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The Hindu & The Indian express

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LS Speaker sets in motion process to remove HC judge

Birla constitutes three-member committee to probe charges against Justice Yashwant Varma over finding of burnt currency notes at his residence; panel to submit its report as early as possible

Sandeep Phukan
NEW DELHI

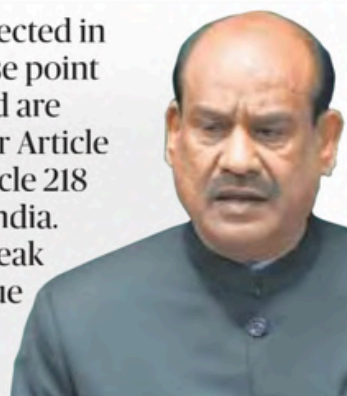
Lok Sabha Speaker Om Birla on Tuesday set in motion the process of removing Justice Yashwant Varma of Allahabad High Court by admitting a motion, signed by 146 members, and constituting a three-member inquiry committee to probe the charges against Justice Varma.

The inquiry committee comprises Supreme Court judge Justice Aravind Kumar, Madras High Court Chief Justice Manindra Mohan Shrivastava and senior Karnataka High Court advocate B.V. Acharya.

Justice Varma was repatriated from the Delhi High Court to the Allahabad High Court after burnt wads of currency notes were found at his official

The facts connected in the present case point towards corruption and are eligible for action as per Article 124, Article 217 and Article 218 of the Constitution of India. Parliament needs to speak in one voice on this issue

OM BIRLA
Lok Sabha Speaker



residence on March 14. Later, an in-house inquiry of the Supreme Court had indicted Justice Varma.

"The committee will submit its report as early as possible. The proposal [for removal of Justice Varma] will remain pending till the receipt of the report of the inquiry committee," Mr. Birla informed the House.

He said he accepted the proposal received on July 21 and constituted a three-

member panel for the removal of the judge from his post in accordance with Section 3(2) of the Judges (Inquiry) Act 1968.

'Foundation of trust'

Mr. Birla said unimpeachable character and financial and intellectual integrity were the foundation of the trust a common person has in the judiciary. "The facts connected in the present case point towards

corruption and are eligible for action as per Article 124, Article 217 and Article 218 of the Constitution of India. Parliament needs to speak in one voice on this issue and every citizen of this country should send a clear message about its commitment to zero tolerance to corruption."

Earlier, then Chief Justice of India Sanjiv Khanna had asked Justice Varma to resign or face impeachment proceedings after receiving the report of an in-house probe committee in March. As Justice Varma refused to quit, CJI Khanna forwarded the report to the President and the Prime Minister for the removal of the judge.

Though Justice Varma had moved the SC against CJI Khanna's recommendation for his removal, the top court rejected his plea.

Usage in Prelims:

- Articles 124, 217, 218 – removal of judges.
- Judges (Inquiry) Act, 1968 – composition of inquiry committee.

Usage in Mains (GS-2):

Judicial accountability vs. judicial independence.

Context

The removal process for Justice Yashwant Varma of the Allahabad High Court has been initiated after a motion signed by 146 Lok Sabha members was admitted by the Speaker, Om Birla. Allegations include the discovery of burnt bundles of currency notes at his residence. A three-member inquiry committee has been constituted under Section 3(2) of the Judges (Inquiry) Act, 1968. The case operates under the constitutional provisions of Articles 124, 217, and 218, which govern the removal of Supreme Court and High Court judges.

Removal of Judges – Supreme Court & High Court

Supreme Court Judges:

- Article 124(4): Removal by the President on grounds of proved misbehaviour or incapacity.
- Article 124(5): Parliament to regulate the procedure by law.



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High Court Judges:

- Article 217(1)(b): Removal on grounds of proved misbehaviour or incapacity.
- Article 218: Applies the same procedure as for Supreme Court judges under Article 124(4) and 124(5).
- In both cases, the procedure is governed by the Judges (Inquiry) Act, 1968.

Step-by-Step Procedure (Same for Both SC & HC Judges):

Initiation of Motion

- Motion must be signed by at least 100 members of the Lok Sabha or 50 members of the Rajya Sabha.
- It is submitted to the Speaker (Lok Sabha) or Chairman (Rajya Sabha).

Admission of Motion

- The Speaker or Chairman can admit or reject the motion.

Constitution of Inquiry Committee

- Once admitted, a 3-member committee is set up under Section 3 of the Judges (Inquiry) Act, 1968.
- Members include:
 1. A Supreme Court judge.
 2. A Chief Justice of a High Court (not from the concerned HC).
 3. An eminent jurist.

Committee Investigation and Report

- The committee investigates the charges.
- If the judge is found not guilty, the process ends.
- If guilty, the motion for removal is taken up for discussion and voting in both Houses.

Parliamentary Approval

- Each House must pass the motion separately by:
 - A majority of the total membership of that House, and
 - A two-thirds majority of the members present and voting.

Order by President

- Once both Houses pass the motion, the President issues the order for removal of the judge.

Consider the following statements:

1. The motion to impeach a Judge of the Supreme Court of India cannot be rejected by the Speaker of the Lok Sabha as per the Judges (Inquiry) Act, 1968.
2. The Constitution of India defines and gives details of what constitutes 'incapacity and proved misbehaviour' of the Judges of the Supreme Court of India.
3. The details of the process of impeachment of the Judges of the Supreme Court of India are given in the Judges (Inquiry) Act, 1968.
4. If the motion for the impeachment of a Judge is taken up for voting, the law requires the motion to be backed by each House of the Parliament and supported by a majority of total membership of that House and by not less than two-thirds of total members of that House present and voting.

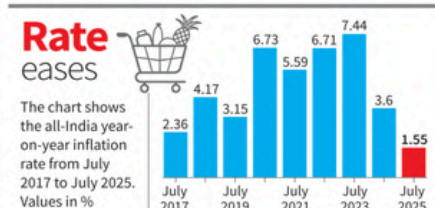
Which of the statements given above is/are correct?

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

PYQ 2019



Retail inflation hits 8-year low of 1.55% as food prices drop



The Hindu Bureau
NEW DELHI

Retail inflation in India slipped to 1.55% in July, its lowest rate since June 2017, driven by a drop in food prices. This is below the Reserve Bank of India's comfort band of 2% to 6%. The Consumer Price Index (CPI), released by the Ministry of Statistics and Programme Implementation on Tuesday, showed that inflation has been easing for nine consecutive months.

The rate of inflation in the food and beverages category came in at -0.8% in July, lower than the -0.2% seen in June, and the 5.1% rate in July 2024.

"In the food basket, there was deflation in key items such as vegetables, pulses, spices, and meat," said Rajani Sinha, chief economist at CareEdge Ratings. "Looking ahead, food inflation is likely to remain contained." Vegetable and pulses inflation contracted 21% and 14% respectively, driven by a high base and falling prices. Ms. Sinha said the good progress of the monsoon, adequate reservoir levels, and strong *kharif* sowing bode well for agricultural output and food price stability.

Core inflation, which excludes the impact of food and fuel prices, also eased to 4.1% in July 2025 from 4.4% in the previous month, nearly at the RBI's

target of 4%.

The other broad categories in the CPI saw little change from the previous month. The paan, tobacco, and intoxicants category saw inflation remain flat at 2.4% in July. Similarly, the clothing and footwear category saw inflation ease marginally to 2.5% in July from 2.5% in June.

Inflation in the housing segment remained at 3.2% in July, while the fuel and light category saw inflation quicken to 2.7% in July from 2.5% in June.

High base benefit

Dipanwita Mazumdar, an economist at the Bank of Baroda, said that a statistical high base will continue to keep the inflation rate down between September and December 2025.

"The current cycle is acting in favour of us when the inflationary impact from tariffs is the centre point of global discussions," she said in a note. "We expect the downside risk to global growth will largely keep international commodity prices in check. This is expected to partly negate the higher tariff rates in place." However, she added that India needs to be watchful in case it has to completely stop buying Russian oil in compliance with U.S. President Donald Trump's demands. "In this case, some diversification towards Kuwait and Iraq would also lend support."

Usage in Prelims: Inflation Concepts: Retail inflation, core inflation, base effect

Context of the Article

Retail inflation in India dropped to 1.55% in July 2025, the lowest since June 2017, mainly due to falling food prices. This level is well below the Reserve Bank of India's comfort band of 2%–6%. The data, released by the Ministry of Statistics and Programme Implementation (MoSPI), shows inflation easing for nine consecutive months. Economists attribute this trend to a combination of the high base effect, better monsoon conditions, adequate water reservoirs, and strong *kharif* sowing.

Keywords

Retail Inflation

- **Definition:** The rate at which the prices of goods and services consumed by households rise over a given period.

- **Measurement:** In India, measured using the Consumer Price Index (CPI).
- **Context here:** Retail inflation fell to 1.55% in July 2025.

Consumer Price Index (CPI)

- **Definition:** Measures the change in the price level of a fixed basket of goods and services purchased by households.
- **Components:** Includes categories like food, housing, fuel, clothing, and services.
- **Importance:** Main measure of retail inflation in India, used by RBI for inflation targeting.
- **Context here:** MoSPI's CPI data showed nine straight months of easing inflation.



Core Inflation

- **Definition:** Inflation measure that excludes volatile components like food and fuel prices, to capture underlying long-term price trends.
- **Context here:** Core inflation eased to 4.1% in July 2025 from 4.4% in June.

High Base Effect

- **Definition:** A statistical phenomenon where the inflation rate appears lower because prices were already high in the same period of the previous year.
- **Context here:** Inflation looked low partly because July 2024 prices (the base) were very high, making the year-on-year change appear smaller.

A rapid increase in the rate of inflation is sometimes attributed to the “base effect”. What is “base effect”?

- (a) It is the impact of drastic deficiency in supply due to failure of crops
- (b) It is the impact of the surge in demand due to rapid economic growth
- (c) It is the impact of the price levels of previous year on the calculation of inflation rate
- (d) None of the statements (a), (b) and (c) given above is correct in this context

PYQ 2011

How does satellite internet work?

Why are ground-based internet networks economically unviable? How does the dual nature of satellite internet manifest? What are the three main orbits in which such satellites are deployed? Will it be more expensive than terrestrial broadband?

EXPLAINER

Ashwin Prasad

In today's increasingly digitised world, internet connectivity is an absolute necessity, across both military and civilian domains. With Elon Musk's Starlink about to make its debut very soon in India, internet infrastructure is going to fundamentally change.

Why do we need satellite internet?

Ground-based networks use cables and towers. They are the most common form of internet provision, especially in densely populated urban areas. However, they have some limitations. Their reliance on physical infrastructure makes them economically unviable in sparsely populated regions. They are also vulnerable to disruptions from natural disasters such as floods and earthquakes. Furthermore, they often cannot meet the demand for on-the-go connectivity in remote locations or for temporary operations.

Satellite internet emerges as a powerful solution to these challenges. Functioning on a global scale, it provides extensive and resilient coverage. This coverage functions regardless of terrain or the presence of terrestrial infrastructure. It can be deployed rapidly to manage sudden demand surges, and also provides connectivity within moving platforms like airplanes and remote sites such as offshore oil rigs. Thus, satellite internet is not merely a backup system. It is a transformative technology with the potential to reshape the digital economy, civil infrastructure, and military strategy.

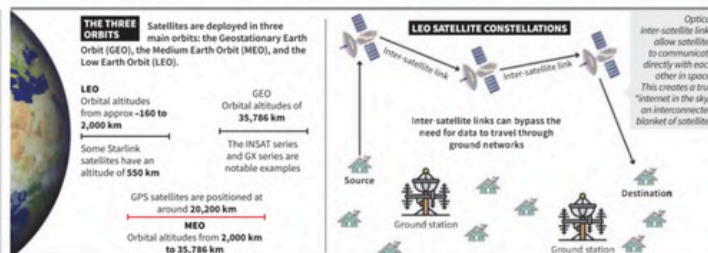
What are the features of satellite internet?

The advent of satellite mega-constellations such as Starlink signals a new era in space-based internet. These comprise hundreds or even thousands of satellites orbiting a few hundred kilometres above Earth. This "internet in the sky" offers a plethora of applications in military operations, disaster response, healthcare, agriculture, and transportation. However, this technology has a dual-use nature, serving both civil and military ends. This introduces complex security dynamics.

Contemporary events underscore this technology's profound impact. When Hurricane Harvey struck the Texas coast in 2017, it knocked out 70% of cell towers in affected regions. Viasat's satellite internet became a lifeline for coordinating rescue operations. Similarly, in the Russia-Ukraine war, Space's Starlink has been pivotal for Ukrainian defence forces. They have relied on it for coordinating troop movements, medical evacuations, and drone operations. Ukrainians even fitted Starlink devices on drones to bypass Russian jamming systems. Satellite internet also enhances operational readiness in isolated conflict zones, as shown by the Indian Army's use of it on the Siachen Glacier. Conversely, its borderless nature facilitates illicit use. Security forces in India have confiscated smuggled Starlink devices from insurgent groups and drug rackets. These instances reveal that control over satellite internet infrastructure is becoming a new dimension of national power.

How does satellite internet work?

A satellite internet network is composed of a space segment and a ground segment. The space segment consists of the satellites in orbit, while the ground



segment includes all equipment on Earth that communicates with them. The satellites are the most capital-intensive component. They carry communication payloads for data transmission and have a service life of five to 20 years. Their deployment requires careful planning, especially concerning orbital altitude, which determines the satellite's capabilities and coverage. Satellites are deployed in three main orbits: the Geostationary Earth Orbit (GEO), the Medium Earth Orbit (MEO), and the Low Earth Orbit (LEO).

What are differences between satellites deployed in different orbits?

GEO satellites orbit at 35,786 km above the equator. They match the Earth's rotation, allowing them to remain stationary relative to a point on the ground. This high altitude allows a single GEO satellite to cover nearly one-third of the Earth's surface, though not the polar regions. Viasat's Global Xpress (GX) system is a notable example. GEO satellites are also typically large. They act as "bent pipes," simply relaying signals back to Earth without processing them. Their significant drawback is high propagation latency. The long distance signals must travel result in delays, making GEO systems unsuitable for time-sensitive applications like video conferencing or real-time transactions.

MEO satellites operate at altitudes between 2,000 km and 35,786 km. They offer a compromise between GEO and LEO systems. Their latency is lower than that of GEO satellites, but they still require a constellation for global coverage. The O3b MEO constellation, for instance, consists of 20 satellites. However, their latency is often insufficient for many real-time applications, and the satellites remain large and costly to launch.

LEO satellites orbit at altitudes below 2,000 km. Their proximity to Earth results in very low latency. They are also smaller, often table-sized, making them

cheaper and quicker to deploy. Their main disadvantage is their smaller coverage area. A single Starlink LEO satellite's footprint is comparable to an Indian metropolitan city. To achieve global coverage, LEO systems form "mega-constellations." These are networks of hundreds or thousands of satellites working in unison. Starlink has over 7,000 satellites in orbit, with plans for up to 42,000.

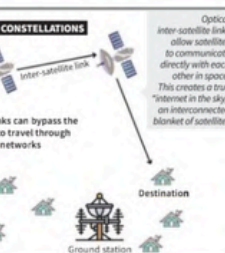
How do mega-constellations work?

LEO mega-constellations leverage their numbers to turn limitations into strengths. The smaller satellites are capable of on-board signal processing. This enhances data transmission efficiency, improves signal quality, and allows for greater flexibility. This on-board intelligence simplifies the user terminals on the ground. Terminals become smaller, cheaper, and more accessible to individual households.

A key innovation was the use of optical inter-satellite links. These allow satellites to communicate directly with each other in space. This creates a true "internet in the sky," an interconnected blanket of satellites. This network can route data globally with minimal reliance on ground stations, reducing latency and increasing efficiency. However, maintaining continuous connectivity is a challenge. LEO satellites move at nearly 27,000 km per hour. They stay within a user's line of sight for only a few minutes. To ensure uninterrupted service, the network must seamlessly "hand-off" the connection from one satellite to the next. This is achieved with steerable antennas that can track multiple users and ground stations simultaneously, much like moving spotlights on a stage.

What are the applications of satellite internet?

For the end-user, modern LEO satellite internet is a major advancement. User terminals are now compact and easy to



Nations now recognise satellite internet as a new dimension of power. It is imperative for countries like India to develop comprehensive strategies to integrate the technology into national resilience plans. India should also leverage it to bridge the digital divide and foster economic development

set up without professional help. However, the service is still more expensive than terrestrial broadband. While terminals cost around \$500, and monthly services start at about \$50, the cost is often justified for those in remote areas or in industries where connectivity is paramount.

The future promises even greater accessibility. Companies like AST SpaceMobile and Starlink are testing direct-to-smartphone services. This innovation could eliminate the need for separate user terminals altogether. As the technology becomes mainstream, specialised hardware may be integrated directly into devices like smartphones and laptops.

The applications for satellite internet are vast and transformative. In communications, it provides network access to remote areas and enables the Internet of Everything (IoE). In transportation, it will enhance navigation systems, support self-driving cars, and improve logistics. In public administration and disaster management, it can power smart cities, provide early warnings, and coordinate rescue efforts. The healthcare sector can benefit from telemedicine and remote patient monitoring. Agriculture can leverage it for precision farming and crop health analysis. It also has significant applications in environmental monitoring, energy exploration, tourism, and defence.

Therefore, satellite internet presents immense opportunities but also creates complex security and regulatory challenges. Nations now recognise satellite internet as a new dimension of power. It is imperative for countries like India to develop comprehensive strategies to integrate the technology into national resilience plans. India should also leverage it to bridge the digital divide and foster economic development. Finally, active participation in shaping its international governance is crucial as these mega-constellations will define the next era of global connectivity and strategic advantage.

Ashwin Prasad is with the Takshashila Institution.



Amid conflict: Servicemen of the Armed Forces of Ukraine set up a Starlink satellite internet system, amid Russia's attack on Ukraine, near Pokrovsk in the Donetsk region, Ukraine on April 10. REUTERS

Mains: Role of satellite internet in digital inclusion, disaster management, and national security

Context

The rise of projects like Elon Musk's Starlink signals a shift from traditional, ground-based internet delivery systems to satellite-based systems capable of reaching remote, disaster-hit, and conflict-prone regions. This advancement has important civilian and military applications, and is being recognised as a tool for national resilience and economic growth.

Summary

Difference from Traditional Internet:

- **Traditional Internet:** Uses cables (optical fibre, copper) and towers to transmit data. Effective in urban areas but limited in remote or disaster-hit zones due to infrastructure gaps, high costs, and vulnerability to damage.
- **Satellite Internet:** Uses satellites in space to beam internet signals directly to ground receivers. Can provide connectivity in any location without relying on continuous ground-based infrastructure.



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Satellite Orbits:

- **GEO (Geostationary Earth Orbit):** ~35,786 km altitude, large coverage, high latency, expensive but stable connection.
- **MEO (Medium Earth Orbit):** 2,000–36,786 km altitude, used for navigation systems, moderate latency.
- **LEO (Low Earth Orbit):** 160–2,000 km altitude, low latency, small satellites, quicker deployment; example: Starlink.

LEO Mega-Constellations:

- Thousands of satellites providing near-global coverage.
- Each satellite is “overhead” for only a few minutes before passing the signal to the next one.

Applications:

- Emergency communications, disaster relief, military operations, education, healthcare, transport, connecting rural areas.

Challenges and Prospects

- Current costs are high but expected to decline with scale.
- Nations see it as a strategic asset; India is advised to create policies for integrating it into digital and economic strategies.



CBSE plans open-book exams: This is how the format has fared

VIDHEESHA KUNTAMALLA
NEW DELHI, AUGUST 12

THE CENTRAL Board of Secondary Education (CBSE) has decided to introduce open-book assessments (OBE) in Class 9 from 2026-27, after a pilot study showed strong "teacher support" for the idea.

The pilot was carried out in November-December 2023 for English, Mathematics and Science in Classes 9 and 10, and for English, Mathematics, and Biology in Classes 11 and 12. The clearing of the plan by the CBSE Governing Body in June this year has put the spotlight on OBEs and the debate over their place in Indian classrooms.

What are open-book exams?

An open-book exam allows students to use approved materials such as textbooks and class notes during an assessment, rather than mainly testing their memory.

For the examinee, the challenge lies in knowing where to look, making sense of the

material, and applying it to the problem at hand. In a science paper, for example, the facts may be in front of the student, but the test is to link them together to reach a conclusion. Open-book exams evaluate whether students can interpret ideas effectively.

What is the history of OBEs globally?

Open-book exams have been around for decades.

Hong Kong introduced them as early as in 1953. A study by Hong Kong researchers Ming-Yin Chan and Kwok-Wai Mui noted that "first-time OBE takers viewed the format positively but prepared shallowly: students had a positive perception towards open-book examinations". ("The use of open-book examinations to motivate students: a case study from Hong Kong", *World Transactions on Engineering and Technology Education*, 2004)

The study found that many students spent only 10-15 minutes reading questions and locating the material. Some condensed

classroom notes or borrowed from "worked-example" books to navigate the paper.

Between 1951 and 1978, studies in the US and the UK conducted open-book trials, ranging from multiple-choice questions and essays, across a range of university courses.

"The overall findings of these open-book exams were largely the same with a positive impact on internalization rather than memorisation... Weaker students did better in open-book examinations and were found to measure different abilities from those measured in traditional examinations," Mamta

and Nitin Pillai noted in a 2022 paper in *Towards Excellence* journal.

Despite early experiments, OBEs remain rare in high-stakes school exams. Most secondary boards and standardised tests — such as the UK's GCSEs or the US SATs — still require closed-book answers.

When the Covid-19 pandemic changed this situation temporarily, many students struggled initially — not because of the sub-

ject matter, but because they were not familiar with the OBE format.

Is OBE new to India?

In 2014, CBSE launched the Open Text-Based Assessment (OTBA) to steer students away from rote learning. It was applied to Class 9 Hindi, English, Mathematics, Science, and Social Science exams, and to Class 11 final exams in Economics, Biology, and Geography. Students were given reference material four months in advance.

By 2017-18, CBSE had dropped the initiative, having concluded that OTBA had not succeeded in developing the "critical abilities" it was meant to promote.

Open-book formats have a stronger presence in collegiate education. The All India Council for Technical Education (AICTE) approved their use in engineering colleges in 2019 following the recommendation of an expert panel. During the pandemic, Delhi University, Jamia Millia Islamia, Jawaharlal Nehru University and Aligarh Muslim University used OBEs, while IIT Delhi, IIT

Indore and IIT Bombay ran them online.

Delhi University held its first OBE in August 2020, and the last in March 2022. It returned to physical exams in January 2022 but allowed another round for students admitted in November 2021.

More recently, Kerala's higher education reforms commission has proposed using the format only for internal or practical exams.

What does research say about OBE?

A Norwegian study published in 2000 reported that students taking OBEs were more likely to look for connections between ideas instead of just recalling facts ('Open-Book Assessment: A Contribution to Improved Learning?', Tor Vidar Eilertsen and Odd Valdermo, *Studies in Educational Evaluation*).

At AIIMS Bhubaneswar, research found that medical students reported lower stress in OBE settings. In a pilot study published by Cambridge University Press and involving 98 students, 78.6% passed. Of the 55 who gave feedback, most described the format as "stress-free", though many pointed to patchy Internet

in the online setting as a major drawback.

At DU, a study by Dhananjay Ashri and Bibhu P Sahoo found students scored higher in OBEs, even without specific training in the skills the format demands. Research by Mamta and Nitin Pillai at Nirma University argued that real gains require specific training — teaching students how to break down a question, analyse concepts, and apply them, instead of merely looking up answers.

Why has CBSE approved OBE now?

It is part of a larger shift in the way schools approach assessment. The National Education Policy (NEP) 2020 calls for moving away from rote memorisation and towards competency-based learning.

The National Curriculum Framework for School Education notes that current assessments "measure rote learning" at best and "create fear" at worst. To change that, it calls for exam formats that work for different learning styles and give students feedback, while still aiming to improve overall learning outcomes.



GS Paper 2

Education Aspect: Education policy reforms, assessment methods, competency-based learning, NEP 2020 implementation.

CBSE Open-Book Exams

Context

- CBSE to introduce Open-Book Exams (OBE) for Class 9 from 2026–27.
- Decision follows a pilot study (Nov–Dec 2023) in selected schools.
- Aim: Shift from rote learning to competency-based assessment under NEP 2020 & National Curriculum Framework 2023.

History

- First known use in Hong Kong, 1953.
- USA & UK conducted trials between 1951–1978.
- In India:
 - CBSE introduced OTBA in 2014 for select subjects.
 - Scrapped in 2017 due to inability to develop critical thinking skills.

Advantages (Benefits)

- Encourages application of knowledge over memorisation.
- Develops critical thinking & analytical skills.
- Reduces exam stress; closer to real-world problem-solving.
- Encourages familiarity with resources and information-finding skills.
- Supports NEP 2020's goal of holistic and deeper learning.

Disadvantages (Limitations)

- Risk of over-reliance on materials instead of understanding.
- Poorly designed questions may still lead to rote-based answers.

- Time pressure remains if students are not well-prepared.
- Requires teacher training for effective question design.
- Students unfamiliar with the format may face initial disadvantage.

Research Insights

- Norwegian study (2000): OBEs improve understanding.
- Indian studies: unfamiliarity and lack of preparation reduce effectiveness.

Conclusion

- CBSE's move is a significant shift in assessment culture.
- Success will depend on question quality, teacher preparation, and student orientation.
- If implemented well, OBEs could modernise India's education system and promote skills relevant to the 21st century.

Mains Question (150 words)

“Open-Book Exams have the potential to transform India's school assessment system. Critically analyse their advantages and limitations in light of CBSE's plan to introduce them from 2026–27.”



Govt. fails to transfer ₹3.69 lakh-cr. cess to designated funds: CAG

The bulk of the short allocations date back to 1974 but others are more recent, the data from the Comptroller and Auditor General shows

T.C.A. Sharad Raghavan
NEW DELHI

As of 2023-24, the Centre had failed to transfer ₹3.69 lakh crore worth cess collections to the relevant funds for which they were levied, the Comptroller and Auditor General (CAG) found.

In its report tabled in Parliament, the CAG found shortfalls in transfers to funds created for investor education and protection, monetisation of national highways, development of oil industry and health and education in the country.

Gas/oil cess

The single-largest source of this shortfall in transfers was to do with the Oil Industry Development Board (OIDB). The Oil Industry (Development) Act, 1974 had provided for the setting up of the OIDB for the development of the oil industry. For that purpose, a cess was imposed on crude oil and natural gas.

"We found since FY1974-75 to FY2023-24, total cess on crude oil collected by the Government was ₹2,94,850.56 crore (including ₹18,845.98 crore during FY 2023-24," the CAG said, and "since FY 1974-75 to FY 1991-92, only ₹902.40 crore has been transferred to the OIDB and thereafter no funds have been



Money matters: The single-largest source of shortfall in transfers was to do with the Oil Industry Development Board (OIDB).

transferred."

An analysis by *The Hindu* of the government's budget documents showed it transferred ₹17,730 crore in 2024-25 and budgeted a transfer of ₹19,376 crore in 2025-26 to the fund.

The other large cess collected but not adequately transferred to the relevant fund was the Health and Education Cess. The Government had imposed an Education Cess at 2% with effect from April 1, 2004.

Health & education cess

In 2007, the Government levied an additional Secondary and Higher Education cess of 1% on income tax and surcharge. From April 1, 2018, the levies were replaced with a single 4% Health and Education Cess. The CAG found the Centre did not transfer a

total of ₹37,537 crore collected as cess from 2018-19 to 2023-24 to the education and health funds.

In its reply, the Finance Ministry said between 2018-19 and 2023-24, it transferred ₹3.66 lakh crore to the designated funds, which was in excess of what it had collected from the relevant levies during that time.

Need to reconcile

However, the CAG pointed out Government accounts showed transfer to the funds at ₹2.65 lakh crore.

"This needs to be reconciled by the Ministry," it added. Other funds where there was shortfall were Investor Education and Protection Fund (₹2,505.5 crore) and Monetisation of National Highways Fund (₹5,968.1 crore).

Context:

The Comptroller and Auditor General (CAG) reported that as of 2023-24, the Union Government failed to transfer ₹3.69 lakh crore worth of cess collections to the designated funds for which they were levied. This shortfall spans decades, starting from 1974, and affects funds for investor education, national highway monetisation, oil industry development, and health & education.

Tax – A compulsory charge on income, goods, services, or property to fund general govt. expenditure like defence, welfare, and infrastructure. Levied on all eligible taxpayers; central taxes are shared with states. Examples: Income Tax, GST.

Cess – A "tax on tax" imposed for a specific, named purpose (e.g., education, health) and calculated on the tax amount. Paid by all taxpayers with tax liability; temporary; not shared with states, retained by Centre for the stated purpose. Examples: Education Cess, Health & Education Cess.

Surcharge – An extra charge on tax, mainly on high-income individuals or companies above a set threshold. Progressive in nature; goes to Consolidated Fund of India without earmarking; not shared with states. Examples: 10-37% surcharge on income tax for the super-rich.

Article 270 – Centre shares taxes with States, but cess & surcharge are excluded; cess must be for a specific purpose and Centre keeps full proceeds.

Article 271 – Parliament can levy surcharge on certain taxes; full proceeds go to Centre, no earmarked purpose.



DAILY MCQs FOR PRACTICE

Q1. With reference to the process of removal of a High Court judge in India, consider the following statements:

1. The motion for removal can be initiated only in the Lok Sabha.
2. The process involves a special majority in both Houses of Parliament.
3. The removal is executed by the President after Parliament's approval.

Which of the statements given above is/are correct?

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

Q2. Consider the following statements regarding retail inflation in India:

1. Retail inflation in India is measured using the Wholesale Price Index (WPI).
2. The base effect can influence year-on-year inflation figures.
3. Core inflation excludes volatile items such as food and fuel.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

Q3. Regarding satellite-based internet services, consider the following statements:

1. They require a network of low-earth orbit (LEO) satellites.
2. They can provide internet connectivity in remote and rural areas without ground infrastructure.
3. The term "overhead" refers to the cost of satellite launches.

Which of the statements given above is/are correct?

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

DAILY MCQs FOR PRACTICE

Q4. With reference to the open-book examination format in India, consider the following statements:

1. It is currently implemented across all CBSE schools in India.
2. Open-book exams focus more on analytical and application-based skills rather than rote memorization.
3. One of its limitations is the potential for students to become overdependent on reference materials during the test.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 and 3 only
- C. 1 and 2 only
- D. 1, 2 and 3

Q5. Regarding cess in the Indian taxation system, consider the following statements:

1. Cess revenue is shared between the Centre and the States.
2. The purpose of a cess is to fund a specific scheme or project.
3. The proceeds from a cess are part of the Consolidated Fund of India.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3



DAILY MCQs FOR PRACTICE

GS-II: Governance, Constitution, Polity, Social Justice and International Relations

Polity & Constitution

- Indian Constitution—Historical Underpinnings, Evolution, Features, Amendments, Significant Provisions and Basic Structure.
- Functions and Responsibilities of the Union and the States, Issues and Challenges Pertaining to the Federal Structure, Devolution of Powers and Finances up to Local Levels and Challenges therein.
- Separation of Powers between various Organs, Dispute Redressal Mechanisms and Institutions.
- Comparison of the Indian Constitutional Scheme with that of Other Countries.
- Parliament and State Legislatures—Structure, Functioning, Conduct of Business, Powers & Privileges and Issues arising out of these.
- Structure, Organization and Functioning of the Executive and the Judiciary—Ministries and Departments of the Government; Pressure Groups and Formal/Informal Associations and their role in the Polity.
- Salient features of the Representation of People's Act.
- Appointment to Various Constitutional Posts, Powers, Functions and Responsibilities of Various Constitutional Bodies.
- Statutory, Regulatory and Various Quasi-Judicial Bodies.

