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GS Paper II: Current Affairs

1. DISCOMs in India: Performance, Challenges and the Road Ahead

a. Introduction: Why DISCOMs Matter

Electricity Distribution Companies, commonly known as DISCOMs, form the last-mile interface between the power sector and consumers. While electricity generation and transmission in India have undergone significant reforms, attracted private investment and improved capacity, the distribution segment continues to remain the most stressed and structurally weak link in the power value chain.

The financial health of DISCOMs has economy-wide implications. When distribution companies fail to pay power generators on time, it disrupts the entire sector, discourages fresh investment, raises borrowing costs and ultimately transfers financial stress to State governments. Consequently, DISCOM performance is closely linked to energy security, industrial competitiveness and State-level fiscal stability.

b. Key Concepts for Assessing DISCOM Performance

i. Aggregate Technical and Commercial (AT&C) Losses

Aggregate Technical and Commercial losses represent the electricity supplied but not paid for. These losses arise from two broad sources:

- Technical losses due to outdated transmission lines, overloaded transformers and poor infrastructure
- Commercial losses due to power theft, unmetered supply, faulty billing and weak collection efficiency

High AT&C losses directly indicate operational inefficiency and revenue leakage, undermining the financial viability of DISCOMs.

ii. Gap between Average Cost of Supply and Average Revenue Realised

Another critical indicator is the gap between the Average Cost of Supply (ACS) and the Average Revenue Realised (ARR).

- ACS refers to the expenditure incurred to supply one unit of electricity
- ARR refers to the revenue earned per unit sold

When ACS persistently exceeds ARR, DISCOMs incur operational losses. A large and sustained gap usually reflects non-cost-reflective tariffs, often driven by political considerations.

c. The Historical Problem of DISCOMs

The roots of the DISCOM crisis lie in the legacy of State Electricity Boards, which were chronically loss-making for decades. Although electricity laws mandated financial viability, tariff-setting remained heavily influenced by political priorities.



Free or highly subsidised electricity—particularly for agriculture and domestic consumers—became widespread. Over time, this resulted in:

- Accumulated operational losses
- Rising debt burdens
- Repeated dependence on State government bailouts

By the mid-2020s, accumulated losses crossed approximately ₹6 lakh crore, while outstanding debt exceeded ₹7 lakh crore. Repeated rescue packages addressed liquidity pressures but failed to correct structural inefficiencies.

d. Signs of Improvement in Recent Years

In the last few years, DISCOM performance has shown tangible improvement:

- AT&C losses declined from over 22 per cent to around 15 per cent
- The ACS-ARR gap narrowed significantly, approaching near-zero levels in several States
- The sector reported overall profits for the first time in many years
- Payment discipline improved, with current dues to generators largely cleared on time

Importantly, these gains suggest a degree of structural correction rather than mere accounting adjustments.

e. Drivers of the Recent Turnaround

i. Rule-Based Financial Discipline

A major reform has been the Late Payment Surcharge Rules, 2022, which:

- Converted legacy dues into fixed instalments
- Prohibited fresh power supply in case of non-payment of current bills

This effectively ended the practice of endlessly rolling over arrears and imposed hard budget constraints.

ii. Revamped Distribution Sector Scheme (RDSS)

Another critical driver has been the Revamped Distribution Sector Scheme, which differs from earlier bailouts in key ways:

- Central assistance is linked to measurable performance outcomes
- Emphasis on loss reduction, smart metering and infrastructure modernisation
- Funds are released only upon implementation of reforms

This shifted incentives from rewarding inefficiency to encouraging compliance and accountability.

iii. Improved Monitoring and Transparency

Regular performance reviews, public dashboards and closer monitoring have enhanced transparency and increased pressure on State utilities to improve outcomes.

f. The Core Reality: Subsidy-Driven Viability

Most State-owned DISCOMs remain financially unviable without government support. Reported profits are largely attributable to:

- Tariff subsidies provided by State governments
- Takeover of past losses by State budgets

If these supports are excluded, many DISCOMs would continue to incur significant operational losses. This raises questions about whether the current turnaround represents genuine sustainability or temporary fiscal adjustment.

g. Persisting Structural Challenges

Several structural problems continue to plague the sector:

- Non-cost-reflective tariffs due to political reluctance to raise prices
- Free and unmetered electricity supply, especially in agriculture
- Overconsumption and distorted demand signals
- Rising fiscal burden of repeated bailouts on State finances
- Future risks from pay revisions, higher procurement costs and renewable integration

If reforms lose momentum, these factors could quickly push DISCOMs back into losses.

h. State-Owned versus Private DISCOMs

A comparison between State-owned and private DISCOMs reveals that:

- Private DISCOMs generally have lower losses
- Better tariff discipline and billing efficiency
- Greater financial sustainability

State-owned DISCOMs, in contrast, remain politically constrained and subsidy-dependent. This suggests that quality of governance and operational autonomy matter more than ownership alone.

i. The Road Ahead: Towards Sustainable DISCOMs

Long-term sustainability requires a comprehensive approach:

- Universal metering and feeder segregation
- Rationalisation of subsidies through Direct Benefit Transfers
- Promotion of decentralised renewables, such as solar pumps
- Strengthening autonomy of State Electricity Regulatory Commissions
- Regular, cost-reflective tariff revisions
- Sustained political commitment to sectoral reform

Conclusion

India's DISCOMs stand at a critical transition point. Recent reforms have corrected the most visible distortions and improved short-term discipline, but the sector remains structurally fragile.

True reform demands a decisive shift from subsidy dependence to efficiency, transparency and accountability. Only through such transformation can DISCOMs evolve from persistent fiscal liabilities into reliable, consumer-oriented utilities capable of supporting India's economic growth and energy security.

GS Paper III: Environment

2. Environmental Jurisprudence in India: Evolution, Dilution and Contemporary Concerns

a. Concept and Institutional Context

Environmental jurisprudence refers to the body of judicial principles, doctrines and interpretations through which courts protect the environment using constitutional and legal tools. In India, this branch of jurisprudence acquired exceptional significance because environmental laws were often inadequate, weakly enforced or subordinated to development priorities.

Communities most affected by environmental degradation—particularly the poor, tribals and marginalised groups—frequently lacked the political or economic power to resist environmentally harmful projects. In this vacuum, the judiciary emerged as a crucial institutional actor, transforming environmental protection from a matter of executive discretion into one of constitutional rights and duties.

b. Constitutional Foundations of Environmental Protection

Environmental protection in India is not anchored in a single constitutional provision. Instead, it rests on an integrated constitutional framework involving rights, duties and governance principles.

- Article 21 has been expansively interpreted to include the right to a clean, healthy and pollution-free environment as an integral part of the right to life
- Article 48A obligates the State to protect and improve the environment, forests and wildlife
- Article 51A(g) imposes a fundamental duty on citizens to safeguard natural resources
- Article 14 mandates fairness, reasonableness and non-arbitrariness in environmental decision-making

Taken together, these provisions elevate environmental protection to a constitutional obligation, not merely an administrative or policy choice.

c. The Classical Phase: Rights-Based Environmental Jurisprudence

For several decades, Indian courts adopted a robust, eco-centric and rights-based approach to environmental protection. Environmental degradation was treated as a direct violation of Article 21, allowing judicial intervention even in the absence of detailed statutory frameworks.

This phase was marked by judicial willingness to act in situations of scientific uncertainty, recognising that environmental harm is often irreversible. Courts evolved foundational doctrines that reshaped environmental governance:

- Precautionary Principle – preventive action even without complete scientific certainty
- Polluter Pays Principle – liability of polluters for remediation costs
- Public Trust Doctrine – State as trustee of natural resources for present and future generations

This jurisprudence filled critical governance gaps at a time when executive regulation was weak, compromised or politically constrained.



d. Shift in Judicial Approach: Signs of Dilution

In recent years, a discernible shift has emerged in environmental jurisprudence. Courts increasingly frame environmental protection as a matter of balancing ecological concerns with developmental needs, rather than treating environmental harm as constitutionally impermissible.

Judicial decisions now frequently rely on:

- Mitigation measures
- Compliance assurances
- Compensatory mechanisms

Preventive intervention has been replaced by post-approval regulation, marking a movement away from strict environmental protection towards accommodation of development.

e. Problem of Narrow and Reductionist Environmental Definitions

A major concern in recent reasoning is the reliance on narrow, technical or mechanical definitions of ecological categories. Environmental protection is sometimes determined using parameters such as:

- Height-based hill classifications
- Formal land-use categories
- Artificial project boundaries

Such approaches ignore the reality that ecosystems operate as interconnected and continuous systems. Groundwater flows, biodiversity corridors and soil stability do not conform to administrative thresholds.

By excluding ecologically significant areas through rigid classifications, such reasoning undermines the substantive purpose of environmental law and risks violating Article 14, as it lacks a rational nexus with environmental protection.

f. Weakening of Environmental Impact Assessment (EIA)

Environmental Impact Assessment was conceived as a preventive and participatory mechanism, operationalising the precautionary principle. Its objectives included:

- Assessing ecological consequences before project approval
- Enabling informed administrative decision-making
- Ensuring public participation

Recent trends indicate a significant dilution of this safeguard. Increasingly:

- Clearances are granted with incomplete or inadequate data
- Post-facto approvals are normalised
- Public objections are treated as impediments rather than inputs

This transforms EIA from a substantive environmental safeguard into a procedural ritual.

g. Development Bias and Procedural Inequality

Environmental governance today increasingly appears tilted in favour of large infrastructure and capital-intensive projects. Scientific warnings are often overridden by claims of economic necessity, strategic interest or national development.

Affected communities face:

- Limited access to effective participation
- Procedural hurdles in litigation
- Weak remedial mechanisms

This produces procedural inequality, erodes public trust and weakens democratic accountability in environmental decision-making.

h. Ecological Consequences of Jurisprudential Dilution

The consequences of diluted environmental protection are increasingly visible:

- Recurring landslides in fragile mountain ecosystems
- Urban flooding due to destruction of wetlands and floodplains
- Groundwater depletion
- Accelerating biodiversity loss

Unlike economic losses, environmental damage is often irreversible or prohibitively costly to reverse, making judicial leniency particularly consequential.

i. Ethical and Inter-Generational Dimensions

Dilution of environmental jurisprudence raises profound ethical concerns. It results in inter-generational injustice, where future generations bear the ecological costs of present decisions.

It also represents a breach of the public trust doctrine, as the State fails in its role as trustee of natural resources. An instrumental view of nature—valuing ecosystems only for immediate economic returns—undermines the ethical foundations of sustainable development.

True sustainability requires recognition of ecological limits, not their continuous dilution.

j. Way Forward: Reclaiming Environmental Jurisprudence

Reinvigorating environmental jurisprudence requires multiple corrective steps:

- Reaffirmation of the precautionary principle
- Rejection of post-facto environmental approvals
- Recognition of environmental degradation as a constitutional harm
- Greater independence and scientific capacity of regulatory institutions
- Treating the environment as a constitutional value that sets limits on development

Conclusion

India's environmental jurisprudence once served as a powerful constitutional shield for nature and vulnerable communities. Its gradual dilution risks reducing environmental protection to a procedural exercise devoid of constitutional substance.

Reclaiming a science-based, rights-oriented and ethically grounded environmental jurisprudence is essential for sustainable development, constitutional morality and inter-generational justice.

Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

While every effort has been made to balance depth with brevity, please keep the following in mind:

1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

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