



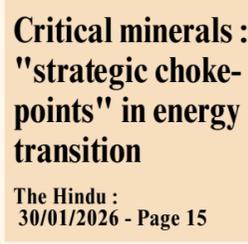
Economic Survey highlights uneven distribution of secondary schools

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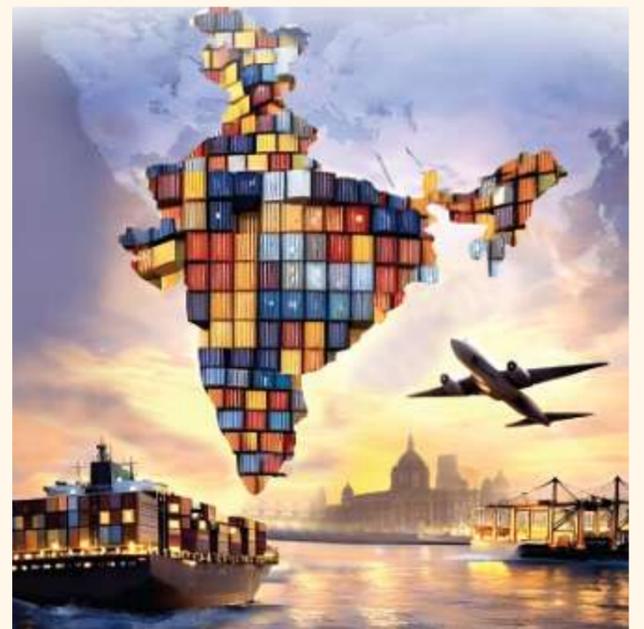
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Economic Survey predicts bright India, increasingly darker world

The Economic Survey 2025–26, authored by Chief Economic Adviser V. Anantha Nageswaran and tabled in Parliament by Union Finance Minister Nirmala Sitharaman, highlights the continuing uncertainty in the global economic environment. This uncertainty is shaped by geopolitical tensions, trade disruptions, and divergent growth and inflation outcomes across major economies.

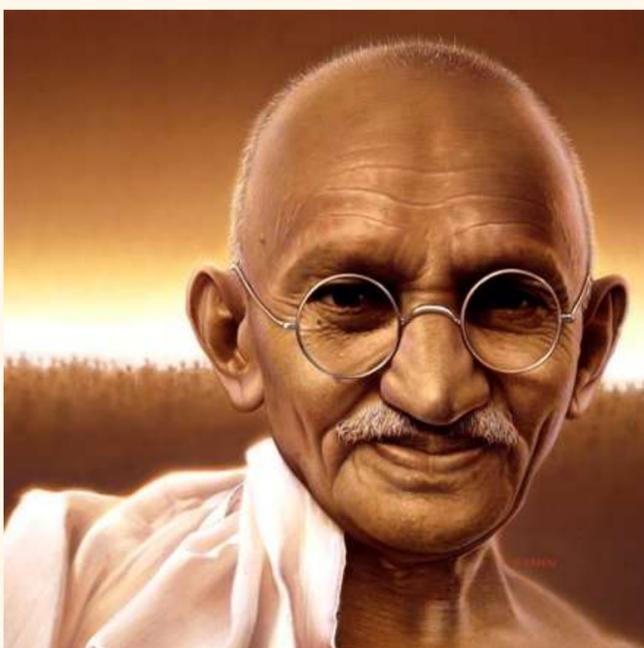
Against this backdrop, the Survey notes that the Indian economy has maintained strong growth momentum in FY26. The First Advance Estimates place real GDP growth at 7.4 per cent, with growth largely driven by domestic demand. Private consumption and capital formation continue to support economic expansion, while the services sector remains the key contributor on the supply side. Looking ahead, while global uncertainties remain elevated, domestic growth drivers are expected to continue supporting economic activity.



With macroeconomic stability in place and ongoing reform efforts, the Survey concludes that India's medium-term growth potential has strengthened to 7 per cent, placing the economy on a path of steady expansion amid global uncertainty.

Remembering Mahatma Gandhi: The Power of Non-Violence

On 30 January 1948, Mahatma Gandhi was assassinated while on his way to evening prayers. Though he departed physically, his ideas continue to guide India and the world. Gandhi is remembered everywhere because he transformed non-violence from a moral principle into a way of life and a powerful tool for social and political change.



What made Gandhi exceptional was the harmony between his words and actions. His message—"be the change you want to see"—emphasised personal responsibility as the starting point of transformation. His philosophy of ahimsa, truth (satyagraha), forgiveness, and simplicity appealed to individuals, societies, and governments alike. He rejected hatred and revenge, believing that violence only deepens injustice. Gandhi's life was a continuous experiment with truth, learning from mistakes and adapting with humility. His influence extended globally, inspiring leaders like Nelson Mandela and Martin Luther King Jr.

Today, his ideals resonate through movements for peace, environmental protection, and ethical living. Truly, Gandhi lives on through his enduring ideas.

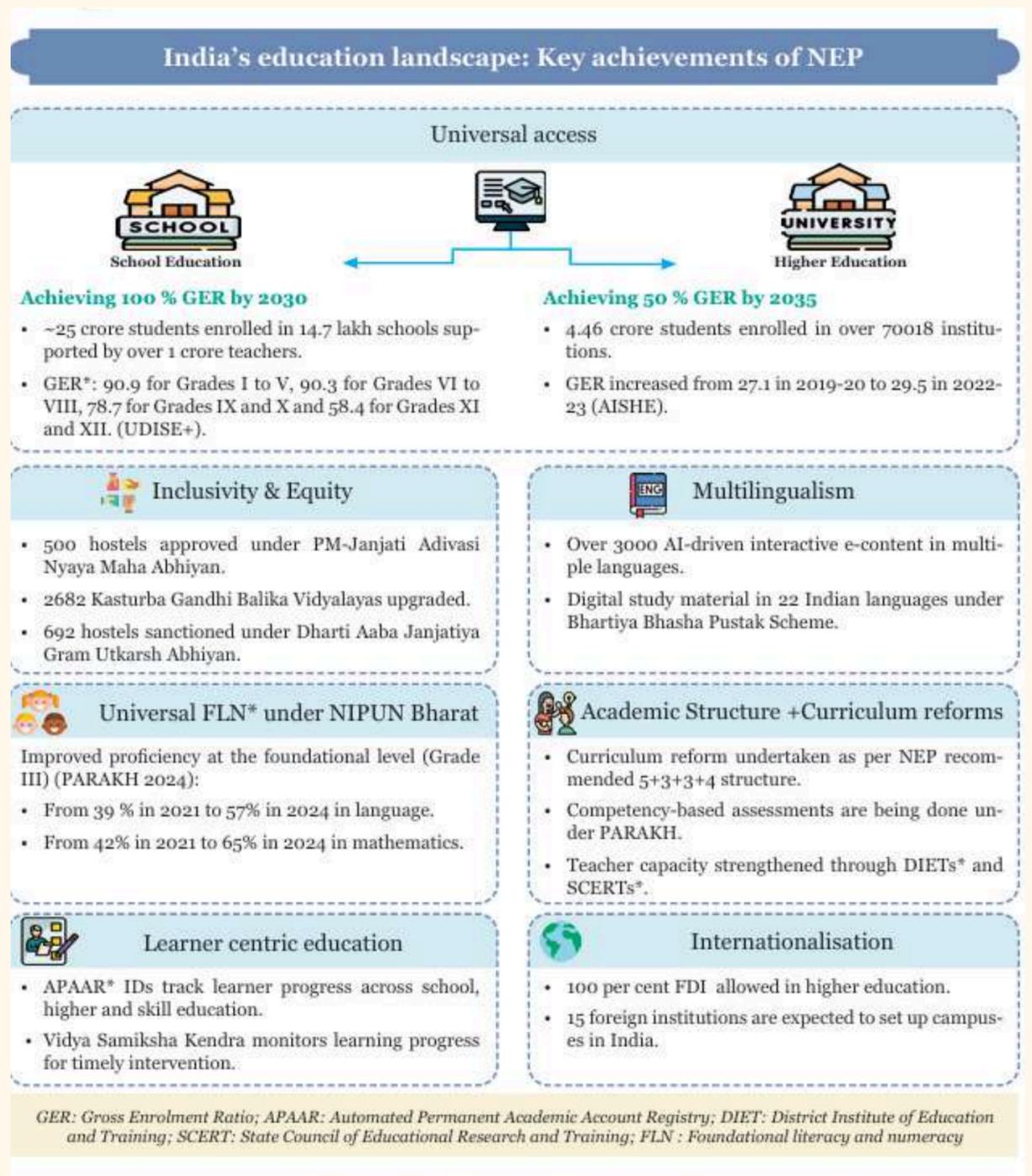
ECONOMIC SURVEY: SPECIAL FEATURES & KEY TAKEAWAYS

Economic Survey highlights uneven distribution of secondary schools

The Economic Survey 2025–26 highlights significant challenges in achieving the National Education Policy (NEP) 2020 target of raising India's Expected Years of Schooling (EYS) from 13 to 15 years. A key constraint identified is the uneven distribution of schools, particularly at the secondary level, which limits access for a large section of students.

The Survey notes that only about 17 per cent of schools in rural areas and 38 per cent in urban areas provide secondary education. This shortage aligns with other data showing that the largest share of out-of-school children falls in the secondary school age group (14–18 years). According to the Periodic Labour Force Survey (PLFS) 2023–24, nearly two crore adolescents in this age group are currently out of school. Economic pressures remain the dominant cause of dropouts, with 44 per cent leaving school to supplement household income. Gender-wise, over 67 per cent of boys cite income needs, while 55 per cent of girls report domestic and care responsibilities as the main constraint.

As a result, the secondary-level net enrolment ratio remains low at 52.2 per cent. The Survey underlines the urgency of integrating school-based vocational and skills education, noting that only 0.97 per cent of adolescents aged 14–18 have received institutional skilling, reflecting weak school-to-work pathways. In higher education, the Survey stresses the need to build State capacity, promote academia–industry collaboration, and internationalise the sector, especially since over 81 per cent of enrolments are in State institutions. The proposed Viksit Bharat Shiksha Adhishthan Bill, 2025 aims to streamline regulatory frameworks. While India has made gains in enrolment and institutional expansion, reducing secondary-level dropouts and improving access remain critical to fully realising the NEP's vision of transforming India's demographic potential into high-quality human capital.



INTERNATIONAL

EU lists Iran Revolutionary Guard as terrorist group



The European Union's foreign ministers have agreed to include Iran's Islamic Revolutionary Guard Corps (IRGC) on the EU list of terrorist organisations, marking a significant shift in Europe's approach towards Iran. With this decision, the IRGC is placed in the same category as groups such as Islamic State and al-Qaeda.

The IRGC was established after Iran's 1979 Islamic Revolution to protect the country's clerical political system. Over time, it has gained substantial influence within Iran, exercising control over major sections of the armed forces, economy, ballistic missile programme, and nuclear activities. Several EU member states had earlier expressed reservations about such a move, citing concerns over diplomatic engagement with Iran and the safety of European nationals in the country. However, recent developments, including a nationwide protest crackdown and reported large-scale civilian casualties, strengthened support for the listing.

Countries such as France and Italy, which were previously cautious, endorsed the decision. EU officials stated that the designation aims to send a strong political signal while maintaining the possibility of continued diplomatic channels with Iran. Alongside the listing, the EU also imposed additional sanctions on 15 individuals and six entities accused of involvement in serious human rights violations. The decision reflects the EU's broader use of sanctions and legal measures in response to developments within Iran.

AI minister was meant to fight corruption... then humans got in the way

In September 2025, Albania introduced Diella, an artificial intelligence-generated avatar described as the world's first AI government minister. It was launched as part of Albania's efforts to reduce corruption and improve transparency while pursuing European Union membership. Diella was designed to function as a neutral digital interface, without personal interests, using data and algorithms to serve citizens impartially.

Diella was used to help citizens apply online for government services, reducing direct contact with officials and limiting opportunities for bribery. It was also intended to assist in public procurement by collating and analysing contract applications to identify qualified bidders. Its activities were designed to be auditable, supporting transparent governance. Diella was created by Albania's National Information Agency, which manages the country's digital public systems.

However, by early 2026, concerns emerged when senior officials of the agency were placed under investigation for alleged manipulation of public contracts. Although Diella itself was not accused of wrongdoing, the investigation raised questions about the institutions controlling digital governance tools. European Union assessments acknowledged some progress in Albania's anti-corruption efforts, while noting that corruption remained present in several sectors. The episode highlights both the potential and limitations of AI-based governance.



ECONOMIC SURVEY: SPECIAL FEATURES & KEY TAKEAWAYS

Navigating Global Uncertainty: Economic Scenarios for 2026

The Economic Survey 2026 outlines three possible scenarios for the global economic environment. These are based on rising uncertainty in the world economy as geopolitical tensions, security concerns, and financial vulnerabilities intensify. Trade decisions are increasingly driven by political and security priorities. Financial markets reflect this fragility, pointing to a less coordinated, more risk-averse global economy exposed to delayed but significant economic shocks.

First Scenario : In the best-case global scenario for 2026, the world broadly continues on the lines of 2025, but in a more fragile and insecure form. With a thinner margin of safety, even small shocks can trigger wider disruptions. Financial stress, trade frictions, and geopolitical tensions do not cause systemic collapse but generate volatility, requiring active government intervention. This scenario reflects managed disorder in an integrated yet distrustful world and carries a probability of about 40–45 per cent, amid persistently high policy uncertainty.

Second Scenario : In the second scenario for 2026, the probability of a disorderly multipolar breakdown rises significantly, making it more than a tail risk. Strategic rivalry intensifies, the Russia–Ukraine conflict remains destabilising, and collective security arrangements weaken. Trade becomes coercive, sanctions proliferate, and supply chains are politically realigned. Financial stress spreads across borders with fewer buffers, while policy becomes more nationalised. Countries face sharper trade-offs between autonomy, growth, and stability. This scenario carries a probability of around 40–45 per cent.

Third Scenario : The third scenario, with a residual probability of 10–20 per cent, involves a systemic shock cascade where financial, technological, and geopolitical stresses interact and amplify one another. Highly leveraged AI-infrastructure investments could tighten financial conditions, trigger risk aversion, and spill over into broader capital markets. If this coincides with geopolitical escalation or trade disruption, it could sharply contract liquidity, weaken capital flows, and prompt defensive economic responses. Though lower in probability, its consequences could be severe, potentially exceeding the impact of the 2008 global financial crisis.

The three global scenarios pose a common risk for India: disruption of capital flows and pressure on the rupee, varying in intensity and duration. To respond, India must attract investors, boost export earnings, and manage rising imports. Economic policy should focus on stable supplies, resource buffers, and diversified routes and payment systems.



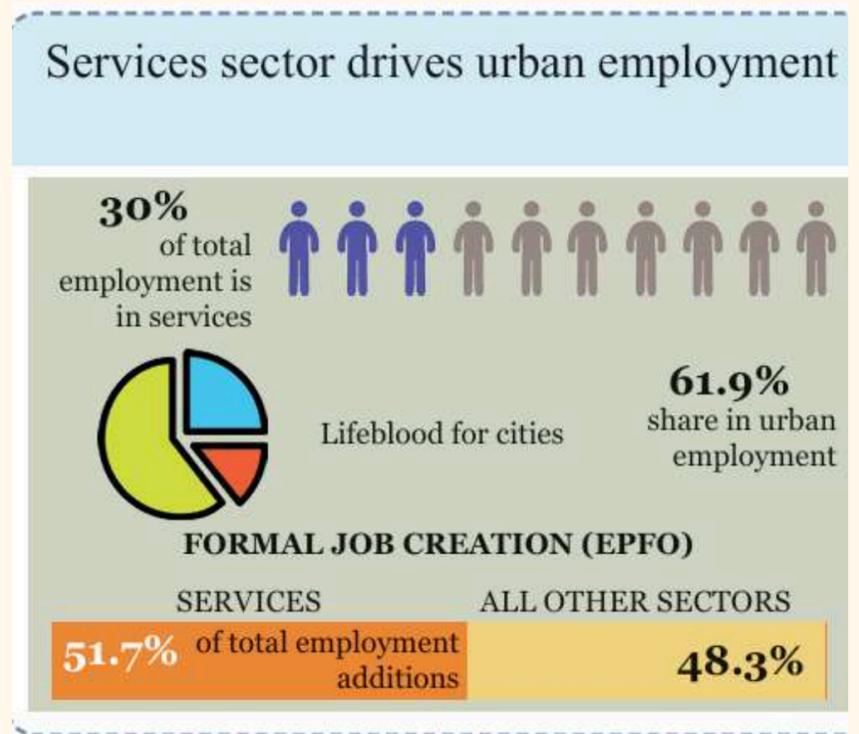
ECONOMIC SURVEY: SPECIAL FEATURES & KEY TAKEAWAYS

Services: From Stability to New Frontiers

The services sector has become the principal engine of growth, resilience, and structural transformation in the Indian economy. Amid global uncertainty and subdued industrial activity worldwide, it acts as a stabilising force for India, contributing over half of Gross Value Added and driving exports and employment, while benefiting from the global shift toward services-led growth. India’s services sector contributes over half of Gross Value Added and is a major driver of exports and employment. It has emerged as the most stable and resilient component of GDP, growing at an average annual rate of 7–8%, compared to sharper cyclical fluctuations in agriculture and industry. India is the world’s seventh-largest exporter of services, with its share in global services trade rising from 2 % in 2005 to 4.3% in 2024. The sector also remains the largest recipient of FDI inflows.

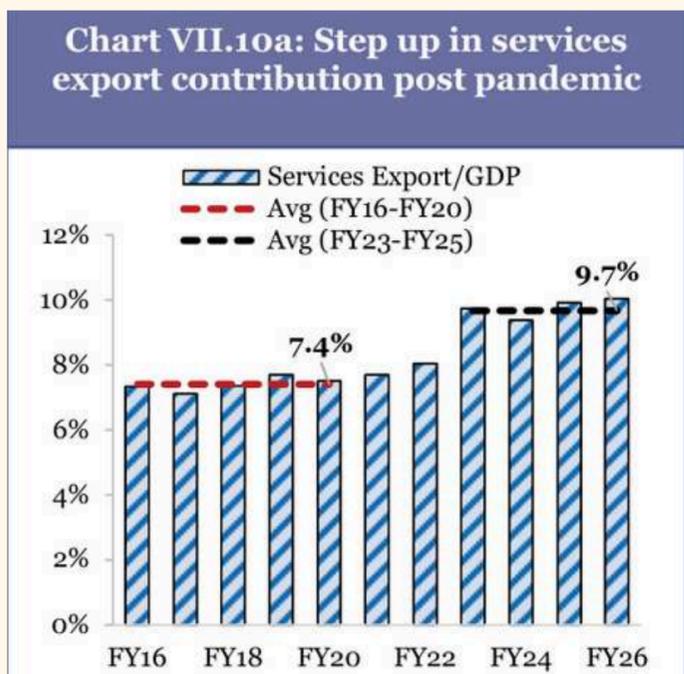
Services sector remains central to urban employment dynamics

Periodic Labour Force Survey (PLFS) data for the first two quarters of FY26 show that services accounted for 61.9 per cent of urban employment on average, slightly higher than the FY21–FY22 average of 61.7 per cent, a period marked by strong services-sector hiring during the pandemic. Supporting this trend, EPFO data for April–July FY26 indicate sustained formal job creation, with services contributing 51.7 per cent of net employment additions, led by expert services, trading & commerce institutions, cleaning services etc



These trends highlight the central role of the services sector in strengthening labour-market resilience amid global uncertainty.

Services exports as a buffer amid global uncertainty



Services exports have emerged as a key pillar of India’s external sector. Their share in GDP averaged 9.7 per cent during FY23–FY25, rising further to 10.0 per cent in H1 FY26. Despite moderation in growth during FY26, services exports remain above pre-pandemic trends, indicating sustained underlying momentum. Software services, accounting for over 40 % of total services exports, remain the primary growth driver, supported by strong global demand for digital services. Professional and management consulting services have emerged as the second-largest contributor, with their share rising from about 10.5 % to 18.3 % in the post-pandemic period.

Going forward, sustaining India’s position in the global services market will depend on productivity gains, continued innovation, ongoing investment in skills aligned with emerging technologies, and further simplification of regulatory processes.

ECONOMIC SURVEY: SPECIAL FEATURES & KEY TAKEAWAYS**Critical minerals : "strategic choke-points" in energy transition**

Metals such as lithium, cobalt, nickel, copper and rare earth elements have emerged as new strategic choke points in shaping the transition to a low-carbon economy, Chief Economic Adviser V. Anantha Nageswaran noted in the latest Economic Survey. These minerals have acquired strategic importance because of their growing influence on energy security, industrial competitiveness and geopolitical power, a reality reflected in trade restrictions imposed by several source countries on their export .

As global demand for these minerals rises, advanced economies are responding by promoting "standards-based critical mineral markets" that emphasise sustainability, traceability and governance. While such standards may be necessary, the CEA cautioned that compliance involves substantial upfront and recurring costs.

The Survey highlights three key challenges this creates for developing countries. First, the high costs of compliance can act as significant entry barriers. Second, narrowly defined or asymmetrically imposed standards may trap developing economies in low-value segments of global supply chains, limiting them to raw material exports while value-added processing remains concentrated in advanced economies. Third, sustainability premiums that raise mineral prices without parallel support for finance, technology and capacity building could increase transition costs globally, with a disproportionate impact on emerging economies.

Notable rise in India's oil sources, CEA highlights in Survey

India has recorded a notable increase in the number of countries from which it imports crude oil, according to the latest Economic Survey, Chief Economic Adviser V. Anantha Nageswaran said. During FY26 so far, crude oil imports from countries such as Libya, Egypt, Brazil, the United States and Brunei have risen compared to the same period last year, while imports from traditional suppliers including Russia, Saudi Arabia, Iraq and Venezuela have declined.

This shift reflects New Delhi's continued push to diversify crude oil sourcing in order to cushion the economy against global geopolitical uncertainties. The Survey notes that while several countries continue to account for a significant share of India's crude oil imports, the relative importance of newer and alternative suppliers has increased. In particular, imports from the United States, Egypt, the United Arab Emirates, Nigeria and Libya have gained prominence during the current financial year.

The diversification of import sources is aimed at reducing supply risks and improving energy security in a volatile global environment marked by geopolitical tensions and disruptions in energy markets.



PRELIMS CORNER :

1) Which of the following led to the introduction of English Education in India? (2018)

1. Charter Act of 1813
2. General Committee of Public Instruction, 1823

3. Orientalist and Anglicist Controversy

Select the correct answer using the code given below:

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

2) With reference to Indian History, the Member of the Constituent Assembly from the provinces were (2013)

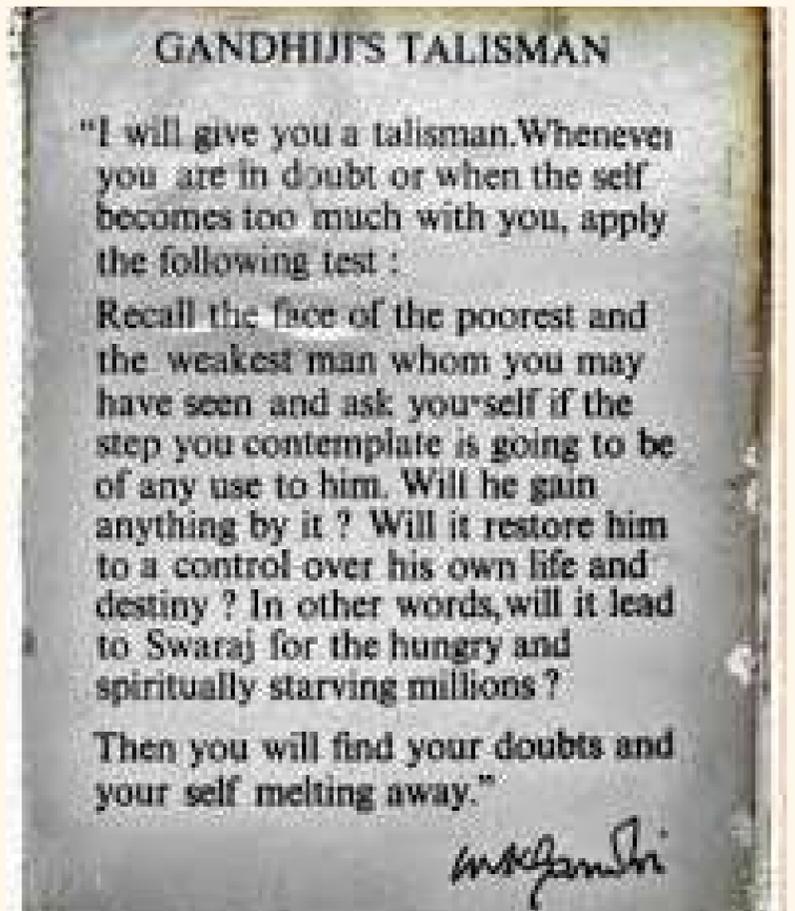
- (a) Directly elected by the people of those provinces
- (b) Nominated by the Indian National Congress and the Muslim league
- (c) Elected by Provincial Legislative Assemblies
- (d) Selected by the Government for their expertise in constitutional matters

**PRELIMS 2026
 COUNTDOWN**



114 DAYS TO GO

Gandhi in Practice: Ethics Beyond Words



Mahatma Gandhi's life offers powerful ethical lessons because his principles were consistently reflected in his actions. His philosophy rested on truth (satya), non-violence (ahimsa), integrity, self-discipline, and respect for rules. Gandhi believed that ethical governance and social change must begin with the individual.

While travelling by train with his followers, the ticket collector did not check their tickets. Gandhi insisted on verification and discovered that many followers were travelling without valid tickets. He immediately asked the official to issue tickets and impose penalties on them. This act reflected Gandhi's unwavering commitment to rule of law, accountability, and personal responsibility, even when violations went unnoticed.

For Gandhi, ethics was not selective or situational. He rejected convenience and hypocrisy, arguing that moral authority arises only when preaching and practice are aligned. His approach to non-violence extended beyond politics into everyday conduct—promoting honesty, forgiveness, and respect for institutions.

Prelims Corner: Explanations

1) Answer is option d

- 1. Charter Act of 1813:** This statement is correct. The Charter Act of 1813 provided for the allocation of a sum of ₹1 lakh for the promotion of education in India. While initially focused on indigenous education, this marked the beginning of British involvement in Indian education and laid the groundwork for future debates on the medium of instruction, curriculum, and purpose of education.
- 2. General Committee of Public Instruction, 1823:** This statement is correct. The General Committee of Public Instruction was established in 1823 to oversee education in India. It played a pivotal role in shaping colonial education policy and became a key platform for the Orientalist–Anglicist controversy regarding the medium of instruction, curriculum orientation, and objectives of education.
- 3. Orientalist and Anglicist Controversy:** This statement is correct. This debate between the Orientalists (advocating for traditional Indian languages and learning) and the Anglicists (promoting English as the medium of instruction) culminated in Macaulay's Minute of 1835. • Macaulay's decision favored English education, leading to the formal introduction of English as the medium of instruction in India.

The combined impact of these developments led to the introduction of English education in India, making all three statements correct.

2) Answer is option C

Formation of the Constituent Assembly: The Constituent Assembly was formed under the framework of the Cabinet Mission Plan (1946).

Members from the provinces were indirectly elected by the elected members of the Provincial Legislative Assemblies through a system of proportional representation by a single transferable vote.

2. Representation in the Constituent Assembly: The Constituent Assembly had 389 members, including representatives from British Indian provinces and princely states. Of these, 292 seats were allocated to provinces, and these members were elected by their respective provincial assemblies.

Each province and princely state (or group of states in case of small states) were to be allotted seats in proportion to their respective population. Roughly, one seat was to be allotted for every million population.

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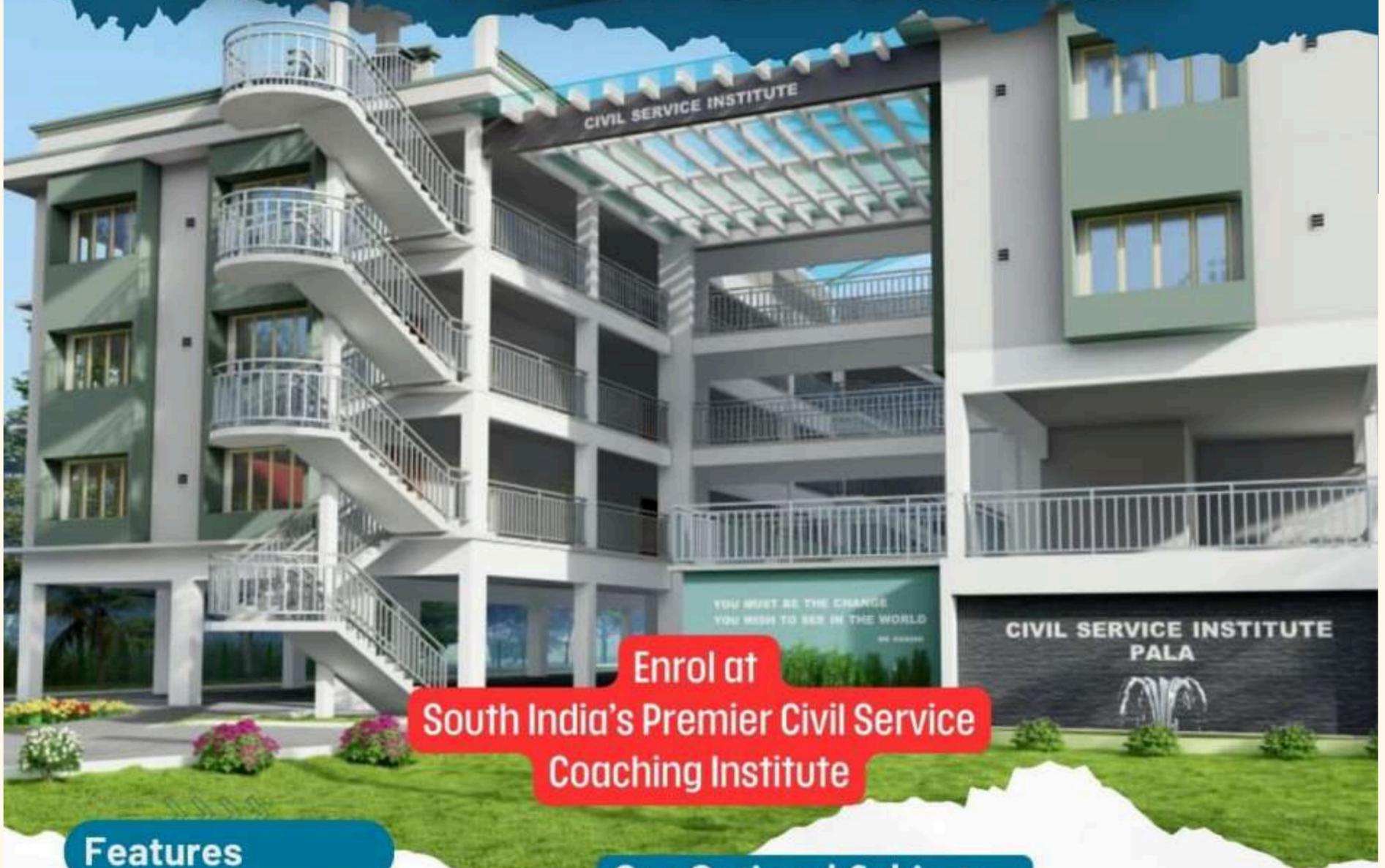
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