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Kerala can become India's model AI governance State

Prelims : General Studies Paper I

Current events of national and international importance

Mains: General Studies 3

Awareness in the fields of IT, Space, Computers, robotics, nano-technology, bio-technology and issues relating to intellectual property rights.

Why in Focus?

- Kerala faces **fragmented information systems, delayed reporting,** and **poor inter-departmental coordination.**
- The article proposes an **AI-powered governance dashboard** to enable **real-time monitoring,** improve coordination, and strengthen **accountability and fiscal discipline.**

Key Highlights

- Kerala's departments often work with **separate data systems and reporting cycles,** making it difficult to identify problems early.
- An **AI-powered governance dashboard** could integrate live data from **government departments, public utilities, and local bodies.**
- The system could track schemes from **budget allocation to fund release, implementation, and beneficiary outcomes.**

- **AI and machine learning** could identify **delays, cost increases, anomalies, and implementation gaps,** providing early warnings.
- In **health care,** **real-time data** on hospital capacity, medicine stocks, ambulance response times, and disease surveillance could **enable faster intervention.**
- In **power,** integrated data on **generation, distribution losses, subsidies, and rooftop solar** could improve planning and fiscal management.
- In **social welfare,** linking databases could identify **duplicate benefits and exclusions,** while live treasury data could improve **financial management.**
- **Local governments** could use dashboards to monitor **project implementation, fund utilization, and grievance redressal.**

Implications

- **Fragmented data systems** prevent departments from understanding the wider effects of their policies.
- Delayed reporting can allow **financial leakages, cost overruns, beneficiary exclusion, and implementation failures** to continue unnoticed.
- Excessive reliance on technology without safeguards could raise concerns over **data protection, algorithmic transparency, and democratic accountability.**
- Centralised monitoring should not undermine



the **autonomy of local governments** or the authority of individual departments.

Way Forward

- Develop a **State-owned digital architecture** that provides unified oversight while keeping implementation powers decentralized.
- Ensure that all government data remains under **State ownership** and is managed in accordance with **Indian data protection laws**.
- Make AI-generated alerts and recommendations **auditable**, with clear decision records for **legislative and statutory oversight**.
- Integrate existing systems, such as **e-Kerala**, with secure data verification systems to improve **beneficiary authentication** and reduce **financial leakage**.
- Use AI as a tool to strengthen **human decision-making and democratic governance**, rather than replacing institutional accountability.

Mains Question

AI-powered governance can transform public administration by enabling real-time monitoring, predictive decision-making and greater accountability. Discuss the opportunities and challenges of adopting AI-driven governance in Kerala. (250 Words)

The changing logic of the India-U.S. partnership

Prelims: General Paper 1

Current events of national and international importance.

Mains: General studies 2

Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora

Why in Focus?

- Recent tariffs imposed by the **United States (U.S.)** on India and other partners highlight a shift in U.S. foreign policy, affecting **India-U.S. relations** and global trade.

Key Highlights:

- The U.S. is adopting a policy of **"flexible realism"**, where national interest is the primary guiding principle.
- This approach integrates **trade, technology, defence, and industrial policy** as tools of statecraft.
- Earlier, India-U.S. relations were driven by **strategic convergence**, mainly due to the rise of China.
- Now, partnerships are evaluated based on **reciprocity, economic gains, and technological strength**.
- India's importance will depend on what it **contributes in capabilities**, not just its role in balancing China.
- The relationship is moving towards **strategic complementarity**, focusing on defence cooperation, resilient supply chains, and advanced manufacturing.
- This shift may make the partnership more **balanced, practical, and long-term oriented**.

Implications:

- Tariffs create **uncertainty in trade relations** and may lead to disputes.
- Growing focus on reciprocity may result in **transactional diplomacy**, weakening trust.
- India cannot depend only on **U.S.-China competition** for its strategic importance.
- There is pressure on India to improve **economic performance and technological capacity**.
- Differences in national interests may lead to **policy divergences**.
- Maintaining **strategic autonomy** becomes more complex in a competitive global order.

Way Forward:

- India should strengthen its **domestic economic, technological, and defence capabilities**.
- It should deepen cooperation with the U.S. in **critical and emerging technologies, defence, and supply chains**.
- India must follow **multi-alignment**, engaging with the U.S., China, **European Union (EU)**, Japan, and the Global South.



- Promote **balanced and reciprocal trade agreements** to minimise conflicts.
- Ensure **strategic autonomy** by making independent, interest-based foreign policy decisions.

Mains Question

“The shift in U.S. foreign policy towards ‘flexible realism’ marks a move from strategic convergence to strategic complementarity. Discuss its implications for India–U.S. relations and examine how India can respond effectively.” (15 marks, 250 words)

Pay wall: On a charge on UPI transactions

Prelims: General Studies Paper 1

Current events of national and international importance

Mains: General Studies 3

Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment

Why in Focus?

- The government is **considering allowing banks and payment processors to levy charges on certain Unified Payments Interface (UPI) transactions.**
- While no final decision has been announced, a **recent legal amendment has created the framework for introducing such charges.**

Unified Payments Interface: It is an instant digital payment system developed by the National Payments Corporation of India (NPCI) that enables users to transfer money directly between bank accounts using mobile devices. It facilitates 24×7 real-time payments through apps using a UPI ID, mobile number, QR code or other supported methods.

Key Highlights

- The **Payment and Settlements Systems Act has been amended through the Taxation and Other Laws (Amendment) Bill, 2026**, enabling the government to **notify transaction categories that may attract charges.**
- **Earlier, UPI and RuPay debit card transactions were explicitly exempt** from charges.
- The government **may initially permit charges only on transactions involving large merchants with annual turnover above ₹1–1.5 crore** and transactions exceeding ₹2,000, potentially covering around 5% of UPI transactions.
- UPI was made free in 2020, but **banks and payment processors argue that they have been bearing the cost of maintaining and processing UPI transactions.**
- Since 2021, **the government has provided subsidies to banks and payment processors to partially compensate them for processing UPI transactions** of up to ₹2,000 by small merchants, spending around ₹11,349 crore, with another ₹2,000 crore budgeted for 2026–27.
- Finance Minister Nirmala Sitharaman has argued that allowing charges could help payment players invest in infrastructure, innovation and security.

Implications

- **Merchants may pass transaction costs to consumers**, potentially encouraging **some users to shift back to cash, which remains free.**
- The **amendment gives the government the power to expand the scope of chargeable UPI transactions** beyond the initially proposed categories.
- **Charging users could generate public dissatisfaction** after years of promoting UPI as a free digital payment system.
- Since **taxpayers already indirectly support the UPI ecosystem through government subsidies, imposing additional charges on merchants or consumers raises questions about double financial burden.**

Way Forward

- A **transparent and limited charging framework should be developed without undermining UPI adoption** and financial inclusion.
- The **government should carefully assess the impact on small businesses, consumers and digital payment adoption.**



- The **Reserve Bank of India (RBI)** could potentially finance UPI's development from its surplus, reducing the need to impose charges on users.

Mains Question

"UPI has been central to India's digital payments revolution. Discuss the rationale and challenges associated with introducing charges on UPI transactions. How can India balance the financial sustainability of the payment ecosystem with affordable digital payments?" (250 Words)

KEYWORDS

Mecca Joint Defence Agreement

- The Mecca Joint Defence Agreement was **signed on 7 August 2026 by Saudi Arabia, Türkiye and Pakistan in Mecca.**
- The **agreement treats an armed attack against any one of the three countries as an attack against all three**, establishing a mutual-defence commitment.
- It **aims to strengthen collective security, defence cooperation and deterrence** among the three countries.
- The agreement is **presented as defensive in nature and does not officially target any specific country or announce the creation of a new military bloc.**
- The pact builds on the countries' existing military and defence cooperation and seeks to promote peace, security and stability in the region and beyond.

AI-Driven Digital Sentry System

- An **AI-driven digital sentry system uses artificial intelligence, cameras, sensors and data analytics to continuously monitor areas** and detect suspicious activities.
- Such **systems can identify unauthorised movement, intrusion, abandoned objects and other security threats in real time.**
- AI can **analyse large volumes of visual and sensor data and generate instant alerts**, reducing dependence on continuous human monitoring.

- In **human–wildlife conflict zones, AI-driven sentry systems can detect the movement of wild animals near farms and settlements** and alert local communities, helping prevent crop damage and human casualties.
- In **Kerala, FarmGuard** is an example of technology being used to address human–wildlife conflict, with automated systems designed to detect animal movement and deter wildlife such as elephants and wild boars.
- These systems can strengthen border, coastal and critical-infrastructure security by enabling faster detection and response to potential threats.

EVEREST Engine

- EVEREST is **India's first privately developed 800 kN (kilonewton) Full-Flow Staged Combustion (FFSC) rocket engine, developed by Bengaluru-based Astrobase Space Technologies.**
- It **uses liquid oxygen (LOX) and liquid methane as propellants** and is designed for reusable medium-lift launch vehicles.
- Full-Flow Staged Combustion engine is a **rocket-engine cycle in which both fuel and oxidiser are completely preburned and used to power the turbopumps before entering the main combustion chamber, improving efficiency and performance.**
- This **architecture enables high efficiency, high chamber pressure and improved engine performance**, making it suitable for reusable launch vehicles.

- The development of EVEREST marks a significant step towards strengthening India's indigenous rocket-propulsion capabilities and private space sector.

Survey of India

- **Survey of India** is the **National Survey and Mapping Organisation** of India under the **Department of Science & Technology**.
- Established in **1767**, it is the **oldest scientific department** of the **Government of India**.
- It serves as the country's **Principal Mapping Agency** and is responsible for **surveying and mapping** India's territory.
- It provides **base maps** for **planning and development** and supports the effective use of **natural resources**, contributing to **national development, prosperity and security**.
- Survey of India promotes the **collection, application and advancement of geospatial data**, along with **technological innovation** and access to **high-resolution geospatial information**.

Places in News

Marib

- Located in **central Yemen**, Marib is a **strategic oil-rich province**, split between **Houthi rebels** and the **Saudi-backed Yemeni government**, making it a key **"red line"** in the civil war.
- It was the **capital of the ancient Kingdom of Saba** (linked to the **Queen of Sheba**) and gained wealth by controlling **frankincense and myrrh trade routes**.
- The region was sustained by the **Great Marib Dam (750 BCE)**, an ancient **hydrological marvel** that converted arid land into a fertile agricultural zone.
- The **"Landmarks of the Ancient Kingdom of Saba, Marib"** were inscribed as a **UNESCO World Heritage Site (2023)** and are also on the **List of World Heritage in Danger** due to the ongoing conflict.

