

THE PALA CIVIL TIMES

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P2. NATIONAL



SC sets aside NCLT order for relying on AI-crafted case law -
The Supreme Court has declared zero tolerance for AI-generated fictitious judicial precedents and proposed a regulatory framework for responsible use of AI in courts.

P3. NATIONAL



DAC gives approval for military purchase worth ₹52,000 crore - India's latest defence procurement approvals reflect a shift towards technology-driven military modernisation, indigenous capability development and multi-domain warfare.

P4. ECONOMICS



As gap widens between credit and deposit growth, banks turn to a costly solution -
Changing deposit patterns in the banking sector are reshaping banks' funding costs, profitability and credit growth in India.

P7. INTERNATIONAL



India and France to deepen cooperation in critical minerals -
India and France are expanding their strategic economic partnership through cooperation in critical minerals, economic security and resilient supply chains.

Editor's Note

As another week comes to a close, this edition brings together some of the most important developments shaping India's governance, economy, environment and international relations. In the International Relations section, we examine the evolving strategic partnership between India and Japan, the expanding economic engagement between India and France, and the changing dynamics of India's water diplomacy with its neighbours through developments relating to the Indus Waters Treaty and the Teesta River-Ganga Water Treaty discussions.

In the Decoded Editorials section, we analyse the growing demand to make cancer a nationally notifiable disease, highlighting its importance for public health surveillance. On the National front, we study India's ongoing defence modernisation through the Defence Acquisition Council's approval of nearly ₹52,000 crore worth of procurement proposals. We further examine the Supreme Court's landmark observations on the use of Artificial Intelligence in the judiciary, including its zero-tolerance approach towards AI-generated hallucinated judicial precedents and the emerging regulatory framework for responsible AI use in courts.

In the Economy section, our focus is on the changing funding structure of the Indian banking system, particularly the declining share of Current Account and Savings Account (CASA) deposits. Students are encouraged to approach each article not merely as a current affairs update but as an opportunity to build conceptual clarity. Understanding the broader policy context, institutional framework and long-term implications behind these developments will strengthen both factual retention for the Preliminary Examination and analytical ability for the Main Examination.

Editorials Decoded

The Indian EXPRESS

Delhi-Tokyo ties face the future



India and Japan are strengthening their strategic partnership to promote a free, rules-based Indo-Pacific amid evolving regional geopolitics and uncertainty over U.S. policy.

THE HINDU

Counting cancer



The growing cancer burden has renewed calls for making cancer a nationally notifiable disease to strengthen surveillance and evidence-based public health planning.

SC sets aside NCLT order for relying on AI-crafted case law

Recently the Supreme Court set aside an order of the **National Company Law Tribunal (NCLT)** on finding that it had relied upon fictitious, AI-generated judicial precedents while admitting insolvency proceedings against Essel Infraprojects Ltd. The Court described the use of **"hallucinated"** legal authorities as a serious threat to the judicial process and declared a ***policy of zero tolerance towards the citation or reliance on fabricated AI-generated material by both the Bar and the Bench.***

Growing Use of AI in the Judiciary

The increasing adoption of Generative Artificial Intelligence has transformed legal research, drafting, document summarisation and case management by significantly improving efficiency. However, these systems can also produce convincing but entirely fabricated information, commonly known as AI hallucinations, including non-existent judicial precedents and inaccurate legal interpretations. As courts increasingly explore technology to reduce case pendency and improve access to justice, the judgment underscores that technological advancement must always be accompanied by meaningful human oversight. Judicial reasoning, interpretation of law and appreciation of facts remain inherently human functions that cannot be delegated to automated systems.



Key Observations of the Supreme Court

The Supreme Court observed that even the slightest reliance on fake or hallucinated legal material contaminates the adjudicatory process and undermines the **rule of law**, fairness and public confidence in the judiciary. It cautioned that courts should never accept authorities cited by lawyers without independent verification and that judges themselves must exercise due diligence before relying on AI-assisted research. While acknowledging the utility of AI as a productivity-enhancing tool, the Court emphasised that it can only function in an assistive capacity and can never replace judicial reasoning or decision-making. It also warned that ***excessive dependence on AI may gradually weaken human reasoning, analytical ability and professional judgment***, all of which form the foundation of judicial independence and justice delivery.

RELEVANCE

GS II : Indian Polity

Draft Regulations for the Use of Artificial Intelligence in Courts, 2026

The Court referred to the Draft Regulations for Use of Artificial Intelligence in Courts, 2026, which seek to establish a responsible framework for AI adoption within the judiciary. The draft regulations provide that AI systems may be used only as assistive tools and cannot supplant the role of judges in adjudication. They require disclosure of AI-assisted filings, mandate human verification of AI-generated outputs and prohibit the use of AI in judicial decision-making, particularly in sensitive matters such as sentencing and the grant or denial of bail.

Institutional Response and Governance Significance

Recognising that responsible AI governance requires institutional cooperation, the Supreme Court directed the Bar Council of India to constitute a committee for framing professional norms governing the use of AI by advocates, including appropriate disciplinary measures for violations. The judgment also reinforces the responsibility of courts and tribunals to independently verify legal authorities before relying upon them.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.



Q. Which of the following statements with regard to Large Language Models (LLMs) used in machine learning is/are correct?

1. LLMs assign probabilities to the next possible words and then pick the one with the highest probability.
2. LLMs process data through mathematical optimization to minimise prediction errors.
3. LLMs produce unbiased outputs.

Select the answer using the code given below:

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

DAC gives approval for military purchase worth ₹52,000 crore

The Defence Acquisition Council (DAC), chaired by the Defence Minister, accorded Acceptance of Necessity (AoN) for defence acquisition proposals worth nearly ₹52,000 crore to strengthen the operational capabilities of the Indian Army, Navy and Air Force. The AoN marks the formal approval of the need for procurement and is the first stage in India's defence acquisition process. The approved proposals include **counter-drone systems (Akash Tarang), Man-Portable Anti-Tank Guided Missiles (MPATGM), Medium Range Surface-to-Air Missile (MRSAM) systems, Very Short Range Air Defence Systems (V-SHORADS), Active Protection Systems for armoured platforms, kamikaze drones, Naval Shipborne Unmanned Aerial Systems (NSUAS), Multi-Influence Ground Mines (MIGM) and Fixed-Wing High Altitude Pseudo Satellites (FW-HAPS)** for intelligence, surveillance and reconnaissance. The acquisitions reflect India's continued emphasis on network-centric warfare, multi-domain operations and indigenous defence modernisation in response to evolving security challenges. The approved systems will enhance capabilities in air defence, anti-armour warfare, counter-drone operations, maritime security, intelligence, surveillance, reconnaissance (ISR) and electronic warfare, while improving the Armed Forces' ability to address both conventional and emerging threats. The inclusion of technologies such as kamikaze drones, High Altitude Pseudo Satellites (HAPS) and advanced electronic warfare systems highlights the growing importance of autonomous systems, persistent surveillance and next-generation defence technologies in India's military preparedness. The approvals also align with the broader objectives of strengthening national security, promoting defence indigenisation under Aatmanirbhar Bharat, and building a technologically advanced and self-reliant defence ecosystem. Collectively, these acquisitions seek to enhance the Armed Forces' preparedness across land, air and maritime domains.

RELEVANCE

GS III : Internal Security

GS III : Biodiversity

Radio telemetry almost saved this vulture from death

A captive-bred, radio-tagged **White-rumped Vulture** (*Gyps bengalensis*) released in the Mudumalai Tiger Reserve was electrocuted after coming into contact with a power transmission line in the Nilgiris. The bird formed part of the first attempt to reintroduce a captive-bred White-rumped Vulture into the wild in South India after being bred at the Jatayu Conservation Breeding Centre, Haryana, and initially released in the Tadoba-Andhari Tiger Reserve. Radio telemetry revealed that the bird repeatedly moved away from suitable wild habitats and remained attracted to areas inhabited by humans, indicating difficulties in adapting to life in the wild.

The White-rumped Vulture (*Gyps bengalensis*) is one of **India's native vulture species** and is **classified as Critically Endangered on the IUCN Red List**, having suffered a population decline of more than 99% due primarily to poisoning from livestock carcasses containing the veterinary drug **diclofenac**, along with habitat-related threats and accidental poisoning in parts of its range. The recent incident highlights the need for continued scientific monitoring, careful site selection, post-release management and wildlife-friendly measures such as insulating or modifying power lines to improve the success of future vulture recovery programmes.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.



Q. With reference to the International Union for Conservation of Nature and Natural Resources (IUCN) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which of the following statements is/are correct? (2015)

1. IUCN is an organ of the United Nations and CITES is an international agreement between governments.
2. IUCN runs thousands of field projects around the world to better manage natural environments.
3. CITES is legally binding on the States that have joined it, but this Convention does not take the place of national laws.

Select the correct answer using the code given below: a) 1 only
 b) 2 and 3 only
 c) 1 and 3 only
 d) 1, 2 and 3

As gap widens between credit and deposit growth, banks turn to a costly solution

India's banking sector is witnessing a gradual shift in its deposit composition, with the growth of Current Account and Savings Account (CASA) deposits slowing while term deposits continue to expand. Although credit growth has recovered in recent months, deposit mobilisation has not kept pace, widening the gap between credit and deposit growth and increasing the banking system's Credit-to-Deposit (CD) Ratio. According to the Reserve Bank of India (RBI), the share of CASA deposits has declined from about 44% in FY22 to around 39%, while term deposits now account for more than 61% of total deposits. This changing liability profile has emerged as an important structural issue for the banking sector.

CASA Deposits: Importance for Banks

CASA deposits comprise Current Accounts, which generally do not earn interest, and Savings Accounts, which offer relatively low interest rates. They constitute the lowest-cost and most stable source of funds for banks, enabling them to extend loans while maintaining healthy Net Interest Margins (NIMs). Since retail customers generally maintain these deposits over longer periods, CASA funds are considered "sticky" liabilities, providing a reliable funding base for long-term lending. Consequently, a higher CASA ratio is regarded as an indicator of a strong banking franchise and efficient liability management.



Rise of Term Deposits and Reasons for the Shift

Term deposits—including Fixed Deposits (FDs), Recurring Deposits (RDs) and institutional instruments such as Certificates of Deposit (CDs)—offer higher returns in exchange for locking funds for a specified period. Their growth has accelerated as households increasingly seek better returns amid expanding investment opportunities such as mutual funds, equities and digital financial products. Banks have also relied more on term deposits and CDs to sustain credit growth and meet liquidity requirements. Additionally, measures encouraging foreign currency deposits, including Foreign Currency Non-Resident [FCNR(B)] deposits, have further strengthened the share of term deposits in the banking system.

RELEVANCE

GS III : Indian Economy

Challenges Arising from the Shift

The growing dependence on term deposits increases banks' cost of funds, as these deposits carry significantly higher interest rates than CASA deposits. Greater reliance on wholesale instruments such as Certificates of Deposit also exposes banks to refinancing and interest-rate risks because these funds are relatively short-term and more sensitive to market conditions. Consequently, sustained weakness in CASA mobilisation may compress banks' profitability, reduce Net Interest Margins, and increase funding vulnerabilities, particularly during periods of tighter liquidity or rising interest rates.

Implications and Way Forward

The changing deposit pattern reflects both evolving household investment preferences and the increasing competitiveness of India's financial markets. While the current low interest-rate environment has moderated funding pressures, persistent weakness in CASA growth could pose longer-term challenges to banking stability and profitability. Going forward, banks will need to strengthen their deposit franchise through digital banking, improved customer engagement and innovative savings products while maintaining prudent liquidity management. Sustaining a balanced mix of low-cost CASA deposits and higher-yielding term deposits will remain crucial for ensuring efficient credit expansion, financial resilience and long-term stability of the banking system.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.



Q. Among several factors for India's potential growth, savings rate is the most effective one. Do you agree? What are the other factors available for growth potential? (GS III – 2017)

Delhi-Tokyo ties face the future (Indian Express : 04-07-2026)

The strategic environment in the Indo-Pacific is witnessing significant changes as the United States appears to be recalibrating its approach towards China under the second Trump administration. Unlike the **first Trump administration**, which **emphasised coalition-building and strategic competition with China**, the current approach places greater emphasis on bilateral, transactional engagement. Developments such as the reported revival of the **Pacific Command (PACOM)** nomenclature, the narrower conception of U.S. interests in the 2025 National Security Strategy, and renewed U.S.–China engagement have raised concerns among regional partners regarding Washington's long-term strategic commitment to the Indo-Pacific.

Strategic Implications for India

The evolving U.S. posture has reinforced the need for India to strengthen its own strategic capabilities and diversify its regional partnerships. As the Indo-Pacific remains central to India's economic growth, maritime security and regional influence, India is increasingly pursuing strategic autonomy by accelerating defence modernisation, technological advancement and partnerships with like-minded countries. In this context, deeper engagement with Japan assumes greater significance in maintaining a stable, rules-based regional order and a favourable balance of power.

India-Japan Partnership: Convergence of Strategic Interests

India and Japan share a broad convergence of interests rooted in concerns over China's growing military assertiveness. While India faces unresolved boundary disputes with China, Japan continues to confront maritime and territorial challenges in the East China Sea. Both countries support a Free and Open Indo-Pacific (FOIP) founded on freedom of navigation, respect for international law and peaceful resolution of disputes. Beyond security, Japan contributes advanced manufacturing capabilities, capital investment, semiconductor expertise and high-quality infrastructure, while India offers a large market, skilled human resources and growing digital capabilities. Together, the two countries seek to build resilient supply chains, reduce dependence on Chinese technologies and rare earths, strengthen critical and emerging technologies, and promote sustainable connectivity across the Indo-Pacific.

Recent Developments in India-Japan Relations

Prime Minister Sanae Takaichi's visit to India further consolidated the Special Strategic and Global Partnership between the two countries. Both Prime Ministers reaffirmed their commitment to a free, prosperous and rules-based Indo-Pacific and announced the first bilateral agreement for the co-development of defence equipment through collaboration on naval radio antenna technology. The two sides agreed to deepen defence cooperation through expanded naval exercises, enhanced Maritime Domain Awareness (MDA) and greater collaboration in defence technology and industry. Economic ties also received a major boost with 129 Memoranda of Understanding covering technology, investment and artificial intelligence, alongside Japan's commitment to expand investments across several Indian States. The leaders also discussed cooperation in energy security, including strategic crude oil stockpiling, in view of uncertainties in West Asia.

Future Outlook

India and Japan are expected to play an increasingly important role in shaping the future security and economic architecture of the Indo-Pacific. Their partnership is likely to deepen across defence, maritime security, advanced manufacturing, semiconductors, clean energy, resilient supply chains and emerging technologies. As geopolitical competition intensifies, closer India-Japan cooperation will remain essential for preserving a stable, rules-based Indo-Pacific, strengthening regional resilience and advancing a multipolar order based on openness, security and shared prosperity.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.



Q. 'The West is fostering India as an alternative to reduce dependence on China's supply chain and strategically to counter China's political and economic dominance.' Explain this statement with examples. (GS II – 2024)

RELEVANCE

GS III : International relations

Counting cancer (The Hindu : 04-07-2026)

The demand for making cancer a nationally notifiable disease has gained renewed attention following Telangana's decision to notify cancer, taking the number of States with similar provisions to 17. While several States require reporting of all diagnosed cancer cases to public health authorities, India does not currently classify cancer as a notifiable disease at the national level. The Union Government primarily relies on Population-Based Cancer Registries (PBCRs) and Hospital-Based Cancer Registries (HBCRs), which together cover only about 10–16% of the population and remain largely concentrated in urban and government healthcare settings.

Notifiable Diseases in India: Meaning and Regulatory Framework

A notifiable disease is one that is legally required to be reported to designated public health authorities upon diagnosis. Notification enables timely surveillance, epidemiological investigation, risk assessment, disease monitoring and appropriate public health interventions. In India, the **power to notify diseases** primarily rests with **State Governments**, which determine the list of reportable diseases within their respective jurisdictions. Medical practitioners and diagnostic laboratories are legally required to report notified diseases to the designated public health authorities. While notifiable disease frameworks have traditionally focused on communicable diseases, several States have expanded their scope to include cancer for strengthening disease surveillance and planning.

Cancer Burden and the Need for Better Data

According to the Global Cancer Observatory (GLOBOCAN), India's annual cancer burden is projected to increase from approximately **1.41 million cases in 2022** to about **2.46 million cases by 2045**, representing an increase of more than 74%. Population ageing, increasing life expectancy, lifestyle changes, unhealthy dietary patterns and environmental risk factors are expected to drive this rise. However, existing cancer registries do not adequately capture cases from large sections of the population, particularly those receiving treatment in the private healthcare sector. Absence of comprehensive national data remains a major constraint in assessing the true disease burden.

Significance of Making Cancer a Notifiable Disease

- Making cancer a nationally notifiable disease would facilitate the creation of a comprehensive and reliable database covering all diagnosed cases across both public and private healthcare systems.
- Improved surveillance would support evidence-based policymaking, better allocation of healthcare resources, early detection programmes, cancer screening initiatives, research, and Information, Education and Communication (IEC) campaigns.
- Comprehensive reporting would also enable more accurate monitoring of regional disease patterns, treatment outcomes and emerging risk factors, thereby improving long-term public health planning.



Way Forward

With the projected increase in cancer incidence, India requires a robust nationwide surveillance framework that complements existing cancer registries. Recommendations made by the Indian Council of Medical Research (ICMR) for wider cancer notification merit careful consideration. A phased national notification mechanism, integrated with digital health infrastructure and supported by mandatory reporting from both public and private healthcare providers, can significantly improve the quality of cancer surveillance.

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"Besides being a moral imperative of a Welfare State, primary health structure is a necessary precondition for sustainable development." Analyse. (GS II – 2021)

RELEVANCE

GS II : Indian Polity - Local Government

Centre opens power bids to four China-linked firms



Recently, the Procurement Policy Division of the Ministry of Finance's Department of Expenditure issued an order permitting four Chinese-linked companies to bid for government power sector projects. The decision followed a request from the Ministry of Power seeking an exemption from an earlier procurement policy that required companies from countries sharing a land border with India to register with the Government of India before participating in bids for critical public power projects, with approval granted solely at the government's discretion. After deliberations by the Committee of Secretaries and the Registration Committee under the Department for Promotion of Industry and Internal Trade (DPIIT), the four companies were granted a two-year exemption, although the order explicitly clarified that this relaxation shall not be treated as a precedent for future cases. The latest decision forms part of India's gradual recalibration of restrictions imposed on Chinese investments following Press Note 3 (2020), which introduced mandatory government approval for investments from countries sharing a land border with India to prevent opportunistic acquisitions of distressed Indian companies during the COVID-19 pandemic. As part of this calibrated approach, the Ministry of Finance had earlier notified that overseas companies with up to 10% Chinese shareholding could invest under the automatic route, instead of requiring prior government approval. These measures indicate a case-by-case relaxation of investment and procurement restrictions, reflecting an attempt to balance national security concerns with infrastructure development, investment facilitation and supply chain requirements, while maintaining regulatory oversight over strategic sectors.

RELEVANCE

GS II : International Relations

India and France to deepen cooperation in critical minerals

India and France convened the India–France Economic and Financial Dialogue (EFD) in Aix-en-Provence, co-chaired by India's Finance Minister Nirmala Sitharaman and France's Minister for the Economy Roland Lescure. Held under the broader India–France Strategic Partnership, the dialogue reviewed the global economic outlook and explored avenues to deepen bilateral cooperation in critical minerals, economic security, investment, financial services and high-speed rail. The meeting also advanced the implementation of commitments made by Prime Minister Narendra Modi and President Emmanuel Macron during the latter's visit to India, reaffirming the importance of strengthening bilateral economic engagement amid an evolving global economic and geopolitical environment.

A major outcome of the dialogue was the decision to deepen cooperation on critical minerals, recognising their strategic importance for clean energy technologies, advanced manufacturing, semiconductors and resilient supply chains. The two sides also emphasised collaboration on economic sovereignty and economic security, reflecting a shared objective of reducing vulnerabilities arising from supply-chain disruptions and excessive dependence on a limited number of suppliers.

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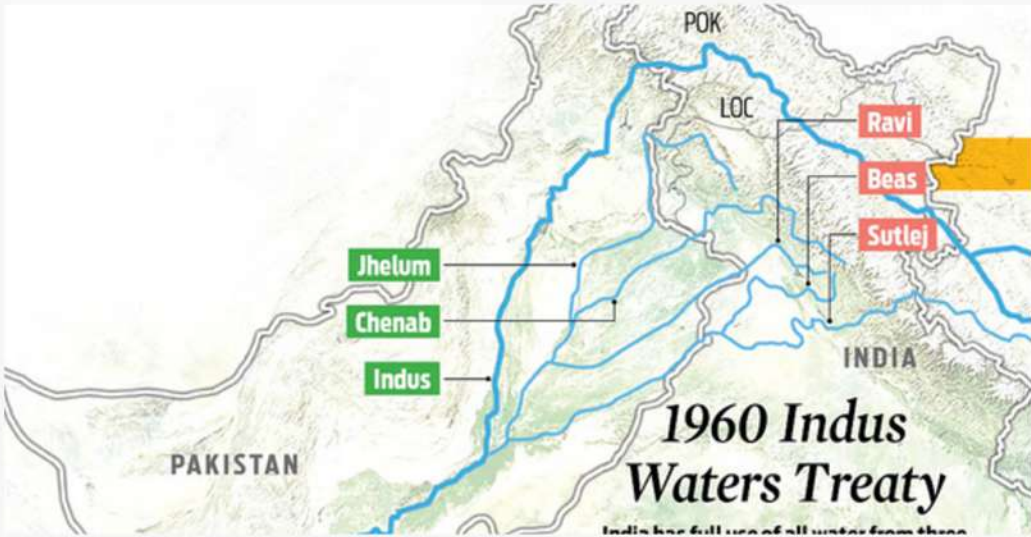
Q. Which of the following statements about Rare Earth Elements (REEs) and Critical Minerals is/are correct?

1. Modern technological innovations including Artificial Intelligence, robotics and space exploration extensively utilise Rare Earth Elements (REEs).
2. China has the highest share in mining of REEs followed by India.
3. The Government of India launched the National Critical Mineral Mission (NCMM) in 2025 to establish a robust framework for self reliance in the critical mineral sector.
4. Rare Earth Elements are a set of 13 metallic elements.

Select the answer using the code given below:

- (a) 1 and 3 only
- (b) 3 only
- (c) 1, 3 and 4
- (d) 1, 2 and 4

'No revival of Indus treaty if Pak. does not end terror'



India has reiterated that the Indus Waters Treaty (IWT), 1960 will remain in abeyance until Pakistan "credibly and irrevocably" ends its support for cross-border terrorism. The statement came in response to Pakistan's call for the restoration of the treaty at an international conference on the Indus River, amidst concerns over water availability during an ongoing heatwave. India had placed the treaty in abeyance following the Pahalgam terrorist attack (April 2025), citing Pakistan's continued sponsorship of cross-border terrorism as being incompatible with the spirit of goodwill and cooperation that underpins the treaty.

The Indus Waters Treaty, signed on 19 September 1960 by India, Pakistan and the World Bank after nearly nine years of negotiations, is regarded as one of the world's most enduring transboundary river agreements. The treaty allocates the **Eastern Rivers—Ravi, Beas and Sutlej—to India**, while the **Western Rivers—Indus, Jhelum and Chenab—are reserved primarily for Pakistan**. Although Pakistan receives the bulk of the waters of the western rivers, India retains limited rights (upto 3.6 million acre-feet (MAF) of water) for non-consumptive uses, including domestic needs, irrigation within specified limits, navigation and run-of-the-river hydropower projects, subject to the treaty's technical provisions. The treaty also established a Permanent Indus Commission for regular cooperation, information exchange and dispute resolution, with the World Bank playing a facilitative role under specified dispute-settlement mechanisms. For over six decades, the IWT has remained a cornerstone of India-Pakistan water sharing, even during periods of political and military tensions.

RELEVANCE

GS II : International relations

Will factor all related developments in approach to Teesta issue: India

India has stated that it will consider "all related developments" while formulating its overall approach to the Teesta River Comprehensive Management and Restoration Project (TRCMRP) following recent discussions between Bangladesh and China on the project. The Teesta River, a major tributary of the Brahmaputra (Jamuna in Bangladesh), originates in Sikkim, flows through West Bengal, and enters Bangladesh before joining the Jamuna River. The sharing of Teesta waters has remained unresolved since 2011, with differences over dry-season water allocation preventing the conclusion of a bilateral agreement. India reiterated that its development assistance to Bangladesh is guided by a mutually agreed roadmap and clarified that it would assess the evolving situation while continuing its engagement with Bangladesh. The issue also reflects the growing strategic dimension of China's infrastructure involvement in Bangladesh and its potential implications for regional connectivity and water-resource management.

While the Teesta issue has attracted renewed attention, India's immediate priority in bilateral water cooperation is the renewal of the Ganga Water Treaty, which expires on 31 December 2026. Signed on 12 December 1996, the treaty governs the sharing of Ganga waters at the Farakka Barrage during the lean season (March-May) and has remained the cornerstone of India-Bangladesh transboundary water cooperation for nearly three decades. India has conveyed its requirement for a greater share of lean-season flows to meet emerging developmental needs, and both countries are expected to negotiate a revised agreement, likely with a shorter duration to allow greater flexibility in future water management.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.



Q. With reference to the Indus river system, of the following four rivers, three of them pour into one of them which joins the Indus directly. Among the following, which one is such a river that joins the Indus directly? (2021)

- Chenab
- Jhelum
- Ravi
- Sutlej

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.



Q. Which of the following statements with regard to Large Language Models (LLMs) used in machine learning is/are correct?

1. LLMs assign probabilities to the next possible words and then pick the one with the highest probability.
2. LLMs process data through mathematical optimization to minimise prediction errors.
3. LLMs produce unbiased outputs.

Select the answer using the code given below:

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

Ans : b

Statement 1 : Large Language Models assign probabilities to the next possible words and then pick the one with the highest probability. This is correct. It is the core mechanism of autoregressive language models, which generate text by predicting the most likely next token.

Statement 2 : LLMs process data through mathematical optimization to minimise prediction errors. This is correct. During training, LLMs use optimization algorithms like stochastic gradient descent to minimize the cross-entropy loss (prediction error).

Statement 3 : LLMs produce unbiased outputs. LLMs are well-documented to produce biased outputs reflecting biases present in their training data. This is incorrect. This is a widely recognized limitation of current LLM technology. The 'bias' in LLMs is one of their major demerits.

Q. With reference to the International Union for Conservation of Nature and Natural Resources (IUCN) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which of the following statements is/are correct? (2015)

1. IUCN is an organ of the United Nations and CITES is an international agreement between governments.
2. IUCN runs thousands of field projects around the world to better manage natural environments.
3. CITES is legally binding on the States that have joined it, but this Convention does not take the place of national laws.

Select the correct answer using the code given below:

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

Ans : b

Statement 1 is incorrect. The International Union for Conservation of Nature (IUCN) is not an organ of the United Nations. It is a non governmental organization that works on environmental and conservation issues globally. However, CITES is indeed an international agreement between governments aimed at ensuring that international trade in wild animals and plants does not threaten their survival.

Statement 2 is correct. The IUCN is involved in numerous field projects and initiatives across the globe to promote sustainable management of natural resources and conserve biodiversity.

Statement 3 is correct. CITES is legally binding for the countries that have signed and ratified the Convention. However, it does not replace national laws. Each signatory country is responsible for implementing the provisions of CITES within its own legal framework.

PYQ Compass

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Q. With reference to the Indus river system, of the following four rivers, three of them pour into one of them which joins the Indus directly. Among the following, which one is such a river that joins the Indus directly? (2021)

- a) Chenab
- b) Jhelum
- c) Ravi
- d) Sutlej

Ans : d

Starting at the pinnacle of the world with glaciers, the Indus River supplies the flora and fauna of temperate forests, plateaus, and dry rural areas. In conjunction with the rivers Chenab, Jhelum, Sutlej, Ravi, Beas, and two tributaries from Afghanistan and Khyber Pakhtunkhwa, the Indus creates the Sapta Sindhu (Seven Rivers) delta of Pakistan. Chenab river moves into the lands of Punjab in the vicinity of Akhnur and is subsequently connected with the Jhelum. It creates the border between the Rechna and the Jech Doabs. The Chenab also meets the Ravi and the Sutlej in Pakistan. The Ravi River runs as a portion of the boundary between India and Pakistan for a particular distance prior to moving into Pakistan and meeting the Chenab River. The river moves into Pakistan in the vicinity of Sulemanki and is subsequently met by the Chenab.

Q. Which of the following statements about Rare Earth Elements (REEs) and Critical Minerals is/are correct?

1. Modern technological innovations including Artificial Intelligence, robotics and space exploration extensively utilise Rare Earth Elements (REEs).
2. China has the highest share in mining of REEs followed by India.
3. The Government of India launched the National Critical Mineral Mission (NCMM) in 2025 to establish a robust framework for self reliance in the critical mineral sector.
4. Rare Earth Elements are a set of 13 metallic elements.

Select the answer using the code given below:

- (a) 1 and 3 only
- (b) 3 only
- (c) 1, 3 and 4
- (d) 1, 2 and 4

Ans : a

Rare Earth Elements (REEs) and critical minerals play a vital role in advanced technologies, defense applications, and the global shift toward renewable energy systems.

Statement 1 is Correct. REEs are essential in producing specialized components such as microchips, sensors, and high performance magnets that are widely used in advanced technologies.

Statement 2 is incorrect. China holds the largest share in global REE mining; however, countries such as the United States or Australia generally rank next, rather than India.

Statement 3 is correct. The mission was introduced to enhance domestic exploration, support overseas acquisitions, and reduce dependence on imports of strategic minerals.

Statement 4 is Incorrect. Rare Earth Elements actually comprise 17 metallic elements, including the 15 lanthanides along with scandium and yttrium.

Practice Questions and answers

Q. A rising Credit–Deposit Ratio generally indicates that
 (a) banks are deploying a greater proportion of deposits as loans
 (b) banks have excess idle liquidity
 (c) NPAs are increasing
 (d) inflation is falling

Answer : (a)

The Credit–to–Deposit (CD) Ratio measures the proportion of a bank's deposits that has been deployed as loans. A rising ratio indicates that banks are lending a larger share of their deposits, reflecting stronger credit demand. However, if the ratio rises excessively without commensurate deposit growth, it may increase liquidity pressures and funding costs.

Why in News? Recently, the Reserve Bank of India (RBI) recently highlighted that credit growth has continued to outpace deposit growth, causing the banking system's Credit–to–Deposit Ratio to rise to around 82.5%. The trend is driven by slowing Current Account and Savings Account (CASA) deposits and increasing reliance on higher–cost term deposits, raising concerns over banks' funding profile, profitability and long–term financial stability.

Q. With reference to Notifiable Diseases in India, consider the following statements:

- 1.The power to notify a disease as a notifiable disease primarily rests with the State Governments.
- 2.Medical practitioners and diagnostic laboratories are legally required to report cases of notified diseases to the designated public health authorities.
- 3.All diseases declared as Public Health Emergencies by the World Health Organization (WHO) automatically become notifiable diseases across India.

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

Answer: (a) 1 and 2 only

Statement 1 – Correct: In India, the State Governments primarily determine which diseases are to be notified under their respective **public health laws**. **Consequently, the list of notifiable diseases may vary across States.**

Statement 2 – Correct: Once a disease is notified, medical practitioners, hospitals and diagnostic laboratories are legally required to report confirmed or suspected cases to the designated public health authorities to facilitate surveillance and timely public health interventions.

Statement 3 – Incorrect: A disease declared a Public Health Emergency of International Concern (PHEIC) by the WHO does not automatically become a notifiable disease in India. Notification depends on the legal and administrative decisions of the concerned governments within India.

Why in News? The issue has gained prominence after Telangana became the 17th State to notify cancer as a notifiable disease. The development has renewed discussions on whether cancer should be declared a nationally notifiable disease.