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FOR UPSC CIVIL SERVICE EXAMINATION

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Table of Contents

1. India's Goods Export Surge and Trade Deficit Reduction 2
2. Merchant Discount Rate Introduced on High-Value UPI Transactions Key Highlights & Summary 3
3. Meta to Share Child Safety Reports Directly with Indian Agencies Key Highlights & Summary 4
4. Six States Sign Pact for Kishau Multipurpose Project 5
5. ED Flags Bankruptcy Code Frauds and Large Haircuts 6
6. Sanjukta Parasor Becomes First Woman Officer to Lead CRPF CoBRA 7
7. Navigating the Realities of Great Power Rivalries Beyond BRICS 8
8. Why Reducing Government Debt is Key for India 10
9. Current Account Deficit Widens to $7 Billion in July 11
10. Jobless Rate Holds at 5% in August Amid Rural Recovery 12
11. India's Largest Shipyard to Come Up in Raigad 13
12. Decoding India's GDP Base Revision and Methodology 14

1. India's Goods Export Surge and Trade Deficit Reduction

Key Highlights & Summary

- **Surge in Merchandise Exports:** India's merchandise exports experienced a significant year-on-year growth of 26.1%, rising to $43.81 billion in August 2026 compared to $34.74 billion in August 2025.
- **Import Expansion:** Merchandise imports expanded by 14% to reach $70.67 billion in August 2026, up from $61.96 billion in August 2025.
- **Outpacing Growth Dynamics:** Export growth outpaced import growth in both percentage terms (26% vs. 14%) and absolute value terms ($9.07 billion vs. $8.71 billion) for the first time.
- **Shrinking Trade Deficit:** Total trade deficit contracted to $9.4 billion in August 2026, down from $11.6 billion recorded in the same period of the previous year.
- **Overall Trade Performance:** Combining merchandise and services, overall exports grew 25.4% to $82.7 billion, while overall imports grew 18.7% to $92.1 billion.
- **Volume and Value Drivers:** The expansion was driven by both currency depreciation effects and notable growth in export volume terms rather than value inflation alone.

Essential Definitions

- **Trade Deficit:** An economic condition occurring when a nation's total cost of imported goods and services exceeds the total value of its exported goods and services over a given period.
- **Merchandise Trade:** Physical, tangible goods imported or exported between nations, excluding service transactions, financial assets, and transfers.
- **Currency Depreciation:** A decrease in the value of a currency in terms of foreign currencies, making domestic exports relatively cheaper and foreign imports more expensive.

Legal and Constitutional Framework

- **Article 301 of the Constitution:** Guarantees that trade, commerce, and intercourse throughout the territory of India shall be free, subject to parliamentary regulations under Article 302.
- **Foreign Trade (Development and Regulation) Act, 1992:** Empowers the Central Government to formulate and notify the Foreign Trade Policy (FTP), regulate foreign trade operations, and promote export growth.
- **Customs Act, 1962:** Provides the statutory framework for levying import and export duties, controlling merchandise movement, and preventing illegal trade operations at trade borders.

Conclusion The robust 26.1% growth in merchandise exports marks a crucial structural transition where absolute export additions surpassed import gains. Continued emphasis on volume-led export diversification, paired with competitive domestic manufacturing policy execution, remains essential for sustaining long-term external sector stability.

UPSC Relevance

- **GS Paper III (Economy):** External Sector, Trade Balance, Balance of Payments (BoP), Foreign Trade Policy (FTP), and Export-Led Growth Models.

- **Prelims Focus:** Components of current account, trade deficit calculation dynamics, and statutory frameworks governing Indian foreign trade policies.

2. Merchant Discount Rate Introduced on High-Value UPI Transactions Key Highlights & Summary

- **Introduction of MDR:** The National Payments Corporation of India (NPCI) has introduced a 0.4% Merchant Discount Rate (MDR) on merchant UPI transactions exceeding ₹2,000, taking effect from October 15.
- **Exemptions for Small Vendors and P2P:** Person-to-person (P2P) transfers and transactions done by small merchants earning up to ₹1 lakh monthly via UPI QR codes remain completely exempt from charges.
- **Sector-Specific Capping:** Essential sectors such as Railways, telecom, insurance, fuel, and agriculture inputs face a flat ₹5 MDR on transactions above ₹2,000, while general transactions above ₹75,000 carry a fee cap of ₹300 per transaction.
- **Revenue Sharing Mechanism:** The collected 0.4% fee will be distributed among digital payment ecosystem stakeholders, including acquiring banks, issuing banks, and payment app providers.
- **P2P Market Dominance:** Government data indicates that P2P transfers account for 37% of total UPI volume and 70% of overall value, remaining free of charge regardless of the transferred amount.
- **Consumer Protection Advisory:** The Ministry of Finance advised banks to ensure that mid-to-large merchants do not pass on these transaction fees directly to retail end-consumers.

Essential Definitions

- **Merchant Discount Rate (MDR):** A fee charged to merchants by payment aggregators and banks for accepting payments through digital instruments such as debit/credit cards or UPI.
- **National Payments Corporation of India (NPCI):** An umbrella organization for operating retail payments and settlement systems in India, established as an initiative of RBI and IBA.
- **Person-to-Person Merchant (P2PM):** A business classification for small retail vendors receiving micro-payments via QR codes with monthly transaction limits capped up to ₹1 lakh.

Legal and Constitutional Framework

- **Payment and Settlement Systems Act, 2007:** Provides the statutory authority to the Reserve Bank of India (RBI) to regulate, supervise, and lay down policy frameworks for retail payment networks including UPI.
- **Section 10A of the IT Act, 2000:** Grants legal recognition to electronic contracts and transactions executed through secure electronic infrastructure across digital banking channels.
- **Section 269SU of the Income Tax Act, 1961:** Mandates specified business entities to provide facilities for accepting payments through prescribed electronic modes to promote digital economy compliance.

Conclusion The introduction of a tiered MDR framework balances financial sustainability for digital payment providers while safeguarding retail consumers and small businesses. This regulatory shift ensures the long-term infrastructure viability of India's fast-growing digital transaction ecosystem without hindering financial inclusion.

UPSC Relevance

- **GS Paper III (Economy):** Indian Economy, Digital Public Infrastructure (DPI), Monetary Policy, Banking Sector Reforms, and FinTech Ecosystem Regulation.
- **Prelims Focus:** NPCI institutional structure, Payment and Settlement Systems Act 2007 provisions, UPI operational mechanics, and financial inclusion initiatives.

3. Meta to Share Child Safety Reports Directly with Indian Agencies Key Highlights & Summary

- **Direct Reporting Mechanism:** Meta Platforms Inc. announced it will report Child Sexual Abuse Material (CSAM) matters directly to Indian law enforcement, expanding beyond its traditional reporting route to the U.S.-based National Center for Missing & Exploited Children (NCMEC).
- **Integration with National Cyber Portal:** Reports will now be shared directly with the Cyber Crime portal managed by the Indian Cyber Crime Coordination Centre (I4C) under the Ministry of Home Affairs.
- **Historical Data Access:** Previously, Indian authorities accessed Meta's CSAM reports via an MoU between the National Crime Records Bureau (NCRB) and NCMEC.
- **Scale of Shared Data:** Official data shared in Rajya Sabha indicated that over 69.05 lakh Cyber Tipline reports had been shared with States and Union Territories as of March 31, 2024.
- **Corporate Accountability:** Meta reiterated its commitment to platform safety, stating that direct coordination aims to strengthen joint efforts to hold perpetrators of child exploitation accountable.
- **Enhanced Investigation Efficiency:** Eliminating international intermediary routing reduces operational delays, allowing swift law enforcement intervention in digital child safety violations.

Essential Definitions

- **Child Sexual Abuse Material (CSAM):** Visual depictions or digital content showing explicit sexual abuse or exploitation involving minors.
- **Indian Cyber Crime Coordination Centre (I4C):** An initiative under the Ministry of Home Affairs established to handle cybercrime matters in a comprehensive and coordinated manner.
- **Cyber Tipline:** A centralized reporting system used by technology companies and citizens to report suspected instances of child sexual exploitation and abuse.

Legal and Constitutional Framework

- **Protection of Children from Sexual Offences (POCSO) Act, 2012:** Section 15 penalizes the storage, possession, and dissemination of child pornographic material.
- **Information Technology (IT) Act, 2000:** Section 67B lays down strict punitive measures for browsing, downloading, publishing, or creating child abusive content online.
- **IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021:** Mandates social media intermediaries to deploy automated tools and remove CSAM content promptly upon notification.

- **Constitutional Rights:** Article 21 guarantees the fundamental Right to Life and Personal Liberty, encompassing bodily integrity and safety of children, while Article 39(f) directs the State to protect childhood against exploitation.

Conclusion Direct CSAM reporting by major tech intermediaries to domestic law enforcement agencies streamlines procedural protocols and significantly strengthens India's digital child safety framework. Aligning global technology platforms with national cybercrime infrastructure ensures faster threat mitigation and effective prosecution of online offenders.

UPSC Relevance

- **GS Paper II (Governance & Polity):** Protection of vulnerable sections, child rights, statutory mechanisms, and institutional measures against cyber crimes.
- **GS Paper III (Internal Security):** Cyber security threats, regulation of social media platforms, role of I4C, and law enforcement coordination in digital spaces.

4. Six States Sign Pact for Kishau Multipurpose Project

Key Highlights & Summary

- **Inter-State Accord Signed:** Six states—Himachal Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Delhi, and Rajasthan—signed a pact for implementing the 422 MW Kishau Multipurpose Project valued at ₹15,624 crore.
- **Project Location and Infrastructure:** The project features a 232.6-metre-high concrete gravity dam constructed across the Tons river, a major tributary of the Yamuna, along the Uttarakhand–Himachal Pradesh border.
- **Funding Architecture:** The Central Government will bear 90% of the financial burden, with the remaining 10% shared among participating states as per a 1994 inter-state agreement.
- **Irrigation and Power Output:** The dam's water storage capacity of 1,562 million cubic metres will irrigate 97,000 hectares of land and generate 1,476 million units of clean hydroelectricity annually.

- **Drinking Water Allocation:** Delhi stands out as the primary beneficiary, gaining 109.9 million cubic metres of water annually to resolve critical drinking water needs.
- **Inter-State Dispute Resolution:** Union Home Minister Amit Shah highlighted that this historic agreement marks the resolution of the tenth major inter-state water dispute under the current administration.

Essential Definitions

- **Multipurpose Project:** An integrated water management project designed to concurrently serve multiple objectives such as power generation, irrigation, flood control, and drinking water supply.
- **Gravity Dam:** A massive dam constructed from concrete or stone masonry that resists the horizontal thrust of water impounded behind it solely through its own structural weight.

- **Tons River:** The largest tributary of the Yamuna River that flows through Uttarakhand and Himachal Pradesh, joining the Yamuna near Kalsi.

Legal and Constitutional Framework

- **Article 262 of the Constitution:** Grants Parliament exclusive authority to adjudicate disputes or complaints relating to the use, distribution, or control of waters in inter-state rivers or river valleys.
- **Inter-State River Water Disputes Act, 1956:** Enacted under Article 262 to set up tribunals for resolving water allocation conflicts among riparian states.
- **Entry 17 of the State List (Seventh Schedule):** Subjects water supplies, irrigation, canals, drainage, and storage to state regulation, subject to Entry 56 of the Union List regarding inter-state river development.

Conclusion The cooperative agreement on the Kishau Multipurpose Project showcases cooperative federalism in resolving prolonged inter-state river disputes. By integrating infrastructure funding and resource allocation across six states, the pact ensures regional water security and clean energy production while mitigating historical dispute bottlenecks.

UPSC Relevance

- **GS Paper II (Governance & Polity):** Inter-State relations, Cooperative Federalism, Statutory bodies, and Constitutional provisions for inter-state river water dispute resolution.
- **GS Paper III (Economy & Infrastructure):** Renewable hydro-energy projects, irrigation infrastructure, water resource management, and regional development models.

5. ED Flags Bankruptcy Code Frauds and Large Haircuts

Key Highlights & Summary

- **Focus on IBC Frauds:** The Enforcement Directorate (ED) identified frauds under the Insolvency and Bankruptcy Code (IBC) and disproportionately large haircuts as a primary operational thrust area.
- **Systemic Malpractices:** Key issues flagged include circumvention of Section 29A, manipulation of the Committee of Creditors (CoC), inflation of related-party claims, asset stripping, and promoters re-acquiring assets via collusive resolutions.

- **Declining Creditor Recovery:** Average recovery rates under IBC dropped from 37% in FY25 to 20% in FY26, raising concerns that companies use the IBC process to escape criminal prosecution.
- **Subhash Chandra Settlement Case:** The NCLT approved a repayment plan for Essel Group founder Subhash Chandra offering ₹6.25 crore against admitted claims of ₹22,006.57 crore, which was subsequently stayed by a five-member special bench.
- **Inter-Agency Coordination Directives:** ED zonal offices were directed to file intervention applications before NCLT, identify fraudulent transactions, and initiate independent PMLA investigations against masterminds.

- **Valuation Discrepancies:** Banks expressed concern over opaque asset valuation methodologies, prompting ED to demand mandatory valuation of confirmed attached properties by government-approved valuers.

Essential Definitions

- **Haircut:** The percentage reduction or write-off taken by financial creditors on the total outstanding debt during an insolvency resolution process.
- **Moratorium:** A legal freeze under Section 14 of the IBC that temporarily halts all judicial proceedings, asset transfers, and debt recovery enforcement against a corporate debtor.
- **Section 29A (IBC):** A statutory provision that debars wilful defaulters, defaulting promoters, and connected/related parties from bidding as resolution applicants for distressed assets.

Legal and Constitutional Framework

- **Insolvency and Bankruptcy Code (IBC), 2016:** Sections 14 (Moratorium), 29A (Ineligibility of Resolution Applicants), and 32A (Immunity to Successful Resolution Applicants from past offences).
- **Prevention of Money Laundering Act (PMLA), 2002:** Empowers the ED to search, seize, attach, and confiscate properties derived from scheduled offences and proceeds of crime.
- **Constitutional Dimensions:** Conflicts arise between the statutory immunity under Section 32A of the IBC and the State's duty to enforce criminal law and economic order under Article 39(b) and Article 39(c) of the Directive Principles of State Policy.

Conclusion The ED's scrutiny over collusive insolvency resolutions highlights a growing legal friction between financial debt resolution under the IBC and criminal prosecution under the PMLA. Ensuring transparent asset valuation and plugging loopholes around promoter re-entry are critical to preventing the misuse of bankruptcy channels for money laundering.

UPSC Relevance

- **GS Paper III (Economy):** Indian Economy, Insolvency and Bankruptcy Code (IBC) reforms, Banking Sector non-performing assets (NPAs), and Corporate Restructuring.
- **GS Paper III (Internal Security):** Money laundering challenges, Enforcement Directorate (ED) mandate, Prevention of Money Laundering Act (PMLA), and financial crime enforcement.

6. Sanjukta Parasor Becomes First Woman Officer to Lead CRPF CoBRA

Key Highlights & Summary

- **Historic Command:** Senior IPS officer Sanjukta Parasor (2006-batch, Assam-Meghalaya cadre) has taken charge as Inspector General (IG) of the CRPF's elite CoBRA unit, becoming the first woman officer to head this specialized jungle-warfare force.

- **Predecessor and Scale:** Parasor succeeds 1996-batch IPS officer Danesh Rana as IG CoBRA, taking command of the 10-battalion-strong specialized operational formation.
- **Specialized Operational Role:** CoBRA (Commando Battalion for Resolute Action) is trained for high-risk, intelligence-based operations, long-range patrols, counter-ambushes, and jungle warfare in dense terrain facing improvised explosive devices (IEDs).

- **Operational Footprint:** CoBRA commandos are deployed in anti-Maoist theaters across Chhattisgarh, Jharkhand, Odisha, and Maharashtra, with two units recently stationed in Manipur to control armed violence.
- **Proven Counter-Insurgency Background:** Widely known as the "Iron Lady of Assam," Parasor brings extensive experience in field policing, counter-militancy operations in Northeast India, and national security investigations with the National Investigation Agency (NIA).
- **Strategic Leadership Shift:** The appointment highlights increasing gender integration in combat leadership roles within Central Armed Police Forces (CAPFs) operating in high-threat conflict zones.

Essential Definitions

- **CoBRA (Commando Battalion for Resolute Action):** A specialized unit of the Central Reserve Police Force (CRPF) raised in 2008 for guerrilla warfare, tactical intelligence, and counter-insurgency operations.
- **Guerrilla Warfare:** Non-conventional warfare involving small, mobile groups using irregular tactics such as ambushes, raids, and sabotage against larger traditional forces.
- **Central Armed Police Forces (CAPFs):** Uniformed security forces functioning under the authority of the Ministry of Home Affairs to maintain internal security and border protection.

Legal and Constitutional Framework

- **Central Reserve Police Force Act, 1949:** The governing statutory legislation that provides for the constitution, regulation, and operational duties of the CRPF and its specialized wings.
- **Article 355 of the Constitution:** Imposes a duty on the Union to protect every State against external aggression and internal disturbance.
- **Article 15(1) and Article 16(2):** Prohibits discrimination on grounds of sex, supporting equal opportunity policies for women in public employment and internal security leadership roles.

Conclusion The appointment of Sanjukta Parasor as IG CoBRA marks a milestone in breaking gender barriers within high-intensity combat formations in India. Empowering women leadership in specialized counter-insurgency units enhances operational diversity and aligns with national goals of gender mainstreaming across internal security apparatuses.

UPSC Relevance

- **GS Paper III (Internal Security):** Role of CAPFs, Left-Wing Extremism (LWE), counter-insurgency tactics, and security challenges in border and forested regions.
- **GS Paper I (Society) & GS Paper II (Governance):** Gender empowerment, breaking glass ceilings in defence and security services, and administrative leadership in law enforcement.

7. Navigating the Realities of Great Power Rivalries Beyond BRICS

Key Highlights & Summary

- **Shift from Multipolarity to Bipolar Dynamics:** The global geopolitical narrative is transitioning from BRICS-led multipolarity toward economic bipolarity (a G2 world) dominated primarily by the United States and China.

- **Internal Asymmetries in Multilateral Groups:** China now accounts for nearly three-fifths of BRICS combined GDP, while the United States holds approximately three-fifths of the G7's total nominal output, illustrating power concentration within key blocs.
- **G2 Interdependence and Management:** Despite deep structural disputes over trade, technology, and Taiwan, both Washington and Beijing are managing their intense rivalry through sustained bilateral engagement and high-level contact.
- **Strategic Role of Russia in a G3 Framework:** While economically diminished, Russia retains substantial military and geopolitical influence, creating possibilities for a G3 dynamic alongside the US and China.
- **Limitations of Multilateral Forums:** Institutions such as APEC, BRICS, G20, G7, and NATO operate within parameters set by great-power politics rather than independently dictating the international order.
- **Strategic Imperatives for India:** India must adapt its foreign policy to deal pragmatically with intensifying great-power bargaining rather than relying solely on idealized concepts of global multipolarity.

Essential Definitions

- **Multipolarity:** A distribution of global power in which more than two nation-states hold nearly equal amounts of military, economic, and strategic influence.
- **G2 Dynamics:** A informal geopolitical model referring to an international order primary driven and shaped by the bilateral relationship between the US and China.
- **Strategic Autonomy:** A foreign policy doctrine wherein a nation maintains independent decision-making capabilities without being bound by alliances with major power blocs.

Legal and Constitutional Framework

- **Article 51 of the Constitution:** Directs the State to promote international peace and security, maintain just and honorable relations between nations, and foster respect for international law and treaty obligations.
- **Directive Principles of State Policy (Part IV):** Provides the foundational constitutional directive for India's foreign policy formulation, emphasizing peaceful settlement of international disputes.
- **Foreign Policy Autonomy:** Supported by executive power under Article 73, enabling the Union Government to enter into international agreements and navigate complex diplomatic alignments.

Conclusion As global politics increasingly leans toward a G2 or G3 structure, multilateral forums function primarily as platforms for bilateral negotiation. For India, maintaining flexible strategic autonomy and building domestic economic capabilities are crucial to navigating the emerging realities of great-power rivalries effectively.

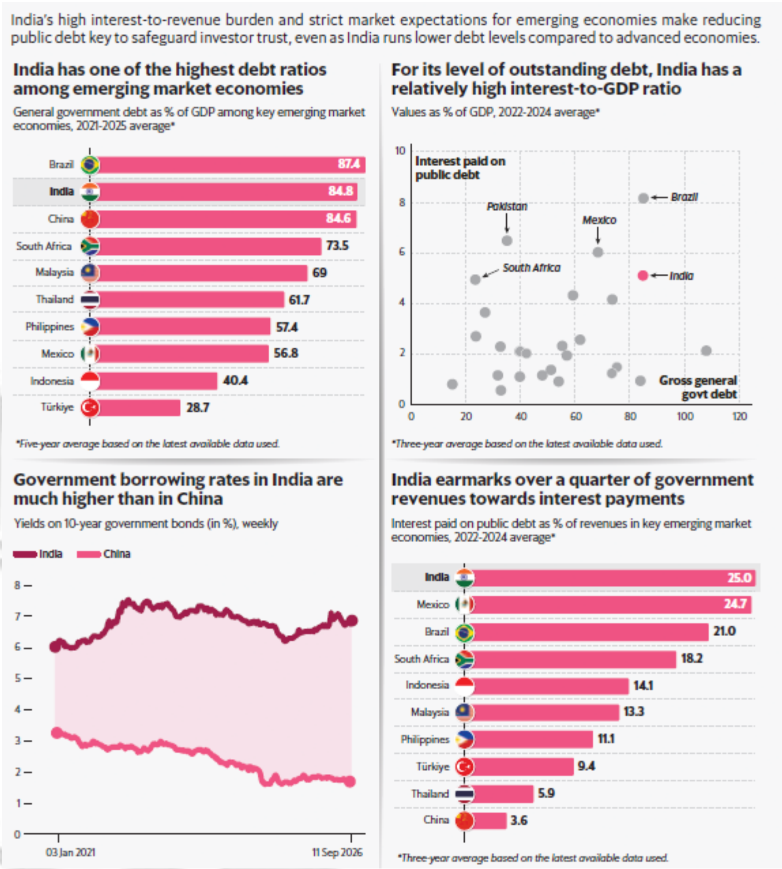
UPSC Relevance

- **GS Paper II (International Relations):** Bilateral, regional, and global groupings involving India; effect of policies and politics of developed and developing countries on India's interests.
- **Prelims Focus:** Structural composition and economic weight of global groupings such as BRICS, G7, G20, and APEC; fundamental tenets of Article 51 of the Indian Constitution.

8. Why Reducing Government Debt is Key for India

Key Highlights & Summary

- **Fiscal Consolidation Target:** Finance Minister Nirmala Sitharaman reaffirmed the government's commitment to reduce the Centre's debt-to-GDP ratio to 50% by 2030, targeting a combined general government debt of around 80% including states.
- **Lower Tolerance for Emerging Markets:** Global investors hold lower debt tolerance for emerging market economies (EMEs) compared to advanced economies, making fiscal discipline crucial to retain capital flows and prevent rating downgrades.
- **Significant Interest Payment Burden:** India's interest payments stand at approximately 5% of GDP, substantially higher than the 2.1% median across comparable large emerging markets.
- **Revenue Strain and Fiscal Risk:** India spends over 25% of its total government revenue on interest payments, exceeding the IMF's fiscal stress threshold of 16-19%.
- **Interest Rate Disconnect:** Unlike China, where high debt is offset by yields under 4%, India's central government borrowing costs remain high at 6-8%, amplifying its interest servicing burden.
- **Structural Revenue Constraints:** Central tax revenue has remained stagnated at 10-11% of GDP for over two decades due to a narrow tax base, making sustained debt reduction vital for fiscal sustainability.



Essential Definitions

- **Debt-to-GDP Ratio:** A metric comparing a country's total public debt to its gross domestic product, indicating its capacity to pay back debts without incurring further borrowing.
- **Fiscal Glide Path:** A planned, multi-year trajectory set by the government to incrementally lower fiscal deficit and public debt levels over time.
- **Interest-to-Revenue Ratio:** The proportion of total government revenue consumed by interest payments, assessing a nation's structural ability to service outstanding debt.

Legal and Constitutional Framework

- **Article 292 of the Constitution:** Grants executive power to the Union Government to borrow upon the security of the Consolidated Fund of India within limits set by Parliament.
- **Article 293 of the Constitution:** Regulates borrowing by States, requiring Central government consent if a State has outstanding loans owed to the Centre.

- **FRBM Act, 2003:** The Fiscal Responsibility and Budget Management Act mandates targets for limiting fiscal deficit and general government debt to ensure long-term macro-economic stability.

Conclusion While India's overall public debt remains predominantly domestic, high borrowing costs and constrained revenue generation create a heavy debt-servicing burden. Adhering to the fiscal consolidation glide path is imperative to free up budgetary resources for capital spending and maintain international sovereign rating confidence.

UPSC Relevance

- **GS Paper III (Economy):** Government Budgeting, Fiscal Policy, Public Debt Management, FRBM Act, and Macro-economic Stability.
- **Prelims Focus:** Debt-to-GDP dynamics, Articles 292/293 provisions, interest burden indicators, and external vs. domestic borrowing structures.

9. Current Account Deficit Widens to $7 Billion in July

Key Highlights & Summary

- **Widening Current Account Deficit:** India's current account deficit (CAD) widened to $7 billion in July 2026, up from $3.2 billion recorded in the same month of the previous year, according to preliminary Reserve Bank of India (RBI) Balance of Payments data.
- **Merchandise Trade Expansion:** The primary driver was a higher merchandise trade deficit, which rose to $31.7 billion in July from $28.2 billion last year, as imports increased to $76.8 billion against exports of $45.1 billion.
- **Services Surplus Improvement:** Net services surplus improved to $17.6 billion in July from $16.4 billion a year ago, backed by robust services exports reaching $38.3 billion against services imports of $20.6 billion.

- **Capital Inflows and Investment Trajectory:** The capital account recorded a sharp net inflow of $27.7 billion in July (up from $3.5 billion last year), supported by net FDI inflows of $7.3 billion and foreign portfolio investment (FPI) inflows of $4.1 billion.
- **Overall Balance of Payments Surplus:** Fueled by capital account performance, the overall BoP surplus jumped to $20.8 billion in July 2026, compared to $0.3 billion in July 2025.
- **Cumulative Four-Month Trend:** For April-July 2026-27, CAD stood at $11.2 billion compared to $6.6 billion in the corresponding period of 2025-26, while capital account net inflows expanded to $23.9 billion.

Essential Definitions

- **Current Account Deficit (CAD):** A component of the Balance of Payments that measures the shortfall when total foreign exchange value of imported goods, services, and transfers exceeds total exports.

- **Capital Account:** A statement recording all international capital transactions involving changes in foreign financial assets and liabilities, including foreign direct investment, foreign portfolio investment, and loans.
- **Balance of Payments (BoP):** A systematic double-entry statistical record of all economic and financial transactions conducted between residents of a country and the rest of the world over a specified period.

Legal and Constitutional Framework

- **Foreign Exchange Management Act (FEMA), 1999:** Provides the statutory architecture regulating cross-border current and capital account transactions and foreign exchange markets in India.
- **Reserve Bank of India Act, 1934:** Mandates the RBI to manage foreign exchange reserves, regulate credit, and maintain external monetary stability.
- **Article 246 read with Entry 36 of Union List:** Grants Parliament exclusive authority over currency, coinage, legal tender, foreign exchange, and external monetary relations.

Conclusion While a widening merchandise trade deficit has driven the expansion of India's current account deficit, robust growth in services exports, steady remittance inflows, and significant capital inflows via FDI and FPI continue to ensure external stability and buffer foreign exchange reserves.

UPSC Relevance

- **GS Paper III (Economy):** External Sector, Balance of Payments (BoP), Foreign Exchange Reserves, Foreign Direct Investment (FDI) trends, and Trade Balance dynamics.
- **Prelims Focus:** Components of Current vs. Capital Account, FEMA 1999 statutory provisions, RBI's reserve management role, and trade deficit calculations.

10. Jobless Rate Holds at 5% in August Amid Rural Recovery

Key Highlights & Summary

- **Overall Unemployment Stability:** India's overall unemployment rate for individuals aged 15 years and above held steady at 5% in August, as urban joblessness was offset by a recovery in rural employment.
- **Urban vs. Rural Disparity:** Urban unemployment rose to 6.8% in August from 6.7% in July, whereas rural unemployment fell significantly to 4.1% from 4.5% during the same period.
- **Labour Force Participation Rate (LFPR):** Overall LFPR rose to 55.6% in August from 55.4% in July, driven primarily by an increase in rural LFPR to 58.2% (up from 58.0%), while urban LFPR remained flat at 50.4%.
- **Rising Female Participation:** Female LFPR showed a positive upward trajectory, climbing to 34.8% in August compared to 34.4% in July and 33.7% in August 2025.
- **Worker Population Ratio (WPR):** National WPR expanded to 52.8% from 52.5%, led by rural growth where WPR reached 55.8%, while urban WPR stayed constant at 47%.

- **Gender-Specific Trends:** Overall male unemployment declined for the third consecutive month to 4.9%, with rural male unemployment dropping to 4.3% and male WPR rising to 73.5%.

Essential Definitions

- **Unemployment Rate (UR):** The percentage of persons unemployed among the total number of persons in the labour force.
- **Labour Force Participation Rate (LFPR):** The percentage of persons in the population who are either working, seeking work, or available for work.
- **Worker Population Ratio (WPR):** The percentage of employed persons relative to the total population.

Legal and Constitutional Framework

- **Article 39(a) and Article 41:** Directive Principles of State Policy directing the State to secure adequate means of livelihood and the right to work for all citizens.
- **Collection of Statistics Act, 2008:** Statutory authority underlying data collection for the Periodic Labour Force Survey (PLFS) conducted by MoSPI.
- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005:** Provides a statutory guarantee of 100 days of wage employment per financial year to rural households, supporting rural WPR stability.

Conclusion The August PLFS data illustrates structural divergence between urban and rural labour markets. While agrarian recovery and public works continue to bolster employment metrics, rural LFPR, and WPR, addressing sticky urban unemployment remains imperative for sustainable wage growth and demographic dividend realization.

UPSC Relevance

- **GS Paper III (Economy):** Employment generation, Labour market dynamics, Inclusive growth, Periodic Labour Force Survey (PLFS) metrics, and Issues related to demographic dividend.
- **Prelims Focus:** Definitions and calculations of LFPR, WPR, and UR; MoSPI institutional mandate; and statutory provisions of MGNREGA.

11. India’s Largest Shipyard to Come Up in Raigad

Key Highlights & Summary

- **Massive Defense Investment:** State-owned defense PSU Mazagon Dock Shipbuilders Ltd (MDL) will invest approximately ₹27,000 crore to construct a greenfield shipbuilding cluster at Dighi Port in Maharashtra’s Raigad district.
- **Shipbuilding Capacity Expansion:** The proposed project targets an annual shipbuilding capacity of at least 2 million gross tonnes at Dighi, making it India’s largest greenfield shipyard facility.
- **Large-Scale Employment Generation:** The strategic expansion initiative is projected to generate about 90,000 direct and indirect jobs, significantly boosting regional economic development.

- **Boosting Domestic Warship Building:** The mega cluster will enhance India's indigenous capability to construct commercial vessels, large defense warships, and complex naval platforms locally.
- **Strategic Maritime Integration:** Situated along the Konkan coast, the project aligns with national maritime objectives to position India as a global shipbuilding and repair hub.
- **Maritime Amrit Kaal Vision:** The initiative directly supports the Central Government's target to elevate India into the top 10 global shipbuilding nations by 2030 and top 5 by 2047.

Essential Definitions

- **Greenfield Project:** A new venture or development built from scratch on previously undeveloped land, lacking any constraints of existing infrastructure.
- **Gross Tonne (GT):** A non-linear measure of a ship's overall internal volume, calculated from the molded volume of all enclosed spaces of the vessel.
- **Defence Public Sector Undertaking (DPSU):** A government-owned enterprise functioning under the Ministry of Defence to meet the manufacturing and strategic requirements of the Indian Armed Forces.

Legal and Constitutional Framework

- **Major Port Authorities Act, 2021:** Provides statutory autonomy to major port authorities and facilitates private/public sector investment in port infrastructure and shipbuilding clusters.
- **Entry 24 and Entry 25 of Union List (Seventh Schedule):** Grants Parliament exclusive jurisdiction over shipping, navigation, lighthouses, major ports, and maritime declarements.
- **Merchant Shipping Act, 1958:** Governs the registration, safety, certification, and operational compliance of Indian-flagged commercial vessels and maritime infrastructure.

Conclusion MDL's ₹27,000 crore greenfield shipyard at Dighi Port represents a major step toward achieving strategic self-reliance in maritime defence and commercial manufacturing. By boosting domestic tonnage capacity and employment, the project accelerates India's transformation into a major blue-economy power.

UPSC Relevance

- **GS Paper III (Economy & Infrastructure):** Port-led development, Industrial corridors, Manufacturing sector growth, Maritime infrastructure, and Make in India in Defence.
- **GS Paper III (Internal Security):** Indigenization of defense technology, Naval capacity building, and coastal security infrastructure.

12. Decoding India's GDP Base Revision and Methodology

Key Highlights & Summary

- **Base Year Revision Impact:** The Ministry of Statistics and Programme Implementation introduced a new GDP series with base year 2022-23 (shifting from 2011-12), resulting in a nominal GDP downward revision of about 2.7% in 2022-23, 3.5% in 2023-24, and 3.8% in 2024-25.
- **Global Statistical Practice:** India's nominal GDP adjustments mirror international rebasing exercises undertaken in nations like China (2021), Spain (2024), and Mexico (2019), where new data sources led to multi-directional economic size revisions.

- **Divergent Sector-Wise Revisions:** Agriculture and allied activities were revised upwards by 3.8%–5.9%, and financial/real estate services rose by 7.8%–9.0%; conversely, trade, transport, and storage experienced sharp downward revisions of 23%–26%.

- **Improved Informal Sector Data:** Revision drivers stem from replacing proxy indicators with direct survey data from the Annual Survey of Unincorporated Sector Enterprises (ASUSE) and the Periodic Labour Force Survey (PLFS) to measure the informal economy.
- **Mechanical Carry-Forward Effect:** Because provisional and quarterly GDP estimates are constructed sequentially using GST and industrial production inputs, the initial baseline revision in 2022-23 mechanically adjusted subsequent annual figures downward.
- **Reduced Volatility:** World Bank analysis notes that the 2022-23 base series provides a more broad-based, accurate, and less volatile assessment of India's quarterly economic growth trajectory.

Essential Definitions

- **Gross Domestic Product (GDP) Rebasing:** The statistical process of updating the benchmark price structure and underlying weightage of various economic sectors to reflect modern production and consumption patterns accurately.
- **Gross Value Added (GVA):** An economic productivity metric that measures the contribution of an individual producer, industry, or sector to an economy, defined as gross output minus intermediate consumption.
- **Unincorporated Sector:** Privately owned economic entities operating without formal corporate registration, predominantly constituting the informal or unorganized segment of an economy.

Legal and Constitutional Framework

- **Collection of Statistics Act, 2008:** Statutory framework empowering central statistical agencies to collect economic, social, and commercial data across industrial and informal sectors.
- **National Statistical Commission (NSC) Resolution, 2005:** Provides the institutional oversight body tasked with setting statistical standards, validating methodologies, and ensuring objective data governance.
- **Article 246 read with Entry 77 of Union List:** Allocates exclusive jurisdiction over central statistical organization, national censuses, and macro-economic data compilation to Parliament.

Conclusion Rebasing India's GDP to the 2022-23 series enhances economic transparency by replacing legacy proxies with direct, high-frequency informal sector data. Rather than reflecting economic contraction, this recalibration establishes a structurally sound baseline essential for evidence-based macroeconomic policymaking.

UPSC Relevance

- **GS Paper III (Economy):** Indian Economy, National Income Accounting, GDP estimation methodologies, Informal sector measurement, and National Statistical Commission (NSC) reforms.
- **Prelims Focus:** Difference between GVA and GDP, rebasing mechanics, ASUSE and PLFS data applications, and statutory provisions under the Collection of Statistics Act 2008.