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# **VIDHVATH IAS KAS ACADEMY & STUDY CENTRE**

## **DAILY CURRENT AFFAIRS**

**FOR UPSC CIVIL SERVICE EXAMINATION**

**DATE: 04/09/2025 (THURSDAY)**



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## 1. GST Council Approves Two-Rate Tax Slab Effective September 22

- **Key Decision of 56th GST Council Meeting**
  - GST Council decided to rationalise tax structure into primarily two slabs: **5% and 18%**.
  - A **special 40% rate** introduced for *sin goods* (tobacco, luxury cars, yachts, helicopters).
  - Effective from **22 September 2025** (except for tobacco, date to be notified separately).
- **Major Tax Reductions and Exemptions**
  - **0% tax** on: Indian breads (roti, chapati, paratha), paneer, ultra-high temperature milk, individual life & health insurance policies, and 33 life-saving medicines.
  - Items shifted to **5% slab**: hair oil, soap, shampoo, toothpaste, bicycles, household articles, namkeens, sauces, pasta, noodles, chocolates, coffee, butter, handicrafts, granite/marble blocks, intermediate leather goods.
  - **Cement reduced from 28% to 18%**; EVs remain at 5%.
- **Fiscal Impact and Rationale**
  - Estimated fiscal implication: **₹48,000 crore** (2023-24 consumption basis).
  - Govt. expects **tax buoyancy effect** and improved compliance to offset revenue loss.
  - Focus on **common man, agriculture, labour-intensive industries, and health sector**.
- **Constitutional and Legal Framework**
  - **Article 279A**: Provides for the **GST Council**, chaired by Union Finance Minister with state finance ministers as members.
  - GST governed under **Constitution (101st Amendment) Act, 2016**.
  - Council decisions aim at maintaining **cooperative federalism** and ensuring uniformity in indirect taxation across India.
- **Definitions of Key Terms**
  - **GST (Goods and Services Tax)**: A comprehensive, destination-based indirect tax on supply of goods and services, subsuming multiple indirect taxes.
  - **Sin Goods**: Products harmful to health/society (e.g., tobacco, alcohol, luxury items), taxed at higher rates to discourage consumption.
  - **Rate Rationalisation**: Simplification of multiple tax slabs into fewer rates to reduce complexity, improve compliance, and make system citizen-friendly.
- **Conclusion & UPSC Relevance**
  - The reform marks a major step in **simplifying India's GST regime**, reducing burden on essential goods, and promoting ease of doing business.





- Demonstrates **fiscal policy balancing** between revenue needs and welfare of common citizens.
- **UPSC Relevance:** Important for topics under *Indian Economy, Fiscal Policy, Taxation Reforms, Cooperative Federalism, Constitutional Provisions (Art. 279A)* and *Current Affairs*.

## 2. Animal Sacrifice at Uttarakhand's Naina Devi Temple Fair – Legal and Cultural Dimensions

### • Background of the Nanda/Naina Devi Temple Fair

- Annual fair at Nainital's Naina Devi temple, dedicated to Goddess Nanda Devi (a form of Parvati).
- Event blends **biodiversity, spirituality, culture, and local economy**; provides livelihood to artisans and attracts devotees from multiple communities.
- Rituals include idol-making from banana trees, cultural festivities, and immersion ceremonies.

### • High Court Interventions and Legal Context

- **2010 & 2016 Uttarakhand High Court Orders:** Directed that animal sacrifices, if conducted, must occur in slaughterhouses, not temple premises, aligning with official norms.
- Due to lack of abattoirs, practice was largely curtailed.
- **August 2025 Order:** Court permitted sacrifices during the fair but only under regulated conditions (outside temple premises, with veterinary checks).



### • Constitutional and Legal Provisions Involved

- **Article 25:** Freedom of religion (subject to public order, morality, and health). Animal sacrifice as religious practice is contested under this right.
- **Article 48 (Directive Principles):** State to prohibit slaughter of cows, calves, and milch animals; also indicates promotion of animal husbandry.
- **Prevention of Cruelty to Animals Act, 1960:** Regulates treatment of animals; Section 28 exempts sacrifices if made for religious purposes, leading to legal ambiguities.
- Judiciary often balances **religious freedom vs. animal rights and public order**.

### • Cultural and Religious Perspectives

- Animal sacrifice ("Bali") considered an **age-old Hindu ritual** in several traditions.
- At the Nanda Devi fair, sacrificed animals are consumed as *prasad* (sacred food) by devotees.
- Priests claim it symbolizes **devotion and fulfillment of vows**, while activists oppose it on grounds of cruelty.

### • Contemporary Developments and Regulation



- Veterinary registration of animals made mandatory; animals must enter temple premises alive.
- Sacrifices shifted to designated abattoirs under police supervision to prevent disorder.
- Tension persists between **tradition, law, and animal welfare activism**.
- **Conclusion & UPSC Relevance**
  - The issue reflects India's **constitutional dilemma**: reconciling **religious freedom (Art. 25)** with **animal rights, public order, and ethical considerations**.
  - Highlights the judiciary's role in regulating **customary practices vis-à-vis modern law and morality**.
  - **UPSC Relevance**: Important under *Indian Polity (Fundamental Rights, Directive Principles), Governance, Ethics, Indian Culture & Society, Current Affairs*.

### 3. Concealing a Judge's Dissent and Eroding Judiciary's Authority

- **Issue at Hand**
  - Reports revealed that Justice B.V. Nagarathna dissented against the Collegium's recommendation to elevate Justice Vipul M. Pancholi, but her dissent was concealed in the official resolution.
  - The lack of disclosure raises concerns over the **transparency and accountability of the Collegium system**, which governs appointments to the higher judiciary.
- **The Collegium System and Its Opacity**
  - Created through judicial interpretation in the **Second Judges Case (1993)** and **Third Judges Case (1998)**.
  - Composed of the **five senior-most judges of the Supreme Court**, who deliberate privately and publish minimal details of their decisions.
  - Although limited resolutions began to be published in 2017, fuller reasons shared briefly in 2018 were soon discontinued citing reputational risks.
- **Constitutional & Legal Provisions**
  - **Article 124 & 217**: Appointment of SC and HC judges by the President in consultation with the judiciary.
  - **Article 50**: Separation of judiciary from the executive.
  - Collegium system not explicitly in the Constitution—product of judicial innovation under the **"Basic Structure Doctrine"** (to secure judicial independence).
  - **Culture of Justification (Etienne Mureinik)**: In constitutional democracies, every exercise of power must be explained and defended—a principle being undermined here.
- **Arguments for Transparency vs. Confidentiality**





- **For Confidentiality:** Protects candidates' reputations and shields process from political interference.
- **For Transparency:** Other democracies (e.g., UK's Judicial Appointments Commission, South Africa's Judicial Service Commission) demonstrate that structured openness enhances legitimacy without eroding independence.
- Secrecy in India has **not prevented executive delays or interference**; it only weakens public trust.
- **Implications for Democracy & Judicial Authority**
  - Judges decide on critical constitutional matters (civil liberties, federalism, limits of executive power). Their credibility depends on **public confidence in the fairness of appointments**.
  - Concealing dissent undermines the judiciary's **moral authority**, contradicting its role as a guardian of accountability and rights.
  - Without reform, the Collegium risks eroding both **institutional legitimacy** and **democratic trust**.
- **Conclusion & UPSC Relevance**
  - Judiciary's independence is vital to India's **constitutional democracy**, but independence must coexist with transparency.
  - Collegium reforms are necessary to ensure accountability while safeguarding autonomy.
  - **UPSC Relevance:** Crucial for *Polity & Constitution (Judiciary, Articles 124 & 217, Basic Structure Doctrine, Separation of Powers), Governance & Ethics (Accountability, Transparency, Legitimacy), and Current Affairs*.

#### 4. India's Recent Maritime Reforms Need Course Correction

- **Overview of New Maritime Laws**
  - Parliament passed a package of maritime reforms in 2025: **Indian Ports Bill, Coastal Shipping Act, Carriage of Goods by Sea Bill, and Merchant Shipping Act**.
  - Aim: repeal colonial-era laws (e.g., Indian Ports Act, 1908), modernise maritime governance, align with global practices, and promote ease of business.
- **Concerns with the Indian Ports Bill, 2025**
  - Creates **Maritime State Development Council** chaired by Union Minister, reducing States' fiscal and policy autonomy.
  - Critics argue it undermines **cooperative federalism (Art. 1, 246, Seventh Schedule – Union vs. State List)** by centralising port regulation.
  - Clause 17 excludes civil court jurisdiction, pushing disputes into internal committees, raising concerns over **judicial independence (Art. 32, 226)**.
- **Issues in the Merchant Shipping Act, 2025**
  - Expands vessel definitions, improves training oversight, and aligns liability with global conventions.



- Dilutes ownership rules: earlier 100% Indian ownership required, now allows “partial” Indian ownership, including by **OCI and foreign entities**, leaving thresholds to executive discretion.
- Recognises **Bareboat Charter-Cum-Demise (BBCD)** leases, but weak safeguards risk long-term foreign control and “flag-of-convenience” problems.
- **Challenges in the Coastal Shipping Act, 2025**
  - Intends to strengthen **cabotage rules** (domestic coastal trade restricted to Indian-flagged vessels).
  - Grants DG Shipping wide discretionary power to license foreign vessels under vague grounds (e.g., “national security”).
  - Burdens small operators, including fishermen, with complex reporting obligations without clarity on data use and protection.
- **Constitutional & Legal Context**
  - **Article 14 (Equality), Article 19(1)(g) (Right to trade), Article 301 (Freedom of trade and commerce)** – could be undermined by arbitrary licensing powers.
  - **Federalism (Seventh Schedule, Union and State List: Ports, Shipping, Fisheries)** – imbalance as Centre gains dominance over coastal States.
  - Lack of **independent dispute resolution** undermines **separation of powers (Art. 50)** and investor confidence.
- **Conclusion & UPSC Relevance**
  - India urgently needs modern maritime legislation, but reforms must ensure **federal balance, judicial independence, and protection of small operators**.
  - Excessive centralisation and vague executive discretion risk undermining long-term maritime security and economic fairness.
  - **UPSC Relevance:** Important under *Indian Polity (Federalism, Separation of Powers), Economy (Ease of Doing Business, Trade), Internal Security (Maritime Security), Environment & Governance (Coastal Development, Sagarmala, Gati Shakti), and Current Affairs*.



## 5. Reviving MGNREGA in West Bengal

- **Background and Legal Developments**
  - The Calcutta High Court (June 18, 2025) ordered resumption of **MGNREGA** in West Bengal from August 1, after funds were halted by the Centre in March 2022 citing irregularities.
  - Union government has appealed to the Supreme Court; matter pending, creating **legal uncertainty**.
  - Court observed that the scheme “cannot be kept in cold storage for eternity,” allowing Centre to impose special conditions.

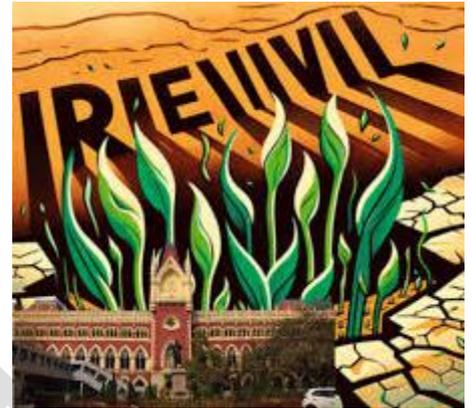


- **About MGNREGA and Its Importance**

- Enacted in **2005**, it provides a **legal guarantee of 100 days of wage employment** to every rural household that demands work.
- It is a **demand-driven, rights-based programme** (covered under **Schedule VII – Concurrent List, Entry 23**).
- Crucial for **women, Dalits, Adivasis, landless labourers**, especially during agricultural lean seasons and economic distress.

- **Impact of Suspension in West Bengal**

- Halt in funds led to loss of **₹4,000–6,000 crore in potential wages** in the first year alone.
- Over **83 lakh workers deleted** from rolls in 2022–23 (15% of all national deletions).
- Created a **human resource gap** as field supervisors and grassroots workers disengaged.



- **Implementation Challenges Post-Resumption**

- **Aadhaar-Based Payment System (ABPS):** Over 43 lakh workers still non-compliant; risk of exclusion. Temporary account-based payments suggested until full coverage.
- **National Mobile Monitoring System:** Real-time attendance app impractical without adequate training/infrastructure → paper-based attendance needed temporarily.
- **Reinstating deleted workers** requires streamlined login access and faster grievance redressal.
- **Field-level capacity** must be rebuilt via incentives, training, and supervision.

- **Constitutional and Legal Dimensions**

- **Article 21 (Right to life with dignity):** MGNREGA acts as a safety net for vulnerable citizens.
- **Directive Principles (Art. 39, 41, 43):** Obligate the State to ensure right to work and livelihood security.
- Scheme embodies the principle of **social justice and inclusive development**, central to the Constitution.

- **Conclusion & UPSC Relevance**

- Revival of MGNREGA in West Bengal requires not only legal clearance but also **restoration of trust, administrative capacity, and systemic reforms** (social audits, timely payments, grievance redressal).
- It highlights challenges of **Centre-State relations, welfare governance, and technology-driven exclusions** in social security schemes.
- **UPSC Relevance:** Important for *Indian Polity (Directive Principles, Welfare State), Governance (Rights-based legislation, Centre-State relations), Economy (Rural Employment, Poverty Alleviation), and Current Affairs.*



## 6. Reservation Debate: Exceeding 50% Cap and Creamy Layer Concerns

### • Constitutional Provisions

- **Article 15:** Prohibits discrimination and allows special provisions for SCs, STs, OBCs, and socially/economically backward classes in education.
- **Article 16:** Ensures equality of opportunity in public employment and allows reservation for backward classes.
- Current central reservation: **OBCs – 27%, SCs – 15%, STs – 7.5%, EWS – 10% → Total 59.5%.**

### • Judicial Landmarks

- **Balaji v. State of Mysore (1962):** Reservations must be reasonable, capped at 50%.
- **State of Kerala v. N.M. Thomas (1975):** Reservations are not an exception but part of equality (substantive equality).
- **Indra Sawhney case (1992):** Upheld 27% OBC quota; introduced **creamy layer exclusion**; reaffirmed 50% cap (except in extraordinary cases).
- **Janhit Abhiyan (2022):** Upheld 10% EWS quota; said 50% cap applies to backward classes, not EWS.
- **State of Punjab v. Davinder Singh (2024):** Suggested need for creamy layer exclusion in SC/ST reservations.



### • Formal vs. Substantive Equality

- **Formal equality:** Same treatment for all; reservations seen as an exception → hence 50% ceiling.
- **Substantive equality:** Recognises historic disadvantages; reservations are a continuation of equality, not an exception.

### • Issues in Reservation Implementation

- **Concentration of benefits:** Rohini Commission found **97% of OBC benefits go to 25% of castes**, leaving ~1,000 castes without representation.
- **Unfilled seats:** 40–50% of reserved posts for SCs, STs, and OBCs remain vacant at central level.
- **Creamy Layer Debate:** Exists for OBCs, absent for SCs/STs → critics argue this perpetuates inequality within these categories; others warn exclusion will increase backlog vacancies.

### • Competing Arguments

- **For higher quotas:** Reflect actual caste proportions; ensure substantive equality; address continued marginalisation.
- **Against breaching 50% cap:** Violates **basic structure principle of equality (Article 14)**; risks undermining meritocracy; may trigger competitive populism.



- **Way forward:** Use caste census data (2027), implement OBC sub-categorisation (Rohini Commission), consider **two-tier reservations** for SCs/STs prioritising most marginalised, expand skill development and employment avenues beyond quotas.

- **Conclusion & UPSC Relevance**

- The debate reflects the tension between **formal equality and substantive equality**, with courts balancing social justice and constitutional limits.
- Future of reservations hinges on **empirical caste data, rational sub-categorisation, and reforms in delivery mechanisms**.
- **UPSC Relevance:** Important for *Polity (Articles 14–16, equality, affirmative action, basic structure), Governance (welfare policies, caste census), Society (social justice, marginalisation), and Current Affairs*.

## 7. Govt. Plan to Link Anganwadis with Schools: Early Childhood Education Reform

- **Background and Objective**

- The Union government has issued guidelines to co-locate nearly **11 lakh anganwadi centres** with nearby primary schools to ensure smooth transition from early childhood care to formal schooling.
- **Anganwadis** (under ICDS scheme) cater to children aged 0–6 years, focusing on **nutrition, health, and pre-school education**. Integration with schools bridges the gap between **pre-primary and Class 1**.

- **Key Features of the Guidelines**

- Jointly released by the **Ministry of Education (MoE)** and **Ministry of Women & Child Development (MoWCD)**.
- Introduces ‘**Aadharshila**’ curriculum for children aged 3–6 years, ensuring continuity of learning.
- Promotes convergence of **anganwadi workers and school teachers** through joint planning, curriculum alignment, and community involvement.
- Nearly **2.9 lakh anganwadis already co-located**, but **11 lakh remain unmapped**.

- **Technology and Data Integration**

- Introduction of **Automated Permanent Academic Account Registry (APAAR IDs)** for children, to be extended from **pre-primary to higher education**.
- Discussion with **UIDAI** to assign a **unique lifelong ID** at birth, linked to Aadhaar, Poshan Tracker, and APAAR, ensuring seamless tracking of nutrition, health, and education.
- Data reconciliation between MoE and MoWCD to prevent duplication.

- **Constitutional and Legal Provisions**

- **Article 21A:** Right to free and compulsory education for children aged 6–14 years (RTE Act, 2009 operationalises it).





- **Directive Principles (Article 45):** State to provide **early childhood care and education for children up to six years.**
- This reform aligns with the **National Education Policy (NEP) 2020**, which emphasises **foundational learning and integrated child development.**
- **Significance and Expected Outcomes**
  - Ensures children, especially from **low-income families**, receive **structured pre-primary education** before entering formal school.
  - Strengthens **nutritional support + learning outcomes** by linking ICDS and education sectors.
  - Facilitates early tracking of child development and reduces dropouts.
  - Enhances **federal coordination** by providing States/UTs with a roadmap for convergence.
- **Conclusion & UPSC Relevance**
  - The reform is a **step towards holistic human capital development**, integrating **nutrition, health, and education** in early years, which are critical for cognitive and social growth.
  - **UPSC Relevance:** Important for *Polity (DPSPs, RTE), Governance (social sector schemes, ICDS, NEP 2020), Social Justice (education, child development, nutrition), and Current Affairs.*

## 8. Health Ministry's Proposal to Ease Licence Rules for New Drugs and Clinical Trials

- **Background and Objective**
  - The Union Health Ministry has proposed amendments to the **New Drugs and Clinical Trials Rules, 2019**, published in the Gazette on August 28, 2025.
  - Aim: Promote **ease of doing business** in the pharmaceutical and clinical research sector by reducing delays and simplifying regulatory processes.
- **Key Features of Proposed Amendments**
  - **Test Licence Reform:** Current licensing requirement replaced with a **notification and intimation system** (except for high-risk drugs).
  - **Faster Processing:** Statutory processing time for test licence applications reduced from **90 days to 45 days.**
  - **Bioavailability & Bioequivalence Studies:** For many categories, licences will no longer be required—studies can begin after simple intimation to the Central Licensing Authority.
  - **Application Reduction:** Expected to cut test licence applications by ~50%, lowering administrative burden.
- **Definitions**
  - **Bioavailability (BA):** The proportion of a drug that enters circulation when introduced into the body and is available for therapeutic effect.





- **Bioequivalence (BE):** Comparison between two drug formulations to ensure they release the same active ingredient into the bloodstream at the same rate and extent.
- **Constitutional & Legal Framework**
  - **Article 47:** Directive Principle requiring the State to improve public health.
  - **Drugs and Cosmetics Act, 1940:** Governs the import, manufacture, and distribution of drugs in India.
  - **New Drugs and Clinical Trials Rules, 2019:** Provides regulatory framework for approval of clinical trials, ethics committees, and new drug approvals.
- **Significance of the Reform**
  - Reduces regulatory delays, improving India's **pharma R&D ecosystem**.
  - Attracts more **clinical research investments**, enhancing India's position as a global pharma hub.
  - Benefits patients by potentially faster availability of **generic medicines** and cost-effective alternatives.
  - Balances **innovation and safety** while ensuring public health safeguards for high-risk drugs remain intact.
- **Conclusion & UPSC Relevance**
  - The reform represents a **regulatory shift towards efficiency and innovation**, aligning with India's ambition to be the "**pharmacy of the world**."
  - **UPSC Relevance:** Key for *Polity & Governance (ease of doing business, regulatory reforms)*, *Economy (pharma sector, investment climate)*, *Science & Tech (drug discovery, clinical research)*, and *Social Justice (public health, affordable medicines)*.

## 9. India to Strengthen Weather Prediction for Reliable Grid

- **Background and Objective**
  - India aims to improve **weather forecasting systems** to ensure grid stability and reliable supply from renewable energy sources such as solar, wind, and hydro.
  - Union Minister Pralhad Joshi highlighted the need for **greater accuracy in forecasts** due to the intermittency of renewables.
- **Current Renewable Energy Status**
  - India has become the **third-largest solar power generator** globally after China and the US.
  - Installed non-fossil capacity: **295.89 GW** (including 8.78 GW nuclear).
  - Target: **500 GW non-fossil fuel capacity by 2030** in line with COP26 commitments.
- **Challenges in Renewable Energy**
  - **Intermittency:** Solar and wind power fluctuate with weather conditions, creating challenges for grid stability.



- Need for **reliable day-ahead and real-time forecasts** to integrate renewables effectively into the national grid.
- **Government Measures**
  - Establishment of **Renewable Energy Management Centres (REMCs)** across India for forecasting, scheduling, and real-time monitoring of renewable energy.
  - Plans to **upgrade forecasting systems** with advanced models and possibly AI-driven tools.
  - International best practices: Countries like **Spain and Portugal** already use advanced weather-linked grid management systems.
- **Key Definitions & Legal Framework**
  - **Grid Stability:** Ability of the power system to maintain continuous electricity supply without frequency/voltage fluctuations.
  - **Intermittency:** Unpredictable variation in power generation due to weather-dependent sources like solar and wind.
  - **Electricity Act, 2003:** Provides the legal framework for electricity generation, transmission, and distribution in India.
  - **National Electricity Policy, 2021 (draft):** Stresses renewable integration and smart grid systems.
  - **Article 48A (DPSP):** State's responsibility to protect and improve the environment, linked to renewable promotion.
- **Significance**
  - Enhances **energy security** and supports India's global climate commitments.
  - Encourages **foreign and domestic investment** in the renewable energy sector.
  - Reduces reliance on fossil fuels, aligning with **Paris Agreement and SDGs**.
  - Builds resilience in the power sector against climate variability.
- **Conclusion & UPSC Relevance**
  - Strengthening weather forecasting is crucial for India's **clean energy transition** and achieving its **500 GW target by 2030**.
  - **UPSC Relevance:** Important for *GS-3 (Environment, Energy Security, Science & Tech)*, *GS-2 (Government Policies, International Commitments)*, and *Essay (Climate Change, Sustainable Development)*.



## 10. China's Use of Private Sector in Military AI Development

- **Civil-Military Fusion (CMF) Policy**



- China under Xi Jinping has institutionalized **civil-military fusion**, integrating private companies, civilian universities, and research institutes into the **People's Liberation Army (PLA)** modernization program.
- AI is the central focus of CMF, with universities like **Shanghai Jiao Tong** securing multiple defense contracts for AI-driven projects such as **maritime kill-webs**, drone swarms, and underwater drone design.
- **AI in Military Applications**
  - Research projects include **real-time adaptive kill-web systems**, **layered AI for tracking fast-moving targets**, and **radio frequency-sensitive drone swarms**.
  - PLA has publicly showcased AI-based military systems including **aerial strike drones**, **unmanned boats**, and **robot dogs** during parades, signaling their future war-fighting strategy.
- **Comparison with U.S. and Strategic Implications**
  - Both the **U.S. and China** rely on the private sector and universities for AI research, but China has achieved **more systematic integration**.
  - This provides Beijing with a potential **technological edge** in future warfare, especially in **information warfare and autonomous combat systems**.
  - Raises concerns for the U.S. and allies, who face challenges in **restricting Chinese access** to advanced technologies.
- **Key Definitions & Legal Context**
  - **Civil-Military Fusion (CMF)**: A strategic policy integrating civilian innovation and private industries with military modernization.
  - **Kill-Webs**: Networked, AI-driven combat systems capable of adapting dynamically to battlefield conditions.
  - **AI in Warfare**: Involves machine learning and autonomous decision-making in weapons systems, raising **ethical and legal concerns** under *International Humanitarian Law (IHL)* and the **UN Convention on Certain Conventional Weapons (CCW)**.
  - **India's Context**: India's **Defence Production and Export Promotion Policy (2020)** and **iDEX initiative** also encourage private sector participation in defense innovation.
- **Geopolitical and Security Implications**
  - Accelerated PLA AI adoption may alter **balance of power in the Indo-Pacific**, directly impacting India's national security calculus.
  - Highlights urgency for India to strengthen its own **AI, cyber, and drone warfare capabilities** through public-private collaboration.
  - Ethical debates on **autonomous weapons** may shape future multilateral negotiations in forums like the **UN Group of Governmental Experts (GGE)**.
- **Conclusion & UPSC Relevance**





- China's AI-driven civil-military fusion demonstrates how **private innovation can transform defense capabilities**, posing **strategic and ethical challenges** globally.
- **UPSC Relevance:** Key for *GS-2 (International Relations, Security Challenges)*, *GS-3 (Science & Tech, Internal Security, Defense Technology)*, and *Essay (Technology in Warfare, AI & Ethics)*.

## 11. India's Rare Earth Mining and Environmental Challenges

### • Importance of Rare Earths and India's Plan

- Rare earth elements (REEs) are critical for **semiconductors, defense, renewable energy, and electric vehicles**.
- India holds **7.23 million tonnes of rare earth oxides**, mainly in coastal states (AP, Odisha, Kerala, Tamil Nadu).
- The government plans fiscal incentives to boost **domestic mining and magnet production** to cut import dependence, especially on China which controls **60% mining and 90% refining** globally.



### • Toxic Waste Concerns

- Rare earth mining and processing generate **massive hazardous waste** (studies suggest ~2,000 tonnes of toxic waste per tonne of REE processed).
- Waste includes **chemical pollutants and radioactive residues** from thorium-rich monazite deposits.
- Current plan reportedly lacks **additional environmental safeguards**, relying only on existing waste management laws.

### • Global and Domestic Context

- Many countries earlier **withdrew from REE mining** due to environmental and health risks, leaving space for China's dominance.
- Recent Chinese **export restrictions** on REE magnets have triggered global supply chain concerns.
- India faces a dilemma: balancing **strategic autonomy in critical minerals** with **ecological sustainability**.

### • Key Legal and Policy Provisions

- **Environment (Protection) Act, 1986** – umbrella law for environmental safeguards.
- **Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act)** – regulates mining activities.
- **Hazardous and Other Wastes Rules, 2016** – governs disposal and management of toxic waste.
- **Nuclear Safety Regulations** may apply due to **thorium's radioactive risks**.



- India's **National Mineral Policy, 2019** emphasizes sustainable mining practices but faces gaps in implementation.
- **Definitions for UPSC**
  - **Rare Earth Elements (REEs):** A group of 17 metals critical for high-tech, defense, and green energy applications.
  - **Monazite:** A mineral rich in REEs and thorium, often found in beach sand deposits, posing **radioactive risks**.
  - **Circular Economy in Mining:** Approach that focuses on **recycling and substitution** to minimize mining waste.
- **Conclusion and UPSC Relevance**
  - India's push for rare earth self-reliance is strategically vital but poses **serious environmental and public health challenges**.
  - Without strong safeguards, toxic waste could undermine sustainable development goals (SDGs 3, 7, 12, 13, 15).
  - **UPSC Relevance:** Important for *GS-1 (Geography – minerals)*, *GS-2 (Environment policies)*, *GS-3 (Economy, Science & Tech, Environment, Internal Security – strategic minerals)*, and Essay (Sustainability vs Development).

## 12. India–EFTA Trade Pact Coming into Force (1 October 2025)

- **About the Pact**
  - India has signed a **Free Trade Agreement (FTA)** with the **European Free Trade Association (EFTA)** – comprising Switzerland, Norway, Iceland, and Liechtenstein.
  - The pact will come into effect on **1 October 2025** and includes **legally binding provisions on trade and sustainable development** for the first time in India's FTA history.
- **Significance of Legally Binding Sustainable Development Clauses**
  - Unlike earlier FTAs, this agreement integrates **sustainability commitments** in trade, ensuring economic growth aligns with **environmental and social responsibility**.
  - Could set a precedent for India's **future trade agreements** and align with **SDGs (2030 Agenda)**.
- **Economic and Strategic Importance**
  - Expected to increase **market access, investment inflows, and technology transfer** from advanced European economies.
  - Strengthens India's position in global supply chains and supports goals under **Atmanirbhar Bharat** and **Make in India**.
  - Helps diversify trade partners beyond traditional blocs like EU and ASEAN.





- **Constitutional and Legal Provisions**

- **Article 253 of the Constitution** empowers Parliament to make laws for implementing international treaties and agreements.
- Trade and commerce with foreign countries falls under the **Union List (Seventh Schedule, Entry 41)**.
- Aligns with India's commitments under **WTO agreements** and its broader external trade policy framework.

- **Definitions for UPSC**

- **FTA (Free Trade Agreement):** A treaty between two or more countries to reduce or eliminate trade barriers on goods and services.
- **EFTA (European Free Trade Association):** An intergovernmental organization of four European states (Switzerland, Norway, Iceland, Liechtenstein) that promotes free trade and economic integration.
- **Sustainable Development in Trade:** Incorporation of **environmental protection, labor standards, and equitable growth** into trade policies.

- **Conclusion and UPSC Relevance**

- The India–EFTA pact is a landmark in balancing **economic growth with sustainability goals**, showcasing India's readiness to embed **climate and social clauses** in trade deals.
- **UPSC Relevance:** Important for *GS-2 (International Relations, Agreements)*, *GS-3 (Economy, Sustainable Development, Environment)*, *GS-1 (World Geography – Europe)*, and *Essay (Globalization and Sustainability)*.

### 13. Services Sector Growth at 15-Year High (August 2025)

- **Strongest Services Expansion in 15 Years**

- The **HSBC India Services PMI**, compiled by S&P Global, surged to **62.9 in August 2025**, the highest since June 2010.
- The PMI has remained **above 50 for over four years**, showing sustained momentum in the services sector.
- Growth was driven by **surging domestic and international demand**, along with new business orders.

- **Employment and Price Trends**

- Service firms **hired more workers** to meet rising demand, though outstanding business rose only marginally.
- **Higher labour costs** and strong demand led to **increased input and output prices**, reflecting mild inflationary pressures.

- **Composite PMI and Manufacturing Growth**

- The **Composite PMI** (services + manufacturing) reached a **17-year high of 63.2** in August.



- Manufacturing PMI also rose to **59.3**, supported by higher output and new orders, showing **broad-based economic expansion**.
- **Contribution of Services to GDP**
  - The **services sector contributes over 50% to India's GDP**, making it the **key driver of economic growth**.
  - India's GDP grew **7.8% in Q1 FY26 (April–June)**, the fastest in five quarters, after 6.5% growth in FY25 and 9.2% in FY24.
  - RBI projects GDP growth at **6.5% in FY26**, supported by **rural demand, public investment, and resilient services exports**.
- **Definitions for UPSC**
  - **Purchasing Managers' Index (PMI):** An economic indicator based on surveys of private sector firms, measuring business activity, new orders, employment, and output prices.
  - **Composite PMI:** A combined index of services and manufacturing performance, indicating overall economic momentum.
  - **Services Sector:** Includes industries like IT, communication, finance, insurance, real estate, transport, and business services.
- **Constitutional and Legal Provisions**
  - **Article 246 & Seventh Schedule:** Places trade, commerce, and industries largely under the Union and State Lists.
  - **Article 38 & 39 (Directive Principles):** Mandate the state to promote economic growth, social welfare, and employment generation.
  - **RBI Act, 1934:** Provides RBI the mandate to ensure financial stability, control inflation, and support growth.
- **Conclusion and UPSC Relevance**
  - The record rise in India's **services PMI** underlines the sector's central role in **economic growth, job creation, and exports**, though **inflationary pressures** need monitoring.
  - **UPSC Relevance:** Important for *GS-3 (Indian Economy, Growth & Development, Inflation, Employment)*, *GS-2 (Government Policies & RBI's Role)*, *GS-1 (Economic Geography)*, and *Essay (Services-led growth vs Manufacturing-led growth in India)*.

