

## Prelims Exam Topics

### FDI POLICY RELAXATION FOR FIRMS WITH CHINESE STAKE

#### Context

India has eased Foreign Direct Investment (FDI) norms under Foreign Exchange Management Act, allowing foreign firms with up to **10% Chinese shareholding** to invest through the automatic route.

#### About the Change in Rule

- **New Rule (2026):** Foreign firms with  $\leq 10\%$  **Chinese/Hong Kong shareholding** allowed under **automatic route**. Applies only where FDI is already permitted under automatic route.
  - **Earlier Rule (2020):** Any investment from countries sharing land border with India required **government approval** (*even minimal shareholding*)
- **Amendment Framework:** Based on **DPIIT Press Note 2 (2026)** (modifying Press Note 3, 2020) and notified under FEMA (Non-Debt Instruments Rules, 2019)
- **Exclusions:**
  - Entities **registered in China/Hong Kong or land-border countries** still require approval
  - Relaxation applies only to **third-country firms with limited Chinese stake**
- **Special Provision:** Multilateral institutions (*e.g. development banks*) not treated as belonging to any specific country.

#### Foreign Exchange Management Act (FEMA), 1999

It is the primary legislation regulating foreign exchange in India. It replaced the restrictive **FERA (1973)** to shift the focus from "conservation and control" to "management and facilitation" of external trade and payments.

#### Key Facts

- **Regulatory Shift:** Unlike its predecessor, FEMA treats violations as **civil offences** rather than criminal ones.
- **Dual Transaction Types:**
  - **Current Account:** Day-to-day trade, travel, and education; generally unrestricted.
  - **Capital Account:** Involves assets/liabilities (investments, loans); regulated by the RBI and Central Government.
- **Enforcement Agency:** The **Directorate of Enforcement (ED)** is empowered to investigate violations, conduct searches, and effect seizures.
- **Penalties:** Fines can reach **three times the amount** involved (if quantifiable) or up to ₹2 lakh. Continuing violations may incur an additional ₹5,000 daily fine.
- **Compounding of Offences:** Section 15 allows for the settlement of contraventions through

monetary payments without lengthy litigation.

- **Repatriation:** Mandates the timely conversion and return of foreign earnings to India to ensure legal compliance.
- **Authorised Persons:** Foreign exchange dealings are restricted to authorized entities such as banks, money changers, and offshore banking units.

## HANTAVIRUS OUTBREAK

### Context

A suspected outbreak of hantavirus on a cruise ship near Cape Verde has caused multiple deaths and infections, with investigation by WHO underway.

### About Hantavirus

- **Nature of Disease:** A **rare viral infection** caused by hantaviruses, primarily affecting the respiratory system (*can be severe and life-threatening*).
- **Transmission:** Spread mainly through **contact with urine, droppings or saliva of infected rodents** (*rats, mice*); **not typically spread person-to-person**.
- **Types of Illness:**
  - **Hantavirus Pulmonary Syndrome (HPS):** Severe lung infection
  - **Hemorrhagic Fever with Renal Syndrome (HFRS):** Affects kidneys
- **Symptoms:** Fever, fatigue, muscle aches → severe cases lead to **breathing difficulty and lung failure**.
- **Fatality:** Can have a high **mortality rate (especially HPS)** if untreated.
- **Treatment:** No specific cure or vaccine; **early supportive care (oxygen, ICU support)** improves survival.
- **Prevention:** Avoid exposure to rodents and contaminated environments (*proper sanitation, pest control*).

## HOW FOREST RIGHTS ACT WAS REAFFIRMED BY ALLAHABAD HC ORDER

### Context

In a landmark ruling, the Lucknow Bench of the Allahabad High Court reaffirmed the primacy of the Forest Rights Act (FRA), 2006, quashing an earlier rejection of claims by the Tharu community in the Lakhimpur Kheri district.

### Key Observations of the Court

- **Supremacy of the 2006 Act:** The Court ruled that the FRA contains a **non-obstante clause**, meaning its provisions override conflicting laws and prior judicial orders to ensure the recognition of forest rights.
- **Correction of Historical Injustice:** The Bench emphasized that the FRA does not create "new" rights but **formalizes existing rights** rooted in generations of traditional occupation that were previously unrecorded.

- **Livelihood and Food Security:** The ruling highlighted that the primary objective of the Act is to ensure the **livelihood and food security** of forest-dwelling Scheduled Tribes (FDSTs)

#### About Forest Rights Act (FRA), 2006

- **Objective:** To undo the "historical injustice" suffered by forest-dwelling communities whose rights were not recorded during the colonial and post-colonial forest consolidation.
- **Nodal Agency:** The **Ministry of Tribal Affairs (MoTA)** at the Center and the Department of Tribal Welfare at the State level.
- **The Authority:** The **Gram Sabha** is the statutory authority to initiate the process for determining the nature and extent of forest rights.
- **Key Categories of Rights Ensured:** The Act identifies **thirteen sets of rights**, which can be broadly categorized into four types:
  - **Title Rights (Ownership)**
    - **Individual Forest Rights (IFR):** Grants ownership to land actually being farmed by a family as of December 13, 2005.
    - **Ceiling:** Limited to a maximum of **4 hectares** per family.
    - **Condition:** Ownership is only for land already under cultivation; no "new" land is granted. The title is heritable but **not alienable or transferable** (it cannot be sold).
  - **Use Rights**
    - **Minor Forest Produce (MFP):** Right of ownership and access to collect, use, and dispose of non-timber forest produce (e.g., bamboo, honey, wax, medicinal plants, tendu leaves).
    - **Grazing & Water:** Rights to grazing areas (both settled and nomadic) and access to water bodies for fishing or domestic use.
  - **Relief and Development Rights**
    - **Rehabilitation:** Right to alternative land or rehabilitation in cases of illegal eviction or forced displacement prior to 2005.
    - **Basic Amenities:** Right to divert forest land (up to 1 hectare) for community facilities like schools, dispensaries, fair price shops, roads, and electric lines, provided it involves felling fewer than 75 trees per hectare.
  - **Community Forest Resource (CFR) Rights:** It gives the Gram Sabha the right to protect, regenerate, conserve, or manage any forest area they have been traditionally protecting. This shifts power from the Forest Department to the village.
- **Eligibility Criteria**

- **Forest Dwelling Scheduled Tribes (FDSTs):** Members of STs who reside in and depend on forests for their livelihood.
- **Other Traditional Forest Dwellers (OTFDs):** Anyone who can prove they have resided in and depended on the forest for **three generations (75 years)** prior to Dec 13, 2005

## PARLIAMENTARY COMMITTEES

### Context

Lok Sabha Speaker has reconstituted Parliamentary Committees for the year 2026-27.

### About Parliamentary committee

- Parliamentary Committee: ‘Committee’ which is ‘appointed’ or ‘elected’ by the House or ‘nominated’ by the Speaker (Lok Sabha) or Chairman (Rajya Sabha).
- Works under the direction of the Speaker/Chairman.
- Present its report to 1) The House or 2) Speaker/Chairman
- Provided with a secretariat in Rajya Sabha or Lok Sabha.

### Classification of Parliamentary committee

- 2 types – 1) Standing Committees 2) Ad hoc Committees.

### Standing Committees

- ‘Permanent’ and ‘regular’ committees which are constituted from time to time in pursuance of the provisions of an Act of Parliament/Rules of Procedure/Conduct of Business in Lok Sabha.
- Continuous nature of work
  - **Eg:** The Financial Committees, DRSCs and some other Committees come under the category of Standing Committees.

### Ad - hoc Committees

- They are appointed for a specific purpose and they cease to exist when they finish the task assigned to them and submit a report.
- The ‘principal’ Ad hoc Committees are the Select and Joint Committees on Bills.
  - **Eg:** Railway Convention Committee, Joint Committee on Food Management in Parliament House Complex etc.

### Estimates Committee

<b>Year of Establishment</b>	1921 (post-Independence: 1950, on the recommendations of Finance Minister John Mathai)
<b>Members</b>	30 (All members belong to the Lok Sabha only).
<b>Election of Members</b>	By Lok Sabha (PR – STV) Fact - A minister cannot be elected
<b>Term of Office</b>	1 Year

<b>Chairman</b>	Speaker appoints him/her from amongst the members (Ruling Party)
<b>Function</b>	To examine 1) The estimates included in the budget presented in the parliament 2) To suggest economies in public expenditure.

#### Committee on Public Undertakings

<b>Year of Establishment</b>	1964 (On the recommendation of Krishna Menon Committee)
<b>Members</b>	22 (15 – Lok Sabha 7 – Rajya Sabha)
<b>Election of Members</b>	By Parliament every year (PR – STV)
<b>Term of Office</b>	1 year
<b>Chairman</b>	By Speaker (Chairman belongs only to Lok Sabha)
<b>Function</b>	To examine the reports and accounts of the Public Sector Undertakings

#### Public Accounts Committee

<b>Year of establishment</b>	1921 (Montagu – Chelmsford reforms)
<b>Members</b>	22 (15 – Lok Sabha 7 – Rajya Sabha)
<b>Election of Members</b>	Proportional Representation – Single transferable vote Fact – A ‘minister’ cannot be appointed
<b>Term of office</b>	1 year
<b>Chairman</b>	‘Speaker’ appoints from among the members Note – Since 1967 convention to appoint from the opposition
<b>Function</b>	To examine the annual audit reports of the Comptroller and Auditor General of India (CAG), which are laid before the Parliament by the President.

## SUPREME COURT EXPANDS RIGHTS OF ACID ATTACK SURVIVORS UNDER

### RPWD ACT

#### Context

The Supreme Court has ruled that persons who are forcibly made to ingest acid will also be treated as “acid attack victims” under the Rights of Persons with Disabilities (RPwD) Act, 2016.

#### Highlights of the judgement

- **Need for stronger protection:** The Court described acid-related crimes as extremely cruel and inhuman acts that require strict legal response.
- **Inclusion of forcible acid ingestion victims:** The Court clarified that survivors who were forced to consume acid would now be covered under the category of “acid attack victims” under the RPwD Act, 2016.

- **Recognition of internal injuries:** The Court stated that disability caused by internal damage due to acid ingestion must also be recognised and it acknowledges that disabilities are not limited only to visible physical disfigurement.
- **Use of Article 142:** The Supreme Court exercised its powers under Article 142 to ensure complete justice and directed that the expanded interpretation should operate immediately until Parliament formally amends the law.
- **Need for comprehensive policy:** The Court stressed the importance of a long-term rehabilitation framework for survivors, including continuous medical care, psychological counselling, financial support and social reintegration.
- **Access to welfare benefits:** Victims will now be eligible for disability certificates, financial assistance, healthcare support, rehabilitation measures and other benefits under the RPwD Act.
- **Gender justice:** The Court noted that many victims of such crimes are women and the judgment strengthens legal support for women facing extreme forms of violence and abuse.
- **Retrospective application:** The judgment will apply retrospectively from the beginning of the RPwD Act in 2016.

#### Legal framework to address acid attacks

- **Bharatiya Nyaya Sanhita (BNS), 2023:** The BNS recognises acid attacks as a distinct and grave criminal offence under Section 124.
  - The law provides for a minimum punishment of 10 years imprisonment, which may extend to life imprisonment, along with a fine adequate to cover the victim's medical treatment and rehabilitation expenses.
  - All government and private hospitals are legally required to provide immediate first aid and medical treatment to acid attack survivors. Refusal to provide treatment can attract penal action.
- **NALSA scheme for acid attack victims, 2016:** Under the Legal Services Authorities Act, 1987, the National Legal Services Authority (NALSA) introduced the "Legal Services to Victims of Acid Attacks Scheme, 2016."
  - The scheme ensures free and priority legal assistance, support for compensation claims, rehabilitation to acid attack survivors and their families.
- **Regulation of acid sale:** In 2013, the Supreme Court directed strict regulation of acid sale and distribution across the country to prevent misuse. The Court ordered that:
  - Buyers must provide valid photo identity proof,
  - Sellers must maintain detailed records of acid purchases,
  - Acid sale should be monitored closely by authorities.

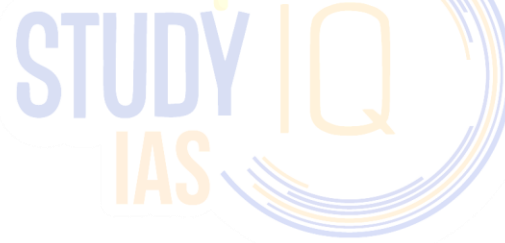
## PLACE IN NEWS: PHILIPPINES

### Context

Thousands of people evacuated the area south of Manila after Mayon Volcano erupted

### About Phillipines

- **Location:** Southeast Asia, an archipelago of over **7,600 islands** between the **Philippine Sea (Pacific Ocean)** and the **South China Sea**.
- **Capital:** Manila (with Quezon City as the most populous city).
- **Geography:** Mountainous, volcanic islands with a tropical maritime climate.
  - **Active Volcanoes:** Mayon (stratovolcano; part of the Pacific Ring of Fire), Kanlaon, Bulusan,
- **Other key facts:** Part of the **Coral Triangle**, rich in biodiversity; member of ASEAN.



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## Mains Exam Topics

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### RISING HEALTH INFLATION AND FINANCIAL RISKS FOR INDIAN

#### HOUSEHOLDS

##### Context

While the Economic Survey 2025-26 reported lower official health inflation, there is a steady rise in medical costs, increasing the financial burden on households.

##### Health Inflation in India

- **Rising medical costs:** Medical inflation in India is increasing rapidly, making healthcare less affordable for ordinary households. Independent reports estimate medical inflation at around 11–13%, much higher than general inflation levels.
- **Burden of out-of-pocket expenditure (OOPE):** A large share of Indians pay directly from their own savings for healthcare because insurance coverage remains limited as it increases the risk of financial distress during serious illnesses, accidents, or long-term treatment.
- **High hospitalisation expenses:** Treatment in private hospitals is significantly more expensive than in government hospitals, making quality healthcare inaccessible for many families.

##### Major causes of rising health costs

- **Technological advancements:** Modern healthcare increasingly depends on advanced technologies, specialised equipment, and imported medical devices while improving treatment quality, they also increase hospital costs and patient expenses.
- **Rise in non-communicable diseases:** Diseases such as diabetes, heart disease, cancer, and hypertension are increasing in India and these illnesses often require lifelong treatment, regular monitoring, and expensive medicines.
- **Ageing population:** An ageing population increases demand for healthcare services, long-term care, and specialised treatment places additional pressure on the healthcare system and household finances.
- **Pharmaceutical inflation:** The prices of medicines and medical supplies have increased over time alongside global supply chain disruptions and dependence on imports.
- **Delayed domestic manufacturing:** Many advanced medical devices and specialised drugs are still imported and domestic production keeps treatment costs high.

##### Role of private healthcare

- **Growing dependence on private hospitals:** Patients often turn to private institutions due to overcrowding, lack of infrastructure, or limited specialised services in public hospitals.
- **Profit-oriented healthcare model:** Large corporate hospitals operate on a profit-based model, which may lead to costly procedures, tests, and treatments.

- **Regulatory challenges:** Although laws exist to regulate hospital pricing, implementation remains weak. The Supreme Court has also urged States to frame guidelines to prevent overcharging and exploitation of patients.

#### Associated concerns

- **Limited insurance coverage:** A significant proportion of Indian households still lack health insurance making families remain exposed to catastrophic medical expenses during emergencies.
- **Incomplete insurance protection:** Most insurance policies mainly cover hospitalisation expenses, while costs related to medicines, diagnostics, and outpatient treatment are often excluded, forcing households to spend from their own pockets.
- **Distress financing:** Families frequently borrow money, sell jewellery, or dispose of property to meet healthcare expenses which can push vulnerable households into long-term poverty.
- **The missing middle:** A large section of the population is not poor enough to qualify for government schemes and not financially secure enough to afford private insurance.
- **Weak public healthcare infrastructure:** Government hospitals often face shortages of doctors, equipment, beds, and diagnostic facilities, forcing people toward expensive private healthcare.
- **Rising inequality in healthcare access:** Higher medical costs affect poorer households disproportionately and access to quality healthcare increasingly depends on income levels.
- **Impact on economic well-being:** Medical emergencies can reduce household savings, increase indebtedness, and affect long-term financial stability.

#### Measures needed

- **Increase Public Health Expenditure:** Higher government spending is necessary to improve hospitals, diagnostics, medicines, and healthcare accessibility.
- **Strengthen Public Healthcare Network:** Better coordination between primary, secondary, and tertiary healthcare institutions can improve treatment access and reduce pressure on private hospitals.
- **Regulate Private Hospital Charges:** States should enforce pricing guidelines to prevent excessive charging by private hospitals.
- **Expand Health Insurance Coverage:** Insurance schemes should cover outpatient treatment, medicines, and diagnostics in addition to hospitalisation.
- **Expand Essential Medicines List:** The National List of Essential Medicines should be updated regularly to include more life-saving drugs under price control.
- **Promote Preventive Healthcare:** Awareness regarding healthy lifestyles, regular screening, and early diagnosis can reduce disease burden and treatment costs over time.
- **Encourage Domestic Manufacturing:** Boosting domestic production of medicines and medical devices can reduce dependence on imports and lower costs.