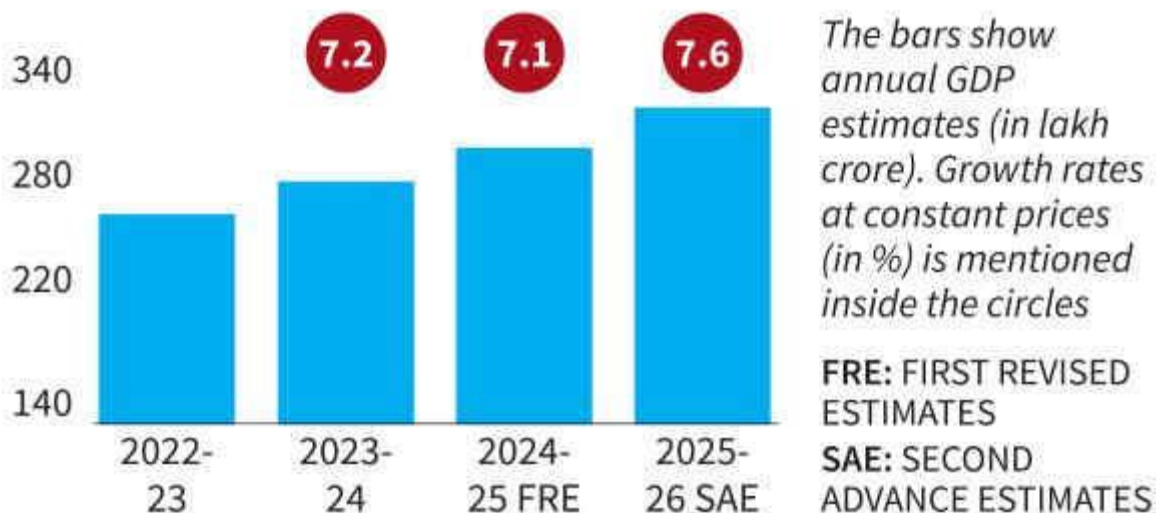
# 1. New GDP series upgrades FY26 growth to 7.6%

## Why in the news?

The Government of India released the second advance estimates of GDP for FY26, but what makes this report particularly newsworthy is that it is based on a newly revised GDP series. This revision includes an updated base year (2022-23) and methodological improvements, offering a fresh perspective on the economy's size and health. The headline figure, a growth upgrade to 7.6% for FY26, signals robust economic momentum, but the simultaneous downward revision of the economy's nominal size creates significant implications for government finances and fiscal management.

## Stronger outlook

The second advance estimates peg India's economic growth at 7.6% in FY26, higher than the first estimates made in January



## Background

This update is a routine statistical exercise where the base year is changed to reflect the economy's current structure. The previous series used 2011-12 as its base. By shifting to 2022-23, the calculations now incorporate more recent data on consumption patterns, industrial output, and formal sector activity, theoretically providing a more accurate picture of the Indian economy.

## Feature

The defining feature of this data release is the upward revision of real GDP growth for the current fiscal year (FY26) to 7.6%, up from the 7.4% projected earlier. The report highlights specific sectoral performances driving this growth:

- **Manufacturing Surge:** The secondary sector is expected to grow at 9.5%, fueled by manufacturing, which is projected to grow at a remarkable 12.5%.

- **Services Resilience:** The tertiary sector is also performing well, with growth expected to quicken to 8.9%, driven by double-digit growth in finance, real estate, and trade services.
- **Quarterly Strength:** The Q3 FY26 GDP growth stood at a healthy 7.8%, indicating sustained momentum through the year.

## Challenge

- While the real growth story is positive, the new series introduces a major statistical and fiscal challenge: the downward revision of Nominal GDP.
- **Smaller Economy:** The size of the economy (Nominal GDP) for FY26 is now estimated to be 3.3% smaller than previously thought. The same downward revision (3.8%) applies to the past two years as well.
- **Fiscal Impact:** Because government targets for deficit and debt are expressed as a percentage of GDP, a smaller denominator (GDP) makes these ratios worse.
- **Steeper Debt Reduction:** As economist D.K. Srivastava points out, the overall economy now appears smaller. This means the fiscal deficit and debt levels are actually higher than previously estimated (by about 15-20 basis points, per Aditi Nayar), making the government's path to fiscal consolidation significantly steeper.

## Way Forward

- **Recalibrate Fiscal Targets:** The government will likely need to adjust its fiscal roadmap (Fiscal Responsibility and Budget Management targets) to account for the higher deficit ratios resulting from the smaller nominal GDP base.
- **Support Growth Drivers:** Policy focus should remain on sustaining the high growth in manufacturing (12.5%) and key services sectors to ensure the real economy outperforms the statistical base effect.
- **Address Sectoral Weakness:** With the primary sector (agriculture) growth expected to slow to just 2.5%, targeted interventions may be needed to support rural incomes and manage food inflation.

## Conclusion

The new GDP series presents a nuanced picture of the Indian economy. On one hand, it upgrades the real growth story, showcasing a vibrant economy expanding at 7.6%, driven by manufacturing and services. On the other hand, it statistically shrinks the nominal size of the economy, creating a fiscal math problem for the government by widening deficit ratios. Ultimately, the update provides a more accurate, albeit more challenging, baseline for understanding India's economic trajectory and the policy work required to manage its public finances.

## 2. Need to strike a balance, says SC on SHANTI Act petition

### Why in the news?

The Supreme Court of India is hearing a petition challenging the constitutional validity of the SHANTI Act, 2025. The petition, filed by former IAS officer E.A.S. Sarma, argues that the new law facilitates private and foreign participation in India's nuclear sector while simultaneously placing "abysmally low" liability caps on operators and completely exempting suppliers from any accountability in the event of a nuclear accident. The case is in the news because the court's initial observations highlight the tension between national energy security and citizen safety.

### Background

The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Act, 2025, is a new legislation that opens the door for private sector and foreign companies to operate nuclear power plants in India. This marks a significant shift from the previous state-dominated nuclear sector. The petition argues that the Act fixes the maximum liability for the largest plant operators at a mere ₹3,000 crore and completely exempts suppliers (manufacturers and vendors) from any liability.

### Feature

- **National Interest:** Chief Justice of India Surya Kant underscored that nuclear power is not optional but a necessity for India to meet its energy requirements. He pointed out the practical dilemma: if coal is restricted, forests cannot be cut, and gas is unavailable, nuclear energy becomes essential.
- **Judicial Scrutiny:** Justice Joymalya Bagchi noted that the court must examine whether the provisions of the 2025 Act are "manifestly unjust or arbitrary" and whether they suffer from the "vice of unconstitutionality."
- **Petitioner's Argument:** Advocate Prashant Bhushan argued that the liability cap (300 million Special Drawing Rights) is so low that victims of a potential nuclear disaster would not recover even a fraction of their actual losses, especially when compared to the damages caused by historical accidents like Chernobyl or Fukushima.

### Challenge

**The core challenge facing the court is reconciling two seemingly conflicting objectives:**

- **Attracting Investment:** To build nuclear capacity, India needs to attract private and foreign players. These entities are often reluctant to invest without a cap on their potential liability, as unlimited liability for a nuclear disaster is financially untenable.
- **Ensuring Justice and Safety:** The current liability structure, as highlighted by the petitioners, creates a moral hazard. By exempting suppliers from liability, the Act removes a key financial incentive for them to prioritise safety. The challenge is to ensure that the pursuit of energy security does not come at the cost of weakening the safety net for citizens.

### Way Forward

- **Constitutional Scrutiny:** The court will have to determine if the liability cap is so arbitrary that it violates the fundamental right to life (Article 21) by denying victims effective remedies.
- **Comparative Analysis:** The court may examine how other countries with nuclear power balance operator liability with the need to attract investment.

- **Policy Rethinking:** Depending on the court's ruling, the government may be required to revisit the liability provisions to create a structure that holds suppliers accountable without completely deterring investment.



## Conclusion

The Supreme Court's initial hearing on the SHANTI Act highlights a profound governance dilemma. While the state must aggressively pursue nuclear energy to power its future, it cannot do so by creating a legal framework that potentially sacrifices public safety and victim compensation. The Chief Justice's call for a "balance" sets the tone for what will be a critical legal battle—one that will ultimately define the safety and accountability standards of India's nuclear expansion for decades to come.

## 3. Kerala's paradox can spark its global vision

### Why in the news?

Shashi Tharoor's article presents a visionary economic roadmap for Kerala, arguing that the state must pivot from its traditional "Remittance Economy" to an "Innovation Economy." It is timely because it addresses Kerala's unique paradox—world-class social indicators but industrial stagnation—and offers a contrarian perspective: instead of trying to imitate large industrial neighbours like Tamil Nadu, Kerala should leverage its global diaspora, coastal geography, and high literacy to compete with small, innovative nations like the Netherlands, Singapore, and Iceland.

### Background

Tharoor begins by reminding readers that Kerala was globalised long before the term existed, with ancient ports like Muziris hosting Roman, Arab, and Chinese traders. This historical

cosmopolitanism has evolved into the modern phenomenon of the "Global Malayalee." The state's economy is currently propped up by an annual remittance inflow of approximately ₹1.3 lakh crore from Keralites working abroad. However, Tharoor diagnoses a problem: Kerala has been trapped in a mindset of "self-flagellation," comparing itself unfavourably to the industrial powerhouses of mainland India, while ignoring its unique constraints-high population density, ecological fragility, and an ageing demographic.

## Feature

- **Precision Medicine & Biotech:** Leveraging Kerala's unique genetic admixture to create a "Gene Valley" (like Iceland) for disease mapping and drug response research.
- **Med-Tech Manufacturing:** Following Costa Rica's model to produce stents, heart valves, and surgical robots locally instead of importing them.
- **Ageing Economy:** Emulating Japan by developing "retirement villages" in the highlands for both domestic seniors and Western "grey nomads."
- **Space & Defence:** Capitalising on the presence of ISRO facilities (VSSC, LPSC) to build a private "space coast" for nano-satellites, similar to Toulouse in France.



## Challenge

- **Infrastructure vs. Social Indicators:** The paradox of having "first-world social indicators amidst third-world infrastructure pressures" makes heavy industry unviable.
- **Ageing Population:** While often viewed as a demographic liability, Tharoor argues it must be reframed as an economic opportunity, which requires significant investment in geriatric care infrastructure.

- **Value Addition:** The opening of the Vizhinjam International Seaport is a major asset, but Tharoor warns that a "port without value addition is merely a parking lot." The challenge is to build a logistics hub that refines and repackages goods, rather than just transshipping them.

## Way Forward

- **Adopt Global Models:** Learn from the Dutch (glasshouse farming for high-value crops), the Norwegians (sustainable marine farming and pharmaceuticals from algae), and the Singaporeans (international commercial arbitration hubs).
- **Monetise Heritage:** Elevate local crafts (Kasavu sarees, Aranmula Kannadi) from tourist curiosities to global luxury brands by establishing a "Kerala Design Institute" in partnership with fashion capitals like Milan or Paris.
- **Export Climate Expertise:** Turn Kerala's vulnerability to floods into an exportable commodity by becoming a "living lab" for disaster-resilient infrastructure, selling low-cost housing and soil stabilisation tech to other tropical regions.
- **Create a FinTech Hub:** Establish a regulatory "sandbox" akin to the Dubai International Financial Centre (DIFC) to attract global crypto and fintech pioneers, leveraging Kerala's high financial literacy.

## Conclusion

Tharoor concludes with a powerful call for a psychological metamorphosis. Kerala must stop asking how to catch up with Bangalore and start asking how to collaborate with Amsterdam or learn from Kyoto. By pivoting from a remittance-dependent model to one driven by innovation, precision, and global services, Kerala can transform itself from a "bridge" between east and west into a destination in its own right. The state's future, he argues, lies not in imitating the industrial past of its neighbours, but in harnessing its intellectual capital and global connections to craft a unique, sustainable, and prosperous future.

## 4. International law is not dead, its rules stay resilient

### Why in the news?

The article is a timely response to growing geopolitical tensions—specifically between the U.S. and Iran, the Russian invasion of Ukraine, and Israel's military actions in Gaza—which have led many international relations scholars to declare the "death" of international law. With the rise of populist-authoritarian regimes and unilateral actions by powerful states (e.g., U.S. actions in Venezuela), a narrative has emerged that the world is entering a "norm-free" order. Professor Prabhash Ranjan pushes back against this narrative, arguing that while international law is under severe stress, declaring it dead is both intellectually lazy and factually incorrect.

### Background

Ranjan sets the stage by acknowledging the "dark phase" international law is currently undergoing. He references several events that have fueled the obituary-writing for international law:

- The Russian invasion of Ukraine (2022).

- Israel's military actions in Gaza and West Asia.
- The Trump presidency's withdrawal from international organisations.
- Illegal U.S. actions in Venezuela.
- Canadian Prime Minister Mark Carney's observation of a "rupture" in the global order.

The central question the article addresses is whether these breaches mean the end of international law, particularly the foundational norm against the use of force (Article 2(4) of the UN Charter).

## Feature

The article's main feature is its historical and functional defence of international law's resilience.

- **Historical Precedent:** Ranjan points out that Article 2(4) has been battered before. As early as 1970, scholar Thomas Franck declared it "dead" due to Cold War rivalries. Wars in Vietnam, the Soviet-Afghan war, the Gulf War, Iraq, and Kosovo all breached the norm, yet the law itself survived. The key difference today is not the breach itself, but the justification (or lack thereof).
- **The Justification Gap:** In the past, even hegemons like the U.S. felt compelled to justify their actions within the framework of international law (e.g., expansive interpretations of self-defence). This kept the door open for dialogue. Today, Ranjan argues, we see "brazenness" - a scarce attempt to justify behaviour, where "imperial designs stare in one's face."
- **Beyond the UN Charter:** Ranjan emphasizes that international law is not just about war and peace. It is a vast, diverse ecosystem governing trade, investment, aviation, human rights, climate change, and the high seas.



## Challenge

- The primary challenge to international law, according to Ranjan, is not military action itself but the rise of populist-authoritarianism.

- This ideology rejects the need for legal justification and openly flouts norms without attempting to cloak actions in legality.
- This "brazenness" erodes the culture of accountability more deeply than the violations themselves.
- The challenge is that when powerful states stop pretending to care about the rules, it weakens the normative pull that international law has on other actors.

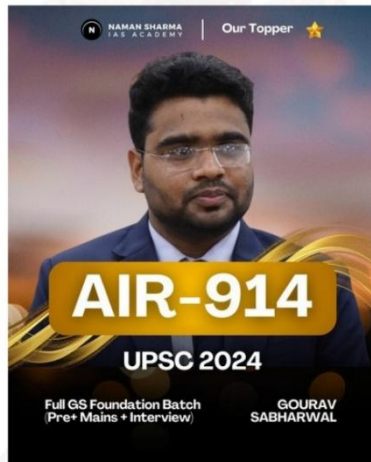
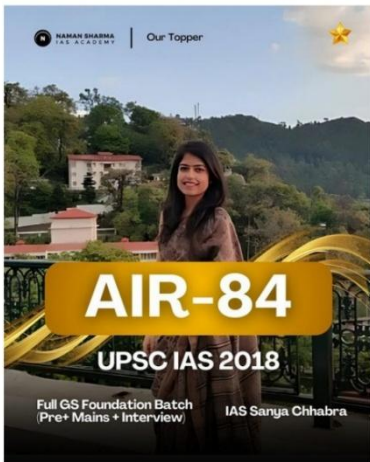
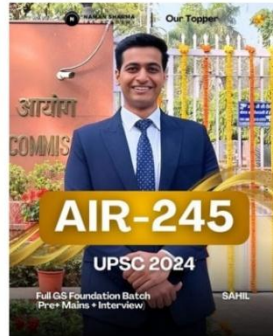
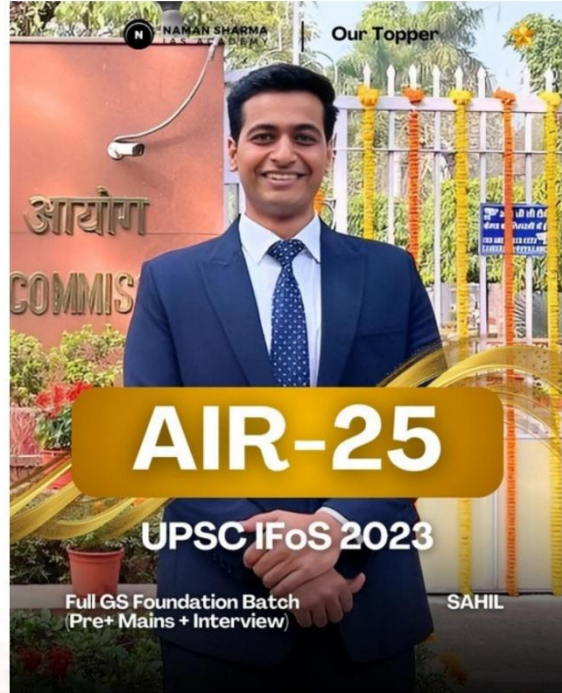
## Way Forward

- **Recognise the "Silent" Law:** As international lawyer Philippe Sands notes, most international law works "silently and seamlessly" behind the scenes, enabling goods to cross borders, flights to land safely, and pandemics to be prevented. This daily functioning must be acknowledged.
- **Fight for the Order:** Just as one does not abandon a liberal constitutional order because of a rogue regime, the international community must fight to preserve the liberal international law order against "global bullies."
- **Empower the Powerless:** International law remains the only framework that gives weaker states and individuals agency to question powerful actors. Abandoning it would leave the powerless with no vocabulary to demand accountability.
- **Continue Law-Making:** The article points out that law-making continues unabated (e.g., India-EU FTA negotiations, the High Seas Treaty), proving that states still see value in creating and joining legal frameworks.

## Conclusion

Prabhash Ranjan concludes that proclaiming the death of international law is a dangerous narrative that only aids tyrants and bullies. While the UN Charter's non-use of force principle is battered, it is not dead. More importantly, international law is a vast, living system that quietly governs countless aspects of global life. The resilience of international law lies in its ability to provide a normative framework for accountability, even when that framework is ignored. The fight, he argues, is not to mourn its passing, but to defend and preserve it against the rising tide of authoritarian disregard.

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