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DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

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1. RBI Readies ₹1-Trillion Bond Sale as Liquidity Swells

Key Highlights & Summary

- **Plan for Open Market Operations (OMO):** The Reserve Bank of India (RBI) announced plans to execute Open Market Operation bond sales worth ₹1 trillion in three tranches to absorb durable surplus liquidity from the banking system.
- **Auction Schedule and Tranches:** The central bank will sell sovereign securities across three tranches: ₹50,000 crore on September 17, followed by two offerings of ₹25,000 crore each on September 21 and September 28.

- **Foreign Currency Inflow Surge:** The banking system experienced a liquidity deluge following the success of a special foreign currency non-resident (FCNR-B) deposit scheme, which attracted $127.2 billion in just two months.
- **System Liquidity Surplus:** Net system liquidity crossed ₹11 trillion, with net surplus estimated at ₹10.4 trillion, prompting the RBI to withdraw over ₹8 trillion through Variable Rate Reverse Repo (VRRR) auctions.
- **Managing Call Money Rates:** RBI Governor Sanjay Malhotra emphasized that liquidity absorption aims to align the Weighted Average Call Rate (WACR) with the key repo rate of 5.25%, correcting current soft overnight rates.
- **Comprehensive Monetary Toolkit:** The RBI affirmed that tools such as OMO sales, foreign exchange swaps, and Cash Reserve Ratio (CRR) adjustments remain available to maintain financial stability without imposing higher CRR on FCNR-B deposits.

Essential Definitions

- **Open Market Operations (OMOs):** The buying and selling of government securities in the open market by the central bank to regulate the durable money supply and liquidity in the banking system.
- **Foreign Currency Non-Resident (Bank) Deposit [FCNR(B)]:** Foreign currency-denominated term deposits maintained by Non-Resident Indians (NRIs) with authorized banks in India, where exchange rate risk is borne by the banks or central bank.
- **Weighted Average Call Rate (WACR):** The operating target of RBI's monetary policy, representing the average interest rate at which banks lend uncollateralized funds to each other on an overnight basis.

Legal and Constitutional Framework

- **Reserve Bank of India Act, 1934 (Section 45ZA):** Mandates the primary objective of monetary policy to maintain price stability while keeping in mind the objective of growth.
- **Reserve Bank of India Act, 1934 (Section 17 & Section 42):** Section 17 authorizes the RBI to buy and sell government securities under OMOs, while Section 42 empowers the RBI to prescribe Cash Reserve Ratio (CRR) requirements for commercial banks.
- **Banking Regulation Act, 1949:** Regulates the maintenance of Statutory Liquidity Ratio (SLR) and operational controls over banking operations and deposit accounts in India.

- **Foreign Exchange Management Act (FEMA), 1999:** Governs external trade, cross-border capital transactions, and foreign currency deposit frameworks like FCNR(B).

Conclusion The RBI's decision to execute a ₹1 trillion bond sale highlights its proactive liquidity management strategy to absorb excess funds generated by foreign capital inflows. Aligning the Weighted Average Call Rate with the policy repo rate ensures effective monetary policy transmission and macroeconomic stability.

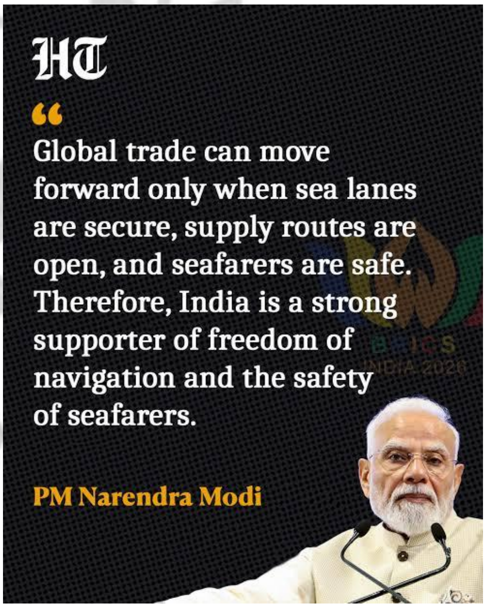
UPSC Relevance

- **GS Paper III:** Indian Economy and Issues Relating to Planning, Mobilization of Resources, Growth, Development, and Employment (Monetary Policy Tools, RBI Liquidity Management, OMOs, FCNR-B Inflows).
- **GS Paper III:** Financial Sector Governance (Money Market Architecture, WACR Operating Target, Foreign Exchange Reserves Management).
- **Key Focus:** Open Market Operations (OMOs), Variable Rate Reverse Repo (VRRR), Operating Target of Monetary Policy (WACR vs Repo Rate), FCNR(B) Deposit Mechanism.

2 Ease Trade Barriers, Protect Seafarers, Modi Tells BRICS

Key Highlights & Summary

- **Call for Barrier-Free Intra-BRICS Trade:** Prime Minister Narendra Modi advocated for dismantling trade hurdles within BRICS, urging member nations to counter growing global protectionism by creating open economic bridges.
- **Maritime Security and Protection of Seafarers:** Highlighting that global trade growth relies on safe sea lanes, the Prime Minister emphasized securing maritime supply routes and safeguarding seafarers amidst ongoing conflicts in West Asia and critical transit zones like the Strait of Hormuz.



- **Three Benchmarks for BRICS Third Decade:** A three-point action plan was proposed to evaluate bloc progress: removing top commerce hurdles, enabling at least 100 startups to expand into member markets, and fostering thousands of inter-bloc business partnerships.
- **Pitching India as a Global Innovation Hub:** Presenting India's ecosystem of over 2,00,000 startups and nearly 120 unicorns, foreign investors were invited to "Make in India, Innovate with India" for global scale.
- **Private Capital Mobilization for Infrastructure:** BRICS finance ministers and central bank governors endorsed de-risking frameworks, public-private partnerships, and the New Development Bank's (NDB) Multilateral Guarantees initiative to scale infrastructure funding across emerging economies.
- **Intra-Bloc Trade Settlement in Local Currencies:** Member leaders reiterated the necessity of expanding local currency transactions in cross-border trade to build financial resilience and mitigate foreign exchange risks.

Essential Definitions

- **Freedom of Navigation:** A principle of customary international law guaranteeing that vessels flying any sovereign flag have the right to navigate freely across high seas and exclusive economic zones without unjust interference.
- **Multilateral Guarantees Initiative:** A credit-enhancement mechanism developed by multilateral banks (like the NDB) to de-risk private sector investments in infrastructure across emerging markets.
- **Protectionism:** Economic policies restricting international trade through tariffs, import quotas, non-tariff barriers, or state subsidies to protect domestic industries from foreign competition.

Legal and Constitutional Framework

- **UNCLOS (United Nations Convention on the Law of the Sea, 1982):** The primary international treaty establishing legal frameworks for maritime sovereignty, innocent passage through territorial waters, and transit rights through strategic straits.
- **Merchant Shipping Act, 1958:** Primary Indian statutory framework regulating Indian flagged ships, safety protocols, working conditions, and rights of seafarers on merchant vessels.
- **Article 51(c), Constitution of India:** Directs the State to foster respect for international law and treaty obligations in dealings of organized peoples with one another.
- **Article 301, Constitution of India:** Guarantees freedom of trade, commerce, and intercourse throughout the territory of India, reflecting the core principle of domestic barrier-free trade.

Conclusion Prime Minister Modi's address at the BRICS Business Forum underlines the necessity of aligning global trade expansion with maritime security and structural innovation. Facilitating local currency trade and protecting supply routes will reinforce BRICS as a resilient engine of global economic growth.

UPSC Relevance

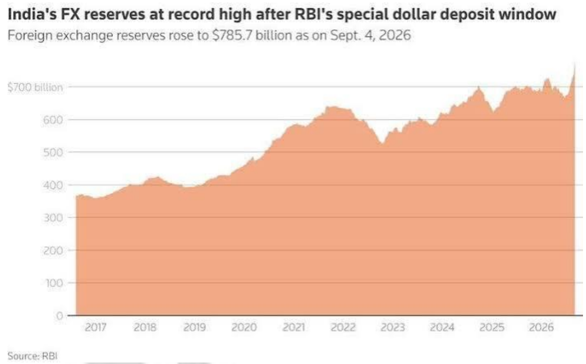
- **GS Paper II:** Bilateral, Regional, and Global Groupings involving India (BRICS Diplomacy, Freedom of Navigation, Maritime Trade Safety, NDB Financial Initiatives).
- **GS Paper III:** Indian Economy (Ease of Doing Business, Start-up Ecosystem, Infrastructure Financing, De-risking Mechanisms).
- **Key Focus:** BRICS Intra-Trade Benchmarks, UNCLOS Framework, Maritime Security, Protection of Seafarers, Local Currency Trade Settlement.

3. India Forex Reserves Up $45 bn Week-on-Week to Record High

Key Highlights & Summary

- **Historic Surge in Forex Reserves:** India's foreign exchange reserves climbed by nearly $45 billion within a single seven-day period to reach a new record high of $785.7 billion for the week ending September 4.
- **Driven by Policy Measures:** The massive weekly expansion was primarily lifted by a surge of foreign capital inflows generated through recent policy measures aimed at fortifying the country's balance of payments.
- **Strengthening External Stability:** The milestone surge enhances India's import cover and provides a robust financial buffer against global macroeconomic volatility, capital outflows, and currency depreciation pressures.

- **Component-Wise Asset Accumulation:** The growth reflects significant foreign currency asset (FCA) accumulation alongside valuation adjustments in reserve holdings held by the central bank.
- **Monetary Management Integration:** The reserve accumulation coincides with central bank open market interventions and liquidity management strategies to absorb foreign currency surges while maintaining domestic exchange stability.



- **BoP Position Fortification:** Robust foreign capital inflows continue to reinforce India's current account management, current account deficit absorption capacity, and overall external sector resilience.

Essential Definitions

- **Foreign Exchange Reserves:** Total stock of assets denominated in foreign currencies held by a country's central bank to meet balance of payments obligations, stabilize exchange rates, and maintain financial confidence.
- **Foreign Currency Assets (FCA):** The largest constituent of India's foreign exchange reserves, comprising multi-currency deposits, foreign treasury bills, and sovereign securities held abroad.
- **Balance of Payments (BoP):** A systematic accounting record of all economic transactions conducted between the residents of a country and the rest of the world over a specified period.

Legal and Constitutional Framework

- **Reserve Bank of India Act, 1934 (Sections 17 & 33):** Grants enabling statutory authority to the RBI to act as sole custodian of foreign exchange reserves and invest in foreign sovereign debt, deposits, and international financial instruments.
- **Foreign Exchange Management Act (FEMA), 1999:** Provides the legal framework for regulating foreign exchange transactions, cross-border capital flows, and external account operations in India.
- **Article 292, Constitution of India:** Authorizes the Executive power of the Union to borrow upon the security of the Consolidated Fund of India within limits set by Parliament, shaping external debt exposure.
- **Article 293, Constitution of India:** Regulates state government borrowings, ensuring central oversight over national foreign currency exposures and external debt liabilities.

Conclusion The expansion of India's foreign exchange reserves to a record $785.7 billion highlights robust external sector resilience and effective balance-of-payments management. Maintaining a substantial reserve buffer fortifies macro-financial stability, stabilizes the rupee, and protects the economy against external shocks.

UPSC Relevance

- **GS Paper III:** Indian Economy (Balance of Payments, Forex Reserve Management, RBI Policy Framework, Foreign Currency Assets).
- **GS Paper III:** Foreign Trade & Financial Stability (External Sector Resilience, FEMA Framework, Import Cover Adequacy).
- **Key Focus:** Components of Forex Reserves (FCA, Gold, SDRs, RTP), RBI Act 1934 Enablers, FEMA 1999, External Sector Management.

4. At BRICS, India Pitches for Trade in Local Currencies

Key Highlights & Summary

- **Proposal for Local Currency Expansion:** India called upon BRICS member and partner nations to expand cross-border trade settlements in national currencies and integrate domestic payment architectures.
- **Firm Rejection of Common Currency:** New Delhi officially maintained its opposition to creating a common BRICS monetary unit or alternative reserve currency, prioritizing national currency mechanisms over a unified monetary system.
- **Globalizing Digital Public Infrastructure:** Union Commerce and Industry Minister Piyush Goyal urged BRICS partners to leverage India's Digital Public Infrastructure (DPI), highlighting that UPI handles over 250 billion transactions annually, comprising over half of global instant payments.
- **Expanding Footprint of UPI:** The Minister highlighted that India's Unified Payments Interface (UPI) has established cross-border acceptance across 11 nations, demonstrating its scale for international financial interoperability.
- **Joint Declaration on Cross-Border Payments:** BRICS finance ministers and central bank governors recognized progress on the BRICS Cross-Border Payments Initiative, endorsing payment messaging channel interoperability while acknowledging that no single approach fits all members.
- **Hosting the BRICS Business Forum:** The initiative was showcased during the BRICS Business Forum and Leaders' Summit held in New Delhi, building upon the framework established at the 2025 Summit in Rio de Janeiro.

Essential Definitions

- **Digital Public Infrastructure (DPI):** Shared digital network foundation—comprising digital identity, payment systems, and data exchange layers—that enables public and private entities to deliver essential services at scale.
- **Unified Payments Interface (UPI):** An instant real-time payment system developed by the National Payments Corporation of India (NPCI) facilitating inter-bank peer-to-peer and person-to-merchant transactions.
- **Local Currency Settlement (LCS):** A bilateral financial mechanism enabling two trading countries to settle commercial transactions directly in their respective national currencies, eliminating the reliance on a third currency such as the US Dollar.

Legal and Constitutional Framework

- **Reserve Bank of India Act, 1934:** Regulates exchange rate operations, reserve management, and currency issuance, empowering the RBI to enter into currency swap agreements and frame cross-border transaction protocols.
- **Foreign Exchange Management Act (FEMA), 1999:** Statutory framework governing cross-border capital and current account transactions, authorizing special Vostro account mechanisms for local currency trade settlement.
- **Article 51(c), Constitution of India:** Directs the State to foster respect for international law and treaty obligations in organized dealings among sovereign nations.

- **Article 246 read with List I (Union List), Seventh Schedule:** Grants exclusive legislative power to the Union Parliament over Foreign Affairs (Entry 10), Foreign Exchange (Entry 36), and International Trade (Entry 41).

Conclusion India's push for local currency trade settlement and Digital Public Infrastructure integration within BRICS balances economic resilience with monetary autonomy. By scaling UPI internationally while opposing a common BRICS currency, India advances pragmatic financial cooperation without disrupting the established global monetary system.

UPSC Relevance

- **GS Paper II:** Bilateral, Regional, and Global Groupings involving India (BRICS Foreign Policy, Financial Diplomacy, Multi-alignment Framework).
- **GS Paper III:** Indian Economy (Digital Public Infrastructure, UPI Internationalization, Local Currency Settlement, Foreign Exchange Management).
- **Key Focus:** UPI Global Footprint, Local Currency Trade Settlement vs De-dollarization, FEMA Vostro Accounts, BRICS Cross-Border Payments Initiative.

5. India and EU Close to Sealing Trade Deal, Await Nod from Top Council in Brussels

Key Highlights & Summary

- **Forwarding to European Council:** The European Commission forwarded its proposal for the Free Trade Agreement (FTA) with India to the European Council, signalling that the mega-trade pact is entering its final approval stages.
- **Largest Trade Pact for Both Partners:** Upon adoption and entry into force, the accord will mark the largest bilateral trade agreement ever concluded by both India and the European Union (EU).
- **Scope and Market Access:** The agreement aims to eliminate or reduce tariffs on 96% of traded lines, tackle unnecessary non-tariff trade barriers, and establish predictable investment rules across bilateral trade exceeding €180 billion annually.
- **Mutual Economic Advantages:** While European companies secure enhanced access to the Indian domestic market, India gains high-value commitments in services trade alongside facilitated mobility for skilled Indian professionals.

- **EU Legislative Ratification Workflow:** Following approval by the European Council (comprising heads of state of the 27 EU member nations), the pact requires formal consent from the European Parliament before final conclusion and enforcement.
- **Parallel Domestic Ratification:** Authorities in India are simultaneously carrying out internal approval procedures to ensure swift implementation once signed by both sovereign sides.

Essential Definitions

- **Free Trade Agreement (FTA):** A preferential international treaty between two or more sovereign entities designed to reduce or eliminate tariffs, import quotas, and non-tariff barriers on goods and services trade.

- **European Commission:** The executive branch of the European Union responsible for proposing legislation, implementing decisions, upholding EU treaties, and negotiating international trade agreements.
- **European Council:** The supreme EU political institution comprising the heads of state or government of the 27 member states, which defines the general political direction and priorities of the bloc.

Legal and Constitutional Framework

- **Article 73, Constitution of India:** Extends the executive power of the Union to matters regarding which Parliament has power to make laws, enabling the central government to negotiate and execute international treaties.
- **Article 253, Constitution of India:** Empowers Parliament to enact legislation for implementing any treaty, agreement, or convention concluded with foreign nations or international bodies.
- **Article 246 read with List I (Union List), Seventh Schedule:** Grants exclusive legislative authority to Parliament over Foreign Affairs (Entry 10), Trade and Commerce with foreign countries (Entry 41), and Treaties (Entry 14).
- **Article 218, Treaty on the Functioning of the European Union (TFEU):** Defines the legal procedure under EU law for negotiating, signing, and concluding international agreements between the EU and third countries.

Conclusion The impending India-EU Free Trade Agreement marks a milestone in economic integration between two major global economies. By balancing tariff rationalization with services mobility, the pact strengthens strategic supply chain resilience, deepens bilateral trade, and enhances economic governance under rules-based global trade.

UPSC Relevance

- **GS Paper II:** Bilateral, Regional, and Global Groupings involving India (India-EU Strategic Partnership, Treaty-Making Power under Article 253, Supranational Institutions).
- **GS Paper III:** Indian Economy and Issues Relating to Planning, Mobilization of Resources, Growth, Development, and Foreign Trade (FTAs, Tariff Barriers, Services Mobility).
- **Key Focus:** Article 253 Treaty Implementation, India-EU FTA Architecture, Article 218 TFEU Approval Mechanism, Services Trade & Labor Mobility.

6. As India Probes Origin of 5 Baby Orangutans, Indonesia Prepares Ground for Repatriation

Key Highlights & Summary

- **Inter-Governmental Repatriation Push:** Indonesia's Ministry of Forestry has reached out to Indian authorities to prepare technical requirements for repatriating five rescued baby orangutans if genetic testing confirms their Indonesian origin.
- **Transnational Wildlife Trafficking Network:** Authorities from both nations suspect an organized international trafficking syndicate transported the critically endangered apes from native habitats in Sumatra or Borneo into India via maritime routes.

- **Judicial Authorization Mandated:** Transfer, transport, or repatriation of the animals requires formal completion of official investigations, health protocols, and authorization by competent judicial courts in India.
- **Diplomatic and CITES Coordination:** Indonesia's Directorate of Species and Genetic Conservation communicated with India's CITES Management Authority to collaborate on DNA examination, species verification, and law enforcement intelligence sharing.
- **Technical Safeguards for Transport:** Preparatory measures include genetic identification, health screening, quarantine protocols, animal welfare safeguards, and post-arrival rehabilitation frameworks.
- **Global Precedent for Wildlife Rescue:** Experts emphasize that executing formal species verification and returning trafficked animals to native origin countries sets a vital precedent for combatting illegal exotic wildlife trade.

Essential Definitions

- **Repatriation of Wildlife:** The legal process of returning seized or rescued non-native endangered species back to their country of natural origin following legal clearance and welfare verification.
- **CITES Management Authority:** The designated national administrative body responsible for issuing CITES permits, regulating trade in listed species, and coordinating international wildlife compliance.
- **Transnational Wildlife Crime:** Organised cross-border illegal trade, poaching, smuggling, or trafficking of protected flora and fauna violating international treaties and national laws.

Legal and Constitutional Framework

- **Wild Life (Protection) Act, 1972 (Chapter VB - 2022 Amendment):** Provides national legal enforcement mechanisms for CITES in India, regulating possession, transfer, and trade of Appendix I listed species.
- **CITES (Convention on International Trade in Endangered Species):** International treaty placing orangutans under Appendix I, strictly prohibiting commercial trade and prescribing protocols for returning confiscated specimens.
- **Article 48A, Constitution of India:** Constitutional directive obligating the State to protect and improve the environment and safeguard forests and wildlife.
- **Article 51A(g), Constitution of India:** Fundamental duty directing every citizen to protect natural environments and show compassion for living creatures.

Conclusion The collaborative effort between India and Indonesia to verify species origin and prepare technical repatriation frameworks highlights the importance of global cooperation in tackling illegal wildlife trade. Strict adherence to CITES protocols and judicial processes ensures both animal welfare and legal accountability across international borders.

UPSC Relevance

- **GS Paper III:** Environment & Ecology (Conservation of Endangered Species, Illegal Wildlife Trafficking, Ex-situ Conservation, CITES & WLPA Provisions).

- **GS Paper III:** Security Challenges and International Law (Transnational Organized Crime, Border Security & Maritime Smuggling Controls).
- **Key Focus:** CITES Appendix I Enforcement, Wild Life (Protection) Amendment Act 2022, Transnational Wildlife Crime Interdictions, Species Repatriation Protocol.

7. PM Modi Gifts Russian Translation of *Thirukkural* to President Putin at BRICS Summit

Key Highlights & Summary

- **Cultural Diplomacy at 18th BRICS Summit:** Prime Minister Narendra Modi presented Russian President Vladimir Putin with a Russian translation of the Tamil literary masterpiece *Thirukkural* during bilateral talks in New Delhi.
- **Published by CICT:** The edition was published by the Central Institute of Classical Tamil (CICT), an autonomous institution functioning under the Union Ministry of Education.
- **Multilingual Publishing Push:** CICT has brought out translations of *Thirukkural* in 22 official Indian languages and over half a dozen foreign languages to promote Tamil heritage globally.
- **Textual Architecture:** Composed by the revered Tamil poet-philosopher Thiruvalluvar, the text comprises 1,330 short couplets (*kurals*) organized into 133 chapters (*adhikarams*).
- **Tripartite Philosophical Division:** The work is structured into three distinct sections reflecting the traditional goals of human life (*Purusharthas*): *Aram* (Virtue/Dharma), *Porul* (Polity and Wealth/Artha), and *Inbam* (Love/Kama).
- **Global and Historical Reach:** Celebrated for its secular character and universal human ethics, the text historically influenced Russian literary titan Leo Tolstoy, shaping his philosophy of non-violent resistance.

•BRIEFLY

Prime Minister Narendra Modi presents a copy of the translated version of *Thirukkural* to Russian President Vladimir Putin, Friday. PTI

Modi presents Putin with Russian translation of *Thirukkural*

When Prime Minister Narendra Modi met Russian President Vladimir Putin, on the sidelines of the 18th BRICS Summit in New Delhi on Friday, he gifted the visiting leader a copy of *Thirukkural*, a classic Tamil text. Modi presented the Russian translation of *Thirukkural*, which is published by the Central Institute of Classical Tamil (CICT), an autonomous Institution under the Union Ministry of Education. It is learnt that the official arranged the book from the CICT, which has published the book in 22 Indian languages and over half a dozen foreign languages. ENS

Essential Definitions

- **Thirukkural:** A seminal post-Sangam classic of Tamil literature consisting of 1,330 two-line poetic couplets composed in the *Kural Venba* meter.
- **Central Institute of Classical Tamil (CICT):** An autonomous national research body located in Chennai under the Ministry of Education, mandated to conduct advanced research and international dissemination of classical Tamil literature.
- **Aram, Porul, and Inbam:** The three core thematic divisions of *Thirukkural* covering individual righteousness (*Aram*), statecraft, economy, and public governance (*Porul*), and psychological values and marital love (*Inbam*).

Legal and Constitutional Framework

- **Article 351, Constitution of India:** Authorizes the Union Government to promote and preserve India's linguistic diversity and composite heritage across domestic and international domains.

- **Classical Language Status:** Tamil was the first language in India to be officially declared a "Classical Language" in 2004, establishing statutory mechanisms and research support under the Ministry of Education.
- **Article 51A(f), Constitution of India:** Outlines the Fundamental Duty of every Indian citizen to value and preserve the rich heritage of the nation's composite culture.
- **Eighth Schedule to the Constitution:** Lists Tamil as an official language of the Republic of India, supporting legislative frameworks for cross-cultural translation initiatives.

Conclusion Gifting a translated volume of *Thirukkural* at the BRICS Summit highlights the power of soft-power diplomacy rooted in ancient Indian philosophy. The text's universal focus on righteous governance, statecraft, and human ethics reaffirms India's commitment to bridging international partnerships through shared cultural values.

UPSC Relevance

- **GS Paper I:** Indian Culture & Literature (Salient aspects of Classical Tamil Literature, Post-Sangam Period, Thiruvalluvar's Philosophical Contributions).
- **GS Paper II:** Foreign Policy & Cultural Diplomacy (Use of Soft Power in Bilateral and Multilateral Summits like BRICS).
- **Key Focus:** *Thirukkural* Structural Organization (*Aram*, *Porul*, *Inbam*), CICT Institutional Mandate, Classical Language Framework in India.

8. Terror to Institutional Reforms: BRICS to Spell Out Common Ground in Declaration

Key Highlights & Summary

- **Consensus on Counter-Terrorism:** The 11 member countries of BRICS reached an agreement on an unequivocal condemnation of terrorism in all its forms and pledged to combat it through coordinated global frameworks.
- **Reforms in Global Governance:** The bloc established a shared stance on reforming multilateral institutions, strengthening global governance, and explicitly supporting India's bid for a permanent seat in the UN Security Council.
- **People-Centric Approach:** Guided by the spirit of "humanity first," India's BRICS chair-ship prioritizes outcomes that directly benefit populations, including targeted support for women, farmers, and entrepreneurs.
- **Amplifying the Global South:** BRICS committed to serving as a stronger voice for developing nations, ensuring that the priorities, perspectives, and economic aspirations of the Global South are reflected in the emerging world order.
- **Bridge Builder for Dialogue:** The grouping positioned itself as a platform for constructive cooperation, dialogue, and mutual understanding across political, economic, and agency-level channels.
- **Tangible Priority Pillars:** The summit outlined over 50 practical, development-oriented outcomes structured around four priority pillars: resilience, innovation, cooperation, and sustainability.

Essential Definitions

- **Multilateralism:** A system of international governance where multiple sovereign states act together in concert to address shared global challenges and formulate binding rules.
- **Global South:** A collective term referencing developing, emerging, and low-income countries primarily located in Africa, Latin America, Asia, and Oceania that share common historical and economic development trajectories.
- **BRICS Sherpa:** A senior official or designated diplomat representing a member nation's head of state who conducts preparatory negotiations to build consensus on summit declarations.

Legal and Constitutional Framework

- **Article 51(c), Constitution of India:** Directs the State to foster respect for international law and treaty obligations in organized dealings among sovereign nations.
- **Article 246 read with List I (Union List), Seventh Schedule:** Grants exclusive legislative power to the Union Parliament over Foreign Affairs (Entry 10) and International Treaties, Agreements, and Conventions (Entry 14).
- **UN Security Council Resolution 1373 (2001):** Mandates member states to deny safe havens, freeze assets, and prevent cross-border movements of individuals or entities involved in terrorist acts.
- **Comprehensive Convention on International Terrorism (CCIT):** India's proposed UN legal framework aimed at creating a universal definition of terrorism, banning terror networks, and enforcing global extradition obligations.

Conclusion The adoption of the BRICS Delhi Declaration highlights the grouping's evolving role as a bridge builder between emerging economies and established international systems. By balancing firm stands on counter-terrorism with structured pushes for UN Security Council expansion, BRICS reinforces its mandate as a practical, development-oriented alliance for the Global South.

UPSC Relevance

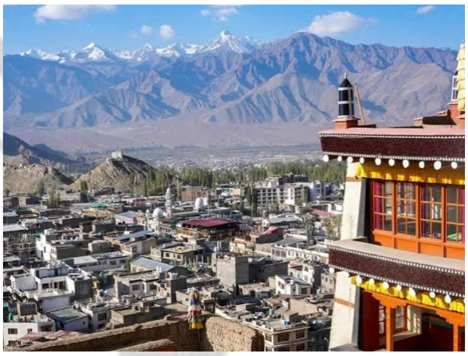
- **GS Paper II:** Bilateral, Regional, and Global Groupings involving India (BRICS Governance, Global South Leadership, Multilateral Reforms, UNSC Expansion).
- **GS Paper III:** Security Challenges and International Relations (Counter-Terrorism Architecture, Cross-Border Security, International Law Protocols).
- **Key Focus:** BRICS Delhi Declaration Tenets, UNSC Reforms, Global South Representation, CCIT Framework Integration.

9. Vibrant Events and Infra Development: Why More Tourists Now Pick Ladakh

Key Highlights & Summary

- **Record Tourist Footfall Growth:** Ladakh recorded over 4.5 lakh tourist arrivals between January and August 2026, marking a 20.61% increase over 2025 arrivals and surpassing the entire preceding year's cumulative footfall within eight months.

- **Domestic and Foreign Tourism Expansion:** The Union Territory hosted over 3 lakh domestic tourists and 33,346 foreign visitors during the eight-month period, with August recording the highest foreign tourist arrival figure of 10,075 visitors.
- **Diversified Cultural and Event Calendar:** The administration expanded tourism beyond peak summer months into shoulder and off-seasons by hosting key events including the Changthang Nomadic Festival, the Black-necked Crane Festival, Suru Summer Festival, and the Ladakh Marathon.
- **Infrastructure Driven Connectivity Push:** Transformation in regional road connectivity enabled nearly 55% of total tourists to arrive by road, with 36% entering via the Kashmir valley route, reflecting sustained central infrastructure investments.



- **Sustained Livelihood Creation:** Year-round tourism diversification supports local economic ecosystem stakeholders including homestays, artisans, youth entrepreneurs, transport operators, guides, and hospitality businesses across remote trans-Himalayan valleys.
- **Administrative Strategy and Governance:** Lieutenant Governor Vinal Kumar Saxena highlighted that the surge aligns with targeted infrastructure expansion, administrative promotion of domestic destinations, and cultural asset preservation.

Essential Definitions

- **Shoulder Season Tourism:** Travel periods occurring between peak and off-peak seasons, leveraged by tourism planners to stabilize economic returns and prevent seasonal unemployment.
- **Trans-Himalayan Eco-Tourism:** Sustainable tourism frameworks designed for fragile, high-altitude cold desert ecosystems that balance biodiversity conservation with local community livelihoods.
- **Inner Line Permit (ILP):** An official travel document issued by state or UT authorities permitting domestic visitors to enter specified protected border areas for a limited duration.

Legal and Constitutional Framework

- **Jammu and Kashmir Reorganisation Act, 2019:** Statutory legislation that created the Union Territory of Ladakh without a Legislative Assembly, placing executive control and development administration under the Central Government.
- **Article 239, Constitution of India:** Governs the administration of Union Territories, vesting administrative authority in the President of India acting through an appointed Lieutenant Governor.
- **Article 21, Constitution of India:** Broadened under environmental jurisprudence to include the right to a clean environment and sustainable development, balancing ecological protection with economic growth in sensitive ecologies.
- **Environment (Protection) Act, 1986:** Empowers the Central Government to enact ecological safeguards, regulate commercial footprint, and preserve fragile high-altitude ecosystems across Ladakh.

Conclusion The expansion of Ladakh's tourism sector demonstrates how targeted infrastructure development and off-season cultural programming can drive economic resilience in remote border regions.

Balancing infrastructure growth with fragile trans-Himalayan ecological conservation remains critical to ensuring long-term sustainable development for the Union Territory.

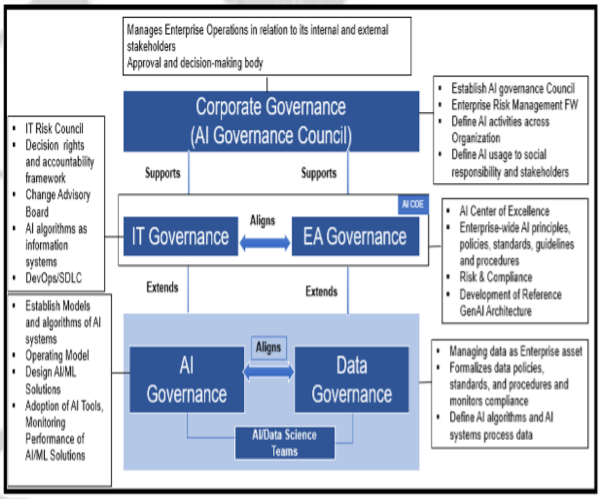
UPSC Relevance

- **GS Paper II:** Governance & Administrative Setup of Union Territories (J&K Reorganisation Act 2019, Article 239 Administrative Dynamics, Border Area Infrastructure Planning).
- **GS Paper III:** Indian Economy & Environment (Sustainable Tourism Development, High-Altitude Eco-Restoration, Regional Infrastructure Growth, Himalayan Ecosystem Resilience).
- **Key Focus:** Trans-Himalayan Infrastructure Push, Sustainable Tourism Strategy, Eco-Sensitive Development in UT of Ladakh, Seasonal Tourism Diversification.

10. AI Governance Architecture Must Include Its Largest Stakeholders

Key Highlights & Summary

- **Need for Inclusive AI Apex Institution:** Industry leaders and global policy experts emphasize creating an International Institute for Regulatory Development (IIRD) to track interconnected systemic risks across labor, finance, elections, health, and climate.
- **Emerging Markets as Primary Stakeholders:** Global South nations provide massive user bases, training data, and labor power, yet remain most vulnerable to technological, financial, sovereign, and climate risks generated by advanced artificial intelligence.



- **Three Strategic Core Functions:** The proposed IIRD would focus on research and regulatory capacity building, maintaining a living repository of exchange practices (akin to Project Agorá), and formulating calibrated, proportionate standards.
- **Complementing Existing Institutions:** Rather than duplicating oversight bodies like the Financial Stability Board (FSB) or Basel Committee, IIRD aims to act as an analytical engine and precursor for a global frontier-AI governance framework.
- **Delhi Mandate Proposal:** India's leadership provides a strategic platform to charter an open institution housed in New Delhi, backed by mixed public, private, and multilateral funding via entities like the New Development Bank.
- **Rebalancing Global Power Dynamics:** The framework aims to counter Western tech monopoly dominance by allowing developing countries to act as co-creators of global AI governance rules.

Essential Definitions

- **International Institute for Regulatory Development (IIRD):** A proposed global apex institution designed to conduct regulatory research, build technical capacity, and harmonize rules for AI, finance, and climate risks.
- **Frontier-AI Risks:** Potential catastrophic or systemic vulnerabilities arising from highly capable foundation models operating across critical infrastructure, financial systems, and public institutions.

- **Proportionate Standards:** A calibrated regulatory approach that matches compliance mandates to specific local economic contexts, capacity constraints, and exposure levels rather than applying rigid uniform rules.

Legal and Constitutional Framework

- **Article 51(c), Constitution of India:** Obligates the State to foster respect for international law and treaty obligations, serving as a basis for international technology governance framework participation.
- **Information Technology Act, 2000 (Section 79):** Framework governing intermediary liability, digital algorithms, and online platform accountability in India.
- **Digital Personal Data Protection (DPDP) Act, 2023:** Regulates the collection, processing, and cross-border transfer of personal data essential for training AI models.
- **UN Global Digital Compact:** International framework guiding responsible digital technology deployment and inclusive global internet governance architectures.

Conclusion Establishing an International Institute for Regulatory Development bridges the gap between advanced technology producers and Global South users. By integrating emerging market realities into standard-setting mechanisms, India can champion equitable, safe, and context-calibrated global AI governance architectures.

UPSC Relevance

- **GS Paper II:** Important International Institutions, Global Governance Frameworks, Bilateral and Multilateral Groupings (BRICS, G20, Global South Diplomacy).
- **GS Paper III:** Science & Technology (Artificial Intelligence Governance, Cybersecurity, Data Sovereignty, Emerging Risk Mitigation).
- **Key Focus:** International Institute for Regulatory Development (IIRD) Architecture, Frontier-AI Risk Management, Global South Technology Governance, DPDP Act Alignment.

11. BRICS Financial Architecture: Promises vs Realities of Global Governance Reform

Key Highlights & Summary

- **Persistence of Dollar Dominance:** Despite rhetoric on de-dollarization, half of the New Development Bank's (NDB) outstanding bonds remain U.S. dollar-denominated, while local currency lending accounts for only 22% of its portfolio.
- **Western Financial System Integration:** The NDB relies heavily on Western credit-rating agencies (S&P, Fitch, Moody's) and froze all Russian operations in March 2022 to safeguard its global credit standing.
- **Inactive Safety Net Architecture:** The $100 billion Contingent Reserve Arrangement (CRA) has never been activated in a decade, and its operational rules mandate that members drawing over 30% must first enter an IMF program.
- **Rejection of Common Currency:** Key members like India oppose a common BRICS currency over trade reprisal concerns, while official summit declarations focus on local currency trade rather than structural de-dollarization.

- **Modest Capital Scale:** The NDB approved $39 billion in projects over its first decade, whereas the World Bank Group commits roughly $100 billion annually, making NDB's role complementary rather than competitive.
- **Reform Within Existing Systems:** Official BRICS declarations continuously request quota re-alignments within Bretton Woods institutions, seeking greater voting influence rather than replacing the established international monetary framework.

Essential Definitions

- **New Development Bank (NDB):** A multilateral development bank established by BRICS states in 2015 to mobilize resources for infrastructure and sustainable development projects in emerging economies.

- **Contingent Reserve Arrangement (CRA):** A framework established by BRICS to provide mutual financial support through short-term liquidity pressures, protecting member nations during balance-of-payments difficulties.
- **De-dollarization:** The strategic economic policy aimed at reducing reliance on the U.S. dollar as the primary global reserve currency, medium of international trade, and invoice unit.

Legal and Constitutional Framework

- **Article 51(c), Constitution of India:** Directs the State to promote international peace, foster respect for treaty obligations, and participate constructively in global governance institutions.
- **Article 246 read with List I (Union List), Seventh Schedule:** Assigns exclusive authority to the Union Parliament over Foreign Affairs (Entry 10), International Treaties (Entry 14), and Foreign Exchange (Entry 36).
- **Articles of Agreement of the IMF & IBRD:** Statutory treaties governing international financial architecture, where major policy shifts and quota redistributions require an 85% voting supermajority.
- **BRICS NDB Agreement (2014):** International treaty governing the bank's charter, establishing equal voting rights among founding members while permitting capital expansion to non-BRICS nations.

Conclusion The performance of BRICS financial mechanisms demonstrates that the bloc functions within the existing international monetary architecture rather than replacing it. By maintaining ties to Western credit benchmarks, IMF linkages, and dollar-denominated financing, BRICS focuses on securing greater institutional representation while managing systemic economic realities.

UPSC Relevance

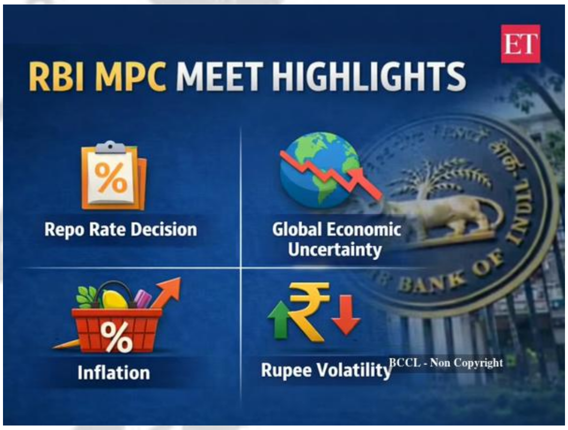
- **GS Paper II:** Important International Institutions, Bilateral and Multilateral Groupings (BRICS, IMF, World Bank, Global South Governance).
- **GS Paper III:** Indian Economy (Balance of Payments, Foreign Reserve Management, De-dollarization, International Trade Settlement).

- **Key Focus:** NDB Capital Structure, CRA Operational Rules, IMF Quota Reforms, Local Currency Settlement Limitations.

12. MPC to Revise Growth, Inflation Dynamics at Next Meet

Key Highlights & Summary

- **Reassessment of Economic Indicators:** The Reserve Bank of India's Monetary Policy Committee (MPC) will reassess national growth and inflation projections during its upcoming meeting in response to shifting global economic conditions.
- **Impact of Geopolitical Pressures:** Elevated global crude oil prices driven by the ongoing West Asia crisis pose upward inflationary risks for the Indian economy.
- **Trajectory of Crude Oil Prices:** The Indian basket of crude oil increased from an average of $82 per barrel in July to $90 per barrel in August, directly affecting domestic retail inflation expectations.
- **Inflation Pass-Through Dynamics:** The ultimate impact on consumer price inflation will depend on the extent of price pass-through to retail consumers and government fiscal absorption measures.
- **FCNR(B) Deposit Inflow Volumes:** Total inflows under Foreign Currency Non-Resident (Bank) deposits reached $127.22 billion under the recent RBI forex swap facility.
- **Maturity Structure of Forex Swaps:** Nearly 50% of the mobilised FCNR(B) deposits under the swap window are locked into a five-year tenor, ensuring sustained medium-term foreign liquidity stability.



Essential Definitions

- **Monetary Policy Committee (MPC):** A statutory six-member body constituted under the RBI Act, 1934, tasked with determining the benchmark policy interest rate (Repo Rate) to achieve price stability while supporting growth.
- **Foreign Currency Non-Resident (Bank) Deposit:** A fixed-deposit account denominated in approved foreign currencies for Non-Resident Indians (NRIs), where foreign exchange risk is borne by the receiving institution.
- **Pass-Through Effect:** The degree to which changes in international commodity prices or exchange rates directly alter domestic wholesale and consumer retail price levels.

Legal and Constitutional Framework

- **Reserve Bank of India Act, 1934 (Section 45ZB):** Mandates the Central Government to constitute a six-member Monetary Policy Committee to determine the policy rate required to hit target inflation levels.
- **Flexible Inflation Targeting (FIT) Framework:** Statutory mandate under Section 45ZA of the RBI Act directing the RBI to maintain Consumer Price Index (CPI) inflation at 4% with a tolerance band of +/- 2%.
- **Foreign Exchange Management Act (FEMA), 1999:** Statutory framework governing NRI foreign currency accounts, capital account transactions, and foreign exchange reserves operations.

- **Article 246 read with List I (Union List), Seventh Schedule:** Grants exclusive jurisdiction to the Union Parliament over Banking (Entry 45), Foreign Exchange (Entry 36), and Central Bank Operations.

Conclusion The MPC's upcoming review reflects a proactive approach to managing exogenous commodity price shocks while safeguarding macroeconomic stability. Leveraging long-tenor FCNR(B) deposit inflows strengthens foreign exchange reserves and provides monetary authorities with structural buffers against international market volatility.

UPSC Relevance

- **GS Paper III:** Indian Economy and Issues Relating to Planning, Mobilization of Resources, Growth, Development, and Inflation Management (MPC, Inflation Targeting Framework).
- **GS Paper III:** External Sector & Monetary Tools (FCNR(B) Deposits, RBI Forex Swap Facility, Crude Oil Pass-Through Dynamics).
- **Key Focus:** RBI Act 1934 Statutory Provisions, Flexible Inflation Targeting Mandate, Pass-Through Effect, Foreign Currency Deposit Liquidity Management.
