



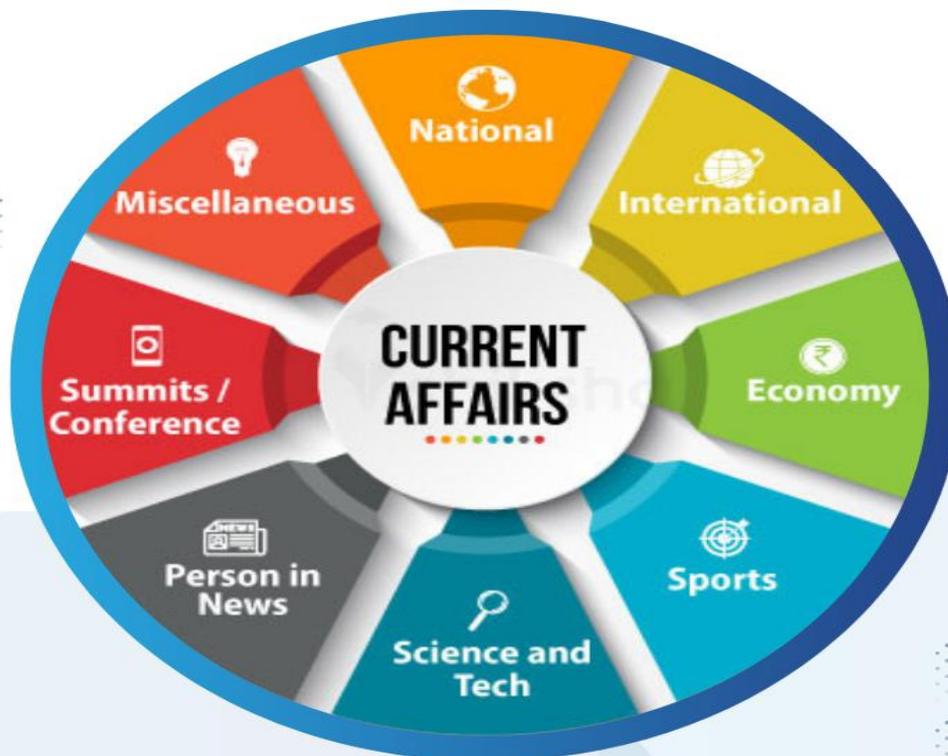
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VIDHVATH IAS KAS ACADEMY
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STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 7/08/2025 (THURSDAY)



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I. RBI's Less Dovish Monetary Policy: Key Highlights

- **Policy Rate and Growth Outlook Unchanged**

The Reserve Bank of India (RBI) has kept the repo rate unchanged at **5.5%**, reflecting confidence that previous monetary easing is sufficient to support **GDP growth**, which it continues to project at **6.5% for 2025–26**. This suggests RBI has already factored in **external trade risks**, including **US tariff escalations**, or considers them to have limited impact.

- **Significant Cut in Inflation Forecast**

RBI has sharply **revised down its inflation forecast** for the current fiscal year from **3.7% to 3.1%**. This lower inflation implies a **higher real interest rate**, making the policy stance appear **less dovish** (i.e., less inclined towards rate cuts and monetary expansion) than the previous one.

- **Policy Stance: Neutrality Retained**

Despite global economic uncertainties, RBI has retained a “**neutral**” stance, indicating flexibility to respond either with hikes or cuts, depending on how inflation and growth evolve. This stance allows **data-dependent policy formulation** amid an uncertain global environment.

- **Definition – Dovish vs Hawkish Stance**

- *Dovish*: Indicates an accommodative or expansionary policy, generally in favor of **lower interest rates** to support growth.
- *Hawkish*: Indicates a preference for **higher interest rates** to control inflation. The current RBI policy is **less dovish**, indicating a cautious approach.

- **Constitutional and Legal Context**

- The **RBI functions under the RBI Act, 1934** and is the apex **monetary authority** responsible for **price stability and economic growth**.
- Its decisions are shaped by the **Monetary Policy Committee (MPC)** constituted under **Section 45ZB of the RBI Act**, which meets bi-monthly to review monetary conditions.
- **Inflation targeting** is RBI's key objective as per the **Monetary Policy Framework Agreement (2016)**, with a target of **4% (+/-2%) CPI inflation**.



- **Global Uncertainty and Policy Caution**

The RBI acknowledges that **precision forecasting** is difficult due to unpredictable global factors such as **geopolitical tensions, commodity price volatility, and global monetary policy shifts** (e.g., U.S. Fed stance). Therefore, a **wait-and-watch** approach reinforces policy prudence.

Conclusion and UPSC Relevance:

The RBI's latest policy reflects **confidence in past easing**, while signalling readiness to act if inflation or growth trends deviate. Its **neutral and data-driven approach** exemplifies responsible central banking amidst uncertainty.

UPSC Relevance:

Important for **GS Paper 3 (Indian Economy – Monetary Policy, Growth, Inflation)**, **Prelims (Current Affairs, RBI Functions, MPC, Repo Rate, Inflation Targeting)** and **Essay/Interview** on economic management in volatile times.

2. India-US Tariff Conflict Over Russian Oil Trade: Key Summary

- **Background of the Tariff Dispute**

The United States has imposed an additional **25% tariff on Indian goods** over India's continued import of **Russian oil**, alleging that such trade helps finance Russia's war efforts in Ukraine. This brings the **total US tariff on Indian goods to 50%**, significantly impacting Indian exporters across key sectors like **apparel, auto components, leather goods, and processed foods**.

- **India's Strong Diplomatic Response**

India, through its **Ministry of External Affairs**, condemned the US decision as “**unfair, unjustified, and unreasonable**.” It emphasized that India's energy imports are **market-driven** and focused on ensuring **energy security for 1.4 billion people**. India vowed to take “**all actions necessary**” to safeguard its national interest and trade rights.

- **Strategic and Trade Impact**

India now faces **higher tariffs than US trade rivals** such as China, Vietnam, and Bangladesh, making Indian exports **less competitive** in the US market. The move threatens India's **\$86.5 billion annual exports to the US** and may undermine ongoing discussions on the **India-US Bilateral Trade Agreement (BTA)**.

- **Legal and Constitutional Aspects**

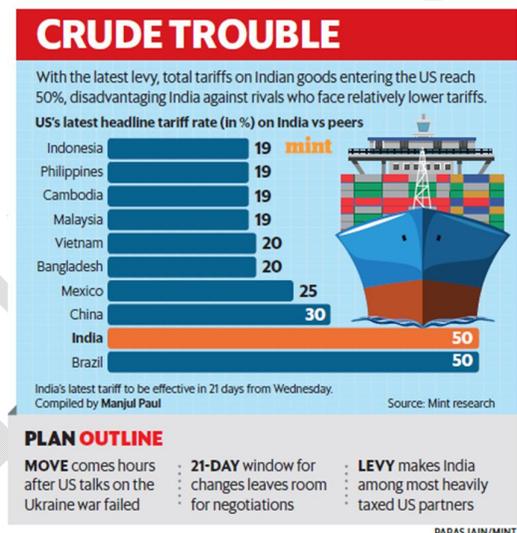
- Internationally, the move may violate the **Most Favoured Nation (MFN) principle under WTO rules** if similar actions are not taken against other countries.
- Under the **Foreign Trade (Development and Regulation) Act, 1992**, India retains the right to take **retaliatory or corrective measures**.
- Constitutionally, **Article 246 read with Schedule VII** empowers Parliament to legislate on **foreign trade and commerce** (Union List).

- **Definitions and Key Concepts**

- **Tariff**: A tax imposed by a country on imported goods to protect domestic industries or as a policy tool.
- **Retaliatory Tariff**: A reciprocal tariff imposed by a country in response to unfair trade barriers imposed by another.
- **Energy Security**: The uninterrupted availability of energy sources at an affordable price.
- **Bilateral Trade Agreement (BTA)**: A trade pact between two nations to facilitate and regulate trade with reduced tariffs and barriers.

- **Scope for Resolution and Ambiguity**

The US order provides a **21-day window** (before 27 August) before the tariffs become effective and **exemptions** for goods already in transit before 17 September. It also **warns against retaliatory action** by affected nations, but hints that if India or Russia takes “**meaningful steps**,” the **tariffs could be reversed**. This suggests a **possible opening for diplomatic negotiations** during the upcoming BTA talks.



Conclusion and UPSC Relevance:

The imposition of steep tariffs by the US highlights how **geopolitical alignments now intersect with trade policy**, pressuring India to choose between strategic autonomy and economic cost. India's firm stance underscores its **commitment to energy sovereignty and trade fairness**.

UPSC Relevance: Crucial for **GS Paper 2 (India-US Relations, Diplomacy, International Organizations like WTO)**, **GS Paper 3 (External Sector, Trade Policy, Energy Security)**, **Prelims (Current Affairs, WTO, MFN, Tariffs)** and **Essay/Interview** on global trade dynamics and strategic diplomacy.

3. RBI Keeps Repo Rate Steady Amid Tariff Uncertainty and Predicts Inflation Fall

- **Repo Rate Held Steady at 5.5%**

The **Monetary Policy Committee (MPC)** of the **Reserve Bank of India (RBI)** unanimously decided to maintain the **repo rate at 5.5%**, continuing its **neutral stance**. This pause comes after a series of previous rate cuts, with RBI opting to assess their transmission into the real economy before considering further easing.

Definition: Repo Rate is the rate at which the **RBI lends short-term funds to commercial banks**. A lower repo rate generally promotes borrowing and investment, aiding economic growth.

- **Inflation Forecast Revised Sharply Down to 3.1%**

The **FY26 Consumer Price Inflation (CPI)** projection was revised downward from **3.7% to 3.1%**, though inflation is expected to rise above the **4% medium-term target** in the **fourth quarter** due to base effects and demand-side pressures. However, the RBI noted that **food inflation**, which forms nearly **50% of retail inflation**, is largely **immune to global factors** as it consists of non-tradables.

- **Growth Outlook Unchanged at 6.5% for FY26**

Despite global uncertainties and slowing **bank credit growth (12.1%)**, the **Indian economy remains resilient**, supported by **rural demand** and a **strong services sector**. The RBI continues to project **real GDP growth at 6.5%**, in line with its earlier assessment.

RBI HOLDS REPO RATE (KEY POLICY RATE) UNCHANGED AT 5.5%, DESPITE US TARIFF RISKS

- **Risks from Global Tariff Conflicts and Geopolitical Tensions**

The RBI flagged **downside risks** to growth from **ongoing global tariff disputes** (particularly US tariffs), **geopolitical instability**, and **volatile global financial markets**. These could weaken **external demand**, affect trade, and introduce uncertainty in policy transmission and investment planning.

- **Scope for Future Rate Cuts Exists but Conditional**

While some economists (e.g., HDFC Bank, Goldman Sachs) predict a **25–50 basis point cut** later in the year, the RBI clarified that such action would only follow if there is a **clear downside to growth**. The current pause reflects a **data-driven approach**, prioritizing **macroeconomic stability** over premature monetary easing.

- **Legal and Constitutional Context**

- The RBI operates under the **RBI Act, 1934**, with the **MPC formed under Section 45ZB** to determine the policy rate.

- The **Monetary Policy Framework Agreement (2016)** mandates the RBI to maintain CPI inflation at **4% (+/- 2%)**.
- Under the **Union List (Entry 38)** of the **Seventh Schedule** of the Constitution, banking and monetary policy are subjects under the exclusive jurisdiction of the central government.

Conclusion and UPSC Relevance:

The RBI's decision to hold the repo rate steady, despite a falling inflation forecast, reflects **prudence amid global uncertainties**. Its focus remains on **ensuring inflation control while maintaining growth momentum**. The RBI's data-centric policy-making is a key feature of **modern monetary governance**. **UPSC Relevance:** Important for **GS Paper 3 (Indian Economy – Monetary Policy, Inflation, Growth, RBI Functions)**, **Prelims (Monetary Policy, Repo Rate, MPC, CPI Inflation)**, and **Essay/Interview** on balancing growth and inflation in a volatile global economic environment.

4. India's Deep Ocean Mission for Critical Minerals: Key Summary

- **Strategic Exploration of the Indian Ocean**

India plans to **explore the Indian Ocean**—specifically the **Central Indian Ocean Basin, Central Indian Ridge, and Southwest Indian Ridge**—for **critical minerals**. These minerals are vital for sectors like **clean energy, electronics, defence, and manufacturing**, and are largely import-dependent at present.

- **Focus on Critical Minerals for Clean Energy Transition**

Minerals such as **cobalt, nickel, lithium, rare earth elements, and manganese nodules** are categorized as **critical** due to their essential role in **solar panels, electric vehicle batteries, wind turbines, and semiconductors**. Securing them domestically supports India's transition to **green energy** and reduces strategic vulnerabilities.

- **Scientific Survey and Exploration**

The initiative involves **scientific surveys, mapping, and geological exploration** under the broader umbrella of the **Deep Ocean Mission**. This is aimed at **building India's capabilities in seabed exploration, technology development, and underwater mining**, aligning with international regulations.

- **Legal and International Framework**

- The exploration must comply with the **United Nations Convention on the Law of the Sea (UNCLOS)**, under which India holds exploration rights in parts of the **Central Indian Ocean Basin** allotted by the **International Seabed Authority (ISA)**.



- Domestically, the **Deep Ocean Mission** is governed under the **Ministry of Earth Sciences**, and linked with the proposed **Blue Economy policy**.

- **Definition – Critical Minerals and Exclusive Economic Zone (EEZ)**

- *Critical Minerals:* These are minerals essential to the economy but have **high supply risks** due to scarcity, geopolitical concentration, or limited substitutes.

- *Exclusive Economic Zone (EEZ)*: A maritime zone extending up to **200 nautical miles** from a country's coastline, where it has rights to explore and exploit marine resources.

- **Strategic and Economic Significance**

Exploring oceanic resources ensures **mineral security**, **reduces import dependence**, promotes **Atmanirbhar Bharat**, and positions India as a global player in the **clean tech supply chain**. It also supports India's role in **global climate goals** and energy security.

Conclusion and UPSC Relevance:

India's focus on deep-sea mineral exploration is a timely move to strengthen **economic resilience**, reduce dependence on foreign sources, and support **energy transition technologies**. It also reflects India's proactive engagement in the **global blue economy** and **science diplomacy**.

UPSC Relevance: Crucial for **GS Paper 1 (Geography – Resources)**, **GS Paper 3 (Environment, Economy, Science & Tech – Critical Minerals, Clean Energy, Blue Economy)**, **Prelims (Deep Ocean Mission, EEZ, UNCLOS, ISA)**, and **Essay/Interview** on sustainable resource utilization and strategic autonomy.

5. Lok Sabha Passes Merchant Shipping Bill 2024: Key Summary

- **Replacement of Outdated Legislation**

The **Merchant Shipping Bill, 2024** seeks to **replace the Merchant Shipping Act, 1958**, modernizing the legal framework governing **merchant shipping in India**. This is aimed at aligning Indian maritime law with contemporary global standards and streamlining existing regulatory provisions.

- **Compliance with Global Maritime Conventions**

The bill ensures India's compliance with **international maritime treaties**, conventions, and instruments such as those under the **International Maritime Organization (IMO)**. It aims to bolster **safety at sea**, **pollution prevention**, **ship registration norms**, and **crew welfare**, all in accordance with global obligations.

- **Boost to Indian Shipping Industry**

The bill provides for **simplified procedures** for ship registration, promotes **ease of doing business** in the maritime sector, and supports the **development of Indian shipping companies**. It seeks to improve the investment climate and **enhance India's global shipping competitiveness**.

- **Legal and Constitutional Framework**

- The bill falls under the domain of **Entry 24 (Shipping and Navigation) of the Union List in Seventh Schedule** of the Constitution.
- It aligns with **UNCLOS (United Nations Convention on the Law of the Sea)** and other international legal frameworks to which India is a party.



- The legislation also supports India's obligations under the **Maritime Labour Convention (MLC)** and **SOLAS (Safety of Life at Sea)**.

- **Definition – Merchant Shipping and IMO**

- *Merchant Shipping*: Refers to commercial ships that transport cargo or passengers.
- *International Maritime Organization (IMO)*: A UN agency responsible for regulating shipping, ensuring safety, and preventing marine pollution.

- **Significance for Maritime Governance and Trade**

The bill aims to foster a **modern, transparent, and efficient maritime regulatory regime**. It facilitates better **crew welfare, ship certification, pollution control**, and supports India's aspiration to be a global maritime hub under **Sagarmala** and **Blue Economy** initiatives.

Conclusion and UPSC Relevance:

The passage of the Merchant Shipping Bill, 2024 is a critical step toward modernizing India's maritime governance in line with international norms. It strengthens **India's maritime infrastructure**, enhances **global trade engagement**, and contributes to **sustainable maritime development**. **UPSC Relevance**: Important for **GS Paper 2 (Governance – Parliament, International Treaties)**, **GS Paper 3 (Infrastructure – Shipping, Blue Economy, Environment)**, **Prelims (Merchant Shipping Act, IMO, Maritime Conventions)**, and **Essay/Interview** on maritime trade, regulatory reforms, and global compliance.

6. India Leverages Quad and IPEF Ties Amid Tariff Dispute with US

- **Strategic Use of Quad and IPEF in Trade Talks**

Amid worsening **trade tensions with the US**, India is strategically leveraging its role in the **Quad (Quadrilateral Security Dialogue)** and the **Indo-Pacific Economic Framework for Prosperity (IPEF)** to enhance bargaining power in upcoming **bilateral trade negotiations**. These platforms, led by the US, aim to promote **security, supply chain resilience**, and **economic integration** in the Indo-Pacific.

- **India Faces Highest Tariff Among Quad Members**
India currently faces the **highest reciprocal US tariff at 50%**, including an extra 25% duty imposed for importing **Russian oil**. In contrast, **Japan's duties were reduced to 15%**, **Australia's to 10%**, reflecting unequal treatment within strategic partnerships like the Quad.



- **Upcoming Trade Negotiations and Economic Diplomacy**

A US delegation is scheduled to visit India on **25 August** for the **6th round of bilateral trade agreement talks**. India is expected to use this opportunity to push for **tariff relief**, emphasizing mutual cooperation rather than one-sided expectations. India has also reduced its average **customs duty rate** in the Union Budget (from 11.65% to 10.66%) to reflect a more open trade approach.

- **India's Position in IPEF and Quad as Leverage**

India has signed **three of the four pillars of IPEF** but has **not joined the trade pillar**, maintaining its strategic autonomy. Experts suggest India should continue this calibrated stance to balance



geopolitical alignment with economic interests. The Quad's foundation in countering China positions India as a central player the US is unlikely to alienate.

- **Legal and Constitutional Aspects**

- Trade negotiations fall under **Entry 41 of the Union List (Seventh Schedule)** – "Trade and commerce with foreign countries."
- India's participation in international groupings like Quad and IPEF aligns with its **foreign policy under Article 51** of the Constitution, which promotes international peace and cooperation.
- Tariffs and customs duties are regulated under the **Customs Act, 1962** and relevant WTO provisions, though IPEF and Quad operate outside WTO frameworks.

- **Definitions – Quad, IPEF, Tariff**

- *Quad*: A strategic dialogue among India, the US, Japan, and Australia focusing on **Indo-Pacific security and cooperation**.
- *IPEF*: A 14-nation US-led economic initiative to strengthen **digital trade, clean energy, supply chains, and anti-corruption** measures.
- *Tariff*: A tax imposed on imported goods, used both as a **revenue tool and trade policy instrument**.

Conclusion and UPSC Relevance:

India's approach of using strategic partnerships like **Quad and IPEF as economic tools** in bilateral trade negotiations reflects a **smart blend of geopolitics and trade diplomacy**. It signals India's intent to translate its **geopolitical relevance into economic advantage**, without compromising **strategic autonomy**.
UPSC Relevance: Highly relevant for **GS Paper 2 (International Relations – India-US, India's Foreign Policy, Global Groupings)**, **GS Paper 3 (Economy – External Sector, Trade Policy, Tariffs)**, **Prelims (Quad, IPEF, WTO, Tariff definitions)** and **Essay/Interview** on India's trade strategy in a multipolar world.

7. India's Push for Self-Reliance in Specialty Fertilizers

- **Background: Dependency on China & Supply Disruption**

Specialty fertilizers, designed to deliver crop and soil-specific nutrients, are largely imported into India, with China supplying nearly 80% of such imports. However, China has withheld shipments over the past 2–3 months, causing a supply crunch. This mirrors similar Chinese curbs on rare earth magnets, revealing vulnerabilities in India's agrochemical supply chain.

- **Emergence of Indian Startups & Make-in-India Initiative**

Startups like *Ishita International*, *Mitrasena Pvt. Ltd.*, and *Agricell Crop Science* have stepped in to fill the gap by manufacturing critical water-soluble fertilizers like **Mono-Ammonium Phosphate (MAP)** and **Mono-Potassium Phosphate (MKP)**. These efforts align with the government's **Atmanirbhar Bharat (self-reliant India)** and **Make-in-India** initiatives to reduce dependence on imports and strengthen domestic manufacturing.

- **Technological Innovation and Domestic Capability**

Indian companies have recently developed indigenous technologies for producing MAP, calcium nitrate, and other nutrient-rich fertilizers using local raw materials. For instance, *Ishita International*

now manufactures multiple water-soluble fertilizers in a single process using Indian inputs. This is a significant shift, as India earlier lacked the tech to make MAP and calcium nitrate.

- **Economic & Market Implications**

India's specialty fertilizer market was valued at **\$1.02 billion in 2023**, a small but fast-growing segment of the total \$40.5 billion fertilizer market. Specialty fertilizers account for only **3–5% of the total market**, and unlike conventional fertilizers, they are **not covered under the Nutrient-Based Subsidy (NBS) Scheme**, implying higher costs but also higher returns in precision farming and horticulture.

- **Definition and Utility of Specialty Fertilizers**

Specialty fertilizers are tailored nutrient solutions designed for specific crop and soil conditions. Unlike conventional fertilizers, they offer **targeted nutrient delivery**, improved efficiency, and are essential in high-value crops like horticulture. Their use supports sustainable agriculture, higher yields, and precision farming.

- **Policy Gaps and Opportunity**

Currently, the government does not provide subsidies for specialty fertilizers under the **Nutrient-Based Subsidy (NBS) scheme**, which is a policy initiative under the **Department of Fertilizers, Ministry of Chemicals and Fertilizers**, aimed at balanced fertilization. This presents a policy opportunity to incentivize their production and use, especially in light of import disruptions and rising global prices.

Conclusion and UPSC Relevance

India's specialty fertilizer sector is undergoing a strategic transformation amid global supply disruptions and geopolitical tensions. Startups are leveraging innovation to reduce dependence on China and build domestic capacity. This issue connects with broader themes of self-reliance, food security, sustainable agriculture, and strategic autonomy.



UPSC Relevance:

- GS Paper 3: Indian Economy (Agriculture, Food Security, Startups, Make-in-India)
- GS Paper 2: Government Policies and Interventions (NBS Scheme)
- GS Paper 3: Science and Technology (Innovation in agriculture and fertilizers)
- Prelims: Definitions of specialty fertilizers, MAP, MKP, NBS scheme, Atmanirbhar Bharat
This topic also helps in understanding **India's import vulnerabilities**, supply chain resilience, and agro-economic planning.

8. Record Surge in E-Way Bills: Indicators of Economic Momentum

- **E-Way Bills Hit All-Time High in July 2025:**

India generated a record **131.9 million e-way bills** in July 2025, indicating a sharp increase in the movement of goods across and within states. This reflects robust economic activity and improved logistics performance.

- **Key Factors Driving the Surge:**

The spike is attributed to **rising rural demand, pre-festive inventory stocking, and exporters front-running shipments** to the US ahead of a **25% reciprocal tariff** (effective from 7 August 2025). Despite being a monsoon month, which usually slows logistics, this growth highlights demand resilience.

- **E-Way Bills as an Economic Indicator:**

E-way bills are electronic documents required for transporting goods worth over ₹50,000 under the **Goods and Services Tax (GST) regime**. They are a **key proxy for real-time supply chain activity** and tax compliance. A **26% YoY and 10.4% MoM rise** marks one of the steepest increases in recent years.

- **Link with Manufacturing and Exports:**

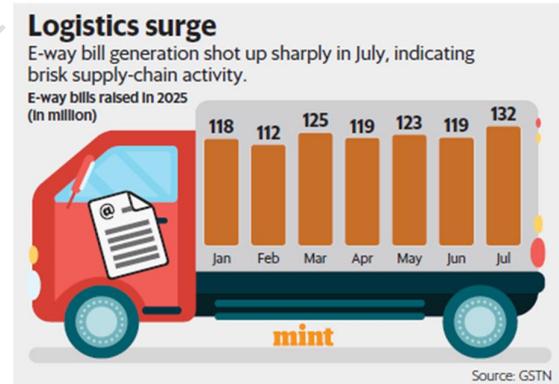
The surge aligns with the **HSBC S&P Manufacturing PMI**, which rose to **59.1 in July**, its highest in 16 months. Rising e-way bills and GST collections, particularly **9.7% increase in imports**, reflect higher demand for **raw materials and inputs for export-oriented production**.

- **GST Revenue Signals Strong Trade:**

GST collections for July (reflecting June activity) showed **6.7% YoY rise in domestic transactions**, reinforcing the narrative of **expanding domestic consumption and trade**. This also points to the formalization of the economy and better tax compliance.

- **Constitutional and Legal Context:**

E-way bill implementation derives its authority from **Article 246A** of the Constitution, which empowers both Centre and States to levy GST. It is further governed by the **Central Goods and Services Tax Act, 2017**, and related rules under **Section 68 and Rule 138**.



Definition:

E-Way Bill – An electronic document generated on the GST portal for inter/intra-state movement of goods, ensuring proper documentation and minimizing tax evasion.

Conclusion and UPSC Relevance:

The record surge in e-way bills is a significant macroeconomic indicator reflecting **reviving demand, manufacturing momentum, and supply chain robustness**. For UPSC, this topic is important under **GS Paper 3 (Economy – Growth, Infrastructure, Trade)** and **GS Paper 2 (Governance – Digital Reforms in Taxation)**. It is also relevant under **current affairs, economic indicators, GST reforms, and logistics infrastructure developments**.

9. Goods and Services Tax Appellate Tribunal (GSTAT) Set to Become Functional: Key Appointments Made

- **GSTAT to Start Hearings Soon:**

The government has accelerated the process to operationalize the **Goods and Services Tax Appellate Tribunal (GSTAT)** by appointing both **judicial and technical members** across its benches. This follows the earlier appointment of **Justice (Retd.) Sanjaya Kumar Mishra** as President of the **Principal Bench** in May 2024.



- **Key Appointments Finalized:**

In the latest development (4 August notification), the government appointed **Mayank Kumar Jain**, a retired judge of the **Allahabad High Court**, as a **judicial member**. This is part of a broader effort to ensure that the tribunal can start functioning “**very soon**” to hear GST-related disputes.

- **Need for GSTAT:**

GSTAT is a statutory body established under the **CGST Act, 2017**, to provide a **specialized forum for the second appeal** against GST orders passed by appellate authorities. Its establishment is crucial for reducing judicial burden on High Courts and ensuring faster tax dispute resolution.

- **Legal and Constitutional Provisions:**

GSTAT is governed by **Section 109 of the Central GST Act, 2017**, and operates under the framework of **Article 323B of the Constitution**, which allows the creation of tribunals for tax matters. The **Finance Act 2023** amended relevant provisions to streamline appointments and jurisdiction.

- **Role and Structure of GSTAT:**

The tribunal will have **Principal and State Benches**, with each consisting of **one judicial and one technical member** (Centre/State). It is a quasi-judicial body designed to improve **tax adjudication, ease of doing business**, and support the **one-nation, one-tax** GST regime.

- **Definition:**

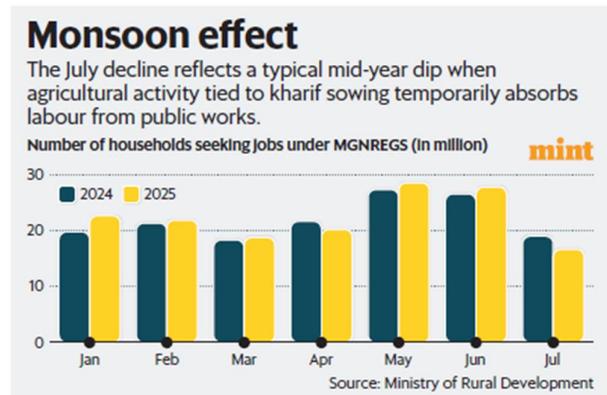
GSTAT – A tribunal created to adjudicate appeals under GST laws, serving as the final fact-finding authority before judicial review by High Courts.

Conclusion and UPSC Relevance:

Operationalization of GSTAT marks a major step in **institutionalizing GST dispute resolution** and enhancing taxpayer confidence. For UPSC, this is relevant under **GS Paper 2 (Governance – Tribunals and Judicial Reforms)** and **GS Paper 3 (Economic Development – Taxation)**. It also holds importance in topics like **quasi-judicial bodies, legal reforms, and GST implementation challenges**.

10. Sharp Fall in MGNREGA Job Demand Amid Kharif Season

- Seasonal Decline in Rural Job Demand:** MGNREGA job demand dropped to a **10-month low in July 2025**, with only **16.6 million households** seeking work, down from **27.56 million in June** and **28.38 million in May**. This decline is attributed to the **onset of monsoon and kharif sowing season**, as rural labour shifted from public employment to agricultural activities.



- Cyclical Rural Employment Pattern:**

The fall reflects the **cyclical nature of rural livelihoods**, where demand for government-backed employment like MGNREGA **rises during non-agricultural seasons** and dips when farming activities peak. Despite national-level decline, certain states continue to show **high dependence** on the scheme.

- Persistent Regional Dependence:**

States like **Odisha, Chhattisgarh, Kerala**, and **less industrialized regions** still depend heavily on MGNREGA for wage support. Vulnerable populations with **erratic income sources** continue to rely on it amid a **fragile private-sector recovery**. Highest job demand in Jan–July 2025 came from **Andhra Pradesh, Bihar, Uttar Pradesh, Rajasthan, and Tamil Nadu**.

- Monsoon Outlook and Agricultural Activity:**

The **India Meteorological Department** forecasts an **above-normal southwest monsoon** (106% of LPA), indicating better **agricultural output** and reduced need for fallback employment. As sowing advances, **demand under MGNREGA naturally dips**, signaling rural resilience in monsoon-dependent areas.

- Definition and Role of MGNREGA:**

MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act, 2005) is a **demand-driven wage employment programme** providing **guaranteed 100 days of work** annually to every rural household. It acts as a **social safety net** and a **barometer of rural economic distress**.

- Constitutional & Legal Framework:**

MGNREGA is backed by a **statutory law**, under the **right to work**, indirectly linked to **Article 41** of the Directive Principles of State Policy (DPSP), ensuring the state secures the right to work and public assistance during unemployment.

Conclusion and UPSC Relevance:

The fall in MGNREGA job demand reflects **seasonal labour shifts** and potentially improved **agricultural prospects**, but also reveals **continued regional economic stress** and dependence on public employment. For UPSC, this topic is highly relevant under **GS Paper 2 (Welfare Schemes)**, **GS Paper 3 (Inclusive Growth, Employment)**, and in **Essay and Ethics papers** for discussing **poverty alleviation, social safety nets, and rural economy dynamics**.

II. SC Seeks EC's Response on Voter Deletions from Bihar Draft Rolls

- Supreme Court Intervention on Electoral Roll Deletion:** The Supreme Court has asked the Election Commission (EC) to provide a detailed explanation for the deletion of approximately **65 lakh names** from the draft electoral rolls in Bihar, which were published on August 1, 2025, as part of a **Special Intensive Revision (SIR)** exercise ahead of the upcoming Assembly elections.
- Issues Raised in the Petition:** The application, filed by **NGO Association for Democratic Reforms (ADR)** and argued by advocate Prashant Bhushan, alleged that the EC did not specify **constituency-wise or booth-wise reasons** for the deletions. Reasons like deaths, migration, duplicate entries, or untraceability were cited, but **no individualised data** was made publicly available.
- Supreme Court Directions:** A bench headed by **Justice Surya Kant** has directed the EC to file a detailed reply, including names, constituencies, and reasons for deletions, by **Saturday**, ahead of the hearing on **August 12**. The petition also demanded the release of a final list of voters whose enumeration forms were not submitted or were marked "not recommended" by **Booth Level Officers (BLOs)**.
- Constitutional and Legal Provisions:**
 - Article 324** of the Constitution vests the **superintendence, direction, and control** of elections in the Election Commission of India.
 - Representation of the People Act, 1950**, and **Registration of Electors Rules, 1960**, govern the **preparation, revision, and correction** of electoral rolls.
 - The Supreme Court has previously held in cases like *PUCCL vs. Union of India (2003)* that **free and fair elections are part of the basic structure** of the Constitution and the right to vote is a statutory right under Section 62 of the RPA, 1951.
- Definition – Special Intensive Revision (SIR):** SIR is an EC-directed exercise undertaken before major elections to update and correct the electoral rolls, including additions, deletions, and corrections of voter details, conducted in coordination with BLOs.
- Concerns of Voter Disenfranchisement:** The petition reflects wider **concerns about disenfranchisement**, particularly of **migrants, poor, elderly**, or those with limited access to electoral processes. Lack of transparency in deletions can undermine **electoral integrity and voter confidence**.

Roll revisions

The table shows the districts in Bihar with the highest and lowest deletions (in %) in the draft SIR roll released on August 1, 2025, compared to the electoral roll released on January 1, 2025



	Highest deletions (in %)	Lowest deletions (in %)
DISTRICTS		
Gopalganj	-14.36	Sheikhpura -4.34
Purnia	-10.83	Arwal -4.95
Kishanganj	-10.75	Nalanda -5.21
Bhagalpur	-9.53	Kaimur (Bhabhua) -5.32
Madhubani	-9.37	Paschim Champaran -5.59

Conclusion and UPSC Relevance:

The case underscores the significance of **transparency, accountability, and procedural fairness** in electoral processes. It brings attention to issues of **electoral roll management, voter rights, and oversight of the EC**, which are highly relevant for UPSC GS Paper II (Polity and Governance), especially under **topics like Election Commission, Electoral Reforms, and Democratic Rights**. It also offers insights into **judicial intervention in protecting electoral integrity**, a key issue in India's democratic functioning.

12. Decoding China's Strategic Moves: Implications for a Vulnerable India

- **China's Calculated Geo-Economic Disruption:** The recent *recall of over 300 Chinese engineers* from Foxconn's iPhone manufacturing units in Tamil Nadu and Karnataka is not a routine administrative move but a **strategic attempt** to stall India's technological advancement and high-value electronics manufacturing. These engineers possess critical know-how in production optimisation and troubleshooting, vital for India's technological self-reliance.
- **Weaponisation of Trade and Resources:** China has **restricted exports of rare earths and critical minerals** (e.g., gallium, germanium, graphite) vital for electric vehicles, semiconductors, and solar technology. In addition, **informal curbs on high-end manufacturing equipment** and capital goods, often through unofficial delays or verbal orders, act as covert economic coercion, disrupting India's supply chains and industrial expansion.
- **China's Internal Economic Pressures Driving Aggression:** China's strategies are driven by **domestic compulsions**—an ageing population, declining consumption, property crisis, and overdependence on exports to fund military and social expenditures. Its **massive trade surplus** is a result of weak internal demand and excessive capacity, prompting it to depress global prices to maintain dominance, particularly in electronics and EVs.
- **India's Structural Weaknesses in Manufacturing:** Despite programs like *'Make in India'*, India remains dependent on **imports for critical technologies** such as semiconductors, sensors, and advanced machinery. India's industrial growth is constrained by **infrastructure deficits, regulatory inefficiencies**, and reliance on “screwdriver technology” (basic assembly without deep manufacturing capability).
- **Strategic Autonomy and Global Alignments:** The **US tariff hikes on Indian goods**, despite India's role in Western “friend-shoring” efforts, and China receiving concessions despite heavier Russian trade, highlight **the fragility of India's external alliances**. India must focus on **building true strategic and technological autonomy** rather than over-relying on Western diversification narratives.
- **Constitutional & Legal Frameworks:**
 - **Article 51(c)** of the Indian Constitution encourages respect for international law and treaty obligations, relevant to India's global trade alignment.
 - The **Industries (Development and Regulation) Act, 1951**, and **Customs Act, 1962**, govern India's industrial development and trade measures, which can be deployed to mitigate such foreign economic coercion.
 - **National Security Clause** under WTO agreements allows India to restrict trade in case of national economic security threats.



Definition – Economic Statecraft: The use of economic tools by a country to achieve its strategic and geopolitical goals. China's curbs on minerals, technology, and capital goods exemplify this method.

Conclusion and UPSC Relevance:

China's calculated economic maneuvers against India stem not just from rivalry but from **deep-rooted economic insecurities**. For India, this episode is a critical reminder that **self-reliance in technology, minerals, and manufacturing is not optional but essential** for strategic sovereignty. UPSC aspirants should focus on this topic under GS Paper II (International Relations), GS Paper III (Economy and Technology), and Essay Paper. It links to themes like **geo-economics, strategic autonomy, critical mineral policy, manufacturing policy, and supply chain resilience**, all of which are integral to India's emerging global posture.

13. Gender Disparity in Deletion of Electors from Bihar's Draft Electoral Rolls

- **Higher Deletion of Women Voters Despite Lower Out-Migration:** The special intensive revision (SIR) of Bihar's electoral rolls (August 2025) reveals a disproportionate deletion of **female electors (31 lakh)** compared to **male electors (25 lakh)**, even though **men out-migrate from Bihar in far greater numbers**. This trend is observed in **37 out of 38 districts**, with Gopalganj district showing the widest gender gap in deletions — **17.8% drop in women voters vs. 11% in men**.
- **Questioning the Causes – Migration and Mortality Insufficient:** The Election Commission attributes deletions to deaths, duplicate entries, permanent migration, and untraceable addresses. However, **death rates between genders are nearly equal**, and **male migration significantly exceeds female migration** (as per 2020–21 data), making these explanations insufficient to justify the higher deletion of women voters.
- **Possible Cause – Gender Gap in Form Submission:** A **gender-based digital and literacy divide** may explain the higher deletion rate of women. Bihar has the **lowest female literacy rate in India (55%)**, compared to 76% for men. This disparity likely **impacted women's ability to accurately fill and submit enumeration forms** during the SIR, especially in areas where self-enumeration was encouraged.
- **Electoral Representation at Risk:** Ironically, **deletions were highest in districts where more women turned out to vote than men**, reflecting active female electoral participation. This suggests that **active women voters have been removed**, likely due to procedural gaps or barriers in the SIR process, not actual ineligibility.
- **Constitutional and Legal Provisions:**
 - **Article 326:** Guarantees adult suffrage and equality in voting rights; discriminatory deletions without justified cause violate this principle.
 - **Representation of the People Act, 1950:** Governs the preparation and revision of electoral rolls; requires fairness, transparency, and opportunity for correction.
 - **Universal Declaration of Human Rights (Article 21):** Upholds equal participation in governance, including free and fair elections.
- **Definition – Special Intensive Revision (SIR):** A time-bound, targeted review of electoral rolls conducted by the Election Commission, often involving self-enumeration or BLO verification, intended to update rolls ahead of major elections.



Conclusion and UPSC Relevance:

The Bihar electoral roll data highlights **deep-rooted gender inequities in access to electoral processes**, aggravated by **low literacy and administrative barriers**. For UPSC aspirants, the issue is significant under **GS Paper II (Polity and Governance)**, especially under themes like **electoral reforms, gender justice, and inclusive governance**. It also offers important insights for **essay writing and ethics**, linking democratic participation with socio-economic vulnerabilities. The case underscores the **urgent need for electoral literacy campaigns, inclusive enumeration practices, and gender-sensitive policy execution** to uphold the constitutional promise of equal representation.