

NEXT IAS

DAILY NEWS

ANALYSIS



01st December

Explained

1. India's Effective Exchange Rate
2. PM 2.5
3. World AIDS Day (PIB)
4. India - Coffee
5. Naming of Tropical Cyclones

Decoded

6. Schrodinger's Economy

DNA QUIZ

PRACTICE QUESTION

Playlist Link:



What to Read: <https://bit.ly/3FYdutC>

Daily News Analysis: <https://bit.ly/4ge9BgF>

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EXPLAINED

1. INDIA'S EFFECTIVE EXCHANGE RATE

Backdrop : Rupee breached ₹89 per US dollar for the first time, closing at ₹89.46.

Relevance : GS III - Indian Economics

About News

Recent Movement of Rupee

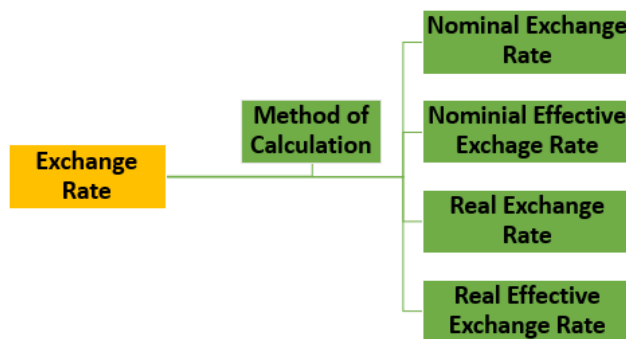
- Rupee breached ₹89 per US dollar for the first time, closing at ₹89.46.
- Between Nov 21–28, the rupee weakened against:
 - US Dollar:** 88.64 → 89.46
 - Euro:** 102.32 → 103.63
 - British Pound:** 116.08 → 118.27
 - Japanese Yen:** 0.5642 → 0.5720

One-Year Depreciation (since 28 Nov 2024)

- Dollar:** 84.49 → 89.46
- Euro:** 89.12 → 103.63
- Pound:** 106.97 → 118.27
- Yen:** 0.5574 → 0.5720

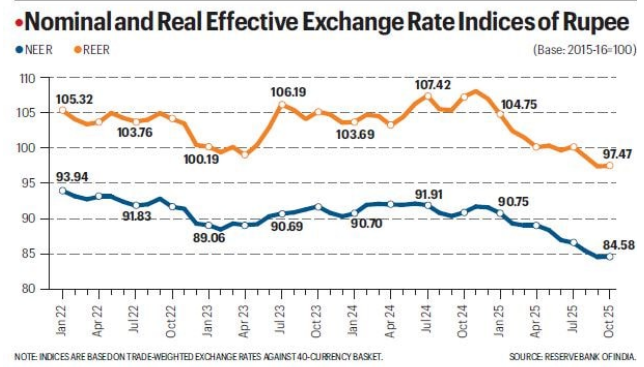
Rupee has fallen against **all four major currencies**, more sharply against the **Euro and Pound**.

Effective Exchange Rates (NEER & REER)



- NEER:** Nominal exchange rate index.
- REER:** NEER adjusted for **inflation differentials** with other countries.
 - They measure the **weighted average exchange rate** of the rupee against the currencies of **40 key trading partners**.
 - Base year:** 2015–16 (index = 100).
 - Increase in index = rupee appreciation**
 - Decrease in index = depreciation.**

Trends Since 2022

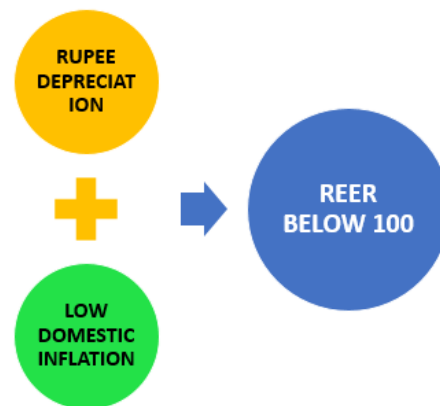


- NEER has remained **below 100** since 2018–19, indicating overall depreciation.
- NEER stayed above **90** till early 2025.
- From January 2022 → January 2025:
 - NEER fell modestly: 93.94 → 90.75 (3.4% decline).
- Sharp fall in 2025:
 - NEER dropped to **84.58 in Oct 2025** (6.8% fall in 9 months).

REER Trend & Interpretation

- REER hit an **all-time high of 108.06** in Nov 2024 rupee was overvalued.
- Fell sharply by **9.8%** to 97.47 in Oct 2025 → rupee now **undervalued**.

Why the rupee appears undervalued now?



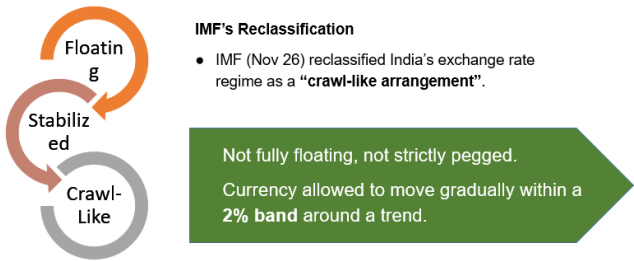
Two key reasons:

- General nominal depreciation** against major currencies (including yuan: 1.66 → 12.63).
- Very low Indian CPI inflation:**
 - India (Oct 2025): **0.25%**
 - Higher in US, Japan, UK, Euro area, Indonesia and Brazil
 - Low domestic inflation + rupee depreciation pushes **REER below 100**.

Future Outlook & Policy Changes

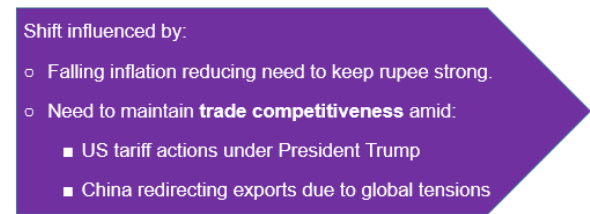


IMF’s Reclassification

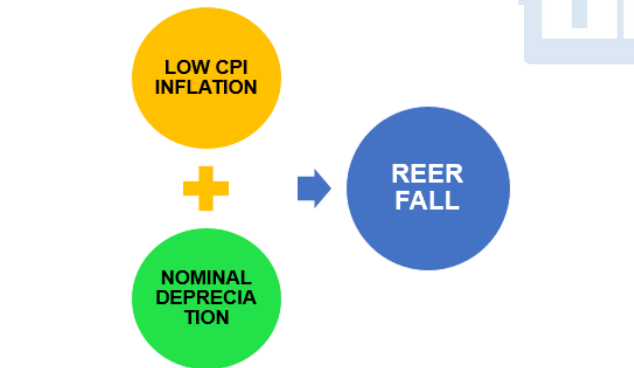


RBI’s Evolving Exchange Rate Policy

- RBI using a **more flexible** exchange rate management.
- Intervening only **occasionally** through dollar buying/selling.



Expected Trend Ahead



- If nominal depreciation + low CPI inflation continue:
 - REER may fall further**, keeping the rupee undervalued.
- In November alone, rupee lost **73 paise** vs the dollar.

2. PM 2.5

Backdrop : Doctors report a **surge in rheumatoid arthritis cases** across Delhi–NCR.

Relevance : GS Prelims - Health

About News

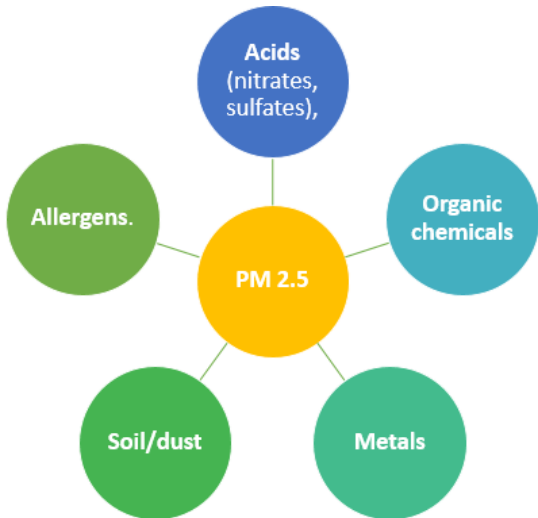
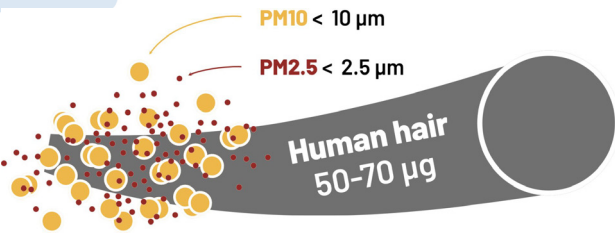
Rising Concern in Delhi–NCR

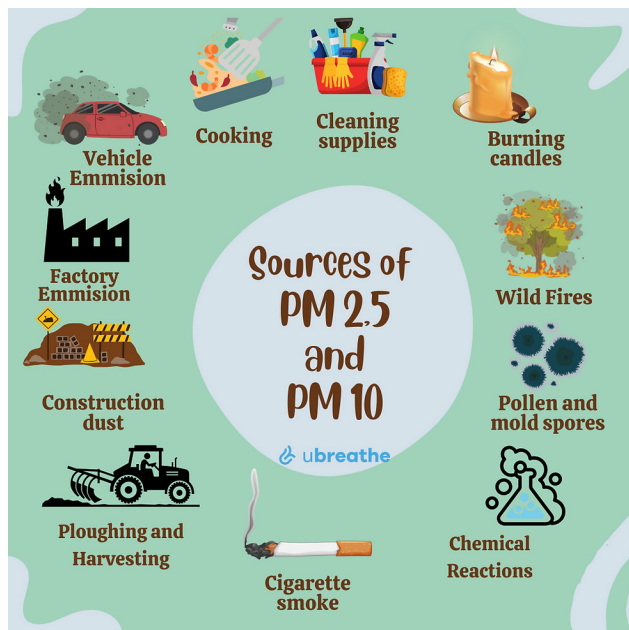
- Doctors report a **surge in rheumatoid arthritis cases** across Delhi–NCR.
- Experts suspect prolonged exposure to **PM2.5, nitrogen oxides, and ozone** as important triggers.
- High annual PM2.5 levels (100–150 µg/m³) expose residents to **chronic systemic inflammation**.



What is PM 2.5?

- PM 2.5 consists of fine particles ≤ 2.5 micrometers in diameter.
- These particles are **about 30 times thinner than a human hair**.
- Their extremely small size allows them to **bypass the body’s natural defenses**, enter deep into the lungs, and even reach the bloodstream.





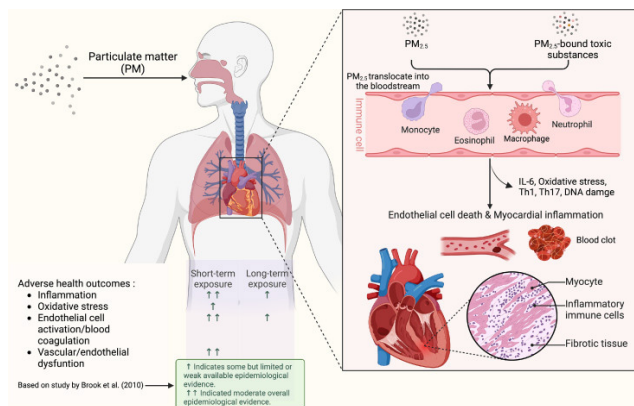
• Sources -

- ◆ Fossil fuel burning
- ◆ Industrial emissions
- ◆ Construction activity
- ◆ Wildfires and slash-and-burn
- ◆ Household cooking (solid fuels)

Composition of PM 2.5

- Includes **acids** (nitrates, sulfates), **organic chemicals**, **metals**, **soil/dust**, and **allergens**.
- Sources -
 - ◆ Fossil fuel burning
 - ◆ Industrial emissions
 - ◆ Construction activity
 - ◆ Wildfires and slash-and-burn
 - ◆ Household cooking (solid fuels)

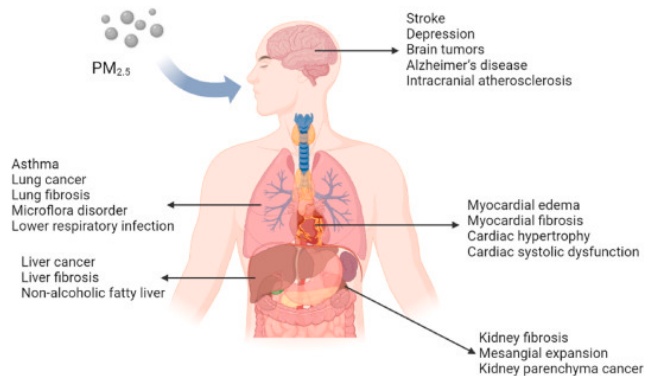
Why PM 2.5 is Dangerous



- Larger particles get trapped in the nose or throat, but **PM 2.5 escapes filtration**.
- These fine particles reach the **lung alveoli** and may enter the **bloodstream**.

- This triggers a wide range of health problems.

Health Impacts of PM 2.5



A. Respiratory & Cardiovascular Effects

• Worsening of respiratory diseases:

- ◆ Asthma, bronchitis, COPD
- ◆ More frequent and severe asthma attacks
- ◆ Possible development of chronic bronchitis

• Heart and vascular issues:

- ◆ Higher risk of heart attacks, stroke, arrhythmias, and heart disease
- ◆ Causes **inflammation** and **oxidative stress**, contributing to plaque buildup in arteries

Long-Term Health Consequences

- **Reduced lung function**, especially harmful for growing children.
- **Increased lung cancer risk** from prolonged exposure.
- **Higher premature mortality**, particularly among the elderly and those with existing illnesses.

How PM2.5 Triggers Joint Pain?

Oxidative Stress & Inflammation

- PM2.5 carries reactive chemicals that cause:
 - ◆ **Oxidative stress** in tissues
 - ◆ **Inflammatory signalling** throughout the body
- This systemic inflammation may travel to joints, aggravating joint pain.

Immune Misfiring & Autoantibody Production

- PM2.5 disrupts immune tolerance, leading to:
 - ◆ Misidentification of self-tissue as "foreign"
 - ◆ Production of autoantibodies (ANA, rheumatoid factor)
- This sets the stage for **autoimmune diseases** like RA.

Epigenetic & Genetic Interactions

- Certain genes controlling immune response are **more vulnerable to pollutants**.
- Pollution may “switch on” these genes, increasing autoimmune susceptibility.

Direct Effects on Joint Tissues

- Pollutants absorbed in the bloodstream can reach joints and:
 - ◆ Trigger **synovial inflammation**
 - ◆ Increase **joint swelling, stiffness**, and pain
- Contributes to **earlier and more aggressive disease onset**.



Indicator	India 2010	India 2024	Global Context 2024
HIV Prevalence	0.33%	0.20%	0.70%
New HIV Infections	1.25 lakh	64,500	13 lakh (1.3 million)
AIDS-related Deaths	1.73 lakh	32,200	6.30 lakh
ART Coverage	—	18 lakh PLHIV on free ART by 2025 (target)	India supplies 70% of global ART
ART Retention Rate	—	94%	—
Viral Suppression Rate	—	97%	—
India's Global Role	—	Supplies 70% of global ART	—

Vulnerable Groups

- Children
- Elderly
- Individuals with heart or lung diseases
- Pregnant women (risk of **preterm birth** and **low birth weight**)

3. WORLD AIDS DAY (PIB)

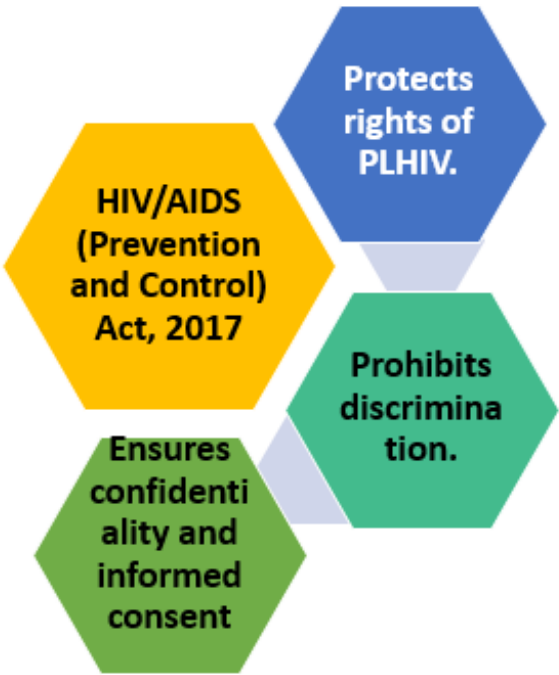
Backdrop : World AIDS Day is Celebrated on December 1 every year

Relevance : GS Prelims - Health

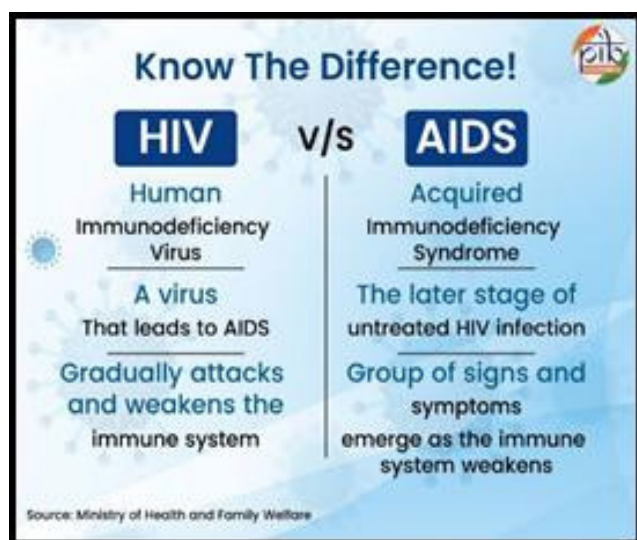
About the news

- World AIDS Day is observed every year on **December 1**.
- First observed in **1988** by WHO.
- **Theme 2025:** “Overcoming disruption, transforming the AIDS response.”
- Focus: Strengthening resilience of HIV services and ensuring equitable, community-led approaches.
- Highlights need to address disruptions caused by pandemics, conflicts, and inequalities.
- India observes it through nationwide campaigns led by **NACO**, Ministry of Health & Family Welfare.

Policy Framework in India



- **HIV/AIDS (Prevention and Control) Act, 2017**
 - ◆ Protects rights of PLHIV.
 - ◆ Prohibits discrimination.
 - ◆ Ensures confidentiality and informed consent.
- Progressive policies to reduce new infections and expand ART access.



India's Journey in AIDS Control

- Early phase (1985–1991):
 - ♦ Case detection
 - ♦ Safe blood transfusions
 - ♦ Awareness campaigns
- Establishment of **NACP** and **NACO** (1992) strengthened coordinated national strategy.
- Shift from centralised to **decentralised** response involving NGOs and PLHIV networks.

National AIDS and STD Control Programme (NACP)

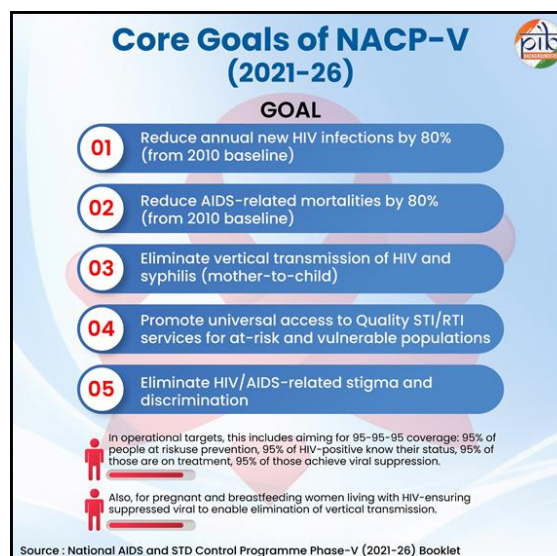
Launched in 1992

- NACP I (1992–1999)
- NACP II (1999–2006)
- NACP III (2007–2012)

NACP IV (2012–2017)

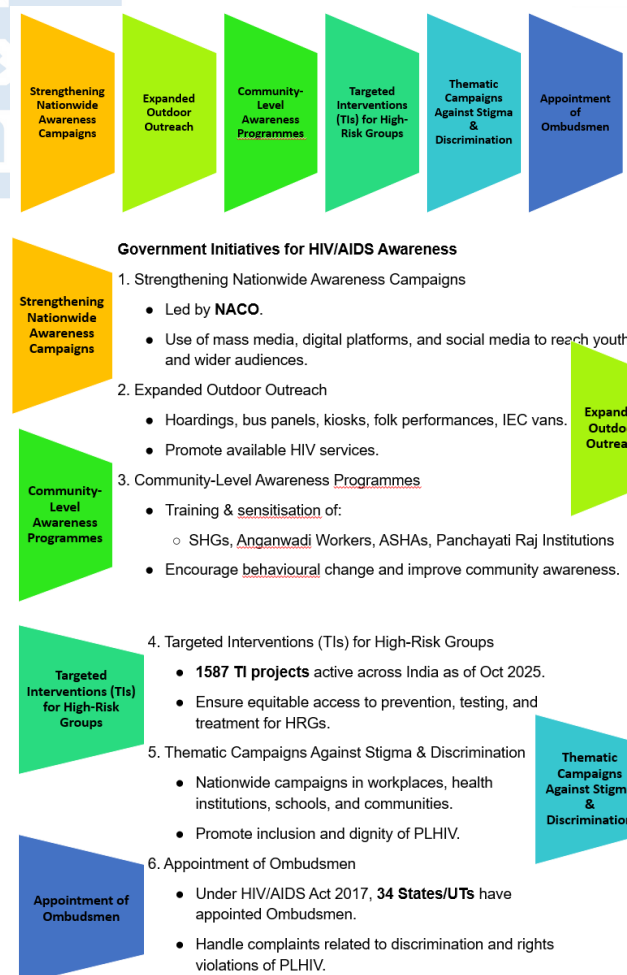
- Goal: Accelerate reversal of the epidemic, ensure integrated response.
 - ♦ Targets:
 - 50% reduction in new infections (vs. 2007 baseline).
 - Universal access to care, support, treatment.
 - ♦ Extended (2017–2021) to advance Ending AIDS by 2030.
- Key Initiatives During Extension:
 - **HIV/AIDS Act 2017**
 - **Mission Sampark** (re-engage People Living with HIV)
 - **Test and Treat Policy** (Anti-retroviral Therapy for all diagnosed cases)
 - **Routine Viral Load Monitoring**

NACP V (2021–2026)



- Central Sector Scheme with **₹15,471.94 crore** outlay.
- Goal: Support **SDG 3.3 – End AIDS as a public health threat by 2030**.
- Focus: Strengthening prevention, testing, treatment; addressing persistent gaps.

Government Initiatives for HIV/AIDS Awareness

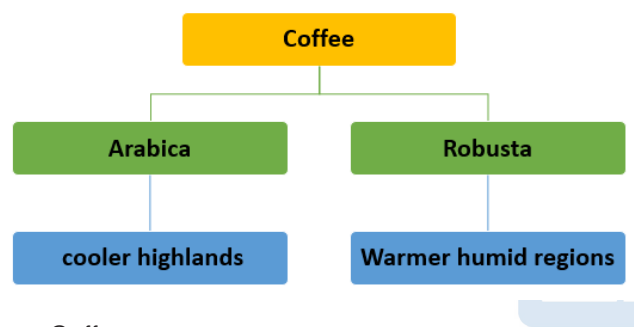


4. INDIA - COFFEE

Backdrop : India is the **7th largest coffee producer**
Relevance : GS III - Economics - Major Crops

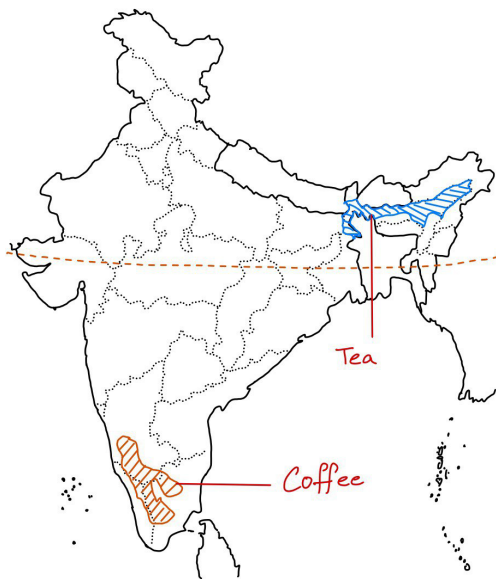
About News

- India's coffee journey began ~1600 AD with Sufi Saint Baba Budan planting seven seeds from Yemen in Baba Budan Giri, Chikkamangaluru, Karnataka.
- Initially a garden crop, commercial plantations developed in the 18th century.
- India is the **7th largest coffee producer**, producing ~3.6 lakh tonnes annually; ~70% exported to 128 countries.
- Grown over **4.91 lakh hectares** across Western Ghats, Eastern Ghats, and North-East India.
- Provides livelihood to **over 2 million people**, mainly smallholder farmers (99% of holdings, 70% of production).

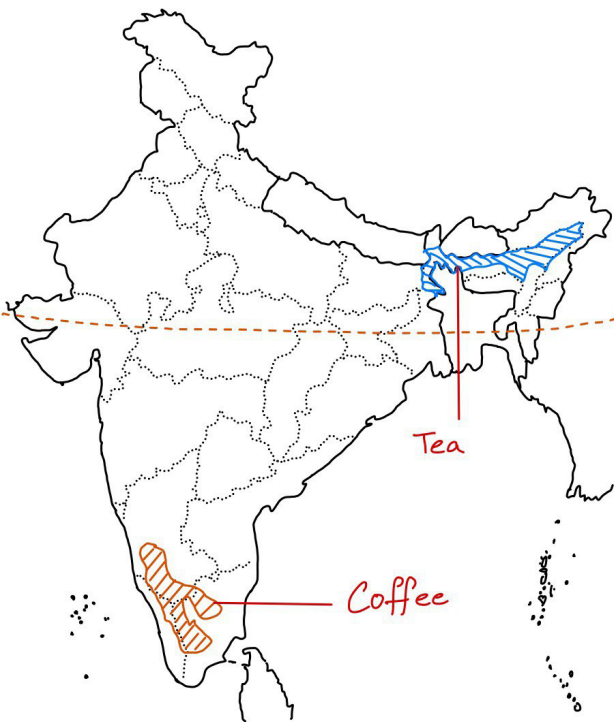


- Coffee types
 - Arabica thrives in cooler highlands;
 - Robusta in warmer, humid regions.

Overview of India's Coffee Sector



- Major coffee-growing states: - collectively 96% of production
 - Karnataka (2,80,275 MT, 2025–26 estimate),**
 - Kerala,**
 - Tamil Nadu;**
- Coffee-growing regions divided into **13 agro-climatic zones**:
 - Traditional: Karnataka, Kerala, Tamil Nadu
 - Non-traditional: Andhra Pradesh, Odisha
 - North-Eastern: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura



- Recognized coffee regions: **Anamalais, Araku Valley, Bababudangiris, Chikkamagaluru, Coorg, Nilgiris, Sheveroys, Travancore, Wayanad.**

Regional Recognition & Specialty Coffees

- Geographical Indication (GI) tags:**
 - Coorg Arabica
 - Wayanad Robusta
 - Chikmagalur Arabica
 - Araku Valley Arabica
 - Bababudangiris Arabica
 - Monsooned Malabar Robusta also GI-tagged.

Geographical Indication (GI) tags

Coorg Arabica
Wayanad Robusta
Chikmagalur Arabica
Araku Valley Arabica
Bababudangiris Arabica
Monsooned Malabar Robusta also GI-tagged.

Specialty coffees

These are **high-quality, handpicked, carefully processed**, fetching premium prices globally.

- Key Indian specialty coffees:
 - ♦ **Monsooned Malabar AA** – smooth, mellow flavor, low acidity
 - ♦ **Mysore Nuggets Extra Bold** – large beans, rich aroma, full-bodied
 - ♦ **Robusta Kaapi Royale** – bold flavor, ideal for espresso

Enhances global reputation, preserves regional characteristics, and improves income realization.

Coffee Board of India

- Established via **Coffee Act VII of 1942** to revive the industry post-WWII crisis.
- Structure: 33 members including representatives of growers, traders, labor, states, and Parliament.
- Mandate: Support entire coffee value chain via **R&D, financial & technical assistance, market promotion**.
- Infrastructure development: drying yards, pulper units under **Integrated Coffee Development Project (ICDP)**.

Export of Coffee

- India: **5th largest coffee exporter**, ~5% of global coffee exports.
- Exports exceeded **USD 1 billion annually**, reaching USD 1.8 billion in FY 2024–25 (40% growth from previous year).
- Major destinations:
 - ♦ **Italy (18.09%)**
 - ♦ **Germany (11.01%)**
 - ♦ **Belgium (7.47%)**
 - ♦ **Russia (5.28%)**
 - ♦ **UAE (5.09%)**.
- Value-added products (instant coffee) account for ~38% of total exports.

Policy and Trade Reforms

- **GST Reduction:** 18% to 5% on coffee extracts, essences, instant coffee; lowers retail prices by 11–12%, boosts domestic consumption.
- **India–UK CETA:** Duty-free access for value-added coffees; enhances competitiveness in UK market.
- **India–EFTA Trade and Economic Partnership Agreement (TEPA):** Zero duty for coffee exports to Switzerland, Norway, Iceland; promotes premium coffee exports.

Fine Cup Awards & TDCCOL Initiatives

- **Flavour of India – Fine Cup Awards** (since 2002): Recognizes India's finest coffees.
- **Know Your Kaapi (KYK) programme:** Quality evaluation for six coffee categories.
- **Koraput Coffee:** Won two Fine Cup Awards (washed & natural process); tribal & high-altitude coffees from Odisha gaining recognition.

Future Outlook

- India's coffee market projected **CAGR 8.9% by 2028**; out-of-home segment: **15–20% CAGR**.
- Coffee Board aims to scale production to **9 lakh tonnes by 2047**.
- Focus: quality, sustainability, equitable growth; blending tradition with modern enterprise.

5. NAMING OF TROPICAL CYCLONES

Backdrop : Cyclone Ditwah was located **~90 km southeast of Cuddalore, Tamil Nadu** on Sunday evening.

Relevance : GS I - Important Geophysical Phenomena such as earthquakes, Tsunami, Volcanic activity, cyclone etc.,

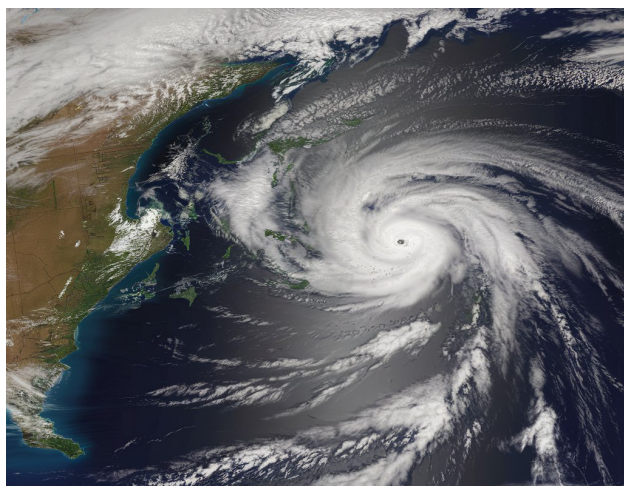
About News

- Cyclone Ditwah was located **~90 km southeast of Cuddalore, Tamil Nadu** on Sunday evening.
- The Regional Meteorological Centre stated it is expected to **weaken into a deep depression soon**.



How Cyclones Are Named

- Cyclones worldwide are named by **Regional Specialised Meteorological Centres (RSMCs)** and **Tropical Cyclone Warning Centres (TCWCs)**.
- The **India Meteorological Department (IMD)** is one such authorised centre.



The panel has 13 member countries:



India, Bangladesh, Myanmar, Pakistan, Maldives, Sri Lanka, Thailand, Iran, Oman, Qatar, Saudi Arabia, UAE, and Yemen.

Origin of Cyclone Naming in the Region

- In **2000**, countries under **WMO/ESCAP** (World Meteorological Organisation / UN-ESCAP) agreed to start naming cyclones in the North Indian Ocean region.
- Original member countries:
 - ♦ **Bangladesh, India, Maldives, Myanmar, Oman, Pakistan, Sri Lanka, Thailand.**
- Each country submitted name suggestions; the **WMO/ESCAP Panel on Tropical Cyclones (PTC)** finalised the list.
- More countries were **later added** to the panel.

Rules for Naming Cyclones

- Names are used on a **rotational basis**, with each country providing multiple names for long-term lists.
- Naming rules:
 - ♦ Must be **neutral** (no political, cultural, or gender bias).
 - ♦ Should be **short** and **easy to pronounce**.
 - ♦ Must **not be offensive** to any member country.

The name “**Ditwah**” was **submitted by Yemen**.

6. SCHRODINGER’S ECONOMY

Backdrop : The economy shows dual behavior: Strong real growth and Slowing nominal growth.

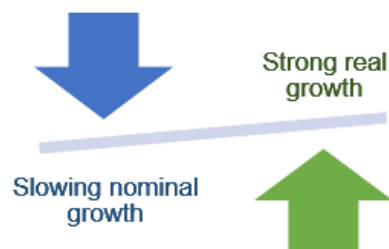
Relevance : GS III - Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

About News :

Economic Growth Overview

- Real GDP growth:
 - ♦ 8.2% in Q2FY26
 - ♦ 7.8% in Q1FY26.
- Growth numbers exceeded consensus forecasts despite US tariffs and geopolitical uncertainties.

The economy shows dual behavior:



Sectoral Performance

- Manufacturing and services grew ~9% due to:
 - Low base effect
 - Sub-1% deflator (low inflation)
 - Frontloading of exports to avoid tariffs
 - Stockpiling for festive season
 - GST rate cuts
- Private consumption rose by 0.9% (90 bps) from the previous quarter, supported by fiscal and monetary measures.
- Investments remained strong but showed slight slowdown.

Nominal vs. Real GDP

Quarter	Nominal GDP Growth (%)	Real GDP Growth (%)
March	10.7	7.4
June	8.8	7.8
September	8.7	8.2

Single-digit nominal GDP growth observed in five of the last six quarters.

- ♦ Falling inflation drives divergence:
 - **Real economy grows,**
 - **Nominal economy slows.**

Implications of Low Nominal Growth

- Lower costs and prices, but weaker revenues and incomes.
- Companies with pricing power benefit; others see declining revenues/margins.
- Puts downward pressure on government fiscal targets.
- Fiscal deficit (% of nominal GDP) increases if nominal GDP shrinks.
- Tax collections correlate with nominal GDP growth; net taxes up 9% in H1FY26.

Outlook & Risks for Rest of FY26

- **GST rate cuts:** Uncertainty whether consumption boost is temporary or sustained.
- **US tariffs:** Prolonged tariffs could impact jobs and output.
- **Data revisions:** GDP, CPI base year revisions (Feb 2026) and revamped IIP (May 2026) could affect growth perception.

RBI & Monetary Policy Context

- Stellar H1 growth: 8.8%; second half projected at 5.7% (RBI revised full-year growth: 6.8%).
- MPC has room for further rate cuts, but with high growth and near-zero inflation, the focus is on whether a cut is needed rather than how much.

DNA QUIZ

- Q.** “The Indian economy in 2025-26 exhibits a paradox of strong real growth alongside slowing nominal growth, often described as a ‘Schrodinger’s economy’.” Critically examine the factors driving this dual behavior and discuss its implications for fiscal policy, consumption, and monetary management in India. **(250 Marks)**

PRACTICE QUESTION

- 1.** In the context of India’s trade-weighted exchange rate indicators, consider the following statements:

1. The NEER measures the inflation-adjusted value of the rupee against a single currency.
2. An increase in REER implies appreciation of the rupee in real terms.
3. Both NEER and REER are calculated based on India’s 40 major trading partners.

Which of the above statements is/are correct?

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

- 2.** Consider the following statements regarding PM2.5:

1. PM2.5 consists of particles that are capable of entering the bloodstream.
2. PM2.5 is primarily composed only of carbonaceous soot.
3. PM2.5 exposure can trigger systemic inflammation in the body.

How many of the above statements are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

- 3.** Mission Sampark is primarily associated with which of the following?

- (a) Bringing back People Living with HIV (PLHIV) who have stopped Antiretroviral Therapy (ART)
- (b) Mapping unconnected villages for rural broadband expansion under BharatNet

- (c) Tracking out-of-school children for re-enrolment under Samagra Shiksha
 - (d) Identifying high-risk zones for vector-borne disease outbreaks under NVBDCP
4. Which of the following statements about coffee cultivation in India is/are correct?
- 1. Arabica thrives in cooler highlands.
 - 2. Robusta thrives in warmer, humid regions.
 - 3. Coffee is cultivated mainly in the Indo-Gangetic plains.
- (a) 1 and 2 only
 - (b) 2 and 3 only
 - (c) 1 and 3 only
 - (d) 1, 2 and 3

5. The name “Ditwah”, recently assigned to a tropical cyclone near Tamil Nadu, was contributed by which country?
- (a) Oman
 - (b) Pakistan
 - (c) Yemen
 - (d) Myanmar

Answer				
1. (c)	2. (b)	3. (a)	4. (a)	5. (c)

■ ■ ■ ■

